BALTIC CLASSIFIEDS GROUP

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Annual Report and Accounts 2022

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Contents

STRATEGIC REPORT

Strategic Highlights

The Group's objective is to provide trusted marketplaces to connect sellers and buyers across the Baltic region through **"easy-to-use"** and **"feature-rich"** portals that result in an efficient transaction experience for all parties.

We believe the Group achieves this with its portfolio of leading brands, individually strong market positions and generally scalable business model.

We aim to continue to deliver profitable growth by further monetising our portfolio of leading online classifieds portals through systematic price increases of our core classifieds products, supported by a strong value proposition and new features and products (including listings promotions), the development of ancillary services and selective bolt-on acquisitions and in-market consolidation in the Group's existing markets and beyond.

Financial highlights

Revenue
Revenue of €51.0m (2021: €42.3m)
+21%

Adjusted EBITDA
Adjusted EBITDA of €39.3m (2021: €33.0m)
+19%

Adjusted EBITDA margin[1]
(2021: 78%)
77%

Basic EPS
(2021: (0.02) € cents)
0.49 € cents

Adjusted basic EPS
(2021: 3.43 € cents)
6.40 € cents

Cash conversion
(2021: 100%)
99%

Leverage[2]
(2021: 6.0x)
1.7x

Operational highlights

Traffic[3]

65.1m

Visits per month

2021: average 69.2m visits per month
2020: average 56.8m visits per month

Leadership position over closest competitor

Autoplius	4.4x
CVbankas	8.3x
Auto24	32.1x
Aruodas	29.0x
Skelbiu	19.7x
KV	9.6x

[1-2] See Financial review statement and note 6

[3] Note: there were changes to the cookie consent policy (general obligation to consent within the framework of data protection for all cookies that are not necessary for technical reasons).

Focus on driving monetisation of core services

The Group is considered to be at an early monetisation stage. The primary growth driver and focus of the Group is to drive increased monetisation of its core services, by increasing average revenue per B2C lister and average revenue from each C2C lister. Increased monetisation can take different forms, including pricing actions and product and packaging development (including listing promotions) enabling upsell and cross-sell.

How we measure progress

- Revenue
- C2C yield
- B2C ARPU

2022 progress

We ended our year 2022[1] with the highest ever yearly revenue in all four business units, exceeding expectations at the time of the Initial Public Offering ("IPO") during which we targeted c.15% growth for the Group. Group's revenue grew 21% to €51.0 million (2021: €42.3 million of which €0.4 million from a business that was divested at the very end of 2021 and therefore not owned in 2022). Excluding revenue from the divested business from our comparative figures, our revenue grew 22% this year.

At the start of the period reported on, we increased the yield from C2C ads across all of our business units and ended this year with the following growth in yield[2]:

+40%	+22%	+8%
in Auto[3]	in Real Estate	in Generalist[4]

Improvements to our products and packages for B2C customers towards the end of the first half of the period reported supported price increases in our Auto, Real Estate and Jobs & Services business lines and contributed to revenue in the second half of the year. Monthly average revenue per user ("ARPU"[5]) has grown:

+8%	+15%	+29%
in Auto	in Real Estate	in Jobs & Services[6]

Associated risks

- Geopolitical risk
- Risk of disruption to our customer and / or supplier operations
- Competition risk
- Laws & regulations risk
- Technology risks

Grow ancillary revenue through existing and new partnerships

In addition to increasing monetisation of the core classifieds services, the Group aims to grow revenue by offering ancillary products and services, with the overall objective of enhancing the transaction journey of consumers and listers in the Baltic markets.

How we measure progress

- Developments
- Innovations
- Partnerships

2022 progress

Auto: We have introduced a car price analysis tool for dealers on Lithuanian vertical, utilising archived data to indicate the average price and selling duration for specific cars.

In Estonia we expanded our car financing products offering - in collaboration with a financing provider, we now intermediate in offering a full-service car rental for new vehicles.

Real Estate: We introduced a secure 2FA login to B2C clients' accounts on both Lithuanian and Estonian Nr.1 portals.

We have also implemented virtual numbers on a limited number of C2C customers in Lithuania.

Jobs & Services: We have implemented virtual numbers for C2C clients on our services platform in Lithuania.

On our Jobs board employers can now increase the exposure of their listings by reaching a target audience of job seekers.

Generalist: On our biggest generalist in Lithuania a bulk shipping feature has been implemented making it more convenient to ship several parcels at the same time. In addition, sellers' contact details are now securely hidden behind the registration wall.

▸ More details in our Operational Review (page 28).

Associated risks

- Competition risk
- Technology risks

[1] "2022" means the financial year (12 months) ended 30 April 2022, "2021" means the financial year ended 30 April 2021, "2020" means the financial year ended 30 April 2020

[2] "Yield" refers to the change in average monthly revenue per active (Auto or Real Estate) or listed (Generalist) C2C listing

[3, 4, 6] See Financial review statement and note 6

[5] ARPU is monthly average revenue per user (in Auto – per dealer, in Real Estate – per broker, in Jobs & Services – per client)

Drive traffic through leading market positions and network effects

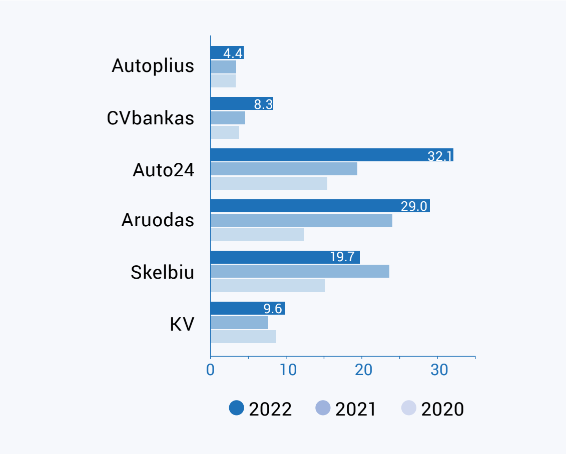
The Group will continue to leverage the existing strong market positions of its portals, their high brand recognition and traffic to drive more listings and traffic across its portals. As more listings are added, consumer audience traffic is expected to increase, and the more traffic increases, the more attractive its portals are, which again attracts more listings. These network effects are expected to continue to support more revenue growth through an increase in income from listing fees, subscription fees and other revenue sources.

How we measure progress

- Audience lead versus closest competitor
- Traffic to our sites

2022 progress

During the last two years, all our leading sites have increased their audience lead[1] over the closest competitor. Leadership position in times has changed accordingly:



Compared to pre-COVID-19, traffic to our sites was at record level. In 2022, the Group's portals reached on average 65.1 million monthly visits (Source: Google Analytics). During the year 2021, it was 69.2 million monthly visits on average and during the pre-COVID-19 period, in 2020, it was 56.8 million average monthly visits.

Associated risks

- Geopolitical risk
- Risk of disruption to our customer and / or supplier operations
- Competition risk
- Laws & regulations risk

[1] Leadership position based on time on site except for Auto24. Auto24 has no significant vertical competitor; next relevant player is Generalist portal, therefore the comparative market share is calculated by applying the Generalist portal automotive listings ratio (the number of active automotive listings to the total number of active listings on the portal at the end of the period) to that portal time on site

[2-5] See Financial review statement and note 6

Continuously improving the Group's scalability and maintaining high levels of operational efficiency while making necessary investments

While the Group already demonstrates high operating leverage, and operational and cost efficiency, it is committed to continue optimising costs and maintaining high cash conversion. However, the commitment to a lean and efficient organisation does not prevent the Group from making strategic investments, for example in technology, to maintain its market-leading position and strong value proposition for listers and consumers, and to support the sustainability of a growing organisation. The Group has a robust process of assessing business areas requiring further investments, and a streamlined approach to implementing internal change, with recent examples including the increased investment in the technology team and additional security infrastructure.

How we measure progress

- Adjusted EBITDA and margin
- Operating profit and adjusted operating profit
- Cash conversion
- Cash generated from operating activities
- Basic EPS
- Adjusted basic EPS

2022 progress

We ended our year 2022 with the highest ever adjusted yearly profitability, exceeding expectations at the time of the IPO. As a reminder, at IPO we were confident in the sustainability of Group margin prior to the impact of listed company costs.

We have significantly improved cybersecurity by implementing DDOS protection and bot management systems, migrated all services to a new infrastructure and set up a new infrastructure to accommodate a disaster recovery site.

In addition, at the end of February 2022, we supported a few NGOs, helping Ukraine and Ukrainians fleeing the war in their country, with €0.2 million worth of donations.

Due to the Russian invasion of Ukraine and consequently the internet population reading the news rather than shopping online / searching for a property or a car, we estimate that we lost around 1% of growth this year, both in revenue and EBITDA margin.

Despite the above and additional public listed company costs this year, our Adjusted EBITDA[2] grew 19% (from €33.0 million in 2021 to €39.3 million in 2022).

We ended our year with 77% Adjusted EBITDA margin (78% in 2021).

Adjusted operating profit[3] grew 20% to €38.5 million (€32.2 million in 2021).

Reported operating profit decreased 13% to €13.6 million reflecting IPO related fees in the year 2022 (€15.7 million in 2021).

Reported cash generated from operating activities grew from €33.1 million in 2021 to €34.1 million in 2022, which is already after €6.4 million of IPO fees paid during the year. Cash conversion[4] was 99%.

Basic EPS for 2022 was 0.49 € cents (2021: (0.02) € cents).

Adjusted basic EPS[5] was 6.40 € cents (2021: 3.43 € cents).

Associated risks

- Geopolitical risk
- Risk of disruption to our customer and / or supplier operations
- Technology risks

I am delighted that we could bring such a high quality business, operating entirely in the Baltic region, to the London Stock Exchange

Trevor Mather
Chair

Chair's Statement

Overview

Baltic Classifieds Group is a highly profitable, high-growth business at an early stage of its monetisation journey. Its portfolio of classifieds businesses across Estonia, Latvia and Lithuania are the clear market leaders in their respective sectors and have proven themselves to be extraordinarily resilient in a time of significant macroeconomic uncertainty. The Group is led by a passionate and committed management team that has deep classifieds experience and has created an environment of rapid decision making, of trust and of fun.

I am delighted that we could bring such a high quality business, operating entirely in the Baltic region, to the London Stock Exchange. We entered the Premium Segment of the LSE in July 2021 and have subsequently been included in the FTSE 250 Index. The Group is making good progress in terms of compliance with the UK Corporate Governance Code 2018. For a more detailed understanding of this, see the Corporate Governance Report on pages 48 to 65. However, I do ask the readers of this report to understand there are some differences that come with a business listed in the UK with operations purely in the Baltics region. For example, the business has been operating in a high inflation environment which drives differences in the remuneration approach (see Remuneration Committee Report on pages 76 to 97), and the ethnic minority groups in the Baltics are significantly different which makes us think differently about diversity (see Nomination Committee Report on pages 66 to 69).

The Group has delivered our strongest ever financial results with both revenue and profit exceeding our guidance set out at the IPO.

Employees

The past 12 months have thrown up some extraordinary challenges for our employees. On top of the health challenges, the pandemic has meant continued home working across our businesses for most of the year. Additionally, the history of and proximity to Russia for the Baltic countries combined with the deep connections, for all those who are affected by the war or have family members so affected, has caused worry and emotional turmoil that I can only imagine. Despite this, we have achieved everything we set out to do and more, bringing the Company to the public markets and exceeding expectations set out at that time. On behalf of the Board, I want to thank all of our employees for their remarkable contribution and dedication this year, and for serving both our consumers and our B2C customers so well.

Board

Preparing for the IPO meant restructuring BCG's organisational structure, setting up a new top holding entity in the UK and establishing a new Board of Directors. I was delighted to have been asked to chair the Board and believe my previous experience as the CEO of Autotrader Group PLC ("Autotrader") throughout its transition from a private to a public company will contribute positively to the business. Ed Williams, the current Chair of Autotrader and the ex-CEO of Rightmove PLC has taken the Senior Independent Director role and is Chair for the Remuneration Committee. Kristel Volver, Group CFO of the largest media company in the Baltics joined our Board as an Independent Non-Executive Director and Chair of the Audit Committee.

Revenue

Revenue of €51.0m
(2021: €42.3m)

+21%

Adjusted EBITDA

Adjusted EBITDA of €39.3m
(2021: €33.0m)

+19%

The Group has delivered our strongest ever financial results with both revenue and Adjusted EBITDA exceeding our guidance set out at the IPO

Trevor Mather
Chair

Funds advised by Apax Partners ("Apax") now account for 35.29% of issued share capital as at 30 April 2022. Until its shareholding falls below 10%, funds advised by Apax have a right under a Relationship Agreement to nominate up to two Nominee Directors, of which Tom Hall is currently in place alongside a nominated Board Observer. Tom brings in a vast experience in internet and consumer business and knows BCG well since Apax's acquisition of the Group in 2019.

On 17 May 2022, Jurgita Kirvaitienė joined the Board as an Independent Non-Executive Director and will join all of the Board Committees. Her 18 years of experience at PwC where she served on the Management Board in Lithuania and on other boards will bolster the finance and operational experience on the Board.

With this appointment we have brought all our Committees into full compliance with the UK Corporate Governance Code 2018.

Environmental, Social and Governance

I am pleased to report that the Company set up the Group's Environmental, Social and Governance ("ESG") working group that is the driver of ESG initiatives and a main tool for the Board to oversee progress in this area (refer to Sustainability Report on page 30 for more detail). Our Sustainability Report also includes reporting under the recommendations of the Taskforce for Climate-related Financial Disclosures.

We have also made a significant increase in our charitable giving programme this year, and aim to continue to do so in the coming year. The Board recognises we are only at the start of our ESG journey, and that this journey may have different directions than many companies given the Baltic operations - there is more to do.

Returns to Shareholders and dividends

The primary proceeds raised through the IPO were predominately used to reduce our net external debt to a level more appropriate for a publicly listed company. The opportunity was also taken to refinance and enter into a new term loan facility at a significantly lower rate of interest.

The Board is confident in our ability to deliver sustainable returns to Shareholders and aim to return all of the surplus cash we generate to Shareholders. In line with our intentions expressed in the Prospectus, we are recommending a final dividend of 1.4 € cents per share for 2022. The final dividend will be paid, subject to Shareholder approval, on 14 October 2022. Whilst we will prioritise further acquisitions as the primary use of excess cash, now that our debt is below 2X net leverage, we will be initiating a share buy-back program that will facilitate the return of cash to Shareholders. More details on our capital policy can be found in the Financial review on page 22.

Looking ahead

I have been enormously impressed yet not surprised by the progress of Baltic Classifieds Group over the past year. I am excited that we can soon kickstart our capital policy of returning all excess cash to our Shareholders and I am confident that the business will continue to develop and grow both quickly and profitably - in line with the guidance we set out at the IPO.

Trevor Mather
Chair
6 July 2022

> *This year has been the busiest, most successful in BCG's history and a record year in terms of financial performance*
>
> ***Justinas Šimkus***
> *CEO*

CEO's Statement

This year has been the busiest and most successful in BCG's history and a record year in terms of financial performance. I am incredibly proud of all of the employees who have helped to achieve the best performance ever despite living through a 3rd wave of the pandemic and geopolitical tensions. The period has also seen strong audience numbers on our sites, and record numbers of automotive dealers and job advertisers utilising our products and services.

We implemented successful pricing and package changes across all of our business units, in C2C at the beginning and the end of the period, and in B2C at the middle of the year. The excellent results achieved this year have provided ongoing momentum moving us into the next financial year.

- Traffic to our sites was 65.1 million visits per month which means that on average, a resident in the Baltics visits one of our sites 11 times every month.
- Our time on site leadership position over the nearest competitor increased for all five of our largest sites compared to the same period in 2020 with Autoplius at 4.4x (vs 3.3x), Auto24 at 32.1x (vs 15.4x), Aruodas at 29.0x (vs 12.3x), Skelbiu at 19.7x (vs 15.1x) and CVBankas at 8.3x (vs 3.8x).
- The number of real estate brokers grew 1% if compared to the same period in 2021, we have more automotive dealers (+4%) and more employers (+47%) utilising our sites to advertise than ever before.
- The combination of increased prices of the goods and services being advertised on our sites, quicker speed of sale and changes to our packages has led to increased yields in Automotive (B2C +8%, C2C +40%), Real Estate (B2C +15%, C2C +22%), CVbankas (+29%) and Skelbiu (+8%).

I am delighted that BCG has become a listed company on the London Stock Exchange. The IPO has allowed us to make all of our employees Shareholders of the Company. The team's motivation is higher than ever as we focus on continuing to deliver outstanding products and services to our customers.

We felt it was part of our duty to help Ukrainian refugees arriving in our region. We have therefore developed tools in our portals to help integrate refugees in local society faster and donated €233,000 to non-profit organisations helping Ukrainians which also makes our employees proud.

Market context

The Baltic region was under various COVID-19 related restrictions for the period from October 2021 to April 2022. Despite this, Lithuania and Estonia, being our main markets, were among the first countries in the EU to reach their pre-COVID-19 GDP levels. Our Company, as well as the Baltics economy in general, showed huge resilience to increased geopolitical tension in the region. On 24 February, the onset of the Russian invasion of Ukraine, people were reading more news than ever. Accordingly, our traffic KPIs temporarily dropped 20-30%. However, this was short-lived, and by the second to third week of the war, KPIs began to recover rapidly. By the fourth to fifth week, business results exceeded pre-war levels. The Baltics economy exports just below 1% of locally produced goods to Russia which, coupled with government actions such as building liquid gas terminals and infrastructure, helps to reduce public uncertainty and makes us fully independent from gas imports from Russia. The Baltic states became the first in Europe to stop Russian gas imports. At the date of this statement the Baltic states have also stopped importing Russian oil and electricity.

Similarly to other countries around the world, the Baltics economies face high inflation. This results in higher real estate and automotive prices, increasing the commission pool of our customers which in turn is supportive to our Company's growth, while being part of the Eurozone secures our Shareholders' investment.

- Despite the supply chain issues, the used car market has demonstrated a modest growth of 3% in the last 12 months. Demand to change vehicles has remained high, driving up the average price per used car (by 24% YoY) and increasing the speed of sale. This has meant dealers have maintained or increased their profitability. However, the number of days a vehicle is advertised has reduced by 14% putting downward pressure on the stock of vehicles on our sites.
- The real estate market has emerged strongly post lock-down. The number of transactions were 9% higher year-on-year and the average price of an apartment has increased by 10%. The larger commission pool benefits our customers.
- The employment market has seen unprecedented growth. Companies have faced a substantial labour shortage. The number of employers using Cvbankas.lt increased by 47% and average salaries have grown by 11%, leading to companies increasing their investment in employee search and selection.
- eCommerce activities have significantly increased because of lock-downs. The numbers of online buyers and sellers grew rapidly with many transactions moving online. This has helped the growth of our Generalist platforms and ancillary products like deliveries.

Justinas Šimkus
Chief Executive Officer
6 July 2022

Market Overview

Automotive market

Baltic Classifieds Group currently operates its automotive portals in Lithuania and Estonia. During the last 12 months, ending April 2022 there were 50,200 new and 445,700 used car transactions in the Lithuanian and Estonian automotive market, including local used car sales and imports of used cars, primarily from Western Europe.

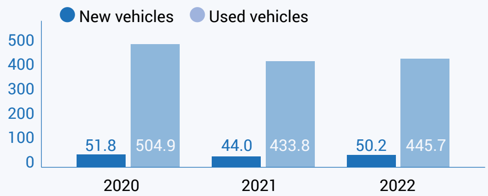
Although we observed high consumer demand for both new and used cars, the market continues to be affected by supply chain issues. Worldwide supply chain issues as well as chip shortages continue to have an effect on new car deliveries and as a result buyers are waiting longer to receive ordered vehicles. This has a knock-on effect within the used car market, as consumers, while not being able to acquire a new vehicle, decide to buy used ones, or postpone the decision to sell a currently owned one. Therefore, it has become more difficult for Baltic automotive dealers to acquire used cars abroad for import, making it difficult to satisfy pent up local demand.

Initially it was expected that the delivery levels of new vehicles would return to normal, pre-pandemic levels by the end of calendar year 2022, but the war in Ukraine has put further pressure on car component supply chains. As a result, based on Autovista Group forecasts, expectations of market recovery have been pushed further into calendar year 2023 with used car volumes to follow afterwards.

Despite the constraints, the used car market has demonstrated a modest growth of 3% in the last 12 months, while new car sales have increased by 14% albeit still below the level of 2020.

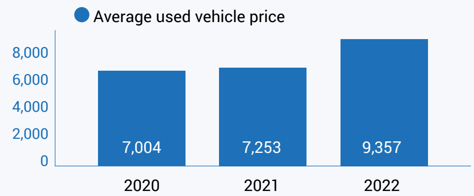
The lasting imbalance in car supply and demand has continued to push up used car prices. The average used car price has continued to grow by 24% in the last 12 months to €9,357. Growing prices and shorter sales times help increase dealers commission pool.

Number of transactions in Lithuania and Estonia, thousands



Source: Regitra, Autotyrimai and Maanteeamet

Average used car price in Lithuania and Estonia, Euros.



Source: Company information

Real estate market

The Group currently operates online classifieds portals in the real estate markets of Lithuania, Estonia and Latvia. After the recovery of the first COVID-19 shock in the spring of 2020, the real estate market continued to grow in terms of the number of transactions and property prices.

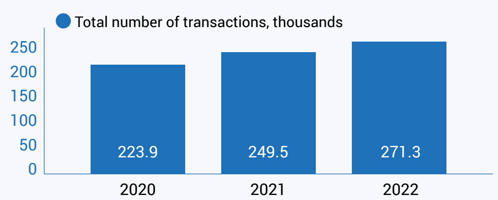
During the last 12 months ending April 2022, the real estate market was particularly active. In addition to this, since the beginning of the war in Ukraine, the demand for rental property in the Baltics has been increasing. Ukrainians fleeing the war in their country and eastern companies transferring their operations to the Baltics, have also contributed to the upturn in demand.

Furthermore, the construction of new developments is becoming more expensive and complicated. Several developers have postponed the start of construction because of supply-chain disruptions or increased prices for construction materials. The already-high construction costs are expected to increase even more, putting upward pressure on the average price level in all Baltic capitals.

Due to the active real estate market, the total number of transactions was 9% higher in 2022 compared to 2021. The number of transactions of apartments for sale in Vilnius, Riga and Tallinn grew 20% in calendar year 2021.

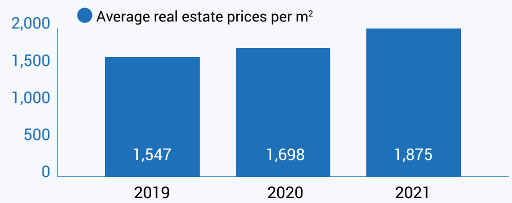
The average price per square metre of an apartment for sale has increased by 10% on average across Baltic capital cities in the calendar year 2021. This larger commission pool benefits our customers and also generates more revenue for the portals.

Number of transactions in Lithuania, Latvia and Estonia during financial years 2020, 2021, 2022, thousands



Source: State Enterprise Centre of Registers Lithuania, Land Register Latvia, Land Board Estonia

Average real estate prices per square metre based on apartment prices in Vilnius, Riga and Tallinn during calendar years 2019, 2020, 2021, Euros.



Source: Swedbank (prices per square metre); State Enterprise Centre of Registers Lithuania, Land Register Latvia, Land Board Estonia (number of transactions)

Jobs market

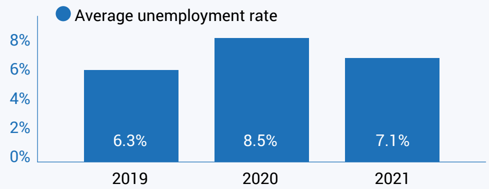
The Group currently operates online classifieds portals in the jobs and services markets of Lithuania. A growing economy in Lithuania drives a demand for employees. A rapid recovery after the short crisis at the beginning of the COVID-19 pandemic resulted in an unprecedented growth of the Lithuanian employment market - during 2022 there were 46% more job advertisements listed on CVbankas compared with the prior year.

The rapid economic recovery is reflected in the decreasing unemployment. The average unemployment rate in Lithuania has decreased from 8.5% to 7.1% in calendar year 2021.

Decreasing unemployment increased the competition between employers. Companies have faced labour shortages which was also highlighted by lower jobseekers' activity - a trend that is seen worldwide. Competition for employees was also fueled in general by a growing number of companies that are looking for employees, accordingly the number of employers using CVbankas increased by 47% in 2022.

The average gross salary in Lithuania has increased by 11% during calendar year 2021. Growing salaries support the trend of higher investment in employee search and selection. While increased spend for job advertisement listings and value added services are driven mainly by an increased demand for employees, the increasing competition among companies, lower jobseeker activity and growing salaries, in turn, increases competition among employers and decreases employee turnover.

Average unemployment rate in Lithuania during calendar years 2019, 2020, 2021.



Source: The Lithuanian Department of Statistics

Average monthly gross wage in Lithuania during calendar years 2019, 2020, 2021, Euros.

Source: The Lithuanian Department of Statistics

Generalist market

The Group currently operates Generalist portals in Lithuania and Estonia. E-commerce growth in Lithuania and Estonia was accelerated by COVID-19 pandemic limitations on physical retail in calendar years 2020 and 2021. Customer habits evolved to increasingly shopping online which translated into a higher number of online buyers, sellers and transactions.

The Lithuanian and Estonian e-commerce markets have, combined, grown at approximately 22% CAGR between calendar years 2015 and 2019, 37% between calendar years 2019 and 2020, and 24% between calendar years 2020 and 2021 (retail value RSP (retail selling price), source: Euromonitor). Growth in calendar year 2021 (second pandemic year) slowed a little compared to calendar year 2020 (first pandemic year), but still remained at a high level. Supportive underlying market conditions helped to grow our Generalist platforms and ancillary products for example, deliveries.

Retail value RSP for calendar years 2015-2026, excluding sales tax, current prices, million Euros.

	2015	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022E*	*2023E*	*2024E*	*2025E*	*2026E*
Lithuania	319	401	501	614	740	1,046	1,288	1,611	1,954	2,318	2,674	3,079
Estonia	260	310	376	463	538	708	881	1,062	1,234	1,391	1,547	1,703
Total	**579**	**711**	**877**	**1,078**	**1,278**	**1,754**	**2,168**	**2,673**	**3,187**	**3,709**	**4,221**	**4,782**

Source: Euromonitor

Our Business at a Glance

We love transactions!

BCG is proud to be the leading online classifieds group in the Baltics, owning and operating 12 online portals across a range of sectors and industries, as shown in the Our Brands section below.

Our portals are amongst the most visited sites in Lithuania and Estonia. The vast majority of the Group's traffic is direct traffic reaching 58%. A combination of direct and search channels to our websites comprise from 79% to 94% in each of them, when the vast majority of the search traffic is not paid. Very little search traffic is paid and total Group advertising and marketing expenses are below 2% from Group revenue.

Based on the number of user visits and the number of online listings across the Group portals, BCG is foremost in the online classifieds market. In 2022, the Group's portals were visited on average 65.1[1] million times per month which means that on average, a resident in the Baltics visits one of our sites 11 times every month.

We consider using our portals as one of the easiest ways to advertise and therefore transact real estate, auto, and other items, as well as job seeking, recruiting or locating a service provider.

Our brands

[1] Note: there were changes in the cookie consent policy (general obligation to consent within the framework of data protection for all cookies that are not necessary for technical reasons).

Our business model

Our success is the result of a proactive and consumer-focused business model incorporating both vertical and Generalist online portals as illustrated in the table below.

Our brands include vertical portals which serve particular industries and facilitate promotion, advertisement and sales within specific sectors. These portals attract a high proportion of loyal and returning business customers (B2C listers who have a subscription-based contract). However, it is also highly used by individual customers and the general population (C2C listers carrying out one-off transactions).

We also operate Horizontal or Generalist portals, such as general marketplace, online auction and price comparison websites, used by individual customers and the general population.

The benefits of this combined-offer business model are:

- the large choice for prospective consumers and maximum possible audience;
- the ability to cross-list between the vertical and Generalist portals widens reach, increases available content and provides opportunity to divert traffic from Generalist portals to higher monetising vertical portals; and
- strong brand awareness across a wide network.

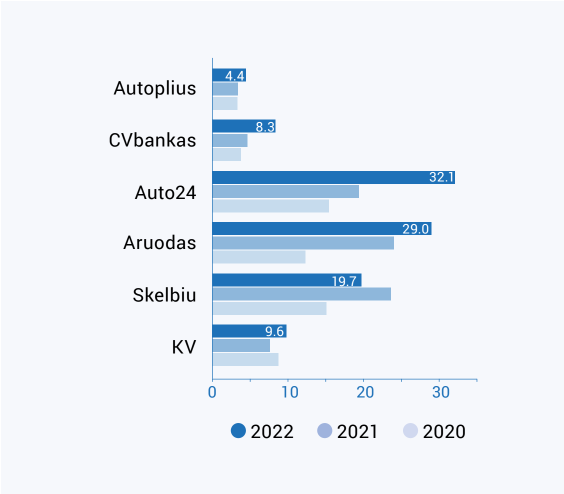
Our brands	Automotive	Real Estate	Jobs and Services	Generalist
Lithuania	autoplius.lt	aruodas.lt	Paslaugos.lt CVbankas	skelbiu.lt KAINOS.lt
Estonia	auto24.ee	KV.EE City24.ee		OSTA.EE kuldne BÖRS
Latvia		City24.lv		
% of BCG revenue for 2022	36%	25%	19%	20%

Our market position

The Group's portals attract a large and highly engaged consumer audience. As of 30 April 2022, the Group's portals were among the most visited websites in Lithuania and Estonia. According to April 2022 ratings from SimilarWeb, (which also include websites such as Facebook, Youtube, news portals) Skelbiu was the 5th, Autoplius - 8th and Aruodas and Auto24 - 13th in their respective countries.

Our portals leadership position[1] compared to the closest competitor (in times) has been strong and increasing.

The Baltics benefit from high levels of digital adoption, underpinned by internet access and 4G mobile penetration. The percentage of the population using the internet at home stands at 87% in Lithuania, 91% in Latvia and 92% in Estonia (source: Statista). The region also performs highly in the fastest public wifi global ranking with Lithuania ranked 1st, Estonia 3rd and Latvia 15th (based on 2021 calendar year data). The high level of digitalisation supports the Group's business and operations and its ability to effectively execute its growth strategy.



Our strategy

Our successful business model, based on the combined-offer of Vertical and Generalist platforms, has been supported by strategic decisions to ensure its sustainability. These include:

- Investing in fit-for purpose, long-term technology capability. All technology is developed in-house and on a portal-specific basis. This allows an agile approach while ensuring shared components and applications across the platforms. This investment has resulted in a scalable infrastructure that is capable of handling increasing levels of traffic.
- Focusing on cash generation with excellent margins. BCG's market leader position and strong brand identity allow a low marketing spend and the organisational structure supports shared corporate functions and minimal capital expenditure.
- Concentrating on talent recruitment and retention. BCG prides itself on attracting a highly skilled and efficient workforce. The Group's core HR objective is to attract high potential and highly motivated employees and give them room to grow and develop.

For our strategic aims see Moving our Strategy Forward on page 16.

[1] Leadership position based on time on site except for Auto24. Auto24 has no significant vertical competitor; next relevant player is Generalist portal, therefore the comparative market share is calculated by applying the Generalist portal automotive listings ratio (the number of active automotive listings to the total number of active listings on the portal at the end of the period) to that portal time on site

Our purpose and culture

BCG exists to connect consumers with listers and help them transact more easily. The Board is satisfied that the Group's purpose, values and strategy are aligned with its culture. Our governance framework, organisational structure and culture contribute significantly to the delivery of our business model and the support of our purpose.

To achieve our purpose, we are focused on the following strategic goals:

- To enhance the transaction experience
- To provide the easiest solution for sellers and buyers to find each other
- To ensure a simple way of advertising for our consumers and listers
- To be the main solution for our consumers and listers transaction needs

Connecting consumers with listers

- See page 17 for information on our Stakeholders and our approach to engagement
- See page 30 for information on our approach to Sustainability

Moving our Strategy Forward

We are committed to being a responsible business.

Our Company values and behaviours

For over more than a decade, our CEO Justinas Šimkus and COO Simonas Orkinas and their long-standing team have built a collection of market-leading businesses and strong brands. Every day we connect buyers and sellers and facilitate transactions from cars and real estate, job offers to services and consumer goods from both professional and private listers. The digital marketplaces we operate promote trust, fairness and efficiency.

The values and behaviours that we believe in are:

- Trustworthiness
- Entrepreneurship
- Less is more
- Getting things done
- Marketplace is our hobby
- Work is fun

Our priority

We are committed to being a responsible business. Our priority is to protect and support our people, customers, Stakeholders and the environment around us.

Our strategic aims and Board activity

Our strategic delivery is based on five strategic aims:

- Driving monetisation of core services. Through various means including pricing actions, product and packaging developing, enabling upsell and cross-sell.
- Drive more listings and traffic across the Group's portals. Use our market position and brand recognition to drive traffic and increase listings, resulting in more revenue growth through listing fees, subscriptions fees and other sources.
- Grow ancillary revenue through existing and new partnerships. The offer of ancillary products and services will grow revenue and also help achieve the overarching objective of enhancing the transaction journey for consumers and listers.
- Pursue strategic opportunities through acquisitions. The Group constantly evaluates its portfolio to optimise value creation and will continue its pursuit of attractive options for inorganic growth, particularly through bolt-on acquisitions and in-market consolidation in the Group's existing markets, and potentially new markets outside of the Baltics with a strong focus on similarly high-quality, market-leading businesses.
- Continuously improving the Group's scalability and maintaining high levels of operational efficiency while making necessary investments. While the Group already demonstrates high operating leverage and operational and cost efficiency, it is committed to continue optimising costs and maintain high cash conversion.

Our Stakeholders

- Investors
- Customers
- Employees
- Suppliers
- Regulatory bodies
- Environment and community

Responsible business and Environment, Social and Governance ("ESG")

The Sustainable Development Goals ("SDGs") (also known as the Global Goals), were adopted by the United Nations in 2015. Our approach to responsible business aligns quite naturally with the goals and we have identified five that are most material to our business and where we contribute the most:

- Responsible consumption and production
- Climate action
- Gender equality
- Decent work and economic growth
- Peace, justice, and a strong institution

► For more on our culture see pages 12.
► For our S172(1) Statement and more on Engagement with our Stakeholders see page 17.
► For more on our ESG see page 30.

Section 172(1) Statement and Engagement with our Stakeholders

Section 172(1) Statement

"Promoting the success of the Company for the benefit of all its stakeholders".

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of Shareholders, whilst having due regard to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006 ("Section 172(1)"). The Board of Baltics Classifieds Group PLC is subject to all the duties codified in law, which includes Section 172(1).

The Board has direct engagement principally with our employees and Shareholders but is also kept fully apprised of the material issues of other Stakeholders through the Executive Directors, reports from other members of Senior Management and external advisors.

Pages 18 to 21 outline the ways in which we have engaged with key Stakeholders and focuses on the following key areas:

- Who the key Stakeholders are and why they are important to the Group
- Board oversight and engagement mechanisms
- Principal issues that matter to each Stakeholder group
- Principal Board decisions and how they tie into Section 172(1) (a) to (f)
- Future consequences and planned actions
- Difficulties for the Board in making these decisions.

The Board considers 'Principal Decisions' to be those decisions which entail significant long-term implications and consequences for the Company and/or its Stakeholders – to distinguish these from the normal, ordinary course decision-making processes that the Board engages in.

Companies Act 2006, Section 172(1)

"A director of a company must act in the way, he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

(a) the likely consequences of any decision in the long term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, customers and others;

(d) the impact of the company's operations on the community and the environment;

(e) the desirability of the company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the company."

- The Board's Principle Decisions can be found on pages 18 to 21.
- Statement of Engagement with Employees on page 56.
- Statement of Engagement with Suppliers, Customers and others on page 57.

Engagement with our Stakeholders

Board activity, Stakeholders and S172(1) considerations

The following table summarises Board activity, Stakeholders and S172(1) statement. For more information on Board activity and how it links to the culture, see page 54.

Stakeholder	*Principal issues that matter to the Stakeholder*	*Board oversight and engagement mechanisms*
INVESTORS *Why we value them* Securing our Shareholders' trust through continuous engagement ensures their ongoing investment and support. We have a clear responsibility to engage with Shareholders as the owners of our business as well as appealing to new Shareholders so their views are an important driver of our strategy. Access to capital if required.	• Sustainable, profitable growth over the long-term • Immediate returns on their investment • Dividend policy • Share price • Understanding the risks to the business • Good governance and transparency • Good performance in Environmental, Social and Corporate Governance areas • Values and culture of the Company • Oversight of internal and external audit processes to protect their investments	• Investor Roadshows (organised by Bank of America) • Regular personal meetings with potential investors in response • Fireside chats with brokers • RNS newswires • Annual Report and Accounts • Regular updates on corporate website • Annual General Meeting • Electronic communications to Shareholders • Views of voting agencies
Future consequences/ planned actions	• Board strategy day planned for September 2022 • Views of voting agencies has led to a greater understanding of Shareholder interest and has fed into key policies such as our Board Diversity Policy	
Difficulties	• Dividend decision-making, balancing the desire of Shareholders for immediate returns, against the need to preserve liquidity and ensure the sustainability of the business • Purpose setting, aimed at delivering against Shareholders' needs for long-term, sustainable and profitable growth	
Board decision and which S172(1) (a) to (f) factors it considered	• Approved the Company Purpose (a), (b), (c), (d), (e), (f) • Approving the declaration of a dividend (a), (b), (e), (f) • Approving BCG's ESG strategy (a), (b), (d)	

Stakeholder	*Principal issues that matter to the Stakeholder*	*Board oversight and engagement mechanisms*
CUSTOMERS *Why we value them* Customers, both individual consumers and retail customers, will drive the growth and reputation necessary for sustaining long-term growth and value for Shareholders.	• Competitive rates • Functionality and intuition of sites • Reputation • Pragmatic approach • Market reach and wide network • Excellent customer service and complaints procedures • Training on new functionalities • Checks to ensure credibility of sellers and measures to protect customers • Data protection • Relevant health and safety standards	• Senior Managers for each business unit feed customer relationship information back to the Board • The Board intentionally drive strategy and decision-making to improve the customer experience
Future consequences planned actions	• Our customer service teams gather feedback from customers about technical solutions and new functionalities with their preferences and recommendations. Major business clients are sometimes even consulted before launching new products. Their feedback can directly alter this product. The Board receives a summary of all such feedback when discussing strategies for each business line which can directly affect its decision making	
Difficulties	• Balancing customer needs and expectations • Difficulties regarding data protection • Customer protection (e.g. protection against third-party fraud)	
Board decision and which S172(1) (a) to (f) factors it considered	• Approving new price changes (a), (c) • Discussing and approving new products or changes to existing ones (a), (c)	
SUPPLIERS *Why we value them* Reliable and resourceful suppliers support our business infrastructure and are essential for smooth operational performance and the delivery of long-term strategic development and objectives.	• Prompt and accurate payment • Long-term partnerships • Collaboration • Responsible sourcing • Regulatory compliance • The Company's financial performance • Growth prospects • Reputation	• Performance reports discussed and considered at Board
Future consequences/ planned actions	• Continuous development of our supplier management framework to strengthen our collaboration with strategic suppliers who are instrumental in enabling the realisation of our strategic objectives	
Difficulties	• Our customers are facing supply chain issues (especially in the Auto business line) that have an indirect impact on the Group's operations	
Board decision and which S172(1) (a) to (f) factors it considered	• Board approval of larger supplier contracts based on authority matrix (c), (e)	

Stakeholder	*Principal issues that matter to the Stakeholder*	*Board oversight and engagement mechanisms*
EMPLOYEES *Why we value them* BCG prides itself on a close and united employee community. Our employees bring ambition, expertise and fresh perspectives that contribute to the values and culture of BCG and are essential for the delivery of our strategic objectives. It is vital for BCG's long-term success that we nurture an environment where people feel valued, motivated, and able to develop.	• An inclusive and diverse working environment • Positive culture, team spirit • Opportunities for career and personal development • Having a voice • A safe and secure workplace • Good pay and benefits • Gender equal pay • Whistle-Blowing Policy and procedure for raising concerns • Good working practices • Safe working environment • Modern Slavery Policy	• Regular online engagement within teams whilst remote working • Every employee is a Shareholder which fosters a feeling of ownership, unity and is an incentive for good performance • Continuous improvement of policies and employee benefit schemes • Regular and scheduled meetings within Business Units where employees have the opportunity to ask questions of Senior Management; the feedback from these sessions is fed back to the Board during vertical strategy sessions • CEO, CFO and COO update at every Board meeting which includes relevant workforce updates • Regular social activities for example, virtual beer tasting, a Christmas party • Consultation (in the form of a poll and conversation) with regards the return to office-working post-COVID-19
Future consequences/ planned actions	• Virtual or face-to face team gatherings for social occasions, team lunch and similar initiatives that support the Group's efforts on building Group culture	
Difficulties	• Engaging with the workforce due to the virtual nature of most of 2022, especially staff onboarding	
Board decision and which S172(1) (a) to (f) factors it considered	• Board approval of code of conduct related policies (b) • Board approval of PSP scheme and Free Share awards (a), (b)	
REGULATORY BODIES *Why we value them* Active and regular engagement with regulators in the Baltics and the UK helps to ensure we understand changing regulatory requirements and can continue to meet these requirements.	• Legal and safe operations with compliance with relevant regulations • Worker pay and conditions • Waste management and environmentally sound practices • Consumer protection • Product safety • Health and safety • Privacy and security • Gender equal Pay	• Board oversight and approval of filings with Companies House • FPPP compliance for IPO • Preparation of first TCFD report
Future consequences/ planned actions	• To continue to observe, comply and be responsive to regulation and regulatory requirements	
Difficulties	• The ongoing supervisory proceedings initiated by the Estonian Competition Authority. See note 24 to the consolidated financial statements for further detail	
Board decision and which S172(1) (a) to (f) factors it considered	• Board approval of IPO documents and half-yearly results (a), (e), (f)	

Stakeholder	*Principal issues that matter to the Stakeholder*	*Board oversight and engagement mechanisms*
ENVIRONMENT AND COMMUNITY	• Recognised environmental and societal standards • Environmental and social issues, including climate change, carbon emissions, food and road safety, human rights, waste management, and recycling • Having a positive impact on the community • Environmental and socially responsible business practices and credentials	• Board involvement in the preparation of the ESG reporting in the Annual Report and Accounts • Senior Management reports to the Board on social and environmental concerns arising within their business units

Why we value them

Recognising where we can make meaningful contributions to the wider society enables us to strengthen our relationships with consumers, customers and the wider community whilst also having a positive environmental and social impact.

Future consequences/ planned actions

- ESG Working group - building upon the work that it has started in order to achieve full compliance with the TCFD recommendations

Difficulties

- Ensuring our procedures and processes are established in order to comply with the TCFD recommendations whilst noting that this is our first year as a company listed on the London Stock Exchange

Board decision and which S172(1) (a) to (f) factors it considered

- Board approval and continuing support for a business model which inherently benefits the environment e.g. encourages reusing and recycling; low carbon emissions (a), (d), (e)
- Board approval for a significant donation to non-governmental organisations helping Ukraine upon the invasion by Russia (a), (c), (d), (e)

Further information as to how the Board has had regard to S172(1) (a) to (f) can be found in the following pages:

Section 172(1) (a) to (f)	*Where can you find more in our Annual Report*	*Page reference*
S172(1) (a) Consequence of any decision in the long-term	Moving our strategy forward	16
	Risk Management	41
	Board leadership and Company purpose	53
S172(1) factors 117 S172(1) (b) Interests of employees	Section 172(1) Statement Engagement with our Stakeholders	17
	Sustainability report	30
	Board leadership and Company purpose	53
	Statement of engagement with employees	56
	Board activity and culture	54
	Board activity throughout the year	60
	Non-financial information statement	102
S172(1) factors 117 S172(1) (c) Fostering business relationships with suppliers, customers and others	Moving our strategy forward	16
	Section 172(1) Statement Engagement with our Stakeholders	17
	Board leadership and Company purpose	53
	Statement of engagement with other business relationships	57
	Non-financial information statement	102
S172(1) factors 117 S172(1) (d) Impact of operations on the community and the environment	Moving our strategy forward	16
	Section 172(1) Statement Engagement with our Stakeholders	17
	Board leadership and Company purpose	53
	Non-financial information statement	102
S172(1) factors 117 S172(1) (e) Maintaining high standard of business conduct	Moving our strategy forward	16
	Section 172(1) Statement Engagement with our Stakeholders	17
	Board leadership and Company purpose	53
	Non-financial information statement	102
S172(1) factors 117 S172(1) (f) Acting fairly between members	Section 172(1) Statement Engagement with our Stakeholders	17
	Division of Responsibilities	58

Compared to 2020, which was largely before COVID-19, and excluding the impact of acquisitions and disposals within the comparative period, our revenue in 2022 increased by 35% (2020: €32.3 million). This growth rate reflects that we also grew in 2021 despite the fact we did not introduce major changes to our pricing in 2021, usually an annual event.

Lina Mačienė
CFO

Financial Review

Revenue

Group's revenue grew 21% to €51.0 million (2021: €42.3 million of which €0.4 million from a business that was divested at the very end of 2021 and therefore not owned in 2022). Excluding the divested business revenue from the comparative figure, our revenue grew 22% this year.

Compared to 2020, which was largely before COVID-19, and excluding the impact of acquisitions and disposals within the comparative period, our revenue in 2022 increased by 35% (2020: €32.3 million). This growth rate reflects that we also grew in 2021 despite the fact we did not introduce major changes to our pricing in 2021, usually an annual event.

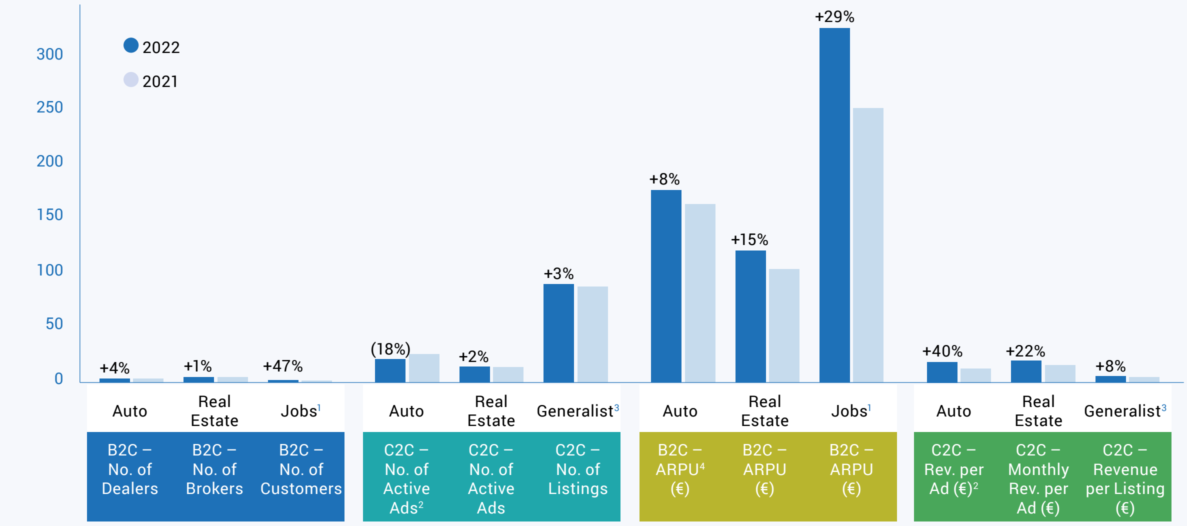
	2022 €m	2021 €m	2020 €m
A) Revenue less acquisitions & disposals	43.6	35.3	32.3
B) Revenue from businesses disposed in 2021	-	0.4	0.4
C) Revenue from businesses acquired in 2020	7.4	6.5	1.5
D) Total Revenue	**51.0**	**42.3**	**34.3**
Reported revenue growth in 2022 (D: 2022 vs 2021)	*21%*	-	-
Revenue growth in 2022 excluding the disposed business (A+C: 2022 vs 2021)	*22%*	-	-
2-year revenue growth excluding disposals and acquisitions during the period (A: 2022 vs 2020)	*35%*	-	-

Focusing on 2022, most of the percentage increase represents underlying organic growth in revenue. A small part of the growth reflects some waiving of listing fees to Real Estate and Auto B2C customers in the H1 prior year, when the Baltic countries experienced the first wave of COVID-19.

Due to the Russian invasion of Ukraine and consequently the internet population reading the news rather than shopping online / searching for a property or a car, we estimate that we lost around 1% of growth this year, which dropped down to the bottom line as well. This was an immediate and short-term impact on revenue which bounced back in a few weeks to pre-war levels and our normal run-rate.

The main drivers of revenue growth were increases in the number of advertisers across our business sectors, an increase in the number of advertisements/active C2C listings across all our business sectors except Autos, and an increase in the average spend per customer/advertisement across all our businesses.

In May 2021, we introduced C2C price changes for most of our portals, reflected in the reported revenue numbers. In September and October 2021, we introduced B2C price and package changes for the Real Estate, Auto and Jobs portals, reflecting improvements to our proposition. In April 2022, we introduced C2C price changes in the main portals - these made a limited contribution to 2022 revenue, with the full contribution to be seen in 2023.



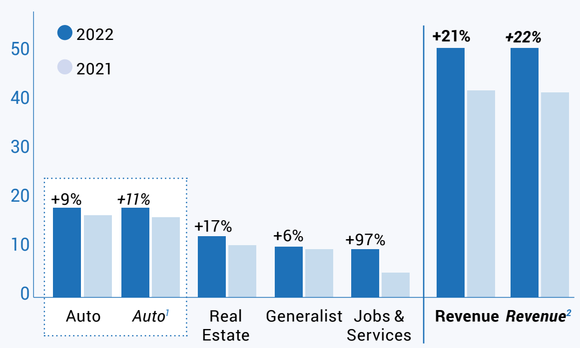
[1] CVbankas.lt only
[2] the Group presents the average monthly revenue per active C2C auto listing on the basis of the C2C revenue generated by auto listings only, excluding any C2C revenue generated from vehicle parts, vehicles other than autos and other C2C listings.
[3] Skelbiu.lt only
[4] ARPU - monthly average revenue per user (in Auto – per dealer, in Real Estate – per broker, in Jobs & Services – per client)

Revenue grew healthily in all four of our business areas. However, we saw a much wider range of organic growth (Jobs & Services up 97% down to Generalist up 6%) than we have seen historically. We believe that this, in large part, reflects the indirect consequences of COVID-19 (e.g. pent up demand in the employment market, recovering foot traffic to physical stores versus major shift to e-commerce last year) as seen in many countries.

We are seeing strengthening network effects across all business units as a growing number of customers drive content, which in turn encourages greater engagement for our audience.

In all three business units, the number of B2C customers has increased:

- Automotive dealers by 4% (from 3,356 in 2021 to 3,489 in 2022) mainly due to small dealers switching to B2C subscriptions rather than placing advertisements as if they were C2C customers.
- Real Estate brokers by 1% (from 4,809 in 2021 to 4,855 in 2022).
- Jobs customers by 47% due to significantly increased demand by companies for employees in the market (from 1,521 in 2021 to 2,243 in 2022).



[1] Auto (excluding 0.4 million from business divested in 2021)
[2] Revenue excluding business divested in 2021

In C2C, a gradual increase in listings is primarily due to growing activity in the underlying market in Real Estate and Generalist. In Automotive, the average monthly number of active advertisements is down 18% primarily due to shortened selling time (which means each advert is active for less time) and fewer market transactions than pre-COVID-19, influenced by global car shortages.

The majority of our C2C price changes were implemented in Spring 2021, and our B2C price changes throughout Autumn 2021.

Organically, excluding the disposed Autoleht revenue (sold at the end of 2021 and amounting to €0.4 million in 2021), the Auto business line grew 11%. The reported Auto business line revenue has grown 9% during 2022 (from €16.8 million in 2021 to €18.3 million in 2022). The Jobs & Services business line revenue almost doubled - growing 97% (from €5.0 million in 2021 to €9.8 million in 2022). Real Estate has also contributed a solid growth to Group revenue – the business line grew 17% (from €10.7 million in 2021 to €12.5 million in 2022). Generalist revenues grew 6% (from €9.8 million in 2021 to €10.4 million in 2022).

In terms of ARPU in our B2C segment:

- Automotive ARPU was up 8% due to price and packaging changes in September and October 2021. ARPU growth was somewhat depressed by dealers reducing package sizes in the context of low inventory levels and an increased number of smaller dealers. We expect further upside from the price changes in the longer-term when inventory levels recover, and dealers increase their packages.
- Real Estate ARPU was up 15% partially due to the discounts in the comparative period, but also customers benefiting from an increased number of transactions and subscription fee and packaging changes which took effect from September 2021 to January 2022 and were aimed at both growth in ARPU and incentivising customers to choose individual and more premium accounts with brokers.

Aruodas.lt took actions to increase the quality of the content by reducing the number of duplicate advertisements which reduced the number of listings per broker from 15 to 10 in basic and from 25 to 15 in mid-range packages as well as introducing a new, top package tier.

- Jobs and Services ARPU was up 29% due to increased prices, a higher number of advertisements per company and intensified usage of value-added services. Consequently, our jobs portal CVbankas.lt is almost twice as big revenue-wise than it was a year ago and, as the market leading job board, is benefiting from favourable underlying market trends which are driving record job vacancy and employee search activity. Increased prices were implemented for new and renewing customers in September 2021 and will continue to be rolled out to all customers over the next 12 months.

In terms of ARPU in our C2C segment:

- Automotive average revenue per active advertisement was up 40% due to price changes and rising average transaction values (the average car price on our portals grew 24%).
- Real Estate average revenue per active advertisement was up 22% due to price changes and rising average transaction values (apartment prices per square metre in Baltic capitals have increased by 10%).
- Generalist average revenue per listing was up 8% due to price changes, rising average transaction values and the introduction of a "two in one" package allowing listing in both Generalist Skelbiu.lt and Vertical Autoplius.lt sites in new categories.

Operating costs

Our reported operating costs for 2022 included costs relating to our IPO in July, namely the direct costs of fees paid to advisors and the costs of a free share award to our employees, listed in the Profitability and Alternative Performance Measures section below.

The Group has been operating in a higher inflation environment for quite a few years and recently, inflation was double-digit. However, our costs represent a relatively small part of the revenue and this did not significantly affect our profitability. On the contrary, rising real estate, car prices and average salary are supportive to our revenue growth in Real Estate, Auto and Jobs & Services.

The majority of our operating costs are people costs. Our team grew from 124 FTEs in April 2021 to 127 FTEs in April 2022. The total labour costs were €8.9 million and included €1.4 million free share awards to employees as a one-off. In line with the intention stated in the Prospectus, after Admission, the Group gifted, on an unrestricted basis, to all employees in good standing, free shares (with the number per employee based on length of service with the business and ranging between €3 and €15 thousand in value). Executive Directors and the rest of the Senior Management team did not receive free shares under this arrangement. Excluding one-off free share awards, investment into our people increased by 25% to €7.5 million (2021: €6.0 million). We appreciate and invest in talent, therefore the majority of the increase in people costs was driven by annual salary reviews and the cost of a performance share plan ("PSP") in the amount of €0.6 million. The cost of the PSP should continue increasing gradually during the first three-year period after the IPO based on the assumption that the PSP will award a list of employees yearly with three-year nominal value options. Thereafter, the cost should be relatively constant.

Other Group costs comprise marketing, IT and general administrative expenses. At the end of February 2022, we supported several NGOs assisting Ukraine and Ukrainians fleeing the war in their country by donating €0.2 million. This has not been treated as an adjusting item.

Net finance expense

BCG started its life as a public company with 2.75x leverage[1] (as at 30 April 2021 the leverage was 6.04x) and a significantly lower effective interest rate on the external debt compared to previous financing arrangements. Instead of a 6% interest rate prior to the IPO, the Group was paying a 2% interest rate from the lower gross debt amount borrowed at IPO. However, the full effect of the reduced finance cost was not yet visible this year as net finance costs of €11.2 million in 2022 included:

- €5.1 million upfront fee that was written off upon the repayment of the debt under the Senior Facility Agreement ("SFA") in July 2021 (as it is related to our IPO refinancing arrangement, we consider it being a one-off cost item);
- €1.6 million SFA fee relating to an early repayment condition (as it is also related to our IPO refinancing arrangement, we consider it being a one-off cost item); and
- 2-month interest costs relating to our pre-IPO debt facility.

Tax

The Group tax charge of €0.05 million (2021: €1.9 million) represented an effective tax rate of 1.9% in 2022 (2021: 105.2%).

Group tax charge is a net of:

- current tax expense of €3.1 million (2021: €3.5 million); and
- change in deferred tax which is positive €3.1 million (2021: €1.6 million) and includes €1.3 million deferred tax relating to the upfront fee write-off in the event of the early debt repayment under the pre-IPO SFA in July 2021 (as it is related to our IPO refinancing arrangement, we consider it being a one-off item).

Companies under common control in Lithuania intend to form a tax group to offset the taxable losses to taxable profits in accordance with prevailing tax regulations, therefore the current tax expense amount has decreased this financial year.

[1] Leverage is calculated as Net debt over the last twelve months (LTM) of Adjusted EBITDA. The Group's loan facility includes a Total Leverage Ratio covenant (see note 18 to the consolidated financial statements).

Profitability and Alternative Performance Measures

The Group has identified certain Alternative Performance Measures ("APMs") that it believes provide additional useful information on the performance of the Group.

These APMs are not defined within IFRS and are not considered to be a substitute for, or superior to, IFRS measures. These APMs may not be necessarily comparable to similarly titled measures used by other companies.

Directors use these APMs alongside IFRS measures when budgeting and planning, and when reviewing business performance.

Costs arising in connection with the IPO both in 2022 and 2021 have been isolated in recognition of the nature, infrequency, and materiality of this capital markets transaction. These comprise IPO related legal and advisory fees, free share awards to employees and refinancing related amounts.

For clarity, since the IPO, where share-based payment charges arise because of the operation of the Group's post-IPO Remuneration Policy, such as the PSP plan, these are not treated as adjusting items and the cost is deducted from the APMs defined below. Other adjusting items in 2021 are associated with M&A transactions. They are material, non-recurring and outside the ordinary course of business.

As detailed at the IPO, BCG intends to return one third of adjusted net income[1] (defined as the profit / (loss) for the period adjusted for the post-tax impact of the IPO costs, IPO refinancing arrangement related finance and tax items, M&A costs and the post-tax impact of the amortisation of intangibles arising from acquisitions) each year via an interim and final dividend. For this purpose, we show amortisation of acquired intangibles and the tax effect on it together with the adjusting items in the following table.

	IFRS Measures 2022 €m	Adjusted Measures 2022 €m	IFRS Measures 2021 €m	Adjusted Measures 2021 €m	IFRS Measures change €m	Adjusted Measures change €m
IPO related fees	-	(7.4)	-	(0.3)	-	-
Free share awards	-	(1.4)	-	-	-	-
Acquisition related costs	-	-	-	(0.1)	-	-
Amortisation of intangibles arising from acquisitions (PPA)	-	(16.1)	-	(16.1)	-	-
IPO refinancing: Senior Facility Agreement (SFA) related early repayment condition	-	(1.6)	-	-	-	-
IPO refinancing: SFA related upfront fee write off	-	(5.1)	-	-	-	-
IPO refinancing: SFA capitalised upfront fee related deferred tax liability write off	-	1.3	-	-	-	-
Tax effect on IPO related fees	-	0.1	-	-	-	-
Deferred tax effect of amortisation of intangibles arising from acquisitions	-	1.4	-	1.4	-	-
Tax effect of amortisation of intangibles arising from acquisitions	-	(28.8)	-	(15.1)	-	-
Total Adjusting Items	**-**	**(28.8)**	**-**	**(15.0)**	**-**	**-**
Revenue	**51.0**	**51.0**	**42.3**	**42.3**	21%	21%
Net income (profit / (loss) for the period)	**2.4**	**31.2**	**(0.1)**	**14.9**	n.m.	109%
WANS, million	*488.5*	*488.5*	*435.3*	*435.3*	-	-
EPS, € cents	***0.49***	***6.40***	***(0.02)***	***3.43***	*n.m.*	*86%*
Taxation	(0.0)	(2.8)	(1.9)	(3.3)	(98%)	(15%)
Net finance costs	(11.2)	(4.5)	(13.9)	(13.9)	(20%)	(68%)
Operating profit	**13.6**	**38.5**	**15.7**	**32.2**	(13%)	20%
Depreciation and amortisation	(16.9)	(0.7)	(17.0)	(0.8)	(0%)	(9%)
EBITDA	**30.5**	**39.3**	**32.7**	**33.0**	(7%)	19%
EBITDA margin	**59.9%**	**77.1%**	**77.3%**	**78.1%**	(17.4% pts)	(1.0% pts)

[1] See note 17 to the consolidated financial statements

Adjusted net income grew 109% and reached €31.2 million (€14.9 million in 2021). Despite IPO related costs, reported net income grew to €2.4 million (€(0.1) million in 2021) mainly due to arranged refinancing at IPO and therefore significantly lower effective interest rate on the external debt compared to previous financing arrangements.

Adjusted operating profit grew 20% to €38.5 million (€32.2 million in 2021) and reported operating profit decreased 13% to €13.6 million reflecting IPO related fees in the year 2022 (€15.7 million in 2021). Operating profit and adjusted operating profit is used to review business performance. Adjusted operating profit is calculated by reference to the profit / (loss) for the period and adjusting this to add back income tax expense, net finance costs, IPO costs, IPO refinancing arrangement related finance and tax items, M&A costs and acquired intangibles amortisation.

EBITDA is calculated by reference to the profit / (loss) for the period and adjusting this to add back income tax expense, net finance costs, depreciation and amortisation. Reported EBITDA includes all IPO related fees, free share awards and refinancing costs.

Adjusted EBITDA[1] grew 19% to €39.3 million (€33.0 million in 2021) and is calculated by reference to EBITDA for the period and adjusting this for the costs related to IPO, acquisitions and disposals in the period and one-off costs that do not reflect the underlying operations of the business (but including ongoing operating costs of being a public company). Management uses this measure to monitor compliance with the Group's financial covenant and the leverage as per the loan agreement, which is described in note 18 to the consolidated financial statements.

Adjusted EBITDA margin, which is calculated by dividing adjusted EBITDA for the period by revenue for the period, was 77% despite additional public listed company related costs and our support to NGOs. We estimate that we lost around 1% of EBITDA margin due to the invasion. Adjusted EBITDA margin in 2021 was 78%.

Earnings per Share ("EPS")

Basic EPS for 2022 was 0.49 € cents based on the WANS during 2022 of 488,467,552. ((0.02) € cents for 2021 based on WANS of 435,265,078).

Adjusted basic EPS is adjusted for the same items that are used to adjust the Adjusted Net Income. Adjusted basic EPS for the year 2022 was 6.40 € cents (3.43 € cents for 2021).

There is no dilution effect from the employee share arrangements this year.

Cash flow and cash conversion

Reported cash generated from operating activities grew from €33.1 million in 2021 to €34.1 million in 2022, calculated after consideration of €6.4 million of IPO fees paid during the year. If adjusted for, cash generated from operating activities grew 22% to €40.5 million, prior to deducting IPO fees payments.

Generated cash was used to reduce the loan liability by partially paying down the debt. We also bought 2.1 million of Company shares (paying €3.4 million) to the Employee Benefit Trust ("EBT") for future employee awards (the number of options granted in our first year was 1.0 million shares).

During 2022, in addition to ongoing capital expenditure requirements, we have set up a new infrastructure to accommodate a disaster recovery site for our Estonian and Latvian sites. Our Cash conversion (calculated as adjusted EBITDA minus Capex[2] (of €0,4 million) divided by adjusted EBITDA) was at 98.9% (99.8% in 2021).

Net debt and leverage

External refinancing was arranged on IPO, reducing the Group's external loan from €214.3 million to €98 million. Since then, €14 million of the existing debt has been voluntarily repaid. Compared to the end of 2021, net debt[3] was reduced by €133.0 million to €66.4 million (as at 30 April 2021: €199.4 million) with leverage at 1.7x (as at 30 April 2021: 6.0x).

€m	30 April 2022, €m	30 April 2021, €m
Bank Loan principal amount	84.0	214.3
Customer credit balances	2.3	2.2
Total debt	86.3	216.5
Cash	19.9	17.1
Net debt	**66.4**	**199.4**
Adjusted EBITDA LTM	39.3	33.0
Leverage	**1.7x**	**6.0x**

[1] See note 6 to the consolidated financial statements
[2] Capex refers to acquisition of intangible assets and property, plant and equipment line information in the Consolidated statement of cash flows
[3] Net debt is calculated as total debt (bank loans and Osta.ee customer credit balances) less cash.

Capital allocation

We intend to use all the cash we generate in a year, within that same year or shortly thereafter for the below:

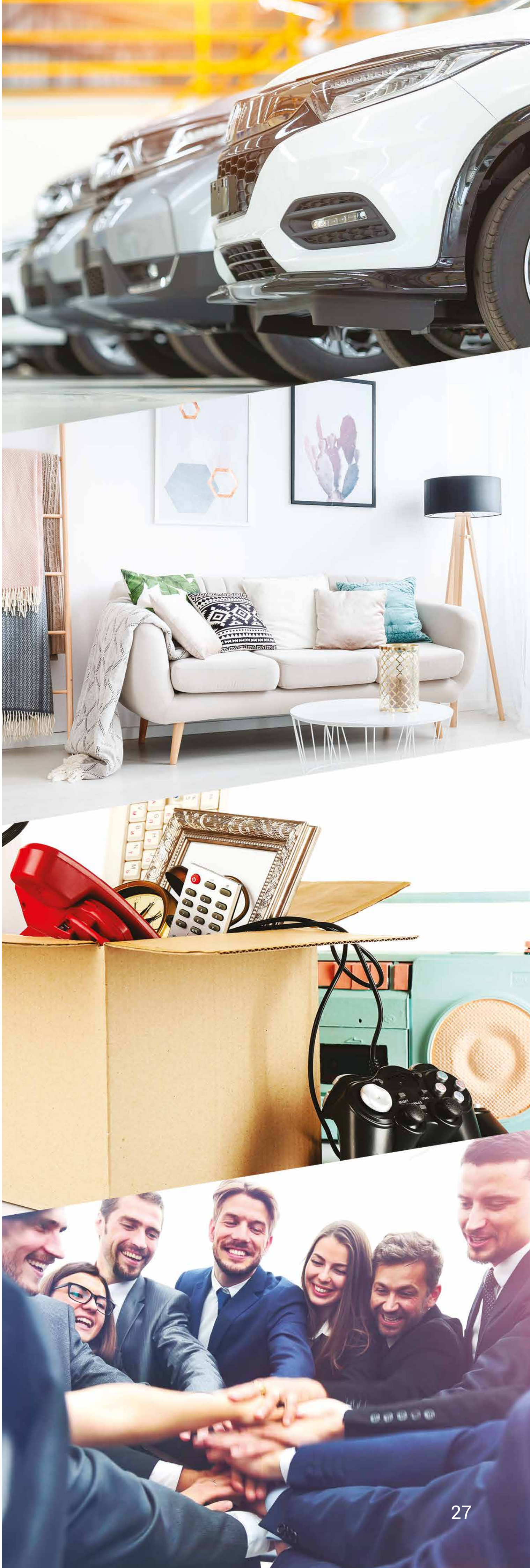
- As detailed at the IPO, after the first year as a public company, BCG intends to return one third of adjusted net income each year via an interim and final dividend, split approximately one third and two thirds, respectively. The Board proposed a final dividend, with such dividend expected to be paid on 14 October 2022 subject to final shareholder approval at the AGM.
- We will continue to consider value-creating M&A opportunities. All options for financing attractive acquisition opportunities remain open, including using cash, increasing our debt and even seeking additional equity capital. However, using cash is the preferred option and this would most likely not affect dividends but might reduce capacity for share buy-backs.
- Because our leverage is already below 2.0x and we do not have any particular target level of debt, we intend using a combination of share buy-backs and debt repayment from the balance of cash.

We also intend to keep our capital policy under review and may revise it from time to time.

Going concern

The Group generated significant cash from operations during the period. As at 30 April 2022 the Group had drawn none of the €10 million unsecured Revolving Credit Facility ("RCF") and had cash balances of €19.9 million. The €10 million RCF is committed until July 2026.

Lina Mačienė
Chief Financial Officer
6 July 2022



During this time, we have continued supporting industries by continuously developing products and features in all of our business lines.

Simonas Orkinas
COO

Operational Review

Our first successful year as a public company listed on the London Stock Exchange has passed. The Initial Public Offering ("IPO") brought new challenges and experiences in the fields of investor relations, legal and finance, but BCG's business operations have remained the same as before, that is to say: entrepreneurial, agile and pragmatic. At BCG we continued to operate our business mostly remotely throughout the period due to the COVID-19 pandemic restrictions. We were able to do this successfully as our technology enables our people to work remotely as smoothly and productively as if they were working in the office.

This is the second year where industries have been operating in a pandemic environment. Businesses have adapted to a restrictive environment, learned how to successfully continue their activities and customers have become used to pandemic safety measures and have importantly regained their consumer confidence. During this time, we have continued supporting industries by continuously developing products and features in all of our business lines.

Let's take a brief look at key product developments in 2022 business line by business line:

Automotive

We have introduced a car price analysis tool on Autoplius.lt. This system utilises archived data to indicate the average price and selling duration for specific cars. We also introduced webinars for dealers, focusing primarily on improving client experience. This helps to strengthen relationships with our customers as well as creating a better car buyer's experience which has a positive indirect effect on our marketplace.

We improved our B2C offering on Autoplius.lt by introducing two tiers of packages instead of one. In the first package there are features such as dealership branding, a price analysis tool, ads export to the horizontal marketplace and a map. The second package, which is more expensive, is designed for premium clients who want maximum exposure and the biggest number of leads. This package includes all the features of the first package plus a bump up for ads and an enhanced listing view.

On Auto24.ee we expanded our offering of car financing products. In collaboration with our financing services partner we now offer a full-service car rental for new vehicles. This is a very convenient product for customers who are looking for a new car but do not want to worry about maintenance of the vehicle. The car leasing product has been upgraded by lifting the price threshold to €40,000. This step has broadened the addressable market, particularly given the trend of growing car prices in the market.

For business customers, we replaced an existing third Auto24.ee service package with an upgraded one. Similarly to Autoplius.lt this is the most expensive and the most effective package.

Real Estate

We introduced a secure 2FA login to B2C clients' accounts on Aruodas.lt and KV.ee. This increases the security of user accounts and the quality of listings. In addition, we have implemented virtual telephone numbers for C2C clients on Aruodas.lt. Virtual numbers provide C2C customers with more security in a sense that they prevent fraudster attacks as actual phone numbers of C2C customers are not visible but calls from virtual numbers get forwarded to actual phone numbers. This has initially been rolled out to a limited number of customers in order to gain important feedback and streamline the technology before launching it at a full scale. The Virtual numbers project strongly contributes to the privacy of personal data and the marketing of our service.

We added a third B2C package on top of the existing two in Aruodas.lt. The third package is optimised for premium brokers who have the biggest number of properties and seek the best branding and maximum exposure of their ads.

In the Estonian market we also introduced premium

packages. Instead of two, we now offer four options on KV.ee. Both the third and the fourth are premium packages, but the fourth includes listing on two property platforms (KV.ee and City24.ee) at once. It helps to attract customers to list on both our Real Estate portals in a very convenient way, providing the best service whilst providing a maximum number of leads.

Jobs and Services

As the competition for talent intensifies, we developed a new value added service - a tool for employers which helps attract more applicants on CVbankas.lt. Employers can increase the exposure of their listings by reaching a target audience of job seekers. In addition, we implemented automatic translation of the portal's content to make it more attractive to foreign job seekers. A price list review was implemented, and as a result, prices increased by 15-25%. At the same time, more than ten integrations with applicant tracking systems were made to onboard big clients on CVbankas.lt.

Generalist

The delivery product received a significant upgrade on Skelbiu.lt. A bulk shipping feature has been implemented making it more convenient to ship several parcels at the same time. We also made important changes on the platform to increase the level of privacy and fraud prevention. Sellers' contact details are now securely hidden behind the registration wall.

Aside from all the consumer facing developments, substantial progress has been made 'under the hood'. In 2022 we significantly improved cybersecurity by implementing DDOS protection and bot management systems, migrated all services to a new infrastructure and set up a new infrastructure to accommodate a disaster recovery site.

Simonas Orkinas
Chief Operating Officer
6 July 2022

Sustainability Report

The Group is committed to being a responsible business and our priority is to protect our people, support our customers and Stakeholders and continue to protect the environment around us.

Our Environmental, Social and Governance ("ESG") strategy can be split into two main components:

- being a sustainable business by limiting our impact on the environment, providing a secure and diverse workplace for our employees and ensuring strong governance; and
- helping customers to make more sustainable choices and encouraging a circular economy through four of our business lines: Real Estate, Auto, Generalist and Jobs and Services.

The Board has reviewed and approved BCG's ESG strategy.

To ensure we follow and continue to evolve our strategy and make progress towards our goals, this year we established an ESG working group which consists of the CEO, the COO and is chaired by the CFO. The Chair serves as a sponsor to the ESG working Group and is actively involved in its activities. The Board fully supports the initiatives of the ESG working group and gives Board level oversight on environmental, social and governance issues to look over our progress in fulfilling our ESG goals. For more information on the ESG working group, see the TCFD Report on page 31.

Alignment with wider global goals

The Sustainable Development Goals ("SDGs"), also known as the Global Goals, were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity. Our approach to responsible business aligns quite naturally with the goals and we have identified five that are most material to our business and where we contribute the most.

Gender equality

We believe in the power of diversity to establish a creative workplace. The Group actively supports women choosing careers in the technology industry. As of 30 April 2022, 51% of employees were female.

- For more information on the gender of our Board, Senior Management and workforce see page 63.

Decent work and economic growth

We are highly focused to provide a safe, happy and supportive working environment. The Group seeks to treat all of its employees equally, regardless of gender, age, disability, health, nationality, ethnic origin, religion, political belief, gender identity, family status or lifestyle, including when evaluating performance and making hiring and promotion decisions.

Responsible consumption and production

Many of the Group's portals, by their nature, play a key part in facilitating the circular economy, in promoting the reuse and repair of unwanted assets, whether they be vehicles or vehicle parts traded through our Automotive portals, or used goods traded through our Generalist portals.

Climate action

We seek to minimise the environmental impact of our business activities, including in relation to the recycling of paper and plastic, and extensive use of digital documentation, including e-signatures and e-contracts to reduce paper usage.

Peace, justice, and a strong institution

We run our business in a responsible manner and being trustworthy is one of our top priorities. We are committed to preventing slavery and human trafficking, we require the highest standards of honesty and integrity in all our business relationships, and we are committed to supporting human rights through our compliance with national laws and internal policies.

- See more on the policies and processes relating to these in our Non-Financial information statement on page 102.

The Task Force for Climate-Related Financial Disclosure ("TCFD") Report

TCFD compliance statement

We are pleased to confirm that we have included in our TCFD Report, the material climate-related financial disclosures that are consistent with the four overarching thematic recommendations, supported by the 11 recommended disclosures. (Further to the TCFD additional guidance "Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures" (2021 TCFD Annex) which was released in October 2021.)

Our focus in the coming years will be to strengthen our environmental target setting. We are planning to start work on setting specific targets to reduce our carbon footprint. Meanwhile, we will continue to contribute to environmental sustainability by offsetting our carbon emissions.

The following table shows where recommended TCFD disclosures can be found:

TCFD recommended disclosure	*Compliance*
Governance 1. Describe the board's oversight of climate-related risks and opportunities 2. Describe management's role in assessing and managing climate-related risks and opportunities	The Board's oversight of climate-related risks and opportunities and Management's role in assessing and managing climate-related risks and opportunities are described in the Governance section of this TCFD Report.
Strategy 3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long-term 4. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning 5. Describe the resilience of the organisation's strategy, taking into consideration different climate scenarios	The material climate-related risks and opportunities and the impact they may have on the Group have been identified and are disclosed in the Strategy section of this TCFD Report. The climate-related risks and opportunities were stress-tested in three different climate scenarios and the resilience of our strategy are described in the Strategy section of this Report.
Risk Management 6. Describe the organisation's processes for identifying and assessing climate-related risks 7. Describe the organisation's processes for managing climate-related risks 8. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management	The Group's processes for identifying, assessing and managing climate-related risks are described in the Risk management section of this TCFD Report. Climate-related risks are captured and documented in a Risk Register in the same manner other risks are documented. This process is described in the Risk management section of this Report and the Risk management section in the Strategic Report.
Metrics and Targets 9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process 10. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas ("GHG") emissions, and the related risks 11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Our carbon neutrality and net zero goals are described in the Climate-related Targets section of this TCFD Report. Scope 1 and 2 greenhouse gas ("GHG") emissions, energy consumption, water consumption and information on electricity are disclosed in the Energy and Greenhouse Gas Report.

Governance

Board oversight and Management's role.

The Board has overall responsibility for the Group's preparedness for adapting to climate change. To ensure the Board has sufficient oversight of BCG's sustainable business strategy and performance, including climate-related targets, the Board has assigned climate-related responsibilities to the ESG working group.

The ESG working group was established in January 2022 and consists of the CEO, the COO, the CFO and the Chair as a sponsor. The CFO leads the ESG working group and has overall accountability for climate change action. During the Board meetings, the Board is updated on climate-related risks and opportunities, environmental metrics, including Company's carbon footprint, environmental reporting obligations and progress towards our climate-related goals.

During 2022, the ESG working group organised a discussion with Senior Management to identify and assess climate-related risk and opportunities and the owners of the risks and mitigations strategies, which were documented in the ESG Risk Register. Portal managers as risk owners, are responsible for assessing and managing climate-related risks for their respective business areas. They follow and prepare for new environmental regulations, changing market tendencies and increasing customer environmental awareness. The ESG working group is responsible for assessing and managing climate-related risks that are general to the Group and monitoring emerging regulatory requirements.

Climate-related areas which have been discussed by the ESG working group during the year included:

- governance and strategy around climate-related issues;
- climate-related risk management;
- impact on the environment by the Group;
- climate-related target setting; and
- environmental reporting.

Areas of focus for the ESG working group in the next financial year will be:

- working on environmental target setting;
- tracking the environmental impact by the Group, including carbon emissions; and
- continuous to monitoring and analysis of climate-related risks and opportunities.

During Board meetings, Board members receive updates on the topics discussed during ESG working group meetings. During the year ended 30 April 2022, the Board was regularly updated on climate-related issues facing the Group, including the areas covered in the ESG group meetings. The aforementioned topics were discussed in the February 2022 and March 2022 Board meetings.

In addition, at the April 2022 Board meeting, the Board reviewed and approved changes to the Risk Register relating to climate issues.

Because of the business specifics, during the financial year there were no other material changes to business activities nor additional expenditure, acquisitions or divestitures budgeted for the next year, in relation to the Company's strategy regarding climate issues.

Strategy

Climate-related risks and opportunities.

Due to BCG's Business Model, the Group operates in a low-carbon environment, where the environmental impact of the Group is low. However, the accelerating climate change may have an impact on BCG's business. The Group have identified the physical and transition risks as well as climate-related opportunities that may arise in the future. Physical risks resulting from climate change can be event driven or longer-term shifts in climate patterns. Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

The Group considered climate-related physical and transitional risks and opportunities that could potentially arise during three different time horizons:

- short term (now-2025)
- medium term (2026-2035)
- long term (2036-2050)

The Group also considered the risks and opportunities by the four main business lines:

- Real Estate
- Automotive
- Generalist
- Jobs and Services

Senior Management also discussed the potential impact of the identified climate-related risks and opportunities in relation to financial planning, business and strategy, including impact on products and services, supply chain, adaptation to climate change and the Group's operations.

See the following tables where we discuss: physical risks, transition risks, opportunities; and time horizons in which they are most likely to arise.

Specific risk	Description of risk and its impact	Business line impacted and Time horizon
Physical risks		
Increased severity of extreme weather events	Increased severity of extreme weather events due to accelerating global warming may disrupt commercial customers' behaviour, affect the availability of websites and result in disruption to the provision of services from our service providers. These consequences may lead to a decrease in revenue.	All business lines 🟡
Rising mean temperatures	Rising mean temperatures may result in heatwaves, which would increase cooling costs in offices and data centres.	All business lines 🟡
Extreme variability in weather patterns	Increases in extreme winter weather would increase heating costs in offices.	All business lines 🟡
Transitional risks		
Internal combustion engine vehicles ban	A ban on internal combustion engine vehicles in the Baltics may lead to reduced volume of ads, which would result in lower revenue of the Auto segment. Currently, there are no regulations regarding the banning of internal combustion engine vehicles in the Baltics.	Auto 🔵 🟡
Higher taxation on transactions of internal combustion engine vehicles	Increasing the current taxation on transactions of internal combustion engine vehicles may reduce the volume of adverts, which would result in lower revenue of the Auto segment.	Auto 🟢 🔵 🟡
Consumers switching to electric vehicles	If consumers shift to electric vehicles, we will have to tailor our business by adding additional filters and features to improve the search and sales of electric vehicles.	Auto 🔵 🟡
Energy Performance Certificate becomes mandatory in ads	If Energy Performance Certificates become mandatory, we will have to add additional filters in our Real Estate portals.	Real Estate 🔵 🟡
Consumers shifting to sustainable real estate	If consumers shift to sustainable real estate, we may have to adjust to the market and add additional filters relating to the environmental sustainability of real estate.	Real Estate 🔵 🟡
Property detail reporting becomes more onerous for non-professionals/privates	If property detail reporting becomes more onerous for non-professionals/privates due to increasing environmental regulations, the volume of ads from privates may decrease, leading to a decrease in revenue of the Real Estate segment.	Real Estate 🔵 🟡
New regulations reduce stock on the market	If stock is reduced on the market due to increasing environmental regulations, the volume of transactions and ads will decrease, leading to a decrease in revenue of the Real Estate segment.	Real Estate 🔵 🟡
Opportunities		
Opening of new market segments, such as advertising EV charging infrastructure	Increasing environmental regulations and awareness may create new market segments, such as electric vehicle charging infrastructure. This would allow us to develop and launch services in the Auto segment, for instance, integrating charging station offerings into electric vehicle ads, which may result in higher revenue.	Auto 🔵 🟡
Introduction of yearly internal combustion engine vehicle ownership tax	While increasing the current taxation on transactions of internal combustion engine vehicles may reduce the volume of ads, the introduction of yearly internal combustion engine vehicle ownership tax may lead to higher volumes of ads of more polluting vehicles. This would increase revenue in the Auto segment.	Auto 🟢 🔵
New environmental regulations reduce mortgage availability	Reduced mortgage availability due to environmental regulations may decrease the number of transactions and increase the length of ads being advertised, leading to higher revenue in the Real Estate segment.	Real Estate 🔵 🟡
Increased cost of materials	Climate change and environmental regulations may result in increasing raw material prices. Increased prices in the primary market may increase the secondary market and increase the number of ads and revenue in Generalist portals.	Generalist 🔵 🟡
Increased climate awareness	Increased climate awareness and people shifting to a circular economy may increase the secondary market and increase the number of ads and revenue in Generalist portals.	Generalist 🔵 🟡
Fulfilling environmental reporting and sustainability goals	Achieving our climate-related goals and being an environmentally responsible business may lead to enhanced reputation with Shareholders, customers and investors and an increase in share price and revenue. Improved investor relations may also result in higher availability and lower cost of capital.	All business lines 🟢 🔵 🟡

🟢 Short term 🔵 Medium term 🟡 Long term

Climate scenarios

After the climate-related risks and opportunities were identified and assessed, the most significant risks and opportunities were stress-tested in the selected three climate scenarios based on assumptions of NGFS (Network for Greening the Financial System) climate scenarios:

Orderly: this scenario assumes early, ambitious action to a net zero CO_2 emissions economy.

Disorderly: this scenario assumes action that is late, disruptive, sudden and/or unanticipated.

Hot house world: this scenario assumes limited action leads to a hot house world with significant global warming and, as a result, strongly increased exposure to physical risks.

The assumptions of the scenarios are summarised in the following table:

	Scenario 1 "Orderly"	*Scenario 2 "Disorderly"*	*Scenario 3 "Hot house world"*
Policy action	Early policy action	Late policy action (from 2030)	No policy action
Transition	Smooth transition	Disruptive transition	Business as usual
Time horizons	Now-2025	2026-2035	2036-2050
Temperature	Global temperatures increase to between 1.5-2 degrees above pre-industrial levels	Global temperatures increase to between 1.5-2 degrees above pre-industrial levels	Global temperatures increase to over 3 degrees above pre-industrial levels
Sea level rise	Low	Low	High
Risks	Low physical and transition risks	Higher transition risk	Higher physical risks
Estimated carbon prices	Estimated range – \$135-\$5,550 USD/tCO_2e in 2030, \$245-\$13,000 USD/tCO_2e in 2050 (IPCC SR1.5)	Estimated range – \$135-\$5,550 USD/tCO_2e in 2030, \$245-\$13,000 USD/tCO_2e in 2050 (IPCC SR1.5)	Estimated range – \$10-\$200 USD/tCO_2e in 2030, \$45-\$960 USD/tCO_2e in 2050 (IPCC SR1.5)

The financial impact on the Group's financial planning was assessed by the Senior Management based on the Group's past experience. The financial impact is summarised in the following table:

Type of risk / opportunity	*Specific risk / opportunity*	*Scenario 1 "Orderly" Now-2025*	*Scenario 2 "Disorderly" 2026-2035*	*Scenario 3 "Hot house world" 2036-2050*
Physical risks	Changing weather patterns and increased severity of extreme weather events	Immaterial	Immaterial	Medium
Transitional risks	Internal combustion engine vehicles ban	Immaterial	Low	Immaterial
	Higher taxation on transactions of internal combustion engine vehicles	Immaterial	Immaterial	Immaterial
	Property detail reporting becomes more onerous for non-professionals/privates	Immaterial	Immaterial	Immaterial
	New regulations reduce stock on the market	Immaterial	Immaterial	Immaterial
Opportunities	Opening of new market segments, such as advertising EV charging infrastructure	Immaterial	Immaterial	Immaterial
	Introduction of yearly internal combustion engine vehicle ownership tax	Low	Low	Immaterial
	New environmental regulations reduce mortgage availability	Low	Low	Immaterial
	Increased cost of materials	Immaterial	Immaterial	Immaterial
	Increased climate awareness	Immaterial	Immaterial	Immaterial
	Fulfilling environmental reporting and sustainability goals	Immaterial	Immaterial	Immaterial

● Immaterial financial impact ● Low financial impact ● Medium financial impact ● High financial impact

Management has considered the risks and financial impact assessment and concluded that the financial impact of climate-related risks on the Group's operations are immaterial or low (<1% of annual revenue) in scenarios "Orderly" and "Disorderly". Under the scenario "Hot house world", physical risks could have a medium financial impact.

Given the "Hot house world" scenario assumptions, Management believes that increased severity of extreme weather events due to accelerating global warming may have a medium financial impact on capital expenditures, operating costs and revenues:

- extreme weather events may cause floodings in the areas of our data centres, that would disrupt the operation of our servers and temporarily affect revenues, operating costs and capital expenditures;
- extreme weather events may disrupt the internet connection and temporarily affect the availability of our websites, leading to financial impact on revenues; and
- extreme weather events may temporarily impact commercial customers' behaviour during such events, leading to fewer new ads on our websites and a decrease in revenue.

Management has considered the potential impact on financial planning that may arise in the future. For the next financial year, Management does not foresee any material impact on the financial planning that may arise from climate-related issues.

Given the uncertainty of the transition to a low-carbon economy and the temperature increase limits achieved, the results of the scenario analysis, enable us to better understand and build resilience to prepare for the potential worst case impacts of climate change. From our analysis we know that transition risks could potentially be most significant under Scenario 1 "Orderly" and Scenario 2 "Disorderly" though there are differences in their timings and materiality of financial impacts. On the other hand, Scenario 3 "Hot house world" could have the biggest financial impact due to the physical climate-related risks. To ensure we are building long-term resilience as a business, we will use the outputs of this phase of the TCFD programme to improve our strategies and decision making.

The ESG working group will continue to monitor and analyse climate-related risks with the oversight of the Board.

Risk management

The Board has overall responsibility for risk management and the ESG working group is responsible for identifying, analysing and agreeing the mitigation, transfer, acceptance or control of climate-related risks.

We continually mature our capacity and capability to manage risk and uncertainty to build and maintain long-term resilience. Climate-related risks are identified, assessed and managed according to our Risk Management framework (page 41). Risks are assessed based on their likelihood and potential impact with the combination of the two measures defining the overall score of each risk so they can be rated. Climate-related risks are captured and documented in a Risk Register, identifying the risk category, the likelihood of the risk occurring, the impact if it does occur, a specific owner for each risk, the risk trend and the mitigation plan for each risk.

During 2022, an ESG risk register was prepared to identify and routinely assess climate-related risks and opportunities. These risks and opportunities are disclosed in the Strategy section of this report. Each member of the Senior Management has endorsed the risk management framework and, as risk owners, are responsible for assessing and managing climate-related risks for their respective business areas. The ESG working group is responsible for assessing and managing climate-related risks that are general to the Group and monitoring emerging regulatory requirements.

Metrics and targets

Our goal is to be carbon neutral.

United Nations
Framework Convention on
Climate Change

We recognise the seriousness of the climate crisis. For this reason we set a goal to be carbon neutral and achieved it for our 2022 emissions by offsetting our carbon footprint through UNFCCC-certified climate friendly projects that reduce, avoid or remove greenhouse gas emissions from the atmosphere.

In collaboration with the United Nation Carbon offset platform, we offset 200 tCO2e to neutralise our 2022 carbon footprint, including our Scope 1, Scope 2 and additional 5% of our total emissions. To achieve carbon neutrality we have funded two renewable energy related emission reduction projects: a hydroelectric plant in Chile and a wind power project in India.

Our goal to be carbon net zero by 2050

We are at the start of our carbon net zero journey, and we are committed to accelerating the transformative change needed to reach global net zero greenhouse gas ("GHG") emissions by 2050 or earlier in accordance with the Paris Agreement.

We know that it will take time to create a specific roadmap towards our net zero target and reduce our emissions. In the coming years we are planning to start work on setting specific targets in our net zero journey. Meanwhile, we will continue to contribute to environmental sustainability by offsetting our carbon emissions.

While the environmental goal setting is still in process, climate-related performance metrics have not been incorporated into our remuneration policies yet.

Next steps in our TCFD journey

During the following year, we will be focusing on:

- an analysis and update of current disclosures against the TCFD requirements;
- a review of the effectiveness of the current systems of internal control and risk management for climate-related risks; and
- evolving our environmental sustainability goals.

Energy and Greenhouse Gas Report

We recognise that businesses have a responsibility to protect the environment and understand the impact their operations have. In order to better evaluate the impact our Company has on the environment we have started reporting GHG emissions.

The following table summarises the Group's GHG emissions for this financial year.

		2022[1]	*Units*
Scope 1 direct emissions	Combustion of fuel and operation of facilities	48.6	Tonnes CO_2e
Scope 2 indirect emissions[2]	Purchased electricity, heating and cooling (location-based)	324.3	Tonnes CO_2e
	Purchased electricity, heat and cooling (market-based)	141.7	Tonnes CO_2e
Scope 1 & 2 total CO_2e (location-based)		372.9	Tonnes CO_2e
Scope 1 & 2 total CO_2e (market-based)		190.3	Tonnes CO_2e
CO_2e per employee[3] (location based)		3.0	Tonnes CO_2e
CO_2e per million revenue[4] (location-based)		7.3	Tonnes CO_2e
CO_2e per employee[3] (market-based)		1.5	Tonnes CO_2e
CO_2e per million revenue[4] (market-based)		3.7	Tonnes CO_2e
Global energy consumption		692.8	MWh

[1] All emissions incurred by the Group were Global, there were no emissions incurred in the UK.
[2] Including the electricity of Scope 2 data centres.
[3] Carbon emissions divided by average number of FTE employees during the year - 126.
[4] Carbon emissions divided by revenue in millions - €51 million.

Methodologies

The calculations of GHG emissions align with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance'. The GHG reporting period is aligned to this financial reporting year. The methodology used to calculate emissions is based on the financial consolidation approach, as defined in the Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard.

Direct emission data have been converted into CO2 equivalent using 2021 emission conversion factors published by the Department for Environment, Food and Rural Affairs (Defra) and the Department for Business, Energy & Industrial Strategy (BEIS). Indirect location-based electricity emissions data was converted into CO2 equivalent using conversion factors published by The Joint Research Centre (JRC) - the European Commission's science and knowledge service (v. 2018). Indirect market-based electricity emissions data was converted into CO2 equivalent using European Residual Mixes 2018 published by Association of Issuing Bodies.

Scope 1

Scope 1 emissions cover natural gas combustion within boilers and road fuel combustion within owned/leased vehicles across all the Group companies. During 2022, we reported road fuel combustion from 11 Company owned/leased vehicles.

Scope 2

Scope 2 emissions cover purchased electricity, heat and cooling for own use across all the Group offices located in Vilnius, Tallinn, Tartu and Riga, as well as electricity from data centres falling under Scope 2. In accordance with the UK Government's 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting Guidance', location-based and market-based methods for purchased electricity emission were used. All electricity, heat and cooling purchased was outside of the UK: Lithuania, Latvia, Estonia, Poland.

Intensity ratio

Emissions have also been calculated using an 'intensity metric', which will enable the Group to monitor how well we are controlling emissions on an annual basis, independent of fluctuations in the levels of their activity. In respect of Scope 1 and 2, our use of energy is driven by our people and therefore the most suitable metric is 'Emissions per employee', based on the average number of employees during the year. The emissions have also been calculated in relation to our turnover – 'Emissions per million revenue', which determines cost efficiency based on comparing carbon emissions to overall business revenue.

Electricity consumption

The total electricity consumption for 2022, for Scope 2 was 333.7 MWh. In 2022, we had no energy supply agreements for which we were directly responsible. However, we contacted our service providers and reviewed the details of the electricity supply we report under Scope 2. We established that 34% of electricity consumed by the Group in 2022 was from renewable sources.

Energy efficiency

We are conscious of the energy consumption in our offices and thus we try to make energy consumption as efficient as possible. The year we moved into our Vilnius office we installed smart lighting with motion detectors to keep the light on only when employees are around. Also, since the beginning of COVID-19 pandemic, during 2021 and 2022, we replaced the vast majority of our stationary computers with newer and more efficient laptops that use less energy for employees working both in offices and at home.

Water

Our total water consumption during 2022 was 216 cubic metres. The water usage is derived from our offices in Vilnius, Tallinn, Tartu and Riga.

Helping customers to make more sustainable choices

We are proud that many of the Group's portals, by their nature, play a key part in facilitating the circular economy, in promoting the reuse and repair of unwanted assets, whether they be vehicles or vehicle parts traded through our Automotive portals, or used goods traded through our Generalist portals. As such they provide a channel of green commerce to divert secondary goods from landfill, recycling or disuse, and allow increasingly environmentally conscious consumers and businesses to reduce their environmental impact. In addition, the online nature of the transactions facilitated by the Group, and in particular the Jobs and Services portal that connects local workers and service providers with those in need of their services, all help to minimise GHG emissions related to unnecessary travel.

Real Estate

Residential real estate represents an important sector in the Baltics, which has some of the highest home ownership rates in Europe. The Group's Real Estate online classifieds portals play a key role in the Baltic property market, which allows us to make a significant environmental contribution to the real estate sector. Our Real Estate platforms help to reduce unnecessary travel to visit estate agents' offices and unsuitable properties by allowing our customers to upload high quality photographs, video tours, floor plans and property descriptions online. In addition, we constantly develop new tools on our platforms to help customers save time and resources.

Currently, various features are integrated in the ads so that customers can save their resources and help the environment. In order to save time and unnecessary travel, the ads feature the possibility to check a location on the map, giving both a route and street view option. In addition, our customers are able to deliver 3D tours and videos to home hunters, reducing the number of in-person viewings and travel emissions.

In order to provide more environmental information, some of our Real Estate portals have introduced a feature enabling home hunters to view average heating prices in a specific building, along with energy class and air quality, including data about ambient air pollutants, Nitrogen dioxide (NO_2) and Coarse Particulate Matter (PM_{10}).

Automotive

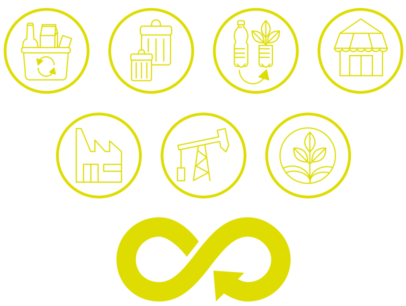
Promoting new technologies that help the environment and introducing cleaner, more efficient fuel types is an important issue for us. Our Auto portals have taken steps to make it easier for car buyers to search for more environmentally friendly vehicles. We introduced filters for fuel type, including EV, Plug-in and Hybrids, as well as EV specific features, including battery capacity, pollution fees, EC range, CO_2 emissions. In addition, we publish an article series for consumers relating to EV's and videos about available EV's.

Generalist

Our online classifieds and marketplace portals not only provide one of the most effective channels for people to market and discover products and services across the Baltics, but also helps our customers to make a choice that helps the environment. Buying pre-owned items instead of something new, whether it is a bicycle or a laptop, on our Generalist portals means less items need to be manufactured and less items are destined for landfill. All of this promotes a circular economy and translates to savings in GHG emissions and less wasted materials.

Jobs and Services

The Group's Jobs and Services portals also allow customers to make more sustainable choices by finding a service they need online. Our Jobs portal connects job seekers with recruiters online and Service portals connect local workers and service providers with those in need of their services. This helps to minimise GHG emissions related to unnecessary travel. The Jobs portals also allow job seekers to better identify jobs with a possibility of remote interview and encourages recruiters to organise such interviews by adding a remote interview tag on the ad.



People and culture

Culture

Over more than a decade, our CEO, Justinas Šimkus and COO, Simonas Orkinas and their long-standing team have built a collection of market-leading businesses and strong brands. Every day we connect buyers and sellers and facilitate transactions from cars and real estate, job offers to services and consumer goods from professional and private listers. The digital marketplaces we operate promote trust, fairness and efficiency.

Equal opportunities

We are committed to providing equal opportunities to all our employees. The Group seeks to treat all of its employees equally, regardless of gender, age, sexual orientation, social status, disability, race, ethnicity, religion, or personal beliefs and provide equal opportunities to work conditions, including, training, recruitment and redundancy, security, and equal pay.

The Group values employee diversity and is committed to recruiting employees based only on experience, competence, qualification, and the right abilities for the position.

We are highly focused on providing a safe, happy, and supportive working environment. For this reason, we do not tolerate any discrimination related to gender, age, sexual orientation, social status, disability, race, ethnicity, religion, or personal beliefs in our workplace.

All employees receive equal pay according to their qualification, level of responsibility, work results, experience, and other objective criteria.

Gender diversity

The Group also believes in the power of diversity to establish a creative workplace. The Group actively supports women choosing careers in the technology industry.

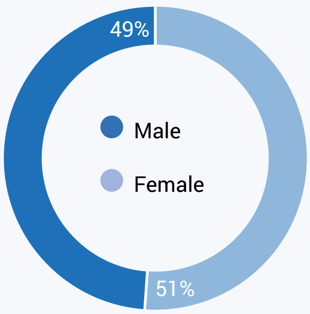
The Board is keen to strengthen and maintain female representation in senior roles and BCG has been a contributor to the FTSE Women Leaders Review, an initiative which aims to increase female leadership within the FTSE 350. We are proud to be ranked among the FTSE 250 Top Ten Best Performers in the 2021 FTSE Women Leaders Review and to be number one within the Technology sector of the FTSE 350 with 47.4% of women in leadership positions.

Employees with disabilities

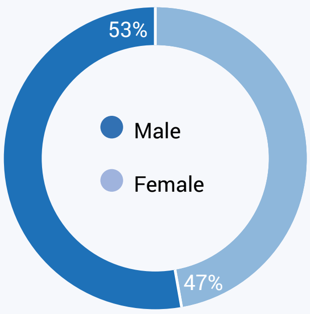
Applications for employment by people with disabilities are given full and fair consideration bearing in mind the respective aptitudes and abilities of the applicant concerned and our ability to make reasonable adjustments to the role and the work environment. In the event of existing employees becoming disabled, all reasonable effort is made to ensure that appropriate training is given and their employment within the Group continues. Training, career development and promotion of a disabled person is, as far as possible, identical to that of an able bodied person.

Gender diversity of employees

All Employees by Gender



Executive Directors and their direct reports[1]



[1]Based on the figures for the Hampton - Alexander report 2021 (October 31, 2021)

▸ For gender figures for the Board and the Senior Management see page 63.

Recruitment

The competence and commitment of the Group's employees are important factors for the Group's success. Our success also depends on the ability to attract, train, motivate and retain highly qualified individuals, whilst building our corporate culture. The Group faces significant and increasing competition for qualified personnel, including those in information technology positions. The Group has historically offered the Senior Management and key employees investment opportunities in the Group in order to attract and retain highly qualified individuals. As of 30 April 2022, we had an average of eight years of tenure per employee and 14 years of tenure per Senior Management employee.

Employee share incentive scheme

We want our employees to benefit directly from their contribution to the Group's success. The Group currently operates a Performance Share Plan ("PSP") that is subject to a service and a non-market performance condition. The PSP scheme consists of share options for Executive Directors and certain key employees with a vesting period of 3 years. On 27 July 2021, the Group awarded 1,041,745 share options under the PSP scheme.

In addition to the PSP scheme, 392,405 free shares were awarded to all employees of the Group with the number per employee based on length of service with the business and ranging between €3,000 and €15,000 in value. The total value of the shares awarded amounted to €968,000. Fringe benefit tax was paid by the Group. Executive Directors and the Senior Management team did not receive free shares under this arrangement.

- See more on the Employee share incentive scheme in the Notes to the consolidated financial statements on page 116.

Wellbeing of employees

We are committed to taking care of our employees' health and wellbeing. For this reason, we award employees who have worked for BCG for over two years with a healthcare plan scheme for employees' medical needs.

Social and community issues

The Group has donated €0.2 million to support the struggle of Ukrainians during the war. Donations have already been made to charity organisations. €0.1 million was donated to the Red Cross and €0.1 million was donated to a local non-government organisation "Blue&Yellow" that provides non-lethal supplies to Ukraine. An additional €33 thousand was donated to other initiatives, which help civilians who are forced to leave their homeland and flee from the war zone.

In addition to these donations, in order to ease the challenges faced by Ukrainian refugees and people of Ukraine, we encourage sellers and landlords of real estate to provide accommodation with a discount or free of charge for Ukrainian refugees. Meanwhile, our Auto portal is encouraging auto dealers and sellers to donate unused vehicles to Ukraine. In addition, we are translating content on our portals to the Ukrainian language.

Ethics and compliance

Data security and privacy

In order to ensure our portals are secure, we have implemented technical measures, including DDoS protection and strict firewall rules. All critical parts of the infrastructure are secured from the public and our software is up-to-date with critical security patches applied. We conduct penetration testing, content moderation and apply strict password policies to ensure security and mitigate the risk of cyber crime.

Security incidents are detected via security tools such as Cloudflare WAF and internal monitoring systems. Additionally, we implement public media monitoring and react to feedback from customers to ensure we are proactive in dealing with cyber threats.

We are committed to ensuring that the personal information we collect and use is appropriate for the purpose, does not constitute an invasion of privacy and is held securely, responsibly and transparently. Where required, users have to consent with our terms of services, Privacy Policy and Cookies consent management platform.

Human rights

BCG is committed to acting in an ethical manner with integrity and transparency in all business dealings and to investing in the creation of effective systems and controls across the Group to safeguard against adverse human rights impacts.

BCG's policy is to engage only with suppliers who meet our ethical standards. Potential suppliers are assessed based on their geographical location, nature of services provided and their reputation.

We safeguard our employees through a framework of policies and statements including Modern Slavery, Privacy, Document Retention and GDPR policies.

Modern slavery

We are committed to addressing the potential risks of modern slavery and human rights abuses within the Group and in its supply chain and we will take steps to review and, where appropriate, further improve our processes to ensure that we mitigate these risks appropriately. Should any instances of modern slavery be identified, we believe the Group is well positioned to deal with and address these.

Anti-Bribery and Anti-Corruption

The Group has an employee handbook to ensure a consistent standard of behaviour across the Group which includes its Mission Statement and Values and an Anti-Bribery and Corruption Policy (among other policies). BCG requires all third-party intermediaries to comply with the Anti-Bribery and Corruption Policy, which is intended to limit the risk of any malpractice or any unprofessional or unacceptable behaviour occurring across the Group's supply chain.

Whistle-Blowing

BCG has adopted a Group-wide Whistle-Blowing Policy designed to provide our employees with an effective and available mechanism to help prevent malpractice occurring across our working environment.

The CFO of Baltic Classifieds Group has Board responsibility for monitoring and evaluating Whistle-Blowing arrangements. The CFO will update the Audit Committee as and when whistleblowing concerns have been received, the investigations completed and any actions arising as a result. From time to time, the CFO will also review the organisation's Whistle-Blowing arrangements and ensure they are subject to independent retrospective review.

There were no Whistle-Blowing reports made during the financial year.

The implementation and effectiveness of the Group's compliance function and policies is reviewed periodically by the Audit Committee and is supported by periodic reviews and risk assessments performed by the Group's finance and legal teams.

Risk Management

Risk management framework

The Company does not have a separate risk committee and the Board has overall responsibility for determining the nature and extent of the principal risks it is willing to take and for ensuring that risks are effectively managed across the Group. The Group operates a cautious attitude to risk and its risk appetite is low.

The Board performs a robust review and assessment of the risks, and considers potential emerging risks. Risks are then assessed based on their likelihood and potential impact with the combination of the two measures defining the overall score of each risk so they can be rated.

Risks are all captured and documented in a Risk Register, identifying the risk category, the likelihood of the risk occurring, the impact if it does occur, a specific owner for each risk, the risk trend and the mitigation plan for each risk. During the year ended 30 April 2022, the CFO was ultimately responsible for maintaining this register, with input from the CEO and the COO. The register then formed the basis for monitoring risks and ongoing risk discussions within the Board. The Board reviewed the Risk Register at both the November 2021 and April 2022 Board meetings.

The Company's internal control framework is based on a three lines of defence model. The first line of defence comprises operational management, which is responsible for the direct management of risk. This includes ensuring appropriate mitigating controls are in place and that they are operating effectively. The second line of defence is made up of the Company's internal compliance and oversight functions such as company secretarial, finance and legal. The third line includes external audit reporting to the Audit Committee, it will also include outsourced internal audit once it starts running.

Principal risks and uncertainties

The Board has carried out a robust assessment of the emerging and principal risks facing the Group. This included an assessment of the likelihood and impact of each risk identified, and the mitigating actions being taken. The principal risks and uncertainties identified, along with the potential impact and key mitigations, are detailed in this section. We recognise that the Group is exposed to risks wider than those listed, however we have disclosed those that we believe are likely to have the greatest impact on the Group's performance and those that have been the subject of discussion at Board meetings this year.

Emerging and principal risks

Emerging risks are defined by the Group as potential but not actual future risks that are often difficult to quantify but may materially affect the Group.

Acquisition risk. Risk that we make an acquisition which subsequently fails to deliver the expected benefits through poor integration, over payment, business failure, competition authority review, or other negative factors. There is also a risk that attractive opportunities are not available, affecting investor perception of the Group's outlook.

An explanation of how the Company manages financial risks is also provided in note 20 to the consolidated financial statements.

Geopolitical risk

Risk trend ↑

Description & impact	*Mitigation*	*Developments in 2022*
Further escalation or prolonged war in Ukraine could result in unrest and instability in the Baltic countries. Such situations could impact consumer behaviour (e.g. reducing spending / investing), seller activity (e.g. disruption in retailing), or impact investor perception of the business.	• Monitoring the situation in the region and changes in consumer behaviour • Maintaining a flexible cost base that can respond to changing conditions	Russian aggression towards Ukraine resulted in a temporary 20-30% drop in the Group's traffic KPIs. However, they recovered quickly and four to five weeks after the invasion the Group's results were already exceeding pre-invasion levels. This shows that our Company as well as Baltic economies in general show resilience to the increased geopolitical tension in the region.

Key ⟷ Stable ↓ Decreasing ↑ Increasing

Disruption to our customer and / or supplier operations

Risk trend ⟷

Description & impact	*Mitigation*	*Developments in 2022*
Disruption to the Group's customers' and / or suppliers' operations conducting day-to-day business such as a prolonged recovery from the pandemic or any other similar events may impact on the Group's ability to deliver desired results.	• Remaining market leaders in respective verticals while offering value-adding products and packages • Continual improvements to our platforms • Developing our product proposition to continue meeting our customers' needs and evolving business models • Maintaining a healthy liquidity headroom with the yet unused revolving credit facility of €10 million as at 30 April 2022, together with a significant forecast headroom versus its covenant	The Baltic region was under various COVID-19 related restrictions for the period from October 2021 to April 2022. Despite this, Lithuania and Estonia, being our main markets, were among the first countries in the EU to reach their pre-COVID-19 GDP levels.

Technology

Risk trend ↑

Description & impact	*Mitigation*	*Developments in 2022*
Cyber-attacks. The Group is at greater risk from cyber threats due to its large scale and prominence. As the business is entirely dependent on information technology to provide its services, successful attacks have the potential to directly affect revenue. *Major data breach.* Cyber-attack or the Group's own failures, resulting in disabling of platforms or systems, or resulting in a major data breach, could have an adverse impact on the Group's reputation, loss of trust and loss of revenue and / or profits. Data breaches, a common form of cyber-attack, can have a massive negative business impact and often arise from insufficiently protected data. *Disruption to availability of services.* The availability and reliability of services to the Group's customers is of paramount importance. Any downtime or disruption to consumer or advertiser services can have an adverse impact on the business (complaints and credits for customers, consumer usage, and potential reputational impact). Therefore, the availability of third-party services, which are necessary when using the services provided by the Group, such as internet provision, mobile communication, are also crucial.	• Ongoing investment in security systems to ensure our systems remain robust • Ongoing monitoring of external threats • Regular testing of the security of the IT systems and platforms including penetration testing • Disaster recovery and business continuity plan in place and reviewed and tested regularly • Internal audit programme which is outsourced to Deloitte, and includes a review of cyber security is to be launched in 2023	Ahead of the IPO, the Group performed a review of its technology systems, data protection environment and disaster recovery plans. Following this review, the Group significantly improved its cybersecurity by implementing DDOS protection and bot management systems, migrated all services to a revised infrastructure and set up a new infrastructure to accommodate a disaster recovery site.

Key ⟷ Stable ↓ Decreasing ↑ Increasing

Competition

Risk trend ⟷

Description & impact	*Mitigation*	*Developments in 2022*
The Group might be affected by new competitors in existing markets or new spheres of activities. Also, changes in technology or consumer behaviour affect the way that people search for cars, real estate, jobs or generalist products, which may lead to a loss of consumer audience. There is a risk of a new entrant to the market with a new business model (for example, providing services free of charge), affecting the Group's audience, content and revenue. Furthermore, as the Group diversifies into new and adjacent markets, the competitor set widens.	• Constant monitoring of major competitors in adjacent business areas • Continuous investment into buying experience optimisation in order to ensure we are reaching a broad demographic • Continuous development of cross-linkages between Group's horizontals and verticals • Continuous development of C2C offering to provide value-for-money and differentiated service to private listers	During the last two years all our leading sites have increased their audience lead over the closest competitor; a number of customers also showed positive trends: the number of automotive dealers has grown by 4% versus the same period in 2021, we have more employers (+47%) utilising our sites to advertise than ever before and we maintained roughly the same number of real estate brokers.

Laws & regulations

Risk trend ⟷

Description & impact	*Mitigation*	*Developments in 2022*
The Group is subject to certain competition and antitrust laws. Antitrust laws may limit the market power and pricing or other actions of any particular firm. Companies can be subject to legal action or investigations and proceedings by national and supranational competition and antitrust authorities and claims from its clients and business partners for alleged infringements of competition and antitrust laws, which could result in fines or other forms of liability or otherwise damage the companies' reputation. Such laws and regulations could limit or prohibit the ability to grow in certain markets. Future acquisitions by the Group could be impacted by applicable antitrust laws and could be unsuccessful if the necessary competition approvals by competition authorities are not obtained.	• A dedicated internal expertise within the business who are responsible for identifying, assessing and responding to upcoming changes in laws and regulations, and we utilise external specialists where necessary	In 2022, the Group had successfully defended its position in the investigation by the Lithuanian Competition Council which was closed in June 2021. The supervisory proceedings initiated by the Estonian Competition Authority are still ongoing. The proceedings cannot lead to imposition of fines to any Group company, however, a precept ordering the Group companies to end any ongoing infringements could be imposed or the Estonian Competition Authority could potentially initiate misdemeanour proceedings that would entitle the imposition of a fine of up to €400 thousand. See note 24 to the consolidated financial statements for further detail.

Key ⟷ Stable ↓ Decreasing ↑ Increasing

Climate change

Risk trend ↑

Description & impact	*Mitigation*	*Developments in 2022*
From a long-term perspective, the Group is subject to physical climate risks directly related to climate change and transitional climate risks, which may arise due to transitioning to a lower-carbon economy. Increased severity of extreme weather events due to accelerating global warming may result in disruption to provision of services from our service providers, affect the availability of websites and change commercial customers' behaviour. New regulations relating to the reduction of carbon emissions and increasing customer climate change awareness may affect the Group's operations and the volume of listings and encourage us to adapt our business to the new regulations and changing market tendencies.	• The Group is committed to contributing to the climate change cause by being environmentally responsible, reducing carbon emissions, shifting to renewable energy and offsetting carbon emissions • We are already taking actions to adapt to the increasing customer climate change awareness and are ready to adjust if new environmental regulations arise: adopt the platforms for eco-friendly products, introduce necessary filters, educate visitors, enrich ad data with environmental impact related information	In 2022, the Group set a goal to become net zero by 2050 and be carbon neutral from 2022 onwards. Currently 1/3 of electricity used by the Group is derived from renewable sources. In coming years we will continue to improve our sustainability goals and environmental reporting

Key ⟷ Stable ↓ Decreasing ↑ Increasing

Viability Statement

Based on the going concern assessment discussed in note 2 of the financial statements, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the financial statements. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

As required by the UK Corporate Governance Code 2018 (the "Code"), the Directors have assessed the long-term viability of the Group over a period significantly longer than 12 months from the approval of these financial statements. The Directors have assessed the Group's prospects considering its current financial position, its recent historical financial performance and the principal and emerging risks and uncertainties on page 41.

The Directors have determined that a period of three years to April 2025 is an appropriate period over which to provide its viability statement as it reflects reasonable expectations in terms of the reliability and accuracy of operational forecasts and the fact that any projections looking out further than three years are significantly less meaningful given the pace of change in the digital market. This process includes an annual review of the ongoing plan, led by the Group Executive Directors in conjunction with the Group portal managers. The latest updates to the plan were finalised in April 2022. The plan makes certain assumptions about operational KPIs, revenue, profit, cash flow and key financial ratios over the three–year period. The Group's funding position has also been considered, with focus on the ongoing compliance with the covenants attached to the Group's external debt.

The strategic plan has been subject to robust downside stress testing which involved flexing several main assumptions underlying the plan to assess the impact of severe but plausible scenarios. Analysis was performed to evaluate the potential financial impact over the period of the Group's principal risks occurring, including:

- the impact of any major data breach as a result of a cyber-attack;
- adverse changes to the business environment due to competition or disruption to our customer and / or supplier operations; and
- a continuing geopolitical tension in the neighbouring countries.

Specific scenarios that have been modelled include downside scenarios in relation to:

- growth of revenues: either limited or flat growth rate;
- effect on operating costs: data breach related fines, increased marketing costs; and
- effect on financial costs: higher interest margin due to a higher leverage as a result of a limited revenue growth and a higher cost base.

A plausible combination of these scenarios was also assessed.

The objective of the scenario modelling was to project cash flows generated by the Group to ensure the Group remains cash positive during the assessment period and to project a total leverage ratio to make sure a healthy covenant headroom is maintained during this period. It was taken into account that the Group's term loan of €84 million is due in July 2026 only and during the assessment period the Group has access to a revolving credit facility that amounts to €10 million and is available until July 2026. In all scenarios tested, the Group remained cash positive and with a significant covenant headroom over the three-year period.

Other factors providing comfort to the Directors about the Group's long-term viability in the face of adverse economic conditions include that the Group has high margins, significant free cash flow generation and an ability to adjust the discretionary dividend to enhance liquidity. Therefore the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of the assessment.

The Company's Strategic report, set out on pages 3 to 45, was approved by the Board on 6 July 2022 and signed on its behalf by:

Justinas Šimkus
Chief Executive Officer
6 July 2022

GOVERNANCE REPORT

Corporate Governance Report

I am delighted that we could bring such a high quality business, operating entirely in the Baltic region, to the London Stock Exchange

Trevor Mather
Chair

Governance Highlights

- Admission to the London Stock Exchange on 5 July 2021
- Post Admission:
  - Formal adoption of Company purpose and strategic objectives
  - Formal adoption of the Board Diversity Policy
  - Embedding the governance framework to work towards Code compliance
  - The appointment of an additional Independent Non-Executive Director

Introduction by the Chair of the Board Trevor Mather

Dear Shareholder

On behalf of the Board, I am pleased to present the Group's first Corporate Governance Report since Admission to trading on the Main Market of the London Stock Exchange on 5 July 2021.

This Corporate Governance Report explains the key features of the Group's governance framework and how it complies with the Financial Reporting Council's UK Corporate Governance Code 2018 (the "Code").

Governance framework

In preparation for Admission, the Board carried out a review of the existing governance structure in conjunction with various external advisors, in order to identify any measures that would need to be implemented prior to Admission. The review also enabled the Directors to satisfy themselves that they were able to provide the confirmation that was required on Admission that the Company has established procedures in place which provide a reasonable basis for the Board to make proper judgments on an ongoing basis as to the financial position and prospects of the Group. This Corporate Governance Report discusses the framework for controlling and managing the Group in further detail.

Code compliance

As set out in the Prospectus, the Board is committed to the highest standards of corporate governance and to full compliance with the Code. During this, our first year post Admission, we recognise that we are still embedding our processes and have worked hard to comply with all of the Principles and Provisions of the Code. With the appointment of Jurgita Kirvaitienė to the Board as an Independent Non-Executive Director shortly after the year end, the Board is now compliant with all Code requirements on gender diversity and got closer to achieving a full compliance in terms of Board's independence.

We believe it only makes sense to conduct Board evaluations and External Audit evaluations once we have had a full year as a public company. Post IPO, we have had no need for our External Auditors to act as our supplier of non-audit services. The details on where we have not complied by the end of the financial year can be found on page 52 and we anticipate that we will achieve full compliance during this next financial year.

Purpose and culture

The Company has always focused on, and continues to focus on using our love of transactions to ensure a better experience for our buyers and sellers. During the year, the Board agreed on values and strategic aims to support that goal. For more on this see 'Moving our strategy forward' on page 16.

We recognise that our success and culture are inextricably linked and over the years, our Senior Management have lived a culture where employees are carefully selected and highly valued, resulting in very high retention rates across the business. BCG boasts a committed and motivated team which enjoys a relatively flat structure and during the year we were pleased to offer free share awards to all employees in good standing (except for the Senior Management team who already hold shares).

Board diversity

During the year, the Board approved its Board Diversity Policy. For more on this, see the Nomination Committee Report on page 66.

We are pleased to report that shortly after the year end, on 17 May 2022, the Board approved the appointment of a new Independent Non-Executive Director. Jurgita Kirvaitienė brings extensive financial, audit, internal audit and a diverse Board experience to BCG. With her appointment, the Board is now compliant with all Code requirements on gender diversity. The Group will also begin searching for an additional Non-Executive Director in 2023 where seeking diversity on more dimensions and with greater relevance and sensitivity to the Baltic environment will be a key criteria.

Stakeholder engagement

We spent considerable time engaging with Stakeholders and the Group's new Shareholders both in the course of the IPO and during the period after, to help us get to know their objectives and also to ensure they understand the business. A full review of Stakeholder engagement can be found in the Strategic Report on page 17.

TCFD and climate change

We recognise that climate change is a key concern for all businesses. I am pleased to include our first report on Taskforce for Climate-related Financial Disclosures on page 31. For more on our ESG strategy see page 32. I am very happy to be part of the recently formed ESG working group. We are at the start of this journey and look forward to expanding our focus in this area in the forthcoming years.

2022 Annual General Meeting

Our 2022 Annual General Meeting ("AGM") will be held at 11:00 am local time on Wednesday 28 September 2022 in the headquarters of Baltic Classifieds Group at Saltoniškių 9B, Vilnius, LT-08105 Lithuania. Myself and other Directors will join the meeting either in person or via teleconference. We strongly encourage all Shareholders to cast their votes by proxy, and to send any questions in respect of AGM business to cosec@balticclassifieds.com.

Trevor Mather
Chair
6 July 2022

Board of Directors

The Directors have skills and experience relevant to the sector in which the Group operates in order to effectively set the strategic direction and purpose of the Group.

Trevor Mather

Chair

Appointed: 2021

Nationality: British

Independent: No

Experience: Trevor was Chief Executive of Autotrader from June 2013 until February 2020. Previously, Trevor was President and CEO of ThoughtWorks, a global IT and software consulting company. Before his time at ThoughtWorks, Trevor spent almost ten years at Andersen Consulting (now Accenture). Trevor holds an M.Eng. in Aeronautics and Astronautics from Southampton University.

Key external appointments: Trevor holds directorships in the following companies: Mather Property Limited; Mather Consultancy Services Limited; Mather Charitable Foundation; and MF MidCo limited.

Committee membership: Nomination Committee (Committee Chair), Remuneration Committee.

Justinas Šimkus

Chief Executive Officer

Appointed: 2021

Nationality: Lithuanian

Independent: No

Experience: Justinas joined the Group in 2005 as CEO of Diginet LTU. Justinas holds a BSc in Management and Business Administration from Vilnius University and an MSc in International Business from Vilnius University.

Key external appointments: Justinas holds directorships in the following companies: UAB EIKA Real Estate Fund; UAB EIKA Development Fund; and UAB EIKA Residential Fund.

Committee membership: None

Lina Mačienė

Chief Financial Officer

Appointed: 2021

Nationality: Lithuanian

Independent: No

Experience: Lina joined the Group in 2017 as CFO. She previously worked at PwC in its audit and assurance services department from 2010 until 2017. Lina holds a BSc in Economics from Kaunas University of Technology and an MSc in Management and Business Administration from ISM University of Management and Economics.

Key external appointments: None

Committee membership: None

Simonas Orkinas

Chief Operating Officer

Appointed: 2021

Nationality: Lithuanian

Independent: No

Experience: Simonas joined the Group in 2007 as Skelbiu. lt Portal Manager, in 2009 was appointed COO of the Group and was appointed CEO of Diginet LTU in August 2019. Simonas holds a BSc in Business Management from Vilnius University.

Key external appointments: None

Committee membership: None

Ed Williams

Senior Independent Non-Executive Director

Appointed: 2021

Nationality: British

Independent: Yes

Experience: Ed was appointed Chair of Autotrader prior to its flotation on the London Stock Exchange in March 2015. He served as an independent director of idealista, the privately owned Spanish property portal from 2015 to 2020. Ed was founding Chief Executive of Rightmove, serving in that capacity from 2000 until his retirement from the business in 2013.

Key external appointments: Chair of the Board of Autotrader Group PLC

Committee membership: Remuneration Committee (Committee Chair) Audit Committee, Nomination Committee.

Tom Hall

Non-Executive Director

Appointed: 2021

Nationality: British

Independent: No

Experience: Tom joined the Group in July 2019. He leads the Internet/Consumer team in Europe for Apax, where he has worked for over 20 years. He has led many of Apax's marketplace investments, including Autotrader, idealista and SouFun.

Key external appointments: Tom serves on the Boards of idealista, MatchesFashion, NEXT and Wehkamp. Tom also holds directorships in the following companies: Apax Partners LLP, idealista Global S.A., MF Midco Limited, MF Topco Limited, RFS Holland Holding BV, RFS Statutory Holding BV, Takko Fashion GmbH, Wehkamp Management Pooling Company BV, Stichting Administratiekantoor Co-Investment STAK, Stichting Administratiekantoor Sweet Equity STAK, and Tinka Holding BV.

Committee membership: Nomination Committee.

Kristel Volver

Independent Non-Executive Director

Appointed: 2021

Nationality: Estonian

Independent: Yes

Experience: Kristel worked in the audit department at KPMG from 2012 to 2015, was deputy head of Group Finance Estonia for Nordea from 2015 to 2017 and Group CFO for Eesti Meedia (Postimees Grupp). She holds a BSc and MSc in Finance from the University of Tartu and has been a certified auditor since 2016.

Key external appointments: Since 2019, Kristel has been a board member of MM Grupp OÜ and is currently a member of the supervisory boards of Postimees Grupp AS, Magnum AS, Apollo Group OÜ, iDeal Group AS, 15min UAB, AS Kroonpress and TVNET Latvia. Kristel also holds directorships in the following companies: Semetron AS; Beinita Kodu AS; Leta SIA; Balti Meediamonitooringu Grupp OÜ; and Linnamäe Lihatööstus AS.

Committee membership: Audit Committee (Committee Chair), Remuneration Committee, Nomination Committee.

Jurgita Kirvaitienė

Independent Non-Executive Director

Appointed: 17 May 2022

Nationality: Lithuanian

Independent: Yes

Experience: JJurgita built her career at PwC from 1997 to 2015 where she progressed to become a Director and a member of the Management Board for Lithuania. Subsequently she became General Manager, and Board member, of a FinTech startup, and supplemented this with being a member of the Audit Committee at Maxima Grupe. Jurgita has a BSc in Business Administration and an MSc in International Business from Vilnius University, completed an International EMBA at the Baltic Management Institute, is a fellow member of ACCA, has been a certified auditor since 2003 and was President of the Lithuanian Chamber of Auditors from 2010 to 2014.

Key external appointments: Jurgita now works part-time as an Internal Audit Consultant at Baltic Economist UAB

Committee membership: Audit Committee, Remuneration Committee, Nomination Committee

Corporate Governance Statement 2022

This Corporate Governance Statement as required by the UK Financial Conduct Authority's Disclosure Guidance and Transparency Rules 7.2 ("DTR 7.2"), together with the rest of the Corporate Governance Report and the Committee Reports forms part of the Directors' Report and has been prepared in accordance with the principles of the Financial Reporting Council's UK Corporate Governance Code 2018 (the "Code").

A copy of the Code can be found on the Financial Reporting Council's website: www.frc.org.uk.

The Company's obligation is to state whether it has complied with the relevant principles and provisions of the Code, or to explain why it has not done so up to the date of this Annual Report and Accounts.

Additional requirements under the DTR 7.2 are covered in greater detail throughout the Annual Report and Accounts for which we provide reference as follows:

- The Group's risk management and internal control are found on page 41.
- Information with regards to share capital is presented in the Directors' Report from page 100.
- Information on Board and Committee composition can be found on pages 50 to 51.
- Information on Board diversity can be found on pages 63 to 64.

The Company has applied the principles of the Code and has complied with the Principles and Provisions of the Code during the financial year, except for as outlined below:

Code Principle and Provision	*Area*	*Explanation*
Provision 11	At least half the board, excluding the chair, should be non-executive directors whom the board considers to be independent	Shortly after the year-end on 17 May 2022, the Board appointed Jurgita Kirvaitienė as an additional Independent Non-Executive Director. Following this appointment, the Company has one Chair, three Independent Non-Executive Directors, one Non-Independent Non-Executive Director and three Executive Directors. The Company will continue with its recruitment to achieve full compliance in the year ahead. See page 62 for more information on Board independence.
Provision 21 and 22	Annual Board evaluation	Whilst no formal Board evaluation has been held during this financial year, there is a plan to conduct a Board effectiveness review in the Autumn of 2022 which will be reported in the Annual Accounts for the financial year ending 2023.
Principle M	Annual external audit evaluation	An annual evaluation reviewing the effectiveness of the external audit process has not yet been performed as the Company considers that an evaluation of a full audit cycle will be more effective. The Audit Committee plans to carry out a formal evaluation of the performance and effectiveness of the External Auditors in the first half of the next financial year once a full year audit cycle is complete.
Principle M	Formal policy on the engagement of the external auditor to supply non-audit services	A formal policy on the engagement of the External Auditor to supply non-audit services is planned to be developed in the first half of the financial year ending 2023. In the period between the Admission and the publication of this Annual Report there has been no requirement for any non-audit services where the External Auditor would be considered as a supplier.
Provision 24	Audit Committee with minimum membership of three	At the point of IPO, the Board made clear that it was looking to appoint an additional Independent Non-Executive Director by the AGM and that it was aware that at that point in time it was not compliant with this provision due to having two members only. Shortly after the year-end, on 17 May 2022, the Board appointed Jurgita Kirvaitienė as Independent Non-Executive Director and invited her to join all current Board Committees including the Audit Committee. Following this appointment, the Company is compliant with Provision 24.

Board Leadership and Company Purpose

Code Principle

Effective Board

The Board understands that a successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for Shareholders and contributing to wider society.

The Board has a deep industry knowledge brought from their past and current professional experience.

Most Board members are also investors in the Company, therefore promoting success is in their best interest.

Purpose, strategy, values and culture

Since incorporation, the Board of BCG has been heavily focused on ensuring that the Company was ready for premium listing on the London Stock Exchange. Not only did it achieve listing but it also joined the FTSE 250 in September 2021 all whilst simultaneously delivering a strong financial performance.

During the course of the year, the Board dedicated time on the Board agenda to discuss and approve the Company purpose and time has been set aside for a full strategy session shortly after the year-end in September 2022 where it is anticipated that strategic objectives will be set and we look forward to providing our Stakeholders with a full update on this in the Annual Report and Accounts for the financial year ending 2023.

The Group has an entrepreneurial, team-focused and ambitious culture firmly based in principles of equality and inclusivity. The Board recognises the contribution of this culture to the success of the business and is satisfied that it is aligned with the Company's purpose, values and strategy, indeed, the Board describes this as the Company's "super-power".

The Board monitors the culture of the Group through updates at each Board meeting from the CEO, CFO and COO who are directly responsible for workforce issues. These updates are on people, culture, inclusivity and talent.

Board activity and culture

The following table summarises some of the Board activity and how it links to the culture of the organisation. For more information on Board activity, Stakeholders and S172(1) Statement see page 17:

Board activity	Link to culture
Free shares gifted to all employees in good standing[1]	Ensuring the employees can feel a greater connection to the Company and further motivation to succeed. Aligning employees' interests with those of Shareholders.
Performance Share Plan programme for key employees of the Group	Align Management and Shareholders' interests to create long-term value. Incentivising and motivating key employees.
Discussions in the Remuneration Committee around wider employee remuneration and rewards	Enables assessment and oversight to ensure that employees' remuneration and rewards are supportive of employees' motivation.
Purpose and values	Working with the team to build a collection of market-leading businesses and strong brands. The digital marketplaces we operate promote trust, fairness and efficiency.
Board supports an open culture	BCG has a dynamic and motivated team. We like to have fun and enjoy working together and that is our superpower.
CEO, CFO and COO directly responsible for workforce issues	Ensuring the Board is intrinsically connected to the employees. The Executive Directors work alongside the workforce who have a direct connection to the Board and understand that the culture is set from the top.
Discussions around the strategy of each of the four vertical business areas	Gives the Board a chance to engage with the portal managers directly to discuss all things in their business areas including their markets, customer and employee needs that enables knowledge sharing, motivation and team building.
Board reviews and approves Modern Slavery Statement and monitors the Gender Pay Gap	Enables assessment of the broader culture of the Group and its relationships with suppliers and employees.
Board reviews and approves key workforce-related policies including Whistle-Blowing and Conflicts of Interest	Gives the Board oversight to ensure that policies reflect the values and desired behaviours of employees.
Updates to the Board on employee matters including recruitment, retention, wellbeing and diversity	Enables the Board to gauge the culture and to identify areas where change is necessary to improve the culture.

[1] Except for the Senior Management team.

- For more on purpose, values and strategy see the Strategic Report on page 12.
- For more on engagement with the workforce see Engagement with our Stakeholders on page 17 and the Statement of Engagement with employees on page 56.

Prudent and effective controls and Board resources

As part of the IPO, the governance framework of the Company was analysed and updated to ensure that it was robust and fit for purpose. The Board provides leadership within a framework of prudent and effective controls. The Board has clear Board roles and divisions of responsibility. The framework of the Board and its Committees provides clearly-stated duties and responsibilities and clear lines of accountability and effective oversight. These controls ensure timely decision-making at the correct level.

As part of the Board and Committee review which is scheduled to be completed in the Autumn of 2022, the Board will also review its Schedule of Matters Reserved for the Board and all Committee Terms of Reference. A good governance structure is not static and as the Group grows and develops, the Board continues to monitor the framework so it remains appropriate to the business.

The Board provides support to Senior Management in implementing strategic priorities, as well as oversight and constructive challenge.

Board materials, quality of information and resources as a whole were discussed by the Board during the year and it was identified that more resources might be required in the finance team which resulted in additional support. An internal Board effectiveness review will be carried out by the Chair of the Company early in the new financial year when it was agreed it would drive more meaningful results.

During the year, no Director raised any concerns about the operation of the Board or the management of the Company.

Stakeholder engagement

We conducted a comprehensive programme of investor and analyst meetings prior to Admission.

Looking forward, the Board has defined an investor relations programme that aims to ensure both that existing and potential investors understand the Group's strategy and business, and that Executive Management are able to devote appropriate time to business leadership and Shareholder value creation.

The Executive Directors will give formal presentations to investors and analysts on the half-year and full-year results (in December and July respectively), following which, these updates will be posted on the Group's investor relations section of the website and available to all Shareholders. A summary of these results presentations is also delivered to the employees later that same day.

There is also an ongoing programme of meetings with investors, fund managers and analysts in addition to a number of conferences where the Executives meet in 1:1 and group settings with current and potential investors. These meetings cover a range of topics including strategy, performance and governance, with care taken to ensure that any price sensitive information is released to all Shareholders at the same time. During the period between the IPO and the financial year-end the Executive Directors had 67 investor meetings, all of them remote.

The Chair will engage directly with our major Shareholders to discuss governance matters, performance against strategy and any material changes. The Chair of the Remuneration Committee consulted with major Shareholders in relation to our Remuneration Policy. The Board is kept informed of the views and opinions of Shareholders and analysts. Directors receive regular updates from the CEO and the CFO, as well as share register analyses and market reports from the Company's corporate brokers Bank of America ML.

Tom Hall is a Non-Executive Director and sits on the Board as a Shareholder Director representing Major Shareholder Apax Partners. For more information on this relationship see Board independence on page 62.

During the year, the Board answered questions from the investors on a range of topics including the growth story, resilience to historic market disruptions and how it feels to be a public company.

Statement of Engagement with Employees -

Sch 7.11(1)(b) Companies (Miscellaneous Reporting) Regulations 2018, – Employee engagement

The engagement method used by the Board for the purposes of Provision 5 of the Code is that the Executive Directors take direct responsibility for workforce related issues and the CEO, CFO and COO provide updates at every Board meeting which includes relevant workforce updates. This engagement method is effective due to the management structure of the Group, the Board is particularly hands-on, engaged and committed to ensuring that it understands the composition and views of employees.

The Board met with the workforce through a variety of communications and forums throughout the IPO process and meets various components of the workforce face-to-face whenever it physically convenes in any of the BCG offices. This has been limited this year due to the pandemic, but will increase moving forward.

Additionally, an ESG sub-committee will bring forward proposals for formal employee engagement, with an expectation that this will include regular meetings between Non-Executive Directors and nominated or elected employees. Any themes or issues will be taken back into the Board room and addressed as appropriate. We will report on this engagement in the Annual Report for the financial year ending 2023.

Since the start of March 2020, Senior Management agreed to put appropriate protocols in place to support employees whilst working from home and, when appropriate, in the office during the COVID-19 pandemic. Processes were introduced to ensure regular contact between in-house teams, but also across the whole Group ranging from virtual meetings to online social events. More recently there has been a consultation which involved an anonymous online poll where employees were asked to express their preferences with regards to the return to office-working post-COVID-19. Shortly after the IPO, the Company made each employee a Shareholder which has fostered a feeling of ownership, unity and an incentive for good performance. As a result, the team's motivation is higher than ever as we focus on continuing to deliver outstanding products and services to our customers.

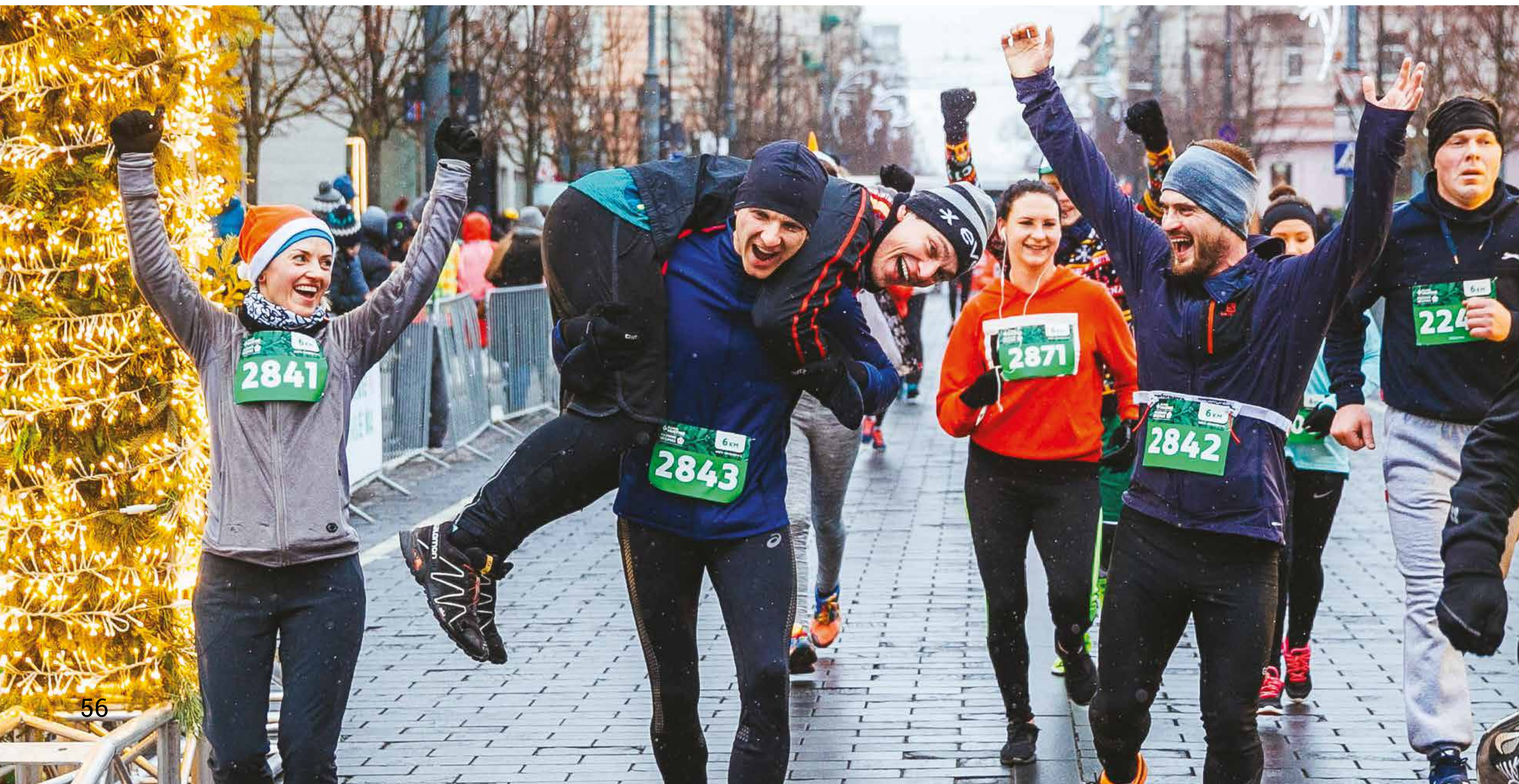
- See page 39 for more information on the free share award to employees.

The Company has a dynamic and motivated team that likes to have fun and enjoy working together. The Company believes that is the cornerstone to its strength and continued long-term success.

At the year end, BCG had 140 employees (on a headcount basis) and an experienced Senior Management team with an average tenure at BCG of 14 years.

The Company is an equal opportunities employer and is working hard to create an environment for our employees that is free from discrimination, harassment and victimisation, reflecting our commitment to creating a diverse workforce and an inclusive environment that supports all individuals irrespective of their gender, age, race, disability, sexual orientation, or religion.

This statement should be read in conjunction with Engagement with our Stakeholders on page 17, the Non-financial information statement on page 102 and Board principal decisions on pages 18 to 21.



Statement of Engagement with Other Business Relationships -

Sch 7.11B(1)Companies (Miscellaneous Reporting) Regulations 2018

The Directors have regard for the need to foster the Company's business relationships with suppliers, customers and others, and this regard effects the principal decisions taken by the Company during the financial year.

Stakeholder analysis

During the year, the Executive Directors and other key members of the Senior Management undertook a Stakeholder analysis workshop to consider all of the Group's Stakeholders, their material interests and engagement mechanisms with them. The resulting Stakeholder matrix was reviewed by the Board and feeds into the Board's activity and the Board's decision making process. The Stakeholder analysis provides the Board with assurance that the potential impacts on our Stakeholders are being carefully considered by Management when developing plans for Board approval.

By thoroughly understanding our key Stakeholder groups, the Board can factor their needs and concerns into boardroom discussions.

This statement should be read in conjunction with our Section 172(1) Statement and Engagement with our Stakeholders on page 17, the Non-Financial Information Statement on page 102 and Board Principal Decisions on pages 18 to 21.

Workforce policies and practices

The Board takes responsibility for all workforce policies and practices which are consistent with the Company values and support its long-term sustainable success.

The Board reviews and approves all significant policies that impact our workforce. The Executive Directors take direct responsibility for all workforce related issues to ensure that they align with the Group's values and purpose.

The Board understands that a diverse range of experience, expertise and perspectives contributes to the success of the Company. In its workforce strategy, the Company set out that it aims to attract high potential, highly motivated employees and that upon appointment, these employees will be given the space to develop and grow. The workforce is currently 49% male and 51% female.

Policies are published on the Company intranet. Our employees are required to confirm their understanding of these policies upon recruitment and on an annual basis. Where relevant, training is given to the workforce such as for Whistle-Blowing and Anti-Bribery and Corruption.

All employees (including the Board) are required to notify the Company as soon as they become aware of a situation that could give rise to a conflict or potential conflict of interest. The register of potential conflicts of interest is regularly reviewed to ensure it remains up to date. The Board is satisfied that potential conflicts have been effectively managed throughout the year (see page 61).

The Board approves the Remuneration Policy for the Executive Directors and, via the Remuneration Committee, has oversight of the wider workforce remuneration practices (further information on page 76).

As a business, we seek to conduct ourselves with honesty and integrity and believe that it is our duty to take appropriate measures to identify and remedy any malpractice within or affecting the Company. Our employees embrace our high standards of conduct and are encouraged to speak out if they witness any wrongdoing which falls short of those standards. We have a Board approved Whistle-Blowing policy. To date, there have been no reports made under this policy.

For more information on workforce policies and practices see the Non-financial information statement on page 102.

Division of Responsibilities

Code principles

Responsibilities of the Board

The Board is committed to the highest standards of corporate governance. The Board is collectively responsible for the long-term success of the Group. The business of the Group is managed by the Board who may exercise all the powers of the Company. The Board delegates certain matters to the Board Committees, and delegates the detailed implementation of matters approved by the Board and the day-to-day operational aspects of the business to its Executive Management.

At the date of listing, the Board comprised the Chair, the CEO, the CFO, the COO, a Non-Executive Director appointed by the Major Shareholder, a Senior Independent Non-Executive Director ("SID") and an Independent Non-Executive Director. Shortly after the year-end on 17 May 2022, the Board appointed Jurgita Kirvaitienė as an additional Independent Non-Executive Director.

The Board sets the Group's purpose, values and strategy and satisfies itself that these are aligned with culture; provides entrepreneurial leadership, promoting long-term sustainable success and Shareholder value creation; and oversees the Group's risk management processes and internal control environment.

The Board remains confident that individual members will continue to devote sufficient time to undertake their responsibilities effectively.

There is a clear division between Executive and Non-Executive responsibilities. The Statement of division of responsibilities between the Chair and the CEO and the role of the SID is available on the Company website. The Schedule of matters reserved for the Board is also available on the Company website. Both will be reviewed annually as part of the Board effectiveness process.

Board roles

Chair

- Leads the Board and is responsible for the overall effectiveness of Board governance
- Sets the Board's agenda, with emphasis on strategy, performance and value creation
- Ensures good governance
- Shapes the culture of the Board, promoting openness and debate

Chief Executive Officer

- Develops strategies, plans and objectives for proposing to the Board
- Leads the organisation to ensure the delivery of the strategy agreed by the Board

Chief Financial Officer

- Provides strategic financial leadership of the Group and runs the finance function on a day-to-day basis

Chief Operating Officer

- Runs the Group on a day-to-day basis and implements the Board's decisions
- Heads the IT Team

Senior Independent Non-Executive Director

- Acts as a sounding board for the Chair
- Available to Shareholders if they require contact both generally and when the normal channels of Chair, CEO or CFO are not appropriate
- Leads the annual appraisal of the Chair's performance and the search for a new Chair, when necessary

Non-Executive Directors

- Demonstrate independence and impartiality (other than the Nominee Director)
- Bring experience and special expertise to the Board
- Constructively challenge the Executive Directors
- Monitor the delivery of the strategy within the risk and control framework set by the Board
- Monitor the integrity and effectiveness of the Group's financial reporting, internal controls and risk management systems

Company Secretary

- Responsible for advising the Board and assisting the Chair in all corporate governance matters

Leadership structure

The Board is responsible for providing leadership to the Group. The structure of the Board and its Committees and the Executive Management ensures controls and oversight with a balanced approach to risk aligned with the Group's culture.

The Board delegates certain matters to its three permanent Committees, the Terms of Reference of which are available on the Company website. The table below shows the role of each of the Board Committees:

Senior Management

The Senior Management is responsible for the day-to-day running of the business, carrying out and overseeing operational management and implementing the strategies the Board has set. The Senior Management is small and agile and is made up of the three Executive Directors and eight portal managers. The Senior Management meets regularly and no less than weekly. Portal managers come to any Board meetings where their subject is being discussed and are encouraged to stay for the whole Board meeting.

Board Committees

Audit Committee

Assist the Board in discharging its responsibilities with regard to: financial reporting; external and internal audits and controls, including reviewing and monitoring the integrity of the Group's Annual and Interim financial statements; reviewing and monitoring the extent of the non-audit work undertaken by External Auditors; advising on the appointment of External Auditors; overseeing the Group's relationship with its External Auditors; reviewing the effectiveness of the external audit process; and reviewing the effectiveness of the Group's internal audit, internal controls, Whistle-Blowing and fraud systems.

Remuneration Committee

Assists the Board in determining its responsibilities in relation to Executive Directors' remuneration, including making recommendations to the Board on the Company's policy on Executive remuneration, including setting the overarching principles, parameters and governance framework of the Group's Remuneration Policy and determining the individual remuneration and benefits package of each of the Executive Directors, the Chair and members of the Executive Management team (being the first layer of management below the level of the Board and reporting to the CEO, including the Company Secretary).

Nomination Committee

Assists the Board in discharging its responsibilities relating to the composition and make-up of the Board and any Committees of the Board. It is also responsible for periodically reviewing the Board's structure and identifying potential candidates to be appointed as Directors or Committee members as the need may arise.

Board activities throughout the year

The following table sets out some of the Board's key activities since the incorporation of BCG on 26 April 2021:

Area	*Key Actions*	*Links to S172(1) (a) to (f)*	*Stakeholder group*
Strategy and operations	• Approved the IPO transaction • Reviewed of the strategies of Group's verticals • Approved major pricing actions	(a), (b), (e), (f)	Investors Suppliers Customers Employees
Leadership and employees	• Engaged in a search for an additional Independent Non-Executive Director • Reviewed the employee requirements following the IPO • Approved PSP scheme and free share awards	(b)	Employees
Culture	• Approved free share awards to all employees in good standing[1] • Approved code of conduct related policies • Instructed the formation of the ESG Working group of which the Chair is a sponsor and the Board has oversight	(a), (b), (c), (d)	Employees
Finance and Investor Relations	• Approved the 2022 forecast and 2023 annual budget • Approved the Group's capital policy • Received reports and updates on investor relations activities	(a), (c), (e)	Investors Suppliers Customers
Business performance	• Reviewed strategic and operational performance • Reviewed financial performance against budget	(a), (c), (d), (e)	Investors Suppliers Customers
Governance	• Approved the numerous procedures and controls needed to comply with the regulation and governance of a listed company	(b), (c), (e), (f)	Investors Employees Suppliers Customers

[1] Except for Senior Management

Companies Act 2006, Section 172(1)

A director of a company must act in the way, he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the following factors:

(a) the likely consequences of any decision in the long-term;

(b) the interests of the company's employees;

(c) the need to foster the company's business relationships with suppliers, customers and others;

(d) the impact of the company's operations on the community and the environment;

(e) the desirability of the company maintaining a reputation for high standards of business conduct; and

(f) the need to act fairly as between members of the company.

Board and Committee meetings and attendance

The Board's plan is to have a combination of remote and face-to-face meetings. During the period, due to the pandemic, the Board and its Committees conducted most meetings remotely through video calls to enable the Board to continue to function and maintain the integrity of our governance structure. The Board plans to have more physical meetings as planned at the IPO which would be held in either of Vilnius, Tallinn or London as soon as is practical and safe to do so.

The table below sets out attendance at the scheduled meetings during the year. Attendance is expressed as the number of scheduled meetings attended out of the number of such meetings possible or applicable for the Director to attend.

Board Director	Board	Audit Committee	Nomination Committee	Remuneration Committee
Trevor Mather	14 / 14	3 / 3[1]	2 / 2	4 / 4
Justinas Šimkus	14 / 14	3 / 3[1]	2 / 2[1]	4 / 4[1]
Lina Mačienė	14 / 14	3 / 3[1]	2 / 2[1]	4 / 4[1]
Simonas Orkinas	14 / 14	3 / 3[1]	2 / 2[1]	4 / 4[1]
Ed Williams	14 / 14	3 / 3	2 / 2	4 / 4
Tom Hall	12 / 14	3 / 3[1]	2 / 2	4 / 4[1]
Kristel Volver	14 / 14	3 / 3	2 / 2	4 / 4

[1] Attended by invitation

During the period, the Non-Executive Directors held one additional meeting without the Executive Directors present. In the event a Director was unable to attend a meeting they still received all the papers for the meeting and were updated on matters discussed at the meeting.

External commitments and conflicts of interest

The Company is mindful of the time commitment required from Non-Executive Directors in order to effectively fulfil their responsibilities on the Board, particularly providing constructive challenge and holding Senior Management to account and utilising their diverse skills and experience to benefit the Company and provide strategic guidance.

As part of any appointment process, any prospective Directors are asked to provide details of any other roles or significant obligations that may affect the time available for them to commit to the Company. The Chair and the Board are then kept informed by each Director of any proposed external appointments or other significant commitments as they arise which are monitored.

The Chair's approval is required prior to a Director taking on any additional external appointment. The Chair's approval will only be given once the Chair is satisfied and the Director confirms that, as far as they are aware, there are no conflicts of interest.

Non-Executive Director Tom Hall is a partner of Apax Partners and a director of other entities in which the funds advised by Apax Partners have an interest. The Major Shareholder is controlled by funds advised by Apax Partners.

Each Director's biographical details and significant time commitments outside of the Company are set out in the Board biographies on pages 50 to 51.

Change in Directors' commitments

Shortly after the year-end on 17 May 2022, the Board appointed Jurgita Kirvaitienė as an additional Independent Non-Executive Director. For more details on this appointment see the Nomination Committee Report on page 66.

Conflicts of interest

The Companies Act 2006 provides that Directors must avoid a situation where they have, or may have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. Boards of public companies may authorise conflicts and potential conflicts, where appropriate, if their company's articles of association permit, which the Articles do.

The Board has established formal procedures for the declaration, review and authorisation of any conflicts of interest of Board members. As part of the induction process, a newly appointed Director will be required to disclose any conflicts of interest to the Company. Thereafter, each Director has an opportunity to disclose conflicts at the beginning of each Board and Committee meeting and as part of an annual effectiveness review.

During the year, none of the Directors declared to the Company any actual or potential conflicts of interest between any of their duties to the Company and their private interests and/or other duties, except in the case of the Executive Directors, each of whom holds the position of Director of the Company and director of a number of Group subsidiary companies.

Board efficiency and information for Directors

The Chair is responsible for ensuring that all of the Directors are properly briefed on issues arising at Board meetings and that they have full and timely access to accurate, relevant information. To enable the Board to discharge its duties, all Directors receive appropriate information, including briefing papers distributed in advance of the Board meetings. Directors can, where they judge it to be necessary to discharge their responsibilities as Directors, obtain independent professional advice at the Company's expense. The Board Committees have access to sufficient resources to discharge their duties, including external consultants and advisors and access to internal resources and relevant personnel. The Directors also have access to the advice and services of the Company Secretary as required.

Board Composition, Succession and Evaluation

Appointments to the Board

The Board is collectively responsible for the long-term success of the Group. The business of the Group is managed by the Board who may exercise all the powers of the Company. The Board delegates certain matters to the Board Committees, and delegates the detailed implementation of matters approved by the Board and the day-to-day operational aspects of the business to its Senior Management.

During the period under review, the Board was composed of three Executive Directors and four Non-Executive Directors. One Non-Executive Director represents a Major Shareholder, for details on this see page 7. Details of all appointments are disclosed in the Prospectus. Biographies for each Director are available on pages 50 to 51. Shortly after the year-end, the Board appointed Jurgita Kirvaitienė as an additional Independent Non-Executive Director bringing its total number to three Executive Directors and five Non-Executive Directors.

Succession planning

The Nomination Committee is responsible for succession planning and continues to focus both on the optimal composition of the Board and for emergency situation planning.

For more on the Nomination Committee's responsibilities in relation to succession planning, see page 66.

Board composition

During the year, each Director participated in a diversity, skills and experience analysis as part of a process to ensure that the composition of the Board has the appropriate balance of skills and experience.

Factors that are taken into account when assessing the composition of the Board include a broad range of diversity characteristics as indicated below and particular skills and experience considered to be relevant to this particular Group in this sector. Board independence and tenure is also considered.

The Board is satisfied that it has the appropriate range of skills, experience, independence and knowledge of the Group to enable it to effectively discharge its duties and

Code Principle

J	Appointments to the Board	See page 62
K	Board composition	See page 62
L	Annual Board evaluation	See page 52

responsibilities. The matrix on page 64 details some of the key skills and experience that the Board has identified as valuable to the effective oversight of the Group and execution of its strategy.

Board tenure

The Non-Executive Directors post IPO, were all appointed on 2 June 2021, and Jurgita was appointed on 17 May 2022 and therefore there is no issue with Board tenure.

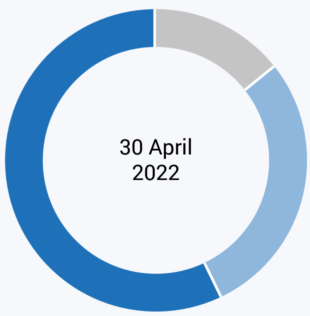
Independence

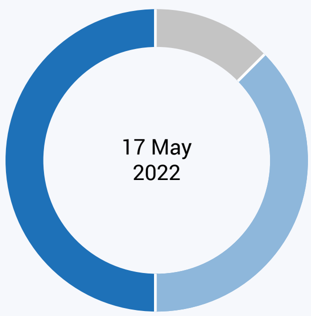
The Code recommends that at least half the board of directors of a company, excluding the Chair, should comprise non-executive directors whom the board considers to be independent. Noting that the Chair is only independent upon appointment. As at the year-end date, the Company did not comply with the Code requirement to have at least half of the Board members as independent (Provision 11). Shortly after the year-end on 17 May 2022, the Board appointed an additional Independent Non-Executive Director bringing the number of Independent Non-Executive Directors to three. We are confident that this is a solid basis for our Board and is sufficient for providing a constructive challenge and to provide an independent view on the running of the Company. We will continue to monitor the composition and diversity of the Board.

The balance of independence is in favour of the 'Non-Independent' due to the role of Non-Executive Director Tom Hall. Pursuant to the Relationship Agreement, the Major Shareholder may appoint one Non-Executive Director to the Board for so long as it (together with any of its Associates) holds voting rights over 10% or more of the Company's issued share capital. The Major Shareholder's first appointed representative Director is Tom Hall. Tom is therefore not an Independent Non-Executive Director. If the Major Shareholder's shareholding fell below 10% then Tom Hall would no-longer serve on the Board and the

Independence

	30 April 2022	17 May 2022
Chair	1	1
Independent NED	2	3
Non-Independent Director	4	4





Independent and Non-Independent Directors would equal 3 and 3 respectively plus the Chair.

The Major Shareholder will consult in advance with the Nomination Committee regarding the identity of any Director proposed to be nominated by it. In addition, for so long as the Major Shareholder (together with any of its Associates) holds voting rights over 10% or more of the Company's issued share capital, the Major Shareholder's representative Director shall be a member of the Nomination Committee and shall be entitled to attend as an observer all meetings of the Audit Committee and the Remuneration Committee.

Diversity and Inclusion

The Board considers a truly diverse Board, representative of its Stakeholders, leads to better outcomes and improved decision making.

The Board is keen to strengthen and maintain female representation in senior roles and this year the Company contributed to the FTSE Women Leaders Review, an initiative which aims to increase female leadership within the FTSE 350. The Group is proud to be acknowledged by the 2021 FTSE Women Leaders Review and ranked among Top Ten Best Performers within the FTSE 250 and to be number one within the Technology sector of the FTSE 350. Although we acknowledge that we still have far to go, particularly in light of the recommendations to increase female board representation to 40% by 2025.

Like most organisations, particularly those in the technology sector, there is significant room for improvement in terms of diversity. We understand that at present there is a lack of ethnic diversity both on our Board and in our workforce. We continue to be an equal opportunities employer and we recruit based on talent, skill and experience.

Board engagement with Diversity and Inclusion:

- Board skills and experience analysis and review
- Approved the Board Diversity Policy
- Monitoring diversity levels across the organisation

For more information on Diversity and Inclusion in the workforce, see page 38 in the Strategic Report.

Board Induction, Training and Professional Development

Prior to Admission, the Company's external lawyers provided all Directors with training in respect of their legal, regulatory and governance duties, responsibilities and obligations.

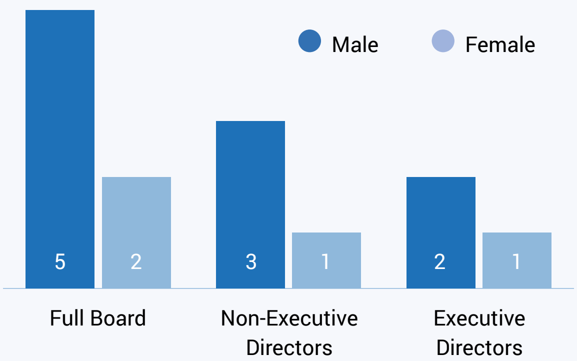
Board members also received technical training on Board policies including:

- Anti-Bribery
- Anti-Money Laundering
- Fraud Prevention
- Whistle-Blowing
- Conflicts of interest
- Board and Committee procedures and constitutional documents including Matters Reserved for the Board and Committee Terms of Reference

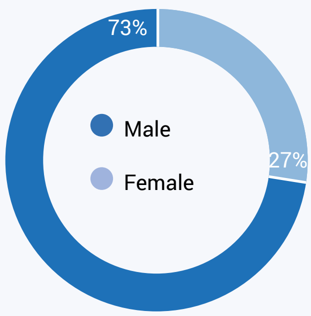
All Directors who had not previously worked with the Group then participated in a range of meetings with members of the Senior Management to familiarise them with the business and its strategy and goals. Equivalent arrangements will be put in place for future Board appointments when induction will be the responsibility of the Chair and the Company Secretary.

Gender Diversity

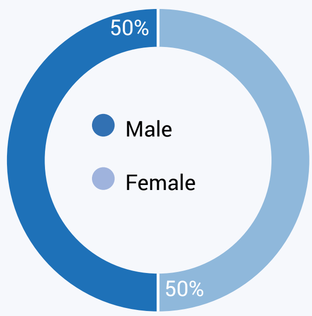
Board



Senior Management[1]



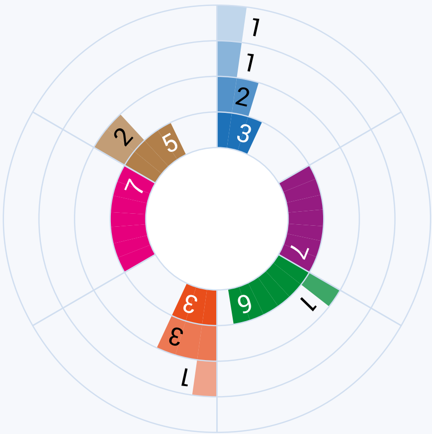
Executive Management direct reports[2]



Figures above taken as at 30 April 2022

[1] Senior Management team is made up of the three Executive Directors and eight portal managers

[2] Executive Management direct reports here are defined as the direct reports of the three Executive Directors, including eight portal managers.



Diversity characteristics

Age
- 30-35
- 35-40
- 50-55
- 55-60

Nationality
- Lithuanian
- British
- Estonian

Disability
- None

Ethnicity
- White

Highest level of education
- Masters
- Bachelors

Gender
- Male
- Female

Figures above taken as at 30 April 2022

The Board receives regular corporate governance updates including:

- Market Abuse Regulations including their responsibilities as a PDMR and other matters pertaining to the Share Dealing Code and insider dealing
- Investor relations and understanding our investor base and share register
- TCFD Reporting

Board meetings generally include one or more presentations from Senior Management on areas of strategic focus. Specific business-related presentations are given to the Board by Senior Management and external advisors when appropriate.

Board effectiveness review

The first evaluation of the operation and effectiveness of the Board, its Committees and individual Directors will take place during the financial year ending 2023. The Board intends to comply with the Code recommendation that an externally facilitated evaluation should take place at least every three years and for the Chair and the Company Secretary to carry out internal Board and Committee reviews for the intervening years.

Annual General Meeting and Director re-election

The Company's Articles of Association specify that a Director appointed by the Board must stand for election at the first AGM subsequent to such appointment and at each AGM thereafter, every Director shall retire from office and seek re-election by Shareholders. This is in line with the Code, which recommends that Directors should be subject to annual re-election.

All Directors, having been appointed during the period under review, will stand for election at the Company's 2022 AGM.

The Board therefore recommends that Shareholders approve the resolutions to be proposed at the Annual General Meeting 2022 relating to the election of the Directors.

Combination of skills and experience as identified by the Board

Knowledge of operating classifieds businesses	7
Pricing and packaging	6
Finance	4
M&A	6
Technology and innovation	4
Digital business	6

Figures above taken as at 30 April 2022

Audit, Risk and Internal Control

The Board's objective is to give Shareholders a fair, balanced and understandable assessment of the Group's position and prospects for the business model and strategy and it has responsibility for preparing the Annual Report. The Board is also responsible for maintaining adequate accounting records and seeks to ensure compliance with statutory and regulatory obligations. An explanation from the Directors about their responsibility for preparing the financial statements can be found in the Statement of Directors' Responsibilities in the Directors' Report.

The Board, with the assistance of the Audit Committee, monitors and oversees the Group's risk management process. At least twice a year the Board reviews and approves the risks identified and the mitigation plan suggested by the Executive Management.

The Board has established a management structure with defined lines of responsibility and clear delegation of authority. This includes controls relating to the financial reporting process.

As part of preparation for the IPO, the Financial Position and Prospects Procedures Report (the "FPPP") was produced where the Group's internal controls environment was reviewed. During the financial year, the Audit Committee followed up on the remaining open action points that were identified in the FPPP until all were closed.

Code Principle

M	Effectiveness of External Auditor and Internal Audit and integrity of accounts	See page 52
N	Fair, balanced and understandable assessment of Company's prospects	See page 103
O	Internal financial controls and risk management	See page 65

The Audit Committee is in the process of establishing an Internal Audit function which it anticipates reporting on in the next financial year. The Board was very involved in prioritising the risks to be covered by the Internal Audit first. On behalf of the Board, the Audit Committee plans to review the Group's internal control systems, enabling the Executive Management to consider how to manage or mitigate risk in line with the Group's risk strategy.

How the Board has assessed the Group's longer-term viability can be found on page 45, the adoption of the Going Concern basis on page 118 and the Directors' assessment of whether the Annual Report and Accounts is fair, balanced and understandable can be found on page 103.

Remuneration

The Board is conscious that remuneration policies and practices must be designed to support strategy and promote the long-term sustainable success of the Group. It delegates responsibility to the Remuneration Committee to ensure that there are formal and transparent procedures for developing policy on Executive remuneration and determining Director and Executive Manager remuneration.

Code Principle

P	Linking remuneration with purpose and strategy	See page 76
Q	A formal and transparent procedure for developing policy	See page 76
R	Independent judgment and discretion	See page 76

Nomination Committee Report

The Committee and the Group were proud to be acknowledged by the FTSE Women Leaders Review as among the Top Ten Best Performers within the FTSE 250 and to be number one within the Technology sector of the FTSE 350, with 33% of Executive Directors being female.

Trevor Mather
Chair of the Nomination Committee

Nomination Committee membership

Trevor Mather - Chair - Appointed on 2 June 2021
Non-Executive Director

Kristel Volver - Appointed on 2 June 2021
Independent Non-Executive Director

Ed Williams - Appointed on 2 June 2021
Senior Independent Non-Executive Director

Tom Hall - Appointed on 2 June 2021
Non-Executive Director

Jurgita Kirvaitienė - Appointed on 17 May 2022
Independent Non-Executive Director

- Committee meeting attendance can be found on page 61.
- Committee Terms of Reference can be found on our corporate website at: balticclassifieds.com/corporate-governance.

Key responsibilities

Board and Executive Management Composition:

- Review the structure, size and composition of the Board, its Committees and the Executive Management team; and
- Evaluate the combination of skills, experience, diversity, independence and knowledge on the Board, its Committees and the Executive Management team.

Succession planning:

- review the leadership needs of the organisation, both Executive and Non-Executive Directors with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- ensure plans are in place for orderly succession to the Board and the Executive Management positions, taking into account the challenges and opportunities facing the Group and the skills and expertise needed on the Board and in the Executive Management team in the future;
- have oversight over talent development with a view to monitoring and overseeing the development of a diverse pipeline within the Group; and
- identify and nominate potential candidates for Board vacancies as and when they arise, in line with succession planning.

Board effectiveness:

- review the independence and time commitment of the Non-Executive Directors;
- review and act upon the results of the Board performance evaluation process and assess how effectively members work together to achieve objectives; and
- review the interaction between the Board and its Committees.

Diversity and Inclusion

- oversee Diversity and Inclusion across the Group and to monitor progress made against objectives.

Main activities during the Year

Since Admission on 5 July 2021, the Committee has met twice and its key activities were:

- formal adoption of the Committee's Terms of Reference;
- succession planning for the Board and for the Executive Management team;
- reviewing gender and ethnic diversity, including the adoption of a Board Diversity Policy; and
- post year-end, appointment of a new Independent Non-Executive Director.

Planning for Financial Year Ending 2023

- Internal Board evaluation anticipated to take place during the first half of the 2023 financial year.
- Continued succession planning of Board and Senior Management team.
- Induction of the newly appointed Independent Non-Executive Director.
- Search for a further Independent Non-Executive Director with an ethnically diverse background (representative of the Baltic region).
- Continued activities and monitoring around diversity.

Dear Shareholders

On behalf of the Board, I am pleased to present the Company's first Nomination Committee Report, for the financial year ending 30 April 2022.

Board composition

As part of the preparation for the Admission there was a Group corporate restructure which resulted in the incorporation of Baltics Classifieds Group PLC and the appointment of its full Board of Directors.

The appointment process concentrated on independence, diversity and ensuring a combination of skills including listed company and committee experience to complement the Executive Directors.

I am delighted to say that, as promised at the IPO, shortly after the year end we appointed a further Independent Non-Executive Director.

On 17 May 2022, Jurgita Kirvaitienė was appointed to the Board as an additional Independent Non-Executive Director. After an extensive network search and fantastic response from our advert on our own CVBankas, we had a strong shortlist, and we are delighted to welcome Jurgita who brings extensive financial, audit, internal audit and a diverse Board experience to BCG.

The appointment of Jurgita strengthens our female representation on the Board and brings the number of Independent Non-Executive Directors to three. We feel this is a good foundation for offering a constructive challenge and independent oversight of the running of the Company.

The FRC UK Corporate Governance Code 2018 (the “Code”) recommends that at least half the board of directors of a company, excluding the Chair, should comprise Non-Executive Directors whom the board considers to be independent. At the year-end, excluding the Chair, our Board was composed of three Executive Directors and three Non-Executive Directors, two of whom are Independent. Following the appointment of Jurgita, this number (excluding the Chair) is three Executive directors, three Independent Non-Executive Directors and a Non-independent Non-Executive Director.

- Details of all appointments are disclosed in the Prospectus.
- Biographies for each Director are available on pages 50 to 51.
- For more information on the appointment of Jurgita, see the process described below.

Skills, experience and diversity evaluation

The Board is collectively responsible for the long-term success of the Group. The business of the Group is managed by the Board who may exercise all the powers of the Company. The Board delegates certain matters to the Board Committees, and delegates the detailed implementation of matters approved by the Board and the day-to-day operational aspects of the business to its Executive Management.

The Board is satisfied that it has the appropriate range of skills, experience, independence and knowledge of the Group to enable it to effectively discharge its duties and responsibilities. Details of the key skills and experience that the Board has identified as valuable to the effective oversight of the Group and execution of its strategy can be found on page 64.

Diversity and Inclusion

The Committee regards breadth of Board representation as a key area of focus. During the course of the year, the Committee has met to consider and approve a Board Diversity Policy and already meets the Hampton-Alexander target for 33% representation of women on the Board. At the date of this report, the Board has 37.5% female representation. The Board commits to comply with the FCA target of 40% of women on the Board by 2024 and it already complies with the recommendation of one of the senior Board positions (in our case our CFO) being female.

The Committee and the Group were proud to be acknowledged by the FTSE Women Leaders Review as among the Top Ten Best Performers within the FTSE 250 and to be number one within the Technology sector of the FTSE 350, with 33% of Executive Directors being female. Across all levels of employment, the Group employs 49% colleagues who identify as male and 51% colleagues who identify as female.

Appointment to the Board of Independent Non-Executive Director

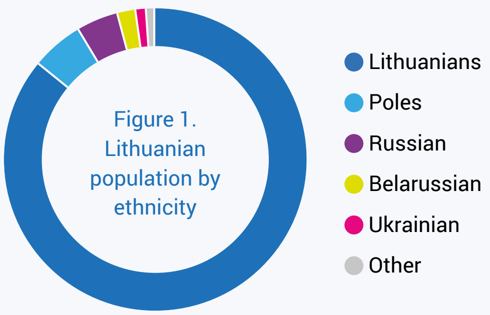
The appointment process includes the following stages:

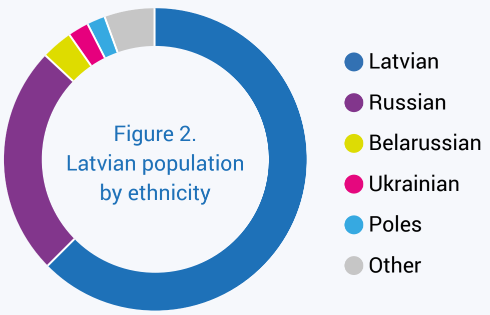
Evaluate Board composition and determine ideal capabilities of proposed appointee	Evaluate the Board’s skills, experience, independence, diversity and knowledge and utilise this to develop a specification which reflects the role and specific capabilities required.
Advertise role and determine long list of potential candidates	Advertise the role using open advertising and by instructing external recruitment advisors with the necessary expertise. Identify a long list of potential candidates based on, amongst other things, experience, merit and diversity.
Refine short list of potential candidates and complete interviews	Determine a short-list and invite the potential candidates to complete a formal interview process. Interview process facilitated by various Board members but specifically the Chair, Chief Executive Officer and Audit Committee Chair.
Consideration and approval by Nomination Committee	Nomination Committee to consider the short-listed candidates and feedback from the interview process from both interviewers and interviewee. Determine the preferred candidate and recommend their appointment to the Board for approval.
Consideration and approval by Board	Board to consider, and if thought fit, approve the proposed appointment of the preferred candidate. Market announcement is made by the end of the next working day following the Board’s decision.

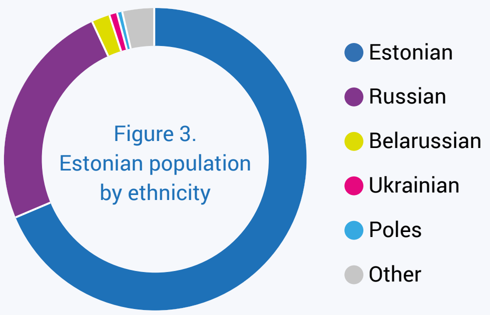
The Board is aware of the recommendations of the Parker Review to include one or more Directors from a diverse ethnic background (as defined by the Parker Review) and discussions on how to improve this for the Group have begun and will be a focus for the next financial year. Ethnic diversity is an identifier for a minority population subgroup which is broadly accepted to be a combination of national origin, racial origin, and cultural identity. It is clear that who is in a minority or majority subgroup of any population will vary by country and region and given that Baltic Classifieds Group operates all business in the Baltic region, due consideration needs to be given to this and the difference to that of the UK or the US needs to be considered.

We understand the FCA is introducing 'comply or explain' disclosure requirements for companies with financial years starting after April 2022, to state that at least one member of the board should be from an ethnic minority background excluding white ethnic groups (as set out in categories used by the Office for National Statistics ("ONS"). Given that national minorities are recognised in Lithuania, Estonia and Latvia and the ONS states that Nationality is an aspect of ethnicity; especially where significant migration has taken place, we believe our starting point should be to open up the discussion of diversity further, starting with national considerations.

See figures 1, 2 and 3 for the current ethnicity distribution in each of Lithuania, Latvia and Estonia which are countries relevant to the Group in terms of employees and Directors.







Source: Official Statistics Portal of Lithuania, Official Statistics Portal of Latvia, Statistics Estonia

Here we can clearly see the ethnic diversity of these countries does include white ethnic groups. In terms of openness and transparency of our Diversity and Inclusion, we feel this data is important to demonstrate both the context and the pool of resources available to the Group. Compliance with this new disclosure requirement will not be as straight-forward for the Group as it might be for those entities located in the United Kingdom by comparison

The Group will continue opening up the discussion around diversity. When considering Board appointments and hiring or promoting to leadership positions, the Group will continue to take account of its diversity targets, while seeking to ensure that each post is offered on merit.

Induction and training

Prior to Admission, the Company's external lawyers provided all Directors with training in respect of their legal, regulatory and governance duties, responsibilities and obligations. All Directors who had not previously worked with the Group then participated in a range of meetings with members of the Senior Management team to familiarise them with the business and its strategy and goals. Equivalent arrangements will be put in place for future Board appointments.

Board meetings generally include one or more presentations from Senior Management on areas of strategic focus. Specific business-related presentations are given to the Board by Senior Management and external advisors when appropriate.

For our newest Board member, an induction plan has been created including 1:1 meetings with Executive Directors, and a pack of material covering Company history, business overview, Company culture, governance and finances as well as the key IPO documents prepared.

Board evaluation

As this is the first year operating as a Board, the Board has decided that the most effective time to carry out a Board effectiveness review will be in the early part of the next financial year. The Board intends to comply with the Code recommendation that an externally facilitated evaluation should take place at least every three years.

Election and re-election of Directors

In accordance with the Code, all Directors will offer themselves for election by Shareholders at the AGM. Both the Committee and the Board are satisfied that all Directors continue to be effective in, and demonstrate commitment to, their respective roles on the Board and that each makes a valuable contribution to the leadership of the Company.

The Board therefore recommends that Shareholders approve the resolutions to be proposed at the 2022 AGM relating to the election of the Directors.

I will be available at the AGM to answer any questions about the work of the Nomination Committee.

Trevor Mather
Chair of the Nomination Committee
6 July 2022

Audit Committee Report

The Annual Report, taken as a whole, is fair, balanced and understandable

Kristel Volver
Chair of the Audit Committee

Audit Committee membership

Kristel Volver - Chair - Appointed on 2 June 2021
Independent Non-Executive Director

Ed Williams - Appointed on 2 June 2021
Independent Non-Executive Director

Jurgita Kirvaitienė - Appointed on 17 May 2022
Independent Non-Executive Director

- Committee meeting attendance can be found on page 61.
- Committee Terms of Reference can be found on our corporate website at: balticclassifieds.com/corporate-governance.

- In line with the UK Corporate Governance Code 2018 (the "Code"), all members of the Audit Committee are independent. The Chair of the Committee has recent and relevant financial experience and both members are deemed to have competence relevant to the sector in which the Company operates.
- The Committee notes the Code's requirement for a Company of its size to have an Audit Committee membership of three; with Jurgita Kirvaitienė joining the Board and the Audit Committee as an Independent Non-Executive Director shortly after the year-end on 17 May 2022, the Company became compliant in this regard.
- All Board members and external as well as Internal Auditors may attend meetings by invitation.
- The Group's External Auditor is KPMG.
- Deloitte has been engaged to start providing internal audit services which will commence in the first half of the next financial year.

Key responsibilities

- To assist the Board in discharging its responsibilities with regard to: financial reporting; external and internal audits and controls, including reviewing and monitoring the integrity of the Group's annual and interim financial statements.
- Reviewing and monitoring the extent of the non-audit work undertaken by the External Auditor, advising on the appointment of the External Auditor, overseeing the Group's relationship with its External Auditor, reviewing the effectiveness of the external audit process.
- Reviewing the effectiveness of the Group's internal audit, internal controls, Whistle-Blowing and fraud systems.

Main activities during the year

Since Admission on 5 July 2021 the Committee met three times and its key activities were:

- Formally adopting the Committee's Terms of Reference
- Review of the Group's progress in regards to the areas for improvement identified in the Group's Financial Position, Prospects and Procedures Report ("FPPP") prior to Admission.
- Approving the appointment of KPMG as the Group's External Auditor.
- Discussion and approval of the Group's approach to internal audit for 2023, development of a plan for subsequent 2 years.
- Review of the Group's GDPR , disaster recovery and cybersecurity arrangements.
- Assessment of the integrity of the Group's half-year report, considering the application of financial reporting and governance standards.
- Review of Management's approach to any key judgmental areas of reporting and the related comments of the External Auditor.

Planning for financial year ending April 2023

- Oversee and scrutinise the preparation of the Group's financial statements for the year ended 30 April 2022 and assess whether suitable accounting policies have been adopted.
- Assess the Group's going concern and viability statements.
- Assess the use of Alternative Performance Measures in the Annual Report.
- Confirm to the Board that the Annual Report is fair, balanced and understandable.
- Develop and implement a formal policy on the engagement of the External Auditor to supply non-audit services.
- Monitor and review the effectiveness of the internal audit function.
- Review the effectiveness of the external audit process.
- Review the adequacy and effectiveness of the Group's anti-money laundering systems and controls.
- Review the adequacy and effectiveness of the Group's compliance function.
- Review the Group's internal controls systems, procedures for detecting fraud and Whistle-Blowing procedures.

Dear Shareholders

I am pleased to present the Group's first Audit Committee report. This report provides a summary of the Committee's role and activities for the period from Admission on 5 July 2021 to the end of the financial year ended 30 April 2022 and sets out the work that the Committee has performed in respect of this Annual Report.

In accordance with the Code, the Committee is composed entirely of Independent Non-Executive Directors and the Chair of the Company is not a member of the Audit Committee. We did not comply with the Code's requirement to have a minimum of three members at year-end, however with Jurgita Kirvaitienė joining the Board and the Audit Committee as an Independent Non-Executive Director shortly after the year-end on 17 May 2022, we became compliant in this regard. I fulfil the requirement for a Committee member to have recent and relevant financial experience, and all members have competence in consumer and digital businesses. New Audit Committee members also have recent and relevant financial experience. The biographies of each member of the Committee are set out on pages 50 to 51.

From the date of Admission on 5 July 2021 until the end of financial year ended 30 April 2022, there were three Audit Committee meetings. All meetings were attended by both Committee members. The Group's External Auditor, KPMG, attended two out of three Audit Committee meetings held during the financial year. The rest of the Board attended the meetings by invitation. Both KPMG and the newly appointed Internal Auditor, Deloitte, will regularly attend future meetings as invited. The External Auditor has direct access to me as the Audit Committee Chair to raise any concerns outside of formal Committee meetings. The Committee also plans to periodically set time aside to seek the views of the External Auditor, without the presence of Management. The first such meeting took place after the end of the financial year ended 30 April 2022.

The Committee's Terms of Reference include: monitoring the integrity of the Group's financial reporting; effectiveness of the internal control and internal audit; and the independence and effectiveness of external audit. The Internal Audit function will be outsourced to Deloitte, who will provide the Group with specialist expertise in delivering a risk-based review programme.

During the year, the main focus of the Committee was on the approach towards the internal audit and financial reporting. The plan for the upcoming year is to review the effectiveness of both the internal and external audit as well as reviewing the adequacy and effectiveness of certain controls and procedures within the Group.

The Committee has reviewed the content in this 2022 Annual Report and considers that it explains the Group's strategy, financial performance and position in a way which we believe to be fair, balanced and understandable. Whilst this Audit Committee Report contains some of the matters addressed during the year, it should be read in conjunction with the External Auditor's report starting on pages 106 to 111 and the financial statements in general.

At the 2022 AGM, Shareholders will vote on the Board's recommendation to re-appoint KPMG as the Group's External Auditor. During the financial year ending 2023, the Committee will carry out a review of the effectiveness and continued independence of KPMG.

Financial reporting

The Committee is responsible for reviewing the appropriateness of the Group's half-year report and annual financial statements.

In the preparation of the Group's financial statements for the financial year ended 30 April 2022, the Committee assessed the accounting principles and policies adopted, Alternative Performance Measures used and whether Management had made appropriate estimates and judgments. In doing so, the Committee discussed Management reports and enquired into judgments made. The Committee reviewed the reports prepared by the External Auditor on the 2022 Annual Report.

The Committee, together with Management, identified significant areas of financial statement risk and judgment as described below.

Significant area	Audit Committee action
Revenue recognition As more fully described in note 3 to the financial statements, the Group's revenue is derived from listing fees on the Group's platforms, advertising and financial intermediation services. There are a number of different duration service packages available for customers. In line with IFRS15, the Group recognises this revenue over time based on service usage.	Revenue is an area of focus, in particular the timing of recognition of revenue. The Group's revenue is accounted over time based on service usage. The Committee reviewed the rationale and the process implemented to account for the revenue based on usage and disclosure around revenue recognition made by Management. The Committee was satisfied with the explanations provided and conclusions reached in relation to revenue recognition.
Going concern and viability statement The Directors must satisfy themselves as to the Group's viability and confirm that they have a reasonable expectation that it will continue to operate and meet its liabilities as they fall due. The period over which the Directors have determined it is appropriate to assess the prospects of the Group has been defined as three years. In addition, the Directors must consider if the going concern assumption is appropriate.	In assessing the validity of the viability and going concern statements detailed on page 45, the Committee reviewed the work undertaken by Management to assess the Group's resilience to the Principal Risks set out on pages 41 to 44 under various stress test scenarios. The Committee concluded that the viability time period of three years remained appropriate. The Committee was satisfied that sufficient rigour was built into the process to assess going concern and viability over the designated periods.
Goodwill The Group has a significant balance of goodwill that arose during acquisitions and it is considered to be a significant estimate.	An impairment review is performed of goodwill balances by the Group on a 'value in use' basis. This requires judgment in estimating the future cash flows and the time period over which they occur, arriving at an appropriate discount rate to apply to the cashflows as well as an appropriate long-term growth rate. Each of these judgments has an impact on the overall value of cashflows expected and therefore the headroom between the cashflows and carrying values of the cash generating units. The Committee has reviewed the assumptions made and judgments applied by Management and, after due discussion, was content with the outcome of the impairment review.
Group restructure / IPO As part of the preparation for the IPO in July 2021, the Group completed a series of reorganisation steps and refinanced the external debt. Subsequent to the successful IPO, the Group has completed a number of steps to simplify its legal entity structure.	The Committee reviewed the assumptions made in respect of the reorganisation and legal entity simplification and was satisfied that these were appropriately accounted for under IFRS. The Committee has satisfied itself that accounting for the Group reorganisation using common control merger accounting is appropriate. The Committee is also satisfied with the disclosure and accounting policy, and the adequacy of related party disclosures.
Share based payments The Company has two share-based payment arrangements, accounted for under IFRS 2. These require the use of valuation models and certain assumptions in determining their fair value at grant date and in the recognition of charges in the income statement.	Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity settled share-based payment transactions. The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The Committee has reviewed the judgments made in this area by Management and, after due discussion, was content with the assumptions made and the judgments applied. The Audit Committee has also considered the opinion of KPMG as to the reasonableness of the assumptions made in estimating the share-based payment charge.

Fair, balanced and understandable

At the request of the Board, the Committee has reviewed the content of the Annual Report and considered whether, taken as a whole, in its opinion it is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position, performance, business model and strategy. The Committee was provided with a draft of the Annual Report and the opportunity to comment where further clarity or information should be added. The final draft was then recommended for approval by the Board. When forming its opinion, the Committee had regard to discussions held with Management and reports received from the External Auditor. To aid with forming its opinion, the Committee considered the questions below.

Internal Audit

The Committee has undertaken a review of internal audit providers, with the decision made by the Committee to appoint Deloitte as the Group's outsourced Internal Audit function. They are accountable to the Audit Committee and use a risk-based approach to provide independent assurance over the adequacy and effectiveness of the control environment.

The internal audit plan for the financial year ending 2023 was approved by the Audit Committee held on 21 March 2022 with work commencing during the first half of the financial year ending 2023. It will cover a broad range of core financial and operational processes and controls, focusing on specific risk areas. The Committee will review Deloitte's performance annually as Internal Auditor.

Is the report fair?

- Is the whole story presented and has any sensitive material been omitted that should have been included?
- Are key messages in the narrative aligned with the KPIs and are they reflected in the financial reporting?

Is the report balanced?

- Do you get the same messages when reading the front end and back end of the Annual Report independently?
- Are threats identified and appropriately highlighted?
- Are the Alternative Performance Measures explained clearly with appropriate prominence?
- Are the key judgments referred to in the narrative reporting and significant issues reported in this Committee Report consistent with disclosures of key estimation uncertainties and critical judgments set out in the financial statements?
- How do these judgments compare with the risks that KPMG are planning to include in their Auditor's Report?

Is the report understandable?

- Is there a clear and cohesive framework for the Annual Report?
- Are the important messages highlighted appropriately throughout the Annual Report?
- Is the Annual Report written in easy to understand language and are the key messages clearly drawn out?
- Is the Annual Report free of unnecessary clutter?

Conclusion

Following its review, the Committee is of the opinion that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position, performance, business model and strategy.

External Auditor

One of the Committee's roles is to oversee the relationship with the External Auditor, KPMG, and to evaluate the effectiveness of the service provided and their ongoing independence. The Committee received and discussed KPMG's review of the half-year report to 31 October 2021 and its audit of the financial statements for the financial year ended 30 April 2022. The Committee Chair met with representatives from KPMG without Management present and also with Management without representatives of KPMG present, to ensure that there were no issues in the relationship between Management and the External Auditor to be addressed. There were none.

One of the Committee's roles is to evaluate the effectiveness of audit services provided and ongoing independence. Due to the ten-month only period between Admission to listing and the publication of this report, the Committee plans to carry out a formal evaluation of the performance and effectiveness of the External Auditor in the first half of the next financial year once the whole year audit cycle is complete. A statement will be included in the 2023 Annual Report detailing the upcoming review of KPMG. The recommendation to reappoint KPMG in the future will depend on continuing satisfactory performance and value for money.

Non-audit services provided by the External Auditor

The External Auditor is primarily engaged to carry out statutory audit work. There may be other services where the External Auditor is considered to be the most suitable supplier by reference to their skills and experience. The Committee is planning to develop a formal policy on the engagement of the External Auditor to supply non-audit services in the first half of the financial year ending 2023.

During the financial year ended 30 April 2022, KPMG charged the Group €0.1 million for audit-related assurance services, that includes fees for the half-year review. During this financial year, KPMG also charged the Group €0.8 million for transaction related and other assurance services that relate to the IPO, which will not be repeated in the future. No other non-audit services were procured from KPMG during the financial year ended 30 April 2022.

Statement of Compliance: The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014 (the "Order")

A competitive tender was carried out in 2019 and KPMG was first appointed as statutory Auditor of Group's top holding company preceding Baltic Classifieds Group PLC for the year ended 30 April 2020. KPMG was contracted in 2021 to provide offering and Admission related reporting accountant's services and was also appointed as a statutory Auditor of the Company following its Admission to listing. The current external audit engagement partner is Kate Teal.

The Order has applied to the Company since September 2021, when Baltic Classifieds Group PLC entered the FTSE 250 index. The Company confirms its compliance with the Order and intends to provide further information on its approach to re-tender of the audit in the Annual Report of the Company for the year ending 30 April 2023. Any recommendation by the Audit Committee in relation to the (re-) appointment of the statutory Auditor will take account of the statutory Auditors' skills, experience and performance, and the value for money offered.

Shareholder engagement

In compliance with the Code, I will be available at the 2022 AGM to answer any questions.

Kristel Volver
Chair of the Audit Committee
6 July 2022

Directors' Remuneration Report

The Remuneration Committee believes the new remuneration approach put in place at Admission complies with best practice and serves the interests of the Company and Shareholders.

Ed Williams
Chair of the Remuneration Committee

Remuneration Committee membership

Ed Williams - Chair - Appointed on 2 June 2021
Independent Non-Executive Director

Kristel Volver - Appointed on 2 June 2021
Independent Non-Executive Director

Trevor Mather - Appointed on 2 June 2021
Chair of the Board (Independent on appointment)

Jurgita Kirvaitienė - Appointed on 17 May 2022
Independent Non-Executive Director

- Committee meeting attendance can be found on page 61.
- Committee Terms of Reference can be found on our corporate website at: balticclassifieds.com/corporate-governance.

- In line with the FRC UK Corporate Governance Code 2018 (the "Code"), all members of the Committee have relevant business experience.
- The Chair of the Committee has previous experience chairing the Remuneration Committee of another (at the time) FTSE 250 business and has attended dozens of Remuneration Committee meetings in his capacities as CEO of Rightmove PLC and Chair of Autotrader PLC.
- Executive Directors, Tom Hall (Non-Executive Director) and third-party remuneration consultants attend meetings by invitation.
- No individual takes part in any decision relating to their own remuneration.

Key responsibilities

- Determines the policy for rewarding Directors and the rest of the Senior Management (the "Remuneration Policy") and oversees how the Group implements the Remuneration Policy.
- Oversees the level and structure of remuneration arrangements for Senior Management, approves share incentive plans and recommends them to the Board and Shareholders.
- Reviews workforce remuneration and related policies with the alignment of incentives and rewards with culture.

Main activities during the year

- The Committee reviewed its membership and formally adopted its Terms of Reference.
- Deloitte was appointed as remuneration advisor. Deloitte is a founding member of the Remuneration Consultants Group and adheres to its Code in relation to executive remuneration consulting in the UK. The Committee is satisfied that the Deloitte engagement team, which provided remuneration advice to the Committee, does not have connections with Baltics Classified Group PLC or its Directors. The Committee is satisfied that the advice received is objective, independent and free of undue influence.
- The Director's Remuneration Philosophy and Policy was approved and will be subject to a vote at the 2022 AGM.
- Approval was given to awards under the Company's Performance Share Plan shortly after Admission.

Deloitte's fees are charged on a time and materials basis. During the year, Deloitte was paid €35,523 for advice provided to the Committee. Deloitte was also contracted to provide Internal Audit services (see Audit Committee Report), but did not provide any other service to the Group during the year.

Dear Shareholders

I am pleased to present Baltics Classified Group's first Directors' Remuneration Report as a listed company for the financial year ended 30 April 2022.

The Directors' Remuneration Report, as approved by the Board, comprises three parts:

Part 1: Annual statement: this statement being my annual report on the activities of the Remuneration Committee during the year;

Part 2: the Directors' Remuneration Philosophy and Policy: this explains how Directors will be paid from the Admission on 5 July 2021 and will be subject to a binding vote at the 2022 AGM; and

Part 3: Annual Remuneration Report: which explains how the Directors have been rewarded during the financial year ended 30 April 2022 and any other matters not covered in the previous two parts. It will be subject to an advisory vote at the 2022 AGM.

The numbers in Part 3 are for the full financial year. The Remuneration Policy relates to the ten months of this reporting period in which the Company was public. This distinction in reality makes relatively little difference to the reported numbers, as compared to if the Company had become public at the start of the financial year.

The report (excluding the Remuneration Policy (on pages 79 to 94) will be subject to advisory Shareholder approval at the 2022 AGM to be held on 28 September 2022.

Remuneration compliance

This report complies with Schedule 8 of the Large and Medium-sized Companies and Group (Accounts and Reports) Regulations 2008, as amended in 2013 and 2018, the FRC UK Corporate Governance Code 2018 and the FRC Listing Rules.

Part 1: Annual Statement

Committee composition

The Remuneration Committee comprises the two Non-Executive Directors, namely Ed Williams and Kristel Volver, together with the Company Chair, Trevor Mather. Their biographies are set out on pages 50 to 51. Shortly after year end, on 17 May 2022, Jurgita Kirvaitienė was appointed to the Board as an Independent Non-Executive Director. As intended, she also joined the Remuneration Committee (see the Nomination Committee Report on page 66).

Context of remuneration

On 5 July 2021, the Company was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's Main Market for listed securities. It became a constituent of the FTSE 250 in September 2021.

With effect from the IPO, new remuneration arrangements were introduced covering both the Executive Directors and the other members of the Board. All full-time employees of the business, including the Executive Directors, are based in the three Baltics countries. This has a number of consequences. Firstly, it was agreed that all Board members should be compensated in line with the lower levels of remuneration prevalent in Lithuania, where most employees are resident, rather than in line with remuneration levels in the country of listing - the UK. Secondly, comparable local market public companies to use for benchmarking were not available. Thirdly, while policies and reporting should be fully compliant with the UK Listing best practice, there are certain disclosures only required with regard to UK employees, such as the CEO pay ratio.

We believe that all the remuneration arrangements put in place are very modest, reflect bottom quartile levels, and further, have been adjusted down to reflect Lithuanian costs of living. We believe the structure of the remuneration is amongst the simplest, quite possibly the simplest, of any in the FTSE 250. Shareholders should be reassured that, while Executive Directors have not been involved in determining their own remuneration, they have, as significant Shareholders themselves, been supportive of these arrangements. Therefore, in relation to our current Executive Directors and, most likely, future Executive Directors appointed from existing employees, we believe that these remuneration arrangements will be motivational.

It is on these arrangements that approval for the Policy is being sought at the 2022 AGM. They are intended to last for a minimum of three years. On reading the details, you will see that they have actually been designed explicitly for a five-year period, though any continuation would be subject to a further Shareholder vote at the 2025 AGM or before.

Prior remuneration

Prior remuneration was disclosed in the Prospectus for the IPO. No elements of remuneration prior to the IPO have carried forward to the Directors. Their financial interests in the Company are now reflected solely through their holdings of Ordinary Shares in the Company and the Remuneration Policy set out here. Directors did not participate in an award of free shares made shortly after the Company's Admission.

Malus, clawback and minimum shareholding requirements

The Committee reviewed the malus, clawback provisions and minimum shareholding requirements. Given these were considered best practice (or better) at the time of the Admission of the company in July 2021, and there have been no material changes in recommendations from advisory organisations, we considered our current policy to be appropriate.

COVID-19

The Remuneration Committee is of the view that there was no aspect of COVID-19 which should give rise to any variation to remuneration arrangements.

Wider employee remuneration

The Committee reviews remuneration arrangements across the Company to ensure that differences from Executive Directors are justified and that Company remuneration overall, is modest and appropriate. The Committee receives regular updates regarding remuneration arrangements across the Group. These updates are taken into consideration when determining the Remuneration Policy for the Executive Directors and in particular, when considering any changes to policy and increases in the level of fixed remuneration.

We can report that all remuneration for the rest of the Senior Management is structured in the same way as for Executive Directors, and that the levels of base salary and long-term incentives are, in the opinion of the Committee, modest and appropriate.

The Baltic countries do not operate any government approved schemes to encourage employee share ownership. Nonetheless, the Directors believe that widespread employee share ownership is a good thing. The Board has sought to encourage this in two ways. Firstly, through a free award of shares of between €3 and €15 thousand in value depending on length of tenure, to all employees in good standing (except for the Senior Management team), following the IPO. The awards were not subject to performance criteria or holding periods. No Director was able to participate in this free award. Secondly, the PSP has been, and may continue to be used, from year-to-year to ensure that employees important to the future of the Company have a potential opportunity to establish and build an equity stake. This means that the number of employees who receive awards under the PSP every year as part of their standard remuneration, may be low. But many of those receiving an award may do so without it being part of their formal remuneration entitlement and without an expectation being set that they would receive such an award the following year.

Executive Director remuneration for 2022

Executive Director remuneration for 2022 consisted entirely of a base salary (with no pension or other meaningful level of benefits) and an award under the Company's PSP, its choice of mechanism for putting in place long-term incentives. These were implemented as set out in the Prospectus and no subsequent changes were made during 2022. The amounts are set out in Part 3 of this Remuneration Report.

The Policy of the Company is not to have an annual bonus. Therefore, the Remuneration Committee has not been called upon to make any judgment as to whether criteria have been met, let alone apply discretion to any aspect of remuneration for any employee.

Director remuneration for 2023

At IPO, base remuneration for Executive Directors was set at a lower level to help manage costs as the business transitions to being a UK listed company. As outlined in the Prospectus, the intention is that salary increases in the initial years are likely to be above the increases to the wider workforce salaries as the Executive Directors transition to salary levels determined by the Remuneration Committee to be appropriate for the long-term. The Executive Directors accepted the first step in the unwinding of the salary discounts, representing increases of €25,000 for the CEO, €20,000 for the COO and €15,000 for the CFO. The schedule for the unwinding of these discounts through to 2026 is set out and explained in Part 2 of this Remuneration Report.

The Committee approved a 10% increase for Executive Director base salaries after applying the unwinding of the salary discounts. This is in line with the policy of increasing Director remuneration at or below the average increase to base salaries received by the wider workforce. A 10% increase to the Chair's remuneration was approved by the Committee, also in line with the above policy. The Board reviewed Non-Executive remuneration and increased it by 10%, maintaining alignment among all Directors.

No changes to pensions or benefits have been approved for 2023.

The Committee will review every year, the basis of and targets set, for the Long Term Incentive Plan. The performance target for 2023 awards will continue to be based on adjusted EPS[1]. Our rationale for using this measure is set out in Part 2 of this Report.

Shareholder engagement

We look forward to engaging with Shareholders and other Stakeholders. I would welcome any feedback or comments on the Directors' Remuneration Report. I will be available at the 2022 AGM to answer any questions,

Ed Williams
Chair of the Remuneration Committee
6 July 2022

[1] Adjusted EPS in the Director's Remuneration Report is basic EPS adjusted for M&A impact as determined by the Committee.

Part 2: The Directors' Remuneration Philosophy and Policy

The Company's proposed Remuneration Policy (the "Policy") is included in this section on pages 79 to 94. At the 2022 AGM to be held on 28 September 2022, a resolution to adopt the Policy will be put to Shareholders for approval. The Policy is set to apply, subject to shareholder approval through to the 2025 AGM.

This Part of the report is broken into two distinct sections:

Section 2.1 provides a narrative description of the process adopted by the Committee in developing the Policy, including the objectives the Committee set itself, the culture, beliefs and needs of the Company itself, the main challenges we encountered and the steps we took to address potential conflicts of interest. It includes reference data used in reaching our recommendations.

Section 2.2 sets out our formal Directors Remuneration Policy including the terms of employment and the actual remuneration levels which the Committee established. It differs in a number of important respects from the policy of most UK publicly listed companies, with the differences accounted for by the aims of simplicity, transparency and objectivity. To a lesser extent differences may also be influenced by the Lithuanian context and the history of key Executives as founders and owners. We believe any assessment of the Policy as set out in section 2.2 would strongly benefit from reflecting on the narrative in section 2.1.

2.1 The Process by which the Committee formulated the Policy

Approach

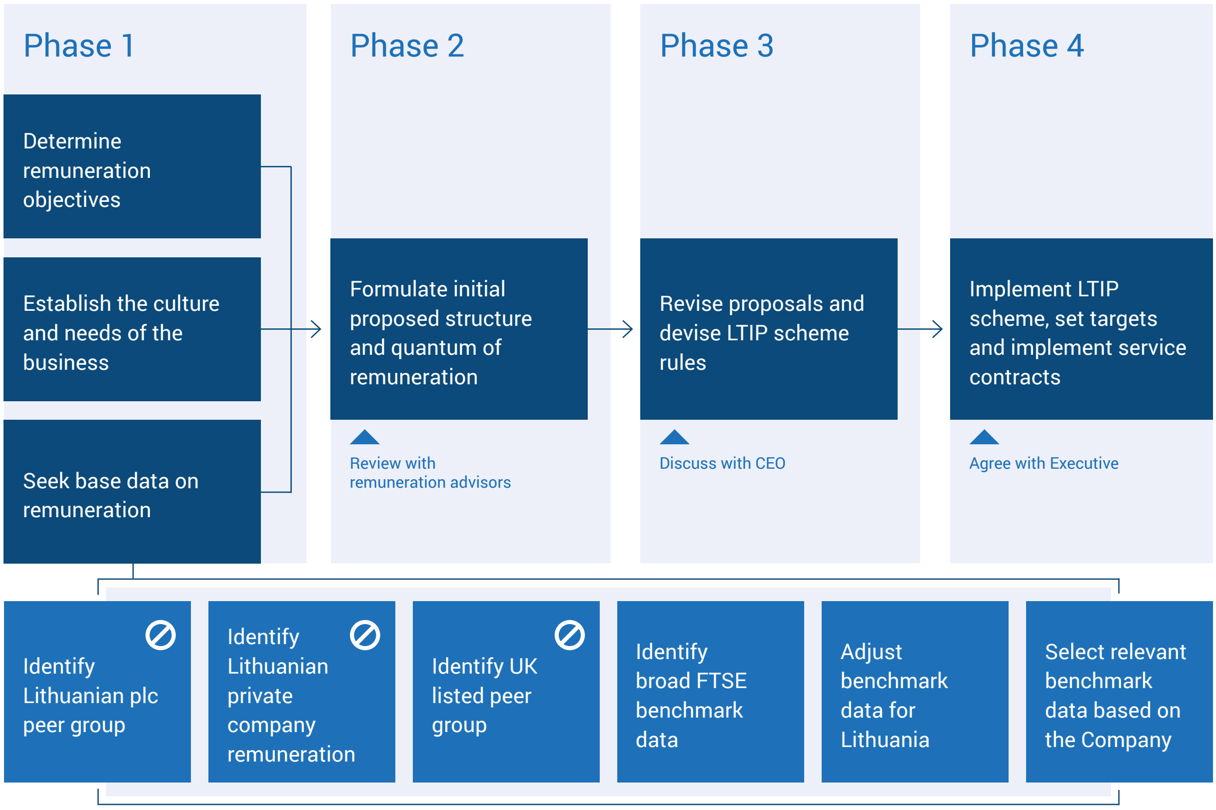
We decided at the outset that the remuneration approach for all Directors would be based on Lithuanian levels and employment practices. All three Executive Directors are based in and employed in Lithuania. The majority of employees are based in Lithuania, which is also the venue for the majority of Board meetings. However, the business is listed in London.

In comparison to the UK, remuneration in Lithuania:

- is substantially lower;
- has been increasing in real terms considerably faster than in the UK as the Baltic countries head towards average EC levels of wealth; and
- is, at the present time at least, the subject of substantially higher inflation, running at the time of writing at over 18%, significantly higher than the UK rate.

As a consequence, investors should anticipate substantially lower levels of compensation, but should expect those levels to rise faster in both nominal and real terms than in the UK.

Our overall approach to determining remuneration arrangements for the Baltics Classifieds Group, as a public company, is summarised below:



The first phase of our work consisted of three parallel steps:

1. Determining the objectives we sought to achieve through our approach to Executive remuneration.
2. Understanding the culture and needs of the Company, including the existing approach to remuneration.
3. Seeking base data to inform the decision as to what constitutes a responsible and reasonable level of Executive remuneration.

The first two of these steps were straightforward; the third was challenging.

We then went on to formulate our policy and set the quantum of remuneration before discussing our proposals with the CEO. We reflected on his feedback, before implementing the Remuneration Policy, setting targets and drawing up service contracts for all the Directors.

1. Objectives

We set ourselves the following objectives:

1.1	Establish an approach to, and level of, remuneration that is likely to result in BCG retaining its existing Executive team.
1.2	Establish an approach to and level of remuneration that is likely to be capable of attracting future talent, particularly should it be required at the Executive Director level.
1.3	Establish an approach which not only is consistent with the culture of the Company but actively supports the culture and needs of the Company, including, for example, aligning all Executive benefits with the rest of the organisation.
1.4	Ensure that the overall level of remuneration is modest by public company standards and is appropriate for the local living standards of the Baltics states where the executives reside and where the business is operated from, rather than the UK where the Company is listed.
1.5	Create a structure that is significantly simpler than found in the considerable majority of public companies.
1.6	Ensure the structure and targets are aligned with the strategy of the business.
1.7	Create a structure intended to be durable and where Shareholders know what to expect over a number of years. We believe the right Executives prefer to focus at all times on what is right for the business and that continuously reopening and adjusting the approach to remuneration rarely, if ever, results in more motivated executives.
1.8	Articulate our policy in a simple and transparent way with the minimum of jargon, including expressing things wherever reasonably possible in terms of absolute values of money rather than in a series of ratios and percentages.
1.9	Conform with public company best practices in relation to protecting Shareholders from excess remuneration being paid in the case of poor business performance and particularly with regard to any instances of unethical or more generally reputational damaging behaviour by Executives. This includes Director shareholding requirements, holding periods, Board discretion on payments and clawback provisions.
1.10	Set targets that are subject to auditable, objective and independently verifiable measures without the need for Board discretion or opaque formulae.
1.11	Ensure that for any given absolute level of remuneration, Executives receive it in a way that maximises its effectiveness to them in terms of making them feel valued.
1.12	Avoid as far as possible, approaches that could give rise to significant rewards to Executives arising incidental to their performance in running the business.
1.13	Ensure that Executives' remuneration does not influence, nor is affected positively or negatively by the decisions the Board takes on capital policy (e.g. distributing or retaining cash in the business; distributing through dividends or using share buy-backs).
1.14	Adopt a process in determining remuneration, and in administering remuneration, which is consistent with the focus on low costs exhibited in every other area of the business.
1.15	Ignore the impact of pre-existing equity ownership and additional equity ownership resulting from the IPO (i.e. the triggering of the private equity incentive scheme) on future reward structures and levels.

We believe we have been largely, though not entirely, successful in fulfilling these objectives. A brief self-assessment is included at the end of this section, though the true measure will be how it works in practice.

2. Culture and needs of the Company

We identified the following features of the Company:

Specifically on Executive remuneration

2.1	The Company has historically adopted the same structure for remuneration across all employees, with the only exception being that a group of Senior Management participating in a long-term equity-based incentive scheme, typical of those employed by private equity owners.
2.2	Performance based incentives related to the overall performance of the business not personal performance measures.
2.3	The Company did not pay annual bonuses to any employee and, over the years, has gone to considerable effort to remove annual bonuses from companies it has acquired.
2.4	The Company has absolutely minimal employee benefits, with those benefits that do exist, open to all employees.
2.5	Awards in the private equity Management Incentive Plan were not based on Executives' base salaries.

Wider cultural factors

2.6	The Company has a relentless focus on simplicity and clarity in everything it does and is extremely cost conscious.
2.7	The Company has a history of making acquisitions in the Baltic region. Part of the acquisition process is to move employees and Executives of the acquired business into the BCG remuneration structure rapidly.
2.8	The Executives seek to be, and are expected by staff to be, exemplars of all the behaviours that they value in others, including when it comes to remuneration.
2.9	The Executives see their own remuneration as a significant component of the overall costs of the business. Their remuneration can influence the level of remuneration paid to their direct reports. They seek strong profit growth, including from limiting the growth of the cost base.
2.10	The CEO has a history of significant equity ownership. Following the IPO, the private equity management incentive scheme will leave the Executive Directors and other long-term employees with substantial equity in the business. In line with a high proportion of Baltic companies, receiving remuneration in the form of dividends is a normal part of the remuneration, most likely reflecting the specific economic history of the region and wide differences in taxation rates on income (above 40%) and dividends (around 15%).
2.11	The Lithuania government does not operate any share ownership schemes which give favourable treatment or which incentivise a wide range of employees to buy shares in their business.

3. Base Data

We sought comparative evidence for remuneration packages from the following sources:

- Comparable listed companies in the Baltics region: The only other sizeable on-line classifieds business is in Latvia, is private and continues to be owned by the founders. Even opening the definition of comparator companies to cover all media and all technology, the only public company identified was a €25 million market capitalisation investment vehicle for investing in small software businesses. The remuneration consultants we approached also did not believe that comparable data was available.
- Seeking to identify direct comparator public companies outside the Baltics region: The comparable set was limited and the remuneration packages were self-evidently excessive for BCG in its Baltics context.

We therefore decided to use UK data but adjusted for Purchasing Power Parity ("PPP") and a specific difference in relation to the Lithuanian tax structure. Based on the likely market capitalisation, we looked at the average remuneration among non-financial services companies ranked between 251 and 350 in the FTSE index (ranging from market capitalisations of around €1.5 billion down to €0.75 billion) as at May 2021. This information is readily available publicly. The numbers were converted to Euros and adjusted to 73.3% of UK levels using the OECD PPP ratios averaged for the five years from 2016 to 2021.

An upward adjustment of 12% was made to reflect that Lithuania applies virtually all employment related taxes to employees and not the employer (see Note 1).

Note 1

On 1 January 2019, Lithuania transferred responsibility for virtually all payroll related taxes and social insurance (national insurance) to the individual. The Lithuanian government mandated that at the introduction of this change all base salaries should be increased by 28.9%. The result was no change to the cost to companies of employing people and no change to employees' take-home pay, but a big difference to employee gross income. Contrasting this to Estonia and Latvia, taxes on the employer there can amount to up to 30% of the total cost of employment. Headline salaries are commensurately lower, even if the cost to the employer and the take home pay of the employee are the same. As 13.8% would be paid by the company on UK based executive compensation, we adjusted up our benchmark data to be on a like-for-like basis, by 12% (being the 13.8% less the small remaining 1.77% employer deduction in Lithuania).

The above process gave us the benchmark data set out in Table 1.

Table 1 - Benchmark data

FTSE 251-350 excluding financial services

In Euros adjusting for Lithuanian cost of living, benefits and different approach to employer/employee payroll taxation/social insurance

	CEO (€ thousands)	CFO (€ thousands)	COO (€ thousands)	Chair [1] (€ thousands)	NED (€ thousands)	Audit chair (€ thousands)	Remco chair (€ thousands)
Single figure remuneration							
- Upper quartile	1,548	957	-	181	43	10	9
- Median	977	635	-	144	40	7	7
- Lower quartile	650	393	-	130	36	6	6
Salaries							
- Upper quartile	448	310	-	181	43	10	9
- Median	399	263	239	144	40	7	7
- Lower quartile	343	240	-	130	36	6	6
Maximum annual bonus							
- Upper quartile	806	458	-	-	-	-	-
- Median	592	337	-	-	-	-	-
- Lower quartile	431	260	-	-	-	-	-
Maximum LTIP							-
- Upper quartile	1,019	555	-	-	-	-	-
- Median	751	438	-	-	-	-	-
- Lower quartile	593	361	-	-	-	-	-

[1] Chair includes chairing committees

Determining the benchmark level of compensation

We took the view that there were a number of factors likely to mean that the actual benchmark for remuneration would be at the lower end of the range for FTSE 251-350 companies (even after adjusting for Lithuanian cost of living):

- The operational scale of the business, including relatively low number of employees;
- The absence of significant international travel requirements;
- The relative absence of risk factors including reputational risk and the likelihood of needing to, or being required to, operate in a visible public context; and
- The culture of the Company.

We also considered the extent to which Lithuanian Executives worked in an international market for talent. The skill set of the Executives is highly transferable within the European marketplace in a market sector attracting a lot of interest from large technology and media companies. The Executives have excellent English language skills, further assisting them to operate internationally. On the other hand, given limited use of the Lithuanian (and Estonian) languages by non-nationals, it might be hard for nonlocal Executives to be fully effective working in Lithuania. In the end, we decided not to attempt to factor in any special considerations regarding consideration of local or international levels of remuneration beyond adjusting for Lithuanian costs of living.

Ultimately, we felt that lower quartile FTSE 251-350 remuneration, after conversion to Euros and the overall downward adjustment to reflect Lithuanian purchasing parity and adjusted for the specific tax consideration described above, was a sensible starting point.

Table 2 sets out the lower quartile CEO, CFO, Chair and Non-Executive Directors remuneration for public companies in the FTSE 251-350 expressed in Euros and with the adjustments described above.

Table 2 - Benchmark level of compensation

Based on the lower quartile bottom 100 of the FTSE 350, converted to Euros and adjusted for different approach to taxation and for purchasing power parity compensation would be:

	CEO (€ thousands)	CFO (€ thousands)	COO (€ thousands)	Chair (€ thousands)	NED (€ thousands)	Audit chair (€ thousands)	Remco chair (€ thousands)
Single figure remuneration	649,9	392,8	-	130,0	36,1	6,5	6,1
Salary	343,0	239,7	218,0	130,0	36,1	6,5	6,1
Maximum annual bonus	431,1	259,9	236,4	-	-	-	-
Maximum LTIP	592,8	361,0	328,3	-	-	-	-
Total maximum remuneration	1 366,9	860,7	782,7	130,0	36,1	6,5	6,1

Structure of remuneration compared to benchmarks

Remuneration for executives in the FTSE 251-350 group almost invariably consists of five elements:

1. a base salary;
2. pension;
3. other benefits;
4. an annual bonus; and
5. a Long-Term Incentive Plan ("LTIP")

We concluded that it was in the best interests of the Company and Shareholders not to introduce a new benefits package, nor a pension scheme, nor to introduce an annual bonus scheme. This decision was in accordance with the wishes of the CEO, our own assessment of the needs of the Company and our previously stated objective to be simple and transparent. In particular, our experience of annual bonus schemes, both as previous executive directors and as non-executive directors of other companies, is that they are the least transparent and most time-consuming aspect of executive remuneration. With the right executives they make no actual difference to executive behaviour or positive contribution to motivation. Through superficially aligning remuneration more closely to performance, including non-financial performance, in practice we believe they do so poorly by comparison with long-term equity-based incentive plans.

In considering a remuneration approach based on only two of the normal five elements:

- we decided not to factor in any specific recompense to Executives for the absence of benefits or pensions. We believe that Shareholders would be sympathetic at some point in the future, if the Company felt it was in the best interests of employees to offer a pension scheme, for Executive Directors to participate in such a scheme on an equal basis with all other employees; and
- we also did not attempt to formulaically adopt a higher level of long-term incentives because of the absence of an annual bonus. However, we took the view that our ultimate recommendations need not be constrained by standard salary multiples for the LTIP, provided that the absolute value of the LTIP was well within the normal range for FTSE 250-350 ranked companies.

The Remuneration Committee therefore proposed remuneration at the levels set out in Table 3.

The Remuneration Committee expects to increase remuneration for all Directors annually in line with any basic rise in employee salaries applied across the Company.

We consider the use of Performance Share Plan as the basis for the LTIP to be the most appropriate form, in line with widespread practice.

IPO-related success payments and awards

Frequently, companies approaching an IPO put in place some form of one-off compensation, generally for one of three reasons (from the narrowest through to the broadest):

1. specifically, to reflect the enormous extra workload on key individuals, especially the CFO;
2. to reward the executive team for the success of the IPO, and specifically to give the executives an initial equity stake in the business, generally in the circumstances that executives are not and would not otherwise be holders of equity stakes in the business; or

Table 3 - Proposal for 2026

Proposal for FY2026	CEO (€ thousands)	CFO (€ thousands)	COO (€ thousands)	Chair (€ thousands)	NED (€ thousands)	Audit chair (€ thousands)	Remco chair (€ thousands)	SID (€ thousands)
Single figure remuneration	-	-	-	-	-	-	-	-
Salary	350,0	210,0	280,0	120,0	30,0	7,5	7,5	2,5
Maximum annual bonus	-	-	-	-	-	-	-	-
Maximum LTIP	700,0	300,0	500,0	-	-	-	-	-
Total maximum remuneration	1 050,0	510,0	780,0	120,0	30,0	7,5	7,5	2,5
Median for FTSE251-350 in Euros	2 079,3	1 239,7	-	172,4	47,4	8,6	8,6	-

3. to provide a retention mechanism given that in a public company environment it will normally be at least 3 years before any long-term incentives put in place as a public company will vest and 5 years before executives can actually realise the value.

While we greatly appreciated the efforts of the Executive Directors and particularly the CFO, we felt that the pre-existing Management Incentive Programme ("MIP") offered ample reward, in the form of shares in the business, to the Executives for achieving a successful IPO. Therefore, the first two reasons did not apply. In consultation with the CEO, we formed the view that it was not necessary to put in place a scheme to "bridge" the period prior to the public company schemes being realised. The Company has very high retention rates and most employees in a scheme, should it have been implemented, would have already been with the Company for more than ten years and would have benefited from the MIP.

Holding periods, minimum shareholdings, malus and clawback provisions

We believe that Shareholders should be protected against payment for failure and particularly with regard to any improper behaviour on the part of Directors of the Company and in relation to termination of employment.

We therefore have adopted best practice policies and intend to update them as thinking continues to evolve. Currently this means:

- A holding period of a minimum of five years from award of shares under the LTIP.
- A minimum shareholding amount of €1 million for the CEO and €0.5 million for other Executive Directors. Where Executive Directors do not have that level of holding on appointment, they will be required to retain at least half of all future vested shares until they reach that level.
- Wide ranging and lengthy malus / clawback provisions in the following circumstances:
  - material misstatement of financial information;
  - serious misconduct;
  - material failure of risk management;
  - serious reputational damage;
  - serious corporate failure;
  - error in the number on shares awarded;
  - error in calculating performance or performance calculations based of misleading data; and/or
  - other circumstances of a similar nature at the discretion of the Non-Executive Directors.

  Malus and clawback provisions will apply for a period of five years from award. There will be no time limit in applying malus / clawback provisions from actions through the legal system against Directors or through deliberate concealment of information by Executives that subsequently becomes known to the Board, subject to the provisions being implemented within two years of the completion of the legal action or the information becoming available.
- Payment on termination is limited to clearly defined and limited contractual obligations regarding base salary and notice period. In addition, the CEO's appointment as a Director of the Company is terminable by him or the Company on 12 months' written notice and each of the other Executive Directors' appointments as a Director of the Company is terminable by each of them and the Company on six months' written notice. The Company has the ability to terminate the appointment of each of the Executive Directors of the Company with immediate effect by making a payment in lieu of notice which shall consist of the fee payable to them in respect of their role as a Director of the Company for the unexpired period of notice. The Company's policy is not to enter into employment agreements or letters of appointment with a notice period greater than 12 months.
- "Good leaver" provisions focused on allowing an open dialogue between Executives and Non-Executives, particularly as it reflects retirement from the business, to encourage succession planning to be done in a collaborative manner. Good leaver provisions will automatically apply in the case of death, resignation

through ill-health, injury or disability, and on retirement as a full-time Executive (to be tested after two years). The Remuneration Committee will also have discretion in considering someone to be a good leaver, with redundancy being the most probable circumstance in which to exercise this discretion. In the event of someone being determined to be a "Good leaver" awards would normally be prorated for time in employment and remain subject to vesting on the normal vesting date. There is Committee discretion to allow awards to vest on leaving, taking into account performance against targets and pro-rating for time.

- Holding periods post-termination or retirement will be enforced in full for two years and any pro-rata amounts in line with how they would have vested should the retired Executive still have been in employment.

Setting of targets in the Long-Term Incentive Plan

The primary business strategy of the Baltic Classifieds Group is the rapid organic growth of revenues and profits in our core geographical on-line classified advertising market. Therefore, it seems self-evident that the best alignment of strategy with long-term Executive compensation is broadly in the area of revenue and profit growth.

We decided on balance to set 100% of the performance target based on the three-year growth in adjusted EPS. This target is strongly aligned with the strategy of the business to grow revenues rapidly in its core businesses and to do so at high profit margins. "Adjusted EPS" in the Director's Remuneration Report is a basic EPS after adjustments that are likely to be restricted to those arising from mergers and acquisitions as determined by the Committee. Basic EPS is an audited number. Our reasons for preferring this over other targets (or over a mix of targets) is set out below.

Our aim is to make the operation of the LTIP neutral, in terms of the capital return policy of the business. This is in order to address the challenge that businesses undertaking significant levels of share buy-backs do so, at least in part, to advantage executives in long-term incentive schemes. In part, neutrality is achieved by awarding additional shares to executives equivalent to the value of dividends that would have been received on shares awarded but not vested. The other aspect is the potential of share buy-backs which boost earnings per share. In practice, we believe that the level of share buy-backs is unlikely to have a material impact on adjusted EPS over the next three-year period. Nonetheless, in setting the adjusted EPS targets we have factored in an expectation that, in addition to paying dividends, the Company will both repay debt and buy-back shares.

Should the Company buy-back shares as the result of receiving significant proceeds from the disposal of a business or through taking on significant additional debt, to do so, we would intend to "normalise" adjusted EPS by using the number of shares outstanding prior to such an event. Should the capital policy of the business materially diverge from that assumed when setting the adjusted EPS targets, and that difference materially affects the level of vesting of the PSP, the Remuneration Committee will reflect that at the time of vesting.

The adjusted earnings per share number will be extracted from our relevant accounts.

In considering other potential choices of targets, we looked at a number of options in some detail and at some length.

Revenue growth versus earnings per share

The primary strategic goal of the business is to continue to grow revenue strongly, organically. We would not forego an opportunity to secure profitable revenue growth opportunities simply because the new revenue might be at a lower long-term margin than the high margins on existing revenue. Nonetheless the ultimate purpose of strong revenue growth is to drive profit growth. Hence, we considered a profit related target as preferable to a purely revenue target.

Total Shareholder Return

The most time and effort was spent on the extent to which the long-term targets should be aligned with shareholder value creation through the inclusion of a Total Shareholder Return ("TSR") test.

We have decided at this time not to introduce a TSR component, though we believe relative TSR is a good measure in principle. Our reasons for not adopting a TSR component are:

- difficulty in identifying a meaningful peer group of companies against which to benchmark;
- risk of inappropriate outcomes if benchmarked against a much wider set of companies (e.g. FTSE 250) not least because the benchmark would be expressed in GBP but BCG's entire earnings are in Euros. Attempting to adjust for differences in exchange rates would not be simple, transparent or, most likely, audited; and
- ability to achieve a key positive feature of TSR, that neutralises the effect of different capital policies, by other means (e.g. the inclusion of dividends during the period up to vesting).

ESG-related targets

ESG-related targets are now present in a high proportion of annual bonus schemes. The actual measures often appear to us as relatively subjective and the timeframe of 12 months is poorly aligned to the realities of speed of change in terms of many aspects of ESG (e.g. carbon emissions, gender diversity, gender pay gap). As we do not have an annual bonus scheme this issue does not affect BCG.

ESG targets are starting to make an appearance in long-term incentive plans but are yet to be the norm. The Company is at an early stage in developing its ESG approach, so we considered it inappropriate to set targets that would determine Executive remuneration in three to five years when we had yet to even identify our priorities and areas in which we can make the biggest impact. Once we have a robust ESG framework we will reconsider including one or more ESG measures.

Non-financial targets

In terms of non-financial targets, our view was that no one or two single KPIs stood out as most important to the business. Our view is that managing any business is complex. There are many factors and KPIs which Executives need to take into account and the focus on each varies over time.

Over a three-year timeframe material changes to individual KPIs in areas such as audience visiting the Company's websites, the level of organic revenue growth, operating margin and even wider measures such as customer and employee satisfaction, are likely to be reflected in the operating profit of the Company. In a complex world of changing priorities, we do not believe that selecting one or two additional performance measures is likely to align Executive remuneration better to Shareholder value and Stakeholder value more generally.

Impact of acquisitions

Acquisitions have long been a part of the strategy of the Baltics Classifieds Group. Acquisitions have the ability to distort EPS, our preferred performance measure.

Where acquisitions are small relative to the size of the overall Group, we would not expect to adjust for the impact of acquisitions. Where an acquisition is more significant relative to the size of the Group, we would seek to adjust targets to the best of our ability to make them fair to Shareholders and participants in the LTIP.

Publication of targets

Investors should expect targets to be published as part of the Annual Report published before the awards are made. The Board reserves the right not to make disclosures prior to grant where the nature of the target might be commercially sensitive or sensitive in the wider geo-political context.

Timing and pricing of share awards under the long-term incentive scheme

We propose to grant awards once a year. The performance target for the grant will be set and published ahead of the grant date.

In recent years, significant gyrations in share prices have raised the question of share awards being made at artificially low prices. The Non-Executive Directors have sympathy with this point of view. However, the exercise of discretion in this context by Non-Executive Directors puts them in an invidious and asymmetric position: who are they to say that the market as a whole is mispriced or that their company is being mispriced compared to other companies; why are they expected to exercise discretion on downturns (which may or may not prove to be the bottom of the market) but not exercise discretion in the instance of strong rises (which may or may not be the peak of the market). Just such a challenge currently exists given the undoubted effect of the Russian invasion of Ukraine on BCG's share price.

To help address this concern, the price used will be the average daily closing price of the shares in the period of the last three months before the grant date. We acknowledge that this could result in the award of a larger or smaller number of shares than would be awarded at the share price on the day of grant. However, we believe the approach is both a strong alignment with Shareholders and the best way to avoid subjective judgment. Though from time-to-time awards may be made at what seem like favourable (or unfavourable) prices, relative to the price on the day of the award, the continuity embedded in the approach even these out over time, the ultimate value realisation for Executives is at least five years away, and in any event, provided performance conditions are met, the Executive Directors will be getting shares that have a value.

Discussion with CEO

The CEO confirmed that the proposed structure of remuneration was in line with the culture of the organisation. He was also strongly supportive of the provisions intended to protect the interest of Shareholders.

The only significant area of concern was in relation to the proposed base salaries. These were seen as representing a substantial addition to the cost base of the business, especially at a time when there were a number of other costs arising from being a public company. As the Company grows he felt that the proposed amounts would be less of a drag on profits, especially if fed in gradually over a number of years.

As a result, he proposed that he and his Executive Director colleagues receive a very significantly lower level of base salary than proposed. Annual salaries could then be increased in a number of steps over five years to reach the levels that were supported by external data and proposed by the Remuneration Committee.

The cost of awards under any LTIP were seen as less of an issue in terms of their impact on the cost base of the Company in that the cost would naturally be phased in over three years based on the way accounting policies determine how their costs are allocated.

The Remuneration Committee indicated that they could see no basis on which they could insist Executives receive higher remuneration than Executives felt was appropriate. A phased approach, as proposed by the CEO, would result in significant annual rises in base salary for a number of years, something that typically received adverse comment by advisory organisations and some institutional investors.

The Remuneration Committee accepted the CEO's proposal, with the following caveats:

- the Committee wished to make it explicit to Shareholders as to what the Committee considered the correct base salary levels were for the Executive Directors, even if the contractual agreement between the Company and the Executives was at a lower level. As a consequence, the Board could seek Shareholder approval to higher salary levels than those contractually agreed, to be referred to as the "standard base salary";
- a schedule be provided to Shareholders (Table 4) showing the transition from the initial post-IPO base salaries over five years to the "standard base salary" (which would be adjusted upward each year in line

with the basic salary increases applied widely within the business). By mutual agreement between the Remuneration Committee and the Executive Directors, the transition could be completed in less than the five years as set out in Table 4 and/or with larger increases in any year towards but not exceeding the standard base salary; and

- the Committee felt that the proposed awards under the LTIP should stand. Given the long-term nature of the LTIP, the fact that awards should only vest if the Company has significantly grown (given the adjusted EPS performance target) and the way in which accounting policy would see the costs of the LTIP "layer in" over time, the Committee felt that concerns about increased costs were less relevant to this scheme than to base salaries. Therefore, for the purposes of the LTIP, the standard base salary would be used in relation to award levels and minimum shareholdings.

Table 4 - Migration route to standard base salaries in 2026

	FY2022 (€ thousands)			FY2023 (€ thousands)			FY2024 (€ thousands)			FY2025 (€ thousands)			FY2026 (€ thousands)		
	Salary	LTIP	Max rem	Salary	LTIP	Max rem	Salary	LTIP	Max rem	Salary	LTIP	Max rem	Salary	LTIP	Max rem
CEO	250	700	950	275	700	975	300	700	1,000	325	700	1,025	350	700	1,050
CFO	150	300	450	165	300	465	180	300	480	195	300	495	210	300	510
COO	200	500	700	220	500	720	240	500	740	260	500	760	280	500	780

Assessment of the remuneration arrangements against factors identified in the Corporate Governance Code 2018 (the "Code")

Our Policy has been designed with regard to the six factors listed in the Code: clarity; simplicity; risk; predictability; proportionality; and alignment to culture.

Clarity

We believe the Policy has clarity. Above all, the clarity flows from the simplicity. Clarity is enhanced through extensive use of absolute values rather than percentage ratios. Clarity of outcome is further enhanced by reducing the need and opportunity for the Board to exercise discretion.

Simplicity

We believe the Policy is self-evidently simple. This starts at the highest level by only having two of what are normally five elements of remuneration: we have salary and long-term incentives, we do not have other benefits, pensions or an annual bonus. The absence of an annual bonus we consider of particular benefit in achieving simplicity.

Risk

Appropriate limits are set out in the Policy and within the plan rules. The long-term nature of what we would hope will be the majority of remuneration encourages a long-term sustainable mindset. Clawback and malus provisions fully meet with best practice.

Predictability

Predictability again flows primarily from simplicity. The approach has been explicitly thought about in terms of a timeframe of longer than three years. As implemented, the most significant element of unpredictability in terms of outcomes may prove to be the future path of the share price.

Proportionality

The nature and quantum of remuneration has been considered with specific consideration for the Baltics. The Committee retains discretion to adjust for unforeseen factors, of which the most likely, in the opinion of the Committee, would be the effect of acquisitions or the effect of a significant change to capital policy. We do not envisage situations where the ultimate rewards for the Executive Directors could be driven materially by any other factor than the share price.

Alignment to culture

The culture of BCG is focused on simplicity, high growth, with low costs, and a long-term ownership mind-set. We believe the Policy clearly aligns with this culture.

Self-assessment

As the Committee set itself a larger number of more specific objectives than the six set out in the Code, we have attempted a simple self-assessment. Table 5 below attempts a qualitative self-assessment by the Remuneration Committee of how the resulting remuneration arrangements hold up against the objectives set at the start of the process.

Table 5 - Self-assessment

1	Establish an approach to, and level of, remuneration that is likely to result in BCG retaining its existing Executive team	Yes
2	Establish an approach to and level of remuneration that is likely to be capable of attracting future talent, particularly should it be required at the Executive Director level	Probably if internal or from Baltics; probably not if recruiting internationally
3	Establish an approach which not only is consistent with the culture of the Company but actively supports the culture and needs of the Company	Yes
4	Ensure that the overall level of remuneration is modest by public company standards	Yes
5	Create a structure that is significantly simpler than found in the considerable majority of public companies	Yes
6	Ensure the structure and targets are aligned with the strategy of the business	Yes
7	Create a structure intended to be durable and where Shareholders know what to expect over a number of years	To be seen
8	Articulate our Policy in a simple and transparent way with the minimum of jargon	Yes
9	Conform with public company best practices in relation to protecting Shareholders from excess remuneration being paid in the case of general poor business performance and particularly with regard to any instances of unethical or more generally, reputational damaging behaviour by Executives. This includes Director shareholding requirements, holding periods, Board discretion on payments and clawback provisions	Yes
10	Set targets that are subject to auditable, objective and independently verifiable measures without the need for Board discretion or opaque formulae	Yes
11	Ensure that for any given absolute level of remuneration, Executives receive it in a way that maximises its effectiveness to them in terms of making them feel valued	To be seen
12	Avoid as far as possible approaches that could give rise to significant rewards to Executives arising incidental to their performance in running the business	We believe so
13	Ensure that Executive remuneration does not influence, nor is affected positively or negatively by the decisions the Board takes on capital policy	Yes
14	Adopt a process in determining remuneration, and in administering remuneration, which is consistent with the focus on low costs exhibited in every other area of the business	Yes
15	Ignore the impact of pre-existing equity ownership and additional equity ownership resulting from the IPO on future reward structures and levels	Only partly

2.2. Terms of Employment and Remuneration

Most of the Policy has been described as part of the philosophy and process. However, in this section we aim to bring all the information on the actual terms of employment and remuneration into a single place.

Executive Directors

Base salary	
Purpose and link to strategy	To retain and attract Executive Directors to deliver the strategy
Operation	The Committee has set base salary based on a five-year transition to reach typical lower quartile non-financial FTSE 250-350 base salaries (adjusted for Lithuanian Purchasing Power Parity and approach to payroll tax) Changes normally effective from 1 May
Maximum opportunity	The base salary for each year will normally be as indicated in Table 4 of this report plus the application of any market adjustment applied each year to wider Company employees The Committee may make further salary adjustments in exceptional circumstances For 2022 maximums were €250,000 for CEO, €200,000 for COO and €150,000 for CFO
Performance measures	Not applicable

Benefits	
Purpose and link to strategy	To maintain the low cost base, simplicity and consistency with other employees of the Company
Operation	No benefits are payable
Maximum opportunity	Should benefits be introduced for all employees, Executive Directors would be eligible on the same basis One off or ongoing benefits may be provided in the event that an Executive is required to relocate or in other exceptional circumstances
Performance measures	Not applicable

Pensions	
Purpose and link to strategy	To maintain the low-cost base, simplicity and consistency with other employees of the Company
Operation	No pensions are payable
Maximum opportunity	Should pensions be introduced for all employees, Executive Directors would be eligible on the same basis
Performance measures	Not applicable

Annual Bonus	
Purpose and link to strategy	To maintain the low cost base, simplicity and consistency with other employees of the Company
Operation	No annual bonuses are payable
Maximum opportunity	The Committee does not envisage revisiting the question of annual bonuses prior to 2025
Performance measures	Not applicable

Long-term Incentive Plan

The Company provides its long-term incentives under a Performance Share Plan (“PSP”).

Purpose and link to strategy	• To retain and attract Executive Directors to deliver the strategy • The PSP aligns the interest of selected employees with those of Shareholders and may act as a retention tool • To achieve simplicity and transparency and minimise the need for the Committee to exercise discretion
Operation	• PSP awards are made annually in the form of conditional shares or nominal cost options. The intention is to use a share price based on the average of the daily closing share prices for the previous three months. Awards normally vest over a period not shorter than three years and in the case of nominal cost options would normally be exercisable up to 10 years from grant • Performance condition(s) apply and will be disclosed in the annual report prior to award. Normally 25% of awards vest for threshold level of performance • Awards will normally be subject to a further two-year holding period • The value of dividends paid between grant and vesting will accrue to the benefit of PSP participants • Exceptionally, at the discretion of the Committee, settlements may be made in cash
Maximum opportunity	• The maximum annual award is set by the scheme rules at 250% of base salary (with an allowance for 300% in exceptional circumstances) • The Policy for the next three years is to award an absolute value of € 700,000 for the CEO, € 500,000 for the COO and € 300,000 for the CFO • In no case would these awards represent greater than 200% of the long-term target base salary as set out in Table 4
Performance measures	• The intention is to use adjusted EPS, with the Committee exercising discretion primarily in relation to the significant impact of acquisitions, demergers or variations in share capital • The rules of the PSP offer discretion to the Board to vary the choice of performance measures / targets prior to setting those targets • The Committee reserves the right to adjust PSP vesting levels if it considers that the outcome would not otherwise reflect the performance of the Company or the individual. The Committee may adjust targets, provided such changes do not make the targets materially less difficult to satisfy than envisaged at the time of award

The IPO prospectus provided for an initial post-IPO award of shares, under the new PSP and with the terms for such an award materially in line with that described immediately above. The level of awards and performance targets are set out in Part 3 of this Report.

Share ownership guidelines, malus and clawback

Purpose and link to strategy	• Help ensure Executive remuneration is aligned with the interest of Shareholders
Operation	• Executive Directors are expected to hold shares in the Company of at least the following values: CEO €1 million, others €0.5 million • Should Executive Directors not hold sufficient shares to meet the guideline they will be required to retain at least half of all vested shares received under any scheme • Executive Directors are expected to maintain their minimum holding for two years following their departure from the Company • Clawback provisions apply to the PSP relating to a wide range of circumstances including material misstatement, reputational damage, misconduct, business failure, or error in setting or applying the PSP • Clawback can be applied for up to three years from vesting or until up to one year following the resolution of litigation, if longer
Maximum opportunity	• Not applicable
Performance measures	• Under certain circumstances, the Committee has the discretion to waive the minimum share ownership guideline. Situations of personal hardship would be the most likely to be considered

Employment contracts and leaving policy

The Executive Directors are each subject to a Board appointment letter, under the law of England and Wales, and a service contract, under the law of the Republic of Lithuania. All six contracts are dated 3 June 2021. The Board appointment letters are for a fixed-term and the service contracts are rolling contracts with no fixed expiry date.

The Board appointment letters are terminable on written notice by either party, or earlier if employment ceases earlier under the service contracts. The notice period is 12 months for the CEO and six months for other Executive Directors. The Board appointment letters require, at the Company's discretion, the Executive to resign from employment effective on termination of their Board appointment.

The appointment letters and service contracts are available for inspection at the 2022 AGM and at the Company's registered office.

In the event of early termination, a payment in lieu of notice may be based only for the outstanding notice period and may be paid monthly or as one or more lump sums at the discretion of the Committee. Except for instances of retirement, long-term ill-health or other compassionate reasons, payments will normally be subject to mitigation based on the individual taking reasonable steps to find an alternative position. The Committee may make any other payments in good faith to discharge existing legal obligations or to settle claims arising from the termination.

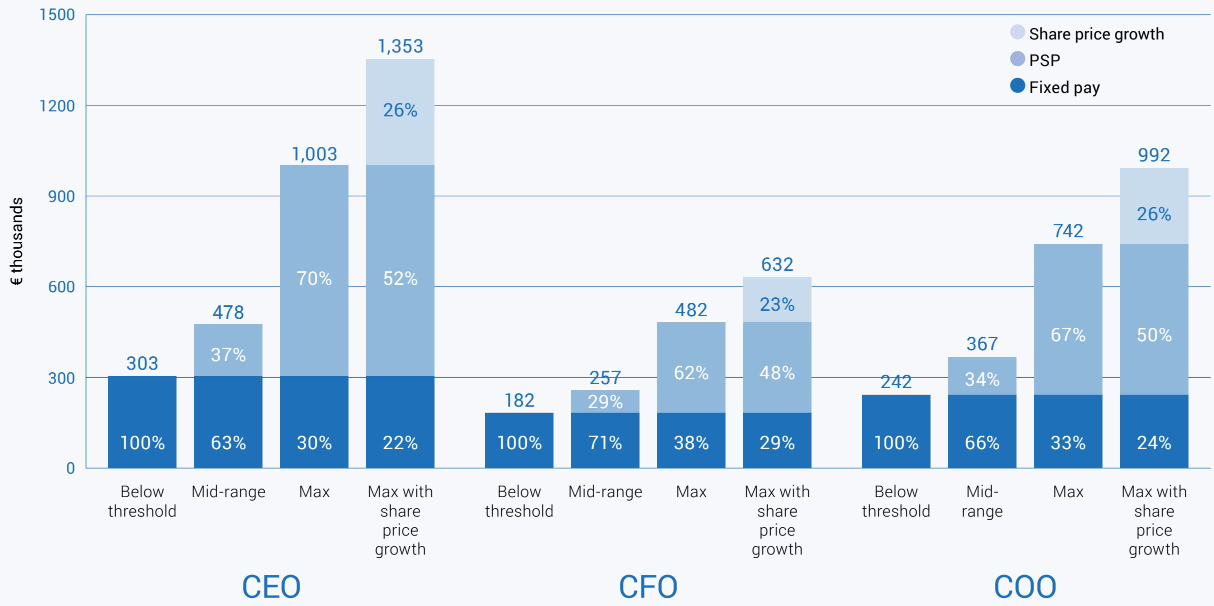
The Board appointment letters and the service contracts of Executive Directors contain provisions to secure intellectual property rights. The Board appointment letters provide for 12 months non-solicitation. The Company retains the right, at its discretion, to apply post-employment non-compete provisions for up to 12 months via the service contracts, subject to the payment of a significant proportion of the employee's base salary during that period (as required to have confidence of enforceability in Lithuanian).

The treatment of leavers under the Company's Long-term Incentive Plan is determined by the rules of the PSP. Outstanding awards will lapse unless the leaver is deemed by the Committee to be a "good leaver". Death is automatically considered as a "good leaver" and awards would vest immediately subject to the Committee's reasonable assessment of the extent to which performance criteria are likely to be met. The Committee has discretion to determine that other leavers are "good leavers", with discretion likely to be considered in cases where the individual is leaving for reasons of retirement, redundancy, long-term illness or compassionate reasons, considered to be in good faith. The Committee will determine the basis of vesting with a presumption that vesting takes place on the same basis and against the same performance conditions as if the person had stayed and the proportion vested be adjusted pro-rata for the proportion of the vesting period during which the individual was actually employed. The normal period for exercising an option is 12 months from vesting.

Remuneration outcomes in different performance scenarios

The following charts illustrate how the composition of the Executive Directors' remuneration packages varies under three different performance scenarios: below threshold; mid-range; and maximum, both as a percentage of total remuneration opportunity and as a total value. It should be noted that these scenarios are for illustrative purposes only and have been determined using the approach specified in the regulations. They should not be construed as profit forecasts or a prediction of share price movements.

Modeling of performance scenario impact on remuneration packages



Assumptions:

- Below threshold = fixed pay only
- Mid-range = fixed pay plus 25% vesting under the PSP
- Maximum = fixed pay plus 100% PSP vesting
- Maximum + share price growth = fixed pay plus 100% PSP vesting with a 50% increase in share price applied to the PSP award

Salary levels used in the illustration are agreed Executive salaries for 2023. PSP figures reflect PSP awards that will be granted to the Executives in 2023. Aside from the maximum + share price growth scenario, no share price increase is assumed and any dividend equivalents payable are not included.

Recruitment Policies

When determining the remuneration package for a newly appointed Executive Director, the Committee would seek to apply the following principles:

- the service contract terms and notice period would be in line with that of the previous holder of that position, or the COO, in the event of it being a new role;
- the package should be market competitive to facilitate the recruitment of individuals of sufficient calibre to lead the business. At the same time, the Committee would intend to pay no more, nor less, than it believes is necessary to secure the required talent. In practice, where an issue with existing levels of Executive Director remuneration is likely to arise is if the relevant "market" is the pan-European talent pool of on-line executive talent. However, our aspiration, and given language constraints, the more likely scenario would be that the relevant "market" is the Baltic region, with the Company itself a leading source of local talent;
- we would seek to determine a remuneration package within the existing structure of base salary and LTIP, including conforming to the rules and limits set in the PSP rules. Should this not prove possible, we would disclose any additional components in the relevant Remuneration Report, together with our view of the implications for the remuneration of other Executive Directors and the wider workforce;
- Where an individual forfeits outstanding variable pay opportunities or contractual rights at a previous employer as a result of the appointment, the Committee may offer compensatory payments or awards, in such form as the Committee considers appropriate, taking into account all relevant factors including the form of awards, expected value and vesting time frame of forfeited opportunities. The guiding principle of such an arrangement would be that such payment or awards were no more than a reasonably assessed "like-for-like" compensation. The Committee may grant awards in such circumstances relying on the exemption in the Listing Rules which allows for grant of awards to facilitate, in unusual circumstances, the recruitment of an Executive Director without seeking prior Shareholder approval;
- the Committee may provide assistance with relocation, with a strong emphasis of one-off costs as opposed to ongoing payments; and
- in the event of the appointment of an internal candidate, pre-existing entitlements would normally be honoured. Should the employee not meet the shareholding guidelines at the time of appointment, the requirement to retain half of all vested shares until the requirement be met would only be applied to awards made subsequent to the new appointment.

Wider Executives and employees

Remuneration arrangements are determined throughout the Group based on the same principles as for Executive Directors. The rest of the Senior Management team does not receive annual bonuses or sales bonuses (sales bonuses exist at more junior levels).

Participation in PSP is determined each year, with no employee (other than the Executive Directors) having an entitlement to participation as part of their terms of employment. The intention, initially, is to target awards to key employees, often different groups of employees each year, with the hope of creating widespread retention incentives and subsequently meaningful shareholdings. The level of awards is determined as a set of absolute amounts not percentages of salary. It would be rare for any one individual to receive significantly more than 50% of base salary (and in the few cases where they do, this would typically reflect comparatively lower base salaries in the first place).

Chair and Non-Executive Director remuneration and terms of employment

Purpose and link to strategy	• To enable the Company to attract and retain experienced skilled Chair and Non-Executive Directors ("NEDs")
Operation	• NEDs receive a fee, paid in cash. In the case of NEDs (other than the Chair) there is a supplementary fee for chairing (but not being a member of) a Board Committee and for the Senior Independent Director • The Chair is paid a fixed fee in cash • Changes normally effective from 1 May • Reasonable costs in relation to travel and accommodation are payable where supported by appropriate proof of having been incurred • The Company may pay an additional fees should the Company require significant additional time commitment in exceptional circumstances • NEDs do not participate in any other form of remuneration or benefits
Maximum opportunity	• Fees paid to NEDs are subject to consideration by and approval of the Board, Chair's fee is subject to Committee approval • Until 2025 changes are likely to be limited to increases in line with the annual market adjustment applied widely within the Company

The Chair and Non-Executive Directors serve the Company on the basis of renewable letters of appointment which can be terminated by six months' written notice by either party. No compensation is awarded on termination. Letters of appointment are available for inspection at the 2022 AGM and the Company's registered office.

Consideration of the views of employees

The Committee does not consult with employees specifically on its Remuneration Policy for Directors. However, the Policy puts consistency in treatment as a key principle.

Investor consultation

The Committee will consider Shareholder views throughout the year and at the 2022 AGM. It intends to consult with major Shareholders in advance of making material changes.

As this is our first year as a company listed on the London Stock Exchange we have undertaken specific investor consultation on the Policy set out in the Report.

Part 3: Annual Remuneration Report

Those parts of this report which are subject to audit have been identified as such.

Pay and benefits

Implementation of policy in 2022

Component of pay	*Implementation for FY 2022*
Base salaries	• CEO: €250,000 • CFO: €150,000 • COO: €200,000 • The base salaries for Executive Directors were set at IPO.
PSP	• Details of the awards granted at IPO are set out on page 95.
NED fees	• Chair fee: €120,000 • Non-Executive Director base fee: €30,000 • Senior Independent Director: €2,500 • Audit and Remuneration Committee Chairs: €7,500

Single total figure for remuneration (audited)

The remuneration of the Directors of the Company during the financial year ended 30 April 2022 for time served as a Director[1] is as follows:

	Base salary and fees[2] (€ thousands)	PSP (€ thousands)	Total remuneration (€ thousands)	Total fixed remuneration (€ thousands)	Total variable remuneration (€ thousands)
Executive Directors					
Justinas Šimkus	224	-	**224**	224	-
Lina Mačienė	155	-	**155**	155	-
Simonas Orkinas	187	-	**187**	187	-
Non-Executive Directors					
Trevor Mather	107	-	**107**	107	-
Ed Williams	35	-	**35**	35	-
Kristel Volver	41	-	**41**	41	-
Tom Hall	-	-	**-**	-	-

[1] Executive Directors entered into service contracts on 3 June 2021 while Non-Executive Directors were appointed on 2 June 2021. Salary and fees in the table above are provided for the whole financial year.
[2] The annual base salaries for the CEO, COO and CFO were €250,000, €200,000 and €150,000 respectively from the Admission only.

PSP awards during the year (audited)

Nominal cost share options granted in the year under the PSP scheme are shown below.

	Date of grant	No. of shares granted	Share price used[1] (€)	Face value of award [2] (€ thousands)	Multiple of salary	% award vesting at threshold (% maximum)	Performance period [3]
CEO	27 July 2021	364,611	1.92	700	280%	25%	1 May 2021 - 30 April 2024
CFO	27 July 2021	156,262	1.92	300	200%	25%	1 May 2021 - 30 April 2024
COO	27 July 2021	260,436	1.92	500	250%	25%	1 May 2021 - 30 April 2024

[1] IPO share price of £ 1.65 / € 1.92 was used for the first set of PSP awards
[2] Awards are determined based on a fixed monetary value
[3] PSP awards will normally be eligible to vest three years from grant (27 July 2024) based on performance over the three years to 30 April 2024 and continued employment. Performance targets starting at adjusted EPS[4] for 2024 of 4 € cents per share for 25% of the award and then in a straight line to 5 € cents per share for 100% vesting.
[4] Adjusted EPS in the Director's Remuneration Report is basic EPS adjusted for M&A impact as determined by the Committee.

Share interests (audited)

Executive Directors are required to maintain a certain minimum level of shareholding in the Company: €1 million Euros for the CEO and €0.5 million Euros for other Executive Directors. In relation to existing Executive Directors, the minimum value of shareholding acts as a restriction on selling shares to the extent that doing so would cause the shareholding to fall below the minimum shareholding guideline. All existing Executive Directors meet their shareholding guideline. In the event of the appointment of a new Executive Director with no shares or fewer shares than the minimum shareholding guideline applied to them, they will be expected to retain at least half of any award of shares made to them by the Company that vest until the guideline is met. Non-Executive Directors do not have shareholding guidelines.

Awards held under the PSP are subject to a holding period of two years after vesting.

The following table sets out the number of shares held or potentially held by Directors (including their connected persons where relevant) as at 30 April 2022, or at the date of retiring from the Board.

	Beneficially owned shares as at 30 April 2022[1]	Number of awards held under the PSP conditional on performance	Number of vested but unexercised nominal cost options	Target shareholding guideline (€ m)	Shareholding value as at 30 April 2022[2] (€ m)
Executive Directors					
Justinas Šimkus	22,737,463	364,611	-	1.0	36.4
Lina Mačienė	2,269,713	156,262	-	0.5	3.8
Simonas Orkinas	3,444,696	260,436	-	0.5	5.8
Non-Executive Directors					
Trevor Mather	4,614,418	-	-	-	7.3
Ed Williams	4,910,936	-	-	-	7.7
Kristel Volver	515,151	-	-	-	0.8
Tom Hall	-	-	-	-	-

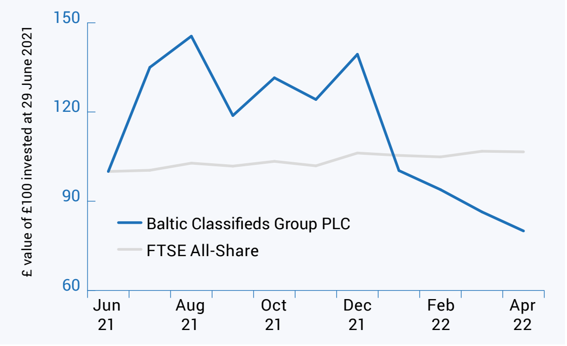
[1] Includes shares owned by connected persons. Only beneficially owned shares count towards the shareholding guideline. There have been no changes in share ownership between 1 May 2022 and 6 July 2022.

[2] Based on the share price at close of business on 29 April 2022 of £1.32 / €1.57.

Since the year-end and to the date of this Annual Report and Accounts, there have been no changes in the shareholdings shown in the table above.

TSR Performance

The following graph shows the 10-month TSR performance of the Company from the start of conditional share dealing on 30 June 2021 until the financial year-end on 30 April 2022, against the FTSE All-Share index. This peer group was selected as it represents a broad equity market index, of which the Company is a constituent. The TSR graph shows the growth in the value of a hypothetical holding of £100 invested on 30 June 2021 and will be updated yearly with the intention to build up to a 10-year rolling period in future annual reports.



CEO remuneration

The following table summarises the CEO single figure. This table outlines the proportion of PSP awards vesting in that year as a percentage of the maximum opportunity. Like the TSR chart, this table will be updated annually to build up to a 10-year rolling period.

CEO single figure	2022
CEO total remuneration (€ thousands)	224
PSP vesting (% of maximum)[1]	-

1 No PSP awards vested during 2022.

Percentage change in the remuneration

As this is the first year of reporting Directors' remuneration, there is no prior year comparison to disclose. Such disclosure will be included in next year's report.

Relative importance of spend on pay

The following table shows the Group's actual spend on pay for all employees compared to distributions to shareholders. The average number of employees has also been included for context. Revenue and Adjusted EBITDA have also been disclosed as these are two key measures of Group performance.

	2022 (€ thousands)
Employee costs (refer note 7 to the consolidated financial statements)	8,886
Dividends paid to shareholders (refer note 17 to the consolidated financial statements)	-
Purchase of own shares (refer note 16 to the consolidated financial statements)	3,418
Average number of employees (refer note 7 to the consolidated financial statements)	126
Revenue (refer to Consolidated statement of profit or loss and other comprehensive income)	50,959
Adjusted EBITDA (refer note 6 to the consolidated financial statements)	39,281

CEO pay ratio

The Company has less than 250 employees in the UK and therefore is not required to disclose the CEO pay ratio.

Executive Directors' service contracts

The details of each Executive Director' service contract are noted in the following table:

	Date of service contract	Notice period
Justinas Šimkus	3 June 2021	12 months
Lina Mačienė	3 June 2021	6 months
Simonas Orkinas	3 June 2021	6 months

Non-Executive Directors' terms of appointment

The NEDs do not have service contracts with the Company but instead have letters of appointment. The date of appointment and the most recent reappointment and the length of service for each NED are shown in the following table:

	Date of appointment	Length of service as at 2022 AGM
Trevor Mather	2 June 2021	1 year
Ed Williams	2 June 2021	1 year
Kristel Volver	2 June 2021	1 year
Tom Hall	2 June 2021	1 year

Payments for loss of office and/or payments to former Directors (audited)

No payments for loss of office, nor payments to former Directors were made during 2022.

Executive Directors' external appointments

External appointments are listed on pages 50 to 51.

How remuneration will be implemented for 2023

The Remuneration Committee reviewed the base salaries for Executive Directors and the fees for the Chair with regard to 2023. Inflation in Lithuania at the time of the review was 16.6% (April 2022). The Lithuanian Department of Statistics only issues average wage inflation measures every three months, the most recent rate was 5.1% (October - December 2021).

The considerable majority of employees in the business will receive a pay rise of at least 10% for 2023.

The Remuneration Committee agreed to a 10% pay rise for Executive Directors on top of the phased increase in base salary explained previously. The Remuneration Committee also agreed to a 10% pay rise for the Chair. The Board proposed and agreed a 10% increase in all fees for Non-Executive Directors.

Component of pay	*Implementation for FY 2023*
Base salaries	• CEO: €302,500 • CFO: €181,500 • COO: €242,000
PSP	• In 2023 the Executives will be awarded the below values of three year nominal cost share options each: ‣ CEO: €700,000 ‣ CFO: €300,000 ‣ COO: €500,000 • Performance will be measured based on adjusted EPS for 2025 of 7.5 € cents for 25% to vest and then straight line to 8.5 € cents for 100% to vest
NED fees	• Chair fee: €132,000 • Non-Executive Director base fee: €33,000 • Senior Independent Director. €2,750 • Audit and Remuneration Committee Chairs: €8,250

As a consequence, the future base salaries for Executive Directors as they transition to public company levels, will be increased by 10% for years 2024 to 2026 and may be subject to further market adjustment.

Migration route to standard base salaries in 2026

	FY2022 (€ thousands)			FY2023 (€ thousands)			FY2024 (€ thousands)			FY2025 (€ thousands)			FY2026 (€ thousands)		
	Salary	LTIP	Max rem	Salary	LTIP	Max rem	Salary	LTIP	Max rem	Salary	LTIP	Max rem	Salary	LTIP	Max rem
CEO	250	700	950	303	700	1,003	330	700	1,030	358	700	1,058	385	700	1,085
CFO	150	300	450	182	300	482	198	300	498	215	300	515	231	300	531
COO	200	500	700	242	500	742	264	500	764	286	500	786	308	500	808

Statement of Shareholder voting at the 2022 AGM

The Remuneration Committee welcomes feedback on an ongoing basis and this Report seeks to describe and explain our remuneration decisions clearly.

This is the first Policy and Directors' Remuneration Report submitted to Shareholders. Disclosure of the voting results at the 2022 AGM will be presented in the Annual Report on Remuneration for 2023. I hope that having read the information in this Report, and considering the performance of the Group during the year since the IPO, you will vote in support of the Directors Remuneration Report and the Remuneration Policy at the 2022 AGM.

I will be available at the 2022 AGM to answer any questions.

On behalf of the Board

Ed Williams
Chair of the Remuneration Committee
6 July 2022

Directors' Report

The Directors of Baltic Classifieds Group PLC present their report, together with the audited accounts for the year ended 30 April 2022.

As permitted by Section 414 C(11) of the Companies Act 2006, some matters required to be included in the Directors' Report in accordance with the Companies Act 2006 and Listing Rule 9.8.4R of the Financial Conduct Authority's Listing Rules, have instead been included in the Strategic Report. These disclosures are incorporated by reference in the Directors' Report. The Strategic Report can be found on pages 3 to 45.

Topic	*Section of the report*	*Page*
Fair review of the Company's business	Management Report, as defined in the Directors' Report	3
Principal risks and uncertainties	Management Report, as defined in the Directors' Report	3
Strategy	Strategic Report	3
Business Model	Strategic Report	3
Gender Breakdown	Sustainability Report Corporate Governance Report	30 48
Important events impacting the business	Strategic Report	3
Likely future developments	Strategic Report	3
Financial key performance indicators	Financial review	22
Non-financial key performance indicators	Financial review Sustainability Report	22 30
Financial instruments	Notes to the consolidated financial statements	116
Environmental matters	Sustainability Report	30
Employees with disabilities	Sustainability Report	30
Employee engagement	S172 (1) Statement Statement of engagement with employees Corporate Governance Report	17 56 48
Engagement with suppliers, customers and others in a business relationship with the Company	S172 (1) Statement Statement of engagement with employees Corporate Governance Report	17 56 48
Social, community and human rights issues	Section 172(1) Statement Statement of engagement with other business relationships	17 57
Natural Resources	Sustainability Report	30
Board activity and culture	Corporate Governance Report	48
Board diversity	Corporate Governance Report Nomination Committee Report	48 66
Directors' induction and training	Board Composition, Succession and Evaluation Nomination Committee Report	62 66

Directors' Report disclosures

This Directors' Report should be read in conjunction with the Strategic Report (pages 3 to 45), which includes the ESG Report (pages 30 to 40), and the Corporate Governance Statement (page 52), which are incorporated by reference into this Directors' Report.

The Company has chosen in accordance with Section 414C (11) of the Companies Act 2006 to provide disclosures and information in relation to a number of matters which are covered elsewhere in this Annual Report and Accounts. These matters, together with those required under the 2013 Large and Medium sized Companies and Groups (Accounts and Report Regulations 2008), are cross referenced in the following table.

Topic	*Section of the report*	*Page*
Information Required by Listing Rules 9.8.4 (R)		
Directors' interests in Shares	Directors' Remuneration Report	76
Going concern and viability statements	Strategic Report	3
Long-term incentive schemes	Directors' Remuneration Report	76
Information Required by Listing Rules 9.8.6(8)*		
Climate-related disclosures	The Task Force for Climate-Related Financial Disclosure Report	31
Information Required by DTR 7.2		
Corporate Governance Statement	Corporate Governance Report	48

Disclosure Guidance and Transparency Rule 4.1.8

The Strategic Report and the Directors' Report (or parts thereof), together with sections of this Annual Report incorporated by reference, are the "Management Report" for the purposes of DTR 4.1.8

This Annual Report

The Directors are required under the Companies Act 2006 to prepare a Strategic Report for the Company and Group. The Strategic Report contains the Directors' explanation of the basis on which the Group preserves and creates value over the longer term and the strategy for delivering the objectives of the Group.

The Companies Act 2006 requires that the Strategic Report must:

- contain a fair review of the Group's business and contain a description of the principal risks and uncertainties facing the Group; and
- be a balanced and comprehensive analysis of the development and performance of the Group's business during the financial year and the position of the Group's business at the end of that year, consistent with the size and complexity of the business. The information that fulfils the strategic report requirements is set out in the Strategic Report on pages 3 to 45.

The Non-Financial information statement on page 102 forms part of the Strategic Report.

The Strategic Report and the Directors' Report, together with the sections of this Annual Report incorporated by reference, have been drawn up and presented in accordance with and in reliance upon applicable English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Corporate governance arrangements

During the financial year ended 30 April 2022, we have applied the principles of good governance contained in the UK Corporate Governance Code 2018 (the "Code"). Our Compliance Statement for this financial year 2022 is on page 52. Further details on how we have applied the Code can be found in the Corporate Governance Report on pages 48 to 65.

Results and dividends

The financial statements set out the results of the Group for the financial year ended 30 April 2022 and are shown on page 112. The Directors recommend a final dividend of 1.4 € cents per Ordinary Share, giving total dividends per Ordinary Share of 1.4 € cents for the year ended 30 April 2022. Subject to final approval by Shareholders of the recommended final dividend, the dividend to Shareholders for 2022 will total €7.0 million. If approved, the Company will pay the final dividend on 14 October 2022 to Shareholders on the register of members at 9 September 2022.

Substantial Shareholders

The table below shows the holdings in the Company's issued share capital which had been notified to the Company pursuant to the Financial Conduct Authority's Disclosure Guidance and Transparency Rules. The information below was correct at the date of notification. It should be noted that these holdings may have changed since the Company was notified.

	Percentage of voting right attached to Ordinary Shares of £0.01	Nature of holding	Date of notification of interest
Antler EquityCo S.à r.l.	35.290000	Direct	25 January 2022
BlackRock, Inc.	10.250000	Indirect	30 March 2022
Kayne Anderson Rudnick Investment Management, LLC	9.006000	Direct	26 April 2022
Justinas Šimkus	4.547493	Direct	6 July 2021

These figures represent the number of shares and percentage held as at the date of notification to the Company.

Subsequent to the year-end, the following notifications were received by the Company:

	Percentage of voting right attached to Ordinary Shares of £0.01	Nature of holding	Date of notification of interest
BlackRock, Inc.	10.040000	Indirect	7 June 2022

Board of Directors

Details of the Directors of the Company who were in office during the year under review are set out on pages 50 to 51. There were no appointments to or resignations from the Board during the financial year.

Powers of the Directors

Subject to the Company's Articles of Association (the "Articles"), the Companies Act 2006 and any special resolution of the Company, the business of the Company is managed by the Board, who may exercise all the powers of the Company. In particular, the Board may exercise all the powers of the Company to borrow money, to guarantee, to indemnify, to mortgage or charge any of its undertakings, property, assets and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party.

Appointment and replacement of Directors

The appointment and replacement of Directors is governed by the Articles, the UK Corporate Governance Code 2018 (the "Code"), the Companies Act 2006 and related legislation.

Appointment of Directors: Directors may be appointed by ordinary resolution of the Shareholders, or by the Board. Appointment of a Director from outside the Group is on the recommendation of the Nomination Committee, whilst internal promotion is a matter decided by the Board unless it is considered appropriate for a recommendation to be requested by the Nomination Committee.

Pursuant to the Relationship Agreement, the Major Shareholder will be able to appoint one Non-Executive Director to the Board for so long as it (together with any of its Associates) holds voting rights over 10% or more of the Company's issued share capital. The Major Shareholder will consult in advance with the Nomination Committee regarding the identity of any Director proposed to be nominated by it. The Major Shareholder's first appointed representative Director is Tom Hall.

A Director appointed by the Board holds office only until the next Annual General Meeting of the Company and is then eligible for reappointment.

Retirement of Directors: At every Annual General Meeting of the Company, each Director shall retire from office and may offer himself or herself for reappointment by the members.

Removal of Directors by special resolution: The Company may, by special resolution, remove any Director before the expiration of their period of office.

Vacation of office: The office of a Director shall be vacated if: (i) they resign; (ii) their resignation is requested by all of the other Directors (not fewer than three in number); (iii) they have been suffering from mental or physical ill health and the Board resolves that their office be vacated; (iv) they are absent without the permission of the Board from meetings of the Board (whether or not an alternative Director appointed by them attends) for six consecutive months and the Board resolves their office is vacated; (v) they become bankrupt; (vi) they are prohibited by law from being a Director; (vii) they cease to be a Director by virtue of the Companies Act 2006; or (viii) they are removed from office pursuant to the Articles.

Directors' indemnities and insurance

The Company maintains appropriate Directors' and Officers' liability insurance cover in respect of any potential legal action brought against its Directors. The Company has also indemnified each Director to the extent permitted by law against any liability incurred in relation to acts or omissions arising in the ordinary course of their duties. The indemnity arrangements are qualifying indemnity provisions under the Companies Act 2006 and were in force throughout the year.

Significant related party agreements

At no time during the financial year ended 30 April 2022, did any of the Directors, any close members of a Director's family or any controlling Shareholder of the Company, have a material interest in any contract with the Company or any of its subsidiaries. There is no person with whom the Group has a contractual or other arrangement that is essential to the business of the Company.

Share capital

The Company's authorised and issued Ordinary Share capital as at 30 April 2022 comprised a single class of Ordinary Shares. As at 6 July 2022, being the last practicable date prior to publication of this report, the Company's issued share capital comprised 500,392,405 fully paid Ordinary Shares of £0.01 each.

Details of the Ordinary Share capital and shares issued during the year can be found in note 15 to the financial statements.

Rights and restrictions attaching to shares

The Company's shares when issued are credited as fully paid and free from all liens, equities, charges, encumbrances and other interests. All shares have the same rights (including voting and dividend rights and rights on return of capital) and restrictions as set out in the Articles, described below.

Except in relation to dividends that may have been declared and rights on liquidation of the Company, the Shareholders have no rights to share in the profits of the Company.

The Company's shares are not redeemable. However, the Company may purchase or contract to purchase any of the shares on market, subject to the Companies Act 2006 and the requirements of the Listing Rules.

Subject to the Articles of Association, the Companies Act and other Shareholders' rights, shares in the Company may be issued with such rights and restrictions as the Shareholders may by ordinary resolution decide, or if there is no such resolution, as the Board may decide provided it does not conflict with any resolution passed by the Shareholders.

At a General Meeting of the Company held on 29 June 2021, it was resolved that following Admission the Directors be and are generally and unconditionally authorised to allot shares or grant rights to subscribe for or convert any security into shares up to an aggregate nominal amount of £166,666,666.66 and up to an aggregate nominal amount of £333,333,333.33 in connection with an offer by way of a rights issue to Ordinary Shareholders in proportion to their existing shareholdings and to holders of other equity securities as required by the rights of those securities or as the Directors see otherwise fit. The Company will, at the AGM, continue to seek authority to allot shares on the basis of the authorities sought in the 2021 General Meeting.

These rights and restrictions will apply to the relevant shares as if they were set out in the Articles of Association. Subject to the Articles of Association, the Companies Act and other Shareholders' rights, unissued shares are at the disposal of the Board.

Restrictions on transfer of securities in the Company

There are no specific restrictions on the transfer of securities in the Company, which is governed by its Articles of Association and prevailing legislation, save as set out below.

The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register. The Board can decline to register any transfer of any share that is not a fully paid share. The Company does not currently have any partially paid shares.

The Board may also decline to register a transfer of a certified share unless the instrument of transfer: (i) is duly stamped or certified or otherwise shown to be exempt from stamp duty and is accompanied by a relevant share certificate; (ii) is in respect of only one class of share; and (iii) if to joint transferees, is in favour of not more than four such transferees. Registration of a transfer of an uncertified share may be refused in the circumstances set out in the Uncertified Securities Regulations 2001.

The Company is not aware of any agreements between Shareholders that may result in restrictions on the transfer of securities.

Power for the Company to buy-back its shares

The Company proposes to seek authorisation from its Shareholders at its AGM on 28 September 2022 to purchase in the market up to 10% of its issued Ordinary Shares (excluding any treasury shares), subject to certain conditions laid out in the authorising resolution. This standard authority is renewable annually.

Voting rights

Shareholders will be entitled to vote at a general meeting whether on a show of hands or a poll, as provided in the Companies Act.

Where a proxy is given discretion as to how to vote on a show of hands, this will be treated as an instruction by the relevant Shareholder to vote in the way in which the proxy decides to exercise the discretion. This is subject to any special rights or restrictions as to voting which are given to any shares or upon which any shares may be held at the relevant time and to the Articles of Association.

If more than one joint holder votes (including voting by proxy), the only vote which will count is the vote of the person whose name is listed first on the register for the share.

Restrictions on voting

Unless the Directors decide otherwise, a Shareholder cannot attend or vote at any general meeting of the Company or upon a poll or exercise any other right conferred by membership in relation to general meetings or polls if they have not paid all amounts relating to those shares which are due at the time of the meeting, or if they have been served with a restriction notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

The Company is not aware of any agreements between Shareholders that may result in restrictions of voting rights.

Change of control

The Group's term loan and credit facility arrangements contain provisions that, where the parties are unable to agree the implications of any change of control, on notice being given to the Group, the lenders may exercise their discretion to require repayment of a loan under the agreement concerned.

Post-balance sheet events

Details of post-balance sheet events are given in note 26 of the consolidated financial statements.

Articles of Association

The Company has not adopted any special rules regarding the appointment and replacement of Directors or the amendment of the Articles of Association, other than as provided for under UK company law.

Amendment of Articles of Association

The Company's Articles may be amended by a Special Resolution of the Company's Shareholders. The existing Articles of Association were adopted on 29 June 2021.

Company status and branches

Baltic Classifieds Group PLC is the holding company of the Baltic Classifieds group of companies and has no branches. It is listed on the London Stock Exchange main market with a premium listing, and is registered in England and Wales (company number 13357598).

Key Stakeholders

The long-term success of the Group is dependent on its relationships with its key Stakeholders. On pages 17 to 21 we outline the ways in which we have engaged with key Stakeholders, the material issues they have raised with us, and how these issues have been taken into account in the Board's decision-making processes.

Statement of Engagement with Employees

The Board recognises the importance of attracting, developing and retaining the right people. In accordance with best practice, we have employment policies in place which provide equal opportunities for all employees, irrespective of sex, race, colour, disability, sexual orientation, religious beliefs or marital status. Further information on the Board's methods for engaging with the workforce are on page 56.

Employees with disabilities

Applications for employment by people with disabilities are given full and fair consideration bearing in mind the respective aptitudes and abilities of the applicant concerned and our ability to make reasonable adjustments to the role and work environment. In the event of existing employees becoming disabled, all reasonable effort is made to ensure that appropriate training is given and their employment within the Company continues. Training, career development and promotion of a disabled person is, as far as possible, identical to that of an able bodied person.

Statement of Engagement with Suppliers, Customers and Others

Details on the methods used to build strong business relationships with the Company's suppliers, customers and partners and the effect of those interests on decision-making can be found in the Engaging with our Stakeholders section on pages 17 to 21 and the Corporate Governance Report on page 48.

Political donations

There were no political donations during the financial year.

Research and development activities

The Company has dedicated in-house software design and development teams, with primary focus on IT and improvements to customer interfaces.

Greenhouse Gas Emissions

In line with our commitment to transparent and best practice reporting, we have included a Sustainability report on page 30. This includes our Task Force on Climate-related Financial Disclosures ("TCFD") and our Streamlined Energy and Carbon Reporting ("SECR") disclosures on page 31, along with our annual GreenHouse Gas ("GHG") emissions footprint and an intensity ratio appropriate for our business, which fulfil the requirements of the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013.

Future developments of the business

The Group's likely future developments including its strategy are described in the Strategic Report on pages 3 to 45.

Going concern and viability

The Group's going concern statement is contained within the consolidated financial statements on page 118. The long-term Viability Statement is set out on page 45.

Annual General Meeting

Baltic Classifieds Group PLC's 2022 AGM will be held at Saltoniškių st. 9B, LT-08105 Vilnius, Lithuania on 28 September 2022 at 11.00 am local time. The Notice of the Meeting together with explanatory notes is contained in the circular to Shareholders that accompanies the Annual Report and Accounts.

In the event we receive 20% or more votes against a recommended resolution at a general meeting, we would announce the actions we intend to take to engage with our Shareholders to understand the result in accordance with the Code. We would follow this announcement with a further update within six months of the meeting, with an overview of our Shareholders' views on the resolutions and the remedial actions we have taken.

Disclosure of information to the Auditor

KPMG LLP, which was appointed in 2021, has expressed its willingness to continue in office as the Group's Auditor and, accordingly, resolutions to reappoint it and to authorise the Audit Committee, for and on behalf of the Directors, to determine its remuneration will be proposed at the AGM. These are resolutions 13 to 14 set out in the Notice of the Meeting.

In accordance with Section 418 of the Companies Act 2006, the Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware and that each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and ensure that the Auditor is aware of such information.

Non-financial information statement

The following table sets out where Stakeholders can find relevant non-financial information within this Annual Report, further to the Financial Reporting Directive requirements contained in Sections 414CA and 414CB of the Companies Act 2006. Where possible it also states where additional information can be found that supports these requirements.

Reporting topic	*Policies and standards which govern our approach*	*Annual Report and Accounts section reference*	*Page*
Environmental	N/A	Sustainability Report	30
Employees	• Whistle-Blowing Policy • Disciplinary rules and procedures policy	Section 172(1) Statement Sustainability Report	17 30
Social and community matters	• Modern Slavery Statement • Diversity Policy	Section 172(1) Statement Sustainability Report	17 30
Respect for human rights	• Modern Slavery Statement • Privacy Policy • Document Retention Policy • GDPR Policy	Section 172(1) Statement Sustainability Report	17 30
Anti-bribery and corruption	• Anti-Bribery and Anti-Corruption Policy • Gifts and Entertainment Policy	Sustainability Report	30
Business model	N/A	Our Business at a Glance; Our purpose, values and strategy	12
Principal risks and uncertainties	• Risk register	Risk Management Sustainability Report	41 30
Non-financial KPIs	N/A	Market overview Financial review Sustainability Report	10 22 30

Statement of Directors' responsibilities in respect of the Annual Report and financial statements

The Directors are responsible for preparing this Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with UK-adopted international accounting standards;
- for the parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the parent Company financial statements;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the Annual Report and financial statements

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Group's position and performance, business model and strategy.

The Directors' Report is approved by the Board and signed on its behalf by

Justinas Šimkus
Chief Executive Officer
6 July 2022

FINANCIAL STATEMENTS

Independent auditor's report to the members of Baltic Classifieds Group PLC

1. Our opinion is unmodified

We have audited the financial statements of Baltic Classifieds Group PLC ("the Company") for the year ended 30 April 2022 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flows and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 April 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the audit committee.

We were first appointed as statutory auditor by the directors on 17 August 2021. The period of total uninterrupted engagement is for the one financial year ended 30 April 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matter in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

The risk (group and parent company):

Initial Public Offering ("IPO") and Group restructure – accounting treatment

Refer to page 73 (Audit Committee Report), page 121 (accounting policy) and page 137 to 138 (financial disclosures).

The IPO and associated group restructure (and other ancillary transactions such as the capital reduction) are significant unusual transactions in the year. In the group financial statements, accounting for the restructure and the IPO involved careful application of accounting treatments, such as common control transaction accounting and the presentation of comparative amounts as if the UK group had always been in existence. In the group and parent company financial statements, accounting for the IPO involved careful application of accounting treatments such as whether share issue costs are directly attributable to new shares and can be recorded within share premium, and the application of UK company law reliefs relating to capital and reserves. The uncommon nature of these transactions, the fact that certain steps in the IPO and restructure involved transactions with related parties, and unfamiliarity of the group with UK company law increases the risk of an error arising in the accounting for and disclosures of the IPO and group restructure.

Our procedures included:

- Assessment of external expert: Evaluated the competence, objectivity and independence of the expert engaged by the Group to prepare an accounting steps paper outlining the entries to be recorded as part of the IPO and restructure process.

- Accounting analysis: Evaluated the accounting for the following with reference to UK-adopted IFRS for the group, FRS 102 for the parent company, and UK company law (for both group and parent company):
  - common control accounting for the insertion of Baltic Classifieds Group PLC as the new top company in the group
  - share for share exchange to insert Baltic Classifieds Group PLC as the new top company in the group,
  - share issue related transaction costs recorded in share premium (rather than expensed), and
  - parent company investments in subsidiaries and the related group and parent company share capital and reserves impacts arising from the group restructure.
- Tests of detail: Inspected the related legal documentation, board minutes, resolutions and other documentation to agree the amounts recorded for each step of the IPO and subsequent group re-organisation.
- Tests of detail: Evaluated whether the costs recorded in share premium related to the issuance of new shares are directly attributable to issuing new shares, and assessed the judgments involved in splitting costs between issuance of new shares and listing existing shares. We performed an assessment of whether an overstatement of costs deducted against share premium identified through these procedures was material.
- Assessing application: Assessed whether the common control and share-for-share exchange accounting treatments were applied as stated in the basis of preparation for consolidation by reconciling the opening reserves to the prior year comparatives and auditing adjustments made for the retrospective restatement of share capital and share premium. We performed an assessment of whether in the group financial statements an omission of non-controlling interests identified through these procedures was material, taking into account qualitative aspects of the financial statements as a whole.
- Assessing transparency: Assessed the transparency of disclosures relating to the IPO, with particular focus on equity and cash flow items, such as share issues and share capital reduction, common control accounting impacts and disclosure of the entries involving related parties.

We performed the tests above rather than seeking to rely on any of the group's or company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Our results:

The results of our testing were satisfactory and we consider the accounting and disclosure of the IPO and group restructure to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at €0.60m, determined with reference to a benchmark of group profit before tax, normalised to exclude this year's non-recurring costs relating to free share awards, the IPO costs and Senior Facility Agreement early repayment fine and upfront fee write off, as disclosed in note 17 (of which it represents 3.4%).

Materiality for the parent company financial statements as a whole was set at €0.21, which is the component materiality for the parent company determined by the group audit engagement team. This is lower than the materiality we would otherwise have determined with reference to parent company total assets, of which it represents less than 1%.

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 65% of materiality for the financial statements as a whole, which equates to £0.39m for the group and €0.13m for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding €0.03m, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the group's 8 reporting components, we subjected 4 to full scope audits for group purposes.

The components within the scope of our work accounted for the following percentages of the group's results:

	Number of components	Group revenue	Group profit before tax	Group total assets
Audits for group reporting purposes	4	94%	87%	99%
Total	4	94%	87%	99%

For the residual components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back.

The Group team approved the component materialities, which ranged from €0.50m to €0.21m, having regard to the mix of size and risk profile of the Group across the components.

On account of travel restrictions in place during the performance of the audit, the Group team did not visit the component auditors and instead senior members of the Group audit team held regular video conference meetings with all in scope component auditors. These meetings involved explanation of Group audit instructions, involvement in planning audit procedures, discussing progress updates and emerging findings, reviewing outcomes of testing performed and discussing audit findings. The Group audit team reviewed the audit documentation of component audits through various stages of their audits. The Group team also attended component virtual closing meetings. At these meetings, the findings reported to the Group team were discussed in more detail, and any further work required by the Group team was then performed by the component auditor.

The work on 2 of the 4 components was performed by component auditors and the rest, including the audit of the parent company, was performed by the Group team.

The scope of the audit work performed was predominately substantivex as we placed limited reliance upon the Group's internal control over financial reporting.

4. The impact of climate change on our audit

We considered the potential impacts of climate change on the financial statements as part of planning our audit. Taking into account the nature of the business operations, our risk assessment of climate change to long term assets and the solvency of the group we did not identify any risks that significantly impact the financial statements of the Group or our audit.

We read the disclosure of climate related information in the front half of the annual report and considered consistency with the financial statements and our audit knowledge.

5. Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group's and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that we considered most likely to adversely affect the Group's and Company's available financial resources and metrics relevant to debt covenants over this period were:

- Major data breach caused by cyber attacks; and
- The impact on growth caused by increased competition or unfavourable effects to the Baltic markets due to prolonged war in Ukraine.

We considered whether these risks could plausibly affect the liquidity or covenant compliance in the going concern period by comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources and covenants indicated by the Group's financial forecasts.

Our procedures also included a critical assessment of the assumptions in the Group's base case and downside scenarios, in particular in relation to the recent geopolitical instability in Ukraine on the economic situation in the Baltic region (and its impact on the Group), and our knowledge of the entity and the sector in which it operates. We also compared past budgets to actual results to assess the directors' track record of budgeting accurately.

We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing material to add or draw attention to in relation to the directors' statement in Note 2 to the Group and Note 1 to the Company financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period, and we found the going concern disclosure in those notes to be acceptable; and
- the related statement under the Listing Rules set out on page 118 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

6. Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, the audit committee, internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Considering remuneration incentive schemes and performance targets for management, directors and other staff.
- Using analytical procedures to identify any unusual or unexpected relationships; and
- Our forensic specialists assisted us in identifying key fraud risks. This included holding a discussion with the engagement partner, engagement manager and component auditors.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group audit team to full scope component audit teams of relevant fraud risks identified at the Group level and request to full scope component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at the Group level.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular:

- the risk that Group and component management may be in a position to make inappropriate accounting entries; and
- the risk that C2C revenue is overstated through recording revenues in the wrong period.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test for all full scope components based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts;
- Evaluated the business purpose of significant unusual transactions; and
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group audit team to full-scope component audit teams of relevant laws and regulations identified at the Group level, and a request for full scope component auditors to report to the Group audit team any instances of non-compliance with laws and regulations that could give rise to a material misstatement at the Group level.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: data protection laws, anti-bribery, employment law, competition law, consumer protection and certain aspects of company legislation recognising the nature of the Group's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

7. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' remuneration report

In our opinion the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

Disclosures of emerging and principal risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the directors' disclosures in respect of emerging and principal risks and the viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within Viability statement (page 45) that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Emerging and Principal Risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the directors' explanation in the Viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the Viability statement, set out on page 45 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

We are required to perform procedures to identify whether there is a material inconsistency between the directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the annual report describing the work of the Audit Committee, including the significant issues that the audit committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the annual report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

8. We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

9. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 103, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent 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 they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with that format.

10. The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Kate Teal (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

6 July 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 April 2022

	Note	2022 (€ thousands)	2021 (€ thousands)
Revenue	5	50,959	42,268
Other income		6	7
Expenses	6	(37,349)	(26,565)
Operating profit		**13,616**	**15,710**
Finance income	8	138	2
Finance expenses	8	(11,309)	(13,935)
Net finance costs		**(11,171)**	**(13,933)**
Profit / (loss) before tax		**2,445**	**1,777**
Income tax expense	9	(46)	(1,870)
Profit / (loss) for the period		**2,399**	**(93)**
Other comprehensive income/(loss)		-	-
Total comprehensive income/(loss) for the year		**2,399**	**(93)**
Attributable to:			
Owners of the Company		**2,399**	**(93)**
Earnings / (loss) per share (€ cents)			
Basic and diluted	10	0.49	(0.02)

Consolidated Statement of Financial Position

At 30 April 2022

	Note	2022 (€ thousands)	2021 (€ thousands)
Assets			
Property, plant and equipment		474	211
Intangible assets and goodwill	11	400,489	416,909
Right-of-use assets	12	457	761
Non-current assets		**401,420**	**417,881**
Trade and other receivables	13	2,970	2,571
Prepayments		189	46
Cash and cash equivalents	14	19,914	17,115
Current assets		**23,073**	**19,732**
Total Assets		**424,493**	**437,613**
Equity			
Share capital	15	5,822	506,509
Own shares held	16	(3,418)	-
Capital reorganisation reserve	15	(286,904)	(287,033)
Other reserves		-	27
Retained earnings		611,877	(11,229)
Total equity		**327,377**	**208,274**
Loans and borrowings	18	82,478	210,413
Deferred tax liabilities	9	5,844	8,901
Non-current liabilities		**88,322**	**219,314**
Current tax liabilities	9	4	1,293
Loans and borrowings	18	323	2,713
Payroll related liabilities		866	770
Trade and other payables	19	4,458	3,601
Contract liabilities	5	3,143	1,648
Current liabilities		**8,794**	**10,025**
Total liabilities		**97,116**	**229,339**
Total equity and liabilities		**424,493**	**437,613**

These financial statements were approved by the board of directors on 6 July 2022 and were signed on its behalf by:

Justinas Šimkus
Director

Company registered number: 13357598

Consolidated Statement of Changes in Equity

For the year ended 30 April 2022

	Note	Share Capital (€ thousands)	Share premium (€ thousands)	Own shares held (€ thousands)	Capital reorganisation reserve (€ thousands)	Other reserves (€ thousands)	Retained earnings (€ thousands)	Total Equity (€ thousands)
Balance at 1 May 2020	**15**	**506,452**	**-**	**-**	**(287,033)**	**-**	**(11,109)**	**208,310**
Loss for the period		-	-	-	-	-	(93)	**(93)**
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**(93)**	**(93)**
Issuance of preference shares	15	57	-	-	-	-	-	**57**
Transfer to reserves		-	-	-	-	27	(27)	**-**
Balance at 30 April 2021		**506,509**	**-**	**-**	**(287,033)**	**27**	**(11,229)**	**208,274**
Profit for the period		-	-	-	-	-	2,399	**2,399**
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**2,399**	**2,399**
Transactions with owners:								
Group restructure and IPO	15	75,265	43,143	-	129	(27)	-	**118,510**
Transfer arising from capital reduction	15	(575,956)	(43,143)	-	-	-	619,099	-
Share issue post IPO	15	4	-	-	-	-	(4)	-
Share based payments	23	-	-	-	-	-	1,612	**1,612**
Purchase of shares for performance share plan	16	-	-	(3,418)	-	-	-	**(3,418)**
Balance at 30 April 2022		**5,822**	**-**	**(3,418)**	**(286,904)**	**-**	**611,877**	**327,377**

Consolidated Statement of Cash Flows

For the year ended 30 April 2022

	Note	2022 (€ thousands)	2021 (€ thousands)
Cash flows from operating activities			
Profit / (loss) for the period		2,399	(93)
Adjustments for:			
Depreciation and amortisation	6	16,894	16,966
Amortisation of up-front fee and borrowing costs	8	5,580	938
Impairment loss on trade receivables	13	59	23
(Profit) / Loss on property, plant and equipment disposals		-	20
Taxation	9	46	1,870
Net finance costs	8	5,606	12,997
Share-based payments	23	1,612	-
Other non-cash items		93	-
Working capital adjustments:			
(Increase) in trade and other receivables		(521)	(452)
(Increase) / Decrease in prepayments		(128)	158
Increase in trade and other payables		966	252
Increase in contract liabilities		1,495	387
Cash generated from operating activities		34,101	33,066
Corporate income tax paid		(4,403)	(3,420)
Interest and commitment fees paid		(8,870)	(12,950)
Net cash inflow from operating activities		**20,828**	**16,696**
Cash flows from investing activities			
Acquisition of intangible assets and property, plant and equipment		(433)	(78)
Proceeds from sale of property, plant and equipment		-	75
Acquisition of subsidiaries, net of cash acquired		-	(25,000)
Other investments		-	(11)
Net cash used in investing activities		**(433)**	**(25,014)**
Cash flows from financing activities			
Proceeds from issuance of share capital	15	121,339	57
Proceeds from loans and borrowings	18	96,650	15,000
Repayment of loans and borrowings	18	(228,295)	(10,000)
Capitalised borrowing costs		(677)	-
Payment of lease liabilities		(305)	(339)
Share issue related expenses	15	(2,874)	-
Purchase of own shares for performance share plan	16	(3,418)	-
Net cash from financing activities		**(17,580)**	**4,718**
Net cash inflow from operating, investing and financing activities		**2,815**	**(3,600)**
Differences on exchange		(16)	-
Net Increase / (Decrease) in cash and cash equivalents		2,799	(3,600)
Cash and cash equivalents at the beginning of the year		17,115	20,715
Cash and cash equivalents at the end of the year		**19,914**	**17,115**

Notes to the consolidated financial statements

1. General information

Baltic Classifieds Group PLC (the "Company") is a Company incorporated in the United Kingdom and its registered office is Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH (Company no. 13357598). The consolidated financial statements as at and for the year ended 30 April 2022 comprise the Company and its subsidiaries (together referred to as the "Group"). The principal business of the Group is operating leading online classifieds portals for automotive, real estate, jobs and services, and general merchandise in the Baltics.

2. Principles of preparation of consolidated financial statements

These consolidated financial statements have been prepared as at, and for the year ended 30 April 2022. These consolidated financial statements, which have been audited, have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority and with UK-adopted international accounting standards ("UK-adopted IFRS").

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The parent company financial statements present information about the Company as a separate entity and not about its group.

The Group financial statements have been prepared and approved by the Directors in accordance with UK-adopted IFRS. The Company has elected to prepare its parent company financial statements in accordance with FRS 102; these are presented on pages 148 to 155.

Baltic Classifieds Group PLC was incorporated on 26 April 2021 and on 5 July 2021 was admitted to trading on the London Stock Exchange. At the same time as the Admission, the Company acquired 88.42 per cent of the share capital of ANTLER TopCo S.à r.l and 100% of ANTLER Management S.A. that owned the residual 11.58% of the share capital of ANTLER TopCo S.à r.l in a share for share exchange, thereby inserting Baltic Classifieds Group PLC as the Parent Company of the Group that includes ANTLER MidCo S.à r.l.

These are the first set of consolidated financial statements of the Company. By applying the principles of common control accounting, this group reorganisation has been accounted for as a business combination outside of the scope of a business combination as defined under IFRS 3. Book value accounting has been adopted, meaning that the carrying values of assets and liabilities of the parties to the combination were not adjusted to fair value on consolidation, and the results and cashflows of ANTLER TopCo S.à r.l. and Baltic Classifieds Group PLC were brought into the consolidated financial statements of Baltic Classifieds Group PLC as if Baltic Classifieds Group PLC had always owned ANTLER TopCo S.à r.l.

The comparative financial information for the year ended 30 April 2021 are the consolidated results of ANTLER TopCo S.à r.l. (see below). They constitute the financial statements of ANTLER TopCo S.a.r.l, ANTLER PIKCo S.a r.l and the consolidated financial statements of ANTLER MidCo S.à r.l.. The consolidated financial statements of ANTLER MidCo S.à r.l were presented as part of the Prospectus submitted as part of the Admission. As the comparative information presented in these consolidated financial statements also includes ANTLER TopCo S.a.r.l and ANTLER PIKCo S.a r.l there are immaterial differences between this financial information and that previously presented as part of the Prospectus. The application of UK-adopted IFRS (rather than IFRSs as adopted for use in the EU) did not require any adjustment to the financial information related to ANTLER MidCo S.à r.l.

Baltic Classifieds Group PLC has adopted the financial reporting framework of the group below it, which has previously presented financial statements under EU adopted International Financial Reporting Standards and given there are no differences between the UK and EU adopted International Financial Reporting Standards, the Group does not consider itself to be a first time adopter of UK-adopted IFRS.

The audited consolidated financial statements of ANTLER MidCo S.a.r.l for financial year ended 30 April 2021 are available on request from the Company's registered office. Historic Financial Information in respect of ANTLER MidCo S.a.r.l is also available in Part B of the Prospectus submitted as part of Admission which can be found on the Company's website.

The comparative figures for the financial year ended 30 April 2021 are not the statutory accounts of Baltic Classifieds Group PLC for that financial year as this is the first set of financial statements.

Basis of measurement

These consolidated financial statements have been prepared on the historical cost basis, unless otherwise stated in the accounting policies below.

Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has existing rights that give it the ability to direct the relevant activities of an entity and has the ability to affect the returns the Group will receive as a result of its involvement with the entity. In assessing control, potential voting rights are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Functional and presentation currency

These consolidated financial statements are presented in Euro (€), which is the Company's functional currency. All amounts are rounded to the nearest thousand (€ 000), except where otherwise indicated.

The Group companies use Euro (€) as a functional currency considering the nature of the Group companies' revenue, costs, and debt instruments. The Company and its direct subsidiary BCG Holdco Limited are UK based companies and their share capital is denominated in British pound (£). All equity transactions of these companies that took place during the year ended 30 April 2022 as well as a majority of operating expenses incurred are in British pound (£). However, while being the ultimate holding companies, Baltic Classifieds Group PLC and BCG Holdco Limited follow the functional currency of their operating subsidiaries, i.e. Euro (€), as that is the currency they are most exposed to. There were no significant transactions in currencies other than Euro (€) during the preceding financial year ended 30 April 2021.

Use of estimates and judgments

The preparation of the consolidated financial statements, in accordance with UK-adopted IFRS, 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 these estimates.

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

Estimates

The below accounting estimate is considered to be critical to the reporting of results of operations and financial position:

- **Carrying values of goodwill.** An impairment review is performed of goodwill balances by the Group on a 'value in use' basis. This requires judgment in estimating the future cash flows, the time period over which they occur, and in arriving at an appropriate discount rate to apply to the cashflows as well as an appropriate long term growth rate. Each of these judgments has an impact on the overall value of cashflows expected and therefore the headroom between the cashflows and carrying values of the cash generating units. Key assumptions and uncertainties for impairment are disclose in note 11.

Other important estimates:

- **Useful lives of intangible assets.** A useful life is assigned to an acquired intangible asset based on the estimated period of time an asset is likely to remain in service. This judgement has an impact on the amortisation expense for any given period. Useful lives of intangible assets are disclosed in note 3.
- **Share-based payments.** Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black-Scholes model has been used to calculate the fair value and the Directors have therefore made estimates with regard to the inputs to that model and the period over which the share award is expected to vest (see note 23).

Judgments

The below judgment is also considered to be important to the reporting of results of operations and financial position:

- **Deferred tax asset.** An unrecognised deferred tax asset of €3.9m (30 April 2021: €4.0m) has not been recognised in relation to tax losses incurred by the Company's indirect subsidiary UAB Antler Group. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Recognition, therefore, involves judgement regarding the probability of future taxable profit of the indirect subsidiary being available. Taxable losses carried forward for which no deferred tax asset is recognised are discussed in note 9 (d).

Going concern

The Directors have made an assessment of the Group's ability to continue as a going concern covering a period of at least 12 months from the date of approval of these consolidated financial statements and has a reasonable expectation that the Group has adequate resources to continue in operational existence over this period.

The Group meets its day-to-day working capital requirements from cash balances, if needed the Group also has access to a revolving credit facility that amounts to €10m and is available until July 2026. As at 30 April 2022 no amounts of the revolving credit facility were drawn down. The bank loan matures in July 2026 and its availability is subject to continued compliance with certain covenants, it becomes repayable on demand in the case of a change in control. The Group voluntarily repaid €14m of the loan during the FY 2022, the outstanding balance at the year end amounts to €84m. The Group had cash balances of €19.9m at the year end.

During the financial year ended 30 April 2022 the Group has generated a profit of €2.4m, however it was highly affected by the one-off IPO and Free Share Awards related expenses (note 6). The Directors also prepared detailed cash flow forecasts for the period ending 12 months from the date of approval of these consolidated financial statements. The assumptions used in the cash flow forecasts are based on the Group's historical performance and the Directors' experience of the industry and takes into account both internal and external factors.

Stress case scenarios have been modelled to make the assessment of going concern to take into account severe but plausible potential impacts of a major data breach, adverse changes to the competitive environment and a continuing geopolitical tensions in the neighbouring countries. The stress testing indicates that the Group would be able to withstand the impact, remain cash generative and be able to continue to comply with debt covenants for the assessment period.

Consequently, the Directors are confident that the Group will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these consolidated financial statements and therefore have prepared these consolidated financial statements on a going concern basis.

Effective new standards as at 1 May 2021

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on 1 May 2021:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16);
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

The adoption of these amendments has had no material effect on the Group's consolidated financial statements.

Standards issued but not yet effective

There are a few amendments to IFRS that have been issued by the IASB that become mandatory in a subsequent accounting periods including:

- Reference to the Conceptual Framework (Amendments to IFRS 3);
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendment to IAS 37);
- Annual Improvements to IFRS Standards 2018-2020;
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts;
- Definition of Accounting Estimates (Amendments to IAS 8);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) (not yet endorsed by EU).

The Group has evaluated these changes, and none are expected to have a significant impact on these consolidated financial statements.

3. Significant accounting policies

The Group has consistently applied the accounting policies to all the periods presented in these consolidated financial statements.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer and is recognised at the point when the performance obligations are satisfied. The Group applies the five-step revenue recognition model in accordance with IFRS 15 as follows.

(a) Identification of the contract with a customer
(b) Identification of performance obligations
(c) Determination of the transaction price
(d) Allocating the transaction price to individual performance obligations
(e) Recognition of revenue when performance obligations are satisfied

The Group's revenue streams include listings revenue, advertising revenue, financial intermediation and ancillary revenue. The different types of services offered to customers along with the nature and timing of satisfaction of performance obligations are set as follows:

Listing fees

The Group operates leading online classifieds portals for automotive, real estate, jobs and services, and general merchandise. Listing fees revenue is generated from both private ("C2C") and business customers ("B2C").

Private customers pay a fee in advance to advertise their product (automotive, real estate, general merchandise) on the Group's platform for a specified period. Revenue is deferred until the customer obtains control over the services. Control is obtained by customers across the life of the contract as their product is continuously listed. Contracts for these services are typically entered into for a period of between a day and a year.

Business customers pay fees to obtain a "service pack" which allows the customer to advertise a set number of listings during a period, unused listings cannot be rolled over. Revenue is deferred until the customer obtains control over the services. Control is obtained by the customers across the life of the performance obligation being provided, which is either the set period in the contract, or the period of service, if shorter. B2C typically invoice monthly, although some contracts are annual contracts and have 7-60 days settlement terms.

The Group applies a fixed price to all listings, both C2C and B2C.

One of the Group's general merchandise platforms, Osta.ee allows a customer to fill an e-wallet with money that can then be used to pay for services provided by the Group. The customer can cash out at any time. This cash balance is therefore accounted for as a financial liability labelled 'customer credit balances' within trade and other payables in the consolidated statement of financial position and as cash within cash and cash equivalents. This cash is physically separated from the rest in a dedicated bank account and, although there is no formal restriction on this cash, the Group's policy is keep the cash balance at a level not lower than the e-wallet balance. No revenue is recognised unless the customer purchases a product provided by the Group using money from their e-wallet. Revenue is then recognised in accordance with the product purchased.

Advertising

Advertising revenue comprises fees (net of rebates) from business customers for banner advertising on the Group's platforms. The customer pays fees to advertise on the Group's platforms. Revenue is deferred until the customer obtains control over the services. Control is obtained by the customers over the life of the advertisement. Customers are typically invoiced monthly and have a 7-60 days settlement term.

The Group has rebate agreements with some customers. The Group estimates, based on agreed metrics, the discount which is then applied in determining the transaction price for advertising. The estimate is updated throughout the term of the contract and is settled annually. The rebate amounts are not material.

Ancillary

Ancillary revenue comprises revenue from financial intermediation, subscription services and other.

Ancillary revenue is recognised as the Group satisfies its performance obligation by bringing leads to a customer or by providing other agreed services. Financial intermediation revenue comprises commission fees from financial institutions for directing potential customers from the Group's portals to financing offers such institutions provide. At the beginning of each month the Group agrees certain traffic metrics with financial institutions and issues invoices for the commission or a minimum agreed fee.

Revenue is recognised as the Group satisfies its performance obligation by directing potential customer traffic to the financial institutions.

The revenue accounting policy across business lines is the same for each revenue stream, i.e. advertising revenue is accounted for the same in both automotive and real estate business lines.

The timing of the satisfaction of performance obligations usually is the same as the typical timing of payment or recognition of trade receivable; when it is not, a contract liability is recognised.

Other income and expenses

Other income and expenses comprise gains or losses from disposal of property, plant and equipment, intangible assets, as well as other income and costs not directly related to the primary activities of the Group.

Finance income and finance costs

Finance income and expenses comprise interest receivable and payable, realised and unrealised exchange gains and losses regarding trade receivables, trade payables and loans denominated in foreign currencies.

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and unwinding of discounts on provisions. 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.

Foreign currency gains and losses are reported on a net basis.

Income tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

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

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 measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and if they relate to income taxes levied by the same tax authority.

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.

Segment information

Operating segment information is reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for allocating resources, assessing performance of the operating segment and making strategic decisions, has been identified as the Board of Baltic Classifieds Group PLC.

Earnings per share

Basic earnings per share and diluted earnings per share are presented for ordinary shares.

Basic earnings per share is calculated by dividing profit / (loss) attributable to owners of the Company by the weighted average number of shares outstanding.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Consolidation

(a) Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issuance of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If the obligation to pay contingent consideration meets the definition of a financial instrument and is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

(b) Non-controlling interests (hereinafter - NCI)

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(c) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(d) Transactions eliminated on consolidation

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Acquisitions from entities under common control

A "business combination involving entities or businesses under common control" is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. Business combinations under common control are excluded from the scope of IFRS 3 Business Combinations. For business combinations among entities under common control, the Group elects to apply the common control exclusion in IFRS 3 and where this is the case applies an accounting policy reflecting the "predecessor value method" or "book value accounting method". Under this method, rather than acquisition accounting in accordance with IFRS 3, the acquired assets and liabilities of the acquired business are recorded at their existing carrying "book" values, as such no goodwill is recorded. A business combination involving entities under common control was completed in the current period and is described in note 15.

Foreign currency

Transactions in foreign currencies are translated to the functional currency of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Intangible assets and goodwill

(a) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Other intangible assets, including customer relationships, software and trademarks, that are acquired by the Group and have finite useful lives, are measured at cost less accumulated amortisation and any accumulated impairment losses.

(b) Research and development

Costs associated with maintaining software programmes are recognised as an expense as incurred. Material development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(c) Subsequent expenditure

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

(d) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss. Goodwill is not amortised. Estimated useful lives are as follows:

Trademarks and domains	10 years
Relationship with clients	5-7 years
Other intangible assets	3-7 years

Property, plant and equipment

(a) Recognition and measurement

Items of property, plant 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.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

(b) Subsequent expenditure

The expenditure of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits within the part will flow to the Group, and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(c) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation is calculated from the first day of the next month when the asset is available for use, using the straight-line method.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated. The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Buildings	15-20 years
Vehicles	4-10 years
Other	3-6 years

The useful lives, residual values and depreciation method are reviewed annually to ensure that the depreciation period and other estimates are consistent with the expected pattern of economic benefits from items in property, plant and equipment.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of the identified asset, the Group uses the definition of a lease in IFRS 16 Leases.

As a lessee

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

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

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

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

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

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

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group's changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in `Right-of-use assets' and lease liabilities in `long-term lease liabilities` and `short-term lease liabilities` in the statement of financial position.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-current assets to determine whether there is any indication of impairment. If any such indications exist, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use, that are largely independent of the cash inflows of other assets (the "cash-generating unit, or CGU").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

Cash and cash equivalents

Cash includes cash at banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents include cash at banks.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

(i) Initial recognition and measurement

The Group qualifies financial assets to one of the following categories:

- measured at amortised cost
- measured at fair value through other comprehensive income
- measured at fair value through profit or loss

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under IFRS 15.

The Group's business model for managing financial assets refers to how the Group manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(ii) Subsequent measurement

After initial recognition, the Group measures a financial asset at amortised cost (debt instruments).

(iii) Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade, other current and non-current receivables and contract assets.

(iv) Impairment of financial assets

As relevant for:

- Financial assets measured at amortised cost
- Contract assets

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

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

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due.

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

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

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

(v) Measurement of ECLs

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

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

(vi) 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.

(vii) Write-off

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

(b) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Predecessor and the Group's financial liabilities include trade and other payables, loans and borrowings, lease liabilities and financial liabilities measured at fair value with changes recognised in profit or loss.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification.

After initial recognition, the Group's loans, borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss, when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance expenses in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, i.e. to realize the assets and settle the liabilities simultaneously.

Payroll related liabilities

Short-term payroll related liabilities are expensed as the related service is provided. These include salaries and wages, social security contributions, vacation payouts, compensation for illness, bonuses, allowances, severance payments, vacation accruals, all of which are recognised as costs when an employee has fulfilled his duties in exchange for the received allowance.

Share-based payments

Equity-settled awards are valued at the grant date, and the fair value is charged as an expense in the income statement spread over the vesting period. Fair value of the awards are measured using Black-Scholes pricing model. The credit side of the entry is recorded in equity. Cash-settled awards are revalued at each reporting date with the fair value of the award charged to the profit and loss account over the vesting period and the credit side of the entry recognised as a liability.

Provisions

Provisions on obligations are accounted for only when the Group has legal obligation or irrevocable commitment as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle it, and the amount of obligation can be measured reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance expenses.

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as deductions from equity. Income tax relating to transaction costs of equity transactions is accounted for in accordance with IAS 12.

Own shares held

The Employee Benefit Trust ('EBT') provides for the issue of shares to Group employees principally under Performance Share Plan scheme. The Group has control of the EBT and therefore consolidates the EBT in the Group financial statements. Accordingly, shares in the Company held by the EBT are included in the balance sheet at cost as a deduction from equity.

Capital reorganisation reserve

The capital reorganisation reserve arose on consolidation as a result of the share for share exchange transactions that took place on 5 July 2021 (note 15). It represents the difference between the nominal value of shares issued by Baltic Classifieds Group PLC in this transaction and the share capital and other capital reserves of ANTLER TopCo S.a.r.l.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the Company's shareholders in the case of final dividends, or the date at which they are paid in the case of interim dividends.

Contingencies

Contingent liabilities are not recognised in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognised in the consolidated financial statements, unless the realisation of income is virtually certain. They are disclosed in the consolidated financial statements when an inflow of economic benefit is probable.

Subsequent events

Events that provide additional evidence on conditions that existed at the end of the reporting period (the adjusting events) are recognised in the final statements. Other subsequent events are not adjusting events and are disclosed in the notes if material.

Alternative performance measures

In the analysis of the Group's financial performance, certain information disclosed in the financial statements may be prepared on a non-GAAP basis or has been derived from amounts calculated in accordance with IFRS but are not themselves an expressly permitted GAAP measure. These measures are reported in line with the way in which financial information is analysed by management and designed to increase comparability of the Group's year-on-year financial position, based on its operational activity. The key alternative performance measures presented by the Group are:

- Adjusted Operating profit which is calculated by reference to the profit (loss) for the period and adjusting this to add back income tax expense, net finance costs, IPO costs, IPO refinancing arrangement related finance and tax items, M&A costs and acquired intangibles amortisation.
- EBITDA which is calculated by reference to the profit / (loss) for the period and adjusting this to add back income tax expense, net finance costs, depreciation and amortisation.
- Adjusted EBITDA which is calculated by reference to EBITDA for the period and adjusting this for the costs related to IPO, acquisitions and disposals in the period and one-off costs that do not reflect the underlying operations of the business (but including ongoing operating costs of being a public company).
- Adjusted EBITDA Margin which is calculated by dividing Adjusted EBITDA for the period by revenue for such period.
- Adjusted Net Income which is defined as the profit / (loss) for the period adjusted for the post-tax impact of the IPO costs, IPO refinancing arrangement related finance and tax items, M&A costs and the post-tax impact of the amortisation of intangibles arising from acquisitions.
- Adjusted basic EPS is adjusted for the same items that are used to adjust the Adjusted Net Income.
- Net Debt which is calculated as total debt (bank loans and Osta.ee customer credit balances) less cash.
- Leverage which is calculated as Net Debt over last twelve months (LTM) of Adjusted EBITDA. The Group's loan facility includes a Total Leverage Ratio covenant (see note 18).

The Directors believe that these alternative performance measures provide a helpful measure of the Group's business performance and year-on-year trends, as IPO related expenses or one-off Free Share Awards are significant but do not reflect operational activity.

4. Operating segments

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decisionmaker ("CODM") in order to allocate resources to the segments and to assess their performance. The CODM has been identified as the Board of Baltic Classifieds Group PLC.

The main focus of the Group is operating leading online classifieds platforms for automotive, real estate, jobs and services, and general merchandise in the Baltics. The Group's business is managed on a consolidated level. The Board views information for each classified platform at a revenue level only and therefore the platforms are considered products but not a separate line of business or segment. The Group considers itself a classified business operating in a well-defined and economically similar geographical area, the Baltic countries. And therefore the Board views detailed revenue information but only views costs and profit information at a Group level. As such, management concluded that BCG has one operating segment, which also represents one reporting segment.

The revenue break-down is disclosed by primary geographical markets, key revenue streams and revenue by business lines in accordance with IFRS 15 in note 5.

5. Revenue

In the following tables, revenue from contracts with customers is disaggregated by primary geographical markets, key revenue streams and revenue by business lines.

Primary geographic markets	2022 (€ thousands)	2021 (€ thousands)
Lithuania	35,236	27,915
Estonia	14,620	13,332
Latvia	1,103	1,021
Total	**50,959**	**42,268**

Key revenue streams	2022 (€ thousands)	2021 (€ thousands)
Advertising revenue	3,731	3,661
Listings revenue	43,725	35,091
- Listings revenue: B2C	24,590	18,187
- Listings revenue: C2C	19,135	16,904
Ancillary revenue [1]	3,503	3,516
Total	**50,959**	**42,268**

Revenue by business lines	2022 (€ thousands)	2021 (€ thousands)
Automotive	**18,293**	**16,822**
- Advertising revenue	1,122	1,111
- Listings revenue: B2C	7,432	6,629
- Listings revenue: C2C	6,507	5,847
- Ancillary revenue	3,232	3,235
Real Estate	**12,451**	**10,655**
- Advertising revenue	1,903	1,782
- Listings revenue: B2C	7,052	6,051
- Listings revenue: C2C	3,439	2,778
- Ancillary revenue	57	44
Generalist	**10,397**	**9,798**
- Advertising revenue	701	763
- Listings revenue: B2C	1,282	1,218
- Listings revenue: C2C	8,200	7,587
- Ancillary revenue	214	230
Jobs & Services	**9,818**	**4,993**
- Advertising revenue	7	5
- Listings revenue: B2C	8,822	4,289
- Listings revenue: C2C	988	692
- Ancillary revenue	1	7
Total	**50,959**	**42,268**

[1] Ancillary revenue includes revenue from financial intermediation, subscription services, and other. Financial intermediation revenue accounts for 94% of the total ancillary revenue for the year ending 30 April 2022 and 85% of the total ancillary revenue for the year ending 30 April 2021.

Due to the large number of customers the Group serves, there are no individual customers whose revenue is greater than 10% of the Group's total revenue in all periods presented in these financial statements.

Contract liabilities

Contract liabilities[1] include advanced consideration received for which revenue is received as or when services are provided. The movement of contract liabilities is provided below:

	2022 (€ thousands)	2021 (€ thousands)
Opening balance	**1,464**	**1,121**
Recognised in revenue in the period	(4,333)	(1,121)
Advanced consideration received	5,851	1,464
Closing balance	**2,982**	**1,464**

[1] Contract liabilities amount in the statement of financial position also include prepayments received from customers.

6. Operating profit

	2022 (€ thousands)	2021 (€ thousands)
Operating profit is after charging the following:		
Labour costs [1] (note 7)	(8,886)	(6,047)
Depreciation and amortisation	(16,894)	(16,966)
Advertising and marketing services	(841)	(756)
IT expenses	(692)	(546)
Impairment (loss) / reversal on trade receivables and contract assets	(59)	(23)
Other [2]	(9,977)	(2,227)
	(37,349)	**(26,565)**

[1] For the year ended 30 April 2022 labour costs include €1,378 thousand free share awards related expenses (note 23). For the year ended 30 April 2021 labour costs include €36 thousand of Auto24 acquisition related expenses.
[2] Other expenses include 1 and 2 from the table below.

Operating profit reconciliation with the Adjusted EBITDA

	2022 (€ thousands)	2021 (€ thousands)
Operating profit	**13,616**	**15,710**
Depreciation and amortisation	16,894	16,966
EBITDA	**30,510**	**32,676**
Acquisition related costs [1]	-	75
IPO related fees [2]	7,393	256
Free share awards [3]	1,378	-
Adjusted EBITDA	**39,281**	**33,007**
Adjusted EBITDA margin	**77.1%**	**78.1%**

[1] Fees and costs incurred in relation to the acquisition of eight legal entities including Auto24.ee.
[2] Fees and costs incurred in relation to the Initial Public Offering (IPO).
[3] Costs related to Free Share Awards to employees of the Group (note 23).

Services provided by the Company's auditors

	2022 (€ thousands)	2021 (€ thousands)
Fees payable for audit services:		
Audit of the Company and consolidated financial statements	(244)	(73)
Audit of the Company's subsidiaries pursuant to legislation	(103)	(77)
Total audit remuneration	**(347)**	**(150)**
Fees payable for other services:		
- Audit related assurance services	(110)	-
- Transaction related services	(532)	-
- Other assurance services	(267)	-
- Tax advisory services	-	(4)
Total non-audit remuneration	**(909)**	**(4)**
Total	**(1,256)**	**(154)**

Transaction related and other assurance services provided by the Company's auditors during the year ended 30 April 2022 relate to the IPO. Refer to Audit Committee Report on page 70 for further detail.

7. Employee numbers and costs

The average number of persons employed (including Executive Directors but excluding 4 Non-Executive Directors) during the year, analysed by category, was as follows:

	2022 (number)	2021 (number)
Administration	120	127
Key Management Personnel (note 22)	6	6
Total	**126**	**133**

The aggregate payroll costs of these persons were as follows:

	2022 (€ thousands)	2021 (€ thousands)
Wages and salaries	(6,219)	(5,369)
Social security costs	(645)	(678)
	(6,864)	**(6,047)**
Share-based payment costs (note 23)	(2,022)	-
Total	**(8,886)**	**(6,047)**

8. Net finance costs

	2022 (€ thousands)	2021 (€ thousands)
Other financial income	138	2
Total finance income	**138**	**2**
Interest expenses [1]	(9,426)	(13,396)
Commitment and agency fees	(132)	(497)
Other financial expenses [2]	(1,734)	(16)
Interest unwind on lease liabilities	(17)	(26)
Total finance expenses	**(11,309)**	**(13,935)**
Net finance costs recognised in profit or loss	**(11,171)**	**(13,933)**

[1] Interest expense for the year ended 30 April 2022 contains €5,075 thousand of upfront fee that was written off upon the repayment of Senior Facility Agreement in July 2021.

[2] Other financial expenses for the year ended 30 April 2022 contain €1,618 thousand of Senior Facility Agreement related early repayment condition.

9. Income taxes

(a) Tax recognised in profit or loss

	2022 (€ thousands)	2021 (€ thousands)
Current tax expense		
Current year	(3,102)	(3,519)
Deferred tax expense		
Change in deferred tax [1]	3,056	1,649
Tax expense	**(46)**	**(1,870)**

[1] Change in deferred tax for the year ended 30 April 2022 contains €1,266 thousand of deferred tax liability related to the upfront fee that was written off upon the repayment of Senior Facility Agreement in July 2021. In this case DTL arose due to tax differences in Luxembourg as a since liquidated Group company ANTLER HoldCo Sàrl was the borrower in case of previous Senior Facility Agreement.

Tax losses can be transferred between companies within the same tax group effectively reducing consolidated income tax expense.

(b) Reconciliation of effective tax rate

	2022 (€ thousands)	2021 (€ thousands)
Profit (loss) before tax	2,445	1,777
Tax using the consolidating entity's domestic tax rate (2022 UK 19%, 2021 Luxembourg 25%)	(465)	(444)
Effect of tax rates in foreign jurisdictions	726	(509)
Non-deductible expenses	(1,614)	(199)
Tax-exempt income	-	899
Reversal of a temporary timing difference	1,307	140
Current year losses for which no deferred tax asset is recognised	-	(1,757)
	(46)	**(1,870)**

Summary of taxation rates by country is presented below:

	2022 (€ thousands)	2021 (€ thousands)
United Kingdom	19%	19%
Lithuania	15%	15%
Latvia [1]	20%	20%
Estonia [1]	20%	20%
Luxembourg	25%	25%

[1] 0% income tax rate applies in Estonia and Latvia if there are no profit distributions.

(c) Movement in deferred tax balances

For the year ended 30 April 2021:

	Net balance at 30 April 2020 (€ thousands)	Recognised in profit or loss (€ thousands)	Recognised in OCI (€ thousands)	Acquired in business combinations (€ thousands)	Net balance at 30 April 2021 (€ thousands)	Deferred tax asset (€ thousands)	Deferred tax liability (€ thousands)
Intangible assets amortisation	(9,216)	1,264	-	-	(7,952)	-	(7,952)
Front-end commission fee	(1,447)	140	-	-	(1,307)	-	(1,307)
Other temporary differences	113	245	-	-	358	358	-
Tax assets (liabilities) before set-off	(10,550)	1,649	-	-	(8,901)	358	(9,259)
Set-off of tax[1]	-	-	-	-	-	(358)	358
Net tax assets (liabilities)	(10,550)	1,649	-	-	(8,901)	-	(8,901)

For the year ended 30 April 2022:

	Net balance at 30 April 2021 (€ thousands)	Recognised in profit or loss (€ thousands)	Recognised in OCI (€ thousands)	Acquired in business combinations (€ thousands)	Net balance at 30 April 2022 (€ thousands)	Deferred tax asset (€ thousands)	Deferred tax liability (€ thousands)
Intangible assets amortisation	(7,952)	1,691	-	-	(6,261)	-	(6,261)
Front-end commission fee	(1,307)	1,307	-	-	-	-	-
Other temporary differences	358	59	-	-	417	417	-
Tax assets (liabilities) before set-off	(8,901)	3,057	-	-	(5,844)	417	(6,261)
Set-off of tax [1]	-	-	-	-	-	(417)	417
Net tax assets (liabilities)	(8,901)	3,057	-	-	(5,844)	-	(5,844)

[1] Set-off is allowed as it is the same jurisdiction (Lithuania).

(d) Unrecognised deferred tax asset

The Group's accumulated tax losses consists of tax losses incurred by the Company's indirect subsidiary UAB Antler Group. No deferred tax assets have been recognised in respect to these tax losses as it is not probable that future taxable profit will be available against which UAB Antler Group can use the benefits therefrom. The applicable tax rate is 15%. Gross amount of taxable losses for the year ended 30 April 2021 also included losses incurred by ANTLER HoldCo Sàrl, an indirect subsidiary which was liquidated in February 2022.

	2022 (€ thousands)		2021 (€ thousands)	
	Gross amount	Tax effect	Gross amount	Tax effect
Tax losses	(26,229)	(3,934)	(26,547)	(3,995)
	(26,229)	**(3,934)**	**(26,547)**	**(3,995)**

(e) Tax losses carried forward

Tax losses carried forward include losses incurred by the Company's indirect subsidiary UAB Antler Group, they amount to €26,229 thousand.

According to Lithuanian legislation, deductible tax losses carried forward can be used to reduce the taxable income earned during the reporting year by maximum 70%. Tax losses can be carried forward for an indefinite period.

Tax losses carried forward by expiration:

	2022 (€ thousands)	2021 (€ thousands)
Expire in 2037	-	(61)
Expire in 2038	-	(69)
Does not expire	(26,229)	(26,417)
Total	**(26,229)**	**(26,547)**

10. Earnings per share

		2022 (€ thousands)	2021 (€ thousands)
Weighted average number of shares outstanding	number	488,467,552	435,265,078
Profit (loss) attributable to owners of the Company	€ thousands	2,399	(93)
Basic earnings per share	**€ cents**	**0.49**	**(0.02)**

Basic earnings per share (EPS) amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. The weighted average number of shares for the current and the comparative periods has been stated as if the Group share for share exchange (note 15) has occurred at the beginning of the comparative periods.

In calculating diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potentially dilutive shares. The Group's potentially dilutive instruments are in respect of share-based incentives granted to employees. Options under the Performance Share Plan are contingently issuable shares and are therefore only included within the calculation of diluted EPS if the performance conditions are satisfied.

Although the Group started operating a Performance Share Plan (note 23), the potential ordinary shares are not treated as dilutive as the PSP performance condition was not satisfied for the year ended 30 April 2022.

The reconciliation of the weighted average number of shares is provided below:

	Number of shares
Issued ordinary shares at 1 May 2020	435,265,078
Weighted average number of ordinary shares at 30 April 2021	**435,265,078**
Issued ordinary shares at 1 May 2021	435,265,078
Effect of ordinary shares issued at 5 July 2021	53,206,784
Effect of ordinary shares issued at 19 October 2021	208,566
Effect of ordinary shares purchased by EBT at 25 March 2022 (note 16)	(212,876)
Weighted average number of ordinary shares at 30 April 2022	**488,467,552**

11. Intangible assets and goodwill

	Goodwill (€ thousands)	Trade-marks and domains (€ thousands)	Relationship with clients (€ thousands)	Other intangible assets (€ thousands)	Total (€ thousands)
Cost					
Balance at 1 May 2020	**328,732**	**63,317**	**50,710**	**1,535**	**444,294**
Disposals	-	(97)	-	(188)	**(285)**
Balance at 30 April 2021	**328,732**	**63,220**	**50,710**	**1,347**	**444,009**
Balance at 1 May 2021	**328,732**	**63,220**	**50,710**	**1,347**	**444,009**
Disposals	-	-	-	(23)	**(23)**
Balance at 30 April 2022	**328,732**	**63,220**	**50,710**	**1,324**	**443,986**
Accumulated amortisation and impairment losses					
Balance at 1 May 2020	**-**	**4,375**	**6,308**	**94**	**10,777**
Amortisation	-	6,331	9,824	340	**16,495**
Disposals	-	(13)	-	(159)	**(172)**
Balance at 30 April 2021	**-**	**10,693**	**16,132**	**275**	**27,100**
Balance at 1 May 2021	**-**	**10,693**	**16,132**	**275**	**27,100**
Amortisation	-	6,323	9,824	273	**16,420**
Disposals	-	-	-	(23)	**(23)**
Balance at 30 April 2022	**-**	**17,016**	**25,956**	**525**	**43,497**
Carrying amounts					
Balance at 1 May 2020	**328,732**	**58,942**	**44,402**	**1,441**	**433,517**
Balance at 30 April 2021	**328,732**	**52,527**	**34,578**	**1,072**	**416,909**
Balance at 30 April 2022	**328,732**	**46,204**	**24,754**	**799**	**400,489**

Impairment testing for cash generating units containing goodwill

The following carrying amounts of goodwill are allocated to each cash-generating unit within the Group:

	2022 (€ thousands)	2021 (€ thousands)
Diginet LTU UAB	228,515	228,515
AllePal OU	82,027	82,027
Kinnisvaraportaal OU	13,976	13,976
City24 SIA	3,039	3,039
VIN Solutions OU	1,175	1,175
	328,732	**328,732**

The smallest groups of assets that generate cash inflows from continuing use are legal entities based in Lithuania, Estonia and Latvia. The recoverable amount of each cash generating unit as at 30 April 2022 and 2021 was determined based on the value in use calculations that use cash flow projections based on the five-year financial forecasts prepared by management. The post-tax discount rates applied to the post-tax cashflows are derived from the post-tax weighted cost of capital. The assumptions used in the calculation of the Group's weighted average cost of capital are benchmarked to externally available data. The terminal growth rate was determined based on management's estimate of the long-term growth rate, consistent with assumptions that would be made by a reasonable market participant. Budgeted revenues and expenses were estimated based on past performance and management's expectation of growth from pricing, volume and product development. Due, in part, to rapid technological changes, evolving industry standards and changing needs and preferences of listers and consumers, the Group's competitive landscape is changing rapidly. It is, therefore, difficult for the Group to accurately assess or predict the Group's future competitors and the competitive threats the Group may be facing.

The key assumptions used for the value in use calculations are as follows:

2022

In percent	Diginet LTU UAB	AllePal OÜ	Kinnisvara-portaal OÜ	City24 SIA	VIN SolutionsOÜ
Revenue growth rate	11-15%	11-13%	8-9%	11-19%	4-7%
Discount rate (pre-tax)	8.75%	9.02%	9.02%	9.58%	9.02%
Terminal value growth rate	2%	2%	2%	2%	2%

2021

In percent	Diginet LTU UAB	AllePal OÜ	Kinnisvara-portaal OÜ	City24 SIA	VIN SolutionsOÜ
Revenue growth rate	10-15%	7-12%	2-9%	5-11%	10-12%
Discount rate (pre-tax)	9.48%	9.16%	9.16%	9.68%	9.16%
Terminal value growth rate	2%	2%	2%	2%	2%

The value in use forecasts assume a double digit growth in revenue in the initial 5 year period. Key drivers to future growth rates are dependent on the Group's ability to maintain and grow income streams. The level of headroom may change if different growth rate assumptions or a different pre-tax rates were used in the cashflow projections. Therefore revenue growth and discount rate are considered to be key assumptions.

Sensitivity analysis has been performed in assessing the recoverable amounts of goodwill. There are no changes to the key assumptions of revenue growth or discount rate that are considered by the management to be reasonably possible, which give rise to an impairment of goodwill relating to any of the CGU's, with the exception of Kinnisvaraportaal OÜ ("KVP") and Vin Solutions OÜ ("VIN") (see below). KVP is part of real estate business line in Estonia while VIN is part of automotive business line in Estonia.

For both KVP and VIN a pre-tax discount rate of 9.02% has been applied based on the weighted average cost of capital reflecting specific principal risks and uncertainties to these entities. Forecasts cashflows assume stable organic growth due to increased revenue via price increases or product development.

Sensitivity analysis has been performed in assessing the recoverable amounts of goodwill. Management has considered reasonably possible although not currently expected changes in three key assumptions being revenue growth, pre-tax discount rate and terminal growth. Management has identified that for KVP and VIN a reasonably possible change in these assumptions could cause the carrying value to exceed the recoverable amount. The amounts by which these two assumptions would need to change individually and collectively for the estimated recoverable amount to be equal to the carrying amount are set out below:

- Increasing the pre-tax discount rate by 3 percentage points ("pp") for KVP and by 2pp for VIN would lead to an impairment charge of €1,4m for KVP and €0.2m for VIN;
- Decreasing revenue growth in the initial 5 year period by 4pp for VIN would not lead to a material impairment charge;
- Increasing the pre-tax discount rate by 1pp and decreasing the revenue growth by 2pp for KVP which would not lead to a material impairment charge;
- Increasing the pre-discount rate by 1pp and decreasing the revenue growth by 1pp for VIN which would not lead to a material impairment charge;
- Decreasing terminal growth rate by 1pp for VIN which would not lead to a material impairment charge.

Having completed the impairment review for the year ended 30 April 2022, no impairment has been recognised in relation to any of the CGU's (for the period ended 30 April 2021: no impairment).

12. Right-of-use assets

	Buildings (€ thousands)	Vehicles (€ thousands)	Other (€ thousands)	Total (€ thousands)
Cost				
Balance at 30 April 2020	**929**	**145**	**19**	**1,093**
Acquisitions	-	108	-	**108**
Re-assessment	67	2	10	**79**
Balance at 30 April 2021	**996**	**255**	**29**	**1,280**
Acquisitions	-	22	15	**37**
Disposals	-	(89)	-	**(89)**
Re-assessment	30	-	-	**30**
Balance as at 30 April 2022	**1,026**	**188**	**44**	**1,258**
Accumulated depreciation and impairment losses				
Balance at 30 April 2020	**165**	**28**	**4**	**197**
Depreciation	255	57	10	**322**
Balance at 30 April 2021	**420**	**85**	**14**	**519**
Depreciation	256	43	9	**308**
Disposals	-	(26)	-	**(26)**
Balance as at 30 April 2022	**676**	**102**	**23**	**801**
Carrying amounts				
Balance at 30 April 2020	**764**	**117**	**15**	**896**
Balance at 30 April 2021	**576**	**170**	**15**	**761**
Balance at 30 April 2022	**350**	**86**	**21**	**457**

13. Trade and other receivables

	2022 (€ thousands)	2021 (€ thousands)
Trade receivables	3,002	2,524
Expected credit loss (-) on trade receivables	(71)	(84)
Other short term receivables	39	131
Total	**2,970**	**2,571**

Trade and other receivables (except for loan receivables) are non-interest bearing. The Group has recognised impairment losses in the amount of €71 thousand as at 30 April 2022 (€84 thousand as at 30 April 2021). Change in impairment losses for trade receivables, netted with recoveries, for financial period amounted to €59 thousand as at 30 April 2022 and €23 thousand as at 30 April 2021.

As at 30 April 2021, all trade receivables were pledged to secure the bank loans (see note 18). As at 30 April 2022, there are no pledges on trade receivables (see note 18).

Reconciliation of changes in impairment allowance for trade receivables:

	(€ thousands)
Balance at 30 April 2020	**(107)**
Recoveries	53
Write offs	46
Changes in allowance and allowance recognised for new financial assets originated	(76)
Balance at 30 April 2021	**(84)**
Recoveries	77
Write offs	72
Changes in allowance and allowance recognised for new financial assets originated	(136)
Balance as at 30 April 2022	**(71)**

14. Cash and cash equivalents

The balance of the Group's cash and cash equivalents as at 30 April 2022 and 30 April 2021 comprises of cash in banks. The credit rating of banks the Group holds its cash and cash equivalents varies from A1 to Baa1 as per Moody's ratings.

As at 30 April 2021, cash in major bank accounts was pledged to secure the bank loans. As at 30 April 2022, there are no pledges on bank accounts (see note 18).

As at 30 April 2022 and 30 April 2021, there are no restrictions on cash in Group's bank accounts.

15. Equity

	Number of shares	Share capital amount (€ thousands)	Share premium amount (€ thousands)
Balance as at 1 May 2020	**435,265,079**	**506,452**	**-**
Redeemable preference share issued	-	57	-
Balance as at 1 May 2021	**435,265,079**	**506,509**	**-**
Group restructure:			
- Redeemable preference share redeemed	-	(57)	-
- Share issue for IPO	64,734,921	75,322	48,959
- Share issue related transaction costs	-	-	(5,816)
Nominal value of ordinary shares reduced and share premium cancelled to create distributable reserves	-	(575,956)	(43,143)
Shares issued to satisfy Free share awards (note 23)	392,405	4	-
Balance as at 30 April 2022	**500,392,405**	**5,822**	**-**

BCG was incorporated on 26 April 2021 with 1 ordinary share with a value of £1 (€1.15) per share allotted. On 27 April 2021 the company issued 1 redeemable preference share with a value of £49,999 (€57,487) per share.

On 5 July 2021 BCG was inserted into the Group's holding structure via a share for share exchange with the shareholders of a previous top holding entity, ANTLER TopCo S.a.r.l:

1) BCG issued 38,740,076 ordinary shares at £1 (€1.16) each in the share for share exchange to acquire ANTLER Management S.A. that was a minority shareholder of ANTLER TopCo S.a.r.l.

2) BCG issued 396,525,002 ordinary shares at £1 (€1.16) each in the share for share exchange to acquire the rest of ANTLER TopCo S.a.r.l.

3) 1 redeemable preference share with a value of £49,999 (€57,487) per share was redeemed.

On 5 July 2021 BCG issued 64,734,921 ordinary shares with a value of £1 (€1.16) each that were listed at £1.65 (€1.92) on the London Stock Exchange.

Share issue related expenses amounting to €5,816 thousand were set against the share premium that arose during the listing, out of which €2,942 thousand relate to the underwriting fee that reduced the cash received from the IPO proceeds.

On 23 September 2021 BCG undertook a Court approved capital reduction to create distributable reserves. The entire amount standing to the credit of BCG share premium account was cancelled and the nominal value of each ordinary share in issue in the capital of BCG was reduced from £1 (€1.15) to £0.01 (€0.01). This created a total of €619,100 thousand in distributable reserves.

On 19 October 2021 BCG issued 392,405 shares with a value of £0.01 (€0.01) each to be gifted, on an unrestricted basis, to all employees other than the Executive Directors and the rest of the Senior Management team.

Share capital and share premium in the comparative periods have been stated as if the Group share for share exchange has occurred at the beginning of the comparative periods. For this reason, a capital reorganisation reserve has been created which comprises a difference between the recalculated share capital amount and the total of share capital and share premium of ANTLER TopCo S.a.r.l.

Included within shares in issue at 30 April 2022 are 2,100,000 (nil in previous period) shares held by the Employee Benefit Trust ("EBT") (note 16).

16. Own shares held

	Shares held by EBT	
	Amount (€ thousands)	Number
Balance as at 1 May 2021	-	-
Purchase of shares for performance share plan[1]	(3,418)	2,100,000
Balance as at 30 April 2022	**(3,418)**	**2,100,000**

[1] Shares were purchased on 25 March 2022 at a price of £1.35 (€1.62) per share. Stamp duty reserve tax amounting to €16 thousand were capitalised to the cost.

17. Dividends

No interim dividend was declared for the year ended 30 April 2022 and therefore no dividends have been paid out in the period.

The proposed final dividend for the year ended 30 April 2022 of 1.4 € cents per share, totalling €6,976 thousands, is subject to approval by shareholders at the Annual General Meeting ("AGM") and hence has not been included as a liability in the financial statements. Dividends will be paid in euros however shareholders will have an opportunity to opt for a payment in British pounds.

The Directors intend to return one third of Adjusted Net Income (as defined below) each year via an interim and final dividend, split one third and two thirds, respectively.

The Adjusted Net Income is defined as the profit / (loss) for the period adjusted for the post-tax impact of the IPO costs, IPO refinancing arrangement related finance and tax items, M&A costs and the post-tax impact of the amortisation of intangibles arising from acquisitions.

The Adjusted Net Income for the year ended 30 April 2022 as well as for the year ended 30 April 2021 is as follows:

	2022 (€ thousands)	2021 (€ thousands)
Profit / (loss) for the period	**2,399**	**(93)**
Acquisition related costs [1]	-	75
Tax effect of Acquisition related costs	-	-
IPO related fees [2]	7,393	256
Tax effect of IPO related fees	*(70)*	-
Free share awards [3]	1,378	-
IPO refinancing: Senior Facility Agreement related early repayment condition [4]	1,618	-
IPO refinancing: Senior Facility Agreement related upfront fee write off [5]	5,075	-
IPO refinancing: Senior Facility Agreement capitalised upfront fee related deferred tax liability write off [6]	(1,266)	-
Amortisation of intangibles arising from acquisitions (PPA) [7]	16,147	16,142
Deferred tax effect of amortisation of intangibles arising from acquisitions	*(1,434)*	*(1,434)*
Adjusted Net Income	**31,240**	**14,946**

[1] Fees and costs incurred in relation to the acquisition of eight legal entities including Auto24.ee.
[2] Fees and costs incurred in relation to the Initial Public Offering (IPO).
[3] Costs related to Free Share Awards to employees of the Group (note 23).
[4] Previous Senior Facility Agreement related early repayment fine.
[5] Previous Senior Facility Agreement related capitalised upfront fee write off.
[6] Previous Senior Facility Agreement capitalised upfront fee related deferred tax liability write off.
[7] Amortisation of trademarks and domains and amortisation of relationship with clients (note 11).

18. Loans and borrowings

Non-current liabilities	2022 (€ thousands)	2021 (€ thousands)
Bank loan	82,311	210,051
Lease liabilities	167	362
	82,478	**210,413**

Current liabilities	2022 (€ thousands)	2021 (€ thousands)
Bank loan	121	2,412
Lease liabilities	202	301
	323	**2,713**

Bank loan:

	Period end	Maturity	Loan currency	Effective interest rate	Amount (€ thousands)
Bank Loan	30 April 2022	2026 July	€	4.04%[1]	82,432
Bank Loan	30 April 2021	2026 July	€	6.08%	212,463

[1] Effective interest rate for the year ended 30 April 2022 includes 2 months of since repaid loan.

In July 2021 the Group drew down a new loan consisting of Facility B (€98,000 thousand) and agreed on a new revolving credit facility of €10,000 thousand. The previous loan was fully repaid in July 2021. Due to early repayment the Group paid an early repayment condition that amounted to €1,618 thousand (included within other financial expenses for the year ended 30 April 2022). The Group also wrote off a capitalised upfront fee that amounted to €5,075 thousand (included within interest expenses for the year ended 30 April 2022) and a related deferred tax liability that amounted to €1,266 thousand (included within deferred tax expenses for the year ended 30 April 2022).

As at 30 April 2022 the loan comprised of Facility B (outstanding balance: €84,000 thousand as €14,000 thousand were repaid during the financial year), the undrawn revolving credit facility amounted to €10,000 thousand. As at 30 April 2021 the loan comprised of Facility A1 (outstanding balance: €35,000 thousand), Facility A2 (€17,500 thousand), Facility B1 (€115,000 thousand) and Facility B2 (€31,410 thousand).

Capitalised debt issue costs amounted to €1,689 thousand and €5,243 thousand for the year ended 30 April 2022 and 30 April 2021 respectively. Interest payable amounted to €121 thousand and €3,411 thousand for the year ended 30 April 2022 and 30 April 2021 respectively.

The loan agreement prescribes a Total Leverage Ratio covenant. Total Leverage Ratio is calculated as Net Debt over last twelve months (LTM) of Adjusted EBITDA and shall not exceed 5.50:1. As at 30 April 2022 the Group complied with the covenant prescribed in the loan agreement.

As per the same agreement, the interest margin for each facility is tied to the Total Leverage Ratio at each interest calculation date on a semi-annual basis:

Total Leverage Ratio	Facility B Margin (% p.a.)	Revolving Facility Margin (% p.a.)
Greater than 4.50:1	3.50	3.50
Equal to or less than 4.50:1 but greater than 4.00:1	3.00	3.00
Equal to or less than 4.00:1 but greater than 3.50:1	2.75	2.75
Equal to or less than 3.50:1 but greater than 3.00:1	2.50	2.50
Equal to or less than 3.00:1 but greater than 2.75:1	2.25	2.25
Equal to or less than 2.75:1 but greater than 2.50:1	2.00	2.00
Equal to or less than 2.50:1	1.75	1.75

For the borrowings received from the bank, the following pledges and securities were granted as of 30 April 2022: group companies shares. The following pledges and securities were granted as of 30 April 2021: loan receivables, cash in major bank accounts and trademarks. The carrying amount of pledged assets is as follows:

Pledged assets	2022 (€ thousands)	2021 (€ thousands)
Group companies shares [1]	332,227	705,369
Current receivables (including intragroup)	-	58,837
Bank accounts	-	5,742
Trademarks	-	39,947
	332,227	**809,895**

1 As defined in the loan agreement, the pledged assets include the shares held by Group companies (see the full list of subsidiaries in note 25):
the shares of UAB Antler Group that are held by BCG HoldCo limited.
the shares of Baltics Classifieds Group OÜ and UAB Diginet LTU that are held by UAB Antler Group
the shares of AllePal OÜ that are held by Baltics Classifieds Group OÜ

Reconciliation of movements of liabilities to cashflows arising from financing activities

	Borrowings (€ thousands)	Lease liabilities (€ thousands)	Total (€ thousands)
Balance as at 1 May 2020	**206,481**	**818**	**207,299**
Changes from financing cash flows			
- Proceeds from loans and borrowings	15,000	-	**15,000**
- Repayment of borrowings	(10,000)	-	**(10,000)**
- Payment of lease liabilities	-	(339)	**(339)**
Total changes from financing cash flows	**5,000**	**(339)**	**4,661**
Other liability related changes			
- New leases	-	184	**184**
- Interest expenses	13,396	26	**13,422**
- Interest paid	(12,414)	(26)	**(12,440)**
Total other liability related changes	**982**	**184**	**1,166**
Balance as at 30 April 2021	**212,463**	**663**	**213,126**
Balance as at 1 May 2021	**212,463**	**663**	**213,126**
Changes from financing cash flows			
- Proceeds from loans and borrowings	96,650	-	**96,650**
- Repayment of borrowings	(228,295)	-	**(228,295)**
- Payment of lease liabilities	-	(305)	**(305)**
Total changes from financing cash flows	**(131,645)**	**(305)**	**(131,950)**
Other liability related changes			
- New leases	-	67	**67**
- Lease disposal	-	(56)	**(56)**
- Capitalised borrowing costs	(676)	-	**(676)**
- Capitalised borrowing costs write off	5,075	-	**5,075**
- Interest expenses	4,351	17	**4,368**
- Interest paid	(7,136)	(17)	**(7,153)**
Total other liability related changes	**1,614**	**11**	**1,625**
Balance as at 30 April 2022	**82,432**	**369**	**82,801**

19. Trade and other payables

	2022 (€ thousands)	2021 (€ thousands)
Trade payables	235	322
Accrued expenses	344	203
Other tax	1,578	849
Customer credit balances	2,289	2,210
Other payables	12	17
	4,458	**3,601**

20. Financial risk management

In its activities, the Group is exposed to various financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Directors are responsible for creation and control of overall risk management policy in the Group.

Risk management policies are established to identify and analyse the risks faced by the Group, and to set appropriate risk limits and controls. Risk management policies and systems are reviewed on a regular basis to reflect changes in the 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. From time to time, the Group may use derivative financial instruments in order to hedge against certain risks.

The note below presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing the risk, and the Group's management of capital.

(a) Credit risk

Credit risk is the risk of Group's financial loss if a customer or counterparty fails to comply with contractual obligations. Credit risk is controlled by applying credit limits depending on the risk profile of the customer and monitoring debt collection procedures.

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

	Note	2022 (€ thousands)	2021 (€ thousands)
Trade receivables	13	2,931	2,440
Other short term receivables	13	39	131
Cash and cash equivalents	14	19,914	17,115
		22,884	**19,686**

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

Credit risk related to loans receivable is managed by monitoring counterparty's profitability and their cash flow projections. Credit risk related to cash and cash equivalent balances is managed by monitoring credit ratings of the Group's banks.

Expected credit loss assessment for trade receivables

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited consolidated financial statements, management accounts and 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 agencies.

An ECL rate is calculated based on delinquency status and actual credit loss experience over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The trade receivables do not have a significant financing component. The Group's credit terms on sales to business customers are 7-60 days from receipt of the invoice by the customer. For sales to private customers, the Group collects payments instantly at the time of the transaction and is not exposed to credit risk.

The Group applies the simplified approach for trade receivables.

The Group has elected to use a provision matrix to calculate lifetime ECLs, which is based on:

- Historical default rates over the expected life of the trade receivables
- Adjustment for forward-looking estimates

Impairment allowance – analysis as at 30 April 2022:

	ECL rate	Trade receivables (€ thousands)	Impairment allowance (€ thousands)
Not past due	(0.4%)	2,101	(9)
1 – 30 days past due	(0.3%)	378	(1)
31 – 60 days past due	(1.1%)	147	(2)
61 – 90 days past due	(2.0%)	71	(1)
> 90 days past due	(19.2%)	305	(58)
	(2.4%)	**3,002**	**(71)**

Impairment allowance – analysis as at 30 April 2021:

	ECL rate	Trade receivables (€ thousands)	Impairment allowance (€ thousands)
Not past due	(0.2%)	1,825	(4)
1 – 30 days past due	(1.1%)	306	(3)
31 – 60 days past due	(4.6%)	113	(5)
61 – 90 days past due	(8.4%)	63	(5)
> 90 days past due	(30.1%)	217	(67)
	(3.3%)	**2,524**	**(84)**

For the movement in impairment allowance see note 13.

(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 policy is to maintain sufficient amounts of cash and cash equivalents via operations, borrowings and credit facilities to meet its commitments at a given date. This policy excludes the potential impact of extreme circumstances that cannot be reasonably predicted, such as natural disasters.

Cash flow budgeting is performed by the Group's management and the Group's liquidity requirements are monitored to ensure it has sufficient cash to meet operational needs.

The Group has access to a credit facility with the current lender at a total of EUR 94 000 thousands. All of the commitment matures in July 2026. At 30 April 2022, EUR 84 000 thousands was drawn under the credit facilities available. The undrawn revolving credit facility amounted to €10,000 thousand. The covenant of this credit facility is discussed in note 18.

The table below summarises the remaining contractual maturities of financial liabilities as at 30 April of 2022, including estimated interest payments:

Financial liabilities	Carrying amount (€ thousands)	Contractual cash flows (€ thousands)	Up to 1 year (€ thousands)	1-2 years (€ thousands)	2-5 years (€ thousands)	More than 5 years (€ thousands)
Bank loan	82,432	(91,501)	(1,764)	(1,769)	(87,968)	-
Lease liabilities	369	(472)	(273)	(134)	(65)	-
Trade payables	235	(235)	(235)	-	-	-
Other payables	2,301	(2,301)	(2,301)	-	-	-
	85,337	**(94,509)**	**(4,573)**	**(1,903)**	**(88,033)**	**-**

The table below summarises the remaining contractual maturities of the Group's financial liabilities as at 30 April of 2021, including estimated interest payments:

Financial liabilities	Carrying amount (€ thousands)	Contractual cash flows (€ thousands)	Up to 1 year (€ thousands)	1-2 years (€ thousands)	2-5 years (€ thousands)	More than 5 years (€ thousands)
Bank loan	212,463	(286,684)	(13,097)	(13,194)	(39,620)	(220,773)
Lease liabilities	663	(779)	(312)	(260)	(207)	-
Trade payables	322	(322)	(322)	-	-	-
Other payables	2,227	(2,227)	(2,227)	-	-	-
	215,675	**(290,012)**	**(15,958)**	**(13,454)**	**(39,827)**	**(220,773)**

(c) Market risk

Market risk is the risk that changes in market prices - such as foreign exchange rates and interest rates - 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 optimizing the return.

(i) Currency risk

EUR is the functional currency of each legal entity comprising the Group, as well as the Group's reporting currency. The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than EUR.

The Group is not using any financial instruments to hedge against the foreign currency exchange risk.

As at 30 April 2022, the Group has no significant monetary assets and liabilities denominated in other currencies than EUR except for €1.7m cash held in GBP. As at 30 April 2021 the Group had no monetary assets and liabilities denominated in other currencies than EUR.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets.

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

Carrying amount	2022 (€ thousands)	2021 (€ thousands)
Instruments with a variable interest rate		
Bank loan	82,311	209,052
	82,311	**209,052**

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 by the amounts shown below. The analysis assumes that all other variables remain constant.

2022	Impact of financial instruments on profit before tax			
Financial instruments by class	Increase	Impact to finance costs (€ thousands)	Decrease	Impact to finance costs (€ thousands)
Variable rate instruments	+100 bp	(840)	-100 bp	840

2021	Impact of financial instruments on profit before tax			
Financial instruments by class	Increase	Impact to finance costs (€ thousands)	Decrease	Impact to finance costs (€ thousands)
Variable rate instruments	+100 bp	(2,143)	-100 bp	2,143

c) Capital management

Equity in combination with net debt is considered to be capital for capital management purposes. The Group's policy is to maintain the confidence of creditors and the market, to fund business development opportunities in the future and comply with external capital requirements.

Fair value of financial instruments

The Group's principal financial instruments not carried at fair value are trade and other receivables, trade and other payables, non-current and current borrowings.

The management of the Group is of the opinion that carrying amount of trade and other receivables, trade and other payables is a reasonable approximation of fair value due to their short-term nature.

Based on the discounted cash flow analysis performed, management considers that the borrowings carrying amount is a reasonable approximation of fair value. The discounted cash flow analysis was performed using a market rate of interest and principal payments discounted to a present value using interest rate as a discount rate.

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

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Group uses observable market 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).

The Group recognised transfers between the fair value hierarchy from the end of the reporting period in which the change occurred. Below listed are financial assets and financial liabilities:

2022	Carrying amount (€ thousands)	Level 1 (€ thousands)	Level 2 (€ thousands)	Level 3 (€ thousands)	Total (€ thousands)
Trade and other receivables	2,970	-	-	-	-
Cash and cash equivalents	19,914	-	-	-	-
Loans and borrowings	(82,432)	-	(82,432)	-	(82,432)
Trade and other payables	(4,458)	-	-	-	-
	(64,006)	**-**	**(82,432)**	**-**	**(82,432)**

2021	Carrying amount (€ thousands)	Level 1 (€ thousands)	Level 2 (€ thousands)	Level 3 (€ thousands)	Total (€ thousands)
Trade and other receivables	2,571	-	-	-	-
Cash and cash equivalents	17,115	-	-	-	-
Loans and borrowings	(212,463)	-	(212,463)	-	(212,463)
Trade and other payables	(3,601)	-	-	-	-
	(196,378)	**-**	**(212,463)**	**-**	**(212,463)**

21. Related party transactions

During the period ended 30 April 2022 the transactions with related parties outside the consolidated Group included:

- remuneration of key management personnel (note 22), including share option awards under the PSP scheme (note 23);
- before the IPO a part of ANTLER Management S.A. shares were acquired by the three Executive Directors together with other key employees as part of management incentive program that existed since BCG acquisition by funds advised by Apax Partners ("Apax") in FY 2020; shares were purchased at a value equal to the price paid by Apax in FY 2020;
- at the IPO three Non-Executive Directors purchased shares of ANTLER TopCo Sàrl outside the Offer at the IPO price;
- share for share exchange transaction during the reorganisation for the IPO (note 15) where three Executive Directors, three Non-Executive Directors and Directors of Group Companies exchanged the shares they held in ANTLER Management S.A. and ANTLER TopCo Sàrl for the like-for-like amount of shares in Baltic Classifieds Group PLC.

During the year ended 30 April 2021 there were no transactions with related parties outside the consolidated Group except for the remuneration of key management personnel (note 22).

22. Remuneration of key management personnel and other payments

Key management personnel comprise three Executive Directors (CEO, CFO, COO), four Non-Executive Directors (since July 2021 only) and Directors of Group companies. Remuneration of key management personnel in the reporting period, including social security and related accruals, amounted to €969 thousand for the period ended 30 April 2022 and €560 thousand for the period ended 30 April 2021. Remuneration of Directors of the Board (three Executive and four Non-Executive Directors) in the reporting period, including social security and related accruals, amounted to €748 thousand. As the Board was formed in the reporting period only, the closest comparative to the remuneration of the Directors of the Board would be the remuneration of three Executive Directors which, including social security and related accruals, amounted to €345 thousand for the year ended 30 April 2021.

During the period ended 30 April 2022 the Executive Directors of the Group were granted a set number of share options under the PSP scheme. Share-based payment expenses amounted to €509 thousands for the period ended 30 April 2022 (nil in previous period). None of the options vested during the reporting period. See note 23 for further detail.

During the year ended 30 April 2022 and 30 April 2021, key management personnel of the Group did not receive any loans, guarantees, no other payments or property transfers occurred and no pension or retirement benefits were paid.

23. Share-based payments

Performance Share Plan

The Group currently operates a Performance Share Plan (PSP) that is subject to a service and a non-market performance condition. The estimate of the fair value of the PSP is measured using Black-Scholes pricing model.

The total charge in the period relating to the PSP scheme was €644 thousand (nil in previous periods).

The PSP plan consists of share options for Executive Directors and certain key employees with a vesting period of 3 years.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest, unless under exceptional circumstances.

On 27 July 2021, the Group awarded 1,041,745 share options under the PSP scheme. For these awards, the Group's performance is measured by reference to the Group's Earnings per Share in FY2024. See Directors' Remuneration Report for further detail.

The fair value of the 2021 award was determined to be €2.56 per option using a Black-Scholes pricing model. The resulting share-based payments charge is being spread evenly over the period between the grant date and the vesting date.

The assumptions used in the measurement of the fair value at grant date of the PSP awards are as follows:

Grant date	Condition	Share price at grant date (€)	Exercise price (€)	Expected volatility (%)	Vesting period (years)	Risk-free rate (%)	Dividend yield (%)	Fair value per option (€)
27 July 2021	EPS dependent	2.62	0.01	53%	3	(0.20)%	0.78%	2.56

The expected volatility was determined using UK listed peers' historical volatility average as at the date of option valuation own data was not available due to a relatively recent Admission.

The number of options outstanding and exercisable as at 30 April 2022 was as follows:

	2022 (number)	2021 (number)
Outstanding at beginning of pe-riod	-	-
Options granted in the period	1,041,475	-
Options exercised in the period	-	-
Options forfeited in the period	-	-
Outstanding at period ending	**1,041,475**	**-**

Free Share Awards

In addition to the PSP scheme, as it was intended and noted in the Prospectus (section 11.2 (Company-wide remuneration) of Part XVII (Additional Information)) 392,405 of free shares were awarded to all employees of the Group with the number per employee based on length of service with the business and ranging between €3,000 and €15,000 in value. The total value of the shares awarded amounted to €968 thousand. Fringe benefit tax was paid by the Group, it amounted to €410 thousand.

Executive Directors and the rest of Senior Management team did not receive free shares under this arrangement.

24. Contingent liabilities and contingent assets

As at 30 April 2022 as well as at 30 April 2021, there was no on-going litigation, which could materially affect the consolidated financial position of the Group.

As disclosed in the Prospectus, Diginet LTU UAB, a Group company, was subject to an investigation by the Lithuanian Competition Council ("LCC") following a complaint by UAB Ober Haus (the "Claimant"), a real estate broker, who alleged that the Group's Lithuanian real estate portal had abused its position in the real estate online classifieds markets by applying unfair high listing prices. In December 2020, the LCC concluded after an in-depth analysis that the prices to B2C listers and C2C listers were not unfair or restrictive to competition and closed the investigation. In January 2021, Claimant appealed the LCC's decision with the court of first instance, asking the court to annul the LCC's decision and to return the case back to the LCC for further investigation arguing that the LCC erred in applying the necessary legal standards for evaluation of unfair prices. On 17 June 2021, the court of first instance declined to annul the LCC's decision and dismissed the Claimant's appeal. The Group had successfully defended its position as the Claimant refused to use its right to appeal the decision to the Lithuanian Supreme Administrative Court and the case is closed.

In March 2019 the Estonian Competition Authority ("ECA") initiated supervisory proceedings against the AllePal OÜ and Kinnisvaraportaal OÜ, the operators of two real estate online classified portals, based on the complaint filed by various real estate companies and portals ("Claimants"). The Claimants alleged that the Group had abused its position by unfairly limiting the conditions for XML data exchange and applying excessively high prices. On 12 November 2021 the ECA terminated the supervisory proceedings with regard to the part that concerned the conditions of XML data exchange. The Group is co-operating with the ECA and although the Group expects that the supervisory proceedings will be terminated without any material effect to the financial position or operations of the Group, the Group cannot make any assurances that the ECA will not find any infringements. As the ECA or any other Estonian authorities have not initiated any misdemeanour (or criminal) proceedings against any Group company, the ongoing supervisory proceedings cannot lead to any imposition of fines to any Group company, however, if the ECA concludes that AllePal OÜ and Kinnisvaraportaal OÜ abused their position, the ECA could issue a precept ordering these Group companies to end any ongoing infringements.

On 4 February 2022 the ECA initiated supervisory proceedings against AllePal OÜ, the operator of real estate online classified portal, based on the complaint filed by Reales OÜ. Reales OÜ had entered into a service agreement with AllePal OÜ for the insertion of real estate ads on the both real estate online classified portals, and according to the complaint, AllePal OÜ unfairly refused to provide the service to Reales OÜ by terminating the agreement. According to AllePal OÜ, the service agreement was terminated because the claimant used the services to provide real estate ads brokerage or aggregation services and did not engage in real estate brokerage, for which the real estate online classifieds portals are intended. AllePal OÜ actively co-operates with the ECA and provides all necessary information and also holds negotiations with Reales OÜ in order to develop a suitable contract and the pricing for the service needed by the claimant. On March 15, 2022, Reales OÜ submitted an additional complaint to initiate additional supervisory proceedings against AllePal OÜ, which alleges that the pricing difference between the prices offered to the business and private customers indicates the abuse of a dominant position. On 1 April 2022 the ECA decided not to initiate additional proceedings and investigate the raised question within the ongoing supervisory proceedings. As the ECA nor any other Estonian authorities have initiated any misdemeanour (or criminal) proceedings against any Group company, the ongoing supervisory proceedings cannot lead to any imposition of fines to any Group company. However, if the ECA concludes that AllePal OÜ and Kinnisvaraportaal OÜ abused their position, the ECA could issue a precept, ordering these Group companies to end any ongoing infringements.

25. List of subsidiaries

Company name	Registered office	Registration Number	Activity	Share in capital	Held directly?
BCG HOLDCO Limited	Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH	13415193	Acquiring participations	100%	Yes
ANTLER Management SA	1-3 Boulevard de la Foire, Luxembourg	B235771	Liquidated on 21 April 2022	-	-
ANTLER TopCo Sàrl	1-3 Boulevard de la Foire, Luxembourg	B235647	Liquidated on 21 April 2022	-	-
ANTLER PiKCo Sàrl	1-3 Boulevard de la Foire, Luxembourg	B235730	Liquidated on 31 March 2022	-	-
ANTLER MidCo Sàrl	1-3 Boulevard de la Foire, Luxembourg	B235872	Liquidated on 10 March 2022	-	-
ANTLER HoldCo Sàrl	1-3 Boulevard de la Foire, Luxembourg	B234342	Liquidated on 24 February 2022	-	-
UAB Antler Group	V. Nagevičiaus 3, Vilnius, Lithuania	305147427	Management and consulting services	100%	No
UAB Diginet LTU	Saltoniškių 9B-1, Vilnius, Lithuania	126222639	Online classifieds	100%	No
OÜ AllePal	Pärnu mnt. 141, Tallinn, Estonia	12209337	Online classifieds	100%	No
OÜ Kinnisvaraportaal	Pärnu mnt. 141, Tallinn, Estonia	10680295	Online classifieds	100%	No
OÜ VIN Solutions	Turu 2, Tartu, Estonia	14071883	Information services	100%	No
OÜ Baltic Classifieds Group	Pärnu mnt. 141, Tallinn, Estonia	14608656	Online classifieds	100%	No
SIA City24	Gustava Zemgala 78 - 1, Rīga, Latvia	40003692375	Online classifieds	100%	No

26. Subsequent events

On 1 July 2022, the Company's indirect subsidiary City24 SIA acquired GetaPro business in exchange for €1.6 million in cash. It was an assets acquisition. GetaPro is a services classifieds portal operating in Latvia and Estonia. We believe this acquisition will allow us to increase our presence in the services classifieds market in the Baltics.

Company Statement of Financial Position

As at 30 April 2022

	Notes	2022 (€ thousands)
Fixed assets		
Investments	4	508,064
Current assets		
Debtors: amounts falling due within one year	5	113,181
Cash at bank or in hand	6	1,979
Creditors: amounts falling due within one year		
Amounts due from subsidiary undertakings	7	(4,988)
Other creditors	7	(842)
Net current assets		**109,330**
Total assets less current liabilities		**617,394**
Capital and reserves		
Called up share capital	10	5,822
Retained earnings		620,707
Own shares held	11	(3,418)
Profit and loss for the period		(5,717)
Total Capital and reserves		**617,394**

The accompanying notes form part of these financial statements.

The financial statements of Baltic Classifieds Group PLC, company number 13357598, were approved and authorised for issue by the board and were signed on its behalf on 6 July 2022.

Justinas Šimkus
Director

Company Statement of Changes in Equity

For the period from incorporation 26 April 2021 to 30 April 2022

	Called up share capital (€ thousands)	Share premium (€ thousands)	Own shares held (€ thousands)	Retained earnings (€ thousands)	Total equity (€ thousands)
Balance at 26 April 2021	-	-	-	-	-
Profit / (loss) for the period	-	-	-	(5,717)	(5,717)
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	**(5,717)**	**(5,717)**
Transactions with owners:					
Group restructure and IPO	581,774	43,143	-	-	624,917
Transfer arising from capital reduction	(575,956)	(43,143)	-	619,099	-
Share issue post IPO	4	-	-	(4)	-
Share based payments	-	-	-	1,612	1,612
Acquisition of treasury shares	-	-	(3,418)	-	**(3,418)**
Balance at 30 April 2022	**5,822**	**-**	**(3,418)**	**614,990**	**617,394**

The accompanying notes form part of these financial statements.

Notes to the Company financial statements

1. Accounting policies

Baltic Classifieds Group PLC ("the Company") is a public company limited by shares, incorporated in England, United Kingdom on the 26th of April 2021 with registration number 13357598 and listed on the London Stock Exchange. The Company is registered and domiciled in the UK. Principal place of the business is Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH.

Statement of compliance and basis of preparation

The financial statements of Baltic Classifieds Group PLC have been prepared in compliance with United Kingdom Accounting standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland ("FRS 102") and the Companies Act 2006.

The Company financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain financial assets and liabilities through profit or loss. The current year financial information presented is at and from the date of incorporation 26 April 2021 to 30 April 2022.

The Company uses the Euro (EUR) as functional currency and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at month-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the period. Non-monetary items measured at fair value are measured using the exchange rate when fair value was determined. The Company financial statements have been rounded to the nearest thousand except where otherwise indicated.

As permitted by Section 408 of the Companies Act 2006, an entity profit and loss account is not included as part of the published consolidated financial statements Baltic Classifieds Group PLC. The loss for the financial period dealt with in the financial statements of the parent company was €5,717 thousands.

The Company's parent undertaking, Baltic Classifieds Group PLC includes the Company in its consolidated financial statements. The consolidated financial statements of Baltic Classifieds Group PLC are prepared in accordance with the UK adopted International Financial Reporting Standards and are available to the public. In these financial statements, the Company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- statement of comprehensive income with related notes;
- cash flow statement with related notes; and
- key management personnel compensation.

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible Company will have sufficient funds to meet its liabilities as they fall due for that period.

In making this assessment the Directors have considered the fact that the Company's activities are principally as a holding company with long-term investments in subsidiaries. For the current year started from incorporation 26 April to 30 April 2022 the Company incurred a loss, however this resulted due to the one-off IPO related expenses. The Company's assets consist of investments in subsidiary undertakings, and intercompany loan receivable balances.

Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Significant accounting judgments and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the application of policies and reported income, expenses, assets, and liabilities. Estimates and judgments are continually reviewed and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances. Actual results may differ from the initial estimate or judgement and any subsequent changes are accounted for with and effect on the financial statements at the time such updated information becomes available. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised or in any future periods affected. There are no significant judgments or key sources of estimation uncertainty for the Company.

Other judgments and sources of estimation uncertainty

The Company considers Share-based payments for accounting estimates to be important to the reporting of Company's results of operations and financial position. Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions. The fair value of services received in return for share options is calculated with reference to the fair value of the award on the date of grant. Black-Scholes model has been used to calculate the fair value and the Directors have therefore made estimates with regard to the inputs to that model and the period over which the share award is expected to vest.

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

Share-based payment transactions

Equity-settled awards are valued at the grant date. Fair value of the awards are measured using Black-Scholes pricing model. In the consolidated financial statements, on the assumption that the arrangement is equity-settled, the transaction is treated as an equity-settled share-based payment, as the group has received services in consideration for the group's equity instruments. An expense is recognised in the group income statement for the grant date fair value of the share-based payment over the vesting period, with a credit recognised in equity. In the parent Company's separate financial statements, there is no share-based payment charge, as no employees are providing services to the parent. The parent would therefore record a debit, recognising an increase in the investment in the subsidiaries as a capital contribution from the parent and a credit to equity. In the subsidiaries' financial statements, the award is treated as an equity-settled share-based payment. An expense for the grant date fair value of the award is recognised over the vesting period, with a credit recognised in equity. The credit to equity is treated as a capital contribution, as the parent is compensating the subsidiaries' employees with no cost to the subsidiaries.

Investment in subsidiaries

These are separate financial statements of the Company. The cost method is applied to investments in other companies. The cost price increases when funds are added through capital increase or when group contributions are made to subsidiaries.

Taxation

The Company's profit for the period arises mostly from the receipt of BCG Holdco Limited intercompany loan interest income. Any interest income received by the company is taxable as a loan relationship. However, the corresponding expense on BCG Holdco Limited should be deductible for the tax purposes. Group relief allows losses to be surrendered from loss-making companies to profitable companies in the same group. Given BCG Holdco Limited and Baltic Classifieds Group PLC are in the same group for group relief purposes and BCG Holdco Limited would be able to surrender its losses to Baltic Classifieds Group PLC, there is no net tax payable as a result of the loan. In addition, Baltic Classifieds Group PLC provides taxable supplies for management service to UAB Antler Group based on management agreement, however incurred administration costs cover revenue and as a result, no provision for Corporation tax is needed in these financial statements.

Shares held by the Employee Benefit Trust

The Employee Benefit Trust ('EBT') provides for the issue of shares to Group employees principally under Performance Share Plan scheme. The Group has control of the EBT and therefore consolidates the EBT in the Group financial statements. Accordingly, shares in the Company held by the EBT are included in the balance sheet at cost as a deduction from equity.

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(a) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, loans to Group companies are initially recognised at transaction price (unless the arrangement constitutes a financing transaction) and are subsequently carried at amortised cost using the effective interest method.

(b) Financial liabilities

Basic financial liabilities, including trade and other payables that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividend is approved by the Company's shareholders in the case of final dividends, or the date at which they are paid in the case of interim dividends.

2. Services provided by the Company's auditor

	2022 (€ thousands)
Fees payable for audit services:	
Audit of the Company and consolidated financial statements	(244)
Fees payable for other services:	
- Audit related assurance services	(104)
- Transaction related services	(532)
- Other assurance services	(267)
Total	**(1,147)**

Transaction related and other assurance services provided by the Company's auditors during the year ended 30 April 2022 relate to the IPO. Refer to Audit Committee Report on page 70 for further detail.

3. Directors' remuneration

The Company has no employees other than the Directors. Full details of the Directors' remuneration and interests are set out in the Directors' remuneration report on page 76, Employee numbers and costs in note 7 and Remuneration of key management personnel and other payments in note 22 to the consolidated financial statements.

4. Investment in subsidiaries

	2022 (€ thousands)
Balance at 26 April 2021	-
Incorporation of BCG Holdco Limited at 24 May 2021	-
Acquisition of ANTLER Management S.A	45,076
Acquisition of ANTLER TopCo S.à r.l.	461,376
Share based payments	1,612
Investment in subsidiaries at 30 April 2022.	**508,064**

On 3 June 2021 BCG Group undertook a group reorganisation whereby the Company in exchange for the allotment of ordinary shares acquired ANTLER Management S.A 38,740,076 ordinary shares at £1 (€1.16) and ANTLER TopCo S.à r.l. 396,525,002 ordinary shares at £1 (€1.16). Therefore, the Company incorporated on 26 April 2021, became the ultimate parent of the trading group immediately controlled by Antler Group UAB. Subsequently, BCG Holdco Limited acquired ANTLER TopCo S.à r.l. from the Company and ANTLER Management S.A in exchange for shares in BCG Holdco Limited. Closing balance of the Investment in subsidiaries at 30 April 2022 consists of €506,452 thousand investment in BCG Holdco Limited and share based payments in amount to €1,612 thousand.

Additions to share based payments in the year relate to equity-settled share-based payments granted to the employees of subsidiary companies. Subsidiary undertakings are disclosed within note 25 to the consolidated financial statements.

5. Debtors: amounts falling due within one year

	2022 (€ thousands)
Intercompany loan to BCG HoldCo Limited	112,915
Amounts owed by subsidiary undertakings	180
Other short-term receivables	86
	113,181

Terms, repayment of intercompany loan

The loan is used to finance the repayment of the indebtedness of ANTLER HoldCo S.a.r.l. and its subsidiaries. The loan is repayable on immediately on demand by the lender. The borrower may prepay or repay any or all of the Loan at any time and bear interest at rate of 2.5% plus 6 months EURIBOR. The loan is not expected to be paid within 1 year in the course of the normal operating cycle.

6. Cash and cash equivalents

	2022 (€ thousands)
Cash at bank	1,979
	1,979

There were no restrictions on cash and cash equivalents held at 30 April 2022.

7. Creditors: amounts falling due within one year

	2022 (€ thousands)
Trade creditors	(6)
Taxation and social security	(590)
Accruals	(246)
Amounts owed to subsidiary undertakings	(4,988)
	(5,830)

The proposal of the final dividend for the year ended 30 April 2022 is a subject to approval by shareholders at the Annual General Meeting, therefore advance payments executed by UAB Antler Group in this regard was recognised as amounts owed to subsidiary undertakings in the financial statements. The amount of subsidiary undertakings also consists of the advance payments for the services provided within one year of the Company.

8. Financial instruments

Financial instruments utilised by the Company during the year ended 30 April 2022 may be analysed as follows:

	2022 (€ thousands)
Financial assets measured at amortised cost	115,160
	115,160

Financial assets specified and detailed disclosed in notes 5 and 6.

	2022 (€ thousands)
Financial liabilities measured at amortised cost	(5,830)
	(5,830)

Financial liabilities specified and detailed disclosed in note 7.

Current assets and liabilities

Financial instruments included within current assets and liabilities (excluding cash and borrowings) are generally short term in nature and accordingly their fair values approximate to their book values.

9. Financial risk management

In its activities, the Company is exposed to various financial risks: market risk (including interest rate risk), credit risk and liquidity risk. The Board of Directors is responsible for creation and control of overall risk management policy in the Company.

Credit risk is the current or prospective risk to earnings and capital arising from a debtor's BCG Holdco Limited failure to meet the terms of intercompany loan with the Company or if a debtor otherwise fails to perform.

The credit risk on cash in banks is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. Cash in banks is the only financial asset exposed to credit risk. Barclays Bank UK PLC had a credit rating of Fitch A+, Moody's A1 as at 30 April 2022.

The Company can take on exposure to market risk, which means the risk for the Company to incur losses due to the adverse fluctuations in the market parameters such as interest rates (interest rate risk) and currency exchange rates (foreign currency risk).

Interest rate risk is the risk to experience losses because of unfavorable changes of interest rate. A company granting a loan with a fixed interest will experience supposed losses (i.e., will get less income than it could get), if the interest rate on the market is going up, and the company which has taken a loan will experience the supposed losses, if the interest rate goes down. In case a floating interest rate is established in the contract, market fluctuations will have an impact on the financial income/expenses earned/incurred by the parties involved. Since a floating interest rate is applied to the loan granted by The Company to BCG Holdco Limited, The Company and BCG Holdco Limited bear the interest rate risk.

Foreign currency exchange risk is associated with potential profit variability, which may be caused by fluctuations of foreign currencies exchange rates. EUR is the functional currency of the Company. The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than EUR. As at 30 April 2022, the Company has no significant monetary assets and liabilities denominated in currencies other than EUR except for €297 thousand cash held in GBP and one-off payable VAT €589 thousand regarding IPO transaction costs of non-recoverable VAT part.

Liquidity risk is understood as incapability to fulfil undertaken obligations in due time without experiencing unacceptable losses. Having in mind that both the Company and BCG Holdco Limited are related parties, the Company assumes liquidity risk to the limited extent.

10. Share capital and share premium

	Number of shares	Share capital amount (€ thousands)	Share premium amount (€ thousands)
Incorporation of Baltic Classifieds Group PLC: 1 ordinary and 1 redeemable preference shares issue	2	57	-
Redeemable preference share redeemed	(1)	(57)	-
Shares issued to acquire ANTLER Management S.A	38,740,076	45,076	-
Shares issued to acquire ANTLER TopCo S.à r.l.	396,525,002	461,376	-
Share Issue for IPO	64,734,921	75,322	48,959
Share issue related transaction costs	-	-	(5,816)
Nominal value of ordinary shares reduced and share premium cancelled to create distributable reserves	-	(575,956)	(43,143)
Shares issued to satisfy Free share awards	392,405	4	-
Balance as at 30 April 2022	**500,392,405**	**5,822**	**-**

Fully paid ordinary shares, which have a par value of GBP 0.01, carry one vote per share and carry a right to dividends.

Baltic Classifieds Group PLC was incorporated on 26 April 2021 with 1 ordinary share with a value of £1 (€1.15) per share allotted. On 27 April 2021 the company issued 1 redeemable preference share with a value of £49,999 (€57,487) per share.

On 5 July 2021 BCG was inserted into the Group's holding structure via a share for share exchange with the shareholders of a previous top holding entity, ANTLER TopCo S.a.r.l:

1) BCG issued 38,740,076 ordinary shares at £1 (€1.16) each in the share for share exchange to acquire ANTLER Management S.A. that was a minority shareholder of ANTLER TopCo S.a.r.l.

2) BCG issued 396,525,002 ordinary shares at £1 (€1.16) each in the share for share exchange to acquire the rest of ANTLER TopCo S.a.r.l..

3) 1 redeemable preference share with a value of £49,999 (€57,487) per share was redeemed.

On 5 July 2021 BCG issued 64,734,921 ordinary shares with a value of £1 (€1.16) each that were listed at £1.65 (€1.92) on the London Stock Exchange.

Share issue related expenses amounting to €5,816 thousand were set against the share premium that arose during the listing.

On 23 September 2021 BCG undertook a Court approved capital reduction to create distributable reserves. The entire amount standing to the credit of BCG share premium account was cancelled and the nominal value of each ordinary share in issue in the capital of BCG was reduced from £1 (€1.15) to £0.01 (€0.012). This created a total of €619,100 thousand in distributable reserves.

On 19 October 2021 BCG issued 392,405 shares with a value of £0.01 (€0.012) each to be gifted, on an unrestricted basis, to all subsidiaries' employees other than the executive directors and senior management team.

11. Own shares held

	2022 (€ thousands)
Own shares held	(3,418)
	(3,418)

On 25 March 2022 EBT bought Baltic Classifieds Group PLC 2.1m shares £1.35 (€1.62) per share.

12. Dividends

No interim dividend was declared for the year ended 30 April 2022 and therefore no dividends have been paid out in the period.

The proposed final dividend for the year ended 30 April 2022 of 1.4 € cents per share, totalling €6,976 thousands, is subject to approval by Shareholders at the Annual General Meeting ("AGM") and hence has not been included as a liability in the financial statements. Dividends will be paid in euros however Shareholders will have an opportunity to opt for a payment in British pounds.

13. Related party transactions

During the year, a management charge of €274.7 thousand was provided to UAB Antler group in respect of services rendered. At the year end, balances outstanding with other Group undertakings were €113,095 thousand for debtors as set out in note 5 and €4,988 thousand for creditors as set out in note 7. Related party transactions for remuneration of key management personnel are disclosed within note 21 to the consolidated financial statements.

14. Ultimate parent company and parent company of larger group

The Company is a parent and the ultimate controlling party. The largest group in which the results of the Company are consolidated is that headed by Baltic Classifieds Group PLC with registered office in Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH. No other group financial statements include the results of the Company. The consolidated financial statements of Baltic Classifieds Group are available to the public and may be obtained from www.balticclassifieds.com

ADDITIONAL INFORMATION

Glossary

2020 – means the financial year ended 30 April 2020.

2021 – means the financial year ended 30 April 2021.

2022 – means the financial year ended 30 April 2022.

AGM – means Annual General Meeting.

Apax – means funds advised by Apax Partners

ARPU – means average revenue per user.

Admission – means the admission of the ordinary shares of the Company to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities which occurred on 5 July 2021.

B2C listers – means listers that have a subscription-based contract with the Group for online classifieds services and products.

C2C listers – means listers that transact with the Group through one-off transactions for online classifieds services and products and do not have a subscription-based contract with the Group for online classifieds services and products.

CEO – means chief executive officer.

CFO – means chief financial officer.

Code – means the UK Corporate Governance Code published by the FRC in 2018.

COO - means chief operating officer.

Deloitte – means Deloitte LLP or Deloitte Lietuva, UAB both being members of the Deloitte organisation, a global network of independent firms.

Executive Directors – means Justinas Šimkus, Lina Mačienė and Simonas Orkinas.

Generalist portals – means portals with no specialisation, listing a wide range of products and services to consumers.

KPI – Key performance indicator.

KPMG – means KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms.

Listers – means C2C and B2C listers.

Listing – means an ad posted on a portal.

Management Incentive Programme (MIP) – means an equity incentive plan designed to reward and incentivise eligible employees.

Major Shareholder – means ANTLER EquityCo S.à r.l., an entity controlled by funds advised by Apax Partners.

Marketplace – means a place where products and/or services are bought and sold.

Performance Share Plan – means the long-term incentive arrangement for the Executive Directors and other eligible employees.

Portals – means online classifieds websites.

Prospectus – means the Company's prospectus dated June 2021 and prepared in connection with the Company's Admission.

Relationship Agreement – means an agreement governing the relationship between the Company and the Major Shareholder.

Senior Management – means the Executive Directors and all portal managers.

Verticals – means specialised portals, listing products and services of a specific market, such as automotive, real estate and jobs and services.

Shareholder Information

Share capital

The Company's authorised and issued Ordinary Share capital as at 30 April 2022 comprised a single class of Ordinary Shares. As at 6 July 2022, being the last practicable date prior to publication of this report, the Company's issued share capital comprised 500,392,405 fully paid Ordinary Shares of £0.01 each.

Details of the Ordinary Share capital and shares issued during the year can be found in note 15 to the consolidated financial statements.

AGM

The AGM will be held at Saltoniškių st. 9B, LT-08105 Vilnius, Lithuania on 28 September 2022 at 11.00 am local time. Further details can be found in the Notice of Meeting sent to Shareholders, which is also available at www.balticclassifieds.com.

Shareholder queries

Please contact our Registrar, Equiniti Limited, directly for all enquiries about your shareholding:

Online:	https://help.shareview.co.uk
By post:	Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA
By telephone:	0371 384 2310
International callers:	+44 (0)371 384 2030

Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open 8.30 am to 5.30 pm, Monday to Friday excluding public holidays in England and Wales.

Electronic Shareholder communication

We encourage our Shareholders to opt for electronic communications as opposed to hardcopy documents by post. This has a number of advantages for the Company and its Shareholders. Increased use of electronic communications will deliver savings to the Company in terms of administration, printing and postage costs, as well as increasing the speed of communication and provision of information in a convenient form. Less paper also reduces our impact on the environment.

If you would like to receive notifications by email, you can register your email address by the Share Portal https://help.shareview.co.uk or by writing to Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. Please note that if you hold your shares corporately or in a CREST account, you are not able to use the Share Portal to inform us of your preferred method of communication and should instead write to Equiniti Limited.

Warning about share fraud

Shareholders should be aware that they may be targeted by certain organisations offering unsolicited investment advice or the opportunity to buy or sell worthless or non-existent shares. Should you receive any unsolicited calls or documents to this effect, you are advised not to give out any personal details or to hand over any money without ensuring that the organisation is authorised by the United Kingdom Financial Conduct Authority ("FCA") and doing further research.

If you are unsure or think you may have been targeted you should report the organisation to the FCA. For further information, please visit the FCA's website at www.fca.org.uk/scamsmart/share-bond-boiler-room-scams, email consumer.queries@fca.org.uk or call the FCA consumer helpline on 0800 111 6768 if calling from the United Kingdom or +44 20 7066 1000 if calling from outside the United Kingdom.

Share price information

The Company's Ordinary Shares are listed on the London Stock Exchange. The price of the Company's shares is available on the Corporate Website at www.balticclassifieds.com.

Financial calendar[1]

28 September 2022	Annual General Meeting
December 2022	Half-year results announcement
July 2023	Final results announcement

[1] Dates are provisional

Company Information

Registered office:	Highdown House, Yeoman Way, Worthing, West Sussex, United Kingdom, BN99 3HH
Company number:	13357598
Company Secretary:	Miglė Pranaitytė
Independent Auditor:	KPMG LLP

Forward-looking Statements

Certain Statements made in this Annual Report are Forward-looking Statements. Such Statements are based on current expectations, forecasts and assumptions and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results expressed or implied in these Forward looking Statements. They appear in a number of places throughout this Annual Report and include Statements regarding the intentions, beliefs or current expectations of the Directors concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, objectives, strategies and the business. Nothing in this Annual Report should be construed as a profit forecast. All Forward-looking Statements in this Annual Report are made by the Directors in good faith based on the information and knowledge available to them as at the time of their approval of this Annual Report. Persons receiving this report should not place undue reliance on Forward-looking Statements. Unless otherwise required by applicable law, regulation or accounting standard, the Group does not undertake any obligation to update or revise publicly any Forward-looking Statements, whether as a result of new information, future events, future developments or otherwise.

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balticclassifieds.com

Registered in England and Wales.

Registered office address:
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Company number: 13357598