PPF Telecom Group

PPF Telecom Group B.V.

Condensed consolidated interim financial statements
for the six months ended 30 June 2023

Independent auditor's review report

To: the Board of Directors of PPF Telecom Group B.V.

Our conclusion

We have reviewed the accompanying condensed consolidated interim financial statements of PPF Telecom Group B.V. (or hereafter: the "Company") based in Amsterdam. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

1 the condensed consolidated interim statement of financial position as at 30 June 2023;

2 the following statements for the six-month period ended 30 June 2023: the condensed consolidated interim statement of income and other comprehensive income, changes in equity and cash flows; and

3 the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit' (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim financial information' section of our report.

We are independent of PPF Telecom Group B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the Board of Directors for the condensed consolidated interim financial statements

The Board of Directors of the Company is responsible for the preparation and presentation of the condensed consolidated interim financial statements in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of condensed consolidated interim financial statements

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a limited assurance engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of internal control, as it relates to the preparation of the condensed consolidated interim financial statements;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements;
- Obtaining assurance evidence that the condensed consolidated interim financial statements agree with, or reconcile to the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements; and
- Considering whether the condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represent the underlying transactions free from material misstatement.

Amstelveen, 7 September 2023

KPMG Accountants N.V.

F.A.M. Croiset van Uchelen RA

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Glossary

AC	- amortised cost
CAPEX	- capital expenditure
CEE	- Central and Eastern Europe
CGU	- cash generating unit
EBITDA	- earnings before interest, tax, depreciation and amortisation
EC	- European Commission
ECL	- expected credit loss
FVOCI	- fair value through other comprehensive income
FVTPL	- fair value through profit or loss
NCI	- non-controlling interests
OCI	- other comprehensive income
PPE	- property, plant and equipment
ROU	- right-of-use assets

Condensed consolidated interim statement of income and other comprehensive income

For the six months ended 30 June

In millions of EUR

	Notes	2023	2022
Revenue	E1	1,833	1,686
Other income from non-telecommunication services		11	9
Personnel expenses	E2	(199)	(176)
Other operating expenses	E2	(769)	(707)
Operating profit excluding depreciation, amortisation and impairments		**876**	**812**
Depreciation and amortisation	E3	(317)	(308)
Depreciation on lease-related right-of-use assets		(52)	(47)
Amortisation of costs to obtain contracts	E1.3	(36)	(29)
Impairment loss on PPE and intangible assets		(2)	(3)
Operating profit		**469**	**425**
Interest income		10	3
Net foreign currency gains		31	79
Interest expense on lease liabilities		(9)	(8)
Other interest expense		(73)	(59)
Other finance costs	E4	(10)	(11)
PROFIT BEFORE TAX		**418**	**429**
Income tax expense	E5	(73)	(70)
NET PROFIT FOR THE PERIOD		**345**	**359**
Other comprehensive income*			
Currency translation differences		85	(129)
Cash flow hedge – effective portion of changes in fair value		(5)	6
Income tax relating to components of other comprehensive income		1	(1)
Other comprehensive income/(expense), net of tax		**81**	**(124)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**426**	**235**
Net profit attributable to:			
Owners of the Parent		300	330
Non-controlling interests		45	29
Net profit for the period		**345**	**359**
Total comprehensive income attributable to:			
Owners of the Parent		356	228
Non-controlling interests		70	7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**426**	**235**

*Items that are or will be reclassified subsequently to profit or loss.

Condensed consolidated interim statement of financial position

In millions of EUR

	Note	30 June 2023	31 December 2022
ASSETS			
Property, plant and equipment	E6	2,801	2,722
Other intangible assets	E7.2	1,580	1,633
Goodwill	E7.1	1,550	1,515
Right-of-use assets		502	479
Trade and other receivables	E8.1	71	69
Other financial assets	E8	16	20
Contract assets	E8.3	23	22
Costs to obtain contracts	E1.3	62	60
Other assets	E9	42	25
Deferred tax assets		8	8
Non-current assets		**6,655**	**6,553**
Trade and other receivables	E8.1	506	490
Other financial assets	E8	140	93
Contract assets	E8.3	61	57
Costs to obtain contracts	E1.3	23	17
Inventories	E9	120	98
Other assets	E9	88	72
Current income tax receivables		5	6
Cash and cash equivalents	E10	413	488
Current assets		**1,356**	**1,321**
TOTAL ASSETS		**8,011**	**7,874**
LIABILITIES			
Due to banks	E11	1,146	1,142
Debt securities issued	E12	2,138	2,735
Deferred tax liabilities		316	328
Lease liabilities		410	398
Trade and other payables	E13	69	62
Contract liabilities	E8.3	51	51
Provisions	E14	57	55
Non-current liabilities		**4,187**	**4,771**
Due to banks	E11	3	3
Debt securities issued	E12	833	255
Lease liabilities		94	89
Trade and other payables	E13	760	805
Contract liabilities	E8.3	51	50
Provisions	E14	27	31
Current income tax liability		36	26
Conditional commitment to acquire NCI’s share	B2.3	837	850
Current liabilities		**2,641**	**2,109**
TOTAL LIABILITIES		**6,828**	**6,880**
Issued capital*	E15	-	-
Share premium	E15	1,575	1,575
Other reserves	E16	(942)	(1,011)
Retained earnings/(Accumulated losses)		26	(50)
Total equity attributable to owners of the Parent		659	514
Non-controlling interests	E17	524	480
Total equity		**1,183**	**994**
TOTAL LIABILITIES AND EQUITY		**8,011**	**7,874**

*Issued capital is EUR 1 thousand.

Condensed consolidated interim statement of changes in equity

In millions of EUR, for the six months ended 30 June 2023

	Issued capital*	Share premium	Other reserves: Translation reserve	Other reserves: Hedging reserve	Other reserves: Reserve for puttable instruments	Retained earnings / (Accumulated losses)	Attributable to owners of the Parent	Attributable to NCI	Total
Balance as at 1 January 2023	-	**1,575**	**(174)**	**13**	**(850)**	**(50)**	**514**	**480**	**994**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**300**	**300**	**45**	**345**
Currency translation differences	-	-	60	-	-	-	60	25	85
Cash flow hedge – effective portion of changes in fair value	-	-	-	(5)	-	-	(5)	-	(5)
Income tax related to components of OCI	-	-	-	1	-	-	1	-	1
Other comprehensive income for the period	-	-	**60**	**(4)**	**-**	**-**	**56**	**25**	**81**
Total comprehensive income	-	-	**60**	**(4)**	**-**	**300**	**356**	**70**	**426**
Dividends to shareholders	-	-	-	-	-	(227)	(227)	-	(227)
Dividends to NCI	-	-	-	-	-	-	-	(26)	(26)
Conditional commitment to acquire NCI's share – change in net present value (refer to B.2.3)	-	-	-	-	13	-	13	-	13
Other	-	-	-	-	-	3	3	-	3
Total transactions with owners	-	**-**	**-**	-	**13**	**(224)**	**(211)**	**(26)**	**(237)**
Balance as at 30 June 2023	-	**1,575**	**(114)**	**9**	**(837)**	**26**	**659**	**524**	**1,183**

*Issued capital is EUR 1 thousand.

In millions of EUR, for the six months ended 30 June 2022

	Issued capital*	Share premium	Other reserves			Retained earnings / (Accumulated losses)	Attributable to owners of the Parent	Attributable to NCI	Total
			Translation reserve	Hedging reserve	Reserve for puttable instruments				
Balance as at 1 January 2022	**-**	**1,575**	**(58)**	**10**	**-**	**(430)**	**1,097**	**260**	**1,357**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**330**	**330**	**29**	**359**
Currency translation differences	-	-	(107)	-	-	-	(107)	(22)	(129)
Cash flow hedge – effective portion of changes in fair value	-	-	-	6	-	-	6	-	6
Income tax related to components of OCI	-	-	-	(1)	-	-	(1)	-	(1)
Other comprehensive income for the period	**-**	**-**	**(107)**	**5**	**-**	**-**	**(102)**	**(22)**	**(124)**
Total comprehensive income	**-**	**-**	**(107)**	**5**	**-**	**330**	**228**	**7**	**235**
Dividends to shareholders	-	-	-	-	-	(1,030)	(1,030)	-	(1,030)
Dividends to NCI	-	-	-	-	-	-	-	(14)	(14)
Sale of shares in subsidiaries to NCI (refer to B.2.3)	-	-	-	-	-	1,151	1,151	260	1,411
Conditional commitment to acquire NCI's share - origination (refer to B.2.3)	-	-	-	-	(1,411)	-	(1,411)	-	(1,411)
Conditional commitment to acquire NCI's share – change in net present value (refer to B.2.3)	-	-	-	-	428	-	428	-	428
Acquisition of shares in subsidiaries from NCI (refer to B.2.2)	-	-	-	-	-	(251)	(251)	(60)	(311)
Disposal of subsidiary (refer to B.2.4)	-	-	(35)	-	-	35	-	-	-
Total transactions with owners	**-**	**-**	**(35)**	**-**	**(983)**	**(95)**	**(1,113)**	**186**	**(927)**
Balance as at 30 June 2022	**-**	**1,575**	**(200)**	**15**	**(983)**	**(195)**	**212**	**453**	**665**

*Issued capital is EUR 1 thousand.

Condensed consolidated interim statement of cash flows

For the six months ended 30 June, prepared using the indirect method

In millions of EUR

	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		418	429
Adjustments for:			
Depreciation and amortisation		317	308
Depreciation on lease-related right-of-use assets		52	47
Amortisation of costs to obtain contracts	E1.3	36	29
Impairment losses on current and non-current assets		10	11
Net interest expense		72	64
Loss on financial assets	E4	9	9
Net foreign exchange gains		(31)	(79)
Other (income)/expenses not involving movement of cash		2	(5)
Net operating cash flow before changes in working capital		**885**	**813**
Change in financial assets at FVTPL		(53)	(45)
Change in trade and other receivables		(25)	(20)
Change in contract assets		(5)	1
Change in inventories and other assets		(56)	(58)
Change in costs to obtain contracts		(45)	(33)
Change in trade and other payables		(25)	(13)
Change in provisions		(1)	(18)
Cash flows from operating activities		**675**	**627**
Interest received		10	4
Income tax paid		(79)	(79)
Net cash from operating activities		**606**	**552**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(284)	(419)
Proceeds from disposal of tangible and intangible assets		3	5
Net cash used in investing activities		**(281)**	**(414)**
Cash flows from financing activities			
Proceeds from the issue of debt securities		-	496
Proceeds from loans due to banks		-	243
Repayment of loans due to banks		-	(948)
Net payment on settlement of derivatives		6	(1)
Interest paid (excl. interest on lease liabilities)		(97)	(65)
Cash collateral received/(placed) due to derivatives transactions		-	4
Cash payments for principal portion of lease liability		(48)	(43)
Interest paid on lease liabilities		(9)	(8)
Acquisition of shares in subsidiaries from NCI	B2.2	-	(311)
Proceeds from disposal of shares in subsidiaries to NCI	B2.3	-	1,411
Dividends paid to shareholders	E15	(227)	(1,030)
Dividends paid to NCI	E17	(26)	(14)
Net cash used in financing activities		**(401)**	**(266)**
Net decrease in cash and cash equivalents		**(76)**	**(128)**
Cash and cash equivalents as at 1 January		**488**	**628**
Effect of exchange rate changes on cash and cash equivalents		1	1
Cash and cash equivalents as at 30 June		**413**	**501**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

PPF Telecom Group B.V. (the “Parent Company” or the “Parent”) is a limited liability company incorporated in the Netherlands since 16 October 2013. On 2 January 2018, PPF Group N.V. (“PPF Group”) contributed its 100% share in the Parent Company to PPF TMT Holdco 1 B.V. At the same date, PPF TMT Holdco 1 B.V. contributed the shares of PPF Telecom Group B.V. to PPF TMT Holdco 2 B.V., making it a direct shareholder of the Parent Company. PPF Group N.V. remains the ultimate parent of the Parent Company.

As of 30 June 2023, the ultimate controlling party was Mrs Renáta Kellnerová with a 59.358% stake.

The registered office address of the Parent Company is Strawinskylaan 933, 1077XX Amsterdam, the Netherlands.

The Parent is the holder of several significant investments: O2 Czech Republic group (hereinafter also as “O2 CZ”), a telecommunication operator providing a range of mobile, fixed voice and data services in the Czech Republic; CETIN a.s. (hereinafter also as “CETIN CZ”), the largest Czech owner and provider of mobile and fixed telco infrastructures; O2 Slovakia, s.r.o, a telecommunication operator providing mobile voice and data services in Slovakia, with separated infrastructure entity O2 Networks, s.r.o.; and Yettel CEE group, a mobile telecommunication operator providing services in Hungary, Bulgaria and Serbia, also with the separated infrastructure entities operating complementary in the same countries. Shares of O2 CZ were publicly traded on the Czech stock exchanges until 28 February 2022, when they were delisted following the Group’s management decision (refer to B.2.2).

The condensed consolidated interim financial statements of the Parent Company for the six months period ended 30 June 2023 comprise the Parent Company and its subsidiaries (together, the “Group”) and the Group’s interests in associates, joint ventures and affiliated entities. Refer to Section B of these condensed consolidated interim financial statements for a list of significant Group entities and changes to the Group in 2023 and 2022.

A.2. Statement of compliance

The condensed consolidated interim financial statements were authorised for issue by the board of directors on 7 September 2023.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 December 2022. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS-EU).

A.3. Basis of measurement

The condensed consolidated interim financial statements have been prepared on the basis of the going concern assumption, applying a historical cost basis, except for the following assets and liabilities stated at their fair value: derivative financial instruments, financial instruments designated upon initial recognition as financial instruments at FVTPL and financial instruments at FVOCI. Financial assets and liabilities as well as non-financial assets and liabilities measured at historical cost are stated at AC using the effective interest method or historical cost, as appropriate, net of any relevant impairment.

Non-current assets and disposal groups held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (refer to A.5). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes at a minimum an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has the option to apply a concentration test simplifying the assessment of whether an acquired set of activities and assets is indeed a business. The optional concentration test is met if substantially all fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested semi-annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay a contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, other contingent considerations are re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent considerations are recognised in profit or loss.

A.4. Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, management has made judgements, estimates, and assumptions that affect the application of the Group's 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 estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty fully correspond to those described in the most recent annual consolidated financial statements.

The following key judgements and estimates are based on the information available at the consolidated financial statements date and specifically relate to the determination of:

- assessment of control over subsidiaries (refer to B.2)
- the fair value of tangible and intangible assets identified during the purchase price allocation exercise and initial value of goodwill for each business combination and its subsequent impairment testing (refer to E.7.1)
- useful life of tangible and intangible fixed assets
- provisions recognised under liabilities (refer to E.14)
- expected credit losses on trade receivables and contract assets (refer to E.8.1, E.8.3)
- commissions as costs to obtain contracts with customers (refer to E.1.3)
- stand-alone selling prices
- lease-term for the lessee accounting whether the Group is reasonably certain to exercise extension options
- contingent assets/liabilities (refer to E.18)
- assessment of recognition and the net present value of the conditional commitment to acquire NCI's share (refer to B.2.3)

A.5. Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed, or has rights to, variable returns from investment with the entity, and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if one or more of the elements of control changes. This includes circumstances in which protective rights held, either by the Group or by the non-controlling interests, (e.g., those resulting from a lending relationship) become substantive and lead to the Group, or the non-controlling interest, having power over an investee, or, if the substantive right on the contrary come to the benefit on the non-controlling interests, the Group might lose its power over an investee and cease controlling it. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. A joint venture is an arrangement in which the Group has joint control based on a contractual agreement, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and jointly controlled entities on an equity-accounted basis, from the date that significant influence or joint control commences until the date the significant influence or joint control ceases to exist. When the Group's share of losses exceeds the carrying amount of the associate or jointly controlled entity, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate or jointly controlled entity.

Reorganisations and mergers involving the Group companies under common control are accounted for using consolidated net book values. Consequently, no adjustment is made to carrying amounts in the consolidated accounts and no goodwill or gain on bargain purchase arises on such transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss and any interest retained in the former subsidiary is measured at fair value when control is lost. In the case of reorganisations and demergers involving Group companies under common control any resulting gain or loss is recognised directly in equity.

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

A.6. Presentation and functional currency

The condensed consolidated interim financial statements are presented in euros (EUR), the Group's reporting currency and the Parent's functional currency, rounded to the nearest million.

The functional currency of O2 CZ and CETIN CZ is CZK. The functional currency of O2 Slovakia and O2 Networks is EUR. The functional currencies of the Yettel and CETIN CEE operations correspond to the country of their origin: HUF for Hungary, BGN for Bulgaria and RSD for Serbia. TMT Hungary and TMT Hungary Infra, the holding companies based in the Netherlands, have HUF as their functional currency.

B. Consolidated group and main changes for the period

B.1. Group entities

The following list only shows the significant holding and operating entities that are subsidiaries of the Parent Company as of 30 June 2023 and 31 December 2022.

Company	Domicile	Effective proportion of ownership interest	
		30 June 2023	31 December 2022
PPF Telecom Group B.V.	Netherlands	Parent	Parent
Commercial subgroup			
PPF Comco N.V.	Netherlands	100.00%	100.00%
PPF TMT Bidco 1 B.V.	Netherlands	100.00%	100.00%
O2 Czech Republic a.s.	Czech Republic	100.00%	100.00%
O2 IT Services s.r.o.	Czech Republic	100.00%	100.00%
O2 Slovakia, s.r.o.	Slovakia	100.00%	100.00%
O2 Networks, s.r.o.	Slovakia	100.00%	100.00%
Yettel Bulgaria EAD	Bulgaria	100.00%	100.00%
Yettel d.o.o. Beograd	Serbia	100.00%	100.00%
TMT Hungary B.V.	Netherlands	75.00%	75.00%
Yettel Magyarország Zrt.	Hungary	75.00%	75.00%
Yettel Real Estate Hungary Zrt.	Hungary	75.00%	75.00%
Infrastructure subgroup			
CETIN Group N.V.	Netherlands	70.00%	70.00%
CETIN a.s.	Czech Republic	70.00%	70.00%
CETIN Finance B.V.	Netherlands	70.00%	70.00%
CETIN Bulgaria EAD	Bulgaria	70.00%	70.00%
CETIN d.o.o. Beograd-Novi Beograd	Serbia	70.00%	70.00%
TMT Hungary Infra B.V.	Netherlands	52.50%	52.50%
CETIN Hungary Zrt.	Hungary	52.50%	52.50%

B.2. Significant changes in the Group structure in 2023 and 2022

B.2.1. Acquisition of Nej.cz

In April 2023, the Group entered into an agreement to acquire a 100% stake in Nej.cz s.r.o., for a cash consideration, the internet connection, voice and television services provider in the Czech Republic. The Group will primarily acquire a high-speed optical infrastructure in its portfolio, which is available for half a million households in several regions of the Czech Republic. The transaction is subject to the approval of the Office for the Protection of Competition. Closing of the transaction is expected in second half of 2023. As the closing of the transaction is expected in the second half of 2023, the Group will disclose the financial effect in its full year consolidated financial statements.

B.2.2. Increased share in O2 CZ (2022)

As at 1 January 2022, the Group held a 90.52% stake in O2 CZ. As the holder of more than 90% of the share capital of O2 CZ, the Group initiated a squeeze-out procedure of the remaining holders in O2 CZ through a mandatory tender offer for the shares in this telecommunications operator held by the remaining minority shareholders. The transfer of all shares to the Group was approved by the general meeting of O2 CZ on 26 January 2022. O2 CZ subsequently submitted a request for the delisting of its shares from the Prague Stock Exchange and the RM-SYSTÉM (i.e., both Czech stock exchanges). The last trading day of O2 CZ shares was 28 February 2022.

A consideration of CZK 270 per share was paid to the remaining holders of 28.5 million shares (representing the remaining minority shareholders). The settlement process of the liability to the remaining holders started in March 2022.

The following table summarises the financial aspect of squeeze-out transaction described above:

In millions of EUR

Total consideration (approx. CZK 270 per share)	311
Effective ownership acquired from external parties	9.48%
Net asset value attributable to non-controlling interests acquired	(60)
Effect recorded in retained earnings (loss)	(251)

B.2.3. Sale of 30% stake in CETIN Group N.V. (2022)

In October 2021, the Group entered into an agreement with GIC Private Limited ("GIC") to sell its 30% stake in CETIN Group N.V., the sole owner of CETIN CZ, CETIN Bulgaria and CETIN Serbia, and the holder of a 75% stake in CETIN Hungary. After obtaining all regulatory approvals, the transaction was completed in March 2022. GIC became a minority shareholder, the Group maintains its control over CETIN Group N.V.

The following table summarises the financial aspects of this transaction:

In millions of EUR

Effective ownership sold	30.00%
Total consideration received in cash	1,411
Net asset value attributable to non-controlling interests sold	260
Effect recorded in retained earnings (gain)	1,151

Within the above transaction, the Group also granted a put option to GIC for its 30% share in CETIN Group N.V. for the fair value of the share as at the exercise date of the option. Should the Parent Company's controlling party change without prior approval, as defined in the agreement (incl. the ultimate parent and the ultimate controlling party defined in note A.1, hereinafter together as "controlling parties"), GIC is allowed to exercise this put option.

The Group is fully capable of avoiding the situations that would allow GIC to exercise the put option, except for the mentioned unapproved change of control (while fully in the power of the Parent Company's ultimate controlling party). Following IFRS guidance (IAS 32), this situation would require the Group to deliver cash or another financial asset because technically, the Group's management cannot avoid triggering an unapproved change of control over the Parent Company. However, the Parent Company's controlling parties will always consider all effects of an unapproved change of control. Thus, the Group's management considers the exercisability of the put option highly unlikely.

However, even though the above situation is exceedingly unlikely, i.e., the put option is highly improbable to be exercised, IFRS guidance does not define such put option liabilities based on what is likely to happen but instead uses the contractual terms of the agreement. As with the existence of this put option GIC still has access to the returns from the investment in CETIN Group N.V. (such as dividends), applying the present-access method, the Group's conditional commitment to acquire NCI's share was recognised in the condensed consolidated interim financial statements for the six months ended 30 June 2023 as a financial liability at net present value with the net present value remeasurements directly through equity attributable to the owners of the Parent.

The initial value of this conditional commitment to acquire NCI's share in March 2022 amounted to EUR 1,411 million. As at 30 June 2023, the net present value of the conditional commitment to acquire NCI's share totalling EUR 837 million was derived from the fair value of the 30% share in CETIN Group N.V. determined by independent valuation experts using a multicriteria approach aligned with general professional valuation practices comprising the discounted-cash-flows method and market multiples of comparable companies. For the six-months period ending 30 June 2023, a remeasurement gain of EUR 13 million from the decrease in the net present value of the conditional commitment to acquire NCI's share was recognised in the reserve for puttable instruments in the equity attributable to the owners of the Parent (30 June 2022: a gain of EUR 428 million).

The other conditions related to the put option granted to GIC, are fully under the control of the Group's management, and no liability recognition is required.

B.2.4. Changes in holding of O2 CZ shares (2022)

In March 2022, PPF Telco B.V. sold its 100% stake in O2 Czech Republic (including O2 Slovakia) to a newly established holding company PPF Comco N.V. In April 2022, PPF Telco B.V. was sold to PPF Group N.V. (the ultimate parent of the Parent Company), for a total consideration of EUR 1 (one euro) with nil effect on the Group's consolidated equity. For this common control transaction, the Group applied, consistently with all such transactions with owners, book value accounting. The accounting gain from sale of PPF Telco B.V. represented previously accumulated translation gains, as PPF Telco B.V.'s functional currency was CZK. Applying the consistent group accounting policies for the common control transactions, the Group recognised the gain from sale of PPF Telco B.V. directly into retained earnings.

B.2.5. O2 subgroup business restructuring (2022)

Following the concentration of 100% shares in O2 CZ, the Group performed the restructuring of O2 subgroup. In April 2022, O2 Slovakia, s.r.o. was sold by O2 CZ to PPF Comco N.V., and subsequently, an infrastructure part of O2 Slovakia, s.r.o. was separated by way of demerger to a newly established O2 Networks, s.r.o. Separating retail and infrastructure parts of the Group businesses is consistent with group structure in other Group's markets. The direct owner of O2 Networks, s.r.o. is PPF Comco N.V. as at 30 June 2023.

There was no impact on the condensed consolidated interim financial statements from these transactions.

C. Risk exposures, risk management objectives and procedures

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2022. The Group uses either derivative financial instruments or non-derivative instruments (such as cash instruments) to hedge certain exposures. The Group does not conduct any speculative trading activities.

During the interim period there were no significant changes in the nature or extent of risks arising from financial instruments. There were no significant transactions influencing liquidity position of the Group.

C.1. Hedging

The Group generally keeps monitoring the market development to take an appropriate action when needed, i.e., to mitigate primarily interest risk and foreign currency by use of derivative contracts.

O2 CZ has been hedging cash flows arising from long-term debt denominated in CZK with a floating interest rate to hedge interest rate risk. The used hedging instrument is a combination of several interest rate swaps denominated in CZK. As at 30 June 2023, O2 CZ hedges a part of the expected payments from a long-term unsecured facility agreement until May 2025. The Group applies hedge accounting for these hedge instruments.

In 2023 and 2022, the cash flow hedges of O2 CZ were effective, and no ineffectiveness was recognised in profit or loss.

The Group's objective is to maintain an appropriate mix of debt with fixed and floating interest rates in line with the risk management concept.

C.2. Fair value of financial assets and liabilities

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Level 2: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments measured using: market prices quoted in active markets for similar instruments; prices quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are measured based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include, where applicable, a comparison with similar instruments for which market observable prices exist, the net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond prices, foreign currency exchange rates, expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The fair value of derivative financial instruments is calculated based on discounted cash flow models (using market rates).

The carrying amount of financial assets and financial liabilities not measured at fair value is a reasonable approximation of its fair value, since financial assets and liabilities (except for those presented in the below table) comprise mainly current trade receivables and payables, cash and cash equivalents.

In millions of EUR

	30 June 2023 Carrying amount	30 June 2023 Fair value	31 December 2022 Carrying amount	31 December 2022 Fair value
Debt securities issued (Level 2)	(2,971)	(2,856)	(2,990)	(2,817)

The following table presents an analysis of financial instruments recorded at fair value, broken down by how the fair value calculation is accomplished: i.e., based on quoted market prices (Level 1); calculated using valuation techniques where all the model inputs are observable in the market (Level 2); or calculated using valuation techniques where significant model inputs are not observable in the market (Level 3):

In millions of EUR, as at 30 June 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	-	13	138	151
Financial assets at FVOCI	-	-	3	3
Total	**-**	**13**	**141**	**154**

In millions of EUR, as at 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	-	20	91	111
Financial assets at FVOCI	-	-	2	2
Total	**-**	**20**	**93**	**113**

C.3. Capital management

For the purpose of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to maximise the shareholder value while maintaining investor, creditor and market confidence and being able to sustain the future development of the business.

To achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to interest-bearing loans and borrowings. Further, the PPF facilities agreement also contains financial covenants involving the regular testing of proportionate leverage calculated as proportionate net debt to proportionate EBITDA of the relevant part of the CETIN Group, which for any relevant period ending on or after 31 December 2021 may not exceed 4.00:1 for the group consisting of all material CETIN Group entities.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group is not subject to any externally imposed regulatory capital requirements. No changes were made in the objectives, policies or processes for managing capital during the six months ended 30 June 2023 and the year ended 31 December 2022.

D. Segment reporting

The Group recognises reportable segments that are defined in both geographical and sector terms. The Group's board of directors and the shareholder (the chief operating decision maker) review the internal management reports of individual segments on a regular basis.

The following summary describes the operations and geographic focus of each reportable segment.

Reportable segment	Operations	Geographic focus
O2 Czech Republic	Fixed and mobile telecommunication and data services	Czech Republic
O2 Slovakia	Mobile telecommunication and data services, and infrastructure	Slovakia
Yettel Hungary	Mobile telecommunication and data services	Hungary
Yettel Bulgaria	Mobile telecommunication and data services	Bulgaria
Yettel Serbia	Mobile telecommunication and data services	Serbia
CETIN CZ	Wholesale telecommunication services (mobile, fixed and data services) to other telco operators and international transit	Czech Republic
O2 Networks	Telecommunication infrastructure	Slovakia
CETIN Hungary	Telecommunication infrastructure	Hungary
CETIN Bulgaria	Telecommunication infrastructure	Bulgaria
CETIN Serbia	Telecommunication infrastructure	Serbia

For the six months ended 30 June 2023, O2 Slovakia and O2 Networks are presented as separate segments compared to the financial statements for the year ended 31 December 2022, when they both were presented under O2 Slovakia segment. The comparative figures for the six months ended 30 June 2022 were restated accordingly.

The unallocated segment represents operations of holding entities not directly attributable to the core segments and comprising mainly funding related to acquisitions.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. Segment assets and liabilities include all assets and liabilities attributable to segments. Eliminations represent intercompany balances among individual reporting segments.

The total segment revenue for the six months ended 30 June 2023 amounting to EUR 1,833 million (30 June 2022: EUR 1,686 million) represents revenues from external customers as presented in the statement of income under Revenue caption.

The revenues reported include revenue from contracts with customers, comprising service and equipment revenues as well as other revenue items including interest revenue arising from Group's ordinary transactions with a significant financing component (refer to E.1.1).

The Group does not have a major customer or an individual customer with revenue exceeding 10% of total segment revenue.

In millions of EUR

30 June 2023	O2 Czech Republic	O2 Slovakia	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	O2 Networks	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Revenue from external customers	718	166	292	241	236	171	-	2	2	5	-	-	1,833
Inter-segment revenue	7	2	2	2	5	235	46	87	67	53	-	(506)	-
Total revenue	**725**	**168**	**294**	**243**	**241**	**406**	**46**	**89**	**69**	**58**	**-**	**(506)**	**1,833**
Other income from non-telecommunication services	10	-	-	-	-	3	-	-	-	-	3	(5)	11
Operating expenses	(493)	(131)	(234)	(168)	(168)	(204)	(12)	(30)	(19)	(12)	(3)	506	(968)
Operating profit excl. depr., amort. and impairments	**242**	**37**	**60**	**75**	**73**	**205**	**34**	**59**	**50**	**46**	**-**	**(5)**	**876**
Depreciation and amortisation	(71)	(20)	(32)	(19)	(24)	(98)	(13)	(14)	(15)	(12)	-	1	(317)
Depreciation on lease related RoU	(11)	(1)	(2)	(2)	(2)	(18)	(4)	(7)	(4)	(4)	-	3	(52)
Amortisation of costs to obtain a contract	(10)	(4)	(4)	(6)	(12)	-	-	-	-	-	-	-	(36)
Impairment loss	-	-	-	-	-	(1)	-	(1)	-	-	-	-	(2)
Operating profit	**150**	**12**	**22**	**48**	**35**	**88**	**17**	**37**	**31**	**30**	**-**	**(1)**	**469**
Interest income	3	-	2	-	2	1	-	-	-	-	35	(33)	10
Net foreign currency gains/(losses)	-	-	1	-	-	10	-	1	-	-	19	-	31
Interest expense on lease liability	(3)	-	-	-	-	(3)	(1)	(2)	-	(1)	-	1	(9)
Other interest expense	(4)	(1)	(16)	-	(2)	(16)	(1)	-	(1)	-	(65)	33	(73)
Other finance cost	(2)	(2)	(4)	(2)	-	-	-	-	-	-	-	-	(10)
Profit for the period before tax	**144**	**9**	**5**	**46**	**35**	**80**	**15**	**36**	**30**	**29**	**(11)**	**-**	**418**
Income tax expense	(26)	(2)	(4)	(4)	(2)	(16)	(4)	(6)	(3)	(4)	(2)	-	(73)
Profit for the period	**118**	**7**	**1**	**42**	**33**	**64**	**11**	**30**	**27**	**25**	**(13)**	**-**	**345**
Capital expenditure	26	14	9	14	13	95	12	33	21	15	-	-	252
30 June 2023													
Segment assets	1,647	347	823	552	635	2,622	270	482	357	369	1,529	(1,622)	8,011
Segment liabilities	984	159	354	168	115	1,603	167	154	119	69	4,557	(1,621)	6,828
Segment equity	**663**	**188**	**469**	**384**	**520**	**1,019**	**103**	**328**	**238**	**300**	**(3,028)**	**(1)**	**1,183**

In millions of EUR

30 June 2022	O2 Czech Republic	O2 Slovakia*	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	O2 Networks*	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Revenue from external customers	664	150	269	214	226	155	-	1	2	5	-	-	1,686
Inter-segment revenue	6	1	2	2	4	215	41	63	58	46	-	(438)	-
Total revenue	**670**	**151**	**271**	**216**	**230**	**370**	**41**	**64**	**60**	**51**	**-**	**(438)**	**1,686**
Other income from non-telecommunication services	4	-	-	-	-	2	-	-	3	-	2	(2)	9
Operating expenses	(451)	(114)	(212)	(127)	(158)	(191)	(9)	(16)	(22)	(13)	(5)	435	(883)
Operating profit excl. depr., amort. and impairments	**223**	**37**	**59**	**89**	**72**	**181**	**32**	**48**	**41**	**38**	**(3)**	**(5)**	**812**
Depreciation and amortisation	(70)	(19)	(30)	(18)	(22)	(94)	(18)	(11)	(14)	(11)	(1)	-	(308)
Depreciation on lease related RoU	(11)	(1)	(2)	(2)	(2)	(15)	(4)	(6)	(4)	(4)	-	4	(47)
Amortisation of costs to obtain a contract	(9)	(4)	(3)	(5)	(8)	-	-	-	-	-	-	-	(29)
Impairment loss	-	-	-	-	-	(1)	-	(2)	-	-	-	-	(3)
Operating profit	**133**	**13**	**24**	**64**	**40**	**71**	**10**	**29**	**23**	**23**	**(4)**	**(1)**	**425**
Interest income	1	-	1	-	1	-	-	-	-	-	7	(7)	3
Net foreign currency gains/(losses)	-	1	(1)	-	-	3	-	-	-	-	76	-	79
Interest expense on lease liability	(1)	(1)	-	-	-	(3)	-	(1)	(1)	(1)	-	-	(8)
Other interest expense	(5)	-	(6)	-	(2)	(7)	(1)	-	-	-	(46)	8	(59)
Other finance cost	2	(2)	(6)	(1)	-	(2)	-	-	1	(1)	-	(2)	(11)
Profit for the period before tax	**130**	**11**	**12**	**63**	**39**	**62**	**9**	**28**	**23**	**21**	**33**	**(2)**	**429**
Income tax expense	(25)	(3)	(4)	(5)	(6)	(13)	(3)	(4)	(2)	(3)	(2)	-	(70)
Profit for the period	**105**	**8**	**8**	**58**	**33**	**49**	**6**	**24**	**21**	**18**	**31**	**(2)**	**359**
Capital expenditure	30	21	165	13	14	89	21	39	25	13	-	(14)	416
31 December 2022													
Segment assets	1,598	345	777	507	603	2,571	271	410	352	366	1,544	(1,470)	7,874
Segment liabilities	975	164	301	120	116	1,595	179	133	97	77	4,591	(1,468)	6,880
Segment equity	**623**	**181**	**476**	**387**	**487**	**976**	**92**	**277**	**255**	**289**	**(3,047)**	**(2)**	**994**

*restated (as explained at the beginning of this section)

The following table shows the main revenue streams broken down according to reportable segments:

In millions of EUR

30 June 2023	O2 Czech Republic	O2 Slovakia	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	O2 Networks	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Major service/product lines:											-		
Mobile originated revenue	379	112	219	177	162	-	-	-	-	-	-	(4)	1,045
Fixed originated revenue	261	10	-	-	4	-	-	-	-	-	-	-	275
Hardware revenues	48	33	48	53	46	-	-	-	-	-	-	-	228
Interconnect revenue	28	10	14	9	25	-	-	-	-	-	-	(6)	80
International transit revenue	-	-	-	-	-	112	-	-	4	-	-	(17)	99
Other wholesale revenue	9	3	5	4	4	294	46	89	65	58	-	(478)	99
Other sales	-	-	8	-	-	-	-	-	-	-	-	(1)	7
Revenue recognition:													
Revenue recognised over time	677	136	246	190	195	406	46	89	69	58	-	(506)	1,606
Revenue recognised at a point in time	48	32	48	53	46	-	-	-	-	-	-	-	227
Total revenue	**725**	**168**	**294**	**243**	**241**	**406**	**46**	**89**	**69**	**58**	**-**	**(506)**	**1,833**

In millions of EUR

30 June 2022	O2 Czech Republic	O2 Slovakia*	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	O2 Networks*	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Major service/product lines:													
Mobile originated revenue	346	105	198	156	149	-	-	-	-	-	-	(6)	948
Fixed originated revenue	233	7	-	-	1	-	-	-	-	-	-	-	241
Hardware revenues	53	24	46	44	47	-	-	-	-	-	-	-	214
Interconnect revenue	32	13	14	13	30	-	-	-	-	-	-	(7)	95
International transit revenue	-	-	-	-	2	106	-	-	5	-	-	(19)	94
Other wholesale revenue	6	2	5	3	1	264	41	64	54	51	-	(406)	85
Other sales	-	-	8	-	-	-	-	-	1	-	-	-	9
Revenue recognition:													
Revenue recognised over time	617	127	225	172	183	370	41	64	60	51	-	(438)	1,472
Revenue recognised at a point in time	53	24	46	44	47	-	-	-	-	-	-	-	214
Total revenue	**670**	**151**	**271**	**216**	**230**	**370**	**41**	**64**	**60**	**51**	**-**	**(438)**	**1,686**

*restated (as explained at the beginning of this section)

E. Notes to the condensed consolidated interim financial statements

E.1. Revenue

E.1.1. Revenue from telco business – major lines of business

Revenue from the telecommunication business comprises the following:

In millions of EUR, for the six months ended 30 June

	2023	2022
Mobile originated revenue	1,045	948
Fixed originated revenue	275	241
Hardware sales revenue	228	214
Interconnect revenue	80	95
International transit revenue	99	94
Other wholesale revenue	99	85
Other sales	7	9
Revenue from telecommunication business	**1,833**	**1,686**
out of which:		
Services/products transferred over time	1,606	1,472
Services/products transferred at a point in time	227	214

Hardware sales revenue include interest revenue arising from Group's ordinary transactions with a significant financing component. For the period ended 30 June 2023, interest income amounts to EUR 1 million (30 June 2022: EUR 2 million).

For relevant information on contract assets and contract liabilities refer to E.8.3.

E.1.2. Revenue from telco business – geographical markets

The revenue from the telco business is geographically disaggregated per customer sites, as follows:

In millions of EUR, for the six months ended 30 June

	2023	2022
Services/products transferred over time	1,606	1,472
Czech Republic	733	668
Hungary	245	221
Bulgaria	186	164
Serbia	188	180
Slovakia	136	131
Germany	15	17
Other	103	91
Services/products transferred at a point in time	227	214
Czech Republic	49	52
Hungary	48	46
Bulgaria	52	44
Serbia	46	47
Slovakia	32	25

E.1.3. Incremental costs to obtain contracts

In millions of EUR, for the six months ended 30 June/twelve months ended 31 December

	2023	2022
Balance as at 1 January	77	63
Capitalised costs to obtain contracts	44	74
Amortisation of capitalised costs to obtain contracts	(36)	(60)
Total balance as at 30 June 2023/31 December 2022	**85**	**77**

E.2. Personnel expenses and other operating expenses

Operating expenses comprise the following:

In millions of EUR, for the six months ended 30 June

	2023	2022
Employee compensation	151	134
Payroll related taxes (including pension contributions)	48	42
Total personnel expenses	**199**	**176**
Cost of telco and other devices sold (inventories)	218	201
Interconnection and roaming	89	102
International transit	100	98
Other cost of sales	116	101
Rental, maintenance and repair expense	60	52
Information technologies	35	33
Advertising and marketing	28	28
Commissions	18	20
Professional services	11	11
Taxes other than income tax	9	9
Net impairment losses on trade and other receivables	8	8
Telecommunication and postage	5	4
Other	72	40
Total other operating expenses	**769**	**707**

E.3. Depreciation and amortisation

Depreciation and amortisation charges (excl. right-of-use assets) comprise the following:

In millions of EUR, for the six months ended 30 June

	2023	2022
Depreciation of property, plant and equipment	156	154
Amortisation of intangible assets	161	154
Total depreciation and amortisation	**317**	**308**

E.4. Other finance costs

Other finance costs comprise the following:

In millions of EUR, for the six months ended 30 June

	2023	2022
Net loss on financial derivatives and other FVTPL assets	9	9
Fee and commission expense	1	2
Total finance costs	**10**	**11**

E.5. Income taxes

Income tax expense comprises the following:

In millions of EUR, for the six months ended 30 June

	2023	2022
Current tax expense	(89)	(88)
Deferred tax benefit	16	18
Total income tax expense	**(73)**	**(70)**

Income tax is computed and recognised by entities generating substantial accounting profit for the interim period, via application of statutory income tax rate on pre-tax income adjusted by, if significant, non-taxable revenues and costs. The Group's consolidated effective tax rate for the six months ended 30 June 2023 was 17% (30 June 2022: 16%).

E.6. Property, plant and equipment

Property, plant and equipment comprise the following:

In millions of EUR

30 June 2023	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	443	2,123	1,724	273	238	4,801
Accumulated depreciation and impairment	(171)	(768)	(911)	(143)	(7)	(2,000)
Carrying amount as at 30 June 2023	**272**	**1,355**	**813**	**130**	**231**	**2,801**

In millions of EUR

31 December 2022	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	437	2,039	1,586	265	273	4,600
Accumulated depreciation and impairment	(160)	(714)	(856)	(141)	(7)	(1,878)
Carrying amount as at 31 December 2022	**277**	**1,325**	**730**	**124**	**266**	**2,722**

E.7. Goodwill and other intangible assets

E.7.1. Goodwill

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	30 June 2023	31 December 2022
O2 CZ	428	421
O2 Slovakia*	24	24
O2 Networks*	16	16
Yettel Hungary	186	173
Yettel Bulgaria	118	118
Yettel Serbia	184	184
CETIN CZ	119	117
CETIN Hungary	182	169
CETIN Bulgaria	104	104
CETIN Serbia	189	189
Total goodwill**	**1,550**	**1,515**

*restated (refer to D section)
**The changes in values of goodwill are affected by changes in the translation FX rates.

E.7.2. Other intangible assets

Other intangible assets comprise the following:

In millions of EUR

30 June 2023	Software	Licences	Valuable rights	Customer relation-ships	Other intangible assets	Work in progress	Total
Cost	804	1,103	251	1,327	106	86	3,677
Accumulated amortisation and impairment losses	(551)	(464)	(185)	(833)	(64)	-	(2,097)
Carrying amount as at 30 June 2023	**253**	**639**	**66**	**494**	**42**	**86**	**1,580**

In millions of EUR

31 December 2022	Software	Licences	Valuable rights	Customer relation-ships	Other intangible assets	Work in progress	Total
Cost	736	1,063	247	1,300	101	85	3,532
Accumulated amortisation and impairment losses	(493)	(411)	(179)	(762)	(54)	-	(1,899)
Carrying amount as at 31 December 2022	**243**	**652**	**68**	**538**	**47**	**85**	**1,633**

E.8. Financial assets (excluding cash and cash equivalents)

Financial assets comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Trade and other receivables	71	69
Contract assets	23	22
Financial assets at FVTPL*	13	18
Financial assets at FVOCI*	3	2
Non-current	**110**	**111**
Trade and other receivables	506	490
Contract assets	61	57
Financial assets at FVTPL*	138	93
Receivables due from banks*	2	-
Current	**707**	**640**
Total financial assets	**817**	**751**

*Presented as other financial assets in the condensed consolidated interim statement of financial position.

E.8.1. Trade and other receivables

Trade and other receivables comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Trade receivables	75	73
Subtotal (gross) - non-current	**75**	**73**
Individual allowances for impairment on trade and other receivables	(4)	(4)
Subtotal (net) - non-current	**71**	**69**
Trade receivables	581	561
Accrued income	44	39
Subtotal (gross) - current	**625**	**600**
Individual allowances for impairment on trade and other receivables	(119)	(110)
Subtotal (net) - current	**506**	**490**
Total trade and other receivables	**577**	**559**

E.8.2. Financial assets at FVTPL

Financial assets at FVTPL comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Hedging derivatives	11	16
Trading derivatives	2	2
Non-current	**13**	**18**
Instalment receivables at FVTPL	138	91
Hedging derivatives	-	2
Current	**138**	**93**
Total financial assets at FVTPL	**151**	**111**

The Group provides mobile handsets and other telecommunication equipment to its customers on instalments (usually for 12-24 months, interest-free). To improve its working capital, the

Group enters into securitisation transactions with its fellow subsidiaries within PPF Group. Under these transactions, Yettel Bulgaria and Yettel Hungary issue participation certificates acquired by PPF Co3 B.V. and O2 Czech Republic and O2 Slovakia issue participation certificates acquired by AB 4 B.V. All risks and rewards related to these instalment receivables are transferred under the certificates and derecognised from the Group's consolidated statement of financial position. From the Group's perspective, no recourse or other liability results from these transactions.

The outstanding balance of all issued tranches of the above participation certificates issued by the Group as of 30 June 2023 is EUR 39 million (31 December 2022: EUR 78 million).

The part of trade receivables being subject to future securitisation transactions (i.e., not yet transferred to PPF Co3 B.V. or AB 4 B.V and not derecognised but fulfilling all necessary conditions to be transferred) is recognised as instalment receivables at FVTPL.

E.8.3. Contract assets and liabilities

The following table provides information about the carrying amounts of receivables, contract assets and contract liabilities from contracts with customers:

In millions of EUR

	30 June 2023	31 December 2022
Receivables, which are included in "trade and other receivables"	**577**	**558**
Contract assets	**84**	**79**
Non-current part	23	22
Current part	61	57
Contract liabilities	**(102)**	**(101)**
Non-current part	(51)	(51)
Current part	(51)	(50)

As at 30 June 2023, the ECL allowance for current contracts assets amounted to EUR 5 million (31 December 2022: EUR 4 million).

E.9. Inventories and other assets

Inventories and other assets comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Deferred expenses and advances	37	22
Specific deposits and other specific receivables	3	2
Other assets	2	1
Non-current	**42**	**25**
Inventories	120	98
Deferred expenses and advances	65	49
Other tax receivables	9	11
Other assets	14	12
Current	**208**	**170**
Total inventories and other assets	**250**	**195**

E.10. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Current accounts	412	470
Placements with financial institutions due within three months	-	17
Cash on hand	1	1
Total cash and cash equivalents	**413**	**488**

E.11. Due to banks

Liabilities due to banks comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Non-current	1,146	1,142
Current	3	3
Total loans due to banks	**1,149**	**1,145**

CETIN Group N.V., the Parent Company's subsidiary, became a party to a term and revolving facilities agreement with a syndicate of banks in August 2021. CETIN Group N.V. then utilised bridge, term, and incremental term loan facilities amounting to EUR 1,450 million in aggregate. In April 2022, CETIN Group N.V. issued senior notes with the total nominal amount of EUR 500 million (refer to E.12) and used the proceeds to prepay the bridge (in full) and term loans. The outstanding principal amounts of the loans as at 30 June 2023 were EUR 511 million for the term loan and EUR 444 million for the incremental term loan (31 December 2022: EUR 511 million for the term facility and EUR 444 million for the incremental term loan). The actual amount of outstanding loan liabilities stated in the table above is lower by unamortised fees and other transaction costs directly attributable to the origination of the loan facilities. These fees were capitalised and are amortised to finance costs using the effective interest rate method. These loan facilities are unsecured.

As at 30 June 2023 and 31 December 2022, a committed revolving facility of EUR 200 million was undrawn.

In April 2023, the Parent company became a party to a term and backstop loan facilities agreements amounting to EUR 850 million. In June 2023, the Parent company became a party to an additional term loan facility agreement of up to EUR 600 million. As at 30 June 2023, all facilities remained undrawn.

As at 30 June 2023 and 31 December 2022, the Group complied with the financial covenants imposed by its loan facilities.

Parameters of EUR-denominated loan facilities borrowed by CETIN Group N.V. and outstanding as at 30 June 2023:

	Term loan facility	Incremental term loan facility
Repayable by	2026	2026
Margin rate over 3M EURIBOR	1.25%	1.00%
Actual respective margin levels applicable	1.25%	1.00%

On 20 May 2020, the Group concluded a long-term unsecured facility agreement with 5-year maturity (until 2025) and a credit limit of CZK 9,240 million (approx. EUR 346 million) by which it refinanced the previously maturing loan (no cash movement related to this refinancing). The facility bears an interest rate derived from PRIBOR + 0.6%, where based on the agreement the reference interest rate cannot decrease below zero (zero-floor). As at 30 June 2023, the Group utilised CZK 4,690 million (approx. EUR 198 million) out of its credit limit (31 December 2022: CZK 4,690 million (approx. EUR 194 million)).

All balance of loans due to banks is unsecured.

E.12. Debt securities issued

Debt securities issued comprise all unsecured bonds as follows:

In millions of EUR

	Date of issue	Maturity	Fixed rate	30 June 2023	31 December 2022
Bond (CZK 4,866 million)	2016	2023	1.25%	206	202
Bond (EUR 600 million)	2020	2024	3.50%	602	612
Bond (EUR 600 million)*	2019/2020	2025	2.13%	604	610
Bond (EUR 550 million)	2019	2026	3.13%	552	559
Bond (EUR 500 million)	2020	2027	3.25%	508	500
Bond (EUR 500 million)	2022	2027	3.13%	499	507
Total debt securities issued**				**2,971**	**2,990**

*The aggregate nominal amount after consolidation of the EUR 500 million Eurobond issued in November 2019 with the EUR 100 million Eurobond issued in January 2020 (as a tap issue).
**The changes in the balance result from exchange rate changes and accruing and payments of the accrued interest.

In March 2019, the Group established EUR 3,000 million Euro medium term note programme. At the same moment, the Group obtained corporate credit ratings Ba1 by Moody's, BB+ by Standard & Poor's and BBB- by Fitch Ratings. During 2019 and 2020, under this programme, the Group issued senior secured Eurobonds in the aggregate nominal amount of EUR 2,250 million. Most of the bond proceeds were used to repay the Group's secured loans.

As at 30 June 2023 and 31 December 2022, all bonds were unsecured and the unused capacity of the programme was EUR 750 million.

In April 2022, CETIN Group N.V. established EUR 2,000 million Euro medium term note programme under which it issued senior notes with the total nominal amount of EUR 500 million. CETIN Group N.V. used the bond proceeds to repay its outstanding bank loans (refer to E.11).

E.13. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Accrued expenses	36	42
Settlements with suppliers	23	15
Deferred income and prepayments	5	1
Defined benefit obligation	3	3
Wages and salaries	1	-
Advances received	1	1
Non-current	**69**	**62**
Settlements with suppliers	513	557
Accrued expense	105	103
Wages and salaries	51	45
Other tax payable	40	46
Social security and health insurance	15	16
Advances received	9	11
Deferred income and prepayments	4	2
Other liabilities	23	25
Current	**760**	**805**
Total trade and other payables	**829**	**867**

E.14. Provisions

Provisions comprises the following:

In millions of EUR

	30 June 2023	31 December 2022
Fixed asset retirement obligation	53	50
Provision for litigations except for tax issues	1	1
Other provisions	3	4
Non-current	**57**	**55**
Provision for restructuring	2	2
Provision for litigations except for tax issues	-	1
Other provisions	25	28
Current	**27**	**31**
Total provisions	**84**	**86**

E.15. Issued capital, share premium and dividends

Issued capital is capital in respect of which the shareholders' liability for an entity's obligation towards its creditors is limited. The amount is limited to the current nominal capital approved by a shareholders' resolution.

The following table provides details of authorised and issued shares:

	30 June 2023	31 December 2022
Number of shares authorised	1,000	1,000
Number of shares issued, out of which fully paid	1,000	1,000
Par value per share	EUR 1	EUR 1

A share premium is the amount received by the Parent Company in excess of the par value of its shares.

As at 30 June 2023, the share premium amounts to EUR 1,575 million (31 December 2022: EUR 1,575 million). The share premium is freely distributable.

During the six months ended 30 June 2023, the Parent Company paid dividends amounting to EUR 227 million (30 June 2022: EUR 1,030 million).

E.16. Other reserves

E.16.1. Retained earnings

Retained earnings include legal and statutory reserves representing reserves, the creation and use of which is limited by legislation and the articles of association of each company within the Group and that are not available for distribution to shareholders. As at 30 June 2023 and 31 December 2022, these non-distributable reserves to shareholders totalled EUR 7 million.

E.16.2. Hedging reserve

The hedging reserve, i.e., the cash flow hedge reserve, represents the effect of the recognition of the effective portion of changes in the fair value of hedging instruments in other comprehensive income in equity. The cash flow hedge reserve is not available for distribution to shareholders.

E.16.3. Currency translation reserve

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of companies within the Group with a functional currency other than the Group presentation currency, which is the euro. The translation reserve is not available for distribution to shareholders.

E.16.4. Reserve for puttable instruments

The reserve for puttable instruments represents the equity impact at initial recognition of the conditional commitment to acquire NCI's share of EUR 1,411 million in March 2022, and subsequent accumulated changes in its net present value resulting in a carrying amount of the reserve of negative EUR 837 million as at 30 June 2023 (31 December 2022: EUR 850 million). For more details refer to B.2.3.

E.17. Non-controlling interests

The following table summarises the information relating to O2 CZ, CETIN Group, TMT Hungary (TMTHU) and TMT Hungary Infra (TMTHU Infra) that are the consolidated subgroups with NCI:

In millions of EUR

30 June 2023	CETIN Group	TMTHU	TMTHU Infra*	**Total**
NCI percentage (effective ownership)	**30.00%**	**25.00%**	**47.50%**	
Country of incorporation	Netherlands	Netherlands	Netherlands	
Total assets	3,833	845	483	
Total liabilities	(2,726)	(308)	(152)	
Net assets	**1,107**	**537**	**331**	
Net assets attributable to NCI of the subgroup	(83)	-	-	
Net assets attributable to owners of the Parent	1,024	537	331	
Carrying amount of NCI	**307**	**134**	**83**	**524**
NCI percentage (effective ownership) during the period	**30.00%**	**25.00%**	**47.50%**	
Revenue	616	294	89	
Profit	130	1	30	
Other comprehensive income	38	39	23	
Total comprehensive income	168	40	53	
Profit allocated to NCI	38	-	7	**45**
OCI allocated to NCI	9	10	6	**25**
Dividends paid to NCI	23	-	3	**26**

*TMT Hungary Infra is part of Cetin Group subgroup.

In millions of EUR

31 December 2022	O2 CZ	CETIN Group	TMTHU	TMTHU Infra*	**Total**
NCI percentage (effective ownership)	**-**	**30.00%**	**25.00%**	**47.50%**	
Country of incorporation	Czech Republic	Netherlands	Netherlands	Netherlands	
Total assets	1,598	3,733	799	410	
Total liabilities	(975)	(2,717)	(302)	(120)	
Net assets	**623**	**1,016**	**497**	**290**	
Net assets attributable to NCI of the subgroup	**-**	(73)	**-**	**-**	
Net assets attributable to owners of the Parent	623	943	497	290	
Carrying amount of NCI	**-**	**283**	**124**	**73**	**480**

30 June 2022	O2 CZ	CETIN Group	TMTHU	TMTHU Infra*	Total
NCI percentage (effective ownership) during the period	**0.60%**	**17.37%**	**25.00%**	**25.00%**	
Revenue	670	538	271	64	
Profit	574	103	9	24	
Other comprehensive income/(expense)	3	(23)	(37)	(22)	
Total comprehensive income/(expense)	577	80	(28)	2	
Profit allocated to NCI	3	18	2	6	**29**
OCI allocated to NCI	(1)	(7)	(9)	(5)	**(22)**
Dividends paid to NCI	-	14	-	-	**14**

*TMT Hungary Infra is part of Cetin Group subgroup.

E.18. Off-balance sheet items

E.18.1. Commitments

In millions of EUR

	30 June 2023	31 December 2022
Capital expenditure commitments – PPE	94	102
Capital expenditure commitments – intangible assets	78	81
Guarantees provided	10	4
Total commitments and contingent liabilities	**182**	**187**

E.18.2. Off-balance sheet assets

In millions of EUR

	30 June 2023	31 December 2022
Loan commitments accepted	1,825	372
Guarantees accepted	11	12
Other	17	14
Total commitments and contingent assets	**1,853**	**398**

Increase in loan commitments accepted as at 30 June 2023 relate to new facilities agreements entered into by the Parent company in April and June 2023, refer to E.11.

E.18.3. Assets pledged as security

As at 30 June 2023 and 31 December 2022, the Group does not pledge any of its assets for funding liabilities.

E.18.4. Litigations

The following two legal cases related to the Group are significant from the Group's perspective:

Dispute with VOLNÝ, a.s. ("VOLNÝ"), in which, in September 2020, the High Court in Prague delivered a confirmatory judgment, which came into legal force on 26 November 2020. The High Court awarded O2 CZ the full reimbursement of the costs of the proceedings. VOLNÝ filed an extraordinary appeal to the Supreme Court. In July 2022, the Supreme Court annulled the previous decisions for procedural reasons and returned the case for further proceedings. The Municipal Court in Prague continues the proceedings.

Development which occurred throughout the six months ended 30 June 2023 is described below:

> The Municipal Court in Prague ordered to issue an addendum to the previous expert opinion so that the expert institute could respond to the reasons and arguments given by the Supreme Court in the decision which cancelled the previous decisions on dismissal of VOLNÝ's legal action. In its addendum to the original expert opinion the expert institution explained more thoroughly the reasons why the very basis of the claim is unsubstantiated. The next hearing is scheduled for October 2023.

Dispute with Bulgarian Telecommunications Regulator CRC, where the courts are to decide about the second appeal of MAC (a group of small fixed operators) which was made against the decision of CRC on publication of the terms of the tender for the distribution of the spectrum in 3600 MHz. This second litigation was suspended at the first instance level until now. There are several scenarios of the development of this situation. In the worst case scenario it cannot be excluded that CRC commences proceedings against Yettel, Vivacom and A1 for cancellation of their licenses for assigned 3.6 GHz spectrum and starts again the spectrum distribution procedure. In such case, if Yettel had not been successful in defending against such CRC approach, Yettel should be entitled to claim all damages which are direct result of the cancellation of its permission including the state fee for acquisition of the spectrum plus interest and lost investments.

There was no development in this legal case in the six months ended 30 June 2023.

No provision has been created with respect to these legal disputes. The Group believes that all litigation risks have been faithfully reflected in the condensed consolidated interim financial statements.

E.18.5. Regulatory investigations

In January 2018, the Hungarian Competition Authority carried out an unannounced inspection at the headquarters of Telenor Hungary in relation to two cases: (i) the investigation of the 800 MHz frequency tender auction, in which Telenor Hungary and Magyar Telekom allegedly committed anti-competitive behaviour during the tender in form of bid rigging and information exchange; and (ii) the 800 MHz network sharing cooperation, under investigation since 2015. As of the date of these financial statements, the proceedings under letter (i) above are terminated without infringement being found and the proceedings under letter (ii) were ongoing, and Yettel Hungary was cooperating with the Hungarian Competition Authority to show no breach had occurred in relation to pending proceedings as well.

There was no development in this regulatory investigation in the six months ended 30 June 2023.

E.19. Related parties

The Group has related party transactions with PPF Group N.V., PPF TMT Holdco 1 B.V. and PPF TMT Holdco 2 B.V. (as the indirect and direct parent companies) and fellow subsidiaries. Those significant ones are disclosed below.

E.19.1. Transactions with fellow subsidiaries

During the six-month period ending 30 June 2023, the Group had the following significant transactions at arm's length with fellow subsidiaries and equity-accounted investees (i.e., entities under control or significant influence of PPF Group N.V.):

In millions of EUR

	30 June 2023	31 December 2022
Cash and cash equivalents	253	378
Intangible assets	14	17
Receivables due from banks (gross amounts)	5	4
Receivables due from banks (loss allowance)	*(3)*	*(4)*
Trade and other receivables	4	5
Positive fair values of derivatives	2	2
Right-of-use assets (IFRS 16)	1	1
Trade and other payables	(22)	(30)
Debt securities issued	(6)	(4)
Lease liabilities (IFRS 16)	(2)	(1)
Contract liabilities	-	(1)

In millions of EUR, for the six months ended 30 June

	2023	2022
Revenue	7	7
Other operating expenses	(18)	(16)
Depreciation and amortisation	(3)	(3)
Interest income	4	3
Net loss on financial assets	-	(3)

In 2022, the Group issued participation certificates that were fully acquired by its fellow subsidiary. For more details refer to E.8.2.

Cash and cash equivalents represent the Group's current accounts with PPF Banka a.s. and Mobi Banka a.d. Beograd (both under control of PPF Group N.V.).

F. Significant accounting policies

F.1. Significant accounting policies

The Group applies the same accounting policies in these condensed consolidated interim financial statements as were applied in the most recent annual consolidated financial statements for the year ended 31 December 2022, except for the changes described below.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective from 1 January 2023)

Applying the amendments, an entity discloses its material accounting policies, instead of its significant accounting policies. The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial.

These amendments had no impact on the Group's condensed consolidated interim financial statements.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective from 1 January 2023)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

These amendments had no impact on the Group's condensed consolidated interim financial statements.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective from 1 January 2023)

The amendments require entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. The typical areas impacted are deductible temporary differences associated with right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related assets.

These amendments had no material impact on the Group's condensed consolidated interim financial statements as the recognised deferred tax is netted in the condensed consolidated interim statement of financial position.

Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules (effective from 1 January 2023)

These amendments were issued on 23 May 2023 with the immediate effectiveness to clarify the application of IAS 12 Income Taxes to income taxes arising from tax laws enacted or substantively enacted to implement the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules.

These amendments introduce:

- a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;
- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Group applied the exception not to recognise and not to disclose information about deferred tax assets and deferred tax liabilities related to Pillar Two income taxes in its condensed consolidated interim financial statements.

The remaining disclosure requirements are required for annual financial statements beginning on or after 1 January 2023 and, as such, they had no impact on the Group's condensed consolidated interim financial statements.

F.2. Standards, interpretations and amendments to published standards not yet effective but relevant for the Group's condensed consolidated interim financial statements

A number of new standards, amendments to standards, and interpretations were not yet effective as of 30 June 2023 and have not been applied in the preparation of these condensed consolidated interim financial statements. Of these pronouncements, the following will have a potential impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective.

Amendments to IAS 1 Presentation of Financial Statement Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (expected effectiveness from 1 January 2024)

These amendments to IAS 1 affect only the presentation of liabilities in the statement of financial position, but not the amount or timing of the recognition of any asset, liability income or expenses, or the information that entities disclose about those items. They clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability.

The amendments further clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer the settlement of a liability; and make clear that the settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

These amendments have not been adopted by the EU and the Group is assessing the potential impact on its consolidated financial statements resulting from the application of these amendments.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements (expected effectiveness from 1 January 2024)

The amendments to IAS 7 introduce a disclosure objective for supplier finance arrangements, where entities need to disclose details about arrangements where finance providers pay the entity's owed amounts to suppliers, affecting payment terms. This is to help users assess effects on cash flows, liabilities, and liquidity risk. Notably, arrangements solely enhancing credit or settling amounts with suppliers are not considered. Changes in IFRS 7 require entities to include these arrangements when disclosing liquidity risk management related to financial liabilities.

These amendments have not been adopted by the EU yet. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these amendments.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (expected effectiveness from 1 January 2024)

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in statement of profit or loss any gain or loss relating to the partial or full termination of a lease.

These amendments have not been adopted by the EU yet. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these amendments.

G. Subsequent events

G.1. Early repayment of an issued bond

In July 2023, the Parent Company utilised the term loan facility agreement entered into in June 2023 in the amount of EUR 600 million and used the proceeds to early repay a bond of the identical amount having its original maturity in May 2024 (refer to E.12).

G.2. PPF Group N.V.'s agreement with Emirates Telecommunication Group Company

On 1 August 2023, PPF Group N.V. (the ultimate parent of the Parent Company) and Emirates Telecommunications Group Company PJSC ("e&") signed the agreement under which e& will acquire a stake of 50% plus one share in the Parent Company's assets in Bulgaria, Hungary, Serbia, and Slovakia. The Parent Company's existing assets in the Czech Republic, including CETIN a.s. and the Czech operator O2 Czech Republic a.s., will not be part of the transaction. The agreement assumes the Czech assets will have been sold by the Group before closing of the transaction. At the moment all necessary steps for the sale of the Czech assets are done, the Group plans to sell them to affiliated entity being under control of PPF Group N.V. The transaction parties have agreed that e& will pay EUR 2,150 million upfront at the closing for the acquisition of the 50% stake plus one share in the Parent Company and additional earn-out payments of up to EUR 350 million within three years after the closing if the Parent Company, at its consolidated level, exceeds certain financial targets. This is subject to a claw back of up to EUR 75 million if such financial targets are not achieved.

The transaction with e& is expected to close in the first quarter of 2024 and is subject to regulatory approvals, the consummation of corporate reorganisation, the formation of the optimal and efficient capital structure within the transaction perimeter, certain administrative procedures, and other customary closing conditions. In addition, the transaction will likely be subject to the EU Foreign Subsidies Regulation review.

No other significant events occurred after the end of the reporting period.

7 September 2023

The board of directors:

Jan Cornelis Jansen *Member of the board of directors*	Lubomír Král *Member of the board of directors*
Marcel Marinus van Santen *Member of the board of directors*	