PPF Telecom Group

PPF TELECOM GROUP B.V.

Annual accounts 2023

Table of contents

DIRECTORS' REPORT 2

CONSOLIDATED FINANCIAL STATEMENTS 19

SEPARATE FINANCIAL STATEMENTS........ 96

OTHER INFORMATION........ 123

AUDITOR'S REPORT........ 124

Directors' Report

Description of the Company

PPF Telecom Group B.V.

Date of incorporation:	16 October 2013
Registered office:	Netherlands, Strawinskylaan 933, 1077XX Amsterdam
Identification number:	59009187
Authorised capital:	EUR 1,000
Issued capital:	EUR 1,000
Paid up capital:	EUR 1,000
Principal business:	Holding company activities and financing thereof

General information

PPF Telecom Group B.V. (the "**Company**") is a holding company of leading providers of retail, wholesale and infrastructure telecommunication and other services in the CEE region. The services provided include mobile telecommunication, fixed-line telecommunication, infrastructure-related services, data services and internet television. The Company belongs to a group comprised of PPF Group N.V. and its subsidiaries ("**PPF Group**"). The PPF Group is privately held and ultimately fully owned and controlled by Mrs Renáta Kellnerová and descendants of Mr Petr Kellner. As of 31 December 2023, the shareholding of Kellner family was 100%, with Mrs Renáta Kellnerová holding 60% stake. The Company and its subsidiaries (collectively, the "**Group**") provide services in Czechia, Slovakia, Hungary, Bulgaria, and Serbia, and operate through ten principal segments primarily based on geography and type of services provided. In addition, the Group entities undertake certain other ancillary activities included in its unallocated segment. Details on the segments are described in Section D of the notes to the accompanying consolidated financial statements.

1. O2 Czech Republic Segment
The Group's O2 Czech Republic segment consists of the activities of O2 Czech Republic a.s. and its subsidiaries (collectively, "**O2 Czech Republic**"), a leading fixed-mobile convergent telecommunications provider in Czechia, the former state monopoly (incumbent) telecom operator. As of 31 December 2023, the Group held a 100% ownership interest in O2 Czech Republic.

2. O2 Slovakia Segment
The Group's O2 Slovakia segment consists of the activities of O2 Slovakia, s.r.o. ("**O2 Slovakia**"), a leading mobile telecommunications provider in Slovakia, and its subsidiaries. As of 31 December 2023, the Group held a 100% ownership interest in O2 Slovakia.

3. CETIN Slovakia Segment
The Group's CETIN Slovakia segment consists of the activities of CETIN Networks s.r.o. ("**CETIN Slovakia**"), a mobile telecommunications infrastructure provider. CETIN Slovakia was incorporated on 1 June 2022 (under the name O2 Networks s.r.o.) as a result of the spin-off of the active and passive mobile infrastructure assets from O2 Slovakia. The legal name changed to CETIN Networks s.r.o. effective 1 January 2024. CETIN Slovakia provides mobile network services on a wholesale basis to O2 Slovakia as its principal customer. As of 31 December 2023, the Group held a 100% ownership interest in CETIN Slovakia.

4. CETIN Czechia Segment
The Group's infrastructure segment in Czechia consists of the activities of CETIN a.s., the owner and operator of the incumbent and largest telecommunications network infrastructure in Czechia, and its subsidiaries (collectively, "**CETIN Czechia**"). CETIN Czechia acts as a wholesale provider of fixed and mobile telecommunications infrastructure to all telecommunications operators on an equal and transparent footing. As of 31 December 2023, the Group held a 70% ownership interest in CETIN Czechia.[1] The remaining 30% was owned by Roanoke Investment. CETIN Czechia was incorporated in June 2015 as a spin-off of the infrastructure assets and wholesale business from O2 Czech Republic. CETIN Czechia divides its business activities into two main divisions: domestic network services and international transit services. Its largest customers include O2 Czech Republic, T-Mobile Czech Republic a.s. ("**T-Mobile Czechia**") and Vodafone Czech Republic a.s.. CETIN Czechia had separate funding through Eurobonds (fully repaid at maturity in December 2023) and had been rated Baa2 (negative outlook) by Moody's and BBB (rating watch negative) Fitch. Both ratings were terminated following the repayment of the Eurobonds.

5. Yettel Hungary Segment
The Group's Yettel Hungary segment consists of the activities of Yettel Magyarország Zrt., a leading mobile telecommunications provider in Hungary ("**Yettel Hungary**"), and Yettel Real Estate Hungary Zrt., owner of the principal real estate used by Yettel Hungary, including its main office buildings. As of 31 December 2023, the Group held 75% of ownership interest in both companies, while the remaining 25% minority stake was owned by TMT Hungary Holdco B.V., a 100% direct subsidiary of PPF Group outside the perimeter of the Company and the Group.

6. CETIN Hungary Segment
The Group's CETIN Hungary segment has been newly created on 1 July 2020 as a result of the spin-off of the active and passive mobile infrastructure assets of Yettel Hungary into CETIN Hungary Zrt. ("**CETIN Hungary**"). As at 31 December 2023, the Group held (together with Roanoke Investment with shares at CETIN Group at 70 and 30%) 75% of ownership interest in CETIN Hungary. A 20% minority stake was owned by TMT Hungary Holdco B.V., a 100% direct subsidiary of PPF Group (i.e. outside the perimeter of the Company and the Group), and the remaining 5% by Corvinus International Investment Zrt., a company wholly owned by the Hungarian state[2]. CETIN Hungary provides mobile network services on a wholesale basis to Yettel Hungary as its principal customer.

7. Yettel Bulgaria Segment
The Group's Yettel Bulgaria segment consists of the activities of Yettel Bulgaria EAD ("**Yettel Bulgaria**"), the largest mobile telecommunications provider in Bulgaria. As at 31 December 2023, the Group held 100% of the ownership interest in Yettel Bulgaria.

8. CETIN Bulgaria Segment
The Group's CETIN Bulgaria segment has been newly created on 1 July 2020, as a result of the spin-off of the active and passive mobile infrastructure assets from Yettel Bulgaria into CETIN Bulgaria EAD ("**CETIN Bulgaria**"). As of 31 December 2023, the Group held 70% ownership interest in CETIN Bulgaria, while the remaining 30% was owned by Roanoke Investment. CETIN Bulgaria provides mobile network services on a wholesale basis to Yettel Bulgaria as its principal customer.

9. Yettel Serbia Segment
The Group's Yettel Serbia segment consists of the activities of Yettel d.o.o. Beograd and its subsidiaries (collectively, "Yettel Serbia"). As of 31 December 2023, the Group held 100% of ownership interest in Yettel Serbia, a leading mobile telecommunications provider in Serbia with growing presence in the fixed telecommunications and pay TV markets as well.

10. CETIN Serbia Segment
The Group's CETIN Serbia segment has been newly created on 1 July 2020 as a result of the spin-off of the active

[1] CETIN Czechia, CETIN Hungary, CETIN Bulgaria, and CETIN Serbia are consolidated under an intermediary holding company CETIN Group N.V. (collectively, "**CETIN Group**"). As of 31 December 2023, the Group held a 70% ownership interest in CETIN Group N.V., having sold a 30% stake in CETIN Group to Roanoke Investment Pte. Ltd. ultimately owned by GIC (Ventures) Pte. Ltd., the company 100% owned by Minister for Finance of the Singapore's Government ("**Roanoke Investment**"), in March 2022.
[2] However, please note that Corvinus International Investment Zrt. sold its 5% stake to TMT Hungary Holdco B.V. on 5 March 2024.

and passive mobile infrastructure assets and wholesale business of Yettel Serbia into CETIN d.o.o., Belgrade ("**CETIN Serbia**"). As of 31 December 2023, the Group held 70% ownership interest in CETIN Serbia, while the remaining 30% was owned by Roanoke Investment. CETIN Serbia provides mobile network services on a wholesale basis to Yettel Serbia as its principal customer.

11. Unallocated Segment
This segment includes the Group's holding and intermediary holding companies: the Company, PPF Comco N.V., CETIN Group N.V., PPF TMT Bidco 1 N.V., TMT Hungary B.V., and TMT Hungary Infra B.V.

For detailed information on ownership interests of the Group in particular segments and Group companies, see Note B.1 of the accompanying consolidated financial statements.

Business objectives

The Group's mission is to be a leader in providing telecommunication services across the CEE region. In this mission, the Group benefits from the following key strengths:
- well diversified businesses across several geographies with leading positions in stable markets with positive trends
- high-quality telecommunication assets and services, with strong financial performance of the operating companies
- strong track record and experience of the PPF Group, with accomplished executive management, backed by strong shareholder support.

The Group aims to achieve its mission through the following strategy:
- further expansion of its customer and revenue base
- continuous investment in infrastructure, innovation, and technology
- continued optimisation, vertical integration and realisation of synergies within the Group
- continued focus on cash flow generation with conservative financial profile and policy.

Business model

The Company and the Group belong to the PPF Group. The Company was established as a holding company for entities of the PPF Group active in the telecommunications sector. The Group's main subsidiaries exercise three different operating models:

1. Convergent commercial telecommunications operator

Used by O2 Czech Republic Segment
O2 Czech Republic is a leading fixed and mobile convergent telecommunications provider in Czechia. The company provides services to end users in retail, corporate and government institutions market segments. The company markets its services to retail users through a network of its own shops and to corporate and government institutions customers through its own sales representatives. The company owns mobile spectrum licences for its services and owns and operates core of the radio access networks. The company does not own most of the physical infrastructure required for the provision of its services; the infrastructure services are subcontracted mainly to CETIN Czechia.

Main products and services
Mobile services – Internet and data, voice services, multimedia message services and short message services on a contract or prepaid basis through a spectrum of tariffs targeting different market segments.
Fixed services – Internet connectivity, data and TV and fixed voice services, offered on a standalone basis or in a bundle with other fixed and mobile services.
Sales of devices – handsets, modems, TV set-top boxes and other devices complementary to the telecommunications services and products provided by the company.
Other mobile services – mainly provision of mobile network services on a wholesale basis to virtual operators.
Information and communication technology services – complex customer solutions and managed services, mainly system integration, outsourcing services, project solutions and software development.

2. Wholesale infrastructure provider

Used by CETIN Czechia, CETIN Slovakia, CETIN Hungary, CETIN Bulgaria, and CETIN Serbia
Wholesale providers of fixed and mobile telecommunications infrastructure to all telecommunications operators on

equal and transparent footing. Wholesale providers do not provide services directly to end users.

2.1 CETIN Czechia

CETIN Czechia is the owner and operator of the largest telecommunications infrastructure portfolio in Czechia, namely the largest fixed access network in the country, comprising both metallic and fibre lines; radio access network for mobile services in the eastern part of the country and operated in network sharing arrangement with another leading mobile infrastructure operator, T-Mobile Czechia; transport network and data centres connecting the fixed and radio access networks; points of presence, transport network and switching equipment for transit of international voice calls. CETIN Czechia uses radio access network for mobile services in the western part of the country operated by T-Mobile Czechia in network sharing arrangement. CETIN Czechia manages an extensive portfolio of real estate properties across the country as an owner or as a lessee, housing its telecommunications equipment.

CETIN Czechia divides its business activities into two very different business lines – provision of national network services and international transit services. These two business lines operate in different types of markets; the services are largely provided via different assets, and their business models, profitability and investment demands are fundamentally different.

The national network services primarily consist of mobile network services, mass fixed-line network services – network access service, xDSL, FTTH/FTTC, IPTV and voice service, data services, data centres and other services. Their main customers are service providers in the Czech telecommunications market. These services yield gross margins at industry standard level, which the Company reinvests in the development of network infrastructure for the provision of these services.

The international transit services primarily consist of the transmission of international voice traffic for international operators from all over the world. Considerable revenues with a very low margin that require minimum operating and capital costs are characteristic of this type of services.

Main products and services

Mobile network services – CETIN Czechia is the main provider of mobile network services for O2 Czech Republic. It also operates the mobile network for T-Mobile Czechia in half the country through a shared network. The lease transmission station capacity is a secondary source of income.

Mass fixed-line network services – CETIN Czechia primarily offers all operators in the Czech market services involving access to the fixed-line network for the vast majority of housing units in the country, together with related voice services, xDSL or fibre broadband Internet access (broadband, FBB), IPTV paid television, local-loop unbundling (VULA and LLU) and technology collocation.

Data services – CETIN Czechia also provides operators with data services on leased lines for their corporate customers.

International transit services – CETIN Czechia provides international operators from all over the world with the transmission of international traffic, primarily voice.

Other services – This category includes the lease of dark fibres, housing in data centres, national interconnection services, support services for roaming, forced network transfers, duct hire and other associated services.

2.2 CETIN Slovakia, CETIN Hungary, CETIN Bulgaria, and CETIN Serbia

CETIN Slovakia, CETIN Hungary, CETIN Bulgaria, and CETIN Serbia are owners of mobile telecommunications infrastructure in their respective countries, formerly owned and operated by O2 Slovakia, Yettel Hungary, Yettel Bulgaria, and Yettel Serbia, respectively.

Main products and services

Mobile network services – provided on a wholesale basis predominantly for O2 Slovakia, Yettel Hungary, Yettel Bulgaria, and Yettel Serbia, respectively.

3. Mobile operator

Used by O2 Slovakia, Yettel Hungary, Yettel Bulgaria, and Yettel Serbia

The subsidiaries in these segments are mobile telecommunications providers in different national markets. They provide services to end users in retail, corporate and government institutions market segments. They market their services to retail users through a network of its own shops and to corporate and government institutions customers through its own sales representatives. These companies own mobile spectrum licences for their services. They do not own most of the physical infrastructure required for the provision of its services; the infrastructure services are subcontracted to CETIN Slovakia, CETIN Hungary, CETIN Bulgaria, and CETIN Serbia, respectively.

Main products and services
Mobile services – Internet and data, voice services, multimedia message services and short message services on a contract or prepaid basis through a spectrum of tariffs targeting different market segments.
Fixed services – Internet connectivity, data and TV and fixed voice services, offered through a combination of FWA (Fixed Wireless Access) service through own mobile networks, networks operated by CETIN, or through wholesale access to other operators' networks.
Sales of devices – handsets, accessories, and other devices complementary to the telecommunications services and products provided by the company.
Other mobile services – mainly provision of mobile network services on a wholesale basis.
Information and communication technology services – complex customer solutions and managed services, mainly system integration, outsourcing services, project solutions and software development.

Group level
The Company does not have own operations. The senior management team of the Group comprises experienced executives from PPF Group with extensive experience in the telecommunications sector, mainly in the CEE region, and the top level of the management in the Group's operating subsidiaries with vital local knowledge and expertise. The role of the management teams in segments is to deliver operational and financial objectives set by the Group through managing commercial, financial, and regulatory aspects of the subsidiaries' operations. The senior management of the Group is involved in determining the Group's strategy, setting objectives for the subsidiaries, managing the human resources responsible for the delivery of these objectives, and managing knowledge transfer between the subsidiaries to spread best practice across the segments in commercial, operational, purchasing, organisational, technological, procurement, financial and other aspects of their operations.

2023 highlights

In 2023, the Group showed sound operational and financial performance and continued developing its telecommunications assets. The Group extended the maturity of its debt and further improved its liquidity profile.
O2 Czech Republic continued improving the quality and availability of its network services for customers in retail as well as corporate and government market segments. The availability of 5G mobile services was further extended.
O2 Slovakia continued extending the availability of 5G mobile services.

The Group's infrastructure companies focused on exploring synergies in their operating model, purchasing, network construction and system development.
CETIN Czechia, Slovakia, Hungary, and Bulgaria continued upgrading their mobile networks for 5G requirements.
CETIN Czechia continued upgrading its fixed network to Next Generation Access (NGA) standards.
CETIN Serbia continued improving the availability and the capacity of its mobile network in line with the growing demand for mobile data services, and in preparation for the introduction of 5G services.
Similarly, Yettel operators as streamlined, assets-light and service-oriented operators have been focused on driving their commercial performance further, with clearer management and investment priorities and exploring opportunities in fixed-mobile convergence.
Yettel Hungary and Yettel Bulgaria have been increasing the penetration of their fixed broadband access, using FWA technology through the radio access network owned and operated by CETIN Hungary and CETIN Bulgaria.
Yettel Serbia has been increasing the market share of its own proposition of fixed broadband access, through the fixed network owned and operated by Telekom Srbija (mts).

The Group has invested in renewal and extension of licences for 1,800 MHz mobile frequency band in Slovakia from 2026 onwards, and in Bulgaria the Group succeeded in acquiring important spectrum in 700 and 800 MHz bands. The licenses are important for further growing 5G network coverage and capacity to meet customer demand and preserve leading market positions.

In April 2023, CETIN Czechia has agreed to acquire Nej.cz s.r.o., a Czech internet service provider with high-speed fibre-optic infrastructure available to half a million homes in several Czech regions ("**Nej**"). The transaction was closed in November 2023, upon being cleared by the local regulator. CETIN Czechia will operate Nej's infrastructure, and Nej's customer base is intended to be transferred to O2 Czech Republic, in line with the Group's operating model.
In May 2023, the Group has published its Sustainable Finance Framework, including a second party opinion by Sustainalytics.
In April 2023, the Group closed a new backstop facility for an amount of EUR 600 million, with a tenor of 12 months with two 6-month extension periods at the borrower's option, with final maturity in May 2025. The facility

was intended to cover the refinancing risk of the Group's EUR 600 million Eurobond due in May 2024. In June, the terms of this facility were amended to a further optional tenor extension until May 2026, and to cover the refinancing risk of the Group's EUR 600 million Eurobond due in January 2025.
In June 2023, the Group closed a new EUR 600 million 5-year term loan and utilised it in July 2023 for early repayment of the Group's EUR 600 million Eurobond due in May 2024.
In August 2023, O2 Networks concluded a mobile network-sharing agreement with Slovak Telekom, a.s. Upon the consummation of this agreement, mobile services provided to customers of O2 Slovakia and Slovak Telekom, a.s. will be provided by infrastructure shared between O2 Slovakia and Slovak Telekom. The agreement excludes the cities of Bratislava and Košice.
In August 2023, PPF Group announced a partnership with Emirates Telecommunications Group Company PJSC ("**e&**"), in which e& will acquire a stake of 50% plus one share in the Company that will control the Group's assets in Slovakia, Hungary, Bulgaria, and Serbia. The Group's Czech assets will be excluded from the transaction and shall be transferred out of the Group's perimeter. The joint venture, drawing on the regional know-how and experience of PPF Telecom Group and the global scale and expertise of e&, will be seeking to realise synergies and enhance customer offerings to drive further growth. The transaction is expected to close in the second quarter of 2024, subject to regulatory approvals, the approval of the non-controlling partner (still pending), consummation of corporate reorganisation, formation of the optimal and efficient capital structure within the transaction perimeter, certain administrative procedures, and other customary closing conditions. As a consequence of the low visibility on the final transaction and future capital structure, Fitch Ratings changed the outlook on their rating of CETIN Group and of CETIN Czechia to Rating Watch Negative. Meanwhile, Standard&Poor's have changed their rating of the Group to CreditWatch Positive, citing e&'s better credit profile and a potentially less leveraged future capital structure.
In September 2023, the Company has published its 2022 Sustainability report.
In December 2023, CETIN Czechia has repaid on maturity its last outstanding Eurobond. In consequence, the rating of CETIN Czechia by Moody's and Fitch was terminated, as no new issuances by CETIN Czechia are anticipated.

The Company and its subsidiaries sustained their strong commitment to financial discipline and maintained ratings from all major rating agencies. The ratings as of 31 December 2023 were as follows:

Company	**Standard&Poor's**	**Moody's**	**Fitch**
PPF Telecom Group B.V.	BB+, CreditWatch Positive	Ba1, negative	BBB-, stable
CETIN Group N.V.	n/a	Baa2, negative	BBB, Rating Watch Negative
CETIN a.s.	n/a	n/a[3]	BBB, Rating Watch Negative[4]

Key results

Operational performance

The Group has continued increasing the number and quality of its mobile customer base and further developing its portfolio of subscribers to fixed broadband and PayTV services.
As at 31 December 2023, the Group's operating companies served a total of 18.1 million active mobile subscribers, showing 1.0% year-over-year growth. All segments have reported positive underlying net adds across almost all categories of mobile subscribers (contract, pre-paid and mobile-to-mobile) except Yettel Bulgaria. The number of contract subscribers increased by 1.7% year-over-year and the share of contract customers in the base (excluding mobile-to-mobile) has increased in 2023 by 1 percentage point to 72%[5]. This migration of customers to higher value contracts, driven by continued demand for mobile data, has contributed to further growth of ARPU. ARPU growth was further driven by price increases reflecting the inflationary pressure in most markets. The fixed broadband customer base has grown by 15% compared to the previous year, the growth being driven mainly by the rapid expansion of FWA client base in Hungary and Bulgaria, and fibre connections in Serbia. The Group's own PayTV platform has been successfully introduced also in Hungary and Bulgaria, reaching a total of 934 thousand subscribers across the Group, having grown 30% year-over-year.

[3] Rated Baa2, negative until 14 December 2023; rating service withdrawn upon request of CETIN Czechia
[4] Rating service withdrawn in January 2024 upon request of CETIN Czechia
[5] Mobile subscriber base consists of subscribers with a long-term contract, subscribers using pre-paid cards and subscribers to M2M (mobile-to-mobile) services. The share of contract subscribers is calculated as the number of contract subscribers divided by the sum of contract and pre-paid subscribers, excluding the M2M accounts. M2M subscribers are a dynamically growing sector, with only limited services required and therefore substantially lower ARPU, compared to the traditional subscribers with contract or pre-paid cards.

O2 Czech Republic continued strengthening its leading market position, as its mobile customer base grew by 2.7% year-over-year, with 4.6% increase in average ARPU for the full year. The customers continued to migrate from fixed voice to mobile and from pre-paid subscriptions to post-paid contracts. Fixed broadband subscriptions grew by 3.2% year-over-year through technology-agnostic propositions. Subscriptions to O2 TV service reached 770 thousand in 2023, increasing by 15% within a year.

O2 Slovakia continued gaining new customers and increasing ARPU, with customer growth of 0.6% year-over-year, a 3.7% increase in average ARPU for the full year, and further progress in converting pre-paid subscriptions to contracts. Fixed broadband subscriptions grew by 12.2% year-over-year.

CETIN Czechia further strengthened its mobile network by adding new stations and new network capacity. The fixed network modernisation programme has progressed further, and the company now offers Next Generation Access lines (50 Mbps or more) in 90% of its connection points, including speeds of up to 2 Gbps. These improvements and contracts with retail operators reversed the decline in the DSL customer base, that is growing again since 2018. In 2023, CETIN Czechia continued increasing the number of subscriptions to its fixed broadband service under wholesale contracts. The driver of the company's organic growth were the fibre-to-the-home (FTTH) connections, whose number has increased by 1.5x in 2023. By acquiring Nej internet service provider, CETIN Czechia added 190 thousand households connected to its fixed broadband serviceby the end of November 2023

Yettel operators reported resilient mobile business performance with modest growth in mobile traffic and data consumption, driven by 5G and unlimited tariffs, and growing contract customer base. New focus was on complementing mobile services with fixed broadband proposition and gaining foothold in the fixed market.
Yettel Hungary's mobile customer base grew by 1.9% year-over-year, with significant ARPU growth driven mainly by price increase to compensate the inflation. The fixed broadband customer base has reached 63 thousand subscribers, having grown more than 4x year-over-year.
Yettel Bulgaria's mobile customer base decreased by 1.9%, affected by the consolidation of customers with multiple subscriptions, and continued focus on premium customer segments. ARPU has grown significantly, mainly through price increase to compensate for inflation, and continued upselling. Fixed broadband customer base has grown by 1.7x in 2023, having reached 70 thousand subscriptions through FWA.
Yettel Serbia reported moderate growth of their mobile customer base and ARPU, 0.4% and 1.0% respectively. Price increases reacting to inflationary pressures were mostly reflected in customer prices already in 2021. Fixed broadband services, provided through a wholesale access to Telekom Srbija's fibre network have almost doubled during 2023, reaching 91 thousand subscribers.

Non-financial KPIs

Mobile services

		1. O2 Czech Republic Segment	***2. O2 Slovakia Segment***	***4. Yettel Hungary Segment***	***6. Yettel Bulgaria Segment***	***8. Yettel Serbia Segment***	***Group***
mobile subscribers	thousands	5,809	2,303	3,701	3,235	3,028	18,076
y-o-y growth	*per cent*	*2.5%*	*0.6%*	*1.9%*	*(1.9%)*	*0.4%*	*1.0%*
mobile contract subscribers	per cent of total	73%	62%	73%	85%	64%	72%
y-o-y growth	percentage points	1	1	1	1	2	1
mobile ARPU	EUR	13.7	11.3	14.4	11.6	10.5	12.6
y-o-y growth	*per cent*	*4.6%*	*3.7%*	*17.1%*	*10.5%*	*1.0%*	*7.7%*

Fixed services

		1. O2 Czech Republic Segment	***2. O2 Slovakia Segment***	***3. CETIN Czechia Segment***	***4. Yettel Hungary Segment***	***6. Yettel Bulgaria Segment***	***8. Yettel Serbia Segment***	***Group***
fixed broadband subscribers	thousands	929	75	190[6]	63.1	69.5	90.7	1,417
y-o-y growth	*per cent*	*3.2%*	*12.2%*	*n/a*	*336%*	*66%*	*119%*	*33%*
Pay TV subscribers	thousands	770	19.6	n/a	28.5	34.5	81.3	934
y-o-y growth	*per cent*	*15%*	*49%*	*n/a*	*n/a*	*n/a*	*111%*	*30%*
fixed voice subscribers	thousands	281	n/a	n/a	n/a	101	7.8	390
y-o-y growth	*per cent*	*(11%)*	*n/a*	*n/a*	*n/a*	*(4%)*	*193%*	*(8%)*
fixed lines rented to operators	thousands	n/a	n/a	1,245	n/a	n/a	n/a	1,245
y-o-y growth	*per cent*	*n/a*	*n/a*	*1.2%*	*n/a*	*n/a*	*n/a*	*1.2%*

CETIN Slovakia, CETIN Hungary, CETIN Bulgaria, and CETIN Serbia provide wholesale infrastructure services mainly to O2 and Yettel operators, and do not have meaningful operational KPIs at the moment.

Revenues, costs, and operating profit
The Group's consolidated revenues of EUR 3,776 million have grown 7.7% over the previous year, driven by the monetisation of continued demand for mobile data consumption. The year-over-year improvement was partly helped by price increases, compensating elevated inflation of costs. The operating profit before interest, taxes, depreciation, and amortisation (EBITDA) grew by 8.7% year-over-year, in line with the revenue growth. The Group's continued focus on operational efficiencies and savings also contributed to the sound EBITDA result.

O2 Czech Republic has reported revenue growth of 5.2% in 2023. Fixed services revenues in O2 Czech Republic continued growing in 2023, driven mainly by the continued success of the technology-agnostic broadband proposition, PayTV services, and new ICT projects, offsetting the continued decline of traditional fixed voice services. EBITDA growth was 3.1% year-on-year, driven by the top line growth and by further improving operational efficiency.

O2 Slovakia's revenue growth in 2023 was 7.7% year-on-year, with EBITDA marginally behind the previous year.

CETIN Czechia total revenues grew in 2023 by 6.9% compared to the previous year. The key driver was a continued demand for further modernisation of 5G mobile infrastructure and growth in its capacity, helped by price adjustments compensating for the inflation. Domestic revenues, that are the decisive driver of earnings, have grown by 10.3% year over year. Focus on fewer revenues with higher profit margins helps to moderate the ongoing decline of the international voice transit segment. Growing gross margins mainly from mobile services and the fixed lines services translated in EBITDA growth of 11.5% year over year, despite growing energy consumption related to network expansion, and inflationary pressures on energy and labour prices.

[6] Subscribers of Nej, the company acquired by CETIN Czechia in November 2023; intended to be transferred to O2 Czech Republic

CETIN Slovakia, CETIN Hungary, CETIN Bulgaria, and CETIN Serbia, whose revenues come predominantly from Group's subsidiaries, have reported a 21% revenue growth, driven mainly by strong demand for further modernisation of 5G mobile infrastructure and growth in its capacity, helped by price adjustments compensating for the inflation. The combined EBITDA of the four segments reflected the top line growth, having increased 20% year over year.

Yettel operators' revenue and EBITDA reported growth of 10.1% and 5.0% year over year, respectively, as a result of growing contract customer base and ongoing efficiency improvement programme.

Depreciation and Net Profit
The total amount of depreciation (including leases-related right-of-use assets), amortisation, and impairment charges increased in 2023 compared to previous period, reflecting robust investment programme. The Net profit of the Group declined year over year, due to increased depreciation and amortisation charges, finance costs, and adverse foreign currency exchange rates development compared to 2022.

Capital expenditure
In 2023, the Group acquired fixed assets totalling EUR 622 million. These investments were mainly channelled in further development of the Group's telecommunications infrastructure and in spectrum licences. The main investment projects were related to the roll-out of 5G mobile networks and the related modernisation of the network infrastructure across most segments.

O2 Czech Republic continued investing in content rights for its leading IPTV platform and upgrading its IT systems. CETIN Czechia continued accelerating the roll-out of fibre in its national broadband network to protect its market leadership position.

Yettel Slovakia and Bulgaria invested in important 5G mobile spectrum licences.

Current assets
The cash position of the Group has increased by 32% in 2023. Trade receivables have increased broadly in line with the revenues.

Fixed assets
The total value of fixed assets of the Group increased slightly to EUR 6,885 million as at 31 December 2023.

Tangible assets reached a net book value of EUR 2,900 million, with additions from the acquisition of Nej's network assets and the continued investment in the development of the telecommunications infrastructure across all segments, offset by depreciation charges.

Intangible assets and goodwill reached a net book value of EUR 3,255 million with additions mainly from the goodwill from the acquisition of Nej and own software development and acquisition of spectrum licences, offset by amortisation charges.

Right-of-use assets recorded at a net book value of EUR 496 million represent mainly the value of real estate leases for mobile sites, office and technology buildings with network installations.

For detailed information, see Notes E.6, E.7, and E.18.1 of the accompanying consolidated financial statements.

Debt and equity
EMTN programme at CETIN Czechia level
CZK 4,866 million Eurobond (equivalent of EUR 199m) was repaid on maturity in December 2023. The funds for the repayment were provided by CETIN Group via an intercompany loan. The company had no more bonds outstanding as of 31 December 2023.
Financing at PPF Telecom Group level
In March 2019, the Company established a EUR 3,000 million Euro Medium Term Note Programme, of which EUR 2,250 million was utilised as of 31 December 2022, in four issues of Eurobonds.
In July 2023, the Group has redeemed its EUR 600 million Eurobond due in May 2024 in whole, replacing it with a new term loan due in June 2028. The EUR 600 million Eurobond due in January 2025 was covered by a new EUR 600m backstop facility due in May 2026.

In November 2023, the Company utilised a new EUR 250 million term loan due in April 2026, and provided part of the proceeds via intercompany loan to CETIN Group, who provided the proceeds through via intercompany loan to CETIN Czechia to partially fund the acquisition of Nej internet service provider.

Financing at CETIN Group level

In August 2021, CETIN Group established up to EUR 1,650 million term and revolving facilities agreement. As at 31 December 2022, the aggregated outstanding amount of bank loans under this agreement was EUR 955 million. In December 2023, CETIN Group utilised another EUR 197 million RCF from the agreement and provided the proceeds via an intercompany loan to CETIN Czechia, to refinance its Eurobond due in December 2023.

In April 2022, CETIN Group established a EUR 2,000 million Euro Medium Term Note Programme, of which EUR 500 million was utilised as of 31 December 2022. As at 31 December 2023, the utilised part of CETIN Group's EMTN programme remained EUR 500 million, with no changes during 2023.

In November 2023, CETIN Group received EUR 122.5 million shareholder loan from the Company and EUR 52.5 million shareholder loan from Roanoke Investment, both due in April 2025, and provided the proceeds via intercompany loan to CETIN Czechia to partially fund the acquisition of Nej internet service provider.

Debt at O2 Czech Republic level

The utilised part of the 2020 bank loan saw no changes during 2023; the outstanding balance translated to Euro was EUR 190 million as of 31 December 2023.

Overview of external debt (at nominal values)

Level	**Instrument**	**Due Date**	**Amount 31 Dec 2022**	**Amount 31 Dec 2023**	**Comment**
CETIN Czechia	Eurobond	Dec 2023	EUR 202 million	-	Repaid at maturity
PPF Telecom Group	Eurobond	May 2024	EUR 600 million	-	Replaced with a new term loan
	2023 Term loan	May 2028	-	EUR 600 million	New; replaced the May 2024 Eurobond
	Eurobond	Jan 2025	EUR 600 million	EUR 600 million	Covered with a new backstop facility
	Backstop facility	*May 2026*	-	*EUR 600 million*	*New, not utilised; covering the Jan 2025 Eurobond*
	Eurobond	Mar 2026	EUR 550 million	EUR 550 million	No change
	Eurobond	Sep 2027	EUR 500 million	EUR 500 million	No change
	2023 Term loan	Apr 2026	-	EUR 250 million	Provided to CETIN Czechia to fund Nej acquisition
CETIN Group	Eurobond	Apr 2027	EUR 500 million	EUR 500 million	No change
	2021 Term loan	Aug 2026	EUR 511 million	EUR 511 million	No change
	2021 Term loan	Nov 2026	EUR 444 million	EUR 444 million	No change
	RCF	Aug 2026	-	EUR 197 million	Provided to CETIN Czechia to repay its Dec 2023 Eurobond
	Shareholder loan	Apr 2025	-	EUR 52.5 million	Provided to CETIN Czechia to fund Nej acquisition
O2 Czech Republic	2020 Term loan	May 2025	EUR 194 million	EUR 190 million	FX rate change only
TOTAL			**EUR 4,101 million**	**EUR 4,395 million**	**Increased by EUR 294 million**

The total consolidated indebtedness of the Group as at 31 December 2023 thus represented EUR 4.4 billion, EUR 0.3 billion more that in 2022 (at nominal values), with debt decreasing at the level of the operating companies (CETIN Czechia) and with maturity significantly extended through new bank facilities. For detailed information, see Notes E.11 and E.12 of the accompanying consolidated financial statements.

The owner's equity of the Group stood at EUR 1.0 billion as at 31 December 2023 having remained at the same level as in the previous year. The main positive contribution to equity was EUR 0.5 billion of net profit achieved in

2023, offset mainly by the distribution of dividends to shareholders.

The debt-to-assets ratio[7] increased slightly from 0.87 to 0.88 and the debt-to-equity ratio[8] slightly grew from 6.92 to 7.39.

Profit distribution and other payments to shareholders
The consolidated net profit of the Group in 2023 reached EUR 542 million. The Company paid EUR 337 million in dividends to its shareholders, while non-controlling shareholders of the Company's subsidiaries received EUR 58 million in dividends.

Cash flows
Consolidated net cash from operating activities of the Group reached EUR 1,451 million, growing in line with operating profit. Cash used for purchases of tangible and intangible assets consisted mainly of EUR 593 million investments in the development of the telecommunications infrastructure, including EUR 23 million payment for mobile spectrum licences.
Free cash flows before acquisitions and divestments[9] reached EUR 865 million. The Group paid a consideration of EUR 349 million (net of cash acquired) for the acquisition of Nej.
Net proceeds from bank loans and debt securities[10] in 2023 were EUR 240 million, comprising refinancing of the Company's Eurobond with a term loan, CETIN Czechia Eurobond with a revolving credit facility, and raising a new EUR 250 million term loan that contributed towards funding the acquisition of Nej.
The Group also raised a EUR 53 million shareholder loan from Roanoke Investment as another contribution towards the acquisition of Nej.
After net interest payments of EUR 177 million and lease payments of EUR 97 million, the total pre-dividend cash flows generated in 2023 were EUR 550 million. The Group distributed a total of EUR 395 million to shareholders. The closing cash position of the Group was EUR 642 million.

For detailed information, see the accompanying consolidated statement of cash flows for the financial year ended on 31 December 2023.

Business outlook

In consequence of the contract to sell 50% plus one share of the Company that will control the Group's assets in Bulgaria, Hungary, Serbia, and Slovakia to e&, the Group intends to reorganise its corporate structure in 2024, subject to obtaining regulatory approvals for the sale. The future joint venture with e& will consolidate CETIN Slovakia, CETIN Hungary, CETIN Bulgaria, CETIN Serbia, O2 Slovakia, Yettel Hungary, Yettel Bulgaria, and Yettel Serbia. The Group will sell its stakes in the Czech operating businesses (CETIN Czechia and O2 Czech Republic) and the holding company CETIN Group N.V. to a different PPF Group entity, outside the perimeter of the Company and the Group.
The transaction assumes continuation of the Group's strategy. The Group will continue growing its revenue base within the current telecommunications market, primarily through organic growth. The Group's long-term focus is to maintain a low churn rate of customers and improve its mobile customers mix to ensure a continued upward trend in ARPU. The Group aims to build on the individual company's strengths and synergies and capitalise on trends in the telecommunications market, especially increasing data usage and demand for content offering, availability of fixed and mobile convergent proposition and evolving its existing portfolio of products and services to meet clients' expectations. To maintain a leading position in its respective telecommunications markets and to ensure the high quality of services, the Group plans to continue investing substantial amounts in the modernisation of its infrastructure and in the development of new products and services, such as hardware and insurance and procuring licences for its current or future services, including new 5G spectrum and renewals of the existing licences, if needed. The Group is in the process of upgrading its infrastructure to capture the growing demand for data consumption and to facilitate speed upgrades in both the mobile and fixed market segments.

The Group will continue investing in the development of new telecommunication solutions and products, to sustain

[7] Debt to assets = total liabilities/total assets
[8] Debt to equity = total liabilities/owners' equity
[9] Net cash from operating activities less purchase of PPE and intangible assets plus proceeds from disposal of PPE and intangible assets
[10] Net proceeds from bank loans and securities comprise proceeds from loans due to banks and other financial institutions, repayment of loans due to banks and other financial institutions, and payment of debt securities.

or extend its market positions in local markets. At the local level, segments will continue developing tactical solutions and products for its local markets. The Group's executive management will continue researching and developing strategic solutions around emerging technologies and trends so that they can be efficiently deployed across the whole Group.

The Group's strong and reliable operating cash flows together with its cash reserves and undrawn credit facilities provide sufficient financing for its intended future business activities, capital investments, and for meeting its liabilities towards its creditors, including banks and bondholders. The Group will continue monitoring the financial markets and may consider further refinancing parts of its debts or exploring other ways of optimising its capital structure and benefit from potentially favourable market conditions. The Group will remain focused on increasing the efficiency and high levels of staff loyalty of the workforce in its subsidiaries through local training, personal development, and performance management programmes. The Group will continue investing substantial amounts in the development of more efficient internal systems to further increase the time spent by its employees on value added activities, especially in customer-facing positions. The Group will also remain focused on sharing its best practices in retail and operations, procurement, technology transformation, management, and the structuring of its subsidiaries, to create synergies and efficiencies to be reinvested in telecommunications infrastructure, licences, products and services that will sustain its leading market position.

The Group will continue enhancing its Sustainability strategy and will continue reporting on its contribution to the improvement of the environment, global climate, human rights and social development.

Organisational structure, management, and staff development

Senior Management

The following table sets forth the members of the senior management of the Group (the "**Senior Management**") appointed as at 31 December 2023.

Name	Position	Commencement of Current Term of Office
Balesh Sharma	Chief Executive Officer	18 July 2022
Roman Staněk	Chief Technology Officer	15 February 2020
Marek Sláčík	Executive Director CEE Chief Commercial Officer Chief Sustainability Officer	1 April 2021
Jan Kadaník	Chairman of the Board of CETIN Group N.V.	1 September 2020
Juraj Šedivý	Chief Executive Officer of CETIN Group N.V.	1 September 2020
Jindřich Fremuth	Chief Executive Officer of O2 Czech Republic	1 January 2018
Igor Tóth	Chief Executive Officer of O2 Slovakia	1 January 2021
Igor Přerovský	Chief Executive Officer of Yettel Hungary	1 September 2023
Jason King	Chief Executive Officer of Yettel Bulgaria	1 September 2018
Mike Michel	Chief Executive Officer of Yettel Serbia	8 October 2018

The members of the Senior Management are employees of PPF Group or of a relevant subsidiary of the Company.

The Company has no employees and therefore no organisational structure. All Group employees are employed by the subsidiaries of the Company.

Staff development

The average number of employees during 2023 remained stable, having reached 13,175, a 3.6% increase compared to 2022, mainly due to hiring employees for new projects.

Social and environmental aspects of operating the business

The Company has no operations. Operations are conducted by the segments of the Company The segments have their own social policies that are reflective of specific local regulatory requirements and of specific local challenges and opportunities to contribute to the larger society. The Group is contributing to the efforts by enabling and instigating transfer of best practices across its segments.

Accelerating technology for sustainable future

The segments dedicate ample resources to research and development, primarily in the field of telecommunications technology development and related IT systems. The very nature of telecommunications contributes to solutions to some of the current social and environmental challenges. The segments provide a technology foundation for stable and secure communication of the individuals, communities, and the society in its operating countries by connecting people, organisations, and businesses at a level previously not possible, offering uninterrupted mobile voice and data connections anytime and in almost any location, providing means of communication, access to information, increased security, convenience, education and entertainment to ever larger groups of the population. This enables software and solutions developers to invent and deliver still new solutions that are profoundly changing the way of life for individuals and the way of doing business for companies and entrepreneurs. These new solutions often call for new advances in telecommunications and the two industries operate in a virtuous cycle, driving further innovations and growth of the telecommunications business.

Besides developing and using technology for sustainable future, the segments also continue with their dedicated respective corporate citizenship programmes.

Safeguarding cyber security, digital and personal data

As privacy and security are top of mind for the society, each operating segment of the Group is continuously working on improving the privacy of its customers' data and increasing the resilience of the network against cyber-attacks and cyber frauds. The operating segments are also cooperating with the respective national law enforcement authorities on issues that focus on the safety of individuals and of the public from crime and terrorism.

Another stream of the segments' activities is related to educating and upskilling employees, stakeholders, and communities on the risks and opportunities of digital technologies and how to benefit from them safely.

Reducing our environmental impact

The Group is aware of the importance of maintaining a healthy and undamaged environment for current and future generations. It has therefore incorporated a policy of reducing the environmental impact of its operations, throughout its value chain, whilst leveraging new technologies to facilitate environmental transformation. Initiatives aiming to contribute to the improvement of the environment in 2023 mainly focused on reducing energy consumption, fuel savings and replacing refrigerants in air-conditioning units, which also lead to a reduction in the emission of greenhouse gases and other harmful substances into the atmosphere, and to financial savings. Managing input materials and waste is another important area where the Group contributes to the improvement of the environment.

Safeguarding health, wellbeing, and human rights

All segments are committed to safeguarding health, safety and wellbeing of its employees, customers, partners, suppliers, and communities in which they operate, including workers across the supply chain.

The Group has established standards of responsible network deployment across all segments, and product quality practices for ensuring health and safety of its customers and the communities. Continuous employee training and development is coordinated by the Group and all segments are brought to the Group's best practice standards. The Group plays the same role in establishing the best practice in occupational health and safety across all segments.

The Group segments operate within the national and international supply chains for telecommunications equipment, software, and network construction materials. The Group pays close attention to the selection of its suppliers, choosing them from the world's most reputable providers, and requiring certificates of quality and compliance of the products with all standards and regulations relevant to the import and operation of these products. In 2023, the Group has further strengthened its commitment to high standards of social and environmental sustainability and business ethics throughout their value chain by adopting a formal Supplier Code of Conducts. The Code establishes the minimum behaviours, standards, and practices that the Group expects and requires its suppliers to comply with.

Code of conduct

PPF Group has implemented a Corporate Compliance programme which sets out the fundamental principles and rules of conduct for all employees in the Group and enables compliance checks and putting remedies in place when shortcomings are discovered, or objectionable or illegal conduct identified. An important part of the programme is the PPF Group Code of Ethics, dealing, among other topics, with the protection of human rights and the prevention of corrupt conduct in all Group activities. Internal guidelines entitled Corporate Compliance Internal Investigation further regulate how workers, managers and the governing and inspection bodies of the Group should proceed in case of suspicion, investigation and discovery of actions that are unethical or improper and/or contrary to legal regulations or the Code of Ethics of PPF Group.

The Group is also working with partners and suppliers to ensure dignity and equality across its value chain.

Corporate governance

The Company has a management structure consisting of its Board of Directors (bestuur in Dutch) (the "**Board of Directors**"). The Board of Directors represents the Company in all matters and is charged with its day-to-day business management. The Company has no administrative, management or supervisory body other than the Board of Directors.

Board of Directors

The Board of Directors is the Company's statutory body, which directs its operations and acts on its behalf. The Company's general meeting (the "**General Meeting**") elects the members of the Board of Directors for a term of office determined by the General Meeting at its sole discretion. Re-election of the members of the Board of Directors is permitted. Pursuant to the Company's Articles of Association (*statuten* in Dutch) (the "**Articles of Association**"), the Board of Directors has at least one member. As at the date of these base listing particulars, all three members of the Board of Directors are executives.

All members of the Board of Directors are obliged to perform their tasks and duties related to the office in the best corporate interest of the Company and the undertaking attached to it, as required under Dutch law. Pursuant to the Articles of Association, the members of the Board of Directors are authorised to solely and independently represent the Company.

The following table sets forth the members of the Board of Directors appointed as at 31 December 2023:

Name	Position	Commencement of Current Term of Office
Jan Cornelis Jansen	Director	16 October 2013
Lubomír Král	Director	16 October 2013
Marcel Marinus van Santen	Director	1 June 2015

The business address of all members of the Board of Directors is at Strawinskylaan 933, 1077XX Amsterdam, the Netherlands.

Composition of the Board of Directors

The size and composition of the Board of Directors and the combined experience and expertise of their members should reflect the best fit for the profile and strategy of the Company. This aim for the best fit, in combination with the availability of qualifying candidates, has resulted in the Company currently having a Board of Directors in which all three members are male.

Audit committee

As the Company's securities aren't traded on a regulated market, the Company isn't a Public Interest Entity and as such it is not required to have established an audit committee.

Information supply and computerisation

The Group's IT applications and systems are decentralised by segments. Back-office systems in use are mostly industry standard applications, mainly desktop office applications and ERP systems by SAP and Oracle, with certain levels of customisation. Telecommunications network management systems are mostly industry standard systems supplied by technology vendors. Customer-facing systems are mostly developed internally and tailored to specific local requirements, market conditions, regulation, and commercial opportunities.

Risk management

The Group has implemented a robust set of risk management procedures throughout all material segments, to ensure business continuity and emergency preparedness. The uncertainties and risks that the Group may be facing are continually identified by all segments and evaluated for their potential financial impacts and risk likelihood. Significant risks are periodically monitored, while preventive measures are applied to effectively limit the impact or likelihood of risks. The effectiveness of the measures is periodically reviewed by management.

Strategic uncertainties

The Group's main strategic uncertainties stem from potential changes in the market environment, including regulatory issues, new entrants, new technologies, economic developments, and global phenomena such as pandemics. The Group's key mitigants of these potential risks are geographical diversification and a dedicated team of accomplished industry professionals at the Group level, monitoring the developments in the individual segments in the global environment, making critical decisions about technology investments and marketing strategies in the segments to anticipate and avert or minimise the potential risks.

Operating risks

Operating risks in the segments primarily concern issues of network capacity and quality, business critical systems and cybersecurity. The Group's dedicated executive team plays an important role in further improving the resilience of the segments against operating risks by transferring best practices across the segments and by taking decisions on investment programmes and future developments of critical network and systems capabilities. All Group's subsidiaries comply with EU's General Data Protection Regulation and the derived national laws and regulations. In compliance with the GDPR requirements the Group's subsidiaries established rigorous security standards for storage, treatment, and processing of personal data. Consequences of international conflicts such as the invasion of Ukraine might indirectly affect the operations of the Group in the future, mainly through disruption of supply chain and macroeconomic factors. The Group will continue to follow closely the developments, anticipate possible risks, and will have mitigating solutions available.

Financial risks

Financial risks mainly include the effects of changes in debt market prices, foreign currency exchange rates, and interest rates. The Group uses derivative financial instruments and/or non-derivative instruments to hedge potential exposures. At the operational level in the segments, the Group is also facing credit risk, arising from the provision of services to more than 19 million private and corporate customers, and liquidity risk, stemming from differences in the timing of operating, investing, and financing cash in- and outflows. Risk management is carried out by the treasury departments in the segments in accordance with policies issued at the Group level, where the executive management benefits from the insight into the best practices in the segments.

Credit risk

Under the Group's policy, all customers wishing to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are continuously monitored, together with the resulting non-significant Group's exposure to bad debts. Most of the risk in 2023 was related to trade receivables from retail customers, followed by the corporate sector, with 56% stemming from Czechia and another 26% from the segments operating in Hungary and Serbia. The impacts of international conflicts such as the Russian invasion of Ukraine to macroeconomic factors might potentially put receivables collection under pressure and drive bad debt growth. The Group's operating companies are focused on customers' payment discipline and have measures in place helping the customers migrate to online payment methods. As a result, the impact on Group's collection was negligible in 2023.

For detailed information, see Note C.1 of the accompanying consolidated financial statements.

Liquidity risk
The object of the Group's liquidity risk management is to secure access to cash resources sufficient to meet all cash payment obligations as they fall due. The Group collects information from the business units and holding companies regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. A portfolio of short-term liquid assets is maintained to ensure sufficient liquidity. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.
The Group maintains access to a financing base via bank loans from various banks worldwide, to enhance financing flexibility, limit dependence on any one source of funds and lower the costs.
The Group particularly focuses on its liquidity profile within the time horizon of the next 12-24 months, considering projected cash flow from operations, capital investment requirements, and the maturity structure of both debt obligations and financial investments. Almost 80% of the liquidity available to the Group is accessible within less than 3 months and most of the remainder within one year. 35% of the Group's financial debt (excluding the conditional commitment to acquire NCI's shares) is due in the next 2 years, 62% in 2 to 5 years and the remaining 3% in more than 5 years, however.
For detailed information, see Note C.2 of the accompanying consolidated financial statements.

Market risks
Fluctuations in interest rates or foreign exchange rates might affect the Group's income or the value of its holdings of financial instruments.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group is exposed to interest rate risks arising from floating, interest-rate-bearing cash investments and some debt instruments with a floating interest rate. Interest rate sensitivity analyses showed that the impact of a yield-curve movement by a hypothetical one percentage point on the Group's equity would be immaterial.

The Group is exposed to currency risk through transactions in foreign currencies, and assets and liabilities denominated in foreign currencies. Foreign currency risk arises when the actual or forecast assets denominated in a given foreign currency are either greater or less than the liabilities denominated in that currency. It is the Group's policy to hedge such mismatches with derivative financial instruments to eliminate the foreign currency exposure.
The Group's main foreign exposures are towards the countries in which the Group operates. Its exposures are measured mainly in Czech crowns, Hungarian forints, Bulgarian levs, and Serbian dinars. As the currency in which the Group presents its consolidated financial statements is the euro, movements in the exchange rates between these currencies and the euro affect the Group's consolidated financial statements and are presented as part of a translation reserve in other comprehensive income. Net investments in foreign operations are not hedged.

As of 31 December 2023, the Group hedged neither the interest risk nor the foreign currency risk at the Company level, due to present market conditions. The Group keeps monitoring the market development to potentially take an appropriate action in the future.

O2 Czech Republic 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 31 December 2023, the O2 Czech Republic hedged 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, a cash flow hedge of O2 Czech Republic was in effect, 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.

For detailed information, see Note C.3 of the accompanying consolidated financial statements.

Events after the reporting period
O2 Networks s.r.o. has changed its legal name to CETIN Networks s.r.o., effective 1 January 2024.
The rating of CETIN Czechia by Fitch was terminated in January 2024, as CETIN Czechia has repaid its last outstanding bonds on maturity in December 2023, and no new issuances by CETIN Czechia are anticipated.
Corvinus International Investment Zrt. sold its 5% stake in TMT Hungary Infra B.V. to TMT Hungary Holdco B.V. on 5 March 2024.

8 March 2024

The Board of Directors

PPF Telecom Group B.V.

Consolidated financial statements for the year ended 31 December 2023

Table of contents

GLOSSARY **21**
CONSOLIDATED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME **22**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION **23**
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY **24**
CONSOLIDATED STATEMENT OF CASH FLOWS **26**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **27**
A. GENERAL **27**
B. CONSOLIDATED GROUP AND MAIN CHANGES FOR THE PERIOD **32**
C. RISK EXPOSURES, RISK MANAGEMENT OBJECTIVES AND PROCEDURES **38**
D. SEGMENT REPORTING **49**
E. ADDITIONAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **53**
F. MATERIAL ACCOUNTING POLICIES **79**
G. SUBSEQUENT EVENTS **95**

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
EV	- enterprise value
FVOCI	- fair value through other comprehensive income
FVTPL	- fair value through profit or loss
IFRS AS	- International Financial Reporting Standards – Accounting Standards
NCI	- non-controlling interests
OCI	- other comprehensive income
PPE	- property, plant and equipment
ROU	- right-of-use assets

Consolidated statement of income and other comprehensive income

For the year ended 31 December

In millions of EUR

	Note	2023	2022
Revenue	E1	3,776	3,506
Other income from non-telecommunication services		14	22
Personnel expenses	E2	(417)	(366)
Other operating expenses	E2	(1,616)	(1,545)
Operating profit excluding depreciation, amortisation, and impairments		**1,757**	**1,617**
Depreciation and amortisation	E3	(657)	(613)
Depreciation on lease-related right-of-use assets	E18.1	(103)	(94)
Amortisation of costs to obtain contracts	E1.3	(76)	(60)
Impairment loss on PPE and intangible assets	E6, E7.2	(9)	(3)
Operating profit		**912**	**847**
Interest income		24	10
Other interest expense		(165)	(128)
Interest expense on lease liabilities		(20)	(15)
Net foreign currency gains/(losses)		(27)	104
Other finance costs	E4	(21)	(25)
PROFIT BEFORE TAX		**703**	**793**
Income tax expense	E5.1	(161)	(142)
NET PROFIT FOR THE PERIOD		**542**	**651**
Other comprehensive expense*			
Currency translation differences		(4)	(98)
Cash flow hedge – effective portion of changes in fair value		(10)	3
Income tax relating to components of other comprehensive expense		2	-
Other comprehensive expense, net of tax		**(12)**	**(95)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**530**	**556**
Net profit attributable to:			
Owners of the Parent		475	581
Non-controlling interests	E17	67	70
Net profit for the period		**542**	**651**
Total comprehensive income attributable to:			
Owners of the Parent		458	503
Non-controlling interests	E17	72	53
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**530**	**556**

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

The notes on pages 27 to 95 are an integral part of these consolidated financial statements.

Consolidated statement of financial position

In millions of EUR

	Note	31 December 2023	31 December 2022
ASSETS			
Property, plant and equipment	E6	2,900	2,722
Other intangible assets	E7.2	1,545	1,633
Goodwill	E7.1	1,710	1,515
Right-of-use assets	E18.1	496	479
Trade and other receivables	E8.2	70	69
Other financial assets	E8	11	20
Contract assets	E8.3	25	22
Costs to obtain contracts	E1.3	66	60
Other assets	E9	51	25
Deferred tax assets	E5.2	11	8
Non-current assets		**6,885**	**6,553**
Trade and other receivables	E8.2	518	490
Other financial assets	E8	73	93
Contract assets	E8.3	67	57
Costs to obtain contracts	E1.3	24	17
Inventories	E9	90	98
Other assets	E9	71	72
Current income tax receivables		7	6
Cash and cash equivalents	E10	642	488
Current assets		**1,492**	**1,321**
TOTAL ASSETS		**8,377**	**7,874**
LIABILITIES			
Due to banks	E11	2,182	1,142
Debt securities issued	E12	2,140	2,735
Due to non-banks		53	-
Lease liabilities	E19	416	398
Deferred tax liabilities	E5.2	331	328
Trade and other payables	E13	90	62
Contract liabilities	E8.3	56	51
Provisions	E14	67	55
Non-current liabilities		**5,335**	**4,771**
Due to banks	E11	22	3
Debt securities issued	E12	40	255
Lease liabilities	E19	93	89
Trade and other payables	E13	815	805
Contract liabilities	E8.3	52	50
Provisions	E14	29	31
Current income tax liability		10	26
Conditional commitment to acquire NCI´s share	B2.4	983	850
Current liabilities		**2,044**	**2,109**
TOTAL LIABILITIES		**7,379**	**6,880**
Issued capital*	E15	**-**	**-**
Share premium	E15	1,575	1,575
Other reserves	E16	(1,161)	(1,011)
Retained earnings/(Accumulated losses)		89	(50)
Total equity attributable to owners of the Parent		503	514
Non-controlling interests	E17	495	480
Total equity		**998**	**994**
TOTAL LIABILITIES AND EQUITY		**8,377**	**7,874**

*Issued capital is EUR 1 thousand (2022: EUR 1 thousand).

The notes on pages 27 to 95 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

In millions of EUR

	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 2023	**-**	**1,575**	**(174)**	**13**	**(850)**	**(50)**	**514**	**480**	**994**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**475**	**475**	**67**	**542**
Currency translation differences	-	-	(9)	-	-	-	(9)	5	(4)
Cash flow hedge – effective portion of changes in fair value	-	-	-	(10)	-	-	(10)	-	(10)
Tax on items taken directly to or transferred from equity	-	-	-	2	-	-	2	-	2
Other comprehensive income/(expense) for the period	**-**	**-**	**(9)**	**(8)**	**-**	**-**	**(17)**	**5**	**(12)**
Total comprehensive income	**-**	**-**	**(9)**	**(8)**	**-**	**475**	**458**	**72**	**530**
Dividends to shareholders	-	-	-	-	-	(337)	(337)	-	(337)
Dividends to NCI	-	-	-	-	-	-	-	(58)	(58)
Conditional commitment to acquire NCI's share – change in net present value (refer to B.2.4)	-	-	-	-	(133)	-	(133)	-	(133)
Other	-	-	-	-	-	1	1	1	2
Total transactions with owners of the Parent	-	**-**	**-**	**-**	**(133)**	**(336)**	**(469)**	**(57)**	**(526)**
Balance as at 31 December 2023	**-**	**1,575**	**(183)**	**5**	**(983)**	**89**	**503**	**495**	**998**

*Issued capital is EUR 1 thousand.

The notes on pages 27 to 95 are an integral part of these consolidated financial statements.

In millions of EUR

	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	**-**	**-**	**-**	**-**	**-**	**581**	**581**	**70**	**651**
Currency translation differences	-	-	(81)	-	-	-	(81)	(17)	(98)
Cash flow hedge - effective portion of changes in fair value	-	-	-	3	-	-	3	-	3
Other comprehensive income/(expense) for the period	**-**	**-**	**(81)**	**3**	**-**	**-**	**(78)**	**(17)**	**(95)**
Total comprehensive income	**-**	**-**	**(81)**	**3**	**-**	**581**	**503**	**53**	**556**
Dividends to shareholders	-	-	-	-	-	(1,140)	(1,140)	-	(1,140)
Dividends to NCI	-	-	-	-	-	-	-	(33)	(33)
Sale of share in subsidiaries to NCI (refer to B.2.4)	-	-	-	-	-	1,151	1,151	260	1,411
Conditional commitment to acquire NCI's share – origination (refer to B.2.4)	-	-	-	-	(1,411)	-	(1,411)	-	(1,411)
Conditional commitment to acquire NCI's share – change in net present value (refer to B.2.4)	-	-	-	-	561	-	561	-	561
Acquisition of share in subsidiaries from NCI (B.2.3)	-	-	-	-	-	(251)	(251)	(60)	(311)
Disposal of subsidiary (refer to B.2.5)	-	-	(35)	-	-	35	-	-	-
Other	-	-	-	-	-	4	4	-	4
Total transactions with owners of the Parent	-	**-**	**(35)**	**-**	**(850)**	**(201)**	**(1,086)**	**167**	**(919)**
Balance as at 31 December 2022	**-**	**1,575**	**(174)**	**13**	**(850)**	**(50)**	**514**	**480**	**994**

*Issued capital is EUR 1 thousand.

The notes on pages 27 to 95 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the year ended 31 December, prepared using the indirect method

In millions of EUR

	Note	2023	2022
Cash flows from operating activities			
Profit before tax		703	793
Adjustments for:			
Depreciation and amortisation	E3	657	613
Depreciation on lease-related right-of-use assets	E18.1	103	94
Amortisation of costs to obtain contracts	E1.3	76	60
Impairment losses on current and non-current assets	E2, E6, E7.2	29	23
Net interest expense		161	133
Loss on financial assets	E4	18	22
Net foreign exchange (gains)/losses		27	(104)
Other (income)/expenses not involving movement of cash		4	7
Net operating cash flow before changes in working capital		**1,778**	**1,641**
Change in financial assets at FVTPL		4	(26)
Change in trade and other receivables		(55)	(65)
Change in contract assets		(11)	(19)
Change in inventories and other assets		(16)	(31)
Change in costs to obtain contracts		(89)	(74)
Change in trade and other payables		6	65
Change in provisions		(1)	(12)
Cash flows from operating activities		**1,616**	**1,479**
Interest received		24	8
Income tax paid		(189)	(185)
Net cash from operating activities		**1,451**	**1,302**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(593)	(758)
Proceeds from disposals of tangible and intangible assets		7	11
Acquisition of subsidiaries, net of cash acquired*	B2.1	(349)	-
Net cash used in investing activities		**(935)**	**(747)**
Cash flows from financing activities			
Proceeds from the issue of debt securities	E12	-	496
Repayment of debt securities	E12	(803)	-
Proceeds from loans due to banks	E11, E19	1,043	233
Repayment of loans due to banks	E11, E19	-	(1,128)
Proceeds from loans due to non-banks		53	-
Net payments on settlement of derivatives		15	(17)
Interest paid (excl. interest on lease liabilities)		(157)	(108)
Cash collateral placed due to derivatives transactions		-	4
Cash payments for principal portion of lease liability	E19	(97)	(90)
Interest paid on lease liabilities	E19	(20)	(14)
Acquisition of shares in subsidiaries from NCI	B2.3	-	(311)
Proceeds from disposals of shares in subsidiaries to NCI	B2.4	-	1,411
Dividends paid to shareholders	E15	(337)	(1,140)
Dividends paid to NCI	E17	(58)	(33)
Net cash used in financing activities		**(361)**	**(697)**
Net (decrease)/increase in cash and cash equivalents		**155**	**(142)**
Cash and cash equivalents as at 1 January	**E10**	**488**	**628**
Effect of exchange rate changes on cash and cash equivalents		(1)	2
Cash and cash equivalents as at 31 December	**E10**	**642**	**488**

The notes on pages 27 to 95 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED 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 31 December 2023, the ultimate controlling party was Mrs Renáta Kellnerová and four children of the late Mr Kellner.

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 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.2.3).

The consolidated financial statements of the Parent Company for the year ended 31 December 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 consolidated financial statements for a list of significant Group entities and changes to the Group in 2023 and 2022.

A.2. Statement of compliance

The consolidated financial statements were approved by the board of directors on 8 March 2024.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as adopted by the European Union (IFRS-AS EU) including the International Accounting Standards (IAS), promulgated by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting

Interpretations Committee (IFRIC) of the IASB and with Section 2:362(8) and (9) of the Dutch Civil Code.

The Company has also prepared the separate financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS-AS EU, including IASs, promulgated by the IASB and interpretations issued by the IFRIC of the IASB as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

A.3. Basis of measurement

The consolidated 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 at FVTPL (incl. those designated upon initial recognition as 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’ that permits a simplified assessment of whether an acquired set of activities and assets is not 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 measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested semi-annually for impairment. Any gains on bargain purchase is immediately recognised in profit or loss (refer to F.1.10.1). 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 consolidated 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 following key 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.6, E.7);
- 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);
- commissions as cost 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 (refer to E.18);
- contingent assets and liabilities (refer to E.20);
- assessment of recognition and the net present value of the conditional commitment to acquire NCI's share (refer to B.2.4).

<u>Control over subsidiaries</u>

The Group assesses its control over subsidiaries and equity-accounted investees after acquisitions or changes in its ownership interests. In 2022, the Group assessed whether the shareholders agreement forming part of the transaction with GIC Private Limited (refer to B.2.4) would trigger any changes in control over CETIN Group N.V. The Group thoroughly analysed the above transaction and concluded that, with the existence of the shareholders agreement, it retained its control over CETIN Group N.V. and all its subsidiaries – CETIN CZ, TMT Hungary Infra B.V., CETIN Hungary, CETIN Bulgaria, and CETIN Serbia. This assessment is still valid in 2023.

<u>Useful life of fixed assets</u>

The accounting treatment of fixed assets entails the use of estimates to determine the useful life for depreciation and amortisation purposes. Determining useful life of software, telecommunication technologies and equipment requires making estimates in connection with future technological developments and alternative uses for assets. There is a significant element of judgement involved in making technological development assumptions, since the timing and scope of future technological advances are difficult to predict. The set useful asset life is reviewed at each balance sheet date and adjusted as a change in accounting estimate if needed.

<u>Provisions and contingent assets and liabilities</u>

As set out in sections E.14 and E.20, the Group is a participant in several lawsuits and administrative proceedings, including those related to its pricing policies. For every litigation and administrative proceeding, it is necessary to estimate the occurrence probability of the liability, its amount and the moment of its occurrence. Provisions are recognised only when it is probable that the Group will be forced to pay a present obligation in future and it is possible to reliably estimate its amount. Contingent assets and liabilities are not recognised because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Expected credit losses on trade receivables and contract assets

Trade receivables are carried at their original amount less a bad debt allowance. The bad debt allowance is estimated according to historical experience and expected future development; and individual assessment.

Commission as costs to obtain contracts with customers

For the capitalised costs to obtain contracts, the amortisation period was determined as the expected average period over which the customer will continue to use the Group's services. This amortisation period was further specified according to the customer segments of the Group that include resident customers, entrepreneurs and medium and large corporate clients.

Throughout the amortisation period, the actual values are subject to periodic review and reassessment against the developments of business activities, trends in the telecommunications sector, and the structure of business channels.

Stand-alone selling prices

In accordance with the requirements of IFRS 15, the transaction price is allocated to separate performance obligations based on the proportional stand-alone selling prices of the products and services provided. A stand-alone selling price is the price at which the Group sells a promised product or service to its customers in a stand-alone transaction. In most cases, the Group considers the prices shown in its price list to be the stand-alone selling prices.

Lease-term for lessee accounting

A lease liability is initially measured at the present value of 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. This incremental borrowing rate used for the discounting of future lease payments is based on the current interest rate defined as a reference rate adjusted by the Group´s spread and further adjusted by lease-specific adjustments. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group further assesses at the lease commencement date whether it is reasonably certain to exercise the extension options to determine the lease term. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

Right-of-use assets are depreciated in accordance with the length of the lease contract. For unlimited contracts (or contracts with a prolongation option on the Group’s side), the depreciation period is determined based on the management’s assessment and plans, and expected changes in technologies.

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 companies under common control are accounted for using consolidated net book values (the "predecessor accounting method"). 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 consolidated 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 origin: HUF for Hungary, BGN for Bulgaria, RSD for Serbia. TMT Hungary and TMT Hungary Infra, the holding companies based in the Netherlands, have HUF as their functional currency. PPF Comco, a holding company based in the Netherlands, has CZK as its 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 at 31 December 2023 and 31 December 2022.

Company	Domicile	Effective proportion of ownership interest	
		31 December 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%
Nej.cz s.r.o.**	Czech Republic	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%

*On 1 January 2024, O2 Networks, s.r.o. was renamed to CETIN Networks, s.r.o.
**For details of the acquisition of Nej.cz s.r.o. refer to B.2.1.

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

B.2.1. Acquisition of Nej.cz

In April 2023, the Group (specifically CETIN a.s.) entered into an agreement to acquire a 100% stake in Nej.cz s.r.o. (hereinafter as “Nej.cz”), the internet connection, voice and television services provider in the Czech Republic. The Group has primarily acquired 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 was subject to the approval of the Office for the Protection of Competition and the closing of the transaction occurred on 30 November 2023.

In accordance with IFRS 3, the Group prepared a purchase price allocation exercise (PPA) to determine the fair value of the acquired assets and assumed liabilities, and to potentially identify and determine the fair value of assets and liabilities not previously recognised by the acquired entity. Assets and liabilities denominated in foreign currencies were translated using the exchange rate valid as at the acquisition date. Consequently, the acquired assets and assumed liabilities were restated to their respective fair values. The difference between the purchase price (consideration paid) and the fair values of identified assets and liabilities resulted in the recognition of goodwill.

Key assumptions and valuation approach

As the acquired business is internet connection, voice and television services provider, the key asset categories acquired in the acquisition were fixed assets reported in the balance sheet, and customer relationships identified in addition to the fixed assets. Major fixed assets category was ducts, cables, and related plant.

Since each asset category has different characteristics, different asset valuation methods were applied. Based on the nature of the tangible assets and their continuing use, the reproduction or replacement cost approach was applied. The physical depreciation was reflected by application of the Iowa and linear depreciation curves. Newly identified customer relations were valued using the multi-period excess earnings method, and the brand's fair value was determined using the relief from royalty method.

It was concluded that the carrying amounts of current non-financial assets, current financial assets, and all assumed liabilities represented their respective fair values as at the acquisition date.

The following table summarises the recognised acquisition amounts of acquired assets and assumed liabilities:

In millions of EUR, as at 30 November 2023

Fair value of assets acquired (excl. goodwill)	**203**
Property, plant and equipment (refer to E.6)	139
Intangible assets (refer to E.7.2)	39
Right-of-use assets	13
Trade and other receivables	6
Other assets	3
Cash and cash equivalents	3
Fair value of liabilities assumed (adjusted)*	**47**
Deferred tax liability	20
Lease liabilities	13
Trade and other payables	7
Contract liabilities	6
Other liabilities	1
Fair value of identifiable net assets (adjusted)*	**156**

*The figures exclude Nej.cz's pre-existing loans due to non-banks totalling EUR 106 million provided by the Group before the acquisition of control over Nej.cz by the Group (for details refer to the below paragraph).

Prior to the closing of the transaction, the Group refinanced Nej.cz's debts, external CZK bank loans totalling approx. EUR 69 million and a shareholder CZK loan from Nej.cz's previous owner of approx. EUR 37 million, by way of a CZK loan provided by Cetin a.s. to Nej.cz. Thus, with the acquisition of control over Nej.cz, the loan became an intragroup relationship and, as at 31 December 2023, is fully eliminated from the Group's perspective.

Total consideration transferred for the acquisition of Nej.cz effectively amounts to EUR 352 million, which comprises the base consideration paid of EUR 246 million and the above-described loans refinancing totalling EUR 106 million.

The acquisition of shares and the above loan is financed by a mix of equity and external debt financing.

Goodwill arising from the acquisition was recognised as follows:

In millions of EUR, as at 30 November 2023

Total consideration transferred [a]	352
Consideration paid (for the 100% share)	*246*
Refinancing of loans due to non-banks	*106*
Fair value of identifiable net assets (adjusted) [b]	156
Goodwill (total) [a-b]	**196**
Goodwill (refer to E.6.1)	60
Goodwill (held-for-sale part, refer to E.8)	136

Goodwill is attributable to the established position of Nej.cz's businesses on the Czech market, anticipated synergies with other Group's operations and the assembled workforce. The goodwill balance is not expected to be deductible for tax purposes.

In the period from the acquisition date to 31 December 2023, Nej.cz contributed revenue of EUR 5 million and profit of EUR 1 million to the Group's results. If the acquisition had occurred on 1 January 2023, consolidated revenue would have increased by approximately EUR 62 million and profit by approximately EUR 9 million.

B.2.2. 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 an 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 second quarter of 2024 and is subject to regulatory approvals (some of which were pending as at 31 December 2023, all granted subsequently by the date of these consolidated financial statements), the approval of the non-controlling partner (still pending), 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 is subject to the EU Foreign Subsidies Regulation review.

The Group's management performed a thorough analysis and evaluated that the Czech assets subject to this sale transaction do not meet the criteria to be classified as held-for-sale as at 31 December 2023.

B.2.3. 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 current minority shareholders). The settlement process of this 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.2.4. 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, while the Group maintained 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 AS 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 AS 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 (refer to F.1.12.2), the Group's conditional commitment to acquire NCI's share was recognised in the consolidated financial statements for the year ended 31 December 2023 and 31 December 2022 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 31 December 2023, the net present value of the conditional commitment to acquire NCI's share totalling EUR 983 million (as at 31 December 2022: EUR 850 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. As at 31 December 2023, a remeasurement loss of EUR 133 million from the increase 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 (as at 31 December 2022: a remeasurement gain of EUR 561 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.2.5. 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.2.6. 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. was PPF Comco N.V. as at 31 December 2023 and 2022.

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

C. Risk exposures, risk management objectives and procedures

The Group is exposed to a variety of financial risks, including the effects of changes in debt market prices, foreign currency exchange rates and interest rates as a result of ordinary business, debt taken on to finance its business, and net investment in foreign operations. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise any potential adverse effects on the financial performance of the Group. 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.

Risk management is carried out by the relevant treasury departments in accordance with approved policies. The board of directors provides written principles for overall risk management. In accordance with these principles, policies are in place for specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments, and investing excess liquidity.

C.1. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations, arising principally from the Group's trade receivables. Individual significant credit exposures to third parties are monitored by the Group's top management and the board of directors on a case-by-case basis. Individual exposures are monitored and assessed, as is the Group's country and sector concentration.

Under the Group's policy, all customers wishing to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, together with the resulting non-significant Group's exposure to bad debts.

The maximal possible credit risk arising from receivables and other financial assets equals the carrying amount of those financial instruments.

Credit risk is managed by:
- prevention: scoring of new customers – regular monitoring of customers' payment morale, activation of control procedures (integrated black list, external credit registers, and other external information databases), limits and/or deposits applied based on customer segments or the product, credit limits for indirect sales partners (dealers, distributors, franchises) for the purchase of our products, collateral security (deposits, receivables insurance, bills of exchange, pledges of real estate, bank guarantees etc.).
- monitoring of accounts receivables: regular monitoring of the creditworthiness of existing customers and monitoring and analysing of the receivable aging structure (internal and external indicators of any potential bad debts). These activities are processed in an integrated system solution for the scoring, maintenance and collection of receivables.
- collection process: credit management units cooperate with the customer care units in the implementation of a reasonable, effective and continual collection process. Collection process competences are allocated separately. In CETIN subgroup, collection from active customers is in the competence of the accounting unit; subsequent collection is the

responsibility of the treasury unit, the legal unit, and the accounting unit. In other segments, collection from active customers is in the competence of the customer care unit; any collection after contracts are cancelled falls within the responsibility of the credit management unit.

The following tables show the economic and geographic concentration of credit risk:

In millions of EUR

	31 December 2023	31 December 2023	31 December 2022	31 December 2022
Economic concentration				
Financial services	660	46.71%	508	40.90%
Corporate sector	353	24.98%	321	25.85%
Household/individuals	380	26.89%	397	31.96%
Public sector/Government	20	1.42%	16	1.29%
Total	**1,413**	**100.00%**	**1,242**	**100.00%**
Geographic concentration				
Czech Republic	793	56.13%	732	58.94%
Hungary	173	12.24%	133	10.71%
Serbia	187	13.24%	154	12.40%
Slovakia	103	7.29%	89	7.17%
Bulgaria	95	6.72%	79	6.36%
Other EU countries	45	3.18%	33	2.66%
Other	17	1.20%	22	1.76%
Total	**1,413**	**100.00%**	**1,242**	**100.00%**
Of which:				
Cash and cash equivalents (excl. cash on hand) (E.10)	640	45.29%	487	39.21%
Trade and other receivables (E.8.2)	588	41.61%	559	45.01%
Financial assets at FVTPL (E.8.1)	79	5.60%	111	8.94%
Contract assets (E.8.3)	92	6.51%	79	6.36%
Provided guarantees (E.20)	10	0.71%	4	0.32%
Loans and receivables due from banks and other financial institutions	2	0.14%	-	-
Specific deposits and other specific receivables (E.9)	2	0.14%	2	0.16%
Total	**1,413**	**100.00%**	**1,242**	**100.00%**

The amounts in the tables represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to meet their obligations and all collateral or security proved to be of no value. The amounts, therefore, exceed the expected losses that are included in the allowance for collectability. The table comprises financial assets excluding equity securities.

<u>Trade and other receivables and contract assets</u>

The Group generally uses an allowance matrix to measure the expected credit losses (ECLs) of trade receivables from individual customers, which comprise a large number of small balances. In industry segments, where trade receivables comprise small number of large balances, a specific allowance for impairment is used.

Loss rates are calculated using the roll rate method based on the probability of a receivable progressing through the successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship, and type of product purchased.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables and contract assets from individual customers using the provision matrix as at 31 December 2023 and the comparative period.

In millions of EUR, as at 31 December 2023

	Weighted-average loss rate	Gross amount	Loss allowance	Carrying amount	Credit-impaired
Current (not past due)	3.8%	640	(24)	616	No
1-90 days	9.4%	64	(6)	58	No
91-180 days	66.7%	12	(8)	4	Yes
more than 180 days past due	97.3%	87	(85)	2	Yes
Total		**803**	**(123)**	**680**	

In millions of EUR, as at 31 December 2022

	Weighted-average loss rate	Gross amount	Loss allowance	Carrying amount	Credit-impaired
Current (not past due)	3.5%	594	(21)	573	No
1-90 days	8.1%	62	(5)	57	No
91-180 days	54.5%	11	(6)	5	Yes
more than 180 days past due	96.6%	89	(86)	3	Yes
Total		**756**	**(118)**	**638**	

Loss rates are based on actual credit loss experience over past years. The rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data was collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The most significant scalar factors are the GDP forecast and industry outlook, actual and forecasted unemployment rates.

C.2. Liquidity risk

The Group's essential objective of liquidity risk management is having access to cash resources sufficient to meet all its cash payment obligations as they fall due, allowing some flexibility. The cash resources consist of a generated cash position maintained in highly liquid instruments.

The Group collects information from business units and holding companies regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. A portfolio of short-term liquid assets is maintained to ensure sufficient liquidity. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The individual scenarios focus on liquidity available on specific markets and facilities, the nature of the related risks and the magnitude of their impact on the Group's business, available management tools and preventive actions.

The Group particularly focuses on its liquidity profile within the time horizon of the next 12-24 months, considering projected cash flow from operations, capital investment requirements, and the maturity structure of both debt obligations and financial investments.

The following tables show exposure to liquidity risk (discounted view) as at 31 December 2023:

In millions of EUR, as at 31 December 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Financial assets at FVTPL	6	65	8	-	-	79
Loans and receivables due from banks and other financial institutions	-	2	-	-	-	2
Trade and other receivables, and contract assets*	460	125	60	36	1	682
Cash and cash equivalents	642	-	-	-	-	642
Total financial assets	**1,108**	**192**	**68**	**36**	**1**	**1,405**

*incl. specific deposits and other specific receivables

In millions of EUR, as at 31 December 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Due to banks	21	-	439	1,744	-	2,204
Debt securities issued	25	15	599	1,541	-	2,180
Conditional commitment to acquire NCI´s share	-	983	-	-	-	983
Trade and other payables*	591	91	20	22	34	758
Lease liabilities	26	67	82	169	165	509
Due to non-banks	-	-	-	53	-	53
Total financial liabilities	**663**	**1,156**	**1,140**	**3,529**	**199**	**6,687**

*excluding tax and other non-financial liabilities

Net liquidity position 2023	**445**	**(964)**	**(1,072)**	**(3,493)**	**(198)**	**(5,282)**

The management of the Group does not expect any cash outflows in future in relation to the recognised conditional commitment to acquire NCI's share, refer to B.2.4.

The following tables show exposure to liquidity risk (discounted view) as at 31 December 2022:

In millions of EUR, as at 31 December 2022

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Financial assets at FVTPL	57	36	-	18	-	111
Trade and other receivables, and contract assets*	440	108	56	36	-	640
Cash and cash equivalents	488	-	-	-	-	488
Total financial assets	**985**	**144**	**56**	**54**	**-**	**1,239**

*incl. specific deposits and other specific receivables

In millions of EUR, as at 31 December 2022

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Due to banks	3	-	-	1,142	-	1,145
Debt securities issued	13	242	599	2,136	-	2,990
Conditional commitment to acquire NCI´s share	-	850	-	-	-	850
Trade and other payables*	574	110	5	17	36	742
Lease liabilities	23	66	83	202	113	487
Total financial liabilities	**613**	**1,268**	**687**	**3,497**	**149**	**6,214**

*excluding tax and other non-financial liabilities

Net liquidity position 2022	**372**	**(1,124)**	**(631)**	**(3,443)**	**(149)**	**(4,975)**

The following tables show the residual maturities of balance sheet and off-balance sheet liabilities on an undiscounted cash flow basis. Listed are only liability items for which the total estimated undiscounted cash flows differ from the book values shown in the consolidated statement of the financial position:

In millions of EUR, as at 31 December 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Due to banks	41	84	545	1,909	-	2,579
Debt securities issued	29	32	663	1,631	-	2,355
Trade and other payables*	591	91	20	23	38	763
Lease liabilities	30	80	95	197	184	586
Due to non-banks	1	2	3	56	-	62
Provided guarantees	-	1	4	-	1	6
Total	**692**	**290**	**1,330**	**3,816**	**223**	**6,351**

*excluding tax and other non-financial liabilities

In millions of EUR, as at 31 December 2022

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Due to banks	17	34	46	1,201	-	1,298
Debt securities issued	87	307	669	2,239	-	3,302
Trade and other payables*	574	110	5	17	41	747
Lease liabilities	27	77	95	227	140	566
Provided guarantees	-	1	3	-	-	4
Total	**705**	**529**	**818**	**3,684**	**181**	**5,917**

*excluding tax and other non-financial liabilities

C.3. Market risk

Market risk is the risk that changes in market rates such as interest rates or foreign exchange 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 market risk exposure and keep it within acceptable limits.

C.3.1. Interest rate risk

The Group’s income and operating cash flows are substantially independent of changes in market interest rates. Short- and long-term debt as well as cash assets can be maintained on both floating and fixed interest rates. The Group may sometimes use interest rate swaps, forward rate agreements and option-based products to manage a desired mix of fixed and variable interest rates.

The Group's objective in managing its exposure to interest rate fluctuations is to minimise reported earnings and cash flow volatility associated with interest rate changes.

The Group is exposed to interest rate risk arising from cash investments with a floating interest rate and some debt instruments bearing a floating interest rate. Considering the derivative hedging instruments, an interest rate sensitivity analysis showed that the impact of a yield-curve movement by a hypothetical one percentage point on the Group's equity would be immaterial.

The tables below summarise the interest rate repricing gap of the Group's financial assets and liabilities as at the reporting date. The carrying amounts of interest-rate-sensitive assets and liabilities and the notional amounts of swaps and other derivative financial instruments are presented in the periods in which they mature or in which the interest rates will next be fixed. To reflect anticipated prepayments, certain asset and liability categories are included in the table based on estimated rather than contractual maturity dates. Items are allocated to time bands by reference to the earlier of the next contractual interest rate repricing date and the expected maturity date.

The following tables present an analysis of the interest rate gap position (excl. derivatives):

In millions of EUR, as at 31 December 2023

	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Financial assets at FVTPL	6.58%	5	65	-	-	-	70
Loans and receivables due from banks and other financial institutions	-	-	2	-	-	-	2
Trade and other receivables, and contract assets*	0.61%	460	125	60	36	1	682
Cash and cash equivalents	1.77%	642	-	-	-	-	642
Total financial assets		**1,107**	**192**	**60**	**36**	**1**	**1,396**

*incl. specific deposits and other specific receivables

In millions of EUR, as at 31 December 2023

	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Due to banks	5.59%	2,204	-	-	-	-	2,204
Debt securities issued	2.88%	25	15	599	1,541	-	2,180
Trade and other payables*	0.69%	591	91	20	22	34	758
Lease liabilities	4.12%	26	67	82	169	165	509
Due to non-banks	5.45%	53	-	-	-	-	53
Total financial liabilities		**2,899**	**173**	**701**	**1,732**	**199**	**5,704**

*excluding tax and other non-financial liabilities

Effect of interest rate derivatives		**142**	**-**	**(142)**	**-**	**-**	**-**
Net position 2023		**(1,650)**	**19**	**(783)**	**(1,696)**	**(198)**	**(4,308)**

In millions of EUR, as at 31 December 2022

	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Trade and other receivables, and contract assets*	0.45%	440	108	56	36	-	640
Financial assets at FVTPL	7.53%	57	34	-	-	-	91
Cash and cash equivalents	0.49%	488	-	-	-	-	488
Total financial assets		**985**	**142**	**56**	**36**	**-**	**1,219**

*incl. specific deposits and other specific receivables

In millions of EUR, as at 31 December 2022

	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Due to banks	3.93%	1,145	-	-	-	-	1,145
Debt securities issued	2.90%	13	242	599	2,136	-	2,990
Trade and other payables*	0.70%	574	110	5	17	36	742
Lease Liabilities	3.90%	23	66	83	202	113	487
Total financial liabilities		**1,755**	**418**	**687**	**2,355**	**149**	**5,364**

*excluding tax and other non-financial liabilities

Effect of interest rate derivatives	**187**	**(42)**	**-**	**(145)**	**-**	**-**

Net position 2022	**(583)**	**(318)**	**(631)**	**(2,464)**	**(149)**	**(4,145)**

C.3.2. Currency risk

The Group is exposed to currency risk through transactions in foreign currencies and assets and liabilities denominated in foreign currencies. Foreign currency risk arises when the actual or forecast assets denominated in a given foreign currency are either greater or less than the liabilities denominated in that currency. It is the Group's policy to hedge such mismatches with derivative financial instruments to eliminate the foreign currency exposure.

The Group's main foreign exposures are to the countries in which the Group operates. Its exposures are measured mainly in Czech crowns, Hungarian forints and Bulgarian levs and Serbian dinars. As the currency in which the Group presents its consolidated financial statements is the euro, movements in the exchange rates between these currencies and the euro affecting the Group's consolidated financial statements are presented as part of a translation reserve in other comprehensive income. Net investments in foreign operations are not hedged.

The following table summarises the Group's exposure in individual countries and respective local functional currencies. Any exposure in the individual countries other than in the local functional currency is excluded.

In millions of EUR, as at 31 December 2023

	EUR	CZK	HUF	BGN	RSD	Total
Net investment in foreign operations	(4,486)	3,109	1,042	658	855	1,178

In millions of EUR, as at 31 December 2022

	EUR	CZK	HUF	BGN	RSD	Total
Net investment in foreign operations	(3,954)	2,668	983	628	786	1,111

The Group's transactional exposures give rise to foreign currency gains and losses that are recognised in the consolidated statement of income. These exposures comprise the monetary assets and monetary liabilities of the Group entities that are not denominated in the functional currency of the respective Group entity. In respect of monetary assets and liabilities in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate, or through short-term FX trades.

The Group entities' foreign currency largest exposures are for financial assets and financial liabilities, meaning the exposures in currencies different from the entities' functional currencies:

In millions of EUR, as at 31 December 2023

	EUR	CZK	USD	Other	Total
Financial assets	124	-	12	9	145
Financial liabilities	294	-	24	7	325
Effect of FX derivatives	60	-	5	-	65
Net FX position	**(110)**	**-**	**(7)**	**2**	**(115)**

In millions of EUR, as at 31 December 2022

	EUR	CZK	USD	Other	Total
Financial assets	178	-	17	6	201
Financial liabilities	288	-	28	3	319
Effect of FX derivatives	-	-	-	-	-
Net FX position	**(110)**	**-**	**(11)**	**3**	**(118)**

The following tables present an analysis of the sensitivity of the Group's equity to changes in currency exchange rates based on positions existing as at 31 December 2023 and 2022 and a simplified scenario of a 5% change in CZK, HUF, BGN and RSD to EUR exchange rates:

In millions of EUR

	CZK	HUF	BGN	RSD
Effect of 5% currency depreciation against EUR in 2023	(155)	(52)	(33)	(43)
Effect of 5% currency appreciation against EUR in 2023	155	52	33	43
Effect of 5% currency depreciation against EUR in 2022	(133)	(49)	(31)	(39)
Effect of 5% currency appreciation against EUR in 2022	133	49	31	39

C.3.3. Hedging

As at 31 December 2023 and 31 December 2022, the Group hedged neither the interest risk nor the foreign currency risk at the Parent Company level. The Group keeps monitoring the market development to take an appropriate action in future.

O2 CZ subgroup 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 31 December 2023, O2 CZ subgroup hedged 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.4. 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 and borrowings with a floating interest rate.

In millions of EUR, as at 31 December

	2023 Carrying amount	2023 Fair value	2022 Carrying amount	2022 Fair value
Debt securities issued (Level 2)	(2,180)	(2,139)	(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 31 December 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	-	9	70	79
Financial assets at FVOCI	-	-	3	3
Total	**-**	**9**	**73**	**82**

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**

The following table shows the reconciliation of movements in Level 3:

In millions of EUR, for the year ended 31 December 2023

	Financial assets FVTPL	Financial assets FVOCI	Total
Balance as at 1 January 2023	91	2	93
Net gains/(losses) recognised in profit or loss	(18)	-	(18)
Origination of new financial assets	160	-	160
Settlements	(164)	-	(164)
Effect of movements in exchange rates	1	1	2
Balance as at 31 December 2023	**70**	**3**	**73**

In millions of EUR, for the year ended 31 December 2022

	Financial assets FVTPL	Financial assets FVOCI	Total
Balance as at 1 January 2022	84	2	86
Net gains/(losses) recognised in profit or loss	(17)	-	(17)
Origination of new financial assets	149	-	149
Settlements	(124)	-	(124)
Effect of movements in exchange rates	(1)	-	(1)
Balance as at 31 December 2022	**91**	**2**	**93**

C.5. Capital management

For the purposes 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 years ended 31 December 2023 and 2022.

C.6. Offsetting financial assets and liabilities

The Group's derivative transactions are predominantly entered into under ISDA Master Agreements in compliance with the Intercreditor Agreement. If certain agreed events of default or termination events occur, all outstanding transactions under the agreements may be unilaterally terminated. The termination value is determined and only a single net amount is payable by one party to the other.

ISDA Master Agreements and similar master netting arrangements do not meet the criteria for offsetting in the consolidated statement of financial position. Therefore, as at 31 December 2023 the reported balances of positive and negative fair values of outstanding derivative transactions of EUR 9 million (2022: EUR 20 million) and nil (2022: nil) respectively, do not include any offset amounts.

D. Segment reporting

The Group recognises reportable segments that are defined in both geographical and sector terms. The Group's board of directors and shareholder (the chief operating decision maker) review the internal management reports of the 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 and Montenegro
CETIN CZ*	Wholesale telecommunication services (mobile, fixed and data services) to other telco operators and international transit	Czech Republic
CETIN Slovakia**	Telecommunication infrastructure	Slovakia
CETIN Hungary	Telecommunication infrastructure	Hungary
CETIN Bulgaria	Telecommunication infrastructure	Bulgaria
CETIN Serbia	Telecommunication infrastructure	Serbia

*incl. Nej.cz, refer to B.2.1.
**CETIN Slovakia segment consists of the activities of O2 Networks, s.r.o., which was renamed to CETIN Networks, s.r.o. on 1 January 2024. The company is not part of CETIN Group N.V. subgroup.

For the year ended 31 December 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 year ended 31 December 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 twelve months ended 31 December 2023 amounting to EUR 3,776 million (31 December 2022: EUR 3,506 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.

The following table shows the main items from the financial statements broken down according to reportable segments:

In millions of EUR

2023	O2 Czech Republic	O2 Slovakia	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	CETIN Slovakia	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Revenue from external customers	1,453	345	612	499	498	348	-	5	5	11	-	-	3,776
Inter-segment revenue	13	4	3	4	11	468	93	170	136	110	-	(1,012)	-
Total revenue	**1,466**	**349**	**615**	**503**	**509**	**816**	**93**	**175**	**141**	**121**	**-**	**(1,012)**	**3,776**
Other income from non-telecommunication services	13	1	-	-	-	5	-	-	-	-	4	(9)	14
Operating expenses	(1,007)	(272)	(489)	(352)	(365)	(403)	(24)	(56)	(40)	(29)	(8)	1,012	(2,033)
Operating profit excl. depr., amort. and impairments	**472**	**78**	**126**	**151**	**144**	**418**	**69**	**119**	**101**	**92**	**(4)**	**(9)**	**1,757**
Depreciation and amortisation	(145)	(40)	(67)	(38)	(49)	(199)	(28)	(31)	(31)	(30)	-	1	(657)
Depreciation on lease related RoU	(20)	(3)	(5)	(4)	(4)	(35)	(8)	(14)	(8)	(9)	-	7	(103)
Amortisation of costs to obtain a contract	(23)	(7)	(8)	(13)	(25)	-	-	-	-	-	-	-	(76)
Impairment loss	(1)	-	-	-	-	(2)	-	(1)	-	(5)	-	-	(9)
Operating profit	**283**	**28**	**46**	**96**	**66**	**182**	**33**	**73**	**62**	**48**	**(4)**	**(1)**	**912**
Interest income	7	-	5	1	4	1	-	-	-	1	74	(69)	24
Net foreign currency gains/(losses)	(3)	-	1	-	-	(25)	-	-	-	-	-	-	(27)
Interest expense on lease liability	(3)	-	(1)	-	(1)	(8)	(1)	(4)	(1)	(2)	-	1	(20)
Other interest expense	(12)	(1)	(30)	(1)	(3)	(36)	(2)	(1)	-	(1)	(148)	70	(165)
Other finance cost	(2)	(5)	(7)	(6)	-	-	-	-	-	-	(1)	-	(21)
Profit for the period before tax	**270**	**22**	**14**	**90**	**66**	**114**	**30**	**68**	**61**	**46**	**(79)**	**1**	**703**
Income tax expense	(54)	(8)	(8)	(9)	(3)	(47)	(8)	(9)	(6)	(7)	(2)	-	(161)
Profit for the period	**216**	**14**	**6**	**81**	**63**	**67**	**22**	**59**	**55**	**39**	**(81)**	**1**	**542**
Capital expenditure	82	22	27	56	30	221	29	81	39	35	-	-	622
Segment assets	1,581	320	794	555	653	2,932	271	509	362	372	1,963	(1,935)	8,377
Segment liabilities	892	160	334	131	102	1,959	157	163	103	80	5,233	(1,935)	7,379
Segment equity	**689**	**160**	**460**	**424**	**551**	**973**	**114**	**346**	**259**	**292**	**(3,270)**	**-**	**998**

In millions of EUR

2022	O2 Czech Republic	O2 Slovakia*	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	CETIN Slovakia*	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Revenue from external customers	1,381	320	537	452	473	327	-	3	4	9	-	-	3,506
Inter-segment revenue	12	4	4	4	8	436	81	128	120	94	-	(891)	-
Total revenue	**1,393**	**324**	**541**	**456**	**481**	**763**	**81**	**131**	**124**	**103**	**-**	**(891)**	**3,506**
Other income from non-telecommunication services	8	3	-	-	-	5	-	-	9	-	4	(7)	22
Operating expenses	(943)	(248)	(433)	(299)	(345)	(393)	(21)	(35)	(49)	(25)	(9)	889	(1,911)
Operating profit excl. depr., amort. and impairments	**458**	**79**	**108**	**157**	**136**	**375**	**60**	**96**	**84**	**78**	**(5)**	**(9)**	**1,617**
Depreciation and amortisation	(141)	(37)	(59)	(35)	(46)	(192)	(28)	(23)	(28)	(24)	(1)	1	(613)
Depreciation on lease related RoU	(20)	(3)	(4)	(4)	(4)	(30)	(7)	(12)	(8)	(9)	-	7	(94)
Amortisation of costs to obtain a contract	(19)	(7)	(7)	(10)	(17)	-	-	-	-	-	-	-	(60)
Impairment loss	-	-	-	-	-	(1)	-	(2)	-	-	-	-	(3)
Operating profit	**278**	**32**	**38**	**108**	**69**	**152**	**25**	**59**	**48**	**45**	**(6)**	**(1)**	**847**
Interest income	2	-	3	-	2	1	-	1	-	-	22	(21)	10
Net foreign currency gains/(losses)	-	-	-	-	-	20	-	(1)	-	-	85	-	104
Interest expense on lease liability	(3)	-	-	-	-	(7)	(1)	(3)	(1)	(2)	-	2	(15)
Other interest expense	(8)	(1)	(17)	(2)	(3)	(16)	(2)	(1)	-	(1)	(98)	21	(128)
Other finance income/(cost)	1	(5)	(9)	(7)	-	(2)	-	-	-	-	(1)	(2)	(25)
Profit for the period before tax	**270**	**26**	**15**	**99**	**68**	**148**	**22**	**55**	**47**	**42**	**2**	**(1)**	**793**
Income tax expense	(53)	(6)	(5)	(8)	(13)	(30)	(5)	(8)	(4)	(6)	(4)	-	(142)
Profit for the period	**217**	**20**	**10**	**91**	**55**	**118**	**17**	**47**	**43**	**36**	**(2)**	**(1)**	**651**
Capital expenditure	68	45	171	31	33	223	48	61	51	34	-	(14)	751
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

2023	O2 Czech Republic	O2 Slovakia	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	CETIN Slovakia	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Major service/product lines:													
Mobile originated revenue	767	230	455	366	336	-	-	-	-	-	-	(10)	2,144
Fixed originated revenue	522	20	1	1	10	4	-	-	-	-	-	(1)	557
Hardware sales revenues	105	71	104	108	103	-	-	-	-	-	-	-	491
Interconnect revenue	55	21	28	19	49	-	-	-	-	-	-	(14)	158
International transit revenue	-	-	-	-	-	214	-	-	7	-	-	(30)	191
Other wholesale revenue	17	7	11	9	11	598	93	175	134	121	-	(956)	220
Other sales	-	-	16	-	-	-	-	-	-	-	-	(1)	15
Revenue recognition:													
Revenue recognised over time	1,361	278	511	395	406	816	93	175	141	121	-	(1,012)	3,285
Revenue recognised at a point in time	105	71	104	108	103	-	-	-	-	-	-	-	491
Total revenue	**1,466**	**349**	**615**	**503**	**509**	**816**	**93**	**175**	**141**	**121**	**-**	**(1,012)**	**3,776**

In millions of EUR

2022	O2 Czech Republic	O2 Slovakia*	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	CETIN Slovakia*	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Major service/product lines:													
Mobile originated revenue	712	217	387	320	305	-	-	-	-	-	-	(8)	1,933
Fixed originated revenue	492	16	-	1	4	-	-	-	-	-	-	(1)	512
Hardware sales revenues	110	59	100	101	104	-	-	-	-	-	-	(1)	473
Interconnect revenue	64	25	28	25	60	-	-	-	-	-	-	(15)	187
International transit revenue	-	-	-	-	-	217	-	-	10	-	-	(35)	192
Other wholesale revenue	15	7	11	9	8	546	81	131	114	103	-	(829)	196
Other sales	-	-	15	-	-	-	-	-	-	-	-	(2)	13
Revenue recognition:													
Revenue recognised over time	1,283	265	441	355	377	763	81	131	124	103	-	(890)	3,033
Revenue recognised at a point in time	110	59	100	101	104	-	-	-	-	-	-	(1)	473
Total revenue	**1,393**	**324**	**541**	**456**	**481**	**763**	**81**	**131**	**124**	**103**	**-**	**(891)**	**3,506**

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

E. Additional notes to the consolidated 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 year ended 31 December

	2023	2022
Mobile originated revenue	2,144	1,933
Fixed originated revenue	557	512
Hardware sales revenues	491	473
Interconnect revenue	158	187
International transit revenue	191	192
Other wholesale revenue	220	196
Other sales	15	13
Revenue from telecommunication business	**3,776**	**3,506**
out of which:		
Services/Products transferred over time	3,285	3,033
Services/Products transferred at a point in time	491	473

Hardware sales revenues include interest income arising from the Group's ordinary transactions with a significant financing component. For the year ended 31 December 2023, interest income amounts to EUR 6 million (2022: EUR 2 million).

For the information on contract assets and contract liabilities, please 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 year ended 31 December

	2023	2022
Services/products transferred over time	3,285	3,033
Czech Republic	1,491	1,392
Hungary	507	445
Bulgaria	379	332
Serbia	395	373
Slovakia	277	268
Germany	33	33
Other	203	190
Services/products transferred at a point in time	491	473
Czech Republic	105	109
Hungary	104	100
Bulgaria	108	101
Serbia	103	104
Slovakia	71	59

E.1.3. Incremental costs to obtain contracts

Capitalised incremental costs to obtain contracts include commissions for external and internal business channels that are directly attributable to obtaining customer contracts and incremental. The amortisation of these costs is recognised on a separate line (amortisation of cost to obtain contracts) in profit or loss; the amortisation period is determined by the expected average duration of contracts separately for business customers and consumers, and separately for certain product types (ranging from 16 to 48 months).

In millions of EUR, for the year ended 31 December

	2023	2022
Balance as at 1 January	77	63
Capitalised costs to obtain contracts	89	74
Amortisation of capitalised costs to obtain contracts	(76)	(60)
Balance as at 31 December	**90**	**77**

The Group regularly evaluates capitalised incremental costs to obtain contracts and assesses whether there is any indication of impairment. The assessment is based on the monitoring of two parameters – the statistical evolution of clawbacks, i.e., deductions for the additional change of contracted services or contractual penalties for the non-observance of performance indicators and, simultaneously, the monitoring of calculation corrections based on the revision of the period in which the customers use the individual segments of the Group. According to an assessment of these parameters, there was no impairment allowance of the capitalised costs to obtain contracts recognised as at 31 December 2023 or 31 December 2022.

E.2. Personnel expenses and other operating expenses

In millions of EUR, for the year ended 31 December

	2023	2022
Employee compensation	316	277
Payroll related taxes (including pension contribution)	101	89
Total personnel expenses	**417**	**366**
Cost of telco and other devices sold (inventories)	486	461
Interconnection and roaming	191	203
International transit	193	188
Other cost of sales	230	227
Utilities	110	117
Network&IT maintenance	91	76
Advertising and marketing	70	66
Commissions	35	42
Professional services	28	22
Rentals, buildings and vehicles	26	30
Net impairment losses on trade and other receivables	20	20
Taxes other than income tax	18	17
Telecommunication and postage	10	9
Other	108	67
Total other operating expenses	**1,616**	**1,545**

The average number of employees during 2023 was 13,175 (2022: 12,712 employees).

E.3. Depreciation and amortisation

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

In millions of EUR, for the year ended 31 December

	2023	2022
Depreciation of property, plant and equipment	329	304
Amortisation of intangible assets	328	309
Total depreciation and amortisation	**657**	**613**

E.4. Other finance costs

Other finance costs comprise the following:

In millions of EUR, for the year ended 31 December

	2023	2022
Net loss on financial derivatives and other FVTPL assets	18	22
Fee and commission expense	3	3
Total finance costs	**21**	**25**

E.5. Income taxes

E.5.1. Income tax expense

Income tax expense comprises the following:

In millions of EUR, for the year ended 31 December

	2023	2022
Current tax expense	(172)	(179)
Deferred tax benefit	11	37
Total income tax expense	**(161)**	**(142)**

The following table reconciles the tax expense:

In millions of EUR, for the year ended 31 December

	2023	2022
Tax rate (see the below paragraph for further reference)	25.8%	25.8%
Profit from continuing operations (before taxation)	703	793
Computed taxation using applicable tax rate	(181)	(205)
Tax rate differences on foreign results	79	77
Tax non-deductible expenses	(29)	(27)
Non-taxable income	2	23
Current year losses for which no deferred tax asset is recognised	(1)	-
Utilised tax loss for which no deferred tax was previously recognised	-	1
Items taxed at a different tax rate (e.g., withholding tax)	(2)	(3)
Other	(29)	(8)
Total income tax expense	**(161)**	**(142)**

The Company is subject to corporate income tax in the Netherlands at an income tax rate of 25.8% (2022: 25.8%). The Company's subsidiaries are also subject to corporate income tax laws in the respective jurisdictions where the Group operates, with corporate income tax rates ranging from 9% in Hungary to 21% in Slovakia.

In 2023, the Parent company incurred an impact from earnings stripping rule of EUR 12 million (2022: EUR 13 million), which is presented in category tax non-deductible expenses.

In 2023, the increase of category other is caused by reflecting the increase of corporate income tax in the Czech Republic to 21% (with legal effectiveness from 1 January 2024) in the balance of deferred taxes.

E.5.2. Deferred tax

The table below shows the roll-forward of net deferred taxes:

In millions of EUR, for the year ended 31 December

	2023	2022
Net deferred tax liability as at 1 January	(320)	(350)
Additions resulting from business combinations (refer to B.2.1)	(20)	-
Deferred tax income for the period	11	37
Deferred tax recognised directly in equity	2	-
Effects of movements in exchange rates	7	(7)
Net deferred tax liability as at 31 December	**(320)**	**(320)**

Recognised deferred tax assets and liabilities were as follows:

In millions of EUR, as at 31 December

	2023 Deferred tax liabilities	2023 Deferred tax assets	2022 Deferred tax liabilities (restated)*	2022 Deferred tax assets (restated)*
Financial assets at FVTPL	-	2	-	2
Trade receivables	-	9	-	9
Inventories	-	2	-	2
Property, plant and equipment	(368)	8	(341)	3
Intangible assets	(72)	1	(77)	1
Contract assets	(4)	-	(5)	-
Other assets	-	1	-	1
Lease liabilities	-	86	-	78
Contract liabilities	-	1	-	1
Other liabilities	-	10	(1)	9
Provisions	-	12	-	6
Other temporary differences	(11)	3	(11)	2
Value of loss carried forward recognised	-	-	-	1
Deferred tax assets/(liabilities)	**(455)**	**135**	**(435)**	**115**
Net deferred tax assets/(liabilities)	**(331)**	**11**	**(328)**	**8**

*Comparative information was restated due to the application of amendment to IAS 12 effective from 1 January 2023, refer to F.2.

E.5.3. Tax losses

As at 31 December 2023, the Group has incurred tax losses from recent years of EUR 82 million (2022: EUR 76 million), available to be carried forward and off-set against future taxable income. To the extent that it is not considered likely that taxable profits will be available against which the unused tax losses can be utilised, the deferred tax assets are not recognised. The unrecognised deferred tax assets amount to EUR 20 million (2022: EUR 19 million). The unutilised tax losses can be claimed for the period from 2024 to 2028 in the Czech Republic, 2024 to 2032 in Hungary, and for the unlimited period in the Netherlands due to a change in legislation in 2022.

In millions of EUR

	31 December 2023	31 December 2022
2025	-	1
2026	1	1
2027	1	1
2030	1	1
Unlimited	79	72
Total	**82**	**76**

E.6. Property, plant and equipment

The following table shows the roll-forward of property, plant and equipment:

In millions of EUR, for the year ended 31 December 2023

	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 1 January 2023	**277**	**1,325**	**730**	**124**	**266**	**2,722**
Additions resulting from business combinations (refer to B.2.1)	13	105	15	1	5	139
Additions	8	46	212	26	142	434
Disposal	(3)	-	(2)	(1)	(1)	(7)
Transfers	(7)	46	123	8	(170)	-
Depreciation charge	(17)	(86)	(203)	(23)	-	(329)
Impairment charge	-	-	(7)	-	(2)	(9)
Effects of movements in exchange rates	(4)	(35)	(6)	-	(5)	(50)
Carrying amount as at 31 December 2023	**267**	**1,401**	**862**	**135**	**235**	**2,900**
Cost	433	2,183	1,826	283	243	4,968
Accumulated depreciation and impairment	(166)	(782)	(964)	(148)	(8)	(2,068)

In millions of EUR, for the year ended 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	407	1,923	1,418	249	213	4,210
Accumulated depreciation and impairment	(144)	(614)	(728)	(127)	(8)	(1,621)
Carrying amount as at 1 January 2022	**263**	**1,309**	**690**	**122**	**205**	**2,589**
Additions	6	41	167	23	169	406
Disposal	-	-	(5)	-	(1)	(6)
Transfers	20	16	57	5	(106)	(8)
Depreciation charge	(17)	(80)	(182)	(25)	-	(304)
Impairment charge	-	-	(2)	-	(1)	(3)
Effects of movements in exchange rates	5	39	5	(1)	-	48
Carrying amount as at 31 December 2022	**277**	**1,325**	**730**	**124**	**266**	**2,722**
Cost	437	2,039	1,586	265	273	4,600
Accumulated depreciation and impairment	(160)	(714)	(856)	(141)	(7)	(1,878)

In both periods, the most significant additions of PPE relate to the construction and modernization of a mobile telecommunication infrastructure mainly in the Czech Republic (related radio network modernisation and roll-out of 5G and continuous investments into a fixed network), Hungary (radio network modernization and roll-out of 5G), Slovakia (radio network modernization and roll-out of 5G) and Bulgaria (roll-out of 5G).

In 2023, the impairment charge results from re-evaluation of the expected useful life period of the current telecommunication infrastructure in Serbia in connection with its planned modernisation. Such modernisation has already been running in the other countries where the Group operates (refer to the above paragraph).

No property, plant and equipment were pledged either as at 31 December 2023 or 31 December 2022.

E.7. Goodwill and other intangible assets

Intangible assets comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Goodwill	1,710	1,515
Software	257	243
Licences	603	652
Valuable rights	63	68
Customer relationships	467	538
Other intangible assets	62	47
Work in progress	93	85
Total intangible assets	**3,255**	**3,148**

Acquired licences represent the rights to operate cellular networks. The licences are technologically neutral. The Group uses the following standards for the operation of cellular networks in the Czech Republic, Slovakia, Hungary, Bulgaria and Serbia: GSM (Global System for Mobile Communication, second generation technology), UMTS (Universal Mobile Telecommunication System, third generation mobile cellular technology for networks), CDMA (Code Division Multiple Access) and LTE (Long Term Evolution).

Valuable rights comprise a licence agreement to use the O2 brand in the Czech Republic and Slovakia initially until January 2019, which are currently extended until December 2036. As part of the 2018 acquisition, the Group acquired a licence agreement to use the Telenor brand in Hungary, Bulgaria, and Serbia until April 2022, which was fully amortised in 2022.

Customer relationships are assets that ensure a long-term revenue stream from customers who have made commitments to purchase specific amounts of products or services.

Other intangible assets include mainly rights for television broadcasting.

Work in progress represents acquired intangible fixed assets not put in use during the same reporting period. It comprises mainly software.

E.7.1. Goodwill

The following table shows the roll-forward of goodwill:

In millions of EUR, for the year

	2023	2022
Balance as at 1 January	1,515	1,527
Additions resulting from business combinations (refer to B.2.1)	196	-
Effect of movement in exchange rates	(1)	(12)
Balance as at 31 December	**1,710**	**1,515**

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	31 December 2023	31 December 2022
O2 CZ(1,3)	543	421
O2 Slovakia(2)	24	24
O2 Networks(2)	16	16
Yettel Hungary(3)	182	173
Yettel Bulgaria	118	118
Yettel Serbia	184	184
CETIN CZ(1,3)	173	117
CETIN Hungary(3)	177	169
CETIN Bulgaria	104	104
CETIN Serbia	189	189
Total goodwill	**1,710**	**1,515**

(1) The significant increase in goodwill relates to the acquisition of Nej.cz (refer to B.2.1.).
(2) Restated (refer to D section).
(3) The changes in values of goodwill are affected by changes in the translation FX rates.

Goodwill is tested semi-annually for impairment. A reasonably possible change in the key assumptions on which management bases its determination of the recoverable amounts would not result in O2 CZ, O2 Slovakia, O2 Networks, Yettel and CETINs carrying amounts being higher than their recoverable amounts.

O2 CZ, O2 Slovakia and Yettel

O2 CZ and O2 Slovakia, operating in the Czech Republic and Slovakia, were identified as individual CGUs for the purposes of the impairment test. Yettel's CEE businesses operate in three countries and were identified as individual CGUs for the purposes of the impairment test. These operating businesses are in Hungary, Bulgaria and Serbia.

The impairment test involves determining the recoverable amount of the above five cash-generating units, which correspond to their value in use. The value in use of a CGU is the present value of future cash flows expected to be derived from each CGU.

Value in use is determined in an enterprise valuation model and assessed from the group-internal perspective. Value in use is derived from the medium-term forecast for a period of five years (from 2024 to 2028), prepared by the management at the time of the impairment test. The forecast is also based on future market trends, general macroeconomic data derived from macroeconomic and financial studies. The key assumptions on which management bases its business plan and growth rates include trends in the gross domestic product, interest rates, nominal wages, capital expenditures, market share, growth rates, and discount rates.

The calculations of value in use for each CGU are the most sensitive to the following assumptions:

Estimated growth rate in terminal value – forecasts of the market and regulatory environment in which the company conducts its principal business, as well as the investment life cycle, are the basis for determining the value assigned to the estimated growth rate. A 2.0% growth rate is used.

Discount rate – the discount rate reflects the Group's estimate of the risk and related expected return specific to the CGU. The weighted average cost of capital forms the basis for the determination of the discount rate. Relevant data taken from independent financial analysts as a benchmark for the weighted average cost of capital are used to determine the discount rate for each respective CGU. The resulting discount rate and its effect on value in use are tested for sensitivity. The current methodology used as of 31 December 2023 will be subject to regular reassessments and potential adjustments.

The discounted cash flow valuation is supported by a valuation using the market approach based on publicly traded peer companies. The multiple of enterprise value (EV) to earnings before interest, taxes, depreciation and amortisation (EBITDA) was selected as the most suitable multiple, as EBITDA is considered to be the closest approximate of free cash flow. The value estimates the draw on EV/EBITDA multiples based on market data as at the valuation date and the EBITDA of the peer public companies for 2023.

CETINs and O2 Networks

CETIN's businesses represent operating companies in four countries and were identified as individual CGUs for the purposes of the impairment test. These operating businesses are in Czech Republic, Hungary, Bulgaria and Serbia. O2 Networks was identified as individual CGU operating in Slovakia.

The impairment test involves determining the above five cash-generating unit's recoverable amount, corresponding to the value in use. Value in use is the present value of the future cash flows expected to be derived from the CGUs.

Value in use is determined in an enterprise valuation model and assessed from a group-internal perspective. Value in use is derived from the medium-term forecast for a period of seven years (for 2024 to 2030), prepared by management and most recent at the time of the impairment test. Management believes that use of longer than usual 5 years forecast of future cashflows is sufficiently reliable due to long term contracts with operating companies (e.g., MSA and MOSA contracts). The medium-term forecast is based on the past experience, future market trends, and general economic data derived from macroeconomic and financial studies. The key assumptions on which management bases its business plan and growth rates include trends in the gross domestic product, interest rates, nominal wages, capital expenditures, market share, growth rates, and discount rates.

The calculations of a CGU's value in use are the most sensitive to the following assumptions:

Estimated growth rate in terminal value – forecasts of the market and regulatory environment in which the company conducts its principal business, as well as the investment life cycle, are the basis for determining the value assigned to the estimated growth rate. A growth rate of 2.0% is used.

Discount rate – this reflects the Group's estimate of the risk and related expected return. The weighted average cost of capital forms the basis for the determination of the discount rate. Relevant data taken from independent financial analyses as a benchmark for the weighted average cost of capital is used to determine the discount rate. The resulting discount rate and its effect on value in use are tested for sensitivity. The current methodology used as of 31 December 2023 is a subject to regular reassessments and potential adequate adjustments.

The discounted cash flow valuation is supported by a valuation using the market approach based on publicly traded peer companies. The multiple of enterprise value (EV) to earnings before interest, taxes, depreciation and amortisation (EBITDA) was selected as the most suitable multiple, as EBITDA is considered to be the closest approximate of free cash flow. The value estimates draw on EV/EBITDA multiples based on market data as at the valuation date and EBITDA of the peer public companies for 2023. EV/Sales multiple is considered as well.

The Nej.cz acquisition-related goodwill (refer to B.2.1) totaling EUR 196 million was allocated to O2 CZ CGU (EUR 136 million) and CETIN CZ CGU (EUR 60 million) in accordance with the internal optimisation of the business structure that is going to happen during the first half of 2024 in the form of a formal reallocation of the recently acquired Nej.cz retail part from CETIN CZ to O2 CZ (by way of an intragroup sale without any impact on the consolidated financial statements of the Group). The amount of the goodwill assigned to O2 CZ was determined as a difference between the intragroup sale price and the fair value of Nej.cz retail business net assets.

E.7.2. Other intangible assets

The following table shows the roll-forward of the remaining categories of intangible assets:

In millions of EUR, for the year ended 31 December 2023

	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 1 January 2023	**243**	**652**	**68**	**538**	**47**	**85**	**1,633**
Additions resulting from business combinations	1	-	2	36	-	-	39
Additions	93	23	-	-	36	39	191
Transfers	23	6	-	-	1	(30)	-
Amortisation charge	(104)	(88)	(6)	(109)	(21)	-	(328)
Effects of movements in exchange rates	1	10	(1)	2	(1)	(1)	10
Carrying amount as at 31 December 2023	**257**	**603**	**63**	**467**	**62**	**93**	**1,545**
Cost	813	1,100	244	1,330	129	93	3,709
Accumulated amortisation and impairment losses	(556)	(497)	(181)	(863)	(67)	-	(2,164)

In 2023, the Group invested in modernizations of IT systems in all countries, where it operates. Yettel Bulgaria purchased additional frequency spectrum in total amount of EUR 22 million, which is presented as additions in licences.

In millions of EUR, for the year ended 31 December 2022

	Software	Licences	Valuable rights	Customer relation-ships	Other intangible assets	Work in progress	Total
Cost	646	948	270	1,300	80	98	3,342
Accumulated amortisation and impairment losses	(421)	(427)	(209)	(648)	(36)	-	(1,741)
Carrying amount as at 1 January 2022	**225**	**521**	**61**	**652**	**44**	**98**	**1,601**
Additions	80	155	12	-	22	76	345
Transfers	23	74	-	-	2	(91)	8
Amortisation charge	(88)	(85)	(7)	(108)	(21)	-	(309)
Effects of movements in exchange rates	3	(13)	2	(6)	-	2	(12)
Carrying amount as at 31 December 2022	**243**	**652**	**68**	**538**	**47**	**85**	**1,633**
Cost	736	1,063	247	1,300	101	85	3,532
Accumulated amortisation and impairment losses	(493)	(411)	(179)	(762)	(54)	-	(1,899)

In 2022, Yettel Hungary purchased additional frequency spectrum in total amount of EUR 146 million, which is presented as additions in licences.

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

Financial assets comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Trade and other receivables	70	69
Contract assets	25	22
Financial assets at FVTPL*	8	18
Financial assets at FVOCI*	3	2
Non-current	**106**	**111**
Trade and other receivables	518	490
Contract assets	67	57
Financial assets at FVTPL*	71	93
Receivables due from banks*	2	-
Current	**658**	**640**
Total financial assets	**764**	**751**

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

E.8.1. Financial assets/liabilities at FVTPL

Financial assets at FVTPL comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Hedging derivatives	7	16
Trading derivatives	1	2
Non-current	**8**	**18**
Instalment receivables at FVTPL	70	91
Trading derivatives	1	-
Hedging derivatives	-	2
Current	**71**	**93**
Total financial assets at FVTPL	**79**	**111**

The Group provides mobile handsets and other telecommunication equipment to its customers on instalments (usually for 12 to 24 months, interest-free). To improve its working capital, the Group enters 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 at 31 December 2023 is EUR 121 million (31 December 2022: EUR 78 million).

As at 31 December 2023 and 2022, 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 under financial assets at FVTPL, as an instalment receivables at FVTPL in the table above.

As at 31 December 2023, the Group did not hold any financial liabilities at FVTPL (2022: nil). Details of derivatives are provided in the following tables:

In millions of EUR, as at 31 December 2023

	Notional amount	Positive fair values	Negative fair values
OTC products:			
Interest rate swaps – trading	16	1	-
Forward exchange contracts - trading	65	1	
Interest rate swaps - hedging	125	7	-

In millions of EUR, as at 31 December 2022

	Notional amount	Positive fair values	Negative fair values
OTC products:			
Interest rate swaps – trading	17	2	-
Interest rate swaps - hedging	170	18	-

E.8.2. Trade and other receivables

Trade and other receivables comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Trade receivables	74	73
Subtotal (gross) - non-current	**74**	**73**
Individual allowances for impairment on trade and other receivables	(4)	(4)
Subtotal (net) - non-current	**70**	**69**
Trade receivables	590	561
Accrued income	41	39
Subtotal (gross) - current	**631**	**600**
Individual allowances for impairment on trade and other receivables	(113)	(110)
Subtotal (net) - current	**518**	**490**
Carrying amount trade and other receivables - total	**588**	**559**

The movements in the allowance for impairment in respect of trade and other receivables during the year were as follows:

In millions of EUR, for the year ended 31 December

	2023	2022
Balance as at 1 January	(114)	(101)
Additions resulting from business combinations	(2)	-
Impairment losses recognised in consolidated statement of income	(29)	(29)
Release of impairment losses on written off items	26	14
Financial assets derecognised during the period	1	2
Effects of movements in exchange rates	1	-
Balance as at 31 December	**(117)**	**(114)**

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

	31 December 2023	31 December 2022
Receivables, which are included in "trade and other receivables"	**575**	**558**
Contract assets	**92**	**79**
Non-current part	25	22
Current part	67	57
Contract liabilities	**(108)**	**(101)**
Non-current part	(56)	(51)
Current part	(52)	(50)

As at 31 December 2023, the ECL allowance for current contracts assets amounted to EUR 6 million (2022: EUR 4 million).

Contract assets primarily relate to the Group's rights to consideration in exchange for goods or services that the Group has already transferred to customers and which it has not yet invoiced. These include contracts with customers where the supply of telecommunication services is supplemented by the sale of subsidised telecommunication equipment. A contract asset arises from the reallocation of revenues under a customer contract from telecommunication services provided and recognised during the life of the contract to the revenues from the sale of such subsidised equipment, which is recognised at the time of sale.

A contract liability is the Group's obligation to deliver goods or to provide services for which the Group has received consideration from the customer.

For telecommunication operators, contract liabilities include mostly telecommunication services prepaid by customers on prepaid cards. These revenues are recognised when the voice or data traffic takes place, or when other services are provided, or when the card associated with the prepaid credit expires. Contract liabilities also arise when activation fees are invoiced upon the conclusion of a new contract, which is not a distinct performance obligation, and are thus accrued over the term of the contract with the customer.

For infrastructure entities, contract liabilities relate mostly to received installation fees related to the entitlement to use the spare capacity of the optical fibre.

Significant changes in the contract assets and the contract liabilities balances during the period are as follows:

In millions of EUR, for the year ended 31 December 2023

	Contract assets	**Contract liabilities**
Balance as at 1 January 2023	79	(101)
Additions resulting from business combinations (refer to B.2.1)	-	(6)
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	48
Increases due to cash received, excluding amounts recognised as revenue during the period	-	(51)
Transfers from contract assets recognised at the beginning of the period to receivables	(64)	-
Increases due to revenue recognised during the period, not yet invoiced	78	-
Net changes in ECL	(2)	-
Effects of movements in exchange rates	1	2
Balance as at 31 December 2023	**92**	**(108)**

In millions of EUR, for the year ended 31 December 2022

	Contract assets	**Contract liabilities**
Balance as at 1 January 2022	64	(103)
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	46
Increases due to cash received, excluding amounts recognised as revenue during the period	-	(42)
Transfers from contract assets recognised at the beginning of the period to receivables	(52)	-
Increases due to revenue recognised during the period, not yet invoiced	66	-
Net changes in ECL	3	-
Effects of movements in exchange rates	(2)	(2)
Balance as at 31 December 2022	**79**	**(101)**

The transaction price allocated to the remaining performance obligations related to contracts with customers is as follows:

In millions of EUR

	31 December 2023	31 December 2022
Within 1 year	365	473
Between 1 and 2 years	194	153
Between 2 and 5 years	92	123
More than 5 years	18	27
Transaction price on performance obligations yet to be satisfied	**669**	**776**

The Group applies the practical expedient of the standard and discloses in the table above neither information about contracted revenues with originally expected term of contract one year or less, nor contracted revenues for which the expected revenues are recognised in the amount corresponding to the right to invoice.

E.9. Inventories and other assets

Other assets comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Deferred expenses and advances	48	22
Specific deposits and other specific receivables	2	2
Other assets	1	1
Non-current	**51**	**25**
Inventories	90	98
Deferred expenses and advances	53	49
Other tax receivables	7	11
Other assets	11	12
Current	**161**	**170**
Total inventories and other assets	**212**	**195**

As at 31 December 2023, the balance of inventories consist mainly from goods for sale and includes and allowance for impairment of EUR 12 million (2022: EUR 10 million).

E.10. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Current accounts	640	470
Placements with financial institutions due within three months	-	17
Cash on hand	2	1
Total cash and cash equivalents	**642**	**488**

E.11. Due to banks

Liabilities due to banks comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Unsecured loans (non-current)	2,182	1,142
Unsecured loans (current)	22	3
Total loans due to banks	**2,204**	**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 loan (in full) and term loan (partially). In December 2023, CETIN Group N.V. utilised EUR 197 million of EUR 200 million committed revolving facility and the Group used the proceeds to repay the bond with a nominal value of CZK 4,866 million (EUR 203 million) (refer to E.12).

The outstanding principal amounts of these loans as at 31 December 2023 were EUR 511 million for the term loan (2022: EUR 511 million), EUR 444 million for the incremental term loan (2022: EUR 444 million), and EUR 197 million for the revolving facility. The actual amount of outstanding loan liabilities stated in the table above is lowered by unamortised fees and other transaction costs directly attributable to the origination of the loan facilities. These fees were capitalised and are amortised as other interest expenses using the effective interest rate method.

In April 2023, the Parent company became a party to a term loan facility amounting to EUR 250 million and a backstop loan facility amounting to EUR 600 million. In June 2023, the Parent company became a party to an additional term loan facility agreement of up to EUR 600 million, which was used to repay the bond with a nominal value of EUR 600 million (refer to E.12). The outstanding principal amount of term loan facilities as at 31 December 2023 was EUR 850 million in aggregate. As at 31 December 2023, the backstop loan facility remained undrawn. 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.

As at 31 December 2023 and 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 31 December 2023:

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

Parameters of EUR-denominated loan facilities borrowed by the Parent company and outstanding as at 31 December 2023:

	250mil Term loan facility	600mil Term loan facility	600mil Backstop loan facility
Repayable by	2026(1)	2028	2026(1)
Margin rate over EURIBOR	1.50%	2.25%-3.00%(2)	1.75%-3.00%(3)
Actual respective margin levels applicable	1.50%	2.25%	1.75%

(1) including a prolongation option of the borrower
(2) depending on the reported Net Proportionate Leverage ratio
(3) depending on time period

On 20 May 2020, the Group concluded a long-term unsecured facility agreement with a 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 31 December 2023, the Group utilised CZK 4,690 million (approx. EUR 190 million) of its credit limit (2022: CZK 4,690 million (approx. EUR 194 million)).

E.12. Debt securities issued

Debt securities (all unsecured) issued comprise the following:

In millions of EUR

	Date of issue	Maturity	Fixed rate	31 December 2023	31 December 2022
Bond (EUR 600 million)*	2019/2020	2025	2.13%	611	610
Bond (EUR 550 million)	2019	2026	3.13%	561	559
Bond (EUR 500 million)	2020	2027	3.25%	500	500
Bond (EUR 500 million)	2022	2027	3.13%	508	507
Bond (CZK 4,866 million)	2016	2023	1.25%	-	202
Bond (EUR 600 million)	2020	2024	3.50%	-	612
Total debt securities issued				**2,180**	**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).

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.

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).

In July 2023, the Group fully repaid the bond with a nominal value of EUR 600 million, maturing in May 2024, using the proceeds from a new term loan facility (refer to E.11).

In December 2023, the Group fully repaid the bond with a nominal value of CZK 4,866 million (EUR of 203 million), maturing in December 2023, using the proceeds from a new revolving loan facility (refer to E.11).

E.13. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Settlements with suppliers	21	15
Accrued expenses	54	42
Deferred income and prepayments	5	1
Defined benefit obligation	4	3
Other liabilities	6	1
Non-current	**90**	**62**
Settlements with suppliers	546	557
Accrued expense	109	103
Wages and salaries	60	45
Other tax payable	45	46
Social security and health insurance	18	16
Advances received	8	11
Deferred income and prepayments	3	2
Other liabilities	26	25
Current	**815**	**805**
Total trade and other payables	**905**	**867**

E.14. Provisions

Provisions comprise the following:

In millions of EUR

	31 December 2023	31 December 2022
Fixed asset retirement obligation	63	50
Provision for litigations except for tax issues	5	2
Provision for restructuring	2	2
Other provisions	26	32
Total provisions	**96**	**86**

In millions of EUR, for the year ended 31 December 2023

	Fixed asset retirement obligation	Provision for litigations except for tax issues	Provision for restructuring	Other	Total
Balance as at 1 January 2023	50	2	2	32	86
Provisions created during the year	16	4	1	13	34
Provisions used during the year	-	-	(1)	(10)	(11)
Provisions released during the year	(3)	(1)	-	(10)	(14)
Effect of movements in exchange rates	-	-	-	1	1
Balance as at 31 December 2023	**63**	**5**	**2**	**26**	**96**
Non-current	**62**	**1**	**1**	**3**	**67**
Current	**1**	**4**	**1**	**23**	**29**

In millions of EUR, for the year ended 31 December 2022

	Fixed asset retirement obligation	Provision for litigations except for tax issues	Provision for restructuring	Other	Total
Balance as at 1 January 2022	50	8	3	36	97
Provisions created during the year	14	-	-	21	35
Provisions used during the year	(3)	(3)	(1)	(10)	(17)
Provisions released during the year	(11)	(4)	-	(14)	(29)
Effect of movements in exchange rates	-	1	-	(1)	-
Balance as at 31 December 2022	**50**	**2**	**2**	**32**	**86**
Non-current	**50**	**1**	**-**	**4**	**55**
Current	**-**	**1**	**2**	**28**	**31**

The Group recognised a provision for the estimated cost of dismantling and removing assets and restoring sites of EUR 63 million (2022: EUR 50 million). The amount of the provision is affected by the estimate of the present value of the future costs of dismantling, removing of assets and restoring sites in connection with network construction. Scenarios of future costs based on management estimations, market prices, and historical costs were discounted to their present value. Discount rates are paired with the expected dates of any future dismantling and removing of assets.

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.

	31 December 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

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

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

During 2023, the Parent Company paid dividends amounting to EUR 337 million (2022: EUR 1,140 million).

E.16. 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 31 December 2023, these non-distributable reserves to shareholders totalled EUR 7 million (2022: EUR 7 million).

E.16.2. 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 the shareholders.

E.16.3. 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.16.4. 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 983 million as at 31 December 2023 (31 December 2022: EUR 850 million). For more details refer to B.2.4.

E.17. Non-controlling interests

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

In millions of EUR

As at 31 December 2023	CETIN Group	TMT Hungary	TMT Hungary Infra*	**Total**
NCI percentage (effective ownership)	**30.00%**	**25.00%**	**47.50%**	
Country of incorporation	Netherlands	Netherlands	Netherlands	
Total assets	4,181	815	512	
Total liabilities	(3,136)	(335)	(163)	
Net assets	**1,045**	**480**	**349**	
Net assets attributable to NCI of the subgroup	(87)	-	-	
Net assets attributable to owners of the Parent	958	480	349	
Carrying amount of NCI	**288**	**120**	**87**	**495**
NCI effective percentage during the period	**30.00%**	**25.00%**	**47.50%**	
Revenue	1,241	615	176	
Profit	185	7	59	
Other comprehensive income/(expense)	(11)	23	13	
Total comprehensive income	174	30	72	
Profit allocated to NCI	51	1	15	**67**
OCI allocated to NCI	(3)	6	2	**5**
Dividends paid to NCI	**43**	**12**	**3**	**58**

*TMT Hungary Infra is part of Cetin Group subgroup.

In millions of EUR

As at 31 December 2022	O2 CZ*	CETIN Group**	TMT Hungary	TMT Hungary 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**
NCI effective percentage during the period	**0.49%**	**22.92%**	**25.00%**	**43.75%**	
Revenue	1,393	1,108	541	131	
Profit	686	224	10	47	
Other comprehensive income/(expense)	13	(2)	(41)	(23)	
Total comprehensive income/(expense)	699	222	(30)	24	
Profit allocated to NCI	3	52	3	12	**70**
OCI allocated to NCI	(1)	-	(10)	(6)	**(17)**
Dividends paid to NCI	**-**	**28**	**-**	**5**	**33**

*For details on decrease in NCI‘s percentage ownership refer to B.2.3.
**For details on increase in NCI‘s percentage ownership refer to B.2.4.
***TMT Hungary Infra is part of Cetin Group subgroup.

E.18. Leases

E.18.1. Right-of-use assets

The following table shows the roll-forward of right-of-use assets' carrying amounts:

In millions of EUR, for the year ended 31 December 2023

	Land and buildings	Ducts, cables and related plant	Telecom. technology and related equipment	Other tangible assets and equipment	Total
Balance as at 1 January 2023	**442**	**2**	**25**	**10**	**479**
Additions resulting from business combinations (refer to B.2.1)	11	2	-	-	13
Additions	101	-	6	7	114
Disposal	(3)	-	-	-	(3)
Depreciation charge	(91)	-	(5)	(7)	(103)
Effects of movements in exchange rates	(4)	-	-	-	(4)
Balance as at 31 December 2023	**456**	**4**	**26**	**10**	**496**

In millions of EUR, for the year ended 31 December 2022

	Land and buildings	Ducts, cables and related plant	Telecom. technology and related equipment	Other tangible assets and equipment	Total
Balance as at 1 January 2022	**394**	**1**	**74**	**11**	**480**
Additions	84	-	4	4	92
Disposal	(1)	-	-	-	(1)
Depreciation charge	(85)	-	(4)	(5)	(94)
Transfer	48	-	(48)	-	-
Effects of movements in exchange rates	2	1	(1)	-	2
Balance as at 31 December 2022	**442**	**2**	**25**	**10**	**479**

E.18.2. Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. At the lease commencement date the Group assesses whether it is reasonably certain that it will exercise the extension options. The Group reassesses whether it is reasonably certain that it will exercise the options if a significant events or significant changes in circumstances within its control occur.

The Group has estimated that should it exercise the extension option, potential future lease payments would result in an increase of EUR 9 million in lease liability (2022: EUR 9 million).

Total cash outflow for leases amounted to EUR 117 million for the year ended 31 December 2023 (2022: EUR 104 million).

E.19. Reconciliation of movements of liabilities to cash flows arising from financing activities

Reconciliation of movements of liabilities to cash flows arising from financing activities:

In millions of EUR, for the year ended 31 December 2023

	Debt securities issued	Liabilities due to banks	Liabilities due to non-banks	Lease liabilities	Total
Balance as at 1 January 2023	**2,990**	**1,145**	**-**	**487**	**4,622**
Changes from financing cash flows:					
Proceeds from liabilities due to banks	-	1,043	-	-	1,043
Proceeds from liabilities due to non-banks	-	-	53	-	53
Repayment of debt securities issued	(803)	-	-	-	(803)
Repayment of principal portion of lease liability	-	-	-	(97)	(97)
Interest paid	(89)	(57)	-	(20)	(166)
Total changes from financing cash flows	**(892)**	**986**	**53**	**(117)**	**30**
Additions resulting from business combinations (refer to B.2.1)	-	-	-	13	13
New leases	-	-	-	107	107
Interest expense	81	79	-	20	180
Effect of changes in foreign exchange rates and transfers	1	(6)	-	(1)	(6)
Balance as at 31 December 2023	**2,180**	**2,204**	**53**	**509**	**4,946**

In millions of EUR, for the year ended 31 December 2022

	Debt securities issued	Liabilities due to banks	Lease liabilities	Total
Balance as at 1 January 2022	**2,474**	**2,039**	**489**	**5,002**
Changes from financing cash flows:				
Proceeds from liabilities due to banks	-	233	-	233
Proceeds from the issuance of debt securities	496	-	-	496
Repayments of liabilities due to banks	-	(1,128)	-	(1,128)
Repayment of principal portion of lease liability	-	-	(90)	(90)
Interest paid	(70)	(34)	(14)	(118)
Total changes from financing cash flows	**426**	**(929)**	**(104)**	**(607)**
New leases	-	-	86	86
Interest expense	85	34	15	134
Effect of changes in foreign exchange rates and transfers	5	1	1	7
Balance as at 31 December 2022	**2,990**	**1,145**	**487**	**4,622**

E.20. Off-balance sheet items

E.20.1. Commitments

In millions of EUR

	31 December 2023	31 December 2022
Capital expenditure commitments – PPE	227	102
Capital expenditure commitments – intangible assets	143	81
Guarantees provided	10	4
Total commitments and contingent liabilities	**380**	**187**

In 2023, the increase in capital expenditure commitments for PPE mostly relates to CETIN CZ's development of networks with more advanced technologies in connection with the acquisition of Nej.cz (refer to B.2.1).

E.20.2. Off-balance sheet assets

In millions of EUR

	31 December 2023	31 December 2022
Loan commitments received	768	372
Guarantees accepted	9	12
Other	16	14
Total commitments and contingent assets	**793**	**398**

Increase in loan commitments accepted as at 31 December 2023 relate to new facilities agreements entered into by the Parent company in April 2023, refer to E.11.

E.20.3. Assets pledged as security

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

E.20.4. Litigations

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

On 28 March 2011, VOLNÝ, a.s. ("VOLNÝ") filed a legal action with the Municipal Court in Prague against O2 CZ for an amount exceeding EUR 154 million for an alleged abuse of a dominant position on the market of Internet broadband connection provided to households via ADSL. VOLNÝ filed the legal action to coincide directly with the opening of ÚOHS proceedings, which were closed by a decision in favour of O2 on 23 January 2019. The amount is meant to represent the lost profit for the years 2004 to 2010. VOLNÝ claims to have had 30% share on the dial-up Internet market in 2003 and, in its legal action, it implies that it should have automatically had the same result on the broadband market, which it did not. Allegedly, it was due to the margin squeeze applied by O2 CZ on the fix broadband market. O2 CZ replied to the petition in July 2011, noting that both the claim and the calculations submitted by the plaintiff were unsubstantiated and pointing out discrepancies in the petition claims. The court started the proceedings in the matter and hearings took place during the year 2013, including the hearings of witnesses and experts.

At the hearing held on 30 March 2016, the court considered the possibility of a revision expert opinion that would review the opinions filed by VOLNÝ and O2 CZ. VOLNÝ proposed an expert who turned out to be biased, and thus O2 CZ filed a protest. Subsequently, the court appointed another expert and defined a set of questions. The revision expert opinion confirmed O2 CZ's statement. The expert opinion stated that no anti-competition practice had been proved against O2 CZ. It also pointed out that O2 CZ was not in a dominant position on the market of internet broadband connections. After hearing the appointed independent expert, the Municipal Court in Prague dismissed the legal action by VOLNÝ in full. The court concluded that O2 CZ had not breached any competition rules and thus could not have caused any damage to VOLNÝ. The decision was delivered in June 2018. The plaintiff filed an appeal and applied for court fee relief. The Municipal Court in Prague and the High Court in Prague granted the plaintiff a 50% court fee relief. The ÚOHS's decision of 23 January 2019 was submitted to the court and confirmed O2 CZ's consistent position in the civil dispute and the correctness of the first instance dismissal of the legal action.

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. Following reiteration of certain evidence and update to the original expert opinion the Municipal Court in Prague issued a judgment in November 2023 in which it again completely rejected the lawsuit as unjustified and awarded O2 CZ compensation for the costs of the proceedings. The plaintiff filed an appeal against the decision.

In January 2021, the Bulgarian Telecommunications Regulator CRC started a tender for the distribution of the spectrum in 3600 MHz. On 8 April 2021, the spectrum was distributed with equal parts among three current operators whereas Yettel received 100 Mhz. Two decisions or procedural steps of CRC (however not against the actual decision on the assignment of frequencies from May 2021 which thus became effective and enforceable) were appealed to the Administrative Court Sofia Region by MAC (a group of small fixed operators). On 11 April 2022, the Administrative Court Sofia Region decided that CRC procedural approach for completion of the public consultations and adopting CRC's position on the spectrum allocation and the need for a tender procedure was incorrect. On 13 March 2023, the Supreme Administrative Court confirmed this decision by the court of first instance. Following the negative court decision, CRC implemented the court instructions, taking into account that the spectrum is already distributed and utilized. There are no further steps on the matter expected by the Regulator. In January 2024, the last court instance dismissed the second appeal of MAC which was made against the decision of CRC on publication of the terms of the tender.

No provision has been created with respect to the legal dispute discussed above. The Group believes that all litigation risks have been faithfully reflected in the consolidated financial statements.

E.20.5. 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, both investigations are terminated without any infringement being found.

E.21. 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 are disclosed below.

E.21.1. Transactions with fellow subsidiaries

As at the reporting date, the Group had the following balances with its fellow subsidiaries (i.e., entities under control of PPF Group N.V.):

In millions of EUR

	31 December 2023	31 December 2022
Cash and cash equivalents	455	378
Intangible assets	20	17
Receivables due from banks (gross amounts)	5	4
Receivables due from banks (loss allowance)	*(3)*	*(4)*
Trade and other receivables	6	5
Positive fair values of derivatives	2	2
Right-of-use assets (IFRS 16)	1	1
Trade and other payables	(38)	(30)
Debt securities issued	(4)	(4)
Lease liabilities (IFRS 16)	(1)	(1)
Contract liabilities	-	(1)

During the year, the Group had the following significant transactions with fellow subsidiaries:

In millions of EUR, for the year ended 31 December

	2023	2022
Revenue from telecommunication business	16	15
Other income from non-telecommunication services	-	1
Other operating expenses	(42)	(37)
Depreciation and amortisation	(8)	(6)
Interest income	9	7
Net gain/(loss) on financial assets	-	(2)

In 2023 and 2022, the Group issued participation certificates that were fully acquired by its fellow subsidiary. For more details refer to E.8.1.

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.).

E.21.2. Transactions with key management personnel

Key management personnel of the Group include the members of the board of directors and key management personnel of the Parent and its subsidiaries.

For year ended 31 December 2023, key management personnel were provided with benefits totalling EUR 17.4 million (2022: EUR 14.1 million). These benefits consist mainly of short-term employee benefits including fixed and variable salaries, such as bonuses. Total amount of remuneration deferred at the end of the year is EUR 2.6 million.

No loans were provided to key management personnel in 2023 and 2022.

F. Material accounting policies

F.1. Material accounting policies

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

F.1.1. Foreign currency

F.1.1.1. Foreign currency transactions

A foreign currency transaction is a transaction that is denominated in or requires settlement in a currency other than the functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. For initial recognition purposes, a foreign currency transaction is translated into the functional currency using the exchange rate effective at the date of the transaction and announced by the bank authority ("BA") for the respective country in which the entity operates. At the reporting date:

- monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the exchange rate at that date (announced by the BA);
- non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated using the exchange rates (announced by the BA) prevailing at the date that the fair value was determined;
- non-monetary items denominated in foreign currencies that are measured in terms of historical cost are translated using the exchange rate (announced by the BA) at the date of the original transaction.

The following table summarises the applied foreign exchange rates of the currencies of the most significant businesses:

	31 December 2023	31 December 2022
CZK/EUR spot rate	24.72	24.12
CZK/EUR yearly average rate	24.00	24.57
HUF/EUR spot rate	382.80	400.87
HUF/EUR yearly average rate	381.85	391.29
BGN/EUR spot rate	1.96	1.96
BGN/EUR yearly average rate	1.96	1.96
RSD/EUR spot rate	117.17	117.32
RSD/EUR yearly average rate	117.25	117.46

F.1.1.2. Foreign operations

For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation in these terms and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, and the income and expenses of foreign operations are translated to euro following the respective guidance in the IFRS AS using the exchange rates announced by the

European Central Bank. For those currencies for which the European Central Bank does not announce the rate either at all or at any reasonably time frequency, the exchange rates announced by the respective local central banks are applied.

The income and expenses of foreign operations are translated to euros at exchange rates approximating the foreign exchange rates prevailing at the dates of the transactions.

F.1.2. Financial assets

Financial assets are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. For regular purchases and sales of financial assets, the Group's policy is to recognise them using settlement date accounting. Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted for in the same way as if the Group used trade date accounting. Financial instruments, with the exception of financial instruments at FVTPL, are measured initially at fair value plus transaction costs directly attributable to the acquisition or issue of the financial instrument.

F.1.2.1. Business model assessment

The Group assesses the objective of the business model in which a financial asset is held either at a portfolio level, as this best reflects the way the business is managed and information is provided to management or the asset is assessed individually in the specific cases. Apart from the portfolio's cash-flow characteristics, the information that is considered for portfolio assets includes the portfolio objectives, management strategies and operations, compensation of the managers, risks affecting the business model and evaluation of the portfolio performance. The same information is considered in specific individual cases.

The Group differentiates between the following basic business models:

- held-to-collect business model
- both held-to-collect and for-sale business model
- other business models (incl. trading, managing assets on a fair value basis, maximizing cash-flows through sale and other models).

F.1.2.2. Assessment whether contractual cash flows are solely payments of principal and interest

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

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

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;

- terms that limit the Group's claim to cash flows from specified assets – e.g., non-recourse asset arrangements; and
- features that modify consideration for the time value of money – e.g., periodic reset of interest rates.

F.1.2.3. Financial assets at FVTPL

Financial assets that at initial recognition are mandatorily at FVTPL are those that are managed and whose performance is evaluated on a fair value basis, equity securities for which the irrevocable option to measure them at FVOCI was not applied and debt securities that did not meet the SPPI criterion. Non-trading financial assets are financial assets that at initial recognition are designated at FVTPL.

The financial assets at FVTPL presented by the Group also include certain derivative contracts that are not designated as effective hedging instruments. All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as financial assets at FVTPL. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as financial liabilities at FVTPL.

Subsequent to initial recognition, all financial assets at FVTPL are measured at fair value based on the market prices quoted on an active market, except for derivative instruments that are not exchange-traded and financial assets that are not quoted on an active market, which are measured based on generally accepted valuation techniques depending on the product. Gains and losses arising from changes in the fair values of financial assets at FVTPL are recognised in the consolidated statement of income.

F.1.2.4. Financial assets at AC

Financial assets at AC comprise cash and cash equivalents, receivables due from banks, trade receivables, contract assets and accrued income, and certain investment debt securities.

A financial asset is measured at AC if it meets both of the following conditions and is not designated as at FVTPL (held-to-collect business model):

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

F.1.2.5. Trade receivables

Amounts receivable from and payable to other domestic and foreign operators related to transit are netted and settled net on a regular basis.

Trade receivables (unless those without a significant financing component that are initially measured at the transaction price) are initially measured at fair value plus eligible transaction costs. The Group subsequently measures the trade receivables at AC less expected credit losses (impairment).

F.1.3. Derecognition of financial assets and liabilities

A financial asset or a financial liability is derecognised, in general, when the rights to receive, or obligation to pay, respectively, the contractual cash-flows expire or the terms of the financial asset or financial liability are substantially modified. In the case the terms are modified but not substantially, the modification of a financial asset or liability measured at amortised cost is not accounted for as derecognition. The amortised cost of the asset or liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial assets or liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the asset or liability and amortised over the remaining term of the modified financial asset or liability by re-computing the effective interest rate on the instrument.

F.1.4. Derivatives and hedge accounting

The Group has used the transitional provisions in IFRS 9 and continues to apply IAS 39 for existing hedging relations, as follows:

At the inception of a financial derivative contract, the Group designates the derivative instrument as either held for trading or hedging.

Hedging derivatives are derivatives that the Group uses to hedge against interest rate and foreign exchange rate risks to which it is exposed as a result of its financial market transactions. The Group designates a derivative as hedging only if the criteria set out under IFRS AS are met at the designation date, i.e. if, and only if, all of the following conditions are met:

- the derivative is in compliance with the Group's risk management objective and strategy in undertaking the hedge;
- at the inception of the hedge, the hedging relationship has been formally designated and documented including the identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk;
- the hedge is expected to be highly effective at inception and throughout the period;
- the effectiveness of the hedge can be reliably measured;
- changes in the fair value or cash flows of the hedged item are almost fully offset by changes in the fair value or cash flows of the hedging instrument and the results are within a range of 80% to 125%.

The Group hedges, and accounts for the hedge relationships accordingly, an exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss (cash flow hedge).

Changes in the fair value of a derivative that is designated and qualified as a cash flow hedge and that proves to be highly effective in relation to the hedged risk are recognised in OCI transferred to the consolidated statement of income and classified as income or expense in the periods during which the hedged assets and liabilities affect the consolidated statement of income.

On this basis, the Group hedges the interest rate risk and foreign currency risk associated with individually significant assets or liabilities. The effectiveness of the hedge is regularly tested through prospective and retrospective tests on a quarterly basis. If the hedge no longer meets the criteria for hedge accounting, the hedging instrument expires or is sold, terminated or exercised, the entity revokes the designation, and the hedge accounting is discontinued prospectively.

F.1.5. Impairment

F.1.5.1. Non-derivative financial assets

The Group's entities recognise the loss allowance for ECLs on the following financial instruments that are not measured at FVTPL:

- trade receivables and accrued income;
- cash and cash equivalents.

The Group has elected to measure loss allowances for trade receivables and accrued income at an amount equal to lifetime ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days overdue. In the case of cash and cash equivalents, it includes the situation where Moody's external credit rating falls from the investment grade (Aaa-Baa3 rating) to the speculative (non-investment) grade (Ba1-B3 rating). The Group categorises these assets into the 2nd stage of the IFRS 9 impairment model and calculates a loss allowance equal to expected lifetime credit losses. Credit-impaired financial assets are included in the third stage of the IFRS 9 impairment model. The Group assesses a financial asset as credit-impaired when one or more of the following events occurs: the debtor is facing significant financial difficulty; It is probable that the debtor will enter bankruptcy or other financial reorganisation; the financial asset is more than 90 days overdue. Loss allowance for assets in the third stage is equal to the expected lifetime credit losses and the interest is calculated from the net value of the asset.

A financial asset is considered to be in default when it is more than 90 days overdue. And in the case of cash and cash equivalents, it includes the situation, where according to Mood's, the external credit rating of the counterparty decreases to risk grade (Caa1-C rating) or below.

F.1.5.2. Non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

An impairment loss in respect of goodwill is not reversed. For other assets, impairment losses are reversed only to the extent that the assets' carrying amounts do not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

F.1.6. Leases

At the inception of a contract, the Group assesses whether a contract is or contains a lease. A contract is or contains a lease if it 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 an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset. This may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- The Group has the right to obtain substantially all economic benefits from the use of the asset throughout the period of use.
- The Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
    - the Group has the right to operate the asset
    - the Group has designed the asset predetermining how and for what purpose it will be used.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost comprising the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, 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 earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are 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 re-measurements of the lease liability.

The Group presents right-of-use assets that do not meet the definition of investment property as in separate line item in the consolidated statement of financial position.

The lease liability is initially measured at the present value of 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 lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The lease payments associated with these leases is recognised as an expense on a straight-line basis over the lease term. The Group has decided not to recognise lease and non-lease components separately.

F.1.7. Inventories

Costs of inventories include the purchase price and related costs of acquisition (transport, customs duties and insurance). The cost of inventory is determined using weighted average cost. For impairment testing purposes, a net realisable value is determined as an estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

F.1.8. Assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) expected to be recovered primarily through sale rather than through continued use are classified as held for sale. Immediately before being classified as held for sale, the assets (or components of a disposal group) are measured in accordance with the applicable IFRS AS. Thereafter, the assets (or disposal groups) are generally measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to the carrying amount of any related goodwill and, in the case the impairment loss is higher than the related goodwill balance, to the assets and liabilities on a pro rata basis, except that no loss is allocated to inventory, financial assets, deferred tax assets, employee benefit assets and investment property; these continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

F.1.9. Property, plant and equipment

Property, plant and equipment is stated at purchase price or production cost, less accumulated depreciation (except for freehold land) and any accumulated impairment losses.

Property, plant and equipment include all costs directly attributable to bringing the asset to working condition for its intended use. With respect to the construction of the network, this comprises every expenditure up to the customer premises, including the cost of contractors, material, direct labour costs and interest cost incurred during the course of construction. The costs also include the estimated costs of dismantling and removing the asset and restoring the site. No borrowing costs are capitalised to assets under construction.

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

Depreciation is provided on a straight-line basis using the following useful lives:

Buildings and constructions	up to 90 years
Ducts and cables	up to 45 years
Telecommunication technology and equipment	up to 35 years
Other tangible assets and equipment	up to 35 years

Component parts of an asset with different useful lives or providing benefits in a different pattern are recognised as separate assets with different depreciation rates.

The depreciation methods, useful lives and residual values, if not insignificant, are reassessed annually. If a material technical improvement is made to an asset during the year, its useful life and residual value are reassessed at the time the technical improvement is recognised.

F.1.10. Intangible assets

F.1.10.1. Goodwill and gain on bargain purchase

The Group accounts for all business combinations, as acquisitions, except for business combinations determined to be reorganisations involving group companies under common control.

F.1.10.2. Other intangible assets

Intangible assets of the Group include computer software, licences, valuable rights, customer bases and other intangible assets. Computer software mainly represents the external acquisition costs of the Group's information systems that are intended for use within the Group. Generally, costs associated with developing or maintaining computer software programs are recognised as an incurred expense. However, costs that are directly associated with identifiable and unique software products controlled by the Group and that have a probable economic benefit exceeding the cost beyond one year, are recognised as intangible assets. Computer software costs recognised as assets are amortised using the straight-line method over their useful lives, generally from 1 to 20 years. Valuable rights are amortised according to the period for which the Group is allowed to utilise the rights, usually for a period from 2 to 22 years.

Customer bases are amortised over a period of the remaining average terms of the binding contracts or the period over which they are utilisable to generate an economic benefit for the entity, which is between the period from 3 to 15 years.

Acquired licences are recorded at cost, which represents a fee paid to obtain the licence from a regulator, and amortised on a straight-line basis from the start of commercial service over the remaining life of the licence (i.e. over 15 to 22 years) to best reflect the pattern in which the economic benefits of the intangible assets will be utilised by the Group. Subsequent regular fees paid for the usage of licenses are not considered to be estimated reliably and are recognised as other operating expense in the period.

Intangible assets, except for assets with an indefinite useful life, are amortised using the straight-line method from the time they are available for use.

F.1.11. Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

F.1.11.1. Current tax

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

The Group does not offset current tax assets and current tax liabilities unless it has a legally enforceable right to set off the recognised amounts or intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously.

F.1.11.2. Deferred tax

A deferred tax position is recognised when temporary differences arise between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: the initial recognition of goodwill arising from a business combination, the initial recognition of assets or liabilities that affect neither the accounting nor the taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantially enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Recognised deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group offsets deferred income tax assets and deferred income tax liabilities only if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income tax levied by the same taxation authority and relate to the same taxable entity.

F.1.11.3. Tax exposure

The Group is subject to income taxes in different jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. During the ordinary course of business, the ultimate tax determination is uncertain for many transactions and calculations. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these issues is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such a determination is made.

F.1.12. Equity

F.1.12.1. Non-controlling interests

Non-controlling interests consist of the minority shareholders’ proportion of the subsidiary’s recognised net assets at the date of the original combination, plus or minus their share of changes in the subsidiary’s equity since that date.

Net profit allocated to non-controlling interests is that part of the net results of the Group attributable to interests which are not owned, either directly or indirectly through subsidiaries, by the equity holders of the Parent Company.

Losses applicable to non-controlling interests, including negative other comprehensive income, are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

F.1.12.2. *Purchase commitment for NCI's share*

The Group can grant a put option to minority shareholders (NCI) of its fully consolidated subsidiaries. If the put option provides for a settlement in cash or in another financial asset, the Group recognises a liability for the present value of the exercise price of the option. Pending specific guidance from IFRS AS regarding this issue, the Group first assess whether such put option effectively means either that the minority shareholder has no longer its access to the returns associated with the underlying ownership interest or whether the minority shareholder's access to the returns is still present.

In the case the minority shareholder's access to returns no longer exists with the put option granted, the "anticipated-acquisition method" is applied, under which:

- purchase commitment liability is recognised and subsequently measured at net present value with the net present value changes recognised directly in equity, presented in the reserve for puttable instruments
- non-controlling interest is derecognised when the put option is granted
- any difference between the initial recognition value of the purchase commitment liability and the carrying amount of the non-controlling interest at derecognition is recognised directly in equity in the reserve for puttable instruments
- subsequently, non-controlling interest's share on profit or loss and other comprehensive income is no longer recognised as under this method the put option is accounted for as if had been exercised already
- when the put option expires unexercised, the non-controlling interest is recognised at its proportionate share on net assets of the investee and the purchase commitment liability is derecognised at its net present value
- any difference between the carrying amount of non-controlling interest newly recognised and the net present value of the purchase commitment liability at derecognition is recognised in equity in the reserve for puttable instruments. The accumulated reserve for puttable instruments is subsequently reclassified directly to retained earnings with no impact on profit or loss.

In the case the minority shareholder's access to returns is still present with the put option granted, the "present-access method" is applied, under which:

- purchase commitment liability is recognised and subsequently measured at net present value with the net present value changes recognised directly in equity, presented in the reserve for puttable instruments
- with the recognition of the above purchase commitment liability, any losses or gains are recognised directly in equity in the reserve for puttable instruments at initial recognition value of the purchase commitment liability
- non-controlling interest continues to be recognised when the put option is granted
- subsequently, non-controlling interest's share on profit or loss and other comprehensive income is recognised in a standard way as if no put option was granted

- when the put option expires unexercised, the purchase commitment liability is derecognised at its net present value as well as the accumulated reserve for puttable instruments. No difference between the derecognition value of the liability and the accumulated reserve for puttable instruments shall arise.

F.1.13. Interest income and interest expense

Interest income and interest expense are recognised in the statement of income on an accrual basis, considering the effective yield of the asset or liability in question, or the applicable floating rate. Interest income and interest expenses include the amortisation of any discounts or premiums or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest rate method.

F.1.14. Net gain/loss on financial assets

Net gain/loss on financial assets comprises net gains/losses on financial assets at FVTPL that are not held for trading and net gains/loss from derivatives. Net gains on financial assets at FVTPL that are not held for trading arise from their subsequent measurement at fair value or from their disposal.

F.1.15. Revenue and expenses

The Group generates revenues through the sale of mobile and fixed telecommunication services such as voice and data services, internet services, SMS services, ICT services as well as the sale of mobile and fixed access devices. Products and services may be sold separately or in bundles. The standard length of contracts with customers that includes a bundle is 24 months.

In the case of contracts containing bundles, the Group accounts separately for specific products or services if these products or services can be separated and have added value for the customer in that stand-alone form. The total price invoiced to customers is allocated to respective products and services based on their stand-alone selling prices.

Commissions paid to agents for activation, marketing, and other activities are included in the cost of sales for the period, unless it is the cost that meets the definition of incremental costs to obtain contracts. Capitalised incremental costs to obtain contracts are amortised over the expected average period that the customer uses the service of the Company.

Revenues within the network sharing project are recognised at net value, because mutually provided services within the project are of similar nature and value. Net revenues are generated also from provision of premium SMS, audiotex or other services.

F.1.15.1. Mobile origination - internet and data, voice services, MMS and SMS

Revenues from mobile services include revenues from both contract and prepaid cards for the provision of telecommunication services (internet and data, voice, MMS and SMS services).

Contract service comprises a flat rate and a variable part invoiced according to the actual usage. Revenues are recognised, invoiced, and paid by customers on a monthly basis according to the actual utilisation of services with the exception of contracts containing multiple services and products where the total transaction price is allocated based on the standalone selling prices of respective performance obligations. A typical contract is for 24 months.

Revenues from prepaid cards are recognised when voice or data traffic is made or other services are provided. In the case of prepayments unused by customers, the Group considers to what extent it is entitled to this amount and recognises it as revenues in proportion to the pattern exercised by the customer. Prepaid cards are paid by customers purchasing a coupon or recharging an already purchased SIM card.

Interconnection revenues arise from calls and SMSs initiated in the networks of other domestic or foreign operators but terminating in or transiting through the Group's network. These revenues are recognised in profit or loss at the time when the call or SMS is received in the Group's network. Interconnection revenues are invoiced and paid on a monthly basis. The Group pays a part of the proceeds from its customers to domestic and foreign operators whose network is used for calls initiated in the Group's network and which use the networks of other domestic or foreign operators. Receivables and payables in respect of other domestic and foreign operators are regularly offset and settled.

Other mobile revenues include, in particular, revenues from virtual operators (MVNOs) for the use of the Group's mobile network services, roaming revenues and insurance revenues. Revenues from virtual operators for usage of the Group’s mobile network and related services are recognised on a monthly basis; the price is usually set at a flat monthly rate with a variable component charged according to the actual usage of individual MVNOs. The services are invoiced to and paid by MVNOs on a monthly basis. Roaming revenues are revenues from foreign partner operators for their customers’ usage of the Group's mobile network. The services are invoiced and paid on a monthly basis according to the actual usage. As a rule, agreed volume discounts are calculated annually, for which estimates are created by the Group on a monthly basis. Revenues are recognised on a monthly basis. Revenues from insurance include revenues from insurance of mobile devices and travel insurance sold to the Group's customers. The service is invoiced and paid by customers on a monthly basis, which is in line with the recognition of relevant revenues. Customers have the option to terminate this service at any time without penalty.

F.1.15.2. Fixed services – voice, internet, data and television

Revenues from fixed telecommunication services include revenues from internet connectivity, data, TV, and fixed voice services. The services are offered at a flat monthly rate with the option to purchase additional services, or with variable invoicing according to the actual usage. Revenues are recognised, invoiced, and paid by customers monthly. Currently, a typical contract duration is either 12 or 24 months.

Information and communication technology (ICT) services include complex customer solutions and managed services, mainly system integration, outsourcing services, project solutions and software development. Revenue recognition of such services reflects the substance of the service provided. Generally, it relates to services which are invoiced and paid by customers on a monthly basis, for a period of at least 24 months. Revenue from fixed price construction contracts (long-term contracts) is recognised using the percentage of completion method, measured by reference to the percentage of the actual costs incurred to date to the estimated total costs of the contract. A loss expected from the construction contract is immediately recognised as an expense, when it is probable that total contract costs will exceed total contract revenue.

F.1.15.3. Hardware sales and sale of other goods

Revenues from the sale of equipment and other goods are recognised at the time of the sale, i.e. at the time the goods were handed over to the distributor or the final customer, which usually occurs when the contract is signed. Where equipment is subsidised and sold together with the services as a bundle, revenue from the subsidised equipment is recognised at the point of sale at a value determined using the stand-alone selling prices of services and products within the bundle.

Revenue from mobile devices is recognised under mobile originated revenue and fixed access equipment is recognised under fixed originated revenue.

Mobile devices and fixed access equipment can be paid for in full by the customer when bought, or they can be sold on an instalment basis, with contracts signed for periods from 12 to 48 months. The sale of equipment on an instalment basis can contain a significant financing component, which is presented as telecommunications income and recognised as revenue transferred over time.

F.1.15.4. International transit

Revenue from transit represents the service of routing and termination of mostly international voice traffic of international operators utilising points of presence outside of the Czech Republic and Bulgaria. The revenue is calculated by valuation of the incoming and outgoing minutes based on the measurement of monthly traffic.

F.1.15.5. Other wholesale revenues

Other wholesale revenues include but are not limited to revenues from the granting of the right to use the optical fibre (dark fibre); revenues are deferred at the time of signing of the contract and recognised as revenue on straight-line basis over the contract term. Revenue from housing represents data centre services; the revenue occurs continuously in accordance with the invoicing.

F.1.16. Pensions and similar employee benefits

The governments of the countries the Group operates in are responsible for providing pensions and retirement benefits to the Group’s employees. A regular contribution linked to employee salaries is made by the Group to the governments to fund national pension plans. Payments under these pension schemes are charged as expenses as they fall due.

The Group recognises employee bonuses related to the given accounting period in accordance with the expectations of achievement of the targets of the Group, which take into consideration key performance indicators such as turnover or free cash flow after adjustments. The Group recognises a liability where the Group is contractually obliged to grant bonuses or where there is a past practice that has created a constructive obligation.

Employees whose employment was terminated due to statutory reasons are entitled to redundancy and severance payment. The Group recognises a provision for redundancy and severance payments when it is demonstrably committed to terminate the employment of current employees according to a detailed formal plan without an opt-out possibility. Severance payments falling due more than 12 months after the balance sheet date are discounted to their present value. The Group presently has no redundancy and severance obligations falling due more than 12 months after the balance sheet date.

F.2. Changes in accounting policies and accounting pronouncements adopted since 1 January 2023, and new accounting policies

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.

In accordance with these newly effective amendments, the Group reduced the scope of accounting policies previously disclosed in F.1. The material accounting policies disclosed in these consolidated financial statements focus primarily on the areas where IFRS AS guidance offers a choice of policies, and on the policies relating to significant judgements and estimates applied by the Group. The changes in the scope of the disclosed accounting policies however do not have any impact on the accounting policies applied in these consolidated financial statements except for the impact of the newly effective amendments as disclosed further below in this section.

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 material impact on the Group’s consolidated 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 a material impact on the disclosure related to the source of deferred tax asset and deferred tax liabilities in E.5.3. The main affected categories are deferred taxes calculated from the right-of-use assets, lease liabilities, provisions for asset retirement obligation and related property, plant and equipment. Comparative information was restated accordingly directly in E.5.3.

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

These amendments (already adopted by the EU) 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. The 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.

As the Group has applied the temporary mandatory relief from deferred tax accounting for the future impacts of the top-up tax, neither current nor deferred tax impact was recognised for the year ended 31 December 2023.

Not only is the Group itself in the scope of Pillar Two legislation, but this legislation has also been enacted or substantively enacted in some of the jurisdictions in which the Group operates. As the legislation was enacted quite recently and the Group's portfolio is dynamic (with reference especially to the active transactions described in B and G sections of these consolidated financial statements), the Group is still in the process of assessing the potential exposure to Pillar Two income taxes as at 31 December 2023. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable.

F.3. Standards, interpretations and amendments to published standards that are not yet effective but relevant for the Group's consolidated financial statements

A number of new standards, amendments to standards and interpretations were not yet effective as of 31 December 2023 and have not been applied in the preparation of the consolidated financial statements. Of these pronouncements, the following will have potentially an 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 (effective 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 been adopted by the EU and the Group does not expect this standard to have significant impact on the consolidated financial statements.

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 (effective 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 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 21 The effects of changes in Foreign Exchange Rates: Lack of Exchangeability (expected effectiveness from 1 January 2025)

The amendments to IAS 21 clarify whether a currency is exchangeable and how to determine a spot exchange rate when it is not. The amendments require disclosure of information to understand the impact of a currency not being exchangeable.

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

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

PPF Telecom Group

PPF Telecom Group B.V.

Separate financial statements for the year ended
31 December 2023

Table of contents

Statement of financial position 98

Statement of comprehensive income 99

Statement of changes in equity 100

Statement of cash flows 101

Notes to the financial statements 102

Other information 123

Statement of financial position

(before profit appropriation)

In millions of EUR

	Note	31 December 2023	31 December 2022
ASSETS			
Investments in subsidiaries	5	5,177	5,177
Loan receivable	6	374	638
Non-current assets		**5,551**	**5,815**
Cash and cash equivalents	7	340	199
Loan receivable	6	338	3
Trade receivables		1	1
Current assets		**679**	**203**
TOTAL ASSETS		**6,230**	**6,018**
LIABILITIES			
Due to banks	8	846	-
Debt securities issued	9	1,643	2,240
Non-current liabilities		**2,489**	**2,240**
Due to banks		17	-
Debt securities issued	9	29	42
Trade and other payables		1	-
Current liabilities		**47**	**42**
TOTAL LIABILITIES		**2,536**	**2,282**
Issued capital*	11.1	-	-
Share premium	11.2	1,575	1,575
Unappropriated result		295	3,117
Retained earnings		1,824	(956)
Total Equity		**3,694**	**3,736**
TOTAL LIABILITIES AND EQUITY		**6,230**	**6,018**

*Issued capital is EUR 1 thousand.

Statement of comprehensive income

For the year ended 31 December

In millions of EUR

	Note	2023	2022
Dividend income	12	342	1,903
Interest income		41	10
Net foreign currency and derivative revaluation gains	5, 10	2	85
Total operating income		**385**	**1,998**
Operating expenses	13	10	2
Finance cost	14	80	70
Impairment loss on receivables	6	-	1
Total operating expense		**90**	**73**
Gain on sale of investment in subsidiaries	5	-	1,192
PROFIT BEFORE TAX		**295**	**3,117**
Income tax expense	16	-	-
NET PROFIT FOR THE PERIOD		**295**	**3,117**
Other comprehensive income for the period		**-**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**295**	**3,117**

Statement of changes in equity

In millions of EUR

	Issued capital*	Share premium	Unappropri-ated result	Retained earnings	Total
Balance at 1 January 2023	**-**	**1,575**	**3,117**	**(956)**	**3,736**
Transactions with the owners of the Company					
Dividends paid	-	-	-	(337)	(337)
Total comprehensive income					
Profit appropriation	-	-	(3,117)	3,117	-
Net profit for the year	-	-	295	-	295
Balance at 31 December 2023	**-**	**1,575**	**295**	**1,824**	**3,694**

*Issued capital is EUR 1 thousand.

In millions of EUR

	Issued capital*	Share premium	Unappropri-ated result	Retained earnings	Total
Balance at 1 January 2022	**-**	**1,575**	**336**	**(152)**	**1,759**
Transactions with the owners of the Company					
Dividends paid	-	-	-	(1,140)	(1,140)
Total comprehensive income					
Profit appropriation	-	-	(336)	336	-
Net profit for the year	-	-	3,117	-	3,117
Balance at 31 December 2022	**-**	**1,575**	**3,117**	**(956)**	**3,736**

*Issued capital is EUR 1 thousand.

Statement of cash flows

For the year ended 31 December, prepared using the indirect method

In millions of EUR

	Note	2023	2022
Profit from operations		295	3,117
Adjustments for:			
Dividend income	12	(342)	(1,903)
Gain on sale of investment in subsidiaries	5	-	(1,192)
Interest expense (net)		39	60
Net foreign currency and derivative revaluation gains	5, 10	(2)	(85)
Net operating cash flows before changes in working capital		**(10)**	**(3)**
Change in other receivables and payables		(3)	(16)
Cash flows used in operating activities		**(13)**	**(19)**
Contribution of investment in subsidiaries	5	-	(3,292)
Distribution from investment in subsidiary	5	-	1,925
Dividend received	12	342	1,903
Proceeds from sale of a minority share in a subsidiary	5	-	1,411
Loan provided to a subsidiary	6	(197)	(632)
Loan repaid by a subsidiary	6	127	-
Interest received		41	7
Cash flows used in/(from) investing activities		**313**	**1,322**
Proceeds from loans from banks (net of fees)	8	850	-
Interest paid		(72)	(67)
Repayment of debt securities		(600)	-
Dividends paid	20	(337)	(1,140)
Cash flows used in financing activities		**(159)**	**(1,207)**
Change in cash and cash equivalents		**141**	**96**
Cash and cash equivalents at beginning of year	7	199	25
Effect of exchange rate changes on cash and cash equivalents		-	78
Cash and cash equivalents at end of year	7	**340**	**199**

NOTES TO THE FINANCIAL STATEMENTS

1 General information

PPF Telecom Group B.V. (the "Company") was incorporated with limited liability under the Dutch law on 16 October 2013. The registered office of the Company is Strawinskylaan 933, Amsterdam, the Netherlands. The main activity of the Company is to act as a holding and financing company.

The Company's board of directors has the following composition:

J.C. Jansen	Director
L. Král	Director
M.M. van Santen	Director

2 Basis of preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards – Accounting Standards as adopted by the European Union ("IFRS AS-EU") including International Accounting Standards ("IASs"), promulgated by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB and with Part 9 of Book 2 of the Dutch Civil Code.

These separate financial statements and the consolidated financial statements together constitute the statutory financial statements of PPF Telecom Group B.V. The Company's consolidated financial statements are available in a separate part of the annual report.

2.2 Basis of measurement

The financial statements are prepared at the historical cost convention and are presented in Euro ("EUR"), and rounded to the nearest million. Assets and liabilities are stated at nominal value, unless stated otherwise.

2.3 Functional and presentation currency

These financial statements are presented in Euro, which is the Company's functional currency.

2.4 Use of judgement and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those affecting valuation and possible impairment of subsidiaries. Refer to Note 5 for more details.

2.5 Going concern

These financial statements have been prepared on the basis of the going concern assumption.

2.6 Changes in accounting policies and accounting pronouncements adopted since 1 January 2023

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. The Company revised and amended presentation of its accounting policies.

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

These amendments had no impact on the Company's separate 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)

These amendments had no impact on the Company's separate financial statements.

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

These amendments (already adopted by the EU) 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. The 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.

As the Company has applied the temporary mandatory relief from deferred tax accounting for the future impacts of the top-up tax, neither current nor deferred tax impact was recognised for the year ended 31 December 2023.

2.1 Standards, interpretations and amendments to published standards that are not yet effective and are relevant for the Company's financial statements

A number of new Standards, amendments to Standards and Interpretations were not yet effective as of 31 December 2023 and have not yet been applied in preparing these financial statements. Of these pronouncements, potentially the following will have an impact on the Company's operations. The Company 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)

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

Amendments to IAS 21 The effects of changes in Foreign Exchange Rates: Lack of Exchangeability (effective from 1 January 2025)

These amendments have not been adopted by the EU yet. The Company does not expect a significant impact on its separate financial statements resulting from the application of these amendments.

3 Material accounting policies

3.1 Foreign currency transactions

A foreign currency transaction is a transaction that is denominated or requires settlement in a currency other than functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. For initial recognition purposes, a foreign currency transaction is translated into the functional currency using the foreign currency exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at rates of exchange prevailing at the reporting date. Transactions denominated in foreign currencies are translated at rates prevailing at the time the transaction occurred. Translation differences are recorded in the statement of comprehensive income.

3.2 Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The Company initially recognises its investments in subsidiaries at cost. Subsequently they are measured at cost less impairment losses.

3.3 Financial instruments

a) Recognition and derecognition

Financial assets and liabilities are recognised in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

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

b) Classification and measurement

Financial assets

IFRS 9 contains a classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

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

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

All financial assets financial assets held by the Company are measured at amortised costs following the initial recognition at fair value plus/minus transaction cost that are directly attributable to the acquisition of the financial asset.

Financial liabilities

Financial liabilities are classified as measured at amortised cost or, when derivative or held for trading, at FVTPL. All financial liabilities held by the Company are subsequently measured at amortised cost using the effective interest method.

3.1 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, short term deposits at banks with original maturity of three months or less, other short-term highly liquid investments readily convertible to a known amount of cash and subject to an insignificant risk of changes in value, and bank overdrafts. Cash and cash equivalents are carried at amortised cost less expected credit losses (impairment) in the statement of financial position.

3.2 Other receivables and payables

Other receivables and payables are measured at amortised cost, which is normally equal to their nominal or repayment value.

3.3 Equity

Share capital represents the nominal value of shares issued by the Company. Dividends on share capital, share premium reduction and other capital distributions are recognised as a liability provided that they are declared before the end of the reporting period. Dividends, share premium reduction and other capital distributions declared after the end of the reporting period are not recognised as a liability but are disclosed in the notes.

3.4 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognized in equity.

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

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The only potential source of deferred tax relevant to the Company are unused tax losses. A deferred tax asset is recognised for unused tax losses only to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.5 Income and expense recognition

Interest income and interest expense are recognised in the statement of comprehensive income on an accrual basis, taking into account the effective yield of the asset or liability, or the applicable floating rate. Interest income and interest expense include the amortisation of any discounts or premiums of other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated using the effective interest rate method.

Dividend income is recognised in profit or loss on the date that the dividend is declared.

Other income and expense items are recognised in profit or loss when the corresponding service is provided, so in the period in which these are incurred. Losses are accounted for in the year in which they are identified.

3.6 Impairment

Non-derivative financial assets

In accordance with IFRS 9, the Company calculates the loss allowance for financial assets as equal to 12-month expected credit losses or equal to the expected credit losses over the life of the financial assets.

The Company calculates loss allowances for receivables at the amount of expected credit losses over the life of the financial asset. For cash and cash equivalents and loan receivables, the Company calculates loss allowances equal to the 12-month expected credit losses unless there has been a significant increase in the credit risk since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the default risk of a financial instrument at the balance sheet date with the risk at the date of initial recognition and considers reasonable and supportable information that is relevant and available without undue cost or effort and that indicates a significant increase in the credit risk. The assessment is mainly based on the Company's historical experience, available information and market analyses, including actual macroeconomic indicators and future forecasts.

Regardless of these analyses, the Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days overdue. In the case of cash and cash equivalents, it includes the situation where Moody's external credit rating falls from the investment grade (Aaa-Baa3 rating) to the speculative (non-investment) grade (Ba1-B3 rating). The Company categorises these assets into the 2nd stage of the IFRS 9 impairment model and calculates a loss allowance equal to expected lifetime credit losses. Credit-impaired financial assets are included in the third stage of the IFRS 9 impairment model. The Company assesses a financial asset as credit-impaired when one or more of the following events occurs: the debtor is facing significant financial difficulty; it is probable that the debtor will enter bankruptcy or other financial reorganisation; the financial asset is more than 90 days overdue. Loss allowance for assets in the third stage is equal to the expected lifetime credit losses and the interest is calculated from the net value of the asset.
A financial asset is considered to be in default when it is more than 90 days overdue. And in the case of cash and cash equivalents, it includes the situation, where according to Moody's, the external credit rating of the counterparty decreases to risk grade (Caa1-C rating) or below.
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Investment in subsidiaries

The carrying amounts of the Company's investment in subsidiaries are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

The recoverable amount of the Company's investment in subsidiaries is the greater of their value less the cost to sell and their value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in the statement of comprehensive income if the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed through the statement of comprehensive income if there has been an increase in the recoverable amount and increase can be objectively related to an event occurring after the date of the impairment. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount of the asset that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4 Risk management

Management of the risk arising from participating in subsidiaries and risk arising from financial instruments is fundamental to the Company's business and is an essential element of the Company's operations. The major risks related to participating in foreign subsidiaries and associates is the risk of impairment due to adverse economic conditions, movements in foreign exchange rates and liquidity risks given the strong growth in the Central and Eastern European market. These risks are managed by the Company monitoring the development of financial markets, using robust investment decision process and proper liquidity management. Financial instrument risks faced by the Company are those related to credit exposures, movements in interest rates and foreign exchange rates. The board of directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. The risks are managed in the following manner:

4.1 Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation. The majority of the Company's exposure to credit risk arises in connection the provision of loans to related parties. The remaining part of the Company's exposures to credit risk is related to investments in debt securities, deposits with banks and certain other assets. Loans provided by the Company to related parties are unsecured. The carrying amount of financial assets represents the maximum credit exposure.

The Company limits its exposure to credit risk by providing loans only to related parties, investing to debt securities issued by central banks and placing funds with reputable financial institutions.

4.2 Interest rate risk

Interest rate risk is measured by the extent to which changes in market interest rates impact on margins and net interest income. The Company's objective in managing its exposure to interest rate fluctuations is to minimise reported earnings and cash flow volatility associated with interest rate changes.

A summary of the Company's interest rate gap position, analysed by the earlier of contractual re-pricing or maturity date, is as follows.

In millions of EUR, as at 31 December 2023

	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Cash and cash equivalents	2.55%	340	-	-	-	-	340
Loan receivable	5.35%	376	336	-	-	-	712
Other receivables	0.00%	1	-	-	-	-	1
Total interest-bearing financial assets		**717**	**336**	**-**	**-**	**-**	**1,053**
Due to banks	5.96%	863	-	-	-	-	863
Debt securities issued	2.80%	25	4	599	1,044	-	1,672
Trade and other payables	0.00%	1					1
Total interest-bearing financial liabilities		**889**	**4**	**599**	**1,044**	**-**	**2,536**
Net position 2023		**(172)**	**332**	**(599)**	**(1,044)**	**-**	**(1,483)**

In millions of EUR, as at 31 December 2022

	Effective interest rate	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Cash and cash equivalents	0.00%	199	-	-	-	-	199
Loan receivable	5.7%	-	3	470	168	-	641
Total interest-bearing financial assets		**199**	**3**	**470**	**168**	**-**	**840**
Due to banks		-	-	-	-	-	-
Debt securities issued	3.00%	13	29	599	1,641	-	2,282
Total interest-bearing financial liabilities		**13**	**29**	**599**	**1,641**	**-**	**2,282**
Net position 2022		**186**	**(26)**	**(129)**	**(1,473)**	**-**	**(1,442)**

4.3 Liquidity risk

Liquidity risk represents the risk of being unable to fund assets using instruments with appropriate maturities and rates, the risk of being unable to liquidate an asset sufficiently quickly and in the appropriate amount and the risk of being unable to meet obligation as they become due. The Company continually assesses its liquidity risk with the Group treasury by identifying and monitoring changes in the funding required to meet the business goals.

A summary of the Company's liquidity gap position (discounted view), analysed by the maturity date, is as follows:

In millions of EUR, as at 31 December 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Cash and cash equivalents	340	-	-	-	-	340
Loan receivables	2	336	197	177	-	712
Trade receivables	1	-	-	-	-	1
Total financial assets	**343**	**336**	**197**	**177**	**-**	**1,053**
Due to banks	17	-	249	597	-	863
Debt securities issued	25	4	599	1,044	-	1,672
Trade and other payables	1	-	-	-	-	1
Total financial liabilities	**43**	**4**	**848**	**1,641**	**-**	**2,536**
Net position	**300**	**332**	**(651)**	**(1,464)**	**-**	**(1,483)**

In millions of EUR, as at 31 December 2022

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Cash and cash equivalents	199	-	-	-	-	199
Loan receivables	-	3	470	168	-	641
Trade receivables	1	-	-	-	-	1
Total financial assets	**200**	**3**	**470**	**168**	**-**	**841**
Debt securities issued	13	29	599	1,641	-	2,282
Trade and other payables	-	-	-	-	-	-
Total financial liabilities	**13**	**29**	**599**	**1,641**	**-**	**2,282**
Net position	**187**	**(26)**	**(129)**	**(1,473)**	**-**	**(1,441)**

The following tables show the residual maturities of interest bearing liabilities on an undiscounted cash flow basis.

In millions of EUR, as at 31 December 2023

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
Due to banks	23	29	292	710	-	1,054
Debt securities issued	30	16	646	1,100	-	1,792
Total financial liabilities	**53**	**45**	**938**	**1,810**	**-**	**2,846**

4.4 Foreign currency risk

Foreign currency risk arises when the actual or forecasted assets in foreign currency are either greater or less than the liabilities in that currency. The Company's strategy is to keep its foreign currency position closed, as practically as possible, but only for external financial assets and liabilities. Since 2022, the Company started to provide intra-group financing to several subsidiaries in local currencies of those subsidiaries. Such funding is not hedged.

A summary of the Company's currency gap position, analysed by currencies, is as follows.

In millions of EUR, as at 31 December 2023

	EUR	CZK	HUF	Total
Cash and cash equivalents	340	-	-	340
Loans receivable	332	200	180	712
Trade and other receivables	1	-	-	1
Total financial assets	**673**	**200**	**180**	**1,053**
Due to banks	863	-	-	863
Debt securities issued	1,672	-	-	1,672
Trade and other payables	1	-	-	1
Total financial liabilities	**2,536**	**-**	**-**	**2,536**
Net position	**(1,863)**	**200**	**180**	**(1,483)**

In millions of EUR, as at 31 December 2022

	EUR	CZK	HUF	Total
Cash and cash equivalents	199	-	-	199
Loans receivable	135	333	173	641
Trade and other receivables	1	-		1
Total financial assets	**335**	**333**	**173**	**841**
Debt securities issued	2,282	-	-	2,282
Total financial liabilities	**2,282**	**-**	**-**	**2,282**
Net position	**(1,947)**	**333**	**173**	**(1,441)**

A 5% negative change in CZK to EUR exchange rate based on positions existing as at 31 December 2023 would result in an equity decrease of EUR 10 million (2022: EUR 16 million). A 5% negative change in HUF to EUR exchange rate based on positions existing as at 31 December 2023 would result in an equity decrease of EUR 9 million (2022: EUR 8 million).

4.5 Capital management

For the purpose of the Company's capital management, capital includes issued share capital, share premium and all other equity reserves. The primary objective of the Company'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 Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings, as applicable. Please refer to Note C.5. in the Company's consolidated financial statements for details of the financial covenants.

Breaches in meeting the financial covenants would permit lenders to call loans and borrowings, subject to Company not being able to remedy the breach. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current period.

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

The Company 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 years ended 31 December 2023 and 2022.

4.6 Fair values of financial instruments

The Company has performed an assessment of fair values of its financial instruments. Fair values have been estimated either by reference to the market value at the end of the reporting period date or by discounting the relevant cash flows using current interest rates for similar instruments.

The fair values of the following financial instruments differ from their carrying amounts shown in the statement of financial position, either in 2023 or 2022:

In millions of EUR

	2023 Carrying amount	2023 Fair value	2022 Carrying amount	2022 Fair value
Loan receivable (Level 3)	712	709	641	627
Debt securities issued (Level 2)	1,672	1,646	2,282	2,168

The Company's fair-value estimates for its other financial assets and liabilities are not materially different from their carrying values.

All of the Company's financial assets and liabilities are classified as Level 2 in the fair value hierarchy (except for loan receivable that is Level 3) and no transfers between levels occurred in 2023 or 2022.

5 Investments in subsidiaries

In millions of EUR

	Domicile	Share	31 December 2023	Share	31 December 2022
CETIN Group N.V.	Netherlands	70%	509	70%	509
PPF TMT Bidco 1 B.V.	Netherlands	100%	1,376	100%	1,376
PPF Comco N.V.	Netherlands	100%	3,292	100%	3,292
Total			**5,177**		**5,177**

There is no impairment of investments in 2023 and 2022.

In October 2021, the Company entered into an agreement with GIC Private Limited 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. The sale price amounted to EUR 1,411 million, the profit from the transaction reached EUR 1,192 million.

During 2022, the Company restructured its indirect ownership of O2 Czech Republic a.s. In February 2022, the Company established a new holding entity, PPF Comco N.V., that acquired a 100% share in O2 Czech Republic a.s. from PPF Telco B.V. on 23 March 2022. Subsequent to this transfer, the Company distributed entire share premium from PPF Telco B.V. and sold this subsidiary to PPF Group N.V. (the ultimate parent) with insignificant effect on the income statement (sale price and profit below EUR 0.5 million).

In 2022, the net currency revaluation gains relate to capital contribution and distribution realised in CZK.

The following table shows movement of investment in subsidiaries reflecting the facts stated above:

In millions of EUR

	31 December 2023	31 December 2022
Balance as at 1 January	**5,177**	**4,029**
Cost of sale 30% CETIN Group N.V. stake	-	(219)
Share premium contribution - PPF Comco N.V.	-	3,292
Share premium distribution - PPF Telco B.V.	-	(1,925)
Balance as at 31 December	**5,177**	**5,177**

6 Loans receivable

In 2022, the Company entered into several intra-group loan agreements with its direct and indirect subsidiaries that were used to refinance the existing external or intra-group debt with new unsecured intra-group loans.

In 2023, the Company entered into two additional intra-group unsecured loan agreements with its direct subsidiaries that were used to finance a new acquisition.

The following table shows details of the loans:

In millions of EUR

Debtor	Maturity	Loan currency	Rate	Facility limit	31 December 2023	31 December 2022
O2 Czech Republic a.s.	April 2024	CZK	1.46%	539	200	333
O2 Networks, s.r.o.	April 2024	EUR	2.26%	76	75	75
O2 Slovakia, s.r.o.	April 2024	EUR	2.26%	60	60	60
PPF TMT Bidco 1 B.V.	November 2027	HUF	3M BUBOR + 1.08%	170	180	173
PPF Comco N.V.	April 2025	EUR	1M EURIBOR + 1.61%	75	75	-
CETIN Group N.V.	April 2025	EUR	1M EURIBOR + 1.60%	122	122	-
Total loan receivable					**712**	**641**

As of 31 December 2023, the floating rate of HUF denominated loan amounted to 11.9% (2022: 16.69%). This loan is on-lent to Yettel Hungary.

As of 31 December 2023, the floating rate of EUR denominated loans amounted to 5.45%, 5.44% respectively.

As of 31 December 2023, the gross balance of the intra-group loan receivable amounted to EUR 713 million (2022: EUR 642 million). The Company recognised an expected probability-weighted estimate of credit losses relating to the intra-group loan receivable amounting to EUR 1 million (2022: EUR 1 million).

7 Cash and cash equivalents

In millions of EUR

		31 December 2023	31 December 2022
Current accounts – Group	EUR	340	199
Total cash and cash equivalents		**340**	**199**

All current accounts are payable on demand. Cash and cash equivalents are freely distributable.

8 Due to banks

In April 2023, the Parent company became a party to two term loan facility agreements amounting to EUR 850 million. The outstanding principal amounts of the loans as at 31 December 2023 were EUR 850 million. The actual amount of outstanding loan liabilities stated in the statement of financial position 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 31 December 2023, the Company complied with the financial covenants imposed by its loan facilities.

Parameters of EUR-denominated loan facilities borrowed by the Company and outstanding as at 31 December 2023:

	Term loan facility	Term loan facility
Repayable by	2025*	2028
Facility amount in millions of EUR	250	600
Margin rate over 1M EURIBOR	1.5%	2.25%

*The borrower has a prolongation option until 2026

In 2023, the Company entered into a backstop facility agreement enabling to draw a EUR 600 million loan to refinance its current debt securities maturing in 2025. As at 31 December this committed facility is unused.

9 Debt securities issued

In March 2019, the Company established EUR 3,000 million medium term note programme. At the same moment, the Company 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 Company issued senior secured Eurobonds in the aggregate nominal amount of EUR 2,250 million.

The actual amount of outstanding debt securities liabilities stated in the statement of financial position is lower by unamortised transaction fees directly attributable to the origination of the securities. These fees were capitalised and are amortised to finance costs using the effective interest rate method.

In July 2023, the Company refinanced its EUR 600 million bond issues maturing in May 2024 by the new term loan. As of 31 December 2023 and 2022 the bonds were unsecured and the unused capacity of the programme was EUR 750 million.

The following table shows nominal values of issued bonds:

In millions of EUR

Bond ID	Maturity	Fixed rate	31 December 2023	31 December 2022
XS2176872849	May 2024	3.5%	-	600
XS2078976805	January 2025	2.13%	600	600
XS1969645255	March 2026	3.13%	550	550
XS2238777374	September 2027	3.25%	500	500
Total			**1,650**	**2,250**

The following shows accrued interests of issued bonds:

In millions of EUR

Bond ID	31 December 2023	31 December 2022
XS2176872849	-	13
XS2078976805	12	12
XS1969645255	13	13
XS2238777374	4	4
Total	**29**	**42**

10 Reconciliation of movements of liabilities to cash flows arising from financing activities

In millions of EUR

	Debt securities issued	Due to banks	Share premium	Total
Balance as at 1 January 2023	**2,282**	**-**	**1,575**	**3,857**
Proceeds from due to banks	-	850	-	850
Repayments of due to banks	(600)	-	-	(600)
Interest paid	(71)	(1)	-	(72)
Total changes from financing cash flows	**(671)**	**849**	**-**	**178**
Interest expense	61	18	-	79
Capitalised expenses	-	(4)	-	(4)
Balance as at 31 December 2023	**1,672**	**863**	**1,575**	**4,110**

In millions of EUR

	Debt securities issued	Due to banks	Share premium	Total
Balance as at 1 January 2022	**2,278**	**-**	**1,575**	**3,853**
Interest paid	(67)	-	-	(67)
Total changes from financing cash flows	**(67)**	**-**	**-**	**(67)**
Interest expense	70	-	-	70
Effect of changes in FX rates and transfers	1	-	-	1
Balance as at 31 December 2022	**2,282**	**-**	**1,575**	**3,857**

11 Equity

11.1 Share capital

In EUR

	31 December 2023	31 December 2022
Authorised capital	1,000	1,000
Issued and fully paid up	1,000	1,000
Nominal value	1	1

The Company's share capital is registered and issued in Euro. All shares rank equally with regards to the Company's residual assets. The holder of ordinary shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

11.2 Share premium

Share premium is the amount received by the Company in excess of the par value of its shares. Share premium is freely distributable.

11.3 Reconciliation of the Company's equity to its consolidated equity

The difference between the Company's equity and its consolidated equity results from the fact that the Company presents its investments in subsidiaries at cost. In consolidated financial statements the subsidiaries are consolidated and their cumulative result is added to the consolidated equity. The Company's net result for 2023 is lower than the consolidated result by EUR 180 million (2022: higher by EUR 2,536 million), calculated as a difference between the Company's dividend income, gain on sale of subsidiaries and the net result of subsidiaries for the period. The reconciliation of equity as per these separate financial statements and consolidated financial statements is shown below.

In millions of EUR

	Share capital	Share premium	Translation reserve	Hedging reserve	Reserve for puttable instruments	Retained earnings incl. unappropriated profit	Attributable to equity holders of parent
Individual balance as at 31 December 2023	**-**	**1,575**	**-**	**-**	**-**	**2,119**	**3,694**
Adjustment for:							
Dividend income	-	-	-	-	-	(342)	(342)
Individual gain on sale of subsidiaries (previous period)	-	-	-	-	-	(1,192)	(1,192)
Net result of subsidiaries in 2023	-	-	-	-	-	522	522
Puttable instrument related to non-controlling interests	-	-	-	-	(983)	-	(983)
Reserves related to subsidiaries*	-	-	(183)	5	-	(1,018)	(1,196)
Consolidated balance as at 31 December 2023	**-**	**1,575**	**(183)**	**5**	**(983)**	**89**	**503**

In millions of EUR

	Share capital	Share premium	Translation reserve	Hedging reserve	Reserve for puttable instruments	Retained earnings incl. unappropriated profit	Attributable to equity holders of parent
Individual balance as at 31 December 2022	**-**	**1,575**	**-**	**-**	**-**	**2,161**	**3,736**
Adjustment for:							
Dividend income	-	-	-	-		(1,903)	(1,903)
Individual gain on sale of subsidiaries	-	-	-	-	-	(1,192)	(1,192)
Net result of subsidiaries in 2022	-	-	-	-	-	559	559
Puttable instrument related to non-controlling interests	-	-	-	-	(850)	-	(850)
Reserves related to subsidiaries*	-	-	(174)	13		325	164
Consolidated balance as at 31 December 2022	**-**	**1,575**	**(174)**	**13**	**(850)**	**(50)**	**514**

*Reserves related to subsidiaries represent equity of the Company's subsidiaries, other than their net result for the current period, which has not been distributed to the Company. The balance also includes adjustments to retained earnings related to transactions with NCI owners.

12 Dividend income

In millions of EUR, for the year ended 31 December

	2023	2022
PPF Telco B.V.	-	1,291
CETIN Group N..V.	100	63
PPF TMT Bidco 1 B.V.	82	125
PPF Comco N.V.	160	424
Total dividend income	**342**	**1,903**

13 Operating expenses

In millions of EUR, for the year ended 31 December

	2023	2022
Professional expenses	4	2
Financial expenses	6	-
Total operating expenses	**10**	**2**

Professional expenses represent namely professional, legal and accounting services provided to the Company.

14 Finance costs

In millions of EUR, for the year ended 31 December

	2023	2022
Interest expense on amounts due to banks	18	-
Interest expense on debt securities issued	58	67
Amortised origination fees	4	3
Total finance costs	**80**	**70**

15 Audit fee

The following fees were charged by KPMG Accountants N.V. to the Company as referred to in Section 2:382a(1) and (2) of the Dutch Civil Code:

In thousands of EUR, for the year ended 31 December

	2023	2022
Audit of the financial statements	360	345
Other audit engagements	248	220
Total audit fee	**608**	**565**

16 Income tax

In millions of EUR, for the year ended 31 December

	2023	2022
Profit before tax	295	3,117
Non-taxable dividend	(342)	(1,903)
Non-deductible costs (other)	47	67
Non-taxable income	-	(1,278)
Other	-	(1)
Utilised tax loss previous years	-	2
Profit/(loss) taxable	-	-
15% up to TEUR 395 – (2022)	-	-
19% up to TEUR 200 – (2023)	-	-
25.8% over amounts above TEUR 395 – (2022)	-	-
25.8% over amounts above TEUR 200 – (2023)	-	-
Income tax expense	-	-

In 2023, the Company incurred a tax base increasing impact from earnings stripping rule of EUR 47 million (2022: EUR 52 million), which is included in category tax non-deductible expenses.

Unutilised tax losses for a total amount of EUR 20 million (2022: EUR 20 million) are not recognised as its future utilisation is uncertain.

The Company is the head of a fiscal unity with PPF TMT Bidco 1 B.V. effective from 1 January 2019. Consequently, effective from 1 January 2019 the corporate income tax of the fiscal unity is calculated on a consolidated basis.

17 Employees and directors

During the reporting period the Company did not employ any personnel. The Company had 3 directors as at 31 December 2023 and 2022. During 2023 and 2022 directors of the Company were not entitled to any remuneration.

18 Related parties

The Company has a related party relationship with its parent, subsidiaries and affiliates. All transactions with related parties are disclosed in the individual disclosures above. Furthermore, the management board, plus the close family members of such personnel and other parties, which are controlled, jointly controlled or significantly influenced by such individuals and entities in which the individuals hold significant voting power are also considered related parties. The Company did not conclude any transaction with these related parties in 2023 and 2022.

19 Events after the reporting period

There have not been significant events after the reporting period.

20 Profit appropriation for 2023

In 2023, the Company distributed dividend to its shareholder in total amount of EUR 337 million from the 2022 result (2022: EUR 1,140 million).

21 Confirmation

The Company´s financial statements for the year ended 31 December 2023 give a true and fair view of the Company´s financial condition and operations as at and for the year ended 31 December 2023.

8 March 2024

The board of directors:

Jan Cornelis Jansen
Member of board of directors

Marcel Marinus van Santen
Member of board of directors

Lubomír Král
Member of board of directors

Other information

Profit appropriation

The allocation of profits accrued in a financial year shall be determined by the General Meeting of Shareholders. Distribution of profits shall be made after adoption of the annual accounts if permissible under the law given the contents of the annual accounts. The General Meeting of Shareholders may resolve at the proposal of the management board to make interim distributions and/or to make distributions at the expense of any reserve of the Company. Distributions may be made only up to an amount which does not exceed the amount of the distributable equity.

Offices

The company has operating offices in the Netherlands and the Czech Republic. For further details please refer to Note 1 of the financial statements.

Auditor’s report

The auditor’s report on the company financial statements is set out at the end of the annual report.

KPMG

Independent auditor's report

To: the General Meeting of Shareholders and the Board of Directors of PPF Telecom Group B.V.

Report on the audit of the financial statements 2023 included in the annual accounts

Our opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PPF Telecom Group B.V. as at 31 December 2023 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2023 of PPF Telecom Group B.V. (the 'Company' or the 'Group') based in Amsterdam, The Netherlands.

The financial statements comprise:

1 the consolidated and company statement of financial position as at 31 December 2023;

2 the following consolidated and company statements for 2023: the statement of income and other comprehensive income, changes in equity and cash flows; and

3 the notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' 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 designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

Information in support of our opinion

Summary

Materiality

Consolidated financial statements

- Materiality of EUR 35 million
- Based on Earnings before interest, tax, depreciation and amortisation (EBITDA) (2,2% of EUR 1.617 million)

Company financial statements

- Materiality of EUR 35 million
- Based on total assets (0,56% of EUR 6.230 million)

Group audit

- Audit coverage of 99% of total assets
- Audit coverage of 100% of revenue

Risk of material misstatements related to Fraud, NOCLAR and Going concern

- Fraud risks: presumed risk of management override of controls and presumed risk of fraud in revenue recognition identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'.
- Non-compliance with laws and regulations (NOCLAR) risks: risk of non-compliance with laws and regulations in relation to the purchases of telecom licenses from the relevant Regulatory Authority identified and further described in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'
- Going concern risks: no going concern risks identified

Key audit matters

- Inaccurate valuation of Goodwill
- Valuation of the conditional commitment to acquire the NCI's shares
- Business combination accounting over Nej.cz acquisition
- Planned disposal of CETIN assets outside of Czech Republic

Materiality

Based on our professional judgement, we determined the materiality for the consolidated financial statements as a whole at EUR 35 million (2022: EUR 30 million) and for the company financial statements as a whole at EUR 35 million (2022: EUR 30 million).

The materiality for the consolidated financial statements is determined with reference to EBITDA (2.2%). We consider EBITDA as the most appropriate benchmark based on the nature of the business, the level of activities and focus of the users of the consolidated financial statements on EBITDA for the purpose of evaluating the Group's financial performance in the telecom sector.

The materiality for the company financial statements is determined with reference to total assets (0.56%). We consider total assets as the most appropriate benchmark based on the nature of the business of the Company as a holding company without operational activities.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the consolidated and company financial statements for qualitative reasons.

We agreed with the Board of Directors that unadjusted misstatements identified during our audit in excess of EUR 1,75 million of the consolidated and company financial statements, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

PPF Telecom Group B.V. is at the head of a group of components. The financial information of this group is included in the financial statements of PPF Telecom Group B.V.. The Group is structured along 10 components: CETIN Czech Republic, O2 Czech Republic, Yettel Bulgaria, CETIN Bulgaria, Yettel Hungary, CETIN Hungary, Yettel Serbia, CETIN Serbia, O2 Slovak Republic and CETIN Networks Slovak Republic.

Our group audit mainly focused on significant components based on Standard 600. These significant components are individually financially significant due to their relative size within the Group. These components are also significant due to the fact that they include a significant risk to the group financial statements. In addition, we included certain components in the scope of our group audit in order to arrive at a sufficient coverage over all relevant significant account balances.

This resulted in a full scope audit of 10 components with a total coverage of 100% of revenue and 99.9% of total assets. For the remaining population, procedures were performed at the group level including analytical procedures in order to corroborate our assessment that the risk in the remaining population is remote. This coverage is in line with our 2022 audit.

We sent audit instructions to all component auditors, covering significant areas including the relevant risks of material misstatement and set out the information required to be reported to the group audit team. All components in scope for group reporting purposes are audited by KPMG member firms, except for Yettel d.o.o. Beograd (Serbia) and CETIN d.o.o. Beograd (Serbia) which are both audited by Ernst & Young d.o.o. Beograd.

The group audit team has set component materiality levels ranging from EUR 10,5 million to EUR 25,5 million, based on the mix of size and risk profile of the components within the Group. The consolidation of the Group, the disclosures in the financial statements and certain accounting topics are audited by the group audit team. The accounting matters on which audit procedures are performed by the group audit team include, but are not limited to, the assessment of the use of the going concern assumption, goodwill impairment testing, valuation of the conditional commitment to acquire NCI's share and equity.

We arranged in-person meetings with the most significant component auditors, CETIN Czech Republic and O2 Czech Republic. We communicated with all component auditors through written instructions, exchange of emails, remote audit file reviews and held multiple conference calls and virtual meetings. During these calls and virtual meetings, we discussed in more detail the planning and the risk assessment phase and the procedures performed including the findings and observations. Based on these calls, meetings and reviews, we, as group auditor, assessed the sufficiency of the audit procedures performed by the component auditors.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

The audit coverage as stated in the section summary can be further specified as follows:

Total assets

99%

Audit of the complete reporting package

Revenue

100%

Audit of the complete reporting package

Audit response to the risk of fraud and non-compliance with laws and regulations

In the paragraphs code of conduct and safeguarding cyber security, digital and personal data of the directors' report, the board of directors describes its procedures in respect of the risk of fraud and non-compliance with laws.

As part of our audit, we have gained insights into the Group and its business environment and assessed the design and implementation of the Group's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Group's code of ethics, whistleblowing policy and its internal audit procedures. Furthermore, we performed relevant inquiries with management and other relevant functions, such as Internal Audit and Legal Counsel. We have also incorporated various elements of unpredictability in our audit, such as, but not limited to, testing smaller value revenue account balances and inspecting bank statements for unusual or unexpected payments. These procedures were performed in addition to our standard audit procedures on these accounts. As part of our audit procedures, we:

- evaluated internal audit reports on indications of possible fraud and non-compliance;
- evaluated legal confirmation letters;
- inquired with management regarding the process for purchasing telecom licenses from the Regulatory Authorities;
- performed inquiry with in-house legal counsel;
- inspected minutes of meetings with board of directors and shareholders;
- inspected certain general ledger accounts and payment listings for payments/purchases towards the relevant Regulatory Authority, and performed specific item testing on these transactions, in order to ensure the transaction has sufficient business rationale, reconciles to appropriate external supporting documentation and is therefore not indicative of potential non-compliance with laws and regulations.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Group and identified the following areas as those most likely to have a material effect on the financial statements:

- competition law (reflecting the Group's past involvement in investigations by national competition authorities and the European Commission);
- General Data Protection Regulation (reflecting the Group's access and processing of personal data).

We, together with our forensics specialists, evaluated the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

Management override of controls (a presumed risk)

Risk:

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Audit Responses:

- We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.
- We performed data analyses of high-risk journal entries recorded throughout the period, with specific attention to revenue postings and post-closing adjusting journal entries. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including inquiry and testing of transactions back to source information.
- We evaluated key estimates and judgements for bias by management, including retrospective reviews of prior years' estimates with respect to estimates such as valuation of goodwill, valuation of conditional commitment to acquire NCI's share and useful life of assets.

Revenue recognition (a presumed risk)

Risk:

In accordance with Dutch Standards on Auditing 240, there is a presumed fraud risk related to revenue recognition. It is presumed there are generally pressures or incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition.

As a result of budget, key performance indicator and rating agency requirements, there may be an increased pressure to achieve certain results and pressure on management or operating personnel to meet financial targets.

Therefore we have identified a risk of fraud over the existence of revenue at components. The specific risk per component has been determined based on the identified opportunities to manipulate revenues.

Audit Responses:

- We evaluated the design and implementation of relevant anti-fraud controls;
- We performed substantive test of details procedures over revenue transactions, through a combination of increased audit sampling and specific item testing, including assessing the appropriateness of the applied revenue recognition method.
- We tested journal entries to identify unusual or irregular items and to assess that these were properly authorised and supported by proper underlying documentation such as third-party invoices and contracts.

Our procedures to address the identified risks of fraud did not result in a key audit matter.
We communicated our risk assessment, audit responses and results to management.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material to our audit.

Audit response to going concern

As explained in the basis of measurement section of note A.3 of the financial statements, the Board of Directors has performed its going concern assessment and has not identified any going concern risks. To assess the board's assessment, we have performed the following procedures:

- We considered whether the board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- We analysed the Company's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify significant going concern risks.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Board of Directors. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year, the key audit matters with respect to Business combination accounting over Nej.cz acquisition and Planned disposal of CETIN assets outside of Czech Republic have been added.

Inaccurate valuation of goodwill relating to the CGU of CETIN a.s.

Description

As at 31 December 2023, the goodwill in the Group amounts to EUR 1.710 million. This goodwill is allocated to a number of Cash Generating Units (CGU's) for which management is required to test the carrying value of goodwill for impairment annually or more frequently if there is a triggering event for testing. Based on our risk assessment procedures, we include a key audit matter over the valuation of goodwill of the CGU of CETIN a.s., due to the estimation uncertainty and consideration of sensitivities in the recoverable amount of this CGU. The goodwill allocated to CETIN a.s. is EUR 173 million (2022: EUR 117 million). The increase in goodwill relating to the CGU of CETIN a.s. is due to the acquisition of Nej.cz. No impairment of goodwill was recognised during 2023.

Our response

With involvement of our valuation specialist, our procedures to assess the valuation of goodwill relating the CGU of CETIN a.s. included, amongst others:

- Obtain an understanding of the management's annual impairment test, including evaluation of relevant internal controls designed by management to estimate the free cash flows applied.
- Obtain management's cash flow forecasts and document and assess the key assumptions used by management.
- Inquire of key senior management to corroborate the assumptions applied in the forecasts.
- Perform a retrospective review of the current year actual results as compared to the prior year forecasts in accordance with Dutch Standards on Auditing 540 guidance.
- Perform a re-estimation review of the current year forecasts, for FY 2024 – FY 2029, compared to the prior year forecasts for the same period.
- Assess the appropriateness of the methodology and mathematical accuracy of the calculations in the model.
- Perform independent assessment of WACC and terminal growth rate and compare with management's WACC and terminal growth rate to determine the reasonability thereof.
- Assess management's goodwill impairment analysis with a focus on the assumptions to which the outcome of the impairment test is most sensitive, such as the WACC and terminal growth rate used based on analysis of sensitivities.
- Assess the adequacy of the related disclosure in relation to the requirements of IAS 36.

Our observation

Based on our procedures relating to the valuation of goodwill of the CGU CETIN a.s., we consider management's key assumptions and estimates to be within a reasonable range. We determined that the related disclosures (note E.7.1) meet the requirements of EU-IFRS.

Valuation of the conditional commitment to acquire the NCI's shares

Description

As disclosed in note B.2.4, the Group entered into an agreement with GIC Private Limited ("GIC") to sell its 30% stake in CETIN Group N.V.. Within this 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. The put option may be exercised by GIC should PPF Telecom Group B.V.'s ultimate controlling party change without prior approval. As the Group's management cannot avoid an unapproved change of control over PPF Telecom Group B.V., the Group could be required to deliver cash or another financial asset. Following IFRS guidance (IAS 32), the Group recognised the conditional commitment to acquire NCI's share as a financial liability at net present value with the net present value and subsequent remeasurements directly through equity.

The amount initially recognised in March 2022 amounted to EUR 1.411 million and remeasured to EUR 850 million as at 31 December 2022. As at 31 December 2023, the value of this conditional commitment to acquire NCI's share amounts to EUR 983 million. The remeasurement effect recorded directly in equity in 2023 amounted to an increase of EUR 133 million (2022: decrease of EUR 561 million). Due to the complexity and judgement involved in determining the fair value of the 30% share in CETIN Group N.V. in order to derive the net present value of the conditional commitment to acquire NCI's share, we consider this to be a key audit matter.

Our response

Our audit procedures included, amongst others:

With involvement of our valuation specialist, our procedures to assess the valuation of the conditional commitment to acquire NCI's share, included, amongst others:

- Test the design and implementation of the relevant controls over the preparation of the key assumptions included in the valuation of the conditional commitment to acquire NCI's share.
- Inspect the cash flow projections, verify mathematical accuracy, and vouch the key inputs to management's relevant documentation.
- Assess the appropriateness of the methodology used in calculating the valuation of the conditional commitment to acquire NCI's share.
- Inquire of key senior management to corroborate the assumptions applied in the forecasts.
- Perform procedures to assess the reasonability of the key inputs and assumptions used in management's cash flow projections.
- Perform independent assessment of WACC and terminal growth rate and compare with management's WACC and terminal growth rate to determine the reasonability thereof.
- Perform a retrospective review of the current year actual results as compared to the prior year budget in accordance with Dutch Standards on Auditing 540 guidance.
- Perform a re-estimation review of the prior year budget to the current year forecasts for the same period. Inquire of management to corroborate changes to cash flow projections from prior periods.
- Assess the adequacy of the related disclosure in relation to the requirements of IAS 32.

Our observation

Based on our procedures relating to the valuation of the conditional commitment to acquire NCI's share, we consider the management's key assumptions and estimates to be within a reasonable range. We determined that the related disclosures (note B.2.4) meet the requirements of EU-IFRS.

Business combination accounting over Nej.cz acquisition

Description

In April 2023, CETIN a.s. (subsidiary of PPF Telecom Group B.V.) entered into an agreement to acquire a 100% stake in Nej.cz s.r.o. (''Nej.cz'') for a total consideration of MEUR 352. The transaction was subject to the approval of the Office for the Protection of Competition and the closing of the transaction occurred on 30 November 2023. The acquisition was accounted for as a business combination in accordance with IFRS 3 Business Combination which requires assets and liabilities acquired to be recognised at their respective fair values at acquisition date as part of the Purchase Price Allocation ('PPA'). The fair value determination of these assets and liabilities are subject to judgement and estimation uncertainties which inherently results in a higher degree of subjectivity.

Our response

With involvement of our valuation specialist, our procedures to assess the Business combination accounting over the Nej.cz acquisition included, amongst others:

- Obtain an understanding of the transaction, including testing the design and implementation of the related key controls that management has established to identify, authorise and approve, and account for and disclose the transaction.
- Inspect the Share Purchase Agreement (SPA) and the IFRS 3 accounting memorandum prepared by the client, and evaluate whether the accounting treatment of the acquisition is in accordance with the requirements of IFRS 3.
- Vouch relevant components of the transaction price to underlying source documentation.
- Inspect management's valuation report and inquire with management and the external valuation specialist to understand the models, assumptions and data used in the valuation report.
- Involve our own valuation specialist to assist in evaluating the appropriateness of the valuation models used and assumptions applied.
- Recalculate the goodwill recognised as a result of the transaction.
- Audit the disclosure included in the financial statements related to the Business Combination accounting over Nej.cz acquisition in accordance with the requirements of IFRS 3.

Our observation

Based on our procedures relating to the Business combination accounting over Nej.cz acquisition, we consider management's key assumptions and estimates to be within a reasonable range. We determined that the related disclosures (note B.2.1) meet the requirements of EU-IFRS.

Planned disposal of CETIN assets outside of Czech Republic

Description

On 1 August 2023, PPF Group N.V. (the ultimate parent of PPF Telecom Group B.V.) and Emirates Telecommunications Group Company PJSC ("e&") signed the agreement under which e& will acquire a stake of 50% plus one share in PPF Telecom Group B.V.'s assets in Bulgaria, Hungary, Serbia, and Slovakia. PPF Telecom Group B.V.'s existing assets in the Czech Republic, including CETIN a.s. and O2 Czech Republic a.s. will not be part of the transaction. The transaction with e& is expected to close in the second quarter of 2024 and is subject to regulatory approvals, the consummation of corporate reorganisation, approval by minority shareholder of CETIN Group N.V., 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 be subject to the EU Foreign Subsidies Regulation review.

Whilst the transaction is expected to close only during the financial year ending 31 December 2024, we have considered the classification and accounting of the disposal group in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations as of 31 December 2023. Management has not classified the disposal group as Assets held for sale as the conditions have not been satisfied.

Our response

Our audit procedures to address this key audit matter included, amongst others:

- Inspect the relevant share purchase agreement to understand the terms and structure of the transaction;
- Inspect management's accounting position paper with respect to the classification and accounting of the disposal group in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations and corroborated management's assessment and judgements made to the relevant supporting documentation, particularly, key Condition Precedents of the share purchase agreement;
- Perform inquiry with management to confirm that the key condition precedents of the transaction has not been completed including approval from the non-controlling partner.
- Evaluate the adequacy of the disclosures in the financial statements in accordance with IAS 10 Events after the Reporting Period.

Our observation

Based on our procedures relating to the Planned disposal of CETIN assets outside of Czech Republic, we agree that the conditions for Non-current Assets Held for Sale and Discontinued Operations have not been met as of 31 December 2023. We determined that the related disclosures (note B.2.2) meet the requirements of EU-IFRS.

Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual accounts contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Directors is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were initially appointed by the General Meeting of Shareholders as auditor of PPF Telecom Group B.V. as of the audit for the year 2014 and have operated as statutory auditor ever since that financial year.

Description of responsibilities regarding the financial statements

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Directors is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect The Board of Directors is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, The Board of Directors is responsible for assessing PPF Telecom Group B.V.'s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, The Board of Directors should prepare the financial statements using the going concern basis of accounting unless The Board of Directors either intends to liquidate PPF Telecom Group B.V. or to cease operations, or has no realistic alternative but to do so. The Board of Directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is included in the appendix of this auditor's report on the next page. This description forms part of our auditor's report.

Amstelveen, 8 March 2023

KPMG Accountants N.V.

F.A.M. Croiset van Uchelen RA

Appendix:
Description of our responsibilities for the audit of the financial statements

Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the PPF Telecom Group B.V.'s internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- concluding on the appropriateness of the Board of Director's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PPF Telecom Group B.V.'s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are solely responsible for the opinion and therefore responsible to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial statements. In this respect we are also responsible for directing, supervising and performing the group audit.

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

We provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.