PPF Telecom Group

PPF Telecom Group B.V.

Condensed consolidated interim financial statements
for the six months ended 30 June 2024

Independent auditor's review report

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

Our conclusion

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

The condensed consolidated interim financial statements comprise:

1. the condensed consolidated interim statement of financial position as at 30 June 2024;
2. the following statements for the six-month period ended 30 June 2024: the condensed consolidated interim 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 conclusion

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

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

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

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

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

Our responsibilities for the review of condensed consolidated interim financial statements

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

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

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

Our review included among others:

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

Amstelveen, 23 September 2024

KPMG Accountants N.V.

F.A.M. Croiset van Uchelen RA

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Glossary

AC	- amortised cost
CAPEX	- capital expenditure
CEE	- Central and Eastern Europe
CGU	- cash generating unit
EBITDA	- earnings before interest, tax, depreciation and amortisation
EC	- European Commission
ECL	- expected credit loss
FVOCI	- fair value through other comprehensive income
FVTPL	- fair value through profit or loss
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

Condensed consolidated interim statement of income and other comprehensive income

For the six months ended 30 June

In millions of EUR

	Notes	2024	2023
Revenue	E1	1,918	1,833
Other income from non-telecommunication services		4	11
Personnel expenses	E2	(225)	(199)
Other operating expenses	E2	(773)	(769)
Operating profit excluding depreciation, amortisation and impairments		**924**	**876**
Depreciation and amortisation	E3	(340)	(317)
Depreciation on lease-related right-of-use assets		(52)	(52)
Amortisation of costs to obtain contracts		(42)	(36)
Impairment loss on PPE and intangible assets		(9)	(2)
Operating profit		**481**	**469**
Interest income		14	10
Net foreign currency gain/(loss)		(26)	31
Interest expense on lease liabilities		(11)	(9)
Other interest expense		(100)	(73)
Other finance costs	E4	(10)	(10)
PROFIT BEFORE TAX		**348**	**418**
Income tax expense	E5	(71)	(73)
NET PROFIT FOR THE PERIOD		**277**	**345**
Other comprehensive income*			
Currency translation differences		(47)	85
Cash flow hedge – effective portion of changes in fair value		(3)	(5)
Income tax relating to components of other comprehensive income		1	1
Other comprehensive income/(expense), net of tax		**(49)**	**81**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**228**	**426**
Net profit attributable to:			
Owners of the Parent		232	300
Non-controlling interests		45	45
Net profit for the period		**277**	**345**
Total comprehensive income attributable to:			
Owners of the Parent		196	356
Non-controlling interests		32	70
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**228**	**426**

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

The notes on pages 8 to 39 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

In millions of EUR

	Note	30 June 2024	31 December 2023
ASSETS			
Property, plant and equipment	E6	2,905	2,900
Goodwill	E7.1	1,695	1,710
Other intangible assets	E7.2	1,481	1,545
Right-of-use assets		499	496
Trade and other receivables	E8.1	70	70
Other financial assets	E8	2	11
Contract assets	E8.3	27	25
Costs to obtain contracts		68	66
Other assets	E9	46	51
Deferred tax assets		12	11
Non-current assets		**6,805**	**6,885**
Trade and other receivables	E8.1	501	518
Other financial assets	E8	128	73
Contract assets	E8.3	73	67
Costs to obtain contracts		23	24
Inventories	E9	99	90
Other assets	E9	85	71
Current income tax receivables		10	7
Cash and cash equivalents	E10	756	642
Current assets		**1,675**	**1,492**
TOTAL ASSETS		**8,480**	**8,377**
LIABILITIES			
Due to banks	E11	1,746	2,182
Debt securities issued	E12	1,542	2,140
Due to non-banks		53	53
Lease liabilities		404	416
Trade and other payables	E13	87	90
Contract liabilities	E8.3	53	56
Provisions	E14	63	67
Deferred tax liabilities		307	331
Non-current liabilities		**4,255**	**5,335**
Due to banks	E11	441	22
Debt securities issued	E12	625	40
Lease liabilities		101	93
Trade and other payables	E13	761	815
Contract liabilities	E8.3	54	52
Provisions	E14	29	29
Current income tax liability		22	10
Conditional commitment to acquire NCI’s share	E16.4	932	983
Current liabilities		**2,965**	**2,044**
TOTAL LIABILITIES		**7,220**	**7,379**
Issued capital*	E15	-	-
Share premium	E15	1,575	1,575
Other reserves	E16	(1,146)	(1,161)
Retained earnings		321	89
Total equity attributable to owners of the Parent		750	503
Non-controlling interests	E17	510	495
Total equity		**1,260**	**998**
TOTAL LIABILITIES AND EQUITY		**8,480**	**8,377**

*Issued capital is EUR 1 thousand (2023: EUR 1 thousand).

The notes on pages 8 to 39 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

In millions of EUR, for the six months ended 30 June 2024

	Issued capital*	Share premium	Other reserves			Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
			Translation reserve	Hedging reserve	Reserve for puttable instruments				
Balance as at 1 January 2024	-	**1,575**	**(183)**	**5**	**(983)**	**89**	**503**	**495**	**998**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**232**	**232**	**45**	**277**
Currency translation differences	-	-	(34)	-	-	-	(34)	(13)	(47)
Cash flow hedge – effective portion of changes in fair value	-	-	-	(3)	-	-	(3)	-	(3)
Income tax related to components of OCI	-	-	-	1	-	-	1	-	1
Other comprehensive expense for the period	-	-	**(34)**	**(2)**	**-**	**-**	**(36)**	**(13)**	**(49)**
Total comprehensive income	-	**-**	**(34)**	**(2)**	**-**	**232**	**196**	**32**	**228**
Dividends to NCI	-	-	-	-	-	-	-	(17)	(17)
Conditional commitment to acquire NCI's share – change in net present value (refer to E.16.4)	-	-	-	-	51	-	51	-	51
Total transactions with owners	-	**-**	**-**	**-**	**51**	**-**	**51**	**(17)**	**34**
Balance as at 30 June 2024	-	**1,575**	**(217)**	**3**	**(932)**	**321**	**750**	**510**	**1,260**

*Issued capital is EUR 1 thousand.

The notes on pages 8 to 39 are an integral part of these condensed consolidated interim financial statements.

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

	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	-	-	-	-	-	**300**	**300**	**45**	**345**
Currency translation differences	-	-	60	-	-	-	60	25	85
Cash flow hedge – effective portion of changes in fair value	-	-	-	(5)	-	-	(5)	-	(5)
Income tax related to components of OCI	-	-	-	1	-	-	1	-	1
Other comprehensive income for the period	-	-	**60**	**(4)**	-	-	**56**	**25**	**81**
Total comprehensive income	-	-	**60**	**(4)**	-	**300**	**356**	**70**	**426**
Dividends to shareholders	-	-	-	-	-	(227)	(227)	-	(227)
Dividends to NCI	-	-	-	-	-	-	-	(26)	(26)
Conditional commitment to acquire NCI's share – change in net present value (refer to E.16.4)	-	-	-	-	13	-	13	-	13
Other	-	-	-	-	-	3	3	-	3
Total transactions with owners	-	-	-	-	**13**	**(224)**	**(211)**	**(26)**	**(237)**
Balance as at 30 June 2023	-	**1,575**	**(114)**	**9**	**(837)**	**26**	**659**	**524**	**1,183**

*Issued capital is EUR 1 thousand.

The notes on pages 8 to 39 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

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

In millions of EUR

	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		348	418
Adjustments for:			
Depreciation and amortisation	E3	340	317
Depreciation on lease-related right-of-use assets		52	52
Amortisation of costs to obtain contracts		42	36
Impairment losses on current and non-current assets		20	10
Net interest expense		97	72
Loss on financial assets	E4	9	9
Net foreign exchange (gains)/losses		26	(31)
Other expenses not involving movement of cash		-	2
Net operating cash flow before changes in working capital		**934**	**885**
Change in financial assets at FVTPL		(58)	(53)
Change in trade and other receivables		(4)	(25)
Change in contract assets		(10)	(5)
Change in inventories and other assets		(23)	(56)
Change in costs to obtain contracts		(45)	(45)
Change in trade and other payables		(31)	(25)
Change in provisions		2	(1)
Cash flows from operating activities		**765**	**675**
Interest received		14	10
Income tax paid		(84)	(79)
Net cash from operating activities		**695**	**606**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(382)	(284)
Proceeds from disposal of tangible and intangible assets		8	3
Net cash used in investing activities		**(374)**	**(281)**
Cash flows from financing activities			
Net payment on settlement of derivatives		4	6
Interest paid (excl. interest on lease liabilities)		(127)	(97)
Cash payments for principal portion of lease liability		(54)	(48)
Interest paid on lease liabilities		(11)	(9)
Dividends paid to NCI	E17	(17)	(26)
Dividends paid to shareholders	E15	-	(227)
Net cash used in financing activities		**(205)**	**(401)**
Net increase/(decrease) in cash and cash equivalents		**116**	**(76)**
Cash and cash equivalents as at 1 January		**642**	**488**
Effect of exchange rate changes on cash and cash equivalents		(2)	1
Cash and cash equivalents as at 30 June		**756**	**413**

The notes on pages 8 to 39 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

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

As of 30 June 2024, 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 CETIN Networks, s.r.o. (renamed from O2 Networks, s.r.o. since 1 January 2024); 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.

The condensed consolidated interim financial statements of the Parent Company for the six months ended 30 June 2024 comprise the Parent Company and its subsidiaries (together, the "Group") and the Group's interests in associates, joint ventures and affiliated entities. Refer to Section B of these condensed consolidated interim financial statements for a list of significant Group entities and changes to the Group in 2024 and 2023.

A.2. Statement of compliance

The condensed consolidated interim financial statements were authorised for issue by the board of directors on 23 September 2024.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 ("last annual financial statements"). Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with IFRS Accounting Standards as adopted by the European Union (IFRS-AS EU).

A.3. Basis of measurement

The condensed consolidated interim financial statements have been prepared on the basis of the going concern assumption, applying a historical cost basis, except for the following assets and liabilities stated at their fair value: derivative financial instruments, financial instruments 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. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

A.4. Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, the management made judgements, estimates, and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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

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

- assessment of control over subsidiaries (refer to B.2);
- the fair value of tangible and intangible assets identified during the purchase price allocation exercise and initial value of goodwill for each business combination and its subsequent impairment testing (refer to E.7.1);
- useful life of tangible and intangible fixed assets;
- provisions recognised under liabilities (refer to E.14);
- expected credit losses on trade receivables and contract assets (refer to E.8.1, E.8.3);
- commissions as costs to obtain contracts with customers;
- stand-alone selling prices;
- lease-term for the lessee accounting whether the Group is reasonably certain to exercise extension options;
- contingent assets and liabilities (refer to E.18);
- assessment of recognition and the net present value of the conditional commitment to acquire NCI's share (refer to E.16.4).

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 losses are eliminated only to the extent that there is no evidence of impairment.

A.6. Presentation and functional currency

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

The functional currency of O2 CZ and CETIN CZ is CZK. The functional currency of O2 Slovakia and CETIN Networks is EUR. The functional currencies of the Yettel and CETIN CEE operations correspond to the country of their origin: HUF for Hungary, BGN for Bulgaria and RSD for Serbia. TMT Hungary and TMT Hungary Infra, the holding companies based in the Netherlands, have HUF as their functional currency. 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 of 30 June 2024 and 31 December 2023.

Company	Domicile	Effective proportion of ownership interest	
		30 June 2024	31 December 2023
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%
CETIN 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%
DeCeTel s.r.o.*	Czech Republic	70.00%	70.00%
CETIN Bulgaria EAD	Bulgaria	70.00%	70.00%
CETIN d.o.o. Beograd-Novi Beograd	Serbia	70.00%	70.00%
TMT Hungary Infra B.V.	Netherlands	52.50%	52.50%
CETIN Hungary Zrt.	Hungary	52.50%	52.50%

* On 1 June 2024, Nej.cz s.r.o. was renamed to DeCeTel s.r.o.

B.2. Significant changes in the Group structure in 2024 and 2023

B.2.1. Acquisition of Nej.cz (2023)

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. On 1 June 2024, Nej.cz s.r.o. was renamed to DeCeTel s.r.o.

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	139
Intangible assets	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, represented by 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, was fully eliminated from the Group's perspective.

Total consideration transferred for the acquisition of Nej.cz effectively amounted to EUR 352 million, which comprised 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 was 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 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 (2023)

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 last quarter of 2024 and is subject to the EU Foreign Subsidies Regulation review, the approval of the non-controlling partner, and other customary closing conditions. All other required regulatory approvals were obtained by the end of the first half of 2024.

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 either 30 June 2024 or 31 December 2023.

C. Risk exposures, risk management objectives and procedures

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2023.

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.

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

C.1. Hedging

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

O2 CZ has been hedging cash flows arising from long-term debt denominated in CZK with a floating interest rate to hedge interest rate risk. The used hedging instrument is a combination of several interest rate swaps denominated in CZK. As at 30 June 2024, O2 CZ hedges a part of the expected payments from a long-term unsecured facility agreement until May 2025. The Group applies hedge accounting for these hedge instruments.

In 2024 and 2023, the cash flow hedges of O2 CZ were effective, and no ineffectiveness was recognised in profit or loss.

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

C.2. Fair value of financial assets and liabilities

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

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

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

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

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

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

The carrying amount of financial assets and financial liabilities not measured at fair value is a reasonable approximation of its fair value (except for the fix-rate debt securities issued presented in the below table), since financial assets and liabilities comprise mainly current trade receivables and payables, cash and cash equivalents and borrowings with a floating interest rate.

In millions of EUR

	30 June 2024 Carrying amount	30 June 2024 Fair value	31 December 2023 Carrying amount	31 December 2023 Fair value
Debt securities issued (Level 2)	(2,167)	(2,132)	(2,180)	(2,139)

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

In millions of EUR, as at 30 June 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	-	6	120	126
Financial assets at FVOCI	-	-	2	2
Total	**-**	**6**	**122**	**128**

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**

C.3. Capital management

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

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

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

The Group is not subject to any externally imposed regulatory capital requirements. No changes were made in the objectives, policies or processes for managing capital during the six months ended 30 June 2024 and the year ended 31 December 2023.

D. Segment reporting

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

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

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

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

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

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

The total segment revenue for the six months ended 30 June 2024 amounting to EUR 1,918 million (30 June 2023: EUR 1,833 million) represents revenues from external customers as presented in the statement of income under Revenue caption.

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

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

In millions of EUR

30 June 2024	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	714	173	319	257	262	181	-	2	4	6	-	-	1,918
Inter-segment revenue	5	1	1	1	5	237	50	91	72	60	-	(523)	-
Total revenue	**719**	**174**	**320**	**258**	**267**	**418**	**50**	**93**	**76**	**66**	**-**	**(523)**	**1,918**
Other income from non-telecommunication services	3	1	-	-	-	2	-	-	-	-	2	(4)	4
Operating expenses	(491)	(138)	(247)	(181)	(182)	(207)	(12)	(24)	(20)	(16)	(3)	523	(998)
Operating profit excl. depr., amort. and impairments	**231**	**37**	**73**	**77**	**85**	**213**	**38**	**69**	**56**	**50**	**(1)**	**(4)**	**924**
Depreciation and amortisation	(74)	(21)	(34)	(21)	(26)	(105)	(15)	(16)	(17)	(11)	-	-	(340)
Depreciation on lease related RoU	(10)	(2)	(2)	(2)	(2)	(18)	(4)	(6)	(4)	(5)	-	3	(52)
Amortisation of costs to obtain a contract	(13)	(4)	(4)	(7)	(14)	-	-	-	-	-	-	-	(42)
Impairment loss	-	-	-	-	(8)	-	-	(1)	-	-	-	-	(9)
Operating profit	**134**	**10**	**33**	**47**	**35**	**90**	**19**	**46**	**35**	**34**	**(1)**	**(1)**	**481**
Interest income	2	-	2	1	3	1	-	1	-	-	48	(44)	14
Net foreign currency losses	(3)	-	(1)	-	-	(13)	-	(1)	-	-	(8)	-	(26)
Interest expense on lease liability	(2)	-	-	-	-	(4)	-	(3)	(1)	(1)	-	-	(11)
Other interest expense	(9)	(1)	(9)	-	(1)	(28)	(2)	(1)	-	-	(93)	44	(100)
Other finance cost	-	(3)	(4)	(3)	-	-	-	-	-	-	-	-	(10)
Profit for the period before tax	**122**	**6**	**21**	**45**	**37**	**46**	**17**	**42**	**34**	**33**	**(54)**	**(1)**	**348**
Income tax expense	(26)	(2)	(7)	(4)	(5)	(9)	(3)	(6)	(3)	(5)	(1)	-	(71)
Profit for the period	**96**	**4**	**14**	**41**	**32**	**37**	**14**	**36**	**31**	**28**	**(55)**	**(1)**	**277**
Capital expenditure	88	7	17	22	11	121	19	20	20	19	-	-	344
30 June 2024													
Segment assets	1,670	313	746	551	684	2,748	289	506	370	381	2,186	(1,964)	8,480
Segment liabilities	961	149	350	152	101	1,779	161	167	132	79	5,153	(1,964)	7,220
Segment equity	**709**	**164**	**396**	**399**	**583**	**969**	**128**	**339**	**238**	**302**	**(2,967)**	**-**	**1,260**

In millions of EUR

30 June 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	718	166	292	241	236	171	-	2	2	5	-	-	1,833
Inter-segment revenue	7	2	2	2	5	235	46	87	67	53	-	(506)	-
Total revenue	**725**	**168**	**294**	**243**	**241**	**406**	**46**	**89**	**69**	**58**	**-**	**(506)**	**1,833**
Other income from non-telecommunication services	10	-	-	-	-	3	-	-	-	-	3	(5)	11
Operating expenses	(493)	(131)	(234)	(168)	(168)	(204)	(12)	(30)	(19)	(12)	(3)	506	(968)
Operating profit excl. depr., amort. and impairments	**242**	**37**	**60**	**75**	**73**	**205**	**34**	**59**	**50**	**46**	**-**	**(5)**	**876**
Depreciation and amortisation	(71)	(20)	(32)	(19)	(24)	(98)	(13)	(14)	(15)	(12)	-	1	(317)
Depreciation on lease related RoU	(11)	(1)	(2)	(2)	(2)	(18)	(4)	(7)	(4)	(4)	-	3	(52)
Amortisation of costs to obtain a contract	(10)	(4)	(4)	(6)	(12)	-	-	-	-	-	-	-	(36)
Impairment loss	-	-	-	-	-	(1)	-	(1)	-	-	-	-	(2)
Operating profit	**150**	**12**	**22**	**48**	**35**	**88**	**17**	**37**	**31**	**30**	**-**	**(1)**	**469**
Interest income	3	-	2	-	2	1	-	-	-	-	35	(33)	10
Net foreign currency gains	-	-	1	-	-	10	-	1	-	-	19	-	31
Interest expense on lease liability	(3)	-	-	-	-	(3)	(1)	(2)	-	(1)	-	1	(9)
Other interest expense	(4)	(1)	(16)	-	(2)	(16)	(1)	-	(1)	-	(65)	33	(73)
Other finance cost	(2)	(2)	(4)	(2)	-	-	-	-	-	-	-	-	(10)
Profit for the period before tax	**144**	**9**	**5**	**46**	**35**	**80**	**15**	**36**	**30**	**29**	**(11)**	**-**	**418**
Income tax expense	(26)	(2)	(4)	(4)	(2)	(16)	(4)	(6)	(3)	(4)	(2)	-	(73)
Profit for the period	**118**	**7**	**1**	**42**	**33**	**64**	**11**	**30**	**27**	**25**	**(13)**	**-**	**345**
Capital expenditure	26	14	9	14	13	95	12	33	21	15	-	-	252
31 December 2023													
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**

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

In millions of EUR

30 June 2024	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	381	117	249	193	184	-	-	-	-	-	-	(4)	1,120
Fixed originated revenue	264	12	1	1	10	21	-	-	-	-	-	-	309
Hardware revenues	46	34	46	55	50	-	-	-	-	-	-	-	231
Interconnect revenue	21	8	9	6	19	-	-	-	-	-	-	(5)	58
International transit revenue	-	-	-	-	-	95	-	-	3	-	-	(13)	85
Other wholesale revenue	7	3	5	3	4	302	50	93	73	66	-	(500)	106
Other sales	-	-	10	-	-	-	-	-	-	-	-	(1)	9
Revenue recognition:													
Revenue recognised over time	673	140	274	202	217	418	50	93	76	66	-	(523)	1,686
Revenue recognised at a point in time	46	34	46	56	50	-	-	-	-	-	-	-	232
Total revenue	**719**	**174**	**320**	**258**	**267**	**418**	**50**	**93**	**76**	**66**	**-**	**(523)**	**1,918**

In millions of EUR

30 June 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	379	112	219	177	162	-	-	-	-	-	-	(4)	1,045
Fixed originated revenue	261	10	-	-	4	-	-	-	-	-	-	-	275
Hardware revenues	48	33	48	53	46	-	-	-	-	-	-	-	228
Interconnect revenue	28	10	14	9	25	-	-	-	-	-	-	(6)	80
International transit revenue	-	-	-	-	-	112	-	-	4	-	-	(17)	99
Other wholesale revenue	9	3	5	4	4	294	46	89	65	58	-	(478)	99
Other sales	-	-	8	-	-	-	-	-	-	-	-	(1)	7
Revenue recognition:													
Revenue recognised over time	677	136	246	190	195	406	46	89	69	58	-	(506)	1,606
Revenue recognised at a point in time	48	32	48	53	46	-	-	-	-	-	-	-	227
Total revenue	**725**	**168**	**294**	**243**	**241**	**406**	**46**	**89**	**69**	**58**	**-**	**(506)**	**1,833**

E. Additional notes to the condensed consolidated interim financial statements

E.1. Revenue

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

Revenue from the telecommunication business comprises the following:

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

	2024	2023
Mobile originated revenue	1,120	1,045
Fixed originated revenue	309	275
Hardware sales revenue	231	228
Interconnect revenue	58	80
International transit revenue	85	99
Other wholesale revenue	106	99
Other sales	9	7
Revenue from telecommunication business	**1,918**	**1,833**
out of which:		
Services/products transferred over time	1,686	1,606
Services/products transferred at a point in time	232	227

Hardware sales revenue include interest revenue arising from Group's ordinary transactions with a significant financing component. For the period ended 30 June 2024, interest income amounts to EUR 3 million (30 June 2023: EUR 1 million).

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

E.1.2. Revenue from telco business – geographical markets

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

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

	2024	2023
Services/products transferred over time	1,686	1,606
Czech Republic	758	733
Hungary	273	245
Serbia	216	188
Bulgaria	198	186
Slovakia	138	136
Germany	12	15
Other	91	103
Services/products transferred at a point in time	232	227
Czech Republic	46	49
Hungary	46	48
Bulgaria	56	52
Serbia	50	46
Slovakia	34	32

E.2. Personnel expenses and other operating expenses

Operating expenses comprise the following:

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

	2024	2023
Employee compensation	170	151
Payroll related taxes (including pension contributions)	55	48
Total personnel expenses	**225**	**199**
Cost of telco and other devices sold (inventories)	220	218
Interconnection and roaming	72	89
Transit cost of sales	86	100
Other cost of sales	131	116
Utilities	56	62
Network&IT maintenance	46	45
Advertising and marketing	32	28
Commissions	19	18
Rentals, buildings and vehicles	16	12
Professional services	14	11
Net impairment losses on trade and other receivables	10	8
Taxes other than income tax	9	9
Telecommunication and postage	6	5
Other	56	48
Total other operating expenses	**773**	**769**

E.3. Depreciation and amortisation

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

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

	2024	2023
Depreciation of property, plant and equipment	169	156
Amortisation of intangible assets	171	161
Total depreciation and amortisation	**340**	**317**

E.4. Other finance costs

Other finance costs comprise the following:

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

	2024	2023
Net loss on financial derivatives and other FVTPL assets	9	9
Fee and commission expense	1	1
Total finance costs	**10**	**10**

E.5. Income taxes

Income tax expense comprises the following:

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

	2024	2023
Current tax expense	(92)	(89)
Deferred tax benefit	21	16
Total income tax expense	**(71)**	**(73)**

Income tax is computed and recognised by entities generating substantial accounting profit for the interim period, via application of statutory income tax rate on pre-tax income adjusted by, if significant, non-taxable revenues and costs. The Group's consolidated effective tax rate for the six months ended 30 June 2024 was 20% (30 June 2023: 17%).

E.5.1. Global minimum tax (Pillar Two)

The Group became subject to the global minimum tax under Pillar Two legislation (top-up tax) from 1 January 2024. Related legislation has already been enacted or substantively enacted in some of the jurisdictions in which the Group operates, while it is only in the process of development in other jurisdictions. Potential liability from Pillar Two rules is further influenced by the dynamic nature of Group's portfolio (with reference especially to the active transactions described in B section of these condensed consolidated interim financial statements).

The Group acknowledged these complexities and ongoing changes in the global tax environment as well as possible changes in the Group's structure during the preparation of its thorough analyses. As a result, the Group assessed that the impact of the Pillar Two legislation is immaterial for the six months ended 30 June 2024, thus no income tax expense related to top-up tax was recognised in its condensed consolidated interim financial statements as at 30 June 2024.

The Group continued to apply the temporary mandatory relief from deferred tax accounting for the future impacts of the top-up tax and no deferred tax impact was recognised for the six months ended 30 June 2024.

E.6. Property, plant and equipment

Property, plant and equipment comprise the following:

In millions of EUR

30 June 2024	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	441	2,179	1,879	295	290	5,084
Accumulated depreciation and impairment	(171)	(816)	(1,028)	(156)	(8)	(2,179)
Carrying amount as at 30 June 2024	**270**	**1,363**	**851**	**139**	**282**	**2,905**

In millions of EUR

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	433	2,183	1,826	283	243	4,968
Accumulated depreciation and impairment	(166)	(782)	(964)	(148)	(8)	(2,068)
Carrying amount as at 31 December 2023	**267**	**1,401**	**862**	**135**	**235**	**2,900**

E.7. Goodwill and other intangible assets

E.7.1. Goodwill

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	30 June 2024	31 December 2023
O2 CZ	538	543
O2 Slovakia	24	24
CETIN Networks	16	16
Yettel Hungary	176	182
Yettel Bulgaria	118	118
Yettel Serbia	184	184
CETIN CZ	174	173
CETIN Hungary	172	177
CETIN Bulgaria	104	104
CETIN Serbia	189	189
Total goodwill*	**1,695**	**1,710**

*The changes in values of goodwill are affected mainly by changes in the translation FX rates.

E.7.2. Other intangible assets

Other intangible assets comprise the following:

In millions of EUR

30 June 2024	Software	Licences	Valuable rights	Customer relation-ships	Other intangible assets	Work in progress	Total
Cost	843	1,122	241	1,264	131	133	3,734
Accumulated amortisation and impairment losses	(600)	(541)	(182)	(854)	(75)	(1)	(2,253)
Carrying amount as at 30 June 2024	**243**	**581**	**59**	**410**	**56**	**132**	**1,481**

In millions of EUR

31 December 2023	Software	Licences	Valuable rights	Customer relation-ships	Other intangible assets	Work in progress	Total
Cost	813	1,100	244	1,330	129	93	3,709
Accumulated amortisation and impairment losses	(556)	(497)	(181)	(863)	(67)	-	(2,164)
Carrying amount as at 31 December 2023	**257**	**603**	**63**	**467**	**62**	**93**	**1,545**

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

Financial assets comprise the following:

In millions of EUR

	30 June 2024	31 December 2023
Trade and other receivables	70	70
Contract assets	27	25
Financial assets at FVOCI*	2	3
Financial assets at FVTPL*	-	8
Non-current	**99**	**106**
Trade and other receivables	501	518
Financial assets at FVTPL*	126	71
Contract assets	73	67
Receivables due from banks*	2	2
Current	**702**	**658**
Total financial assets	**801**	**764**

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

E.8.1. Trade and other receivables

Trade and other receivables comprise the following:

In millions of EUR

	30 June 2024	31 December 2023
Trade receivables	74	74
Subtotal (gross) - non-current	**74**	**74**
Individual allowances for impairment on trade and other receivables	(4)	(4)
Subtotal (net) - non-current	**70**	**70**
Trade receivables	562	590
Accrued income	48	41
Subtotal (gross) - current	**610**	**631**
Individual allowances for impairment on trade and other receivables	(109)	(113)
Subtotal (net) - current	**501**	**518**
Total trade and other receivables	**571**	**588**

E.8.2. Financial assets at FVTPL

Financial assets at FVTPL comprise the following:

In millions of EUR

	30 June 2024	31 December 2023
Hedging derivatives	-	7
Trading derivatives	-	1
Non-current	**-**	**8**
Instalment receivables at FVTPL	121	70
Hedging derivatives	4	-
Trading derivatives	1	1
Current	**126**	**71**
Total financial assets at FVTPL	**126**	**79**

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

The outstanding balance of all issued tranches of the above participation certificates issued by the Group as of 30 June 2024 is EUR 64 million (31 December 2023: EUR 121 million).

As 30 June 2024 and 31 December 2013, 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 instalment receivables at FVTPL in the table above.

E.8.3. Contract assets and liabilities

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

In millions of EUR

	30 June 2024	31 December 2023
Receivables, which are included in "trade and other receivables"	**571**	**575**
Contract assets	**100**	**92**
Non-current part	27	25
Current part	73	67
Contract liabilities	**(107)**	**(108)**
Non-current part	(53)	(56)
Current part	(54)	(52)

As at 30 June 2024, the ECL allowance for contracts assets amounted to EUR 6 million (31 December 2023: EUR 6 million).

E.9. Inventories and other assets

Inventories and other assets comprise the following:

In millions of EUR

	30 June 2024	31 December 2023
Deferred expenses and advances paid	43	48
Specific deposits and other specific receivables	2	2
Other assets	1	1
Non-current	**46**	**51**
Inventories	99	90
Deferred expenses and advances paid	66	53
Other tax receivables	8	7
Other assets	11	11
Current	**184**	**161**
Total inventories and other assets	**230**	**212**

E.10. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	30 June 2024	31 December 2023
Current accounts	755	640
Cash on hand	1	2
Total cash and cash equivalents	**756**	**642**

E.11. Liabilities due to banks

Liabilities due to banks comprise the following:

In millions of EUR

	30 June 2024	31 December 2023
Unsecured loans (non-current)	1,746	2,182
Unsecured loans (current)	441	22
Total liabilities due to banks	**2,187**	**2,204**

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 loans. In December 2023, the Parent Company utilised EUR 197 million out of the 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).

The outstanding principal amounts of the loans as at 30 June 2024 were EUR 511 million (2023: EUR 511 million) for the term loan and EUR 444 million for the incremental term loan (2023: EUR 444 million), and EUR 197 million for the revolving facility (31 December 2023: EUR 197 million). The actual amount of outstanding loan liabilities stated in the table above is lower by unamortised fees and other transaction costs directly attributable to the origination of the loan facilities. These fees were capitalised and are amortised to finance costs using the effective interest rate method. These loan facilities are unsecured.

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. The outstanding principal amount of term loan facilities as at 30 June 2024 was EUR 850 million in aggregate (31 December 2023: EUR 850 million). As at 30 June 2024 and 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 30 June 2024 and 31 December 2023, the Group complied with the financial covenants imposed by its loan facilities.

Parameters of EUR-denominated loan facilities borrowed by CETIN Group N.V. and outstanding as at 30 June 2024:

	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 30 June 2024:

	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 5-year maturity (until 2025) and a credit limit of CZK 9,240 million (approx. EUR 346 million) by which it refinanced the previously maturing loan (no cash movement related to this refinancing). The facility bears an interest rate derived from PRIBOR + 0.6%, where based on the agreement the reference interest rate cannot decrease below zero (zero-floor). As at 30 June 2024, the Group utilised CZK 4,690 million (approx. EUR 187 million) out of its credit limit (31 December 2023: CZK 4,690 million (approx. EUR 190 million)).

E.12. Debt securities issued

Debt securities (all unsecured) issued comprise the following:

In millions of EUR

	Date of issue	Maturity	Fixed rate	30 June 2024	31 December 2023
Bond (EUR 600 million)*	2019/2020	2025	2.13%	605	611
Bond (EUR 550 million)	2019	2026	3.13%	553	561
Bond (EUR 500 million)	2020	2027	3.25%	509	500
Bond (EUR 500 million)	2022	2027	3.13%	500	508
Total debt securities issued				**2,167**	**2,180**

*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).

E.13. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2024	31 December 2023
Accrued expenses	51	54
Settlements with suppliers	20	21
Deferred income and prepayments	5	5
Defined benefit obligation	4	4
Other liabilities	7	6
Non-current	**87**	**90**
Settlements with suppliers	486	546
Accrued expense	115	109
Wages and salaries	66	60
Other tax payable	39	45
Social security and health insurance	17	18
Advances received	8	8
Deferred income and prepayments	4	3
Other liabilities	26	26
Current	**761**	**815**
Total trade and other payables	**848**	**905**

E.14. Provisions

Provisions comprises the following:

In millions of EUR

	30 June 2024	31 December 2023
Fixed asset retirement obligation	58	62
Provision for litigations except for tax issues	2	1
Other provisions	3	3
Provision for restructuring	-	1
Non-current	**63**	**67**
Provision for litigations except for tax issues	4	4
Provision for restructuring	1	1
Fixed asset retirement obligation	1	1
Other provisions	23	23
Current	**29**	**29**
Total provisions	**92**	**96**

E.15. Issued capital, share premium and dividends

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

The following table provides details of authorised and issued shares:

	30 June 2024	31 December 2023
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 30 June 2024, the share premium amounts to EUR 1,575 million (31 December 2023: EUR 1,575 million). The share premium is freely distributable.

During the six months ended 30 June 2024, the Parent Company did not pay any dividends (30 June 2023: EUR 227 million).

E.16. Other reserves

E.16.1. Retained earnings

Retained earnings include legal and statutory reserves representing reserves, the creation and use of which is limited by legislation and the articles of association of each company within the Group and that are not available for distribution to shareholders. As at 30 June 2024 and 31 December 2023, these non-distributable reserves to shareholders totalled EUR 7 million.

E.16.2. Hedging reserve

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

E.16.3. Currency translation reserve

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

E.16.4. Reserve for puttable instruments

The reserve for puttable instruments represents the equity impact of a conditional commitment to acquire the 30% NCI‘s share in CETIN Group N.V. from March 2022, when the Group sold its 30% share in CETIN Group N.V. to GIC Private Limited („GIC“). With this sale, 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, the Group's conditional commitment to acquire NCI's share was recognised in the consolidated financial statements as at 30 June 2024 and 31 December 2023 as a financial liability at net present value with the net present value remeasurements directly through equity attributable to the owners of the Parent.

As at 30 June 2024, the net present value of the conditional commitment to acquire NCI's share totalling EUR 932 million (as at 31 December 2023: EUR 983 million) was derived from the fair value of the 30% share in CETIN Group N.V. determined by independent valuation experts using a multicriteria approach aligned with general professional valuation practices comprising the discounted-cash-flows method and market multiples of comparable companies. For the six months ended 30 June 2024, a remeasurement gain of EUR 51 million from the decrease in 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 (six months ended 30 June 2023: a remeasurement gain of EUR 13 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 with equity impact recognition is required.

E.17. Non-controlling interests

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

In millions of EUR

30 June 2024	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	4,012	767	506	
Total liabilities	(2,921)	(287)	(149)	
Net assets	**1,091**	**480**	**357**	
Net assets attributable to NCI of the subgroup	(89)	-	-	
Net assets attributable to owners of the Parent	1,002	480	357	
Carrying amount of NCI	**301**	**120**	**89**	**510**
NCI effective percentage during the period	**30.00%**	**25.00%**	**47.50%**	
Revenue	649	320	93	
Profit	115	15	36	
Other comprehensive expense	(24)	(15)	(11)	
Total comprehensive income	91	-	25	
Profit allocated to NCI	32	4	9	**45**
OCI allocated to NCI	(6)	(4)	(3)	**(13)**
Dividends paid to NCI	**12**	**-**	**5**	**17**

*TMT Hungary Infra is part of Cetin Group subgroup.

In millions of EUR

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**

30 June 2023	CETIN Group	TMT Hungary	TMT Hungary Infra*	Total
NCI effective percentage during the period	**30.00%**	**25.00%**	**47.50%**	
Revenue	616	294	89	
Profit	130	1	30	
Other comprehensive income	38	39	23	
Total comprehensive income	168	40	53	
Profit allocated to NCI	38	-	7	**45**
OCI allocated to NCI	9	10	6	**25**
Dividends paid to NCI	**23**	**-**	**3**	**26**

*TMT Hungary Infra is part of Cetin Group subgroup.

E.18. Off-balance sheet items

E.18.1. Commitments

In millions of EUR

	30 June 2024	31 December 2023
Capital expenditure commitments – PPE	198	227
Capital expenditure commitments – intangible assets	132	143
Guarantees provided	12	10
Total commitments and contingent liabilities	**342**	**380**

E.18.2. Off-balance sheet assets

In millions of EUR

	30 June 2024	31 December 2023
Loan commitments accepted	753	768
Guarantees accepted	24	9
Other	8	16
Total commitments and contingent assets	**785**	**793**

E.18.3. Litigations

The following legal case related to the Group is significant from the Group's perspective:

Dispute with VOLNÝ, a.s. ("VOLNÝ"), in which, in September 2020, the High Court in Prague delivered a confirmatory judgment, which came into legal force on 26 November 2020. The High Court awarded O2 CZ the full reimbursement of the costs of the proceedings. VOLNÝ filed an extraordinary appeal to the Supreme Court. In July 2022, the Supreme Court annulled the previous decisions for procedural reasons and returned the case for further proceedings. 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 while no significant actions took place either by the end of 2023 or during the six months ended 30 June 2024.

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

E.19. Related parties

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

E.19.1. 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

	30 June 2024	31 December 2023
Cash and cash equivalents	500	455
Intangible assets	11	20
Receivables due from banks (gross amounts)	5	5
Receivables due from banks (loss allowance)	*(3)*	*(3)*
Trade and other receivables	5	6
Positive fair values of derivatives	1	2
Right-of-use assets (IFRS 16)	1	1
Trade and other payables	(33)	(38)
Debt securities issued	(3)	(4)
Lease liabilities (IFRS 16)	(1)	(1)

During the six-month ended 30 June 2024, the Group had the following significant transactions with the fellow subsidiaries:

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

	2024	2023
Revenue	10	7
Other operating expenses	(29)	(18)
Depreciation and amortisation	(6)	(3)
Interest income	6	4

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

F. Material accounting policies

F.1. Material accounting policies

The Group applies the same accounting policies in these condensed consolidated interim financial statements as were applied in the most recent annual consolidated financial statements for the year ended 31 December 2023, except for the changes described below.

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 had no material impact on the Group's 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 had no material impact on the Group's consolidated financial statements.

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 had no material impact on the Group's consolidated financial statements.

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

A number of new standards, amendments to standards, and interpretations were not yet effective as of 30 June 2024 and have not been applied in the preparation of these condensed consolidated interim financial statements. Of these pronouncements, the following will have a potential impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective.

Amendments to IAS 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.

Amendments to the Classification and Measurement of Financial Instruments to IFRS 9 and IFRS 7 (expected effectiveness from 1 January 2026)

The amendments to IFRS 9 and IFRS 7 clarify the accounting treatment of financial assets with environmental, social, or governance (ESG) features and modify the criteria for derecognition and modification of financial liabilities. They also provide additional guidance on disclosures of selected financial instruments to improve transparency in financial reporting.

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.

IFRS 18 Presentation and Disclosure in Financial Statements (expected effectiveness from 1 January 2027)

IFRS 18 will introduce comprehensive guidelines for how entities should present and disclose financial information. It aims to improve the clarity, consistency, and comparability of financial statements by standardizing the format and content of financial disclosures. This standard will require entities to provide more detailed and transparent information about their financial position, performance, and cash flows, enhancing the overall quality of financial reporting.

IFRS 18 has not been adopted by EU yet. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of this new IFRS-AS standard.

IFRS 19 Subsidiaries without Public Accountability: Disclosures (expected effectiveness from 1 January 2027)

IFRS 19 is designed to simplify the disclosure requirements for subsidiaries that do not have public accountability. The standard allows these subsidiaries to provide reduced disclosures in their financial statements while still complying with IFRS-AS recognition and measurement principles. The goal is to reduce the reporting burden for smaller entities while maintaining transparency and usefulness of financial information for stakeholders.

IFRS 19 has not been adopted by EU yet. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of this new IFRS-AS standard.

G. Subsequent events

G.1. Interim dividend

In July 2024, the Parent Company declared and fully paid out the interim dividend of EUR 212 million.

G.2. On-site inspection by local competition authority

The local competition authority carried out an unannounced on-site inspection at one of the Group's subsidiaries. The preliminary investigation, the purpose of which is to assess whether there are grounds to open formal proceedings, is still ongoing. Formal proceedings have not yet been initiated. Relevant subsidiary is of the opinion that there are no grounds for opening of the formal proceedings and that form of the inspection was inappropriate and thus formal objection has been filed.

G.3. Discontinuation of BSS project implementation

In September 2024, the management of subsidiary in Bulgaria and subsequently in Hungary decided to discontinue an implementation project of a business support systems (BSS) in those countries. Despite significant management effort to deliver the project, implementation milestone for the first phase failed. The Group is currently assessing a potential impairment of the cost capitalised in relation to this implementation. As at 30 June 2024, the carrying amount of this work-in-progress intangible asset presented in the Group's condensed consolidated interim statement of financial position totalled EUR 44 million.

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

23 September 2024

The board of directors:

Jan Cornelis Jansen
Member of the board of directors

Lubomír Král
Member of the board of directors

Marcel Marinus van Santen
Member of the board of directors