

**CETIN a.s.**

Consolidated Half-Yearly Report 2023

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Note:

CETIN a.s. is also hereinafter referred to as “**CETIN**” or the “**Company**”. CETIN and its hereinafter specified subsidiaries are hereinafter also referred to as the “**CETIN Group**” or “**Group**”.

# Business overview

## Factors affecting business activities and results in the first half of 2023

### Telecommunications market in the Czech Republic

In the first half of 2023, previous long-term projects continued. CETIN carried on with the complete upgrade (5G) of the mobile network operated for O2 Czech Republic a.s., which was half complete by mid year, and with the building of fibre optic FTTH access networks. T-Mobile Czech Republic a.s. and Vodafone Czech Republic a.s. announced the start of services on mutually accessed fixed networks. The trend of market consolidation in the electronic communications market continues.

### The development of regulation and associated legislation

The Czech Telecommunications Office (“CTO”) completed the fifth round of market reviews. The reviews of market 1 (wholesale local access provided at a fixed location) and market 3b (wholesale central access in a fixed location for mass market services) have been successfully notified to the European Commission and published as general measures. The reviews partially and fully deregulate the mentioned markets, respectively. The CTO had earlier found the market A/2/07.2022-13 – dedicated wholesale capacity fully competitive and also deregulated CETIN in the market A/1/04.2020-3 – call termination in public telephone networks in fixed location.

CETIN complies with effective regulatory obligations imposed on it as a result of adopted analyses and measures. These include the obligation to provide access in the relevant markets for central bitstream and local access to network at a fixed location under the terms and conditions set by the remedy decisions.

In the first half of the year, the amendment to Act No. 283/2021 Coll. Building Act, which replaces the original standard with effect from 1 July 2023. The ambition of the new law and the amendment is to simplify building permits. There are partial positive changes for the construction of electronic communication networks.

### State policy and support of high-speed Internet access

A decision by the Council and the EP on the Digital Decade Policy Programme entered into effect in January 2023. The DDPP sets out goals for the EU in the digital area to meet by 2030. These include goals in the availability of communications infrastructure: 1) gigabit network at a fixed location for all end users in the Union and 2) coverage of all populated areas by high speed mobile networks in 5G standard minimum. Member states will be tasked to prepare implementation plans to meet these goals in the following months.

The Ministry of Trade and Industry opened new calls for projects for Digital high capacity networks from the component no. 1.3 of the National Recovery Plan designed for electronic communications providers with the purpose to increase 5G coverage of railway corridors and to support the roll-out of 5G mobile infrastructure in remote rural areas. CETIN has submitted several projects in both calls.

## Business activities of the Company

CETIN Group is formed by CETIN a.s. and its subsidiaries CETIN Finance B.V. and CETIN služby s.r.o. In addition to its subsidiaries, the Company has registered permanent establishments also in Austria, Germany, Hungary and Slovakia. In the first half of 2023, the decisive part of the Company's services was provided through communication networks and related assets in the Czech Republic. The permanent establishments in Germany and Austria have allowed the Company to operate access points abroad to provide international transit services to foreign operators. The permanent establishments in Hungary and Slovakia have allowed the Company to place equipment for the provision of IPTV services. The subsidiary CETIN Finance B.V. based in the Netherlands was used to issue bonds and provide financing for the Company. The subsidiary CETIN služby s.r.o. did not generate any business activity in the first half of 2023.

The Company only provides wholesale telecommunication infrastructure services to other telecommunication operators. The Company does not provide services directly to end users.

The Company divides its business activities into two segments – provision of national network services and international transit services. These two segments operate in different 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/FTTB, 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. This type of service is characterised by considerable revenues with a very low margin, although only minimum operating and capital costs are required.

A significant source of the Company's revenues and profits in the first half of 2023 were three major contracts with O2 Czech Republic a.s.: a contract on the provision of mobile network services, a contract on access to the public fixed-line telecommunication network, and a contract on the provision of data centre services. The contract on the provision of mobile network services and the contract on the provision of data centre services represent a long-term obligation on the part of O2 Czech Republic a.s. to use the Company's services, and the Company's commitment to the agreed service levels and their improvement.

The successful development of these business relationships and thus the provision of wholesale electronic communications services to all major retail telecommunications operators in the Czech Republic confirm the Company's position as a successful independent wholesale operator.

## Commented financial results

This section provides comments on the financial results of CETIN Group in the first half of 2023. For detailed information, see the Interim Consolidated Financial Statements for the financial period ended on 30 June 2023 in the following section of this Half-yearly Report.

### Revenues, costs and profit

The total revenues of the CETIN Group amounted to CZK 9.7 billion in the first half of 2023. Total operating costs reported by CETIN Group were CZK 4.8 billion, with the major part represented by cost of sales in the international transit segment. CETIN Group reported a total of CZK 0.8 billion of payroll costs. Other significant cost items were the property maintenance expenses and operation and network operating and maintenance expenses.

The operating profit before impairment loss, interest, tax, depreciation and amortization (EBITDA) amounted to CZK 4.9 billion in the first half of 2023, with the predominant part of the profit coming from the national network services segment. CETIN Group's profit after tax amounted to CZK 1.5 billion in the first half of 2023.

EBITDA for the first half of 2023 adjusted for the IFRS 16 impact amounted to CZK 4.4 billion.

### Fixed tangible assets

Reduced by depreciation and other adjustments during the year, the net value of land, buildings and equipment required for the operations of the Company was CZK 47.9 billion as of 30 June 2023.

### Cash and debt

In 2016, CETIN's subsidiary CETIN Finance B.V. issued Eurobonds in the total amount of CZK 7.9 billion and EUR 625 million, with maturities of 1 year (CZK 3 billion), 5 years (EUR 625 million), and 7 years (CZK 4.9 billion). On 6 December 2021, the tranche of Eurobonds, amounting to EUR 625 million, was redeemed. As of 30 June 2023, the outstanding tranche of Eurobonds amounts to CZK 4.9 billion. The bonds are admitted for trading on the Euronex Dublin. Should CETIN Finance B.V. default on the bond related liabilities, CETIN will be obliged to meet the liabilities as a guarantor.

As of 30 June 2023, the Company had an intra-group loan of EUR 625 million provided by CETIN Group B.V. This loan was drawn down on 3 December 2021 and was used to refinance the above-mentioned tranche of Eurobonds in the amount of EUR 625 million.

For detailed information on bonds, see Note 16 of the Notes to the Financial Statements included herein.

### Profit distribution and other payments to shareholders

The General Meeting, held on 6 March 2023, approved the statutory financial statements for year ended 31 December 2022 and approved the distribution of profit for the year 2022 in the total amount of CZK 2,875 million. The distribution of dividends was approved in the total amount of CZK 850 million. The first instalment in the amount of CZK 383 million was paid on 31 March 2023, the remaining part of the dividend in the amount of CZK 467 million will be paid in maximum of two installments and no later than on 31 December 2023.

Contribution to the social fund was approved in the amount of CZK 3 million.

The remaining part of the profit for the year 2022 in the amount of CZK 2,022 million was approved to be transferred to the account of retained earnings of previous years.

## Capital expenditure

In the first half of 2023, CETIN Group acquired fixed assets in the amount of CZK 2.9 billion. These investments were mainly channelled into the development of the telecommunication infrastructure. The main investment projects included the continued modernisation of the fixed-line network with FTTC, FTTH and FTTB technology, strengthening the capacity of mobile networks and increasing its density and replacing older technologies with current ones.

## Cash flows

The CETIN Group's operating cash flow amounted to CZK 4.8 billion in the first half of 2023. After working capital changes and income tax paid, the net cash flows from operating activities amounted to CZK 4.2 billion. Net cash flows used in investment activities amounted to CZK 2.9 billion, mainly comprising investments in network infrastructure development.

The cash flows used in financing activities principally consisted of dividend payment of CZK 0.38 billion, expenses related to interest and lease payments of CZK 0.5 billion and payments of interests from the intra-group loan of CZK 0.3 billion.

In total, the net cash position has thus increased by CZK 0.2 billion in the first half of 2023. The cash flows from the CETIN Group's operating activities were mainly used for investment in the telecommunications infrastructure development (CZK 2.9 billion) and for payments to shareholders (CZK 0.68 billion).

## Information about own shares

The Company did not acquire its own shares in the first half of 2023.

## Outlook for the forthcoming period

In the period ahead, the Company will continue to focus on modernising and developing its telecommunications infrastructure and improving the efficiency of its operations. In the business area, the Company will maintain and improve the satisfaction of its existing customers with the services it provides, while actively seeking to attract new customers in both business segments. The Company expects to continue to maintain its position in the Czech telecommunications market through the best and largest networks, attractive products (mainly FTTH) and services with favourable prices, and neutrality towards all operators in the market. In the international voice transit segment, the Company uses its access points abroad and develops cooperation with both existing and new business partners from all over the world.

Investments in the modernisation of fixed networks will be further directed in the coming years towards the construction of FTTH (fibre to the home) networks, which will enable the Company to improve its competitive position with the ability to offer stable high-speed internet to the home with a speed of 2 Gbps. The construction of a fibre optic infrastructure for business customers will also continue. The Company will continue with its complete modernisation of the technologies used in its mobile network, including 5G technology implementation.

In its operations, the Company will continue to focus on improving the efficiency of its operating model, increasing flexibility in delivering services to customers and enhancing customer satisfaction.

In its financial performance, the Company expects modest revenue growth in mobile services and fixed internet services, which will offset the expected continued decline in interest in fixed voice services in a part of the domestic market. In the international voice transit market, the Company will offset continued competitive pressure on margins in the medium term by penetrating new regions and by using a new business model of cooperation with international operators. Continued increases in capital expenditures for the development and modernisation of the telecommunications infrastructure will not significantly impact the Company's ability to generate stable free cash flow in future periods.

CETIN and investment group KAPRAIN have entered into agreement on purchase of Czech internet provider Nej.cz s.r.o. on 20 April 2023. Should the Office for the protection of competition (*in Czech Úřad pro ochranu hospodářské soutěže*) approve the transaction, CETIN would acquire to its portfolio primarily high speed optical infrastructure which is available to half million households in several regions of the Czech Republic.

## Statement by the persons responsible for the half-yearly report

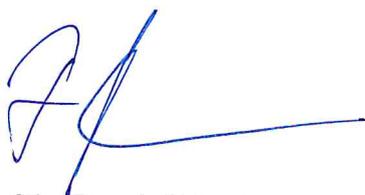
Juraj Šedivý, chairman of the Board of Directors of CETIN a.s.

and

Filip Cába, vice-chairman of the Board of Directors of CETIN a.s.

hereby state that, to the best of their knowledge, the consolidated half-yearly report gives a true and fair view of the financial situation, business and the results of the Company and the undertakings included in the consolidation as a whole for the past accounting period, and of the outlook on the future development of the financial situation, business and results.

Filip Cába



Vice-Chairman of the Board of Directors

Martin Škop



Member of the Board of Directors

Appendix:

Interim consolidated financial statements

**CETIN a.s.**

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 30 JUNE 2023**

**PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL  
REPORTING STANDARD IAS 34 INTERIM FINANCIAL REPORTING**

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## CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

In CZK million	Note	For the period ended	
		30 June 2023	30 June 2022
Revenues	5	9,680	9,174
Expenses		<u>(4,822)</u>	<u>(4,724)</u>
<b>Earnings before impairment loss, interest, tax, depreciation and amortization (EBITDA)</b>		<b>4,858</b>	<b>4,450</b>
Depreciation and amortisation (incl. depreciation of right of use assets)		(2,770)	(2,703)
Impairment loss		<u>(21)</u>	<u>(23)</u>
<b>Operating profit (EBIT)</b>		<b>2,067</b>	<b>1,724</b>
Finance income		267	156
Finance costs		<u>(461)</u>	<u>(379)</u>
Profit before tax		1,873	1,501
Corporate income tax	6	<u>(376)</u>	<u>(315)</u>
<b>Profit for the period</b>		<b>1,497</b>	<b>1,186</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
		-	-
<b>Other comprehensive income, net of tax</b>		<u>-</u>	<u>-</u>
<b>Total comprehensive income, net of tax</b>		<b>1,497</b>	<b>1,186</b>
Profit attributable to:			
Equity holders of the Company		1,497	1,186
Total comprehensive income attributable to:			
Equity holders of the Company		1,497	1,186

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In CZK million	Note	As at	
		30 June 2023	31 December 2022
<b>ASSETS</b>			
Property, plant and equipment	8	47,868	47,945
Intangible assets	9	2,571	2,630
Right of use assets	10	4,894	4,649
Other assets	13	427	475
<b>Non-current assets</b>		<b>55,760</b>	<b>55,699</b>
Inventories	11	104	105
Trade and other receivables	12	2,827	2,907
Advance payments and other assets	13	832	759
Cash and cash equivalents	14	636	456
<b>Current assets</b>		<b>4,399</b>	<b>4,227</b>
<b>Non-current assets held for sale</b>		<b>7</b>	<b>18</b>
<b>Total assets</b>		<b>60,166</b>	<b>59,944</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		3,102	3,102
Other funds		14,620	14,620
Retained earnings		4,244	3,601
<b>Total equity</b>		<b>21,966</b>	<b>21,323</b>
Long-term financial debts	16	14,831	15,071
Deferred tax liability		5,624	5,751
Non-current provisions for liabilities and charges	17	159	136
Lease liability	19	4,201	4,051
Non-current other liabilities	15	1,333	1,437
<b>Non-current liabilities</b>		<b>26,148</b>	<b>26,446</b>
Short-term financial debts	16	4,949	4,904
Trade and other payables	15	5,900	6,254
Lease liability	19	869	816
Income tax liability		237	139
Provisions for liabilities and charges	17	97	62
<b>Current liabilities</b>		<b>12,052</b>	<b>12,175</b>
<b>Total liabilities</b>		<b>38,200</b>	<b>38,621</b>
<b>Total equity and liabilities</b>		<b>60,166</b>	<b>59,944</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2023

In CZK million	Note	Share capital	Other capital funds	Retained earnings	Total
<b>As of 1 January 2023</b>		<b>3,102</b>	<b>14,620</b>	<b>3,601</b>	<b>21,323</b>
Profit for the period		-	-	1,497	1,497
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>1,497</b>	<b>1,497</b>
Dividends declared	7	-	-	(467)	(467)
Dividends paid	7	-	-	(383)	(383)
Other distribution and changes	7	-	-	(4)	(4)
<b>As of 30 June 2023</b>		<b>3,102</b>	<b>14,620</b>	<b>4,244</b>	<b>21,966</b>

For the period ended 30 June 2022

In CZK million	Note	Share capital	Other capital funds	Retained earnings	Total
<b>As of 1 January 2022</b>		<b>3,102</b>	<b>14,620</b>	<b>2,600</b>	<b>20,322</b>
Profit for the period		-	-	1,186	1,186
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>1,186</b>	<b>1,186</b>
Dividends declared	7	-	-	(887)	(887)
Dividends paid	7	-	-	(963)	(963)
Other distribution and changes	7	-	-	(4)	(4)
<b>As of 30 June 2022</b>		<b>3,102</b>	<b>14,620</b>	<b>1,932</b>	<b>19,654</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

In CZK million	Note	For the period ended	
		30 June 2023	30 June 2022
Profit for the year		1,497	1,186
Non-cash adjustments for:			
Depreciation and amortisation (incl. depreciation of right of use assets)		2,770	2,703
Impairment loss		21	23
Profit on sale of property, plant and equipment		(25)	(20)
Net finance revenues		449	305
Foreign exchange losses/gains (net)		(255)	(82)
Bad debts		(19)	6
Tax expense		376	315
<b>Operating cash flow before working capital changes</b>		<b>4,814</b>	<b>4,436</b>
<b>Working capital adjustments:</b>			
Change in trade and other receivables		55	155
Change in inventories		1	(11)
Change in trade and other payables		(285)	(201)
Change in provisions		34	34
<b>Cash flows from operating activities</b>		<b>4,619</b>	<b>4,413</b>
Interest received		12	7
Income tax paid		(403)	(314)
<b>Net cash flow from operating activities</b>		<b>4,228</b>	<b>4,106</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment and intangibles		(2,882)	(2,735)
Proceeds from sales of property, plant and equipment and intangible assets		19	20
<b>Net cash used in investing activities</b>		<b>(2,863)</b>	<b>(2,715)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(291)	(119)
Interest paid from lease liability	19	(96)	(86)
Net proceeds from settlement of FX derivatives		-	(77)
Cash collateral placed due to derivatives transactions	12	-	88
Dividends paid	7	(383)	(963)
Lease payments	19	(419)	(383)
<b>Net cash used in financing activities</b>		<b>(1,189)</b>	<b>(1,540)</b>
<b>Net increase in cash and cash equivalents</b>	14	<b>176</b>	<b>(149)</b>
Cash and cash equivalents at beginning of year		456	740
Effect of foreign exchange rate movements on cash and cash equivalents		4	2
<b>Cash and cash equivalents at the period end</b>	14	<b>636</b>	<b>593</b>

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## NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

CETIN a.s. Group (Group) consists of CETIN a.s. (Company) and its subsidiaries: CETIN Finance B.V. and CETIN služby s.r.o.

The Company has the form of a joint stock company and is incorporated and domiciled in the Czech Republic. The address of its registered office is Českomoravská 2510/19, Praha 9, 190 00, Czech Republic.

The sole shareholder of the Company as of 30 June 2023 is CETIN Group N.V. (part of the PPF Group).

The Company is the leading telecommunications provider in the Czech market providing fully integrated services. It is understood as the access, aggregation, and backbone infrastructure, mediating the access of customers of other operators to their fixed and mobile voice, data, and video services.

The interim consolidated financial statements are not audited.

## 2. BASIS OF PREPARATION

These interim consolidated financial statements have been prepared in accordance with IAS 34.

Interim Financial Reporting do not include all the information required for a complete set of the annual IFRS financial statements and should be read in conjunction with the Group's last annual consolidated financial statements for the year ended 31 December 2022. They. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The amounts shown in the consolidated financial statements are presented in millions Czech crowns (mill. CZK), if not stated otherwise.

### **Use of estimates, assumptions, and judgements**

The Group makes forward-looking estimates and assumptions. The resulting accounting estimates might be, by definition, different from the related actual results.

Significant estimates and judgements made by the Group in accordance with application of Group's accounting policies are consistent with estimates and assumptions used for the annual consolidated financial statements for the year ended 31 December 2022.

### **Seasonality**

There is no seasonality in telecommunication segment. The Group's telecommunication business is not considered seasonal.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the interim consolidated financial statements are consistent with all principles used for the annual financial statements for the year ended 31 December 2022.

The adoption of new and revised standards effective for the accounting period from 1 January 2023 did not have a significant impact on these interim consolidated financial statements.

The accounting policy for reporting income tax during the accounting period is described in Note 6.

#### **New IFRS not effective as of 30 June 2023 (includes standards applicable to the Group)**

<b>Standards and amendments</b>		<b>Effectiveness*</b>
IFRS 10 and IAS 28 (amendment)	Sales or contributions of assets between an investor and its associate/joint venture	postponed indefinitely

\* effective for the period commencing from the stated date

The Group is currently assessing the impact of the application of these standards and amendments. Based on the analyses made to date, the Group estimates that adoption of these standards and amendments will not have a significant impact on the financial statements in the initial period of application.

#### 4. SEGMENT INFORMATION

The Group recognises two main operating segments:

- Domestic services – provision of wholesale telecommunication services (mobile, fixed and data services) to other Czech telco operators, utilising the Group's network infrastructure in the Czech Republic; this is the core business of the Group.
- International transit – routing and termination of mainly international voice traffic to international operators, utilising the points of presence outside of the Czech Republic.

The International transit business of the Group is reported separately for these reasons:

- I. The nature of the international transit business is fundamentally different from the core business of the Group. In the case of the core business, the Group is selling services of its own network infrastructure in the Czech wholesale telecommunication market. In the case of the international transit business, the Group acts as a provider of interconnection between international operators, earning a small margin on the difference between the units of traffic purchased and sold.
- II. The financial risk exposure of the international transit business is significantly lower compared to the core business of the Group. The impact of the potential impairment of carrying value of assets related to the international transit business is marginal as the international transit business is capital light.
- III. Discrete financial information is available for the international transit business and the management assesses its performance and makes decisions about the resources to be allocated to this segment separately, with no impact on the core business of the Group.

The Group is capable of achieving substantial revenue from international transit services, while the EBITDA margins from the segment is on a completely different scale from the core business, due to the intermediary nature of transit services.

The operating results of all segments are regularly controlled and reviewed.

## Interim consolidated financial statements for the period ended 30 June 2023

Period ended 30 June 2023	Domestic services	International transit	Total reportable segments
<b>In CZK million</b>			
Revenues	7,044	2,636	9,680
Expenses	<u>(2,308)</u>	<u>(2,514)</u>	<u>(4,822)</u>
<b>Earnings before impairment loss, interest, tax, depreciation and amortization (EBITDA)</b>	<b>4,736</b>	<b>122</b>	<b>4,858</b>
Total depreciation and amortization	(2,756)	(14)	(2,770)
Impairment charge	<u>(21)</u>	<u>-</u>	<u>(21)</u>
<b>Operating income (EBIT)</b>	<b>1,959</b>	<b>108</b>	<b>2,067</b>
Net financial income			<u>(194)</u>
Profit before tax			1,873
Corporate income tax			<u>(376)</u>
<b>Profit for the period</b>			<b>1,497</b>
<b>Capital expenditure (Fixed assets additions)</b>	<b>2,246</b>	<b>3</b>	<b>2,249</b>
<b>As of 30 June 2023</b>			
<b>Total assets</b>	<b>59,438</b>	<b>728</b>	<b>60,166</b>
Trade and other payables	5,292	608	5,900
Lease liability	5,070	-	5,070
Other liabilities	<u>27,230</u>	<u>-</u>	<u>27,230</u>
<b>Total liabilities</b>	<b>37,592</b>	<b>608</b>	<b>38,200</b>

Period ended 30 June 2022	Domestic services	International transit	Total reportable segments
<b>In CZK million</b>			
Revenues	6,559	2,615	9,174
Expenses	<u>(2,244)</u>	<u>(2,480)</u>	<u>(4,724)</u>
<b>Earnings before impairment loss, interest, tax, depreciation and amortization (EBITDA)</b>	<b>4,315</b>	<b>135</b>	<b>4,450</b>
Total depreciation and amortization	(2,694)	(9)	(2,703)
Impairment charge	<u>(23)</u>	<u>-</u>	<u>(23)</u>
<b>Operating income (EBIT)</b>	<b>1,598</b>	<b>126</b>	<b>1,724</b>
Net financial income			<u>(223)</u>
Profit before tax			1,501
Corporate income tax			<u>(315)</u>
<b>Profit for the period</b>			<b>1,186</b>
<b>Capital expenditure (Fixed assets additions)</b>	<b>2,192</b>	<b>2</b>	<b>2,194</b>
<b>As of 30 June 2022</b>			
<b>Total assets</b>	<b>58,268</b>	<b>809</b>	<b>59,077</b>
Trade and other payables	5,616	715	6,331
Lease liability	4,940	-	4,940
Other liabilities	<u>28,152</u>	<u>-</u>	<u>28,152</u>
<b>Total liabilities</b>	<b>38,708</b>	<b>715</b>	<b>39,423</b>

The Group presents the segments in the category of operating revenues and expenses. Finance revenues and expenses and tax expenses are presented for the whole Group.

Revenues from one customer from segment Domestic services and International transit represent more than 10% of Group's revenues. During the period ended 30 June 2023, these revenues are CZK 5,234 million (during the period ended 30 June 2022: CZK 4,996 million).

The following table shows the split of revenues according to the country of origin of the entity where the revenues have originated:

<b>Revenues</b>	<b>Period ended</b>	<b>Period ended</b>
<b>In CZK million</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
Czech Republic	6,991	6,553
Germany	309	349
Slovakia	155	203
Other EU countries	1,071	1,304
Switzerland	76	46
Other Non-EU countries	1,078	719
<b>Total revenues</b>	<b>9,680</b>	<b>9,174</b>

## 5. REVENUES

### Categorization of revenue from contracts with customers

The following table shows the classification of the revenues from contracts with customers according to the main operating segments and products provided. The degree of categorization of the revenues from contracts with customers reflects the specific sector of the Group as well as the method the Group uses for reporting and monitoring revenues for internal purposes. The table also shows the total lines allowing for reconciliation of revenue to the data reported in the segment analysis according to IFRS 8 (Note 4).

<b>Revenues</b>	<b>Period ended</b>	<b>Period ended</b>
<b>In CZK million</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
<i>Domestic service</i>		
Revenues from mobile network services	3,140	2,901
Revenues from fixed network mass service	2,371	2,294
Revenues from data services	696	686
Other revenues	837	678
	<b>7,044</b>	<b>6,559</b>
<i>International transit</i>		
Revenues from transit services	2,636	2,615
<b>Total</b>	<b>9,680</b>	<b>9,174</b>

Revenues from related parties are disclosed in Note 20.

The following table shows the classification of the revenues from contracts with customers according to the primary geographical market.

<b>Revenues</b>	<b>Period ended</b>			
<b>In CZK million</b>	<b>30 June 2023</b>			
	<b>Czech Republic</b>	<b>EU</b>	<b>Non EU</b>	<b>Total</b>
<i>Domestic service</i>				
Revenues from mobile network services	3,140	-	-	3,140
Revenues from fixed network mass service	2,371	-	-	2,371
Revenues from data services	653	27	16	696
Other revenues	719	80	38	837
	<b>6,883</b>	<b>107</b>	<b>54</b>	<b>7,044</b>

	<b>Czech Republic</b>	<b>EU</b>	<b>Non EU</b>	<b>Total</b>
<i>International transit</i>				
Revenues from transit services	108	1,428	1,100	2,636
<b>Total</b>	<b>6,991</b>	<b>1,535</b>	<b>1,154</b>	<b>9,680</b>

<b>Revenues</b>	<b>Period ended</b>			
<b>In CZK million</b>	<b>30 June 2022</b>			
	<b>Czech Republic</b>	<b>EU</b>	<b>Non EU</b>	<b>Total</b>
<i>Domestic service</i>				
Revenues from mobile network services	2,901	-	-	2,901
Revenues from fixed network mass service	2,294	-	-	2,294
Revenues from data services	641	43	2	686
Other revenues	627	19	32	678
	<b>6,463</b>	<b>62</b>	<b>34</b>	<b>6,559</b>

	<b>Czech Republic</b>	<b>EU</b>	<b>Non EU</b>	<b>Total</b>
<i>International transit</i>				
Revenues from transit services	90	1,794	731	2,615
<b>Total</b>	<b>6,553</b>	<b>1,856</b>	<b>765</b>	<b>9,174</b>

The Company does not recognise revenues from services at a point in time, all revenues are recognised over time.

## 6. INCOME TAX

<b>In CZK million</b>	<b>Period ended 30 June 2023</b>	<b>Period ended 30 June 2022</b>
Total income tax expense is made up of:		
Current income tax charge	503	413
Deferred income tax credit	(127)	(98)
<b>Income Tax</b>	<b>376</b>	<b>315</b>

Deferred tax was calculated at a 19% tax rate (valid for the Czech Republic) as of 30 June 2023 and 30 June 2022.

## 7. DIVIDEND DISTRIBUTION

<b>In CZK million</b>	<b>Period ended 30 June 2023</b>	<b>Period ended 30 June 2022</b>
Dividends from the profit (approved)	850	1,850
Distribution of other capital funds (approved)	3	3
<b>Total</b>	<b>853</b>	<b>1,853</b>

The General Meeting, held on 6 March 2023, approved the statutory financial statements for the year ended 31 December 2022 and approved the distribution of dividends in the total amount of CZK 850 million. The first instalment in the amount of CZK 383 million was paid on 31 March 2023, the remaining part of the dividend in the amount of CZK 467 million will be paid in maximum of four instalments and no later than on 31 December 2023.

## 8. PROPERTY, PLANT AND EQUIPMENT

During the period ended 30 June 2023, the Group acquired Property, plant and equipment in the amount of CZK 1,935 million (during the period ended 30 June 2022: CZK 1,763 million) and disposed assets in residual value CZK 19 million (during the period ended 30 June 2022: CZK 9 million).

During the period ended 30 June 2023, the Group reported impairment of Property, plant and equipment in the amount of CZK 21 million (during the period ended 30 June 2022: CZK 24 million).

## 9. INTANGIBLE ASSETS

During the period ended 30 June 2023, the Group acquired Intangible assets in the amount of CZK 314 million (during the period ended 30 June 2022: CZK 431 million).

During the periods ended 30 June 2023 and 30 June 2022, the Group did not dispose any Intangible assets.

## 10. RIGHT OF USE ASSETS

During the period ended 30 June 2023, the additions of the Right of use assets amounted to CZK 115 million (during the period ended 30 June 2022: CZK 66 million).

During the period ended 30 June 2023, the Group recognized depreciation of the Right of use assets in the amount of CZK 413 million (during the period ended 30 June 2022: CZK 365 million).

The right of use assets arising from the leases with related parties are disclosed in Note 20.

## 11. INVENTORIES

As of 30 June 2023, the Group recognized inventories impairment provision in amount of CZK 8 million (as of 31 December 2022: CZK 7 million).

## 12. TRADE AND OTHER RECEIVABLES

In CZK million	30 June 2023	31 December 2022
Trade receivables from third parties (net)	1,651	1,727
Receivables with related parties (Note 20)	1,165	1,174
Other debtors (net)	11	6
<b>Total receivables and other assets</b>	<b>2,827</b>	<b>2,907</b>

As of 30 June 2023 and 31 December 2022, all the receivables were short-term.

Receivables from related parties are disclosed in Note 20.

As of 30 June 2023, trade receivables and other debtors are stated net of bad debt provision of CZK 61 million (as of 31 December 2022: CZK 62 million).

30 June 2023		Overdue					Total
In CZK million	Due	Less than 90 days	91 and 180 days	181 and 365 days	More than 365 days		
Trade receivables and other debtors	2,600	204	43	13	28	<b>2,888</b>	
Bad debt provision	(18)	(3)	(2)	(11)	(27)	<b>(61)</b>	
<b>Total</b>	<b>2,582</b>	<b>201</b>	<b>41</b>	<b>2</b>	<b>1</b>	<b>2,827</b>	

31 December 2022		Overdue					Total
In CZK million	Due	Less than 90 days	91 and 180 days	181 and 365 days	More than 365 days		
Trade receivables and other debtors	2,702	197	15	16	39	<b>2,969</b>	
Bad debt provision	(16)	-	(3)	(7)	(36)	<b>(62)</b>	
<b>Total</b>	<b>2,686</b>	<b>197</b>	<b>12</b>	<b>9</b>	<b>3</b>	<b>2,907</b>	

### 13. ADVANCE PAYMENTS AND OTHER ASSETS

In CZK million	30 June 2023	
	Short term	Long term
Prepayments	180	416
Advance payments	518	11
Tax receivables for indirect taxes	134	-
<b>Advance payments and other assets</b>	<b>832</b>	<b>427</b>

In CZK million	31 December 2022	
	Short term	Long term
Prepayments	140	463
Advance payments	438	12
Tax receivables for indirect taxes	181	-
<b>Advance payments and other assets</b>	<b>759</b>	<b>475</b>

As of 30 June 2023, the item Prepayments comprises prepaid expenses related to purchases of capacity upgrade from T-Mobile for O2 under the network sharing project of CZK 464 million (as of 31 December 2022: CZK 520 million).

Advance payments comprise primarily the advances paid for the electricity. The significant increase of the advance payments as of 30 June 2023, compared to 31 December 2022, is caused by the increase of energy prices.

### 14. CASH AND CASH EQUIVALENTS

In CZK million	30 June 2023	31 December 2022
Cash at bank accounts and other cash equivalents	7	6
Cash at bank accounts and other cash equivalents (inter-company)	629	450
<b>Total cash and cash equivalents</b>	<b>636</b>	<b>456</b>

The item Cash at bank accounts and other cash equivalents includes as of 30 June 2023 the balance of bank accounts of the Special Partnership Accounts of CZK 4 million (as of 31 December 2022: CZK 4 million). These are partnerships with other business parties founded for a specific purpose, where the Group is in a leading role. The usage of bank accounts of the Special Partnership Accounts is limited by the mutual agreement.

## 15. TRADE AND OTHER PAYABLES

In CZK million	30 June 2023	
	Short term	Long term
Trade creditors	4,793	-
Dividend payables	467	-
VAT, other taxes and social security liability	127	-
Deferred revenues	244	1,064
Employee wages and benefits	265	-
Other creditors	4	269
<b>Trade and other payables</b>	<b>5,900</b>	<b>1,333</b>

In CZK million	31 December 2022	
	Short term	Long term
Trade creditors	5,563	-
VAT, other taxes and social security liability	122	-
Deferred revenues	224	1,092
Employee wages and benefits	269	-
Other creditors	76	345
<b>Trade and other payables</b>	<b>6,254</b>	<b>1,437</b>

Payables to related parties are disclosed in Note 20.

As of 30 June 2023 and 31 December 2022, deferred revenues were made up primarily of deferred revenues from installation fees related to the entitlement to use the spare capacity of the optical fibre.

## 16. FINANCIAL LIABILITIES

### Financial liabilities

In CZK million	30 June 2023	31 December 2022
Bonds in local currency	4,863	4,860
Intra-group loan in foreign currency	14,831	15,071
Accrued interest	86	44
<b>Total financial liabilities</b>	<b>19,780</b>	<b>19,975</b>
Repayable:		
Within one year	4,949	4,904
Between one and five years	14,831	15,071
<b>Total financial liabilities</b>	<b>19,780</b>	<b>19,975</b>

### Intra-group loan from the parent company

On 24 November 2021 the Company entered into an intra-group loan agreement with its parent company CETIN Group N.V. in an amount equal to EUR 625 million. The intra-group loan has a floating interest rate of EURIBOR plus 1.50% and is due on 24 August 2026. The intra-group loan was drawn on 3 December 2021. The main purpose of the intra-group loan was to refinance the issued EUR bonds due on 6 December 2021.

All conditions resulting from the intra-group loan agreements were met as of 30 June 2023.

### Issued Bonds

In CZK million						30 June 2023	
Date of issue	Maturity	ISIN	Interest rate	Currency	Nominal value	Net carrying value	
6 December 2016	6 December 2023	XS1529936335	1.250	CZK	4,866	4,897	
<b>Total</b>						<b>4,866</b>	<b>4,897</b>

In CZK million						31 December 2022	
Date of issue	Maturity	ISIN	Interest rate	Currency	Nominal value	Net carrying value	
6 December 2016	6 December 2023	XS1529936335	1.250	CZK	4,866	4,863	
<b>Total</b>						<b>4,866</b>	<b>4,863</b>

All conditions resulted from bonds emission were met as of 30 June 2023.

### Fair values of financial instruments

The following table shows estimated values and fair values of financial assets and financial liabilities which are not stated at fair value in the statements of financial position:

In CZK million		30 June 2023					Carrying amount	Difference
	Level 1	Level 2	Level 3	Fair value				
<b>Financial liabilities</b>								
Bonds (incl. accruals)	-	4,737	-	4,737		4,897	(160)	

In CZK million		31 December 2022					Carrying amount	Difference
	Level 1	Level 2	Level 3	Fair value				
<b>Financial liabilities</b>								
Bonds (incl. accruals)	-	4,578	-	4,578		4,863	(285)	

The fair value of bonds as of 30 June 2023 and 31 December 2022 was determined by market price as bonds are traded on the public market.

As Level 3 the Group mainly classifies cash and cash equivalents, receivables and other assets, trade and other payables and intra-group loan, which are not listed in the table, as their fair value equals the carrying amount.

As of 30 June 2023 and 31 December, the Group did not hold any financial derivatives.

## 17. PROVISIONS

In CZK million	Asset retirement obligation	Other provisions	Total
<b>As of 1 January 2023</b>	<b>140</b>	<b>58</b>	<b>198</b>
Additions during the year	5	52	57
Utilised during the year	-	(18)	(18)
Change of estimate	19	-	19
<b>As of 30 June 2023</b>	<b>164</b>	<b>92</b>	<b>256</b>

In CZK million	Asset retirement obligation	Other provisions	Total
<b>As of 1 January 2022</b>	<b>220</b>	<b>82</b>	<b>302</b>
Additions during the year	6	53	59
Utilised during the year	-	(19)	(19)
Release during the year	(78)	-	(78)
<b>As of 30 June 2022</b>	<b>148</b>	<b>116</b>	<b>264</b>

In CZK million	Asset retirement obligation	Other provisions	Total
<b>As of 30 June 2023</b>			
Short-term provisions	5	92	97
Long-term provisions	159	-	159
	<b>164</b>	<b>92</b>	<b>256</b>

In CZK million	Asset retirement obligation	Other provisions	Total
<b>As of 31 December 2022</b>			
Short-term provisions	4	58	62
Long-term provisions	136	-	136
	<b>140</b>	<b>58</b>	<b>198</b>

The Group recognized a provision for estimated cost of dismantling and removing assets and restoring sites of CZK 164 million (31 December 2022: CZK 140 million). Scenarios of future costs based on management estimation, market prices, and historical costs were discounted to present value. Discount rates are paired to the expected dates of future decommissioning of assets.

Other provisions include a provision for redundancy costs of CZK 40 million (31 December 2022: CZK 51 million) and untaken holidays costs of CZK 52 million (31 December 2022: CZK 7 million). Other provisions for which the expected timing of payments is not certain are expected to be utilised within the next twelve months from the balance sheet date.

## 18. CONTINGENT LIABILITIES

In October 2016 the European Commission announced the commencement of the formal phase of an investigation in respect of cooperation among O2 Czech Republic a.s., the Company and T-Mobile Czech Republic a.s. regarding the mobile network sharing.

The European Commission within the proceedings examined whether this cooperation restricts competition in the Czech Republic and harms the innovations in contrary to EU antitrust rules. The Company fully cooperated with EC during the investigation.

The European Commission on 11 July 2022 issued the decision closing the investigation of mobile network sharing without declaration of violation of the legislation. These commitments address the modernisation of mobile network, pricing of so-called unilateral network deployments, not extend the geographical scope of the existing network sharing, and adjustments of agreements to limit information exchange to the absolutely necessary for the operation of the shared network. The monitoring the compliance with the commitments is provided by independent entity, so called monitoring trustee. As of 30 June 2023, the Company fulfils all abovementioned commitments.

## 19. LEASE LIABILITY AND COMMITMENTS

### Lease liability

Lease liability under IFRS 16 is measured at the present value of the remaining discounted lease payments arising from leases previously classified as operating leases under IAS 17.

#### Amounts recognized in profit or loss:

In CZK million	Year ended 30 June 2023	Year ended 30 June 2022
Interest on lease liability	96	86
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	1	1

#### Amounts recognized in statement of cash flows:

In CZK million	Year ended 30 June 2023	Year ended 30 June 2022
Total cash outflow for leases under IFRS 16	(515)	(469)

The lease liability arising from leases with related parties is disclosed in Note 20.

## Commitments

Capital expenditure contracted but not yet recognized in the financial statements as of 30 June 2023 amounted to CZK 864 million (as of 31 December 2022: CZK 884 million). The majority of contracted amounts relates to the telecommunication networks and service contracts.

## 20. RELATED PARTY TRANSACTIONS

The company CETIN Group N.V. is part of PPF Group. As of 30 June 2023 the controlling persons of the Company with a share that allowed its indirect control are Mrs. Renáta Kellnerová and the descendants of Mr. Petr Kellner.

PPF Group invests into multiple market segments such as banking and financial services, telecommunications, real estate, retail, insurance, metal mining, agriculture and biotechnology. PPF Group's reach spans from Europe to the USA and across Asia.

Sales and purchase transactions with related parties are based on contractual agreements negotiated on normal commercial terms and conditions and at market prices. Outstanding balances of assets and liabilities are unsecured, interest-free (excl. financial assets and liabilities used for financing) and the settlement occurs either in cash or by offsetting. The financial asset balances are tested for the impairment at the balance sheet date, and no allowance was recognized.

The following transactions were carried out with related parties:

### a) Transactions with related parties

In CZK million	Assets/Liabilities as at	
	30 June 2023	31 December 2022
<b>Receivables from provided services</b>		
Other companies in PPF Group	1,147	1,174
of which: O2 Czech Republic a.s.	1,019	1,000
<b>Payables from purchased services</b>		
Other companies in PPF Group	(427)	(478)
of which: O2 Czech Republic a.s.	(107)	(154)
<b>Cash equivalents</b>		
Other companies in PPF Group (Note 14)	629	450

	Assets/Liabilities as at	
	30 June 2023	31 December 2022
<b>Right of use assets</b>		
Other companies in PPF Group	35	31
<b>Received loans</b>		
Shareholders (Note 16)	(14,883)	(15,111)
<b>Lease liability</b>		
Other companies in PPF Group	(36)	(32)
<b>Dividend payable</b>		
Shareholders	(467)	-
	<b>Volume of mutual transactions</b>	
	<b>Year ended</b>	<b>Year ended</b>
<b>In CZK million</b>	<b>30 June 2023</b>	<b>30 June 2022</b>
<b>Sale of services (revenues and other income)</b>		
Other companies in PPF Group	5,548	5,304
of which: O2 Czech Republic a.s.	5,234	4,996
<b>Purchase of services</b>		
Other companies in PPF Group	(324)	(299)
of which: O2 Czech Republic a.s.	(55)	(50)
<b>Interests from received loans</b>		
Shareholders	(305)	(116)
<b>Depreciation of Right of use assets</b>		
Other companies in PPF Group	(2)	(2)
<b>Interests from lease liability</b>		
Other companies in PPF Group	(1)	-

Receivables and payables relating to the sale and purchase of goods and services are included in trade receivables and payables described in Note 12 and 15.

The Group has no long-term liabilities that are due in more than five years.

For the period ended 30 June 2023, capital expenditures from related parties amounted to CZK 0 million (30 June 2022: CZK 17 million).

**b) Remuneration and loans provided to member of board of directors, supervisory board and key management**

	<b>Period ended 30 June 2023</b>	<b>Period ended 30 June 2022</b>
<b>Remuneration in CZK million</b>		
Board of directors	34	52
Supervisory board	-	-
Key management	26	24
<b>Total</b>	<b>60</b>	<b>76</b>
<b>Number of members</b>		
Board of directors	4	4
Supervisory board	3	3
Key management	12	12
<b>Total</b>	<b>19</b>	<b>19</b>

No loans were provided to members of the Board of Directors and Supervisory Board as of 30 June 2023 and 30 June 2022.

## 21. SUBSIDIARIES

### As of 30 June 2023

Subsidiaries	Group's interest	Cost of investment in CZK million	Country of incorporation	Activity	Method of consolidation
1. CETIN Finance B.V.	100%	56	Netherlands	Financial services	Full consolidation
2. CETIN služby s.r.o.	100%	*-	Czech Republic	Other services	Full consolidation
Total		56			

\*200 ths CZK

### As of 31 December 2022

Subsidiaries	Group's interest	Cost of investment in CZK million	Country of incorporation	Activity	Method of consolidation
1. CETIN Finance B.V.	100%	56	Netherlands	Financial services	Full consolidation
2. CETIN služby s.r.o.	100%	*-	Czech Republic	Other services	Full consolidation
Total		56			

\*200 ths CZK

## 22. MATERIAL SUBSEQUENT EVENTS

No subsequent events have occurred after the balance sheet date with the material impact to the interim consolidated financial statements for the period ended 30 June 2023.

The interim consolidated financial statements were approved by the Board of Directors on 30 August 2023 and signed on behalf of the Company:

**Filip Cába**

Vice-Chairman of the Board of Directors



**Martin Škop**

Member of the Board of Directors

