CETIN Group N.V.

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

Independent auditor's review report

To: the Board of Directors of CETIN Group N.V.

Our conclusion

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

The condensed consolidated interim financial statements comprise:

1. the condensed consolidated interim statement of financial position as at 30 June 2023;
2. the following statements for the six-month period ended 30 June 2023: the condensed consolidated interim statement of income and other comprehensive income, changes in equity and cash flows; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

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

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

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

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

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

Our responsibilities for the review of condensed consolidated interim financial statements

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

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

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

Our review included among others:

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

Amstelveen, 7 September 2023

KPMG Accountants N.V.

F.A.M. Croiset van Uchelen RA

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Glossary

AC	- amortised cost
CAPEX	- capital expenditures
CF	- cash-flow
CGU	- cash generating unit
EBITDA	- earnings before interest, tax, depreciation and amortisation
FVOCI	- fair value through other comprehensive income
FVTPL	- fair value through profit or loss
MOSA	- management and operational services agreement
MSA	- master service agreement
NCI	- non-controlling interests
OCI	- other comprehensive income
OECD	- Organisation for economic co-operation and development
PPE	- property, plant and equipment
ROU	- right-of-use assets

Condensed consolidated interim statement of income and other comprehensive income

For the six months ended 30 June

In millions of EUR

	Notes	2023	2022
Domestic revenue	E1	504	431
International transit revenue	E1	112	107
Total revenue		**616**	**538**
Other income from non-telecommunication services		3	4
Personnel expenses	E2	(43)	(37)
Other operating expenses	E2	(217)	(197)
Operating profit excluding depreciation, amortisation and impairments		**359**	**308**
Depreciation of property, plant and equipment		(120)	(115)
Depreciation on lease-related right of use assets		(33)	(30)
Amortisation of intangible assets		(19)	(14)
Impairment loss on PPE and intangible assets		(2)	(3)
Operating profit		**185**	**146**
Interest income		1	1
Net foreign currency gains		11	4
Interest expense on lease liabilities		(7)	(6)
Other interest expense		(30)	(15)
Other finance cost	E3	-	(3)
PROFIT BEFORE TAX		**160**	**127**
Income tax expense	E4	(30)	(24)
NET PROFIT FOR THE PERIOD		**130**	**103**
Other comprehensive income/(expense)*			
Currency translation differences		38	(23)
Other comprehensive income, net of tax		**38**	**(23)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**168**	**80**
Net profit attributable to:			
Owners of the Parent		123	97
Non-controlling interests		7	6
Net profit for the period		**130**	**103**
Total comprehensive income attributable to:			
Owners of the Parent		155	79
Non-controlling interests		13	1
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**168**	**80**

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

Condensed consolidated interim statement of financial position

In millions of EUR

	Note	30 June 2023	31 December 2022
ASSETS			
Property, plant and equipment	E5	2,441	2,366
Other intangible assets	E6.2	127	128
Goodwill	E6.1	594	579
Right-of-use assets		370	346
Other assets	E8	21	21
Deferred tax assets		3	3
Non-current assets		**3,556**	**3,443**
Trade and other receivables	E7	177	169
Inventories		5	4
Current income tax receivables		-	1
Other assets	E8	37	34
Cash and cash equivalents		58	82
Current assets		**277**	**290**
TOTAL ASSETS		**3,833**	**3,733**
LIABILITIES			
Due to banks	E9	949	948
Debt securities issued	E10	496	496
Lease liabilities		309	295
Trade and other payables	E11	63	62
Provisions	E12	35	32
Deferred tax liabilities		237	238
Non-current liabilities		**2,089**	**2,071**
Due to banks	E9	3	2
Debt securities issued	E10	210	213
Lease liabilities		63	59
Trade and other payables	E11	341	360
Provisions	E12	6	5
Current income tax liability		14	7
Current liabilities		**637**	**646**
TOTAL LIABILITIES		**2,726**	**2,717**
Issued capital*	E13	**-**	-
Share premium	E13	693	693
Other reserves	E14	138	106
Retained earnings		193	144
Total equity attributable to owners of the Parent		1,024	943
Non-controlling interests	E15	83	73
Total equity		**1,107**	**1,016**
TOTAL LIABILITIES AND EQUITY		**3,833**	**3,733**

*Issued capital is EUR 45 thousand.

Condensed consolidated interim statement of changes in equity

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

	Issued capital*	Share premium	Other reserves		Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
			Translation reserve	Other reserves				
Balance as at 1 January 2023	**-**	**693**	**(9)**	**115**	**144**	**943**	**73**	**1,016**
Profit for the period	**-**	**-**	**-**	**-**	**123**	**123**	**7**	**130**
Currency translation differences	-	-	32	-	-	32	6	38
Other comprehensive income for the period	**-**	-	**32**	-	-	**32**	**6**	**38**
Total comprehensive income	**-**	**-**	**32**	**-**	**123**	**155**	**13**	**168**
Dividends to shareholders	-	-	-	-	(75)	(75)	-	(75)
Dividends to NCI	-	-	-	-	-	-	(3)	(3)
Other	-	-	-	-	1	1	-	1
Total transactions with owners of the Parent	**-**	**-**	**-**	**-**	**(74)**	**(74)**	**(3)**	**(77)**
Balance as at 30 June 2023	**-**	**693**	**23**	**115**	**193**	**1,024**	**83**	**1,107**

*Issued capital is EUR 45 thousand.

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

	Issued capital*	Share premium	Other reserves		Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
			Translation reserve	Other reserves				
Balance as at 1 January 2022	**-**	**640**	**48**	**114**	**12**	**814**	**72**	**886**
Effect of change in functional currency	-	53	(61)	1	7	-	-	-
Adjusted balance as at 1 January 2022	**-**	**693**	**(13)**	**115**	**19**	**814**	**72**	**886**
Profit for the period	**-**	**-**	**-**	**-**	**97**	**97**	**6**	**103**
Currency translation differences	-	-	(18)	-	-	(18)	(5)	(23)
Other comprehensive income for the period	**-**	-	**(18)**	-	-	**(18)**	**(5)**	**(23)**
Total comprehensive income	**-**	**-**	**(18)**	**-**	**97**	**79**	**1**	**80**
Dividends to shareholders	-	-	-	-	(45)	(45)	-	(45)
Other	-	-	-	-	4	4	-	4
Total transactions with owners of the Parent	**-**	**-**	**-**	**-**	**(41)**	**(41)**	**-**	**(41)**
Balance as at 30 June 2022	**-**	**693**	**(31)**	**115**	**75**	**852**	**73**	**925**

*Issued capital is EUR 45 thousand.

Condensed consolidated interim statement of cash flows

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

In millions of EUR

	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		160	127
Adjustments for:			
Depreciation and amortisation		172	159
Impairment losses on current and non-current assets		2	3
Loss on financial assets		-	2
Net interest expense		36	20
Net foreign exchange gains		(11)	(4)
Net operating cash flow before changes in working capital		**359**	**307**
Change in trade and other receivables		(10)	2
Change in other assets		(7)	(11)
Change in trade and other payables		7	(2)
Change in provisions		2	(2)
Cash generated from operating activities		**351**	**294**
Income tax paid		(26)	(26)
Interest received		1	-
Net cash from operating activities		**326**	**268**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(203)	(184)
Proceeds from disposals of tangible and intangible assets		2	3
Net cash used in investing activities		**(201)**	**(181)**
Cash flows from financing activities			
Proceeds from loans due to banks and other financial institutions		-	15
Proceeds from the issue of debt securities		-	496
Repayment of loans due to banks and other financial institutions		-	(510)
Net payments on settlement of derivatives		-	(5)
Interest paid		(33)	(7)
Interest paid on lease liabilities		(7)	(6)
Cash payments for principal portion of lease liability		(31)	(28)
Change of cash collateral placed due to derivatives transactions		-	4
Dividends paid to shareholders		(75)	(45)
Dividends paid to NCI	E15	(3)	-
Net cash used in financing activities		**(149)**	**(86)**
Net increase/(decrease) in cash and cash equivalents		**(24)**	**1**
Cash and cash equivalents as at 1 January		**82**	**83**
Effect of exchange rate changes on cash and cash equivalents		-	(1)
Cash and cash equivalents as at 30 June		**58**	**83**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

CETIN Group N.V. (hereinafter the "Parent Company", or the "Parent"), incorporated as a limited liability company, converted to a public limited liability company and renamed on 3 September 2021 from CETIN Group B.V. The Parent has been domiciled in the Netherlands since its incorporation of 23 January 2016. As at 30 June 2023, the Parent Company is a 70% owned subsidiary of PPF Telecom Group B.V. PPF Group N.V. remains the ultimate parent of the Parent Company.

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

The condensed consolidated interim financial statements of the Parent Company for the six months ended 30 June 2023 comprise the Parent Company and its subsidiaries (together the "Group"). Refer to Section B of these condensed consolidated interim financial statements for a list of significant Group entities and changes to the Group in 2023 and 2022.

The Group comprises telco infrastructure activities in the Czech Republic, Hungary, Bulgaria and Serbia.

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

A.2. Statement of compliance

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

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2022 ("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 International Financial Reporting Standards as endorsed by the European Union (IFRS-EU).

A.3. Basis of measurement

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

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

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

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

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

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

A.4. Use of judgements and estimates

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

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

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

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

- initial value of goodwill and its subsequent impairment testing (refer to E.6.1);
- useful life of tangible and intangible fixed assets;
- expected credit losses on trade receivables and other financial assets (refer to E.7);
- the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits;
- provisions recognised under liabilities (refer to E.12)
- contingent assets and liabilities (refer to E.16)
- revenue recognition timing in terms of the transfer of control over the goods and services to the customer – at a point in time or over time (E.1);
- assessment of the recognition principles for master service agreements between the guidance of IFRS 15 and IFRS 16 (E.1);
- lease-term for the lessee accounting if the Group is reasonably certain to exercise extension options.

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 its involvement 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.

Reorganisations and mergers involving 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. Any interest retained in the former subsidiary is measured at fair value when the control is lost.

Intra-group balances, transactions, and any unrealised income and expenses, gains and losses arising from intra-group transaction, 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 the operating infrastructure companies corresponds to the country of origin: CZK for the Czech Republic, HUF for Hungary, BGN for Bulgaria, and RSD for Serbia. TMT Hungary Infra, the holding company based in the Netherlands, has HUF 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 2023 and 31 December 2022.

Company	Domicile	Effective proportion of ownership interest	
		30 June 2023	31 December 2022
CETIN Group N.V.	Netherlands	Parent Company	Parent Company
CETIN a.s.	Czech Republic	100.00%	100.00%
CETIN Finance B.V.	Netherlands	100.00%	100.00%
TMT Hungary Infra B.V.	Netherlands	75.00%	75.00%
CETIN Hungary Zrt.	Hungary	75.00%	75.00%
CETIN Bulgaria EAD	Bulgaria	100.00%	100.00%
CETIN d.o.o. Beograd-Novi Beograd	Serbia	100.00%	100.00%

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

There were neither any acquisitions nor disposals in the six-month period ended 30 June 2023 and 31 December 2022 except for the following arrangement:

B.2.1. Acquisition of Nej.cz

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

C. Risk exposures, risk management objectives and procedures

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

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

C.1. Hedging

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

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.

No hedge accounting was applied in the periods presented in these condensed consolidated interim financial statements.

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

In millions of EUR

	30 June 2023 Carrying amount	30 June 2023 Fair value	31 December 2022 Carrying amount	31 December 2022 Fair value
Debt securities issued (Level 2)	706	663	709	649

C.3. Capital management

For the purposes of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to maximise the shareholder value while maintaining investor, creditor and market confidence and being able to sustain the future development of the business as well as keep being in compliance with the bank financing covenants at the Group level.

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

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

D. Segment reporting

The Group recognises reportable segments that are defined in geographical 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
CETIN CZ	Wholesale telecommunication services (mobile, fixed and data services) to other telco operators and international transit	Czech Republic
CETIN Hungary	Telco infrastructure	Hungary
CETIN Bulgaria	Telco infrastructure	Bulgaria
CETIN Serbia	Telco infrastructure	Serbia

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

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

The total segment revenue for the six months ended 30 June 2023 amounting to EUR 616 million (30 June 2022: EUR 538 million) represents revenues from external customers as presented in the condensed consolidated interim statement of income under revenue caption.

The Group is reliant on several major customers, that are fixed and mobile telecommunication operators owned by the PPF Telecom Group B.V., the direct parent of CETIN Group N.V. For the period ended 30 June 2023, revenues from these customers represent approximately 71% of revenues reported in total for all segments (30 June 2022: 70% of revenues reported in total for all segments).

In millions of EUR

30 June 2023	CETIN CZ	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	403	89	67	57	-	-	616
Inter-segment revenue	3	-	2	1	-	(6)	-
Total revenue	**406**	**89**	**69**	**58**	**-**	**(6)**	**616**
Major service/products lines:							
Mobile service revenues	132	85	65	55	-	(1)	336
Contracted MSA/MOSA fee from anchor tenants	119	82	63	53	-	(1)	316
Contracted revenue from third-party tenants	11	3	-	-	-	-	14
Other non-contracted mobile revenue	2	-	2	2	-	-	6
Fixed broadband service revenues	100	-	-	1	-	-	101
Other fixed and domestic service revenues	62	4	-	2	-	(1)	67
Domestic revenue	294	89	65	58	-	(2)	504
International transit revenue	112	-	4	-	-	(4)	112
Total revenue	**406**	**89**	**69**	**58**	**-**	**(6)**	**616**
Other income from non-telecommunication services	3	-	-	-	-	-	3
Operating expenses	(204)	(30)	(19)	(12)	(1)	6	(260)
Operating profit excluding depreciation, amortisation and impairments	**205**	**59**	**50**	**46**	**(1)**	**-**	**359**
Depreciation of PPE	(82)	(13)	(14)	(11)	-	-	(120)
Depreciation on lease-related ROU	(18)	(7)	(4)	(4)	-	-	(33)
Amortisation of intangible assets	(16)	(1)	(1)	(1)	-	-	(19)
Impairment loss	(1)	(1)	-	-	-	-	(2)
Operating profit	**88**	**37**	**31**	**30**	**(1)**	**-**	**185**
Interest income	1	-	-	-	13	(13)	1
Net foreign currency gains	10	1	-	-	-	-	11
Interest expense on lease liability	(3)	(2)	(1)	(1)	-	-	(7)
Other interest expense	(16)	-	-	-	(27)	13	(30)
Other finance cost	-	-	-	-	-	-	-
Profit for the period before tax	**80**	**36**	**30**	**29**	**(15)**	**-**	**160**
Income tax expense	(16)	(6)	(3)	(4)	(1)	-	(30)
Profit for the period	**64**	**30**	**27**	**25**	**(16)**	**-**	**130**
Capital expenditure	95	33	21	15	-	-	164
30 June 2023							
Segment assets	2,622	482	357	369	673	(670)	3,833
Segment liabilities	1,603	154	119	69	1,451	(670)	2,726
Segment equity	**1,019**	**328**	**238**	**300**	**(778)**	**-**	**1,107**

In millions of EUR

30 June 2022	CETIN CZ	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	367	64	58	49	-	-	538
Inter-segment revenue	3	-	2	2	-	(7)	-
Total revenue	**370**	**64**	**60**	**51**	**-**	**(7)**	**538**
Major service/products lines:							
Mobile service revenues	126	64	55	48	-	(2)	291
Contracted MSA/MOSA fee from anchor tenants	116	63	54	46	-	(2)	277
Contracted revenue from third-party tenants	8	1	-	-	-	-	9
Other non-contracted mobile revenue	2	-	1	2	-	-	5
Fixed broadband service revenues	93	-	-	1	-	-	94
Other fixed and domestic service revenues	45	-	-	2	-	(1)	46
Domestic revenue	264	64	55	51	-	(3)	431
International transit revenue	106	-	5	-	-	(4)	107
Total revenue	**370**	**64**	**60**	**51**	**-**	**(7)**	**538**
Other income from non-telecommunication services	2	-	3	-	-	(1)	4
Operating expenses	(191)	(16)	(22)	(13)	-	8	(234)
Operating profit excluding depreciation, amortisation and impairments	**181**	**48**	**41**	**38**	**-**	**-**	**308**
Depreciation of PPE	(83)	(10)	(13)	(9)	-	-	(115)
Depreciation on lease-related ROU	(15)	(6)	(4)	(5)	-	-	(30)
Amortisation of intangible assets	(11)	(1)	(1)	(1)	-	-	(14)
Impairment loss	(1)	(2)	-	-	-	-	(3)
Operating profit	**71**	**29**	**23**	**23**	**-**	**-**	**146**
Interest income	-	-	-	-	6	(5)	1
Net foreign currency gains	3	-	-	-	1	-	4
Interest expense on lease liability	(3)	(1)	(1)	(1)	-	-	(6)
Other interest expense	(7)	-	-	-	(13)	5	(15)
Other finance cost	(2)	-	1	(1)	(1)	-	(3)
Profit for the period before tax	**62**	**28**	**23**	**21**	**(7)**	**-**	**127**
Income tax expense	(13)	(4)	(2)	(3)	(2)	-	(24)
Profit for the period	**49**	**24**	**21**	**18**	**(9)**	**-**	**103**
Capital expenditure	89	39	25	13	-	-	166
31 December 2022							
Segment assets	2,571	410	352	366	677	(643)	3,733
Segment liabilities	1,595	133	97	77	1,458	(643)	2,717
Segment equity	**976**	**277**	**255**	**289**	**(781)**	**-**	**1,016**

E. Notes to the condensed consolidated interim financial statements

E.1. Revenue

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

Revenue from the telecommunication business comprises the following (corresponds to presentation in D section):

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

	2023	2022
Domestic revenue	504	431
International transit revenue	112	107
Total	**616**	**538**

Increase in domestic revenue for the six months ended 30 June 2023 is driven mainly by MSA inflation adjustment, revenues from incremental projects and effect of higher electricity prices translated into MSA energy adjustment compared to the six months ended 30 June 2022.

Detail split of domestic revenue:

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

	2023	2022
Mobile service revenues	336	291
Committed MSA/MOSA revenues from anchor tenants	316	277
Committed from third-party tenants	14	9
Other non-contracted mobile revenue	6	5
Fixed broadband service revenues	101	94
Other fixed and domestic service revenues	67	46
Total domestic revenue	**504**	**431**

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

A significant part of the Group's revenues is generated from the standard operations with the Group's related parties (refer to E.17.1).

E.1.2. Revenue from telco business – geographical markets

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

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

	2023	2022
Services/products transferred over time	616	538
Czech Republic	292	264
Hungary	91	66
Bulgaria	69	58
Serbia	62	53
Germany	13	14
Slovakia	7	8
Switzerland	3	2
Other EU countries	40	49
Other Non-EU countries	39	24

E.2. Personnel expenses and other operating expenses

Operating expenses comprise the following:

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

	2023	2022
Employee compensation	28	24
Payroll related taxes	15	13
Total personnel expenses	**43**	**37**
Transit cost of sales	105	100
Other cost of sales	13	9
Utilities	50	43
Network & IT maintenance	22	19
Rentals, buildings and vehicles	8	9
Professional services	4	4
Advertising and marketing	1	1
Taxes other than income tax	1	1
Other	13	11
Total other operating expenses	**217**	**197**

E.3. Other finance costs

For the six-month period ended 30 June 2022, other finance cost represents net loss on financial assets amounting EUR 2 million and fee and commission expense amounting to EUR 1 million. For the six-month period ended 30 June 2023, other finance cost is nil.

E.4. Income taxes

Income tax expense comprises the following:

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

	2023	2022
Current tax expense	(35)	(28)
Deferred tax benefit	5	4
Total income tax expense	**(30)**	**(24)**

Income tax is computed and recognised by entities generating substantial accounting profit for the interim period, either via application of statutory income tax rate on pre-tax income adjusted by, if significant, excluded disregarded revenues and costs. The Group's consolidated effective tax rate for the six months ended 30 June 2023 was 19% (30 June 2022: 19%).

E.5. Property, plant and equipment

Property, plant and equipment comprise the following:

In millions of EUR

30 June 2023	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	315	2,072	1,362	133	211	4,093
Accumulated depreciation and impairment	(118)	(759)	(722)	(47)	(6)	(1,652)
Carrying amount as at 30 June 2023	**197**	**1,313**	**640**	**86**	**205**	**2,441**

In millions of EUR

31 December 2022	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	306	2,007	1,282	123	195	3,913
Accumulated depreciation and impairment	(113)	(707)	(680)	(41)	(6)	(1,547)
Carrying amount as at 31 December 2022	**193**	**1,300**	**602**	**82**	**189**	**2,366**

E.6. Goodwill and other intangible assets

E.6.1. Goodwill

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	30 June 2023	31 December 2022
CETIN CZ	119	117
CETIN Hungary	182	169
CETIN Bulgaria	104	104
CETIN Serbia	189	189
Total goodwill*	**594**	**579**

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

E.6.2. Other intangible assets

Other intangible assets comprise the following:

In millions of EUR

30 June 2023	Software	Other intangible assets	Work in progress	**Total**
Cost	244	36	9	289
Accumulated amortisation and impairment	(153)	(9)	-	(162)
Carrying amount as at 30 June 2023	**91**	**27**	**9**	**127**

In millions of EUR

31 December 2022	Software	Other intangible assets	Work in progress	**Total**
Cost	227	33	9	269
Accumulated amortisation and impairment	(134)	(7)	-	(141)
Carrying amount as at 31 December 2022	**93**	**26**	**9**	**128**

E.7. Financial assets (excluding cash and cash equivalents)

Financial assets comprise the following current trade and other receivables:

In millions of EUR

	30 June 2023	31 December 2022
Trade receivables	139	134
Accrued income	41	38
Subtotal (gross)	**180**	**172**
Individual allowances for impairment on trade and other receivables	(3)	(3)
Total trade and other receivables (carrying amount)	**177**	**169**

E.8. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Deferred expenses and advances	18	19
Specific deposits and other specific receivables	3	2
Non-current	**21**	**21**
Deferred expenses and advances	31	25
Other tax receivables	6	8
Other	-	1
Current	**37**	**34**
Total other assets	**58**	**55**

E.9. Due to banks

In August 2021, the Parent Company became a party to a term and revolving facilities agreement with a syndicate of banks. The Parent Company 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.10) and used the proceeds to prepay the bridge (in full) and term loans. The outstanding principal amounts of the loans as at 30 June 2023 were EUR 511 million for the term loan and EUR 444 million for the incremental term loan (31 December 2022: EUR 511 million for the term facility and EUR 444 million for the incremental term loan). The actual amount of outstanding loan liabilities stated in the condensed consolidated interim statement of financial position is lower by unamortised fees and other transaction costs directly attributable to the origination of the loan facilities. These fees were capitalised and are amortised to finance costs using the effective interest rate method. These loan facilities are unsecured.

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

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

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

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

E.10. Debt securities issued

Debt securities (all unsecured) issued comprise the following:

In millions of EUR

	Date of issue	Maturity	Fixed rate	30 June 2023	31 December 2022
Bond (CZK 4,866 million)	2016	2023	1.25%	206	202
Bond (EUR 500 million)	2022	2027	3.13%	500	507
Total debt securities issued*				**706**	**709**

*The changes in the balances result from exchange rate changes and accruing and payments of the accrued interest.

In April 2022, the Parent Company 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.9).

E.11. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Contract liabilities	57	58
Deferred income and prepayments	4	-
Settlements with suppliers	1	2
Defined benefit obligation	1	1
Advances received	-	1
Non-current	**63**	**62**
Settlements with suppliers	257	283
Accrued expense	41	38
Wages and salaries	16	13
Contract liabilities	14	13
Social security and health insurance	5	5
Other tax payables	4	3
Deferred income and prepayments	2	1
Advances received	1	-
Other liabilities	1	4
Current	**341**	**360**
Total trade and other payables	**404**	**422**

E.12. Provisions

Provisions comprises the following:

In millions of EUR

	30 June 2023	31 December 2022
Fixed asset retirement obligation	35	31
Other provisions	-	1
Non-current	**35**	**32**
Provision for restructuring	2	2
Other provisions	4	3
Current	**6**	**5**
Total provisions	**41**	**37**

E.13. Issued capital, share premium, dividends and earnings per share

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

The following table provides details of authorised and issued shares:

	30 June 2023	31 December 2022
Number of shares authorised	375,000	375,000
Number of shares issued, out of which fully paid	375,000	375,000
Par value per share	EUR 0.12	EUR 0.12

The share premium is the amount received by the Parent Company in the excess of the par value of its shares. As at 30 June 2023, the share premium amounted to EUR 693 million (31 December 2022: EUR 693 million). The share premium is freely distributable.

During the period ending 30 June 2023, the Parent Company paid dividends totalling EUR 75 million (30 June 2022: EUR 45 million).

E.14. Other reserves

E.14.1. Other reserves

The other reserves represent other capital funds resulting from historical demerger of CETIN CZ and other capital funds from the merger of the Parent Company with PPF A3 B.V. in 2021. The other reserves are not available for distribution to shareholders.

E.14.2. Currency translation reserve

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

E.15. Non-controlling interests

The following table summarises the information relating to TMT Hungary Infra that is a consolidated subgroup with NCI:

In millions of EUR

	30 June 2023	31 December 2022
NCI percentage (ownership)	**25.00%**	**25.00%**
Country of incorporation	Netherlands	Netherlands
Total assets	483	410
Total liabilities	(152)	(120)
Net assets	331	290
Carrying amount of NCI	**83**	**73**

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

	2023	2022
NCI percentage during the period	**25.00%**	**25.00%**
Revenue	89	64
Profit	30	24
Other comprehensive income/(expense)	23	(22)
Total comprehensive income	53	2
Profit allocated to NCI	7	6
OCI allocated to NCI	6	(5)
Dividends paid to NCI	**3**	**-**

E.16. Off-balance sheet items

E.16.1. Commitments

In millions of EUR

	30 June 2023	31 December 2022
Capital expenditure commitments – PPE	60	58
Capital expenditure commitments – intangible assets	7	11
Provided guarantees	4	4
Total commitments and contingent liabilities	**71**	**73**

E.16.2. Off-balance sheet assets

In millions of EUR

	30 June 2023	31 December 2022
Loan commitments received	200	200
Guarantees accepted	7	6
Total commitments and contingent assets	**207**	**206**

E.16.3. Guarantees

One of the legal consequences of the voluntary spin-off of infrastructure assets of O2 Czech Republic into CETIN CZ in 2015 and Telenor Hungary, Telenor Bulgaria and Telenor Serbia into CETIN Hungary, CETIN Bulgaria and CETIN Serbia in 2020 was the creation of a statutory cross guarantee (the “Cross Guarantee”), whereby CETIN CZ, CETIN Hungary, CETIN Bulgaria and CETIN Serbia guarantee the monetary and non-monetary debts of O2 Czech Republic, Yettel Hungary, Yettel Bulgaria and Yettel Serbia, respectively, that passed from the relevant operators to CETIN CZ, CETIN Hungary, CETIN Bulgaria and CETIN Serbia following the spin-off. The Cross Guarantee was initially up to the amount of CZK 46.9 billion in the case of CETIN CZ (approx. EUR 1,788 million), HUF 26.9 billion in the case of CETIN Hungary (approx. EUR 74 million), BGN 201 million in the case of CETIN Bulgaria (approx. EUR 103 million) and RSD 11.8 billion in the case of CETIN Serbia (approx. EUR 100 million). The Cross Guarantee is not limited in time and may be exercised at any time until all guaranteed debts have ceased to exist. Should O2 Czech Republic, Yettel Hungary, Yettel Bulgaria, and Yettel Serbia fail to pay their monetary debts or perform its non-monetary debts, creditors may claim under the Cross Guarantee.

E.17. Related parties

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

E.17.1. Transactions with fellow subsidiaries

During the course of the six-month period, the Group had the following significant transactions with fellow subsidiaries (i.e., entities under control of PPF Group N.V.):

In millions of EUR

	30 June 2023	31 December 2022
Trade receivables	99	93
Cash and cash equivalents	32	56
Right-of-use assets (IFRS 16)	1	1
Trade payables	(5)	(6)
Lease liabilities (IFRS 16)	(1)	(1)
Contract liabilities	(14)	(15)
Debt securities issued	(4)	(4)

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

	2023	2022
Revenue	435	375
Other income from non-telecommunication services	1	-
Other operating expenses	(18)	(16)
Net loss on financial assets	-	(1)

The most significant contracts are mobile network services agreements (MSA) and management and operational services agreements (MOSA), concluded with the Group’s fellow commercial retail telecommunication entities from PPF Group. The main substance of the MSA agreements is that the Group owns and operates the mobile network and, using this network, it provides wholesale telecommunication services to the fellow commercial retail telecommunication entities. This enables the respective commercial retail telecommunication entity to provide telecommunication services to end customers (and generate revenue). The MSA agreements include various types of specialised services, including radio access network (RAN) design services (includes planning, operating, maintenance and optimisation), transport services, core network service and value-added technology services. Under MOSA agreements, the Group provides these commercial retail telecommunication entities with networking, security and IT services.

Revenue generated from these agreements is disclosed in detail in section D and note E.1.1. Total fee consist of base fee and additional fee annually increased by expected and incrementally ordered projects and network capacity. In 2021, the Group concluded with its customers the amendments to the MSA agreements prolonging the contracts till 31 December 2051. Under the new conditions, the annual base fee for the period until 2031 totals approximately EUR 490 million a year, which will be further adjusted for the inflation.

F. Significant accounting policies

F.1. Significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

These amendments introduce:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Subsequent events

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

On 1 August 2023, PPF Group N.V. (the ultimate parent of the Parent Company) and Emirates Telecommunications Group Company PJSC ("e&") signed the agreement under which e& will acquire a stake of 50% plus one share in PPF Telecom Group B.V.'s (the direct parent of the Parent Company) assets in Bulgaria, Hungary, Serbia, and Slovakia. PPF Telecom Group B.V.'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 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 PPF Telecom Group B.V. and additional earn-out payments of up to EUR 350 million within three years after the closing if PPF Telecom Group B.V., 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.

CETIN Group N.V., through which PPF Group N.V. will keep its control over CETIN CZ, will transfer all its subsidiaries in Bulgaria, Hungary and Serbia to PPF Telecom Group B.V. PPF Group N.V. aims to maintain Parent Company's current rating level, subject to confirmation of the targeted final capital structure.

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

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

7 September 2023

The board of directors:

Jan Kadaník
Chairman of the board of directors

Jan Cornelis Jansen
Member of the board of directors

Marcel Marinus van Santen
Member of the board of directors

Juraj Šedivý
Member of the board of directors

Kamil Burganov
Member of the board of directors

Rhys AP John Phillip
Member of the board of directors

Jaime Smith Basterra
Member of the board of directors