CETIN Group N.V.

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

Independent auditor's review report

To: the Board of Directors and the Audit Committee 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 endorsed by the European Union.

The condensed consolidated interim financial statements comprise:

1 the condensed consolidated interim statement of financial position as at 30 June 2024;

2 the following statements for the six-month period ended 30 June 2024: the condensed consolidated interim statement of income and other comprehensive income, changes in equity and cash flows; and

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

Basis for our conclusion

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

We are independent of 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 and the Audit Committee for the condensed consolidated interim financial statements

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

The Audit Committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the review of the condensed consolidated interim financial statements

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

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

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

Our review included among others:

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

Amstelveen, 23 September 2024

KPMG Accountants N.V.

F.A.M. Croiset van Uchelen RA

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Glossary

AC	- amortised cost
CAPEX	- capital 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
IFRS-AS	- International Financial Reporting Standards – Accounting Standards
MOSA	- management and operational services agreement
MSA	- master service agreement
NCI	- non-controlling interests
OCI	- other comprehensive income
PPE	- property, plant and equipment
ROU	- right-of-use assets

Condensed consolidated interim statement of income and other comprehensive income

For the six months ended 30 June

In millions of EUR

	Notes	2024	2023
Domestic revenue	E1	554	504
International transit revenue	E1	95	112
Total revenue		**649**	**616**
Other income from non-telecommunication services		2	3
Personnel expenses	E2	(55)	(43)
Other operating expenses	E2	(208)	(217)
Operating profit excluding depreciation, amortisation and impairments		**388**	**359**
Depreciation of property, plant and equipment		(127)	(120)
Depreciation on lease-related right-of-use assets		(33)	(33)
Amortisation of intangible assets		(22)	(19)
Impairment loss on PPE and intangible assets		(1)	(2)
Operating profit		**205**	**185**
Interest income		2	1
Net foreign currency gains/(losses)		(14)	11
Interest expense on lease liabilities		(9)	(7)
Other interest expense		(45)	(30)
PROFIT BEFORE TAX		**139**	**160**
Income tax expense	E3	(24)	(30)
NET PROFIT FOR THE PERIOD		**115**	**130**
Other comprehensive income/(expense)*			
Currency translation differences		(24)	38
Other comprehensive income/(expense), net of tax		**(24)**	**38**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**91**	**168**
Net profit attributable to:			
Owners of the Parent		106	123
Non-controlling interests		9	7
Net profit for the period		**115**	**130**
Total comprehensive income attributable to:			
Owners of the Parent		85	155
Non-controlling interests		6	13
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**91**	**168**

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

The notes on pages 8 to 35 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

In millions of EUR

	Note	30 June 2024	31 December 2023
ASSETS			
Property, plant and equipment	E4	2,527	2,527
Goodwill	E5.1	639	643
Other intangible assets	E5.2	135	136
Right-of-use assets		378	370
Other assets	E8	18	19
Deferred tax assets		6	5
Non-current assets		**3,703**	**3,700**
Trade and other receivables	E6	175	191
Inventories		4	4
Current income tax receivables		7	4
Other assets	E8	39	32
Cash and cash equivalents		84	75
Assets held for sale	E7	-	175
Current assets		**309**	**481**
TOTAL ASSETS		**4,012**	**4,181**
LIABILITIES			
Due to non-banks	E9	53	175
Due to banks	E10	1,148	1,147
Debt securities issued	E11	497	497
Lease liabilities		313	320
Trade and other payables	E12	64	67
Provisions	E13	46	46
Deferred tax liabilities		250	259
Non-current liabilities		**2,371**	**2,511**
Due to non-banks	E9	123	-
Due to banks	E10	3	4
Debt securities issued	E11	3	11
Lease liabilities		69	60
Trade and other payables	E12	340	526
Provisions	E13	6	8
Current income tax liability		6	5
Liabilities directly associated with assets held for sale	E7	-	11
Current liabilities		**550**	**625**
TOTAL LIABILITIES		**2,921**	**3,136**
EQUITY			
Issued capital*	E14	-	-
Share premium	E14	693	693
Other reserves	E15	72	93
Retained earnings		237	172
Total equity attributable to owners of the Parent		1,002	958
Non-controlling interests	E16	89	87
Total equity		**1,091**	**1,045**
TOTAL LIABILITIES AND EQUITY		**4,012**	**4,181**

*Issued capital is EUR 45 thousand.

The notes on pages 8 to 35 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

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

	Issued capital*	Share premium	Other reserves		Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
			Translation reserve	Other reserves				
Balance as at 1 January 2024	**-**	**693**	**(22)**	**115**	**172**	**958**	**87**	**1,045**
Profit for the period	**-**	**-**	**-**	**-**	**106**	**106**	**9**	**115**
Currency translation differences	-	-	(21)	-	-	(21)	(3)	(24)
Other comprehensive income for the period	**-**		**(21)**	**-**	**-**	**(21)**	**(3)**	**(24)**
Total comprehensive income	-	**-**	**(21)**	**-**	**106**	**85**	**6**	**91**
Dividends to shareholders	-	-	-	-	(40)	(40)	-	(40)
Dividends to NCI	-	-	-	-	-	-	(5)	(5)
Other	-	-	-	-	(1)	(1)	1	-
Total transactions with owners of the Parent	**-**	**-**	**-**	**-**	**(41)**	**(41)**	**(4)**	**(45)**
Balance as at 30 June 2024	**-**	**693**	**(43)**	**115**	**237**	**1,002**	**89**	**1,091**

*Issued capital is EUR 45 thousand.

The notes on pages 8 to 35 are an integral part of these condensed consolidated interim financial statements.

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

	Issued capital*	Share premium	Other reserves		Retained earnings	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.

The notes on pages 8 to 35 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

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

In millions of EUR

	Notes	2024	2023
Cash flows from operating activities			
Profit before tax		139	160
Adjustments for:			
Depreciation and amortisation		182	172
Impairment losses on current and non-current assets		1	2
Net interest expense		52	36
Net foreign exchange (gains)/losses		14	(11)
Net operating cash flow before changes in working capital		**388**	**359**
Change in trade and other receivables		13	(10)
Change in other assets		(8)	(7)
Change in trade and other payables		7	7
Change in provisions		(1)	2
Cash generated from operating activities		**399**	**351**
Income tax paid		(32)	(26)
Interest received		2	1
Net cash from operating activities		**369**	**326**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(220)	(203)
Proceeds from disposals of tangible and intangible assets		2	2
Net cash used in investing activities		**(218)**	**(201)**
Cash flows from financing activities			
Interest paid (other than lease liabilities)		(51)	(33)
Interest paid on lease liabilities		(9)	(7)
Cash payments for principal portion of lease liability		(36)	(31)
Dividends paid to shareholders		(40)	(75)
Dividends paid to NCI	E16	(5)	(3)
Net cash used in financing activities		**(141)**	**(149)**
Net increase/(decrease) in cash and cash equivalents		**10**	**(24)**
Cash and cash equivalents as at 1 January		**75**	**82**
Effect of exchange rate changes on cash and cash equivalents		(1)	-
Cash and cash equivalents as at 30 June		**84**	**58**

The notes on pages 8 to 35 are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

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 2024, 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 2024, the ultimate controlling party was Mrs Renáta Kellnerová and four children of the late Mr Kellner.

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

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 23 September 2024.

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

A.3. Basis of measurement

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

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

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (refer to A.5). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes at a minimum an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has the option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

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

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

A.4. Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, 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:

- the fair value of tangible and intangible assets identified during the purchase price allocation exercise and initial value of goodwill or gain on bargain purchase for each business combination (refer to B.2.1, E.5.1);
- useful life of tangible and intangible fixed assets;
- expected credit losses on trade receivables and other financial assets (refer to E.6);
- 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.13);
- contingent assets and liabilities (refer to E.17) ;
- 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 (refer to E.1);
- assessment of the recognition principles for master service agreements between the guidance of IFRS 15 and IFRS 16 (refer to E.1, E.18.2);
- 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. In the case of reorganisations and demergers involving Group companies under common control, any resulting gain or loss is recognised directly in equity.

Intra-group balances, 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 2024 and 31 December 2023.

Company	Domicile	Effective proportion of ownership interest	
		30 June 2024	31 December 2023
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%
DeCeTel s.r.o.*	Czech Republic	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%

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

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

B.2.1. Acquisition and subsequent partial disposal of Nej.cz

In April 2023, the Group (specifically CETIN a.s.) entered into an agreement to acquire a 100% stake in Nej.cz s.r.o. (hereinafter as "Nej.cz"), the internet connection, voice and television services provider in the Czech Republic. The Group has primarily acquired a high-speed optical infrastructure in its portfolio, which is available for half a million households in several regions of the Czech Republic. The transaction was subject to the approval of the Office for the Protection of Competition and the closing of the transaction occurred on 30 November 2023. On 1 June 2024, Nej.cz s.r.o. was renamed to DeCeTel s.r.o.

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

Key assumptions and valuation approach

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

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

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

Additionally, in November 2023, the Group entered into an agreement with O2 Czech Republic a.s. (a mobile telecommunication operator owned by PPF Telecom Group B.V.) to sell a retail part of Nej.cz's assets and liabilities constituting together a business for CZK 4.1 billion (approx. EUR 166 million), subject to closing adjustments. The Group assessed that this business was acquired with the subsequent view to resale, therefore, met the criteria for classification as held for sale at acquisition in line with IFRS 5 as at 31 December 2023 (refer to E.7). Most of these acquired held-for-sale assets represented the newly identified customer relations. No impairment losses were recognised by the Group in connection with this held-for-sale classification. The transaction was successfully closed on 1 June 2024 with no loss or gain from the sale for the six months ended 30 June 2024. As a result, no assets held for sale, nor liabilities directly associated with assets held for sale are presented in the condensed consolidated interim financial statements as at 30 June 2024 (refer to E.7).

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

In millions of EUR, as at 30 November 2023

Fair value of assets acquired (excl. goodwill)	**203**
Property, plant and equipment	135
Intangible assets	6
Right-of-use assets	13
Trade and other receivables	3
Other assets	2
Assets held for sale (refer to E.7)	42
Cash and cash equivalents	2
Fair value of liabilities assumed (adjusted)*	**47**
Deferred tax liability	13
Lease liabilities	13
Trade and other payables	3
Contract liabilities	6
Other liabilities	1
Liabilities directly associated with assets held for sale (refer to E.7)	11
Fair value of identifiable net assets (adjusted)*	**156**

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

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

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

The acquisition of shares and the above loans was financed by a mix of shareholder loans totalling EUR 175 million provided by the Parent and the non-controlling partner (refer also to E.9 and E.18.1), and an advance received of CZK 4,102 million (approx. EUR 169 million as at the date of the proceeds receipt) from O2 Czech Republic a.s. for the part acquired with the subsequent view to resale (refer also to E.18.2).

Goodwill arising from the acquisition was recognised as follows:

In millions of EUR, as at 30 November 2023

Total consideration transferred [a]	352
Consideration paid (for the 100% share)	*246*
Refinancing of loans due to non-banks	*106*
Fair value of identifiable net assets (adjusted) [b]	156
Goodwill (total) [a-b]	**196**
Goodwill	60
Goodwill (held-for-sale part, refer to E.7)	136

A part of the total identified goodwill amounting to EUR 136 million was associated with the retail business subject to the agreement for subsequent sale to O2 Czech Republic a.s. and, as such, it was presented within the assets held for sale in these consolidated financial statement as at 31 December 2023. The total goodwill is attributable to the established position of Nej.cz's businesses on the Czech market, anticipated synergies with other Group's (and O2 Czech Republic a.s.'s) operations, and the assembled workforce. The goodwill balance is not expected to be deductible for tax purposes.

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

B.2.2. PPF Group N.V.'s agreement with Emirates Telecommunication Group Company (closing pending)

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 a.s., will sell all its subsidiaries in Bulgaria, Hungary and Serbia to PPF Telecom Group B.V. PPF Group N.V. aims to maintain the 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 last quarter of 2024 and is subject to the EU Foreign Subsidies Regulation review, the approval of the non-controlling partner, and other customary closing conditions. All other required regulatory approvals were obtained by the end of the first half of 2024.

The Group's management performed a thorough analysis and evaluated that the subsidiaries subject to this sale transaction do not meet the criteria to be classified as held-for-sale at either 30 June 2024 or 31 December 2023.

C. Risk exposures, risk management objectives and procedures

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2023. The Group 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 (except for those presented in the below table), since financial assets and liabilities comprise mainly current trade receivables and payables, cash and cash equivalents, loans due to banks, and loans due to non-banks.

In millions of EUR

	30 June 2024 Carrying amount	30 June 2024 Fair value	31 December 2023 Carrying amount	31 December 2023 Fair value
Debt securities issued (Level 2)	500	489	508	493

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 2024 and the year ended 31 December 2023.

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

On 30 November 2023, the Group acquired Nej.cz (renamed subsequently to DeCeTel) which has been reported within CETIN CZ segment since then (refer to B.2.1).

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 2024 amounting to EUR 649 million (30 June 2023: EUR 616 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 2024, revenues from these customers represent approximately 70% of revenues reported in total for all segments (30 June 2023: 71% of revenues reported in total for all segments).

In millions of EUR

30 June 2024	CETIN CZ	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	416	93	75	65	-	-	649
Inter-segment revenue	2	-	1	1	-	(4)	-
Total revenue	**418**	**93**	**76**	**66**	**-**	**(4)**	**649**
Major service/products lines:							
Mobile service revenues	134	93	72	63	-	(1)	361
Contracted MSA/MOSA fee from anchor tenants	121	91	69	60	-	(1)	340
Contracted revenue from third-party tenants	10	2	-	-	-	-	12
Other non-contracted mobile revenue	3	-	3	3	-	-	9
Fixed broadband service revenues	99	-	-	1	-	-	100
Other fixed and domestic service revenues	90	-	1	2	-	-	93
Domestic revenue	323	93	73	66	-	(1)	554
International transit revenue	95	-	3	-	-	(3)	95
Total revenue	**418**	**93**	**76**	**66**	**-**	**(4)**	**649**
Other income from non-telecommunication services	2	-	-	-	-	-	2
Operating expenses	(207)	(24)	(20)	(16)	-	4	(263)
Operating profit excluding depreciation, amortisation and impairments	**213**	**69**	**56**	**50**	**-**	**-**	**388**
Depreciation of PPE	(86)	(15)	(16)	(10)	-	-	(127)
Depreciation on lease-related ROU	(18)	(6)	(4)	(5)	-	-	(33)
Amortisation of intangible assets	(19)	(1)	(1)	(1)	-	-	(22)
Impairment loss	-	(1)	-	-	-	-	(1)
Operating profit	**90**	**46**	**35**	**34**	**-**	**-**	**205**
Interest income	1	1	-	-	27	(27)	2
Net foreign currency losses	(13)	(1)	-	-	-	-	(14)
Interest expense on lease liability	(4)	(3)	(1)	(1)	-	-	(9)
Other interest expense	(28)	(1)	-	-	(43)	27	(45)
Profit for the period before tax	**46**	**42**	**34**	**33**	**(16)**	**-**	**139**
Income tax expense	(9)	(6)	(3)	(5)	(1)	-	(24)
Profit for the period	**37**	**36**	**31**	**28**	**(17)**	**-**	**115**
Capital expenditure	121	20	20	19	-	-	180
30 June 2024							
Segment assets	2,748	506	370	381	1,070	(1,063)	4,012
Segment liabilities	1,779	167	132	79	1,827	(1,063)	2,921
Segment equity	**969**	**339**	**238**	**302**	**(757)**	**-**	**1,091**

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)
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
31 December 2023							
Segment assets	2,932	509	362	372	1,009	(1,003)	4,181
Segment liabilities	1,959	163	103	80	1,834	(1,003)	3,136
Segment equity	**973**	**346**	**259**	**292**	**(825)**	**-**	**1,045**

E. Additional notes to the condensed consolidated interim financial statements

E.1. Revenue

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

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

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

	2024	2023
Domestic revenue	554	504
International transit revenue	95	112
Total	**649**	**616**

Increase in domestic revenue for the six months ended 30 June 2024 is driven mainly by MSA inflation adjustment and revenues from incremental projects compared to the six months ended 30 June 2023.

Detail split of domestic revenue:

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

	2024	2023
Mobile service revenues	361	336
Committed MSA/MOSA revenues from anchor tenants	340	316
Committed from third-party tenants	12	14
Other non-contracted mobile revenue	9	6
Fixed broadband service revenues	100	101
Other fixed and domestic service revenues	93	67
Total domestic revenue	**554**	**504**

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.18.2).

E.1.2. Revenue from telco business – geographical markets

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

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

	2024	2023
Services/products transferred over time	649	616
Czech Republic	317	292
Hungary	96	91
Bulgaria	76	69
Serbia	71	62
Germany	10	13
Switzerland	8	3
Slovakia	4	7
Other EU countries	27	40
Other Non-EU countries	40	39

E.2. Personnel expenses and other operating expenses

Operating expenses comprise the following:

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

	2024	2023
Employee compensation	36	28
Payroll related taxes	19	15
Total personnel expenses	**55**	**43**
Transit cost of sales	90	105
Other cost of sales	17	13
Utilities	45	50
Network & IT maintenance	22	22
Rentals, buildings and vehicles	10	8
Professional services	4	4
Other	20	15
Total other operating expenses	**208**	**217**

E.3. Income taxes

Income tax expense comprises the following:

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

	2024	2023
Current tax expense	(31)	(35)
Deferred tax benefit	7	5
Total income tax expense	**(24)**	**(30)**

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 2024 was 17% (30 June 2023: 19%).

E.3.1. Global minimum tax (Pillar Two)

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

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

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

E.4. Property, plant and equipment

Property, plant and equipment comprise the following:

In millions of EUR

30 June 2024	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	319	2,126	1,466	148	246	4,305
Accumulated depreciation and impairment	(111)	(802)	(804)	(55)	(6)	(1,778)
Carrying amount as at 30 June 2024	**208**	**1,324**	**662**	**93**	**240**	**2,527**

In millions of EUR

31 December 2023	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	310	2,133	1,434	142	210	4,229
Accumulated depreciation and impairment	(108)	(769)	(767)	(51)	(7)	(1,702)
Carrying amount as at 31 December 2023	**202**	**1,364**	**667**	**91**	**203**	**2,527**

E.5. Goodwill and other intangible assets

E.5.1. Goodwill

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	30 June 2024	31 December 2023
CETIN CZ	174	173
CETIN Hungary	172	177
CETIN Bulgaria	104	104
CETIN Serbia	189	189
Total goodwill*	**639**	**643**

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

E.5.2. Other intangible assets

Other intangible assets comprise the following:

In millions of EUR

30 June 2024	Software	Customer relation-ships	Other intangible assets	Work in progress	**Total**
Cost	264	6	40	15	325
Accumulated amortisation and impairment	(178)	-	(12)	-	(190)
Carrying amount as at 30 June 2024	**86**	**6**	**28**	**15**	**135**

In millions of EUR

31 December 2023	Software	Customer relation-ships	Other intangible assets	Work in progress	**Total**
Cost	257	5	38	10	310
Accumulated amortisation and impairment	(163)	-	(11)	-	(174)
Carrying amount as at 31 December 2023	**94**	**5**	**27**	**10**	**136**

E.6. Financial assets (excluding cash and cash equivalents)

Financial assets comprise the following current trade and other receivables:

In millions of EUR

	30 June 2024	31 December 2023
Trade receivables	141	142
Accrued income	37	52
Subtotal (gross)	**178**	**194**
Individual allowances for impairment on trade and other receivables	(3)	(3)
Total trade and other receivables (carrying amount)	**175**	**191**

E.7. Assets held for sale and liabilities directly associated with assets held for sale

As at 31 December 2023, assets held for sale and liabilities directly associated with assets held for sale represented a retail part of the Nej.cz's assets and liabilities constituting together a business intended to be sold to O2 Czech Republic a.s.. for further details refer to B.2.1. The transaction was closed on 1 June 2024 and as all assets and associated liabilities constituting a business were sold. Thus, as at 30 June 2024, the Group does not present either any assets held for sale or any liabilities directly associated with assets held for sale.

The following table shows the breakdown of assets held for sale and liabilities directly associated with assets held for sale per major classes of assets:

In millions of EUR

	31 December 2023
Assets held for sale	**175**
Goodwill*	134
Intangible assets	32
Trade and other receivables	4
Property plant and equipment	3
Cash and cash equivalents	2
Liabilities directly associated with assets held for sale	**11**
Deferred tax liabilities	7
Trade and other payables	4

*The change in value of goodwill is affected by changes in the CZK/EUR translation FX rate between the acquisition date and 31 December 2023 (refer to B.2.1).

As at 31 December 2023, the goodwill classified as held for sale was determined as a difference between the sale price for Nej.cz's retail part to be sold by Cetin CZ to O2 Czech Republic, a.s. amounting to EUR 166 million and the acquisition fair value of the related assets (excl. goodwill) and liabilities presented in the above table (refer also to B.2.1).

E.8. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2024	31 December 2023
Deferred expenses and advances	17	18
Specific deposits and other specific receivables	1	1
Non-current	**18**	**19**
Deferred expenses and advances	32	26
Other tax receivables	7	6
Current	**39**	**32**
Total other assets	**57**	**51**

E.9. Liabilities due to non-banks

Liabilities due to non-banks comprise the following:

In millions of EUR

	30 June 2024	31 December 2023
Non-current	53	175
Current	123	-
Total liabilities due to non-banks	**176**	**175**

In November 2023, the Group obtained a new loan from its parent company PPF Telecom Group B.V. totalling EUR 123 million and a new loan from its minority shareholder GIC Private Limited ("GIC") totalling EUR 52 million. The Group used the loan proceeds to fund the acquisition of Nej.cz (refer to B.2.1).

E.10. Liabilities 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.11) and used the proceeds to prepay the bridge (in full) and term loans. In December 2023, the Parent Company utilised EUR 197 million out of the EUR 200 million committed revolving facility and the Group used the proceeds to repay the bond with a nominal value of CZK 4,866 million (EUR 203 million).

The outstanding principal amounts of the loans as at 30 June 2024 were EUR 511 million (31 December 2023: EUR 511 million) for the term loan, EUR 444 million (31 December 2023: EUR 444 million) for the incremental term loan and EUR 197 million for the revolving facility (31 December 2023: EUR 197 million). 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 2024 and 31 December 2023, the Group complied with the financial covenants imposed by its loan facilities.

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

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

E.11. Debt securities issued

Debt securities (all unsecured) issued comprise the following:

In millions of EUR

	Date of issue	Maturity	Fixed rate	30 June 2024	31 December 2023
Bond (EUR 500 million)	2022	2027	3.13%	500	508
Total debt securities issued*				**500**	**508**

*The change in the balance results from 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.10).

E.12. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2024	31 December 2023
Contract liabilities	56	59
Deferred income and prepayments	5	5
Other liabilities	3	3
Non-current	**64**	**67**
Settlements with suppliers	246	279
Accrued expense	46	41
Wages and salaries	20	16
Contract liabilities	13	15
Social security and health insurance	7	6
Other tax payables	5	3
Deferred income and prepayments	2	-
Advances received	1	166
Current	**340**	**526**
Total trade and other payables	**404**	**593**

As at 31 December 2023, the advances-received balance amounting to EUR 166 million represented an advance payment for a part of Nej.cz business provided by O2 Czech Republic a.s. As at 1 June 2024, the transaction was closed and the advance received was fully offset against the receivables from the sale (refer to B.2.1). As at 30 June 2024, advances received related to the transaction with O2 Czech republic a.s. are nil.

E.13. Provisions

Provisions comprises the following:

In millions of EUR

	30 June 2024	31 December 2023
Fixed asset retirement obligation	46	46
Non-current	**46**	**46**
Provision for restructuring	1	2
Other provisions	5	6
Current	**6**	**8**
Total provisions	**52**	**54**

E.14. Issued capital, share premium and dividends

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

The following table provides details of authorised and issued shares:

	30 June 2024	31 December 2023
Number of shares authorised	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 2024, the share premium amounted to EUR 693 million (31 December 2023: EUR 693 million). The share premium is freely distributable.

During the period ending 30 June 2024, the Parent Company paid dividends totalling EUR 40 million (30 June 2023: EUR 75 million).

E.15. Other reserves

E.15.1. Other reserves

The other reserves represent other capital funds resulting from historical demergers and mergers involving the Parent Company or the subsidiaries. The other reserves are not available for distribution to shareholders.

E.15.2. 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.16. 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 2024	31 December 2023
NCI percentage (effective ownership)	**25.00%**	**25.00%**
Country of incorporation	Netherlands	Netherlands
Total assets	506	512
Total liabilities	(149)	(163)
Net assets	357	349
Carrying amount of NCI	**89**	**87**

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

	2024	2023
NCI percentage during the period	**25.00%**	**25.00%**
Revenue	93	89
Profit	36	30
Other comprehensive income/(expense)	(11)	23
Total comprehensive income	25	53
Profit allocated to NCI	9	7
OCI allocated to NCI	(3)	6
Dividends paid to NCI	**5**	**3**

E.17. Off-balance sheet items

E.17.1. Commitments

In millions of EUR

	30 June 2024	31 December 2023
Capital expenditure commitments – PPE	152	177
Capital expenditure commitments – intangible assets	7	9
Provided guarantees	6	4
Total commitments and contingent liabilities	**165**	**190**

E.17.2. Off-balance sheet assets

As at 30 June 2024, off-balance sheet assets represent guarantees accepted in amount of EUR 4 million (31 December 2023: EUR 6 million).

E.17.3. 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 68 million), BGN 201 million in the case of CETIN Bulgaria (approx. EUR 103 million). Additionally, beside other legal consequences, with CETIN Serbia's spin-off from Yettel Serbia a joint and several liability was created, whereby CETIN Serbia became jointly and severally liable for certain monetary and non-monetary debts (liabilities) of Yettel Serbia that existed as of the date of the spin-off and remained with Yettel Serbia. The maximum amount was initially up to RSD 11.8 billion (approximately EUR 100 million equivalent), but the amount has decreased over time in proportion to the decrease in the corresponding debt of Yettel Serbia. Since 2022, CETIN Serbia has no longer been jointly and severally liable for the debts (liabilities) of Yettel Serbia.

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 and Yettel Bulgaria fail to pay their monetary debts or perform its non-monetary debts, creditors may claim under the Cross Guarantee.

E.18. 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., PPF Telecom Group B.V. (as the indirect and direct parent companies), GIC Private Limited ("GIC") (as a minority shareholder), and fellow subsidiaries. Those significant are disclosed below in this note.

E.18.1. Transactions with shareholders

In 2023, the Group was provided with shareholder loans from both its shareholders totalling EUR 176 million as at 30 June 2024 for financing of Nej.cz acquisition (refer to B.2.1). The loans are presented within liabilities due to non-banks and the related interest expense for the six months ended 30 June 2024 was EUR 4 million (30 June 2023: nil).

E.18.2. Transactions with fellow subsidiaries

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

In millions of EUR

	30 June 2024	31 December 2023
Trade receivables	104	107
Cash and cash equivalents	38	38
Right-of-use assets (IFRS 16)	1	1
Trade payables	(13)	(5)
Contract liabilities	(10)	(12)
Debt securities issued	(3)	(4)
Lease liabilities (IFRS 16)	(1)	(1)
Advances received for the sale of part of the business*	-	(166)

*The balance as at 31 December 2023 comprises an advance received from O2 Czech Republic a.s. relating to Nej.cz acquisition (refer to B.2.1).

During the six-month period, the Group had the following significant transactions with the fellow subsidiaries:

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

	2024	2023
Revenue	456	435
Interest income	1	-
Other income from non-telecommunication services	-	1
Other operating expenses	(15)	(18)

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 fees 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 476 million a year, which will be further adjusted for the inflation.

F. Material accounting policies

F.1. Material accounting policies

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

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

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

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

These amendments had no material impact on the Group’s consolidated financial statements.

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

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

These amendments had no material impact on the Group’s consolidated financial statements.

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

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

These amendments had no material impact on the Group’s consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Subsequent events

G.1. On-site inspection by local competition authority

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

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

23 September 2024

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