CETIN a.s.

Consolidated Annual Report 2023

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Appendices

Note:

CETIN a.s. is also hereinafter referred to as "**CETIN**"
CETIN and its hereinafter specified subsidiaries are hereinafter also referred to as "**CETIN group**".

A word of introduction from the Chairman of the Board

Ladies and Gentlemen,

CETIN's performance in 2023 met the planned targets and achieved positive results. This was despite the dynamic development of energy prices and economic uncertainty. Thanks to the development of mobile network services, the growth in the number of fixed internet access services on the upgraded access network and the demand for connectivity services, our company has continued to grow.

We have accelerated our own fibre-optic infrastructure construction and, as a result, in the past year we have increased the number of households covered at a speed of more than 1 Gb/s to 343,000. We have further consolidated this growth trend with the acquisition of the connectivity provider Nej.cz. We are thus acquiring primarily a high-speed fibre-optic infrastructure, which includes half a million households in several regions of the Czech Republic, into our portfolio.

In addition, an important project for 2023 in the Czech Republic was the major modernisation of the radio access mobile network and its supplementation with next generation 5G technology. As part of this project, end-of-life equipment is being replaced with new Ericsson technologies. The project will be completed in 2024 and will enable the introduction of a whole range of new services requiring reliable high-speed, low-latency connectivity.

CETIN continues to focus on and invest in interoperability, physical and cyber security and reliability of the communication infrastructure, which is a critical element for the further development of the digitalisation of services, industrial applications and the digitalisation of state processes.

In addition, integrating social and environmental aspects into the company's day-to-day activities (ESG) is an essential part of our work. We have ensured the flawless and trouble-free operation of all our networks, thus helping companies, educational institutions, individuals and entire communities to function even in a situation where there has been a massive shift of Czech society's activities online since the coronavirus crisis.

As Chairman of the Board of Directors of CETIN, I would like to thank all our partners and customers and the communities in which we carry out our activities for their cooperation and, last but not least, our employees for their work and the commitment they have shown during the last year. Their day-to-day work significantly helps the whole company.

Juraj Šedivý

Chairman of the Board of Directors, CETIN a.s

Company profile

Basic information about the company

Trade name:	CETIN a.s.
Legal form:	joint stock company (in Czech: akciová společnost)
Registered office of the company:	Českomoravská 2510/19, Libeň, 190 00 Praha 9
Company registration number:	04084063
Commercial Court:	Municipal Court in Prague, file B 20623
Date of foundation:	1 June 2015
Registered capital:	CZK 3,102,200,670

Presentation of the Company

CETIN's mission is to build, operate and modernise a reliable, secure and fast telecommunications infrastructure. This is a prerequisite for further digitisation of the Czech economy and increasing its competitiveness.

CETIN not only owns and operates the largest network in the Czech Republic, but is also a wholesale provider of electronic telecommunications services. It offers its services under the same conditions to all operators and internet access providers, which then serve their end customers through CETIN's infrastructure. CETIN's technology networks are available to 99.6% of Czech households.

CETIN's infrastructure includes both fixed and mobile networks, across the whole range of specific products – from network access, xDSL and FTTH/FTTB connection to IP TV, voice services and data services for business customers to data centre lease. CETIN also provides international voice and data services through physical network nodes (POPs) in London, Vienna, Bratislava, Frankfurt and Hong Kong, working with more than 200 telecom operators worldwide.

As operator of the largest communications infrastructure in the Czech Republic, CETIN invests billions of Czech crowns annually in the development of this infrastructure. CETIN's nationwide network includes approximately 20 million km of metallic cable pairs and 53,1 thousands km of fibre-optic cables (excluding FTTH – internal cable distribution in the apartment buildings) throughout the Czech Republic. During 2023, CETIN continued to build FTTH connections, which led to a further increase in the average speed of the access network. That increased to the existing 289 Mbitps. through more than 20 business partners in the Czech Republic, CETIN offers connection speeds of 50 Mbitps and above to almost 90% of households connected to CETIN network.

In 2023, CETIN continued to develop 5G technology in its mobile access network. Last year, CETIN continued a project of complete modernisation of the technologies used in its mobile network. This project will ensure the deployment of state-of-the-art technologies, including 5G. The modernisation is making the mobile network more efficient and increasing its overall capacity, which will enable further improvement in the quality of the services provided.

In 2023, CETIN consolidated its position as the infrastructure of first choice for developers, partners and, indirectly, end customers in development projects. CETIN is building the highest number of connections in modern history, using passive FTTH technology, i.e. fibre to the home. This allows end customers to connect at gigabit speeds.

With its experienced staff and extensive infrastructure, CETIN offers efficient, reliable and secure wholesale telecommunications services throughout the Czech Republic. CETIN Group's more than 2,700 employees are dedicated to enabling its customers to deploy their networks efficiently and quickly, and to ensuring their operation and availability throughout the Czech Republic. They manage large projects for operators and telecommunications service providers to guarantee their partners efficient deployment of infrastructure, which is among the best in its class.

CETIN Group comprises the company CETIN a.s. and its subsidiaries CETIN Finance B.V and CETIN služby s.r.o.. In 2023, the Group was expanded to include the subsidiary Nej.cz s.r.o. and CETIN Servis s.r.o. The majority of CETIN Group's services in 2023 were provided in the Czech Republic. Permanent establishments in Austria, Germany and Slovakia primarily enabled it to operate access points abroad in order to provide international transit services to foreign operators. In 2023, a permanent establishment was registered in Slovakia to allow the operation of access points for television services. CETIN's parent company is CETIN Group N.V., which is part of the group consisting of PPF Group N.V. and its subsidiaries.

As part of its acquisition of Nej.cz s.r.o., CETIN acquired into its portfolio primarily a high-speed optic-fibre infrastructure, which is available to half a million households (homes passed) in several regions of the Czech Republic. It is a mix of FTTH, FTTB and HFC technologies. Nej.cz currently has almost a quarter of a million active customers, to whom it provides mainly internet connection, television content (IPTV), cable television and voice services. In the B2B sector, it also operates three data centres and provides streaming services. As well as other television platforms, Nej.cz also operates Kuki internet TV.

The transaction was closed in November 2023, upon being cleared by the local regulator. CETIN will operate Nej's infrastructure, and Nej's customer base (with the exception of licensed providers of electronic communications services) is intended to be transferred to O2 Czech Republic, in line with the current Group's operating model.

Attestations

Certificate of Facility Security Clearance. Level of classification SECRET. This certificate allows the facility to have access to classified information, which is originated or released by the facility, according to Section 20(1) of Act No. 412/2005 Coll., on the Protection of Classified Information and Security Eligibility.

The National Cyber and Information Security Authority (NÚKIB) issued to CETIN with an Information System Certificate for processing classified information up to the SECRET level. This system enables CETIN to fully process information in electronic form.

In December 2023 CETIN repaid on maturity its last outstanding Eurobonds. In consequence, the rating of CETIN Czechia by Moody's and Fitch was terminated, as no new issuances by CETIN are anticipated. Last affirmed rating by Moody's was Baa2 (watch negative) on 27 April 2023. Rating service was withdrawn upon request of CETIN on 14 December 2023.

Investment grade rating BBB (watch negative) affirmed by Fitch on 9 August 2023 was withdrawn in January 2024.

Certificates

Quality management system according to ISO 9001:2015

Environmental management system according to ISO 14001:2015

Health and safety management system according to ISO 45001:2018

Information security system according to ISO 27001:2013

Energy management systems according to ISO 50001:2018

Information System Certificate pursuant to § 46 of Act No.412/2005 Coll. on the Protection of Classified Information and Security Capability - verification and approval of the information system for handling classified information up to and including the classification level SECRET

Company bodies and senior management

Board of Directors

Ing. Juraj Šedivý	Member of the Board of Directors, from 1 January 2019, Chairman of the Board of Directors from 8 January 2019
Ing. Filip Cába	Member of the Board of Directors from 1 January 2019, Vice-Chairman of the Board of Directors from 8 January 2019
Mgr. Michal Frankl	Member of the Board of Directors from 1 June 2015
Ing. Martin Škop	Member of the Board of Directors from 1 September 2020

Supervisory Board

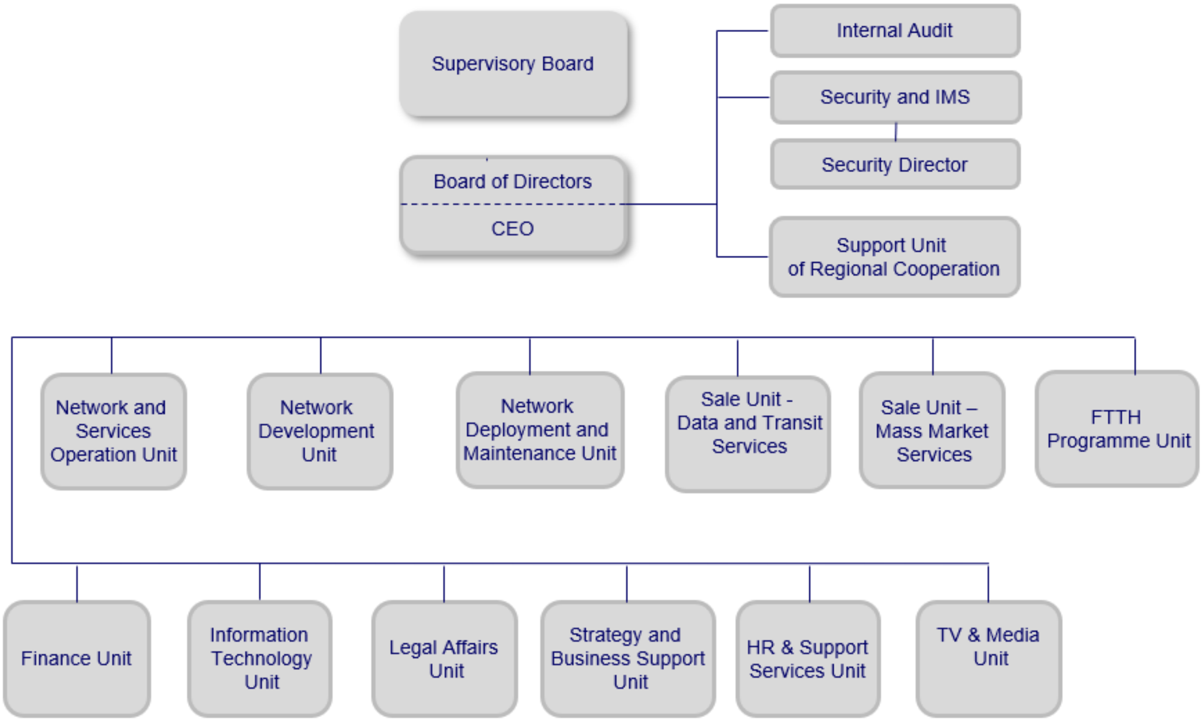
Ing. Martin Vlček	Member of the Supervisory Board from 1 January 2019, Chairman of the Supervisory Board from 8 February 2019
Ing. Petr Slováček	Member of the Supervisory Board from 1 January 2019, Vice-Chairman of the Supervisory Board from 8 February 2019
Lubomír Vinduška	Member of the Supervisory Board from 23 January 2019

Executive management

Status as of 31 December 2023:

Ing. Martin Škop	Chief Executive Officer from 1 September 2020 till 29 February. From 1 March 2024 has been replaced by Ing.Tomáš Kouřil
Radek Myška	Director, Network and Services Operation Unit from 1 November 2021
Ing. Vladimír Filip	Director, Network Development Unit from 1 June 2015
Ing. Josef Šikýř	Director, Sales Unit - Data and Transit Services from 1 September 2021
Ing. Katarína Vániková	Director, Sales Unit - Mass Market Services the from 1 September 2020
Ing. Jan Menclík	Director, Finance Unit from 1 June 2022
Ing. Petr Holý Ph.D.	Director, Information Technology Unit from 19 April 2021
Mgr. Ľubomír Bubelíny, Ph.D.	Director, Legal Affairs Unit from 1 October 2018
Mgr. Michal Frankl	Director, Business Support from 1 June 2015
Bc. Milena Synáčková	Director, Human Resources and Support Services Unit from 1 July 2015
Ing. David Sýkora	Director, FTTH programme from 1 September 2020
Ran Yanay	Director, TV & Media unit from 15 October 2019
Josef Slovák	Director, Network Deployment and Maintenance Unit from 1 July 2023

Company organisation structure



Board of Directors' report on business activities

The company's business activities

CETIN Group comprises CETIN a.s. and its subsidiaries Nej.cz s.r.o., CETIN Finance B.V. and CETIN služby s.r.o., CETIN Servis s.r.o. In addition to its subsidiaries, CETIN has registered permanent establishments in Austria and Germany. The majority of CETIN's services in 2023 were provided through communication networks and related activities in the Czech Republic. The permanent establishments in Germany and Austria enabled CETIN to operate access points abroad in order to provide international transit services to foreign operators. The subsidiary CETIN Finance B.V. based in the Netherlands issued Eurobonds and provided financing for CETIN. On 6 December 2023, the issued bonds were repaid. The subsidiaries CETIN služby s.r.o. and CETIN Servis s.r.o. did not generate any business activity in 2023.

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

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

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

The international transit services primarily consist of the transmission of international voice traffic for operators from all over the world. This type of service is characterised by considerable revenues with a very low margin, although only minimum operating and capital costs are required.

A significant source of CETIN's revenues and profits in 2023 were three major contracts with O2 Czech Republic a.s. These are a contract on the provision of mobile network services and a contract on the provision of data centre services, which represent a long-term service subscription commitment on the part of O2 Czech Republic a.s. and commitments regarding the level of services provided and their enhancement on the part of CETIN. Also, a contract on access to the public fixed-line telecommunication network.

Cooperation with T-Mobile Czech Republic a.s. and Vodafone Czech Republic a.s. is being extended. The successful development of these business relationships and thus the provision of wholesale electronic communications services to all major retail telecommunications operators in the Czech Republic confirm CETIN's position as a successful independent wholesale operator.

Products and services

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

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

Data services – CETIN provides data services to operators which are primarily intended for end-users from the corporate sphere or for use for the own needs of operators and internet providers. Data services are provided on metallic, optical and radio access technology in a wide range of service configurations, transmission capacities, and additional services.

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

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

Commented financial results

This section provides comments on CETIN group's financial results in 2023. For detailed information, see the Consolidated Financial Statements for the financial year ended on 31 December 2023 in the following sections of this Annual Report.

Revenues, costs and profit

CETIN group's total revenues amounted to CZK 19.7 billion in 2023. Total operating costs reported by CETIN group were CZK 9.7 billion, with the major part represented by the cost of sales in the international transit segment. CETIN group reported a total of CZK 1.7 billion in payroll costs. Other significant cost items were the costs of leasing and operating real estate, and costs associated with the maintenance and operation of networks.

The earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to CZK 10.0 billion in 2023, with the predominant part of the profit coming from the national network services segment. CETIN group's profit after tax was CZK 1.6 billion in 2023.

Fixed tangible assets

Reduced by depreciation and other adjustments during the year, the net value of land, buildings and equipment required for CETIN's operations was CZK 51,5 billion as of 31 December 2023.

Debt

In 2016, CETIN's subsidiary CETIN Finance B.V. issued Eurobonds in the total amount of CZK 7.9 billion and EUR 625 million, with maturities of 1 year (CZK 3 billion), 5 years (EUR 625 million), and 7 years (CZK 4.9 billion). The last tranche of bonds in the amount of CZK 4,9 billion was repaid on 6 December 2023.

As of 31 December 2023, CETIN had an intra-group loan of EUR 625 million provided by CETIN Group N.V., an intra-group loan of EUR 197 million with the purpose of bonds refinancing and an intra-group loand of EUR 175 million with the purpose of partially funding the acquisition of Nej.cz s.r.o.

For detailed information on loans and bonds, see Note 19 of the Notes on the Financial Statements included herein.

Profit distribution and other payments to shareholders

The sole shareholder approved on 6 March 2023 the statutory financial statements for the year ended 31 December 2022 and approved the distribution of dividends of CZK 850 million from profit for the year ended 31 December 2022. The payment was made in two instalments. The first instalment in the amount of CZK 383 million was paid on 31 March 2023, the second instalment in the amount of CZK 467 million was paid on 31 August 2023. On 7 December the sole shareholder approved an additional distribution of CZK 250 million from the profit for the year ended 31 December 2022. The payment was processed on 27 December 2023.

Contribution to the social fund was approved in the amount of CZK 3,4 million.

The remaining part of the profit for 2022 in the amount of CZK 1,751.6 million was approved to be transferred to the account of retained earnings of previous years.

Capital expenditure

In 2023, CETIN group spent CZK 5.5 billion on capital expenditure. These investments were mainly channelled into the development of the telecommunication infrastructure. The main investment projects included the continued modernisation of the fixed-line network with FTTC, FTTH and FTTB technology, strengthening the capacity of mobile networks and increasing its density, and replacing older technologies with current ones. At the same time, it invested in the purchase of a new subsidiary in the amount of CZK 8.5 billion, of which CZK 2.6 billion represented the repayment of the subsidiary's loans.

Cash flows

CETIN group's operating cash flow amounted to CZK 10.0 billion in 2023. After working capital changes and income tax paid, the net cash flows from operating activities amounted to CZK 8.7 billion. Net cash flows used in investment activities amounted to CZK 9.8 billion, mainly comprising investments in network infrastructure development.

The cash flows used in financing activities principally consisted of the payment of coupons and the repayment of bonds to investors in the total amount of CZK 4.9 billion, the drawing down of two intragroup loans from the parent company in the total amount of CZK 9.0 billion, and the payment of interest from intragroup loans in the total amount of CZK 0.7 billion, as well as the payment of dividends in the amount of CZK 1.1 billion and expenses related to lease interest and lease payments in the amount of CZK 0.9 billion.

In total, the net cash position thus decreased by CZK 0.2 billion in 2023. The cash flows from CETIN group's operating activities were mainly used for investment in development of the telecommunications infrastructure (CZK 5.5 billion). Net payment to shareholders and bondholders was CZK 2.3 billion

(Granted loan of CZK 9.0 billion – repayment of bonds, related interests and paid dividends of CZK 6.7 billion).

Information about own shares

CETIN did not acquire its own shares in 2023.

Outlook for the forthcoming period

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

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

Telecommunications market in the Czech Republic

In 2023, the telecommunications market continued to consolidate. In January, Vodafone Czech Republic acquired mobile frequencies in the 3600 – 3640 MHz band from PODA, thus increasing its spectrum allocation in this band to 100 MHz. In July, T-Mobile Czech Republic acquired an 80 MHz bloc of spectrum in the 3,5 GHz band from Incrate (Kaprain group), which gives it an allocation of 140 MHz in the C-band. High available bandwidth enables further development of 5G networks. In November, CETIN concluded its purchase of Nej.cz provider also from the Kaprain group, which operates a fibre optic network. Alongside CETIN's continuing intensive deployment of FTTH connections, with more than 100 thousand homes passed added in the past year, CETIN also updated its mass market product offer to include a 2/1 Gbps tariff.

The development of regulation and associated legislation

In 2023, the Czech Telecommunications Office ("CTO") concluded the fifth round of market reviews. Following the deregulation of the market 2 – dedicated wholesale capacity, and the former market 1 – call termination in public telephone networks in fixed location, the CTO also adopted the reviews deregulating the former market 3b - wholesale central access in a fixed location for mass market services and partially deregulating the market 1 - wholesale local access provided at a fixed location. Regulatory obligations' withdrawal and change, respectively, are still being processed for the latter two markets.

CETIN complies with regulatory obligations imposed on it as a result of adopted analyses and measures, which have not been withdrawn or changed yet.

An amendment to the Law 127/2005 Coll. on electronic communications has been proposed. The amendment, consulted towards the end of the year, concerns mainly a change in the organization and internal functioning of the CTO. Further, a new Act on cybersecurity was put forward on the government's agenda in December, following a consultation. The proposal transposes the Directive (EU) 2022/2555 on measures for a high common level of cybersecurity across the Union (NIS 2 Directive) and sets out measures addressing supplier chain security.

State policy and support of high-speed internet access

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

The Ministry of Trade and Industry opened new calls for projects for Digital high capacity networks from the component no. 1.3 of the National Recovery Plan designed for electronic communications providers with the purpose to increase 5G coverage of railway corridors and to support the roll-out of 5G mobile infrastructure in remote rural areas. CETIN has submitted several projects in both calls. Also, CETIN's multiple projects submitted in the 2022 call Digital high capacity networks – support for VHCN (very high capacity network) connections, were selected for realization. The purpose of this call is to ensure to the extent possible a quality internet access for households, schools, digital enterprises, public administration and others in remote areas.

Alternative performance measures

In accordance with ESMA guidelines on Alternative Performance Measures, CETIN group provides detailed information on measures that are not commonly reported under IFRS standards.

Consolidated financial statements:

Measure	Definition	Purpose	Reconciliation to financial statements (in CZK million)
EBITDA	Earnings before interest, taxes, depreciation and amortisation	The indicator expresses a business's operating efficiency	Consolidated Statement of total comprehensive income (EBITDA): 2023: CZK 10,046 million 2022: CZK 9,229 million
EBITDA IFRS 16 adjusted	Earnings before interest, taxes, depreciation and amortisation net of impacts of IFRS 16 standard	Enables the comparison of the business's operating efficiency with other companies on the telecommunications market	Consolidated Statement of total comprehensive income (EBITDA) less operating lease costs not included in Expenses in the Consolidated Statement of total comprehensive income (IFRS 16 related costs are included in Depreciation of Assets and Finance Costs) 2023: 10,046 – 964 = CZK 9,082 million 2022: 9,229 – 857 = CZK 8,372 million
Net debt / EBITDA	Ratio of Financial debt minus cash and cash equivalents and Earnings before interest, taxes, depreciation and amortisation (EBITDA)	The indicator shows how many years it would take for a company to pay back its debt	Consolidated statement of total comprehensive income (EBITDA) and Statement of financial position (Cash and Cash equivalent, Financial debt (incl. IFRS 16 liability)): 2023 (29,130 + 905 – 740) / 10,046 = 2.92 2022 (19,122 + 5,720 – 456) / 9,229 = 2.64
Free cash flow	Cash flow from operating activities minus cash used in investing activities	The indicator expresses the remaining cash after all necessary operating expenses paid	Consolidated statement of Cash flows (Cash flow from operating activities, cash flow from investing activities): 2023: 8,651 – 9,794 = CZK (1,143) million 2022: 8,053 – 5,367 = CZK 2,686 million

Standalone financial statements:

Measure	Definition	Purpose	Reconciliation to financial statements (in CZK million)
EBITDA	Earnings before interest, taxes, depreciation and amortisation	The indicator expresses a business's operating efficiency	Statement of total comprehensive income (EBITDA): 2023: CZK 9,980 million 2022: CZK 9,234 million

EBITDA IFRS 16 adjusted	Earnings before interest, taxes, depreciation and amortisation net of impacts of IFRS 16 standard	Enables the comparison of the business's operating efficiency with other companies on the telecommunications market	Statement of total comprehensive income (EBITDA) less operating lease costs not included in Expenses in the Statement of total comprehensive income (IFRS 16 related costs are included in Depreciation of Assets and Finance Costs) 2023: 9,980 – 963 = CZK 9,017 million 2022: 9,234 – 857 = CZK 8,377 million
Net debt / EBITDA	Ratio of Financial debt minus cash and cash equivalents and Earnings before interest, taxes, depreciation and amortisation (EBITDA)	The indicator shows how many years it would take for a company to pay back its debt	Statement of total comprehensive income (EBITDA) and Statement of financial position (Cash and Cash equivalent, Financial debt (incl. IFRS 16 liability)): 2023: (28,863 + 866 – 651) / 9,980 = 2.91 2022: (19,122 + 5,682 – 362) / 9,234 = 2.65
Free cash flow	Cash flow from operating activities minus cash used in investing activities	The indicator expresses the remaining cash after all necessary operating expenses paid	Statement of Cash flows (Cash flow from operating activities, cash flow from investing activities): 2023: 8,542 – 9,679 = CZK (1,137) million 2022: 8,057 – 5,347 = CZK 2,710 million

Risk management

In its business CETIN is exposed to market, operating, security, financial and global risks. Risks are continually identified by all units and evaluated by the Finance and Security Unit from the perspective of potential financial impacts and the risk probability. Risks that are assessed as significant and current are periodically monitored, and CETIN bodies regularly review these risks and assign tasks to the risk owners to take preventive measures to effectively limit the impact or probability of these risks.

The main market risks include public regulation, market environment consolidation and price erosion. The main operating risks are failures of the network infrastructure, services and critical systems, and natural disasters. Operational and business risks that have a significant effect on the company's reputation also include cyber attacks, information leaks and fraud. Financial risks mainly include the credit risk associated with customer receivables and the risk of currency exchange rate fluctuations. Details of financial risks can be found in paragraph 19 of the Notes on the Consolidated Financial Statements included in this report.

One global risk is the effect of potential ineffective public relations management by PPF on the reputation and perceived social responsibility of CETIN as part of PPF, which could lead to actual negative consequences both economic and operational. Another global risk is the current security situation in the world, which in turn results in new security threats, particularly in cyber security. Attacks against critical infrastructure throughout the world are increasing and are motivated both by geopolitical tensions related to the wars in Israel and Ukraine and relations between the USA and China, and also by the financial motives of the attackers to obtain the highest possible ransom. As a result, the security of the supply chain is often undermined. With all this, the potential to cause extensive disruption and damage is increasing. CETIN will continue to carefully monitor developments, anticipate possible risks and have mitigating solutions in place.

A specific part of CETIN's risk management system is the area of information security and information technologies in the context of the ISO/IEC 27000 series and Act No. 181/2014 Coll., on Cyber Security and on the Amendment of Related Acts (the Cyber Security Act), as amended. CETIN actively uses an information security management system pursuant to international standard ISO 27001, which involves annual full-scale analysis of operating risks and Business Impact Analysis. In 2023, these analyses resulted in a risk catalogue, with links to threats and measures aimed at risk minimisation and management according to the respective areas. In June 2023, the relevance of the analysis results were verified during the annual Integrated Management System (IMS) certification audit. The chosen methodology and the risk assessment system passed the audit without any significant deviations from the ISO/IEC 27001 standard being identified. As CETIN operates a critical infrastructure component, it also provides related risk assessment and conducts a regular cyber security audit of the information and communication system according to Decree No. 82/2018 Coll.

Corporate social responsibility

Corporate social responsibility is one of the pillars on which we build and create the reputation and overall sustainability of our business. For a long time, we have been actively adopting, applying and developing the concept of social responsibility and business ethics with the aim of improving the quality of life of individuals, local communities and society as a whole. We contribute to social, technological and economic development, we invest in telecommunications infrastructure, create jobs and develop products and services that improve the quality of people's lives. We are actively committed to environmental and social issues, business ethics and behaviour towards customers, and care for our employees and the environment.

Prague Spring
CETIN is a long-standing partner of the Prague Spring Music Festival and we again provided our support in 2023. The festival was held in the traditional manner, with the opening concert taking place in the Smetana Hall in the Municipal House with a performance of Smetana's *Má Vlast* (My Fatherland). CETIN provided a live broadcast of the concert to the Prague Kampa.

Composers Summit
For the second year we provided financial support to the cultural and creative project Composers Summit Prague 2023, which focuses on music in audiovisual, its creation and background. Even in its first year this event was already one of the largest of its kind in Europe and received a lot of positive responses both from star guests from around the world and from participants and the professional public.

We are a main partner of the Shakespeare Summer Festival
CETIN is a stable main partner of the Shakespeare Summer Festival, and our support will continue to this summer theatre festival in 2023.

We were a partner of the Adapterra Awards, which recognise the best examples of climate change adaptation. We also provided financial support to the Josef Vavroušek Environmental Award, which looks for and honours those who continue the legacy of Josef Vavroušek, the environmental visionary and pioneer of the concept of sustainable living. CETIN continued to be involved in the Planting The Future environmental campaign, providing financial and physical support since 2018. In 2023, we helped with the planting of 125 trees – an avenue in Kujavy in the Novojičín district.

Běhej lesy (Run Through The Forests)
As part of our partnership of eight "Běhej lesy" races, which are held all over the Czech Republic, we not only supported the health of our employees by exercising in natural locations but also the health of Czech trees, specifically by planting 500 trees on behalf of CETIN runners.

Movember
Our employees' voluntary involvement in the global Movember event, organised in the Czech Republic under the umbrella of the Men Against Cancer Foundation, is another example of our social responsibility. A total of 160 contributors supported men's health prevention and the amount of CZK 313,313 raised, also thanks to a donation of CZ 146,129 from CETIN, is higher than last year.

The Autumn 10,000 Steps Challenge
Supporting the physical and mental health of our employees is very important to us and so in 2023 we got involved in the company's October 10,000 Steps Challenge. One hundred and forty-three employees actively participated and walked 33,262 km in October.

Srdce na dlani (Heart in the Palm of Your Hand)
For the second year we have been supporting and enabling the placement of a child from a children's home in our company as part of a 14-day holiday experience. In this way, we help the child to prepare for a problem-free transition from the school environment to practical working life. The project aims to lead the child to an understanding of personal responsibility for getting on in life and support him or her in acquiring work habits.

Support for the PPF Foundation
For many years CETIN has been the PPF Foundation's most important donor and in 2023 it also supported a number of projects in the fields of culture, society, sport, education and digitalisation. Thanks to funds provided by CETIN, the PPF Foundation has been able to support such projects as the development of the Preventivka app, which has already helped to detect 17 malignant tumours in time, also support for scout troop facilities in Staříč and Stará Běla, and support for a new edition of the complete works of William Shakespeare translated by Martin Hilský.

Protecting the countryside and conserving natural resources
We collaborate with other operators in the construction of base stations. We optimise energy consumption, reduce the energy demands of our network and minimise the impact on the environment. We sort and dispose of the waste generated by our operations in an environmentally friendly manner and, where conditions allow, recycle it. We systematically educate our employees about environmental protection.

Ethical principles
Corporate culture and reputation continue to be one of our company's priorities, and that is why our Business Principles were also adhered to in 2023. These are a set of principles that CETIN a.s. considers to be a tool for gaining and maintaining the trust of customers and shareholders, but also its employees, contractual partners and the public. The key principles include the strict rejection of corruption in any form, respect for the law, protection of information and personal data. As one of the company's fundamental documents, the Business Principles are part of the Work Rules. Each employee is familiarised with the Business Principles when they join the company as part of their induction training. The text of the Principles is also available on the company's intranet.

Research and development

In its research and development, CETIN works with the most prominent technical university in the Czech Republic – the Czech Technical University in Prague. The joint project office of the Department of Telecommunications Technology (Faculty of Electrical Engineering, Czech Technical University) and CETIN provides a forum for addressing pressing issues of cybernetic security.

The main objective remains the continued implementation of unique methodology for identifying network threats and the assessment of real operational risks in the internal and telecommunications network. 2023 saw its continued improvement and the development of other system components, which have gradually become the basic support tool for information and cyber security management and the Integrated Management System (IMS) in CETIN.

The cooperation between academia and business professionals results in significant synergies, as the success of proposed solutions requires both theoretical expertise and practical experience in finance, legislation, business and operations. The objective of the Faculty of Electrical Engineering (Czech Technical University), where the research team works, is to carry out scientific and research activities and train professionals for practical applications in modern telecommunications networks operated by CETIN. This cooperation provides them with access to outputs from systems operating in a real environment and to current professional practice tasks. It enables CETIN employees to become familiar with the latest scientific processes and findings in telecommunications.

CETIN Group did not report any research and development activities in 2023 in terms of IFRS accounting standards.

Non-financial information

The consolidated annual report also contains non-financial information pursuant to Section 32g of Act 563/1991, on Accounting, particularly information on environmental protection and industrial relations.

Environmental protection

CETIN is aware of the importance of preserving a healthy and undamaged environment for current and future generations. Therefore, it has included the reduction of negative effects on the environment in its strategy and daily activities, as it also declares in its Environmental Policy and Energy Policy. Since its establishment in 2015, CETIN has implemented an environmental management system in accordance with the international standard ISO 14001 as part of an integrated management system. In 2016, CETIN also obtained a certificate for the energy management system according to the international standard ISO 50001. The validity of both certificates has been repeatedly confirmed in the Certification Audit carried out by the independent certification company TUV NORD Czech, most recently in June 2023. At the level of CETIN Group, it shares priorities and commitments in the field of ESG.

Risks, or products and services, which could have negative impacts

CETIN, in accordance with the international standard ISO 14001, has established environmental aspects, i.e. elements of the organisation’s activities, products or services that may affect the environment, both for normal operation and for accident and emergency situations.

Significant real environmental aspects (for normal operation)

- energy consumption
- purchased heat consumption;
- gas and liquid fuel consumption for the production of heat;
- fuel consumption;
- water consumption;
- emissions into the air from stationary sources;
- the production and collection of hazardous waste;
- the production and collection of waste;
- the production of wastewater;
- the use of equipment with controlled substances and fluorinated greenhouse gases

Potential environmental aspects (accident and emergency situations)

- the escape of refrigerants (damaging the ozone layer and fluorinated greenhouse gases);
- the escape of natural gas;
- the leakage of fuels;
- the escape of harmful substances into water and soil;
- the escape of waste and emissions from fire;
- the escape of contaminated waste and emissions through floods

Measures applied and care procedures

In 2023, the goals leading to the reduction of negative impacts on the environment were primarily focused on:

- energy optimisation
- reduction of electronic waste and its ecological disposal
- reducing emissions of greenhouse gases and harmful substances into the air, for example by changing the cooling media in air conditioning units
- by recycling operational waste.

Projects aimed at replacing technologies with more modern ones are still ongoing at CETIN, which gradually bring significant energy savings.

Key performance indicators and results of applied measures

In the Energy Policy, CETIN is committed to increasing the energy efficiency of its products and services, ensuring the availability of relevant information and resources necessary to achieve energy goals and target values, and ensuring compliance with other requirements. Due to the large number of buildings (administrative and technological buildings, mobile network base stations) that CETIN uses throughout the Czech Republic, the use of energy is primarily monitored in establishments with significant consumption, i.e. where the consumption of electrical energy associated with the operating technology for the realisation of products and services is greater than 30,000 kWh/year. Technologies operated are the fixed telecommunications network, the mobile network and data centres. The last update of the Energy Policy carried out in 2023 also includes a change in the determination of the energy intensity indicator (EnPI) for the technologies used so that they meet the conditions of CETIN’s business activities and realistically express the reduction of energy intensity.

The Company's basic energy goals for a period of five years were set by the Energy Policy as follows: for electricity – increase of energy efficiency by 90% for fixed network, increase of energy efficiency by 95% for mobile network and non-decrease of energy efficiency for data centres; for thermal energy, a 20% reduction in consumption; for natural gas, a 30% reduction in consumption. For fixed and mobile networks, this indicator is the specific energy consumption per number of services provided and for data centres the ratio indicator is PUE. Consumption reduction is related to the state and scope of provided services and products to the set initial state of energy consumption.

The Company’s total electricity consumption in 2023 was 231,495 MWh, which represents a 2% decrease compared to the previous year, when it was 237,207 MWh. Electricity consumption in the mobile network amounted to 112,637 MWh, fixed network 71,856 MWh and in the data centres 47,002 MWh.

Total gas consumption decreased by 33% to 1,292 MWh (in 2022 it was 1,926 MWh). The consumption of extracted heat in 2023 was 17,378 MWh, which represents a decrease of 5% compared to CETIN’s heat consumption of 16,528 MWh in 2022.

In fixed and mobile telecommunications networks, projects are still underway to replace technologies with more modern and more economical ones and to install new equipment, bringing a fundamental acceleration of the connection speed for hundreds of thousands of households in fixed networks, and the construction of a nationwide mobile network of the new generation. In data centres, the consumption of electricity depends on the increase in the occupancy of halls by new customers. The development of thermal energy and natural gas consumption is mainly influenced by the ongoing reduction of locations and leased premises and the merging of technologies.

Fuel consumption was as follows in 2023: diesel consumption for backup current sources (generators) amounted to 18,226 litres, which represents a 26% decrease (in 2022 it was 24,773 litres). This year-on-year difference is partly due to the disposal of some back-up sources and the reduction in their burden as part of ongoing saving projects. Fuel consumption for vehicles reached 1,730,752 litres (in 2022 it was 1,668,464 litres), thus increasing by 2.5% year-on-year.

Water and air protection

Water consumption increased by 7% in 2023 and reached 48.4 thousand litres (51.8 thousand litres in 2022). The wastewater produced by CETIN's operations is only ordinary pollution common in office operations, and is discharged into the sewers in accordance with contracts concluded with companies operating water supply and sewerage systems. CETIN has approximately 140 listed stationary sources of air pollution, mainly back-up current sources (generators), enabling the technology to operate in the event of a standard power failure. Summary data on their operation and air emissions are reported to the state administration in accordance with the requirements of legal regulations using the Integrated System for Fulfilment of Reporting Obligations in the Environmental Area (ISPOP).

Waste and its collection

CETIN records information on waste production in accordance with applicable legislation. In 2023 the Company generated 39 types of waste, of which ten were hazardous. Hazardous waste is not to a significant extent the result of CETIN's normal operating activities, it is produced mainly during the technological change of used equipment and the liquidation of obsolete operations. CETIN produced 2,013 tons of waste in 2023 which represents a year-on-year increase of 10%. Of this, 35 tons were hazardous waste. It was mainly glass, plastic and wood containing dangerous substances (disposal of wooden columns). A total of 180 tons of mixed municipal waste was handed over in 2023 which means a minimal year-on-year increase of 11%.

CETIN is involved in the EKO-KOM collective system, which ensures the combined fulfilment of the obligations of take-back and utilisation of packaging waste. As part of fulfilling the obligations of take-back and separate collection of electrical equipment and batteries in cooperation with the collective system REMA System and REMA Battery for the year 2023, CETIN handed over 11 tons of electrical equipment and batteries for ecological disposal. In 2023, CETIN also participated in the Green Company project, under which it environmentally disposes of company electrical appliances and batteries and also enables its employees to get rid of obsolete electrical equipment through a collection box.

The use of equipment with controlled substances and fluorinated greenhouse gases

In 2023, CETIN used both HFC-type and HCFC-type refrigerants (R22) in technological air conditioning units, which in the event of a leak pose a greater threat to the ozone layer. CETIN's environmental goals, aimed at replacing this technology with a new and safer one for the environment, are primarily focused on them. Refrigerant leaks from technological air conditioners decreased year-on-year by 23%, reaching a total figure of 379 kg in 2023 (in 2022 the figure was 492 kg), of which 25 kg was of the HCFC type. The leaks were the result of operational accidents involving large air conditioners.

Respecting human rights and the fight against corruption

Risks, or products and services, which could have negative impacts

The risk of infringement of human rights in labour relations between employees arises during the business activity undertaken at CETIN. Due to the wholesale nature of CETIN's business model, which provides infrastructure services exclusively to retail providers, CETIN's business activity does not have any direct impact on the human rights of customers or the public.

The risk of corruption during CETIN's business activity arises during business dealings between CETIN employees and suppliers, customers, government authorities and other external bodies.

Measures applied and care procedures

The fight against corruption and the protection of human rights at CETIN, and throughout the whole PPF group, is governed by the PPF group Code of Ethics and by internal guidelines entitled Corporate Compliance Internal Investigation ("CCII"). CETIN adopted both regulations with effect on June 1, 2017. It is regularly assessed whether the processes set by these rules are up to date and effective. The relevant regulations are updated if necessary. These regulations do not regulate submissions by persons who have become aware of an infringement in connection with the performance of their work for CETIN pursuant to Act No. 171/2023 Coll., on the protection of whistleblowers. Following the entry into force of this Act, CETIN has set up an internal whistleblowing system, designated the persons to whom such notifications may be addressed and is fully governed by the above-mentioned legislation.

Code of Ethics

The Code of Ethics describes the fundamental rules which govern CETIN's and its employees' daily operation and sets out the framework within which all other internal regulations at CETIN must be interpreted. The Code is part of the Corporate Compliance programme, which primarily sets out the fundamental principles and rules of conduct for all employees at CETIN and enables compliance checks and remedies to be put in place when shortcomings are discovered or objectionable or illegal conduct identified.

The Code of Ethics is also dedicated to the protection of human rights in all CETIN and PPF group activities. The Code does not permit any form of discrimination of workers – this also applies to the allocation of work and due remuneration. Nor does it permit any form of harassment, intimidation, forced or illegal work. Workers at CETIN are also obliged to consider and respect to the maximum extent the individuality and privacy of their colleagues. It is forbidden to make any statements which are inappropriate, offensive or vulgar in relation to other workers, or to harass, intimidate, demean or insult them in any way.

The Code of Ethics also deals with corruption and the prevention of corrupt conduct. CETIN and PPF group entirely reject any form of bribery and of providing or receiving any unauthorised payments, payments having no legal grounds or any such similar performance. Workers are obliged to familiarise themselves with the relevant rules of legal regulations, the internal regulations at PPF group and the internal regulations of the commercial partner, if available to them, and cultural and social customs before providing or receiving a gift or any other performance (for example, a payment for services). The Code of Ethics also determines the gifts which may be accepted and how to proceed in the case of any attempt at corrupt conduct.

In 2023, CETIN, as part of the PPF Telecom Group, further strengthened its commitment to high standards of social and environmental sustainability and business ethics by adopting the Supplier Code of Conduct. The Supplier Code of Conduct sets out the rules of conduct, standards and procedures that CETIN expects and requires from its suppliers.

Corporate Compliance Internal Investigation

The objective of the Corporate Compliance Internal Investigation guidelines is to regulate how to proceed within CETIN group (as part of PPF group) in the case of suspicion, investigation or discovery of action which is unethical or improper and/or action which is contrary to legal regulations or the internal regulations at CETIN, or the Code of Ethics at PPF group. The guidelines also determine the main principles, the means of prevention, the structures of responsibility and individual powers, and define the activities carried out during the management of Corporate Compliance and the adoption of corrective measures, both individual and of a systematic character.

The Compliance programme includes an e-learning course entitled Compliance Programme, the proper completion of which requires the taking of a test of the acquired knowledge, and to pass this test it is necessary to correctly answer all the questions. Training must be repeated every 2 years.

Employees may report their suspicions of unethical conduct in person to the authorised worker at CETIN (CETIN Compliance Officer) or by e-mail to eticke.zasady@cetin.cz. Another possible channel through which CETIN receives information regarding infringement of the Code of Ethics, or of other regulations, is a public web interface at https://www.cetin.cz/odpovedny-pristup. Any CETIN employee can also submit information using CETIN's intranet.

CETIN also binds all its contractual partners to act in accordance with the Code of Ethics. The following provision is an inseparable part of all newly made or modified contracts:

"[CETIN] has adopted and complies with an internal corporate compliance programme, which is designed such that the activities of [CETIN] comply with applicable legal regulations, rules of ethics, morals, and which includes measures the objective of which is to prevent and detect breaches of mentioned regulations and rules [(the Corporate Compliance programme)].

[The Contractual Partner] (and any individual or legal entity that cooperates with said Contractual Partner and that is used for the fulfilment of obligations arising from [this Agreement] or in relation to its conclusion and performance, i.e. staff members, representatives, or external collaborators) observes and complies with applicable legal regulations, fundamental moral and ethical principles. [The Contractual Partner] rejects any tortious acts and refrains from them. [The Contractual Partner] declares, to the best of [its/his/her] knowledge and belief, that neither [it/he/she] nor any of [its/his/her] staff members, representatives, or external collaborators had breached applicable law and regulations in relation to the conclusion of [this Agreement]. [the Contractual Partner] declares that [its/his/her] activities are legal and all [its/his/her] funds originate from legal sources only.

[The Contractual Partner] is obliged to take all reasonable measures and use [its/his/her] best efforts to prevent [itself/himself/herself] or any of [its/his/her] staff members, representatives, or external collaborators from any infringement of applicable law and regulations committed in relation to the subject matter of [this Agreement].

Irrespective of the subject matter of [this Agreement], [the Contractual Partner] declares that [it/he/she] takes and shall take all reasonable measures and uses and shall use its best efforts to avoid any act or situation within [its/his/her] operation or in [its/his/her] favour which could threaten or damage [its/his/her] reputation in a manner that could result in negative consequences for [its/his/her] counterparties' reputation.

(If [the Contractual Partner] acts for [CETIN] or on its behalf, [the Contractual Partner] will demonstrate that it complies with the stated principles.)".

Key performance indicators and the results of measures applied

Leading indicators of the success of asserting the Code of Ethics and the Compliance programme include the availability of all information about CCII and about the corresponding training for all employees and other workers, as well as the level of training among workers in this area. The Code of Ethics and the Compliance programme are permanently available to all staff on CETIN intranet in the form of the relevant documents and e-learning course. The level of training of all staff in 2023 reached 99.67%.

The main lagging indicator of the outcome of applied measures is the quantity and quality of recorded incidents, received through all communication channels specified above. No information was submitted in 2023, the same as in previous years.

Social and employee-related matters

Risks, or products and services, which could have negative impacts

CETIN's business activity, which requires a relatively high number of employees, leads to the risk of failure to adhere to the Labour Code and associated laws and standards, which could lead to risks to the health and legal rights of employees. Insufficient or poor communication between CETIN´s management and employees could have negative impacts on the quality of the working environment, motivation levels and employee satisfaction. Inappropriately set internal policies could lead to discrimination of employees based on sociodemographic features.

Due to the wholesale nature of CETIN's business model, which provides infrastructure services exclusively to retail providers, business activities at CETIN do not have any direct impact on society and the community outside the group of its employees.

Measures applied and care procedures

The main means of due care in relation to employee-related matters are the everyday work of the competent team at the Human Resources unit, cooperation with the trade union organisation, the collective agreement, the Work Regulations and CETIN Code of Ethics.

A trade union organisation has long been active at CETIN, functioning as an independent body supervising employment relationships and fulfilment of the obligations which CETIN has towards its employees, and it enjoys the trust of employees and CETIN management alike. Representatives of the trade union organisation discuss input from employees with CETIN management on a regular basis and in a constructive manner, and CETIN management discusses potential changes in CETIN with union representatives. Together they deal with potential impacts on employees. Employee-related issues are regularly discussed at the Council for Social Dialogue, which is made up of representatives of the trade union, the Board of Directors and members appointed by the Supervisory Board.

The main outcome of the work of the trade union organisation at CETIN is the collective agreement, in which separate chapters deal with the following: Care for Employees, Social Policy and Social Fund, Remuneration and Occupational Health and Safety. Based on the collective agreement, CETIN also provides, for example, a whole range of additional payments in amounts which are above standard when compared with the Labour Code. The collective agreement also establishes the right of employees to flexible benefits in the form of a cafeteria system, meal vouchers, etc.

Preventing discrimination at CETIN is mainly dealt with in CETIN Work Regulations, which state:
„[The Employer is required mainly] not to permit any discrimination in labour relations against Employees on the grounds of race, skin colour, sex, sexual orientation, language, faith and religion, political or other disposition, membership of or activity in political parties or political movements, trade union organisations and other associations, nationality, ethnic or social background, wealth, family, medical condition, age, marital and family status or family obligation. Any conduct on the part of the Employer which does not discriminate directly but in its consequences, is also forbidden."

In addition to the activities of the trade union organisation, the PPF group Code of Ethics also helps ensure adherence to work regulations. This demands that all employees respect the laws in force and internal regulations at CETIN, such as the collective agreement, the Organisation Regulations and the Work Regulations. CETIN Corporate Compliance Internal Investigation internal guidelines follow on from the Code of Ethics. Among other things, this allows employees and third parties to file an anonymous charge if they suspect failure to adhere to the principles set out in the Code of Ethics. Following the entry into force of Act No.171/2023 Coll., on the protection of whistleblowers, an internal reporting system within the meaning of this Act was created and the relevant persons to whom submissions can be directly addressed were defined. A separate section on the Company's website, Whistleblowing, contains all key information.

One of the ways of ensuring open and direct communication between CETIN´s management and employees are personal meetings between members of the management and employees, held occasionally at different places in the Czech Republic, usually those where a larger number of CETIN employees have their regular workplace. Every employee can ask questions at such meetings without fear of possible recriminations by management. A member of the Board of Directors and a member of senior management always attend on behalf of CETIN´s management. In addition, several times year online meetings are held between employees and the CEO. This form of meeting ensures that all employees can participate, regardless of their location.

Key performance indicators and the results of measures applied

The aim of all the measures mentioned above, and the checking of these, is to ensure a safe, healthy and socially-responsible work environment and to create good, close relations between CETIN´s management and employees, and among the employees based on mutual respect and adherence to the set rules. As can be seen from the results achieved, CETIN has been successful in achieving this objective.

The leading indicators of success are primarily indicators which show due care for employee protection, motivating employees and improving their professional qualifications, the efforts made by CETIN management to ensure dialogue and open communication with employees and promoting CETIN Code of Ethics.

CETIN spent almost CZK 4.3 million in 2023 on additional payments for the upkeep of protective clothing and work equipment, a drinking regime and difficult work conditions.

CETIN consistently applies an equal approach to employment, remuneration and career growth of its employees irrespective of gender, race or faith. 18% CETIN employees are women, who have a 16% representation in management positions. The average age of an employee is 48.

The main indicators that reflect the results of the measures put in place are the long-term low level of employee turnover, 8.1% per annum, which is around a third of the average for a commercial CETIN in the Czech Republic, and the average length of employment, which is 13 years.

Another significant result is the long-term social cohesion that prevails at CETIN. This cohesion is indicated by the number of labour conflicts or collective protests. In 2023 there was just a negligible number of letters of reprimand[1] issued by CETIN for breach of work obligations. There was no immediate termination of employment relationship[2] with an employee for gross breach of regulations. There were also no labour disputes, collective protests or strikes by employees.

Significant events after the financial statements date

All material events occurring after the financial statements date are disclosed in Note 26 of the Notes on the Consolidated Financial Statements included herein.

[1] According to Section 52(g) of the Labour Code

[2] According to Section 55(1) of the Labour Code

Appendices

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This document is an English translation of the Czech auditor's report. Only the Czech version of the report is legally binding.

Independent Auditor's Report

to the Shareholder of CETIN a.s.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of CETIN a.s. ("the Company") and its subsidiaries (together "the Group"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of total comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, comprising material accounting policies and other explanatory information. Information about the Group is set out in Note 1 to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the consolidated annual report ("the annual report") other than the standalone and the consolidated financial statements and our auditor's report. The statutory body is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- the other information describing matters that are also presented in the the consolidated financial statements is, in all material respects, consistent with the the consolidated financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.

Responsibilities of the Statutory Body and Supervisory Board for the Consolidated Financial Statements

The statutory body is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the statutory body is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying standalone financial statements of CETIN a.s. ("the Company"), prepared in accordance with IFRS Accounting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2023, and the statement of total comprehensive income, the statement of changes in equity and the statement of cash flow for the year then ended, and notes to the standalone financial statements, comprising material accounting policies and other explanatory information. Information about the Company is set out in Note 1 to the standalone financial statements.

In our opinion, the accompanying standalone financial statements give a true and fair view of the unconsolidated financial position of the Company as at 31 December 2023, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs), which may be supplemented and amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as adopted by the European Union and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

Statutory Auditor Responsible for the Engagement

Petr Škoda is the statutory auditor responsible for the audit of the standalone and consolidated financial statements of CETIN a.s. as at 31 December 2023, based on which this independent auditor's report has been prepared.

Prague
27 March 2024

KPMG Česká republika Audit, s.r.o.
Registration number 71

Petr Škoda
Partner
Registration number 1842

Report on relations

between the controlling entity and the controlled entity and between the controlled entity and other entities controlled by the same controlling entity in 2023

The company CETIN a.s., with its registered office at Českomoravská 2510/19, Libeň, 190 00 Prague 9, identification number (IČO): 040 84 063, registered in the Commercial Register administered by the Municipal Court in Prague, file B 20623 (hereinafter the "**Company**" or "**CETIN**"), is required to prepare a report for the accounting period of 2023 on relations between the controlling entity and the Company and between the Company and other entities controlled by the same controlling entity in compliance with Section 82 et seq. of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Business Corporations Act), as amended (hereinafter the "**Business Corporations Act**"; this report shall hereinafter be referred to as the "**Report on Related Party Transactions**").

Report on Related Party Transactions for the period of 1 January 2023 - 31 December 2023

As of the end of accounting year 2023 the controlling persons of the Company with a share that allowed its indirect control are Mrs. Renáta Kellnerová and the descendants of Mr. Petr Kellner. The indirect share in the Company's voting rights was held by Mrs. Renáta Kellnerová and descendants of Mr. Petr Kellner through CETIN Group N.V., which is the sole shareholder of the Company. However, the share of the PPF group in CETIN Group N.V. has been 70 % as of the end of the accounting period of the year 2023. The other 30% share in CETIN Group N.V. is held by global investment fund GIC.

1. Structure of relations between the controlling entity and the Company and between the Company and other companies controlled by the same controlling entity

The company CETIN Group N.V., through which Mrs. Renáta Kellnerová and descendants of Mr. Petr Kellner control the Company, is part of the PPF Group.

The PPF Group has its corporate ownership and controlling structure located in the Netherlands. PPF Group N.V., with its registered office in Amsterdam, is the key holding company of the PPF Group; strategic decisions are adopted on this level, which affect the control of the PPF Group. Specific sub-holding structures are usually set up within the individual business/commercial areas, in which the PPF Group operates and which it considers strategic (banking, financial services, real estate management, telecommunications, biotechnology, and agriculture); these sub-holding structures address various matters relating to the relevant business/commercial area. Special-purpose vehicles (SPVs) are used within these structures, reflecting the special conditions existing within the PPF Group, particularly from the perspective of funding of their acquisitions or transaction history.

According to information provided by PPF a.s., an overview of entities directly or indirectly controlled by the same controlling person, Mrs. Renáta Kellnerová and descendants of Mr. Petr Kellner, has been prepared, including other information about their structure. The overview is shown in Annex 1 to this Report on Related Party Transactions.

2. Role of the Company

The Company is a wholesale provider of infrastructure and other telecommunication services in the area of fixed and mobile telecommunication networks to providers of electronic communication services within the territory of the Czech Republic. Through its points of presence abroad, it also provides voice and data traffic transit services to international operators.

3. Methods and means of control

Mrs. Renáta Kellnerová and descendants of Mr. Kellner have been able to control the Company due to the fact that they held indirectly majority of share of voting rights - through the aforementioned company CETIN Group N.V.

The exercising of majority of the voting rights is the fundamental means of controlling the Company.

4. Overview of actions pursuant to Section 82(2)(d) of the Business Corporations Act

During the accounting period of 2023 the Company did take below mentioned actions that involveed disposal of the Company's assets exceeding 10% of the Company's equity capital:

(i) entering into two "Intra-Group Loan Framework Agreements" with CETIN Group N.V., under which CETIN Group N.V. provided the Company with two loans which the Company used to refinance its indebtedness and to acquire Nej.cz s.r.o., and

(ii) entering into an agreement with O2 Czech Republic a.s., under which the Company shall transfer 100% ownership interest in CETIN Servis s.r.o. to O2 Czech Republic a.s.

Actions pursuant to Section 82(2)(d) of the Business Corporations Act after the end of the accounting period of 2023

From the end of the accounting period of calendar year 2023 to the issuance of this Report on Related Party Transactions, the Company did not take any actions initiated by or in the interest of the controlling entity or companies it controls that would involve disposal of the Company's assets exceeding 10% of the Company's equity capital, as determined based on the financial statements for accounting period immediately preceding to accounting period in relation to which this Report on Related Party Transactions is executed.

5. Overview of mutual contracts

The following contracts existed or were newly concluded by and between the Company and the controlling entity or companies controlled by the same controlling entity during the accounting period of 2023:

contracting party: **Air Bank a.s.**

- Agreement on cooperation, *description of performance:* the agreement enables employees of the Company to consume certain products of Air Bank a.s. on favourable terms provided they met certain conditions.

contracting party: **Art Office Gallery a.s.**

- Lease Contract, *description of performance:* lease of space for running the lines of coaxial cables fed between technological units and antennas and the lease of space for placing antennas and other distribution elements.
- Lease Contracts, *description of performance:* lease of space in technology rooms.

contracting party: **Bestsport, a.s.**

- Agreement on Providing the Documentation, Protection of Information and Prevention of their Abuse, *description of performance:* provision of Company's documentation and commitment to protect the contained confidential information
- Lease Contract, *description of performance:* lease of part of real estate with the purpose of installation of telecommunications devices.
- Lease Contract, *description of performance:* lease of part of real estate with the purpose of car parking.
- Contract on the Establishment of Servitude, *description of performance:* establishment, operation, maintenance and repair of underground telecommunication lines.
- Agreement on special corporate price for accommodation, *description of performance:* determination of price terms concerning the accommodation of employees and guests of the Company, lease of conference rooms.

contracting party: **CETIN Bulgaria EAD**

- Licence Contract, *description of performance:* right to use the trademarks of the Company and determined domains.
- N2N Master Operational Service Agreement, *description of performance*: rendering particularly the IT services, including the services of webhosting.
- N2N Master Operational Service Agreement, *description of performance*: procurement of the IT services particularly.
- Personal Data Processing Agreement, *description of performance:* data processing related to the fulfilment of certain contracts executed with the contracting party.
- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.

- Telecommunication Services Agreement, *description of performance:* contract on interconnection, voice termination to the network of contracting party and to other fix and mobile networks in Bulgaria, and transit of international outcoming calls from contracting party to worldwide destinations.
- SAP Adherence Agreement, *description of performance:* terms and conditions for provision of cloud services of the company SAP.
- Purchase Agreement, *description of performance:* sale of hardware.

contracting party: **CETIN d.o.o. Beograd**

- Licence Contract, *description of performance:* right to use the trademarks of the Company and determined domains.
- N2N Master Operational Service Agreement, *description of performance*: rendering particularly the IT services, including the services of webhosting.
- N2N Master Operational Service Agreement, *description of performance*: procurement of the IT services particularly.
- N2N Master Operational Service Agreement, *description of performance*: procurement of data connectivity.
- N2N Master Operational Service Agreement, *description of performance*: rendering of data connectivity
- Order Forms for VPN STREAM, *description of performance*: order form for provision of data services provided by Company, N2N Master Operational Service Agreement for this type of services is currently being discussed.
- Personal Data Processing Agreement*, description of performance:* data processing related to the fulfilment of certain contracts executed with the contracting party
- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.
- International Electronic Communications Services Master Agreement, *description of performance*: wholesale electronic communication services (lease of capacities in network of contracting party).
- Transitional Services Agreement, *contracting parties include* Telenor d.o.o. Beograd, Telenor d.o.o. Podgorica, *description of performance:* terms and conditions of rendering certain telecommunication services.
- SAP Adherence Agreement, *description of performance:* terms and conditions for provision of cloud services of the company SAP.

contracting party: **CETIN Finance B.V.**

- Programme Manual, *description of performance:* conditions related to issuance of corporate bonds issued by CETIN Finance B.V.
- Subscription Agreement in respect of CZK 3,000,000,000 and CZK 4,866,000,000 Notes (and the associated documentation), relevant banks, *description of performance:* conditions related to issuance of the CZK tranche of corporate bonds issued by CETIN Finance B.V.
- Subscription Agreement in respect of EUR 625,000,000 Notes (and the associated documentation), relevant banks, *description of performance:* conditions related to issuance of corporate bonds issued by CETIN Finance B.V.
- Intra-Group Multi-Currency Loan Agreement of Up To EUR 2,000,000,000 Equivalent (and the following Drawdown Terms), *description of performance*: conditions of the loan provided by CETIN Finance B.V. to the Company in various currencies up to the equivalent of EUR 2bn, due in 1 to 6 years.
- Dealer Agreement (and the associated documentation), *description of performance:* conditions related to issuance of corporate bonds issued by CETIN Finance B.V.
- Trust Deed (and the associated documentation), *description of performance:* conditions related to issuance of corporate bonds issued by CETIN Finance B.V.

- Issue and Paying Agency Agreement (and the associated documentation), *contracting parties include* PPF banka a.s., *description of performance:* conditions related to issuance of corporate bonds issued by CETIN Finance B.V.

contracting party: **CETIN Group N.V.**

- Intra-Group Loan Framework Agreements, *description of performance*: conditions of the loans provided by CETIN Group N.V. to the Company.

contracting party: **CETIN Hungary Zrt.**

- Licence Contract, *description of performance:* right to use the trademarks of the Company and determined domains.
- N2N Master Operational Service Agreement, *description of performance*: rendering particularly the IT services, including the services of webhosting.
- N2N Master Operational Service Agreement, *description of performance*: procurement of the IT services particularly.
- Personal Data Processing Agreement*, description of performance:* data processing related to the fulfilment of certain contracts executed with the contracting party.
- Adherence Agreements, *description of performance:* securing of potential damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.
- SAP Adherence Agreement, *description of performance:* terms and conditions for provision of cloud services of the company SAP.

contracting party: **EmbedIT s.r.o.**

- Framework Agreement on Reallocation of Software Costs, *description of performance:* frame terms and conditions for reallocation and payments of costs for granted rights to use the third parties software or maintenance of software rendered by third parties, whereas execution of special implementation contracts is required under this framework agreement.
- Agreement on Distribution of SAP Licenses for 2023, *description of performance:* recharge of the cost for the rights to use the software provided by the third party.

contracting party: **Gen Office Gallery a.s.**

- Lease Contracts, *description of performance:* lease of space in technology rooms.
- Lease Contract, *description of performance:* lease of space for running the lines of coaxial cables fed between technological units and antennas and the lease of space for placing antennas and other distribution elements.
- Contracts on the Establishment of Servitude, *description of performance:* establishment of servitude, consisting in the establishment, operation, maintenance and repair of underground communication lines of the public communication network on part of the land of the encumbered party.

contracting party: **Home Credit International a.s.**

- Framework Agreement on Reallocation of Software Costs, *description of performance:* frame terms and conditions for reallocation and payments of costs for granted rights to use the third parties software or maintenance of software rendered by third parties, whereas execution of special implementation contracts is required under this framework agreement.
- Agreement on Distribution of Licenses, *description of performance*: reallocation of costs for maintenance of the software by third party.
- Agreement on provision of IT services, *description of performance:* provision of IT services.
- SAP Adherence Agreement, *description of performance:* terms and conditions of right to use software, maintenance of software and cloud services of the company SAP.

contracting party: **Kateřinská Office Building s.r.o.**

- Lease Contract, *description of performance:* lease of part of real estate with the purpose of installation of telecommunications devices.

contracting party: **MOBI BANKA AD BEOGRAD (NOVI BEOGRAD)**

- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.
- SAP Adherence Agreement, *description of performance:* terms and conditions for provision of cloud services of the company SAP.

contracting party: ***Nej.cz s.r.o.***

- Contract on Access to the Public Fixed Communication Network; *description of performance*: a contract based on a reference offer, the subject-matter of which is the provision of services involving connection to the network at a terminal point, access to a publicly-accessible telephone services and to broadband services in the Company fixed network.
- Loan Framework Agreement, *description of performance*: terms and conditions of the loan provided to the contracting party.
- Shareholder Loan Agreement, *description of performance*: terms and conditions of the shareholder loan, which was transferred to the Company, as lender, together with the acquisition of 100% of the shares in the contracting party.
- Non-disclosure Agreement; *description of performance*: maintaining confidentiality of the mutually disclosed information.
- Agreements on placement of the public telecommunication network, *description of performance*: placement of the telecommunication lines on/in properties of the contracting party.
- Contract on the Provision of Carrier-type Services, *description of performance*: Carrier wholesale data services.
- Contract for the provision of telecommunications data circuit rental service (no. 5990003030-B2B), *description of performance*: provision of data circuit rental service to the Company.
- Contract for the provision of telecommunications data circuit rental service (no. 5990002958), *description of performance*: provision of data circuit rental service to the Company.
- Contract for the provision of electronic communications and related services (no SELF/2021/008/DO), *description of performance*: provision of data circuit service to the Company.
- Contract for the provision of RACK HOUSING service (no. NEJ/2022/292/TH), *description of performance*: provision of RACK HOUSING service to the Company.
- Contract no. NEJ/2021/122/DO for the provision of electronic communications and related services, *description of performance*: provision of data circuit service to the Company.
- Contract no. 5990001060 for the provision of electronic communications and related services, *description of performance*: provision of data circuit service to the Company.
- Contract no. 5990001052 for the provision of electronic communications and related services, *description of performance*: provision of the Company's data circuit service.
- Service Order CS ID 23805989, *description of performance*: provision of electronic communications service to the Company.

contracting party: **O2 Czech Republic a.s.**

- Mobile Network Services Agreement; *description of performance*: a contract on mobile network services which ensures access for O2 Czech Republic a.s. to the infrastructure and functionalities of the Radio Access Network mobile network on the part of Company and performance by Company consists in the operation and maintenance of the 2G, 3G, LTE, CDMA and 5G networks, consolidation of the 2G and 3G networks, development of the LTE and 5G network.
- Contract on Access to Terminal Sections; *description of performance*: data services according to a new reference offer terminated in regional capitals.
- Contract on Access to the Public Fixed Communication Network; *description of performance*: a contract based on a reference offer, the subject-matter of which is the provision of services involving connection to the network at a terminal point, access to a publicly-accessible telephone services and to broadband services in the Company fixed network.

- Personal Data Processing Contracts, *description of performance*: the processing of personal data associated with the performance of selected contracts entered into with contracting party.
- Contracts on Connection of the Public Communication Network; *description of performance*: provision of electronic communication services and activities to subscribers connected to the networks of the contracting parties and to other users, the connection and maintenance of connection of infrastructures of their public communication networks.
- Service Agreement (+EU, TGR representation) Wholesale Roaming Services, *description of performance*: arrangement of discount contracts with roaming partners on behalf of contracting party.
- Data Centres Service Level Agreement, *description of performance*: lease of space in data centres owned by Company and providing other services related with placement and operation of technologies of contracting party and its customers.
- Contract on Collocation for Specific Locations, *description of performance*: provision of collocation space and physical collocation services in certain locations.
- Contract on the Provision of Carrier-type Services, *description of performance*: Carrier wholesale data services, including provision of DWDM capacity.
- Contracts on the Provision of Billing for Wholesale Services, *description of performance*: provision of billing for wholesale services for contracting party.
- Lease and Sublease Contracts, *description of performance*: lease or sublease of office, storage and other space, as well as movables.
- Contract on the Termination of International Voice Operation; *description of performance*: transit of international operation originating in the fixed and mobile network of contracting party, including operation originating in the O2 Slovakia, s.r.o. network.
- Contract on the Lease of Optical Fibres, *description of performance*: lease of optical fibres.
- Contract on the Provision of Technological Housing Services, *description of performance*: provision of space for placement of technological equipment required for business activities of contracting party and services directly related to the provision of space.
- Master Services Agreement on Signalling and GRX / IPX, *description of performance*: Company ensures SCCP and diameter signalling, GRX/S8 payload mobile data exchange.
- Master Agreement on the Terms and Conditions of the Provision of Mobile Electronic Communication Services; *description of performance*: provision of electronic communication services through mobile networks, supplies of mobile telephones and accessories, and IP Connect Mobile Access Services.
- Contract on the Provision of Archiving Services, Principles for Potential Division of Archives and Associated Cooperation, *description of performance:* archiving and access to archived documents within the central archives of contracting party pertaining to Company, under the separation project or relating to joint corporate history of both companies.
- Security Services Agreement, *description of performance:* provision of security services by Company.
- Agreement on the Use of Test Lab – SELFLAB; *description of performance*: use of Company's test lab.
- Non-disclosure Agreements; *description of performance*: maintaining confidentiality regarding business proceedings of the parties.
- Contracts on rendering of professional services of Data Science Centre*, description of performance:* rendering of professional services of implementation and development of procedures and algorithms for processing of huge amounts of data and their aggregation.
- Agreement on provision of supporting technical services regarding the exercise of cooperation with competent authorities required by law, *description of performance*: supporting technical services regarding the cooperation with competent authorities required by the law.
- Letter of Intent, *description of performance*: confirmation of intent of rendering of digital TV platform services and related rights and obligations of contracting parties, including the amendments and partial agreements on specific steps of implementation.
- Framework agreement for supply of racks and equipment, *description of performance*: supply of racks and equipment including the accessories and installation.

- Provision of space for advertisement, *description of performance*: Company's offer towards its partners to use certain properties of Company by advertisement of partners.
- Framework agreement on terms and conditions of provision mobile services of electronical communication, *description of performance*: provision of electronical communication services through mobile network of O2 Czech Republic a.s. and supply of mobile phones, accessories to mobile phones and further products of O2 Czech Republic a.s. (the agreement had been transferred to the Company as successor company as a result of merger with STEL-INVEST s.r.o.).
- Contract on work, *description of performance:* provision of electro-installation works on connection of brand stores of O2 Czech Republic a.s. to the distribution network (the agreement had been transferred to the Company as successor company as a result of merger with STEL-INVEST s.r.o.).
- Agreement on the use of Telefónica Partners Program, *description of performance*: Company access to Partnership program provided to the O2 Czech Republic a.s. by the company Telefónica, S.A.; *contracting parties include*: CETIN d.o.o., CETIN Bulgaria EAD, CETIN Hungary Zrt.
- Licence Agreement for applications P2000, P8, KOFAX, *description of performance:* granting a license to exercise the right to use the computer programs P2000, P8, KOFAX.
- Agreement on provision of IOOH services, *description of performance:* provision of IOOH services.
- Agreement on the implementation of the transfer of rights and obligations under the employment law, *description of performance*: arrangement of mutual rights and obligations in connection with the transfer of certain rights and obligations under employment law to the Company.
- Framework Agreement, *description of performance*: setting out the framework for the integration of assets within the parties and, where applicable, their controlled entities.
- Sale and Purchase Agreement, *description of performance*: setting out the framework for the process of transferring 100% of the ownership interest in CETIN Servis s.r.o. to the contracting party.
- Letter of Intent, *description of performance*: confirmation of interest in providing data centre services in another data centre of the Company.
- Purchase agreement and agreement on assignment of the right to exercise property rights, *description of performance*: transfer of the ownership right to the disk array and assignment of the right to exercise property rights to the software.
- B2B Services Support Agreement, *description of performance*: consultancy services in the field of B2B services.
- Domain Name Transfer Agreement, *description of performance*: transfer of the domain name zrychlujemecesko.cz to the contracting party
- TV Services Contract, *description of performance*: provision of wholesale platform services for the provision of OTT services to end customers.

contracting party: **O2 IT Services s.r.o.**

- Lease and Sublease Contracts, *description of performance*: lease or sublease of office space from Company.
- Technical Service Specification of the Carrier Services, *description of performance*: data services.
- Contract of ensuring the operation of the infrastructure of the internal certification authority, *description of performance*: ensuring the operation of the infrastructure of the internal certification authority.

contracting party: **CETIN Networks, s.r.o. (formerly O2 Networks, s.r.o.)**

- Purchase Contracts; *description of performance*: purchase/sale of assets from/to O2 Networks, s.r.o.
- Contract on the Use of Optical Fibres, *description of performance*: exclusive use of optical fibres of contracting party by CETIN and regular maintenance.
- Contract on the Provision of Carrier-type Services, *description of performance*: Carrier wholesale data services.
- Master Operational Service Agreement, *description of performance*: provision of different types of support services.

contracting party: **O2 Slovakia, s.r.o.**

- Contract on the Provision of Billing for Wholesale Services, *description of performance*: provision of billing for wholesale services for contracting party.
- Master Services Agreement (on Signalling GRX/IPX); *description of performance:* provision of roaming signalling services and roaming data exchange (2G/3G/4G) to O2 Slovakia, s.r.o.
- Service Agreement – Wholesale Roaming Services, *description of performance*: arrangement of discount contracts with roaming partners on behalf of O2 Slovakia s.r.o.
- Letter of Intent, *description of performance*: confirmation of intent of rendering of digital TV platform services and related rights and obligations of contracting parties.
- Non-disclosure Agreements; *description of performance*: maintaining confidentiality regarding business proceedings of the parties.
- TV Services Contract, *description of performance*: provision of wholesale platform services for the provision of OTT services to end customers.
- Telecommunication Services Agreement, *description of performance:* contract on interconnection, voice termination to the network of contracting party and to other fix and mobile networks in Slovakia, and transit of international outcoming calls from contracting party to worldwide destinations.

contracting party: **PPF a.s.**

- Service Level Agreement, *description of performance:* consultancy services.
- Personal Data Processing Contracts, *description of performance*: terms and conditions of parties regarding the data processing.

contracting party: **PPF banka a.s.**

- Master Contract on Payment and Banking Services, *description of performance*: the subject-matter of the contract is the opening of accounts in CZK, EUR and USD.
- Master Contract on Trading on Financial Market (EMA), *description of performance:* financial services – financial market trading.
- Contract on Provision of Investment Services, *description of performance:* investment services – arrangement of trades (purchase or sell of investment instrument) and related services (settlement and administration).
- Agreement on Non-disclosure and Data Processing, *description of performance*: protection of mutually disclosed confidential information and right and obligations of the parties regarding the processing of personal data.
- Internal escrow account agreements, *description of performance*: establishment of escrow accounts and conditions for disbursement of funds entrusted to them.

contracting party: **PPF Group N.V.**

- Deliverable FX Spot Transactions, *description of performance*: purchases of EUR and USD by the Company.

contracting party: **Public Picture & Marketing a.s.**

- Master Contract on the Provision of the Services of an Events Agency, *description of performance:* design, preparation and organisation of events and provision of advertising services for different target groups.
- Master Contract on the Provision or Intermediation of Travel Desk Services, *description of performance:* the contracting party provides the Company with a service package consisting of arranging booking of air tickets, accommodation, travel tickets, provision of visas, car rentals, reporting.
- Contracts on the Processing of Personal Data Relating to the Travel Desk Contract; *description of performance:* processing of personal data –CETIN once in the position of administrator and once in the position of processor.

contracting party: **ŠKODA TRANSPORTATION a.s.**

- Lease Contract, *description of performance:* lease of part of real estate with the purpose of installation of telecommunications devices.

contracting party: **TV Nova s.r.o.**

- Agreement on Non-disclosure, *description of performance*: protection of mutually disclosed confidential information.
- Contract on maintenance of backup electricity sources, *description of performance*: maintenance of backup electricity sources – diesel generators, UPS.
- Agreement on location of public communication network, *description of performance*: right of the Company to use part of property of contracting party to locate, including the operate, maintenance and repair of indoor cabling of communication network.

contracting party: **Yettel Bulgaria EAD**

- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.
- Telecommunication Services Agreement, *description of performance:* contract on interconnection, voice termination to the network of contracting party and to other fix and mobile networks in Bulgaria, and transit of international outcoming calls from contracting party to worldwide destinations.
- Contract on rendering of professional services of Data Science Centre*, description of performance:* rendering of professional services of implementation and development of procedures and algorithms for processing of huge amounts of data and their aggregation.
- Service Agreement – Wholesale Roaming Services, *description of performance:* arrangement of discount contracts with roaming partners on behalf of contracting party.
- SAP Adherence Agreement, *description of performance:* terms and conditions for provision of cloud services of the company SAP.
- TV Services Contract, *description of performance*: provision of wholesale platform services for the provision of OTT services to end customers.
- Personal Data Processing Agreement, *description of performance*: personal data processing in relation to the provision of the services under TV Services Contract.

contracting party: **Yettel d.o.o. Beograd**

- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.
- Telecommunication Services Agreement, *description of performance:* contract on interconnection, voice termination to the network of contracting party and to other fix and mobile networks in Serbia, and transit of international outcoming calls from contracting party to worldwide destinations.
- Contract on rendering of professional services of Data Science Centre*, description of performance:* rendering of professional services of implementation and development of procedures and algorithms for processing of huge amounts of data and their aggregation.
- Personal Data Processing Agreement, *description of performance:* data processing related to the fulfilment of certain contracts executed with the contracting party.
- Letter of Intent, *description of performance:* confirmation of the intent of contracting party to be served with services of the digital TV platform and related rights and obligations of the contracting parties.
- Service Agreement – Wholesale Roaming Services, *description of performance:* arrangement of discount contracts with roaming partners on behalf of contracting party.
- Transitional Services Agreement, *contracting parties include* CETIN d.o.o. Beograd, Telenor d.o.o. Podgorica, *description of performance:* terms and conditions of rendering certain telecommunication services.
- SAP Adherence Agreement, *description of performance:* terms and conditions for provision of cloud services of the company SAP.

- TV Services Contract, *description of performance*: provision of wholesale platform services for the provision of OTT services to end customers.
- Personal Data Processing Agreement, *description of performance*: personal data processing in relation to the provision of the services under TV Services Contract.

contracting party: **Yettel Magyarország Zrt**.

- Adherence Agreements, *description of performance:* securing of potentional damage which may be caused by the contracting party to the CETIN by breach of obligations set forth in implementation contracts, under which the contracting party is entitled to use the third party products and services.
- Telecommunication Services Agreement, *description of performance:* transit of international outcoming calls from contracting party to worldwide destinations.
- Interconnect Agreement, *description of performance:* voice termination to the network of contracting party and to other fix and mobile networks in Hungary.
- Contract on rendering of professional services of Data Science Centre*, description of performance:* rendering of professional services of implementation and development of procedures and algorithms for processing of huge amounts of data and their aggregation.
- Personal Data Processing Agreement, *description of performance:* data processing related to the fulfilment of certain contracts executed with the contracting party.
- Letter of Intent, *description of performance:* confirmation of the intent of contracting party to be served with services of the digital TV platform and related rights and obligations of the contracting parties.
- Service Agreement – Wholesale Roaming Services, *description of performance:* arrangement of discount contracts with roaming partners on behalf of contracting party.
- SAP Adherence Agreement, *description of performance:* terms and conditions for provision of cloud services of the company SAP.
- TV Services Contract, *description of performance*: provision of wholesale platform services for the provision of OTT services to end customers.
- Personal Data Processing Agreement, *description of performance*: personal data processing in relation to the provision of the services under TV Services Contract.

From the perspective of the controlled company, the performance based on the aforementioned contracts/agreements was invariably at a level corresponding in terms of price and quality to the services provided on the market by third parties or to third parties, as appropriate. Any other information from the said contracts/agreements cannot be disclosed due to the need to ensure trade secret and the agreed obligation to maintain confidentiality.

6. Conclusion

The Board of Directors of the Company hereby represents that, based on the evaluation of the role of the Company in relation to the controlling entity and to companies controlled by the same controlling entity, the Company has not enjoyed any special benefits or suffered any disadvantages or risks arising from relations between the Company and the controlling entity and/or companies controlled by the same controlling entity.

The Board of Directors of the Company hereby represents that it made reasonable effort in gathering and verifying information for the purpose of this Report on Related Party Transactions, whereas the conclusions at which it arrived were formulated following careful consideration. Moreover, to the best knowledge of the Board of Directors of the Company, all information presented in this Report on Related Party Transactions is accurate and complete.

In Prague, on 27 March 2024

CETIN a.s.

Annex no. 1 – List of companies directly or indirectly controlled by the same controlling person as of 31 December 2023

Annex no. 1A

Controlling persons: Renáta Kellnerová, Petr Kellner, Anna Kellnerová, Lara Kodl Kellnerová a Marie Isabella Kellnerová

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
AB 4 B.V.	34186049	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Air Bank a.s.
AB-X Projekt GmbH v likvidaci	HRB 247124	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Acacias Exp	911177707	Saint Martin	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter Mauritus
AF Airfueling s.r.o.	02223953	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Air Bank a.s.	29045371	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Alcat S.r.l	1982487	Italy	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Italia S.r.l
Anse Marcel Marina SAS	484763594	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Saint Martin
Antille-Sail.com	439340613	Guadeloupe	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter Mauritus
Aqua Lodge	489859827	Guadeloupe	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter Mauritus
Aqualodge	823597950	Martinique	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
ARC DEVELOPMENT S.R.L.	J40/6011/2010	Romania	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
Argos Yachtcharter & Touristik GmbH	9313	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest		Lacani

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Archipels croisieres	92125B	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Tahiti
Art Office Gallery a.s.	24209627	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Office Star Eight a.s.
Bammer trade a.s.	28522761	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.
Bavella B.V.	52522911	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Beficery LTD	417922	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Industrial Holding B.V.
Best Charter	820563815	Guadeloupe	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Bestsport holding a.s.	06613161	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Bestsport Services, a.s. v likvidaci	24215171	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF CYPRUS MANAGEMENT LIMITED
Bestsport SPV s.r.o.	19867042	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 27.10.2023	Bestsport, a.s.
Bestsport, a.s.	24214795	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		LINDUS SERVICES LIMITED
BLUE SEA HOLDING Sárl	0771845232	Belgium	Company controlled by the same controlling entity by way of ownership interest		Vox Ventures B.V.
BONAK a.s.	05098815	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.
Boryspil Project Management Ltd.	34999054	Ukraine	Company controlled by the same controlling entity by way of ownership interest		Pharma Consulting Group Ltd.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Bravewave Limited	HE 416 017	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Industrial Holding B.V.
BTV Media Group EAD	130081393	Bulgaria	Company controlled by the same controlling entity by way of ownership interest		CME Bulgaria B.V.
Capellalaan (Hoofddorp) B.V.	58391312	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Carolia Westminster Hotel Limited	8993212384	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity acting in concert by way of ownership interest		CW Investor S.á.r.l.
CEIL (Central Europe Industries) LTD	HE275785	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Bravewave limited, Beficery LTD
CETIN a.s.	04084063	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		CETIN Group N.V.
CETIN Bulgaria EAD	206149191	Bulgaria	Company controlled by the same controlling entity by way of ownership interest		CETIN Group N.V.
CETIN d.o.o. Beograd - Novi Beograd	21594105	Serbia	Company controlled by the same controlling entity by way of ownership interest		CETIN Group N.V.
CETIN Finance B.V.	66805589	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		CETIN a.s.
CETIN Finco B.V.	85746592	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		CETIN Group N.V.
CETIN Group N.V. (formerly CETIN Group B.V.)	65167899	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Telecom Group B.V.
CETIN Hungary Zártkörűen Működő Részvénytársaság	13-10-042052	Hungary	Company controlled by the same controlling entity by way of ownership interest		TMT Hungary Infra B.V.
CETIN Servis s.r.o.	19548605	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 21.07.2023	CETIN a.s.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
CETIN služby s.r.o.	06095577	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		CETIN a.s.
CIAS HOLDING a.s.	27399052	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.
CME Bulgaria B.V.	34385990	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
CME Media Enterprises B.V.	33246826	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		TV Bidco B.V.
CME Media Services Limited	6847543	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest	to 18.10.2023	CME Media Enterprises B.V.
CME Services s.r.o.	29018412	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
CME Slovak Holdings B.V.	34274606	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		TV Nova s.r.o.
Croatia Yacht Club d.o.o.	100001999	Croatia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Nordic AB
Croatia Yacht Club d.o.o.	080648734	Croatia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Nordic AB
Croisiere Cabine Antilles	791273881	Martinique	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Culture Trip (Israel) Ltd.	515308609	Israel	Company controlled by the same controlling entity by way of ownership interest	to 02.06.2023	The Culture Trip Ltd
CW Investor S.á.r.l.	B211446	Luxembourg	Company controlled by the same controlling entity acting in concert by way of ownership interest		Westminster JV a.s.
Cytune Pharma SAS	500998703	France	Company controlled by the same controlling entity by way of ownership interest		Sotio Biotech B.V.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
De Reling (Dronten) B.V.	58164235	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
DEVEDIACO ENTERPRISES LIMITED	HE 372136	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		TELISTAN LIMITED
Dream Charter Limited	8498778	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter Mauritus
Dream Yacht Americas, Inc.	D13776851	The United States of America	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Australia Pty Ltd	138577634	Australia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Bahamas Limited	105631118	Bahamas	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Americas, Inc.
Dream Yacht Belize Ltd	239396	Belize	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Caribean	478532559	Martinique	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Finance France	844801514	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Dream Yacht Fleet	844858043	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Finance France
Dream Yacht Grenadines Ltd	No.70 of 2015	Grenada	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Group SA	BE0681876643	Belgium	Company controlled by the same controlling entity by way of ownership interest		BLUE SEA HOLDING Sárl
Dream Yacht Charter	C10039041	Republic of Mauritius	Company controlled by the same controlling entity by way of ownership interest		DREAM YACHT GROUP SA

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Dream Yacht Charter (Antigua) Limited	C138/13	Antigua a Barbuda	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Charter Balearic, Sociedad Limitada	B57918252	Spain	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Dream Yacht Charter Grenada Limited	112OF2013-7013	Grenada	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Charter UK Ltd	7501705	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest		Dream Charter Limited
Dream Yacht Charter, SA DE CV (Dream Yacht Mexico)	DYC1408125Z0	Mexico	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Americas, Inc., Dream Yacht Charter
Dream Yacht Italia S.r.l	2113336	Italy	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Dream yacht marina (BVI) Limited	2118504	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest	from 20.02.2023	Dream Yacht Charter
Dream Yacht Malaysia	793437U	Malaysia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Méditérranée	494440712	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Nordic AB	5564283728	Sweden	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Dream Yacht Nouvelle-Calédonie	000963892	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Saint Martin	812809143	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Seychelles Ltd	8427841	Seychelles	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Dream Yacht Tahiti	08179B	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Tortola INC.	1463569	The British Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Dream Yacht Travel	477550313	France	Company controlled by the same controlling entity by way of ownership interest	to 07.11.2023	Lacani
Dream Yacht USVI LLC	DC0111468	The United States Virgin Islands	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Duoland s.r.o.	06179410	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
DYC HELLAS M.C.P.Y.	EL99759440	Greece	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Eastern Properties B.V.	58756566	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Easy Sailing j.d.o.o za usluge, turisticka agencija	080883331	Croatia	Company controlled by the same controlling entity by way of ownership interest		Croatia Yacht Club d.o.o.
Easy Sailing Single-Member Shipping Limited Liability Company	004313901000	Greece	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Méditerranée
Ecos Yachting	080422270	Croatia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
ELTHYSIA LIMITED	HE 290 356	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
EmbedInfo Technologies India Private Limited	U72200DL2022FTC392740	Republic of India	Company controlled by the same controlling entity by way of ownership interest		Home Credit International a.s. Home Credit India B.V.
EmbedIT Philippines Inc.	2022010038020-00	Republic of the Philippines	Company controlled by the same controlling entity by way of ownership interest		Home Credit International a.s.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
EmbedIT s.r.o. (formerly Home Credit SSEA Services s.r.o.)	17139708	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Embedit Vietnam One Member Company Limited	0317148728	Vietnam	Company controlled by the same controlling entity by way of ownership interest		Home Credit International a.s.
EMPTYCO a.s.	05418046	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.
ENADOCO LIMITED	HE 316 486	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Erable B.V.	67330495	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
EusebiusBS (Arnhem) B.V.	58163778	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Excoso a.s. (formerly SCTbio a.s.)	24662623	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Biotech B.V.
FACIPERO INVESTMENTS LIMITED	HE 232 483	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Favour Ocean Limited	1065678	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Filcommerce Holdings, Inc	CS 201 310 129	Republic of the Philippines	Company controlled by the same controlling entity by way of ownership interest		HC Philippines Holding B.V.
FLOGESCO LIMITED	HE 172588	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Gilbey Holdings Limited
Flowervale S.à r.l.	B186378	Luxembourg	Company controlled by the same controlling entity by way of ownership interest	from 30.08.2023	PPF HOLDINGS B.V.
FO Management s.r.o.	06754295	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF FO Management B.V.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
FO servis s.r.o.	08446407	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF FO Management B.V.
Fodina B.V.	59400676	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
FOR EVENTS s.r.o.	17751543	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		STONES Catering s.r.o.
Fórum Karlín a.s.	08259551	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Forward leasing LLP	190740032911	Kazakhstan	Company controlled by the same controlling entity by way of ownership interest	from 27.04.2023	LLC Forward leasing
FOSOL ENTERPRISES LIMITED	HE 372077	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		DEVEDIACO ENTERPRISES LIMITED
GABELLI CONSULTANCY LIMITED	HE 160 589	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		VELTHEMIA LIMITED
Ganz-Skoda Electric Zrt.	110045500	Hungary	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
Gen Office Gallery a.s.	24209881	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Office Star Eight a.s.
German Properties B.V.	61008664	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
GEWI, s.r.o.	60203722	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PALM Investments a.s.
GILBEY HOLDINGS LIMITED	HE182860	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
GRACESPRING LIMITED	HE 208 337	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
HC Asia B.V.	34253829	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
HC Consumer Finance Philippines, Inc	CS201301354	Republic of the Philippines	Company controlled by the same controlling entity by way of ownership interest	to 01.06.2023	HC Philippines Holding B.V.
HC Philippines Holding B.V.	35024270	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		HC Asia B.V.
HCPH Financing I. Inc	CS201727565	Republic of the Philippines	Company controlled by the same controlling entity by way of ownership interest	to 01.06.2023	HC Philippines Holding B.V.
HCPH INSURANCE BROKERAGE, INC.	CS201812176	Republic of the Philippines	Company controlled by the same controlling entity by way of ownership interest	to 01.06.2023	HC Philippines Holding B.V.
Hofplein Offices (Rotterdam) B.V.	64398064	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Home Credit a.s.	26978636	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Air Bank a.s.
Home Credit Asia Limited	890063	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		HC Asia B.V.
Home Credit Consumer Finance Co., Ltd	91120116636067462H	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Home Credit Group B.V.	69638284	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Financial Holdings a.s.
Home Credit India B.V.	52695255	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		HC Asia B.V.
HOME CREDIT INDIA FINANCE PRIVATE LIMITED	U65910HR1997PTC047448	Republic of India	Company controlled by the same controlling entity by way of ownership interest		Home Credit India B.V., Home Credit International a.s.
HOME CREDIT INDIA STRATEGIC ADVISORY SERVICES PRIVATE LIMITED	U74999HR2017FTC070364	Republic of India	Company controlled by the same controlling entity by way of ownership interest		Home Credit India B.V., Home Credit International a.s.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Home Credit Indonesia B.V.	52695557	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		HC Asia B.V.
Home Credit International a.s.	60192666	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
Home Credit N.V.	34126597	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Financial Holdings a.s.
Home Credit Slovakia, a.s.	36234176	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest		Air Bank a.s.
Home Credit Vietnam Finance Company Limited	307672788	Vietnam	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
HomeITTech (formerly Qazbiz partners LLP)	190740017254	Kazakhstan	Company controlled by the same controlling entity by way of ownership interest		Vsegda Da N.V., Forward leasing LLP (KZ)
HOPAR LIMITED	HE 188 923	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
INTENS Corporation s.r.o.	28435575	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Czech Republic a.s.
Izotrem Investments Limited	HE 192753	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Gilbey Holdings Limited
JARVAN HOLDINGS LIMITED	HE 310 140	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Johan H (Amsterdam) B.V.	58163239	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Joint-Stock Company " Investments trust"	1037739865052	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	to15.02.2023	Trilogy Park Holding B.V.
JONSA LIMITED	HE275110	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Kanal A d.o.o.	5402662000	Slovenia	Company controlled by the same controlling entity by way of ownership interest		PRO PLUS d.o.o.
Kateřinská Office Building s.r.o.	03495663	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
kbNET s.r.o.	04951727	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 30.11.2023	Nej.cz s.r.o.
Komodor LLC	32069917	Ukraine	Company controlled by the same controlling entity by way of ownership interest		West Logistics Park LLC
La Voile Bleue SCI	840.844.070	Saint Martin	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Lacani	799758412	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Group SA
Latesail Limited	3783328	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest		Lacani
Letiště Praha Letňany, s.r.o.	24678350	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Letňany eGate s.r.o.	06137628	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Letňany Park Gate s.r.o.	06138446	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Prague Entertainment Group B.V.
Limited Liability Company "Dream Yacht Montenegro" Llc KOTOR	50961329	Montenegro	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
LINDUS SERVICES LIMITED	HE 281 891	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Bestsport holding a.s.
LLC Alians R	1086627000635	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	to 18.10.2023	JONSA LIMITED

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
LLC Almondsey	1127747228190	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
LLC Charlie Com	1137746330336	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	to 03.02.2023	PPF Real Estate s.r.o.
LLC In Vino	1052309138628	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		Gracespring Limited
LLC Oil Investments	1167746861677	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	to 16.05.2023	PPF Real Estate s.r.o., PALEOS INDUSTRIES B.V.
LLC PPF Life Insurance	1027739031099	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
LLC PPF Real Estate Russia	1057749557568	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
LLC Regional Real Estate	1137746217950	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Limited
LLC ROKO	5107746049329	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	to 18.10.2023	JONSA LIMITED
LLC Stockmann StP Centre	1057811023830	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	to 16.05.2023	LLC Oil Investments
LLC Street Retail	1207700449880	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	to 27.10.2023	PPF Real Estate s.r.o., PPF Cyprus RE Management Limited
LLC Trilogy	1155027001030	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	to15.02.2023	Trilogy Park Holding B.V.
LLC Trilogy Services	1155027007398	Russian Federation	Company controlled by the same controlling entity by way of ownership interest	to15.02.2023	Trilogy Park Holding B.V.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
LLC Vagonmash	1117847029695	Russian Federation	Company controlled by the same controlling entity acting in concert by way of ownership interest		ŠKODA TRANSPORTATION a.s.
Logistics Project RU, s.r.o.	14206498	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
LvZH (Rijswijk) B.V.	58163999	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Maraflex s.r.o.	02415852	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Marina Zaton d.o.o. za nauticki turizam i usluge	080861249	Croatia	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Charter
Marine C	809764954	Guadeloupe	Company controlled by the same controlling entity by way of ownership interest		Aqua Lodge
MARKÍZA - SLOVAKIA, spol s r.o.	31444873	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest		CME Slovak Holdings B.V.
MICROLIGHT TRADING LIMITED	HE 224 515	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
MIDDLECAP SEAL HOUSE LIMITED	11669616	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity acting in concert by way of ownership interest		Seal House JV a.s.
Millennium Hotel Rotterdam B.V.	67331378	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Millennium Tower (Rotterdam) B.V.	56261330	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Miridical Holding Limited	425998	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.
MOBI BANKA AD BEOGRAD (NOVI BEOGRAD)	17138669	Serbia	Company controlled by the same controlling entity by way of ownership interest		PPF Financial Holdings a.s.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Monheim Property B.V.	61012521	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		German Properties B.V.
Monchyplein (Den Haag) B.V.	58163603	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
Montería, spol. s r.o.	27901998	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF FO Management B.V.
Moranda, a.s.	28171934	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
MP Holding 2 B.V.	69457018	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		DEVEDIACO ENTERPRISES LIMITED
Murcja sp. z o.o.	0000905867	Republic of Poland	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
My Air a.s.	05479070	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Air Bank a.s.
Naneva B.V.	67400639	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Navigare Yachting AB	5566862354	Sweden	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting AS	990383960	Sweden	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Bahamas, Ltd	78803C	Bahamas	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
NAVIGARE YACHTING D.O.O.	43630049107	Croatia	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Global Holding AB	5569860496	Sweden	Company controlled by the same controlling entity acting in concert by way of ownership interest		BLUE SEA HOLDING Sárl

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Navigare Yachting Greece Single Member P.C.	132130909000	Greece	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Holding AB	5565747861	Sweden	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Global Holding AB, BLUE SEA HOLDING Sárl
Navigare Yachting Ltd	1779855	The British Virgin Islands	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Ltd under liquidation	EL999903510	Greece	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Operations Company Limited	0835554001869	Thailand	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Services Single Member P.C.	131919703000	Greece	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Greece Single Member P.C.
Navigare Yachting Seychelles	8429665-1	Seychelles	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting Spain S.L.	B16562860	Spain	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navigare Yachting USA, Inc.	371800516	The United States of America	Company controlled by the same controlling entity acting in concert by way of ownership interest		Navigare Yachting Holding AB
Navtours INC	1148230619	Canada	Company controlled by the same controlling entity by way of ownership interest	to 30.09.2023	Dream Yacht Charter
Navtours USA INC	F20000004093	The United States of America	Company controlled by the same controlling entity by way of ownership interest		Navtours INC
Nej Kanál s.r.o.	02738252	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 30.11.2023	Nej.cz s.r.o.
Nej.cz s.r.o.	03213595	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 30.11.2023	CETIN a.s.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
O2 Business Services, a.s.	50087487	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Slovakia, s.r.o.
O2 CRM Services s.r.o.	06321399	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Czech Republic a.s.
O2 Czech Republic a.s.	60193336	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Comco N.V.
O2 Financial Services s.r.o.	05423716	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Czech Republic a.s.
O2 IT Services s.r.o.	02819678	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Czech Republic a.s.
O2 Networks, s.r.o.	54639425	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Comco N.V.
O2 Slovakia, s.r.o.	47259116	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Comco N.V.
O2 TV s.r.o.	03998380	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Czech Republic a.s.
Obora Podkozí s.r.o.	21055785	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 21.12.2023	PPF FO Management B.V.
Oceane Yacht Charter LTD	8419691	Seychelles	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Seychelles Ltd
Office Star Eight a.s.	27639177	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
Office Star Nine, spol. s r. o.	27904385	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
One Westferry Circus B.V.	88358836	Luxembourg	Company controlled by the same controlling entity by way of ownership interest		PPR Real Estate s.r.o.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Pache Properties S.R.L.	48243284	Romania	Company controlled by the same controlling entity by way of ownership interest	from 26.05.2023	PPR Real Estate s.r.o.
Paleos Industries B.V.	66846919	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Palm Investments a.s.	09262601	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		FO Servis s.r.o., Petr Kellner, Anna Kellnerová, Lara Kodl Kellnerová
Pharma Consulting Group Ltd.	34529634	Ukraine	Company controlled by the same controlling entity by way of ownership interest		HOPAR LIMITED, PPF CYPRUS RE MANAGEMENT LIMITED
Pilsen Energy Solutions s.r.o.	8845115	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.
Planaco S.A	AK510496	Greece	Company controlled by the same controlling entity by way of ownership interest	from 31.07.2023	Vox Ventures B.V.
Plaza Development SRL	22718444	Romania	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o. , PPF CYPRUS RE MANAGEMENT LIMITED
POLL,s.r.o.	62967754	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
Pompenburg (Rotterdam) B.V.	58163506	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Seven Assets Holding B.V.
POP TV d.o.o.	1381431000	Slovenia	Company controlled by the same controlling entity by way of ownership interest		PRO PLUS d.o.o.
PPF a.s.	25099345	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF A4 B.V.	63365391	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Advisory (CR) a.s.	25792385	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
PPF ADVISORY (RUSSIA) LIMITED	HE 276 979	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Advisory (UK) Limited	5539859	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Art a.s.	63080672	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.
PPF banka a.s.	47116129	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Financial Holdings a.s.
PPF Biotech B.V.	55003982	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF CO 3 B.V.	34360935	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF banka a.s.
PPF Comco N.V.	85404632	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Telecom Group B.V.
PPF CYPRUS MANAGEMENT LIMITED	HE 224463	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF CYPRUS RE MANAGEMENT LIMITED	HE 251 908	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
PPF Financial Holdings a.s.	10907718	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Finco B.V.	77800117	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF FO Management B.V.	34186296	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová, Petr Kellner, Anna Kellnerová, Lara Kodl Kellnerová, Marie Isabella Kellnerová
PPF Gastro s.r.o. (formerly Mystery Services s.r.o.)	24768103	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
PPF GATE a.s.	27654524	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
PPF Group N.V.	33264887	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová, PPF Holdings B.V.
PPF Healthcare N.V.	34308251	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Holdings B.V.	34186294	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová
PPF IM Ltd. (formerly Acolendo Limited)	HE 434775	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.
PPF Industrial Holding B.V.	71500219	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF NIPOS B.V.	90143299	The Netherlands	Company controlled by the same controlling entity by way of ownership interest	from 08.05.2023	PPF Group N.V.
PPF RE Consulting s.r.o.	24225657	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
PPF RE Management, a.s.	17083923	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V., PPF RE Consulting s.r.o.
PPF Real Estate Holding B.V.	34276162	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF Real Estate I, Inc.	7705173	The United States of America	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
PPF REAL ESTATE LIMITED	HE 188 089	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
PPF Real Estate s.r.o.	27638987	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V., PPF RE Consulting s.r.o.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
PPF reality a.s.	29030072	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
PPF SECRETARIAL LTD	HE 340708	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF CYPRUS MANAGEMENT LIMITED
PPF Telco B.V.	65167902	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Telecom Group B.V.
PPF Telecom Group B.V.	59009187	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Holdco 2 B.V.
PPF TMT Bidco 1 N.V. (formerly PPF TMT Bidco 1 B.V.)	70498288	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Telecom Group B.V.
PPF TMT Bidco 2 B.V	67332722	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF TMT Holdco 1 B.V.	70498261	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PPF TMT Holdco 2 B.V.	70526214	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Holdco 1 B.V.
Prague Entertainment Group B.V.	63600757	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
PRIVILEGE MARINE	752 530 683	France	Company controlled by the same controlling entity by way of ownership interest	from 28.09.2023	Vox Ventures B.V.
Pro Digital S.R.L.	1003600048028	Moldova	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
PRO PLUS d.o.o.	5895081000	Slovenia	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
Pro TV S.R.L.	J40/24578/1992	Romania	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
PT EmbedInfo Technologies Indonesia	2202220030052	Republic of Indonesia	Company controlled by the same controlling entity by way of ownership interest		Home Credit International a.s. Home Credit Indonesia B.V.
PT Home Credit Indonesia	03.193.870.7-021.000	Republic of Indonesia	Company controlled by the same controlling entity by way of ownership interest	to 02.10.2023	Home Credit Indonesia B.V.
Public Picture & Marketing a.s.	25667254	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF a.s.
Radiocompany C.J. OOD	131117650	Bulgaria	Company controlled by the same controlling entity by way of ownership interest		BTV Media Group AD
RC PROPERTIES S.R.L.	12663031	Romania	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
Real Estate Russia B.V.	63458373	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
Redimco S.à r.l.	B186197	Luxembourg	Company controlled by the same controlling entity by way of ownership interest	from 30.08.2023	PPF HOLDINGS B.V.
REDLIONE LTD	HE 178 059	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	to 14.03.2023	Home Credit N.V.
REPIENO LIMITED	HE 282 866	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Retail Star 22, spol. s r.o.	24132161	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 04.12.2023	PPF Holdings B.V.
Robertson and Caine Inc	59/3594086	The United States of America	Company controlled by the same controlling entity by way of ownership interest	from 01.06.2023	Robertson and Caine Proprietary Limited
Robertson and Caine Properties Proprietary Limited	1994/004415/07	The Republic of South Africa	Company controlled by the same controlling entity by way of ownership interest	from 01.06.2023	Vox Ventures B.V.
Robertson and Caine Proprietary Limited	1995/010265/07	The Republic of South Africa	Company controlled by the same controlling entity by way of ownership interest	from 01.06.2023	Vox Ventures B.V.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Roses Yachts S.L	B17778598	Spain	Company controlled by the same controlling entity by way of ownership interest		Drem Yacht Charter Balearic, Sociedad Limitada
RTL Hrvatska d.o.o.	07330149920	Croatia	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
Saint World Limited	1065677	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V.
SALEMONTO LIMITED	HE 161 006	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
SB JSC Bank Home Credit	513-1900-AO (UI)	Kazakhstan	Company controlled by the same controlling entity by way of acting in concert		PPF Financial Holdings a.s.
SCI LA FORET	309844371	France	Company controlled by the same controlling entity by way of ownership interest		Renáta Kellnerová, Petr Kellner, Anna Kellnerová, Lara Kodl Kellnerová, Marie Isabella Kellnerová
SCT Cell Manufacturing s.r.o.	14088266	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Biotech B.V.
Seal House JV a.s.	09170782	Czech Republic	Company controlled by the same controlling entity acting in concert by way of ownership interest		PPF Real Estate s.r.o.
SEPTUS HOLDING LIMITED	HE 316 585	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest	to 17.04.2023	Home Credit N.V.
Seven Assets Holding B.V.	58163050	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Shenzhen Home Credit Number One Consulting Co., Ltd.	91440300664174257K	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		Home Credit Asia Limited
Shenzhen Home Credit Xinchi Consulting Co., Ltd.	91440300796638527A	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		Favour Ocean Limited
SIGURNO LIMITED	HE 172539	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		Gilbey Holdings Limited

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
SKODA Transportation Deutschland GmbH	HRD 208 725	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
Skoda Transportation GmbH (formerly D - Toll Holding GmbH)	HRB 191929 B	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest	to 12.12.2023	Škoda a.s.
SNC T 2008	513120949	France	Company controlled by the same controlling entity by way of ownership interest		Dream Yacht Tahiti
Sol Immo Marcel	921894812	Saint Martin	Company controlled by the same controlling entity by way of ownership interest	from 14.02.2023	Dream Yacht Charter
SOTIO Biotech a.s.	10900004	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Sotio Biotech B.V.
SOTIO Biotech AG (formerly Cytune Pharma AG)	CHE-354.429.802	Switzerland	Company controlled by the same controlling entity by way of ownership interest		Sotio Biotech B.V.
SOTIO Biotech B.V. (formerly Cytune Pharma B.V.)	80316557	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Biotech B.V.
SOTIO Biotech Inc. (formerly Sotio Biotech LLC)	EIN 35-2424961	The United States of America	Company controlled by the same controlling entity by way of ownership interest		SOTIO Biotech a.s.
Sotio Medical Research (Beijing) Co. Ltd	110000410283022	People's Republic of China	Company controlled by the same controlling entity by way of ownership interest		SCTbio a.s.
SOTIO Therapeutics AG	CHE-385.585.958	Switzerland	Company controlled by the same controlling entity by way of ownership interest	to 13.03.2023	SCTbio a.s.
Stellar Holding s.r.o.	14005816	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
STEPHOLD LIMITED	HE 221 908	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
STONES Catering s.r.o.	27248674	Czech Republic	Company controlled by the same controlling entity by way of ownership interest	from 22.12.2022	Bestsport holding a.s.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Sun Belt Multi I, LLC	20213849720	The United States of America	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate I, Inc.
Sun Belt Multi II, LLC	38-4133783	The United States of America	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Inc.
Sun Belt Office I Interholdco, LLC	20210215807	The United States of America	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate I, Inc.
Sun Belt Office I, LLC	20210116384	The United States of America	Company controlled by the same controlling entity by way of ownership interest		Sun Belt Office I Interholdco, LLC
Sun Belt Office II Interholdco, LLC	20213597548	The United States of America	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate I, Inc.
Sun Belt Office II, LLC	20213597547	The United States of America	Company controlled by the same controlling entity by way of ownership interest		Sun Belt Office II Interholdco, LLC
Škoda Transportation Italia S.r.l.	07219540486	Italy	Company controlled by the same controlling entity by way of ownership interest	from 03.10.2022	ŠKODA TRANSPORTATION a.s.
Škoda a.s.	14070421	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Industrial Holding B.V.
ŠKODA CITY SERVICE s.r.o.	29119057	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA DIGITAL s.r.o.	01731530	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA EKOVA a.s.	28642457	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA ELECTRIC a.s.	47718579	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
Škoda group austria GmbH	FN 593375k	Austria	Company controlled by the same controlling entity by way of ownership interest	from 17.01.2023	ŠKODA TRANSPORTATION a.s.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
ŠKODA ICT s.r.o.	27994902	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA INVESTMENT a.s.	26502399	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.
ŠKODA PARS a.s.	25860038	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA POLSKA Sp.z o.o.	NIP 7010213385	Republic of Poland	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA SERVIS s.r.o.	26351277	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA INVESTMENT a.s.
ŠKODA TRANSPORTATION a.s.	62623753	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.
Škoda Transportation Balkan d.o.o.	21736473	Serbia	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA TRANSPORTATION UKRAINE, LLC	42614252	Ukraine	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
Škoda Transportation USA, LLC	81-257769	The United States of America	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA TRANSTECH OY	1098257-0	Finland	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s., Škoda a.s.
ŠKODA TVC s.r.o.	25247964	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
ŠKODA VAGONKA a.s.	25870637	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		ŠKODA TRANSPORTATION a.s.
TANAINA HOLDINGS LIMITED	HE318483	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		TOLESTO LIMITED

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Tanemo a.s.	09834273	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Te Arearea	07295C	France	Company controlled by the same controlling entity by way of ownership interest		Archipels Croisiéres
TELISTAN LIMITED	HE 341 864	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate s.r.o.
Temsa Deutschland GmbH	DE256871263	The Federal Republic of Germany	Company controlled by the same controlling entity acting in concert by way of ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
TEMSA EGYPT for Bus Manufacturing & Engineering SAE	3028	Egypt	Company controlled by the same controlling entity acting in concert by way of ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
Temsa North America, INC.	83-1118821	The United States of America	Company controlled by the same controlling entity acting in concert by way of ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
Temsa Skoda Sabanci Ulaşım Araçları A.Ş.	8380046749	Turkey	Company controlled by the same controlling entity acting in concert by way of ownership interest		Škoda a.s.
Tesco Mobile ČR s.r.o.	29147506	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Czech Republic a.s.
Tesco Mobile Slovakia, s.r.o.	36863521	Slovak Republic	Company controlled by the same controlling entity by way of ownership interest		O2 Slovakia, s. r. o.
TFR SAS	FR 27 878443936	France	Company controlled by the same controlling entity acting in concert by way of ownership interest		Temsa Skoda Sabanci Ulaşım Araçları A.Ş.
The Culture Trip (USA) Ltd.	5908200	The United States of America	Company controlled by the same controlling entity by way of ownership interest	to 02.06.2023	The Culture Trip Ltd
The Culture Trip Ltd	7539023	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling entity by way of ownership interest	to 02.06.2023	The Culture Trip Sárl.
TheSignallingCompany NV	0724925936	Belgium	Company controlled by the same controlling entity by way of ownership interest	from 20.02.2023	Škoda a.s.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Tianjin Home Credit E-commerce Co., Ltd.	91120116MA075WF70G	People’s Republic of China	Company controlled by the same controlling entity by way of ownership interest		Shenzhen Home Credit Xinchi Consulting Co., Ltd.
TIMEWORTH HOLDINGS LTD.	HE 187 475	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
TMT Hungary B.V.	75752824	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Bidco 1 B.V.
TMT Hungary Holdco B.V.	91863899	The Netherlands	Company controlled by the same controlling entity by way of ownership interest	from 02.11.2023	PPF Group N. V.
TMT Hungary Infra B.V.	81357397	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		CETIN Group N.V.
TOLESTO LIMITED	HE 322 834	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V., PPF CYPRUS RE MANAGEMENT LIMITED
Trigon II B.V.	56068948	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Trilogy Park Holding B.V.	60006609	The Netherlands	Company controlled by the same controlling entity by way of ownership interest	to15.02.2023	PPF Real Estate Holding B.V.
Trilogy Park Nizhny Novgorod Holding B.V.	67330355	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
TV Holdco B.V.	75983613	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Bidco 2 B.V.
TV Nova s.r.o.	45800456	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		CME Media Enterprises B.V.
VELTHEMIA LIMITED	HE 282 891	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		REPIENO LIMITED
Velvon GmbH	HRB 239796	The Federal Republic of Germany	Company controlled by the same controlling entity by way of ownership interest		AB-X Projekt GmbH

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Vents de Mer	432981934	France	Company controlled by the same controlling entity by way of ownership interest	to 30.03.2023	Lacani
Vox Ventures B.V.	65879554	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Group N.V.
Vsegda Da N.V.	52695689	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		Home Credit N.V., Forward leasing LLP (KZ)
VÚKV a.s.	45274100	Czech Republic	Company controlled by the same controlling entity by way of ownership interest		Škoda a.s.
VV CL Pro-1 S.à r.l. (formerly The Culture Trip Sarl)	B220626	Luxembourg	Company controlled by the same controlling entity by way of ownership interest	to 11.12.2023	Vox Ventures B.V.
Wagnerford Holdings Limited	HE 210154	Republic of Cyprus	Company controlled by the same controlling entity by way of ownership interest		MP Holding 2 B.V.
Wagnerford LLC	5087746372819	Russian Federation	Company controlled by the same controlling entity by way of ownership interest		Wagnerford Holdings Limited
West Logistics Park LLC (WLP)	35093235	Ukraine	Company controlled by the same controlling entity by way of ownership interest		Izotrem Investments Limited
Westminster JV a.s.	05714354	Czech Republic	Company controlled by the same controlling entity acting in concert by way of ownership interest		PPF Real Estate s.r.o.
Wilhelminaplein (Rotterdam) B.V.	59494034	The Netherlands	Company controlled by the same controlling entity by way of ownership interest		PPF Real Estate Holding B.V.
Yettel Bulgaria EAD (formerly Telenor Bulgaria EAD)	130460283	Bulgaria	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Bidco 1 B.V.
Yettel d.o.o. Beograd (formerly Telenor d.o.o. Beograd)	20147229	Serbia	Company controlled by the same controlling entity by way of ownership interest		PPF TMT Bidco 1 B.V.
Yettel Magyarország Zrt. (formerly Telenor Magyarország Zrt.)	13-10-040409	Hungary	Company controlled by the same controlling entity by way of ownership interest		TMT Hungary B.V.

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Yettel Real Estate Hungary Ztr. (formerly Telenor Real Estate Hungary Ztr.)	13-10-041060	Hungary	Company controlled by the same controlling entity by way of ownership interest		TMT Hungary B.V.
Ziza d.o.o za trgovinu, ugostiteljstvo, turizam i promet	060159616	Croatia	Company controlled by the same controlling entity by way of ownership interest		Marina Zaton d.o.o. za nauticki turizam i usluge

Annex no. 1B

Controlling persons**:** Renáta Kellnerová, Petr Kellner, Lara Kodl Kellnerová a Marie Isabella Kellnerová

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
ESK Developments Limited	1611159	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		Chelton Properties Limited
Chelton Properties Limited	1441835	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		Renáta Kellnerová, Petr Kellner, Lara Kodl Kellnerová, Marie Isabella Kellnerová
NBWC Limited	1024143	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		ESK Developments Limited
Selman Resources Limited	1005589	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		SR Development Limited
SR Boats Limited	2016073	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		SR Development Limited
SR Development Limited	1968975	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		Chelton Properties Limited
SR-R Limited	708998	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		SR Development Limited
VGBC Limited	700080	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		Chelton Properties Limited
VGMC Limited	709492	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		ESK Developments Limited
West Hillside Limited	1582181	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		Chelton Properties Limited

Annex no. 1C
Controlling persons: Renáta Kellnerová, Anna Kellnerová, Lara Kodl Kellnerová and Marie Isabella Kellnerová

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
AMALAR a.s.	19696752	Czech Republic	Company controlled by the same controlling entity by way of acting in concert	from 06.09.2023	Renata Kellnerová, Anna Kellnerová, Lara Kodl Kellnerová
AMALAR HOLDING s.r.o.	19696477	Czech Republic	Company controlled by the same controlling entity by way of acting in concert	from 06.09.2023	Renata Kellnerová, Anna Kellnerová, Lara Kodl Kellnerová,

Annex no. 1D
Controlling person: Renáta Kellnerová

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Czech Equestrian Team a.s.	01952684	Czech Republic	Company controlled by the same controlling entity by way of acting in concert		SUNDOWN FARMS LIMITED
DRAK INVESTMENT HOLDING LTD	324472	Cayman Islands	Company controlled by the same controlling entity by way of acting in concert		GONDRA HOLDINGS LTD
GONDRA HOLDINGS LTD	324452	Cayman Islands	Company controlled by the same controlling entity by way of acting in concert		Salonica Holding Limited
Horse Arena s.r.o.	04479823	Czech Republic	Company controlled by the same controlling entity by way of acting in concert		SUNDOWN FARMS LIMITED
POTLAK LIMITED	HE362788	Republic of Cyprus	Company controlled by the same controlling entity by way of acting in concert		Renáta Kellnerová
Raytop Limited	HE415014	Republic of Cyprus	Company controlled by the same controlling entity by way of acting in concert		Renáta Kellnerová
Salonica Holding Limited	1949492	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		Renáta Kellnerová
SUNDOWN FARMS LIMITED	HE 310721	Republic of Cyprus	Company controlled by the same controlling entity by way of acting in concert		Vixon Resources Limited, Chelton Properties Limited
Vixon Resources Limited	144 18 84	The British Virgin Islands	Company controlled by the same controlling entity by way of acting in concert		Renáta Kellnerová

Annex no. 1E
Controlling person: Anna Kellnerová

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
Classic Sagittarii s.r.o.	19955537	Czech Republic	Company controlled by the same controlling entity by way of acting in concert	from 23.11.2023	Anna Kellnerová

Annex no. 1F
Controlling person: Petr Kellner

Business name	Identification / registration number	Country of registration	Method and means of control	Note	Interest via
PLP Holding s.r.o.	19845014	Czech Republic	Company controlled by the same controlling entity by way of acting in concert	from 20.10.2023	Petr Kellner

CETIN a.s.

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (AS ADOPTED BY THE EU)

The consolidated financial statements were approved by the Board of Directors on 27 March 2024 and were signed on its behalf by:

Filip Cába	**Michal Frankl**
Vice-chairman of the Board of Directors	Member of the Board of Directors

CONTENT

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

In CZK million	Note	For the year ended 31 December 2023	31 December 2022
Revenues	5	19,731	18,882
Expenses	6	(9,685)	(9,653)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)		**10,046**	**9,229**
Depreciation and amortisation	9, 10, 11	(5,684)	(5,516)
Impairment loss	9, 11	(39)	(36)
Operating profit (*EBIT*)		**4,323**	**3,677**
Finance income	7	32	586
Finance costs	7	(1,670)	(690)
Profit before tax		2,685	3,573
Corporate income tax	8	(1,115)	(718)
Profit for the year		**1,570**	**2,855**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Total other comprehensive income, net of tax		**-**	**-**
Total comprehensive income, net of tax		**1,570**	**2,855**
Profit attributable to:			
Equity holders of the Company		1,570	2,855
Total comprehensive income attributable to:			
Equity holders of the Company		1,570	2,855

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As of	
In CZK million	**Note**	**31 December 2023**	**31 December 2022**
ASSETS			
Property, plant and equipment	9	51,528	47,945
Intangible assets	11	2,882	2,614
Goodwill	11	1,459	16
Right of use assets	10	5,008	4,649
Other assets	15	416	475
Non-current assets		**61,293**	**55,699**
Inventories	13	84	105
Trade and other receivables	14	3,089	2,907
Advance payments and other assets	15	750	759
Current tax receivable		111	-
Cash and cash equivalents	16	740	456
Current assets		**4,774**	**4,227**
Assets held for sale	17	**4,330**	**18**
Total assets		**70,397**	**59,944**
EQUITY AND LIABILITIES			
Share capital	25	3,102	3,102
Other funds	25	14,620	14,620
Retained earnings	25	4,067	3,601
Total equity		**21,789**	**21,323**
Long-term financial debts	19	24,652	15,071
Deferred tax liability	20	6,406	5,751
Non-current provisions for liabilities and charges	21	241	136
Lease liability	19	4,478	4,051
Non-current other liabilities	18	1,459	1,437
Non-current liabilities		**37,236**	**26,446**
Short-term financial debts	19	84	4,904
Trade and other payables	18	10,140	6,254
Lease liability	19	821	816
Income tax liability	8	-	139
Provisions for liabilities and charges	21	47	62
Current liabilities		**11,092**	**12,175**
Liabilities held for sale	17	**280**	**0**
Total liabilities		**48,608**	**38,621**
Total equity and liabilities		**70,397**	**59,944**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

In CZK million	Note	Share capital	Other capital funds	Retained earnings	Total
As of 1 January 2023		**3,102**	**14,620**	**3,601**	**21,323**
Profit for the year		-	-	1,570	1,570
Total comprehensive income		**-**	**-**	**1,570**	**1,570**
Dividends paid	25	-	-	(1,100)	(1,100)
Other distribution and rounding		-	-	(4)	(4)
As of 31 December 2023		**3,102**	**14,620**	**4,067**	**21,789**

For the year ended 31 December 2022

In CZK million	Note	Share capital	Other capital funds	Retained earnings	Total
As of 1 January 2022		**3,102**	**14,620**	**2,600**	**20,322**
Profit for the year		-	-	2,855	2,855
Total comprehensive income		**3,102**	**14,620**	**2,855**	**2,855**
Dividends paid	25	-	-	(1,850)	(1,850)
Other distribution and rounding		-	-	(4)	(4)
As of 31 December 2022		**3,102**	**14,620**	**3,601**	**21,323**

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the year ended	
In CZK million	**Note**	**31 December 2023**	**31 December 2022**
Profit for the year		1,570	2,855
Non-cash adjustments for:			
Depreciation and amortisation	9, 10, 11	5,684	5,516
Impairment loss	9, 11	39	36
Profit on sale of property, plant and equipment	9	(52)	(49)
Net finance costs/revenues	7	1,036	602
Foreign exchange gains/losses (net)	7	602	(498)
Other non-cash adjustments		(28)	(5)
Tax expense	8	1,115	718
Operating cash flow before working capital changes		**9,966**	**9,175**
Working capital adjustments:			
Change in trade and other receivables		(179)	(99)
Change in inventories		21	(9)
Change in trade and other payables		(147)	(120)
Change in provisions		(13)	(25)
Cash flows from operating activities		**9,648**	**8,922**
Interest received		26	19
Income tax paid	8	(1,023)	(888)
Net cash flow from operating activities		**8,651**	**8,053**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles	9, 11	(5,460)	(5,399)
Proceeds from sales of property, plant and equipment and intangible assets		33	32
Acquisition of subsidiaries	27	(5,893)	-
Loans paid related to investment in subsidiaries	12	(2,576)	-
Advances received for the sale of part of the business	18, 26	4,102	-
Net cash used in investing activities		**(9,794)**	**(5,367)**
Cash flows from financing activities			
Interest paid related to bonds	19	(61)	(61)
Interest paid related to intra-group loan	19	(708)	(265)
Interest paid from lease liability	19	(203)	(172)
Grant of loan	19	9,046	-
Repayment of bonds	19	(4,866)	-
Net proceeds from settlement of FX derivatives		-	(77)
Cash collateral placed due to derivatives transactions	14	-	88
Dividends paid	25	(1,100)	(1,850)
Lease payments	19	(722)	(645)
Net cash used in financing activities		**1,386**	**(2,982)**
Net increase in cash and cash equivalents		**243**	**(296)**
Cash and cash equivalents at beginning of year	16	456	740
Cash as a part of assets held for sale	17	41	-
Effect of foreign exchange rate movements on cash and cash equivalents		-	12
Cash and cash equivalents at the year end	16	**740**	**456**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

The sole shareholder of the Group as of 31 December 2023 is CETIN Group N.V. (part of the PPF Group). Further details are described in Note 25.

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

On 30 November 2023 the company Nej.cz s.r.o. was acquired. Through this transaction, Company acquired a high speed optical infrastructure.

The intention of CETIN is to prepare the Nej.cz s.r.o. division project in 2024 in such way that it is possible to separate the retail customers and the services provided to them and put them into the CETIN Servis s.r.o.

At the same time, the Company concluded an agreement with O2 Czech Republic a.s., based on which a 100% share in CETIN Servis s.r.o is to be transferred to O2 Czech Republic a.s.

The number of employees employed by the Group amounted in average to 2,788 in 2023 (2022: 2,256).

The consolidated financial statements were approved for issue by the Company's Board of Directors on 27 March 2024.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee.

The consolidated financial statements were prepared under the historical cost convention except for non-current assets held for sale which are measured at lower of cost and fair value less cost to sell, and financial derivatives which are measured at fair value as disclosed in the accounting policies below.

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

Use of estimates, assumptions, and judgements

In preparing these consolidated financial statements in conformity with IFRS, 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 Group makes forward-looking estimates and assumptions. The resulting accounting estimates might be, by definition, different from the related actual results.

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

The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next years are discussed below:

(1) Income taxes and deferred taxes

The Group estimates the liability for current income taxes and in consideration of the temporary differences also for the deferred tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and the measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of assets and liabilities. Where the final tax-non-deductible/non-taxable items are different from the amounts that were calculated, such differences will impact the current income and deferred tax provisions in the year in which such determination is made (see Note 8 and Note 20).

(2) Property, plant and equipment and intangible assets

The accounting treatment of investments in property, plant and equipment and intangible assets entails the use of estimates to determine the useful life for depreciation and amortization purposes and to assess fair value at their acquisition dates for assets acquired in business combinations.

Determining useful life requires making estimates in connection with future technological developments and alternative uses for assets. There is a significant element of judgment involved in making technological development assumptions, since the timing and scope of future technological advances are difficult to predict. Further details are described in Note 3c – Property, plant and equipment and Note 3d – Intangible assets.

When an item of property, plant and equipment or an intangible asset is considered to be impaired, the impairment loss is recognised in profit or loss. The decision to recognise an impairment loss involves estimates of amount of the impairment, as well as analysis of the reasons for the potential loss. Furthermore, additional factors, such as technological obsolescence, the suspension of certain services and other circumstantial changes are taken into account.

The Group evaluates the performance of its cash-generating units regularly to identify potential impairments. Determining the recoverable amount of the cash-generating units also entails the use of assumptions and estimates and requires a significant element of judgment.

(3) Provisions and contingent liabilities

The Group’s treatment of obligations with uncertain timing and amount depends on the management’s estimation of the amount and timing of the obligation and probability of an outflow of resources embodying economic benefits that will be required to settle the obligation (both legal and constructive). A provision is recognised when the Group has a present obligation as a result of past events, it is probable that an outflow of resources to settle the obligation will be required and a reliable estimate of the amount of the obligation can be made (see Note 21). The Group recognises provision for dismantling assets, which is part of the costs of the assets, which the Group is required to dismantle at the end of their useful lives. The change in the estimates is recorded to the related fixed assets.

Contingent liabilities are not recognised but are disclosed in the note to the financial statements (Note 22), their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are assessed continually to determine whether an outflow of resource embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

(4) Receivables

Trade receivables are carried at original amount less loss allowance. The Group calculates loss allowances for receivables at the amount of expected credit losses over the life of the financial asset. Details regarding the determination of receivables impairment are stated in Note 3g – Financial assets.

(5) Mobile network services agreement

Amongst the most important contracts of the Group are Mobile network services agreement as described in Note 26. The Group assessed the contract, including amendments, as the provision of a service, because the performance provided under this contract was not dependent on the use of a specific asset and/or one customer does not have the right to obtain substantially all of the economic benefits from the asset during the period of use.

(6) Leasing

When measuring the lease liability, the incremental borrowing rate is applied. This incremental borrowing rate used for discounting of future lease payments is based on the current interest rate defined as reference rate adjusted by Group´s spread and further adjusted by lease specific adjustment.

The right of use assets is depreciated in accordance with the length of the lease contract. For contracts concluded for an indefinite period (or contracts with the possibility of extension on the part of the Group), based on management's assessment, plans, and expected changes in technology it was set a depreciation period till 31 December 2030. The contracts mainly represent lease relations due to the location of technological equipment of both mobile and fixed networks.

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new or revised IFRS standards and interpretations (includes standards and interpretations applicable to the Group)

IAS 1 (amendment) – Disclosure of accounting policies

The Group adopted an amendment to the accounting policy disclosure rules effective 1 January 2023. Although the amendment did not result in any changes to the accounting rules themselves, it did affect the information about the accounting rules disclosed in the financial statements. The standards now require disclosure of “material” rather than “significant” accounting policies. Accounting rules were reviewed and adjustments were made to the financial statements.

IAS 12 (amendment) – Deferred tax related to assets and liabilities arising from a single transaction

As of 1 January 2023, the Group has adopted an amendment to the standard for deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12). The amendment narrows the scope of the exemption from initial recognition to exclude transactions that give rise to identical and compensating temporary differences.

The Group previously accounted for deferred tax on leases using the “integrally connected” approach, which resulted in a similar result as under the amendment, except that the deferred tax asset or liability was recognized on a net basis. Following the amendments, the Group recorded a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to right-of-use assets. However, the statement of financial position was not affected by this change, as the balances meet the conditions for compensation according to paragraph 74 of IAS 12. As a result of this change, there was also no impact on the initial retained earnings as at 1 January 2022. The key impact for the Group is related to the disclosure of the reported deferred tax assets and liabilities.

New IFRS not effective as of 31 December 2023 (includes standards applicable to the Group)

At the date of preparation of the accompanying consolidated financial statements, the following IFRS had been published, but their application was not mandatory. The Group intends to adopt those standards when they become effective.

Standards and amendments		**Effectiveness***
IFRS 10 and IAS 28 (amendment)	Sales or contributions of assets between an investor and its associate/joint venture	postponed indefinitely
IAS 1 (amendment)	Classification of liabilities as short-term and long-term	1 January 2024
IAS 16 (amendment)	Lease liability and sale and leaseback	1 January 2024
IFRS 7 and IAS 7 (amendment)	Supplier finance arrangement	1 January 2024

* Effective for the period commencing from the stated date

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

The Group has consistently applied the accounting policies set out below, except as descried above in the section Adoption of new or revised IFRS standards and interpretations.

a) Basis of consolidation

Consolidation

The Group controls an entity when it is exposed to, 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. Subsidiaries are consolidated from the date on which control is transferred to the Group (date of acquisition) and are no longer consolidated from the date when the Group ceases to have control.

Intercompany transactions and balances among the Group companies are eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies for subsidiaries are changed, where necessary, to ensure consistency with the policies adopted by the Group and other companies within the Group.

Business Combination

A business combination is accounted for using the acquisition method. The consideration transferred in a business combination is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed when incurred. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group’s share of the identifiable net assets acquired is recorded as goodwill. The excess of the fair value of the Group´s share of the identifiable net assets acquired over the considerations transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree is recorded as gain in profit or loss on the acquisition date. For detail refer to Note 3d – Intangible assets.

b) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The Functional currency of the Company is the Czech crown (CZK). The consolidated financial statements are presented in Czech crowns (CZK), which is the Group’s presentation currency. The Functional currency of subsidiaries is their local currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges. Such balances of monetary items are translated at year-end exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

(iii) Group companies

Profit or loss of foreign entities are translated into the Group's reporting currency at the average exchange rates for the year and their statements of financial position are translated at the exchange rates ruling on the balance sheet date. Exchange differences arising from the translation of the net investment in foreign entities and of borrowings and other currency instruments designated as hedges of such investments are taken to other comprehensive income. When a foreign entity is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

c) Property, plant, and equipment

All property, plant and equipment are initially recorded at cost and, except for freehold land, are subsequently carried at its cost less any accumulated depreciation and accumulated impairment losses. Freehold land is subsequently stated at cost less any accumulated impairment charges.

Property, plant, and equipment acquired in the business combination are stated at their acquisition costs (which are equal to their fair value at the effective date of the business combination) less accumulated depreciation and accumulated impairment charges.

Property, plant, and equipment include all costs directly attributable to bringing the asset to working condition for its intended use. With respect to the construction of the network, this comprises every expenditure up to the customers' premises, including the cost of contractors, materials, direct labour costs and interest cost incurred during the course of construction. The costs also include, where appropriate, the estimated costs of dismantling and removing the asset and restoring the site.

Subsequent costs are recognised as property, plant and equipment only if it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably.

Repairs and maintenance costs are expensed as incurred.

Significant spare parts with the useful life longer than one year are recognised as property, plant and equipment.

Items of property, plant and equipment that are retired are not intended for sale and are not expected to create any future economic benefits or are otherwise disposed of, are eliminated from the consolidated statement of financial position, along with the corresponding accumulated depreciation. Any gain or loss arising from retirement or disposal is included in net operating income, i.e., net gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Items of property, plant, and equipment, excluding freehold land, are depreciated from the time they are available for use, using the straight-line method. Depreciation ceases at the earlier of the date the asset is either de-recognised or at the date the asset is classified as held for sale.

Depreciation does not cease, when the asset becomes temporarily idle or retired from active use, unless the asset is fully depreciated.

Estimated useful lives adopted in the consolidated financial statements are as follows:

	Years
Buildings and constructions	From 9 to 56
Ducts, cables, and related plant	From 11 to 45
Communication technology and related equipment	From 1 to 36
Other fixed assets	From 1 to 11

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 3f – Impairment of assets).

d) Intangible assets

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

Intangible assets of the Group acquired in business combinations are stated at their acquisition costs (which are equal to their fair value at the date of acquisition) less accumulated amortisation and accumulated impairment charges and are amortised on a straight-line basis over their estimated useful lives.

Intangible assets with an indefinite useful life are not amortised. They are subject to the regular impairment reviews (see Note 11).

The Group reviews at least at the balance sheet date the useful lives of intangible assets that are not amortised to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

On the balance sheet date, carrying amounts, residual values and the useful lives of assets are reviewed, revised and if necessary, prospectively amended and accounted for as a change in an accounting estimate.

Intangible assets that are no longer in use and no future economic benefits are expected or that are disposed of for any other reason are de-recognised from the consolidated statement of financial position together with the corresponding accumulated amortisation (for amortised assets only). All gains or losses arising in this respect are recognised in net operating income, i.e., net gain or loss is determined as the difference between net disposal proceeds, if any, and the carrying amount of the asset.

Intangible assets, except for the assets with an indefinite useful life, are amortised using the straight-line method from the time they are available for use. Amortisation ceases at the earlier of the date the asset is de-recognised, the date the asset is classified as having the indefinite useful life or the date the asset is classified as held for sale.

e) Non-current assets classified as held for sale

The Group classifies separately in the consolidated statement of financial position a non-current asset or disposal group of assets and liabilites as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group of assets and liabilities) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups of assets and liabilities), its sale is highly probable, and sale is expected within one year.

The Group measures a non-current asset (or disposal group of assets and liabilities) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

The Group recognises an impairment loss for any initial or subsequent write-down of the asset (or disposal group of assets and liabilities) to fair value less costs to sell and is accounted for as an impairment loss with impact on profit or loss of the relevant period.

From the moment the asset or liability is classified as held for sale and eventually revalued, it ceases to be depreciated/amortised and is reviewed only from an impairment point of view.

Any gain from any subsequent increase in fair value less costs to sell, but not in excess of the cumulative impairment loss that has been recognised, is determined and is accounted for in profit or loss.

f) Impairment of non-financial assets

The Group makes an assessment at least at each balance sheet date whether there is any indication that an impairment loss may no longer exist, may have decreased, or may have increased. If any such indication exists, the Group estimates a recoverable amount of the assets and compares to the carrying value (net of the impairment allowance). In assessing whether there is any indication that the impairment loss recognised in the past may no longer exist, the Group considers both external and internal sources of information (asset's market value, changes expected in the market, including technological, economic or legal changes, market interest rates, significant changes with effect on the Group in the extent to which, or manner in which, the assets are used or are expected to be used, evidence available from internal reporting indicating economic performance of assets etc.). Where an estimate of recoverable amount is calculated, there are a number of management assumptions used.

g) Financial assets and liabilities

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

(i) Financial assets

According to IFRS 9, all financial assets are classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI") or at fair value through profit and loss ("FVTPL").

Except for trade receivables without a significant financing component, a financial asset is initially measured at fair value plus (for an item not at FVTPL category) transaction costs that are directly attributable to its acquisition. Subsequent measurement of individual categories of financial assets relevant to the Group is as follows.

<u>Financial assets measured at fair value though profit and loss</u>
These assets are subsequently measured at fair value and are included in current or non-current assets based on the period when they are settled. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

<u>Financial assets at amortised cost</u>
These financial assets are subsequently measured at amortised cost using the effective interest method and are included in current and non-current assets based on the period when they are settled. The amortised cost is reduced by impairment losses (see section B below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(ii) Impairment of financial assets

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

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

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

(iii) Financial liabilities

Financial liabilities are classified as measured at amortised cost or at fair value though profit and loss ("FVTPL").

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. These financial liabilities are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, they are stated at amortised cost using the effective interest rate method; any difference between the amount initially recognised and the redemption value is recognised in profit or loss over the related period.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to settle the liability for at least 12 months after the balance sheet date.

Borrowing costs on debts used to finance the acquisition and construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other interest costs are recognised directly in profit and loss.

(iv) Derecognition of financial instruments

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

The financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The write off is recognised when the Group considers that there are no realistic prospects of recovery of the asset or when the Group`s legal right to such asset has ceased to exist. Even if the Group expects no significant recovery from the amount written off, the financial asset still could be subject to enforcement activities in order to comply with the Group's terms and conditions. The losses from write-offs are recognised in the position Impairment loss on financial assets.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The potential difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Legally enforceable right cannot be dependent on future event and it has to be executable in ordinary business and also in case of failure, insolvency or bankruptcy of the Group or a counterparty.

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

h) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee:

The Group recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right of use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

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

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

The Group does not recognise right of use assets and liabilities for leases of low-value assets (copy machines, other office equipment). The lease payments associated with the low-value assets leases are recognised as an expense on a straight-line basis over the lease term. The Group has decided to recognise lease and non-lease components separately.

As a lessor:

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is finance lease. If not, then it is operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

i) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities section of the consolidated statement of financial position.

j) Current and deferred income taxes

Taxation expense represents both current and deferred taxation, where appropriate.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws, used to compute the amount are those that are enacted or substantively enacted by the balance sheet date in the relevant country.

Income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit or loss.

Deferred income taxation is calculated using the liability method applied to all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates and laws expected to apply when the asset is realized, or the liability is settled are used to determine the deferred income tax.

The principal temporary differences arise from differences in the tax and accounting values of property, plant and equipment, impairment of receivables and any write-down for obsolete and slow-moving inventories, non-tax deductible allowances and provisions, unused tax credits and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Group accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised directly in equity, any related tax effects are also recognised directly in equity.

Deferred income tax assets and tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. The same applies for offsetting of current tax assets and liabilities.

Deferred income taxes are calculated using currently enacted tax rates expected to apply when the asset is realized, or the liability settled.

k) Provisions

Provisions are recognised when the Group has either a present legal or constructive obligation resulting from past events, and it is probable that an outflow of resources will be required to settle the obligation assuming that a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, e.g., based on insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The asset retirement obligation recognised represent the best estimate of the expenditures required to settle the present obligation at the current balance sheet date. Such cost estimates, expressed at current price levels at the date of the estimate, are discounted on 31 December 2023 using a long-term real rate of interest in the range from 4.80% to 6.01% per annum to take into account the timing of payments. The initial discounted cost amounts are capitalized as part of property, plant and equipment and are depreciated over the lives of the sites. As of 31 December 2023, the estimate for the effect of the expected long-term inflation is 2%. The decommissioning process is expected to continue for a period of up to 45 years. The estimate of future decommissioning costs is based on useful live of technology.

l) Revenues and expenses

Revenue, shown net of Value Added Tax and any discounts, and after eliminating sales within the Group, comprises goods sold, and services provided. Revenues are measured at their fair value of the consideration received or receivable. The amount of revenue is recognised if it can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Group. If necessary, revenue is split into separately identifiable components.
Revenue and expenses are recognised on an accrual basis, i.e., when the flow of goods or services takes place, regardless of when the payment or collection is being made.

Revenue from mobile services includes in particular revenue from provision of a service of coverage of mobile signal mainly for O2 Czech Republic a.s. and other telecommunication operators. The service is provided on continuous basis and is regularly invoiced in the form of a service fee. The contract with O2 Czech Republic a.s. is a long-term contract (Note 26). The revenue is recognised over the time as the same services are provided evenly through the contract.

Revenue from mass services of the fixed network represents revenue from provided access to the public fixed communications network (Internet, television lines and fixed phone lines). The service is provided and invoiced on continuous basis. The revenue is calculated as a price for the network line and the number of lines provided. The network line is used for price calculation but does not in itself represent a separate customer benefit. The revenue is recognised over the time.

Revenue from data services represents a fee for access to end points of the existing telecommunication network. The service is provided on continuous basis and is regularly invoiced. The revenue is calculated as a price for the network line and the number of lines provided. The network line is used for price calculation but does not in itself represent a separate customer benefit. The revenue is recognised over the time.

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

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

Revenues from the network sharing project are recognised at net value. These are mutually provided services of the same nature and in the same value within the project, representing a barter transaction without financial performance. The revenue is recognised on an ongoing basis. The revenue is recognised over the time.

The accounting entity accounts for the financing component – interest if the payment and delivery of the goods/services do not occur at the same time or, more precisely with a difference of up to 1 year. This way the accounting entity reflects the time value of money.

m) Alternative earnings measures

The Group presents certain alternative earnings measures such as EBITDA, EBIT which are not defined by IFRSs. As used in these consolidated financial statements, the following terms have the following meaning:

“EBITDA” refers to income before income taxes, finance income (costs), depreciation and amortization, and impairment of property, plant and equipment and intangible assets.

“EBIT” refers to income before income taxes and finance income and finance costs.

4. SEGMENT INFORMATION

The Group recognises two main operating segments:

- Domestic services – provision of wholesale telecommunication services (mobile, fixed and data services) to other Czech telco operators, utilising the Group's network infrastructure in the Czech Republic; this is the core business of the Group.

- International transit – routing and termination of mainly international voice traffic to international operators, utilising the points of presence outside of the Czech Republic.

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

I. The nature of the international transit business is fundamentally different from the core business of the Group. In the case of the core business, the Group is selling services of its own network infrastructure in the Czech wholesale telecommunication market. In the case of the international transit business, the Group acts as a provider of interconnection between international operators, earning a small margin on the difference between the units of traffic purchased and sold.

II. The financial risk exposure of the international transit business is significantly lower compared to the core business of the Group. The impact of the potential impairment of carrying value of assets related to the international transit business is marginal as the international transit business is not capital intensive.

III. Discrete financial information is available for the international transit business and the management assesses its performance and makes decisions about the resources to be allocated to this segment separately, with no impact on the core business of the Group.

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

The operating results of all segments are regularly controlled and reviewed by the chief operating decision maker only to the level of EBIT.

Year ended 31 December 2023	**Domestic services**	**International transit**	**Total reportable segments**
In CZK million			
Revenues	14,599	5,132	19,731
Costs	(4,769)	(4,916)	(9,685)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)	**9,830**	**216**	**10,046**
Total depreciation and amortization	(5,659)	(25)	(5,684)
Impairment charge	(39)	-	(39)
Operating income (EBIT)	**4,132**	**191**	**4,323**
Net financial loss			(1,638)
Profit before tax			2,685
Corporate income tax			(1,115)
Profit for the year			**1,570**
As of 31 December 2023			
Total assets	**69,600**	**797**	**70,397**
Trade and other payables	9,509	631	10,140
Lease liability	5,299	-	5,299
Other liabilities	33,169	-	33,169
Total liabilities	**47,977**	**631**	**48,608**
Capital expenditure (Property, plant, equipment and intangible assets additions)	**5,304**	**5**	**5,309**
Capital expenditure (Property, plant, equipment and intangible assets additions from business combination)	**4,886**	**-**	**4,886**

Year ended 31 December 2022	**Domestic services**	**International transit**	**Total reportable segments**
In CZK million			
Revenues	13,534	5,348	18,882
Costs	(4,579)	(5,074)	(9,653)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)	**8,955**	**274**	**9,229**
Total depreciation and amortization	(5,495)	(21)	(5,516)
Impairment charge	(36)	-	(36)
Operating income (EBIT)	**3,424**	**253**	**3,677**
Net financial loss			(104)
Profit before tax			3,573
Corporate income tax			(718)
Profit for the year			**2,855**
As of 31 December 2022			
Total assets	**59,130**	**814**	**59,944**
Trade and other payables	5,639	681	6,320
Lease liability	4,867	-	4,867
Other liabilities	27,434	-	27,434
Total liabilities	**37,940**	**681**	**38,621**
Capital expenditure (Property, plant, equipment and intangible assets additions)	**5,463**	**11**	**5,474**

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

Revenues from one customer from segment Domestic services and International transit represent more than 10% of Group’s revenues. For the year ended 31 December 2023 these revenues are CZK 10,485 million (31 December 2022: CZK 10,064 million).

The following table shows the split of revenues according to the location of the entity where the revenues are originated:

Revenues **In CZK million**	**Year ended** **31 December 2023**	**Year ended** **31 December 2022**
Czech Republic	14,389	13,477
Germany	647	690
Slovakia	312	403
Other EU countries	2,093	2,045
Switzerland	219	92
Other Non-EU countries	2,071	2,175
Total revenues	**19,731**	**18,882**

5. REVENUES

(i) Categorization of revenue from contracts with customers

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

Revenues **In CZK million**	**Year ended** **31 December 2023**	**Year ended** **31 December 2022**
Domestic service		
Revenues from mobile network services	6,302	5,918
Revenues from fixed network mass service	4,905	4,588
Revenues from data services	1,405	1,400
Other revenues	1,987	1,628
	14,599	**13,534**
International transit		
Revenues from transit services	5,132	5,348
Total	**19,731**	**18,882**

Revenues from related parties are disclosed in Note 26.

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

Revenues **In CZK million**	**Year ended 31 December 2023**			
Domestic service	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from mobile network services	6,302	-	-	6,302
Revenues from fixed network mass service	4,901	4	-	4,905
Revenues from data services	1,319	53	33	1,405
Other revenues	1,687	214	86	1,987
	14,209	**271**	**119**	**14,599**
International transit	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from transit services	180	2,782	2,170	5,132
Total	**14,389**	**3,053**	**2,289**	**19,731**

Revenues **In CZK million**	**Year ended 31 December 2022**			
Domestic service	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from mobile network services	5,918	-	-	5,918
Revenues from fixed network mass service	4,588	-	-	4,588
Revenues from data services	1,309	55	36	1,400
Other revenues	1,461	92	75	1,628
	13,276	**147**	**111**	**13,534**
International transit	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from transit services	201	2,991	2,156	5,348
Total	**13,477**	**3,138**	**2,267**	**18,882**

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

(ii) Receivables from contracts with customers, contract assets and contract liabilities

Receivables from contracts with customers are described in Note 14. They are trade receivables.

A contract asset is the right of the Group to a consideration in exchange for goods or services which the Group has already transferred to customers and which are not receivable yet. As the Group provides its supplies in the course of time, there are no contingencies for invoicing, the Group issues invoices regularly on monthly basis, it does not have any significant contractual assets recorded.

A contract liability is an obligation of the Group to deliver goods or provide services for which the Group has already received consideration from the customers. Contract liabilities are in particular the dark fibre services – granting of the entitlement to use the spare capacity of the optical fibre paid for by the customers. These are services which are typically provided for

15 – 20 years. A portion of the fees is invoiced and collected at the beginning of the provision of this service, but the service will be provided in the years to come. It includes activation fees for these services which do not constitute a standalone performance obligation and are therefore distributed throughout the term of the contract with the customers, i.e., the actual provision of the service. These expected revenues will be recognised during the upcoming years.

As an additon through business combination the contract liabilities increased by CZK 147 million (2022: CZK 0 million), ohter addition of contract liabilities are of CZK 250 million (2022: CZK 225 million).

The amount of CZK 327 million, which was recognised as of 1 January 2023 as contract liabilities, was recognised as revenues in 2023 (2023: CZK 311 million).

Contract balances:

In CZK million	**Note**	**31 December 2023**	**31 December 2022**
Trade receivables	14	3,065	2,901
Contract liabilities (included in the position Deferred revenue and Other non-current liabilities)	18	1,760	1,689

In 2023, the Group did not recognise any revenue from contract liabilities which were met (or partially met) in prior periods.

(iii) The expected revenues from concluded contracts with customers

The following table includes revenues which are expected by the Group to be recognised in the future. These are revenues related to performance obligations that are unsatisfied (or partially unsatisfied) as of 31 December 2023.

As of 31 December 2023	**Performance obligations to be satisfied**				
In CZK million	**Less than 1 year**	**Between 1-2 years**	**Between 3-5 years**	**More than 5 years**	**Total**
Revenues from mobile network services	100	80	124	52	356
Other revenues	115	115	332	397	959
Total	**215**	**195**	**456**	**449**	**1,315**

As of 31 December 2022	**Performance obligations to be satisfied**				
In CZK million	**Less than 1 year**	**Between 1-2 years**	**Between 3-5 years**	**More than 5 years**	**Total**
Revenues from mobile network services	147	147	245	47	586
Other revenues	134	134	393	592	1,253
Total	**281**	**281**	**638**	**639**	**1,839**

The Group applies the practical expedient of the standard and does not disclose in the table above information about contracted revenues with originally expected term of contract 1 year or less and contracted revenues for which are expected revenues recognised to the amount corresponding to the right to invoice.

(iv) Financing component

The Group has identified one revenue group where the time difference between the consideration received (incoming payment) and provision of the service is more than 1 year. These are the dark fibre services – granting of the entitlement to use the spare capacity of the optical fibre (dark fibre). The Group recognises increase in revenues and interest expense.

For more information see Note 3 – Significant Accounting Policies.

Financing component	**Year ended**	**Year ended**
In CZK million	**31 December 2023**	**31 December 2022**
The amount which increases the revenues	39	30
Interest expense	(46)	(42)

6. EXPENSES

Expenses	**Year ended**	**Year ended**
In CZK million	**31 December 2023**	**31 December 2022**
Supplies	(5,399)	(5,396)
Staff costs	(1,674)	(1,467)
External services	(2,549)	(2,735)
Provisions for bad debts and inventories	(11)	5
Other expenses	(52)	(60)
Total expenses	**(9,685)**	**(9,653)**

Supplies include mainly costs of transit and interconnection costs.

The Group does not participate in any pension plans.

Statutory auditor’s fees during the year ended 31 December 2023 amounted to CZK 7 million (31 December 2022: CZK 6 million).

Purchases from related parties are disclosed in Note 26.

7. FINANCE INCOME AND COSTS

In CZK million	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Finance income		
Interest income	30	19
Foreign exchange gain (net)	-	498
Other finance income	2	69
Total finance income	**32**	**586**

In CZK million	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Finance costs		
Interest expenses related to intra-group loan	(752)	(283)
Interest expenses related to bonds	(62)	(67)
Interest expenses related to financial component	(46)	(42)
Interest expenses related to lease liability	(201)	(172)
Foreign exchange loss (net)	(602)	-
Other finance costs	(7)	(126)
Total finance costs	**(1,670)**	**(690)**

The Group recognises foreign exchange gains and losses on a net basis.

The Group did not use any hedging derivatives in 2023 or 2022.

8. INCOME TAX

In CZK million	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Total income tax expense is made up of:		
Current income tax charge	773	877
Deferred income tax credit (Note 20)	342	(159)
Total income tax expense	**1,115**	**718**

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Group as follows:

In CZK million	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Profit before tax	2,685	3,573
Income tax charge calculated at the statutory rate of 19%	(510)	(679)
Tax non-deductible expenses	(27)	(22)
Income tax related to prior years	(6)	(8)
Impact of a change in the statutory rate	(580)	-
Other differences	8	(9)
Income tax expense	**(1,115)**	**(718)**
Effective tax rate	41.53%	20.10%

The increase in the effective tax rate is caused by the change in the statutory income tax rate from 19% valid for 2023 to 21% valid for 2024. A rate of 21% is already used to calculate deferred tax in 2023, i.e. the rate valid at the period when the realization of temporary differences is expected.

As of 31 December 2022, the total amount of provisions for current income taxes is CZK 765 million (31 December 2022: CZK 867 million), the total amount of advances paid for income taxes is CZK 876 million (31 December 2022: CZK 728 million), the net deferred tax liability is CZK 6,406 million (31 December 2022: CZK 5,751 million).

9. PROPERTY, PLANT AND EQUIPMENT

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Construc-tion in progress	Total
As of 31 December 2023						
Opening net book amount	4,791	31,989	7,731	333	3,101	**47,945**
Additions	158	1,048	1,614	90	1,491	**4,401**
Additions from business combination	301	2,637	283	16	52	**3,289**
Disposals	(10)	(7)	-	(4)	(5)	**(26)**
Transfers	74	652	487	23	(1,236)	**-**
Reclassifications	-	-	5	-	7	**12**
Depreciation	(218)	(2,006)	(1,730)	(101)	-	**(4,055)**
Impairment	-	-	-	-	(38)	**(38)**
Reclassification to/from Assets held for sale	-	-	-	-	-	**-**
Closing net book amount	**5,096**	**34,313**	**8,390**	**357**	**3,372**	**51,528**
As of 31 December 2023						
Cost	7,683	51,780	19,056	856	3,512	**82,887**
Accumulated depreciation	(2,587)	(17,467)	(10,666)	(499)	(140)	**(31,359)**
Net book amount	**5,096**	**34,313**	**8,390**	**357**	**3,372**	**51,528**

Additions represent investments in telecommunication infrastructure and related equipment.

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Construc-tion in progress	Total
As of 31 December 2022						
Opening net book amount	4,862	32,537	7,552	299	2,531	**47,781**
Additions	154	999	1,639	95	1,504	**4,391**
Disposals	(9)	(1)	(1)	-	(8)	**(19)**
Transfers	64	399	400	29	(892)	-
Reclassifications	-	-	5	-	1	**6**
Depreciation	(267)	(1,945)	(1,863)	(90)	-	**(4,165)**
Impairment	-	-	(1)	-	(35)	**(36)**
Reclassification to/from Assets held for sale	(13)	-	-	-	-	**(13)**
Closing net book amount	**4,791**	**31,989**	**7,731**	**333**	**3,101**	**47,945**
As of 31 December 2022						
Cost	7,383	47,456	17,770	746	3,223	**76,578**
Accumulated depreciation	(2,592)	(15,467)	(10,039)	(413)	(122)	**(28,633)**
Net book amount	**4,791**	**31,989**	**7,731**	**333**	**3,101**	**47,945**

As of 31 December 2023, the carrying value of land, which is non-depreciated asset, amounted to CZK 174 million (31 December 2022: CZK 155 million).

In 2023 the impairment for tangible assets of CZK 38 million relates to failed projects in process and spare parts and material for investment to be liquidated (31 December 2022: CZK 36 million).

As of 31 December 2023, the Group has identified Assets held for sale in the net book value of CZK 88 million (31 December 2022: CZK 18 million), of which CZK 84 million was identified within business combination. As of 31 December 2023 and 31 December 2023 all the Assets held for sale is part of the Domestic services segment.

No property, plant and equipment were pledged as of 31 December 2023 and 31 December 2022.

For the year ended 31 December 2023, the Group achieved a total gain from the sale of the fixed assets of CZK 92 million (31 December 2022: CZK 65 million) and total losses of CZK 38 million (31 December 2022: CZK 16 million).

The Group has concluded contracts with T-Mobile Czech Republic a.s. related to the sharing of mobile networks. Companies provide each other services related to the sharing of active and passive 2G, LTE and 5G technologies for mobile networks based on geographical distribution of the Czech Republic territory. Contracts are based on the principle of balance. Revenue and costs relating to network sharing are reported in net value because the services provided within the project are of the same nature and value. This is a barter transaction without financial performance.

10. RIGHT OF USE ASSETS

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Total
As of 31 December 2023					
Opening net book amount	4,090	34	427	98	**4,649**
Additions	13	-	11	111	**135**
Additions from business combination	242	59	9	-	**310**
Modifications	654	4	70	17	**745**
Disposals	-	-	-	-	**-**
Reclassifications	-	-	-	-	**-**
Depreciation	(673)	(3)	(65)	(90)	**(831)**
Impairment	-	-	-	-	**-**
Closing net book amount	**4,326**	**94**	**452**	**136**	**5,008**
As of 31 December 2023					
Cost	7,354	107	728	296	**8,485**
Accumulated depreciation	(3,028)	(13)	(276)	(160)	**(3,477)**
Net book amount	**4,326**	**94**	**452**	**136**	**5,008**

In CZK million	Land, buildings and construction	Ducts, cables and related plant	Communication technology and related equipment	Other fixed assets	Total
As of 31 December 2022					
Opening net book amount	4,375	34	415	102	**4,926**
Additions	30	1	28	46	**105**
Modifications	305	-	43	10	**358**
Disposals	-	-	-	-	**-**
Reclassifications	2	-	-	1	**3**
Depreciation	(622)	(1)	(59)	(61)	**(743)**
Impairment	-	-	-	-	**-**
Closing net book amount	**4,090**	**34**	**427**	**98**	**4,649**
As of 31 December 2022					
Cost	6,496	44	639	307	**7,486**
Accumulated depreciation	(2,406)	(10)	(212)	(209)	**(2,837)**
Net book amount	**4,090**	**34**	**427**	**98**	**4,649**

The right of use assets arising from leases between related parties are disclosed in Note 26.

11. INTANGIBLE ASSETS

In CZK million	Goodwill	Software	Customer relationships	Rights and other	Construction in progress	Total
As of 31 December 2023						
Opening net book amount	16	2,103	-	324	187	**2,630**
Additions	-	786	-	18	104	**908**
Additions from business combination	1,443	20	127	7	-	**1,597**
Disposals	-	-	-	-	-	-
Transfers	-	74	-	15	(89)	-
Reclassifications	-	3	-	2	-	**5**
Amortisation charge	-	(778)	-	(20)	-	**(798)**
Impairment	-	-	-	-	(1)	**(1)**
Closing net book amount	**1,459**	**2,208**	**127**	**346**	**201**	**4,341**
As of 31 December 2023						
Cost	1,459	6,016	127	494	201	**8,297**
Accumulated amortisation	-	(3,808)	-	(148)	-	**(3,956)**
Net book amount	**1,459**	**2,208**	**127**	**346**	**201**	**4,341**

In CZK million	Goodwill	Software	Rights and other	Construction in progress	Total
As of 31 December 2022					
Opening net book amount	16	1,725	292	118	**2,151**
Additions	-	934	37	112	**1,083**
Disposals	-	-	-	-	-
Transfers	-	32	11	(43)	-
Reclassifications	-	3	1	-	**4**
Amortisation charge	-	(591)	(17)	-	**(608)**
Impairment	-	-	-	-	-
Closing net book amount	**16**	**2,103**	**324**	**187**	**2,630**
As of 31 December 2022					
Cost	16	5,139	452	187	**5,794**
Accumulated amortisation	-	(3,036)	(128)	-	**(3,164)**
Net book amount	**16**	**2,103**	**324**	**187**	**2,630**

All of the Group’s intangible assets with finite lives are amortised and are subject to an annual review of impairment indicators and a review of their useful lives. Other intangible assets are tested annually for impairment.

As of 31 December 2023, the Group identified long-term intangible assets held for sale in net book value of CZK 4,103 million (31 December 2022: CZK 0 million) as part of business combinations, of which CZK 3,311 million represents goodwill, CZK 745 million are identified customer relationships and CZK 46 million is trademark.

Software additions mainly represent software licenses and software upgrades for mobile technologies.

12. BUSINESS COMBINATION

Acquisition of Nej.cz s.r.o.

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 transaction was subject to the approval of the Office for the Protection of Competition and the closing of the transaction occurred on 30 November 2023.

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

Key assumptions and valuation approach

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

Since each asset category has different characteristics, different asset valuation methods were used. Based on the nature of the tangible assets and their continued 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 brand was valued using relief from royalty method.

It was concluded that the carrying amounts of current assets, 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. to sell a retail part of the Nej.cz’s assets and liabilities constituting together a business for CZK 4.1 billion, subject to closing adjustments. The Group assessed that these assets were acquired with the subsequent view to resale, therefore, it meets criteria for classification as assets held for sale at acquisition in line with IFRS 5. Most of these assets represents identified customer relations and goodwill. No impairment losses were recognised by the Group in connection with this held for sale classification. No gain or loss is expected from this sale of business either.

The following table summarises the recognised amounts of acquired assets and assumed liabilities, taking into consideration the above:

In CZK million	**As of 30 November2023**
Fair value of assets acquired (excl. goodwill)	**4,945**
Property, plant and equipment	3,289
Intangible assets	154
Right-of-use assets	310
Trade and other receivables	81
Other assets	47
Assets held for sale	1,017
Cash and cash equivalents	47
Fair value of liabilities assumed*	**1,156**
Deferred tax liability	315
Lease liability	311
Trade and other payables	106
Contract liabilities	147
Other liabilities	4
Liabilities associated with assets held for sale	273
Fair value of identifiable net assets*	**3,789**

*The figures exclude Nej.cz’s pre-existing received loans totalling CZK 2,576 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 loan of CZK 1,682 million and a shareholder loan from Nej.cz’s previous owner of CZK 894 million, by way of a loan provided by CETIN to Nej.cz. Thus, with the acquisition of control over Nej.cz s.r.o., the loans became an intragroup relationship and as at 31 December 2023 are fully eliminated from the Group’s perspective.

Total consideration for acquisition of Nej.cz effectively amounts to CZK 8,543 million, which comprises the base consideration of CZK 5,967 million and the above-described loans refinancing totalling CZK 2,576 million.

The acquisition of share and the above loans is financed by shareholder loan totalling CZK 4,327 million provided by CETIN Group N.V. and an advance received of CZK 4,102 million from O2 Czech Republic a.s. for the part acquired with the subsequent view to resale.

Goodwill arising from the acquisition has been recognised as follows:

In CZK million	**As of 30 November 2023**
Total consideration*	8,543
Fair value of identifiable net assets	3,789
Goodwill (total)	4,754
Goodwill (Note 11)	1,443
Goodwill (held for sale part, Note 11)	3,311

*The figure includes CZK 2,576 million related to refinancing of pre-existing received loans of Nej.cz

A part of the total identified goodwill of CZK 3,311 million is associated with the retail business subject to the agreement for subsequent sale to O2 Czech Republic a.s. and such, it is presented within the assets held for sale in these consolidated financial statements as at 31 December 2023. The total goodwill attributable to the established position of Nej.cz's business on the Czech market, anticipated synergies within other Group operations and O2 Czech Republic a.s., and the assembled workforce. The recognised goodwill balance is not expected to be deducted for tax purposes.

In the period from the acquisition date to 31 December 2023, Nej.cz contributed revenue of CZK 136 million and profit of CZK 19 million to the Group's results. If the acquisition had occurred on 1 January 2023, consolidated revenue would have increased to approximately CZK 1,633 million and profit to approximately CZK 223 million.

13. INVENTORIES

In CZK million	**31 December 2023**	**31 December 2022**
Telecommunication material	54	57
Other	30	48
Total	**84**	**105**

The inventories stated above are net of an allowance cumulative write down for obsolete inventory of CZK 9 million (31 December 2022: CZK 7 million). The number of inventories recognised as an expense is CZK 197 million (31 December 2022: CZK 212 million).

In 2023 and 2022, the Group had no inventories pledged as a security for liabilities.

14. TRADE AND OTHER RECEIVABLES

In CZK million	**31 December 2023**	**31 December 2022**
Trade receivables from third parties (net)	1,923	1,727
Receivables with related parties (Note 26)	1,142	1,174
Other debtors (net)	24	6
Total trade and other receivables	**3,089**	**2,907**

In 2023 and 2022, all the receivables were short-term.

Receivables from related parties are disclosed in Note 26.

Trade receivables and other debtors are stated net of bad debt provision of CZK 72 million (31 December 2022: CZK 62 million).

31 December 2023				Overdue		
In CZK million	Due	Less than 90 days	91 and 180 days	181 and 365 days	More than 365 days	**Total**
Trade receivables and other debtors	2,867	195	43	21	35	**3,161**
Bad debt provision	-	(1)	(26)	(10)	(35)	**(72)**
Total	**2,867**	**194**	**17**	**11**	**-**	**3,089**

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

Bad debt provisions **In CZK million**	
As of 1 January 2022	**69**
Additions	33
Write-offs	(2)
Paid receivables	(38)
As of 31 December 2022	**62**
Additions	21
Write-offs	(3)
Paid receivables	(8)
As of 31 December 2023	**72**

The Group’s historical experience regarding the collection of accounts receivable is consistent with the recorded allowances. Because of these factors, the management believes that no additional credit risk beyond the amounts provided for is inherent in the Group’s trade receivables.

Financial instruments that are subject to an enforceable master netting arrangement or similar agreement include particularly interconnection services. Financial instruments are as follows:

In CZK million	**31 December 2023**	**31 December 2022**
Gross amounts of trade receivables	1,973	2,008
Amounts that are set off against trade payables (Note 18)	(307)	(351)
Net amounts of trade receivables	**1,666**	**1,657**

15. ADVANCE PAYMENTS AND OTHER ASSETS

In CZK million	**31 December 2023**	
	Short-term	**Long-term**
Prepayments	148	407
Advance payments	452	9
Tax receivables for indirect taxes	150	-
Advance payments and other assets	**750**	**416**

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

Prepayments comprise primarily prepaid expenses related to purchases of capacity upgrade from T-Mobile Czech Republic a.s. for O2 Czech Republic a.s. under the network sharing project of CZK 468 million (31 December 2022: CZK 520 million).

Advance payments comprise primarily the advances paid for electricity. The year-on-year decrease in advance payments occurred in connection with a slight decrease of price for electricity.

16. CASH AND CASH EQUIVALENTS

In CZK million	**31 December 2023**	**31 December 2022**
Cash at bank accounts and other cash equivalents	37	6
Cash at bank accounts and other cash equivalents (intercompany)	703	450
Total cash and cash equivalents	**740**	**456**

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

As of 31 December 2023 and 31 December 2022, the Group had no available undrawn uncommitted overdraft facility.

As of 31 December 2023 and 31 December 2022, no cash and cash equivalents were pledged.

17. ASSETS HELD FOR SALE, LIABILITIES HELD FOR SALE

Following the acquisition of Nej.cz s.r.o., a contract was concluded with O2 Czech Republic a.s., based on which a 100% stake in CETIN Servis s.r.o. may be transferred to O2 Czech Republic a.s. The company CETIN Servis s.r.o. should contain the spun-off assets and liabilities from the company Nej.cz s.r.o. relating to retail customers and the services provided to them.

As of December 31 2023, the assets and related liabilities classified as held for sale were identified in the table below. All assets and related liabilities are at fair value less costs to sell.

In CZK million	**31 December 2023**	**31 December 2022**
Property, plant and equipment	88	18
Intangible assets	4,103	-
Cost to obtain contracts	37	
Trade and other receivables	61	-
Cash and cash equivalents	41	
Total assets held for sale	**4,330**	**18**
Trade and other payables	107	-
Deferred tax liabilities	174	-
Total liabilities held for sale	**281**	-

18. TRADE AND OTHER PAYABLES

In CZK million	**31 December 2023**	
	Short-term	**Long-term**
Trade creditors	5,169	-
Advances received and other creditors	4,209	229
VAT, other taxes and social security liability	179	-
Deferred revenues	240	1,230
Employee wages and benefits	343	-
Trade and other payables	**10,140**	**1,459**

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

Payables to related parties are disclosed in Note 26.

In November 2023, an advance payment of CZK 4,102 million was received on the agreement with O2 Czech Republic a.s. The advance will be used to settle intended transfer of a 100% share in CETIN Servis s.r.o to O2 Czech Republic a.s.

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

Financial instruments that are subject to an enforceable master netting arrangement or similar agreement include particularly interconnection services. Financial instruments are as follows:

In CZK million	**31 December 2023**	**31 December 2022**
Gross amounts of trade creditors	430	508
Amounts that are set off against trade receivables (Note 14)	(307)	(351)
Net amounts of trade creditors	**123**	**157**

19. FINANCIAL ASSETS, LIABILITIES AND FINANCIAL RISK MANAGEMENT

Financial liabilities

In CZK million	31 December 2023	31 December 2022
Bonds in local currency	-	4,860
Intra-group loan in foreign currency	24,652	15,071
Accrued interest	84	44
Total financial liabilities	**24,736**	**19,975**
Repayable:		
Within one year	84	4,904
Between one and five years	24,652	15,071
Total financial liabilities	**24,736**	**19,975**

Intra-group loan from the parent company

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

On 28 November 2023 the Company entered into an intra-group loan agreement with its parent company CETIN Group N.V. in an amount equal to EUR 200 million. The intra-group loan has a floating interest rate of EURIBOR plus 1.35% and is due on 24 August 2026. The intra-group loan was drawn on 1 December 2023 in amount of EUR 197 million. The main purpose of the intra-group loan was to refinance the intercompany loan repaid on 1 December 2023.

On 28 November 2023 the Company entered into an intra-group loan agreement with its parent company CETIN Group N.V. in an amount equal to EUR 175 million. The intra-group loan has a floating interest rate of EURIBOR plus 1.70% and is due on 20 April 2025. The intra-group loan was drawn on 29 November 2023. The main purpose of the intra-group loan was to finance acquisition of Nej.cz s.r.o.

All conditions and obligations resulting from the intra-group loan agreements were met as of 31 December 2023.

Issued Bonds

In million CZK					Nominal value		Net carrying value	
Date of issue	**Maturity**	**ISIN**	**Interest rate**	**Curr**	**2023**	**2022**	**2023**	**2022**
6 December 2016	6 December 2023	XS1529936335	1.250	CZK	-	4,866	-	4,863
Total					**-**	**4,866**	**-**	**4,863**

Issued bonds of CZK 4,866 million were repaid on 6 December 2023.

All conditions and obligations resulting from bonds emission were fulfilled on the day of repayment.

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

In million CZK	Lease liability	Bonds	Intra-group loans
Balance as of 1 January 2023	**4,867**	**4,863**	**15,111**
Payments of lease liability/Repayment of bonds/Intra-group loan drawing	(724)	(4,866)	9,046
Interests paid	(201)	(60)	(708)
Total changes from financing cash flows	**(925)**	**(4,926)**	**(8,338)**
The effect of changes in foreign exchange rates	**12**	**-**	**535**
New leases	834	-	-
New leases from business combinations	310	-	-
Other expenses	-	-	-
Interest expenses	201	63	752
Total liability-related other changes	**1,345**	**63**	**752**
Balance as of 31 December 2023	**5,299**	**-**	**24,736**

In million CZK	Lease liability	Bonds	Intra-group loans
Balance as of 1 January 2022	**5,091**	**4,856**	**15,556**
Payments of lease liability/Repayment of bonds/Intra-group loan drawing	(645)	-	-
Interests paid	(172)	(61)	(265)
Total changes from financing cash flows	**(817)**	**(61)**	**(265)**
The effect of changes in foreign exchange rates	**(16)**	**-**	**(463)**
New leases	437	-	-
Other expenses	-	1	-
Interest expenses	172	67	283
Total liability-related other changes	**609**	**68**	**283**
Balance as of 31 December 2022	**4,867**	**4,863**	**15,111**

Financial risk management

The Group is exposed to a variety of financial risks, including the effects of changes in debt market prices, foreign currency exchange rates and interest rates as a result of ordinary business, debt taken on to finance its business. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group can use either derivative financial instruments or non-derivative instruments (such as cash instruments) to hedge certain exposures.

The Group does not conduct any speculative trading activities.

Risk management is carried out by the treasury department according to the approved Treasury Policy that address specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and investing excess liquidity.

(i) Foreign currency risk

The Group is exposed to foreign currency risk arising from various currency exposures, primarily with respect to positions at EURO and partially to positions at US dollar:

a) financial position items (such as debt, receivables, payables) denominated in foreign currency,
b) probable forecasted cash flows (such as purchases or sales) denominated in foreign currency.

The Group's objective in managing its exposure to foreign currency fluctuations is to minimize reported earnings and cash flow volatility associated with foreign exchange rate changes.

The Group's exposure to currency risk as quantitative data.

In CZK million	**31 December 2023**		**31 December 2022**	
	EUR	**USD**	**EUR**	**USD**
Cash and cash equivalents	**10**	**3**	**61**	**12**
Trade receivables	260	27	268	45
Loan drawing	(24,735)	-	(15,071)	-
Trade payables	(959)	(95)	(1,106)	(177)
Net statement of financial position exposure	**(25,424)**	**(65)**	**(15,848)**	**(120)**
Next 12 months forecast sales	1,635	75	1,500	141
Next 12 months forecast purchases	(3,420)	(235)	(2,212)	(274)
Net forecast transaction exposure	**(1,785)**	**(160)**	**(712)**	**(133)**
Net exposure	**(27,209)**	**(225)**	**(16,560)**	**(253)**

CZK	**Average rate for the year ended**		**Year-end spot rate**	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
EUR 1	24.007	24.565	24.725	24.115
USD 1	22.210	23.360	22.376	22.616

The Group also has an exposure to GBP and CHF, but due to its insignificance it is not included in the net position neither used within GAP analysis for the stress position.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates.

In CZK million	Effect on profit before tax	
FX risk	**Year ended 31 December 2023**	**Year ended 31 December 2022**
12 forthcoming months “GAP”analysis impact to Profit and loss statement*	(1,372)	(841)
12 forthcoming months “GAP” analysis impact to Equity/OCI*	-	-

* 12 forthcoming months “GAP” analysis represent FX risk modelling 5% negative development of EUR/CZK and USD/CZK FX rate. The GAP analysis works with the difference between FX inflows and FX outflows = “GAP” within particular month. The sum of next 12-month exposure defines the total exposure against which are the changes in EUR/CZK rate applied. The change in FX rate is symmetrical.

(ii) Interest rate risk

As of 31 December 2023, the Group has been exposed to interest rate risk arising from the intra-group loans received in total amount of EUR 997 million maturing on 24 August 2026 (EUR 822 million) and 20 April 2025 (EUR 175 million) with floating interest rate linked to EURIBOR reference rate.

Current liquidity excess on bank accounts is invested into short term bank deposits where interest rate is floating ling to Czech Nation Bank´s RePo rate. Average monthly closing balance on bank accounts (2023: CZK 720 million) is in comparison with overall borrowing position negligible.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates arising from cash investments.

In CZK million	Effect on profit before tax	
IR risk	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Stress testing* (all impact is to Profit and loss statement)	(215)	(144)

* IR risk used stress scenario represents immediate one-off change of interest rates along the whole yield curve by 1% in an unfavourable direction. The calculation of unfavourable impact on Group cash flows (due to an increase in interest expense or drop in interest received relating to financial assets and financial liabilities) is made each month on a floating basis within a 12-month time frame.

(iii) Liquidity risk

The Group’s essential objective of liquidity risk management is having access to the cash resources sufficient to meet all its cash payment obligations as they fall due. Cash resources consist of the created cash position (preference for quickly liquid instruments).

The Group is particularly focused on the liquidity profile within the time horizon of the next 12-18 months considering projected cash flow from operations and maturity structure of both debt obligations and financial investments

The table below summarizes the maturity profile of the Group's financial and trade liabilities at 31 December 2023 based on contractual undiscounted payments. Values include projections of future interests.

As of 31 December 2023

In CZK million	**Carrying amount**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**
Bonds and intra-group loan (incl. future interest payments)	28,094	429	1,042	26,623	-
Lease liability (incl. future interest payments)	6,334	291	735	3,035	2,273
Trade and other payables (excluding Deferred revenue)	9,900	7,098	2,762	40	-
Trade and other payables held for sale (excluding Deferred revenue)	103	-	103	-	-
Total	**44,431**	**7,818**	**4,642**	**29,698**	**2,273**
Non-current other liabilities (excluding Deferred revenue)	232	-	-	232	-

As of 31 December 2022

In CZK million	**Carrying amount**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**More than 5 years**
Bonds and intra-group loan (incl. future interest payments)	19,975	137	5,341	17,118	-
Lease liability (incl. future interest payments)	4,867	247	740	3,721	1,045
Trade and other payables (excluding Deferred revenue)	6,030	4,038	1,962	31	-
Total	**30,872**	**4,422**	**8,043**	**20,870**	**1,045**
Non-current other liabilities (excluding Deferred revenue)	345	-	-	345	-

In 2023 and 2022, the Group did not have any guarantees to third parties.

The Group does not record any potential risk associated with the Cross Guarantee; exposure is zero, more details can be found under Section (iv) Credit risk.

(iv) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations which arises principally from the Group's trade receivables. The majority of the Group's customers have been transacting with the Group (respectively with the Demerged Company) over a long time period.

The Group trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis resulting in an insignificant Group's exposure to bad debts. The maximum exposure is the carrying amount as disclosed in Note 14. There is no significant concentration of credit risk within the Group in respect to unrelated parties. The Group also has significant trade with companies from the PPF Group (see Note 26), mainly with O2 Czech Republic a.s. which is a profitable company and trading with it does not represents any significant credit risk for the Group.

The exposition of the Group to any potential worsening of credit market, resulting from macroeconomic uncertainties associated with energy prices, inflation, and the geopolitical situation (the war in Ukraine and the development in China), is limited, since the Group as a wholesale provider has business relations with the largest and financially sound partners. E.g., the Group´s biggest partner O2 Czech Republic a.s. is part of PPF Group and T-Mobile Czech Republic a.s. as part of the group Deutsche Telecom AG which has been assigned investment grade rating. In 2023 the age structure of the receivables has not deteriorated. No significant receivables write-offs have been accounted for and the Group has not identified any new significant risk when compared to those of 2022.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents and certain derivative instruments, the Group's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit Risk is managed by:

- monitoring of accounts receivables: regular monitoring of payment moral of existing customers and monitoring and analysing of the receivable aging structure (internal and external indicators of any potential bad debts),
- collection process: Collection from active customers is in the competence of the accounting unit; subsequent collection is the responsibility of the Treasury unit, Legal unit and Accounting unit.

All the banking services to the Group are provided by PPF banka who is a part of PPF Group. When and if the Group is ever exposed to external banking counterparty credit risk the credit approach will follow the best industry practice established with the close cooperation with PPF Group.

Offset of financial assets and financial liabilities

	Relevant amount offset/not offset in the consolidated statement of financial position as of 31 December 2023					
In million CZK	Amount of an asset/liability presented in the consolidated statement of financial position	Amount of an asset/liability offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Financial instrument	Received/ provided cash collateral	**Total**
Assets						
Trade receivables	1,973	(307)	1,666	-	-	**1,666**
Total assets	**1,973**	**(307)**	**1,666**	**-**	**-**	**1,666**
Liabilities						
Trade payables	430	(307)	123	-	-	**123**
Total liabilities	**430**	**(307)**	**123**	**-**	**-**	**123**

Relevant amount offset/not offset in the consolidated statement of financial position as of 31 December 2022

In million CZK	Amount of an asset/liability presented in the consolidated statement of financial position	Amount of an asset/liability offset in the consolidated statement of financial position	Net amount presented in the consolidated statement of financial position	Financial instrument	Received /provided cash collateral	Total
Assets						
Trade receivables	2,008	(351)	1,657	-	-	**1,657**
Total assets	**2,008**	**(351)**	**1,657**	**-**	**-**	**1,657**
Liabilities						
Trade payables	508	(351)	157	-	-	**157**
Total liabilities	**508**	**(351)**	**157**	**-**	**-**	**157**

(v) Fair values estimation

The Group uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value and that are not based on observable market data.

During the reporting period ending 31 December 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

In CZK million			**31 December 2023**			
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**	**Difference**
Bonds (inc. accruals)	-	-	-	-	-	-

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

The fair value of bonds as of 31 December 2022 has been determined using market price as bonds are traded on the public market.

Financial assets and liabilities, mainly represented by cash and cash equivalents, receivables and other assets, trade and other payables and intra-group loan, are not listed in the table, as their fair value equals the carrying amount.

20. DEFERRED INCOME TAXES

Short-term and long-term deferred taxes were calculated at a tax rates valid for the Czech Republic at the period when the realization of temporary differences is expected, i.e. 21% as of 31 December 2023 and 19% for 31 December 2022.

In CZK million	**31 December 2023**	**31 December 2022**
Opening balance	5,751	5,910
Profit or loss tax charge	342	(159)
Impact of business combination	313	-
Closing balance	**6,406**	**5,751**

The following amounts, determined after offsetting, are shown in the consolidated statement of financial position:

In CZK million	**31 December 2023**	**31 December 2022**
Deferred tax liability	6,406	5,751
Total	**6,406**	**5,751**

The deferred tax liability includes CZK 274 million (31 December 2022: CZK 248 million) to be realized in less than 12 months and CZK 6,132 million (31 December 2022: CZK 5,503 million) to be realized in more than 12 months.

The deferred tax is determined by these components:

In CZK million	**Consolidated statement of financial position**	
	31 December 2023	**31 December 2022**
Temporary differences relating to:		
Property, plant and equipment	6,483	5,773
Intangible assets	130	121
Trade receivables, inventories, provisions and other differences	(146)	(102)
Right of use assets	1,051	883
Lease liability	(1,112)	(924)
Total	**6,406**	**5,751**

In CZK million	**Consolidated statement of total comprehensive income**	
	Year ended 31 December 2023	**Year ended 31 December 2022**
Temporary differences relating to:		
Property, plant and equipment	422	(150)
Intangible assets	(16)	(2)
Trade receivables, inventories, provisions and other differences	(44)	3
Right of use assets	104	(53)
Lease liability	(124)	43
Total	**342**	**(159)**

21. PROVISIONS

In CZK million	**Asset retirement obligation**	**Other provisions**	**Total**
As of 1 January 2022	**220**	**82**	**302**
Additions during the year	4	7	11
Utilised during the year	-	(31)	(31)
Released during the year	-	-	-
Change of estimate	(84)	-	(84)
As of 31 December 2022	**140**	**58**	**198**
Additions during the year	3	7	10
Additions from business combination	-	1	1
Utilised during the year	(1)	(21)	(22)
Released during the year	-	-	-
Change of estimate	101	-	101
As of 31 December 2023	**243**	**45**	**288**

In CZK million	**Asset retirement obligation**	**Other provisions**	**Total**
As of 31 December 2023			
Short-term provisions	2	45	47
Long-term provisions	241	-	241
	243	**45**	**288**
As of 31 December 2022			
Short-term provisions	4	58	62
Long-term provisions	136	-	136
	140	**58**	**198**

The Company recognised provision for estimated cost of dismantling and removing assets and restoring sites of CZK 243 million (31 December 2022: CZK 140 million). Scenarios of future costs based on management estimation, market prices, and historical costs were discounted to present value. Discount rates are paired to the expected dates of future dismantling and removing of assets.

Due to an update of discount rate the provision increased by CZK 67 million (31 December 2022: decreased by CZK 84 million).

In 2023, there was a reassessment of the expected average costs for dismantling and restoring the rented premises to their original state, the expected prices were increased in accordance with the Company's macroeconomic prediction. Due to the update of the expected average costs the provision increased by CZK 34 million.

In accordance with the plan of the liquidation of the sites within the network sharing project, there was no increase of provision (31 December 2022: CZK 4 million). Due to increase of rented premises in 2023, the Company further refined the provision for dismantling, removing tangible assets and restoring them in technological buildings by CZK 3 million (31 December 2022: CZK 0 million) and utilizated provision by CZK 1 million (31 December 2022: CZK 0 million).

Other provisions include above all the provision for redundancy cost of CZK 36 million (31 December 2022: CZK 51 million). Other provisions for which the expected timing of payments is not certain are expected to be utilised within the next 12 months from the balance sheet date.

22. CONTINGENT LIABILITIES

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

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

The European Commission on 11 July 2022 issued the decision closing the investigation of mobile network sharing without declaration of violation of the legislation. These commitments address the modernisation of mobile network, pricing of so-called unilateral network deployments, not extend the geographical scope of the existing network sharing, and adjustments of agreements to limit information exchange to the absolutely necessary for the operation of the shared network. The monitoring the compliance with the commitments is provided by independent entity, so called monitoring trustee. As of 31 December 2023, the Company fulfils all abovementioned commitments.

23. LEASE LIABILITY AND COMMITMENTS

Lease liability under IFRS 16 is measured at the present value of the remaining discounted lease payments arising from leases previously classified as operating leases under IAS 17 More information is described in Note 3h – Leases.

Amounts recognised in profit or loss:

In CZK million	Year ended 31 December 2023	Year ended 31 December 2022
Interest on lease liability	201	172
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	2	2

Amounts recognised in statement of cash flows:

In CZK million	Year ended 31 December 2023	Year ended 31 December 2022
Total cash outflow for leases under IFRS 16	(925)	(817)

The lease liability arising from leases under IFRS 16 between related parties is disclosed in Note 26.

Operating leases:

As of 31 December 2023

In CZK million	Less than 1 year	1 to 5 years	More than 5 years
Operating leases – lessor	179	296	12

As of 31 December 2022

In CZK million	Less than 1 year	1 to 5 years	More than 5 years
Operating leases – lessor	121	244	15

Capital expenditure contracted but not yet recognised in the financial statements as of 31 December 2023 amounted to CZK 4 021 million (31 December 2022: CZK 884 million). Based on the decision of the Office for the protection and competion (ÚOHS) regarding the approval of the purchase of the 100 % stake in Nej.cz s.r.o., the Company is obliged to invest CZK 3,500 million in the next 5 years in the development of more advanced technology in its network enabling access to the Internet in a fixed location.

24. REGULATED SERVICES

The Group performs communication activities as defined in the Act on Electronic Communications based on a notification and a certificate from the Czech Telecommunications Office (CTO) no. 3987/1 as amended by later changes n. 3987/6.

The communication activities include (within the territory of the Czech Republic):

1. Public fixed communications network,
2. Provision of public and non-public communication services
   a) Interpersonal communication service
   b) Call transit
   c) Leased lines
   d) Television and radio signal distribution
   e) Data service
   f) Internet access service

The activities of the Group are subject to statutory regulation and supervision by the Czech national regulatory authority, the CTO. The CTO is an independent regulatory body that regulates electronic communications and postal services in the Czech Republic. The relevant regulatory framework is set forth mainly in the Act No. 127/2005 Coll. on Electronic Communications and other changes in some related legislation, together with secondary legislation and decisions of the CTO. As a member state of the European Union, the Czech Republic is subject to EU telecommunications regulation and the Electronic Communications Act thus implements the EU regulatory framework into the Czech legal system.

For certain revenues streams there is price regulation in the form of the maximum allowed price imposed by CTO. These streams are:

- provision of co-location services

There is also further set maximal price gap between related services - e.g., xDSL.

25. EQUITY

	31 December 2023	**31 December 2022**
Nominal value per ordinary registered share (CZK)	10	10
Number of shares	310,220,067	310,220,067
Ordinary share capital (in CZK million)	3,102	3,102

Shareholders of the Company were as follows:

	31 December 2023	**31 December 2022**
CETIN Group N.V.	100.00%	100.00%

Capital management

The Company’s objectives when managing its capital are:

a) to safeguard the Company’s ability to continue as a going concern so that it can provide value for its shareholders, and

b) to comply with all relevant legal requirements.

The investment strategy of the Company in respect of managing its capital is to focus its investment activities on areas with the highest added value. That is on areas where the Company is currently strong and can utilise its scale and on areas with high growth potential. These areas are mainly improvement and development of fixed and mobile broadband infrastructure for wholesale customers of the Company. These are namely increasing the availability of high-speed fixed internet via installing fibre access (FTTH), via significant remote DSLAMs rollout and the construction of a new generation 5G mobile network along with the extensive modernization of the radio access network (RAN). In the mobile network will also continue the further deployment of LTE network for mobile broadband. Additional investments into technology upgrades, as well as internal systems development and efficiency projects are also among the objectives of capital management.

In the following periods, the Board of Directors will continue to make in-depth analysis and assessment of the current and forecasted results of the Company, including any potential investments and their impact on cash flow generation and will optimize the capital structure to serve the purpose of achieving these plans.

There are no other specific objectives. The Company realizes certain investments and transactions to comply with all relevant legal requirements and its contractual obligations.

The Company is not subject to any externally imposed capital requirements.

Retained earnings

The General Meeting, held on 6 March 2023, approved the statutory financial statements for year ended 31 December 2022 and approved the distribution of dividends of CZK 850 million from profit for the year ended 31 December 2021. The payment was proceeded in two instalments. The first instalment in the amount of CZK 383 million was paid on 31 March 2023, the second instalment in the amount of CZK 467 million was paid on 31 August 2023. On 7 December 2023 the General meeting approved an additional distribution of CZK 250 million from the profit for the year ended 31 December 2022. The payment was proceeded on 27 December 2023.

As of 31 December 2023, the Retained earnings amounted to CZK 4,067 million (31 December 2022: CZK 3,601 million).

Other funds

As of 31 December 2023, other funds of CZK 14,620 million (31 December 2022: CZK 14,620 million) represent other capital funds created from the contributions provided by shareholders.

26. RELATED PARTY TRANSACTIONS

The company CETIN Group N.V. is part of PPF Group. As of 31 December 2023 the controlling persons of the Company with a share that allowed its indirect control are Mrs. Renáta Kellnerová and the descendants of Mr. Petr Kellner.

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

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

The following transactions were carried out with related parties:

a) Transactions with related parties

	Assets/Liabilities as of	
In CZK million	**31 December 2023**	**31 December 2022**
Receivables from provided services		
Companies in PPF Group	1,142	1,174
of which: O2 Czech Republic a.s.	987	1,000
Payables from purchased services		
Companies in PPF Group	(386)	(478)
of which: O2 Czech Republic a.s.	(82)	(154)
Advances received		
Companies in PPF Group	(4,102)	-
of which: O2 Czech Republic a.s.	(4,102)	-
Cash equivalents		
Companies in PPF Group	703	450
Right of use assets		
Companies in PPF Group	47	31
Received loans		
Shareholders (Note 19)	(24,736)	(15,111)
Lease liability		
Companies in PPF Group	(31)	(32)

In CZK million	Volume of mutual transactions Year ended 31 December 2023	Year ended 31 December 2022
Sale of services (revenues and other income)		
Companies in PPF Group	11,195	10,719
of which: O2 Czech Republic a.s.	10,485	10,064
Purchase of services		
Companies in PPF Group	(679)	(642)
of which: O2 Czech Republic a.s.	(93)	(113)
Interests from received loans		
Shareholders	(752)	(283)
Net gain/loss on fair value of derivatives		
Companies in PPF Group	(2)	(55)

As of 31 December 2023, the Group has a long-term liability due in less than 5 years arising from the intra-group loans received from the parent company CETIN Group N.V., the Group drew the intra-group loan in 2021, resp. in 2023. In 2023 the interests arising from the intra-group loan were paid to the parent company CETIN Group N.V.

Receivables and payables relating to the sale and purchase of goods and services are included in trade receivables and payables described in Note 14 and 18.

For the year ended 31 December 2023, capital expenditures from related parties amounted to CZK 0 million (31 December 2022: CZK 15 million).

For the year ended 31 December 2023, the Group made a donation to Nadace PPF of CZK 50 million (31 December 2022: CZK 50 million).

In connection with Separation new business relations with O2 Czech Republic a.s. were established as of 1 January 2015 by virtue of the purchase of fixed and mobile telecommunications services and other services. These services are provided based on wholesale agreements and represent significant revenues for the Group.

Amongst the most important wholesale agreements are the following:

a) mobile network services agreement

The subject of agreement is the provision of a service of coverage by mobile CDMA, 2G, 3G, 5G and LTE signal in the Czech Republic. The agreement also contains arrangements about development, operation and maintenance of the network, transfer capacity of the network, new services, extension of new services and collocation. The agreement valid from 2 June 2015 has been concluded for a period of 30 years. The Company was obliged to provide the services for a period of 7 years for an annual fixed payment of CZK 4.4 billion. During 2021 the Company signed an amendment to the agreement valid from 1 January 2022 to 31 December 2051, thereby extending the period of providing the mobile network service to 30 years. For the next ten years the Company will receive a base fee of CZK 5.2 billion for the services increased annually for expected and additional special incremental projects and increases of network capacity. Received payments for services may be adjusted depending on the development of inflation and the development of energy prices. 2 years before the end of this initial period the Company will start to negotiate new terms for the next period.

b) agreement on the access to the public fixed communications network (so-called MMO)

The subject of the MMO agreement is access to the public fixed communications network of CETIN, provision of the wholesale service of interconnection at the end point, and the wholesale service of access to publicly available services of electronic communications and related additional services. The agreement is concluded for an indefinite period, where the Company receives monthly charges (number of access points multiplied by unit price. The Company expects continuation of performance according to the contract.

c) agreement on access to end points (so-called RADO) and others.

The Company enables O2 Czech Republic a.s. access to end points, which include provision of transfer capacity between the end point of the electronic communications network and the transfer point located in a collocation within the area of a single region. The agreement is concluded for an indefinite period. The Company will receive one-off fee for establishment, speed change, relay or relocation of the end point and regular monthly fees for provided sections based on transfer speed. The contract is concluded for an indefinite period.

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

	Year ended 31 December 2023	**Year ended 31 December 2022**
Remuneration in CZK million		
Board of directors	73	75
Supervisory board	-	-
Key management	53	49
Total	**126**	**124**
Number of members		
Board of directors	4	4
Supervisory board	3	3
Key management	12	12
Total	**19**	**19**

No loans were provided to members of the Board of Directors and Supervisory Board in 2023 and 2022.

27. SUBSIDIARIES

As of 31 December 2023

	Subsidiaries	Group's interest	Cost of investment in CZK million	Country of incorporation	Activity	Method of consolidation
1.	CETIN Finance B.V.	100%	56	Netherlands	Financial services	Full consolidation
2.	CETIN služby s.r.o.	100%	*0	Czech Republic	Other services	Full consolidation
3.	CETIN Servis s.r.o.	100%	**0	Czech Republic	Other services	Full consolidation
4.	Nej.cz s.r.o.	100%	5,967	Czech Republic	Telecommunica-tions services	Full consolidation
Total			**6,023**			

*200 ths. CZK / ** 100 ths. CZK

As of 31 December 2022

	Subsidiaries	Group's interest	Cost of investment in CZK million	Country of incorporation	Activity	Method of consolidation
1.	CETIN Finance B.V.	100%	56	Netherlands	Financial services	Full consolidation
2.	CETIN služby s.r.o.	100%	*0	Czech Republic	Other services	Full consolidation
Total			**56**			

*200 ths. CZK

In April 2023, the Group entered into an agreement to acquire a 100% stake in Nej.cz s.r.o., the internet connection, voice and television services provider in 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.

28. MATERIAL SUBSEQUENT EVENTS

Effective as of 1 March 2024, Tomáš Kouřil became the new CEO and Member of the Board of Directors of CETIN a.s., who replaced departing Martin Škop.

No other subsequent events have occurred after the balance sheet date with the material impact to the financial statements for the year ended 31 December 2023.

CETIN a.s.

STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (AS ADOPTED BY THE EU)

The financial statements were approved by the Board of Directors on 27 March 2024 and were signed on its behalf by:

Filip Cába	**Michal Frankl**
Vice-chairman of the Board of Directors	Member of the Board of Directors

CONTENT

STATEMENT OF TOTAL COMPREHENSIVE INCOME

In CZK million	Note	For the year ended 31 December 2023	31 December 2022
Revenues	5	19,598	18,882
Expenses	6	(9,618)	(9,648)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)		**9,980**	**9,234**
Depreciation and amortisation	9, 10, 11	(5,654)	(5,516)
Impairment loss	9, 11	(39)	(36)
Operating profit (*EBIT*)		**4,287**	**3,682**
Finance income	7	48	604
Finance costs	7	(1,672)	(693)
Profit before tax		2,663	3,593
Corporate income tax	8	(1,114)	(718)
Profit for the year		**1,549**	**2,875**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Total other comprehensive income, net of tax		-	-
		-	-
Total comprehensive income, net of tax		**1,549**	**2,875**
Profit attributable to:			
Equity holders of the Company		1,549	2,875
Total comprehensive income attributable to:			
Equity holders of the Company		1,549	2,875

STATEMENT OF FINANCIAL POSITION

In CZK million	Note	As of 31 December 2023	31 December 2022
ASSETS			
Property, plant and equipment	9	48,257	47,945
Intangible assets	11	2,743	2,630
Right of use assets	10	4,702	4,649
Investment in subsidiaries	25	6,023	56
Long term loan	17	2,503	-
Other assets	14	414	475
Non-current assets		**64,642**	**55,755**
Inventories	12	84	105
Trade and other receivables	13	3,047	2,907
Advance payments and other assets	14	720	759
Income tax receivable	8	90	-
Cash and cash equivalents	15	651	362
Current assets		**4,592**	**4,133**
Assets held for sale	9	**4**	**18**
Total assets		**69,238**	**59,906**
EQUITY AND LIABILITIES			
Share capital	23	3,102	3,102
Other funds	23	14,615	14,615
Retained earnings	23	4,050	3,604
Total equity		**21,767**	**21,321**
Long-term financial debts	17	24,652	15,071
Deferred tax liability	18	6,095	5,751
Non-curr.provisions for liabil. and charges	19	241	136
Lease liability	17	4,211	4,051
Non-current other liabilities	16	1,314	1,437
Non-current liabilities		**36,513**	**26,446**
Short-term financial debts	17	84	4,866
Trade and other payables	16	10,046	6,255
Lease liability	17	782	816
Income tax liability	8	-	140
Provisions for liabilities and charges	19	46	62
Current liabilities		**10,958**	**12,139**
Total liabilities		**47,471**	**38,585**
Total equity and liabilities		**69,238**	**59,906**

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

In CZK million	Note	Share capital	Other capital funds	Retained earnings	Total
As of 1 January 2023		**3,102**	**14,615**	**3,604**	**21,321**
Profit for the year		-	-	1,549	1,549
Total comprehensive income		**-**	**-**	**1,549**	**1,549**
Dividends paid	23	-	-	(1,100)	(1,100)
Other distribution and rounding		-	-	(3)	(3)
As of 31 December 2023		**3,102**	**14,615**	**4,050**	**21,767**

For the year ended 31 December 2022

In CZK million	Note	Share capital	Other capital funds	Retained earnings	Total
As of 1 January 2022		**3,102**	**14,615**	**2,582**	**20,299**
Profit for the year		-	-	2,875	2,875
Total comprehensive income		**-**	**-**	**2,875**	**2,875**
Dividends paid	23	-	-	(1,850)	(1,850)
Other distribution and rounding		-	-	(3)	(3)
As of 31 December 2022		**3,102**	**14,615**	**3,604**	**21,321**

STATEMENT OF CASH FLOWS

In CZK million	Note	For the year ended 31 December 2023	31 December 2022
Profit for the year		1,549	2,875
Non-cash adjustments for:			
Depreciation and amortisation	9, 10, 11	5,654	5,516
Impairment loss	9, 11	39	36
Profit on sale of property, plant and equipment	9	(52)	(49)
Net finance costs/(revenues)	7	1,023	588
Foreign exchange gains/losses (net)	7	601	(499)
Other non-cash adjustments		(28)	(5)
Tax expense	8	1,114	718
Operating cash flow before working capital changes		**9,900**	**9,180**
Working capital adjustments:			
Change in trade and other receivables		(44)	(99)
Change in inventories		21	(9)
Change in trade and other payables		(335)	(120)
Change in operation provisions		(14)	(25)
Cash flows from operating activities		**9,528**	**8,927**
Interest received		21	17
Income tax paid	8	(1,007)	(887)
Net cash flow from operating activities		**8,542**	**8,057**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangibles	9, 11	(5,440)	(5,399)
Proceeds from sales of property, plant and equipment and intangible assets		33	32
Dividends received		-	20
Investment in subsidiaries	25	(5,893)	-
Provided loans related to investment in subsidiaries	17	(2,481)	-
Advances received for the sale of part of the business	16, 24	4,102	-
Net cash used in investing activities		**(9,679)**	**(5,347)**
Cash flows from financing activities			
Interest paid related to received loan	17	(70)	(70)
Interest paid related to intra-group loan	17	(708)	(265)
Interest paid from lease liability	17	(200)	(172)
Grant of loans	17	9,046	-
Repayments of loans	17	(4,822)	-
Net proceeds from settlement FX derivates		-	(77)
Cash collateral placed at bank due to derivatives transactions	13	-	88
Dividends paid	23	(1,100)	(1,850)
Lease payments	17	(720)	(645)
Net cash used in financing activities		**1,426**	**(2,991)**
Net increase/decrease in cash and cash equivalents		**289**	**(281)**
Cash and cash equivalents at 1 January	15	362	631
Effect of foreign exchange rate movements on cash and cash equivalents		-	12
Cash and cash equivalents at the year end	15	**651**	**362**

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

The sole shareholder of the Company as of 31 December 2023 is CETIN Group N.V. (part of the PPF Group). Further details are described in Note 23.

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

On 30 November 2023 the company Nej.cz s.r.o. was acquired. Through this transaction, CETIN acquired a high speed optical infrastructure.

The intention of CETIN is to prepare the Nej.cz division project in 2024 in such way that it is possible to separate the retail customers and the services provided to them and put them into the CETIN Servis s.r.o.

At the same time, the Company concluded an agreement with O2 Czech Republic a.s., based on which a 100% share in CETIN Servis s.r.o is to be transferred to O2 Czech Republic a.s.

The number of employees employed by the Company amounted in average to 2,318 in 2023 (2022: 2,256).

The financial statements were approved for issue by the Company's Board of Directors on 27 March 2024.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the financial statements are set out below. The policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. IFRS comprise standards and interpretations approved by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee.

The financial statements were prepared under the historical cost convention except for non-current assets held for sale which are measured at lower of cost and fair value less cost to sell, and financial derivatives which are measured at fair value as disclosed in the accounting policies below.

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

Use of estimates, assumptions, and judgements

In preparing these financial statements in conformity with IFRS, management has made judgements, estimates and assumptions that affect the application of the Company'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 Company makes forward-looking estimates and assumptions. The resulting accounting estimates might be, by definition, different from the related actual results.

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

The estimates and assumptions that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next years are discussed below:

(1) Income taxes and deferred taxes

The Company estimates the liability for current income taxes and in consideration of the temporary differences also for the deferred tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business and the measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of assets and liabilities. Where the final tax-non-deductible/non-taxable items are different from the amounts that were calculated, such differences will impact the current income and deferred tax provisions in the year in which such determination is made (see Note 8 and Note 18).

(2) Property, plant and equipment and intangible assets

The accounting treatment of investments in property, plant and equipment and intangible assets entails the use of estimates to determine the useful life for depreciation and amortization purposes and to assess fair value at their acquisition dates for assets acquired in business combinations.

Determining useful life requires making estimates in connection with future technological developments and alternative uses for assets. There is a significant element of judgment involved in making technological development assumptions, since the timing and scope of future technological advances are difficult to predict. Further details are described in Note 3b – Property, plant and equipment and Note 3c – Intangible assets.

When an item of property, plant and equipment or an intangible asset is considered to be impaired, the impairment loss is recognised in profit or loss. The decision to recognise an impairment loss involves estimates of amount of the impairment, as well as analysis of the reasons for the potential loss. Furthermore, additional factors, such as technological obsolescence, the suspension of certain services and other circumstantial changes are taken into account.

The Company evaluates the performance of its cash-generating units regularly to identify potential impairments. Determining the recoverable amount of the cash-generating units also entails the use of assumptions and estimates and requires a significant element of judgment.

(3) Provisions and contingent liabilities

The Company's treatment of obligations with uncertain timing and amount depends on the management's estimation of the amount and timing of the obligation and probability of an outflow of resources embodying economic benefits that will be required to settle the obligation (both legal and constructive). A provision is recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources to settle the obligation will be required and a reliable estimate of the amount of the obligation can be made (see Note 19). The Company recognises provision for dismantling assets, which is part of the costs of the assets, which the Company is required to dismantle at the end of their useful lives. The change in the estimates is recorded to the related fixed assets.

Contingent liabilities are not recognised but are disclosed in the note to the financial statements (Note 20). Their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are assessed continually to determine whether an outflow of resource embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

(4) Receivables

Trade receivables are carried at original amount less loss allowance. The Company calculates loss allowances for receivables at the amount of expected credit losses over the life of the financial asset. Details regarding the determination of receivables impairment are stated in Note 3f – Financial assets.

(5) Mobile network services agreement

Amongst the most important contracts of the Company are Mobile network services agreement as described in Note 24. The Company assessed the contract, including amendments, as the provision of a service, because the performance provided under this contract was not dependent on the use of a specific asset and/or one customer does not have the right to obtain substantially all of the economic benefits from the asset during the period of use.

(6) Leasing

When measuring the lease liability, the incremental borrowing rate is applied. This incremental borrowing rate used for discounting of future lease payments is based on the current interest rate defined as reference rate adjusted by Company´s spread and further adjusted by lease specific adjustment.

The right of use assets is depreciated in accordance with the length of the lease contract. For contracts concluded for an indefinite period (or contracts with the possibility of extension on the part of the Company), based on management's assessment, plans, and expected changes in technology it was set a depreciation period till 31 December 2030. The contracts mainly represent lease relations due to the location of technological equipment of both mobile and fixed networks.

3. SIGNIFICANT ACCOUNTING POLICIES

Adoption of new or revised IFRS standards and interpretations (includes standards and interpretations applicable to the Company)

IAS 1 (amendment) – Disclosure of accounting policies

The Company adopted an amendment to the accounting policy disclosure rules effective 1 January 2023. Although the amendment did not result in any changes to the accounting rules themselves, it did affect the information about the accounting rules disclosed in the financial statements. The standards now require disclosure of "material" rather than "significant" accounting policies. Accounting rules were reviewed and adjustments were made to the financial statements.

IAS 12 (amendment) – Deferred tax related to assets and liabilities arising from a single transaction

As of 1 January 2023, the Company has adopted an amendment to the standard for deferred tax related to assets and liabilities arising from a single transaction (amendments to IAS 12). The amendment narrows the scope of the exemption from initial recognition to exclude transactions that give rise to identical and compensating temporary differences.

The Company previously accounted for deferred tax on leases using the "integrally connected" approach, which resulted in a similar result as under the amendment, except that the deferred tax asset or liability was recognized on a net basis. Following the amendments, the Company recorded a separate deferred tax asset in relation to its lease liabilities and a deferred tax liability in relation to right-of-use assets. However, the statement of financial position was not affected by this change, as the balances meet the conditions for compensation according to paragraph 74 of IAS 12. As a result of this change, there was also no impact on the initial retained earnings as at 1 January 2022. The key impact for the Company is related to the disclosure of the reported deferred tax assets and liabilities.

New IFRS not effective as of 31 December 2023 (includes standards applicable to the Company)

At the date of preparation of the accompanying financial statements, the following IFRS had been published, but their application was not mandatory. The Company intends to adopt those standards when they become effective.

Standards and amendments		**Effectiveness***
IFRS 10 and IAS 28 (amendment)	Sales or contributions of assets between an investor and its associate/joint venture	postponed indefinitely
IAS 1 (amendment)	Classification of liabilities as short-term and long-term	1 January 2024
IAS 16 (amendment)	Lease liability and sale and leaseback	1 January 2024
IFRS 7 and IAS 7 (amendment)	Supplier finance arrangement	1 January 2024

* Effective for the period commencing from the stated date

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

The Company has consistently applied the accounting policies set out below, except as descried above in the section Adoption of new or revised IFRS standards and interpretations.

a) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Czech crowns (CZK), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges. Such balances of monetary items are translated at year-end exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

b) Property, plant, and equipment

All property, plant and equipment are initially recorded at cost and, except for freehold land, are subsequently carried at its cost less any accumulated depreciation and accumulated impairment losses. Freehold land is subsequently stated at cost less any accumulated impairment charges.

Property, plant, and equipment acquired in the business combination are stated at their acquisition costs (which are equal to their fair value at the effective date of the business combination) less accumulated depreciation and accumulated impairment charges.

Property, plant, and equipment include all costs directly attributable to bringing the asset to working condition for its intended use. With respect to the construction of the network, this comprises every expenditure up to the customers' premises, including the cost of contractors, materials, direct labour costs and interest cost incurred during the course of construction. The costs also include, where appropriate, the estimated costs of dismantling and removing the asset and restoring the site.

Subsequent costs are recognised as property, plant, and equipment only if it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

Repairs and maintenance costs are expensed as incurred.

Significant spare parts with the useful life longer than one year are recognised as property, plant and equipment.

Items of property, plant and equipment that are retired are not intended for sale and are not expected to create any future economic benefits or are otherwise disposed of, are eliminated from the statement of financial position, along with the corresponding accumulated depreciation. Any gain or loss arising from retirement or disposal is included in net operating income, i.e., net gain or loss is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Items of property, plant, and equipment, excluding freehold land, are depreciated from the time they are available for use, using the straight-line method. Depreciation ceases at the earlier of the date the asset is either de-recognised or at the date the asset is classified as held for sale.

Depreciation does not cease, when the asset becomes temporarily idle or retired from active use, unless the asset is fully depreciated.

Estimated useful lives adopted in the financial statements are as follows:

	Years
Buildings and constructions	From 9 to 56
Ducts, cables, and related plant	From 11 to 45
Communication technology and related equipment	From 1 to 36
Other fixed assets	From 1 to 11

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (refer to Note 3e – Impairment of assets).

c) Intangible assets

Intangible assets of the Company include computer software and rights (easements, domain). Computer software mainly represents the external acquisition costs of the Company's information systems that are intended for use within the Company. Generally, costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. However, costs that are directly associated with identifiable and unique software products controlled by the Company and that have a probable economic benefit exceeding the cost beyond one year, are recognised as intangible assets. Computer software costs recognised as assets are amortised using the straight-line method over their useful lives, generally from three to nine years. Rights are amortised according to period for which the Company is allowed to utilise the rights.

Intangible assets of the Company acquired in business combinations are stated at their acquisition costs (which are equal to their fair value at the date of acquisition) less accumulated amortisation and accumulated impairment charges and are amortised on a straight-line basis over their estimated useful lives.

Intangible assets with an indefinite useful life are not amortised. They are subject to the regular impairment reviews (see Note 11).

The Company reviews at least at the balance sheet date the useful lives of intangible assets that are not amortised to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate.

On the balance sheet date, carrying amounts, residual values and the useful lives of assets are reviewed, revised and if necessary, prospectively amended and accounted for as a change in an accounting estimate.

Intangible assets that are no longer in use and no future economic benefits are expected or that are disposed of for any other reason are de-recognised from the statement of financial position together with the corresponding accumulated amortisation (for amortised assets only). All gains or losses arising in this respect are recognised in net operating income, i.e., net gain or loss is determined as the difference between net disposal proceeds, if any, and the carrying amount of the asset.

Intangible assets, except for the assets with an indefinite useful life, are amortised using the straight-line method from the time they are available for use. Amortisation ceases at the earlier of the date the asset is de-recognised, the date the asset is classified as having the indefinite useful life or the date the asset is classified as held for sale.

d) Non-current assets classified as held for sale

The Company classifies separately in the statement of financial position a non-current asset or disposal group of assets and liabilities as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset (or disposal group of assets and liabilities) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups of assets and liabilities), its sale is highly probable, and sale is expected within one year.

The Company measures a non-current asset (or disposal group of assets and liabilites) classified as held for sale at the lower of its carrying amount and fair value less costs to sell.

The Company recognises an impairment loss for any initial or subsequent write-down of the asset (or disposal group of assets and liabilities) to fair value less costs to sell and is accounted for as an impairment loss with impact on profit or loss of the relevant period.

From the moment the asset or liability is classified as held for sale and eventually revalued, it ceases to be depreciated/amortised and is reviewed only from an impairment point of view.

Any gain from any subsequent increase in fair value less costs to sell, but not in excess of the cumulative impairment loss that has been recognised, is determined and is accounted for in profit or loss.

e) Impairment of non-financial assets

The Company makes an assessment at least at each balance sheet date whether there is any indication that an impairment loss may no longer exist, may have decreased, or may have increased. If any such indication exists, the Company estimates a recoverable amount of the assets and compares to the carrying value (net of the impairment allowance). In assessing whether there is any indication that the impairment loss recognised in the past may no longer exist, the Company considers both external and internal sources of information (asset's market value, changes expected in the market, including technological, economic or legal changes, market interest rates, significant changes with effect on the Company in the extent to which, or manner in which, the assets are used or are expected to be used, evidence available from internal reporting indicating economic performance of assets etc.). Where an estimate of recoverable amount is calculated, there are a number of management assumptions used.

f) Financial assets and liabilities

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets

According to IFRS 9, all financial assets are classified as measured at amortised cost, at fair value through other comprehensive income ("FVOCI") or at fair value through profit and loss ("FVTPL").

Except for trade receivables without a significant financing component, a financial asset is initially measured at fair value plus (for an item not at FVTPL category) transaction costs that are directly attributable to its acquisition. Subsequent measurement of individual categories of financial assets relevant to the Company is as follows.

<u>Financial assets measured at fair value though profit and loss</u>
These assets are subsequently measured at fair value and are included in current or non-current assets based on the period when they are settled. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

<u>Financial assets at amortised cost</u>
These financial assets are subsequently measured at amortised cost using the effective interest method and are included in current and non-current assets based on the period when they are settled. The amortised cost is reduced by impairment losses (see section B below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(ii) Impairment of financial assets

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

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

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

(iii) Financial liabilities

Financial liabilities are classified as measured at amortised cost or at fair value though profit and loss (“FVTPL”).

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. These financial liabilities are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Other financial liabilities are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, they are stated at amortised cost using the effective interest rate method; any difference between the amount initially recognised and the redemption value is recognised in profit or loss over the related period.

Financial liabilities are classified as current liabilities unless the Company has an unconditional right to settle the liability for at least 12 months after the balance sheet date.

Borrowing costs on debts used to finance the acquisition and construction of qualifying assets are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other interest costs are recognised directly in profit and loss.

(iv) Derecognition of financial instruments

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

The financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The write off is recognised when the Company considers that there are no realistic prospects of recovery of the asset or when the Company`s legal right to such asset has ceased to exist. Even if the Company expects no significant recovery from the amount written off, the financial asset still could be subject to enforcement activities in order to comply with the Company's terms and conditions. The losses from write-offs are recognised in the position Impairment loss on financial assets.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The potential difference between the carrying amount extinguished and the consideration paid is recognised in profit or loss.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. Legally enforceable right cannot be dependent on future events, and it has to be executable in ordinary business and also in case of failure, insolvency or bankruptcy of the Company or a counterparty.

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

g) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee:

The Company recognises a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The assets are depreciated to the earlier of the end of the useful life of the right of use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re- measurements of the lease liability.

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

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

The Company does not recognise right of use assets and liabilities for leases of low-value assets (copy machines, other office equipment). The lease payments associated with the low-value assets leases are recognised as an expense on a straight-line basis over the lease term. The Company has decided to recognise lease and non-lease components separately.

As a lessor:

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for a major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

h) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities section of the statement of financial position.

i) Current and deferred income taxes

Taxation expense represents both current and deferred taxation, where appropriate.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws, used to compute the amount are those that are enacted or substantively enacted by the balance sheet date in the relevant country.

Income tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in profit or loss.

Deferred income taxation is calculated using the liability method applied to all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates and laws expected to apply when the asset is realized, or the liability is settled are used to determine the deferred income tax.

The principal temporary differences arise from differences in the tax and accounting values of property, plant and equipment, impairment of receivables and any write-down for obsolete and slow-moving inventories, non-tax deductible allowances and provisions, unused tax credits and, in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax base.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The Company accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions and other events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and other events recognised directly in equity, any related tax effects are also recognised directly in equity.

Deferred income tax assets and tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority. The same applies for offsetting of current tax assets and liabilities.

Deferred income taxes are calculated using currently enacted tax rates expected to apply when the asset is realized, or the liability settled.

j) Provisions

Provisions are recognised when the Company has either a present legal or constructive obligation resulting from past events, and it is probable that an outflow of resources will be required to settle the obligation assuming that a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, e.g., based on insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

The asset retirement obligation recognised represent the best estimate of the expenditures required to settle the present obligation at the current balance sheet date. Such cost estimates, expressed at current price levels at the date of the estimate, are discounted on 31 December 2023 using a long-term real rate of interest in the range from 4.80% to 6.01% per annum to take into account the timing of payments. The initial discounted cost amounts are capitalized as part of property, plant and equipment and are depreciated over the lives of the sites. Each year, the provisions are increased to reflect the accretion of discount and to accrue an estimate for the effects of inflation, with the charges being recognised as a component of interest expense. As of 31 December 2023, the estimate for the effect of the expected long-term inflation is 2%. The decommissioning process is expected to continue for a period of up to 45 years. The estimate of future decommissioning costs is based on useful live of technology.

k) Revenues and expenses

Revenue, shown net of Value Added Tax and any discounts, and after eliminating sales within the Company, comprises goods sold, and services provided. Revenues are measured at their fair value of the consideration received or receivable. The amount of revenue is recognised if it can be measured reliably, and it is probable that the economic benefits associated with the transaction will flow to the Company. If necessary, revenue is split into separately identifiable components.

Revenue and expenses are recognised on an accrual basis, i.e., when the flow of goods or services takes place, regardless of when the payment or collection is being made.

Revenue from mobile services includes in particular revenue from provision of a service of coverage of mobile signal mainly for O2 Czech Republic a.s. and other telecommunication operators. The service is provided on continuous basis and is regularly invoiced in the form of a service fee. The contract with O2 Czech Republic a.s. is a long-term contract (Note 24). The revenue is recognised over the time as the same services are provided evenly through the contract.

Revenue from mass services of the fixed network represents revenue from the provided access to the public fixed communications network (Internet, television lines and fixed phone lines). The service is provided and invoiced on continuous basis. The revenue is calculated as a price for the network line and the number of lines provided. The network line is used for price calculation but does not in itself represent a separate customer benefit. The revenue is recognised over the time.

Revenue from data services represents a fee for the access to end points of the existing telecommunication network. The service is provided on continuous basis and is regularly invoiced. The revenue is calculated as a price for the network line and the number of lines provided. The network line is used for price calculation but does not in itself represent a separate customer benefit. The revenue is recognised over the time.

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

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

Revenues from the network sharing project are recognised at net value. These are mutually provided services of the same nature and in the same value within the project, representing a barter transaction without financial performance. The revenue is recognised on an ongoing basis. The revenue is recognised over the time.

The accounting entity accounts for the financing component – interest if the payment and delivery of the goods/services do not occur at the same time or, more precisely with a difference of up to 1 year. This way the accounting entity reflects the time value of money.

Dividend income is recognised when the right to receive payment is established.

l) Alternative earnings measures

The Company presents certain alternative earnings measures such as EBITDA, EBIT which are not defined by IFRSs. As used in these financial statements, the following terms have the following meaning:

“EBITDA” refers to income before income taxes, finance income (costs), depreciation and amortization, and impairment of property, plant and equipment and intangible assets.

“EBIT” refers to income before income taxes and finance income and finance costs.

4. SEGMENT INFORMATION

The Company recognises two main operating segments:

- Domestic services – provision of wholesale telecommunication services (mobile, fixed and data services) to other Czech telco operators, utilising the Company's network infrastructure in the Czech Republic; this is the core business of the Company.

- International transit - routing and termination of mainly international voice traffic to international operators, utilising the points of presence outside of the Czech Republic.

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

I. The nature of the international transit business is fundamentally different from the core business of the Company. In the case of the core business, the Company is selling services of its own network infrastructure in the Czech wholesale telecommunication market. In the case of the international transit business, the Company acts as a provider of interconnection between international operators, earning a small margin on the difference between the units of traffic purchased and sold.

II. The financial risk exposure of the international transit business is significantly lower compared to the core business of the Company. The impact of the potential impairment of carrying value of assets related to the international transit business is marginal as the international transit business is not capital intensive.

III. Discrete financial information is available for the international transit business and the management assesses its performance and makes decisions about the resources to be allocated to this segment separately, with no impact on the core business of the Company.

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

The operating results of all segments are regularly controlled and reviewed by the chief operating decision maker only to the level of EBIT.

Year ended 31 December 2023 In CZK million	Domestic services	International transit	Total reportable segments
Revenues	14,466	5,132	19,598
Costs	(4,702)	(4,916)	(9,618)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)	**9,764**	**216**	**9,980**
Total depreciation and amortization	(5,629)	(25)	(5,654)
Impairment charge	(39)	-	(39)
Operating income (*EBIT*)	**4,096**	**191**	**4,287**
Net financial loss			(1,624)
Profit before tax			2,663
Corporate income tax			(1,114)
Profit for the year			**1,549**
As of 31 December 2023			
Total assets	**68,441**	**797**	**69,238**
Trade and other payables	9,415	631	10,046
Lease liability	4,993	-	4,993
Other liabilities	32,432	-	32,432
Total liabilities	**46,840**	**631**	**47,471**
Capital expenditure (Property, plant, equipment and intangible assets additions)	**5,291**	**5**	**5,296**

Year ended 31 December 2022 In CZK million	Domestic services	International transit	Total reportable segments
Revenues	13,534	5,348	18,882
Costs	(4,574)	(5,074)	(9,648)
Earnings before impairment loss, interest, tax, depreciation and amortization (*EBITDA*)	**8,960**	**274**	**9,234**
Total depreciation and amortization	(5,495)	(21)	(5,516)
Impairment charge	(36)	-	(36)
Operating income (*EBIT*)	**3,429**	**253**	**3,682**
Net financial loss			(89)
Profit before tax			3,593
Corporate income tax			(718)
Profit for the year			**2,875**
As of 31 December 2022			
Total assets	**59,092**	**814**	**59,906**
Trade and other payables	5,640	681	6,321
Lease liability	4,867	-	4,867
Other liabilities	27,397	-	27,397
Total liabilities	**37,904**	**681**	**38,585**
Capital expenditure (Property, plant, equipment and intangible assets additions)	**5,463**	**11**	**5,474**

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

Revenues from one customer from segment Domestic services and International transit represent more than 10% of the Company’s revenues. For the year ended 31 December 2023 these revenues are CZK 10,485 million (31 December 2022: CZK 10,064 million).

The following table shows the split of revenues according to the location of the entity where the revenues are originated:

Revenues **In CZK million**	**Year ended** **31 December 2023**	**Year ended** **31 December 2022**
Czech Republic	14,259	13,477
Germany	647	690
Slovakia	309	403
Other EU countries	2,093	2,045
Switzerland	219	92
Other Non-EU countries	2,071	2,175
Total revenues	**19,598**	**18,882**

5. REVENUES

(i) Categorization of revenue from contracts with customers

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

Revenues **In CZK million**	**Year ended** **31 December 2023**	**Year ended** **31 December 2022**
National services		
Revenues from mobile network services	6,302	5,918
Revenues from fixed network mass service	4,803	4,588
Revenues from data services	1,405	1,400
Other revenues	1,956	1,628
	14,466	**13,534**
International transit		
Revenues from transit services	5,132	5,348
Total revenues	**19,598**	**18,882**

Revenues from related parties are disclosed in Note 24.

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

Revenues **In CZK million**	**Year ended 31 December 2023**			
Domestic service	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from mobile network services	6,302	-	-	6,302
Revenues from fixed network mass service	4,803	-	-	4,803
Revenues from data services	1,319	53	33	1,405
Other revenues	1,655	215	86	1,956
	14,079	**268**	**119**	**14,466**
International transit	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from transit services	180	2,782	2,170	5,132
Total	**14,259**	**3,050**	**2,289**	**19,598**

Revenues **In CZK million**	**Year ended 31 December 2022**			
Domestic service	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from mobile network services	5,918	-	-	5,918
Revenues from fixed network mass service	4,588	-	-	4,588
Revenues from data services	1,309	55	36	1,400
Other revenues	1,461	92	75	1,628
	13,276	**147**	**111**	**13,534**
International transit	**Czech Republic**	**EU**	**Non-EU**	**Total**
Revenues from transit services	201	2,991	2,156	5,348
Total	**13,477**	**3,138**	**2,267**	**18,882**

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

(ii) Receivables from contracts with customers, contract assets and contract liabilities

Receivables from contracts with customers are described in Note 13. They are trade receivables.

A contract asset is the right of the Company to a consideration in exchange for goods or services which the Company has already transferred to customers and which are not the receivable yet. As the Company provides its supplies in the course of time, there are no contingencies for invoicing, the Company issues invoices regularly on monthly basis, it does not have any significant contractual assets recorded.

A contract liability is an obligation of the Company to deliver goods or provide services for which the Company has already received consideration from the customers. Contract liabilities are in particular the dark fibre services – granting of the entitlement to use the spare capacity of the optical fibre paid for by the customers. These are services which are typically provided for 15 – 20 years. A portion of the fees is invoiced and collected at the beginning of the provision of this service, but the service will be provided in the years to come. It includes activation fees for these services which do not constitute a standalone performance obligation and are therefore distributed throughout the term of the contract with the customers, i.e., the actual provision of the service. These expected revenues will be recognised during the upcoming years.

The amount of CZK 324 million, which was recognised as of 1 January 2023 as contract liabilities, was recognised as revenues in 2023 (2022: CZK 311 million).

Contract balances:

In CZK million	**Note**	**31 December 2023**	**31 December 2022**
Trade receivables	13	3,030	2,901
Contract liabilities (included in the position Deferred revenue and Other non-current liabilities)	16	1,615	1,689

In 2023, the Company did not recognise any revenue from contract liabilities which were met (or partially met) in prior periods.

(iii) The expected revenues from concluded contracts with customers

The following table includes revenues which are expected by the Company to be recognised in the future. These are revenues related to performance obligations that are unsatisfied (or partially unsatisfied) as of 31 December 2023.

As of 31 December 2023	**Performance obligations to be satisfied**				
In CZK million	**Less than 1 year**	**Between 1-2 years**	**Between 3-5 years**	**More than 5 years**	**Total**
Revenues from mobile network services	100	80	124	52	356
Other revenues	96	96	280	342	814
Total	**196**	**176**	**404**	**394**	**1,170**

As of 31 December 2022	**Performance obligations to be satisfied**				
In CZK million	**Less than 1 year**	**Between 1-2 years**	**Between 3-5 years**	**More than 5 years**	**Total**
Revenues from mobile network services	147	147	245	47	586
Other revenues	134	134	393	592	1,253
Total	**281**	**281**	**638**	**639**	**1,839**

The Company applies the practical expedient of the standard and does not disclose in the table above information about contracted revenues with originally expected term of contract 1 year or less and contracted revenues for which are expected revenues recognised to the amount corresponding to the right to invoice.

(iv) Financing component

The Company has identified one revenue group where the time difference between the consideration received (incoming payment) and provision of the service is more than 1 year. These are the dark fibre services – granting of the entitlement to use the spare capacity of the optical fibre (dark fibre). The Company recognises increase in revenues and interest expense.

For more information see Note 3 – Significant Accounting Policies.

Financing component **In CZK million**	**Year ended** **31 December 2023**	**Year ended** **31 December 2022**
The amount which increases the revenues	39	30
Interest expense	(46)	(42)

6. EXPENSES

Expenses **In CZK million**	**Year ended** **31 December 2023**	**Year ended** **31 December 2022**
Supplies	(5,377)	(5,396)
Staff costs	(1,654)	(1,467)
External services	(2,524)	(2,730)
Provisions for bad debts and inventories	(11)	5
Other expenses	(52)	(60)
Total expenses	**(9,618)**	**(9,648)**

Supplies include mainly costs of transit and interconnection costs.

The Company does not participate in any pension plans.

Statutory auditor's fees during the year ended 31 December 2023 amounted to CZK 7 million (31 December 2022: CZK 5 million).

Purchases from related parties are disclosed in Note 24.

7. FINANCE INCOME AND COSTS

In CZK million	Year ended 31 December 2023	Year ended 31 December 2022
Finance income		
Interest income	47	17
Foreign exchange gain (net)	-	499
Other finance income	1	88
Total finance income	**48**	**604**
Finance costs		
Interest expenses related to intra-group loan	(752)	(283)
Interest expenses related to received loan	(70)	(70)
Interest expenses related to financial component	(46)	(42)
Interest expenses related to lease liability	(200)	(172)
Foreign exchange loss (net)	(601)	-
Other finance costs	(3)	(126)
Total finance costs	**(1,672)**	**(693)**

The Company recognises foreign exchange gains and losses on a net basis.

Neither in 2023, nor in 2022 the Company did use any hedging derivatives.

8. INCOME TAX

In CZK million	Year ended 31 December 2023	Year ended 31 December 2022
Total income tax expense is made up of:		
Current income tax charge	771	877
Deferred income tax credit (Note 18)	343	(159)
Total income tax expense	**1,114**	**718**

The tax on the Company’s profit before tax differs from the theoretical amount that would arise using the basic tax rate of the home country of the Company as follows:

In CZK million	Year ended 31 December 2023	Year ended 31 December 2022
Profit before tax	2,663	3,593
Income tax charge calculated at the statutory rate of 19%	(506)	(683)
Tax non-deductible expenses	(27)	(22)
Income tax related to prior years	(6)	(8)
Impact of a change in the statutory rate	(580)	-
Other differences	5	(5)
Income tax expense	**(1,114)**	**(718)**
Effective tax rate	41.83%	19.98%

The increase in the effective tax rate is caused by the change in the statutory income tax rate from 19% valid for 2023 to 21% valid for 2024. A rate of 21% is already used to calculate deferred tax in 2023, i.e. the rate valid at the period when the realization of temporary differences is expected.

As of 31 December 2023, the total amount of provisions for current income taxes is CZK 764 million (31 December 2022: CZK 868 million), the total amount of advances paid for income taxes is CZK 854 million (31 December 2022: CZK 728 million), the net deferred tax liability is CZK 6,095 million (31 December 2022: CZK 5,751 million).

9. PROPERTY, PLANT AND EQUIPMENT

In CZK million	**Land, buildings and construction**	**Ducts, cables and related plant**	**Communication technology and related equipment**	**Other fixed assets**	**Construc-tion in progress**	**Total**
As of 31 December 2023						
Opening net book amount	4,791	31,989	7,731	333	3,101	**47,945**
Additions	158	1,048	1,614	90	1,481	**4,391**
Disposals	(10)	(7)	-	(4)	(1)	**(22)**
Transfers	74	652	487	23	(1,236)	**-**
Reclassifications	-	-	5	-	7	**12**
Depreciation	(217)	(1,992)	(1,721)	(101)	-	**(4,031)**
Impairment	-	-	-	-	(38)	**(38)**
Reclassification to/from Assets held for sale	-	-	-	-	-	-
Closing net book amount	**4,796**	**31,690**	**8,116**	**341**	**3,314**	**48,257**
As of 31 December 2023						
Cost	7,382	49,143	18,773	840	3,445	**79,583**
Accumulated depreciation	(2,586)	(17,453)	(10,657)	(499)	(131)	**(31,326)**
Net book amount	**4,796**	**31,690**	**8,116**	**341**	**3,314**	**48,257**

Additions represent investments in telecommunication infrastructure and related equipment.

In CZK million	**Land, buildings and construction**	**Ducts, cables and related plant**	**Communication technology and related equipment**	**Other fixed assets**	**Construc-tion in progress**	**Total**
As of 31 December 2022						
Opening net book amount	4,862	32,537	7,552	299	2,531	**47,781**
Additions	154	999	1,639	95	1,504	**4,391**
Disposals	(9)	(1)	(1)	-	(8)	**(19)**
Transfers	64	399	400	29	(892)	-
Reclassifications	-	-	5	-	1	**6**
Depreciation	(267)	(1,945)	(1,863)	(90)	-	**(4,165)**
Impairment	-	-	(1)	-	(35)	**(36)**
Reclassification to/from Assets held for sale	(13)	-	-	-	-	**(13)**
Closing net book amount	**4,791**	**31,989**	**7,731**	**333**	**3,101**	**47,945**
As of 31 December 2022						
Cost	7,383	47,456	17,770	746	3,223	**76,578**
Accumulated depreciation	(2,592)	(15,467)	(10,039)	(413)	(122)	**(28,633)**
Net book amount	**4,791**	**31,989**	**7,731**	**333**	**3,101**	**47,945**

As of 31 December 2023, the carrying value of land, which is non-depreciated asset, amounted to CZK 165 million (31 December 2022: CZK 155 million).

In 2023, the impairment for tangible assets of CZK 38 million relates to failed projects in process and spare parts and material for investment to be liquidated (31 December 2022: CZK 36 million).

As of 31 December 2023, the Company has identified Assets held for sale in the net book value of CZK 4 million (31 December 2022: CZK 18 million). As of 31 December 2023 and 31 December 2022 all the Assets held for sale is part of the Domestic services segment.

No property, plant and equipment were pledged as of 31 December 2023 and 31 December 2022.

For the year ended 31 December 2023, the Company achieved a total gain from the sale of the fixed assets of CZK 90 million (31 December 2022: CZK 65 million) and total losses of CZK 38 million (31 December 2022: CZK 16 million).

The Company has concluded contracts with T-Mobile Czech Republic a.s. related to the sharing of mobile networks. Companies provide each other services related to the sharing of active and passive 2G, LTE and 5G technologies for mobile networks based on geographical distribution of the Czech Republic territory. Contracts are based on the principle of balance. Revenue and costs relating to network sharing are reported in net value because the services provided within the project are of the same nature and value. This is a barter transaction without financial performance.

10. RIGHT OF USE ASSETS

In CZK million	**Land, buildings and construction**	**Ducts, cables and related plant**	**Communication technology and related equipment**	**Other fixed assets**	**Total**
As of 31 December 2023					
Opening net book amount	4,090	34	427	98	**4,649**
Additions	13	-	11	111	**135**
Modifications	654	4	70	17	**745**
Disposals	-	-	-	-	-
Reclassifications	-	-	-	-	-
Depreciation	(670)	(2)	(65)	(90)	**(827)**
Impairment	-	-	-	-	-
Closing net book amount	**4,087**	**36**	**443**	**136**	**4,702**
As of 31 December 2023					
Cost	7,112	48	719	296	**8,175**
Accumulated depreciation	(3,025)	(12)	(276)	(160)	**(3,473)**
Net book amount	**4,087**	**36**	**443**	**136**	**4,702**

In CZK million	**Land, buildings and construction**	**Ducts, cables and related plant**	**Communication technology and related equipment**	**Other fixed assets**	**Total**
As of 31 December 2022					
Opening net book amount	4,375	34	415	102	**4,926**
Additions	30	1	28	46	**105**
Modifications	305	-	43	10	**358**
Disposals	-	-	-	-	**-**
Reclassifications	2	-	-	1	**3**
Depreciation	(622)	(1)	(59)	(61)	**(743)**
Impairment	-	-	-	-	**-**
Closing net book amount	**4,090**	**34**	**427**	**98**	**4,649**
As of 31 December 2022					
Cost	6,496	44	639	307	**7,486**
Accumulated depreciation	(2,406)	(10)	(212)	(209)	**(2,837)**
Net book amount	**4,090**	**34**	**427**	**98**	**4,649**

The right of use assets arising from leases between related parties are disclosed in Note 24.

11. INTANGIBLE ASSETS

In CZK million	Goodwill	Software	Rights and other	Construction in progress	Total
As of 31 December 2023					
Opening net book amount	16	2,103	324	187	**2,630**
Additions	-	786	17	102	**905**
Disposals	-	-	-	-	**-**
Transfers	-	74	15	(89)	**-**
Reclassifications	-	3	2	-	**5**
Amortisation charge	-	(777)	(19)	-	**(796)**
Impairment	-	-	-	(1)	**(1)**
Closing net book amount	**16**	**2,189**	**339**	**199**	**2,743**
As of 31 December 2023					
Cost	16	5,996	486	199	**6,697**
Accumulated amortisation	-	(3,807)	(147)	-	**(3,954)**
Net book amount	**16**	**2,189**	**339**	**199**	**2,743**

In CZK million	Goodwill	Software	Rights and other	Construction in progress	Total
As of 31 December 2022					
Opening net book amount	16	1,725	292	118	**2,151**
Additions	-	934	37	112	**1,083**
Disposals	-	-	-	-	**-**
Transfers	-	32	11	(43)	-
Reclassifications	-	3	1	-	**4**
Amortisation charge	-	(591)	(17)	-	**(608)**
Impairment	-	-	-	-	**-**
Closing net book amount	**16**	**2,103**	**324**	**187**	**2,630**
As of 31 December 2022					
Cost	16	5,139	452	187	**5,794**
Accumulated amortisation	-	(3,036)	(128)	-	**(3,164)**
Net book amount	**16**	**2,103**	**324**	**187**	**2,630**

All of the Company’s intangible assets with finite lives are amortised and are subject to an annual review of impairment indicators and a review of their useful lives. Other intangible assets are tested annually for impairment.

Software additions mainly represent software licenses and software upgrades for mobile technologies.

12. INVENTORIES

In CZK million	31 December 2023	31 December 2022
Telecommunication material	54	57
Other	30	48
Total	**84**	**105**

The inventories stated above are net of an allowance cumulative write down for obsolete inventory of CZK 9 million (31 December 2022: CZK 7 million). The number of inventories recognised as an expense is CZK 197 million (31 December 2022: CZK 212 million).

In 2023 and 2022, the Company had no inventories pledged as a security for liabilities.

13. TRADE RECEIVABLES AND OTHER ASSETS

In CZK million	31 December 2023	31 December 2022
Trade receivables from third parties (net)	1,888	1,727
Receivables with related parties (Note 24)	1,142	1,174
Other debtors (net)	17	6
Total trade and other receivables	**3,047**	**2,907**

In 2023 and 2022, all the receivables were short-term.

Receivables from related parties are disclosed in Note 24.

Trade receivables and other debtors are stated net of bad debt provision of CZK 71 million (31 December 2022: CZK 62 million).

31 December 2023		Overdue				
In CZK million	Due	Less than 90 days	91 and 180 days	181 and 365 days	More than 365 days	**Total**
Trade receivables and other debtors	2,834	186	43	21	34	**3,118**
Bad debt provision	-	(1)	(26)	(10)	(34)	**(71)**
Total	**2,834**	**185**	**17**	**11**	**-**	**3,047**

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

Bad debt provisions **In CZK million**	
As of 1 January 2022	**69**
Additions	33
Write-offs	(2)
Paid receivables	(38)
As of 31 December 2022	**62**
Additions	19
Write-offs	(3)
Paid receivables	(7)
As of 31 December 2023	**71**

The Company's historical experience regarding the collection of accounts receivable is consistent with the recorded allowances. Because of these factors, the management believes that no additional credit risk beyond the amounts provided for is inherent in the Company's trade receivables.

Financial instruments that are subject to an enforceable master netting arrangement or similar agreement include particularly interconnection services. Financial instruments are as follows:

In CZK million	31 December 2023	31 December 2022
Gross amounts of trade receivables	1,973	2,008
Amounts that are set off against trade payables (Note 16)	(307)	(351)
Net amounts of trade receivables	**1,666**	**1,657**

14. ADVANCE PAYMENTS AND OTHER ASSETS

In CZK million		31 December 2023
	Short-term	Long-term
Prepayments	134	405
Advance payments	436	9
Tax receivables for indirect taxes	150	-
Advance payments and other assets	**720**	**414**

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

Prepayments comprise primarily prepaid expenses related to purchases of capacity upgrade from T-Mobile Czech Republic a.s. for O2 Czech Republic a.s. under the network sharing project of CZK 468 million (31 December 2022: CZK 520 million).

Advance payments comprise primarily the advances paid for the electricity. The year-on-year decrease in advance payments occurred in connection with a slight decrease of price for electricity.

15. CASH AND CASH EQUIVALENTS

In CZK million	**31 December 2023**	**31 December 2022**
Cash at bank accounts and other cash equivalents	5	5
Cash at bank accounts and other cash equivalents (intercompany)	646	357
Total cash and cash equivalents	**651**	**362**

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

As of 31 December 2023 and 31 December 2022, the Company had no available undrawn uncommitted overdraft facility.

As of 31 December 2023 and 31 December 2022, no cash and cash equivalents were pledged.

16. TRADE AND OTHER PAYABLES

In CZK million		**31 December 2023**
	Short-term	**Long-term**
Trade creditors	5,129	-
Advances received and other creditors	4,204	232
VAT, other taxes and social security liability	148	-
Deferred revenues	239	1,082
Employee wages and benefits	326	-
Trade and other payables	**10,046**	**1,314**

In CZK million		**31 December 2022**
	Short-term	**Long-term**
Trade creditors	5,564	-
VAT, other taxes and social security liability	122	-
Deferred revenues	224	1,092
Employee wages and benefits	269	-
Other creditors	76	345
Trade and other payables	**6,255**	**1,437**

Payables to related parties are disclosed in Note 24.

In November 2023, an advance payment of CZK 4,102 million was received on the agreement with O2 Czech Republic a.s. The advance will be used to settle intended transfer of a 100% share in CETIN Servis s.r.o to O2 Czech Republic a.s.

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

Financial instruments that are subject to an enforceable master netting arrangement or similar agreement include particularly interconnection services. Financial instruments are as follows:

In CZK million	**31 December 2023**	**31 December 2022**
Gross amounts of trade creditors	430	508
Amounts that are set off against trade receivables (Note 13)	(307)	(351)
Net amounts of trade creditors	**123**	**157**

17. FINANCIAL ASSETS, LIABILITIES AND FINANCIAL RISK MANAGEMENT

Financial assets

In CZK million	**31 December 2023**	**31 December 2022**
Provided loan in local currency	2,481	-
Accrued Interest	22	-
Total financial assets	**2,503**	**-**
Repayable:		
Within one year	-	-
Between one and five years	2,503	-
Total financial assets	**2,503**	**-**

On 28 November 2023 the Company entered into loan agreement with its subsidiary Nej.cz s.r.o. in an amount equal to CZK 1,682 million. The loan has a floating interest rate of PRIBOR 3M plus 2.67% and is due on 20 April 2025. The loan was drawn on 29 November 2023. The purpose of the loan was to refinancing of bank loans drawn by Nej.cz s.r.o. On 8 December 2023 Nej.cz s.r.o. made voluntary early repayment of the loan in amount of CZK 95 million.

On 30 November 2023 the Company took over from Kaprain Industrial Holding Limited shareholder loan provided to Nej.cz s.r.o. in amount of CZK 894 million. Thus Nej.cz s.r.o. became borrower from the Company. The loan has a floating interest rate of PRIBOR 3M plus 2.67% and is due on 20 April 2025.

Financial liabilities

In CZK million	**31 December 2023**	**31 December 2022**
Received loan in local currency	-	4,822
Intra-group loan in foreign currency	24,652	15,071
Accrued Interest	84	44
Total financial liabilities	**24,736**	**19,937**
Repayable:		
Within one year	84	4,866
Between one and five years	24,652	15,071
Total financial liabilities	**24,736**	**19,937**

Intercompany loan agreement

On 7 December 2016 the Company entered into an intercompany loan agreement with CETIN Finance B.V. amounting CZK 24,680 million in form of three facilities: maturity 1 year (CZK 2,998 million) with nominal interest rate of 0.2759%, 5 years (EUR 624 million) with nominal interest rate of 1.4881% and 7 years (CZK 4,822 million) with nominal interest rate of 1.451%. The interest rate is fixed over the loan maturity. During 2017 the first facility totalling CZK 2,998 million was repaid, the second facility totalling EUR 624 million was repaid as of 3 December 2021. The third facility was repaid on 1 December 2023.

Intra-group loan from the parent company

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

On 28 November 2023 the Company entered into an intra-group loan agreement with its parent company CETIN Group N.V. in an amount equal to EUR 200 million. The intra-group loan has a floating interest rate of EURIBOR plus 1.35% and is due on 24 August 2026. The intra-group loan was drawn on 1 December 2023 in amount of EUR 197 million. The main purpose of the intra-group loan was to refinance the intercompany loan repaid on 1 December 2023 (see above).

On 28 November 2023 the Company entered into an intra-group loan agreement with its parent company CETIN Group N.V. in an amount equal to EUR 175 million. The intra-group loan has a floating interest rate of EURIBOR plus 1.70% and is due on 20 April 2025. The intra-group loan was drawn on 29 November 2023. The main purpose of the intra-group loan was to finance acquisition of Nej.cz s.r.o.

All conditions and obligations resulting from the intra-group loan agreements were met as of 31 December 2023.

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

In million CZK	**Lease liability**	**Received loan***	**Intra-group loans****
Balance as of 1 January 2023	**4,867**	**4,826**	**15,111**
Payments of lease liability/Repayment of received loan/Intra-group loan drawing	(720)	(4,822)	9,046
Interests paid	(200)	(70)	(708)
Total changes from financing cash flows	**(920)**	**(4,892)**	**8,338**
The effect of changes in foreign exchange rates	**12**	**-**	**535**
New leases	834	-	-
Other expenses	-	1	-
Interest expenses	200	65	752
Total liability-related other changes	**1,034**	**66**	**752**
Balance as of 31 December 2023	**4,993**	**-**	**24,736**

In million CZK	**Lease liability**	**Received loan***	**Intra-group loans****
Balance as of 1 January 2022	**5,091**	**4,825**	**15,556**
Payments of lease liability/Repayment of received loan/Intra-group loan drawing	(645)	-	-
Interests paid	(172)	(70)	(265)
Total changes from financing cash flows	**(817)**	**(70)**	**(265)**
The effect of changes in foreign exchange rates	**(16)**	**-**	**(463)**
New leases	437	-	-
Other expenses	-	1	-
Interest expenses	172	70	283
Total liability-related other changes	**609**	**71**	**283**
Balance as of 31 December 2022	**4,867**	**4,826**	**15,111**

* Received loan from CETIN Finance B.V.
** Intra-group loans from CETIN Group N.V.

Financial risk management

The Company is exposed to a variety of financial risks, including the effects of changes in debt market prices, foreign currency exchange rates and interest rates as a result of ordinary business, debt taken on to finance its business and net investment in foreign operations. The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses either derivative financial instruments or non-derivative instruments (such as cash instruments) to hedge certain exposures.

The Company does not conduct any speculative trading activities.

Risk management is carried out by the treasury department according to the approved Treasury Policy that address specific areas, such as foreign exchange risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and investing excess liquidity.

(i) Foreign currency risk

The Company is exposed to foreign currency risk arising from various currency exposures, primarily with respect to positions at EURO and partially to positions at US dollar:

a) financial position items (such as debt, receivables, payables) denominated in foreign currency,
b) probable forecasted transactions (such as purchases or sales) denominated in foreign currency.

The Company's objective in managing its exposure to foreign currency fluctuations is to minimize reported earnings and cash flow volatility associated with foreign exchange rate changes.

The Company's exposure to currency risk as quantitative data.

In CZK million	**31 December 2023**		**31 December 2022**	
	EUR	**USD**	**EUR**	**USD**
Cash and cash equivalents	**7**	**3**	**49**	**12**
Trade receivables	253	**27**	268	45
Received loans	(24,735)	**-**	(15,071)	-
Trade payables	(945)	**(91)**	(1,106)	(177)
Net statement of financial position exposure	**(25,420)**	**(61)**	**(15,860)**	**(120)**
Next 12 months forecast sales	1,571	**75**	1,500	141
Next 12 months forecast purchases	(3,324)	**(207)**	(2,212)	(274)
Net forecast transaction exposure	**(1,753)**	**(132)**	**(712)**	**(133)**
Net exposure	**(27,173)**	**(193)**	**(16,572)**	**(253)**

CZK	**Average rate for the year ended**		**Year-end spot rate**	
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
EUR 1	24.007	24.565	24.725	24.115
USD 1	22.210	23.360	22.376	22.616

The Company also has an exposure to GBP and CHF, but due to its insignificance it is not included in the net position neither used within GAP analysis for the stress position.

The following table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates.

In CZK million	**Effect on profit before tax**	
FX risk	**Year ended 31 December 2023**	**Year ended 31 December 2022**
12 forthcoming months “GAP” analysis impact to Profit and loss statement*	(1,369)	(843)
12 forthcoming months “GAP” analysis impact to Equity/OCI*	-	-

* 12 forthcoming months “GAP” analysis represent FX risk modelling 5% negative development of EUR/CZK and USD/CZK FX rate. The GAP analysis works with the difference between FX inflows and FX outflows = “GAP” within particular month. The sum of next 12-month exposure defines the total exposure against which are the changes in EUR/CZK rate applied. The change in FX rate is symmetrical.

(ii) Interest rate risk

As of 31 December 2023, the Company has been exposed to interest rate risk arising from the intra-group loans received in total amount of EUR 997 million maturing on 24 August 2026 (EUR 822 million) and 20 April 2025 (EUR 175 million) with floating interest rate linked to EURIBOR reference rate.

The Company is also exposed with interest rate risk related to intragroup loans provided in total amount of CZK 2 481 million maturing on 20 April 2025 with floating interest rate linked to PRIBOR reference rate.

This exposure partially reduce exposure arising from intra-group loans received.

Current liquidity excess on bank accounts is invested into short term bank deposits where interest rate is floating ling to Czech Nation Bank´s RePo rate. Average monthly closing balance on bank accounts (2023: CZK 720 million) is in comparison with overall borrowing position negligible.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates arising from cash investments.

In CZK million	**Effect on profit before tax**	
FX risk	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Stress testing (all impact is to Profit and loss statement) *	(215)	(144)

* IR risk used stress scenario represents immediate one-off change of interest rates along the whole yield curve by 1% in an unfavourable direction. The calculation of unfavourable impact on Company cash flows (due to an increase in interest expense or drop in interest received relating to financial assets and financial liabilities) is made each month on a floating basis within a 12-month time frame.

(iii) Liquidity risk

The Company's essential objective of liquidity risk management is having access to the cash resources sufficient to meet all its cash payment obligations as they fall due. Cash resources consist of the created cash position (preference for quickly liquid instruments).

The Company is particularly focused on the liquidity profile within the time horizon of the next 12 - 18 months considering projected cash flow from operations and maturity structure of both debt obligations and financial investments.

The table below summarizes the maturity profile of the Company's financial and trade liabilities at 31 December 2023 based on contractual undiscounted payments. Values include projections of future interests.

As of 31 December 2023

In CZK million	Carrying amount	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Received loans (incl. future interest payments)	28,094	429	1,042	26,623	-
Lease liability (incl. future interest payments)	5,966	277	694	2,825	2,170
Trade and other payables (excluding Deferred revenue)	9,806	7,026	2,743	37	-
Total	**43,866**	**7,732**	**4,479**	**29,485**	**2,170**
Non-current other liabilities (excluding Deferred revenue)	232	-	-	232	-

As of 31 December 2022

In CZK million	Carrying amount	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years
Received loans (incl. future interest payments)	19,937	137	5,306	17,118	-
Lease liability (incl. future interest payments)	4,867	247	740	3,721	1,045
Trade and other payables (excluding Deferred revenue)	6,031	4,039	1,962	31	-
Total	**30,835**	**4,423**	**8,008**	**20,870**	**1,045**
Non-current other liabilities (excluding Deferred revenue and Derivatives)	345	-	-	345	-

In 2023 and 2022, the Company did not have any guarantees to third parties (except for the Cross Guarantee described in Note 24).

The Company does not record any potential risk associated with the Cross Guarantee; exposure is zero, more details can be found under Section (iv) Credit risk.

(iv) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations and arises principally from the Company's trade receivables. The majority of the Company's customers have been transacting with the Company (respectively with the Demerged company) over a long time period.

The Company trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis resulting in an insignificant Company's exposure to bad debts. The maximum exposure is the carrying amount as disclosed in Note 13. There is no significant concentration of credit risk within the Company in respect to unrelated parties. The Company also has significant trade with companies from the PPF Group (see Note 24), mainly with O2 Czech Republic a.s. which is a profitable company and trading with it does not represents any significant credit risk for the Company.

The exposition of the Company to any potential worsening of credit market, resulting from macroeconomic uncertainties associated with energy prices, inflation, and the geopolitical situation (the war in Ukraine and the development in China), is limited, since the Company as a wholesale provider has business relations with the largest and financially sound partners. E.g., the Group´s biggest partner O2 Czech Republic a.s. is part of PPF Group and T-Mobile Czech Republic a.s. as part of the group Deutsche Telecom AG which has been assigned investment grade rating. In 2023 the age structure of the receivables has not deteriorated. No significant receivables write-offs have been accounted for and the Company has not identified any new significant risk when compared to those of 2022.

With respect to credit risk arising from the financial assets of the Company, which comprise cash and cash equivalents and certain derivative instruments, the Company's exposure arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Credit Risk is managed by:

- monitoring of accounts receivables: regular monitoring of payment moral of existing customers and monitoring and analysing of the receivable aging structure (internal and external indicators of any potential bad debts),
- collection process: Collection from active customers is in the competence of the Accounting unit; subsequent collection is the responsibility of the Treasury unit, Legal unit and Accounting unit.

All the banking services to the Company are provided by PPF banka who is a part of PPF Group. When and if the Company is ever exposed to external banking counterparty credit risk the credit approach will follow the best industry practice established with the close cooperation with PPF Group.

Offset of financial assets and financial liabilities

In million CZK	Amount of an asset/liability presented in the statement of financial position	Amount of an asset/liability offset in the statement of financial position	Net amount presented in the statement of financial position	Financial instrument	Received/ provided cash collateral	Total
	Relevant amount offset/not offset in the statement of financial position as of 31 December 2023					
Assets						
Trade receivables	1,973	(307)	1,666	-	-	**1,666**
Total assets	**1,973**	**(307)**	**1,666**	**-**	**-**	**1,666**
Liabilities						
Trade payables	430	(307)	123	-	-	**123**
Total liabilities	**430**	**(307)**	**123**	**-**	**-**	**123**

In million CZK	Amount of an asset/liability presented in the statement of financial position	Amount of an asset/liability offset in the statement of financial position	Net amount presented in the statement of financial position	Financial instrument	Received/ provided cash collateral	Total
	Relevant amount offset/not offset in the statement of financial position as of 31 December 2022					
Assets						
Trade receivables	2,008	(351)	1,657	-	-	**1,657**
Total assets	**2,008**	**(351)**	**1,657**	**-**	**-**	**1,657**
Liabilities						
Trade payables	508	(351)	157	-	-	**157**
Total liabilities	**508**	**(351)**	**157**	**-**	**-**	**157**

(v) Fair values estimation

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

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

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value and that are not based on observable market data.

During the reporting period ending 31 December 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

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

In CZK million			**31 December 2023**			
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**	**Difference**
Interest bearing loans and borrowings (inc. accruals)	-	-	-	-	-	-

In CZK million			**31 December 2022**			
Financial liabilities	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**	**Difference**
Interest bearing loans and borrowings (inc. accruals)	-	4,578	-	4,578	4,826	(248)

The fair value of borrowings as of 31 December 2022 has been determined by market value of bonds which are traded on the public market.

Financial assets and liabilities, mainly represented by cash and cash equivalents, receivables and other assets, trade and other payables and intra-group loan, are not listed in the table, as their fair value equals the carrying amount.

18. DEFERRED INCOME TAXES

Short-term and long-term deferred taxes were calculated at a tax rates valid for the Czech Republic at the period when the realization of temporary differences is expected, i.e. 21% as of 31 December 2023 and 19% for 31 December 2022.

In CZK million	**31 December 2023**	**31 December 2022**
Opening balance	5,751	5,910
Profit or loss tax charge	343	(159)
Rounding	1	-
Closing balance	**6,095**	**5,751**

The following amounts, determined after offsetting, are shown in the statement of financial position:

In CZK million	**31 December 2023**	**31 December 2022**
Deferred tax liabilities	6,095	5,751
Total	**6,095**	**5,751**

The deferred tax liability includes CZK 258 million (31 December 2022: CZK 248 million) to be realized in less than 12 months and CZK 5,837 million (31 December 2022: CZK 5,503 million) to be realized in more than 12 months.

The deferred tax is determined by these components:

In CZK million	**Statement of financial position**	
	31 December 2023	**31 December 2022**
Temporary differences relating to:		
Property, plant and equipment	6,196	5,773
Intangible assets	105	121
Trade receivables, inventories, provisions and other differences	(145)	(102)
Right of use assets	987	883
Lease liability	(1,048)	(924)
Total	**6,095**	**5,751**

In CZK million	**Statement of total comprehensive income**	
	Year ended 31 December 2023	**Year ended 31 December 2022**
Temporary differences relating to:		
Property, plant and equipment	423	(150)
Intangible assets	(16)	(2)
Trade receivables, inventories, provisions and other differences	(44)	3
Right of use assets	104	(53)
Lease liability	(124)	43
Total	**343**	**(159)**

19. PROVISIONS

In CZK million	**Asset retirement obligation**	**Other provisions**	**Total**
As of 1 January 2022	**220**	**82**	**302**
Additions during the year	4	7	11
Utilised during the year	-	(31)	(31)
Released during the year	-	-	-
Change of estimate	(84)	-	(84)
As of 31 December 2022	**140**	**58**	**198**
Additions during the year	3	7	10
Utilised during the year	(1)	(21)	(22)
Released during the year	-	-	-
Change of estimate	101	-	101
As of 31 December 2023	**243**	**44**	**287**

In CZK million	**Asset retirement obligation**	**Other provisions**	**Total**
As of 31 December 2023			
Short-term provisions	2	44	46
Long-term provisions	241	-	241
	243	**44**	**287**

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

The Company recognised provision for estimated cost of dismantling and removing assets and restoring sites of CZK 243 million (31 December 2022: CZK 140 million). Scenarios of future costs based on management estimation, market prices, and historical costs were discounted to present value. Discount rates are paired to the expected dates of future dismantling and removing of assets.

Due to an update of discount rate the provision increased by CZK 67 million (31 December 2022: decreased by CZK 84 million).

In 2023, there was a reassessment of the expected average costs for dismantling and restoring the rented premises to their original state, the expected prices were increased in accordance with the Company's macroeconomic prediction. Due to the update of the expected average costs the provision increased by CZK 34 million.

In accordance with the plan of the liquidation of the sites within the network sharing project, there was no increase of provision (31 December 2022: CZK 4 million). Due to increase of rented premises in 2023, the Company further refined the provision for dismantling, removing tangible assets and restoring them in technological buildings by CZK 3 million (31 December 2022: CZK 0 million) and utilizated provision by CZK 1 million (31 December 2022: CZK 0 million).

Other provisions include above all the provision for redundancy cost of CZK 36 million (31 December 2022: CZK 51 million). Other provisions for which the expected timing of payments is not certain are expected to be utilised within the next 12 months from the balance sheet date.

20. CONTINGENT LIABILITIES

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

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

The European Commission on 11 July 2022 issued the decision closing the investigation of mobile network sharing without declaration of violation of the legislation. These commitments address the modernisation of mobile network, pricing of so-called unilateral network deployments, not extend the geographical scope of the existing network sharing, and adjustments of agreements to limit information exchange to the absolutely necessary for the operation of the shared network. The monitoring the compliance with the commitments is provided by independent entity, so called monitoring trustee. As of 31 December 2023, the Company fulfils all abovementioned commitments.

In a relation with the bonds issued in 2016 by the subsidiary CETIN Finance B.V., the Company provided a guarantee that, in case of non-fulfilment of the obligations of CETIN Finance B.V. arising from the bonds issue, the Company as a guarantor will be obliged to fulfil these obligations. Cash, which the subsidiary CETIN Finance B.V. received from the bond issue, was fully provided to the Company in a form of intercompany loan. The loan and related bonds were repaid by the end of 2023 (see Note 17).

21. LEASE LIABILITY AND COMMITMENTS

Lease liability under IFRS 16 is measured at the present value of the remaining discounted lease payments arising from leases previously classified as operating leases under IAS 17. More information is described in Note 3g – Leases.

Amounts recognised in profit or loss:

In CZK million	Year ended 31 December 2023	Year ended 31 December 2022
Interest on lease liability	200	172
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	2	2

Amounts recognised in statement of cash flows:

In CZK million	Year ended 31 December 2023	Year ended 31 December 2022
Total cash outflow for leases under IFRS 16	(920)	(817)

The lease liability arising from leases under IFRS 16 between related parties is disclosed in Note 24.

Operating leases:

As of 31 December 2023

In CZK million	Less than 1 year	1 to 5 years	More than 5 years
Operating leases - lessor	179	296	12

As of 31 December 2022

In CZK million	Less than 1 year	1 to 5 years	More than 5 years
Operating leases - lessor	121	244	15

Capital expenditure contracted but not yet recognised in the financial statements as of 31 December 2023 amounted to CZK 3 995 million (31 December 2022: CZK 884 million). Based on the decision of the Office for the protection and competion (ÚOHS) regarding the approval of the purchase of the 100 % stake in Nej.cz, the Company is obliged to invest CZK 3,500 million in the next 5 years in the development of more advanced technology in its network enabling access to the Internet in a fixed location.

22. REGULATED SERVICES

The Company performs communication activities as defined in the Act on Electronic Communications based on a notification and a certificate from the Czech Telecommunications Office (CTO) no. 3987/1 as amended by later changes n. 3987/6.

The communication activities include (within the territory of the Czech Republic):

1. Public fixed communications network,
2. Provision of public and non-public communication services
   a) Interpersonal communication service
   b) Call transit
   c) Leased lines
   d) Television and radio signal distribution
   e) Data service
   f) Internet access service

The activities of the Company are subject to statutory regulation and supervision by the Czech national regulatory authority, the CTO. The CTO is an independent regulatory body that regulates electronic communications and postal services in the Czech Republic. The relevant regulatory framework is set forth mainly in the Act No. 127/2005 Coll. on Electronic Communications and other changes in some related legislation, together with secondary legislation and decisions of the CTO. As a member state of the European Union, the Czech Republic is subject to EU telecommunications regulation and the Electronic Communications Act thus implements the EU regulatory framework into the Czech legal system.

For certain revenues streams there is price regulation in the form of the maximum allowed price imposed by CTO. These streams are:

- provision of co-location services

There is also further set maximal price gap between related services - e.g., xDSL.

23. EQUITY

	31 December 2023	**31 December 2022**
Nominal value per ordinary registered share (CZK)	10	10
Number of shares	310,220,067	310,220,067
Ordinary share capital (in CZK million)	3,102	3,102

Shareholders of the Company were as follows:

	31 December 2023	**31 December 2022**
CETIN Group N.V.	100.00%	100.00%

Capital management

The Company's objectives when managing its capital are:

a) to safeguard the Company's ability to continue as a going concern so that it can provide value for its shareholders, and
b) to comply with all relevant legal requirements.

The investment strategy of the Company in respect of managing its capital is to focus its investment activities on areas with the highest added value. That is on areas where the Company is currently strong and can utilise its scale and on areas with high growth potential. These areas are mainly improvement and development of fixed and mobile broadband infrastructure for wholesale customers of the Company. These are namely increasing the availability of high-speed fixed internet via installing fibre access (FTTH), via significant remote DSLAMs rollout and the construction of a new generation 5G mobile network along with the extensive modernization of the radio access network (RAN). In the mobile network will also continue the further deployment of LTE network for mobile broadband. Additional investments into technology upgrades, as well as internal systems development and efficiency projects are also among the objectives of capital management.

In the following periods, the Board of Directors will continue to make in-depth analysis and assessment of the current and forecasted results of the Company, including any potential investments and their impact on cash flow generation and will optimize the capital structure to serve the purpose of achieving these plans.

There are no other specific objectives. The Company realizes certain investments and transactions to comply with all relevant legal requirements and its contractual obligations.

The Company is not subject to any externally imposed capital requirements.

Retained earnings

The General Meeting, held on 6 March 2023, approved the statutory financial statements for year ended 31 December 2022 and approved the distribution of dividends of CZK 850 million from profit for the year ended 31 December 2021. The payment was proceeded in two instalments. The first instalment in the amount of CZK 383 million was paid on 31 March 2023, the second instalment in the amount of CZK 467 million was paid on 31 August 2023. On 7 December the General meeting approved an additional distribution of CZK 250million from the profit for the year ended 31 December 2022. The payment was proceeded on 27 December 2023.

As of 31 December 2023, the Retained earnings amounted to CZK 4,050 million (31 December 2022: CZK 3,604 million).

Other funds

As of 31 December 2023, other funds of CZK 14,615 million (31 December 2022: CZK 14,615 million) represent other capital funds created from the contributions provided by shareholders.

24. RELATED PARTY TRANSACTIONS

The company CETIN Group N.V. is part of PPF Group. As of 31 December 2023 the controlling persons of the Company with a share that allowed its indirect control are Mrs. Renáta Kellnerová and the descendants of Mr. Petr Kellner.

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

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

The following transactions were carried out with related parties:

a) Transactions with related parties

	Assets/Liabilities as of	
In CZK million	**31 December 2023**	**31 December 2022**
Receivables from provided services		
Subsidiaries	4	-
Companies in PPF Group	1,142	1,174
of which: O2 Czech Republic a.s.	987	1,000
Payables from purchased services		
Companies in PPF Group	(386)	(478)
of which: O2 Czech Republic a.s.	(82)	(154)
Advances received		
Companies in PPF Group	(4,102)	-
of which: O2 Czech Republic a.s.	(4,102)	-
Provided loans		
Subsidiaries (Note 17)	2,503	-
Cash equivalents		
Companies in PPF Group	646	357
Right of use		
Companies in PPF Group	47	31

	Assets/Liabilities as of	
	31 December 2023	**31 December 2022**
Received loans		
Subsidiaries (Note 17)	-	(4,826)
Shareholders (Note 17)	(24,736)	(15,111)
Lease liability		
Companies in PPF Group	(31)	(32)

	Volume of mutual transactions	
In CZK million	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Sale of services (revenues and other income)		
Subsidiaries	3	-
Companies in PPF Group	11,195	10,719
of which: O2 Czech Republic a.s.	10,485	10,064
Purchase of services		
Companies in PPF Group	(679)	(642)
of which: O2 Czech Republic a.s.	(93)	(113)
Interests from provided loans		
Subsidiaries	21	-
Interests from received loans		
Subsidiaries	(65)	(70)
Shareholders	(752)	(283)
Net gain/loss on fair value of derivatives		
Companies in PPF Group	(2)	(55)

As of 31 December 2023, the Company has a long-term liability due in less than 5 years arising from the intra-group loans received from the parent company CETIN Group N.V., the Company drew the intra-group loan in 2021, resp. in 2023. In 2023 the interests arising from the intra-group loan were paid to the parent company CETIN Group N.V.

Receivables and payables relating to the sale and purchase of goods and services are included in trade receivables and payables described in Note 13 and 16.

In connection with bonds issued the Company granted a guarantee to its subsidiary CETIN Finance B.V. (see Note 20).

For the year ended 31 December 2023, capital expenditures from related parties amounted to CZK 0 million (31 December 2022: CZK 15 million).

For the year ended 31 December 2023, the Company made a donation to Nadace PPF of CZK 50 million (31 December 2022: CZK 50 million).

In connection with Separation new business relations with O2 Czech Republic a.s. were established as of 1 January 2015 by virtue of the purchase of fixed and mobile telecommunications services and other services. These services are provided based on wholesale agreements and represent significant revenues for the Company.

Amongst the most important wholesale agreements are the following:

a) mobile network services agreement

The subject of agreement is the provision of a service of coverage by mobile CDMA, 2G, 3G, 5G and LTE signal in the Czech Republic. The agreement also contains arrangements about development, operation and maintenance of the network, transfer capacity of the network, new services, extension of new services and collocation. The agreement valid from 2 June 2015 has been concluded for a period of 30 years. The Company was obliged to provide the services for a period of 7 years for an annual fixed payment of CZK 4.4 billion. During 2021 the Company signed an amendment to the agreement valid from 1 January 2022 to 31 December 2051, thereby extending the period of providing the mobile network service to 30 years. For the next ten years the Company will receive a base fee of CZK 5.2 billion for the services increased annually for expected and additional special incremental projects and increases of network capacity. Received payments for services may be adjusted depending on the development of inflation and the development of energy prices. 2 years before the end of this initial period the Company will start to negotiate new terms for the next period.

b) agreement on the access to the public fixed communications network (so-called MMO)

The subject of the MMO agreement is access to the public fixed communications network of CETIN, provision of the wholesale service of interconnection at the end point, and the wholesale service of access to publicly available services of electronic communications and related additional services. The agreement is concluded for an indefinite period, where the Company receives monthly charges (number of access points multiplied by unit price. The Company expects continuation of performance according to the contract.

c) agreement on access to end points (so-called RADO) and others.

The Company enables O2 Czech Republic a.s. access to end points, which include provision of transfer capacity between the end point of the electronic communications network and the transfer point located in a collocation within the area of a single region. The agreement is concluded for an indefinite period. The Company will receive one-off fee for establishment, speed change, relay or relocation of the end point and regular monthly fees for provided sections based on transfer speed. The contract is concluded for an indefinite period.

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

	Year ended 31 December 2023	Year ended 31 December 2022
Remuneration in CZK million		
Board of directors	73	75
Supervisory board	-	-
Key management	53	49
Total	**126**	**124**
Number of members		
Board of directors	4	4
Supervisory board	3	3
Key management	12	12
Total	**19**	**19**

No loans were provided to members of the Board of Directors and Supervisory Board in 2023 and 2022.

25. SUBSIDIARIES

As of 31 December 2023

Subsidiaries	Company's interest	Cost of investment in CZK million	Country of incorporation	Activity
1. CETIN Finance B.V.	100%	56	Netherlands	Financial services
2. CETIN služby s.r.o.	100%	*0	Czech Republic	Other services
3. CETIN Servis s.r.o.	100%	**0	Czech Republic	Other services
4. Nej.cz s.r.o.	100%	5,967	Czech Republic	Telecommunications servises
Total		**6,023**		

*200 ths. CZK / **100 ths. CZK

As of 31 December 2022

Subsidiaries	Company's interest	Cost of investment in CZK million	Country of incorporation	Activity
1. CETIN Finance B.V.	100%	56	Netherlands	Financial services
2. CETIN služby s.r.o.	100%	*0	Czech Republic	Other services
Total		**56**		

*200 ths. CZK

In April 2023, the Company entered into an agreement to acquire a 100% stake in Nej.cz s.r.o., the internet connection, voice and television services provider in the Czech Republic. Total consideration for acquisition of Nej.cz s.r.o. amounts to CZK 8,543 million. It comprises the base consideration of CZK 5,967 million and the above-described loans refinancing totalling CZK 2,576 million (Note 17). 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.

26. MATERIAL SUBSEQUENT EVENTS

Effective as of 1 March 2024, Tomáš Kouřil became the new CEO and Member of the Board of Directors of CETIN a.s., who replaced departing Martin Škop.

No other subsequent events have occurred after the balance sheet date with the material impact to the financial statements for the year ended 31 December 2023.