O_2

Annual Report

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We Will Walk You Through 2023

Dear friends of O2 Slovakia,

if I were to use only three words to define the year 2023 in the Slovak O2, I would certainly say: We have changed. However, I will use this space in order to show you what significant changes we were experiencing within our successful operation in the telecommunication market.

More than 17 years ago, we were entering a fully occupied Slovak mobile services market. It was indeed very good news for the customer, as from the very first moment on we definitely did not want to be an operator just to make up the number. Every decision we took, every service, product or our approach to customers lead us to becoming a relevant market player. We have changed, we are no longer the number three operator, we are the mobile market's relevant number two in the volume of customers and we defended this fundamental change in 2023 with a 2.37 mil. active SIM cards.

When this significant change took place in the market and in the life of our company, we were faced with a tough question we had to find the answer to. How to re-set our inner mindset as O2 so that we would ensure further growth of our company and would maintain a high standard of the services provided also given the growing global competition also in the future? If we continued to connect the growth of our company only with the growth of our customer base, after some time we would have hit the ceiling and we would have missed the train. In order to be able to bring innovations and products faster, to flexibly react to the impulses not only from the telecommunication market and in order to get top quality colleagues on board, we had to do something. We have changed. In the second half-year, our company's biggest inner transformation became a reality. The agile working method became a part of the daily work routine of nearly 150 colleagues of ours. The latest propositions and campaigns of O2 were already the results of the work of agile squads that were responsible for coming up with a proposition, its business analysis, testing, communication campaign or the final launching of the services in the market.

As soon as we were prepared in terms of personnel and processes to work on new challenges, we could newly define also our mission and the very essence of the Slovak O2, so as not lose the motivation to keep growing and delivering the best services. This is when we changed again. Although we want to continue providing simple, transparent and fair services to our customers, our goal is to use them to facilitate the lives of our customers, since we care about them. And as we are extensively entering the digital age, we want to be their best buddy in using the digital services.

We have also changed in the offer of our portfolio. We are no longer a mere mobile operator, but rather as a large telecommunication operator we also entered the segment of fixed services with our offer of optical Internet for households. Last year, we also changed our postpaid plans. We simplified them, today we only have three levels of a postpaid plan for our customers that they are able to customize to their needs. We added the most sought-after service of digital content – Netflix, innovated the highest plan with a novelty in the telco market – cashback for unconsumed data. We changed our long-term loyalty scheme and, as a part of the new trend, every week we address the customers with a new offer as a true digital buddy. We have also been constantly improving our network for the better. Last year, we expanded the availability of our 5G network to already 70 % of people, which meant nearly its doubling within a year's time. We have changed the approach in building our network. The new way includes the building by mutual sharing with our partner as to be able to bring the customers the fastest innovations and the highest quality of network in Slovakia as soon as possible.

We have changed. Because variety is the spice of life and together with my colleagues from O2 we have been managing a company in its all-time high condition, which is reflected also in the growth results you can find in this annual report. Therefore, along with them, I want to express my gratitude for your trust and we can promise you that also in the year ahead we are planning on changing O2 for the better.

Igor Tóth
Chief Executive Officer of O2 Slovakia

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Who is Who in the Company’s Management

Igor Tóth
Chief Executive Officer and Executive Officer of O2 Slovakia

Igor Tóth has rich experience in the commercial area and he has been working with O2 already since 2008. He assumed the office of CEO on January 1, 2021 from his previous position as a Marketing Director. In O2, he started out in the position of a Market Survey Specialist where he was responsible for managing marketing activities in the segment of residential as well as business customers including plan product portfolio, brand strategy, marketing communication as well as customer value management. In 2011, he was engaged in the field of customer experience management at the Head Office of Telefónica Europe in London. In 2017, he won the first-ever title Marketer of the Year.

Tomáš Kimlička
Chief Financial Officer and Executive Officer

Tomáš Kimlička has been in charge of the finances from 1 February 2020, when he became a member of O2's top management. He has several years of work experience in managerial positions in the field of financial management in various companies such as Tatry Mountain Resorts or SkyEurope Airlines. Tomáš was primarily dedicated to implementation of new processes and systems in financial management and covered complex areas of accounting, controlling, procurement and IT. Tomáš Kimlička graduated from the Faculty of Economic Informatics at the University of Economics in Bratislava specialized in accounting and auditing.

Dávid Durbák
Legal Affairs Director and Executive Officer

Dávid Durbák graduated from the Faculty of Law of the Comenius University in Bratislava in 2001. He startedhis professional career in Slovak Telekom, a. s., at the Department for Regulatory Affairs where he spent 4 years being responsible for providing legal support to the company in proceedings with state authorities, mainly representing the company in several proceedings before the Anti-monopoly Office of the Slovak Republic. He has been engaged in O2 since 2007, whereas he was responsible for assessment of new products and in 2011 he came to his current position of Legal Affairs Director.

Milan Morávek
Commercial Division Director

Jana Sekerová
Human Resources Director

Milan Morávek started in O2 on 1 May 2018 in the position of the Sales and Customer Service Director. He has multiple years of experience in sales in the areas of FMCG and in telecommunications. At the age of 21, he started out in Coca-Cola. He joined O2 from the position of the Residential Sales Director at Telekom, where for 8 years he went through various areas in the Sales Department and since 2013 he was in charge of the entire residential sales. Milan Morávek got his bachelor's degree in Corporate Management & Economy at the University of Seattle. He got his MBA in finance and marketing at the Open University Business School in the United Kingdom.

Jana Sekerová has held the position of the Human Resources Director since 1 June 2019. She was engaged with O2 since 2008 at the Finance Department, where for the past 7 years prior to assuming her new position, she had acted as the Head of the Controlling Department. Moreover, in the period of 2012 – 2013 she was also the financial manager for TESCO Mobile. Before joining O2, she worked for PricewaterhouseCoopers Slovakia as an auditor for companies mainly from the energy and foodstuffs industries.

Lucia Petrášová

Brand and Communication Division Director

Since April 1, 2021, Lucia Petrášová has been the Director of the Brand and Communication Division of O2 Slovakia. Lucia graduated in cultural studies - management in culture, however, from the beginning of her career, she gradually focused more and more on the field of advertising. She first worked in leading positions in advertising agencies in Slovakia and Bulgaria, and in 2011 she joined O2, where she held several positions with responsibilities for the below-the-line and above-the-line communication, sponsorship and social responsibility. In 2016, she became the Head of Marketing Communication at O2. In this position, she led several successful campaigns with an emphasis on supporting the image of O2 as a brand with an opinion. In 2020, she was at the birth of the Radosť (Joy) brand – a digital operator.

Slavomír Pšenák

Technology Director

Slavomír Pšenák joined O2 in October 2022 from InoCloud, where he was engaged as a Managing Director. Slavomír has many years of experience in the field of information technology in Slovakia as well as abroad. During his professional career, in a considerable extent he was bringing modern solutions to superstructure IT systems, such as Business Intelligence, Machine Learning and Cloud. He has successfully led many strategic projects aimed at streamlining and digitalizing processes or higher quality and speed of delivery of solutions. He gained his experience primarily in the companies Erste Group IT, InoCloud and IBM. Slavomír is a graduate of the University of Economics in the field of Business Informatics. He expanded his studies also by marketing and strategic management, which he studied during an exchange stay at the University of Ghent.

Our Top Notch Services to Customers

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New O2 Paušál (O2 Postpaid)

Already in early 2023 O2 brought its customers a new generation of O2 Paušál postpaid plans with a break-through Cashback functionality and Netflix included in the price of the postpaid plan. The original portfolio of O2 SMART Paušál postpaid plans and O2 Data were replaced by the postpaid plans entitled Bezstarostný (Carefree), Pohodový (Relaxed) and Základný (Basic) O2 Paušál, which originated in cooperation with the customers themselves. O2 was the first operator in the Slovak telecommunication market to provide the Cashback service that brings customers money back for the data not consumed. Moreover, O2 added to the new O2 Paušál postpaid plans one of the most popular streaming services worldwide – Netflix. This was the first time ever that Netflix became part of a mobile postpaid plan in Slovakia.

After ten years, in May 2023 the operator also replaced the popular loyalty scheme Extra výhody (Extra Benefits) with the new O2 Prekvapenia (O2 Surprises). The basic principle of O2 Prekvapenia is "every week a new surprise for everyone". In practice, every seven days the customers will find an interesting gift exclusively in the O2 application. Prepared are exceptional partner discounts, unlimited data, calls or SMS messages for the day, but also discounts for selected devices and accessories from the O2 e-shop. The year-end report showed that customers got to like the new loyalty scheme, which was proven by millions of wiped off surprises.

Radosť (Joy) the Operator in the App

Radosť (Joy), the operator in the app has been available in the Slovak mobile market since September 2020. The services of the digital operator can be used exclusively in an easy-to-view application available for the systems Android as well as iOS. The simple portfolio includes plans priced from EUR 5 to 20. The operator uses the O2 network, which in 2023 covered more than 97 % of Slovakia's population by the 4G LTE network and 70.1 % of Slovakia's population by the 5G network. The overall customer satisfaction is confirmed also by the IPSOS agency's survey showing that as many as 95 % of customers are satisfied with Radosť.

O2 Fér (O2 Fair)

O2 Fér is a revolutionary product that brought to the market the "no commitment" principle and equal prices of calls and SMS messages to all networks and at all times. All this without any regular fees or catches in small print. With O2 Fér, it does not matter whether customers pay for services by means of an invoice or they recharge their credit. In both cases, it is their decision how many minutes they use or how many SMS messages they send or how much data they consume.

O2 Voľnosť (O2 Freedom)

With the O2 Voľnosť prepaid card, the customers do not need to count the minutes and may call as much as they want. The entire call to all networks costs only 15 cents, even if it lasted an hour. The SMS message is charged 8 cents and they also have data starting at the price as low as EUR 0.95.

O2 Internet na doma (O2 Home Internet)

O2 Home Internet is a wireless Internet connection designed for households and companies. It involves the use of LTE TDD technology on the frequency range of 3.5 GHz and 3.7 GHz allowing to provide customers with speed and experience similar to metallic networks without the necessity to dig for cables. O2 Home Internet brings a high transmission speed, stable connection without outages or impact of the weather and an easy free-of-charge installation. The year 2023 was marked by a rapid development of the latest 5G network, which O2 provided at the end of the year to more than 70 % of people. For comparison, at the end of December 2022, the 5G network was available to 37 % citizens of Slovakia.

Naturally, also Home Internet benefits from the expansion of the 5G network.
In selected locations, the operator provided the possibility of obtaining new 5G antennas, thanks to which stability, latency and speed of data transmission improved for many customers.

O2 Optic Internet

In 2022, O2 entered the optical home connection market and launched a pilot operation of its superfast optical Internet in selected areas. In mid 2023, O2 expanded its coverage with optic home connection to nearly the entire territory of Slovakia. Customers could choose from three programs, the highest of which provides a connection speed of up to 1 Gbps. O2 in cooperation with the partner whose technology it has been using, have constantly been striving for a fast interconnection and provision of a high-quality service for the maximum satisfaction of customers. Also the O2 Spolu benefit went through changes and thanks to them the operator provided all customers in the group with additional data or speed.

O2 TV

O2 TV brings the comfort of the digital television with the recording and stop function. It allows to watch live broadcasting or re-playing shows during up to seven days after its broadcasting In April 2023, the service was innovated by transitioning to a new television platform from a renowned supplier. In the secoond half of the year O2 TV went through considerable improvements aimed at customers and their user experience.

Customers are offered more than 75 TV channels and the most followed content directly on the main screen. It works creatively with the archive content and each broadcasted film or series is rated according to the results from film databases. Collections of series or films created in this way offer the users an overview of the best broadcasted shows for the past week and they enable the customers to quickly choose from a rich content. Also new sections For Kids and Sports with theme-based content were added as well. O2 TV is available for all key platforms in the version for smart televisions, computers and mobile devices as well as included in O2 Paušál postpaid plans.

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Each Day As Experience Made Count

January

O2 brings a new generation of O2 Paušál postpaid plans: O2 is constantly trying to improve its services for customers, which is why at the beginning of the year it introduced the third generation of O2 Paušál plans with a break-through Cashback function and Netflix included in the price of the plan. The new O2 Paušál postpaid plans are characterized by simplicity and were prepared together with customers in order to bring them even higher value in the form of data or attractive content. Moreover, O2 was the first operator in the Slovak telecommunications market to provide the Cashback service, which returns money for unconsumed data. In addition, the operator to new O2 Paušál postpaid plans has added one of the most popular streaming services worldwide - Netflix. For the first time in Slovakia, Netflix became part of a mobile postpaid plan.

O2 presents a new creative concept Magic Moments: After two years, O2 said goodbye to the dog Max, who this time will not be replaced by a new 3D character, but rather by real people in various situations that will be resolved by magic. The new Magic Moments concept forms part of the new communication strategy „Because We Care".

	Dáta	Volania a správy	Predplatné na služby	Zľava na zariadenia	Špeciálne funkcie
Bezstarostný 39 € mesačne (Cash back -5 €)	Neobmedzené dáta s rýchlosťou do 20 Mbit/s	Neobmedzené volania a správy	1x predplatné v cene paušálu a ďalšie... a ľubovoľný počet ďalších predplatných za zvýhodnené ceny	168 € na hardvér Každé dva roky	Cashback / Turbo rýchlosť
Pohodový 29 € mesačne	10 GB dát	Neobmedzené volania a správy	1x predplatné v cene paušálu a ďalšie... a ľubovoľný počet ďalších predplatných za zvýhodnené ceny	96 € na hardvér Každé dva roky	Dáta nerátam
Základný 19 € mesačne	5 GB dát	100 minút a neobmedzené správy	Predplatné za zvýhodnené ceny	48 € na hardvér Každé dva roky	Dáta nerátam

February

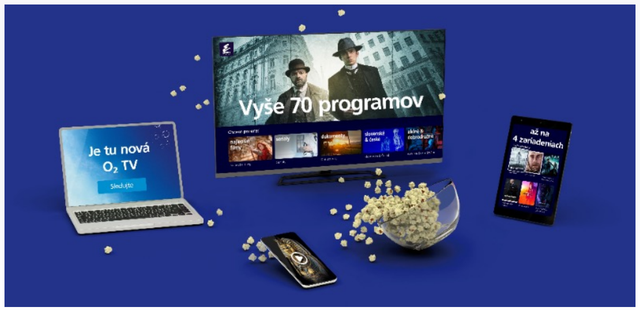
Unneeded phones were helping: O2 Fair Foundation and Markíza Foundation joined forces in a joint activity - Second Chance for Mobile Phones, which was helping during the Christmas period those who needed it the most. Both foundations, together with O2, collected hundreds of unneeded phones and through the donation platform Ďakujeme.sk supported more than 100 families and fulfilled 113 children's Christmas wishes.

March

Number two in the market: in the 16th year of its operation in Slovakia, with over 2.36 million SIM cards, O2 became number two in the mobile market.

April

O2 TV has undergone a change: The new platform brought a digital television on cloud infrastructure, modern design, user-friendly environment and intuitive control.



May

The new loyalty program O2 Prekvapenia (O2 Surprises): after ten years, O2 has replaced the popular loyalty program Extra benefits with the new O2 Prekvapenia (O2 Surprises). In practice, every seven days, customers will find an interesting gift exclusively in the O2 application. Prepared for them are exceptional partner discounts, unlimited data, calls or SMS per day, but also discounts on selected devices and accessories from the O2 e-shop.

O2 has a new creative agency: The O2 brand's creative concept will now be handled by the TRIAD Advertising agency, which came out successful in the operator's tender. The agency Free Andy, which had been developing O2's creative concept in recent years, continues to work for the Radosť (Joy) brand.

June

€ 350 for the purchase of a laptop or tablet: O2 has been trying to contribute to digital literacy in Slovakia for a long time and therefore it joined the state project to support development of digital skills of Slovak pupils - Digital Pupil. From June 27, 2023, people could apply for the contribution of € 350 for a selected range of laptops and tablets in any of the O2 shops around Slovakia.

July

O2 is shifting towards an agile way of working: The company's inner key event in 2023 was the transition to an agile way of working, which is characterized by an autonomous way of managing projects within the interdisciplinary teams. It was the biggest internal transformation ever, which impacted job classification and change of mindset of almost 150 colleagues.

The vision of the ongoing transformation of O2 is to become the most recommended partner for digital services.

O2 teaches people how to breathe correctly in TV spots: After an extremely stressful period of global events, such as the coronavirus pandemic, the ongoing war in Ukraine, or other serious topics, according to an O2 survey, up to 70% of people currently suffer from stress or experience feelings of anxiety. This is also why the operator in the summer campaign offers people a quick guide on how to get into a state of well-being and peace through proper breathing. The campaign follows the message „Because We Care".

August

Historic mobile network sharing agreement in Slovakia: O2 and Slovak Telekom have concluded a mobile network technology sharing agreement, which is the first of its kind in Slovakia.

Customers will feel its benefits in many ways, especially in the faster deployment of network innovations and higher signal quality. The advantage of this connection of operators will include a faster development of networks and saving of costs associated with electricity consumption, which will also have a positive impact on the area of environment.

September

Radosť is celebrating three years: Radosť (Joy), an operator in the app, celebrated its third birthday on September 24. Since 2020, it has been bringing customers a generous portion of data, calls and messages at convenient prices that have not changed even in the times of crises. And all this without any commitment, in the top 5G network from O2 and in an easy-to-view app.

October

O2 introduces a new O2 Spolu (O2 Together) offer: Customers of O2 Paušál postpaid plan and Home Internet can, thanks to the linking in the O2 Spolu (O2 Together) service, improve their O2 Paušál plans even more significantly. The novelty is that anyone with an O2 Paušál plan and one of the Home Internet tariffs can create a customer group from which each member receives benefits. All group members obtain up to double the data volume or speed, depending on their Paušál plan. Creating or joining a group works easily through the O2 app.

November

The best gift is giving to others: Christmas with O2 was mainly about kindness. Research from the University of Wisconsin-Madison showed that the human brain can be trained to be more compassionate and kind. That's why O2 gave its customers the opportunity to try the effects of kindness directly in the app. The operator gave away 10 GB of data to customers over the Christmas period, which turned into infinity when they donated them further to others.

December

O2 almost doubled its 5G network coverage year-on-year: During the year, the operator managed to cover more than 800 new locations with its state-of-the-art 5G network and increase the coverage from 37% to more than 70% of Slovakia's population. At the end of the year, O2 also announced the switching-off of outdated 3G technology, whereas the whole process will be taking place gradually from the beginning of 2024 for approximately two years. These activities, along with the announced shutdown of the outdated 3G network, use of freed up frequencies and the planned sharing of infrastructure with a partner operator, create the conditions for the building of the most modern mobile network from O2.

Fortune-telling with Maya: The trend of 2023 was the use of AI in creative activities and content creation. For O2, it is natural to be an innovator and a leader in the use of digital trends. That is why the first AI fortune-telling was created. The PF card with Maya involved a smart use of several AI tools, where the artificial intelligence recognized the content of the image, created a strictly positive divination from them and, at the end, imitated Fero Joke's voice. At the same time, each divination also inspired the people to wish something good also to others and send a donation SMS.

We Are
a CSR Business.
Because We Care

Manifesto

O2 has long counted among those companies that are not afraid to voice their opinion also regarding society-wide topics not directly related with its business. It perceives corporate social responsibility as its integral part without hesitating to step up for the values of justice, transparency and fairness and promote them also within a wider happening in the society. Precisely these values are encoded directly in the corporate culture of O2 and the company uses them as foundations also for its social responsibility strategy. Highlighting the importance of freedom in its various aspects and alerting about the fact that we need to take care of it in order not to carelessly or naively lose it as a society. Supporting tolerance, respect and acceptance of those who are different. Increasing the media literacy and fighting disinformation and hoaxes spreading online, which it considers a dangerous phenomenon, remain the essential pillars of the company's corporate social responsibility activities. It equally emphasizes the importance of responsible use of data and mobile phones, such as their use for the needs of digital education. The basic pillars of the social responsibility strategy of O2 include, besides a fair approach to all customers, also an open relation to employees based on mutual trust and understanding and a careful selection of suppliers with the aim of excluding from the supplier chain businesses with affairs or dubious practices.

Because We Care

As a company, O2 genuinely cares about its customers and the society we live in. This is the reason why in 2023, the operator transferred to a new communication concept with the signature "Because We Care", which it perceives as a confirmation of its long-term philosophy and mindset.

ESG

The ESG pillars represent the foundations on which our sustainable business is built. Each pillar includes the key topics and non-financial quantitative as well as qualitative information reflecting the development, performance, positioning and impact of our activities in the area of the environment, employment, society and social affairs and also business ethics. In O2, we are fully aware of our responsibility to the environment and we comply with all relevant legal regulations applicable to environmental protection. Since 2022, O2 and the PPF Telecom Group have been implementing the ESG strategy, the results and outputs of which are published on the web site www.ppftelecom.eu.

Environment

O2 committed to a permanently sustainable development, environmental protection and reduction of negative impact of its activities on the environment. Besides a strict observance of the environmental legislation, the operator has been continuously analysing the impact of its activities on the environment with a view of polluting it as little as possible and mainly reduce its carbon footprint.

- **Energy Management**

  The operator has an energy management system in place, which is certified under the international ISO standard. Adoption of this standard at O2 allows for a better development of the systems and processes needed to reduce energy consumption and improve energy efficiency and energy use.

- **Waste Reduction**

  O2 cares about reducing the amount of waste it produces every year. Therefore, the company pays due attention to strict waste separation in offices, when storing goods, and also during construction and maintenance of its own telecommunications network. In cooperation with external partners, it provides customers with free take-back and subsequent recycling of discarded small electrical appliances, portable batteries or accumulators from households. In addition, the operator has a contract with an authorized packaging company, which ensures the return and recovery of packaging waste in accordance with the Packaging Act.

- **Second Chance for Mobile**

  The O2 Fair Foundation and the Markíza Foundation joined forces during the Christmas period in a joint activity called The Second Chance for a Mobile, which helped those who needed it most. Both foundations, along with O2, collected hundreds of unneeded phones and through the donation platform Ďakujeme.sk supported more than 100 families and fulfilled 113 children's Christmas wishes. The event did not only have a charitable, but also an ecological dimension, as the phones were further ecologically recycled, thanks to which 75 kilos of electronic waste were collected. The collection of unwanted phones took place from November 7, 2022 to January 30, 2023.

- **Collection of Batteries and Electrical Waste**

  A total of 474 kg of batteries and 1,297 kg of electrical waste were collected from O2 shops, offices and franchises throughout 2023, which were consequently disposed of or recycled with due care.

- **Reducing Emissions Through Movement**

  O2 regularly educates its employees so that they would use ecological means of transport. Fortunately, there are a lot of passionate cyclists, runners and scooter riders in the company, who gladly by themselves exchange cars for the healthier alternatives. Thus, they contribute not only to reducing their own carbon footprint, but also to a healthier lifestyle.

Corporate Culture

O2 cares about a healthy corporate culture that is based on mutual trust and understanding, as well as on the values of fairness, transparency, inclusion and openness. O2 promotes equal opportunities and equal pay opportunities and provides all employees with various opportunities for career growth and development. When choosing colleagues, gender is not important, but rather their experience, abilities and, above all, resonation with the corporate culture. Mutual relations are based on respect, tolerance and acceptance. A big topic within the corporate culture is mental health care and the prevention of possible problems related to its insufficient protection and prevention. O2 cares about its employees finding mental balance and well-being not only at work, but also in their private lives. Mental health topics such as burnout or stress should not be taboo for them, but in accordance with the corporate culture, they should be discussed together and openly and ways to prevent stressful situations should be found. Therefore, O2 offers its employees flexible working hours, home office and also the so-called O2 Prázdniny (O2 Holidays), which is a holiday in addition to the statutory days, if necessary. Employees have free access to psychological support through the Ksebe platform.
Movement is an effective prevention for mental well-being and coping with more demanding periods. Fortunately, more and more colleagues at O2 do sports. The company has been offering a Multisport card for a long time, which enables the employees to visit various sports venues throughout Slovakia. Out of all sports, running is the most popular one at O2. That is also why 30 runners did not miss the 100th edition of the International Peace Marathon in Košice and took advantage of several months of joint training provided by O2 as a corporate benefit.

Support of Projects that Matter to O2 Fair Foundation

The O2 Fair Foundation was founded in 2016 to support projects that aspire to change Slovakia for the better and make it more educated, innovative and open. The foundation has provided systematic and long-term support to projects aimed at supporting critical thinking and increasing media literacy of young people. Another important area is the support of projects and initiatives focused on cementing a divided society and also emphasizing the values of freedom, respect, acceptance, tolerance, democracy, humanity, fairness, transparency and protection of human rights.
In 2023, a total of more than 20 projects in the amount of almost EUR 200,000 were selected and supported.

Did you know that:

- Also in 2023, the Fair Foundation was a proud partner of the White Crow award, which is traditionally presented in November honouring people who, although less talked about, are characterized by immense courage, honesty and a sense for justice. However, instead of being thanked for their actions, they often face threats or even job loss. Every year, they receive the well-deserved support, recognition and encouragement precisely through this award.
- The O2 Fair Foundation has had a long-term cooperation with the writer Daniel Hevier on the project O2 Joyful School with Daniel Hevier, the goal of which is a systematic bottom-up change in education, coming from the teachers, pupils and their parents.
- The O2 Fair Foundation also supported the 19th edition of the Journalist Award (Novinárska cena), Investigative Journalism Fund (Fond investigatívnej žurnalistiky), Post Bellum, Conspirators (Konšpirátori), The Official Act of the Year project (Úradnícky čin roka), Slovak Debate Association (Slovenská debatná asociácia), Zmudri, Stop the Corruption Foundation (Nadácia Zastavme korupciu), Via Iuris, Ján Kuciak's Investigative Centre (Investigatívne centrum Jána Kuciaka), Slovensko Digital, Your Buddy (Tvoj Buddy) organization or the charity project ďakujeme.sk (thank you).

- The O2 Fair Foundation has been a proud partner and probably the biggest partner of the LGBTI+ community for several years, supporting it and helping it to live a dignified and fulfilling life in Slovakia even today. We are a partner of Award of Otherness (Cena inakosti), the Film Festival of Otherness (Filmový festival inakosti), campaigns to make the stories of queer people visible or counselling and psychological assistance.

- Every year, the O2 Fair Foundation reminds of the values and the legacy of November 17, 1989 and the Velvet Revolution (Nežná revolúcia). It alerts that freedom is not commonplace, it is fragile, and if we do not protect it and take care of it, we can naively and carelessly lose it.

- The O2 Fair Foundation together with O2 Business Services enabled the establishment of the first helpline in Slovakia aimed at helping people with anorexia, bulimia or binge eating and their loved ones. Expert psychologists with experience in eating disorders are available through the Chuť žiť (Zest for Life) line, who understand the feelings of the caller and provide him/her with the necessary support and guidance.

Employee Grant Program of O2 Fair Foundation

Similarly to previous years, also in 2023 the company announced an Employee Grant Program of the Fair Foundation, owing to which the employees supported tens of projects totalling EUR 51,500.

O2 Matej Tóth Sports Academy

Also in 2023, O2 continued with its several-year's support of the O2 Matej Tóth Sports Academy project and again together with the team around Matej Tóth they prepared activities attempting to give back the movement to children.

The year 2023 was different for the academy in the fact that after two pandemic school years, the trainings in schools were launched again in full scope. Across Slovakia, more than 125 coaches were dedicating their time to thousands of children.

Christmas Donation SMS

Every year, O2 also brings its own projects focused on social responsibility. One of them was the Christmas donation SMS. The end of the year in O2 belonged to the celebration of good deeds. The operator inspired people to think of those really in need despite the Christmas rush. The beneficiaries of aid were, for example, homeless people, the blind, and children with heart defects, families in need or patients with serious illnesses. Thanks to special channels, people could send money quickly and conveniently. For example, an interactive website, a sub-page in the O2 mobile application and also a paper PF card were created, where all one had to do was to scan a QR code and make a payment within a few seconds. A specialty was also the Christmas wrapping paper, which had an invitation to send an SMS on the inside. And the result? During the campaign, more than € 78,000 was collected using the donation SMS.
Year-on-year, the amount collected increased thus by 18.5% compared to the original plan of 15%. The campaign showed that selfless help can really be trained.

Board of Trustees of O2 Fair Foundation

Igor Tóth
Chairman of Board of Trustees

Lucia Petrášová
Board member

Lucia Kardošová
Board member

Natália Tomeková
Board member

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Strongly Footed in the Region Owing to PPF

PPF Group

PPF investment group operates in 25 countries in Europe, Asia and North America. It invests in financial services, telecommunications, media, biotechnology, real estate and engineering. In recent years, the Group has directed its investments towards Western markets. The majority shareholder is Renáta Kellnerová and her family, who took over the asset management of PPF after the tragic death of her husband Petr Kellner in 2021.

PPF Telecom Group

O2 Slovakia is part of the Telecommunication Division of the PPF Group. The Telecommunication Division of the PPF Group is a significant provider of telecommunication services in the region of Central and South Eastern Europe. Its companies in Slovakia, Czech Republic, Hungary, Bulgaria and Serbia have been long-term making investments into modern telecommunication infrastructure and its further development. The Group has been operating in stable telecommunication markets with a positive development enabling sustainable growth of business. The competitive environment in these countries is beneficial for the stability of market shares and a sound development of the average revenue per user (ARPU).

Our Brands Create a Strong Story

O2 Slovakia

O2 came to the market in February 2007 as the third operator. From the beginning of its operation, it has been bringing revolutionary solutions, open communication and fairness for all customers alike. With its product portfolio, it has been systematically trying to change the rules of mobile communication. O2 counts among the most popular employers engaging itself through its O2 Fair Foundation also in the area of corporate social responsibility. O2 is QMS quality certified according to the ISO 9001 standard, which guarantees a high level of quality of services including their constant improvement. It also holds the ISO 27001 certificate aimed at information security management. O2 is simultaneously a holder the ISO 37001 certificate – anti-corruption management systems, which only enhances observance of the above-mentioned values. O2 Slovakia operates exclusively in the Slovak market without operating any organizational unit abroad.

O2 Business Services

The telecommunication operator O2 Business Services is a 100 % subsidiary of O2 Slovakia. It was established in 2015 for the purpose of increasing efficiency and flexibility of telecommunication services for corporate customers.

Tesco mobile

Tesco Mobile is a partner product of TESCO STORES SR, a.s. and O2 Slovakia, s.r.o. The sale is performed in the Tesco's sales network and the reliability of services provided is ensured via the use of the O2 Slovakia network. Tesco Mobile was introduced to the telecommunication market in December 2009 and since then it has followed up on its successful operation in the United Kingdom of Great Britain and Northern Ireland and in Ireland. Currently, it operates also in the Czech Republic. In Slovakia, Tesco Mobile is primarily concentrated on provision of prepaid services.

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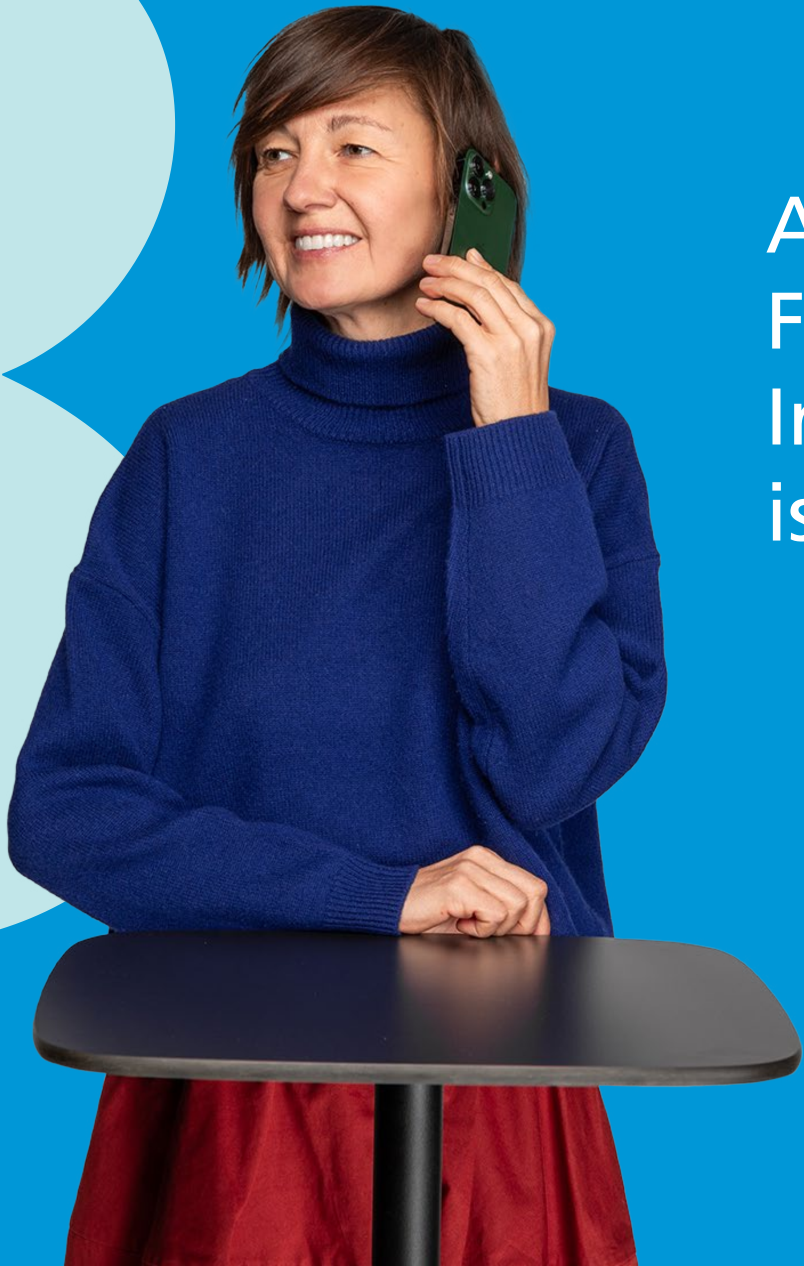

Additional Financial Information is a Must

Research and Development

In 2023, O2 spent a total of EUR 1,320-thous. on research and development of its internal systems. These costs were incurred as capitalization of the work of employees, particularly for the purpose of improving the new innovative customer servicing system aimed at simplification and unification of internal processes within the assisted self-service project.

Profit Distribution

For 2023, O2 reached the profit of EUR 26, 919 thous. and its distribution will be subject to the decision by its sole partner. The proposal of the statutory body is to transfer the profit to the account of retained earnings of past years.

Other Information

In 2023, the company did not acquire any proprietary shares or had any organizational unit abroad. Following the termination of the accounting period for which the annual report is being compiled, no extraordinary events occurred.

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And Some Good News in Conclusion:

Independent Auditors’ Report and Individual Financial Statements

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Translation of the Independent Auditors' Report originally prepared in Slovak language

Independent Auditors' Report

To the Owner and Directors of O2 Slovakia s.r.o.

Report on the Audit of the Separate Financial Statements

Opinion

We have audited the separate financial statements of O2 Slovakia s.r.o. (the "Company"), which comprise:

- the separate statement of financial position as at 31 December 2023;

and, for the period then ended:

- the separate statement of profit or loss and other comprehensive income;
- the separate statement of changes in equity;
- the separate statement of cash flows;

and

- notes to the separate financial statements, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate 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 period then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit") including the Code of Ethics for an Auditor that are relevant to our audit of the separate financial statements, 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 Those Charged with Governance for the Separate Financial Statements

The statutory body is responsible for the preparation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the statutory body determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs 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 separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate 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 auditors' report to the related disclosures in the separate 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 auditors' 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 separate financial statements, including the disclosures, and whether the separate 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.

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Report on Other Legal and Regulatory Requirements

Reporting on other information in the Annual Report

The statutory body is responsible for the other information. The other information comprises the information included in the Annual Report prepared in accordance with the Act No. 431/2002 Coll. on Accounting as amended ("the Act on Accounting") but does not include the separate financial statements and our auditors' report thereon. Our opinion on the separate financial statements does not cover the other information in the Annual Report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information in the Annual Report that we have obtained prior to the date of the auditors' report on the audit of the separate financial statements, and, in doing so, consider whether the other information is materially inconsistent with the audited separate financial statements or our knowledge obtained in the audit of the separate financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The Annual Report of the Company was not available to us as of the date of this auditors' report on the audit of the separate financial statements.

When we obtain the Annual Report, based on the work undertaken in the course of the audit of the separate financial statements we will express an opinion as to whether, in all material respects:

- the other information given in the Annual Report for the year ended 31 December 2023 is consistent with the separate financial statements prepared for the same financial year; and
- the Annual Report contains information required by the Act on Accounting.

In addition, we will report whether we have identified any material misstatement in the other information in the Annual Report in light of the knowledge and understanding of the Company and its environment that we have acquired during the course of the audit of the separate financial statements.

Audit firm:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Slovenská komora audítorov
SKAU
Č. licencie 96
KPMG
Slovensko spol. s r.o.

Responsible auditor:
Ing. Branislav Prokop
License UDVA No. 1024

Bratislava, 14 May 2024

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Translation of the Independent Auditors' Report originally prepared in Slovak language

Appendix to the Independent Auditors' Report issued on 14 May 2024 (this Appendix is issued in respect of the Annual Report)

pursuant to Article 27 (6) of the Act No. 423/2015 Coll. on statutory audit and on amendments to Act No. 431/2002 Coll. on accounting as amended ("the Act on Statutory Audit")

To the Owner and Directors of O2 Slovakia, s.r.o.

We have audited the financial statements of O2 Slovakia, s.r.o. (the "Company") as of 31 December 2023 presented on the accompanying Annual Report. We have issued an unmodified Independent Auditors' Report on the financial statements on 14 May 2024.

This Appendix supplements the aforementioned auditor's report solely in respect of the following information:

Report on Other Legal and Regulatory Requirements

Reporting on other information in the Annual Report

The statutory body is responsible for the other information. The other information comprises the information included in the Annual Report prepared in accordance with the Act on Accounting but does not include the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information in the Annual Report.

In connection with our audit of the financial statements, our responsibility is to read the other information in the Annual Report that we have obtained prior to the date of the auditors' report on the audit of the financial statements, and, in doing so, consider whether the other information is materially inconsistent with the audited financial statements or our knowledge obtained in the audit of the financial statements, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

The Annual Report of the Company was not available to us as of the date of the auditors' report on the audit of the financial statements.

With respect to the Annual Report, once obtained, we are required by the Act on Accounting to express an opinion on whether the other information given in the Annual Report is consistent with the financial statements prepared for the same financial year, and whether it contains information required by the Act on Accounting.

Based on the work undertaken in the course of the audit of the financial statements, in our opinion, in all material respects:

- the other information given in the Annual Report for the year ended 31 December 2023 is consistent with the financial statements prepared for the same financial year; and
- the Annual Report contains information required by the Act on Accounting.

In addition to this, in light of the knowledge of the Company and its environment obtained in the course of the audit of the financial statements, we are required by the Act on Accounting to report if we have identified material misstatements in the other information in the Annual Report. We have nothing to report in this respect.

Slovenská komora audítorov
SKAU
Č. licencie 96
KPMG
Slovensko spol. s r.o.

Audit firm:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Ing. Branislav Prokop
License UDVA No. 1024

Bratislava, 6 August 2024

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SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

in thousands of EUR	Note	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Property, plant and equipment (net)	7	13,481	13,990
Intangible assets (net)	8	110,807	107,321
Capitalized contract acquisition costs and contract assets	10	9,467	8,375
Investment in subsidiaries	5	1,534	4,534
Investment in joint venture	5	3	3
Non-current trade receivables and other financial receivables	13	359	420
Deferred tax asset	11	5,968	6,133
TOTAL NON-CURRENT ASSETS		141,619	140 776
Current assets			
Inventories	12	12,330	13,715
Trade receivables and other financial receivables	14	34,662	43,467
Trade receivables at fair value	15	28,526	42,594
Contract assets	10	4,717	4,745
Cash and cash equivalents	13	26,580	11,991
Prepaid expenses		1 536	1,201
Total current assets		108,351	117,713
TOTAL ASSETS		249,970	258,489
EQUITY			
Share capital		51,602	51,602
Legal reserve fund and other funds		5,160	5,160
Retained earnings from previous years		9,106	10,894
Profit for the period		26,919	33,212
TOTAL EQUITY	16	92,787	100,868
LIABILITIES			
Non-current liabilities			
Loans received	17	-	60 300
Lease liabilities	9	2,415	2,595
Other non-current liabilities	18	20,948	12 734
TOTAL NON-CURRENT LIABILITIES		23,363	75,629
Current liabilities			
Trade payables and other financial liabilities	19	61,592	63,687
Lease liabilities	9	2,205	2,426
Current income tax liability		1 927	8,273
Loans received	17	60,300	-
Contract liabilities	20	7,796	7,607
Total current liabilities		133,820	81,993
TOTAL LIABILITIES		157,183	157,621
TOTAL EQUITY AND LIABILITIES		249,970	258,489

The notes on pages 35 to 68 are an integral part of these financial statements.

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

in thousands of EUR	Note	2023	2022
Revenues from services and merchandise	21	339,309	315,585
Other operating revenues	21	3,513	4,707
TOTAL REVENUES FROM OPERATING ACTIVITIES		342,822	320,292
Cost of sales of merchandise	22	(62,201)	(51,439)
Services	22	(175,978)	(165,560)
Depreciation of property, plant and equipment and amortization of intangible assets	7, 8	(20,816)	(17,963)
Amortization of contract acquisition costs	10	(6,589)	(6,123)
Personnel expenses	23	(29,062)	(25,772)
Other operating expenses	24	(4,042)	(3,998)
Own work capitalized		2,073	1,605
Impairment of financial assets	14	(2,327)	(2,068)
PROFIT FROM OPERATIONS		43,880	48,974
Financial costs	25	(3,460)	(2,396)
Revaluation losses on financial assets at FVTPL	15	(3,731)	(4,262)
Net gain on sale of financial assets at amortized costs		425	406
FINANCIAL INCOME	25	457	385
NET LOSS FROM FINANCIAL ACTIVITIES		(6,309)	(5,867)
PROFIT BEFORE TAX		37,571	43,107
Income tax expense	26	(10,652)	(9,895)
Profit after tax		26,919	33,212
Other comprehensive income for the period		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**26,919**	**33,212**

The notes on pages 35 to 68 are an integral part of these financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

in thousands of EUR	Share capital	Legal reserve fund and other funds	Retained earnings	Total equity
Balance as at 1 January 2022	51,602	5,160	50,894	107,657
Dividends	-	-	(40,000)	(40,000)
Total comprehensive income for the period	-	-	33,212	33,212
Balance as at 31 December 2022	51,602	5,160	44,106	100,869
Balance as at 1 January 2023	51,602	5,160	44,106	100,869
Dividends	-	-	(35,000)	(35,000)
Total comprehensive income for the period	-	-	26,919	26,919
Balance as at 31 December 2023	51,602	5,160	36,025	92,788

The notes on pages 35 to 68 are an integral part of these financial statements.

SEPARATE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

in thousands of EUR	Note	2023	2022
Profit from ordinary activities before income tax		37,571	43,107
Cash flows from operating activities			
Depreciation of property, plant and equipment and amortization of intangible assets	7, 8	20,816	17,963
Change in provisions for receivables and write-off of receivables	14	2,327	2,068
Net fair value losses on financial assets at FVTPL	15	3,731	4,262
Change in accruals and deferrals		(146)	(34)
Interest expense	25	1,507	1,432
Gain on sale of non-current assets		57	(19)
Amortization of contract assets	10	6,589	6,123
Effect of changes in working capital			
Change in receivables from operations		16,904	(7,063)
Change in payables from operations		(4,160)	3,804
Change in inventories	12	1,385	(1,697)
Cash flows from operating activities		86,581	69,946
Interest paid	25	(1,382)	(1,432)
Income tax paid and levy on business in regulated industries		(16,833)	(8,416)
NET CASH FLOWS FROM OPERATING ACTIVITIES		68,366	60,098
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,594)	(3,647)
Acquisition of non-current intangible assets		(7,468)	(23,724)
Acquisiton of capitalized contracts and contract assets		(7,681)	(6,889)
Proceeds from sale of property, plant and equipment		57	19
Payment of other capital funds from subsidiary		3,000	-
Net cash flows used in investing activities		(15,686)	(34,241)
Cash flows from financing activities			
Dividends paid	16	(35,000)	(40,000)
Lease payments		(3,091)	(2,738)
Loans received			80,300
Loans repayments			(60,360)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(38,091)	(22,798)
NET INCREASE OF CASH AND CASH EQUIVALENTS		14,589	3,059
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE ACCOUNTING PERIOD		11,991	8,932
CASH AND CASH EQUIVALENTS AT THE END OF THE ACCOUNTING PERIOD		26,580	11,991

The notes on pages 35 to 68 are an integral part of these financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1 General information about the Company

Reporting entity

O2 Slovakia, s.r.o. ("the Company") is a limited liability company, which was established by demerger of original company O2 Slovakia, s.r.o. to successor companies O2 Slovakia, s.r.o. and O2 Networks, s.r.o. The Company was incorporated into the Commercial Register of the City Court Bratislava III, Section s.r.o., file 160894/B on 1 June 2022. An effective day for accounting purposes was determined 1 January 2022.
The Company's registered office is in Bratislava, Einsteinova 24, Slovak Republic, registration number 47259116, tax registration number 2121743437.
The Company is part of PPF Group N.V. ("the Group"). The parent company is PPF Comco N.V. Strawinskylaan 933, Amsterdam 1077XX, Netherlands.
The Company belongs to the leading telecommunication operators in the Slovak market providing phone, data and multimedia services via a public mobile phone network.
The Company is entitled to conduct its business under the brand name O2 untill 2036 based on a signed license agreement valid from 28 January 2022. The Company is incorporated in the partnership program of the Telefónica Group which enables the partner telecommunication operators to draw economic benefits from the extent of the Telefónica Group and to co-operate in key business areas.
The company in the position of the target entity was the subject of a business transaction initiated in 2023, namely a critical foreign investment by a foreign investor: The company, as the target entity, was the subject of a business transaction in 2023, specifically a critical foreign investment by a foreign investor: Emirates Telecommunications Group Company PJSC, with its registered office at Head Office Building A, the intersection of Zayed The First Street and Sheikh Rashid Bin Saeed Al Maktoum Street, P.O. Box 3838, Abu Dhabi, United Arab Emirates, reg. no. CN-2031235 (hereinafter referred to as the "foreign investor" and the "transaction"). Due to the fact that the transaction is subject to mandatory review of critical foreign investment by the foreign investor in accordance with Act No. 497/2022 Coll. On the review of foreign investments and on the amendment and supplementation of certain laws, as amended by later regulations (hereinafter referred to as the "Act on the review of foreign investments"), a review of the foreign investment, which is conducted by the Ministry of Economy of the Slovak Republic under file no. 61494/2024-4270, commenced on 12.09.2023.

Number of employees

The number of employees employed by the Company in 2023 amounted in average to 721 (in 2022: 708).
The number of employees as of 31 December 2023 was 725, thereof 7 managers (as of 31 December 2022: 706 employees, number of managers was 8).

Information on unlimited liability

The Company is not a partner with unlimited liability in other entities according to Article 56 (5) of the Commercial Code.

Legal reason for the preparation of the Financial Statements

The Company's separate financial statements have been prepared as statutory financial statements in accordance with Article 17 Sec. 6 and Article 17 Sec. 2 of the Slovak Act No. 431/ 2002 Coll. as amended ("the Act on Accounting") for the accounting period from 1 January 2023 to 31 December 2023.

The Company is exempted from the obligation to prepare consolidated financial statements and a consolidated annual report according to Article 22 (8) of the Act on Accounting: Its ultimate parent accounting entity,
PPF Group N.V. prepares its consolidated financial statements according to the IFRS/EU. The Company and its subsidiary are included in these consolidated financial statements. In addition, based on Article 22 (12) of the Act on Accounting, the Company is exempted from the obligation to prepare consolidated financial statements and a consolidated annual report, because the preparation of separate financial statements pertaining solely to the Company does not materially influence the judgment about the financial position, expenses, income, and profit/loss of the consolidated group.

Date of approval of the financial statements for issue

These financial statements have been prepared as of 31 December 2023 and for the year then ended and were prepared and authorized for issue by the Company's statutory representatives on 9 May 2024.

These financial statements can be amended until their approval by the general meeting.

The Company's bodies

Statutory representatives

Ing. Tomáš Kimlička
Mgr. Dávid Durbák
Mgr. Igor Tóth, PhD.

Shareholder structure

Shareholder structure is as follows:

	As of 31 December 2023 (in thousands of EUR	Share and voting rights (%)	As of 31 December 2022 (in thousands of EUR)	Share and voting rights (%))
PPF Comco N.V.	51,602	100	51,602	100
Total	51,602	100	51,602	100

Information about the ultimate parent

The company is controlled by PPF Comco N.V., whose controlling entity is PPF Group N.V. through PPF Telecom Group B.V., PPF TMT Holdco 2 B.V., and PPF TMT Holdco 1 B.V. PPF Group N.V. is registered in the trade register maintained by the Netherlands Chamber of Commerce under the number 33264887 and has its registered office at Strawinskylaan 933, 1077XX Amsterdam, Kingdom of the Netherlands. PPF Group N.V. is a legal entity existing under the laws of the Kingdom of the Netherlands, with an indirect share in the share capital, voting rights, and economic benefits of 100%.

Through ownership of 60% of the shares of PPF Holdings B.V., with registered office at Strawinskylaan 933, 1077XX Amsterdam, Kingdom of the Netherlands, registration number: 34196294, a Dutch company registered in the Trade Register maintained by the Netherlands Chamber of Commerce, PPF Holdings holds a 12.51% stake in PPF Group (60% of 12.51% represents 7.506%). Additionally, PPF Holdings directly owns 52.494% of the shares of PPF Group, resulting in Mrs. Renáta Kellnerová holding a 60% stake in the share capital of PPF Group.

Mr. Petr Kellner, Mrs. Anna Kellnerová, Mrs. Lara Kodl Kellnerová, and Mrs. Marie Isabella Kellnerová, as shareholders of PPF Holdings, each hold an indirect stake in the share capital of PPF Group amounting to 1.251%, in addition to their direct stake in the share capital of PPF Group of 8.749%, through ownership of 10% of the shares of PPF Holdings, which holds a 12.51% stake in PPF Group (10% of 12.51% represents 1.251%). Therefore, the sum of their indirect and direct stakes in the share capital of PPF Group is 10% (8.749% + 1.251%).

Given that PPF Group is the controlling entity of PPF Comco N.V., which is the sole shareholder of the Company, Mrs. Renáta Kellnerová holds an indirect stake in the share capital, voting rights, and economic benefits of the Company amounting to 60%. Similarly, Mr. Petr Kellner, Mrs. Anna Kellnerová, Mrs. Lara Kodl Kellnerová, and Mrs. Marie Isabella Kellnerová hold an indirect stake in the share capital and economic benefits of the Company amounting to 10% for each of them.

The consolidated financial statements of PPF Group N.V. are available at the registered office of the company, at Strawinskylaan 933, 1077 XX Amsterdam, Netherlands.

2 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS/EU).

3 Basis of preparation

The financial statements were prepared using the going concern assumption.

i. Basis of measurement

The financial statements have been prepared on the historical cost basis, except of trade receivables measured in fair value through profit or loss.

ii. Functional and presentation currency

The Company´s functional currency is euro. The financial statements are presented in the euro and all amounts are presented in thousands of euro, unless otherwise indicated.

iii. Use of estimates and judgments

The preparation of the financial statements in accordance with IFRS/EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.
In connection with future activities the Company makes estimates and assumptions. Actual results may differ from those estimated. Information about estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed in the following section:

Assessment if Master service agreement contains any lease

The Company entered into Master Service Agreement (hereinafter as "MSA") with O2 Networks, s.r.o. ("O2 Networks") during the reporting period ending 31 December 2022. The MSA contract covers services of unrestricted access to the Mobile Network owned by O2 Networks.
The services provided by O2 Networks consist of transport services and RAN Services and O2 Networks is obligated to provide the services in accordance with network performance KPIs, maintenance KPIs and/or other quantity and quality requirements. O2 Networks is fully responsible for the composition, topology and design of the Mobile Network and for the provision of the services in the agreed quality throughout the term.
The Company assessed if MSA contains any lease component according to IFRS 16. The Company considered the whole network used for rendering services under the MSA to be one unit of account for recognition purposes under IFRS 16. It also means that there would be only one lease component if should MSA contain any lease. The Company concluded that the MSA does not contain any lease because the Company does not control the asset as it cannot obtain substantially all of the economic benefits from use of the asset throughout the period of use as MSA is non-exclusive contract and also there is no substantive substitution right as there is just one mobile network. Based on this conclusion the MSA was assessed as service contract with appropriate charge presented as part of Services s in the Statement of profit or loss and other comprehensive income.

Amortization period of capitalized costs to obtain customer contracts and contract assets

incremental costs of obtaining a contracts with customers was set as the expected average time that the customer will use the Company's services. This amortization period was further specified by the product and the sales channel that received the contract. Amortization periods are revised and reassessed regularly with respect to the development of business activities, trends in the telecommunications sector and the structure of business channels.

Expected credit losses allowance for trade receivables

Expected credit losses estimates are calculated as a weighted average of the probabilities of impairment and realization of a credit loss. Credit losses are calculated as the present value of all cash losses, i.e. as the difference between the cash flows for which the Company is due under the contract and the cash flows the Company expects to receive.

Determining the fair value of trade receivables at fair value through profit or loss non-derivative liabilities

Fair values have been determined for measurement and / or disclosure purposes based on the following methods:

i. Trade receivables and other financial receivables

In 2020, the Company for the first time proceeded with the sale of receivables from the financing of equipment sold to end customers, the so-called internal financing in the form of a securitization certificate in order to raise funds before their due date. The Company decided to make such a sale at regular intervals and this decision changed the primary objective of portfolio of receivables, which is their sale, not holding to maturity.
Thus, the Company changed its business model for receivables from sale of equipment and reclassified these receivables from the category of receivables at amortized cost to the category of receivables at fair value through profit or loss.

The Company uses some inputs that are not observable, either directly or indirectly, to determine fair value, so these inputs have been classified as Level 3 inputs.
The Company determines fair value as follows:

a) The fair value of invoiced receivables that are more than seven days overdue, the company determines the fair value of such receivables on the basis of indicative offers from collection agencies according to individual categories of days overdue,
b) Fair value of unbilled receivables that are not due or less than seven days past due - The Company determines fair value as the present value of future cash flows discounted at the discount rate from the last successful securitization, which is subsequently adjusted by a mark-up corresponding to future economic developments.

The following inputs were used to calculate the fair value of receivables from internal financing as at 31 December 2023:

Description, in thousands of Eur	Fair value at	Unobservable inputs:	Range of inputs:
Receivables from hardware financing:	28 526	Quoted buy prices:	67,6% - 15%
		Discount rate:	5,49%

Inputs used as at 31 December 2022:

Description, in thousands of Eur	Fair value at	Unobservable inputs:	Range of inputs:
Receivables from hardware financing:	42,594	Quoted buy prices:	67.6% - 15%
		Discount rate:	8.83%

For the fair value of receivables from internal financing, a reasonably possible change as at 31 December 2023 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects:

	Impact on Profit or loss	
in thousands of Eur	Increase in assumption	Decrease in assumption
Quoted buy prices (1% movement):	45	(45)
Discount rate (1% movement):	(251)	255

Fair value is determined at initial measurement and for disclosure purposes at each balance sheet date.
An overview of receivables at fair value is given in note 15.

ii. Non-derivative financial liabilities

Non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. Fair values of loans are calculated by discounting future cash flows using effective interbank rates. For received loans with a remaining maturity of less than three months, it is reasonable to regard their book value as approximate fair value.

4 Significant accounting policies

The accounting policies set out below have been consistently applied in all periods presented in the financial statements.

a) Foreign currency

Transactions in foreign currencies are translated to the functional currency (euro) at the foreign exchange rate of the European Central Bank ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are translated to euro at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognized in profit or loss.

b) Intangible assets

i. Recognition and measurement

Intangible assets acquired by the Company have a finite useful life and are measured at cost less accumulated amortization and any accumulated impairment losses (see accounting policy g)). Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed intangible assets includes cost of materials, direct labor, and production overheads.

ii. Subsequent expenditure

Subsequent expenditure is capitalized only when it, increases the future economic benefits embodied in the specific intangible asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognized in profit or loss when incurred.

iii. Amortization

Amortization is calculated from the acquisition cost of the asset.
Amortization is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of intangible assets.
The estimated useful life, amortization method and amortization rate are set out for individual groups of non-current intangible assets, as provided in the table below:

	Estimated useful life in years	Annual rate of amortization in %	Amortization method
Software	1 to 18	5,6 to 100	straight-line
Brand	15	6,7	straight-line
Licenses	2 to 19	5 to 50	straight-line

The Company in addition to the acquisition cost of spectrum licenses pays monthly fees that are determined based on utilization of frequency by the Company. The fees are not fixed charges nor charges directly linked to acquisition of licenses. The fees represent a form of levy that the state regulator charges for utilization of frequencies. The Company recognizes these fees as operational expenses due to their variable nature as the amount of fee is changed on regular basis, either annually or bi-annually.
Where the use of non-current intangible assets is determined by a contract (e.g., brand) or by an official decision (license), useful life shall be determined according to the validity of the contract or official decision. Amortization methods and useful lives, as well as residual values, are reassessed at the reporting date and adjusted if appropriate.

c) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation (see below) and accumulated impairment losses (see accounting policy g)). Cost includes expenditure that is directly attributable to the acquisition of the asset and also the initial estimate of costs related to future dismantle of telecommunication transmitters and bringing of rented locations into original conditions after the end of useful life. The cost of self-constructed assets includes the cost of materials, direct labor and any other costs directly attributable to bringing the assets to a working condition for their intended use.
If items of property, plant and equipment have different useful lives, then they are accounted as standalone items of property plant and equipment.
Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net in profit or loss.

ii. Subsequent expenditure

The Company recognizes in the carrying amount of an item of property or plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and its cost can be measured reliably. Expenditure on repairs or maintenance of property and equipment incurred to restore or maintain future economic benefits expected from the assets is recognized as an expense when incurred.

iii. Depreciation

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land and assets under construction are not depreciated.

The estimated useful life, depreciation method and depreciation rate are set out for individual groups of property, plant and equipment as follows:

	Estimated useful life in years	Annual rate of depreciation in %	Depreciation method
Buildings	1 to 55	1,82 to 100	straight-line
Technology and office equip-ment	1 to 30	3,33 to 100	straight-line
Other property, plant and equipment	2 to 10	10 to 50	straight-line

Depreciation methods and useful lives, as well as residual values, are reassessed at the reporting date and adjusted if appropriate.

In the event of a temporary decrease in the value of a non-current tangible asset, an impairment provision equal to the difference between its recoverable amount and net book value is recognized.

iv. Impairment review

Factors considered important, as part of an impairment review, include the following:

- technological advancements;
- significant underperformance relative to expected historical or projected future operating results;
- significant changes in the manner of the Company's use of the acquired assets or the strategy for the Company's overall business;
- obsolescence of products.

When the Company determines that the carrying value of non-current assets may not be recoverable based upon the existence of one or more of the above indicators of impairment, any impairment is measured based on the Company´s estimates of projected net discounted cash flows expected to result from that asset, including eventual disposition. The estimated impairment could prove insufficient if the analysis overestimated the cash flows or conditions change in the future. For further details refer to note g) Impairment.

d) Leases – IFRS 16

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company considers a contract to be a lease if it meets all of the following criteria:

- there is an identified asset, whether explicit or implicit, and
- the lessee obtains substantially all economic benefits from the use of the identified asset, and
- the lessee has the right to control the use of the identified property.

Within the chosen accounting policy, the Company assesses the possibility and probability of exercising of the right to renew or early termination when reporting the right to use.

Upon initial recognition and subsequent revaluation of a lease that includes a lease and a non-lease component, the Company allocates the contractually agreed consideration to each lease component on a pro rata basis, if agreed separately, and based on the total value of the non-lease components if agreed separately. The company accounts separately for leasing and non-leasing components of land and real estate leases.
Within the chosen accounting policy, the Company assesses the possibility and probability of exercising of the right to renew or early termination when reporting the right to use.

i. Assets leased (the Company as Lessee)

The Company recognizes the right-of-use assets and lease obligations at the commencement of the lease. The initial value of the right to use the property is determined as the sum of the initial value of the lease obligation, the rental payments made before or on the commencement date of the lease, the initial direct cost to the lessee less any lease incentives received.

In determining the lease term, the length of the agreed lease term as well as the possibility of its early termination or termination are considered or the possibility of extending the contract. In assessing the likelihood of exercising the option to extend or prematurely terminate the lease term, the Company takes into account all relevant facts and circumstances that provide economic incentives to exercise (non-exercise) those options. The period by which the contract can be renewed (or the period following the possibility to terminate the contract prematurely) is included in the lease term only if the Company is sufficiently certain that the extension will be exercised.

The right-of-use assets is depreciated on a straight-line basis over the lease term from the commencement of the lease to its termination. If the lease involves a transfer of ownership or a purchase option that is reasonably certain to be exercised, the right-of-use assets is depreciated on a straight-line basis over the useful life of the asset. Depreciation begins on the date of commencement of the lease. The assessment of possible impairment of the right-of-use assets is carried out in a similar way to the assessment of impairment of property, plant and equipment as described in accounting policy (c) iv. above.

The lease obligation is initially measured on the date when the leased asset is made available to the lessee (the lease commencement date). Leases are initially measured at the present value of the lease payments over the lease term that were not paid at the initial measurement using the discount rate, which is the incremental borrowing rate. Lessee's incremental borrowing rate was determined based on available financial information relating to the Company. Subsequent revaluation of the lease obligation is made in the event of a change in the terms of the contract (e.g., a change in the lease term due to the option to extend or prematurely terminate the contract, change in rental payment based on a change in the index or rate used to determine payments, change in the assessment of the probability of a purchase option enforcement, etc.). Any subsequent reassessment of the lease obligation will also affect the measurement of the right-of-use asset. If this would lead to a negative value of the right-of-use asset, the remaining impact is recognized with an impact on profit or loss (so the resulting right-of-use asset will be recognized at nil). During the accounting period, the Company did not account for the revaluation of the lease obligation due to the above changes.

The Company has exercised an optional exemption and does not report the right-of-use asset or lease obligation in lease contracts where the value of the leased assets is clearly less than EUR 5,000. The estimated value of assets is based on the assumption that they are new assets. If the value of the asset cannot be reliably determined, the optional exemption is not applied to such lease.

In the statement of financial position, the Company recognizes the right-of-use assets under Property, plant and equipment and lease liabilities, as short-term and long-term liabilities. In addition, the Company recognized lease transactions in the cash flow statement as follows:

- principal payments relating to lease obligations in cash flow from financing activities,
- interest payments on lease obligations under cash flow from operating activities (interest requirements are applied here in accordance with IAS 7),
- payments for short-term rental, lease of small assets and payments of variable parts of rent that are not included in the measurement of lease obligations under cash flow from operating activities.

e) Investments in subsidiaries and joint ventures

The Group's shares in entities accounted for using the equity method represent shares in joint ventures.

Associates are those businesses over which the Group has significant influence over the financial and operating policies, but does not have control or joint control over them. A joint venture is an arrangement in which the Group has joint control, through which it has rights to the net assets of the arrangement, rather than rights to the assets and liability for the obligations of the arrangement.

Interests in associates and joint ventures are accounted for using the equity method. At the initial valuation, they are valued at the purchase price, including the costs related to the acquisition. Upon subsequent valuation, the Group's share of profit/loss and other comprehensive income of entities accounted for using the equity method is included in the consolidated financial statements, until the date of loss of significant influence or joint control.

A subsidiary is an entity, including structured entity, over which the Company has a control as the Company (i) has control over the relevant activities of the entity, (ii) is exposed or has the right to variable returns of the entity and (iii) has the ability to use its powers to affect the return on investment in the entity. The existence and effect of substantive rights, including potential voting rights should be considered when evaluating whether the Company has power over another entity. For a right to be substantive the holder of a right needs to have a practical ability to exercise the right in time when relevant decisions on entity's activities are made. The Company may have right over the entity even though it owns less than half of the voting rights. In such case, the Company assesses the share of the voting rights of other investors in comparison with its own rights. The Company also assesses the structure of ownership of the other investor's voting rights in order to determine whether it has de-facto decision-making power over the entity. Protecting rights of other investors, such as those that relate to substantive changes in the activities of the entity, or those which are applicable only in exceptional circumstances, shall not prevent the Company to control another entity.

Investment in subsidiary is carried at cost less accumulated impairment in these separate financial statements. The cost is represented by the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire the subsidiary at the time of its acquisition. Decrease in its value is recorded through recording an impairment using the value in use or fair value less costs to sell method, whichever is higher.

f) Financial instruments

i. Non-derivative financial assets and liabilities – recognition and derecognition

The Company initially recognizes loans and receivables on the date when they originated. Other financial assets and financial liabilities are recognized when the Company becomes a part of the contractual relationship.
The Company derecognizes a financial asset when contractual rights to the cash flows from the 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 it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Non-derivative financial liabilities are initially recognized at fair value less any directly attributable transaction costs. Subsequently to initial recognition, these liabilities are measured at amortized costs using the effective interest method.
The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

ii. Non-derivative financial assets – measurement

The Company classifies financial assets into the following categories: financial assets at amortized cost, financial assets at fair value with fair value through other comprehensive income (FVOCI) and financial assets at fair value through profit or loss (FVTPL). The classification depends on business model for managing the asset and the asset's contractual cash flow characteristics. From the above categories, the Company records assets measured at amortized cost and FVTPL in the reporting period.

iii. Non-derivative financial liabilities – measurement

The Company classifies its financial liabilities according to related contractual relations and depending on the purpose which the Company's management concluded a contract for. The Company has only financial liabilities at amortized cost in the reported periods (loans, trade payables and other financial liabilities, lease liabilities).

The Company's management determines the classification at initial recognition and reassesses it at each reporting date. The initial measurement is at fair value less transaction costs directly attributable to acquisition of a specific financial liability and subsequently stated at amortized carrying amount determined using the effective interest rate method. Profit or loss resulting from financial liabilities is recognized in profit or loss.

Financial liabilities are classified as short-term if the Company does not have an unconditional right to settle the liability in more than 12 months after the reporting date.
Financial liability (or its part) is derecognized from the Company's Statement of Financial Position when, and only when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.
On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position if 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 realize the asset and settle the liability simultaneously

g) Impairment

Financial assets

The Company applies the "expected credit loss" (ECL) model to financial assets that are measured at amortized costs, FVOCI excluding equity instruments, and contract assets.

Financial assets measured at amortized cost using the effective interest method consist of trade and other receivables, cash and cash equivalents.

Under IFRS 9, impairment allowances are measured by the following methods:

- 12-month ECL: ECLs resulting from all possible defaults during the 12 months following the date on which the accounts are drawn up, and
- Lifetime ECL: ECLs that result from all possible defaults over the expected life of a financial assets.

The Company measures impairment allowances at a value equal to expected life-long losses (lifetime ECL), advances to banks where credit risk (i.e. the risk of default over the expected life of a financial asset) has been recognized since initial recognition did not increase significantly. These provisions are valued at 12-month ECL.

Impairment allowances for trade receivables and contractual assets are always measured at lifetime ECL.

In determining whether the credit risk of a financial assets has increased significantly since its initial recognition and in calculating ECL, the Company uses appropriate supporting information that has been assessed as appropriate and available to the Company without incurring disproportionate costs or efforts to obtain it. This includes quantitative and qualitative information and analysis based on the Company´s historical experience and credit risk assessment, including information on possible future development.

The Company considers financial assets to be in default if:

- It is unlikely that the Borrower will pay its obligations to the Company in full without the Company performing acts such as the realization of collateral, or
- Financial assets are more than 90 days past due.

The maximum period for estimating ECL is the contractual period during which the Company is exposed to credit risk.

ECL measurement

ECL estimates are calculated as a weighted average of the probabilities of impairment and realization of a credit loss. Credit losses are calculated as the present value of all cash losses, i.e. as the difference between the cash flows for which the Company is due under the contract and the cash flows the Company expects to receive.

Impairment losses

Impairment losses related to financial assets at amortized cost are recognized in profit or loss and reflected in impairment of financial assets.

The carrying amount of receivables is reduced through the use of an allowance account. The creation and reversal of this allowance is recognized in profit or loss and other comprehensive income. Uncollectible receivables are written off. Receivables repaid by debtors that were previously written off are recognized in the income statement and other comprehensive income.

The Company assumes that the credit risk of financial assets has increased significantly if the maturity of the financial asset exceeds 30 days.

Applied scenarios for the development of macroeconomic indicators:

	Basic scenario	Negative scenario	Positive scenario	Scenario used
GDP development	1,7 %	-0,3 %	3,7 %	1,7 %
Development of unemployment	5,4 %	6,4 %	4,4 %	5,4 %
Value of impairment provision in thousands of EUR	4,785	4,929	4,485	4,785

Non-financial assets

As at each reporting date, the carrying amounts of non-financial assets other than inventory and deferred tax assets are reviewed and an assessment is made as to whether there is any indication that the recoverable amounts are lower than the carrying amounts. When there is such an indication, the recoverable amount of the non-financial asset being the higher of the asset’s net selling price (i.e. fair value less cost to sell) and the present value of its net cash flows (i.e. value in use), is estimated. Any resulting estimated impairment loss is recognized to full extent in the statement of profit or loss and other comprehensive income in the year in which the impairment occurs. The discount rates used to calculate the net present value of the cash flows are those considered appropriate to the Company in the economic environment in the Slovak Republic as at the end of each reporting period. The Company represents a single cash generating unit (“CGU”).

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses recognized in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

h) Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Acquisition cost includes the purchase price and related costs (transport costs, customs duty, commissions, etc.). Any discounts and rebates received decrease the cost of inventories.

Slow moving and obsolete inventories are written down for any impairment of value. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write down or loss occurred.

The cost of inventory is based on the weighted average principle.

i) Prepaid expenses and accrued income

Prepaid expenses and accrued income are presented in accordance with the matching principle in terms of substance and time.

Prepaid expenses comprise mainly performance ordered from the Company’s suppliers and providers, and these relate to future periods in terms of substance and time. Upon delivery of a service these will be recognized in cost of services provided or cost of goods.

j) Accrued expenses and deferred income

Accrued expenses are presented in accordance with the matching principle in terms of substance and time.
The Company estimates expenses and liabilities that have not been invoiced at the end of the reporting period. These expenses and liabilities are recorded in the accounting books and reported in the financial statements for the periods to which they relate.

k) Provisions

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company recognizes provision for litigation.

l) Contingent liabilities

Contingent liabilities are not reported in the statement of financial position. They are disclosed in the notes to the financial statements if the outflow of resources representing economic benefits is considered to be remote. Contingent liabilities are not disclosed in the notes to the financial statements if the probability of an outflow of resources representing economic benefits is insignificant.

m) Revenues

Revenues from own services and goods are stated net of Value Added Tax, discounts and deductions (rebates, bonuses, early payment discounts, credit notes etc.). Revenues are recognized at the date of delivery of goods or provision of services. They are measured at fair value of the consideration received or receivable if this amount can be estimated reliably. Revenues from services are recognized in the accounting period when rendered in proportion to the stage of

completion of the service. The stage of completion is assessed by reference to proportion of services rendered to the overall extent of agreed services.
Depending on the tariff, customers may use a defined extent of telecommunication services during the billing period. The unused extent of services is not transferred to the following periods except for data transfer service, where unused data can be transferred to the following period. Services are invoiced at the end of the billing cycle. The Company has three billing cycles. The invoice is due within 14 days from the date of issuance.
Revenue from prepaid services is recognized in the period in which they were consumed by customers.
In assessing whether revenues should be recognized gross (i.e., with separate disclosure of costs) or on a net basis, the Company considers the following indicators of gross reporting:

a) the Company is the primary obligor in the arrangement,
b) the Company is exposed to general inventory risk,
c) the Company has price latitude,
d) the Company changes the product or provides additional services,
e) the Company has discretion in supplier selection,
f) the Company is involved in the determination of product or service specifications,
g) the Company is exposed to credit risk,
h) the company has the option to set the terms of the transaction,
i) the Company manages control over the transaction.

The relative weight of each indicator is considered when concluding which revenue accounting treatment to use.
If the Company enters into a relation characterized by representation or mediation (agent relationship), the revenue is recognized in its net value, i.e., at the amount of a margin or commission.
The main activity of the Company is sale of telecommunication services to end customers, other operators and sale of mobile phones and accessories.

Voice services, SMS and data

Revenues from billed telecommunication services are invoiced to customers on a monthly basis and are recognized in the period of using the service regardless of the date of invoicing. Revenues from prepaid services are recognized in the period of using the service regardless of the date of charging credit.

Sale of mobile phones and accessories

Revenues from sale of mobile phones and accessories are recognized at the date of sale to a distributor or end customer. Resulting losses from sale at a discount are recognized at the date of sale to a distributor or end customer.

Payment for the sale of mobile phones, devices and accessories is made in the total amount at the time of sale, or in the form of installment sale. Depending on whether the company expects to sell receivables from installment sales, they are carried at amortized (see paragraph 14) or fair value (see paragraph 15).

Premium SMS

Revenues from SMS enabling payment via mobile phones for goods and services provided by third parties, are recognized net in the form of commission for the services provided.

Connection fees

Revenues from connection fees arise from phone calls started in the network of another domestic or foreign operator but finished or transferred via the Company's network. These revenues are recognized at the time of accepting such a phone call in the Company's network. The same approach is also applied for SMS and MMS.

n) Finance costs and finance income

Finance costs and finance income comprise mainly from:
- bank charges,
- interest expense,
- interest income
- losses from the issuance of investment certificates,
- foreign currency gains and losses.

Interest income is recognized in profit or loss as they accrue, using the effective interest method.

Foreign currency gains and losses on financial assets and liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

The loss from the issuance of investment certificates represents the difference between the nominal value of the underlying receivables from hardware financing and the issue price of investment certificates adjusted for the cost of the service obligation and the settled provisions for receivables.

o) Income tax

Income tax (expense) comprises current and deferred tax. Current tax and deferred taxes are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

ii. Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and jointly controlled entities, in specific cases.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

iii. Tax exposures

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes or interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

p) Employee benefits

Short-term employee benefits

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Employee benefits after termination of employment

The company calculates a provision for retirement benefits based on the requirements of the Labor Code. In the calculation, it uses actuarial methods using the probability of life according to age, average annual fluctuation, discount rate and average salary of the employee and its increase in the future. In the past and also in current year, the Company did not create this provision as its amount was insignificant.

Due to its total amount, which is still insignificant, the Company has decided not to disclose the sensitivity of the amount of the provision to changes in the assumptions used.

q) Interest capitalization according to IAS 23

IAS 23 Borrowing Costs requires that borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset. Other borrowing costs are recognized as an expense.

The Company acquired license Spektrum 3 600 – 3 700 MHz during June 2022, which will be put in use in the year 2026. Acquisition of license fulfill the definition of qualifying asset according to IAS 23, as liability from acquisition license is due in two terms: August 2025 and August 2026. In accordance to IAS 23 the Company capitalized to acquisition price of license value of amortized costs of EUR 401 thousand in the year 2023. For calculation of amortized costs was used discount rate 3.32%.

In January 2023, the Company acquired a Spectrum 1,800 MHz license, which will be put in use in 2026. The acquisition of the license fulfills the definition of a qualifying asset according to IAS 23, as the liability for the acquisition of the license is due in six installments until 2029. In accordance with IAS 23, the Company capitalized the value of the amortized costs amounting to EUR 357 thousand into the acquisition cost of the license in 2023. A discount rate of 5.5% was used to calculate the amortized costs.

r) Equity

Ordinary and preference shares

Share capital is recognized at the fair value of the consideration received by the Company.

Legal reserve fund

The legal reserve fund has been set up in accordance with Slovak legislation to cover potential future losses and is not distributable. The legal reserve fund may not be distributed among the shareholders. It is designed to cover future losses from operations and to increase registered capital in accordance with valid regulations.

Dividends

Dividends are recognized in the statement of changes in equity and recorded as liabilities in the period in which they are declared.

5 Investments in subsidiaries and joint ventures

The Company has a 50% share in the company Tesco Mobile Slovakia, s.r.o. which is joint venture of the Company and Tesco Stores SR, a.s. Share capital of the company is EUR 5 thousand. Financial statements of the company Tesco Mobile Slovakia, s.r.o. for 2023 were not available as at the date of preparation of these financial statements. Profit for 2022 amounted to EUR 23 thousand. Retained earnings from previous years amounted to EUR 154 thousand as of 31 December 2022. Joint venture Tesco Mobile Slovakia, s.r.o. is presented within line Investment in joint venture in the Statement of financial position.

The Company has 100% ownership of O2 Business Services, a.s. The cost of the Company's investment in O2 Business Services, a.s was EUR 1,528 thousand (as of 31 December 2022: EUR 4,528 thousand). At 31 December 2023 O2 Business Services, a.s reported net equity or EUR 7,107 thousand (as of 31 December 2022: EUR 6,241 thousand). The Company assessed the potential impairment of investment and reached the conclusion that the investment is not impaired. In 2023, O2 Business Services, a.s. decreased other capital funds by paying an amount of EUR 3,000 thousand to the parent company.

The Company has an investment in „Férová nadácia" at cost of EUR 6,6 thousand (as of 31 December 2022: EUR 6,6 thousand).

6 Impact of legislative changes

The impact of standards applied as of 1 January 2023

As part of the amendment to IAS 12 regarding changes in the recognition of deferred tax assets and liabilities related to a single transaction, the Company separately recognized a deferred tax asset from the lease liability and a deferred tax liability from the right to use in Note No. 11. This adjustment does not impact the recognition of deferred tax assets in the Individual Financial Statements, as the Company offset these transactions in accordance with IAS 12 and recognized them within the Deferred Tax Asset.

Standards and interpretations not yet adopted as of 31 December 2023

The following new Standards and Interpretations are not yet mandatorily effective for annual periods beginning on or after 1 January 2023 and have not been applied in preparing these financial statements.

Amendments to IAS 12 Income Taxes: International Tax Reform - Rules of the so-called Pillar Two Model

The relief is effective immediately upon issuance of the amendments on 23 May 2023 and applies retrospectively.

Disclosure requirements, other than those about the relief, apply from 31 December 2023. No disclosures are required in interim periods ending on or before 31 December 2023.

The amendments address stakeholders' concerns about deferred tax accounting in relation to the new top-up tax under IFRSs by providing entities with a temporary mandatory relief from deferred tax accounting for top-up tax; and requiring entities to provide new disclosures in relation to the top-up tax and the relief.

The company will apply the amendments once the respective tax law is enacted.

The company does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

Effective date deferred indefinitely. Available for optional adoption in full IFRS financial statements. The European Commission decided to defer the endorsement indefinitely, it is unlikely that it will be endorsed by the EU in the foreseeable future.
The Amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contribu ed constitute a business, such that:

- a full gain or loss is recognized when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognized when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The quantitative impact of the adoption of the Amendments can only be assessed in the year of initial application of the Amendments, as this will depend on the transfer of asset or businesses to the associate or joint venture that take place during that reporting period.

Amendments to IAS 1 Presentation of Financial Statements, Non-Current Liabilities with Covenants and Amendment to IAS 1 Presentation of Financial Statements, Classification of Liabilities as Current or Non-current

Effective for annual periods beginning on or after 1 January 2024. Early application is permitted.
Specific transition requirements apply for companies that have early-adopted the previously issued but not yet effective 2020 amendments.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement for at least 12 months after the reporting date. The amendments, as issued in 2020, has removed the requirement for a right to be unconditional and instead requires that a right to defer settlement must exist at the reporting date and have substance (the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early).
The amendments, as issued in 2022, further clarify that when the right to defer settlement is subject to a company complying with conditions (covenants) specified in a loan arrangement, only covenants with which the company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date do not affect a liability's classification at that date. However, the amendments require companies to disclose information about these future covenants to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date. The

amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt).

The Entity expects that the amendments, when initially applied, will not have a material impact on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Financial arrangements with suppliers

Effective for annual periods beginning on or after 1 January 2024. Disclosure of comparative information for any reporting periods presented before, and information as at the beginning of, the annual reporting period in which the entity first applies those amendments is not required. Also, an entity is not required to disclose the information otherwise required by the amendments for any interim period presented within the annual reporting period in which the entity first applies those amendments. Early application is permitted.

The amendments introduce additional disclosure requirements for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. The amendments apply to supplier finance arrangements (also referred to as supply chain finance, payables finance or reverse factoring arrangements) that have all of the following characteristics:

- a finance provider (also referred to as the factor) pays amounts a company (the buyer) owes its suppliers,
- a company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid,
- the company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

However, the amendments do not apply to arrangements for financing receivables or inventory.

The company does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

Amendments to IFRS 16 Leases, Lease Liability in a Sale and Leaseback

Effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Early application is permitted.

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.
The amendments confirm the following:

- on initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction,
- after initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement.

These amendments do not change the accounting for leases other than those arising in a sale and leaseback transaction.

The Company does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability

Effective for annual reporting periods beginning on or after 1 January 2025. Earlier application is permitted.

Under IAS 21 The Effects of Changes in Foreign Exchange Rates, a company uses a spot exchange rate when translating a foreign currency transaction. In some jurisdictions, no spot rate is available because a currency cannot be exchanged into another currency.

IAS 21 was amended to clarify:
- when a currency is exchangeable into another currency; and
- how a company estimates a spot rate when a currency lacks exchangeability.

The amendments also include additional disclosure requirements to help users to assess the impact of using an estimated exchange rate on the financial statements.

The company does not expect that the amendments, when initially applied, could have a material impact on its financial statements.

7 Property, plant and equipment

in thousands of EUR	Buildings	Technologies	Technologies and office equipment	Right-of-use asset	Acquisition of property, plant and equipment	Total
Acquisition cost						
Balance as at 1 January 2022	4,880	13,092	9,441	14,574	456	42,442
Additions	125	448	1,309	798	1,467	4,148
Disposals	18	371	969	-	-	1,359
Transfers	-	-	-	-	-	-
Balance as at 31 December 2022	4,986	13,170	9,781	15,373	1,923	45,231
Balance as at 1 January 2023	4,986	13,170	9,781	15,373	1,923	45,231
Additions	621	839	985	2,568	117	5,130
Disposals	121	520	409	-	-	1,050
Transfers	427	902	711	-	(2,040)	-
Balance as at 31 December 2023	5,913	14,391	11,068	17,941	-	49,311

in thousands of EUR	Buildings	Technologies	Technologies and office equipment	Right-of-use asset	Acquisition of property, plant and equipment	Total
Accumulated depreciation						
Balance as at 1 January 2022	3,219	10,187	6,285	7,802	-	27,492
Additions	207	700	1,426	2,717	-	5,050
Disposals	16	331	954	-	-	1,301
Balance as at 31 December 2022	3,410	10,556	6,757	10,519	-	31,242
Balance as at 1 January 2023	3,410	10,556	6,757	10,519	-	31,242
Additions	339	792	1,453	2,990	-	5,574
Disposals	111	472	401	-	-	984
Balance as at 31 December 2023	3,638	10,876	7,809	13,509	-	35,832

in thousands of EUR	Buildings	Technologies	Technologies and office equipment	Right-of-use asset	Acquisition of property, plant and equipment	Total
Carrying amount						
As of 1 January 2022	1,661	2,905	3,156	6,773	456	14,950
As of 31 December 2022	1,576	2,613	3,024	4,854	1,923	13,990
As of 1 January 2023	1,576	2,613	3,024	4,854	1,923	13 990
As of 31 December 2023	2,275	3,515	3,259	4,432	-	13,481

Property, plant and equipment do not include any separate, individually significant items. The Company does not record any property, plant and equipment which are not utilized, except for property, plant and equipment in acquisition. The Company does not lease its property, plant and equipment to third parties.

Pledged assets

No pledge has been established on property, plant and equipment as of 31 December 2023 (as of 31 December 2022: nil).
The Company does not have any restricted rights to property, plant and equipment as of 31 December 2023 (as of 31 December 2022: nil).

Insurance

The Company's non-current assets are insured within the Group insurance with sister Company O2 Czech Republic, a.s. for damage caused by theft and natural disaster.

8 Intangible assets

in thousands of EUR	Licences	Software and valuable rights	Brand	Acquisition of intangibles	Total
Acquisition cost / Conversion cost					
Balance as at 1 January 2022	84,365	85,166	25,389	225	195,145
Additions	2,138	2,911	14,000	20,566	39,615
Disposals	2,028	9,732	-	-	11,760
Transfers	143	-	-	(143)	-
Balance as at 31 December 2022	84,618	78,345	39,389	20,648	223,000
Balance as at 1 January 2023	84,618	78,345	39,389	20,648	223,000
Additions	-	13,140	-	5,590	18,730
Disposals	-	175	-	-	175
Transfers	-	4,733	-	(4,733)	-
Balance as at 31 December 2023	84,618	96,043	39,389	21,505	241,555

in thousands of EUR	Licences	Software and valuable rights	Brand	Acquisition of intangibles	Total
Accumulated amortization					
Balance as of 1 January 2022	27,811	60,987	25,231	-	114,029
Additions	6,243	5,652	1,019	-	12,914
Disposals	1,533	9,731	-	-	11,264
Balance as of 31 December 2022	32,521	56,908	26,250	-	115,679
Balance as of 1 January 2023	32,521	56,908	26,250	-	115,679
Additions	6,379	7,926	939	-	15,244
Disposals	-	175	-	-	175
Balance as of 31 December 2023	38,900	64,659	27,189	-	130,748

in thousands of EUR	Licences	Software and valuable rights	Brand	Acquisition of intangibles	Total
Carrying amount					
Balance as at 1 January 2022	56,554	24 179	158	225	81,116
Balance as at 31 December 2022	52,096	21,438	13,140	20,648	107,321
Balance as at 1 January 2023	52,096	21,438	13,140	20,648	107,321
Balance as at 31 December 2023	45,718	31,385	12,201	21,504	110,807

The Company does not have any non-current intangible assets which are not utilized in meeting its objectives, except for non-current intangible assets in acquisition and part of license.

The Company does not lease its non-current intangible assets to third parties.

Non-current intangible assets include a telecommunication license acquired between 2006 to 2023, key information system and a brand summarized as follows:

in thousands of EUR		31 December 2023	31 December 2022
Telecommunica-tion license	Acquisition cost	108,547	100,504
	Carrying amount	69,646	67,982
CRM system	Acquisition cost	54,435	45,074
	Carrying amount	16,642	11,661
Brand	Acquisition cost	39,389	39,389
	Carrying amount	12,201	13,139

The brand includes license fee for using O2 Brand paid upfront in amount of EUR 14 000 thousand and has prepaid license fee for 14 years. Company is obliged to sublicence the Brand to O2 Business services.

The telecommunications license also includes licenses for the spectrum of 3600 to 3700 MHz and 1800 MHz, with a total value of EUR 23,929 thousand. These licenses are part of the assets under acquisition as the Company cannot put them into use until 2026, because their validity begins in 2026.

Lien

No lien has been established on non-current intangible assets as of 31 December 2023 (as of 31 December 2022: nil).
The Company does not have any restricted rights to non-current intangible assets as of 31 December 2023
(as of 31 December 2022: nil).

Insurance

See note 7 Property, plant and equipment.

9 Leasing

The Company especially leases sales premises, administrative and technological buildings, vehicles and various office equipment.

Leases for the sales premises and administrative buildings are usually for a period of 3 to 5 years. Contracts may include options to extend the lease term and the amount of payments is often adjusted according to the development of the consumer price index. If it is probable that the option will be applied, it is taken into account in determining the length of the lease.

Rental of vehicles is usually concluded for a period of 2 years. Rental of office equipment is usually short-term or a low-value underlying asset. The company has decided not to report right of use assets and lease liabilities from these leases.

An overview of the rights to use leased assets in accordance with IFRS 16 reported under property, plant and equipment is given in the following table:

in thousands of EUR	31 December 2023	31 December 2022
Administrative premises	1,084	1,593
Stores	2,945	2,952
Motor vehicles	403	309
Total right of use asset	4,432	4,854

An overview of lease liabilities according to maturity is given in the following table:

in thousands of EUR	31 December 2023	31 December 2022
Less than 1 year	2,205	2,426
1 to 5 years	2,415	2,595
More than 5 years	-	-
Total lease liability	4,620	5,021

In 2023, the additions of lease liabilities are amount of EUR 2,567 thousand (in 2022 EUR 798 thousand).
An overview of lease-related transactions reported in profit or loss is given in the following table:

in thousands of EUR	31 December 2023	31 December 2022
Administrative premises	1,435	1,358
Stores	1,400	1,156
Motor vehicles	155	203
Total amortization of the right of use asset	2,990	2,717
Interest expense (included in finance costs)	125	107
Costs of low-value assets not reported under current lease liabilities (included in service costs)	83	85
Variable costs not included in rental liabilities (included in service costs)	-	-

Payments for leases relating to principal during the accounting period in the amount of EUR 3,092 thousand (in 2022 EUR 2,738 thousand) are reported under cash flows from financing activities in the cash flow statement

10 Capitalized contract acquisition costs and contract assets

Capitalized contract acquisition costs are mostly commissions paid to external intermediaries directly attributable to obtaining a contract with customers (see note 3.iii Use of estimates and judgments).

in thousands of EUR	Impact of IFRS 15 aplication
As at 1 January 2022	7,609
Capitalization of contract acquistion costs	6,889
Amortization of contract acquistion costs	6,123
As at 31 December 2022	8,375
As at 1 January 2023	8,375
Capitalization of contract acquistion costs	7,681
Amortization of contract acquistion costs	6,589
As at 31 December 2023	9,467

in thousands of EUR	31 December 2023	31 December 2022
Current contract assets	4,717	4,745
Total contract assets	4,717	4,745

Contract assets represent revenues from contracts with Customers, for which the Company did not deliver all services, so does not have right to invoice to Customers as of balance sheet date.

11 Deferred tax asset

in thousands of EUR	31 December 2023	31 December 2022
Deffered tax asset at the beginning of the period	6,133	613
Change in statement of profit or loss	(165)	5,520
there of: effect of a change in tax rate	-	-
Change in prior year profit	-	-
there of: effect of a change of accounting method	-	-
Deffered tax assets at the end of the period	5,968	6,133

The deferred tax assets are represented by the following items:

in thousands of EUR	31 December 2023	31 December 2022
Property, plant and equipment and non-current intangible assets	105	62
Allowance for Trade receivables and other financial receivables	547	428
Fair value adjustment for Trade receivables at fair value through profit or loss	764	1,135
Trade payables and other financial liabilities	4,535	4,536
Lease liabilities	1,002	1,066
Right of use	(985)	(1,094)
Total deferred tax asset	5,968	6,133
Part realizable in 12 months	5,777	6,030
Part realizable later than in 12 months	191	103
Total deferred tax asset	5,968	6,133

The Company has offset deferred tax assets and liabilities where permitted by IAS 12, because there is a legally enforceable right to offset current tax assets against current tax liabilities, which relate to the same tax authority. Deferred taxes are calculated using currently enacted tax rates expected to apply in the period in which the asset is realized or the liability settled. Deferred tax rate applied to temporary differences relating to corporate income tax pursuant to Act 595/2003 Coll. on Income Tax is 21% (2022: 21%). The total deferred tax asset contains also the deferred tax liability from the special tax on business in the regulated sectors.

The Company records deferred tax liability for the special levy on business in regulated industries resulting from adjustments to the Company's profit or loss according to Decree of the Finance Ministry of the Slovak Republic No. MF/011053/2006-72 from 15 February 2006, as amended on 19 December 2006 by Decree of the Ministry of Finance of the Slovak Republic No. MF/026217/2006. To calculate the deferred tax on a special levy on business in regulated industries, the Company uses the expected coefficient of the share of the revenues from the regulated activity to the total revenues of the Company and the applicable tax rates expected to apply in the period in which the liability is settled.

As part of the amendment to IAS 12 regarding changes in the reporting of deferred tax assets and liabilities related to a single transaction, the company separately reported a deferred tax asset from a lease liability and a deferred tax liability from a right of use. This adjustment does not affect the reporting of deferred tax assets in the Individual Financial Statements, as the company offset these transactions in accordance with IAS 12 and reported them within the Deferred Tax Asset.

12 Inventories

in thousands of EUR	31 December 2023	31 December 2022
Material	730	634
Merchandise	11,600	13,081
Total inventories	12,330	13,715

The Company recognized a provision for slow moving material and merchandise in total amount of EUR 50 thousand (as of 31 December 2022: EUR 50 thousand). No lien has been established on inventories as of 31 December 2023 (as of 31 December 2022: nil).

In 2023, material in the amount of EUR 1,125 thousand, merchandise in the amount of EUR 61,568 thousand were recognized as expenses (In 2022, material in the amount of EUR 1,143 thousand, merchandise in the amount of EUR 50,791 thousand).

13 Financial instruments according to categories

31 December 2023 (in thousands of EUR)

Assets according to statement of financial position	Amortized cost	FVTPL	Total
Trade receivables and other financial receivables	34,662	-	34,662
Contract assets	4,717	-	4,717
Trade receivables at fair value	-	28,527	28,527
Long-term receivables	359	-	359
Cash and cash equivalents	26,580	-	26,580
Total assets according to statement of financial position	66,318	28,527	94,846

31 December 2023 (in thousands of EUR)

Liabilities according to the statement of financial position	Amortized cost	Total
Other long-term liabilities	20,948	20,948
Trade payables and other financial liabilities	61,592	61,592
Loans received	60,300	60,300
Lease liabilities	4,621	4,621
Total liabilities according to the statement of financial position	147,461	147,461

31 December 2022 (in thousands of EUR)

Assets according to statement of financial position	Amortized cost	FVTPL	Total
Trade receivables and other financial receivables	43,467	-	43,467
Contract assets	4,745	-	4,745
Trade receivables at fair value	-	42,595	42,595
Long-term receivables	420	-	420
Cash and cash equivalents	11,991	-	11,991
Total assets according to statement of financial position	60,622	42,595	103,217

31 December 2023 (in thousands of EUR)

Liabilities according to the statement of financial position	Amortized cost	Total
Trade payables and other financial liabilities	81,441	81,441
Loans received	60,300	60,300
Lease liabilities	5,286	5,286
Total liabilities according to the statement of financial position	147,461	147,461

14 Trade and other financial receivables

in thousands of EUR	31 December 2023	31 December 2022
Receivables	39,447	48,272
Impairment allowance	(4,785)	(4,805)
Net receivables	34,662	43,467

Ageing structure of receivables impaired:

31 December 2023 (in thousands of EUR)

in thousand of EUR	Not past due	Overdue less than 90 days	Overdue less than 180 days	Overdue less than 365 days	Overdue more than 365 days	Total
Percentage of impairment	3%	24%	84%	93%	100%	
Trade receivables	32,735	3,439	594	960	1,718	39,447
Impairment provision	849	827	501	891	1,718	4,785

31 December 2022

in thousand of EUR	Not past due	Overdue less than 90 days	Overdue less than 180 days	Overdue less than 365 days	Overdue more than 365 days	Total
Percentage of impairment	2%	19%	68%	85%	100%	
Trade receivables	41,012	3,754	578	972	1,956	48,272
Impairment provision	931	697	391	829	1,956	4,805

Ageing structure of impairment provision:

in thousands of EUR	31 December 2023	31 December 2022
Not past due	1,528	1,437
Overdue less than 90 days	587	535
Overdue less than 180 days	364	308
Overdue less than 365 days	687	670
Overdue more than 365 days	1,619	1,854
Total	4,785	4,805

Movements in the impairment provision:

in thousands of EUR	31 December 2023	31 December 2022
At the beginning of the period	4,805	4,975
Use of impairment provision	(2,347)	(2,238)
Impairment loss in the statement of profit or loss	2,327	2,068
Impairment provision at the end of the period	4,785	4,805

The total value of impairment provisions at the end of 2023 also includes provision for long-term receivables in the amount of EUR 4 thousand (as of 31 December 2022: EUR 2 thousand).

Long-term receivables consist mainly of trade receivables due to the provision of financing for the transfer of a contractual penalty from another operator in the amount of EUR 260 thousand (as of 31 December 2022: EUR 186 thousand) as well as receivables from the provision of future discounts on the lease of the Company's administrative premises in the amount of EUR 100 thousand (as of 31 December 2022: EUR 196 thousand).

The Company's experience in recovering receivables is reflected in the created provision. The Company also included into the value of the provision information concerning the future development of the economy (see note 4. g) Impairment).The Company's management believes that there are no other risks that would reduce the value of receivables beyond the impairment provision.

The Company's receivables are covered by a combination of bank guarantees, blank promissory notes and collateral received as shown in the following table (at fair values):

in thousands of EUR	31 December 2023	31 December 2022
Combination of bank guarantees and blank promissory note	40	440
Collaterals received	475	494
Total secured receivables	515	934

Credit risks and currency risks to which the Company is exposed to and impairment provisions to trade receivables and other financial receivables are described in note 27.
As of 31 December 2023, receivables are not secured by a lien (as of 31 December 2022: nil).
The Company does not have any restricted rights to receivables.

15 Trade receivables at fair value

in thousands of EUR	Nominal value as at 31 December 2023	Fair value as at 31 December 2023
Not past due	28,725	27,208
Overdue less than 90 days	686	470
Overdue less than 180 days	867	323
Overdue less than 365 days	1,550	457
Overdue more than 365 days	455	68
Total trade receivables at fair value	32,284	28,526

in thousands of EUR	Nominal value as at 31 December 2022	Fair value as at 31 December 2022
Not past due	44,375	41,104
Overdue less than 90 days	1,182	819
Overdue less than 180 days	994	331
Overdue less than 365 days	1,114	274
Overdue more than 365 days	443	66
Total trade receivables at fair value	48,109	42,594

The development of receivables at fair value over the years 2023 and 2022 is shown in the table below:

Development of receivables at fair value	in thousands of EUR
Receivables as at 1 January 2022	51,072
Increase of receivables from hardware sales	47,933
Payments of receivables from hardware sales	(31,945)
Receivables securitization	(19,890)
Loss from sale of receivables	(314)
Receivables revaluation costs	(4,262)
Receivables as at 31 December 2022	42,594
Receivables as at 31 January 2023	42,594
Increase of receivables from hardware sales	63,129
Payments of receivables from hardware sales	(30,346)
Receivables securitization	(41,959)
Loss from sale of receivables	(1,161)
Receivables revaluation costs	(3,731)
Receivables as at 31 December 2023	28,526

16 Equity

Share capital

Total authorized and issued share capital of the Company amounts to EUR 51,602 thousand as of 31 December 2023 (as of 31 December 2022: EUR 51,602 thousand). The share capital is fully paid up. Shareholder's share represents rights and responsibilities of shareholders.

Legal reserve fund

According to the Commercial Code the Company is obliged to create a legal reserve fund in the minimum amount of 5% of net profit (annually) and up to a maximum of 10% of share capital. As of 31 December 2023, the balance of legal reserve fund is in the amount of EUR 5,160 thousand (as of 31 December 2022: EUR 5,160 thousand). The Company has reached the maximum amount of legal reserve fund creation. The legal reserve fund may only be used to cover the Company's losses.

Distribution of accounting profit reported in the preceding accounting period

The sole shareholder decided to pay dividends in the amount of EUR 35,000 thousand on 20 December 2023.
At the same time, the sole shareholder decided to transfer the profit for the year 2022 in the amount of EUR 33,212 thousand to the retained earnings of previous years.
In 2023, the Company generated a profit of EUR 26,919 thousand and its distribution will be decided by a single shareholder. As of the date of preparing the financial statements, it is not known how the management will propose to distribute profit after tax.

17 Loans received

in thousands of EUR	Interest rate	Maturity	31 December 2023	31 December 2022
Loans received				
PPF Telecom Group B.V.	2,26 % p.a. (year 360 days)	30 April 2024	60,300	60,300
Total loans received			60,300	60,300

The company expects to refinance the loan at maturity with a new loan of a similar amount as the original loan.
The Company has established a credit line with the parent company and with several banks according to the following overview:

in thousands of EUR	31 December 2023	31 January 2022
Slovenská sporiteľňa, a.s.	5,000	5,000
PPF Telecom Group B.V.	60,300	60,300
Total agreed loan facility	65,300	65,300

The Company provided a credit limit to subsidiary O2 Business Services in the amount of EUR 5,000 thousand.

Within the scope of financial costs or financial income, the Company reports interest on credit received as well as from the granted and undrawn credit facility.

Reconciliation of cash flow liabilities movements from financial activities:	Loans received	Lease liabilities	Total
Balance as at 1 January 2022	40,360	6,855	47,215
Changes in cash flows from financing activities			
Loans repayments	(60,360)	-	(60,360)
Loans received	80,300	-	80,300
Repayments of lease liabilities - principal	-	(2,738)	(2,738)
Interest paid – loans	(1,326)	-	(1,326)
Interest paid - leases	-	(107)	(107)
Total changes in cash flows from financing activities	18,614	(2,845)	15,769
Other changes			
Interest expense	1,326	107	1,433
New lease contracts	-	798	798
Other changes	-	106	106
Total other changes	1,326	1,011	2,337
Balance as at 31 December 2022	60,300	5,021	65,321

Balance as at 1 January 2023	60,300	5,021	65,321
Changes in cash flows from financing activities			
Repayments of lease liabilities – principal	-	(2,967)	(2,967)
Interest paid – loans	(1,382)	-	(1,382)
Interest paid – leases	-	(124)	(124)
Total changes in cash flows from financing activities	(1,382)	(3,091)	(4,473)
Other changes			
Interest expense	1,382	124	1,506
New lease contracts	-	2,567	2,567
Other changes	-	-	-
Total other changes	1,382	2,691	4,073
Balance as at 31 December 2023	60,300	4,621	64,921

18 Other non-current liabilities

in thousands of EUR	31 December 2023	31 December 2022
Liabilities from acquisition of licenses	19,723	11,885
Service liability	260	27
Social fund	16	16
Other	949	806
Total non-current liabilities	20,948	12,734

In the financial statements as of 31 December 2022, the company incorrectly reported Note 18 Other long-term liabilities in the total amount of EUR 67 thousand and Note 19 Trade payables and other financial liabilities in the total amount of EUR 76,353 thousand, due to the incorrect classification of a liability from purchase of license of EUR 11,886 thousand as short-term and a provision for legal disputes of EUR 781 thousand as short-term. As a result, the company adjusted the comparative period in the financial statements for the year 2023 in Note 18 Other long-term liabilities and Note 19 Trade payables and other financial liabilities.

The Company manages the underlying receivables during the validity of the investment certificates, therefore, it is reported a service obligation in accordance with IFRS 9. The balance of the service liability at the end of the accounting period was in the amount of EUR 260 thousand (as of 31 December 2022: EUR 27 thousand).

Out of which: Social fund

The social fund liability is recognized as a payable to employees and its movements during the accounting period were as follows:

in thousands of EUR	Social fund
Balance as at 1 January 2022	43
Creation	163
Drawing	190
Release	-
Balance as at 31 December 2022	16

in thousands of EUR	Social fund
Balance as at 1 January 2023	16
Creation	210
Drawing	211
Release	-
Balance as at 31 December 2023	15

According to the Social Fund Act, the social fund is used for social, health and other needs of employees.

19 Trade and other financial liabilities and other current liabilities

in thousands of EUR	31 December 2023	31 January 2022
Trade payables	35,941	38,906
Unbilled supplies	17,324	17,678
Total financial liabilities	53,265	56,584
Tax liabilities (except for income tax)	3,819	3,359
Employees	3,922	3,742
Other	586	2
Total trade and other financial liabilities and other current liabilities	61,592	63,687

Ageing structure of current liabilities:

in thousands of EUR	31 December 2023	31 December 2022
Not past due	59,500	61,469
Overdue less than 180 days	1,887	2,078
Overdue less than 365 days	9	42
Overdue more than 365 days	196	98
Total trade and other financial liabilites and other current liabilities	61,592	63,687

The structure of liabilities according to their maturity is presented in note 27, part Liquidity risk.

Trade payables and other financial liabilities are not secured by a lien or any other form of security.

20 Contractual liabilities

Contractual liabilities are the Company's obligation to deliver goods or provide services for which the Company has already received the consideration from the customer. Contractual obligations include a commitment to prepaid telecommunication service customers on prepaid cards in the amount of EUR 4,527 thousand (as of 31 December 2022: EUR 4,376 thousand) and commitment to data transfer in the amount of EUR 1,765 thousand (as of 31 December 2022: EUR 1,765 thousand). The revenue is recognized when the call or data transfer is made, other services are provided or expiry of the card's life and associated prepaid credit.

in thousands of EUR	31 December 2023	31 December 2022
Current Contractual liabilities	7,796	7,607
Non-current Contractual liabilities	-	-
Total Contractual obligations	7,796	7,607

The amount of EUR 7,607 thousand reported as of 31 December 2022, under contractual liabilities was recognized as revenue in 2023.

In the following year, the Company expects to recognize revenue in the amount of EUR 7,796 thousand in respect of contractual liabilities from prepaid but not yet delivered services.

21 Revenues from operating activities

in thousands of EUR	31 December 2023	31 December 2022
Mobile revenues	227,370	214,881
Revenues from home internet	11,773	9,188
Wholesale	30,024	32,837
Selling of equipment and accessories	70,142	58,679
Other revenues from operating activities	3,513	4,707
Revenue from operating activity total	342,822	320,292

Mobile revenues are created by providing telecommunication mobile services to end customers.

Revenues from home internet are created by providing broadband internet services.

Wholesale: revenues from roaming customers other networks and revenues from other mobile operators for incoming phone call and SMS.

Selling of equipment and accessories include all telecommunications and non-telecommunications equipment, including accessories to this equipment.

Other revenues include mainly other telecommunications and non-telecommunications revenues.

22 External purchases

in thousands of EUR	31 December 2023	31 December 2022
Cost of merchandise	61,568	50,790
Purchase of SIM cards	633	649
Total cost of sales of merchandise	62,201	51,439

in thousands of EUR	31 December 2023	31 December 2022
Telecommunication services	33,360	38,265
Customer related services	19,800	17,597
Marketing costs	12,007	10,786
Outsourcing of services within the Group and from external suppliers	11,373	10,884
Cost for network services	91,569	80,904
Lease and other cost of buildings	2,385	2,225
Cost for assumbly and other service activities	634	693
Cost for representation	313	255
Energy consumption	344	261
Repairs of property, plant and equipment	784	851
Legal and consulting services	1,341	1,001
Other	2,068	1,838
Total services	175,978	165,560

Expenses related to audit of financial statements in the year ended 31 December 2023 amounted to EUR 72 thousand (as of 31 December 2022: EUR 63 thousand). On 20 December 2023, KPMG Slovensko, spol. s r.o. was appointed as an independent auditor for the period ended 31 December 2023.

In the year ended 31 December 2023, expenses related to tax advisory provided by the independent auditor were in the amount of EUR 43 thousand (as of 31 December 2022: EUR 17 thousand). The independent auditor did not provide any other services. These expenses are included among Legal and consultancy services.

23 Personnel costs

in thousands of EUR	31 December 2023	31 December 2022
Wages and salaries	22,017	19,473
Social security	7,045	6,299
Total personnel costs	29,062	25,772

24 Other operating expenses

in thousands of EUR	31 December 2023	31 December 2022
Fees paid to the Group	1,224	943
Fees to Telecommunication Office for frequencies	2,054	2,602
Other	764	453
Total other expenses	4,042	3,998

25 Finance income and finance costs

in thousands of EUR	31 December 2023	31 December 2022
Interest expense	1,508	1,433
Exchange rate losses	263	267
Loss on sale of receivables at fair value	1,161	314
Other financial expenses	528	382
Total financial expenses	3,460	2,396

in thousands of EUR	31 December 2023	31 December 2022
Interest income	296	62
Exchange rate gains	161	323
Total financial income	457	385

26 Tax expenses and reconciliation of the effective tax rate

in thousands of EUR	31 December 2023	31 December 2022
Deferred tax	165	(5,520)
Special levy on business in regulated industries	1,101	779
Current tax	9,386	14,636
Total tax expenses	10,652	9,895

In accordance with Act No. 235/2012 Coll. on Special Levy on Business in Regulated Industries and on Amendments and Supplements to certain laws in the wording of Act No. 440/2012 Coll., the Company considers itself a regulated legal person. Consequently, the Company is obliged to pay a special levy provided that its profit for the accounting period exceeds EUR 3,000 thousand.

The levy is determined on the basis of the latest known profit before tax adjusted according to Decree of the Finance Ministry of the Slovak Republic No. MF/011053/2006-72 from 15 February 2006, as amended on 19 December 2006 by Decree of the Ministry of Finance of the Slovak Republic No. MF/026217/2006 and multiplied by the coefficient determined as the proportion of revenues generated from activities in the regulated area (electronic communications under a general authorization or an individual right-to-use numbers or frequencies) to the total revenue of the Company. The rate of levy is 0.00363 (Act No. 235/2012 Coll. – article 6) paid on a monthly basis.

in thousands of EUR	31 December 2023	31 December 2022
Profit before tax	37,571	43,107
Theoretical tax of 21%	7,890	9,052
Special levy on business in regulated industries	1,268	1,619
Permanent differences	1,102	408
Other differences	965	(551)
Settlement of tax from previous years	(573)	(633)
Total tax expenses	10,652	9,895

Under the tax settlement of previous years, the difference between the booked income tax provision and the actual tax liability paid on the basis of the tax return is reported.

27 Financial instruments and financial risk management

The Company is exposed to various financial risks due to its activities. The Company's overall risk management focuses on unpredictability of financial markets and economic environment and pursues to minimize potential adverse impacts on the Company's financial results.
Financial instruments include cash, a capital instrument of another accounting entity, any arrangement entitling to gain or binding to provide cash or another financial asset or any arrangement entitling or binding to exchange financial assets and liabilities.

The main risks arising from financial instruments used by the Company are market risk, credit risk and liquidity risk. The financial department is responsible for financial risk management based on rules approved by the parent company.

Market risk management

The market risk represents risk of fluctuations in fair value of future cash flows of a financial instrument due to changes in market prices. The market risk includes currency, interest rate and other price risks.

Currency risk

The currency risk represents the risk of fluctuations in fair value of future cash flows of a financial instrument due to changes in foreign exchange rates.

The Company is exposed to movements in the American Dollar, Czech Crown and reserve currency created by the International Monetary Fund XDR (Special Drawing Rights) which represents a minimum risk in connection with the position of these currencies on the total amount of liabilities/ assets and therefore no sensitivity analysis was performed.

Overview of financial assets in foreign currencies translated at the exchange rate as of 31 December 2023 to EUR is as follows:

in thousands of EUR	XDR	Total
Not past due	275	275
Overdue less than 180 days	-	-
Overdue less than 365 days	7	7
Overdue more than 365 days	1	1
Total current receivables	282	282

Overview of financial receivables in foreign currencies converted at the exchange rate as of 31 December 2022, to EUR is as follows:

in thousands of EUR	XDR	Total
Not past due	35	35
Overdue less than 180 days	304	304
Overdue less than 365 days	-	-
Overdue more than 365 days	1	1
Total current receivables	340	340

Overview of financial liabilities in foreign currencies translated at the foreign exchange rate as of 31 December 2023 to EUR is as follows:

in thousands of EUR	CZK	USD	XDR	Total
Not past due	95	6	577	678
Overdue less than 180 days	-	-	290	290
Overdue less than 365 days	-	-	-	-
Overdue more than 180 days	-	-	37	37
Total current liabilities	95	6	904	1,005

Overview of financial liabilities in foreign currencies translated at the foreign exchange rate as of 31 December 2022 to EUR is as follows:

in thousands of EUR	CZK	USD	XDR	Total
Not past due	133	-	922	1,055
Overdue less than 180 days	-	-	17	17
Overdue less than 365 days	-	-	2	2
Overdue more than 180 days	-	12	41	53
Total current liabilities	133	12	982	1,128

Interest rate risk

The Company statement of profit and loss is not significantly affected by changes in market interest rates.

The Company concluded Loan agreement with PPF Telecom Group B.V. Credit limit was set up to EUR 60,300 thousand.
The Company did not perform sensitivity analysis with respect to interest rate, as loan has fixed interest rate.
The Company's management does not use hedging instruments to manage the risk of variable interest rate.

Other price risks

Other price risks arise in the case of financial instruments, for example, due to changes in prices of commodities or shares. The Company is not exposed to any significant price risk.

Credit risk

Credit risk represents the risk that one party to a financial instrument causes financial loss to another party by failing to fulfil an obligation.

The Company is exposed to credit risk resulting from its operating activities. The Company's rules for credit risk management define maturity and limits for individual partners. The Company decreases the credit risk of partners by using bank guarantees or blank promissory notes.

Concentration of credit risk in connection with trade receivables is limited due to the Company's large client base. Additionally, if the client fails to pay the outstanding amount for provided services even after follow-up notices, the Company limits outgoing calls to the client and subsequently the provision of services is interrupted.

The Company uses bad debt provision matrix to estimate expected credit losses from receivables that consist of small balances from large number of customers.

Allowances rates are calculated using the „roll rate" method based on the probability that the receivable falls through the stages of the delinquency until its write-off.

Percentage losses are based on actual credit losses over the previous six years, also considering the experience of the Company's predecessor company. They are adjusted for the expected revenue from the sale of receivables. The Company usually sells receivables that are more than 1 year but less than 2 years overdue.

Credit risk and impairment of receivables for significant receivables is assessed individually.

The summary of the ageing structure of short-term receivables is disclosed in Note 14. Receivables which were overdue as at the reporting date without impairment are kept from creditworthy partners with good payment discipline. On the basis of past experience with payment discipline of these contractual partners the Company's management as judged that no material credit losses are expected to arise.

The Company is also exposed to the risk of insolvency in connection with trade receivables, which are measured at fair value through profit or loss. The maximum exposure to insolvency risk in this case is the current carrying amount of these receivables.

Liquidity risk

The liquidity risk represents risk that the Company will have difficulties in fulfilling obligations relating to financial liabilities which are settled using cash or other financial assets.

The Company's liquidity risk mitigation policy defines the level of cash, cash equivalents and credit resources available to the Company to enable meeting its obligations in a timely manner.

The table below shows financial liabilities of the Company, based on undiscounted cash flows taking into account the earliest possible dates when the Company may be required to pay off these liabilities including interest expense from these liabilities.

in thousands of EUR	31 December 2023	31 December 2022
Without maturity	-	-
Maturity up to 180 days	115,771	59,009
Maturity up to 365 days	-	-
Maturity more than 365 days	23,363	75,629
Total liabilities	139,134	134,638

In the financial statements as of 31 December 2022, the company incorrectly reported the amount of liabilities with a maturity of up to 180 days and the amount of liabilities with a maturity of more than 365 days. This was due to the incorrect classification of payables from purchase of license of EUR 11,886 thousand as short-term and a provision for legal disputes of EUR 781 thousand as short-term, thus including them among the liabilities with a maturity of up to 180 days. Moreover, the Company incorrectly reported under financial liabilities also items of EUR 15,375 thousand, which do not fulfill definition of financial liabilities in financial statements for previous year.
As a result of correction, the company adjusted the comparative period in the financial statements for the year 2023 in the table of future maturities of liabilities.

In the category maturity more than 365 days, the financial liabilities of the Company include liabilities from purchase of licenses. Received loan from the parent company in the amount of EUR 60,300 thousand is included under liabilities with maturity up to 180 days. Credit limit of loan is withdrawn in full amount of EUR 60,300 thousand. Future interests for the loan are of EUR 454 thousand.

The table below shows information about the Company's expected maturity of non-derivative financial assets. The table was prepared based on undiscounted contractual maturity of financial assets including interest income from these assets.

in thousands of EUR	31 December 2023	31 December 2022
Without maturity	26,580	11,991
Maturity up to 180 days	32,629	45,517
Maturity up to 365 days	18,236	24,000
Maturity more than 365 days	12,683	16,965
Total receivables and cash and cash equivalents	90,127	98,472

Company monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on liabilities. At 31 December 2023, the expected cash inflows from receivables maturing within 180 days is together with financial asset is EUR 59,209 thousand (as of 31 December

2022: EUR 57,508 thousand) and expected cash outflow from liabilities within 180 day is EUR 126,025 thousand (as of 31 December 2022: EUR 87,317 thousand). The company expects to generate sufficient cash flow from its operating activities within 180 days to meet its obligations when they become due. Additionally, the company expects to refinance a short-term loan of approximately EUR 60,300 thousand. This, along with the available credit line (refer to Note 17) and the ability to transfer payments for obligations within the PPF group, mitigates the potential risk of unforeseeable extreme circumstances.

Financial assets and liabilities offsetting

The following financial assets were subject to offsetting, netting agreements and similar agreements enabling offsetting:

in thousands of EUR	31 December 2023	31 December 2022
Trade and other receivables prior to offsetting	94,597	48,349
Gross offset amount	(112)	(137)
Trade and other receivables after offsetting	94,485	48,212

The following financial liabilities were subject to offsetting, netting agreements and similar agreements enabling offsetting:

in thousands of EUR	31 December 2023	31 December 2022
Trade and other payables prior to offsetting	61,704	79,181
Gross offset amount	(112)	(137)
Trade and other payables after offsetting	61,592	79,044

The Company records no financial assets and financial liabilities which would be subject to offsetting agreements, and which were not offset in the balance sheet.

Capital risk management

The Company is not subject to external capital requirements.

The primary objective of the Company's capital management is to ensure support of its business activities and maximize the shareholder value, taking into account guidelines of the parent company. In 2023, there were no changes carried out in objectives, principles and procedures.

The capital structure of the Company consists of the shareholder's equity which includes share capital, reserve fund and retained earnings from previous periods. The Company's management manages the capital measured with equity in the amount of EUR 92,787 thousand (as of 31 December 2022: EUR 100,868 thousand).

The Company may adjust the profit share paid to the shareholder or refund part of the capital to the shareholder in order to maintain or adjust the capital structure. The Company ensures capital management in co-operation with the parent company.

Fair value estimation

The carrying amount of each class of the Company's financial instruments approximates their fair value. The carrying amount of trade receivables, less provisions for bad and doubtful receivables, the carrying amount of other trade financial payables, loans and borrowings as well as the carrying amount of liabilities approximates their fair value. In case of short-term receivables and payables the impact on their present value is insignificant.

in thousands of EUR	Carrying amount as at 31 December 2023	Fair value as at 31 December 2023
Loans received	60,300	59,327

in thousands of EUR	Carrying amount as at 31 December 2022	Fair value as at 31 December 2022
Loans received	60,300	56,811

28 Related party transactions

Identity of related parties

Related parties of the Company are close individuals; economically, personnel-wise, or otherwise connected individuals or entities; individuals and entities that are part of the consolidataion. The parent company was O2 Czech Republic a.s. until 13 April 2022. Parent Company was changed on 13 April 2022 and parent company of the Company become PPF Comco N.V. (for details refer to Note 1). In 2023, the majority shareholders of the parent company were companies within PPF Group N.V. controlled by Mrs. Renáta Kellnerova (detail in Note 1, part Information about the ultimate parent, which prepares consolidated financial statements for all groups of entities).

All related party transactions were conducted on terms that are intended to approximate an arms-length basis. The balances of receivables and payables are not interest bearing, not secured and payments are expected in cash or in form of offsetting.

Balances of financial assets are reviewed for impairment as at the reporting date. No value adjustment was recorded due to impairment.

Receivables, payables, expenses and revenues with related parties are disclosed in the following tables:

1. Transactions with the parent company

Transactions with PPF Comco N.V.

As of 31 December 2023, the parent company PPF Comco N.V. received dividends for the year 2022 in a total amount of EUR 35,000 thousand (as of 31 December 2022: EUR 40,000 thousand). The company did not engage in any other transactions with its parent company during the year 2023.

Transactions with O2 Czech Republic a.s. as the parent company

The Company realized the following transactions with the company:

in thousands of EUR	1 January 2022 - 13 April 2022
Sales of merchandise and services	170
Purchase of services	2,275
Financial expenses	612
Purchase of brand	14,000

2. Transactions with subsidiary

Assets and liabilities from transactions with subsidiary are stated in the following overview:

in thousands of EUR	31 December 2023	31 December 2022
Shares in companies	1,528	4,528
Trade and other receivables	700	675
Provided short-term loans	24	28
Trade payables	2,715	2,398

The Company realized the following transactions with subsidiary:

in thousands of EUR	31 December 2023	31 December 2022
Sales of merchandise and services	2,657	2,918
Purchase of services	5,444	4,738
Finance income	26	26

3. Transactions with other related parties

Assets and liabilities from transactions with other related parties within the PPF Group N.V. and Tesco Mobile Slovakia, s.r.o. are listed in the following overview:

in thousands of EUR	31 December 2023	31 December 2022
Shares in companies	3	3
Trade and other receivables	16,421	13,437
Trade payables	8,758	13,099

The company realized the following transactions with other related companies within the PPF Group N.V. and Tesco Mobile Slovakia, s.r.o.:

in thousands of EUR	31 December 2023	31 December 2022
Sales of merchandise and services	5,441	4,896
Purchase of merchandise and services	117,446	101,638

The company issued securitization certificates of EUR 42,370 thousand in 2023 (in 2022: 19,872 thousand EUR).

The list of companies from the PPF Group N.V. which the Company realized transactions in 2023 with, includes the following companies: CETIN a.s., PPF Telecom Group, Air Bank, CME, Yettel Bulgaria, Yettel Serbia and Yettel Hungary, O2 Czech Republic a.s., CETIN Networks (O2 Networks until 31 December 2023).

29 Information on income and remuneration of key management members

Among key management members in 2023, was 7 (in 2022: 8) members of the executive management of the Company.

in thousands of EUR	31 December 2023	31 December 2022
Short-term employee benefits	1,650	1,401
Total	1,650	1,401

30 Contingent liabilities

Litigations and claims

The Company is not a participant in any litigations or claims except for ordinary business litigations. No significant adverse impact of litigations on the Company's financial position, results of operating activities or cash flows is expected.

Uncertainties in tax legislation

As many areas of the Slovak tax law have not been sufficiently tested in practice, there is some uncertainty as to how the tax authorities would apply them. The extent of this uncertainty cannot be quantified. The probability of imposing an additional tax will be reduced only when there are precedents or official interpretations by the tax authority. The management of the Company is not aware of any circumstances that would incur significant costs for the Company.

Other financial liabilities

As of 31 December 2023, the Company has contingent financial liabilities in the amount of EUR 121 thousand (as of 31 December 2022: EUR 90 thousand) which it committed to provide to its customers after all conditions are met.

31 Investment and other commitments

in thousands of EUR	31 December 2023	31 December 2022
Investment and other commitments contracted but not included in the financial statements yet	764	464
Total investment and other commitments	764	464

These commitments mainly relate to telecommunications and information technology and exchange of equipment in sales points.

32 Subsequent events

No events with a material impact on the true and fair presentation of facts subject to the accounting occurred after 31 December 2023.

9 May 2024

Mgr. Igor Tóth, PhD.
Chief executive officer and statutory representative

Ing. Tomáš Kimlička
Chief financial officer and statutory representative