CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Results for the year ended 31 December 2023

Highlights

	Post-IFRS 16 [1] Basis		
	2023 EURO million	2022 EURO million	Reported currency change
Total Revenue [2]	**10,199**	10,084	+1%
Total EBITDA [2]			
- Underlying	**3,459**	3,754	-8%
- One-off items [3]	**–**	1,054	
	3,459	4,808	-28%
Total EBIT [2]			
- Underlying	**417**	758	-45%
- One-off items [3]	**–**	1,054	
	417	1,812	-77%
Profit attributable to ordinary shareholders			
- Underlying	**252**	463	-46%
- One-off items [3]	**–**	662	
	252	1,125	-78%

	Pre-IFRS 16 [1] Basis			
	2023 EURO million	2022 EURO million	Local currencies change	Reported currency change
Total Revenue [2]	**10,199**	10,084	+3%	+1%
Total EBITDA [2]				
- Underlying	**2,668**	2,945	-8%	-9%
- One-off items [3]	**–**	1,041		
	2,668	3,986	-31%	-33%
Total EBIT [2]				
- Underlying	**307**	599	-49%	-49%
- One-off items [3]	**–**	1,041		
	307	1,640	-81%	-81%
Profit attributable to ordinary shareholders				
- Underlying	**221**	370	-43%	-40%
- One-off items [3]	**–**	649		
	221	1,019	-78%	-78%

Note 1: The Group believes that the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a International Financial Reporting Standard 16 "Leases" basis ("Post-IFRS16 basis"), better reflects management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended 31 December 2022 and 2023. Unless otherwise specified, the discussion of the Group's operating results in this results announcement is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA and EBIT include the Group's proportionate share of joint ventures' respective items.

Note 3: Under Post-IFRS 16 basis, one-off items in 2022 comprise €2,384 million gain (before tax) from the disposal of UK tower assets (disposal gain after tax: €1,992 million), partly offset by non-cash impairment of the Group's telecommunication business in Italy (€1,330 million).

Note 4: Under Pre-IFRS 16 basis, one-off items in 2022 comprise €2,371 million gain (before tax) from the disposal of UK tower assets (disposal gain after tax: €1,979 million), partly offset by non-cash impairment of the Group's telecommunication business in Italy (€1,330 million).

Management Discussion and Analysis

CK Hutchison Group Telecom Key Strategies

Operational strategies

CK Hutchison Group Telecom (the "Group") aims to offer its customers the best network quality and coverage. Key operational strategies include:

Network

The Group focuses on improving its network through data-centric digitisation to optimise service quality, whilst also increasing overall network coverage to expand market share.

- **UK –** continuing 5G network deployment, as well as provision of mobile coverage across London Underground for coverage improvement in both indoor and outdoor, as well as voice quality and network speed. The Group received various recognition for its 5G network: UK's fastest 5G network by Ookla in 2023, highest 5G coverage of any MNOs in UK by Ofcom and most data traffic in UK by Enders.
- **Italy –** network enhancement efforts throughout the year and in particular improving coverage in rural areas through a newly formed joint venture in early 2023, resulting in close to full population 4G coverage.
- **Sweden –** continued to be top-ranked for network quality based on independent network benchmark tests. During 2023, the Group has significantly increased its 5G overall population coverage in Sweden, reaching a level of over 40% with a majority of that coverage being achieved through high capacity 5G based on C-band spectrum. The Group has also continued the radio network equipment swap which commenced in 2022 and the overall expansion of the network adding another 10% in terms of number of sites deployed.
- **Denmark –** during 2023, the Group achieved significant progress on network modernisation, including network equipment swap, 4G capacity improvement and 5G deployment. By the end of 2023, the 5G overall population coverage in Denmark is close to 90% and the Group has also substantially completed the network equipment swap and modernisation.
- **Austria –** 5G radio rollout is planned in Austrian cities and rural areas in 2024 to increase network coverage footprint, capacity and fulfil coverage obligations. Rewarded as Austria's fastest 5G network for the first half of 2023.
- **Ireland –** the Group's network received the highest overall speed score based on an independent speed test and was awarded the fastest 5G network in the country in 2023.
- **Hong Kong –** in 2023, the Group completed a network enhancement project covering major underground transportation stations, as well as network coverage and equipment upgrades at major Cross Border Control Points to enhance the overall customer experience. The Group also served as a platform connecting to the three major network providers to support cross-network roaming in Mainland China.

IT platform

The Group's focus on its IT transformation program encompasses customer relationship management, retail point-of-sales, billing systems and new product catalogues to enhance customer experience.

- **UK –** multi-year digital transformation completed, with commercial launch on the new B2C digital transformation platform in 2023, enabling faster time to market of new product propositions. Device finance propositions launched to enable additional consumer options and flexibility.
- **Italy –** launch of a number of IT modules for growing telecommunication segments such as FWA and B2B portfolios, as well as applications for new revenue streams such as Insurtech, Energy and Contextual Marketing.
- **Sweden & Denmark –** the Scandinavia IT environment is shared between Sweden and Denmark with country localisation when needed. In 2023, the Group has continued to focus on B2B functionality, further support on eSIM user flows, 5G services enhancement and the underlying architectural modernisation of the Sales & CRM IT landscape.
- **Austria –** continuous enhancement of dedicated digital product lineup "up^3" and enhancement of customer management and experience functionalities using artificial-intelligence-based process, together with rework of digital customer touchpoints towards a digital shopping and care experience platform and major upgrades to the customer relationship management platform. The Group has also launched a new Drei TV portfolio and broadcasting stations.
- **Ireland –** continues retail store revamp and digitalisation of sales flow to improve customers' user experience. Performing various upgrades to IT platforms to enhance system security and operational efficiency.
- **Hong Kong –** launched a new mobile application platform (SUPREME) for deluxe customer experiences. The Group also introduced a chatbot for improved prepaid subscriber enquiries, implemented rich communication service for Enterprise Marketing, and included WeChat payment for customer convenience.

5G

The Group is actively involved in developing and standardising the fifth generation mobile communications standard. 5G is anticipated to make it possible to operate fixed and mobile communications networks more efficiently and to improve the quality of critical services.

- **Spectrum and coverage:** the Group has already obtained sufficient spectrum for 5G in most operations and has launched 5G services in all markets in which it operates. Key 5G coverage developments in selected markets include:

  UK – more than 4,600 live 5G sites at the end of 2023, reaching 62% outdoor coverage and awarded the UK's fastest 5G network. 3 UK plans to continue its rollout by 1,000 sites during 2024 to further enhance coverage and customer experience.

  Italy – over 7,000 live 5G sites as at the end of 2023, providing more than 95% 5G FDD population coverage and 70% TDD coverage. Wind Tre plans to continue its 5G rollout with approximately 1,500 additional sites during 2024.

  Sweden – during 2023, the Group continued the 5G rollout in some of the major cities in Sweden. By the end of 2023, the Group has rolled out over 1,350 5G sites in Sweden and achieved extensive TDD population coverage in ten of the largest cities in Sweden as well as places with high-capacity demand.

  Denmark – the Group deployed over 600 5G sites in Denmark during 2023. By the end of 2023, the Group has over 2,700 sites with 1,700 C-band sites in the country and expects to expand the network further with 200 sites to be deployed in 2024.

  Austria – over 2,300 live 5G sites at the end of 2023. 5G FDD and TDD population coverage increased to 88% and 64% respectively at the end of December 2023. The Group expects approximately 1,200 new 5G sites to be rolled out in 2024.

  Ireland – approximately 1,283 sites rolled out as of December 2023 with over 45% 5G FDD population coverage and over 55% TDD coverage. During 2024, continuous 5G sites rollout are planned to increase service availability to the existing customer base and grow the FWA servicing area.

  Hong Kong – by enhancing the mobile hardware equipment and configuring specific antennas during 2023, the Group further enhanced 5G coverage, network speed and stability in certain seaside areas.

- **Digitisation of core network:** through digitisation, the Group aims to give customers a leading experience that is online, multichannel and real-time. The Group has continued to focus on standardisation and automation across operation support systems and core networks, with the introduction of new technologies such as virtualisation, orchestration and network slicing, to ensure the customer journey meets the evolving needs of digital consumers and enterprises. Through its 50% holding in CK Delta, the Group has established a central digital aggregation platform to deliver value creation and innovation on a global scale, as well as leveraging on partnership ecosystems.

Business strategies

Key business strategies include:

- **Increase contract customer base:** the Group continues to target increasing its contract customer base to protect short term volatility, through flexible tariff propositions and handset financing arrangements. As at 31 December 2023, **3** Group Europe's active contract customer base of over 26.9 million customers increased 5% against last year and represented 67% of total active customer base.
- **Expanding revenue streams:** the Group continues to expand its revenue streams to increase margins and drive growth. Key "other revenue" segments include:

  Fixed-wireless access - since the launch of FWA in recent years, which is now offered by all countries in which the Group operates, the broadband segment has been a growth driver in 2023 and is expected to continue deliver margin improvement in 2024.

  Data analytics – through data analytics, the Group developed products to serve entities in the utilities, ports and asset management sectors. During 2023, CK Delta completed commercialising a suite of Intelligent Applications that are augmented with Artificial Intelligence (AI) and driven with data. The focus for the business was on growing its footprint across sectors.

  Accessories sales – the Group continued accessories sales through its retail network, online sales channel and APP to support an extended range of products and 5G services.

  Partnerships – in addition to traditional customer services in the mobile and fixed segments, the Group continued exploring opportunities to extend revenue streams through partnerships with utilities suppliers, insurance providers, e-commerce platforms and retailers to develop new product offerings and bundled propositions.

- **Enhancing cost structure:** the Group continues to increase margins by enhancing its cost structures, capturing full cost efficiencies from network and IT transformations, as well as maintaining stringent controls over customer acquisition and retention costs. Despite challenges from inflationary pressures and energy cost hikes, as well as the incremental service fees after the disposals of tower assets, **3** Group Europe's EBITDA margin remained healthy at 31% in 2023.

Financial strategies

The Group has strong EBITDA margins demonstrating its operational efficiency and disciplined cost control. The Group's financial strategy also ensures that company's balance sheet remains strong. Key financial strategies include:

- **Prudent financial management and strong financial flexibility:** regular and close cash flow monitoring for all operating units, ensuring no major deviations from projections and appropriate rectification or mitigation actions are taken. Aims to maintain investment grade rating and CKHH's standard of financial management, discipline and system.

  - At the end of 2023, the Group has a net leverage[1] of 0.8x EBITDA (2022: 0.7x EBITDA).
- **Stringent capex approval policies consistent with CKHH standards:** rigorous process to control capex and investment spending.
- **Strict dividend policy:** strict dividend payouts with net debt to EBITDA threshold to provide an implicit form of parental support to maintain liquidity of all operating units.

Note 1: Net leverage ratio is defined as total gross principal amount of bank and other debts less total cash and listed investments to EBITDA ratio.

CK Hutchison Group Telecom

In million	2023 EURO	2022 EURO	Change	Local currencies change
Total Revenue	**10,199**	10,084	+1%	+3%
Total Margin	**7,267**	7,037	+3%	+5%
Total CACs	**(1,818)**	(1,799)	-1%	
Less: Handset revenue	**1,340**	1,361	-2%	
Total CACs (net of handset revenue)	**(478)**	(438)	-9%	
Operating Expenses	**(4,121)**	(3,654)	-13%	
Gain from disposal of tower assets [1]	**–**	2,371	-100%	
Impairment of goodwill [1]	**–**	(1,330)	+100%	
EBITDA [2]	**2,668**	3,986	-33%	-31%
- Underlying	**2,668**	2,945	-9%	-8%
- One-off items [1]	**–**	1,041		
Depreciation & Amortisation	**(2,361)**	(2,346)	-1%	
EBIT [2]	**307**	1,640	-81%	-81%
- Underlying	**307**	599	-49%	-49%
- One-off items [1]	**–**	1,041		

Note 1: CKHGT completed the disposal of tower assets in the UK in November 2022 and recognised a disposal gain before tax of €2,371 million. A non-cash impairment of goodwill on the Group's Italian telecommunication business of €1,330 million was also recognised in 2022.

Note 2: Under Post-IFRS 16 basis, EBITDA was €3,459 million (2022: €4,808 million); EBIT was €417 million (2022: €1,812 million).

The Group's 2022 results included one-time net gain of €1,041 million, comprising the gain on disposal of tower assets in the UK, partly offset by a non-cash impairment of goodwill on the Group's Italian telecommunication business.

Total revenue of the Group of €10,199 million was 1% higher than last year. EBITDA and EBIT of €2,668 million and €307 million, excluding the impact of one-time net gain of €1,041 million recognised in 2022, were 9% and 49% lower than last year respectively, primarily due to lower contribution from **3** Group Europe.

On a Pre-IFRS 16 basis, profit attributable to ordinary shareholders for the year ended 31 December 2023 of €221 million, excluding the one-time net gain in 2022, declined 40% mainly due to lower EBIT. On a reported basis, the decrease was 78% compared to 2022.

On an underlying Post-IFRS 16 basis, EBITDA, EBIT and profit attributable to ordinary shareholders decreased by 8%, 45% and 46%, respectively against last year. On a reported basis, EBITDA, EBIT and profit attributable to ordinary shareholders decreased by 28%, 77% and 78% respectively when compared to 2022.

3 Group Europe [3]

In million	2023 EURO	2022 [4] EURO	Change	Local currencies change
Total Revenue	**9,425**	9,435	–	+1%
Total Margin	**6,769**	6,648	+2%	+3%
Total CACs	**(1,758)**	(1,733)	-1%	
Less: Handset revenue	**1,304**	1,316	-1%	
Total CACs (net of handset revenue)	**(454)**	(417)	-9%	-11%
Operating Expenses	**(3,806)**	(3,460)	-10%	-11%
Opex as a % of total margin	***56%***	*52%*		
EBITDA	**2,509**	2,771	-9%	-9%
EBITDA Margin % [5]	***31%***	*34%*		
EBITDA excluding energy inflation	**2,651**	2,771	-4%	-3%
Depreciation & Amortisation	**(2,229)**	(2,172)	-3%	-4%
EBIT	**280**	599	-53%	-54%
EBIT excluding energy inflation	**422**	599	-30%	-29%
EBITDA per above	**2,509**	2,771	-9%	-9%
Proforma contribution from tower assets	**–**	124		
Reported EBITDA [6]	**2,509**	2,895	-13%	-12%
EBIT per above	**280**	599	-53%	-54%
Proforma contribution from tower assets	**–**	82		
Reported EBIT [6]	**280**	681	-59%	-59%

Note 3: 2022 **3** Group Europe results do not include one-off items, which represented gain on disposal of tower assets (before tax) of €2,371 million and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1,330 million.

Note 4: As the tower assets disposal in the UK was completed in November 2022, the 2022 results of the UK were normalised, which exclude the proforma contribution from the tower assets for January to October 2022. The % changes in EBITDA and EBIT are compared against the normalised 2022 numbers.

Note 5: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 6: Under Post-IFRS 16 basis, EBITDA was €3,251million (2022: €3,653 million); EBIT was €389 million (2022: €840 million).

Although Italy's wholesale revenue continued to decline year-on-year by approximately €170 million, **3** Group Europe 's total revenue of €9,425 million and total margin of €6,769 million was 1% and 3% higher than last year respectively in local currencies, primarily driven by growth in net customer service revenue due to increase in the customer base and favourable revenue initiatives phased throughout the year, coupled with higher roaming income from increased travelling by European customers.

Active customer base as at 31 December 2023 of 40.2 million was 1% higher than 2022, mainly due to the UK, where the total active customer base increased 3% year-on-year, partly offset by lower customer base of Wind Tre which strategically targets a higher average customer lifetime value for its base as a whole. Average monthly customer churn rate of the contract customer base remained stable at 1.2% for the year (2022: 1.2%). **3** Group Europe's 2023 net ARPU and net AMPU of €12.80 and €11.59 respectively were impacted by adverse foreign exchange translation impact of Pound Sterling which depreciated 2% year-on-year against EURO. Excluding the foreign exchange impact, **3** Group Europe's net ARPU and net AMPU increased by 1% and 2% respectively against 2022, primarily due to the upside from revenue initiatives, better tariff mix and higher value propositions, partly offset by the dilutive impact of higher mix of low value Internet of things (IoT) customers in Ireland.

Majority of **3** Group Europe's operations reported higher net customer service margin driven by inflation-linked adjustment embedded in customer contracts or annual adjustment executed throughout the year, which led to the growth in overall net customer service margin. In addition, UK, Sweden and Ireland continued to increase their active customer base mainly in the contract and business segments, with Denmark's second brand delivering a steady growth year-on-year. Italy and Austria's active customer base was lower, reflecting the impact from customer value management initiatives and voluntary churn from tariff adjustment respectively, which partly offset the favourable revenue initiatives upside on their net customer service margin. Despite Italy's wholesale margin decline, other margin grew across most of the remaining operations due to the improvement in MVNO performance and expansion of revenue streams beyond traditional customer service. Overall, these resulted in a 3% total margin growth.

3 Group Europe's 2023 results reflected the full year adverse impact from the tower disposal in the UK of around €124 million. Together with increased operating expenses due to €142 million higher energy cost and €111 million other inflationary impacts, as well as higher network costs from the expanded networks, particularly in the UK, reported EBITDA decreased by 12% against last year in local currencies. **3** UK recognised £38 million accelerated depreciation on the legacy IT system in 2023 upon transitioning to an enhanced digital platform, excluding which, reported depreciation and amortisation of **3** Group Europe was flat year-on-year in local currencies as the higher depreciation in the UK from continued 5G rollout was offset by the savings arising from tower assets disposal and lower depreciation in Italy following the transfer of certain network assets to a newly setup joint venture in January 2023 and lower 5G network investment.

CKHGT - Results by operations

In million	UK[8] GBP 2023	2022	Italy[7] EURO 2023	2022	Sweden SEK 2023	2022	Denmark DKK 2023	2022	Austria EURO 2023	2022
Total Revenue	**2,588**	2,520	**3,838**	3,947	**7,984**	7,586	**2,438**	2,375	**976**	885
% change	***+3%***		***-3%***		***+5%***		***+3%***		***+10%***	
Total margin	**1,671**	1,529	**2,958**	3,030	**5,213**	4,753	**1,990**	1,864	**704**	669
% change	***+9%***		***-2%***		***+10%***		***+7%***		***+5%***	
Total CACs	**(964)**	(953)	**(279)**	(276)	**(945)**	(1,003)	**(257)**	(229)	**(168)**	(113)
Less: Handset Revenue	**715**	759	**190**	167	**538**	555	**80**	78	**151**	100
Total CACs (net of handset revenue)	**(249)**	(194)	**(89)**	(109)	**(407)**	(448)	**(177)**	(151)	**(17)**	(13)
Operating Expenses	**(1,020)**	(828)	**(1,627)**	(1,578)	**(2,305)**	(1,957)	**(1,160)**	(1,036)	**(345)**	(306)
Opex as a % of total margin	***61%***	*54%*	***55%***	*52%*	***44%***	*41%*	***58%***	*56%*	***49%***	*46%*
Gain from disposal of tower assets	–	–	–	–	–	–	–	–	–	–
Impairment of goodwill	–	–	–	–	–	–	–	–	–	–
EBITDA	**402**	507	**1,242**	1,343	**2,501**	2,348	**653**	677	**342**	350
% change	***-21%***		***-8%***		***+7%***		***-4%***		***-2%***	
EBITDA margin % [10]	***21%***	*29%*	***34%***	*36%*	***34%***	*33%*	***28%***	*29%*	***41%***	*45%*
Depreciation & Amortisation	**(519)**	(430)	**(1,100)**	(1,155)	**(1,620)**	(1,728)	**(657)**	(551)	**(166)**	(154)
EBIT	**(117)**	77	**142**	188	**881**	620	**(4)**	126	**176**	196
% change	***-252%***		***-24%***		***+42%***		***-103%***		***-10%***	
EBITDA per above	**402**	507	**1,242**	1,343	**2,501**	2,348	**653**	677	**342**	350
Proforma contribution from tower assets	–	105	–	–	–	–	–	–	–	–
Reported EBITDA	**402**	612	**1,242**	1,343	**2,501**	2,348	**653**	677	**342**	350
% change	***-34%***		***-8%***		***+7%***		***-4%***		***-2%***	
EBIT per above	**(117)**	77	**142**	188	**881**	620	**(4)**	126	**176**	196
Proforma contribution from tower assets	–	70	–	–	–	–	–	–	–	–
Reported EBIT	**(117)**	147	**142**	188	**881**	620	**(4)**	126	**176**	196
% change	***-180%***		***-24%***		***+42%***		***-103%***		***-10%***	
Capex (excluding licence)	**(454)**	(743)	**(682)**	(849)	**(1,455)**	(1,498)	**(395)**	(792)	**(175)**	(168)
Comparable Depreciation & Amortisation [11]	**(448)**	(407)	**(827)**	(950)	**(873)**	(1,066)	**(523)**	(421)	**(115)**	(102)
Comparable Depreciation & Amortisation [11] less Capex	**(6)**	(336)	**145**	101	**(582)**	(432)	**128**	(371)	**(60)**	(66)
Reported EBITDA less Capex	**(52)**	(131)	**560**	494	**1,046**	850	**258**	(115)	**167**	182
Licence [12]	–	–	–	–	**(1,212)**	–	–	–	–	–
EURO dollar equivalents of Reported EBITDA and EBIT are summarised as follows:										
EBITDA-pre IFRS 16 basis (EURO)	***463***	*715*	***1,242***	*1,343*	***219***	*221*	***88***	*91*	***342***	*350*
EBITDA-post IFRS 16 basis (EURO)	***559***	*832*	***1,785***	*1,887*	***246***	*246*	***101***	*104*	***371***	*375*
EBIT-pre IFRS 16 basis (EURO)	***(134)***	*170*	***142***	*188*	***76***	*59*	***(1)***	*17*	***176***	*196*
EBIT-post IFRS 16 basis (EURO)	***(117)***	*191*	***215***	*308*	***78***	*61*	–	*18*	***182***	*202*

In million	Ireland EURO 2023	2022	3 Group Europe before one-off[8] [9] EURO 2023	2022 Normalised	2022 Tower Assets	2022 Reported	HTHKH HK$ 2023	2022	Corporate and Others and one-off[9] [13] HK$ 2023	2022	CKHGT EURO 2023	2022
Total Revenue	**615**	620	**9,425**	9,435	–	9,435	**4,896**	4,882	**1,687**	482	**10,199**	10,084
% change	***-1%***		–				–		***+250%***		***+1%***	
Local currencies change %			***+1%***									
Total margin	**462**	460	**6,769**	6,648	–	6,648	**3,339**	3,001	**904**	190	**7,267**	7,037
% change	–		***+2%***				***+11%***		***+376%***		***+3%***	
Local currencies change %			***+3%***									
Total CACs	**(88)**	(103)	**(1,758)**	(1,733)	–	(1,733)	**(512)**	(547)	–	–	**(1,818)**	(1,799)
Less: Handset Revenue	**83**	99	**1,304**	1,316	–	1,316	**312**	376	–	–	**1,340**	1,361
Total CACs (net of handset revenue)	**(5)**	(4)	**(454)**	(417)	–	(417)	**(200)**	(171)	–	–	**(478)**	(438)
Operating Expenses	**(302)**	(281)	**(3,806)**	(3,460)	124	(3,336)	**(1,896)**	(1,772)	**(1,154)**	(838)	**(4,121)**	(3,654)
Opex as a % of total margin	***65%***	*61%*	***56%***	*52%*		*50%*	***57%***	*59%*	***N/A***	*N/A*	***57%***	*52%*
Gain from disposal of tower assets	–	–	–	–		–	–	–	–	18,957	–	2,371
Impairment of goodwill	–	–	–	–		–	–	–	–	(11,039)	–	(1,330)
EBITDA	**155**	175	**2,509**	2,771	124	2,895	**1,243**	1,058	**(250)**	7,270	**2,668**	3,986
% change	***-11%***		***-9%***				***+17%***		***-103%***		***-33%***	
Local currencies change %			***-9%***									
EBITDA margin % [10]	***29%***	*34%*	***31%***	*34%*		*36%*	***27%***	*23%*			***30%***	*46%*
Depreciation & Amortisation	**(134)**	(124)	**(2,229)**	(2,172)	(42)	(2,214)	**(1,127)**	(1,088)	**(1)**	(1)	**(2,361)**	(2,346)
EBIT	**21**	51	**280**	599	82	681	**116**	(30)	**(251)**	7,269	**307**	1,640
% change	***-59%***		***-53%***				***+487%***		***-103%***		***-81%***	
Local currencies change %			***-54%***									
EBITDA per above	**155**	175	**2,509**	2,771								
Proforma contribution from tower assets	–	–	–	124								
Reported EBITDA	**155**	175	**2,509**	2,895								
% change	***-11%***		***-13%***									
Local currencies change %			***-12%***									
EBIT per above	**21**	51	**280**	599								
Proforma contribution from tower assets	–	–	–	82								
Reported EBIT	**21**	51	**280**	681								
% change	***-59%***		***-59%***									
Local currencies change %			***-59%***									
Capex (excluding licence)	**(95)**	(101)	**(1,656)**	(2,236)			**(481)**	(496)	**(2)**	(3)	**(1,712)**	(2,297)
Comparable Depreciation & Amortisation [11]	**(93)**	(79)	**(1,699)**	(1,764)			**(517)**	(503)	**(1)**	(1)	**(1,760)**	(1,826)
Comparable Depreciation & Amortisation [11] less Capex	**(2)**	(22)	**43**	(472)			**36**	7	**(1)**	(2)	**48**	(471)
Reported EBITDA less Capex	**60**	74	**853**	659			**762**	562	**(252)**	7,267	**956**	1,689
Licence [12]	**(129)**	–	**(231)**	–			–	(138)	–	–	**(231)**	(17)
EBITDA-pre IFRS 16 basis (EURO)	***155***	*175*	***2,509***	*2,895*			***146***	*129*	***13***	*962*	***2,668***	*3,986*
EBITDA-post IFRS 16 basis (EURO)	***189***	*209*	***3,251***	*3,653*			***195***	*180*	***13***	*975*	***3,459***	*4,808*
EBIT-pre IFRS 16 basis (EURO)	***21***	*51*	***280***	*681*			***14***	*(3)*	***13***	*962*	***307***	*1,640*
EBIT-post IFRS 16 basis (EURO)	***31***	*60*	***389***	*840*			***15***	*(2)*	***13***	*974*	***417***	*1,812*

	UK 2023	2022	Italy 2023	2022	Sweden 2023	2022	Denmark 2023	2022	Austria 2023	2022	Ireland 2023	2022	3 Group Europe 2023	2022	HTHKH 2023	2022
Total registered customer base (million)	**12.6**	13.1	**19.3**	20.1	**2.6**	2.5	**1.6**	1.5	**3.1**	3.2	**4.5**	3.8	**43.7**	44.2	**4.6**	3.8
Total active customer base (million)	**10.6**	10.3	**18.1**	18.8	**2.6**	2.4	**1.6**	1.5	**2.8**	2.9	**4.5**	3.8	**40.2**	39.7	**4.0**	3.3
Contract customers as a % of the total registered customer base	**73%**	66%	**49%**	48%	**70%**	69%	**56%**	56%	**77%**	77%	**81%**	77%	**63%**	59%	**31%**	39%
Average monthly churn rate of the total contract registered customer base (%)	**1.4%**	1.4%	**1.4%**	1.3%	**1.2%**	1.3%	**2.0%**	1.8%	**0.5%**	0.4%	**0.4%**	0.5%	**1.2%**	1.2%	**1.0%**	0.8%
Active contract customers as a % of the total contract registered customer base	**99%**	98%	**96%**	96%	**100%**	100%	**100%**	100%	**100%**	100%	**100%**	100%	**98%**	98%	**100%**	100%
Active customers as a % of the total registered customer base	**84%**	79%	**94%**	93%	**100%**	100%	**100%**	100%	**89%**	90%	**100%**	100%	**92%**	90%	**85%**	86%
LTE coverage by population (%)	**96%**	96%	**100%**	100%	**98%**	97%	**100%**	100%	**98%**	97%	**99%**	99%	–	–	**99%**	99%
Full year data usage per active customer (Gigabyte)													**286.1**	235.0	**206.1**	119.9

Note 7: Wind Tre's results include fixed line business revenue of €1,011 million (2022: €959 million) and EBITDA of €185 million (2022: €177 million).

Note 8: As the tower assets disposal in the UK was completed in November 2022, the 2022 results of the UK were normalised, which exclude the proforma contribution from the tower assets for January to October 2022. The % changes in EBITDA and EBIT are compared against the normalised 2022 numbers.

Note 9: 2022 **3** Group Europe results do not include one-off items, which represented gain on disposal of tower assets (before tax) of €2,371 million and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1,330 million.

Note 10: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 11: Comparable Depreciation & Amortisation excludes amortisation of licences, amortisation of capitalised CACs, amortisation of customer relationship intangibles, as well as share of joint venture's depreciation of Wind Tre and HTHKH. The comparatives were restated to conform with the 2023 definition.

Note 12: 2022 licence cost for Hong Kong represents investment for 20 MHz of 700 MHz spectrum acquired for 15 years from June 2022. 2023 licence cost for Ireland represents investment for 20 MHz of 700 MHz spectrum, 40 MHz of 2100 MHz spectrum and 70 MHz of 2600 MHz spectrum acquired in January 2023, the licence cost for Sweden represents investment for 20 MHz of 900 MHz spectrum, 40 MHz of 2.1 GHz spectrum, 20 MHz of 2.6 GHz spectrum and 40 MHz of 2.6 GHz spectrum acquired in September 2023.

Note 13: 2023 results include an exchange reserve charge of HK$0.3 million recycled to the income statement upon partial disposal of a subsidiary which became a joint venture in the Hong Kong Dollar books. As CKHGT's presentation currency is in EURO, the exchange reserve recycling is reversed.

Key Business Indicators

	Registered Customer Base								
	Registered Customers at 31 December 2023 ('000)			Registered Customer Growth (%) from 30 June 2023 to 31 December 2023			Registered Customer Growth (%) from 31 December 2022 to 31 December 2023		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	3,418	9,158	**12,576**	-23%	+3%	**-6%**	-23%	+6%	**-4%**
Italy [14]	9,824	9,537	**19,361**	-3%	–	**-1%**	-6%	-1%	**-4%**
Sweden	769	1,829	**2,598**	+1%	+4%	**+3%**	+1%	+7%	**+5%**
Denmark	706	885	**1,591**	+2%	–	**+1%**	+5%	+2%	**+3%**
Austria	717	2,417	**3,134**	-2%	–	**–**	-1%	-1%	**-1%**
Ireland	843	3,603	**4,446**	-1%	+10%	**+7%**	-2%	+23%	**+17%**
3 Group Europe Total	16,277	27,429	**43,706**	-7%	+2%	**-1%**	-9%	+5%	**-1%**
HTHKH	3,185	1,463	**4,648**	+31%	–	**+19%**	+36%	–	**+22%**

	Active [15] Customer Base								
	Active Customers at 31 December 2023 ('000)			Active Customer Growth (%) from 30 June 2023 to 31 December 2023			Active Customer Growth (%) from 31 December 2022 to 31 December 2023		
	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**	Non-contract	Contract	**Total**
United Kingdom	1,556	9,058	**10,614**	-13%	+4%	**+1%**	-15%	+7%	**+3%**
Italy [14]	8,954	9,151	**18,105**	-2%	–	**-1%**	-6%	-1%	**-4%**
Sweden	764	1,829	**2,593**	+1%	+4%	**+3%**	+2%	+7%	**+6%**
Denmark	704	885	**1,589**	+2%	–	**+1%**	+5%	+2%	**+3%**
Austria	397	2,406	**2,803**	-6%	–	**-1%**	-1%	-1%	**-1%**
Ireland	843	3,603	**4,446**	-1%	+10%	**+7%**	-2%	+23%	**+17%**
3 Group Europe Total	13,218	26,932	**40,150**	-3%	+3%	**+1%**	-6%	+5%	**+1%**
HTHKH	2,500	1,463	**3,963**	+29%	–	**+16%**	+38%	–	**+21%**

Note 14: In addition to the above, Wind Tre has 2.9 million fixed line customers.

Note 15: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

12-month Trailing Average Revenue per Active User [16] ("ARPU") to 31 December 2023

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2022
United Kingdom	£6.16	£20.84	**£18.40**	-2%
Italy	€9.56	€12.81	**€11.18**	+2%
Sweden	SEK121.53	SEK239.91	**SEK204.32**	-7%
Denmark	DKK94.36	DKK139.19	**DKK119.51**	-3%
Austria	€9.06	€23.25	**€21.17**	-1%
Ireland	€14.40	€9.37	**€10.41**	-16%
3 Group Europe Average	€9.75	€17.80	**€15.04**	-3%
HTHKH	HK$14.17	HK$190.30	**HK$87.91**	-7%

12-month Trailing Net Average Revenue per Active User [17] ("Net ARPU") to 31 December 2023

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2022
United Kingdom	£6.16	£14.80	**£13.37**	+3%
Italy	€9.56	€12.00	**€10.78**	+3%
Sweden	SEK121.53	SEK212.09	**SEK184.86**	+2%
Denmark	DKK94.36	DKK131.59	**DKK115.24**	-2%
Austria	€9.06	€19.41	**€17.89**	-3%
Ireland	€14.40	€7.20	**€8.69**	-16%
3 Group Europe Average	€9.75	€14.38	**€12.80**	-1%
HTHKH	HK$14.17	HK$173.72	**HK$80.97**	-6%

12-month Trailing Net Average Margin per Active User [18] ("Net AMPU") to 31 December 2023

	Non-Contract	Contract	Blended Total	% Variance compared to 31 December 2022
United Kingdom	£5.70	£13.31	**£12.05**	+3%
Italy	€8.74	€11.04	**€9.89**	+6%
Sweden	SEK105.02	SEK187.21	**SEK162.50**	+2%
Denmark	DKK81.90	DKK111.97	**DKK98.77**	+1%
Austria	€8.22	€17.81	**€16.41**	-2%
Ireland	€13.28	€6.59	**€7.97**	-16%
3 Group Europe Average	€8.87	€13.02	**€11.59**	+1%
HTHKH	HK$10.86	HK$151.83	**HK$69.88**	-5%

Note 16: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 17: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the year.

Note 18: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the year.

United Kingdom

On a normalised basis(19) and in local currency, UK's EBITDA decreased by 21% compared to last year, mainly driven by higher network spending and costs inflation, partly offset by growth in total margin from 3% increase in certain customer segments and growth in other margin. EBIT decreased further due to an accelerated depreciation of £38 million on a legacy IT system, as well as higher asset base driven by 5G investments. As a result of the network investments, **3** UK was awarded the fastest 5G network in UK by Ookla during the year.

Italy

Italy's net customer service margin remained stable compared to last year despite a reduction in customer base through customer value management initiatives as well as growth in the business and FWA segments. Italy's EBITDA decreased by 8% against last year, mainly due to continued reduction in wholesale margin and higher energy cost, partly offset by lower opex from effective implementation of cost control measures. EBIT decreased by 24% due to reduction in EBITDA, partly offset by lower depreciation and amortisation as 5G investment intensity reduces from prior years given Wind Tre has already reached over 95% and 70% FDD and TDD coverage.

Sweden

Sweden, where the Group has 60% interest, reported EBITDA growth of 7% in local currency compared to last year, primarily driven by 10% increase in total margin from 6% increase in active customer base, partly offset by higher operating costs incurred from enlarged network base, increased handset receivables sales costs and staff costs. Together with the lower level of accelerated depreciation charges recognised for the ongoing network asset swap in 2023, EBIT improved by 42% compared to last year. Sweden's 5G network now provides extensive coverage in over ten of the country's largest cities with full TDD coverage.

Denmark

The Denmark operation, where the Group has 60% interest, reported 4% lower EBITDA in local currency mainly driven by higher operating costs from the enlarged network base, as well as increase in marketing expenses and staff costs, which more than offsets the total margin growth of 7%. Denmark's EBIT decreased as a result of lower EBITDA and the higher depreciation from the network expansion and increase in 5G customer-premises equipment ("CPE") take up. Denmark has reached approximately 90% 5G coverage and over 50% TDD coverage in 2023.

Austria

Austria's EBITDA and EBIT in local currency decreased by 2% and 10% respectively compared to 2022, mainly driven by higher operating costs from network expansion and energy cost inflation. The adverse impact is partly offset by 5% growth in total margin primarily from strong MVNO performance. The reduction in EBIT also reflected increased depreciation from an enlarged asset base as 5G network rollout continues. Austria's 5G coverage has reached over 85% and 60% FDD and TDD coverage respectively in 2023.

Ireland

Total margin was flat against last year as the base growth was fully offset by the lower net AMPU from the dilutive impact of higher mix of low margin IoT customers. EBITDA and EBIT in local currency decreased by 11% and 59% respectively compared to 2022 driven by higher operating expenses due to network expansion, energy cost inflation, as well as higher marketing and sponsorship following the uplift of lockdown restrictions. The lower EBIT also reflected higher depreciation due to increased asset base and accelerated depreciation on certain retired network assets. In 2023, **3** Ireland has reached over 90% 5G coverage.

Hutchison Telecommunications Hong Kong Holdings

Total revenue of HK$4,896 million was flat against last year, primarily contributed by 7% higher net customer service revenue driven by the recovery of roaming market, fully offset by decline in hardware sales arising from softened demand. EBITDA of HK$1,243 million was 17% higher compared to last year, mainly due to higher margin driven by substantial resurgence in revenue from roaming services and higher interest income from interest rate hikes, partly offset by higher network costs resulting from the network infrastructure expansion and related costs incurred in the deployment of 5G technology. Despite the impact of higher amortisation costs from capitalised CACs and increased depreciation from the enlarged asset base resulting from network channel expansion, there was some improvement in EBIT, reversing the LBIT of HK$30 million in 2022 to a positive EBIT of HK$116 million in 2023.

Note 19: Due to the completion of disposals of tower assets in November 2022 as mentioned, the 2022 results of the UK were normalised, which exclude the proforma contribution from the tower assets for January to November 2022 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 2022 numbers.

Capital Expenditure and Licences

EURO million	Fixed assets	Telecommunications licences	Brand names and other rights	Total
	2023			
United Kingdom	522	–	–	522
Italy	487	–	195	682
Sweden	128	102	–	230
Denmark	54	–	–	54
Austria	175	–	–	175
Ireland	95	129	–	224
Hong Kong	56	–	–	56
Corporate and others	–	–	–	–
Total	**1,517**	**231**	**195**	**1,943**

EURO million	Fixed assets	Telecommunications licences	Brand names and other rights	Total
	2022			
United Kingdom	871	–	–	871
Italy	634	–	215	849
Sweden	140	–	–	140
Denmark	107	–	–	107
Austria	168	–	–	168
Ireland	101	–	–	101
Hong Kong	60	17	–	77
Corporate and others	–	–	1	1
Total	**2,081**	**17**	**216**	**2,314**

The Group's 2023 capital expenditure, excluding licences, of €1,712 million has decreased €585 million (-25%) from €2,297 million in 2022, primarily due to lower network capex as the 5G investment cycle contracts from its peak. Capex, excluding licences, as a percentage of total revenue was 17% in 2023 (2022: 23%).

Total spectrum spending of €231 million in 2023 represented 20 MHz of 700 MHz spectrum, 40 MHz of 2100 MHz spectrum and 70 MHz of 2600 MHz spectrum acquired in Ireland in January 2023 and 20 MHz of 900 MHz spectrum, 40 MHz of 2.1 GHz spectrum, 20 MHz of 2.6 GHz spectrum and 40 MHz of 2.6 GHz spectrum acquired in Sweden in September 2023. The spectrum spending of €17 million in 2022 represented the 20 MHz of 700 MHz spectrum acquired in Hong Kong for 15 years from June 2022.

Additional Information

Telecommunications

Summary of licence investments

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
United Kingdom	700 MHz	5 MHz	2	Paired	20 MHz
	800 MHz	5 MHz	1	Paired	10 MHz
	1400 MHz	5 MHz	4	Unpaired	20 MHz
	1800 MHz	5 MHz	3	Paired	30 MHz
	2100 MHz	5 MHz	3	Paired	30 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	3400 MHz	5 MHz	4	Unpaired	20 MHz
	3500 MHz	40 MHz	1	Unpaired	40 MHz
	3600 MHz	80 MHz	1	Unpaired	80 MHz
	3900 MHz	84 MHz	1	Unpaired	84 MHz
	28 GHz (National)	112 MHz	2	Unpaired	224 MHz
	28 GHz (Regional)	112 MHz	2	Unpaired	224 MHz
	40 GHz	1000 MHz	2	Unpaired	2000 MHz
Italy	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz	5 MHz	4	Paired	40 MHz
	2100 MHz	5 MHz	4	Paired	40 MHz
	2600 MHz	5 MHz	4	Paired	40 MHz
	2600 MHz	15 MHz	2	Unpaired	30 MHz
	3600 MHz	20 MHz	1	Unpaired	20 MHz
	27 GHz	200 MHz	1	Unpaired	200 MHz
Austria	700 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1500 MHz	10 MHz	3	Unpaired	30 MHz
	1800 MHz	5 MHz	4	Paired	40 MHz
	2100 MHz	5 MHz	4	Paired	40 MHz
	2600 MHz	5 MHz	5	Paired	50 MHz
	2600 MHz	25 MHz	1	Unpaired	25 MHz
	3500 MHz	10 MHz	10	Unpaired	100 MHz
Sweden	800 MHz	10 MHz	1	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	1	Paired	10 MHz
	2100 MHz	20 MHz	1	Paired	40 MHz
	2100 MHz	5 MHz	1	Unpaired	5 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	50 MHz	1	Unpaired	50 MHz
	3500 MHz	100 MHz	1	Unpaired	100 MHz
Denmark	700 MHz	10 MHz	1	Paired	20 MHz
	900 MHz	10 MHz	1	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	5 MHz	2	Paired	20 MHz
	1800 MHz	10 MHz	2	Paired	40 MHz
	2100 MHz	5 MHz	2	Paired	20 MHz
	2100 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	10 MHz	1	Paired	20 MHz
	2600 MHz	5 MHz	5	Unpaired	25 MHz
	3500 MHz	80 MHz	1	Unpaired	80 MHz
	3500 MHz	10 MHz	4	Unpaired	40 MHz
	26 GHz	200 MHz	3	Unpaired	600 MHz
	26 GHz	400 MHz	1	Unpaired	400 MHz

Operation	Licence	Spectrum Lot	Blocks	Paired/Unpaired	Available Spectrum
Ireland	700 MHz (1)	5 MHz	2	Paired	20 MHz
	800 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	3	Paired	30 MHz
	1800 MHz	5 MHz	7	Paired	70 MHz
	2100 MHz (1)	5 MHz	4	Paired	40 MHz
	2600 MHz (1)	5 MHz	7	Paired	70 MHz
	3600 MHz	5 MHz	20	Unpaired	100MHz
Hong Kong	700 MHz	5 MHz	2	Paired	20 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	15 MHz	1	Paired	30 MHz
	2100 MHz	14.8 MHz	1	Paired	29.6 MHz
	2300 MHz	30 MHz	1	Unpaired	30 MHz
	2600 MHz (2)	5 MHz	1	Paired	10 MHz
	2600 MHz (2)(3)	15 MHz	1	Paired	30 MHz
	3300 MHz	10 MHz	3	Unpaired	30 MHz
	3500 MHz	10 MHz	4	Unpaired	40 MHz
Macau	900 MHz	5 MHz	1	Paired	10 MHz
	1800 MHz	10 MHz	1	Paired	20 MHz
	2100 MHz	5 MHz	1	Paired	10 MHz

Note 1: Acquired in January 2023.

Note 2: Spectrum held by 50/50 joint venture with PCCW.

Note 3: Following a successful bid of 10 MHz at the 2600 MHz spectrum band by a subsidiary of the Group in 2021 for a 15-year period to 2039, the spectrum will be transferred to the joint venture and commence immediately upon the expiry of the existing licence held by the joint venture in March 2024. Such joint venture will also obtain two other 10 MHz at the 2600 MHz spectrum band from PCCW, with the assignment periods from March 2024 to March 2028 and from March 2028 to March 2039 respectively. Together, the joint venture will hold 20 MHz at the 2600 MHz spectrum band from 2024 to 2039.

Risk Factor

The Group's business, financial condition and results of operations are subject to various business risks and uncertainties. The factors set out below are those that the Group believes could result in the Group's financial condition or results of operations differing materially from expected or historical results. There may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Global Economy

As a global mobile telecommunications operators, the Group is exposed to the developments in the global economy as well as developments in the telecommunications industry and geographical markets in which it operates. In general, volatility in worldwide credit and financial markets, fluctuations in commodity prices, rising geopolitical risks and political turbulence and global trade competition have all contributed to the increased uncertainty of global economic prospects. Any adverse economic developments, whether as a result of a global recession or a recession in one or more of the Group's key markets, credit and capital markets volatility, an economic or financial crisis, or otherwise, could result in reduced consumer spending on telecommunications products and services, which in turn could result in lower revenue and reduced profit for the Group. As a result, the Group's financial condition and results of operations may be influenced by the general state of the global economy or the general state of a specific market or economy. Any significant decrease in the level of economic growth in the global or regional or a specific economy could adversely affect the Group's financial condition or results of operations.

In general, volatility in the United States and worldwide credit and financial markets, the COVID-19 pandemic, fluctuations in commodity prices and rising energy costs, mounting inflationary pressures, potential interest rate hikes, increasing geopolitical risks and political turbulence, global trade competition and supply chain disruptions have all contributed to the increased uncertainty of global economic prospects and dampen economic growth.

The Group's overall success depends, in part, upon its ability to succeed in different economic, social, and political conditions. There can be no assurance that the Group will continue to succeed in developing and implementing policies and strategies that are effective in each location where it conducts business. Moreover, any deterioration in the economic, social and/or political conditions in the markets in which the Group conducts business could have a material adverse effect on the Group's financial condition and results of operations.

Industry Trends, Interest Rates and Currency Markets

The Group's results are affected by trends in the telecommunications industry. While the Group believes that its geographical spread and extensive customer base reduce its exposure, its results have in the past been adversely affected by industry trends. For example, the Group's results have been negatively impacted by keen competition and volatility in currencies and interest rates, as well as increase in inflationary pressures, including energy costs. There can be no assurance that the combination of industry trends, currencies and interest rates experienced by the Group in the future will not adversely affect its financial condition and results of operations.

In particular, income from the Group's finance and treasury operations is dependent upon interest rates, the currency environment and market conditions, and therefore there can be no assurance that changes in these conditions will not materially and adversely affect the Group's financial condition and results of operations.

COVID-19 Pandemic

In January 2020, the World Health Organization ("WHO") declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on 11 March 2020 it was declared a pandemic. On 5 May 2023, the WHO declared an end to the global emergency status for COVID-19. To date, the COVID-19 virus has spread to many countries, with significant number of reported cases and related deaths.

In response to the COVID-19 outbreak and resurgence, many countries and companies imposed various restrictive measure to keep the pandemic in check, including restrictions on international and local travel, public gatherings and participation in meetings, as well as temporary closures of universities, schools, stores and restaurants, with some countries imposing strict curfews and lockdowns. To-date, most countries have relaxed the restrictions imposed and the global economy gradually shows signs of recovery. However, the Group cannot predict whether there may be another wave of outbreak or resurgence. There can also be no assurance that these restrictions will not be imposed again. These measures have led to lockdowns in areas where the Group has operations, and has had and may continue to have an adverse effect in the short to medium term on the Group's operations.

The Group continues to monitor the evolving developments closely. The impact of the pandemic on the Group's business will depend on a range of factors which the Group is not able to accurately predict, including the duration, severity and scope of the pandemic, the geographies impacted, the impact of the pandemic on economic activity globally, the possibility of resurgence and variants of COVID-19, and the nature and severity of measures adopted by governments. If the COVID-19 pandemic persists or is not effectively controlled or the measures taken to prevent its spread are not effectively implemented, the Group's business could be impacted in a number of ways, including:

- the deterioration of socio-economic conditions leading to disruptions to the Group's operations, such as decline in footfall in the Group's telecommunications retail stores;
- reductions or volatility in consumer demand for the Group's products due to quarantine or illness, or other travel restrictions, economic hardship, or store closures, which may impact the Group's revenue and market share;
- significant volatility in financial markets (including interest rate and foreign currency rate volatilities) and measures adopted by governments and central banks, which may limit the Group's access to funds, lead to shortages of cash or increase the cost of raising such funds; and
- an adverse impact on the Group's ability to engage in new, or consummate pending, strategic transactions on the agreed terms and timetable or at all.

These impacts have threatened the Group's facilities and transport of the Group's products, cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of the Group's employees and could have a material adverse effect on the Group's results of operations, cash flows and financial condition.

To date, there is still significant uncertainty relating to the severity of the long-term adverse impact of the pandemic on the global economy and global financial markets, and the Group is unable to accurately predict the long-term impact on its business. To the extent that the pandemic adversely affects the Group's business and operations, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section.

The aforementioned risks may also be applicable to the outbreak of any highly contagious diseases on the economies of the affected countries.

Cash Flow and Liquidity

From time to time, the Group accesses short-term and long-term capital markets to obtain financing. The availability of financing with acceptable terms and conditions may be impacted by many factors which include, among others, liquidity in the capital markets and the Group's credit, Environmental, Social and Governance (ESG) ratings. Although the Group aims to maintain a capital structure that is appropriate for long-term investment grade ratings, actual credit ratings may deviate from these levels due to economic circumstances or other factors such as how the Group formulates, implements and integrates its strategies (including sustainability strategy) in relation to its core businesses. If liquidity in the capital markets declines, and/or credit ratings of the Group decline or other factors, such as the availability and cost of borrowings and any decline in ESG ratings could impact the Group's financial condition and results of operations, liquidity and cash flows.

Currency Fluctuations

The Group reports its results in Euro but its subsidiaries and joint ventures receive revenue and incur expenses in various local currencies. The Group's subsidiaries and joint ventures may also incur debt in these local currencies. Consequently, the Group is exposed to potential adverse impact of currency fluctuations on translation of the results and balance sheet items of these subsidiaries and joint ventures and also on repatriation of earnings, equity investments and loans. Although the Group actively manages its currency exposures, depreciation or fluctuation of the currencies in which the Group conducts its operations relative to the Euro could have a material adverse effect on the Group's financial condition and results of operations.

Highly Competitive Markets

The Group's principal business operations face significant competition across the diverse markets in which they operate. Competition among providers of mobile and fixed-line telecommunications services, including new market entrants (such as mobile virtual network operators), intensification of price competition by existing competitors, product innovation or technological advancement could adversely affect the Group's financial condition and results of operations. Competitive risks faced by the Group include:

- new services, aggressive tariff plans and customer acquisition strategies by telecommunications competitors may impact the Group's pricing plans, customer acquisition and retention costs, rate of customer growth and retention prospects and hence the revenue it receives as a major provider of telecommunications services; and
- risk of competition from disruptive alternate telecommunications access technologies and potential competition in the future from substitute telecommunications technologies being developed or to be developed or if the Group fails to develop, or obtain timely access to new technologies and equipment.

In addition, mobile number portability policies and procedures in markets where the Group currently operates enable customers to switch their providers of mobile telecommunications services without changing their mobile phone numbers. This has led to increased movement of customers among providers of mobile telecommunications services. Such movements increase marketing, distribution and administrative costs, slow growth in customer numbers and reduce revenues. The Group's marketing position also depends on effective marketing initiatives and its ability to anticipate and respond to various competitive factors affecting the industry. This includes new services, pricing strategies by competitors and changes in consumer preferences and economic, political and social conditions in the countries in which it operates. Any failure by the Group to compete effectively, including in terms of pricing of services, acquisition of customers and retention of existing customers, could decrease the revenue that the Group receives as a major provider of telecommunications services and negatively impact its profitability and financial condition. Furthermore, competition in the Group's principal lines of business could lead to price and margin erosion for its traditional products and services, loss of market share in the Group's core markets, loss of existing or prospective customers and greater difficulty in retaining existing customers.

Strategic and Business Partners

The Group conducts some of its businesses through non-wholly-owned subsidiaries and joint ventures in which it shares control (in whole or in part) and has formed strategic alliances with certain leading international companies, government authorities and other strategic partners. There can be no assurance that any of these strategic or business partners will continue their relationships with the Group in the future or that the Group will be able to pursue its stated strategies with respect to its non-wholly-owned subsidiaries, associates and joint ventures and the markets in which they operate. Furthermore, other investors in the Group's non-wholly-owned subsidiaries, associates and joint ventures may undergo a change of control or financial difficulties, which may negatively impact the Group's financial condition and results of operations.

The Group's ability to provide high quality mobile and fixed-line telecommunications services depends on its ability to interconnect with the telecommunications networks and services of other mobile and fixed-line operators, particularly those of the Group's competitors. The Group also relies on third-party operators for the provision of international roaming services for its mobile subscribers. While the Group has interconnection agreements and international roaming agreements in place with other telecommunication operators, it does not have direct control over the quality of their networks and the interconnections and roaming services they provide. Any difficulties or delays in interconnecting with other networks and services, or the failure of any operator to provide reliable interconnections or roaming services to the Group on a consistent basis, could result in a loss of subscribers or a decrease in traffic for the Group, which would reduce the Group's revenues and adversely affect the Group's business, financial condition and results of operations. There can be no assurance that the Group will be able to maintain its interconnection and international roaming agreements on terms that are commercially acceptable to it.

The Group has relationships with a number of key vendors for mobile and fixed-line network equipment, software and for the provision of content. The Group's ability to grow its subscriber base depends in part on its ability to source adequate supplies of network equipment, mobile handsets, software and content in a timely manner. Suppliers of network equipment have limited resources, which may impact the speed at which the Group expands its network. The business operation and provision of related services by the third-party vendors are also regulated to varying degrees by national, state, regional or local governmental and regulatory authorities in the countries where the Group operates. The Group does not have direct operational or financial control over its key suppliers and has limited influence with respect to the manner in which these key suppliers conduct their businesses. The Group's reliance on these suppliers exposes it to risks related to delays in the delivery of their services, and, from time to time, the Group has experienced extensions of lead times or limited supplies due to capacity constraints and other supply-related factors. There can also be no assurance that the relevant authorities will not take any action that could materially adversely affect the third-party vendors' operations. The Group's business and financial performance could be materially harmed if export and re-export restrictions impact its suppliers' ability to procure products, technology, or software from the United States or other jurisdictions that are necessary for the production and timely and satisfactory delivery of the supplies and equipment that the Group sources from these suppliers.

It cannot be assured that the Group's suppliers will continue to provide equipment and services to the Group at acceptable prices or that the Group will be able to obtain such equipment and services in the future from these or other providers on the scale and within the time frames the Group requires, if at all. In such event, the Group's ability to attract subscribers or offer attractive product offerings could be negatively affected, which in turn could materially adversely affect the Group's business, financial condition and results of operations.

In addition, following the disposal of the Group's interests in tower assets supporting the Group's mobile businesses in Austria, Denmark, Ireland, Italy and Sweden and the UK, respectively, to Cellnex, the Group's ability to provide telecommunications services in such jurisdictions depends, in part, on Cellnex, which through its operating subsidiaries has entered into master services agreements with subsidiaries of the Group operating the Group's telecommunications business in the relevant jurisdictions. While each master services agreement provides for Cellnex to provide infrastructure and built-to-suit services to the Group's telecommunication business in such jurisdictions, such agreements may be terminated for cause by either party and may be partially terminated in respect of part of the telecommunications infrastructure services which are affected by any material failure to meet service levels. Should any of these arrangements be terminated, this could result in delays or disruptions to the Group's telecommunications operations in the relevant jurisdictions and could result in the Group incurring additional costs. There can be no assurance that changes in the relationship or rearrangements between the Group and Cellnex will not materially and adversely affect the Group's financial condition and results of operations.

Equipment and Network Stability

The Group's technological infrastructure (including its network infrastructure for mobile telecommunications and fixed-line services, including Internet services) is vulnerable to damage or disruptions from numerous events, including fire, flood, windstorms or other natural disasters, power outages, terrorist acts, cyberattacks, equipment or system failures, human errors or intentional wrongdoings, including breaches of the Group's network or information technology security. Unanticipated problems at the Group's facilities, network or system failures or hardware or software failures or computer viruses, or the occurrence of such unanticipated problems at the facilities, network or systems of third party-owned local and long distance networks on which the Group relies for the provision of interconnection and roaming services could result in reduced user traffic and revenue as a result of subscriber dissatisfaction with poor performance and reliability, result in regulatory penalties or require unanticipated capital expenditures. The occurrence of network or system failures could also harm the Group's reputation or impair its ability to retain current subscribers or attract new subscribers, which could have a material adverse effect on its business, financial condition and results of operations.

Technology

The telecommunications industry is characterised by rapid technological change and frequent introductions of new products. For example, many Internet products have been developed with the proliferation of Internet usage. The development of Internet products and applications such as over-the-top content and voice-over-IP have resulted in a reduction in the usage of traditional text messaging and long distance voice call services provided by the Group. Technological change and the emergence of alternative technologies for the provision of telecommunications services that are technologically superior, cheaper or otherwise more attractive than those that the Group provides may render its services less profitable, less viable or obsolete. At the time the Group selects and advances one technology over another, it may not be possible to accurately predict which technology may prove to be the most economical, efficient or capable of attracting subscribers or stimulating usage and the Group may develop or implement a technology that does not achieve widespread commercial success or that is not compatible with other newly developed technologies. Furthermore, the Group's competitors or new market entrants may introduce new or technologically superior mobile and fixed-line services before the Group does. In addition, the Group may not receive the necessary licences to provide services based on these new technologies or may be negatively impacted by unfavourable regulation regarding the usage of these technologies. If the Group is unable to effectively anticipate or react to technological changes in the telecommunications market, it could lose subscribers, provide a diminishing portion of its subscribers' total telecommunications usage or fail to attract new subscribers, all of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group must continue to upgrade its existing mobile and fixed-line networks in a timely manner in order to retain and expand its customer base in each of its markets and to successfully implement its strategy. Among other things, the needs of the Group's business could require it to:

- upgrade the functionality of the Group's networks to allow for the increased customisation of services;
- increase its UMTS/HSDPA coverage in some of its markets;
- enhance its 5G network based on customers' demand and on coverage requirements;
- maintain, expand and enhance customer service, network management and administrative systems;
- upgrade older systems and networks to adapt them to new technologies; and
- acquire or renew its telecom licences.

Many of these tasks, which require substantial additional investments, could create additional financial strain on the Group's business and financial condition, are not entirely under the Group's control and may be affected by applicable regulation. If the Group fails to execute them successfully, the Group's services and products may be less attractive to new customers and the Group may lose existing customers to its competitors, which could adversely affect its business, financial condition and results of operations. In addition, the Group may not be able to fund such capital expenditures or source the necessary resources to keep pace with technological developments or successfully anticipate or react to these changes, which could have a material adverse effect on the Group's financial condition and results of operations.

Future Growth

The degree to which the mobile telecommunications market may expand is uncertain and will depend on numerous factors. Such factors include, among others, the business strategies and capabilities of the Group and its competitors, prevailing market conditions, the development of new and/ or alternate technologies for mobile telecommunications products and services, the development of new devices that require a mobile connection and the effect of applicable regulations. Many of these factors are beyond the Group's control. The Group's ability to attract new and retain existing subscribers or to grow its ARPU from both new and existing subscribers will depend in large part upon its ability to offer innovative services on new devices, stimulate and increase subscriber usage, convince subscribers to switch from competing mobile operators to its services and its ability to minimise subscriber discontinuation. In addition, the success of the Group relies on increasing its customer base and operating margins to remain profitable as well as growing profitability. In order to grow and retain its customer base, the Group has made significant investments in CACs in each of the markets in which it operates. The Group may need to incur more capital expenditure to expand or improve its mobile network and incur more CACs to retain and build its customer base. The Group may not be successful in growing its customer base and improving operating margins to a level sufficient for covering incremental operating costs, customer acquisition and retention costs and capital expenditure requirements.

The Group continues to cautiously expand through undertaking selective mergers, acquisitions and disposal activities when appropriate opportunities in the market arise. Success of the Group's mergers and acquisitions will depend on, among other things, the ability of the Group to realise the expected synergies, cost savings and growth opportunities upon integration of the merged or acquired businesses. These businesses may require significant investment and the commitment of executive management time and other resources. There can be no assurance that a failure to operate the merged or acquired businesses successfully or a longer than projected period to realise the expected synergies will not have a material adverse effect on the Group's financial condition, results of operations and prospects.

The Group has made substantial investments in acquiring telecommunications licences and developing and upgrading its mobile networks and growing its customer bases in Europe, Hong Kong and Macau. The Group may need to incur more capital expenditure to expand, improve or upgrade its mobile networks, acquire additional spectrum licences, and incur more customer acquisition and retention costs to retain and build its customer bases. There can be no assurance that any additional investments will further increase customer levels and operating margins, and consequently, additional investments may materially and adversely impact the Group's financial condition and results of operations.

As of 31 December 2023, the Group had a total deferred tax asset balance[(1)] of €1,955 million. The ultimate realisation of deferred tax assets recognised depends principally on these businesses achieving profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. In each of the countries and locations that the Group operates, taxation losses may be carried forward indefinitely. In addition, in the UK, the Group benefits from the availability of group relief in relation to taxation losses generated by its telecommunications operations to offset taxable profits from other businesses of the parent company, CKHH, in the same period. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used can significantly affect these taxable profit and loss projections. If there is a significant adverse change in taxation rates and legislations, or in the projected performance and resulting cash flow projections of these businesses, some or all of these deferred tax assets may need to be reduced and charged to the income statement, which could have a material adverse effect on the Group's financial condition and results of operations.

Note 1: Under Post-IFRS 16 basis, the Group had a total deferred tax asset balance of €1,969 million.

Completion Risk of Mergers, Acquisitions and Disposals

The Group may from time to time engage in mergers, acquisitions, joint ventures, other consolidation transactions between its businesses and certain third-party companies (including competitors), or disposals. Such transactions are typically subject to merger, anti-trust, national security, foreign investment and other regulatory approvals by the competent authorities who may only approve the transaction subject to conditions, or who may prohibit the transaction. There can be no assurance that such approvals or other conditions would be obtained or satisfied and even if such approvals are obtained, third parties may initiate proceedings to appeal against such approvals. If a proposed transaction is prohibited or the relevant approvals are revoked and the transaction cannot be completed, the Group will have incurred significant legal, accounting and other costs in connection with the transaction without realising its anticipated benefits, which may have included increased earnings, scale, competitive strength and market share. As a consequence, the Group's financial position and results of operations could be negatively impacted. In the case of potential mergers or acquisitions, such third-party companies may also choose to merge with or be acquired by another of the Group's competitors, which could result in a new competitor with greater scale, financial strength and other resources. As a result, if a transaction is prohibited by a competent authority or if a transaction is approved but such approval is subsequently revoked, it could have a material adverse impact on the Group's business, financial condition and results of operations.

Impact of National, European Union and International Law and Regulatory Requirements

As a global business, the Group is exposed to local business risks in several different countries, which could have a material adverse effect on its financial condition and results of operations. The Group operates in various countries around the world and may increasingly become exposed to different and changing government policies, political, social, legal and regulatory requirements at the national or international level, including but not limited to those required by the European Union ("EU") or the World Trade Organisation ("WTO") or national authorities. These include:

- changes in tariffs and trade barriers, including changes which may result from the UK's withdrawal from the EU (see "Risk Factors – UK's Exit from the EU" for further details);
- changes in taxation regulations and interpretations;
- competition (anti-trust) laws applicable to the Group's activities, including the regulation of monopolies and the conduct of dominant firms, the prohibition of anti-competitive agreements and practices, and laws requiring the approval of certain mergers, acquisitions and joint ventures which could restrict the Group's ability to own or operate subsidiaries or acquire new businesses in certain jurisdictions and/or result in imposition of fines on the relevant operations;
- state aid and/or state subsidy control rules which could require the repayment of grants or other financial support if aid or subsidies have been provided by national governments and/or public authorities to the Group's businesses;
- changes in the process of or the conditions or criteria to obtaining or maintaining licences, permits and governmental approvals necessary to operate certain businesses;
- conditions or criteria to obtaining or maintaining assets that may be viewed by governments or regulatory authorities as critical assets for national security purposes;
- environmental, safety, employee and consumer protection laws, rules and regulations.

There can be no assurance that the European institutions and/or the regulatory authorities of the countries in which the Group operates will not make decisions or interpret and implement regulations in a manner that materially and adversely affects the Group's financial condition and results of operations in the future.

The Group is only permitted to provide telecommunications services and operate networks under licences (including spectrum licences for mobile telecommunications) and/or authorisations granted under the national laws of each country in which it operates. Some spectrum licences have historically been issued for fixed terms and subsequently renewed and/or reauctioned. There can be no assurance, however, that any application for the renewal or participation in any auction of one or more of these licences will be successful or granted on equivalent or satisfactory terms. Governments and/or regulatory authorities may also impose auction rules and/or licence conditions relating to national security, which could result in an operator being denied access to the spectrum and/or revocation of a licence.

In addition, the Group may not be successful in obtaining licences for spectrum bands enabling new mobile technologies that may be developed in the future (including 5G) and will likely face competition for any such licences. Due to changes in legislation, the Group's mobile telecommunications licences in the UK and Italy effectively provide for perpetual renewal rights. Telecommunications licences (including spectrum licences) and authorisation may contain regulatory requirements and carrier obligations regarding the way the operator must conduct its business (such as price controls and non-discrimination obligations), as well as network quality and coverage. Failure to meet these requirements could result in damage awards, fines, penalties, suspensions or other sanctions including, ultimately, revocation of the licences. Decisions by regulators with respect to the granting, amendment or renewal of licences to the Group or other parties (such as spectrum allocation to other parties or relaxation of constraints with respect to the technology or specific service that may be deployed in the given spectrum band), or changes to the process of or the conditions or criteria to obtaining or maintaining spectrum or other licences necessary for the Group's mobile telecommunications business, could result in the Group facing unforeseen competition and/or could materially and adversely affect the Group's financial condition and results of operations.

Accounting

The International Accounting Standards Board ("IASB"), issuer of International Financial Reporting Standards ("IFRS"), may in the future issue more new and revised standards, amendments and interpretations, including those required to conform to standards, amendments and interpretations issued from time to time by the IASB. Such factors may require adoption of new accounting policies. There can be no assurance that the adoption of new accounting policies or new IFRS will not have a significant impact on the Group's financial condition and results of operations.

Impact of Regulatory Reviews

A subsidiary of the Group and investments issued by subsidiaries of the Group are listed on various stock exchanges around the world and are subject to regulatory reviews of their various filings by the respective stock exchange's regulatory bodies and/or other regulatory authorities. While such subsidiaries of the Group endeavour to comply with all regulatory requirements of the various stock exchanges and other authorities in the countries in which they operate, and obtain independent professional advice as appropriate, there can be no assurance that the regulatory bodies' review will not result in a disagreement with the Group's interpretations and judgements and that any required actions mandated by the authorities will not have an adverse impact on the Group's reported financial position and results of operations.

Natural Disasters

Some of the Group's assets and projects, and many of the Group's customers and suppliers are located in areas at risk of damage from earthquakes, floods and typhoons. The occurrence of any such damage could disrupt the Group's business materially and adversely affect the Group's financial condition and results of operations.

Although the Group has not experienced any significant structural damage to assets from earthquakes to date, there can be no assurance that future earthquakes or other natural disasters will not occur and result in major damage to the Group's assets, or on the general supporting facilities in the vicinity, which could materially and adversely affect the Group's financial condition and results of operations.

Climate Change

Scientific evidence has shown that the Earth's temperature is rising due to an increase in greenhouse gases. This has already created, and will continue to create, a number of negative effects to the environment including loss of sea ice, rise in sea levels, and more frequent and severe water events.

Some of the Group's assets, businesses and supply chain are located in areas that would be affected in the medium to long term by the effects of climate change. Extreme weather events may also pose increased risk for the Group's stakeholders such as the Group's employees, customers, suppliers living and working in those locations. Further, as many countries seek to transition to low carbon economies, governments are increasingly introducing legislations to restrict emissions and incentivise environmental protection measures. Other market changes may also influence the Group's business such as changing consumer preferences in favour of companies that are more sustainable.

Together these physical and transition risks arising from climate change could have a material impact on the Group's business and adversely affect the Group's financial condition and results of operations.

Political Unrest, Terrorist Attacks and Military Tensions

The Group has presence in various countries around the world. There can be no assurance that all of these countries will remain politically stable or immune to terrorist attacks or military tensions, and if any of these countries suffers from political unrest or terrorist attacks or military tensions, it may have an adverse impact on the Group's financial condition and results of operations.

Impact of Possible Economic Sanctions on Business Partners, Suppliers or Businesses in General

Governments and multinational organisations (including the State Department and the Department of the Treasury's Office of Foreign Assets Control (OFAC) of the US and the United Nations), from time to time administer certain laws and regulations that impose restrictions with respect to activities or transactions with certain countries, governments, entities and individuals that are the subject of economic sanctions. There can be no assurance that such sanctions or other restrictions will not affect the jurisdictions in which the Group conducts its business, any of the Group's business partners or suppliers or otherwise. To the extent that any such sanction or restriction is imposed in any jurisdictions where the Group's business operates, the Group may need to cease operations in those jurisdictions and suffer losses in that regard. If any of the Group's business partners or suppliers is impacted by sanctions or restrictions, provision of goods, services or support by them may be disrupted or discontinued, which may affect the Group's ability to continue to operate related businesses. If any of the Group's business partners is affected by sanctions or restrictions, the continuation or disruption of strategic alliance with such business partners may also affect the Group's ability to continue to operate related businesses and/or may result in suspension of operations. There can be no assurance that the Group will be able to obtain alternative goods, services, support or alliance it needs for the operation of its business, in a timely manner or at competitive terms, and no assurance that any compensation recoverable from business partners or suppliers for the discontinued or disrupted supply, service, support or alliance will be available or adequate. Any of these factors could have a material adverse effect on the Group's financial condition and results of operations.

Cyber Security Risks

Cyber attacks, including through the use of malware, computer viruses, dedicated denial of services attacks, credential harvesting and other means for obtaining unauthorised access to or disrupting the operation of the networks, systems and data base of the Group or its suppliers, vendors and other service providers, could have an adverse effect on the Group's business, operations and reputation. Cyber attacks may cause equipment failures, loss or leakage of data, including personal data of customers or employees and technical and trade information, as well as disruptions to the Group's or its customers' operations. Corporate cyber attacks have increased in frequency, scale and severity in recent years. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or external parties operating in any geography, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective, and may even be launched by or at the behest of nation states. The measures deployed by the Group may not be able to prevent, eliminate or minimise the risks associated with cyber attacks.

Any operational impacts caused by cyber attacks to the networks, systems and data base of the Group or its suppliers, vendors and other service providers, even for a limited period of time, may result in costly remedial expenses and/or a loss of business. The costs required to remedy a major cyber attack on the Group could include expensive incentives to certain existing customers and business partners, increased expenditures on cyber security measures and the use of alternate resources. The Group may also suffer a loss of revenue owing to business interruption and claims from regulators and other third parties. The potential costs associated with these attacks could exceed the insurance coverage the Group maintains. In addition, a compromise of security or leakage of data, such as personal data and technical and trade information, could result in third party claims and/or regulatory claims or investigations. Any of these occurrences could damage the Group's reputation, adversely impact customer and investor confidence, and materially and adversely affect the Group's financial condition and results of operations.

Compliance with Data Protection Legislation

In the ordinary course of its operations, various members of the Group collect, store and use data that is protected by data protection laws in the different countries in which they operate. As regulatory focus on privacy issues continues to increase and worldwide laws and regulations concerning the handling of personal information expand and become more complex, potential risks related to data collection and use within the Group's business are expected to intensify. For example, the General Data Protection Regulation (EU) (2016/679) ("GDPR"), the UK GDPR (the retained EU law version of the GDPR) and the United Kingdom's Data Protection Act 2018, which apply to Group companies in applicable jurisdictions, levy administrative penalties of up to 4 per cent. of Group global annual turnover in cases of significant non-compliance and direct liability for breach by data processors.

In the event that any relevant member of the Group is unable to meet its obligations under applicable data protection laws, it may be subject to regulatory action or civil claims. The cost of regulatory or legal action, and any monetary and/or reputational damage suffered as a result of such action, could have a material adverse effect on the Group's financial condition and results of operations.

Labour disputes

In case of material changes to current terms and conditions of employment, and the Group's employees react adversely to any such changes, the Group may experience significant labour disputes and work disruption at one or more of its operating offices. The Group also relies on a number of third parties, for example equipment and telecommunications providers. Labour disputes involving such third parties may affect provision of services or products to the Group. Both cases could materially adversely affect the Group's business, financial condition and results of operations.

UK's Exit from the EU

The UK formally left the EU on 31 January 2020. As agreed in the Withdrawal Agreement, a transition period was implemented until 31 December 2020, during which time EU laws and regulations continued to apply broadly as before. Within the context of the Withdrawal Agreement of which the Protocol on Ireland/Northern Ireland ("NI Protocol") is part, the European Union and the UK Government reached a political agreement on 27 February 2023 ("Windsor Framework") to adjust the operation of the NI Protocol including solutions on, inter alia, the system of checks on goods moving across the land border between Great Britain and Northern Ireland enabling a smoother transition for goods destined for use in Northern Ireland. The Windsor Framework was formally adopted by the parties on 24 March 2023 and came into effect on 1 October 2023.

The EU and the UK Government signed the UK-EU Trade and Cooperation Agreement ("TCA") on 30 December 2020. The TCA sets out all aspects of the new UK-EU relationship, including trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in EU programmes. The TCA was applied provisionally from 1 January 2021 and entered into force on 1 May 2021.

In the UK, the Retained EU Law (Revocation and Reform) Act 2023 which received Royal Assent on 29 June 2023, has been enacted into UK law. Under the Act, certain retained EU laws (listed in Schedule 1 to the Act) were repealed automatically at the end of 2023. The Act further enables the revocation, restatement, replacement or updating of certain retained EU laws until 23 June 2026, and inter alia removes the special features that EU laws have in the UK legal system and repeals the principle of supremacy of EU law from UK law. The impact of the Act on our business is currently unclear.

The long-term impact of the UK's decision to leave the EU continues to be unclear and will depend on the implementation of the final terms agreed between the UK and the EU in the TCA as well as on the UK's ability to secure favourable trade and investment terms with countries outside the EU. There is considerable uncertainty as to the impact of the UK's exit from the EU on the general economic conditions in the UK or its wider impact in the EU. As such, no assurance can be given as to the impact of the UK's departure from the EU and, in particular, no assurance can be given that such matters would not adversely affect the Group's financial condition and results of operations.

Past Performance and Forward Looking Statements

The performance and the results of operations of the Group contained within this Results Announcement are historical in nature, and past performance is no guarantee of the future results of the Group. Any forward-looking statements and opinions contained within this Results Announcement are based on current plans, estimates and projections, and therefore involve risks and uncertainties. Actual results may differ materially from expectations discussed in such forward-looking statements and opinions. The Group, the Directors, employees and agents of the Group assume (a) no obligation to correct or update the forward-looking statements or opinions contained in this Results Announcement; and (b) no liability in the event that any of the forward-looking statements or opinions do not materialise or turn out to be incorrect.

Sustainability

Action on climate change continued to be a key focus during 2023. CKHGT continued to work toward its approved Science Based Targets initiative ("SBTi") near-term targets, which are:

- Reduce scope 1 and 2 emissions by 50% by 2030, versus a 2020 baseline; and
- Reduce scope 3 emissions by 42% by 2030, versus a 2020 baseline.

CKHGT is also committed to the pursuit of net-zero in its operations (scope 1 and 2) by 2040 and to setting a long-term net zero target, incorporating scope 3 emissions, which will be submitted in 2024 for validation by the SBTi.

The procurement of renewable electricity continues to be a key focus. CKHGT increased its overall proportion of renewable electricity consumption from 44% in 2022 to 55% in 2023. During the year, **3** Austria, **3** Denmark, **3** Ireland, **3** Sweden and **3** UK purchased between 78-100% renewable electricity. **3** Austria, **3** Ireland and Wind Tre in parallel produce renewable energy through their solar photovoltaic systems, and with **3** Ireland expanding its self-generation program during the year and installed 470 kW solar capacity across over 90 network sites. All operations continue to invest in energy efficiency measures with the implementation of network optimisation equipment features, virtualisation of core network and network services, and optimisation of data centres, including through the use of AI.

To create a thriving digital economy, CKHGT continues rolling out 5G and its related smart city solutions. Wind Tre has a business goal to be the "smart partner of 100 smart cities", designing and supporting the digital and green transition through energy efficiency and smart mobility, among other solutions. During 2023, Wind Tre signed 18 new smart city cooperation agreements, bringing the total number of cities active in the project to 25. **3** UK has a target to reach 90% geographic coverage by 2027, bringing greater digital inclusion to the UK. In 2023, it completed the construction of 100 sites, providing new 4G connectivity to over 37,000 premises, and with coverage spanning 2,800km^2. CKDelta has built expertise in the electric vehicle ecosystem and aims to support market participants, including power distributors, charge point operators, urban planners, and payment solutions providers.

On circular economy, businesses in the **3** Group operation continue to offer a sustainable choice of smartphone trade-in options for their customers, reducing volumes of e-waste to landfill. In particular, **3** UK offers "Three Recycle" and "Three Reconnected" as a fully integrated device take-back solution, while **3** Hong Kong continues offering recycling services through the "Recycling Handsets and Accessories Programme". Items collected under this programme are passed on to the Computer and Communication Products Recycling Programme, run by the government, or to be donated to people in need. **3** Sweden, Wind Tre and **3** Austria all offer refurbished devices, and in 2023, **3** Sweden launched its 'device-as-a-service' model that increases the longevity of devices in use.

CKHGT is committed to creating workplaces that attract and retain diverse talent, and a drive for inclusive and diverse teams continued to be of particular focus. **3** Ireland, **3** Sweden and **3** UK have established 50/50 gender balance targets for leadership roles. Wind Tre also has committed to increasing its share of women in executive positions to 25% by 2025. It has embedded gender equality into recruitment and promotion processes, it monitors pay practices and it has linked its gender diversity targets to executive compensation through its proprietary ESG composite index. Reflecting its equal pay practices, in 2023, Wind Tre was certified for the second year by the Equal Salary Foundation supported by Geneva University. **3** UK is included in the list of Times Top 50 Employers for Gender Equality.

Working with partners to drive reductions in value chain emissions is important to addressing scope 3 emissions. In 2023, **3** Ireland and **3** UK continued to expand their assessment of ESG risk, covering 44% and 91% of their supplier base respectively, through their partnership with EcoVadis – the global leader in independent supply chain sustainability ratings. This is an essential step in managing third party spend in line with greenhouse gas reduction and other sustainability objectives. As a group, CKHGT is also awarded as a 'top-rated' (ranked 4th from 233 telecommunications businesses) in the Sustainalytics' 2024 'Top-Rated' ESG Companies List in recognising excellence toward ESG risk and opportunity management.

CKHGT's business continued to support local communities, whether related to the ongoing conflict in Ukraine, education, or other community-based topics. For example, **3** Sweden continued to provide free texts and calls to and from Ukraine, and **3** Austria continued to donate SIM cards and support with connectivity for refugees. In 2023, Wind Tre launched the 5th edition of NeoConnessi, aiming to increase awareness within Italian primary schools about the risks and opportunities of being online, and it has now reached over 1 million families. Another ongoing focus for CKHGT is in STEM education. In 2023, both **3** Hong Kong and **3** Ireland supported education programmes that explored potential business and customer insights about AI and Machine Learning.

CK Hutchison Group Telecom
Financial Performance Summary

	Pre-IFRS 16 [1] 2023 EURO million	Pre-IFRS 16 [1] 2022 EURO million	Change %	Local currencies change %
Total Revenue [2]				
3 Group Europe	**9,425**	9,435	–	1%
- UK	**2,972**	2,951	1%	3%
- Italy	**3,838**	3,947	-3%	-3%
- Sweden	**697**	712	-2%	5%
- Denmark	**327**	320	2%	3%
- Austria	**976**	885	10%	10%
- Ireland	**615**	620	-1%	-1%
Hong Kong	**576**	592	-3%	–
Corporate and others	**198**	57	247%	250%
Total Revenue	**10,199**	10,084	1%	3%
EBITDA [2]				
3 Group Europe	**2,509**	2,895	-13%	-12%
- UK	**463**	715	-35%	-34%
- Italy	**1,242**	1,343	-8%	-8%
- Sweden	**219**	221	-1%	7%
- Denmark	**88**	91	-3%	-4%
- Austria	**342**	350	-2%	-2%
- Ireland	**155**	175	-11%	-11%
Hong Kong	**146**	129	13%	17%
Corporate and others	**13**	962	-99%	-99%
Total EBITDA	**2,668**	3,986	-33%	-31%
- Underlying	**2,668**	2,945	-9%	-8%
- One-off items [3]	**–**	1,041		
EBIT [2]				
3 Group Europe	**280**	681	-59%	-59%
- UK	**(134)**	170	-179%	-180%
- Italy	**142**	188	-24%	-24%
- Sweden	**76**	59	29%	42%
- Denmark	**(1)**	17	-106%	-103%
- Austria	**176**	196	-10%	-10%
- Ireland	**21**	51	-59%	-59%
Hong Kong	**14**	(3)	567%	487%
Corporate and others	**13**	962	-99%	-99%
Total EBIT	**307**	1,640	-81%	-81%
- Underlying	**307**	599	-49%	-49%
- One-off items [3]	**–**	1,041		
Interest expenses and other finance costs [2]	**(162)**	(119)	-36%	
Profit Before Tax	**145**	1,521	-90%	
Tax [2]				
Current tax	**24**	(174)	114%	
Deferred tax	**66**	(318)	121%	
	90	(492)	118%	
Profit after tax	**235**	1,029	-77%	
Non-controlling interests	**(14)**	(10)	-40%	
Profit attributable to ordinary shareholders ("NPAT")	**221**	1,019	-78%	-78%
- Underlying	**221**	370	-40%	-43%
- One-off items [3]	**–**	649		

Note 1: The Group believes that the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a International Financial Reporting Standard 16 "Leases" basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the years ended 31 December 2022 and 2023. Unless otherwise specified, the discussion of the Group's operating results in this results announcement is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of joint ventures' respective items.

Note 3: Comprise €2,371 million gain (before tax) from the disposal of UK tower assets (disposal gain after tax: €1,979 million), partly offset by non-cash impairment of the Group's telecommunication business in Italy (€1,330 million).

CK Hutchison Group Telecom
Financial Performance Summary

	Post-IFRS 16 2023 EURO million	Post-IFRS 16 2022 EURO million	Change %
Total Revenue [1]			
3 Group Europe	**9,425**	9,435	–
- UK	**2,972**	2,951	1%
- Italy	**3,838**	3,947	-3%
- Sweden	**697**	712	-2%
- Denmark	**327**	320	2%
- Austria	**976**	885	10%
- Ireland	**615**	620	-1%
Hong Kong	**576**	592	-3%
Corporate and others	**198**	57	247%
Total Revenue	**10,199**	10,084	1%
EBITDA [1]			
3 Group Europe	**3,251**	3,653	-11%
- UK	**559**	832	-33%
- Italy	**1,785**	1,887	-5%
- Sweden	**246**	246	–
- Denmark	**101**	104	-3%
- Austria	**371**	375	-1%
- Ireland	**189**	209	-10%
Hong Kong	**195**	180	8%
Corporate and others	**13**	975	-99%
Total EBITDA	**3,459**	4,808	-28%
- Underlying	**3,459**	3,754	-8%
- One-off items [2]	**–**	1,054	
EBIT [1]			
3 Group Europe	**389**	840	-54%
- UK	**(117)**	191	-161%
- Italy	**215**	308	-30%
- Sweden	**78**	61	28%
- Denmark	**–**	18	-100%
- Austria	**182**	202	-10%
- Ireland	**31**	60	-48%
Hong Kong	**15**	(2)	850%
Corporate and others	**13**	974	-99%
Total EBIT	**417**	1,812	-77%
- Underlying	**417**	758	-45%
- One-off items [2]	**–**	1,054	
Interest expenses and other finance costs [1]	**(240)**	(182)	-32%
Profit Before Tax	**177**	1,630	-89%
Tax [1]			
Current tax	**24**	(173)	114%
Deferred tax	**65**	(322)	120%
	89	(495)	118%
Profit after tax	**266**	1,135	-77%
Non-controlling interests	**(14)**	(10)	-40%
Profit attributable to ordinary shareholders ("NPAT")	**252**	1,125	-78%
- Underlying	**252**	463	-46%
- One-off items [2]	**–**	662	

Note 1: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of joint ventures' respective items.

Note 2: Comprise €2,384 million gain (before tax) from the disposal of UK tower assets (disposal gain after tax: €1,992 million), partly offset by non-cash impairment of the Group's telecommunication business in Italy (€1,330 million).

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of CK Hutchison Group Telecom Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 29 to 112, comprise:
- the consolidated statement of financial position as at 31 December 2023;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in Operations Review and Others and Financial Performance Summary, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, 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. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. 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 consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

We communicate with the directors 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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2024

CK Hutchison Group Telecom Holdings Limited
Consolidated Income Statement
for the year ended 31 December 2023

	Note	**2023 EUR million**	2022 EUR million
Revenue	4, 5	**10,182**	10,069
Cost of inventories sold	6	**(323)**	(359)
Expensed customer acquisition and retention costs		**(1,773)**	(1,751)
Staff costs		**(729)**	(690)
Depreciation and amortisation	6	**(2,996)**	(2,990)
Other expenses and losses	6	**(3,960)**	(4,854)
Other income and gains	6	**9**	2,387
Share of profits less losses of joint ventures		**1**	(2)
		411	1,810
Interest expenses and other finance costs	7	**(237)**	(181)
Profit before tax		**174**	1,629
Current tax credit (charge)	8	**27**	(172)
Deferred tax credit (charge)	8	**65**	(322)
Profit after tax		**266**	1,135
Profit attributable to non-controlling interests		**(14)**	(10)
Profit attributable to owners of the Company		**252**	1,125

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Comprehensive Income
for the year ended 31 December 2023

	Note	**2023** **EUR million**	2022 EUR million
Profit after tax		**266**	1,135
Other comprehensive income (losses)			
Items that will not be reclassified to profit or loss:			
Changes in fair value of equity instruments at fair value through other comprehensive income		**80**	(142)
Remeasurement of defined benefit obligations		**(1)**	6
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	29 (c)	**-**	-
		79	(136)
Items that may be reclassified to profit or loss:			
Exchange gains (losses) on translation of foreign operations		**25**	(216)
Exchange losses reclassified to profit or loss		**-**	86
Losses on cash flow hedges		**(30)**	(58)
Gains (losses) on net investment hedges		**(32)**	13
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	29 (c)	**-**	-
		(37)	(175)
Other comprehensive income (losses), net of tax		**42**	(311)
Total comprehensive income		**308**	824
Total comprehensive losses (income) attributable to non-controlling interests		**4**	-
Total comprehensive income attributable to owners of the Company		**312**	824

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Financial Position
at 31 December 2023

	Note	**2023** **EUR million**	2022 EUR million
Non-current assets			
Fixed assets	10	**7,496**	7,378
Right-of-use assets	11	**1,945**	1,825
Telecommunications licences	12	**7,451**	7,310
Brand names and other rights	13	**3,509**	3,731
Goodwill	14	**9,849**	9,852
Interests in joint ventures	15	**318**	20
Deferred tax assets	16	**1,969**	1,831
Listed investments	17	**973**	1,028
Other non-current assets	18	**1,608**	736
		35,118	33,711
Current assets			
Cash and cash equivalents	19	**2,539**	3,600
Inventories		**171**	225
Trade receivables and other current assets	20	**2,955**	3,770
		5,665	7,595
Assets classified as held for sale	21	**-**	734
		5,665	8,329
Current liabilities			
Bank and other debts	22	**1,497**	2,497
Current tax liabilities		**195**	198
Lease liabilities	11	**587**	502
Trade payables and other current liabilities	23	**3,944**	4,491
		6,223	7,688
Liabilities directly associated with assets classified as held for sale	21	**-**	136
		6,223	7,824
Net current assets (liabilities)		**(558)**	505
Total assets less current liabilities		**34,560**	34,216
Non-current liabilities			
Bank and other debts	22	**4,021**	4,008
Interest bearing loan from non-controlling shareholder	25	**242**	220
Lease liabilities	11	**1,293**	1,353
Deferred tax liabilities	16	**273**	214
Pension obligations	26	**67**	66
Other non-current liabilities	27	**1,413**	1,381
		7,309	7,242
Net assets		**27,251**	26,974

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Financial Position
at 31 December 2023

	Note	**2023** **EUR million**	2022 EUR million
Capital and reserves			
Share capital	28 (a)	-	-
Share premium	28 (a)	**17,908**	17,908
Reserves		**8,191**	7,896
Equity attributable to owners of the Company		**26,099**	25,804
Non-controlling interests		**1,152**	1,170
Total equity		**27,251**	26,974

Fok Kin Ning, Canning
Director

Frank John Sixt
Director

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2023

	Attributable to				
	Owners of the Company				
	Share capital and share premium [(a)] EUR million	Reserves [(b)] EUR million	Sub-total EUR million	Non-controlling interests EUR million	Total equity EUR million
At 1 January 2023	**17,908**	**7,896**	**25,804**	**1,170**	**26,974**
Profit for the year	**-**	**252**	**252**	**14**	**266**
Other comprehensive income (losses)					
Changes in fair value of equity instruments at fair value through other comprehensive income	**-**	**80**	**80**	**-**	**80**
Remeasurement of defined benefit obligations	**-**	**(1)**	**(1)**	**-**	**(1)**
Exchange gains (losses) on translation of foreign operations	**-**	**42**	**42**	**(17)**	**25**
Losses on cash flow hedges	**-**	**(29)**	**(29)**	**(1)**	**(30)**
Losses on net investment hedges	**-**	**(32)**	**(32)**	**-**	**(32)**
Tax relating to components of other comprehensive income (losses)	**-**	**-**	**-**	**-**	**-**
Other comprehensive income (losses), net of tax	**-**	**60**	**60**	**(18)**	**42**
Total comprehensive income (losses)	**-**	**312**	**312**	**(4)**	**308**
Transactions with owners in their capacity as owners:					
Dividends paid to non-controlling interests	**-**	**-**	**-**	**(15)**	**(15)**
Recognition of put option liabilities arising from business combinations	**-**	**(17)**	**(17)**	**-**	**(17)**
Relating to purchase of a subsidiary company	**-**	**-**	**-**	**1**	**1**
	-	**(17)**	**(17)**	**(14)**	**(31)**
At 31 December 2023	**17,908**	**8,191**	**26,099**	**1,152**	**27,251**

(a) See note 28(a) for details on share capital and share premium.
(b) See note 29 for details on reserves.
(c) During the year ended 31 December 2023, no dividends have been paid or declared by the Company.

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Changes in Equity
for the year ended 31 December 2023

	Attributable to				
	Owners of the Company				
	Share capital and share premium [(a)] EUR million	Reserves [(b)] EUR million	Sub-total EUR million	Non-controlling interests EUR million	Total equity EUR million
At 1 January 2022	17,908	7,072	24,980	1,192	26,172
Profit for the year	-	1,125	1,125	10	1,135
Other comprehensive income (losses)					
Changes in fair value of equity instruments at fair value through other comprehensive income	-	(142)	(142)	-	(142)
Remeasurement of defined benefit obligations	-	7	7	(1)	6
Exchange losses on translation of foreign operations	-	(206)	(206)	(10)	(216)
Exchange losses reclassified to profit or loss	-	86	86	-	86
Gains (losses) on cash flow hedges	-	(59)	(59)	1	(58)
Gains on net investment hedges	-	13	13	-	13
Tax relating to components of other comprehensive income (losses)	-	-	-	-	-
Other comprehensive income (losses), net of tax	-	(301)	(301)	(10)	(311)
Total comprehensive income	-	824	824	-	824
Transactions with owners in their capacity as owners:					
Dividends paid to non-controlling interests	-	-	-	(22)	(22)
	-	-	-	(22)	(22)
At 31 December 2022	17,908	7,896	25,804	1,170	26,974

(a) See note 28(a) for details on share capital and share premium.
(b) See note 29 for details on reserves.
(c) During the year ended 31 December 2022, no dividends have been paid or declared by the Company.

CK Hutchison Group Telecom Holdings Limited
Consolidated Statement of Cash Flows
for the year ended 31 December 2023

	Note	**2023 EUR million**	2022 EUR million
Operating activities			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	30 (a)	**2,927**	3,307
Interest expenses and other finance costs paid (net of capitalisation)		**(209)**	(156)
Tax recovered		**26**	35
Funds from operations (before principal elements of lease payments)		**2,744**	3,186
Changes in working capital	30 (b)	**(615)**	(917)
Net cash from operating activities		**2,129**	2,269
Investing activities			
Purchase of fixed assets		**(1,494)**	(2,042)
Additions to telecommunications licences		**(231)**	(17)
Additions to brand names and other rights		**(195)**	(216)
Purchase of subsidiary companies, net of cash acquired	30 (c)	**(9)**	-
Repayments of loans from joint ventures		**-**	1
Purchase of and advances to joint ventures		**(9)**	(6)
Proceeds from disposal of fixed assets		**2**	13
Proceeds from disposal of subsidiary companies, net of cash disposed	30 (d)	**303**	2,227
Cash flows used in investing activities before disposal of listed investments		**(1,633)**	(40)
Disposal of listed investments		**177**	-
Cash flows used in investing activities		**(1,456)**	(40)
Net cash inflows before financing activities		**673**	2,229
Financing activities			
New borrowings	30 (e)	**1,794**	697
Repayment of borrowings	30 (e)	**(2,800)**	(899)
Principal elements of lease payments	30 (e)	**(734)**	(731)
Net loan from non-controlling shareholder	30 (e)	**21**	239
Payment to acquire additional interests in subsidiary companies		**-**	(100)
Dividends paid to non-controlling interests		**(15)**	(22)
Cash flows used in financing activities		**(1,734)**	(816)
Increase (decrease) in cash and cash equivalents		**(1,061)**	1,413
Cash and cash equivalents at 1 January		**3,600**	2,187
Cash and cash equivalents at 31 December		**2,539**	3,600
Analysis of cash and listed investments			
Cash and cash equivalents, as above	19	**2,539**	3,600
Listed investments	17	**973**	1,028
Total cash and listed investments		**3,512**	4,628
Total principal amount of bank and other debts	22	**5,544**	6,533
Interest bearing loan from non-controlling shareholder	25	**242**	220
Net debt		**2,274**	2,125
Interest bearing loan from non-controlling shareholder		**(242)**	(220)
Net debt (excluding interest bearing loan from non-controlling shareholder)		**2,032**	1,905

1 General Information

CK Hutchison Group Telecom Holdings Limited (the “Company” or “CKHGT”) is a limited liability company incorporated in the Cayman Islands and is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited (“CKHH”), which is a limited company incorporated in the Cayman Islands and whose shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) as at and for the year ended 31 December 2023 (the “Annual Financial Statements”) were authorised for issue by the Company’s board of directors on 21 March 2024.

The Management Discussion and Analysis, the Operation Analysis, and the Risk Factor, issued outside the Annual Financial Statements as part of the announcement of the Group’s results for the year ended 31 December 2023, include discussions of the Group’s key strategies, the performance, key business indicators, capital expenditure and licences of the Group’s businesses for the current year, the principal risk and uncertainties affecting the Group’s businesses, and the Group’s financial and debt maturity profiles.

2 Use of judgements, estimates and assumptions

The preparation of financial statements under International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”) (“IFRS Accounting Standards”) requires entities to make judgements, estimates and assumptions about the reported amounts and the accompanying disclosures.

In preparing the Annual Financial Statements, the Group has made accounting related estimates based on judgements and assumptions about current and, for some estimates, future economic and market conditions that the Group considers are relevant and reasonable. It is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. This could result in materially different estimates, judgements and assumptions from those used for the purposes of the Annual Financial Statements. Hence, our accounting estimates, judgements and assumptions could change over time in response to how these events and conditions develop. Note 40 sets out further information on our significant accounting judgements, estimates and assumptions applied in preparing the Annual Financial Statements.

3 Basis of preparation

The Annual Financial Statements have been prepared in accordance with IFRS Accounting Standards. The Annual Financial Statements are prepared on a going concern basis, as Management is satisfied that the Group has the ability to continue as a going concern. In making this assessment, Management has assessed the potential cash generation of the Group, the liquidity of the Group and existing funding available to the Group. On the basis of these assessments, Management has determined that, at the date on which the Annual Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Annual Financial Statements is appropriate.

The Annual Financial Statements have been prepared on a historical cost basis, except that defined benefit plans plan assets, certain financial assets and liabilities (including derivative instruments) are measured at fair values, and non-current assets and disposal group classified as held for sale are generally measured at the lower of carrying amount and fair value less cost to sell. In these financial statements, non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position. Liabilities directly associated with non-current assets classified as held for sale and liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

There were no new accounting standards or interpretations adopted during the year ended 31 December 2023 that had a significant effect on the Group in 2023. A summary of the amendments to IFRS Accounting Standards adopted by the Group in the current year and the Group’s material accounting policies are included in note 41.

4 Revenue

(a) An analysis of revenue of the Company and subsidiary companies is as follows:

	2023 EUR million	2022 EUR million
Sale of goods	**1,646**	1,701
Revenue from services	**8,405**	8,335
Interest	**131**	33
	10,182	10,069

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of IFRS 15:

	Revenue from contracts with customers			**Revenue**	
	recognised at a point in time EUR million	**recognised over time EUR million**	**Subtotal EUR million**	**from other sources EUR million**	**2023 Total EUR million**
3 Group Europe	**1,485**	**7,939**	**9,424**	**-**	**9,424**
UK	***836***	***2,136***	***2,972***	**-**	***2,972***
Italy	***190***	***3,648***	***3,838***	**-**	***3,838***
Sweden	***189***	***508***	***697***	**-**	***697***
Denmark	***19***	***307***	***326***	**-**	***326***
Austria	***163***	***813***	***976***	**-**	***976***
Ireland	***88***	***527***	***615***	**-**	***615***
Hutchison Telecommunications Hong Kong Holdings	**161**	**415**	**576**	**-**	**576**
Corporate and Others	**-**	**51**	**51**	**131**	**182**
	1,646	**8,405**	**10,051**	**131**	**10,182**

	Revenue from contracts with customers			Revenue	
	recognised at a point in time EUR million	recognised over time EUR million	Subtotal EUR million	from other sources EUR million	2022 Total EUR million
3 Group Europe	1,506	7,928	9,434	-	9,434
UK	*900*	*2,051*	*2,951*	-	*2,951*
Italy	*167*	*3,780*	*3,947*	-	*3,947*
Sweden	*208*	*504*	*712*	-	*712*
Denmark	*19*	*300*	*319*	-	*319*
Austria	*111*	*774*	*885*	-	*885*
Ireland	*101*	*519*	*620*	-	*620*
Hutchison Telecommunications Hong Kong Holdings	195	397	592	-	592
Corporate and Others	-	10	10	33	43
	1,701	8,335	10,036	33	10,069

4 Revenue (continued)

(c) Contract balances related to contracts with customers within the scope of IFRS 15

Under IFRS 15, a contract asset or a contract liability is generated when either party to the contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, therefore, has a contract asset. When the customer performs first, for example, by prepaying its promised consideration, the entity has a contract liability. Generally, contract assets may represent conditional or unconditional rights to consideration. The right would be conditional, for example, when an entity is required first to satisfy another performance obligation in the contract before it is entitled to payment from the customer. If an entity has an unconditional right to receive consideration from the customer, the contract asset is classified as and accounted for as a receivable and presented separately from other contract assets. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers within the scope of IFRS 15.

	2023 EUR million	2022 EUR million
Trade receivables, which are included in "Trade receivables and other current assets" (see note 20)	**1,202**	1,112
Trade receivables, which are included in "Assets classified as held for sale" (see note 21)	**-**	2
Contract assets (see notes 18 and 20)	**876**	758
Contract liabilities (see note 23)	**(453)**	(480)

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. In 2023, EUR71 million (2022: EUR109 million) was recognised in the consolidated income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. In 2023, EUR108 million (2022: EUR69 million) was recognised in the consolidated income statement as provision for expected credit losses on contract assets.

Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled. EUR386 million (2022: EUR282 million) was recognised as revenue in 2023 that was included in the contract liability balance at the beginning of the year.

(d) Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied at the reporting date. The Group applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for contracts with an original expected duration of one year or less. In addition, contracts that include a promise to perform an undefined quantity of tasks at a fixed contractual rate per unit, with no contractual minimums that would make some or all of the consideration variable, are not included in the following analysis as the possible transaction prices and the ultimate consideration for those contracts will depend on the occurrence or non-occurrence of future customer usage. In light of these basis of preparation, the following does not reflect the expectation of the Group's future performance. The analysis is for compliance with IFRS 15 disclosure requirement in respect of transaction price allocated to the remaining performance obligations.

	2023 EUR million	2022 EUR million
Within one year	**1,784**	1,592
More than one year	**603**	1,030
	2,387	2,622

5 Operating segment information

(a) Description of segments and basis of presentation of segment information

The Group is a worldwide operator of mobile telecommunications networks, with operations spanning six European countries and Hong Kong and Macau of the People's Republic of China. The Group's telecom's operations in Europe ("**3** Group Europe") launched commercial operations in 2003 and comprise mobile telecommunications businesses in the United Kingdom (the "UK"), Italy, Sweden, Denmark, Austria and Ireland, offering mobile telecommunications services. The Group's telecom's operations in Hong Kong has operated telecom networks for over 30 years and comprise an approximately 66.09% interest in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), which is listed on the Stock Exchange. HTHKH is a mobile telecommunications operator that provides services in Hong Kong and Macau of the People's Republic of China.

The Group's most senior executive management (the Chief Operating Decision Maker as defined in IFRS 8) monitors the operating results of these businesses separately for the purpose of making decisions about resource allocation and performance assessment. Segment information sets out in this note is organised into operations in Europe under **3** Group Europe (with separate sub-totals for the telecom's operation in each of the six European countries mentioned above) and in Hong Kong and Macau of the People's Republic of China under Hutchison Telecommunications Hong Kong Holdings. Accordingly, no separate analysis by geographical location is provided in this note.

In addition, Corporate and Others is presented in the segment information below to reconcile to the totals included in the Group's consolidated income statement and consolidated statement of financial position, which covers the activities of other areas of the Group that are not presented separately, and includes centralised procurement, corporate head office operations and the returns earned on the Group's holdings of cash and liquid investments.

The Group has adopted IFRS 16 "Leases" accounting standard (which relates to accounting for leases) for its statutory reporting but its management reporting has remained on the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17"). The Group believes that the IAS 17 basis metrics ("Pre-IFRS 16 basis"), which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performances. Pre-IFRS 16 basis metrics financial information is regularly reviewed by the Group's most senior executive management.

Segment information sets out below is presented, except where indicated otherwise, on a Pre-IFRS 16 basis together with reconciliations to the total under the Post-IFRS 16 basis. Section (c) of this note sets out reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 16 basis metrics for the Group's consolidated income statement, consolidated statement of comprehensive income, and consolidated of cash flows for the current and comparative years, and the Group's consolidated statement of financial position as at 31 December 2023 and 31 December 2022.

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as JV refers to the Group's share of joint ventures' respective items.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

	Revenue							
	Company and Subsidiaries EUR million	**JV EUR million**	**2023 Total EUR million**	**%**	Company and Subsidiaries EUR million	JV EUR million	2022 Total EUR million	%
3 Group Europe	**9,424**	**1**	**9,425**	**92%**	9,434	1	9,435	93%
UK	***2,972***	**-**	***2,972***	***29%***	*2,951*	-	*2,951*	*29%*
Italy	***3,838***	**-**	***3,838***	***37%***	*3,947*	-	*3,947*	*39%*
Sweden	***697***	**-**	***697***	***7%***	*712*	-	*712*	*7%*
Denmark	***326***	***1***	***327***	***3%***	*319*	*1*	*320*	*3%*
Austria	***976***	**-**	***976***	***10%***	*885*	-	*885*	*9%*
Ireland	***615***	**-**	***615***	***6%***	*620*	-	*620*	*6%*
Hutchison Telecommunications Hong Kong Holdings	**576**	**-**	**576**	**6%**	592	-	592	6%
Corporate and Others	**182**	**16**	**198**	**2%**	43	14	57	1%
	10,182	**17**	**10,199**	**100%**	10,069	15	10,084	100%
IFRS 16 impact	**-**	**-**	**-**		-	-	-	
	10,182	**17**	**10,199**		10,069	15	10,084	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

The Group uses two measures of segment results, EBITDA (see note 5(b)(ix)) and EBIT (see note 5(b)(x)). Analysis of segment results by EBITDA and EBIT are set out in (ii), (iii) and (viii) below.

(ii) An analysis of EBITDA by segments

EBITDA (LBITDA) (ix)

	Company and Subsidiaries EUR million	**JV EUR million**	**2023 Total EUR million**	**%**	Company and Subsidiaries EUR million	JV EUR million	2022 Total EUR million	%
3 Group Europe	**2,475**	**34**	**2,509**	**94%**	2,895	-	2,895	73%
UK	***463***	***-***	***463***	***17%***	*715*	-	*715*	*18%*
Italy	***1,208***	***34***	***1,242***	***47%***	*1,343*	-	*1,343*	*34%*
Sweden	***219***	***-***	***219***	***8%***	*221*	-	*221*	*6%*
Denmark	***88***	***-***	***88***	***3%***	*91*	-	*91*	*2%*
Austria	***342***	***-***	***342***	***13%***	*350*	-	*350*	*9%*
Ireland	***155***	***-***	***155***	***6%***	*175*	-	*175*	*4%*
Hutchison Telecommunications Hong Kong Holdings	**137**	**9**	**146**	**5%**	122	7	129	3%
Corporate and Others (xii)	**14**	**(1)**	**13**	**1%**	963	(1)	962	24%
EBITDA ^	**2,626** ^	**42** ^	**2,668** ^	**100%**	3,980 ^	6 ^	3,986 ^	100%
Depreciation and amortisation	**(2,325)**	**(36)**	**(2,361)**		(2,340)	(6)	(2,346)	
Interest expenses and other finance costs	**(160)**	**(2)**	**(162)**		(118)	(1)	(119)	
Current tax credit (charge)	**27**	**(3)**	**24**		(173)	(1)	(174)	
Deferred tax credit (charge)	**66**	**-**	**66**		(318)	-	(318)	
Non-controlling interests	**(14)**	**-**	**(14)**		(10)	-	(10)	
	220	**1**	**221**		1,021	(2)	1,019	
IFRS 16 impact								
EBITDA ^	**780** ^	**11** ^	**791** ^		822 ^	- ^	822 ^	
Depreciation and amortisation	**(671)**	**(10)**	**(681)**		(650)	-	(650)	
Interest expenses and other finance costs	**(77)**	**(1)**	**(78)**		(63)	-	(63)	
Current tax	**-**	**-**	**-**		1	-	1	
Deferred tax	**(1)**	**-**	**(1)**		(4)	-	(4)	
	251	**1**	**252**		1,127	(2)	1,125	

^ Reconciliation to Post-IFRS 16 basis EBITDA:						
Pre-IFRS 16 basis EBITDA per above	**2,626**	**42**	**2,668**	3,980	6	3,986
IFRS 16 impact per above	**780**	**11**	**791**	822	-	822
Post-IFRS 16 basis EBITDA (see note 30(a)(i))	**3,406**	**53**	**3,459**	4,802	6	4,808

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iii) An analysis of EBIT by segments

	EBIT (LBIT) (x)							
	Company and Subsidiaries EUR million	**JV EUR million**	**2023 Total EUR million**	**%**	Company and Subsidiaries EUR million	JV EUR million	2022 Total EUR million	%
3 Group Europe								
EBITDA before the following non-cash items:	**2,475**	**34**	**2,509**		2,895	-	2,895	
Depreciation	**(1,352)**	**(31)**	**(1,383)**		(1,364)	-	(1,364)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	**(846)**	**-**	**(846)**		(850)	-	(850)	
EBIT - **3** Group Europe	**277**	**3**	**280**	**91%**	681	-	681	41%
UK	***(134)***	**-**	***(134)***	***-44%***	*170*	-	*170*	*10%*
Italy	***139***	***3***	***142***	***46%***	*188*	-	*188*	*11%*
Sweden	***76***	**-**	***76***	***25%***	*59*	-	*59*	*4%*
Denmark	***(1)***	**-**	***(1)***	**-**	*17*	-	*17*	*1%*
Austria	***176***	**-**	***176***	***57%***	*196*	-	*196*	*12%*
Ireland	***21***	**-**	***21***	***7%***	*51*	-	*51*	*3%*
Hutchison Telecommunications Hong Kong Holdings	**10**	**4**	**14**	**5%**	(4)	1	(3)	-
Corporate and Others (xii)	**14**	**(1)**	**13**	**4%**	963	(1)	962	59%
EBIT ^	**301** ^	**6** ^	**307** ^	**100%**	1,640 ^	- ^	1,640 ^	100%
Interest expenses and other finance costs	**(160)**	**(2)**	**(162)**		(118)	(1)	(119)	
Current tax credit (charge)	**27**	**(3)**	**24**		(173)	(1)	(174)	
Deferred tax credit (charge)	**66**	**-**	**66**		(318)	-	(318)	
Non-controlling interests	**(14)**	**-**	**(14)**		(10)	-	(10)	
	220	**1**	**221**		1,021	(2)	1,019	
IFRS 16 impact								
EBIT ^	**109** ^	**1** ^	**110** ^		172 ^	- ^	172 ^	
Interest expenses and other finance costs	**(77)**	**(1)**	**(78)**		(63)	-	(63)	
Current tax	**-**	**-**	**-**		1	-	1	
Deferred tax	**(1)**	**-**	**(1)**		(4)	-	(4)	
	251	**1**	**252**		1,127	(2)	1,125	
^ Reconciliation to Post-IFRS 16 basis EBIT:								
Pre-IFRS 16 basis EBIT per above	**301**	**6**	**307**		1,640	-	1,640	
IFRS 16 impact per above	**109**	**1**	**110**		172	-	172	
Post-IFRS 16 basis EBIT	**410**	**7**	**417**		1,812	-	1,812	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Company and Subsidiaries EUR million	**JV EUR million**	**2023 Total EUR million**	Company and Subsidiaries EUR million	JV EUR million	2022 Total EUR million
3 Group Europe	**2,198**	**31**	**2,229**	2,214	-	2,214
UK	***597***	***-***	***597***	*545*	-	*545*
Italy	***1,069***	***31***	***1,100***	*1,155*	-	*1,155*
Sweden	***143***	***-***	***143***	*162*	-	*162*
Denmark	***89***	***-***	***89***	*74*	-	*74*
Austria	***166***	***-***	***166***	*154*	-	*154*
Ireland	***134***	***-***	***134***	*124*	-	*124*
Hutchison Telecommunications Hong Kong Holdings	**127**	**5**	**132**	126	6	132
Corporate and Others	**-**	**-**	**-**	-	-	-
	2,325	**36**	**2,361**	2,340	6	2,346
IFRS 16 impact	**671**	**10**	**681**	650	-	650
	2,996	**46**	**3,042**	2,990	6	2,996

(v) An analysis of capital expenditure by segments

	Capital expenditure (xvi)							
	Fixed assets EUR million	**Telecom-munications licences EUR million**	**Brand names and other rights EUR million**	**2023 Total EUR million**	Fixed assets EUR million	Telecom-munications licences EUR million	Brand names and other rights EUR million	2022 Total EUR million
3 Group Europe	**1,461**	**231**	**195**	**1,887**	2,021	-	215	2,236
UK	***522***	***-***	***-***	***522***	*871*	-	-	*871*
Italy	***487***	***-***	***195***	***682***	*634*	-	*215*	*849*
Sweden	***128***	***102***	***-***	***230***	*140*	-	-	*140*
Denmark	***54***	***-***	***-***	***54***	*107*	-	-	*107*
Austria	***175***	***-***	***-***	***175***	*168*	-	-	*168*
Ireland	***95***	***129***	***-***	***224***	*101*	-	-	*101*
Hutchison Telecommunications Hong Kong Holdings	**56**	**-**	**-**	**56**	60	17	-	77
Corporate and Others	**-**	**-**	**-**	**-**	-	-	1	1
	1,517	**231**	**195**	**1,943**	2,081	17	216	2,314
IFRS 16 impact	**(23)**	**-**	**-**	**(23)**	(39)	-	-	(39)
	1,494	**231**	**195**	**1,920**	2,042	17	216	2,275

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vi) An analysis of total assets by segments

	2023 EUR million	2022 EUR million
Segment assets [xiii]		
3 Group Europe	**31,922**	31,787
UK	***7,834***	*7,777*
Italy	***17,270***	*17,434*
Sweden	***2,066***	*1,987*
Denmark	***544***	*487*
Austria	***2,432***	*2,366*
Ireland	***1,776***	*1,736*
Hutchison Telecommunications Hong Kong Holdings	**1,829**	1,945
Corporate and Others	**3,132**	4,224
	36,883	37,956
IFRS 16 impact on segment assets	**1,613**	1,499
Interests in joint ventures	**318**	20
Deferred tax assets	**1,969**	1,831
Assets classified as held for sale [xiv]	**-**	734
Total assets	**40,783**	42,040

(vii) An analysis of total liabilities by segments

	2023 EUR million	2022 EUR million
Segment liabilities [xiii]		
3 Group Europe	**3,817**	4,459
UK	***846***	*1,429*
Italy	***2,298***	*2,419*
Sweden	***173***	*154*
Denmark	***66***	*77*
Austria	***257***	*247*
Ireland	***177***	*133*
Hutchison Telecommunications Hong Kong Holdings	**213**	218
Corporate and Others	**128**	98
	4,158	4,775
IFRS 16 impact on segment liabilities	**1,733**	1,637
Current and non-current borrowings and other non-current liabilities [xv]	**7,173**	8,106
Current and deferred tax liabilities	**468**	412
Liabilities directly associated with assets classified as held for sale [xiv]	**-**	136
Total liabilities	**13,532**	15,066

5 **Operating segment information (continued)**

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments

The Group's EBITDA and EBIT for the comparative year ended 31 December 2022 included the gains attributable to shareholders from the disposal of interests in the Group's telecommunications tower assets in the UK that completed in November 2022 of EUR2,371 million (see note 5(b)(xii)). These gains were partly offset by impairment of Wind Tre S.p.A.'s ("Wind Tre") goodwill of EUR1,330 million (see note 5(b)(xii)).

An analysis of EBITDA by segments

	EBITDA (LBITDA) (ix)							
	Company and Subsidiaries	**JV**	**2023 Total**		Company and Subsidiaries	JV	2022 Total	
	EUR million	**EUR million**	**EUR million**	**%**	EUR million	EUR million	EUR million	%
EBITDA before the following one-off items								
3 Group Europe	**2,475**	**34**	**2,509**	**94%**	2,895	-	2,895	99%
UK	***463***	***-***	***463***	***17%***	*715*	-	*715*	*24%*
Italy	***1,208***	***34***	***1,242***	***47%***	*1,343*	-	*1,343*	*46%*
Sweden	***219***	***-***	***219***	***8%***	*221*	-	*221*	*8%*
Denmark	***88***	***-***	***88***	***3%***	*91*	-	*91*	*3%*
Austria	***342***	***-***	***342***	***13%***	*350*	-	*350*	*12%*
Ireland	***155***	***-***	***155***	***6%***	*175*	-	*175*	*6%*
Hutchison Telecommunications Hong Kong Holdings	**137**	**9**	**146**	**5%**	122	7	129	4%
Corporate and Others	**14**	**(1)**	**13**	**1%**	(78)	(1)	(79)	-3%
	2,626	**42**	**2,668**	**100%**	2,939	6	2,945	100%
One-off items								
Gain from disposal of European telecommunications tower assets (xii)	-	-	-		2,371	-	2,371	
Impairment of Wind Tre's goodwill (xii)	-	-	-		(1,330)	-	(1,330)	
	2,626	**42**	**2,668** #		3,980	6	3,986 #	

see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 **Operating segment information (continued)**

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments (continued)

An analysis of EBIT by segments

	EBIT (LBIT) [x]							
	Company and Subsidiaries	**JV**	**2023 Total**		Company and Subsidiaries	JV	2022 Total	
	EUR million	**EUR million**	**EUR million**	**%**	EUR million	EUR million	EUR million	%
EBIT before the following one-off items								
3 Group Europe	**277**	**3**	**280**	**91%**	681	-	681	114%
UK	***(134)***	***-***	***(134)***	***-44%***	*170*	-	*170*	*28%*
Italy	***139***	***3***	***142***	***46%***	*188*	-	*188*	*31%*
Sweden	***76***	***-***	***76***	***25%***	*59*	-	*59*	*10%*
Denmark	***(1)***	***-***	***(1)***	***-***	*17*	-	*17*	*3%*
Austria	***176***	***-***	***176***	***57%***	*196*	-	*196*	*33%*
Ireland	***21***	***-***	***21***	***7%***	*51*	-	*51*	*9%*
Hutchison Telecommunications Hong Kong Holdings	**10**	**4**	**14**	**5%**	(4)	1	(3)	-1%
Corporate and Others	**14**	**(1)**	**13**	**4%**	(78)	(1)	(79)	-13%
	301	**6**	**307**	**100%**	599	-	599	100%
One-off items								
Gain from disposal of European telecommunications tower assets [xii]	**-**	**-**	**-**		2,371	-	2,371	
Impairment of Wind Tre's goodwill [xii]	**-**	**-**	**-**		(1,330)	-	(1,330)	
	301	**6**	**307** @		1,640	-	1,640 @	

@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

(ix) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of joint ventures. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with IFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under IFRS Accounting Standards and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS Accounting Standards.

(x) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of joint ventures. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with IFRS 8. EBIT (LBIT) is not a measure of financial performance under IFRS Accounting Standards and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS Accounting Standards.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(xi) The Company is a limited company incorporated in the Cayman Islands. The Group does not have any revenue and non-current assets (other than financial instruments, deferred tax assets and post-employment benefit assets) attributable to the Cayman Islands. The geographical location of customers is based on the location at which the services were provided or goods delivered.

(xii) Included in the comparative year balance are a gain of EUR2,371 million (EUR2,384 million at Post-IFRS 16 basis, see note 6(d)) arising from the disposal of interests in telecommunications tower assets in the UK completed in November 2022 and an impairment charge of EUR1,330 million (EUR1,330 million at Post-IFRS 16 basis, see note 6(b)) against Wind Tre's goodwill. Both amounts are at the EBITDA and EBIT levels and are reported under "Corporate and Others" in the segment results. In the consolidated income statement, both amounts are reported under the Post-IFRS 16 basis, the disposal gain of EUR2,384 million is reported in "Other income and gains" and the impairment charge of EUR1,330 million is reported under "Other expenses and losses".

(xiii) Segment assets and segment liabilities

Segment assets are assets other than deferred tax assets, assets classified as held for sale and interests in joint ventures.

Segment liabilities are liabilities other than bank and other debts, interest bearing loan from non-controlling shareholder, tax liabilities (including deferred tax liabilities), liabilities directly associated with assets classified as held for sale and other non-current liabilities.

The specified non-current assets are non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets. The geographical location of the specified non-current assets is based on the physical location of the asset (for fixed assets, right-of-use assets and other operating assets), the location of the operation in which they are allocated (for assets classified as held for sale, intangible assets and goodwill), and the location of operations (for interests in joint ventures).

See note 5(b)(vi) and 5(b)(vii) for reconciliation of segment assets and segment liabilities from Pre-IFRS 16 basis to Post-IFRS 16 basis.

Geographical analysis of the Group's non-current assets (based on Post-IFRS 16 basis) other than financial instruments, deferred tax assets and post-employment benefit assets is as follows:

	2023 EUR million	2022 EUR million
Hong Kong and Macau, the People's Republic of China	**1,294**	1,399
UK	**7,536**	6,665
Italy	**16,760**	16,510
Sweden	**1,994**	1,867
Denmark	**542**	478
Austria	**2,247**	2,198
Ireland	**1,777**	1,698
Others	**1**	1
	32,151	30,816

(xiv) See note 21.

(xv) Current and non-current borrowings comprise bank and other debts and interest bearing loan from non-controlling shareholder.

(xvi) For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics

(i) Consolidated Income Statement

	2023			2022		
	Pre-IFRS 16 basis EUR million	**Effect on adoption of IFRS 16 EUR million**	**Post-IFRS 16 basis EUR million**	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
Revenue	**10,182**	**-**	**10,182**	10,069	-	10,069
Cost of inventories sold	**(323)**	**-**	**(323)**	(359)	-	(359)
Expensed customer acquisition and retention costs	**(1,818)**	**45**	**(1,773)**	(1,799)	48	(1,751)
Staff costs	**(729)**	**-**	**(729)**	(690)	-	(690)
Depreciation and amortisation	**(2,325)**	**(671)**	**(2,996)**	(2,340)	(650)	(2,990)
Other expenses and losses	**(4,695)**	**735**	**(3,960)**	(5,615)	761	(4,854)
Other income and gains	**9**	**-**	**9**	2,374	13	2,387
Share of profits less losses of joint ventures	**1**	**-**	**1**	(2)	-	(2)
	302	**109**	**411**	1,638	172	1,810
Interest expenses and other finance costs	**(160)**	**(77)**	**(237)**	(118)	(63)	(181)
Profit before tax	**142**	**32**	**174**	1,520	109	1,629
Current tax credit (charge)	**27**	**-**	**27**	(173)	1	(172)
Deferred tax credit (charge)	**66**	**(1)**	**65**	(318)	(4)	(322)
Profit after tax	**235**	**31**	**266**	1,029	106	1,135
Profit attributable to non-controlling interests	**(14)**	**-**	**(14)**	(10)	-	(10)
Profit attributable to owners of the Company	**221**	**31**	**252**	1,019	106	1,125

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics (continued)

(ii) Consolidated Statement of Comprehensive Income

	2023			2022		
	Pre-IFRS 16 basis EUR million	**Effect on adoption of IFRS 16 EUR million**	**Post-IFRS 16 basis EUR million**	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
Profit after tax	**235**	**31**	**266**	1,029	106	1,135
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss:						
Changes in fair value of equity instruments at fair value through other comprehensive income	**80**	**-**	**80**	(142)	-	(142)
Remeasurement of defined benefit obligations	**(1)**	**-**	**(1)**	6	-	6
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	**-**	**-**	**-**	-	-	-
	79	**-**	**79**	(136)	-	(136)
Items that may be reclassified to profit or loss:						
Exchange gains (losses) on translation of foreign operations	**24**	**1**	**25**	(218)	2	(216)
Exchange losses reclassified to profit or loss	**-**	**-**	**-**	86	-	86
Losses on cash flow hedges	**(30)**	**-**	**(30)**	(58)	-	(58)
Gains (losses) on net investment hedges	**(32)**	**-**	**(32)**	13	-	13
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	**-**	**-**	**-**	-	-	-
	(38)	**1**	**(37)**	(177)	2	(175)
Other comprehensive income (losses), net of tax	**41**	**1**	**42**	(313)	2	(311)
Total comprehensive income	**276**	**32**	**308**	716	108	824
Total comprehensive losses (income) attributable to non-controlling interests	**4**	**-**	**4**	-	-	-
Total comprehensive income attributable to owners of the Company	**280**	**32**	**312**	716	108	824

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics (continued)

(iii) Consolidated Statement of Financial Position

	2023			2022		
	Pre-IFRS 16 basis EUR million	**Effect on adoption of IFRS 16 EUR million**	**Post-IFRS 16 basis EUR million**	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
Non-current assets						
Fixed assets	**7,668**	**(172)**	**7,496**	7,536	(158)	7,378
Right-of-use assets	**-**	**1,945**	**1,945**	-	1,825	1,825
Telecommunications licences	**7,451**	**-**	**7,451**	7,310	-	7,310
Brand names and other rights	**3,509**	**-**	**3,509**	3,731	-	3,731
Goodwill	**9,849**	**-**	**9,849**	9,852	-	9,852
Interests in joint ventures	**318**	**-**	**318**	20	-	20
Deferred tax assets	**1,955**	**14**	**1,969**	1,816	15	1,831
Listed investments	**973**	**-**	**973**	1,028	-	1,028
Other non-current assets	**1,601**	**7**	**1,608**	729	7	736
	33,324	**1,794**	**35,118**	32,022	1,689	33,711
Current assets						
Cash and cash equivalents	**2,539**	**-**	**2,539**	3,600	-	3,600
Inventories	**171**	**-**	**171**	225	-	225
Trade receivables and other current assets	**3,122**	**(167)**	**2,955**	3,945	(175)	3,770
	5,832	**(167)**	**5,665**	7,770	(175)	7,595
Assets classified as held for sale	**-**	**-**	**-**	623	111	734
	5,832	**(167)**	**5,665**	8,393	(64)	8,329
Current liabilities						
Bank and other debts	**1,548**	**(51)**	**1,497**	2,531	(34)	2,497
Current tax liabilities	**201**	**(6)**	**195**	203	(5)	198
Lease liabilities	**-**	**587**	**587**	-	502	502
Trade payables and other current liabilities	**4,091**	**(147)**	**3,944**	4,709	(218)	4,491
	5,840	**383**	**6,223**	7,443	245	7,688
Liabilities directly associated with assets classified as held for sale	**-**	**-**	**-**	25	111	136
	5,840	**383**	**6,223**	7,468	356	7,824
Net current assets (liabilities)	**(8)**	**(550)**	**(558)**	925	(420)	505
Total assets less current liabilities	**33,316**	**1,244**	**34,560**	32,947	1,269	34,216
Non-current liabilities						
Bank and other debts	**4,105**	**(84)**	**4,021**	4,095	(87)	4,008
Interest bearing loan from non-controlling shareholder	**242**	**-**	**242**	220	-	220
Lease liabilities	**-**	**1,293**	**1,293**	-	1,353	1,353
Deferred tax liabilities	**273**	**-**	**273**	214	-	214
Pension obligations	**67**	**-**	**67**	66	-	66
Other non-current liabilities	**1,413**	**-**	**1,413**	1,381	-	1,381
	6,100	**1,209**	**7,309**	5,976	1,266	7,242
Net assets	**27,216**	**35**	**27,251**	26,971	3	26,974
Capital and reserves						
Share capital	**-**	**-**	**-**	-	-	-
Share premium	**17,908**	**-**	**17,908**	17,908	-	17,908
Reserves	**8,154**	**37**	**8,191**	7,891	5	7,896
Equity attributable to owners of the Company	**26,062**	**37**	**26,099**	25,799	5	25,804
Non-controlling interests	**1,154**	**(2)**	**1,152**	1,172	(2)	1,170
Total equity	**27,216**	**35**	**27,251**	26,971	3	26,974

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics (continued)

(iv) Consolidated Statement of Cash Flows

	2023			2022		
	Pre-IFRS 16 basis EUR million	**Effect on adoption of IFRS 16 EUR million**	**Post-IFRS 16 basis EUR million**	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
	(A)		**(B)**	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	**2,164**	**763**	**2,927**	2,532	775	3,307
Interest expenses and other finance costs paid (net of capitalisation)	**(132)**	**(77)**	**(209)**	(93)	(63)	(156)
Tax recovered	**26**	**-**	**26**	35	-	35
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	**2,058**	**686**	**2,744**	2,474	712	3,186
Changes in working capital	**(642)**	**27**	**(615)**	(915)	(2)	(917)
Net cash from operating activities	**1,416**	**713**	**2,129**	1,559	710	2,269
Investing activities						
Purchase of fixed assets	**(1,517)**	**23**	**(1,494)**	(2,081)	39	(2,042)
Additions to telecommunications licences	**(231)**	**-**	**(231)**	(17)	-	(17)
Additions to brand names and other rights	**(195)**	**-**	**(195)**	(216)	-	(216)
Purchase of subsidiary companies, net of cash acquired	**(9)**	**-**	**(9)**	-	-	-
Repayments of loans from joint ventures	**-**	**-**	**-**	1	-	1
Purchase of and advances to joint ventures	**(9)**	**-**	**(9)**	(6)	-	(6)
Proceeds from disposal of fixed assets	**2**	**-**	**2**	13	-	13
Proceeds from disposal of subsidiary companies, net of cash disposed	**303**	**-**	**303**	2,227	-	2,227
Cash flows used in investing activities before disposal of listed investments	**(1,656)**	**23**	**(1,633)**	(79)	39	(40)
Disposal of listed investments	**177**	**-**	**177**	-	-	-
Cash flows used in investing activities	**(1,479)**	**23**	**(1,456)**	(79)	39	(40)
Net cash inflows before financing activities	**(63)**	**736**	**673**	1,480	749	2,229
Financing activities						
New borrowings	**1,817**	**(23)**	**1,794**	736	(39)	697
Repayment of borrowings	**(2,821)**	**21**	**(2,800)**	(920)	21	(899)
Principal elements of lease payments	**-**	**(734)**	**(734)**	-	(731)	(731)
Net loan from non-controlling shareholder	**21**	**-**	**21**	239	-	239
Payments to acquire additional interests in subsidiary companies	**-**	**-**	**-**	(100)	-	(100)
Dividends paid to non-controlling interests	**(15)**	**-**	**(15)**	(22)	-	(22)
Cash flows used in financing activities	**(998)**	**(736)**	**(1,734)**	(67)	(749)	(816)
Increase (decrease) in cash and cash equivalents	**(1,061)**	**-**	**(1,061)**	1,413	-	1,413
Cash and cash equivalents at 1 January	**3,600**	**-**	**3,600**	2,187	-	2,187
Cash and cash equivalents at 31 December	**2,539**	**-**	**2,539**	3,600	-	3,600
Analysis of cash and listed investments						
Cash and cash equivalents, as above	**2,539**	**-**	**2,539**	3,600	-	3,600
Listed investments	**973**	**-**	**973**	1,028	-	1,028
Total cash and listed investments	**3,512**	**-**	**3,512**	4,628	-	4,628
Total principal amount of bank and other debts	**5,679**	**(135)**	**5,544**	6,654	(121)	6,533
Interest bearing loan from non-controlling shareholder	**242**	**-**	**242**	220	-	220
Net debt	**2,409**	**(135)**	**2,274**	2,246	(121)	2,125
Interest bearing loan from non-controlling shareholder	**(242)**	**-**	**(242)**	(220)	-	(220)
Net debt (excluding interest bearing loan from non-controlling shareholder)	**2,167**	**(135)**	**2,032**	2,026	(121)	1,905

6 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains

This note provides additional details in respect of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains.

	2023 EUR million	2022 EUR million
Cost of goods sold:		
included in "Cost of inventories sold"	**323**	359
included in "Expensed customer acquisition and retention costs"	**1,113**	1,078
	1,436	1,437

	2023 EUR million	2022 EUR million
Depreciation and amortisation:		
Fixed assets (see note 10)	**1,390**	1,406
Right-of-use assets (see note 11(b))	**693**	672
Telecommunications licences (see note 12)	**112**	109
Brand names and other rights (see note 13)	**370**	384
Customer acquisition and retention costs (see note 18(a))	**431**	419
	2,996	2,990

	2023 EUR million	2022 EUR million
Other expenses and losses:		
Cost of providing services [(a)]	**(2,479)**	(2,553)
Office and general administrative expenses and others	**(1,013)**	(586)
Advertising and promotion expenses	**(276)**	(275)
Expenses for short term and low-value assets leases (see note 11(b))	**(62)**	(68)
Legal and professional fees	**(112)**	(33)
Auditors' remuneration	**(18)**	(9)
Impairment loss against goodwill on telecommunications business in Italy [(b)]	**-**	(1,330)
	(3,960)	(4,854)

	2023 EUR million	2022 EUR million
Other income and gains:		
Employment and other subsidies [(c)]	**-**	3
Gain on disposal of European telecommunications tower assets [(d) #]	**-**	2,384
Gain on disposal of a subsidiary [#]	**9**	-
	9	2,387

\# See note 30(d).

6 Presentation of cost of goods sold, depreciation and amortisation, other expenses and losses and other income and gains (continued)

(a) Cost of providing services of EUR2,479 million (2022: EUR2,553 million) include telecommunication network related costs of EUR2,201 million (2022: EUR2,046 million) and repair and maintenance of EUR278 million (2022: EUR507 million).

(b) For the comparative year, an impairment loss of EUR1,330 million arose in the telecommunications business in Italy, which is included as part of Corporate and Others in note 5.

In late Q3 to Q4 2022, Italy has seen a series of downgrades in medium-term growth prospects for its economy from rating agency, the Bank of Italy, Italy's National Institute of Statistics, the Organisation for Economic Cooperation and Development, and the European Commission. Management has taken into consideration the decelerating outlooks of the Italian economy when it conducted the 2022 annual impairment testing. For the 2022 annual impairment testing for Wind Tre, the recoverable amount was determined based on the value-in-use (“VIU”) calculations, as it was higher than the fair value less costs of disposal (“FVLCD”) calculations. The VIU is measured using a discounted cash flow projection for the period covered by the forecast and a calculated terminal value at the end of the forecast period. The calculations used cash flow projections based on the latest financial budget covering a five-year 2023 - 2027 period and business plan approved by Wind Tre's management in Q4 2022, reflecting a lowered expectation on growth and reported service revenues, and heightened competition in the Italian market. As a result, the forecasted revenue and margin, including the future 5G revenue contribution, was lower as compared to the last financial budget covering the five-year 2022 - 2026 period. The key assumptions and estimates used in preparing the discounted cash flow projection for the 2022 annual impairment testing have also been updated with caution to take into account the deteriorating growth prospects in the Italian economy, including a pre-tax discount rate of 8.3%. Cash flows beyond the five-year period had been extrapolated using a growth rate of 1.3% to estimate the terminal value at the end of the five-year period. The results of the impairment testing showed that the carrying amount exceeded the estimated recoverable amount by EUR1,330 million. As a result, the Group recognised an impairment loss of EUR1,330 million against goodwill. No class of asset other than goodwill was impaired.

(c) Benefits received from governments and other authorities under COVID-19 related employment and other support schemes.

(d) Prior year balance includes a gain arising from the disposal of telecommunications tower assets in the UK of EUR2,384 million.

7 Interest expenses and other finance costs

	2023 **EUR million**	2022 EUR million
Bank loans and overdrafts	**65**	14
Notes and bonds	**44**	54
Interest bearing loan from non-controlling shareholder	**9**	3
Other finance costs	**10**	16
Amortisation of loan facilities fees and premiums or discounts relating to debts	**8**	8
Notional interest accretions	**20**	17
	156	112
Interest on lease liabilities (see note 11(b))	**81**	69
	237	181

8 Tax

	2023	2022
	EUR million	EUR million
Current tax charge (credit)		
Europe	**(27)**	172
Deferred tax charge (credit)		
Europe	**(74)**	316
Outside Europe	**9**	6
	(65)	322
	(92)	494

The corporate income tax has been provided for at the rate applicable in the jurisdiction concerned on the estimated assessable profits less estimated available tax losses.

The tax credited to the consolidated income statement of EUR92 million (2022: charged of EUR494 million) differs from the tax credit of EUR101 million (2022: charged of EUR242 million) that would apply if the Group's pre-tax profits (before share of results of joint ventures) had been taxed at the statutory rates of the countries in which the profits arose. The differences are set out as follows:

	2023	2022
	EUR million	EUR million
Tax calculated at the domestic rates applicable in the jurisdiction concerned	**(101)**	242
Tax effect of:		
Tax losses not recognised	**166**	172
Income not subject to tax	**(22)**	(38)
Expenses not deductible for tax purposes	**55**	20
Utilisation of previously unrecognised tax losses	**(6)**	-
Under (over) provision in prior years	**(81)**	26
Other temporary differences	**(103)**	52
Effect of change in tax rate	**-**	20
Total tax for the year	**(92)**	494

In December 2021, the Organisation for Economic Co-operation and Development (“OECD”) released the Pillar Two model rules (the Global Anti-Base Erosion Proposal, or “GloBE rules”) for a new global minimum tax reform applicable to multinational enterprise groups with annual revenues of at least Euro 750 million. CKHH, the ultimate holding company of the Group, will be in scope of this new Pillar Two tax reform.

While Hong Kong has yet to introduce its draft legislation for implementation of the global minimum tax and the domestic minimum top-up tax in Hong Kong, it is expected that the new regime will come into effect for the Group’s financial year beginning on 1 January 2025. For certain other jurisdictions where the Group has operations, Pillar Two legislation has been enacted or substantively enacted and will be effective for the Group’s financial year beginning on 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure.

In May 2023, the IASB made narrow-scope amendments to IAS 12 which provided temporary relief from the requirement to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. In adopting these amendments, the Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Under OECD’s Pillar Two model rules, a top-up tax liability arises when the effective tax rate of CKHH’s operations in a jurisdiction, calculated using principles set out in the Pillar Two legislation, is below 15%. Based on the information currently available, the impact of these rules on the Group’s income tax position is not expected to be material.

9 Dividends

No dividend had been paid or proposed for both years presented.

10 Fixed assets

	Land and buildings EUR million	Telecom-munications network assets EUR million	Other assets [(a)] EUR million	Total EUR million
Cost				
At 1 January 2022	109	7,917	4,068	12,094
Additions	2	161	1,879	2,042
Disposals	-	(171)	(208)	(379)
Relating to subsidiaries disposed (see note 30(d))	-	(639)	(196)	(835)
Transfer between categories	14	1,343	(1,357)	-
Exchange translation differences	(2)	(62)	(85)	(149)
Transfer to assets classified as held for sale (see note 21)	-	(456)	(24)	(480)
At 31 December 2022 and 1 January 2023	**123**	**8,093**	**4,077**	**12,293**
Additions	**2**	**259**	**1,233**	**1,494**
Relating to subsidiaries acquired (see note 30(c))	**-**	**-**	**1**	**1**
Disposals	**-**	**(105)**	**(64)**	**(169)**
Transfer between categories	**16**	**899**	**(915)**	**-**
Exchange translation differences	**-**	**1**	**50**	**51**
At 31 December 2023	**141**	**9,147**	**4,382**	**13,670**
Accumulated depreciation and impairment				
At 1 January 2022	80	3,008	1,128	4,216
Charge for the year	8	1,025	373	1,406
Disposals	-	(151)	(203)	(354)
Relating to subsidiaries disposed (see note 30(d))	-	(203)	-	(203)
Exchange translation differences	(2)	(29)	(18)	(49)
Transfer to assets classified as held for sale (see note 21)	-	(101)	-	(101)
At 31 December 2022 and 1 January 2023	**86**	**3,549**	**1,280**	**4,915**
Charge for the year	**10**	**935**	**445**	**1,390**
Disposals	**-**	**(90)**	**(58)**	**(148)**
Transfer between categories	**-**	**(5)**	**5**	**-**
Exchange translation differences	**1**	**9**	**7**	**17**
At 31 December 2023	**97**	**4,398**	**1,679**	**6,174**
Net book value				
At 31 December 2023	**44**	**4,749**	**2,703**	**7,496**
At 31 December 2022	37	4,544	2,797	7,378
At 1 January 2022	29	4,909	2,940	7,878

(a) Cost and net book value of other assets include assets under construction of EUR1,668 million (2022: EUR1,719 million).

10 Fixed assets (continued)

(b) The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases of fixed assets is as follows:

	2023 EUR million	2022 EUR million
Within 1 year	**7**	7
Between 1 and 2 years	**1**	1
	8	8

11 Leases

(a) Group as a lessee - amounts recognised in the consolidated statement of financial position

	2023 EUR million	2022 EUR million
Right-of-use assets		
Retail stores	**134**	158
Telecommunications network infrastructure sites	**1,640**	1,501
Other assets	**171**	166
	1,945	1,825
Lease liabilities		
Current	**587**	502
Non-current	**1,293**	1,353
	1,880	1,855

On leases that commenced during the year, the Group has recognised EUR640 million (2022: EUR415 million) of right-of-use assets, and EUR640 million (2022: EUR413 million) of lease liabilities.

(b) Group as a lessee - amounts recognised in the consolidated income statement

	2023 EUR million	2022 EUR million
Expenses relating to short-term leases (included in "Other expenses and losses")	**4**	3
Expenses relating to leases of low-value assets that are not short-term leases (included in "Other expenses and losses")	**58**	65
	62	68
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")		
Retail stores	**46**	49
Telecommunications network infrastructure sites	**603**	579
Other assets	**44**	44
	693	672
Interest on lease liabilities (included in "Interest expenses and other finance costs")	**81**	69
Total charges recognised in profit or loss for leases	**836**	809

11 Leases (continued)

(c) Group as a lessee - amounts recognised in the consolidated statement of cash flows

	2023 **EUR million**	2022 EUR million
Within operating cash flows	**130**	122
Within financing cash flows (see note 30(e))	**734**	731
Total cash outflows for leases	**864**	853

(d) Group as lessee - other lease disclosure

Variable lease payments

Some retail store leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. Variable lease payments not included in the measurement of lease liabilities is not significant.

Extension and termination options

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

As at 31 December 2023, in accordance with applicable provision in IFRS 16, potential future cash outflows of EUR867 million (2022: EUR813 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

Residual value guarantees

As at 31 December 2023, residual value guarantee of EUR2 million (2022: EUR1 million) is expected to be payable and had been included in calculating the lease liabilities.

Leases not yet commenced to which the lessee is committed

At 31 December 2023, the Group is committed to leases that are not yet commenced, and the lease payments payable under which is not significant (2022: not significant). This amount has not been included in calculating the lease liabilities as at 31 December 2023.

Restriction or covenants imposed by leases

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

11 Leases (continued)

(e) Group as lessor

	2023 EUR million	2022 EUR million
Income from subleasing right-of-use assets (included in "Other expenses and losses")	**3**	3

The analysis of the Group's aggregate future minimum lease receivable under non-cancellable operating leases from subleasing right-of-use assets is as follows:

	2023 EUR million	2022 EUR million
Within 1 year	**5**	5
Between 1 and 2 years	**2**	2
Between 2 and 3 years	**2**	2
Between 3 and 4 years	**2**	2
Between 4 and 5 years	**1**	2
After 5 years	**2**	3
	14	16

In addition, the Group has recognised income of EUR16 million (2022: EUR15 million) from leasing of fixed assets for the year ended 31 December 2023.

12 Telecommunications licences

	2023 EUR million	2022 EUR million
Net book value		
At 1 January	**7,310**	7,450
Additions	**231**	17
Amortisation for the year	**(112)**	(109)
Exchange translation differences	**22**	(48)
At 31 December	**7,451**	7,310
Cost	**8,249**	8,050
Accumulated amortisation and impairment	**(798)**	(740)
	7,451	7,310

The Group's telecommunications licences in the UK and Italy are considered to have an indefinite useful life. At 31 December 2023, telecommunications licences with indefinite useful life in the UK and Italy with a carrying value of EUR2,310 million and EUR3,919 million (2022: EUR2,280 million and EUR3,919 million respectively) have been allocated to the operation in the UK and Italy respectively.

13 Brand names and other rights

	Brand names EUR million	Other rights EUR million	Total EUR million
Net book value			
At 1 January 2022	2,128	1,859	3,987
Additions	-	216	216
Amortisation for the year	-	(384)	(384)
Exchange translation differences	(29)	(59)	(88)
At 31 December 2022 and 1 January 2023	**2,099**	**1,632**	**3,731**
Additions	**-**	**195**	**195**
Amortisation for the year	**-**	**(370)**	**(370)**
Relating to subsidiaries acquired (see note 30(c))	**-**	**1**	**1**
Exchange translation differences	**7**	**(55)**	**(48)**
At 31 December 2023	**2,106**	**1,403**	**3,509**
Cost	**2,106**	**3,416**	**5,522**
Accumulated amortisation	**-**	**(2,013)**	**(2,013)**
	2,106	**1,403**	**3,509**

Brand names considered to have an indefinite useful life are not subject to amortisation. The carrying value of brand names with indefinite useful life at 31 December 2023 has been mainly attributed to Italy segment of approximately EUR844 million (2022: EUR844 million), the UK segment of approximately EUR571 million (2022: EUR564 million) and Austria segment of approximately EUR286 million (2022: EUR286 million).

Other rights, primarily include operating and service content rights, and customer lists. These rights are amortised over their finite useful lives. At 31 December 2023, the carrying value of these rights amounted to EUR903 million (2022: EUR1,019 million) and EUR500 million (2022: 613 million) respectively.

14 Goodwill

	2023 **EUR million**	2022 EUR million
Net book value		
At 1 January	**9,852**	11,628
Impairment charge for the year	**-**	(1,330)
Relating to subsidiaries acquired (see note 30(c))	**9**	-
Relating to subsidiaries disposed (see note 30(d))	**-**	(140)
Exchange translation differences	**(12)**	(64)
Transfer to assets classified as held for sale (see note 21)	**-**	(242)
At 31 December	**9,849**	9,852
Cost	**12,848**	12,851
Accumulated impairment	**(2,999)**	(2,999)
	9,849	9,852

14 Goodwill (continued)

Goodwill is monitored by the management at the level of the operating segments identified (see note 5). Goodwill arises from the acquisitions of the telecommunications businesses in Austria of approximately EUR768 million (2022: EUR767 million), Hong Kong of approximately EUR459 million (2022: EUR476 million), Ireland of approximately EUR581 million (2022: EUR581 million), Italy of approximately EUR6,650 million (2022: EUR6,642 million), Denmark and Sweden of approximately EUR1,005 million (2022: EUR1,004 million) and the UK of approximately EUR386 million (2022: EUR382 million).

Management tests whether goodwill and intangible assets that have an indefinite useful life (including certain telecommunication licences and brand names, as set out in notes 12 and 13) have suffered any impairment on an annual basis and when there is indication these assets may be impaired. The annual tests of goodwill and intangible assets with indefinite useful life for impairment were conducted at 31 December 2023. The results of the impairment tests undertaken as of 31 December 2023 indicated no impairment charge was necessary for the Group. Set out below are additional information about the estimates used to measure recoverable amounts in the 31 December 2023 annual impairment tests for the telecommunications operations.

The recoverable amounts of the Group's telecommunications operations at 31 December 2023 were determined based on VIU calculations. VIU is measured using discounted cash flow projections for the next five years and a calculated terminal value at the end of the five-year period. The cash flows are based on the latest approved financial budgets of the relevant telecommunications business for the next five years. Management prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of assumptions and estimates involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Key assumptions, include revenues, service margin, operating costs, growth rates used for the budget periods, and selection of discount rates and the terminal growth rate used to extrapolate cash flow projections to estimate the terminal value at the end of the five-year period. The VIU amount derived from the cash flow projections is sensitive to the discount rate used for the cash flow projections and the growth rate used for extrapolation purposes as well as the 5G revenue expectations. A discount rate (pre-tax) ranging from 5.4% to 11.0% (2022: 4.8% to 10.9%) has been applied. A growth rate, for the purpose of impairment testing calculation, ranging from 1% to 2% p.a. (2022: 0% to 2% p.a.), which is not expected to exceed the anticipated economic growth for the underlying business units, is used to extrapolate cash flow projections to estimate the terminal value of the underlying business units at the end of the five-year period.

Annual impairment tests in comparative year indicated that, saved for EUR1,330 million impairment charges against goodwill allocated to the telecommunication businesses in Italy, with details as set out in note 6(b), there was no impairment loss in respect of these assets at 31 December 2022. In performing the impairment tests for these assets, the management has considered and assessed reasonably possible changes for key assumptions and has not identified any instance, saved as disclosed in note 6(b), that could cause the carrying amount of these assets to exceed their recoverable amount.

Please refer to note 40(b)(i) for significant accounting judgement applied, estimates and assumptions made in assessing whether goodwill has suffered any impairment.

15 Interests in joint ventures

	2023 EUR million	2022 EUR million
Unlisted shares	**303**	-
Share of undistributed post acquisition reserves	**(9)**	(10)
	294	(10)
Amounts due from joint ventures [(a)]	**24**	30
	318	20

There are no material contingent liabilities relating to the Group's interests in the joint ventures.

(a) Amounts due from joint ventures

	2023 EUR million	2022 EUR million
Amounts due from joint ventures [(i)]		
Interest free	**5**	5
Interest bearing at floating rates [(ii)]	**19**	25
	24	30

(i) At 31 December 2023 and 2022, the amounts due from joint ventures are unsecured and have no fixed terms of repayment.

Amounts due from joint ventures are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of the amounts due from joint ventures. The expected credit loss was minimal as the amounts were due from companies which the Group has joint control, and where applicable, including participation in their financial and operating policies, and which are subject to the Group's financial and investment requirements. These amounts had no recent history of default. The Group is not aware of any unfavourable current conditions and forecast future economic conditions existed at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets.

(ii) At 31 December 2023, EUR19 million (2022: EUR25 million) bear interests at floating rates at Hong Kong Interbank Offered Rate plus 3% per annum (2022: same).

(b) Set out below are the aggregate amount of the Group's share of the following items of joint ventures:

	2023 EUR million	2022 EUR million
Profits less losses after tax and total comprehensive income (losses)	**1**	(2)

16 Deferred tax

	2023 **EUR million**	2022 EUR million
Deferred tax assets	**1,969**	1,831
Deferred tax liabilities	**273**	214
Net deferred tax assets	**1,696**	1,617

Movements in net deferred tax assets are summarised as follows:

	2023 **EUR million**	2022 EUR million
At 1 January	**1,617**	2,021
Relating to subsidiaries disposed	**-**	(33)
Transfer to current tax	**(1)**	-
Net credit (charge) to the consolidated income statement		
Tax losses	**172**	17
Accelerated depreciation allowances	**(9)**	(20)
Fair value adjustments arising from acquisitions	**(69)**	(36)
Other temporary differences	**(29)**	(283)
Exchange translation differences	**15**	(49)
At 31 December	**1,696**	1,617

Analysis of net deferred tax assets:

	2023 **EUR million**	2022 EUR million
Tax losses	**1,852**	1,677
Accelerated depreciation allowances	**(72)**	(75)
Fair value adjustments arising from acquisitions	**(108)**	(40)
Revaluation of other investments	**3**	3
Other temporary differences	**21**	52
	1,696	1,617

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the provision for income taxes. To the extent that dividends distributed from investments in subsidiaries, branches and interests in joint ventures are expected to result in additional taxes, appropriate amounts have been provided for. No deferred tax has been provided for the temporary differences arising from undistributed profits of these companies to the extent that the undistributed profits are considered permanently employed in their businesses and it is probable that such temporary differences will not reverse in the foreseeable future.

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority.

Note 40(b)(iv) contains information about the estimates, assumptions and judgements relating to the recognition of deferred tax assets for unutilised tax losses carried forward.

The amounts of unutilised tax losses and deductible temporary differences for which no deferred tax assets is recognised in the consolidated statement of financial position at 31 December 2023 were EUR20,201 million (2022: EUR10,897 million) and EUR2,247 million (2022: EUR870 million), respectively, totalling EUR22,448 million (2022: EUR11,767 million). The current year's amounts included balances that are subject to agreement by relevant tax authorities. If the same basis is applied, the comparative total would increase by EUR10,406 million to EUR22,173 million.

These unutilised tax losses and deductible temporary differences can be carried forward against future taxable income. Of the total amounts unrecognised, EUR12,063 million (2022: EUR7,839 million) has no expiry date, EUR10,385 million (2022: EUR3,928 million) is expected to expire after 10 years.

17 Listed investments

	2023 EUR million	2022 EUR million
Financial assets at fair value through other comprehensive income ("FVOCI") (b)		
Listed equity securities (c)	**973**	1,028

(a) At 31 December 2023 and 2022, the Group's listed investments are denominated in Euro. See note 37(a) for further analysis.

(b) The fair values are based on quoted market prices.

(c) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at FVOCI. As at 31 December 2023, the Group has collar agreements with banks to hedge fair values of these listed equity securities. Fair value deficits of EUR35 million and EUR7 million of these collar arrangements are included in current and non-current liabilities (see note 23 and 27, respectively). The comparative balance of the listed equity securities includes EUR26 million fair value of these collar arrangements. The Group considered this FVOCI category to be an appropriate classification.

18 Other non-current assets

	2023 EUR million	2022 EUR million
Customer acquisition and retention costs (a)	**498**	441
Contract assets (see note 20(b))	**444**	253
Unlisted investments		
Financial assets at FVOCI - equity securities (b)	**2**	2
Pension assets (see note 26)	**5**	5
Derivative financial instruments		
Cash flow hedges		
Cross currency interest rate swaps	**18**	16
Other contracts	**-**	13
Other non-current assets (c)	**641**	6
	1,608	736

(a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of customer acquisition and retention costs shown above is after deducting the amortisation charged to the current year's consolidated income statement of EUR431 million (2022: EUR419 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of IFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.

(b) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at FVOCI. The Group considered this FVOCI category to be an appropriate classification. Fair value for these investments are determined by using valuation techniques, including discounted cashflow analysis.

(c) Amount included lease receivables of EUR7 million (2022: EUR6 million), which are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of lease receivables. The expected credit loss was minimal as lease receivables are from entities which are subject to the Group's lease acceptance requirements. There was no unfavourable current conditions and forecast future economic conditions at the reporting date that would require the Group to make a provision for expected credit loss in respect of these assets. The remaining balances are mainly prepayments of telecommunications annual licences fee.

19 Cash and cash equivalents

	2023 EUR million	2022 EUR million
Cash at bank and in hand	**1,178**	744
Short term bank deposits	**1,361**	2,856
	2,539	3,600

The carrying amounts of cash and cash equivalents approximate their fair values.

Cash and cash equivalents were held with reputable financial institutions. The Group controls the credit risk to non-performance by the counterparties, where applicable, through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed. Accordingly, cash and cash equivalents are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of these assets.

See note 37(a) for further analysis.

20 Trade receivables and other current assets

	2023 EUR million	2022 EUR million
Trade receivables [(a)]	**1,635**	1,533
Less: loss allowance provision	**(433)**	(421)
	1,202	1,112
Other current assets		
Derivative financial instruments		
Cash flow hedges - Other contracts	**3**	19
Net investment hedges - Cross currency interest rate swaps	**-**	13
Contract assets [(b)]	**432**	505
Prepayments	**1,060**	1,837
Other receivables [(c)]	**244**	269
Current tax receivables	**14**	15
	2,955	3,770

(a) Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

Trade receivables exposures are managed locally in the operating units where they arise and credit limits are set as deemed appropriate for the customer. The Group's operating units have established credit policies for customers. The average credit period granted for trade receivables ranges from 30 to 60 days. Trade receivables which are past due at the end of the reporting period are stated at the expected recoverable amount, after netting of provision for estimated impairment losses. The Group generally does not hold collateral over these balances.

At 31 December, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	2023 EUR million	2022 EUR million
Less than 31 days	**951**	835
Within 31 to 60 days	**79**	65
Within 61 to 180 days	**94**	108
Over 180 days	**511**	525
	1,635	1,533

20 Trade receivables and other current assets (continued)

Movements on the loss allowance provision for trade receivables are as follows:

	2023 EUR million	2022 EUR million
At 1 January	**421**	408
Additions	**71**	109
Utilisations	**(56)**	(90)
Write back	**(3)**	(3)
Exchange translation differences	**-**	(3)
At 31 December	**433**	421

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables. The expected credit loss provision rates for trade receivables are based on historical payment profiles and historical credit loss experience, adjusted to reflect, where relevant and appropriate, current and information specific to the debtors, future economic and market conditions and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the receivables that the Group considers are reasonable and appropriate. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The gross carrying amount of the trade receivables and the loss allowance provision analysed by ageing bands are set out below.

	2023			2022		
	Gross carrying amount EUR million	**Loss allowance provision EUR million**	**Expected loss rate Percentage**	Gross carrying amount EUR million	Loss allowance provision EUR million	Expected loss rate Percentage
Not past due	**834**	**7**	**1%**	720	5	1%
Past due less than 31 days	**184**	**6**	**3%**	166	7	4%
Past due within 31 to 60 days	**30**	**7**	**23%**	38	8	21%
Past due within 61 to 180 days	**92**	**38**	**41%**	100	26	26%
Past due over 180 days	**495**	**375**	**76%**	509	375	74%
	1,635	**433**		1,533	421	

(b) As at 31 December 2023, contract assets of EUR432 million (2022: EUR505 million) and EUR444 million (2022: EUR253 million) are included in "Trade receivables and other current assets" (see above) and "Other non-current assets" (see note 18) respectively. These assets are stated at the expected recoverable amount, after netting of provision for estimated impairment losses of EUR190 million (2022: EUR184 million). The Group measures the loss allowance for its contract assets at an amount equal to the lifetime expected credit losses. Movement on the provision for estimated impairment losses are as follows:

	2023 EUR million	2022 EUR million
At 1 January	**184**	157
Additions	**108**	69
Utilisations	**(96)**	(41)
Write back	**(6)**	(7)
Exchange translation differences	**-**	6
At 31 December	**190**	184

20 Trade receivables and other current assets (continued)

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. The Group's historical credit loss experience does not indicate a substantial different loss pattern for contract assets as compared to trade receivables for similar customer bases. The Group makes reference to the expected credit loss provision rates for trade receivables to measure the contract assets' expected credit losses. The rates are adjusted to reflect information specific to the contract assets that may affect the recovery of the carrying amount of the contract assets.

(c) Other receivables are considered to be of low credit risk. As a result, insignificant amount of provision for credit loss was made at the reporting date in respect of other receivables.

21 Assets and liabilities classified as held for sale

	2023	2022
	EUR million	EUR million
Assets classified as held for sale		
Disposal group held for sale	-	734
Liabilities directly associated with assets classified as held for sale	-	136

On 3 January 2023, Wind Tre, a wholly owned subsidiary, and Iliad Italia S.p.A. announced the closing of Zefiro Net S.r.l., a 50:50 joint venture which is dedicated to accelerate the deployment of mobile phone networks in less densely populated areas of Italy. Under the joint venture arrangement, both parties will jointly manage their respective mobile phone networks via the joint venture in the less densely populated areas of Italy. Accordingly, the related assets and liabilities to be transferred by Wind Tre into the joint venture were classified for accounting purposes as held for sale as at 31 December 2022. The major classes of these assets and liabilities and their carrying amounts at 31 December 2022 were as follows:

	2023	2022
	EUR million	EUR million
Assets		
Fixed assets	-	379
Right-of-use assets	-	111
Goodwill	-	242
Trade receivables	-	2
Assets classified as held for sale	-	734
Liabilities		
Lease liabilities	-	111
Provisions	-	25
Liabilities directly associated with assets classified as held for sale	-	136
Net assets directly associated with disposal group	-	598

22 Bank and other debts

	2023			2022		
	Current portion EUR million	**Non-current portion EUR million**	**Total EUR million**	Current portion EUR million	Non-current portion EUR million	Total EUR million
Principal amounts						
Bank loans	**1,500**	**372**	**1,872**	1,000	371	1,371
Notes and bonds	**-**	**3,672**	**3,672**	1,500	3,662	5,162
	1,500	**4,044**	**5,544**	2,500	4,033	6,533
Unamortised loan facilities fees and premiums or discounts related to debts	**(3)**	**(23)**	**(26)**	(3)	(25)	(28)
	1,497	**4,021**	**5,518**	2,497	4,008	6,505

Details of the bank and other debts by principal amounts are as follows:

	2023			2022		
	Current portion EUR million	**Non-current portion EUR million**	**Total EUR million**	Current portion EUR million	Non-current portion EUR million	Total EUR million
Bank loans	**1,500**	**372**	**1,872**	1,000	371	1,371
Notes and bonds *						
EUR1,500 million notes, 0.375% due 2023	**-**	**-**	**-**	1,500	-	1,500
EUR1,000 million notes, 0.75% due 2026	**-**	**1,000**	**1,000**	-	1,000	1,000
EUR1,000 million notes, 1.125% due 2028	**-**	**1,000**	**1,000**	-	1,000	1,000
EUR750 million notes, 1.5% due 2031	**-**	**750**	**750**	-	750	750
GBP500 million notes, 2% due 2027	**-**	**576**	**576**	-	570	570
GBP300 million notes, 2.625% due 2034	**-**	**346**	**346**	-	342	342
	-	**3,672**	**3,672**	1,500	3,662	5,162
	1,500	**4,044**	**5,544**	2,500	4,033	6,533

* Listed

Further analysis of the principal amount of bank and other debts are set out below:

(a) By year of repayment

	2023			2022		
	Current portion EUR million	**Non-current portion EUR million**	**Total EUR million**	Current portion EUR million	Non-current portion EUR million	Total EUR million
Bank loans						
Within a year	**1,500**	**-**	**1,500**	1,000	-	1,000
After 1 year, but within 2 years	**-**	**372**	**372**	-	-	-
After 2 years, but within 5 years	**-**	**-**	**-**	-	371	371
	1,500	**372**	**1,872**	1,000	371	1,371
Notes and bonds						
Within a year	**-**	**-**	**-**	1,500	-	1,500
After 2 years, but within 5 years	**-**	**2,576**	**2,576**	-	1,570	1,570
After 5 years	**-**	**1,096**	**1,096**	-	2,092	2,092
	-	**3,672**	**3,672**	1,500	3,662	5,162
	1,500	**4,044**	**5,544**	2,500	4,033	6,533

22 Bank and other debts (continued)

Further analysis of the principal amount of bank and other debts are set out below (continued):

(b) By secured and unsecured borrowings

	2023			2022		
	Current portion EUR million	**Non-current portion EUR million**	**Total EUR million**	Current portion EUR million	Non-current portion EUR million	Total EUR million
Unsecured borrowings	**1,500**	**4,044**	**5,544**	2,500	4,033	6,533

(c) By borrowings at fixed and floating interest rate

	2023			2022		
	Current portion EUR million	**Non-current portion EUR million**	**Total EUR million**	Current portion EUR million	Non-current portion EUR million	Total EUR million
Borrowings at fixed rate	**-**	**3,672**	**3,672**	1,500	3,662	5,162
Borrowings at floating rate	**1,500**	**372**	**1,872**	1,000	371	1,371
	1,500	**4,044**	**5,544**	2,500	4,033	6,533

(d) By currency

	2023			2022		
	Current portion Percentage	**Non-current portion Percentage**	**Total Percentage**	Current portion Percentage	Non-current portion Percentage	Total Percentage
Euro	**27%**	**50%**	**77%**	38%	42%	80%
British Pound	**-**	**16%**	**16%**	-	14%	14%
Other currencies	**-**	**7%**	**7%**	-	6%	6%
	27%	**73%**	**100%**	38%	62%	100%

(e) By currency (adjusted for the effect of hedging transactions)

	2023			2022		
	Current portion Percentage	**Non-current portion Percentage**	**Total Percentage**	Current portion Percentage	Non-current portion Percentage	Total Percentage
Euro	**27%**	**60%**	**87%**	38%	51%	89%
British Pound	**-**	**6%**	**6%**	-	5%	5%
Other currencies	**-**	**7%**	**7%**	-	6%	6%
	27%	**73%**	**100%**	38%	62%	100%

As at 31 December 2023, the Group had currency swap agreements with banks to swap British Pound principal amount of borrowings equivalent to EUR576 million (2022: EUR570 million) (see note 37(i)(ii)) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses.

23 Trade payables and other current liabilities

	2023 EUR million	2022 EUR million
Trade payables [(a)]	**887**	893
Amounts due to CKHH group entities [(b)]	**3**	2
Other current liabilities		
Derivative financial instruments		
Fair value hedges - Collar agreements	**35**	-
Cash flow hedges - Other contracts	**12**	18
Contract liabilities	**453**	480
Obligations for telecommunications licenses and other rights	**72**	82
Provisions (see note 24)	**146**	122
Expenses and other accruals	**1,857**	1,934
Other payables	**479**	960
	3,944	4,491

(a) At 31 December, the ageing analysis of the trade payables is as follows:

	2023 EUR million	2022 EUR million
Less than 31 days	**663**	627
Within 31 to 60 days	**38**	11
Within 61 to 90 days	**13**	3
Over 90 days	**173**	252
	887	893

(b) At 31 December 2023 and 2022, the amounts due to CKHH group entities were trading in nature, unsecured, interest free and had no fixed terms of repayment.

24 Provisions

	Provision for commitments, onerous contracts and other guarantees EUR million	Closure obligations EUR million	Assets retirement obligations EUR million	Others EUR million	Total EUR million
At 1 January 2022	657	1	174	115	947
Additions	-	-	-	32	32
Interest accretion	-	-	3	-	3
Utilisations	(81)	-	(10)	(20)	(111)
Relating to subsidiaries disposed	-	-	(1)	-	(1)
Transfer to liabilities directly associated with assets classified as held for sale (see note 21)	-	-	(25)	-	(25)
Exchange translation differences	-	-	(1)	-	(1)
At 31 December 2022 and 1 January 2023	**576**	**1**	**140**	**127**	**844**
Additions	**-**	**-**	**1**	**44**	**45**
Interest accretion	**-**	**-**	**3**	**-**	**3**
Utilisations	**(104)**	**-**	**(7)**	**(18)**	**(129)**
Write back	**-**		**(4)**		**(4)**
Exchange translation differences	**-**	**-**	**(4)**	**-**	**(4)**
At 31 December 2023	**472**	**1**	**129**	**153**	**755**

Provisions are analysed as:

	2023 EUR million	2022 EUR million
Current portion (see note 23)	**146**	122
Non-current portion (see note 27)	**609**	722
	755	844

The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value. The provision for closure obligations represents the estimated costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

25 Interest bearing loan from non-controlling shareholder

At 31 December 2023, the loan bears interest rate at Stockholm Interbank Offered Rate (“STIBOR”) + 0.7% (2022: STIBOR+0.7%) per annum. The carrying amount of the borrowing approximates its fair value.

26 Pension plans

	2023 EUR million	2022 EUR million
Defined benefit assets (see note 18)	**5**	5
Defined benefit liabilities	**67**	66
Net defined benefit liabilities	**62**	61

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds.

(a) Defined benefit plans

The Group's major defined benefit plans are in Hong Kong and Italy. The plans are either contributory final salary pension plans or contributory career average pay plans or non-contributory guaranteed return defined contribution plans. No other post-retirement benefits are provided.

The principal actuarial assumptions used for the purpose of the actuarial valuation were as follows:

	2023	2022
Discount rates	**3.4% - 3.7%**	3.4% - 3.8%
Future salary increases	**3.3% - 3.5%**	3.3% - 3.5%
Interest credited on two principal plans in Hong Kong	**5.0% - 6.0%**	5.0% - 6.0%

The amount recognised in the consolidated statement of financial position is determined as follows:

	2023 EUR million	2022 EUR million
Present value of defined benefit obligations	**86**	86
Fair value of plan assets	**24**	25
Net defined benefit liabilities	**62**	61

Movements in net defined benefit liabilities and its components are as follows:

	Present value of defined benefit obligations EUR million	Fair value of plan assets EUR million	Net defined benefit liabilities EUR million
At 1 January 2023	**86**	**(25)**	**61**
Net charge (credit) to the consolidated income statement			
Current service cost	**2**	**-**	**2**
Interest cost (income)	**3**	**(1)**	**2**
	5	**(1)**	**4**
Net charge (credit) to other comprehensive income			
Remeasurements loss:			
Actuarial loss arising from experience adjustment	**2**	**-**	**2**
Exchange translation differences	**(1)**	**1**	**-**
	1	**1**	**2**
Contributions paid by the employer	**-**	**(5)**	**(5)**
Benefits paid	**(6)**	**6**	**-**
At 31 December 2023	**86**	**(24)**	**62**

26 Pension plans (continued)

(a) Defined benefit plans (continued)

	Present value of defined benefit obligations EUR million	Fair value of plan assets EUR million	Net defined benefit liabilities EUR million
At 1 January 2022	100	(33)	67
Net charge (credit) to the consolidated income statement			
Current service cost	3	-	3
Interest cost (income)	1	(1)	-
	4	(1)	3
Net charge (credit) to other comprehensive income			
Remeasurements loss (gain):			
Actuarial gain arising from change in financial assumptions	(4)	-	(4)
Actuarial gain arising from experience adjustment	(9)	-	(9)
Return on plan assets excluding interest income	-	8	8
Exchange translation differences	1	(2)	(1)
	(12)	6	(6)
Contributions paid by the employer	-	(3)	(3)
Benefits paid	(6)	6	-
At 31 December 2022	86	(25)	61

The net defined benefit liabilities presented above represent the deficit calculated in accordance with International Accounting Standard 19 "Employee Benefits" ("IAS 19") and is the difference between the present value of the defined benefit obligation and the fair value of plan assets. Management appointed actuaries to carry out a valuation of these pension plans to determine the pension obligation and the fair value of the plan assets that are required to be disclosed and accounted for in the financial statements in accordance with IAS 19 (the "accounting actuarial valuations"). The realisation of the deficit disclosed above is contingent upon the realisation of the actuarial assumptions made which is dependent upon a number of factors including the market performance of plan assets. The accounting actuarial valuations are not used for the purposes of determining the funding contributions to the defined benefit pension plans. Contributions to fund the obligations are based upon the recommendations of independent qualified actuaries for the Group's pension plans to fully fund the relevant schemes on an ongoing basis. Funding requirements of the Group's major defined benefit pension plans are detailed below.

The Group operates two principal pension plans in Hong Kong. One plan, which has been closed to new entrants since 1994, provides pension benefits based on the greater of the aggregate of the employee and employer vested contributions plus a minimum interest thereon of 6% per annum, and pension benefits derived by a formula based on the final salary and years of service. An independent actuarial valuation, undertaken for funding purposes under the provision of Hong Kong's Occupational Retirement Schemes Ordinance ("ORSO"), at 1 January 2022 reported a funding level of 164% of the accrued actuarial liabilities on an ongoing basis. The valuation used the attained age valuation method and the main assumptions in the valuation are an investment return of 4% per annum, salary increases of 3.5% per annum and interest credited to balances of 6% per annum. The valuation was prepared by Tian Keat Aun, a Fellow of The Institute and Faculty of Actuaries, and Steward Chan, a Fellow of the Society of Actuaries, of Towers Watson Hong Kong Limited. The second plan provides benefits equal to the employer vested contributions plus a minimum interest thereon of 5% per annum. As at 31 December 2023, vested benefits under this plan are fully funded in accordance with the ORSO funding requirements. During the years ended 31 December 2023 and 31 December 2022, forfeited contributions used to reduce the level of contributions are not significant and the forfeited contribution available at 31 December 2023 and 31 December 2022 to reduce future years' contributions is not significant.

The Group's telecommunications operation in Italy is required under the local laws to pay severance indemnities to employees when the employee leaves the company. The amount of the payment due upon termination of employment is calculated on the basis of the period of employment and the taxable remuneration of the employee. The liability is adjusted annually based on the official cost of living and the legally set interest rate, and is not contingent on any vesting condition or accrual period. The liability is not associated with any funding arrangement; accordingly, there are no assets servicing the liability to pay the severance indemnities. Under the local regulations, for companies with at least 50 employees, the employee can elect to assign his entitlement to severance indemnities accruing from 2007, either to a fund held by INPS Treasury Fund or to a supplementary pension fund. Except for the amount assigned as aforementioned, the employee severance indemnities are recognised as defined benefit plan obligation. In application of IAS 19, the defined benefit plan obligation in respect of these employee severance indemnities have been calculated using the projected unit credit method and the main assumptions used in the accounting actuarial valuation are salary increases of 3.3% per annum and discount rate of 3.5% per annum.

26 Pension plans (continued)

(a) Defined benefit plans (continued)

(i) Plan assets

Fair value of the plan assets are analysed as follows:

	2023 Percentage	2022 Percentage
Equity instruments		
Consumer markets and manufacturing	**8%**	8%
Energy and utilities	**1%**	1%
Financial institutions and insurance	**11%**	10%
Telecommunications and information technology	**20%**	19%
Units trust and equity instrument funds	**14%**	13%
Others	**14%**	16%
	68%	67%
Debt instruments		
US Treasury notes	**2%**	3%
Government and government guaranteed notes	**7%**	10%
Financial institutions notes	**6%**	5%
Others	**4%**	5%
	19%	23%
Other assets	**13%**	10%
	100%	100%

The debt instruments are analysed by issuers' credit rating as follows:

	2023 Percentage	2022 Percentage
Aaa / AAA	**12%**	12%
Aa1 / AA+	**22%**	31%
Aa2 / AA	**8%**	6%
Aa3 / AA-	**5%**	3%
A1 / A+	**12%**	12%
A2 / A	**6%**	4%
Other investment grades	**25%**	20%
No investment grades	**10%**	12%
	100%	100%

The fair value of the above equity instruments and debt instruments are determined based on quoted market prices.

The long term strategic asset allocations of the plans are set and reviewed from time to time by the plans' trustees taking into account the membership and liability profile, and the liquidity requirements of the plans.

26 Pension plans (continued)

(a) Defined benefit plans (continued)

(ii) Defined benefit obligation

The average duration of the defined benefit obligation as at 31 December 2023 is 9 years (2022: 10 years).

The Group expects to make contributions of EUR4 million (2022: EUR3 million) to the defined benefit plans next year.

IAS 19 "Employee Benefits" requires disclosure of a sensitivity analysis for the significant actuarial assumptions, used to determine the present value of the defined benefit obligations, that shows the effects of a hypothetical change in the relevant actuarial assumption at the end of the reporting period on defined benefit obligations.

The effect that is disclosed in the following assumes that (a) a hypothetical change of the relevant actuarial assumption had occurred at the end of the reporting period and had applied to the relevant actuarial assumption in existence on that date; and (b) the sensitivity analysis for each type of actuarial assumption does not reflect inter-dependencies between different assumptions.

The preparation and presentation of the sensitivity analysis for significant actuarial assumptions is solely for compliance with IAS 19 disclosure requirements in respect of defined benefit obligations. The sensitivity analysis measures changes in the defined benefit obligations from hypothetical instantaneous changes in one actuarial assumption (e.g. discount rate or future salary increase), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analysis are for illustration purposes only and it should be noted that in practice actuarial assumptions rarely change in isolation. Actual results in the future may differ materially from the sensitivity analysis due to developments in the markets which may cause fluctuations in actuarial assumptions (e.g. discount rate or future salary increase) to vary and therefore it is important to note that the hypothetical amounts so generated do not present a projection of likely future events and profits or losses.

If the discount rate is 0.25% higher or lower, the defined benefit obligation would decrease by 2.0% or increase by 2.0% respectively (2022: decrease by 2.4% or increase by 2.4% respectively).

If the future salary increase is 0.25% higher or lower, the defined benefit obligation would increase by 0.1% or decrease by 0.1% respectively (2022: increase by 0.1% or decrease by 0.1% respectively).

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated statement of financial position.

(b) Defined contribution plans

The Group's cost in respect of defined contribution plans for the year amounted to EUR41 million (2022: EUR43 million) which has been charged to the profit or loss for the year. During the years ended 31 December 2023 and 31 December 2022, forfeited contributions used to reduce the level of contributions are not significant and no forfeited contribution was available at 31 December 2023 and 31 December 2022 to reduce future years' contributions.

27 Other non-current liabilities

	2023 EUR million	2022 EUR million
Derivative financial instruments		
Fair value hedges - Collar agreements	**7**	-
Obligations for telecommunications licences and other rights	**463**	399
Other non-current liabilities	**334**	260
Provisions (see note 24)	**609**	722
	1,413	1,381

28 Share capital, share premium and capital management

(a) Share capital and share premium

	Number of shares	Share capital EUR	Share premium EUR	Total EUR
Authorised:				
Ordinary shares of EUR1 each	**40,000**	**40,000**	-	**40,000**

	Number of shares	Share capital EUR million	Share premium EUR million	Total EUR million
Issued and fully paid:				
Ordinary shares				
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**64**	**-**	**17,908**	**17,908**

(b) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue to provide returns for shareholders and to support the Group's stability and growth. The Group regularly reviews and manages its capital structure to ensure optimal capital structure to maintain a balance between higher shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2023, total equity amounted to EUR27,251 million (2022: EUR26,974 million), and consolidated net debt of the Group, excluding loan from non-controlling shareholder which are viewed as quasi equity, was EUR2,032 million (2022: EUR1,905 million). The Group's net debt to net total capital ratio increased to 6.9% from 6.5% at the end of last year.

As additional information, the following table shows the net debt to net total capital ratios calculated on the basis of including loan from non-controlling shareholder and also with the Group's investments in its listed subsidiaries marked to market value at the end of the reporting period.

Net debt / Net total capital ratios [(i)] at 31 December:

	2023	2022
A1 - excluding interest-bearing loan from non-controlling shareholder from debt	**6.9%**	6.5%
A2 - as in A1 above and investments in listed subsidiaries marked to market value	**7.0%**	6.7%
B1 - including interest-bearing loan from non-controlling shareholder as debt	**7.7%**	7.3%
B2 - as in B1 above and investments in listed subsidiaries marked to market value	**7.8%**	7.4%

(i) Net debt is defined in the consolidated statement of cash flows. Total bank and other debts are defined, for the purpose of "Net debt" calculation, as the total principal amount of bank and other debts. Net total capital is defined as total bank and other debts plus total equity and loan from non-controlling shareholder net of total cash and listed investments.

29 Reserves

2023

	Attributable to owners of the Company					
	Retained profit EUR million	**Exchange reserve EUR million**	**Hedging reserve EUR million**	**Merger reserve [(a)] EUR million**	**Others [(b)] EUR million**	**Total EUR million**
At 1 January 2023	**10,374**	**771**	**30**	**(3,028)**	**(251)**	**7,896**
Profit for the year	**252**	**-**	**-**	**-**	**-**	**252**
Other comprehensive income (losses) [(c)]						
Changes in fair value of equity instruments at fair value through other comprehensive income	**-**	**-**	**-**	**-**	**80**	**80**
Remeasurement of defined benefit obligations	**(1)**	**-**	**-**	**-**	**-**	**(1)**
Exchange gains on translation of foreign operations	**-**	**42**	**-**	**-**	**-**	**42**
Losses on cash flow hedges	**-**	**-**	**(29)**	**-**	**-**	**(29)**
Losses on net investment hedges	**-**	**(32)**	**-**	**-**	**-**	**(32)**
Tax relating to components of other comprehensive income (losses)	**-**	**-**	**-**	**-**	**-**	**-**
Other comprehensive income (losses), net of tax	**(1)**	**10**	**(29)**	**-**	**80**	**60**
Transfer of losses on disposal of equity securities at FVOCI to retained profit	**(6)**	**-**	**-**	**-**	**6**	**-**
Transaction with owners in their capacity as owners:						
Recognition of put option liabilities arising from business combinations	**-**	**-**	**-**	**-**	**(17)**	**(17)**
At 31 December 2023	**10,619**	**781**	**1**	**(3,028)**	**(182)**	**8,191**

2022

	Attributable to owners of the Company					
	Retained profit EUR million	Exchange reserve EUR million	Hedging reserve EUR million	Merger reserve [(a)] EUR million	Others [(b)] EUR million	Total EUR million
At 1 January 2022	9,242	878	89	(3,028)	(109)	7,072
Profit for the year	1,125	-	-	-	-	1,125
Other comprehensive income (losses) [(c)]						
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	(142)	(142)
Remeasurement of defined benefit obligations	7	-	-	-	-	7
Exchange losses on translation of foreign operations	-	(206)	-	-	-	(206)
Exchange losses reclassified to profit or loss	-	86	-	-	-	86
Losses on cash flow hedges	-	-	(59)	-	-	(59)
Gains on net investment hedges	-	13	-	-	-	13
Tax relating to components of other comprehensive income (losses)	-	-	-	-	-	-
Other comprehensive income (losses), net of tax	7	(107)	(59)	-	(142)	(301)
At 31 December 2022	10,374	771	30	(3,028)	(251)	7,896

29 **Reserves (continued)**

(a) Merger reserve represents the difference between the capital contributions from CKHH group entities to the companies now comprising the Group before the reorganisation and the consideration paid by the Group for acquisition of the CKHH Group's telecommunication businesses in Europe and Hong Kong.

(b) Other reserves comprise revaluation reserve and other capital reserves. As at 31 December 2023, revaluation reserve deficit amounted to EUR56 million (1 January 2023: EUR142 million and 1 January 2022: nil), and other capital reserves deficit amounted to EUR126 million (1 January 2023: EUR109 million and 1 January 2022: EUR109 million). Revaluation deficit arising from revaluation to market value of listed equity securities are included in the revaluation reserve. Included in the other capital reserves is a deficit relating to transactions with non-controlling interests.

(c) Set out below are the before and after related tax effects of other comprehensive income (losses) for the years:

	2023		
	Before-tax amount EUR million	**Tax effect EUR million**	**Net-of-tax amount EUR million**
Changes in fair value of equity instruments at fair value through other comprehensive income	**80**	**-**	**80**
Remeasurement of defined benefit obligations	**(1)**	**-**	**(1)**
Exchange gains on translation of foreign operations	**25**	**-**	**25**
Losses on cash flow hedges	**(30)**	**-**	**(30)**
Losses on net investment hedges	**(32)**	**-**	**(32)**
	42	**-**	**42**

	2022		
	Before-tax amount EUR million	Tax effect EUR million	Net-of-tax amount EUR million
Changes in fair value of equity instruments at fair value through other comprehensive income	(142)	-	(142)
Remeasurement of defined benefit obligations	6	-	6
Exchange losses on translation of foreign operations	(216)	-	(216)
Exchange losses reclassified to profit or loss	86	-	86
Losses on cash flow hedges	(58)	-	(58)
Gains on net investment hedges	13	-	13
	(311)	-	(311)

30 Notes to the consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	2023 EUR million	2022 EUR million
Profit after tax	**266**	1,135
Less: share of profits less losses of joint ventures	**(1)**	2
	265	1,137
Adjustments for:		
Current tax charge (credit)	**(27)**	172
Deferred tax charge (credit)	**(65)**	322
Interest expenses and other finance costs	**237**	181
Depreciation and amortisation	**2,996**	2,990
EBITDA of Company and subsidiaries (i)	**3,406**	4,802
Impairment loss against goodwill on telecommunications business in Italy (see note 6(b))	**-**	1,330
Losses on disposal of fixed assets	**19**	12
Gain on disposal of a subsidiary company (see note 6)	**(9)**	-
Gains on disposal of European telecommunications tower assets (see note 6(d))	**-**	(2,384)
Customer acquisition and retention cost capitalised in the year	**(487)**	(435)
Other non-cash items	**(2)**	(18)
	2,927	3,307

(i) Reconciliation of EBITDA:

	2023 EUR million	2022 EUR million
EBITDA of Company and subsidiaries	**3,406**	4,802
Share of EBITDA of joint ventures		
Share of profits less losses of joint ventures	**1**	(2)
Adjustments for:		
Depreciation and amortisation	**46**	6
Interest expenses and other finance costs	**3**	1
Current tax charge	**3**	1
	53	6
EBITDA (see note 5(b)(ii))	**3,459**	4,808

(b) Changes in working capital

	2023 EUR million	2022 EUR million
Decrease (increase) in inventories	**45**	(47)
Increase in trade receivables and other current assets	**(190)**	(606)
Decrease in trade payables and other current liabilities	**(574)**	(364)
Other non-cash items	**104**	100
	(615)	(917)

30 Notes to condensed consolidated statement of cash flows (continued)

(c) Purchase of subsidiary companies

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the periods:

	2023 **EUR million**	2022 EUR million
Purchase consideration transferred:		
Cash and cash equivalents paid	**10**	-
Fair value		
Fixed assets	**1**	-
Brand names and other rights	**1**	-
Cash and cash equivalents	**1**	-
Trade receivables and other current assets	**3**	-
Trade payables and other current liabilities and current tax liabilities	**(4)**	-
Net identifiable assets acquired	**2**	-
Non-controlling interests	**(1)**	-
	1	-
Goodwill	**9**	-
Total consideration	**10**	-
Net cash outflow arising from acquisition:		
Cash and cash equivalents paid	**10**	-
Cash and cash equivalents acquired	**(1)**	-
Total net cash outflow	**9**	-

The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level.

For the year ended 31 December 2023, the acquisition related cost and the contribution to the Group's revenue and profit before tax from the subsidiaries acquired during the year since the respective date of acquisition are not material.

30 Notes to the consolidated statement of cash flows (continued)

(d) Disposal of subsidiary companies

	2023 **EUR million**	2022 EUR million
Equity securities received	**303**	1,233
Net cash consideration [(i)]	**303**	2,227
Carrying amount of net assets disposed	**(597)**	(990)
Gains before reclassification of exchange losses	**9**	2,470
Cumulative exchange losses reclassified to profit or loss	**-**	(86)
Gain on disposal	**9**	2,384
Analysis of assets and liabilities over which control was lost		
Fixed assets	**-**	632
Right-of-use assets	**-**	165
Goodwill	**-**	140
Deferred tax assets	**-**	33
Trade receivables and other current assets	**-**	217
Assets classified as held for sale	**733**	-
Trade payables and other current liabilities and current tax liabilities	**-**	(18)
Lease liabilities	**-**	(178)
Other non-current liabilities	**-**	(1)
Liabilities directly associated with assets classified as held for sale	**(136)**	-
Net assets (excluding cash and cash equivalents) disposed	**597**	990
Cash and cash equivalents disposed [(i)]	**-**	102
Net assets disposed	**597**	1,092

Disposal of subsidiary companies for the current year ended 31 December 2023 mainly related to the disposal of the Group's former subsidiary Zefiro Net S.r.l. which has become a 50% owned joint venture in the current year (see note 21). For the comparative year ended 31 December 2022, the disposal of subsidiary companies mainly related to the disposal of interest in tower assets in the UK (see note 5(b)(xii)). The gain on disposal for the year ended 31 December 2023 and 2022 were recognised in the consolidated income statement and were included in the line item titled “Other income and gains”. See note 6.

Saved as disclosed for the effect arising from the gain on disposal, the effect on the Group’s results from the subsidiaries disposed during the year are not material for the years ended 31 December 2023 and 2022.

(i) The current and comparative year amount is presented as “Proceeds from disposal of subsidiary companies, net of cash disposed” in the consolidated statement of cash flows.

30 Notes to the consolidated statement of cash flows (continued)

(e) Changes in liabilities arising from financing activities

The following table sets out an analysis of the cash flows and non-cash flows changes in liabilities arising from financing activities:

	Bank and other debts EUR million	Lease liabilities EUR million	Interest bearing loan from non-controlling shareholder EUR million	Total EUR million
At 1 January 2022	6,750	2,369	-	9,119
Financing cash flows				
New borrowings	697	-	-	697
Repayment of borrowings	(899)	-	-	(899)
Principal elements of lease payments (see note 11(c))	-	(731)	-	(731)
Net loan from non-controlling shareholder	-	-	239	239
Other changes				
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	8	-	-	8
Remeasurement / write off of lease liabilities	-	94	-	94
Increase in lease liabilities from entering into new leases (see note 11(a))	-	413	-	413
Interest on lease liabilities (see note 7)	-	69	-	69
Interest element of lease liabilities paid (included in "Net cash from operating activities")	-	(57)	-	(57)
Relating to subsidiaries disposed (see note 30(d))	-	(178)	-	(178)
Transfer to liabilities directly associated with assets classified as held for sale (see note 21)	-	(111)	-	(111)
Exchange translation differences	(51)	(13)	(19)	(83)
At 31 December 2022 and 1 January 2023	**6,505**	**1,855**	**220**	**8,580**
Financing cash flows				
New borrowings	**1,794**	**-**	**-**	**1,794**
Repayment of borrowings	**(2,800)**	**-**	**-**	**(2,800)**
Principal elements of lease payments (see note 11(c))	**-**	**(734)**	**-**	**(734)**
Net loan from non-controlling shareholder	**-**	**-**	**21**	**21**
Other changes				
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	**8**	**-**	**-**	**8**
Remeasurement / write off of lease liabilities	**-**	**128**	**-**	**128**
Increase in lease liabilities from entering into new leases (see note 11(a))	**-**	**640**	**-**	**640**
Interest on lease liabilities (see note 7)	**-**	**81**	**-**	**81**
Interest element of lease liabilities paid (included in "Net cash from operating activities")	**-**	**(72)**	**-**	**(72)**
Exchange translation differences	**11**	**(18)**	**1**	**(6)**
At 31 December 2023	**5,518**	**1,880**	**242**	**7,640**

31 Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2023 and 31 December 2022.

32 Pledge of assets

At 31 December 2023, no assets of the Group (2022: nil) were pledged as security for bank and other debts.

33 Contingent liabilities and guarantees

At 31 December 2023, the Group had provided performance and other guarantees of EUR198 million (2022: EUR216 million).

34 Commitments

The Group’s outstanding commitments contracted for at 31 December 2023, where material, not provided for in the consolidated financial statements at 31 December 2023 are as follows:

Capital commitments

(a) **3** Group Europe - EUR21 million (2022: EUR22 million)
(b) Telecommunications, Hong Kong - EUR14 million (2022: EUR27 million)

35 Related party transactions

(a) Key management personnel remuneration

The remuneration for the directors of the Company (being the key management personnel) for the current and comparative years are borne by CKHH group entities.

(b) Saved as disclosed elsewhere in these financial statements, the following transactions occurred with other related parties:

	2023	2022
	EUR million	EUR million
Sales of contract assets (handset receivables) to CKHH group entities [(i)]	**680**	776
Exchange gains (losses) hedged to CKHH group entities [(ii)]	**(1)**	6

(i) During the years ended 31 December 2023 and 31 December 2022, the Group has entered into handset receivable agreements with CKHH group entities which resulted in the sale of certain contract assets (unbilled handset receivables) for which the Group was paid at the carrying cost of the contract assets sold, being the face value of the underlying unbilled handset receivables less the related allowance to cover the credit and late payment risk.

(ii) During the years ended 31 December 2023 and 31 December 2022, the Group has entered into a foreign exchange economic hedge agreement with CKHH group entities which resulted in the transfer of Group's foreign exchange exposure to CKHH group entities. As at 31 December 2023, there is no outstanding notional amount in relation to the foreign exchange economic hedge agreement (2022: US$50 million).

36 Legal proceedings

As at 31 December 2023, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

37 Financial risk management

The Group's major financial assets and financial liabilities include cash and cash equivalents, listed investments and borrowings. Details of these financial assets and financial liabilities are disclosed in the respective notes. The Group's treasury function sets financial risk management policies in accordance with policies and procedures of the CKHH Group, and which are also subject to periodic review by the CKHH Group's internal audit function. The Group's treasury policies are designed to mitigate the impact of fluctuations in interest rates and exchange rates on the Group's overall financial position and to minimise the Group's financial risks. The Group's treasury function operates as a centralised service for managing financial risks, including interest rate and foreign exchange risks, and for providing cost-efficient funding to the Group and its companies. It manages the majority of the Group's funding needs, interest rate, foreign currency and credit risk exposures. It is the Group's policy not to have credit rating triggers that would accelerate the maturity dates of the Group's borrowings. The Group uses interest rate and foreign currency swaps as appropriate for risk management purposes only, for hedging transactions and for managing the Group's exposure to interest rate and foreign exchange rate fluctuations. The Group generally does not enter into foreign currency hedges in respect of its foreign currency earnings and no derivatives instruments to hedge the Group's earnings were entered during the year or remain outstanding at the end of the year. It is the Group's policy not to enter into derivative transactions for speculative purposes. It is also the Group's policy not to invest liquidity in financial products, including hedge funds or similar vehicles, that have significant underlying leverage or derivative exposure.

(a) Cash management and funding

The Group operates a central cash management system for all of its unlisted subsidiaries. Except for listed and certain overseas entities conducting businesses in non-Euro currencies, the Group generally obtains long-term financing at the Group level to on-lend or contribute as equity to its subsidiaries to meet their funding requirements and provide more cost-efficient financing. These borrowings include a range of capital market issues and bank borrowings, for which the proportions will change depending upon financial market conditions and projected interest rates. The Group regularly and closely monitors its overall debt position and reviews its funding costs and maturity profile to facilitate refinancing.

The Group continues to maintain a robust financial position. Cash and cash equivalents, and listed investments ("Liquid assets") amounted to EUR3,512 million at 31 December 2023 (2022: EUR4,628 million). The decrease was mainly reflecting repayment of certain borrowings and capital expenditure, partly offset by positive funds from operations from the Group's businesses and cash from new borrowings. Liquid assets were denominated as to 84% in Euro, 1% in US dollar, 12% in HK dollar, 2% in British Pound and 1% in other currencies (2022: 38% in Euro, 39% in US dollar, 11% in HK dollar, 11% in British Pound and 1% in other currencies).

Cash and cash equivalents represented 72% (2022: 78%) of the Liquid assets, and listed investments represented 28% (2022: 22%). The Group has no exposure in mortgage-backed securities, collateralised debt obligations or similar asset classes.

(b) Interest rate exposure

The Group manages its interest rate exposure with a focus on reducing the Group's overall cost of debt and exposure to changes in interest rates. When considered appropriate, the Group uses derivatives such as interest rate swaps to manage its interest rate exposure. The Group's main interest rate exposure relates to Euro and British Pound borrowings.

At 31 December 2023, approximately 34% (2022: approximately 21%) of the Group's total principal amount of bank and other debts were at floating rates and the remaining 66% (2022: approximately 79%) were at fixed rates. At 31 December 2023 and 2022, the Group has not entered into any interest rate agreements with major financial institution counterparties to swap principal amount of floating interest rate borrowings to effectively become fixed interest rate borrowings.

(c) Foreign currency exposure

For subsidiaries, joint arrangements and other investments (the activities of which are based or conducted in non-Euro), the generally endeavours to establish a natural hedge for debt financing with an appropriate level of borrowings in those same currencies. For businesses (the activities of which are based or conducted in non-Euro), that are in the development phase, or where borrowings in local currency are not or are no longer attractive, the Group may not borrow in the local currency or may repay existing borrowings and monitor the development of the businesses' cash flows and the relevant debt markets with a view to refinance these businesses with local currency borrowings in the future when conditions are more appropriate. The Group generally does not enter into foreign currency hedges in respect of its long-term equity investments in foreign operations. At 31 December 2022, the Group had cross currency interest rate swaps with banks to hedge these investments. The total notional amount of the net investment hedges amounted to EUR665 million.

37 Financial risk management (continued)

(c) Foreign currency exposure (continued)

The Group has operations in about 8 jurisdictions and the respective operation conducts businesses mainly in local currencies (including Euro, British Pound and Hong Kong dollar) and US dollar. The currency for group reporting and presentation purposes is Euro and the Group's reported results in Euro are exposed to exchange translation on its foreign currency earnings.

As at 31 December 2023, the Group's total principal amount of bank and other debts are denominated as follows: 77% in Euro, 16% in British Pound and 7% in other currencies (2022: 80% in Euro, 14% in British Pound and 6% in other currencies). The Group had currency swap arrangements with banks to swap British Pound principal amount of borrowings equivalent to EUR576 million (2022: EUR 570 million) to Euro principal amount of borrowings to reflect currency exposures of its underlying businesses. The Group's total principal amount of bank and other debts, after the above swaps, are denominated as follows: 87% in Euro, 6% in British Pound and 7% in other currencies (2022: 89% in Euro, 5% in British Pound and 6% in other currencies).

(d) Credit exposure

The Group's holdings of cash and listed investments, interest rate and foreign currency swaps with financial institutions expose the Group to credit risk of counterparties. The Group controls its credit risk to non-performance by its counterparties through monitoring their equity share price movements and credit ratings as well as setting approved counterparty credit limits that are regularly reviewed.

The Group is also exposed to counterparties credit risk from its operating activities. Such risks are continuously monitored by the local operational management.

(e) Market price risk

The Group's main market price risk exposures relate to listed equity securities as described in "Liquid assets" above. The Group's holding of listed equity securities represented approximately 28% (2022: 22%) of the Liquid assets. The Group controls this risk through active monitoring of price movements and changes in market conditions that may have an impact on the value of these financial assets and instruments.

(f) Market risks sensitivity analysis

For the presentation of financial assets and financial liabilities market risks (including interest rate risk, currency risk and other price risk) information, IFRS 7 "Financial Instruments: Disclosures" requires the disclosure of a sensitivity analysis for each type of financial market risk that shows the effects of a hypothetical change in the relevant market risk variable to which the Group is exposed at the end of the reporting period on profit for the year and on total equity.

The effect that is disclosed in the following sections is before the related tax effect and the related amount attributable to non-controlling interests, and assumes that (a) a hypothetical change of the relevant risk variable had occurred at the end of the reporting period and had been applied to the relevant risk variable in existence on that date; and (b) the sensitivity analysis for each type of financial market risk does not reflect inter-dependencies between risk variables, e.g. the interest rate sensitivity analysis does not take into account of the impact of changes in interest rates that would have on the relative strengthening and weakening of the currency with other currencies.

The preparation and presentation of the sensitivity analysis on financial market risk is solely for compliance with IFRS 7 disclosure requirements in respect of financial assets and financial liabilities. The sensitivity analysis measures changes in the fair value and / or cash flows of the Group's financial assets and financial liabilities from hypothetical instantaneous changes in one risk variable (e.g. functional currency rate or interest rate), the amount so generated from the sensitivity analysis are "what-if" forward-looking estimates. The sensitivity analysis are for illustration purposes only and it should be noted that, in practice, market rates rarely change in isolation. Actual results in the future may differ materially from the sensitivity analysis due to developments in the global markets which may cause fluctuations in market rates (e.g. exchange or interest rate) to vary and therefore it is important to note that the hypothetical amounts so generated do not represent a projection of likely future events and profits or losses.

37 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(i) Interest rate sensitivity analysis

Interest rate risk as defined by IFRS 7 arises on interest-bearing financial assets and financial liabilities.

The interest rate sensitivity analysis is based on the following assumptions:

In the cases of non-derivative financial assets and financial liabilities with fixed interest rates, changes in market interest rates only affect profit for the year or total equity if these financial assets and financial liabilities are measured at fair value. Accordingly, all non-derivative financial assets and financial liabilities with fixed interest rates that are carried at amortised cost are excluded from the interest rate sensitivity analysis as they are not subject to interest rate risk as defined in IFRS 7.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging interest rate risks, changes in market interest rates affect their fair values. All interest rate hedges are expected to be highly effective. Changes in the fair value of fair value interest rate hedges and changes in the fair value of the hedged items that are attributable to interest rate movements effectively balance out with each other in the consolidated income statement in the same period. Accordingly, these hedging instruments and hedged items are excluded from the interest rate sensitivity analysis as they are not exposed to interest rate risk as defined in IFRS 7. Changes in the fair value of cash flow interest rate hedges resulting from market interest rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

In the cases of derivative financial assets and financial liabilities that are not part of an interest rate risk hedging relationship, changes in their fair values (arising from gain or loss from remeasurement of these interest rate derivatives to fair value) resulting from market interest rate movements affect profit for the year and total equity, and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the interest rate sensitivity analysis include:

- cash and cash equivalents (see note 19)
- some of the bank and other debts (see note 22) that bear interest at floating rate
- interest bearing loan from non-controlling shareholder (see note 25)

Under these assumptions, the impact of a hypothetical 100 basis points (2022: 100 basis points) increase in market interest rate at 31 December 2023, with all other variables held constant:

- profit for the year would increase by EUR5 million (2022: EUR30 million) due to increased interest income offset with increased interest expense; and
- total equity would increase by EUR5 million (2022: EUR30 million) due to increased interest income offset with increased interest expense.

37 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(ii) Foreign currency exchange rate sensitivity analysis

Currency risk as defined by IFRS 7 arises on financial assets and financial liabilities being denominated in a currency that is not the functional currency and being of a monetary nature. Therefore, non-monetary financial assets and financial liabilities, monetary financial assets and financial liabilities denominated in the entity's functional currency and differences resulting from the translation of financial statements of overseas subsidiaries into the Group's presentation currency are not taken into consideration for the purpose of the sensitivity analysis for currency risk.

The foreign currency exchange rate sensitivity analysis is based on the following assumptions:

Major non-derivative monetary financial assets and financial liabilities are either directly denominated in the functional currency or are transferred to the functional currency through the use of foreign currency swaps. Exchange fluctuations of these monetary financial assets and financial liabilities therefore have no material effects on profit for the year and total equity.

In the cases of derivative financial assets and financial liabilities designated as hedging instruments for hedging currency risks, changes in foreign exchange rates affect their fair values. All currency hedges are expected to be highly effective. Changes in the fair value of foreign currency fair value hedges and changes in the fair value of the hedged items effectively balance out with each other in the consolidated income statement in the same period. As a consequence, these hedging instruments and hedged items are excluded from the foreign currency exchange rate sensitivity analysis as they are not exposed to currency risk as defined in IFRS 7. Changes in the fair value of foreign currency cash flow hedges resulting from market exchange rate movements affect total equity and are therefore taken into consideration in the sensitivity analysis.

Major financial assets and financial liabilities for the purpose of the foreign currency exchange rate sensitivity analysis include:
- some of the cash and cash equivalents (see note 19)
- some of the bank and other debts (see note 22)

Under these assumptions, the impact of a hypothetical 5% weakening of Euro against all exchange rates at the end of the reporting period, with all other variables held constant, on the Group's profit for the year and total equity is set out in the table below.

	2023		2022	
	Hypothetical increase (decrease) in profit for the year EUR million	**Hypothetical increase (decrease) in total equity EUR million**	Hypothetical increase (decrease) in profit for the year EUR million	Hypothetical increase (decrease) in total equity EUR million
British Pound	**-**	**-**	24	24
US dollar	**1**	**1**	89	89

(iii) Other price sensitivity analysis

Other price risk as defined by IFRS 7 arises from changes in market prices (other than those arising from interest rate risk and currency risk as detailed in "interest rate exposure" and "foreign currency exposure" paragraphs above) on financial assets and financial liabilities.

37 Financial risk management (continued)

(f) Market risks sensitivity analysis (continued)

(iii) Other price sensitivity analysis (continued)

The other price sensitivity analysis is based on the assumption that changes in market prices (other than those arising from interest rate risk and currency risk) of financial assets and financial liabilities only affect profit for the year or total equity if these financial assets and financial liabilities are measured at the fair values. Accordingly, all non-derivative financial assets and financial liabilities carried at amortised cost are excluded from the other price sensitivity analysis as they are not subject to other price risk as defined in IFRS 7.

Major financial assets and financial liabilities for the purpose of the other price sensitivity analysis include:
- financial assets at FVOCI (see note 17)

Under these assumptions, the impact of a hypothetical 5% increase in the market price of the Group's financial assets at FVOCI at the end of the reporting period, with all other variables held constant:

- no impact to profit for the year (2022: nil), and consequently no impact to total equity for the year (2022: nil); and
- other comprehensive income would increase by EUR49 million (2022: EUR51 million) due to the increase in gains on financial assets at FVOCI, and consequently, total equity would increase by the same amount for both years.

(g) Contractual maturities of financial liabilities

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on contractual undiscounted principal cash flows and the earliest date the Group can be required to pay:

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year EUR million	**After 1 year, but within 5 years EUR million**	**After 5 years EUR million**	**Total undiscounted cash flows EUR million**	**Difference from carrying amounts EUR million**	**Carrying amounts EUR million**
At 31 December 2023						
Trade payables	**887**	**-**	**-**	**887**	**-**	**887**
Expenses and other accruals	**1,857**	**-**	**-**	**1,857**	**-**	**1,857**
Other payables	**479**	**-**	**-**	**479**	**-**	**479**
Interest bearing loan from non-controlling shareholder	**-**	**242**	**-**	**242**	**-**	**242**
Lease liabilities	**626**	**1,045**	**478**	**2,149**	**(269)**	**1,880**
Bank loans	**1,500**	**372**	**-**	**1,872**	**(7)**	**1,865**
Notes and bonds	**-**	**2,576**	**1,096**	**3,672**	**(19)**	**3,653**
Obligations for telecommunications licences and other rights	**72**	**239**	**265**	**576**	**(41)**	**535**
	5,421	**4,474**	**1,839**	**11,734**	**(336)**	**11,398**

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be EUR163 million in "within 1 year" maturity band, EUR228 million in "after 1 year, but within 5 years" maturity band, and EUR77 million in "after 5 years" maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

37 Financial risk management (continued)

(g) Contractual maturities of financial liabilities (continued)

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year EUR million	**After 1 year, but within 5 years EUR million**	**After 5 years EUR million**	**Total undiscounted cash flows EUR million**
At 31 December 2023				
Fair value hedges				
Collar agreements				
Outflow	**(35)**	**(7)**	**-**	**(42)**
Cash flow hedges				
Other contracts				
Outflow	**(12)**	**-**	**-**	**(12)**

Non-derivative financial liabilities:

	Contractual maturities					
	Within 1 year EUR million	After 1 year, but within 5 years EUR million	After 5 years EUR million	Total undiscounted cash flows EUR million	Difference from carrying amounts EUR million	Carrying amounts EUR million
At 31 December 2022						
Trade payables	893	-	-	893	-	893
Expenses and other accruals	1,934	-	-	1,934	-	1,934
Other payables	960	-	-	960	-	960
Interest bearing loan from non-controlling shareholder	-	220	-	220	-	220
Lease liabilities	532	1,037	551	2,120	(265)	1,855
Bank loans	1,000	371	-	1,371	(3)	1,368
Notes and bonds	1,500	1,570	2,092	5,162	(25)	5,137
Obligations for telecommunications licences and other rights	82	191	256	529	(48)	481
	6,901	3,389	2,899	13,189	(341)	12,848

The table above excludes interest accruing and payable on certain of these liabilities which are estimated to be EUR85 million in “within 1 year” maturity band, EUR212 million in “after 1 year, but within 5 years” maturity band, and EUR105 million in “after 5 years” maturity band. These estimates are calculated assuming the effect of hedging transactions and interest rates with respect to variable rate financial liabilities remain constant and there is no change in the aggregate principal amount of financial liabilities other than repayment at scheduled maturity as reflected in the table.

Derivative financial liabilities:

	Contractual maturities			
	Within 1 year EUR million	After 1 year, but within 5 years EUR million	After 5 years EUR million	Total undiscounted cash flows EUR million
At 31 December 2022				
Cash flow hedges				
Other contracts				
Outflow	(18)	-	-	(18)

(h) In accordance with the disclosure requirement of IFRS 7, the Group’s financial instruments resulted in the following income, expenses and gains and losses recognised in the consolidated income statement:

	2023 EUR million	2022 EUR million
Interest from cash and cash equivalents held at amortised cost	**127**	30
Net impairment expense recognised on trade receivables	**(71)**	(109)

37 Financial risk management (continued)

(i) Hedge accounting

(i) Fair value hedges

Hedging instruments	**Number of hedged shares in million**	**Carrying amount of the hedging instrument EUR million**	**Change in value used for calculating hedge ineffectiveness EUR million**	**Line item in the statement of financial position in which the hedging instrument is included**
	2023			
Collar agreements	**27.3**	**(42)**	**(61)**	**Trade payables and other current liabilities / Other non-current liabilities**

Hedged items	**Carrying amount of the hedged item EUR million**	**Change in value used for calculating hedge ineffectiveness EUR million**	**Line item in the statement of financial position in which the hedged item is included**
	2023		
Listed equity securities	**973**	**129**	**Listed investments**

Hedging instruments	Number of hedged shares in million	Carrying amount of the hedging instrument EUR million	Change in value used for calculating hedge ineffectiveness EUR million	Line item in the statement of financial position in which the hedging instrument is included
	2022			
Collar agreements	32.4	26	26	Listed investments

Hedged items	Carrying amount of the hedged item EUR million	Change in value used for calculating hedge ineffectiveness EUR million	Line item in the statement of financial position in which the hedged item is included
	2022		
Listed equity securities	1,002	(170)	Listed investments

37 Financial risk management (continued)

(i) Hedge accounting (continued)

(ii) Cash flow hedges

	2023							
					Carrying amount of derivatives included in			
Hedging instruments	**Receive average contracted interest rate Percentage**	**Pay average contracted interest rate Percentage**	**Notional amount in local currency million**	**Notional Amount EUR million**	**Other current assets EUR million**	**Other non-current assets EUR million**	**Other current liabilities EUR million**	**Other non-current liabilities EUR million**
Cross currency interest rate swaps - receive fixed and pay fixed maturing in 2027	**2.00%**	**0.05%**	**GBP 500**	**576**	**-**	**18**	**-**	**-**
				576	**-**	**18**	**-**	**-**

	2023		
Hedged items	**Change in value used for calculating hedge ineffectiveness EUR million**	**Surplus (deficit) in reserve for continuing hedges EUR million**	**Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied EUR million**
Foreign exchange risk	**(2)**	**(18)**	**-**

	2022							
					Carrying amount of derivatives included in			
Hedging instruments	Receive average contracted interest rate Percentage	Pay average contracted interest rate Percentage	Notional amount in local currency million	Notional Amount EUR million	Other current assets EUR million	Other non-current assets EUR million	Other current liabilities EUR million	Other non-current liabilities EUR million
Cross currency interest rate swaps - receive fixed and pay fixed maturing in 2027	2.00%	0.05%	GBP 500	570	-	16	-	-
				570	-	16	-	-

	2022		
Hedged items	Change in value used for calculating hedge ineffectiveness EUR million	Surplus (deficit) in reserve for continuing hedges EUR million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied EUR million
Foreign exchange risk	(16)	(16)	-

37 Financial risk management (continued)

(i) Hedge accounting (continued)

(iii) Net investment hedges

There were no cross currency interest rate swaps as net investment hedges as at 31 December 2023.

	2022						
				Carrying amount of derivatives included in			
Hedging instruments	Average exchange rate	Notional amount in local currency million	Notional Amount EUR million	Other current assets EUR million	Other non-current assets EUR million	Other current liabilities EUR million	Other non-current liabilities EUR million
Cross currency interest rate swaps maturing in							
2023	1.15	GBP 583	665	13	-	-	-
			665	13	-	-	-

	2022		
Hedged items	Change in value used for calculating hedge ineffectiveness EUR million	Surplus (deficit) in reserve for continuing hedges EUR million	Surplus (deficit) in hedging reserve arising from hedging relationships for which hedge accounting is no longer applied EUR million
Foreign investments	(13)	(13)	-

37 Financial risk management (continued)

(j) Carrying amounts and fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

	Note	Classification under IFRS 9	**2023** Carrying amounts EUR million	**2023** Fair values EUR million	2022 Carrying amounts EUR million	2022 Fair values EUR million
Financial assets						
Listed investments						
Listed equity securities	17	FVOCI	**973**	**973**	1,002	1,002
Fair value hedges - Collar agreements	17	Fair value - hedges	**-**	**-**	26	26
Unlisted investments						
Unlisted equity securities	18	FVOCI	**2**	**2**	2	2
Derivative financial instruments						
Cash flow hedges						
Cross currency interest rate swaps	18	Fair value - hedges	**18**	**18**	16	16
Other contracts	18 & 20	Fair value - hedges	**3**	**3**	32	32
Net investment hedges						
Cross currency interest rate swaps	20	Fair value - hedges	**-**	**-**	13	13
Lease receivables	18	Amortised cost	**7**	**7**	6	6
Cash and cash equivalents	19	Amortised cost	**2,539**	**2,539**	3,600	3,600
Trade receivables	20	Amortised cost	**1,202**	**1,202**	1,112	1,112
Other receivables	20	Amortised cost	**244**	**244**	269	269
Amounts due from joint ventures	15	Amortised cost	**24**	**24**	30	30
			5,012	**5,012**	6,108	6,108
Financial liabilities						
Bank and other debts [(i)]	22	Amortised cost	**5,518**	**5,142**	6,505	5,818
Interest bearing loan from non-controlling shareholder	25	Amortised cost	**242**	**242**	220	220
Trade payables	23	Amortised cost	**887**	**887**	893	893
Derivative financial instruments						
Fair value hedges						
Collar agreements	23 & 27	Fair value - hedges	**42**	**42**	-	-
Cash flow hedges						
Other contracts	23	Fair value - hedges	**12**	**12**	18	18
Expenses and other accruals	23	Amortised cost	**1,857**	**1,857**	1,934	1,934
Other payables	23	Amortised cost	**479**	**479**	960	960
Lease liabilities	11	Amortised cost	**1,880**	**1,880**	1,855	1,855
Obligations for telecommunications licences and other rights	23 & 27	Amortised cost	**535**	**535**	481	481
Amounts due to CKHH group entities	23	Amortised cost	**3**	**3**	2	2
			11,455	**11,079**	12,868	12,181
Representing:						
Financial assets measured at						
Amortised cost			**4,016**	**4,016**	5,017	5,017
FVOCI			**975**	**975**	1,004	1,004
Fair value - hedges			**21**	**21**	87	87
			5,012	**5,012**	6,108	6,108
Financial liabilities measured at						
Amortised cost			**11,401**	**11,025**	12,630	11,943
Fair value - hedges			**54**	**54**	18	18
			11,455	**11,079**	12,648	11,961

(i) The fair values of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

37 Financial risk management (continued)

(k) Fair value measurements

(i) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3: Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

		2023				2022			
		Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	Note	**EUR million**	**EUR million**	**EUR million**	**EUR million**	EUR million	EUR million	EUR million	EUR million
Financial assets									
Listed investments									
Listed equity securities	17	**973**	**-**	**-**	**973**	1,002	-	-	1,002
Fair value hedges - Collar agreements	17	**-**	**-**	**-**	**-**	-	-	26	26
Unlisted investments									
Unlisted equity securities	18	**-**	**-**	**2**	**2**	-	-	2	2
Derivative financial instruments									
Cash flow hedges									
Cross currency interest rate swaps	18	**-**	**18**	**-**	**18**	-	16	-	16
Other contracts	18 & 20	**-**	**3**	**-**	**3**	-	32	-	32
Net investment hedges									
Cross currency interest rate swaps	20	**-**	**-**	**-**	**-**	-	13	-	13
		973	**21**	**2**	**996**	1,002	61	28	1,091
Financial liabilities									
Derivative financial instruments									
Fair value hedges									
Collar agreements	23 & 27	**-**	**-**	**42**	**42**	-	-	-	-
Cash flow hedges									
Other contracts	23	**-**	**12**	**-**	**12**	-	18	-	18
		-	**12**	**42**	**54**	-	18	-	18

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the years ended 31 December 2023 and 2022, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

37 Financial risk management (continued)

(k) Fair value measurements (continued)

(i) Financial assets and financial liabilities measured at fair value (continued)

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	2023	2022
	EUR million	EUR million
At 1 January	**28**	2
Total gains recognised in		
Income statement	**-**	-
Other comprehensive income	**(68)**	26
At 31 December	**(40)**	28
Total gains recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	**-**	-

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

(ii) Financial assets and financial liabilities that are not measured at fair value but fair value disclosures are required

Except for bank and other debts as detailed in the table 37(j) above, the carrying amounts of the financial assets and financial liabilities recognised in the consolidated statement of financial position approximate their fair values.

Fair value hierarchy

The table below analyses the fair value measurements disclosures for bank and other debts. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used.

	Level 1	**Level 2**	**Level 3**	**Total**
	EUR million	**EUR million**	**EUR million**	**EUR million**
At 31 December 2023				
Bank and other debts	**3,277**	**1,865**	**-**	**5,142**
At 31 December 2022				
Bank and other debts	4,450	1,368	-	5,818

The fair value of the bank and other debts included in level 2 category above are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

38 Subsequent events

Saved as disclosed elsewhere in the Annual Financial Statements, no event occurring up to the date of approval of the Annual Financial Statements has been identified that may require material adjustment of, or disclosure in, these financial statements.

39 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency unless otherwise stated.

40 Significant judgements, estimates and assumptions

In applying the Group's accounting policies, the directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated judgements and assumptions are based on historical experience and other factors that are considered to be relevant and reasonable under the circumstance. Although our current estimates contemplate current and, as applicable, expected future conditions, it is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

(a) Significant judgements in applying the Group's accounting policies

The following are the significant judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Basis of consolidation and classification of investee entities

The determination if the Group has control, joint control or significant influence over another entity will require exercise of judgement under certain circumstances. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group also considers, in particular, whether it obtains benefits, including non-financial benefits, from its power to control the entity. As such, the classification of the entity as a subsidiary, a joint venture, a joint operation, an associated company or a cost investment might require the application of judgement through the analysis of various indicators, such as the practical ability to direct the relevant activities of the investee, the participation in policy-making processes of the investee, the representation on the board of directors or equivalent governing body of the investee, the percentage of ownership interest held in the investee, and various other factors including, if relevant, the existence of agreement with other shareholders, applicable statutes and regulations and their requirements.

(ii) Allocation of revenue for bundled telecommunications transactions with customers

The Group has bundled transactions under contract with customers including sales of both services and hardware (for example handsets). Revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device. Device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided. Significant judgement is required in assessing fair values of both of these elements by considering inter alia, standalone selling price, the consideration to which the Group expects to be entitled in exchange for transferring the services and hardware to the customer, and other relevant observable market data. Changes in the allocation may cause the revenue recognised for sales of services and hardware to change individually but not the total bundled revenue from a specific customer throughout its contract term. The Group periodically re-assesses the allocation of the elements as a result of changes in market conditions.

(iii) Determination of lease term

Lease term is the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 31 December 2023, potential future cash outflows of EUR867 million (2022: EUR813 million) (undiscounted) have not been included in calculating the lease liabilities because it is not reasonably certain that the leases will be extended (or not terminated).

40 Significant judgements, estimates and assumptions (continued)

(a) Significant judgements in applying the Group's accounting policies (continued)

(iii) Determination of lease term (continued)

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

(iv) Business combinations

As disclosed in note 41(c)(iv), the Group applies the provisions of IFRS 3 to transactions and other events that meet the definition of a business combination within the scope of IFRS 3. When the Group completes a business combination, the identifiable assets acquired and the liabilities assumed, including intangible assets, contingent liabilities and commitments, are recognised at their fair value. Judgement is required to determine the fair values of the assets acquired, the liabilities assumed, the date of acquisition, and the purchase consideration, and on the allocation of the purchase consideration to the identifiable assets and liabilities. If the purchase consideration exceeds the fair value of the net assets acquired then the incremental amount paid is recognised as goodwill. If the purchase price consideration is lower than the fair value of the net assets acquired then the difference is recorded as a gain in the consolidated income statement. Allocation of the purchase consideration between finite lived assets and indefinite lived assets such as goodwill affects the subsequent results of the Group as finite lived intangible assets are amortised, whereas indefinite lived intangible assets, including goodwill, are not amortised.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its estimates and assumptions on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Revisions to accounting estimates and assumptions are recognised prospectively and could impact fair value and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows in future periods.

(i) Impairment of goodwill and long-lived assets

Goodwill and intangible assets that have an indefinite useful life (including telecommunication licences and brand names) are not subject to amortisation and are tested for impairment annually and when there is an indication that the asset may be impaired. Other assets are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

In assessing whether these assets have suffered any impairment, the carrying value of the asset or its respective business unit, including the goodwill, is compared with its recoverable amount, which is the higher of the fair value less costs of disposal and value-in-use. Fair value is derived, when available and appropriate, by making reference to performance metrics (such as revenue, EBITDA, earnings) and valuation multiples (such as Enterprise value/EBITDA, Enterprise value/Sales, Price/Earnings) of completed transactions of comparable businesses or comparable public companies, or by making reference to traded prices and with consideration for possible premiums, or is measured using discounted cash flow projections (Level 3 of the IFRS 13 fair value hierarchy). The selection of comparable companies requires management judgement and is based on a number of factors, including comparable companies' location, sizes, growth rates, industries, and development stages.

In determining the value-in-use of the investment, discounted cash flow models will be used to estimate the present value of the estimated future cash flows expected to be generated from the operations and from the ultimate disposal of the investment. The cash flows used in the financial projections (discounted cash flow models) are based on the latest approved financial budgets for the next five years. The Group prepared the financial budgets reflecting current and prior year performances and experience, market development expectations, including the expected market share and growth momentum, and where available and appropriate, observable market data. There are a number of estimates and assumptions involved for the preparation of the budget, the cash flow projections for the period covered by the approved budget and the estimated terminal value at the end of the budget period. Significant estimates and assumptions inherent in the discounted cash flow models include the amount and timing of future cash flows attributable to the respective business unit. Other key estimates and assumptions, where applicable, include the respective business unit's projected revenue, costs, gross margin, inventory level, working capital and capital investments, as well as the discount rate and long term growth rate applied, and the estimated terminal value assumptions.

40 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of goodwill and long-lived assets (Continued)

It is reasonably possible that the judgements, estimates and assumptions described above could change in future periods. Further, unanticipated market or macroeconomic events and circumstances may occur, which could affect the accuracy or validity of the estimates and assumptions. Changes to the judgements, estimates and assumptions can significantly affect the carrying amount of the asset in future periods.

(ii) Pension costs and estimation of defined benefit pension obligation

The Group operates several defined benefit plans. Pension costs for defined benefit plans are assessed using the projected unit credit method in accordance with IAS 19, "Employee Benefits". Under this method, the cost of providing pensions is charged to the consolidated income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations. Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Management appoints actuaries to carry out full valuations of these pension plans to determine the pension obligations that are required to be disclosed and accounted for in the financial statements in accordance with the IFRS requirements.

The actuaries use assumptions and estimates in determining the fair value of the defined benefit plans and evaluate and update these assumptions on an annual basis. Judgement is required to determine the principal actuarial assumptions to determine the present value of defined benefit obligations and service costs. Changes to the principal actuarial assumptions can significantly affect the present value of plan obligations and service costs in future periods.

(iii) Provisions for commitments, onerous contracts and other guarantees

The Group has entered into a number of procurement, supply and other contracts related to specific assets in the ordinary course of its business. Where the unavoidable costs of meeting the obligations under these procurement and supply contracts exceed the associated, expected future net benefits, an onerous contract provision is recognised. The calculation of these provisions will involve the use of estimates and assumptions. These onerous provisions are calculated by taking the unavoidable costs that will be incurred under the contract and deducting any estimate revenues or predicted income to be derived from the assets, or by taking the unavoidable costs that will be incurred under the guarantee and deducting any estimated recoverable value.

(iv) Provision for income tax and recognition of deferred tax asset

The Group is subject to income taxes in numerous jurisdictions. Significant judgement and estimate are required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were previously recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values in the financial statements. Deferred tax assets are recognised to the extent it is probable that future taxable profits will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised, based on all available evidence. Recognition primarily involves judgement regarding the future financial performance of the particular legal entity or tax group. A variety of other factors are also evaluated in considering whether there is convincing evidence that it is probable that some portion or all of the deferred tax assets will ultimately be realised, such as the existence of taxable temporary differences, group relief, tax planning strategies and the periods in which estimated tax losses can be utilised.

40 Significant judgements, estimates and assumptions (continued)

(b) Key sources of estimation uncertainty (continued)

(iv) Provision for income tax and recognition of deferred tax asset (continued)

The ultimate realisation of deferred tax assets recognised for certain of the Group's businesses depends principally on these businesses maintaining profitability and generating sufficient taxable profits to utilise the underlying unused tax losses. It may be necessary for some or all of the deferred tax assets recognised to be reduced and charged to the consolidated income statement if there is a significant adverse change in the projected performance and resulting projected taxable profits of these businesses. Judgement is required to determine key assumptions adopted in the taxable profit and loss projections and changes to key assumptions used and estimates made can significantly affect these taxable profit and loss projections.

(v) Estimation of useful life: Fixed assets

Depreciation of operating assets constitutes a substantial operating cost for the Group. The cost of fixed assets is charged as depreciation expense over the estimated useful lives of the respective assets using the straight-line method. The Group periodically reviews changes in technology and industry conditions, asset retirement activity and residual values to determine adjustments to estimated remaining useful lives and depreciation rates. Actual economic lives may differ from estimated useful lives. Periodic reviews could result in a change in depreciable lives and therefore depreciation expense in future periods.

(vi) Estimation of useful life: Telecommunications licences, other licences, brand names, trademarks and other rights

Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation and are reviewed for impairment annually. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have an indefinite useful life are not amortised and are tested for impairment annually and when there is an indication that they may be impaired. Certain brand names related to Retail and Telecommunications are considered to have an indefinite useful life as there is no foreseeable limit to the period over which they are expected to generate net cash inflows.

Judgement is required to estimate the useful lives of the telecommunications licences, other licences, brand names, trademarks and other rights. The actual economic lives of these assets may differ from the current contracted or expected usage periods, which could impact the amount of amortisation expense charged to the income statement. In addition, governments from time to time revise the terms of licences to change, amongst other terms, the contracted or expected licence period, which could also impact the amount of amortisation expense charged to the consolidated income statement.

(vii) Estimation of the amortisation period: Customer acquisition and retention costs

In accordance with IFRS 15, customer acquisition and retention costs, which comprise the net costs to acquire and retain customers, are expensed and recognised in the consolidated income statement in the period in which they are incurred, where (i) the costs are incurred; (ii) the costs are incremental of obtaining a contract and they are expected to be recovered; and (iii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowances are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

Judgement is required to determine the amount of the provision and the amortisation period. The actual amount to be received from the customer and customer period may differ from the expected amount and the contract periods, which could impact the amount of expense charged to the consolidated income statement.

(c) Climate-related matters

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation.

41 Summary of material accounting policies

(a) *Standards adopted during the year ended 31 December 2023*

The Group applied for the first-time certain standards and amendments to IFRS issued by IASB, which are effective for annual periods beginning on or after 1 January 2023.

(i) Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements

The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

(ii) Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the distinction between changes in accounting policies and changes in accounting estimates. Among other things, the amendments now define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty, and clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. Entities are required to apply the amendments prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments. The amendments had no impact on the Group's consolidated financial statements.

(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes

The amendments narrow the scope of the initial recognition exemption in IAS 12 so that entities will need to recognise additional deferred tax assets and deferred tax liabilities on transactions that, on initial recognition, give rise to equal amounts of taxable and deducible temporary differences. Entities should apply the amendments to recognise deferred tax for all temporary differences related to leases and decommissioning obligations at the beginning of the earliest comparative period, with any cumulative effect recognised as an adjustment to retained earnings or other component of equity at that date. The amendments are applied prospectively to other transactions that occur on or after the beginning of the earliest comparative period presented. The amendments had no impact on the Group's consolidated financial statements.

(iv) International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 Income Taxes

The amendments clarify the application of IAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the OECD / G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules ("Pillar Two income taxes").

The amendments provide a mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities arising from implementation of the OECD's Pillar Two model rules. The amendments also introduce targeted disclosure requirements for affected companies and require entities to disclose:

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
- their current tax expense (if any) related to the Pillar Two income taxes; and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, known or reasonably estimable information that would help users of financial statements to understand an entity's exposure to Pillar Two income taxes arising from that legislation. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

41 Summary of material accounting policies (continued)

(a) *Standards adopted during the year ended 31 December 2023 (continued)*

(iv) International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 Income Taxes (Continued)

The amendments are required to be applied immediately (subject to any local endorsement processes) and retrospectively in accordance with IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors". In adopting these amendments the Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities arising from implementation of the OECD's Pillar Two model rules. In addition, the amendments have had an impact on the Group's disclosures of certain information about the Group's exposure to Pillar Two income taxes arising from that legislation. that legislation. Other than these the amendments do not have an impact on the measurement and recognition of any items in the Group's financial statements.

Other than these changes the accounting policies and methods of computation used in the preparation of the Annual Financial Statements are consistent with those used in the 2022 Annual Financial Statements.

(b) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting year and have not been early adopted by the Group. The adoption of these standards and interpretations in future periods is not expected to have a material impact on the financial statements of the Group.

These new/amended accounting standards and interpretations are effective for annual periods beginning after 1 January 2023 and include:

(i) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

Amendments made to IAS 1 Presentation of Financial Statements in 2020 clarified that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarified what IAS 1 means when it refers to the 'settlement' of a liability. The amendments were due to be applied from 1 January 2022. However, the effective date was subsequently deferred to 1 January 2023 and then further to 1 January 2024.

(ii) Non-current Liabilities with Covenants – Amendments to IAS 1

In October 2022, the IASB made further amendments to IAS 1 in response to concerns raised about these changes to the classification of liabilities as current or non-current.

The new amendments clarify that covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability,
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/ non-current classification of a convertible note.

The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

41 Summary of material accounting policies (continued)

(b) *New standards and interpretations not yet adopted (continued)*

(iii) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction.

The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

(iv) Lack of Exchangeability – Amendments to IAS 21

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability. Under the amendments, entities are required to provide additional disclosures to help users evaluate how a currency's lack of exchangeability affects, or is expected to affect, its financial performance, financial position and cash flows.

(v) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures clarify the characteristics of supplier finance arrangements ("SFAs") and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of SFAs on an entity's liabilities, cash flows and exposure to liquidity risk.

(vi) Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associated companies or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associated company or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associated company or joint venture. The amendments apply prospectively.

In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

41 Summary of material accounting policies (continued)

(c) *Summary of material accounting policies*

Set out below is a summary of material accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(i) Subsidiary companies

Subsidiaries are entities over which the Group has control. Where an entity is governed by voting rights, the Group consolidates when it holds, directly or indirectly, the necessary voting rights to pass resolutions by the governing body. In other cases, the assessment of control is more complex and requires judgement of other factors, including having exposure to variability of returns, power to direct relevant activities, and whether power is held as agent or principal. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Impairment testing is performed where there is an indication of impairment, by comparing the recoverable amount of the relevant investment to its carrying amount. Indicators of impairment include both external and internal sources of information. Similarly, assessments are made as to whether an impairment loss recognised in prior periods may no longer exist or may have decreased. Where this is the case, such an impairment loss is reversed if there has been a change in the estimate used to determine the relevant recoverable amount since the last impairment loss was recognised, and to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

(ii) Associated companies and joint arrangements

The Group classifies investments in entities over which it has significant influence, and which are neither subsidiaries nor joint arrangements, as associated companies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

Joint arrangements are investments in which the Group, together with one or more parties, has joint control and over which none of the participating parties has unilateral control. Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. Joint ventures arise where the investors have rights to the net assets of the arrangement.

The Group recognises its share of the assets, liabilities and results in a joint operation. Investments in associated companies and interests in joint ventures are recognised using the equity method. The attributable share of the results and reserves of joint ventures and associated companies is included in the consolidated financial statements based on either financial statements made up to 31 December or pro-rated amounts adjusted for any material transactions or events occurring between the date the financial statements are available and 31 December.

Investments in associated companies and joint ventures are assessed at each reporting date and tested for impairment when there is an indication that the investment may be impaired, by comparing the recoverable amount of the relevant investment to its carrying amount. Goodwill on acquisitions of interests in joint ventures and associated companies is not tested separately for impairment, but is assessed as part of the carrying amount of the investment. Previously recognised impairments are assessed for reversal when there are indicators that they may no longer exist or have decreased. Any reversal, which may arise from changes in estimates used to determine the prior impairment loss, is recognised to the extent that it does not increase the carrying amount above that had no impairment loss been previously recognised.

41 Summary of material accounting policies (continued)

(c) *Summary of material accounting policies (continued)*

(iii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to the ordinary shareholders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associated company, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable IFRS Accounting Standards.

If the ownership interest in a joint venture or an associated company is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(iv) Business combinations

The Group applies the provisions of IFRS 3, Business combinations, to transactions and other events that meet the definition of a business combination within the scope of IFRS 3. Where the acquisition method of accounting is used to account for business combinations, the consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued or liabilities incurred by the Group to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree’s identifiable net assets. This election is made for each business combination. Acquisition-related costs are generally recognised in profit or loss as incurred.

The difference between the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any pre-existing investment in the acquiree over the acquisition-date fair value of assets acquired and the liabilities assumed is recognised as goodwill. If the consideration transferred and the fair value of pre-existing investment in the acquiree is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the Group, the difference is recognised as a gain directly in profit or loss by the Group on the acquisition date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the Group’s previously held equity interest in the acquiree.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group’s previously held interests (including joint operations) in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Business combinations are initially accounted for on a provisional basis. The Group retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period (see above), based on new information obtained about the facts and circumstances that existed as of the acquisition date.

41 Summary of material accounting policies (continued)

(c) *Summary of material accounting policies (continued)*

(v) Goodwill

Goodwill is initially recognised and measured as set out in note 41(c)(iv) Business combinations.

Goodwill is not amortised but is subject to impairment test annually and when there is an indication that the carrying value may not be recoverable. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal (but does not include any attributable goodwill previously eliminated against reserves).

The Group's policy for goodwill arising on the acquisition of an associated company and a joint venture is described in note 41(c)(ii) above.

(vi) Fixed assets

Fixed assets other than freehold lands, are stated at cost less depreciation and any impairment loss. Freehold lands included in land and buildings are not depreciated. Buildings are depreciated on the basis of an expected life of 50 years, or the remainder thereof, or over the remaining period of the lease of the underlying leasehold land, whichever is less. The period of the lease includes the period for which a right to renewal is attached.

Depreciation of other fixed assets is provided on the straight-line basis to write off their costs over their estimated useful lives. The principal annual rates used for these purposes are as follows:

Motor vehicles	20 - 25%
Plant, machinery and equipment	3 ⅓ - 20%
Telecommunications equipment	2.5 - 20%
Leasehold improvements	Over the unexpired period of the lease or 15%, whichever is greater

The gain or loss on disposal or retirement of a fixed asset is the difference between the net sales proceeds and the carrying amount.

(vii) Leases

(I) Group as a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and interest on lease liability. The interest on lease liability is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

41 Summary of material accounting policies (continued)

(c) *Summary of material accounting policies (continued)*

(vii) Leases (continued)

(I) Group as a lessee (continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- lease payments made at or before the commencement date less any lease incentives received;
- initial direct costs and restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office furniture and certain IT-equipment.

Some leases contain variable payment terms that are linked to sales generated from a store. For individual retail stores, lease payments are on the basis of variable payment terms and there is a wide range of sales percentages applied. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options are included in a number of leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(II) Group as a lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

However, when the Group is an intermediate lessor the sublease are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

(viii) Telecommunications licences, other licences, brand names, trademarks and other rights

Separately acquired telecommunications licences, other licences, brand names, trademarks and other rights are carried at historical cost. Telecommunications licences, other licences, brand names, trademarks and other rights that are considered to have indefinite useful lives to the Group are not amortised and are tested for impairment annually and when there is an indication that they may be impaired. Telecommunications licences, other licences, brand names, trademarks and other rights with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of these assets over their estimated useful lives:

Telecommunications licences and other licences	2 to 20 years
Brand names, trademarks and other rights	2 to 20 years

(ix) Customer acquisition and retention costs

Customer acquisition and retention costs ("CACs") comprise the net costs to acquire and retain customers, which are mainly mobile telecommunication customers. CACs are expensed and recognised in the consolidated income statement in the period in which they are incurred, except (i) the costs are incremental of obtaining a contract and they are expected to be recovered; and (ii) the costs relate directly to the contract, generate resources used in satisfying the contract and are expected to be recovered, then they are capitalised and amortised over the customer contract period. Appropriate allowance are recognised if the carrying amounts of the capitalised costs exceed the remaining amount that the Group expects to receive less any directly related costs that have not been recognised as expenses.

41 Summary of material accounting policies (continued)

(c) *Summary of material accounting policies (continued)*

(x) Listed investments and unlisted investments

"Listed investments" are investments in listed equity securities. "Unlisted investments", disclosed under other non-current assets, are investments in unlisted equity securities. These investments are recognised and de-recognised on the date the Group commits to purchase or sell the investments or when they expire.

(I) Measurement

Debt instrument financial assets subsequent to initial recognition are measured as follows:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses and reversals, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to, and recognised in, profit or loss.

Financial assets at fair value through profit or loss ("FVPL"): Assets that do not meet the criteria for amortised cost or FVOCI, or designated as FVPL using fair value option, are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instrument financial assets are measured at fair value at and subsequent to initial recognition. Changes in the fair value of these financial assets are normally recognised in profit or loss. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established. Where an election is made to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

(II) Impairment

Under the expected loss approach, the Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The impairment model under IFRS 9 applies to debt instruments measured at amortised cost and at FVOCI, contract assets under IFRS 15, lease receivables, loan commitments and certain financial guarantee contracts. The Group applies the simplified approach to recognise lifetime expected losses for trade receivables, due from customers and contract assets. As regards lease receivables, loan commitments, financial guarantee contracts, and certain other financial assets (which are presented under Listed investments, unlisted investments, and other current assets within Trade receivables and other current assets) the Group considers that they have low credit risk and hence recognises 12-month expected credit losses for such items.

(xi) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

41 Summary of material accounting policies (continued)

(c) *Summary of material accounting policies (continued)*

(xii) Trade and other receivables, and contract assets

Trade receivables are recognised when the Group's right to consideration is unconditional that only the passage of time is required before the payment is due.

Contract assets primarily relate to the Group's rights to consideration for delivered goods or services but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

Trade receivables and contract assets are initially recognised at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value, and are subsequently measured at amortised cost using the effective interest rate, less allowance for expected credit losses.

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less allowances for expected credit losses.

(xiii) Borrowings and borrowing costs

Borrowings and debt instruments are initially measured at fair value, net of transaction costs, and are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption amount is recognised over the period of the borrowings using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

(xiv) Trade and other payables, and contract liabilities

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Contract liability is recognised in the amount of the prepayment from customers for the Group's performance obligation to transfer, or to stand ready to transfer, goods or services in future. The contract liabilities primarily relate to the advance consideration received from customers, where the Group has the unconditional right to considerations before the goods or services are delivered. They are released and revenues are recognised when the performance obligations are satisfied upon transferring of goods and services to customers.

(xv) Asset impairment

Assets that have an indefinite useful life are tested for impairment annually and when there is an indication that they may be impaired. Assets that are subject to depreciation and amortisation are reviewed for impairment to determine whether there is any indication that the carrying value of these assets may not be recoverable and have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. Such impairment loss is recognised in the consolidated income statement except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that in which case it is treated as a revaluation decrease.

41 Summary of material accounting policies (continued)

(c) *Summary of material accounting policies (continued)*

(xvi) Foreign exchange

Transactions in foreign currencies are converted at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities are translated at the rates of exchange ruling at the end of the reporting period.

The financial statements of foreign operations are translated into Euro using the year end rates of exchange for the consolidated statement of financial position items and the average rates of exchange for the year for the income statement items. Exchange differences are recognised in other comprehensive income and accumulated under the heading of exchange reserve. Exchange differences arising from foreign currency borrowings and other currency instruments designated as hedges of such overseas investments, are recognised in other comprehensive income and accumulated under the heading of exchange reserve.

Exchange differences arising from translation of inter-company loan balances between Group entities are recognised in other comprehensive income and accumulated under the heading of exchange reserve when such loans form part of the Group's net investment in a foreign entity. On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associated company that includes a foreign operation), all of the exchange gains or losses accumulated in exchange reserve in respect of that operation attributable to the owners of the Company are transferred out of the exchange reserve and are recognised in the consolidated income statement.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in the consolidated income statement. For all other partial disposals (i.e. partial disposals of associated companies or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is transferred out of the exchange reserve and are recognised in the consolidated income statement.

All other exchange differences are recognised in the consolidated income statement.

(xvii) Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

Revenue represents amounts earned for services rendered and for the sale of mobile and related devices. The Group recognises revenue for mobile devices when it transfers the control over the device to the customer which is usually the time the customer signs up to a contract. The Group recognises revenue for mobile telecommunication services as the services are rendered. Monthly recurring charges and additional airtime used by contract customers are invoiced and recorded as part of a periodic billing cycle and recognised as revenue over the related access period. Unbilled revenue resulting from services already provided from the billing cycle date to the end of each period is accrued, and unearned monthly access charges relating to periods after each accounting period are deferred. Products and services may be sold separately or in a bundled transaction. Revenue from the sale of prepaid credit is deferred until such time as the customer uses the airtime, or the credit expires.

For bundled transactions under contract comprising the provision of telecommunications services and sale of a device (e.g. handsets), the elements are accounted for separately if they are distinct. A product or service is distinct if they are separately identifiable from other items in the bundled package and if the customer can benefit from it. The revenue is allocated to the respective element in an amount that reflects the consideration to which the Group expects to be entitled in exchange for the services and device, where device revenue is recognised at the inception of the contract upon delivery to the customer and services revenue is recognised throughout the contract period as the services are provided.

Other service income is recognised when the service is rendered. Customer service revenue is mobile telecommunications service revenue, and where a customer is invoiced for a bundled transaction under contract, the invoiced amount less amounts related to accrued device revenue and also less other service income. Total revenue arising from telecommunications services comprises of service revenue, sale of device revenue and other service income.

Dividend income from investments in securities is recognised when the Group's right to receive payment is established.

Interest income is recognised on a time proportion basis using the effective interest method.

41 Summary of material accounting policies (continued)

(d) *Summary of other potentially material accounting policies*

Set out below is a summary of other potentially-material accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes elsewhere in these financial statements. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(i) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the consolidated statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the consolidated income statement.

(ii) Contractual customer relationships

Separately acquired contractual customer relationships are carried at historical cost. These contractual customer relationships are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method from five to fifteen years over the expected useful life of the customer relationship.

(iii) Deferred tax

Deferred tax is recognised, using the liabilities method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax losses and tax credits can be utilised.

(iv) Derivative financial instruments and hedging activities

Derivative financial instruments are utilised by the Group in the management of its foreign currency and interest rate exposures. Derivative financial instruments are recognised at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment;

- Hedges of a net investment in a foreign operation (net investment hedges).

41 Summary of material accounting policies (continued)

(d) *Summary of other potentially material accounting policies (continued)*

(iv) Derivative financial instruments and hedging activities (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 41(i). Movements in the hedging reserve in shareholders' equity are shown in note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss as other expense except when the hedging instrument hedges an equity instrument designated at FVOCI in which case it is recognised in other comprehensive income.
The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item (if applicable) and is also recognised in the statement of profit or loss as other expense.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate ("EIR") method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges

Where a derivative financial instrument is designated as a hedging instrument in a cash flow hedge, the effective portion of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated separately in equity in the hedging reserve. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset such as inventory, the associated gain or loss is reclassified from equity to be included in the initial cost of the non-financial asset. For all other hedged forecast transactions, the amount accumulated in the hedging reserve is reclassified from equity to profit or loss in the same period or periods during which the hedged cash flows affect profit or loss (such as when a forecast sale occurs or interest expense is recognised).

If a hedge no longer meets the criteria for hedge accounting (including when the hedging instrument expires or is sold, terminated or exercised), then hedge accounting is discontinued prospectively. When hedge accounting is discontinued, but the hedged forecast transaction is still expected to occur, the amount that has been accumulated in the hedging reserve remains in equity until the transaction occurs and it is recognised in accordance with the above policy. If the hedged transaction is no longer expected to take place, the amount that has been accumulated in the hedging reserve is reclassified from equity to profit or loss immediately.

Hedge of net investments in foreign operations

The effective portion of any foreign exchange gain or loss on the derivative financial instruments is recognised in other comprehensive income and accumulated in equity in the exchange reserve until the disposal of the foreign operation, at which time the cumulative gain or loss is reclassified from equity to profit or loss. The ineffective portion is recognised immediately in profit or loss.

41 Summary of material accounting policies (continued)

(d) *Summary of other potentially material accounting policies (continued)*

(v) Inventories

Inventories consist mainly of retail goods. The carrying value of retail stock is mainly determined using the weighted average cost method. Inventories are stated at the lower of cost and net realisable value. Cost includes all direct expenditure and other appropriate attributable costs incurred in bringing inventories to their present location and condition.

(vi) Share capital

Share capital issued by the Company are recorded in equity at the proceeds received, net of direct issue costs.

(vii) Provisions

Provisions are recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation as a result of past events and a reliable estimate can be made of the amount of the obligation.

(viii) Pension plans

Pension plans are classified into defined benefit and defined contribution plans. The pension plans are generally funded by the relevant group companies taking into account the recommendations of independent qualified actuaries and by payments from employees for contributory plans.

The Group's contributions to the defined contribution plans are charged to the consolidated income statement in the year incurred.

Pension costs for defined benefit plans are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the consolidated income statement so as to spread the regular cost over the future service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans. The liability or asset recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The present value of the defined benefit obligation is measured by discounting the estimated future cash outflows using interest rates determined by reference to market yields at the end of the reporting period based on government agency or high quality corporate bonds with currency and term similar to the estimated term of benefit obligations.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income in the period in which they occur and reflected immediately in retained profit. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

Pension costs are charged to the consolidated income statement within staff costs.

(ix) Share-based payments

The Company and its subsidiary companies do not have share option scheme as at 31 December 2023 and 31 December 2022. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the respective group company's estimate of their shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at the end of the reporting period.

Principal Subsidiary and Joint Ventures
at 31 December 2023

	Subsidiary and joint ventures	Place of incorporation / principal place of operations	Nominal value of issued ordinary share capital **/ registered capital		Percentage of equity attributable to the Group	Principal activities
	Hi3G Access AB	Sweden	SEK	10,000,000	60	Mobile telecommunications services
	Hi3G Denmark ApS	Denmark	DKK	64,375,000	60	Mobile telecommunications services
	Hutchison 3G UK Limited	United Kingdom	GBP	201	100	Mobile telecommunications services
	Hutchison Drei Austria GmbH	Austria	EUR	34,882,960	100	Mobile telecommunications services
*	Hutchison Telecommunications Hong Kong Holdings Limited	Cayman Islands / Hong Kong	HKD	1,204,774,052	66	Holding company of mobile telecommunications services
	Hutchison Telephone Company Limited	Hong Kong	HKD	2,730,684,340	66	Mobile telecommunications services
	Three Ireland (Hutchison) Limited	Ireland	EUR	2	100	Mobile telecommunications services
	Wind Tre S.p.A.	Italy	EUR	474,303,795	100	Mobile telecommunications services
✡	Zefiro Net S.r.l.	Italy	EUR	20,000	50	Telecommunication network services

The above table lists the principal subsidiary and joint ventures of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiary and joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Unless otherwise stated, the principal place of operation of each company is the same as its place of incorporation.

The interests in the above subsidiary and joint ventures are held indirectly.

* Company listed on The Stock Exchange of Hong Kong Limited.

** For Hong Kong incorporated companies, this represents issued ordinary share capital.

✡ Joint ventures