PPF GROUP N.V.

Condensed consolidated interim financial statements
for the six months ended 30 June 2021

KPMG

Independent auditor's review report

To: the General Meeting and the Supervisory Board of PPF Group N.V.

Our conclusion

We have reviewed the accompanying condensed consolidated interim financial statements for the six months ended 30 June 2021 of PPF Group N.V.(or hereafter: the 'Company') based in Amsterdam, the Netherlands. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The condensed consolidated interim financial statements comprise:

1 the condensed consolidated interim statement of financial position as at 30 June 2021;

2 the following statements for six-month period ended 30 June 2021: the condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows; and

3 the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

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

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

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

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

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

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

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

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

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

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

Our review included among others:

— updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;

— obtaining an understanding of internal control, as it relates to the preparation of the condensed consolidated interim financial statements;

— making inquiries of management and others within the entity;

— applying analytical procedures with respect to information included in the condensed consolidated interim financial statements;

— obtaining assurance evidence that the condensed consolidated interim financial statements agrees with the entity's underlying accounting records;

— evaluating the assurance evidence obtained;

— considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;

- considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements; and
- considering whether the condensed consolidated interim financial statements has/have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Amstelveen, 22 October 2021

KPMG Accountants N.V.

M.L.M. Kesselaer RA

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Glossary

AC	- amortised cost
CF	- cash flow
CGU	- cash generating unit
EAD	- exposure at default
EBITDA	- earnings before interest, taxes, depreciation and amortisation
ECL	- expected credit loss
FLI	- forward-looking information
FVOCI	- fair value through other comprehensive income
FVTPL	- fair value through profit or loss
FX	- foreign exchange
IPRD	- in-progress research and development
JV	- joint venture
NCI	- non-controlling interests
OCI	- other comprehensive income
PPE	- property, plant and equipment
RBNS	- provision for claims reported but not settled
ROU	- right-of-use asset

Condensed consolidated interim statement of financial position

In millions of EUR

	Note	30 June 2021	31 December 2020
ASSETS			
Cash and cash equivalents	E1	6,509	6,388
Investment securities and derivatives	E2	4,464	3,488
Loans and receivables due from banks and other financial institutions	E3	447	475
Loans due from customers	E4	12,401	14,206
Trade and other receivables	E5	1,088	1,059
Contract assets	E5	283	297
Current tax assets		45	24
Inventories	E6	244	243
Assets held for sale	E7	141	23
Equity-accounted investees	E8	1,727	897
Investment property	E9	1,968	1,791
Property, plant and equipment	E10	3,798	3,789
Goodwill	E11.1	2,953	2,955
Intangible assets	E11.2	2,637	2,684
Programming assets	E6	150	156
Deferred tax assets		833	702
Other assets	E12	594	481
TOTAL ASSETS		**40,282**	**39,658**
LIABILITIES			
Financial liabilities at FVTPL	E13	583	776
Due to non-banks	E14	12,083	10,309
Due to banks and other financial institutions	E15	10,097	11,036
Debt securities issued	E16	4,220	4,768
Subordinated liabilities	E17	262	256
Liabilities held for sale	E7	20	-
Current tax liabilities		40	60
Trade and other payables	E18	2,532	2,663
Contract liabilities	E5	379	352
Provisions	E19	364	338
Deferred tax liabilities		578	583
TOTAL LIABILITIES		**31,158**	**31,141**
EQUITY			
Issued capital	E20	1	1
Share premium	E20	677	677
Other reserves	E21	37	(553)
Retained earnings		7,870	7,790
Total equity attributable to owners of the Parent		8,585	7,915
Non-controlling interests	E22	539	602
Total equity		**9,124**	**8,517**
TOTAL LIABILITIES AND EQUITY		**40,282**	**39,658**

Condensed consolidated interim statement of income

For the six months ended 30 June

In millions of EUR

	Note	2021	2020
Interest income		1,476	2,569
Interest expense		(545)	(858)
Net interest income	E23	**931**	**1,711**
Fee and commission income		184	251
Fee and commission expense		(93)	(102)
Net fee and commission income	E24	**91**	**149**
Net earned premiums		34	36
Net insurance benefits and claims		(16)	(15)
Acquisition costs		(7)	(7)
Net insurance income	E27	**11**	**14**
Net rental and related income	E28	80	84
Property operating expenses		(15)	(13)
Net valuation gain/(loss) on investment property		(19)	61
Net income related to construction contracts		6	-
Profit/(loss) on disposal of investment property		(1)	2
Net real estate income		**51**	**134**
Telecommunication income		1,611	1,544
Telecommunication expenses		(520)	(521)
Net telecommunication income	E29	**1,091**	**1,023**
Media income		303	-
Media expenses		(133)	-
Net media income		**170**	**-**
Mechanical engineering income		281	186
Mechanical engineering expenses		(172)	(116)
Net mechanical engineering income	E31	**109**	**70**
Toll operations income		16	15
Toll operations expenses		(5)	(6)
Net toll operations income		**11**	**9**
Net gain/(loss) on financial assets	E25	74	(24)
Net agriculture income	E32	3	6
Other income	E33	104	49
TOTAL OPERATING INCOME		**2,646**	**3,141**
Net impairment losses on financial assets	E26	(792)	(1,820)
Personnel expenses	E34	(683)	(781)
Depreciation and amortisation	E35	(486)	(455)
Other operating expenses	E34	(474)	(558)
Profit/(loss) on disposals/liquidations of equity-accounted investees and subsidiaries	B2	137	(2)
Share of profit/(loss) of equity-accounted investees, net of tax		(115)	-
PROFIT/(LOSS) BEFORE TAX		**233**	**(475)**
Income tax (expense)/benefit	E36	(25)	91
NET PROFIT/(LOSS) FOR THE PERIOD		**208**	**(384)**
Profit/(loss) attributable to:			
Owners of the Parent		188	(325)
Non-controlling interests	E22	20	(59)

Condensed consolidated interim statement of comprehensive income

For the six months ended 30 June

In millions of EUR

	2021	2020
NET PROFIT/(LOSS) FOR THE PERIOD	**208**	**(384)**
Other comprehensive income		
Valuation gains/(losses) on FVOCI equity instruments	(2)	149
Valuation losses on FVOCI debt securities*	(18)	(9)
FVOCI revaluation gains transferred to income statement*	(5)	(5)
Foreign operations - currency translation differences*	267	(496)
Share of OCI of equity-accounted-investees*	435	90
Disposal of subsidiaries and equity-accounted investees*	-	6
Cash flow hedge – effective portion of changes in fair value*	4	(15)
Net change in fair value of CF hedges transferred to income statement*	11	-
Income tax relating to components of other comprehensive income*	1	7
Other comprehensive income/(expense) for the period (net of tax)	**693**	**(273)**
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD	**901**	**(657)**
Total comprehensive income/(expense) attributable to:		
Owners of the Parent	858	(546)
Non-controlling interests	43	(111)

*Items that are or will be reclassified to income statement.

Condensed consolidated interim statement of changes in equity

In millions of EUR, for the for the six months ended 30 June 2021

	Issued capital	Share premium	Revaluation reserve	Legal and statutory reserves	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
Balance as at 1 January 2021	**1**	**677**	**86**	**164**	**(1,144)**	**158**	**183**	**7,790**	**7,915**	**602**	**8,517**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**188**	**188**	**20**	**208**
Currency translation differences	-	-	-	-	244	-	-	-	244	23	267
FVOCI revaluation losses taken to equity	-	-	(18)	-	-	-	-	-	(18)	(2)	(20)
FVOCI revaluation gains transferred to income statement	-	-	(5)	-	-	-	-	-	(5)	-	(5)
FVOCI revaluation (gains)/losses transferred to retained earnings	-	-	(20)	-	-	-	-	20	-	-	-
Effect of hedge accounting	-	-	-	-	-	3	-	-	3	1	4
Net change in fair value of CF hedges transferred to income statement	-	-	-	-	-	10	-	-	10	1	11
Share of OCI of equity-accounted investees	-	-	-	-	9	430	(4)	-	435	-	435
Tax on items taken directly to or transferred from equity	-	-	4	-	-	(3)	-	-	1	-	1
Other comprehensive income/(expense) for the period	**-**	**-**	**(39)**	**-**	**253**	**440**	**(4)**	**20**	**670**	**23**	**693**
Total comprehensive income/(expense) for the period	**-**	**-**	**(39)**	**-**	**253**	**440**	**(4)**	**208**	**858**	**43**	**901**
Net allocation from legal and statutory reserves*	-	-	-	(60)	-	-	-	60	-	-	-
Dividends to NCI	-	-	-	-	-	-	-	-	-	(65)	(65)
Acquisition of NCI	-	-	-	-	-	-	-	(180)	(180)	(33)	(213)
Other changes in NCI	-	-	-	-	-	-	-	-	-	(8)	(8)
Other	-	-	-	-	-	-	-	(8)	(8)	-	(8)
Total transactions with owners of the Parent	**-**	**-**	**-**	**(60)**	**-**	**-**	**-**	**(128)**	**(188)**	**(106)**	**(294)**
Balance as at 30 June 2021	**1**	**677**	**47**	**104**	**(891)**	**598**	**179**	**7,870**	**8,585**	**539**	**9,124**

*Legislation and the statutory articles of every Group company limit the creation and use of statutory reserves. Hence, statutory reserves are not available for distribution to shareholders. The transfer between statutory reserves and retained earnings amounting to EUR 60 million represents a partial release of statutory reserves in Chinese entities resulting from change in local directives.

In millions of EUR, for the for the six months ended 30 June 2020

	Issued capital	Share premium	Revaluation reserve	Legal and statutory reserves	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
Balance as at 1 January 2020	**1**	**677**	**129**	**158**	**(541)**	**190**	**179**	**8,004**	**8,797**	**758**	**9,555**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(325)**	**(325)**	**(59)**	**(384)**
Currency translation differences	-	-	-	-	(445)	-	-	-	(445)	(51)	(496)
FVOCI revaluation gains taken to equity	-	-	139	-	-	-	-	-	139	1	140
FVOCI revaluation gains transferred to income statement	-	-	(5)	-	-	-	-	-	(5)	-	(5)
FVOCI revaluation gains transferred to retained earnings	-	-	(6)	-	-	-	-	6	-	-	-
Effect of hedge accounting	-	-	-	-	-	(13)	-	-	(13)	(2)	(15)
Share of OCI of equity-accounted investees	-	-	-	-	(22)	103	6	3	90	-	90
Disposal and deconsolidation of subsidiaries	-	-	-	-	6	-	-	-	6	-	6
Tax on items taken directly to or transferred from equity	-	-	5	-	-	2	-	-	7	-	7
Other comprehensive income/(expense) for the period			**133**		**(461)**	**92**	**6**	**9**	**(221)**	**(52)**	**(273)**
Total comprehensive income/(expense) for the period	**-**	**-**	**133**	**-**	**(461)**	**92**	**6**	**(316)**	**(546)**	**(111)**	**(657)**
Dividends to a shareholder	-	-	-	-	-	-	-	(30)	(30)	-	(30)
Dividends to NCI	-	-	-	-	-	-	-	-	-	(33)	(33)
Sale of NCI	-	-	-	-	-	-	-	-	-	7	7
Other changes in NCI	-	-	-	-	-	-	-	20	20	(20)	-
Contributions by NCI	-	-	-	-	-	-	-	-	-	6	6
Other	-	-	-	-	-	-	1	(5)	(4)	-	(4)
Total transactions with owners of the Parent	**-**	**-**	**-**	**-**	**-**	**-**	**1**	**(15)**	**(14)**	**(40)**	**(54)**
Balance as at 30 June 2020	**1**	**677**	**262**	**158**	**(1,002)**	**282**	**186**	**7,673**	**8,237**	**607**	**8,844**

Condensed consolidated interim statement of cash flows

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

In millions of EUR

	Notes	2021	2020
Cash flows from operating activities			
Profit/(loss) before tax		233	(475)
Adjustments for:			
Depreciation and amortisation		486	455
Impairment of current and non-current assets	E26	804	1,831
(Profit)/loss on disposal of PPE, intangible assets and investment property		7	-
(Profit)/loss on sale of investment securities		(57)	(46)
(Gains)/losses on disposals of equity-accounted investees and subsidiaries		(137)	2
Interest expense	E23	545	858
Interest income	E23	(1,476)	(2,569)
Net foreign exchange gains		(41)	(640)
Other (income)/expenses not involving movements of cash		122	(44)
Interest received		1,501	2,606
Change in loans and receivables due from banks and other financial institutions		(12)	(326)
Change in loans due from customers		1,506	1,298
Change in trade and other receivables		(7)	77
Change in other assets		(112)	(22)
Change in liabilities due to non-banks		1,450	(90)
Change in financial liabilities at FVTPL		(130)	20
Change in trade and other payables		(145)	(357)
Income tax paid		(187)	(148)
Net cash from operating activities		**4,350**	**2,430**
Cash flows from investing activities			
Purchase of PPE and intangible assets	E10,E11	(364)	(393)
Dividends received		5	7
Purchase of financial assets at FVTPL		(530)	(905)
Purchase of financial assets at AC		(302)	(300)
Purchase of financial assets FVOCI		(796)	(2,197)
Purchase of investment property		(147)	(10)
Acquisition of subsidiaries and equity-acc. investees, net of cash acquired (incl. capital increase)*	B2	(514)	(33)
Proceeds from disposals of PPE and intangible assets		31	3
Proceeds from financial assets at FVTPL		45	234
Proceeds from financial assets at AC		106	9
Proceeds from sale of financial assets FVOCI		605	1,595
Proceeds from sale of assets and liabilities held for sale		-	3
Proceeds from sale of investment property		2	4
Proceeds from disposal of subsidiaries and equity-acc. investees, net of cash disposed (incl. capital decrease)*		151	14
Net cash used in investing activities		**(1,708)**	**(1,969)**

*cash-flows from capital increase/decrease presented relate only to transactions with the equity-accounted investees

	Notes	2021	2020
Cash flows from financing activities			
Proceeds from the issue of debt securities		556	1,379
Proceeds from liabilities due to banks and other financial institutions		5,007	4,739
Repayment of debt securities		(1,137)	(1,007)
Repayment of liabilities due to banks and other financial institutions		(6,221)	(7,842)
Interest paid		(603)	(865)
Cash payments for principal portion of lease liability		(73)	(79)
Dividends paid to NCI		(21)	(31)
Proceeds from sale of subsidiaries to NCI		-	7
Payments for purchase of subsidiaries from NCI		(213)	-
Contributions by NCI		-	6
Cash flow used in financing activities		**(2,705)**	**(3,693)**
Net decrease in cash and cash equivalents		**(63)**	**(3,232)**
Cash and cash equivalents as at 1 January	**E1**	**6,388**	**9,824**
Effect of exchange rate movements on cash and cash equivalents		184	460
Cash and cash equivalents as at 30 June	**E1**	**6,509**	**7,052**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

PPF Group N.V. (the "Parent Company" or the "Parent") is a company domiciled in the Netherlands. It invests in multiple market segments such as financial services, telecommunications and media, real estate, insurance, mechanical engineering and biotechnology. Its activities span from Europe to the Russian Federation (Russia), the US and across Asia.

The condensed consolidated interim financial statements of the Parent Company for the six month period ended 30 June 2021 comprise the Parent Company and its subsidiaries (together referred to as "PPF Group" or the "Group") and the Group's interests in associates, joint ventures and affiliated entities. Refer to section B of these financial statements for a list of significant Group entities and changes to the Group in 2021 and 2020.

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

As of 30 June 2021, the ultimate controlling party with a 98.93% shareholding is Mrs Renáta Kellnerová who was appointed as an administrator of the inheritance of the late Mr Kellner authorised to manage all the assets belonging to the inheritance in ordinary course of business. Both Mr Ladislav Bartoníček and Mr Jean-Pascal Duvieusart keep holding their 0.535% indirect shares.

A.2. Statement of compliance

The condensed consolidated interim financial statements were authorised for issue by the board of directors and the supervisory board on 22 October 2021.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ("last annual financial statements"). Selected explanatory notes are included to explain events and transactions that are significant to understanding of the changes in financial position and performance of the Group since the last annual financial statements. These condensed consolidated interim financial statements do not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS-EU).

A.3. Basis of measurement

The Group decided to present its condensed consolidated interim statement of its financial position showing assets and liabilities in their broad order of liquidity because this presentation provides reliable and more relevant information than a presentation of current and non-current classifications.

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

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

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (refer to A.5). From 1 January 2020, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has the option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

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

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

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

A.4. Use of judgements and estimates

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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

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

- the fair value of tangible and intangible assets identified during the purchase price allocation exercise and initial value of goodwill for each business combination (refer to B.2);
- useful life of tangible and intangible fixed assets;
- in-progress research and development recognised as intangible asset E.11.2);
- the fair value of investment property (refer to E.9);
- the fair value of financial instruments (refer to C.1);
- impairment of investment securities, loans provided, other financial assets and non-financial assets (refer to E.2-E.11);
- the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits;
- revenue recognition timing in terms of the transfer of control over the goods and services to the customer – at a point in time or over time (refer to E.29-E.30);
- commissions as costs to obtain contracts with customers and stand-alone selling prices (refer to E.29-E.31);
- contingent assets/liabilities (refer to E.37);
- lease-term for the lessee accounting whether the Group is reasonably certain to exercise extension options.

A.5. Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if one or more of the elements of control changes. This includes circumstances in which protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over an investee. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control, over financial and operating policies. A joint venture is an arrangement in which the Group has joint control based on a contractual agreement, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and jointly controlled entities on an equity-accounted basis, from the date that significant influence or joint control commences until the date the significant influence or joint control ceases to exist. When the Group's share of losses exceeds the carrying amount of the associate or jointly controlled entity, the carrying amount is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate or jointly controlled entity.

Reorganisations and mergers involving the Group companies under common control are accounted for using consolidated net book values. Consequently, no adjustment is made to carrying amounts in the consolidated accounts and no goodwill or gain on bargain purchase arise on such transactions.

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

A.6. Presentation and functional currency

The condensed consolidated interim financial statements are presented in euros (EUR), which is the Parent’s functional currency and the Group’s reporting currency, rounded to the nearest million.

A.7. Covid-19 and its impact on the Group´s financial statements

On 11 March 2020, the World Health Organisation declared the coronavirus outbreak a pandemic. In the countries in which the Group operates, local governments imposed different restrictions on its citizens and businesses. In limiting the effects of any possible operational risks, the Group has followed and observed the business continuity protocols, as the health of the Group’s employees and clients is its first priority.

A slowdown in economic growth and adverse effects on new business were significant. Increased loss events have had an impact on the quality of retail and corporate loan portfolios especially in early 2020 with improving situation in second half of the year 2020, good trend continued also in the first half of the year 2021.

The Group does not expect to have issues in meeting its obligations when they come due in light of its available funds and plans. During the period the Group managed to raise various funding from external parties. The Group is closely monitoring the situation in countries to beware of any potential breaches of covenants.

The Group is continuously monitoring the situation and based on our current knowledge and available information we do not expect Covid-19 to have an impact on our ability to continue as a going concern in the future.

B. The consolidated group and the main changes for the period

B.1. Group entities

The following list shows only significant holding and operating entities that are subsidiaries, associates or joint ventures of the Parent Company as of 30 June 2021 and 31 December 2020.

Company	Domicile	Effective proportion of ownership interest	
		30 June 2021	31 December 2020
PPF Group N.V.	Netherlands	Parent Company	Parent Company
PPF Financial Holdings subgroup - subsidiaries			
PPF Financial Holdings a.s. *(previously PPF Financial Holdings B.V.)*	Netherlands	100.00%	100.00%
AB 4 B.V.	Netherland	91.12%	91.12%
Air Bank a.s.	Czech Republic	91.12%	91.12%
Bank Home Credit SB JSC	Kazakhstan	91.12%	91.12%
Benxy s.r.o.	Czech Republic	91.12%	91.12%
Favour Ocean Ltd.	Hong Kong	91.12%	91.12%
Guangdong Home Credit Number Two Information Consulting Co., Ltd.	China	91.12%	91.12%
HC Consumer Finance Philippines, Inc.	Philippines	91.12%	91.12%
HCPH Financing 1, Inc.	Philippines	91.12%	91.12%
Home Credit a.s.	Czech Republic	91.12%	91.12%
Home Credit and Finance Bank LLC	Russia	91.12%	91.12%
Home Credit Asia Ltd.	Hong Kong	91.12%	91.12%
Home Credit N.V.	Netherland	91.12%	91.12%
Home Credit Consumer Finance Co. Ltd.	China	91.12%	91.12%
Home Credit Group B.V.	Netherland	91.12%	91.12%
Home Credit India Finance Private Ltd.	India	91.12%	91.12%
Home Credit Indonesia PT	Indonesia	77.45%	77.45%
Home Credit Insurance LLC	Russia	91.12%	91.12%
Home Credit International a.s.	Czech Republic	91.12%	91.12%
Home Credit Slovakia, a.s.	Slovakia	91.12%	91.12%
Home Credit US, LLC	USA	91.12%	45.65%
Home Credit Vietnam Finance Company Ltd.	Vietnam	91.12%	91.12%
Mobi Banka a.d. Beograd	Serbia	100.00%	100.00%
PPF banka, a.s.	Czech Republic	92.96%	92.96%
PPF Co3 B.V.	Netherlands	92.96%	92.96%
Shenzhen Home Credit Number One Consulting Co., Ltd.	China	91.12%	91.12%
Shenzhen Home Credit Xinchi Consulting Co., Ltd.	China	91.12%	91.12%
PPF Financial Holdings subgroup - associates			
ClearBank Ltd.	United Kingdom	41.10%	40.61%
Telecommunications subgroup - subsidiaries			
PPF A3 B.V.	Netherlands	100.00%	100.00%
PPF TMT Holdco 1 B.V.	Netherlands	100.00%	100.00%
PPF Telecom Group B.V.	Netherlands	100.00%	100.00%
CETIN a.s.	Czech Republic	100.00%	100.00%
CETIN Bulgaria EAD	Bulgaria	100.00%	100.00%
CETIN d.o.o. Beograd-Novi Beograd	Serbia	100.00%	100.00%
CETIN Finance B.V.	Netherlands	100.00%	100.00%
CETIN Group B.V.*	Netherlands	100.00%	100.00%
CETIN Hungary Zrt.	Hungary	75.00%	75.00%
O2 Czech Republic a.s.	Czech Republic	90.36%	83.57%
O2 IT Services s.r.o.	Czech Republic	90.36%	83.57%
O2 Slovakia, s.r.o.	Slovakia	90.36%	83.57%
PPF Telco B.V.	Netherlands	100.00%	100.00%
PPF TMT Bidco 1 B.V.	Netherlands	100.00%	100.00%

Telenor Bulgaria EAD	Bulgaria	100.00%	100.00%
Telenor Commmon Operation Zrt.	Hungary	100.00%	100.00%
Telenor d.o.o. Beograd	Serbia	100.00%	100.00%
Telenor d.o.o. Podgorica	Montenegro	100.00%	100.00%
Telenor Magyarország Zrt.	Hungary	75.00%	75.00%
Telenor Real Estate Hungary Zrt.	Hungary	75.00%	75.00%
TMT Hungary B.V.	Netherlands	75.00%	75.00%
TMT Hungary Infra B.V.	Netherlands	75.00%	75.00%
Real estate subgroup - subsidiaries			
PPF Real Estate Holding B.V.	Netherlands	100.00%	100.00%
Anthemona Ltd.	Cyprus	100.00%	100.00%
Art Office Gallery a.s.	Czech Republic	100.00%	100.00%
Boryspil Project Management Ltd.	Ukraine	100.00%	100.00%
Capellalaan (Hoofddorp) B.V.	Netherlands	100.00%	100.00%
De Reling (Dronten) B.V.	Netherlands	100.00%	100.00%
EusebiusBS (Arnhem) B.V.	Netherlands	100.00%	100.00%
Fantom LLC	Russia	100.00%	100.00%
Fosol Enterprises Limited	Cyprus	89.91%	89.91%
Gen Office Gallery a.s.	Czech Republic	100.00%	100.00%
German Properties B.V.	Netherlands	100.00%	100.00%
Gorod Molodovo Pokoleniya LLC	Russia	73.00%	73.00%
Hofplein Offices (Rotterdam) B.V.	Netherlands	100.00%	100.00%
Charlie Com LLC	Russia	100.00%	100.00%
In Vino LLC	Russia	99.90%	99.90%
Intrust NN CJSC	Russia	66.67%	66.67%
Investitsionny Trust CJSC	Russia	78.75%	78.75%
ISK Klokovo LLC	Russia	100.00%	100.00%
Johan H (Amsterdam) B.V.	Netherlands	100.00%	100.00%
Kateřinská Office Building s.r.o.	Czech Republic	100.00%	100.00%
Kartontara LLC	Russia	100.00%	100.00%
Kvartal Togliatti LLC	Russia	100.00%	100.00%
Langen Property B.V.	Netherlands	100.00%	100.00%
Logistics-A LLC	Russia	100.00%	100.00%
Logistika-Ufa LLC	Russia	100.00%	100.00%
LvZH (Rijswijk) B.V.	Netherlands	100.00%	100.00%
Millennium Tower (Rotterdam) B.V.	Netherlands	100.00%	100.00%
Monheim Property B.V.	Netherlands	100.00%	100.00%
Monchyplein (Den Haag) B.V.	Netherlands	100.00%	100.00%
Plaza Development SRL	Romania	100.00%	100.00%
Pompenburg (Rotterdam) B.V.	Netherlands	100.00%	100.00%
PPF Gate, a.s.	Czech Republic	100.00%	100.00%
PPF Real Estate s.r.o.	Czech Republic	100.00%	100.00%
PPF Real Estate Russia LLC	Russia	100.00%	100.00%
One Westferry Circus S.a.r.l.	Luxembourg	100.00%	100.00%
Razvitie LLC	Russia	60.07%	60.07%
RC PROPERTIES S.R.L.	Romania	100.00%	100.00%
Roko LLC	Russia	100.00%	100.00%
Skladi 104 LLC	Russia	60.06%	60.06%
Skolkovo Gate LLC	Russia	100.00%	100.00%
Stockmann StP Centre LLC	Russia	100.00%	100.00%
Sun Belt Office I, LLC	USA	100.00%	-
Sun Belt Office I Interholdco, LLC	USA	100.00%	-
Tanaina Holdings Ltd.	Cyprus	100.00%	100.00%
Telistan Ltd.	Cyprus	99.90%	99.90%
TK Lipetskiy LLC	Russia	100.00%	100.00%
Velthemia Ltd.	Cyprus	60.07%	60.07%
Wagnerford LLC	Russia	89.91%	89.91%
Wilhelminaplein B.V.	Netherlands	100.00%	100.00%
Spektr LLC	Russia	-	100.00%
Real estate subgroup – associates/joint ventures			
Flowermills Holding B.V.	Netherlands	49.94%	49.94%
Gilbey Holdings Ltd.	Cyprus	60.00%	60.00%
Komodor LLC	Ukraine	59.40%	59.40%
Marisana Enterprises Ltd.	Cyprus	49.94%	49.94%
Seal House JV a.s.	Czech Republic	50.00%	50.00%
MiddleCap Seal House Ltd.	United Kingdom	50.00%	50.00%
Westminster JV a.s.	Czech Republic	50.00%	50.00%

Carolia Westminster Hotel Ltd.	United Kingdom	45.00%	45.00%
Engineering subgroup - subsidiaries			
PPF IndustryCo B.V.**	Netherlands	87.80%	87.80%
Bammer trade a.s.	Czech Republic	87.80%	87.80%
ŠKODA ELECTRIC a.s.	Czech Republic	87.80%	87.80%
Škoda Investment a.s.	Czech Republic	87.80%	87.80%
ŠKODA PARS a.s. (*renamed from Pars nova a.s.*)	Czech Republic	87.80%	87.80%
Škoda Transportation a.s.	Czech Republic	87.80%	87.80%
Škoda Transtech Oy	Finland	87.80%	87.80%
ŠKODA VAGONKA a.s.	Czech Republic	87.80%	87.80%
Engineering subgroup - joint ventures			
SIBELEKTROPRIVOD LLC	Russia	43.90%	43.90%
TEMSA ULASIM ARACLARI SANAYI VE TICARET A.S.	Turkey	43.90%	43.90%
Media subgroup - subsidiaries			
TV Bidco B.V.	Netherlands	100.00%	100.00%
BTV Media Group EAD	Bulgaria	94.00%	94.00%
CME Services s.r.o.	Czech Republic	100.00%	100.00%
MARKIZA-SLOVAKIA, spol. s r.o.	Slovakia	100.00%	100.00%
PRO PLUS d.o.o.	Romania	100.00%	100.00%
Pro TV S.R.L.	Slovenia	100.00%	100.00%
TV Nova s.r.o.	Czech Republic	100.00%	100.00%
Other significant subsidiaries			
Bavella B.V.	Netherlands	100.00%	100.00%
Bestsport, a.s.	Czech Republic	100.00%	100.00%
BONAK a.s.	Czech Republic	100.00%	100.00%
CzechToll s.r.o.	Czech Republic	100.00%	100.00%
Fodina B.V.	Netherlands	100.00%	100.00%
GEMCOL Ltd.	Cyprus	100.00%	100.00%
Letňany eGate s.r.o.	Czech Republic	100.00%	100.00%
Letňany Park Gate s.r.o.	Czech Republic	100.00%	100.00%
Letňany Air Land s.r.o.	Czech Republic	100.00%	100.00%
Letňany Air Logistics s.r.o.	Czech Republic	100.00%	100.00%
PPF a.s.	Czech Republic	100.00%	100.00%
PPF Capital Partners Fund B.V.	Netherlands	96.00%	96.00%
PPF CYPRUS MANAGEMENT Ltd.	Cyprus	100.00%	100.00%
PPF Finco B.V.	Netherlands	100.00%	100.00%
PPF Life Insurance LLC	Russia	100.00%	100.00%
Prague Entertainment Group B.V.	Netherlands	100.00%	100.00%
RAV Agro LLC	Russia	100.00%	100.00%
RAV Molokoproduct LLC	Russia	100.00%	100.00%
Sotio a.s.	Czech Republic	96.00%	92.16%
SOTIO Biotech AG *(renamed from Cytune Pharma AG)*	France	96.00%	96.00%
SOTIO Biotech a.s.	Czech Republic	96.00%	-
Sotio Medical Research (Beijing) Co., Ltd.	China	96.00%	96.00%
Sotio N.V.	Netherlands	96.00%	96.00%
Tanemo a.s.	Czech Republic	100.00%	-
Timeworth Holdings Ltd.	Cyprus	100.00%	100.00%
The Culture Trip Ltd.	United Kingdom	85.54%	85.54%
Vox Ventures B.V.	Netherlands	100.00%	100.00%
Other significant associates/joint ventures			
Heureka Group a.s.	Czech Republic	40.00%	40.00%
LEAG Holding a.s.	Czech Republic	50.00%	50.00%
Lausitz Energie Verwaltungs GmbH	Germany	50.00%	50.00%
Mall Group a.s.	Czech Republic	40.00%	40.00%
CZC.cz s.r.o.	Czech Republic	40.00%	40.00%
Internet Mall Slovakia, s.r.o.	Slovakia	40.00%	40.00%
Internet Mall, a.s.	Czech Republic	40.00%	40.00%
MONETA Money Bank, a.s.	Czech Republic	29.94%	-
NBE – Therapeutics AG	Switzerland	-	26.04%

*changed its legal form to CETIN Group N.V. during September 2021
**renamed to Skoda B.V. during July 2021

The principal place of business corresponds to the domicile of respective entity with the following exceptions:

Place of business	Entity
Russia	Anthemona Ltd., Flowermills Holding B.V., Marisana Enterprises Ltd.
United Kingdom	Tanaina Holdings Ltd., One Westferry Circus S.a.r.l.
Germany	Monheim Property B.V.

B.2. Changes through business combinations in 2021/2020

B.2.1. Sale of NBE-Therapeutics

In January 2021, the Group finalised the sale of its 26% stake in NBE-Therapeutics AG, a Swiss biotech company developing therapies for the treatment of solid tumours. The profit from the sale amounted to EUR 137 million and is recognised under profit/(loss) on disposals/liquidations of equity-accounted investees and subsidiaries.

B.2.2. Moneta

On 21 January 2021, MONETA Money Bank a.s. (a Czech listed company, “Moneta”), announced that from PPF Group’s subsidiary Tanemo a.s. it had received a public proposal for a voluntary tender offer for Moneta shareholders and an invitation for negotiations concerning the full acquisition of Air Bank and other Group companies (Home Credit a.s., Benxy s.r.o., and Home Credit Slovakia, a.s., collectively the “Air Bank Group”) by Moneta.

A voluntary tender offer (“VTO”) for the purchase of shares in Moneta pursuant to the Business Corporations Act (Act No. 90/2012 Coll., Section 322) was addressed to all existing shareholders of Moneta for a share purchase price of CZK 80 with a maximum volume of purchased shares of 20% of the total nominal value with the Group’s right to increase it up to 29%. The acquisition of the shares above the 10% threshold was approved by the Czech National Bank on 16 April 2021. As of 30 June 2021, Tanemo holds 153 million shares representing a 29.9% stake in Moneta.

On 6 May 2021, the Group and Moneta signed a framework agreement regarding the acquisition of the Air Bank Group by Moneta. The transaction defined by the framework agreement had the following core parameters.

Moneta would acquire 100% of the shares in Air Bank Group for a fixed cash payment and cash proceeds contributed by the Group through the subscription for newly issued Moneta shares. As a result of the transaction, the Group should hold a controlling stake in Moneta.

The transaction was subject to the shareholder approval at an extraordinary general meeting held on 22 June 2021. Moneta shareholders expressed their consent to the acquisition of assets in the Air Bank Group but did not approve the issuance of new shares to the Group. As a result of the general meeting, through its subsidiary Tanemo, the Group remains Moneta’s largest shareholder with a stake that allows it to exercise significant influence over the general meeting’s decisions.

As at 30 June 2021, in the Group’s consolidated accounts, the investment in Moneta is accounted for using the equity method. The consolidated income statement includes the share of Moneta's financial performance after the Group gained significant influence over Moneta on 16 April 2021.

In accordance with IFRS 3 the Group initiated a purchase price allocation (PPA) exercise to identify the fair value of assets and liabilities. As at the date of these financial statements the Group had not yet finalised the exercise. The Group shall utilise the twelve-month period given by IFRS 3 to finalise the PPA, and its ultimate results will be presented in the year-end consolidated financial statements. When presenting the investment in Moneta in these interim financial statements the Group used the carrying amount of assets and liabilities as the most reasonable estimate. For financial assets and liabilities, the Group uses fair values disclosed in the interim financial statements of Moneta as at the end of March. The excess of the purchase price over the fair values of identified assets and liabilities will result in the recognition of goodwill that is part of the value of the investment in the associate.

The following table summarises the recognised amounts of assets and liabilities assumed at the acquisition taking into consideration the facts stated above:

In millions of EUR, as at 16 April 2021

Carrying/fair value of assets (excluding goodwill)	**12,141**
Cash and balances with central bank	305
Investment securities	1,660
Loans and receivables to banks and other financial institutions	982
Loans and receivables to customers	8,887
Other	307
Carrying/fair value of liabilities	**11,084**
Due to banks and other financial institutions	331
Due to customers	10,261
Other	492
Carrying/fair value of identifiable net assets	**1,057**

Goodwill arising from the acquisition has been calculated as follows:

In millions of EUR

Total consideration	443
Effective ownership	28.39%
Group share of the carrying value of identifiable net assets	300
Goodwill	143

The goodwill is attributable to the established position of acquired businesses in the market and the assembled workforce.

B.2.3. Acquisition of London office building

In June 2020, the Group, through its newly established joint venture with an external partner, acquired a 100% stake in MiddleCap Seal House Ltd. The entity owns a London office building Seal House that is currently vacant. The project is planned for complete rebuilding or reconstruction. The Group consolidates the project using the equity method.

The following table summarises the financial aspects of the above transactions:

	MiddleCap Seal House Ltd.
Transaction date	June 2020
Type of investment property	office building
Location	London
Effective stake acquired	50%
In millions of EUR	
Net assets at acquisition (100%)	1
of which:	
Total assets	44
Total liabilities	43
Consideration (paid in cash)	1
Group's share on net assets at acquisition (50%)	0.5
Group's share on post-acquisition capital increase	8

B.2.4. Acquisition of a 50% stake in Temsa

In May 2020, PPF Group together with a Turkish partner signed an agreement for the acquisition of a 100% stake in Temsa Ulaşım Araçları, a Turkish bus manufacturer. The transaction closed on 22 October 2020. Total consideration for the full stake amounted to EUR 17 million.

In the group's consolidated accounts, it is accounted for using the equity method. The consolidated income statement includes a share in Temsa's financial performance since the acquisition.

In accordance with IFRS 3, Temsa performed a purchase price allocation exercise based on which the acquired assets and assumed liabilities of the acquired business were restated to their respective fair values. The excess of the fair values of identified assets and liabilities over the purchase price resulted in the recognition of gain on a bargain purchase.

The following table summarise the recognised amounts of assets and liabilities assumed in the acquisition, taking into consideration the facts stated above:

In millions of EUR, as at 31 October 2020

Fair value of assets	229
Fair value of liabilities	185
Fair value of identifiable net assets	**44**

Gain on a bargain purchase arising from the acquisition has been recognised as a result of excess of fair value of identifiable net assets over the purchase price as follows:

In millions of EUR

Effective ownership	50%
Fair value of identifiable net assets	44
Net asset value attributable to the Group's share	22
Purchase price	8
Gain on a bargain purchase	14

The gain on a bargain purchase was attributable to the following facts: Temsa got into financial problems in 2019 after change of ownership to a Swiss fund. Temsa was not able to repay its liabilities, production was interrupted, and the process of seeking for a new strategic and business-oriented partner started. The transaction documents were signed in April 2020 and finalised in October 2020 together with a financial restructuring based on a long-term business plan agreed with the banks.

B.2.5. Acquisition of Central European Media Enterprises

Through its indirect subsidiary, on 27 October 2019, the Group through its indirect subsidiary signed an agreement with Central European Media Enterprises Ltd. ("CME"), a company listed on NASDAQ/Prague Stock Exchange, to acquire CME. This transaction was subject to the customary closing conditions, including approval by CME's shareholders, the European Commission, and national regulators in certain countries where CME is active. On 6 October 2020, the European Commission approved the transaction which was the last outstanding and most significant regulatory condition precedent. The transaction was legally finalised on 13 October 2020. As the Group acquired a 100% stake, CME was delisted from NASDAQ/Prague Stock Exchange.

The Group obtained control over CME's media and entertainment operations in the Bulgaria, Czech Republic, Romania, Slovak Republic and Slovenia. The Group plans to aim these operations to complement its telecommunication business in Central and Eastern Europe and will use the natural synergies between both sectors to strengthen and further develop their positions on the market. In accordance with IFRS 3, the Group prepared a purchase price allocation exercise (PPA) to identify the fair value of the acquired assets and assumed liabilities. Assets and liabilities denominated in foreign currencies were translated using the exchange rate valid as at the acquisition date. The acquired business was divided into five cash-generating units based on the geographic location of individual operations and unallocated corporate costs. Consequently, the acquired assets and assumed liabilities of the individual units were restated to their respective fair values. The difference between the allocated purchase price and the fair values of identified assets and liabilities resulted in the recognition of goodwill.

The following table shows the key non-financial parameters of the transaction:

Transaction date		13 October 2020
Significant entities and stakes acquired		
BTV Media Group EAD	Bulgaria	94%
TV Nova s.r.o.	Czech Republic	100%
Pro TV S.R.L.	Romania	100%
MARKÍZA-SLOVAKIA, spol. s r.o.	Slovak Republic	100%
PRO PLUS d.o.o.	Slovenia	100%

The total consideration amounts to EUR 1,825 million. It comprises payments of EUR 1,296 million for the acquisition of shares and EUR 529 million as a shareholder loan to repay part of the current CME Group debt.

The acquisition is financed with a mix of equity and debt. The debt component consists of a EUR 1,100 million senior secured term loan and a EUR 50 million revolving acquisition facility. The facilities have been fully underwritten by BNP Paribas, Crédit Agricole CIB, Credit Suisse, HSBC, Société Générale and UniCredit.

Key assumptions and valuation approach

As the acquired businesses are television broadcasting companies, the key asset categories acquired in the acquisition were programming rights, trademarks associated with the brands and fixed assets. Major fixed asset categories reported on the balance sheet are land and buildings, other machinery and equipment, including production related assets, and software.

Since each asset category has different characteristics, different asset valuation methods were used. The income approach was applied to measure the fair value of brands and some real estate assets. The market approach was applied for vehicles and some other real estate assets where appropriate. The cost approach was applied primarily to equipment, furniture and software. A combination of the income approach, the market approach and the cost approach were applied to measure the fair value of acquired and own-produced programming rights based on the specific characteristics of the relevant programming rights in each territory.

The following table summarises the recognised amounts of assets and liabilities assumed in the acquisition, taking into consideration the facts stated above:

In millions of EUR

Fair value of assets (excluding goodwill)	**688**
Cash and cash equivalents	68
Trade and other receivables	141
Property, plant and equipment	111
Intangible assets	206
Programming assets	155
Other assets	7
Fair value of liabilities	**725**
Due to banks and other financial institutions	529
Trade and other payables	89
Programming liabilities	39
Deferred tax liability	23
Other liabilities	45
Fair value of identifiable net assets	**(37)**
Non-controlling interest	(5)

Trade receivables comprise gross contractual amounts due of EUR 149 million, whereas on the acquisition date, the collection of EUR 8 million was expected to be doubtful.

Goodwill arising from the acquisition has been recognised as follows:

In millions of EUR

Total consideration	1,296
Non-controlling interests	(5)
Fair value of identifiable net assets	(37)
Goodwill	1,328

Goodwill is attributable to the established position of the CME businesses in the relevant markets, potential synergies with other Group operations (notably in telecommunications) and the assembled workforce. None of the goodwill recognised is expected to be deducted for tax purposes.

In the period from the acquisition date to 31 December 2020, the consolidated CME entities contributed revenue of EUR 179 million and profit of EUR 33 million to the Group's results.

If the acquisition had occurred on 1 January 2020 consolidated revenue would have increased to approximately EUR 591 million and profit to approximately EUR 90 million.

B.2.6. Changes in real estate projects

In July 2020, the Group sold Mitino Sport City LLC for a consideration of EUR 24 million. The total loss from the sale of the entity amounted to EUR 4 million.

B.2.7. Future acquisition of hotel operator in Rotterdam

In December 2020, the Group signed an agreement with Tower Hotel Rotterdam (a hotel operator), the anchor tenant in the Millenium Tower building owned by the Group, for the future acquisition of the hotel operations. The closing of this transaction is scheduled for December 2021 and the purchase price is linked to EBITDA achieved by the operator in 2021. In the meantime, the Group has provided the seller with operational bridge financing and a consolidation loan to settle existing minority shareholders, both totalling EUR 5 million.

B.3. Other changes

B.3.1. Increased stake in O2 CR

In June 2021, the Group's stake in the O2 CR's share capital was increased using reverse accelerated bookbuilding for a maximum price of CZK 264 per share. At the date of these financial statements the Group holds a 90.52% stake. As the more than 90% holder in the share capital of O2 CR, the Group announced its intention to initiate a squeeze-out procedure of the remaining holders in O2 CR through a mandatory tender offer for the shares in the telecommunications operator held by these remaining minority shareholders.

B.3.2. Telecommunication business restructuring

As at 1 July 2020, the Group completed the separation of the retail and infrastructure sections at three of its Telenor-branded mobile operators in Bulgaria, Hungary, and Serbia. The newly established companies are CETIN Hungary (with its direct holding entity TMT Hungary Infra), CETIN Bulgaria, and CETIN Serbia. In December 2020 and January 2021, the Group finalised the legal restructuring by including all newly established CETIN businesses under CETIN Group N.V. (formerly as CETIN Group B.V.), the historical direct owner of CETIN CR. The ownership percentage structure has not changed, and the new companies are fully consolidated in the Group's financial statements.

B.3.3. Acquisition of Planeo Elektro

In June 2021, the Group together with other partners signed an agreement for the acquisition of Planeo Elektro, a Czech-based consumer electronic wholesale and retail group operating in the Czech Republic, Slovakia, Hungary and Poland. The Group shall acquire a 40% stake classified as an associate. The closing of the transaction is subject to antimonopoly approval that is expected to be obtained in the last quarter of 2021.

C. Risk exposures, risk management objectives and procedures

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2020.

During the interim period there were no significant changes in the nature or extent of risks arising from financial instruments except for those described in A.7 section. There were no significant transactions influencing liquidity position of the Group.

C.1. Fair value of financial assets and liabilities

The Group has performed a fair-value assessment of its financial instruments to determine whether it is practicable within the constraints of timeliness and cost to determine their fair values with sufficient reliability.

The following table shows the carrying amounts and fair values of financial instruments measured at AC, including their levels in the fair value hierarchy:

In millions of EUR, as at 30 June 2021

	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at AC (E.2.2)*	1,280	1,247	1,220	3	24
Loans and receivables due from banks and other financial institutions	447	447	6	439	2
Loans due from customers**	12,391	12,418	-	9	12,409
Trade and other receivables***	1,206	1,206	-	-	1,206
Contract assets	283	283	-	-	283
Due to non-banks	(12,083)	(12,099)	-	(12,090)	(9)
Due to banks and other financial institutions	(10,097)	(10,193)	-	(7,639)	(2,554)
Debt securities issued	(4,220)	(4,355)	(440)	(3,548)	(367)
Subordinated liabilities	(262)	(273)	-	-	(273)
Trade and other payables****	(1,923)	(1,923)	-	-	(1,923)

*excl. FV hedge adjustment of negative EUR 37 million
**excl. total FV hedge adjustment of positive EUR 10 million
***incl. cash collateral for payment cards and other financial assets
****excl. tax and other non-financial liabilities

In millions of EUR, as at 31 December 2020

	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at AC (E.2.2)*	1,055	1,055	1,046	-	9
Loans and receivables due from banks and other financial institutions	475	475	6	467	2
Loans due from customers**	14,192	14,257	-	9	14,248
Trade and other receivables***	1,137	1,137	-	-	1,137
Contract assets	297	297	-	-	297
Due to non-banks	(10,309)	(10,314)	-	(10,302)	(12)
Due to banks and other financial institutions	(11,036)	(11,132)	-	(8,628)	(2,504)
Debt securities issued	(4,768)	(4,890)	(1,026)	(3,470)	(394)
Subordinated liabilities	(256)	(248)	-	-	(248)
Trade and other payables****	(2,096)	(2,096)	-	-	(2,096)

*excl. FV hedge adjustment of negative EUR 10 million
**excl. total FV hedge adjustment of positive EUR 14 million
***incl. cash collateral for payment cards and other financial assets
****excl. tax and other non-financial liabilities

The Group's fair-value estimates for its other financial assets and liabilities are not materially different from their carrying values.

The following table presents an analysis of financial instruments recorded at fair value, broken down by how the fair value calculation is accomplished: i.e., based on quoted market prices (Level 1), calculated using valuation techniques where all the model inputs are observable in the market (Level 2), or calculated using valuation techniques where significant model inputs are not observable in the market (Level 3):

In millions of EUR, as at 30 June 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	576	712	17	1,305
Financial assets FVOCI	1,562	333	21	1,916
Financial liabilities at FVTPL	(244)	(273)	(66)	(583)
Total	**1,894**	**772**	**(28)**	**2,638**

In millions of EUR, as at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	445	269	33	747
Financial assets FVOCI	1,515	139	42	1,696
Financial liabilities at FVTPL	(356)	(333)	(87)	(776)
Total	**1,604**	**75**	**(12)**	**1,667**

The following table shows the reconciliation of movements in Level 3:

In millions of EUR, for the six months ended 30 June 2021

	Financial assets FVTPL	Financial assets FVOCI	Financial liabilities FVTPL	Total
Balance as at 1 January	33	42	(87)	(12)
Net gains/(losses) recorded in profit or loss (included in net gain/(loss) on financial assets)	(14)	-	8	(6)
Purchases and other additions of financial assets	31	-	-	31
Sales/settlements	(34)	(21)	15	(40)
Effect of movements in exchange rates	1	-	(2)	(1)
Balance at 30 June 2021	**17**	**21**	**(66)**	**(28)**

In millions of EUR, for the year ended 31 December 2020

	Financial assets FVTPL	Financial assets FVOCI	Financial liabilities FVTPL	Total
Balance as at 1 January	50	39	(113)	(24)
Net gains/(losses) recorded in profit or loss (included in net gain/(loss) on financial assets)	(26)	-	(6)	(32)
Net gains/(losses) recorded in other comprehensive income	-	1	-	1
Purchases of financial assets	-	18	-	18
Additions from business combinations	10	-	-	10
Sales/settlements	-	-	32	32
Transfers out of/into Level 3	-	(16)	-	(16)
Effect of movements in exchange rates	(1)	-	-	(1)
Balance as at 31 December 2020	**33**	**42**	**(87)**	**(12)**

The Group uses the following techniques to determine fair value under Level 2 and Level 3:

The Level 2 assets include mainly financial derivatives, corporate bonds and treasury bills. For derivative exposures the fair value is estimated using the present value of the cash flows resulting from the transactions taking into account market inputs like FX spot and forwards rates, benchmark interest rates, swap rates, etc. The fair value of corporate bonds, treasury bills is calculated as the present value of cash flows using the benchmark interest rates.

The financial assets at FVTPL presented in Level 3 include notably debt securities. The fair value of debt securities is sensitive to market interest rates.

The financial assets at FVOCI presented in Level 3 represent equity securities of EUR 21 million not traded on the market. Their fair value is sensitive to economic developments of the businesses in question.

C.2. Capital management

The Group restructured its consumer finance and other banking business represented by Home Credit, Air Bank and PPF banka under PPF Financial Holdings B.V., a new holding entity (the “Subgroup”), in 2015. The Subgroup became a financial holding company and as such became subject to consolidated prudential requirements under Regulation (EU) 575/2013 of the European Parliament and of the Council (the “CRR”) and Directive 2013/36/EU of the European Parliament and of the Council (the “CRD”) as transposed in the Czech Republic. The Czech National Bank acts as the consolidating supervisor of the Subgroup. PPF banka was appointed as the responsible reporting entity for the Subgroup.

Pursuant to the amendments to the CRD (amended by Directive (EU) 2019/878 of the European Parliament and of the Council) and the CRR (amended by Regulation (EU) 2019/876 of the European Parliament and of the Council) as of 20 May 2019, PPF Financial Holdings B.V. was expected to apply for a new special license with the competent authorities in the Czech Republic and, simultaneously, in the Netherlands. To simplify the licensing process, the shareholders of the company decided to conduct a cross-border conversion from the Netherlands to Czech Republic.

After the Conversion, PPF Financial Holdings a.s. was subject to the same capital requirements on consolidated basis as PPF Financial Holdings B.V. before the Conversion. The Subgroup was required to fulfil the following minimum capital requirements:

- a Tier 1 capital adequacy ratio of at least 6%; and
- a total capital adequacy ratio of at least 8%.

Additionally, the Subgroup was required to maintain a capital conservation buffer amounting to 2.5% of its risk-weighted assets and an institution-specific countercyclical capital buffer amounting to 0.13% of its risk-weighted assets as of 30 June 2021.

The Subgroup monitors and maintains other regulatory requirements, such as large exposures, liquidity, and leverage ratios.

Based on a decision by the Czech National Bank, the Subgroup was identified as an Other Systemically Important Institution (O-SII). This classification has been confirmed every year. No additional capital requirement was imposed due to this classification.

However, the Czech Republic did not transpose the CRD to the Czech legislation in time as required by the EU law. No approval process for the financial holding companies was established. Therefore, the capital requirements imposed by the CRR ceased to be effective for the Subgroup. For the same reason, the designation of PPF Financial Holdings a.s. as an O-SII was revoked by the Czech National Bank on 28 June 2021. The situation regarding the transposition of the EU law was rectified by the Czech Republic by the end of September 2021 and PPF Financial Holdings a.s. will apply for the approval as foreseen by the CRD and the CRR without delay. Meanwhile, the Subgroup maintains all capital requirements and reports them to the Czech National Bank as if effective for the Subgroup.

Some of the Subgroup's subsidiaries operating in the banking, consumer finance and insurance sectors maintain capital adequacy in compliance with local regulations, requiring the respective entities to maintain a ratio of total capital to total risk-weighted assets at or above a certain minimum level. The ratios are calculated based on the entities' financial statements prepared in accordance with local accounting standards. The Subgroup's policy in this respect is to support the subsidiaries with capital as necessary to maintain the subsidiaries' full compliance with the relevant requirements.

The Subgroup complied with all externally imposed capital requirements, large exposure requirements, liquidity requirements, and leverage requirements throughout the reporting period.

D. Segment reporting

The Group recognises reportable segments that are defined in both geographical and sector terms. These segments offer different products and services and are managed separately because they operate in completely distinct business sectors. The Group's board of directors and shareholders (the chief operating decision maker) review the internal management reports of individual segments on a regular basis.

The following summary describes the operations and geographic focus of each reportable segment.

Reportable segment	Business name/brand	Operations	Geographic focus
Financial services	PPF banka and its subsidiaries	Loans, deposits and other transactions and balances with corporate customers, trading activities	Czech Republic
	Home Credit	Lending to private individual customers, deposit-taking	Czech Republic, Slovakia, Russia, Asia, USA
	Air Bank* and its subsidiaries	Deposits, loans and other transactions and balances with retail customers	Czech Republic and Slovakia
	Mobi Banka	Deposits, loans and other transactions and balances with retail customers	Serbia
	ClearBank *(associate)*	Clearing and settlement services	United Kingdom
Telecommunications	O2	Telecommunications operator providing a range of voice and data services (CZ), mobile operator (SK)	Czech Republic, Slovakia
	CETIN	Administration and operation of data and communication network	Czech Republic, Hungary, Bulgaria, Serbia
	Telenor	Mobile operators providing a range of voice and data services	Hungary, Bulgaria, Serbia and Montenegro
Media	TV Bidco and its subsidiaries	Television broadcasting	Czech Republic, Bulgaria, Romania, Slovakia and Slovenia
Real estate	PPF Real Estate Holding	Developing, investing and professional consulting in the property sector	Central and Western Europe, Russia, Romania, USA
Mechanical engineering	Škoda Temsa *(JV)*	Production, development, assembling and repairs of vehicles for public transport Production of buses	Czech Republic, Eastern Europe, Russia, Finland Turkey
Insurance	PPF Insurance	Provision of life insurance products	Russia
Other	SOTIO	Development of new medical therapies, focusing on the treatment of cancer	Czech Republic, USA, China, France, Switzerland
	RAV Holding	Grain and livestock production, storage and trade	Russia
	O2 Arena/ O2 Universum	Operation of multipurpose hall hosting mainly sports and cultural events	Czech Republic
	CzechToll	Toll operating and collection system	Czech Republic

*part of Home Credit Group

Reportable segment	Business name/brand	Operations	Geographic focus
Other (cont.)	LEAG *(JV)*	Extraction, processing, refining and sale of lignite, generation of electricity and heat	Germany
	Mall/Heureka *(associate)*	e-commerce and comparison-shopping platforms	Central and Eastern Europe
	The Culture Trip	Online publishing and book selling	worldwide
	MONETA Money Bank *(associate)*	Provider of banking and financing services to individual customers and clients in the SME segment	Czech Republic

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

Total segment revenue contains the following categories, which may be reconciled to the income statement as follows:

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

	2021	2020
Interest income	1,476	2,569
Fee and commission income	184	251
Net earned premiums	34	36
Net rental and related income	80	84
Telecommunication income	1,611	1,544
Mechanical engineering income	281	186
Media income	303	-
Toll operation income	16	15
Net agriculture income	3	6
Total revenue from external customers	**3,988**	**4,691**

The following table shows the main items from the financial statements broken down according to reportable segments for the six months ended 30 June 2021 and comparative figures for 2020:

In millions of EUR

30 June 2021	Financial services	Telecommu -nications	Media	Real estate	Insurance	Mechanical engineering	Other	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	1,648	1,609	302	87	30	281	25	6	-	3,988
Inter-segment revenue	9	4	2	1	-	-	1	28	(45)	-
Total revenue	**1,657**	**1,613**	**304**	**88**	**30**	**281**	**26**	**34**	**(45)**	**3,988**
Segment share of loss of associates/JVs	(6)	-	-	(5)	-	(1)	(103)	-	-	(115)
Net profit/(loss) for the period	**(146)**	**232**	**71**	**18**	**3**	**9**	**65**	**(46)**	**2**	**208**
Other significant non-cash expenses*	(729)	(47)	1	(1)	-	-	1	(55)	-	(830)
30 June 2021										
Segment assets	24,113	7,911	2,080	2,441	204	1,052	3,388	1,993	(2,900)	40,282
of which: equity-accounted investees	*35*	*1*	-	*71*	-	*48*	*1,572*	-	-	*1,727*
Segment liabilities	21,383	6,951	1,190	1,608	156	752	990	1,021	(2,893)	31,158
Segment equity	**2,730**	**960**	**890**	**833**	**48**	**300**	**2,398**	**972**	**(7)**	**9,124**

*Positive values of non-cash expenses represent reversal of impairment for trade receivables and fixed assets

In millions of EUR

30 June 2020	Financial services	Telecommu -nications	Media**	Real estate	Insurance	Mechanical engineering	Other	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	2,802	1,543	-	85	32	188	35	6	-	4,691
Inter-segment revenue	8	2	-	1	1	-	1	17	(30)	-
Total revenue	**2,810**	**1,545**	**-**	**86**	**33**	**188**	**36**	**23**	**(30)**	**4,691**
Segment share of profit/(loss) of associates/JVs	(12)	-	-	20	-	1	(9)	-	-	-
Net profit/(loss) for the period	**(586)**	**210**	**-**	**57**	**4**	**(34)**	**5**	**(17)**	**(23)**	**(384)**
Other significant non-cash expenses	(1,813)	(42)	-	(1)	-	(2)	1	3	-	(1,854)
31 December 2020										
Segment assets	24,765	7,969	2,078	2,197	191	986	2,172	2,369	(3,069)	39,658
of which: equity-accounted investees	*32*	*1*	-	*69*	-	*36*	*759*	-	-	*897*
Segment liabilities	21,907	7,114	1,252	1,428	143	708	814	754	(2,978)	31,141
Segment equity	**2,858**	**855**	**826**	**769**	**48**	**278**	**1,358**	**1,615**	**(91)**	**8,517**

*Positive values of non-cash expenses represent reversal of impairment for trade receivables and fixed assets
**Media segment represents the CME group acquired in October 2020 (refer to B.2.5)

D.1. Financial services segment

The financial services segment is primarily represented by Home Credit Group (consumer lending) and PPF Banka (corporate banking). The Home Credit Group reports on one global consumer lending segment where all information about similar products, services, and customers is presented. This approach suits the global business strategy of having a similar approach to customers, a unique and unified product portfolio, as well as centralised processes that drive operational excellence. The Home Credit Group also presents additional information for revenue and net interest income based on the division of countries into four geographic clusters: China, the Commonwealth of Independent States, South East Asia, Central and Eastern Europe. The Home Credit Group operates in the following principal geographical areas: China, the Russian Federation, Kazakhstan, Vietnam, India, Indonesia, the Philippines, the Czech Republic, Slovakia, and the USA. The Russian and Kazakh Home Credit businesses and Air Bank operate under banking licences allowing for the collection of deposits. Retail banking comprises Mobi Banka, a Serbian bank not related to the Home Credit business.

The following table shows the main items from the financial statements broken down according to reportable segments for the six months ended 30 June 2021 and comparative figures for 2020:

In millions of EUR

30 June 2021	Consumer lending						Corporate banking	Retail banking	Unallocated	Eliminations	**Consolidated**
		China	*CIS**	*SEA*	*CEE*	*Other*					
Revenue from customers	1,595	725	343	405	122	-	49	9	4	-	1,657
Inter-segment revenue	-	-	-	-	-	-	20	-	12	(32)	-
Total revenue	**1,595**	**725**	**343**	**405**	**122**	**-**	**69**	**9**	**16**	**(32)**	**1,657**
Net interest income from external customers	1,016	461	203	277	91	(16)	30	5	-	-	1,051
Inter-segment net interest income	(34)	-	-	(14)	(4)	(16)	20	(1)	12	3	-
Total net interest income	**982**	**461**	**203**	**263**	**87**	**(32)**	**50**	**4**	**12**	**3**	**1,051**
Net profit/(loss) for the period	**(182)**						**36**	**(2)**	**-**	**2**	**(146)**
Other significant non-cash expenses	(729)						2	-	(2)	-	(729)
30 June 2021											
Segment assets	16,936						7,505	202	548	(1,078)	24,113
Segment liabilities	15,076						6,858	169	359	(1,079)	21,383
Segment equity	**1,860**						**647**	**33**	**189**	**1**	**2,730**

*CIS – Commonwealth of Independent States, SEA – South East Asia, CEE – Central and Eastern Europe

In millions of EUR

30 June 2020	Consumer lending						Corporate banking	Retail banking	Unallocated	Eliminations	**Consolidated**
		China	*CIS**	*SEA*	*CEE*	*Other*					
Revenue from customers	2,708	1,605	426	547	122	8	90	7	5	-	2,810
Inter-segment revenue	2	-	-	-	2	-	29	-	9	(40)	-
Total revenue	**2,710**	**1,605**	**426**	**547**	**124**	**8**	**119**	**7**	**14**	**(40)**	**2,810**
Net interest income from external customers	1,731	1,030	249	372	94	(14)	47	3	(1)	-	1,780
Inter-segment net interest income	(34)	-	(1)	(24)	2	(11)	28	-	9	(3)	-
Total net interest income	**1,697**	**1,030**	**248**	**348**	**96**	**(25)**	**75**	**3**	**8**	**(3)**	**1,780**
Net profit/(loss) for the period	**(619)**						**38**	**(2)**	**(3)**	**-**	**(586)**
Other significant non-cash expenses	(1,796)						(14)	-	(3)	-	(1,813)
31 December 2020											
Segment assets	18,528						6,476	206	517	(962)	24,765
Segment liabilities	16,583						5,869	170	245	(960)	21,907
Segment equity	**1,945**						**607**	**36**	**272**	**(2)**	**2,858**

*CIS – Commonwealth of Independent States, SEA – South East Asia, CEE – Central and Eastern Europe

D.2. Telecommunication segment

The telecommunication segment is represented by O2 CR, CETIN and Telenor. After 1 July 2020, the separation of the Telenor entities in three countries into the retail and infrastructure businesses in the CEE countries was followed by the internal restructuring of Group's telecommunication segment from a managerial perspective. CETIN CR, CETIN Bulgaria, CETIN Hungary, and CETIN Serbia came under CETIN Group, which remained under the control of PPF Telecom Group B.V. In line with IFRS 8, the Group does not provide any comparative data for the newly established segments, as this would not provide any reliable information. However, the figures for the six months ended 30 June 2020 presented for Telenor segments are comparable with the sum of 30 June 2021 CETIN and Telenor segment figures (incl. eliminations) per the respective country.

O2 CR is further divided into two geographical segments corresponding to the geographical location of customers. The Telenor Serbia and Montenegro segment comprises two individual businesses units with a common management and business strategy.

In millions of EUR

30 June 2021	O2 Czech Republic	O2 Slovak Republic	Telenor Hungary	Telenor Bulgaria	Telenor Serbia & MNE	CETIN CR	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Revenue from external customers	625	148	259	203	221	150	2	1	4	-	-	1,613
Inter-segment revenue	4	2	3	2	4	193	61	53	45	-	(367)	-
Total revenue	**629**	**150**	**262**	**205**	**225**	**343**	**63**	**54**	**49**	**-**	**(367)**	**1,613**
Operating profit excl. depr., amort. and impairments	**195**	**67**	**67**	**64**	**71**	**170**	**49**	**39**	**39**	**(2)**	**(2)**	**757**
Net profit/(loss) for the period	**67**	**21**	**20**	**33**	**29**	**48**	**27**	**19**	**19**	**(55)**	**4**	**232**
Capital expenditure	(23)	(16)	(8)	(33)	(10)	(67)	(14)	(14)	(7)	-	-	(192)
Depreciation and amortisation	(85)	(32)	(35)	(21)	(29)	(101)	(15)	(17)	(16)	-	5	(346)
Other significant non-cash expenses	(23)	(5)	(5)	(6)	(7)	(1)	-	-	-	-	-	(47)
30 June 2021												
Segment assets	2,042	551	759	503	696	2,429	408	302	364	717	(860)	7,911
Segment liabilities	1,156	291	248	155	131	1,598	134	81	77	3,699	(619)	6,951
Segment equity	**886**	**260**	**511**	**348**	**565**	**831**	**274**	**221**	**287**	**(2,982)**	**(241)**	**960**

In millions of EUR

30 June 2021	O2 Czech Republic	O2 Slovak Republic	Telenor (incl. CETIN) Hungary	Telenor (incl. CETIN) Bulgaria	Telenor (incl. CETIN) Serbia & MNE	CETIN CR	Unallocated segment	Eliminations	**Consolidated**
Revenue from external customers	625	148	261	204	225	150	-	-	1,613
Inter-segment revenue	4	2	1	2	4	193	-	(206)	-
Total revenue	**629**	**150**	**262**	**206**	**229**	**343**	**-**	**(206)**	**1,613**
Operating profit excl. depr., amort. and impairments	**195**	**67**	**116**	**103**	**109**	**170**	**(2)**	**(1)**	**757**
Net profit/(loss) for the period	**67**	**21**	**47**	**52**	**48**	**48**	**(55)**	**4**	**232**
Capital expenditure	(23)	(16)	(22)	(47)	(17)	(67)	-	-	(192)
Depreciation and amortization	(85)	(32)	(50)	(38)	(44)	(101)	-	4	(346)
Other significant non-cash expenses	(23)	(5)	(5)	(6)	(7)	(1)	-	-	(47)
30 June 2021									
Segment assets	2,042	551	1,154	794	1,051	2,429	717	(827)	7,911
Segment liabilities	1,156	291	369	225	199	1,598	3,699	(586)	6,951
Segment equity	**886**	**260**	**785**	**569**	**852**	**831**	**(2,982)**	**(241)**	**960**

In millions of EUR

30 June 2020	O2 Czech Republic	O2 Slovak Republic	Telenor Hungary	Telenor Bulgaria	Telenor Serbia & MNE	CETIN CR	Unallocated segment	Eliminations	**Consolidated**
Revenue from external customers	593	136	249	188	207	171	1	-	1,545
Inter-segment revenue	11	2	1	2	5	195	13	(229)	-
Total revenue	**604**	**138**	**250**	**190**	**212**	**366**	**14**	**(229)**	**1,545**
Operating profit excl. depr., amort. and impairments	**181**	**61**	**110**	**96**	**97**	**160**	**(4)**	**(5)**	**696**
Net profit/(loss) for the period	**59**	**20**	**40**	**46**	**38**	**44**	**(38)**	**1**	**210**
Capital expenditure	(21)	(18)	(122)	(13)	(17)	(63)	-	2	(252)
Depreciation and amortisation	(90)	(30)	(50)	(38)	(43)	(87)	(1)	5	(334)
Other significant non-cash expenses	(15)	(5)	(5)	(7)	(7)	(3)	-	-	(42)
31 December 2020									
Segment assets	1,882	567	1,164	810	1,063	2,381	540	(438)	7,969
Segment liabilities	907	276	327	187	192	1,524	3,905	(204)	7,114
Segment equity	**975**	**291**	**837**	**623**	**871**	**857**	**(3,365)**	**(234)**	**855**

E. Notes to the condensed consolidated financial statements

E.1. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Cash on hand	132	138
Current accounts	859	1,056
Balances with central banks	269	253
Reverse repo operations with central banks	5,113	4,818
Placements with financial institutions due within one month	136	123
Total cash and cash equivalents	**6,509**	**6,388**

As at 30 June 2021, current accounts comprise EUR 182 million (2020: EUR 271 million) which is to a certain extent restricted to its use. The restricted cash is mostly reported by Chinese Home Credit and Benxy. The use of the cash is restricted by the borrowing agreements with the creditors in China and by Benxy to i) disbursement of loans to retail clients or ii) repayment of the loans received from the creditors, respectively.

There are no other restrictions on the availability of cash and cash equivalents.

E.2. Investment securities and derivatives

Investment securities and derivatives comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Financial assets at FVTPL	1,305	747
Financial assets at AC*	1,243	1,045
Financial assets at FVOCI	1,916	1,696
Total investment securities and derivatives	**4,464**	**3,488**

*incl. FV hedge adjustment of negative EUR 37 million (2020: negative EUR 10 million)

E.2.1. Financial assets at FVTPL

Financial assets at FVTPL comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Financial assets held for trading	525	446
Government and other public-sector bonds	520	443
Corporate bonds	5	3
Financial assets not held for trading	129	33
Shares	113	-
Corporate bonds	9	23
Loans and receivables	7	10
Positive fair value of trading derivatives	198	245
Positive fair value of hedging derivatives	42	23
Repo operations*	411	-
Total financial assets at FVTPL	**1,305**	**747**

*during the first half of 2021, the Group enlarged its trading portfolio for repo operations

E.2.2. Financial assets at AC

Financial assets at AC comprise the following:

In millions of EUR, as at 30 June 2021

	Gross amount	Amortised cost
Government bonds	1,261	1,261
Corporate bonds	20	19
Other	4	-
Total financial assets at AC*	**1,285**	**1,280**

*excl. FV hedge adjustment of negative EUR 37 million

In millions of EUR, as at 31 December 2020

	Gross amount	Amortised cost
Government bonds	1,038	1,038
Corporate bonds	18	17
Other	4	-
Total financial assets at AC*	**1,060**	**1,055**

*excl. FV hedge adjustment of negative EUR 10 million

E.2.3. Financial assets at FVOCI

Financial assets at FVOCI comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Debt securities	1,441	1,139
Government bonds	1,031	764
Corporate bonds	410	375
Equity securities	475	557
Shares	475	557
Total financial assets at FVOCI	**1,916**	**1,696**

As of 30 June 2021, the Group holds 15.8 million shares in Polymetal Plc. (31 December 2020: 15.8 million). The fair value amounted to EUR 299 million and a revaluation loss of

EUR 8 million was recognised in equity in 2021 (31 December 2020: a fair value of EUR 297 million; six months ended 30 June 2020: EUR 112 million revaluation gain was recognised in equity). The shares are listed on the London Stock Exchange and classify as Level 1 from fair value determination perspective.

As of June 2021, the Group holds 15 million shares in the British biotechnology company Autolus Therapeutics PLC, representing a 20.09% stake (31 December 2020: 15 million shares, a 27.92% stake). Autolus is a global leader in the field of oncological T-cell therapy. The fair value amounted to EUR 82 million and a revaluation loss of EUR 24 million was recognised in equity in 2021 (31 December 2020: a fair value of EUR 106 million; six months ended 30 June 2020: EUR 39 million revaluation gain was recognised in equity). The shares were acquired by the Group through the US stock exchange NASDAQ. The shares are classified as Level 1 from the fair value determination perspective.

E.3. Loans and receivables due from banks and other financial institutions

Loans and receivables due from banks and other financial institutions comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Gross amount	447	475
Allowance for impairment	-	-
Total carrying amount	**447**	**475**
Term deposits at banks	69	49
Minimum reserve deposits with central banks	260	223
Loans to banks	32	39
Loans and advances provided under repos	38	104
Cash collateral for derivative instruments	48	60

The minimum reserve deposits are mandatory non-interest-bearing deposits with restricted withdrawals, maintained in accordance with regulations issued by central banks in countries in which the Group's banking entities operate.

E.4. Loans due from customers

Loans due from customers comprise the following items:

In millions of EUR

	30 June 2021	31 December 2020
Loans due from customers - retail		
Gross amount	11,992	14,480
Allowance for impairment	(1,264)	(1,829)
Loans due from customers – retail (carrying amounts)*	**10,728**	**12,651**
Loans due from customers – non-retail		
Gross amount	1,767	1,630
Allowance for impairment	(115)	(101)
Loans due from customers – non-retail (carrying amounts)**	**1,652**	**1,529**
Total loans due from customers (carrying amounts)	**12,380**	**14,180**

*excl. total FV hedge adjustment of positive EUR 10 million (where EUR 3 million for cash loans, EUR 1 million for revolving loans and EUR 6 million for mortgage loans; 31 December 2020: FV hedge adjustment of positive EUR 14 million (where EUR 4 million for cash loans, EUR 2 million for revolving loans, EUR 7 million for mortgage loans and EUR 1 million for car loans)
**excl. loans and advances provided under repo operations and other

In millions of EUR

	30 June 2021	31 December 2020
Cash loans	7,573	8,931
Consumer loans	1,761	2,386
Revolving loans	858	901
Mortgage loans	383	290
Car loans	163	157
Loans due from customers – retail (carrying amounts)*	**10,738**	**12,665**
Loans to corporations	1,539	1,437
Loans to equity-accounted investees	113	92
Other	11	12
Loans due from customers – non-retail (carrying amounts)	**1,663**	**1,541**
Total loans due from customers (carrying amounts)	**12,401**	**14,206**

*incl. total FV hedge adjustment of positive EUR 10 million (where EUR 3 million for cash loans, EUR 1 million for revolving loans and EUR 6 million for mortgage loans; 31 December 2020: FV hedge adjustment of positive EUR 14 million (where EUR 4 million for cash loans, EUR 2 million for revolving loans, EUR 7 million for mortgage loans and EUR 1 million for car loans)

E.5. Trade and other receivables, contract balances

Trade and other receivables and contract assets comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Gross amount	1,220	1,185
Trade receivables	1,172	1,144
Accrued income	48	41
Individual impairment	(132)	(126)
Total carrying amount	**1,088**	**1,059**
Gross amount	284	298
Individual impairment	(1)	(1)
Total contract assets	**283**	**297**

<u>Contract assets and contract liabilities</u>

The following table provides information about the carrying amounts of receivables, contract assets and contract liabilities from contracts with customers:

In millions of EUR

	30 June 2021	31 December 2020
Contract assets	**283**	**297**
out of which:		
Contract assets (mechanical engineering)	192	227
Contract assets (telecommunication)	63	62
Contract assets (real estate)	28	8
Contract liabilities	**(379)**	**(352)**
out of which:		
Contract liabilities (mechanical engineering)	(281)	(251)
Contract liabilities (telecommunication)	(98)	(101)

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on mechanical engineering contracts. The contract assets are transferred to receivables when the rights become unconditional. For the telecommunication segment, contract assets relate to rights to consideration in exchange for goods or services that the Group has already transferred to customers but not yet invoiced. These in particular include contracts with customers where the supply of telecommunication services is supplemented by the sale of subsidised telecommunication equipment. A contract asset arises from the reallocation of revenues under a customer contract from telecommunication services provided and recognised during the life of the contract to the revenues from the sale of such subsidised equipment, which is recognised at the time of sale.

Contract liabilities primarily relate to the advances received from customers for engineering contracts, for which revenue is recognised when the Group is able to reliably measure the progress in the completion of the contracts. The Group applies the input method. A contract liability in the telecommunication segment is the Group's obligation to deliver goods or to provide services for which the Group has received consideration from the customer. Contract liabilities include mostly telecommunication services prepaid by customers on prepaid cards. These revenues are recognised when the voice or data traffic takes place, or when other services are provided, or when the card associated with the prepaid credit expires. Contract liabilities also arise when activation fees are invoiced upon the conclusion of a new contract that is not a stand-alone performance obligation, and are thus accrued over the term of the contract with the customer.

E.6. Inventories and programming assets

Inventories comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Mechanical engineering inventories	145	134
Goods/merchandise for resale	77	77
Trading property	19	28
Agricultural inventories	3	4
Total inventories	**244**	**243**

The carrying amounts of inventories comprise impairment allowance of EUR 25 million (2020: EUR 24 million) and represent notably an allowance for mechanical engineering categories and slow-moving and damaged items.

Programming assets comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Acquired programming rights	60	68
Produced programming rights	66	60
Released	38	36
Completed but not transmitted	4	3
In the course of production	24	21
Prepayments on acquired programming rights, other programming assets	24	28
Total programming assets	**150**	**156**

Programming assets relate solely to Group's media business, represented by the CME group acquired in 2020 (refer to B.2.5). The balance contains acquired licenses from third parties, own production and related prepayments.

E.7. Non-current assets and liabilities held for sale

The Group is currently under the negotiations with external counterparty to sell its 100% stake in Telenor d.o.o. Podgorica (Montenegro). The expected timing of the transaction finalisation is during the second half of 2021.

Telenor d.o.o. Podgorica's assets and liabilities held for sale comprise the following:

In millions of EUR

	30 June 2021
Goodwill	42
Property, plant and equipment	36
Intangible assets	26
Other assets	16
Cash and cash equivalents	5
Assets held for sale	**125**
Other liabilities	18
Provisions	2
Liabilities held for sale	**20**

The remaining part of the assets held for sale balance is represented notably by two real estate projects.

E.8. Equity-accounted investees

The following table shows the breakdown of individual equity-accounted investees (comprising associates and joint-ventures):

In millions of EUR

	30 June 2021	31 December 2020
LEAG*	1,021	696
Moneta	489	-
Metropolis (Russia)	50	47
Mall Group	30	38
Heureka Group	22	19
ClearBank	34	28
Temsa*	30	20
Other	51	49
Total equity-accounted investees	**1,727**	**897**

*a joint-venture

The following table shows the breakdown of the share of earnings of equity-accounted investees:

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

	2021	2020
LEAG*	(105)	14
Moneta	10	-
Metropolis (Russia)	(3)	22
Mall Group	(11)	(11)
Heureka Group	3	1
The Culture Trip**	-	(12)
ClearBank	(9)	(16)
Temsa*	(3)	-
Other	3	2
Total share of profit/(loss) in equity-accounted investees	**(115)**	**-**

*a joint-venture
**In September 2020, The Culture Trip became a fully consolidated entity.

The difference between the total investment and the Group's share in equity comprises goodwill.

LEAG

Since October 2016, the Group holds a 50% stake in LEAG, a German group of entities dealing with the extraction, processing, refining and sale of lignite, and the generation of electricity and heat. LEAG operates mines, power plants and a refining plant. The following table shows LEAG's performance:

In millions of EUR

	30 June 2021	31 December 2020
Percentage ownership interest	**50.00%**	**50.00%**
Non-current assets	2,769	2,894
Current assets	5,605	3,300
Non-current liabilities	(3,762)	(3,345)
Current liabilities	(2,570)	(1,457)
Net assets (100%)	2,042	1,392
Carrying amount of investment in JV (50.00%)	**1,021**	**696**

	30 June 2021	30 June 2020
Total net profit/(loss) for the period (100%)	(210)	27
Group's share on profit/(loss) (50.00%)	**(105)**	**14**
Total other comprehensive income for the period (100%)	858	208
Group's share on other comprehensive income (50%)	**429**	**104**

Other comprehensive income comprise a cash flow hedge effect related to the forward contracts for CO_2 emission rights. For more details refer to E.21.1.

Moneta

During 2021, the Group was gradually acquiring shares in MONETA Money Bank. On 16 April 2021 the Group acquired a significant stake and started to classify its investment as an associate (refer to B.2.2. for further details of the acquisition). The following table presents the performance of Moneta:

In millions of EUR

	30 June 2021
Percentage ownership interest	**29.94%**
Total assets	12,416
Total liabilities	11,299
Net assets (100%)	1,117
Group's share of net assets (29.94%)	334
Goodwill included in carrying amount of the investment	155
Carrying amount of investment in associate (29.94%)	**489**
	30 June 2021
Total net profit for the period (100%)*	32
Group's share on profit (29.94%)	**10**
Total other comprehensive income/(expense) for the period (100%)	-
Group's share on other comprehensive income/(expense) (29.94%)	**-**

*from the acquisition date

Metropolis (Russia)

In July 2015, the Group acquired a 49.99% stake in entities holding two up-and-running Moscow office buildings. In 2021, due to the positive development of rouble exchange rate, the project made a revaluation loss compensated by a translation gain (100%) of EUR 16 million (first half of 2020: negative development of rouble exchange rate revaluation gain compensated by a translation loss of EUR 43 million), recorded directly in equity.

In millions of EUR

	30 June 2021	31 December 2020
Percentage ownership interest	**49.99%**	**49.99%**
Non-current assets	349	350
Current assets	16	15
Non-current liabilities	(249)	(255)
Current liabilities	(16)	(16)
Net assets (100%)	100	94
Carrying amount of investment in associate (49.99%)	**50**	**47**
	30 June 2021	30 June 2020
Total net profit/(loss) for the period (100%)	(7)	43
Group's share on profit/(loss) (49.99%)	**(3)**	**22**
Total other comprehensive income/(expense) for the period (100%)	16	(43)
Group's share on other comprehensive income/(expense) (49.99%)	**8**	**(21)**

Mall Group

In October 2017, the Group acquired a 40% stake in Mall Group a.s. The investment comprised Mall Group and Heureka, representing an e-commerce platform in Central and Eastern Europe and a comparison shopping platform in the Czech Republic and Slovakia. Heureka demerged from Mall Group and formed Heureka Group a.s., subsequently.

The following table presents the performance of Mall Group:

In millions of EUR

	30 June 2021	31 December 2020
Percentage ownership interest	**40.00%**	**40.00%**
Non-current assets	152	160
Current assets	151	185
Non-current liabilities	(39)	(36)
Current liabilities	(190)	(215)
Net assets (100%)	74	94
Carrying amount of investment in associate (40%)	**30**	**38**
	30 June 2021	30 June 2020
Total net profit/(loss) for the period (100%)	(28)	(27)
Group's share on profit/(loss) (40%)*	**(11)**	**(11)**

The following table presents the performance of Heureka Group:

In millions of EUR

	30 June 2021	31 December 2020
Percentage ownership interest	**40.00%**	**40.00%**
Non-current assets	25	24
Current assets	26	40
Non-current liabilities	(194)	(196)
Current liabilities	(20)	(31)
Net assets (100%)	(163)	(163)
Group's share of net assets (40%)	(65)	(65)
Goodwill included in carrying amount	87	84
Carrying amount of investment in associate (40%)	**22**	**19**
	30 June 2021	30 June 2020
Total net profit(loss) for the period (100%)	7	(2)
Group's share on profit/(loss) for the period (40%)*	**3**	**1**

*profit for the period ending 30 June 2020 includes profit on dilution of EUR 2 million

ClearBank

ClearBank is a newly established UK bank that has been providing clearing and settlement services since 2017. As of 30 June 2021, the Group holds a 41.10% stake (2020: 40.61%) with a net asset value of EUR 75 million (31 December 2020: EUR 65 million).

Temsa

In October 2020, the Group acquired a 50% stake in Temsa Ulasim Araclari Sanayi ve Ticaret A.S. Temsa is a Turkish bus manufacturer with its subsidiaries in Germany, France and USA responsible for sales and marketing activities (refer to B.2.4.).

The following table presents the performance of TEMSA:

In millions of EUR

	30 June 2021	31 December 2020
Percentage ownership interest	**50.00%**	**50.00%**
Non-current assets	108	118
Current assets	133	108
Non-current liabilities	(104)	(112)
Current liabilities	(77)	(74)
Net assets (100%)	60	40
Carrying amount of investment in associate (50%)	**30**	**20**
	30 June 2021	30 June 2020*
Total net loss for the period (100%)	(5)	-
Group's share on the loss for the period (50%)	**(3)**	**-**

*the 50% share acquired in October 2020

E.9. Investment property

Investment property comprises projects located in Russia, the Czech Republic, the Netherlands, Germany, Romania, the UK and the USA, consist mainly of completed and rented office premises, buildings, warehouses and shopping malls.

The following table shows the breakdown of investment property by category and country:

In millions of EUR, as at 30 June 2021

	Russia	Czech Republic	Netherlands	UK	USA	Romania	Germany	Total
Land plot	58	7	-	-	-	-	-	65
Office	398	92	357	118	121	94	24	1,204
Warehouse	290	-	-	-	-	-	-	290
Retail	255	-	27	-	-	-	-	282
Residential	-	17	-	29	-	-	-	46
Other	81	-	-	-	-	-	-	81
Total investment property	**1,082**	**116**	**384**	**147**	**121**	**94**	**24**	**1,968**

In millions of EUR, as at 31 December 2020

	Russia	Czech Republic	Netherlands	UK	Romania	Germany	Total
Land plot	60	7	-	-	-	-	67
Office	382	93	366	119	95	24	1,079
Warehouse	270	-	-	-	-	-	270
Retail	247	-	27	-	-	-	274
Residential	-	14	-	27	-	-	41
Other	60	-	-	-	-	-	60
Total investment property	**1,019**	**114**	**393**	**146**	**95**	**24**	**1,791**

The following table shows the roll-forward of investment property:

In millions of EUR

	30 June 2021	31 December 2020
Balance as at 1 January	1,791	2,002
Disposals resulting from business combination	-	(27)
Additions - direct acquisition through asset deal	118	-
Additions - capitalised costs	28	43
Disposals	(3)	(2)
Transfers	(14)	(4)
Unrealised gains from investment property	9	109
Unrealised losses from investment property	(28)	(18)
Effect of movements in exchange rates	67	(312)
Total balance	**1,968**	**1,791**

Additions through asset deal comprises of the acquisition of a US real estate project, a four-building, up-and-running office park located near Atlanta, Georgia. The transaction closed in March 2021 and amounted to EUR 118 million.

The most significant transaction in the real estate segment in 2020 was a sale of a land plot owned by Mitino Sport City LLC (refer to B.2.6).

E.10. Property, plant and equipment

Property, plant and equipment comprise the following:

In millions of EUR

30 June 2021	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	ROU	**Total**
Cost	1,031	1,844	1,329	717	183	901	6,005
Accumulated depreciation and impairment	(243)	(563)	(673)	(424)	(5)	(299)	(2,207)
Total PPE	**788**	**1,281**	**656**	**293**	**178**	**602**	**3,798**

In millions of EUR

31 December 2020	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	ROU	**Total**
Cost	983	1,761	1,272	695	173	854	5,738
Accumulated depreciation and impairment	(222)	(510)	(591)	(389)	(4)	(233)	(1,949)
Total PPE	**761**	**1,251**	**681**	**306**	**169**	**621**	**3,789**

E.11. Intangible assets and goodwill

E.11.1. Goodwill

The following table shows the roll-forward of goodwill:

In millions of EUR

	30 June 2021	31 December 2020
Balance as at 1 January	2,955	1,659
Additions from business combination	-	1,342
Transfer to non-current assets held for sale	(42)	-
Impairment losses recognised	-	(14)
Effect of movements in exchange rates	40	(32)
Total balance	**2,953**	**2,955**

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	30 June 2021	31 December 2020
O2 CR – Czech operations	399	388
O2 CR – Slovak operations	40	40
CETIN Czech Republic	111	108
CETIN Hungary	193	186
CETIN Bulgaria	104	104
CETIN Serbia	188	188
Telenor Hungary	198	192
Telenor Bulgaria	118	118
Telenor Serbia	182	183
Telenor Montenegro	-	42
CME – Bulgaria	58	58
CME – Czech Republic	650	631
CME – Romania	366	371
CME – Slovak Republic	201	201
CME – Slovenia	90	90
Other	55	55

Changes in value of goodwill are affected by changes in FX rates.

Goodwill is tested annually for impairment. A reasonably possible change in the key assumptions on which the management has based its determination of the recoverable amounts would not result in carrying amounts higher than their recoverable amounts.

E.11.2. Intangible assets

Intangible assets comprise the following:

In millions of EUR

30 June 2021	Software	Licences	Customer relationships	IPRD	Trade-marks	Other intangible assets	Work in progress	**Total**
Cost	1,449	942	1,297	358	538	188	130	4,902
Accumulated amortisation and impairment	(910)	(375)	(588)	(131)	(194)	(62)	(5)	(2,265)
Total intangible assets	**539**	**567**	**709**	**227**	**344**	**126**	**125**	**2,637**

In millions of EUR

31 December 2020	Software	Licences	Customer relationships	IPRD	Trade-marks	Other intangible assets	Work in progress	**Total**
Cost	1,336	892	1,290	332	522	195	148	4,715
Accumulated amortisation and impairment	(794)	(336)	(526)	(126)	(173)	(71)	(5)	(2,031)
Total intangible assets	**542**	**556**	**764**	**206**	**349**	**124**	**143**	**2,684**

E.12. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Prepaid expenses and advances	213	177
Financial settlements and other similar accounts	94	79
Cash collateral for payment cards	76	57
Cost to obtain or fulfil the contract	61	56
Other tax receivable	29	29
Biological assets	12	4
Insurance related other assets	4	3
Receivables from sale of shares in subsidiaries, associates and JVs	5	5
Other	103	75
Subtotal other assets (gross)	**597**	**485**
Individual allowances for impairment	(3)	(4)
Total other assets (net)	**594**	**481**

E.13. Financial liabilities at FVTPL

Financial liabilities at FVTPL comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Negative fair values of trading derivatives	246	300
Negative fair values of hedging derivatives	14	33
Liabilities from short sales of securities	244	356
Other	79	87
Total financial liabilities at FVTPL	**583**	**776**

E.14. Liabilities to non-banks

Liabilities to non-banks comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Current accounts and demand deposits	8,470	7,194
Term deposits	2,081	1,980
Loans received under repos	1,514	1,111
Loans	14	19
Collateral deposits for derivatives	1	4
Other	3	1
Total liabilities to non-banks	**12,083**	**10,309**

The first two categories represent the liabilities owed to corporate and individual clients of the Group, the bulk of which relates to the banking business of PPF banka, Air Bank and Home Credit and Finance Bank.

E.15. Liabilities to banks and other financial institutions

Liabilities to banks and other financial institutions comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Secured loans (other than repos)	7,529	8,380
Unsecured loans	2,031	2,524
Loans received under repos	456	63
Collateral deposits for derivatives	55	42
Repayable on demand	1	5
Other	25	22
Total liabilities to banks	**10,097**	**11,036**

Secured loans include the following significant loan facilities related to the acquisition of Telenor assets:

In March 2018, PPF Telecom Group B.V. consolidating the telecommunications segment entered into a facilities agreement with a syndicate of banks. In July 2018, under this agreement, the Group utilised secured term loan facilities amounting to EUR 2,396 million and CZK 10,172 million (approx. EUR 380 million). During 2019 and 2020, the secured term loan facilities were restructured and partially refinanced by Euro medium term notes issued by the Parent Company (refer to E.16).

As at 30 June 2021 and 31 December 2020, the outstanding amounts of the secured term loan facilities were EUR 374 million and CZK 4,386 million (approx. EUR 172 million). The actual amount of outstanding secured loan liabilities stated in the above table is lower by unamortised facility and legal fees directly attributable to the origination of the loan facilities. These fees were capitalised and are amortised to finance costs using the effective interest rate method. For details on security of the facilities refer to E.37.2.

Secured loans further include the following significant loan facilities related to the acquisition of CME group:

In October 2019, TV Bidco B.V. entered into a senior facilities agreement with a syndicate of banks and in October 2020 utilised a secured term loan facility amounting to EUR 1,100 million to fund the merger with CME and refinance CME's existing indebtedness (refer to B.2.5). The actual amount of outstanding secured loan liabilities stated in the above table is lower by unamortised facility and legal fees directly attributable to the origination of the loan facilities. These fees were capitalised and are amortised to finance costs using the effective interest rate method.

As at 30 June 2021, the outstanding amount under the senior term loan was EUR 1,030 million (2020: EUR 1,100 million).

E.16. Debt securities issued

Debt securities issued relate to bonds issued, certificates of deposit, asset-backed security issues and promissory notes except for subordinated items.

The maturities of the debt securities are as follows:

In millions of EUR

	30 June 2021	31 December 2020
Fixed rate debt securities	**4,084**	**4,606**
Within 1 year	1,138	1,703
1-2 years	145	241
2-3 years	973	309
3-4 years	668	689
4-5 years	654	609
More than 5 years	506	1,055
Variable rate debt securities	**136**	**162**
Within 1 years	85	75
1-2 years	47	65
2-3 years	4	22
Total debt securities issued	**4,220**	**4,768**

As at 30 June 2021, debt securities issued of EUR 2,479 million (2020: EUR 2,786 million) were secured, of which EUR 49 million (2020: EUR 82 million) by cash loan receivables, EUR 132 million (2020: EUR 261 million) by consumer loan receivables, EUR 39 million (2020: EUR 168 million) by cash and cash equivalents, and EUR 2,259 million (2020: EUR 2,275 million) by shares in subsidiaries, refer to E.38.1.

E.17. Subordinated liabilities

Subordinated liabilities comprise the following:

In millions of EUR

	Interest rate	Maturity	30 June 2021	31 December 2020
Bond issue of CZK 4,000 million	Variable	2027	156	151
Bond issue of EUR 92 million	Fixed	2028	94	93
Bond issue of CZK 253 million	Variable	2029	10	10
Loan USD 7 million	Variable	2023	2	2
Total subordinated liabilities			**262**	**256**

The bond issue of CZK 4,000 million was issued in December 2017. The interest rate is determined as a fixed rate for the first two years; subsequently, it is changed to a floating rate. The Group has an early redemption option exercisable in or after December 2022.

The bond issue of EUR 92 million was issued in September 2018. The interest rate is determined as a fixed rate with maturity in September 2028. The Company has an early redemption option exercisable in September 2023.

E.18. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Settlements with suppliers	733	806
Wages and salaries	151	158
Social security and health insurance	34	35
Other taxes payable	102	102
Lease liabilities	612	634
Accrued expenses	206	182
Deferred income	63	44
Advance received	36	31
Customer loan overpayments	159	189
Financial settlement and other similar accounts	26	9
Deferred payment for acquisition of Telenor	203	308
Payables arising out of insurance operations	3	3
Programming related liabilities - media	32	30
Other	172	132
Total trade and other payables	**2,532**	**2,663**

E.19. Provisions

Provisions comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Insurance provisions	186	164
Warranty provisions	25	20
Provision for litigation except for tax-related litigation	20	11
Provision for onerous contracts	7	10
Provisions for insurance commissions return	6	5
Provisions for expected credit losses from loan commitments and financial guarantees	5	4
Provisions for asset retirement obligations	60	62
Provision for restructuring	5	6
Other provisions	50	56
Total provisions	**364**	**338**

E.19.1. Insurance provisions

Insurance provisions comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Non-life insurance provisions	37	28
Provisions for unearned premiums	36	27
Provisions for outstanding claims	1	1
RBNS provisions	1	1
Life insurance provisions	149	136
Provisions for outstanding claims	3	3
Mathematical provisions	138	123
Provisions for profit participation allocated to policyholders	8	8
Other	-	2
Total insurance provisions	**186**	**164**

E.20. Issued capital and share premium

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

The following table provides details of authorised and issued shares:

	30 June 2021	31 December 2020
Number of shares authorised	250,000	250,000
Number of shares issued and fully paid	62,401	62,401
Par value per share	EUR 10	EUR 10

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Parent Company.

As of 30 June 2021, share premium representing the excess received by the Parent Company over the par value of its share amounted to EUR 677 million (2020: EUR 677 million).

E.21. Other reserves

E.21.1. Hedging reserve

The hedging reserve represents mainly a cash flow hedge effect related to the forward contracts for CO_2 emission rights recognised in other comprehensive income by the Group's joint venture LEAG. The hedging instruments are commodity derivatives designed to hedge the purchase price for future purchases of emission rights. For the period ending 30 June 2021, the Group recognised its share on the gain in other comprehensive income amounting to EUR 430 million (30 June 2020: a gain of EUR 103 million).

E.22. Non-controlling interests

The following subsidiaries of the Group have material non-controlling interests:

Name of subsidiary	Abbr.	Applicable	Country of incorporation
Home Credit Group B.V. (subgroup)	HC	2021/2020	Netherlands
PPF banka, a.s. (subgroup)	PPFB	2021/2020	Czech Republic
O2 Czech Republic a.s. (subgroup)	O2 CR	2021/2020	Czech Republic
TMT Hungary B.V. (subgroup)	TMT	2021/2020	Netherlands
TMT Hungary Infra B.V. (subgroup)	TMT Infra	2021/2020	Netherlands
Velthemia Ltd. (subgroup)	VELT	2021/2020	Cyprus
PPF IndustryCo B.V.* (subgroup)	MECH	2021/2020	Netherlands

*renamed to Skoda B.V. during July 2021

The following table summarises the information relating to these subsidiaries:

In millions of EUR

30 June 2021	HC	PPFB	O2 CR	TMT	TMT Infra	VELT	MECH	Other	Total
NCI percentage (ownership)	**8.88%**	**7.04%**	**9.64%**	**25%**	**25%**	**39.93%**	**12.2%**		
Total assets	16,931	7,505	1,770	782	409	249	1,043		
Total liabilities	(15,076)	(6,858)	(1,303)	(250)	(134)	(140)	(750)		
Net assets	**1,855**	**647**	**467**	**532**	**275**	**109**	**293**		
Net assets attributable to NCI of the sub-group	(9)	-	-	-	-	-	-		
Net assets attributable to owners of the Parent	**1,846**	**647**	**467**	**532**	**275**	**109**	**293**		
Carrying amount of NCI	148	45	45	133	68	43	36	21	**539**
NCI percentage during the period	**8.88%**	**7.04%**	**16.43%**	**25.00%**	**25.00%**	**39.93%**	**12.2%**		
Revenue	1,595	82	777	262	63	13	281		
Profit/(loss)	(179)	36	92	20	27	(1)	10		
Other comprehensive income/(expense)	103	5	(8)	-	(5)	2	16		
Total comprehensive income/(expense)	(76)	41	84	20	22	1	26		
Profit/(loss) allocated to NCI	(17)	3	15	5	7	-	1	6	**20**
OCI allocated to NCI	9	1	3	5	2	2	2	(1)	**23**
Dividends paid to NCI	**-**	-	**-**	**(10)**	**(11)**	-	**-**	**-**	**(21)**

In millions of EUR

31 December 2020	HC	PPFB	O2 CR	TMT	TMT Infra*	VELT	MECH	Other	Total
NCI percentage (ownership)	**8.88%**	**7.04%**	**16.43%**	**25%**	**25%**	**39.93%**	**12.20%**		
Total assets	18,518	6,474	1,682	791	414	231	975		
Total liabilities	(16,582)	(5,869)	(1,075)	(212)	(132)	(127)	(706)		
Net assets	**1,936**	**605**	**607**	**579**	**282**	**104**	**269**		
Net assets attributable to NCI of the sub-group	(8)								
Net assets attributable to owners of the Parent	**1,928**	**605**	**607**	**579**	**282**	**104**	**269**		
Carrying amount of NCI	155	43	100	145	71	42	33	13	**602**

30 June 2020	HC	PPFB	O2 CR	TMT	TMT Infra *	VELT	MECH	Other	Total
NCI percentage during the period	**8.88%**	**7.04%**	**16.43%**	**25%**	**-**	**39.93%**	**12.2%**		
Revenues	2,709	129	734	249	-	15	186		
Profit/(loss)	(588)	38	79	40	-	(3)	(33)		
Other comprehensive income/(expense)	(191)	(37)	16	11	-	(6)	(34)		
Total comprehensive income/(expense)	(779)	1	95	51	-	(9)	(67)		
Profit/(loss) allocated to NCI	(52)	3	13	10	-	(1)	(3)	(28)	**(59)**
OCI allocated to NCI	(17)	(3)	(5)	(17)	-	(7)	(4)	1	**(52)**
Dividends paid to NCI	**-**	**-**	**(31)**	**-**	**-**	**-**	-	**-**	**(31)**

*TMT Hungary Infra was a newly established holding entity for CETIN Hungary (as at 1 July 2020). The NCI balance for the split part existing at the date of demerger was reallocated directly from TMT Hungary to TMT Hungary Infra.

E.23. Net interest income

Interest income comprises the following:

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

	2021	2020
Financial instruments at FVTPL	7	8
Financial assets at FVOCI	20	26
Financial instruments at AC	8	5
Due from banks and other financial institutions	17	76
Cash loan receivables	1,028	1,838
Consumer loan receivables	238	473
Revolving loan receivables	107	82
Car loan receivables	12	12
Mortgage loan receivables	2	3
Loans to corporations	34	45
Other	3	1
Total interest income	**1,476**	**2,569**

Interest expense comprises the following:

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

	2021	2020
Due to customers	57	125
Due to banks and other financial institutions	354	593
Debt securities issued	100	109
Subordinated liabilities	4	5
Lease liabilities	11	12
Other	19	14
Total interest expenses	**545**	**858**
Total net interest income	**931**	**1,711**

E.24. Net fee and commission income

Fee and commission income comprises the following:

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

	2021	2020
Insurance commissions	92	123
Penalty fees	18	38
Cash transactions	19	17
Customer payment processing and account maintenance	26	28
Commission income from partners	12	34
Retailers' commissions	5	2
Other	12	9
Total fee and commission income	**184**	**251**

Fee and commission expense comprises the following:

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

	2021	2020
Commissions to retailers	12	13
Cash transactions	16	22
Payment processing and account maintenance	28	28
Payments to deposit insurance agencies	11	13
Credit and other register expense	12	16
Other	14	10
Total fee and commission expense	**93**	**102**
Total net fee and commission income	**91**	**149**

E.25. Net gain/loss on financial assets

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

	2021	2020
Net trading income/(expense)	29	(93)
Debt securities trading	10	18
FX trading	7	(15)
Derivatives	12	(72)
Other	-	(24)
Net gains/(losses) on financial assets/liabilities at FVTPL not held for trading	61	(4)
Other net expense from financial assets	(8)	(5)
Dividends	14	19
Net realised gains/(losses)	(22)	59
Financial assets at AC*	(26)	29
Financial assets at FVOCI	5	5
Loans and receivables	(1)	25
Total net gain/(loss) on financial assets	**74**	**(24)**

*Net realised gains/losses on financial assets at AC only represent the fair value revaluation related to the application of the fair value hedge accounting.

E.26. Net impairment losses on financial assets

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

	2021	2020
Cash loan receivables	693	1,516
Consumer loan receivables	25	242
Revolving loan receivables	12	30
Car loan receivables	1	3
Due from banks and other financial institutions	-	1
Loans to corporations	52	9
Trade and other receivables	8	14
Financial assets at FVOCI (debt securities)	(2)	5
Other financial assets*	3	-
Total net impairment losses on financial assets	**792**	**1,820**

*incl. impairment losses on undrawn credit limit

E.27. Net insurance income

In millions of EUR, for the six months ended 30 June 2021

	Non-life	Life	Total
Gross earned premium	10	24	34
Net insurance benefits and claims	(1)	(15)	(16)
Acquisition cost	(2)	(5)	(7)
Total insurance income	**7**	**4**	**11**

In millions of EUR, for the six months ended 30 June 2020

	Non-life	Life	Total
Gross earned premium	10	26	36
Net insurance benefits and claims	-	(15)	(15)
Acquisition cost	(1)	(6)	(7)
Total insurance income	**9**	**5**	**14**

E.28. Net rental and related income

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

	2021	2020
Gross rental income	66	69
Service income	5	7
Service charge income	16	15
Service charge expense	(7)	(7)
Total net rental and related income	**80**	**84**

E.29. Net telecommunication income

E.29.1. Revenues from telco business – major lines of business

Telecommunication income comprises the following:

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

	2021	2020
Mobile originated revenues	1,190	1,122
Fixed originated revenues	251	234
International transit revenues	101	128
Other wholesale revenues	64	53
Other sales	5	7
Revenues from telecommunication business	**1,611**	**1,544**
out of which:		
Services/products transferred over time	1,409	1,365
Services/products transferred at a point in time	202	179
Supplies	(305)	(324)
Cost of goods sold	(196)	(178)
Commissions	(19)	(19)
Costs related to telecommunication business	**(520)**	**(521)**
Total net telecommunication income	**1,091**	**1,023**

E.29.2. Revenues from telco business – geographical markets

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

In millions of EUR, for six months ended 30 June

	2021	2020
Services/products transferred over time	1,409	1,365
Czech Republic	621	580
Slovakia	131	126
Germany	14	15
Switzerland	2	3
Hungary	215	213
Bulgaria	160	148
Serbia & Montenegro	168	163
Other	98	117
Services/products transferred at a point in time	202	179
Czech Republic	48	47
Slovakia	25	20
Hungary	43	34
Bulgaria	42	36
Serbia & Montenegro	44	42

E.30. Net media income

E.30.1. Revenues from media business – major lines of business

Net media income comprises the following:

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

	2021
TV advertising revenues	232
Carriage fees	56
Subscription fees	5
Other revenue	10
Revenues from media business	**303**
out of which:	
Services/products transferred over time	303
Services/products transferred at a point in time	-
Programming assets amortisation	(109)
Salaries and staff related expenses	(8)
Royalties	(6)
External services and other operating costs	(10)
Costs related to media business	**(133)**
Net media income	**170**

*Comparable values for the six months ended 30 June 2020 are not available as the media business was acquired in October 2020 (refer to B.2.5)

E.30.2. Revenues from media business – geographical markets

The revenues from the media business are geographically disaggregated per the customers' sites, as follows:

*In millions of EUR, for the six months ended**

	2021
Services/products transferred over time	303
Czech Republic	95
Romania	88
Slovak Republic	48
Bulgaria	37
Slovenia	35

*Comparable values for the six months ended 30 June 2020 are not available as the media business was acquired in October 2020 (refer to B.2.5)

E.31. Net mechanical engineering income

E.31.1. Revenues from mechanical engineering business – major lines of business

Mechanical engineering income comprises the following:

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

	2021	2020
Sales of finished goods, services and goods for resale	281	186
Tramcars	52	27
Electric locomotives and suburb units	119	65
Trolleybuses	18	16
Metro	11	1
Electric equipment	3	5
Full service and repairs	68	44
Modernisation of rail vehicles	2	3
Spare parts	7	8
Other products and services	1	17
Revenues from mechanical engineering business	**281**	**186**
out of which:		
Services/products transferred over time	246	155
Services/products transferred at a point in time	35	31
Raw material	(131)	(78)
Purchased services related to projects	(23)	(14)
External workforce	(9)	(5)
Other	(9)	(19)
Costs related to mechanical engineering business	**(172)**	**(116)**
Total net mechanical engineering income	**109**	**70**

E.31.2. Revenues from mechanical engineering business – geographical markets

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

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

	2021	2020
Services/products transferred over time	246	155
Czech Republic	109	60
Finland	53	35
Slovakia	27	35
Latvia	7	2
Germany	17	9
Russian Federation	1	1
Other EU	31	13
Other non-EU	1	-
Services/products transferred at a point in time	35	31
Czech Republic	31	26
Finland	1	-
Germany	1	1
Other EU	2	4

E.32. Net agricultural income

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

	2021	2020
Sales of goods	2	7
Cost of sales	(1)	(4)
Change in fair value of biological assets	2	3
Total net agriculture income	**3**	**6**

E.33. Other income

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

	2021	2020
Rental income	2	5
Foreign currency gains	41	-
Provision of services to a minority partner	4	10
Other	57	34
Total other income	**104**	**49**

E.34. Personnel expenses and other operating expenses

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

	2021	2020
Employee compensation	576	670
Payroll related taxes (including pension contribution)	107	111
Total personnel expenses	**683**	**781**
Rental, maintenance and repair expense	59	55
Professional services	68	73
Advertising and marketing	48	43
Telecommunication and postage	33	46
Taxes other than income tax	29	38
Information technologies	68	69
Collection agency fee	44	25
Travel expenses	5	7
Net impairment losses on property, plant and equipment	1	-
Net impairment losses on other intangible assets	10	5
Net impairment losses on other assets	1	4
Amortisation of cost to obtain a contract	25	25
Net loss on disposal of property, plant, equipment, and intangible assets	6	2
Net foreign currency losses	-	70
Other	77	96
Total other operating expenses	**474**	**558**

E.35. Depreciation and amortisation

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

	2021	2020
Depreciation of property, plant and equipment	198	174
Depreciation of property, plant and equipment – ROU (IFRS 16)	67	71
Amortisation of intangible assets	221	210
Total depreciation and amortisation	**486**	**455**

E.36. Income tax expense

Income tax expense comprises the following:

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

	2021	2020
Current tax expense	(146)	(147)
Deferred tax income	121	238
Total income tax expense	**(25)**	**91**

The deferred tax benefit is mainly caused by increased deferred tax assets stemming from additional creation of ECLs (refer to E.4 and E.26).

E.37. Off-balance sheet items

E.37.1. Commitments and contingent liabilities

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that these amounts have been fully advanced. The amounts set forth in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if the counterparties failed completely to meet their contractual obligations.

The Group companies included in the banking segment engage in providing open credit facilities to allow customers quick access to funds in order to meet their short-term obligations as well as their long-term financing needs. Such credit facilities can take the form of guarantees, whereby the Group might guarantee repayment of a loan taken out by a client with a third party; stand-by letters of credit which are credit enhancement facilities enabling customers to engage in trade finance at lower cost; documentary letters of credit for obtaining lower cost financing for foreign trade on behalf of a customer; documentary letters of credit reimbursable to a Group company later and debt facilities and revolving underwriting facilities that allow customers to issue short or medium-term debt instruments without engaging in the normal underwriting process on each occasion. Revenue from provided guarantees is recognised under “Fee and commission income” and is determined by applying the agreed rates to the nominal amount of the guarantees.

In millions of EUR

	30 June 2021	31 December 2020
Loan commitments	1,791	1,496
Revolving loan commitments	1,520	1,254
Consumer loan commitments	52	30
Cash loan commitments	64	30
Undrawn overdraft facilities	81	123
Term loan facilities	74	59
Capital expenditure commitments	173	117
Guarantees provided	61	178
Non-payment guarantees	32	20
Payment guarantees	14	158
Provided undrawn commitments to provide guarantees	15	-
Digital transmission obligations	15	17
Programming liabilities	48	40
Other	225	356
Total commitments and contingent liabilities	**2,313**	**2,204**

These commitments and contingent liabilities have an off-balance sheet credit risk because only organisation fees and accruals for probable losses are recognised in the statement of financial position until the commitments are fulfilled or expire. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent the expected future cash flows.

The following table shows secured liabilities:

In millions of EUR

	30 June 2021	31 December 2020
Secured bank loans	7,533	8,380
Loans received under repos	1,970	1,174
Debt securities issued	2,479	2,786
Total secured liabilities	**11,982**	**12,340**

The assets pledged as security were as follows:

In millions of EUR

	30 June 2021	31 December 2020
Cash and cash equivalents	476	694
Financial assets FVOCI (repos)	96	99
Loans and receivables due from banks and other financial institutions	81	-
Loans and receivables due from customers	3,625	5,865
Trade and other receivables/other assets	67	3
Investment property (incl. assets held for sale)	1,735	1,655
Property, plant and equipment	237	234
Financial assets in off balance sheet (repo operations)	1,912	1,090
Other assets	42	105
Total assets pledged as security	**8,271**	**9,745**

The Group pledged certain assets as collateral for its funding liabilities related to the acquisition of Telenor assets. As at 30 June 2021 and 31 December 2020, the pledged assets in particular include receivables from bank accounts, hedging agreements and all shares of PPF Telecom Group B.V., PPF TMT Bidco 1 B.V., PPF Telco B.V., CETIN Group N.V. (formerly as CETIN Group B.V.), the Telenor operating and infrastructure entities in Bulgaria, Serbia and

Montenegro, and TMT Hungary B.V. with TMT Hungary Infra B.V. (the Group's effective share). These pledges were released in September 2021 due to repayment of the original loan facilities.

As at 31 December 2020, the Group pledged a 10.59% stake in O2 CR and a 10.27% stake in CETIN CR, which were used as collateral for several funding facilities. As at 30 June 2021, these pledges were released and the Group does not pledge any shares of O2 CR or CETIN CR.

As at 30 June 2021 and 31 December 2020, the Group has pledged certain assets as collateral for funding facilities related to CME acquisition. The pledged assets include, in particular, receivables from bank accounts, intercompany loans and all shares of TV Bidco B.V., Central European Media Enterprises Ltd. and CME Media Enterprises B.V.

As at 30 June 2021 and 31 December 2020, shares of PPF TMT Holdco 1 B.V. and PPF Finco B.V and some of their receivables were pledged as security for their financial indebtedness.

E.37.2. Other contingencies

E.37.2.1. Litigation

The Group (as a former sole shareholder of Česká pojišťovna a.s.) is involved in litigation (formally consisting of five disputes merged procedurally into one) in which the adequacy of the consideration paid to minority shareholders arising from the decision of the general meeting of Česká pojišťovna a.s. adopted in July 2005 approving a squeeze-out of minority shareholders, is being challenged in court. On 13 June 2016, the Municipal Court in Prague fully dismissed the action of the ex-minority shareholders, however, some of them have appealed against the dismissal to the High Court in Prague where the hearing has been scheduled for 15 October 2021 and resulted in no significant development in the case. Based on legal analyses carried out by external legal counsel, management believes that it is unlikely that this case will be concluded in favour of the plaintiffs.

Furthermore, the Group (through its subsidiary PPF A4 B.V.) is involved in litigations connected to a squeeze-out of minority shareholders in CETIN a.s., approved by general meeting of this company on 3 December 2015. Several former minority shareholders filed their actions with the relevant court and asked the court to decide on adequate consideration (i.e. higher than that originally paid by PPF A4 B.V.) for their shares in CETIN. The first hearings took place in March and May 2018. On 3 April 2019, the court appointed its own expert to assess whether the consideration paid by PPF A4 B.V. was adequate or not with no conclusion by the date of the issue of these condensed consolidated financial statements. On 19 April 2021 the court decided to appoint another expert to review and revise previous expert reports. The expert has been appointed on 21 July 2021 with aim to finish his expert opinion within 9 months following his appointment.

Dispute with VOLNÝ, a.s. ("VOLNÝ") related to O2 CR represents a significant legal case from the Group's perspective. Development which occurred throughout the six months ended 30 June 2021 is described below:

O2 CR initiated execution against VOLNÝ. In May, the Supreme Court issued an order suspending the enforceability of rulings on costs. However, the court has not yet decided on the matter of extraordinary appeal filed by VOLNÝ.

Dispute with Mr Kocner and Mr Rusko related to CME Group represents a significant legal case from the Group's perspective. Development which occurred throughout the six months ended 30 June 2021 is described below:

On January 12, 2021, the Supreme Court of the Slovak Republic upheld the convictions of Mr Kocner and Mr Rusko for counterfeiting, falsification, and illegal production of securities and obstruction of justice, and confirmed the 19-year sentences for Mr Kocner and Mr Rusko passed down by the Special Criminal Court.

Following the successful conclusion of the criminal proceedings, Markiza continues to seek the dismissal of the various civil proceedings relating to the promissory notes. In that regard, on July 1, 2021, the appellate court dismissed the action in respect of the First PN Case and ordered Mr Kocner to pay Markiza's costs incurred in the First PN Case hearings. The proceedings in respect of the Second PN Case were also closed, but Markiza is seeking to have its costs of the Second PN Case hearings reimbursed. Furthermore, Markiza has requested that proceedings by the court of first instance in respect of the Third PN Case and the Fourth PN Case are resumed to achieve dismissal of these proceedings. Markiza will continue to vigorously defend the claims in the event any of the civil proceedings are not dismissed as a result of the decision in the criminal proceedings.

No provision has been created with respect to the legal disputes discussed above. The Group believes that all litigation risks have been faithfully reflected in the consolidated financial statements.

E.37.2.2. Regulatory investigation

In 2016, the European Commission initiated own-initiative proceedings concerning suspected infringement of Article 101 of the Treaty on the Functioning of the European Union (agreements disrupting competition in the internal market). The reason given is the network sharing agreement concluded between T-Mobile and O2 CR in 2013 (as part of the 2015 spin-off, the contract was transferred to CETIN). In the notification, the Commission initially stated that the commencement of the proceedings alone does not mean that it is convinced of any offense. The Group has submitted its opinions and supporting documents to the Commission and cooperates with an international expert institute.

On 7 August 2019, the Commission issued a statement of objections, expressing its intention to issue a decision that the network sharing agreements constitute a breach of Article 101 of the Treaty. If such a decision were taken, there would be a risk for O2 CR and CETIN of imposition of a fine pursuant to Article 23 of Regulation (EC) No. 1/2003 and possibly of imposition of further measures to put an end to the alleged infringement. However, the Commission has in no way indicated the amount of the potential fine, not even approximately. On 8 August 2019, European Commission informed PPF Group N.V. that intends to extend the above-described investigation also to PPF Group N.V. On 14 February 2020 the Commission has delivered to PPF Group N.V. (the Group's ultimate shareholder) statement of objection; PPF Group N.V. has replied to it on 20 April 2020. A formal oral hearing took place in this case from 15 to 17 September 2020. All investigated participants summarised their defence against the concerns of the Commission, including all factual, legal, economic and technical arguments supporting the position of the participants. Follow-up communication is ongoing and the Commission may now (i) amend its comments (in the form of an additional statement of objection or in another similar way), (ii) issue a decision on the breach of competition law, (iii) enter into negotiations on commitments with the Group entities and the other participants and, if agreement can be reached, issue a decision terminating the proceedings without the breach of competition law being confirmed, or (iv) stop the proceedings without a decision.

In August 2021, the Commission adopted a preliminary assessment under which it reduced its concerns and enabled formally the investigated parties to offer commitments. The parties did responded to the preliminary assessment and rejected the concerns while, after the deep discussion with the Commission, offered such commitments and the Commission had, on 1 October, started the market test to receive feedback from the market participants on their contents. Should the commitments are accepted, the proceedings shall be terminated without the fine or other additional remedy being issued by the Commission.

The Group including its individual entities involved in the case (i.e. O2 CR and CETIN) continues to be firmly convinced that network sharing has significantly enhanced the availability and quality of mobile signal in the Czech Republic, which is currently among the top European countries in terms of coverage density. Thus, no harm to competition or consumers has occurred. Therefore, the Group welcomed the opportunity to agree on the reasonable commitments which, if accepted finally by the Commission, would enable the parties to focus on the network cooperation and consumers to benefit from it.

Should the commitments not be accepted, the Group will continue on the defence of their rights under to proceedings in order to convince the Commission that the cooperation between the sharing partners is in compliance with the relevant laws.

In January 2018, the Hungarian Competition Authority carried out an unannounced inspection at the headquarters of Telenor Hungary in relation to two cases: (i) the investigation of the 800 MHz frequency tender auction, in which Telenor Hungary and Magyar Telekom allegedly committed anti-competitive behaviour during the tender in form of bid rigging and information exchange; and (ii) the 800 MHz network sharing cooperation, under investigation since 2015. As of the date of these financial statements, the proceedings were ongoing and Telenor Hungary was cooperating with the Hungarian Competition Authority to show no breach had occurred.

E.37.2.3. Taxation

The taxation systems in Russia, India, Kazakhstan, Vietnam, China and some other countries of operations are relatively new and are characterized by frequent changes in legislation which are subject to varying interpretation by different tax authorities. Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during several subsequent calendar years. Recent events within the Russian Federation, India, Kazakhstan, Vietnam, China and some other countries of operations suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation.

In the respective countries, the facts mentioned above may create tax risks that are substantially more significant than in other countries. Management believes that it has provided adequately for tax liabilities based on its interpretations of applicable Russian, Indian, Kazakhstani, Vietnamese, Chinese and other countries' tax legislation, official pronouncements and court decisions.

HC Consumer Finance Philippines (Inc.) is currently undergoing a tax inspection. The final results are not yet known.

E.37.3. Guarantee received and off-balance sheet assets

Guarantees received and off-balance sheet assets were as follows:

In millions of EUR

	30 June 2021	31 December 2020
Guarantees received	150	147
Loan commitments received	184	237
Value of assets received as collateral (including repos)	6,872	6,416
Programming assets	59	54
Total contingent assets	**7,265**	**6,854**

E.38. Related parties

E.38.1. Transactions with equity-accounted investees

During the six months ended 30 June, the Group had the following significant arm's length transactions with the equity-accounted investees:

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

	2021	2020
Interest income	3	4
Telecommunication income	2	-
Fee and commission income	-	1
Total revenue	**5**	**5**

For the six months ended 30 June 2021 net reversals of impairment losses totalled EUR 2 million (30 June 2020: nil).

At the reporting date, the Group had the following balances with equity-accounted investees:

In millions of EUR

	30 June 2021	31 December 2020
Investment securities	84	11
Loans due from customers	113	95
Loans due receivables due from banks and other financial institutions	2	-
Trade and other receivables	1	2
Total assets	**200**	**108**
Due to non-banks	(5)	(4)
Financial liabilities at FVTPL	(4)	-
Total liabilities	**(9)**	**(4)**

E.38.2. Other related parties including key management personnel

During the six months ended 30 June, the Group had the following significant transactions at arm's length with other related parties:

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

	2021	2020
Interest income	7	7
Net gain/(loss) on financial assets	-	1
Other income	1	1
Total revenue	**8**	**9**
Mechanical engineering expenses	(1)	(1)
Interest expense	(2)	(1)
Other operating expenses	(5)	(6)
Net impairment losses on financial assets	(1)	-
Total expenses	**(9)**	**(8)**

At the reporting date, the Group had the following balances with other related parties:

In millions of EUR

	30 June 2021	31 December 2020
Loans due from customers*	219	218
Trade and other receivables	1	2
Intangible assets	2	1
Total assets	**222**	**221**
Due to non-banks	(88)	(60)
Trade and other payables	(2)	-
Total liabilities	**(90)**	**(60)**

*presented in their gross amounts (when ECL allowance totals EUR 6 million and EUR 7 million as at 30 June 2021 and as at 31 December 2020, respectively)

F. Significant accounting policies

F.1. Changes in accounting policies

The Group applies the same accounting policies in these condensed consolidated interim financial statements as were applied in the most recent annual consolidated financial statements for the year ended 31 December 2020, except for the changes described below.

Change in the definition of cash and cash equivalents

The Group, to better reflect the nature of these items and to improve their presentation in the consolidated statement of financial position, consolidated statement of cash-flows and the relevant disclosures, changed its definition of cash and cash equivalents with an effective date for the accounting periods beginning on and after 1 January 2021. The change in the definition only represents prolonging of the investments' original maturity from one month or less to three months or less. Thus, the currently applicable definition of cash and cash equivalents (with the reference to F.1.2.7 in the most recent annual consolidated financial statements) is as follows:

Cash equivalents are short-term (with original maturities of three months or less from the date of acquisition), highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are carried at AC less any relevant impairment.

Mandatory minimum reserves as the part of balances with central banks are classified under loans and receivables due to banks.

Had this new definition applied before 1 January 2021, the above change would have retrospectively increased the balance of cash and cash equivalents as at 31 December 2020 by EUR 12 million (current accounts) at the expense of the balance of loans and receivables due from banks and other financial institutions. The management concluded that the impact on these condensed consolidated financial statements is immaterial and, therefore, the relevant comparative figures were not restated.

Interest Rate Benchmark Reform – Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (effective from 1 January 2021)

The Phase 2 amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate ("IBOR") is replaced with an alternative nearly risk-free interest rate ("RFR"). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest;

- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued;

- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments were endorsed by the EU and had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

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

A number of new standards, amendments to standards, and interpretations were not yet effective as of 30 June 2021 and have not been applied in the preparation of these condensed consolidated interim financial statements. Of these pronouncements, the following will have a potential impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective.

Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021) (effective from 1 April 2021)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. When there is a change in lease payments, the accounting consequences will depend on whether that change meets the definition of a lease modification, which IFRS 16 Leases defines as "a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term)".

Since lessors continue to grant COVID-19-related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the IASB decided to permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022 (rather than only payments originally due on or before 30 June 2021).

The amendment has been adopted by the EU and is effective for annual reporting periods beginning on or after 1 April 2021.

Amendments to IFRS 3, IAS 16, IAS 37 and Annual Improvements 2018-2020 (effective from 1 January 2022)

These amendments and annual improvements, in general, bring some clarifications in the standards on various guidance and update some references.

These amendments have not yet been adopted by the EU and the Group does not expect them to have a significant impact on its condensed consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statement Classification of Liabilities as Current or Non-current (expected effectiveness from 1 January 2023)

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

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

IFRS 17 Insurance Contracts (effective from 1 January 2023)

IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of issued insurance contracts. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with issued discretionary participation features. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for the users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

IFRS 17 has not yet been adopted by the EU.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 17.

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

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

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

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

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

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

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

G. Subsequent events

G.1. Acquisition of Navigare Yachting and Dream Yacht Charter

Since July 2021, the Group has partnered with the world's premier boatbuilder Groupe Beneteau to create a new global leader in sailboat charter by purchasing controlling stake in two significant charter groups operating worldwide.

In July 2021, the Group acquired a direct and indirect controlling stake in Navigare Yachting Holding, a Swedish based sailboat charter group. The Group holds a 57.5% effective stake. In In September 2021, the Group acquired a direct controlling stake in Dream Yacht Charter, a Belgium based sailboat charter group. The Group holds a 51.1% effective stake. The total consideration for both acquisitions, including direct capital contribution, is approx. EUR 43 million.

G.2. Sale of an additional minority stake in Škoda Transportation

In September 2021, the Group sold a 2.1% stake in the Škoda engineering subgroup to an entity controlled by Mr Korecký, one of the members of Škoda Transportation's Supervisory Board. The total consideration amounted to EUR 10 million. After this transaction, the Group's stake decreased to 85.7%.

G.3. Acquisition of US real estate

In September 2021, the Group signed an agreement for the acquisition of a US real estate project, a ten-building, up-and-running office park located in Orlando, Florida. The transaction is set as an asset deal and is expected to be closed until year-end 2021. The total consideration amounted to EUR 270 million.

G.4. Sale of a 30% stake in CETIN Group

On 17 October 2021, PPF Telecom Group B.V. and a subsidiary of GIC Private Limited (domiciled in Singapore), a leading global investment group, entered into an agreement concerning a sale of a 30% stake in CETIN Group N.V. to GIC Private Limited. The closing of the transaction is subject to several regulatory approvals. The Group shall retain sole control over CETIN Group N.V. and its subsidiaries.

22 October 2021

The board of directors:

Aleš Minx
Chairman of the board of directors

Jan Cornelis Jansen	Rudolf Bosveld
Member of the board of directors	*Member of the board of directors*