PPF

PPF GROUP N.V.

Condensed consolidated interim financial statements
for the six months ended 30 June 2023

Independent auditor's review report

To: the Board of Directors of PPF Group N.V.

Our conclusion

We have reviewed the accompanying condensed consolidated interim financial statements for the six-month period ended 30 June 2023 (or hereafter: 'condensed consolidated interim financial statements') of PPF Group N.V. based in Amsterdam, the Netherlands. Based on our review, nothing has come to our attention that causes us to believe that 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 2023;

2 the following statements for six-month period ended 30 June 2023: the condensed consolidated interim statement of comprehensive income, changes in equity and cash flows; and

3 the notes to the condensed consolidated interim financial statements 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.

KPMG Accountants N.V., a Dutch limited liability company registered with the trade register in the Netherlands under number 33263683, is a member firm of the global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

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

Our responsibilities for the review of 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 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 in the 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, or reconciles to the entity's underlying accounting records.
- Evaluating the assurance evidence obtained.
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle.
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed consolidated interim financial statements.

— Considering whether condensed consolidated interim financial statements and the related disclosures represent the underlying transactions and events in a manner that gives a true and fair view.

Amstelveen, 11 October 2023

KPMG Accountants N.V.

M.L.M. Kesselaer RA

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Glossary

AC	- amortised cost
AT1	- Additional Tier 1 bonds
BEPS	- Framework on Base Erosion and Profit Shifting
CGU	- cash generating unit
CIS	- Commonwealth of Independent States
CNB	- Czech National Bank
CRD	- Capital Requirements Directives
CRR	- Capital Requirements Regulation
CSM	- contractual service margin
EAD	- exposure at default
ECB	- European Central Bank
FV	- fair value
FVOCI	- fair value through other comprehensive income
FVTPL	- fair value through profit or loss
FX	- foreign exchange
GMM	- general measurement model
HFS	- held-for-sale
IPRD	- in-progress research and development
JV	- joint venture
LIC	- liability for incurred claims
LRC	- liability from remaining coverage
NCI	- non-controlling interests
OCI	- other comprehensive income
OECD	- The Organisation for Economic Co-operation and Development
OTC	- over the counter
PAA	- premium allocation approach
PL	- profit or loss
PPA	- purchase price allocation
PPE	- property, plant and equipment
ROU	- right-of-use assets
VFA	- variable fee approach

Condensed consolidated interim statement of financial position

In millions of EUR

	Note	30 June 2023	31 December 2022 (restated)*
ASSETS			
Cash and cash equivalents	E1	7,483	8,726
Investment securities and derivatives	E2	9,554	5,592
Loans and receivables due from banks and other financial institutions	E3	160	153
Loans due from customers	E4	8,781	8,213
Trade and other receivables	E5	1,157	1,180
Contract assets	E5	334	371
Current tax assets		36	35
Inventories	E6	500	444
Assets held for sale	E7	701	1,606
Equity-accounted investees	E8	2,712	1,482
Investment property	E9	1,332	1,632
Property, plant and equipment	E10	4,320	4,212
Goodwill	E11.1	3,095	2,987
Intangible assets (excl. goodwill)	E11.2	2,140	2,253
Programming assets	E6	298	256
Other assets	E12	642	515
Deferred tax assets		208	226
TOTAL ASSETS		**43,453**	**39,883**
LIABILITIES			
Financial liabilities at FVTPL	E13	3,906	1,300
Due to non-banks	E14	14,548	13,207
Due to banks and other financial institutions	E15	5,914	6,552
Debt securities issued	E16	3,887	3,992
Subordinated liabilities	E17	44	44
Liabilities directly associated with assets held for sale	E7	200	870
Current tax liabilities		69	82
Trade and other payables	E18	2,488	2,526
Contract liabilities	E5	362	420
Provisions	E19	687	254
Conditional commitment to acquire NCI's share	B3.1	837	850
Deferred tax liabilities		480	536
TOTAL LIABILITIES		**33,422**	**30,633**
EQUITY			
Issued capital	E20	1	1
Share premium	E20	677	677
Other reserves	E21	(1,029)	(1,079)
Retained earnings		9,605	8,929
Total equity attributable to owners of the Parent		9,254	8,528
Non-controlling interests	E22	777	722
Total equity		**10,031**	**9,250**
TOTAL LIABILITIES AND EQUITY		**43,453**	**39,883**

*For more details on the restatement refer to A.7.

The notes on pages 12 to 92 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of income

For the six months ended 30 June

In millions of EUR

	Note	2023	2022 (restated)*
Interest income		1,261	1,121
Interest expense		(658)	(496)
Net interest income	E23	**603**	**625**
Fee and commission income		181	159
Fee and commission expense		(63)	(56)
Net fee and commission income	E24	**118**	**103**
Net rental and related income	E27	81	109
Property operating expenses		(28)	(27)
Net valuation loss on investment property		(63)	(69)
Net income related to construction contracts		-	9
Net real estate income		**(10)**	**22**
Telecommunications income		1,831	1,683
Telecommunications expenses		(537)	(521)
Net telecommunication income	E28	**1,294**	**1,162**
Media income		396	352
Media expenses		(212)	(180)
Net media income	E29	**184**	**172**
Mechanical engineering income		518	393
Mechanical engineering expenses		(363)	(248)
Net mechanical engineering income	E30	**155**	**145**
Leisure business income		121	74
Leisure business expenses		(84)	(48)
Net leisure income		**37**	**26**
Insurance income		16	14
Insurance expense		(15)	(12)
Net insurance income		**1**	**2**
Toll operations income		-	18
Toll operations expenses		-	(6)
Net toll operations income		**-**	**12**
Net gain/(loss) on financial assets	E25	131	(38)
Other income	E31	94	259
TOTAL OPERATING INCOME		**2,607**	**2,490**
Net impairment losses on financial assets	E26	(228)	(368)
Personnel expenses	E32	(642)	(604)
Depreciation and amortisation	E33	(534)	(492)
Other operating expenses	E32	(602)	(524)
Loss on disposals/liquidations of subsidiaries and equity-accounted investees	B2	(172)	(595)
Share of profit of equity-accounted investees, net of tax	E8	440	209
PROFIT BEFORE TAX		**869**	**116**
Income tax expense	E34	(160)	(462)
Net profit/(loss) from continuing operations		**709**	**(346)**
Net loss from discontinued operations, net of tax	B2	-	(54)
NET PROFIT/(LOSS) FOR THE PERIOD		**709**	**(400)**

*For more details on the restatement refer to A.8

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

		2023	2022
Profit/(loss) attributable to:			
Owners of the Parent		638	(312)
Non-controlling interests	E22	71	(88)
NET PROFIT/(LOSS) FOR THE PERIOD		**709**	**(400)**

Condensed consolidated interim statement of comprehensive income

For the six months ended 30 June

In millions of EUR

	2023	2022
NET PROFIT/(LOSS) FOR THE PERIOD	**709**	**(400)**
Other comprehensive income		
Valuation gains/(losses) on FVOCI equity instruments	37	(283)
Valuation gains/(losses) on FVOCI debt securities*	23	(71)
FVOCI revaluation (gains)/losses reclassified to profit or loss*	(13)	15
Foreign operations - currency translation differences*	94	404
Share of OCI of equity-accounted-investees*	(46)	(40)
Disposal of subsidiaries and equity-accounted investees*	13	535
Cash-flow hedge – effective portion of changes in fair value*	(20)	16
Cash-flow hedge – net change in fair value reclassified to profit or loss*	2	-
Income tax relating to components of other comprehensive income*	1	12
Other comprehensive income for the period, net of tax	**91**	**588**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**800**	**188**
Total comprehensive income/(expense) attributable to:		
Owners of the Parent	707	189
Non-controlling interests	93	(1)

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

The notes on pages 12 to 92 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

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

	Issued capital	Share premium	Other reserves					Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
			Revaluation reserve	Translation reserve	Hedging reserve	Other reserves	Reserve for puttable instruments				
Balance as at 1 January 2023	**1**	**677**	**(314)**	**93**	**(11)**	**3**	**(850)**	**8,826**	**8,425**	**722**	**9,147**
Restatement due to initial application of IFRS 17 (refer to A.7 and F.1.1)	-	-	-	-	-	-	-	103	103	-	103
Balance as at 1 January 2023 (restated)	**1**	**677**	**(314)**	**93**	**(11)**	**3**	**(850)**	**8,929**	**8,528**	**722**	**9,250**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**638**	**638**	**71**	**709**
Currency translation differences	-	-	-	68	-	-	-	-	68	26	94
FVOCI revaluation gains taken to equity	-	-	62	-	-	-	-	-	62	(2)	60
FVOCI revaluation gains reclassified to profit or loss	-	-	(13)	-	-	-	-	-	(13)	-	(13)
FVOCI revaluation gains reclassified directly to retained earnings	-	-	(27)	-	-	-	-	27	-	-	-
Cash-flow hedge – effective portion of changes in fair value	-	-	-	-	(19)	-	-	-	(19)	(1)	(20)
Cash-flow hedge – net change in fair value reclassified to profit or loss	-	-	-	-	2	-	-	-	2	-	2
Share of OCI of equity-accounted investees	-	-	-	(35)	(10)	(1)	-	-	(46)	-	(46)
Disposals and deconsolidation of subsidiaries (refer to B section)	-	-	-	14	-	-	-	-	14	(1)	13
Tax on items taken directly to or transferred from equity	-	-	(2)	-	3	-	-	-	1	-	1
Other comprehensive income/(expense) for the period	**-**	**-**	**20**	**47**	**(24)**	**(1)**	**-**	**27**	**69**	**22**	**91**
Total comprehensive income/(expense) for the period	**-**	**-**	**20**	**47**	**(24)**	**(1)**	**-**	**665**	**707**	**93**	**800**
Dividends to NCI	-	-	-	-	-	-	-	-	-	(45)	(45)
Conditional commitment to acquire NCI's share – change in net present value (refer to B.3.4)	-	-	-	-	-	-	13	-	13	-	13
Contributions by NCI	-	-	-	-	-	-	-	-	-	5	5
Other	-	-	-	-	-	(5)	-	11	6	2	8
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(5)**	**13**	**11**	**19**	**(38)**	**(19)**
Balance as at 30 June 2023	**1**	**677**	**(294)**	**140**	**(35)**	**(3)**	**(837)**	**9,605**	**9,254**	**777**	**10,031**

The notes on pages 12 to 92 are an integral part of these condensed consolidated interim financial statements.

In millions of EUR, for the for the six months ended 30 June 2022

	Issued capital	Share premium	Other reserves					Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
			Revaluation reserve	Translation reserve	Hedging reserve	Other reserves	Reserve for puttable instruments				
Balance as at 1 January 2022	**1**	**677**	**(40)**	**(734)**	**449**	**171**	**-**	**7,835**	**8,359**	**596**	**8,955**
Restatement due to initial application of IFRS 17 (refer to F.1.1)	-	-	-	-	-	-	-	79	79	-	79
Balance as at 1 January 2022 (restated)	**1**	**677**	**(40)**	**(734)**	**449**	**171**	**-**	**7,914**	**8,438**	**596**	**9,034**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(312)**	**(312)**	**(88)**	**(400)**
Currency translation differences	-	-	-	314	-	-	-	-	314	90	404
FVOCI revaluation losses taken to equity	-	-	(350)	-	-	-	-	-	(350)	(4)	(354)
FVOCI revaluation losses reclassified to profit or loss	-	-	15	-	-	-	-	-	15	-	15
FVOCI revaluation losses reclassified directly to retained earnings	-	-	1	-	-	-	-	(1)	-	-	-
Cash-flow hedge – effective portion of changes in fair value	-	-	-	-	15	-	-	-	15	1	16
Share of OCI of equity-accounted investees	-	-	-	75	(128)	13	-	-	(40)	-	(40)
Disposals and deconsolidation of subsidiaries (refer to B section)	-	-	-	535	-	-	-	-	535	-	535
Tax on items taken directly to or transferred from equity	-	-	11	-	(3)	4	-	-	12	-	12
Other comprehensive income/(expense) for the period	**-**	**-**	**(323)**	**924**	**(116)**	**17**	**-**	**(1)**	**501**	**87**	**588**
Total comprehensive income/(expense) for the period	**-**	**-**	**(323)**	**924**	**(116)**	**17**	**-**	**(313)**	**189**	**(1)**	**188**

In millions of EUR, for the for the six months ended 30 June 2022

	Issued capital	Share premium	Other reserves: Revaluation reserve	Other reserves: Translation reserve	Other reserves: Hedging reserve	Other reserves: Other reserves	Other reserves: Reserve for puttable instruments	Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
Total comprehensive income/(expense) for the period	**-**	**-**	**(323)**	**924**	**(116)**	**17**	**-**	**(313)**	**189**	**(1)**	**188**
Dividends to NCI	-	-	-	-	-	-	-	-	-	(18)	(18)
Sales of shares in subsidiaries to NCI (refer to B.3.4)	-	-	-	-	-	-	-	1,151	1,151	260	1,411
Conditional commitment to acquire NCI's share - origination (refer to B.3.4)	-	-	-	-	-	-	(1,411)	-	(1,411)	-	(1,411)
Conditional commitment to acquire NCI's share – change in net present value (refer to B.3.4)	-	-	-	-	-	-	428	-	428	-	428
Disposal of shares in a subsidiary to NCI (refer to B.2.4)	-	-	-	13	-	-	-	(41)	(28)	37	9
Acquisition of shares in subsidiaries from NCI (refer to B.3.5)	-	-	-	-	-	-	-	(251)	(251)	(60)	(311)
Other changes in NCI	-	-	-	-	-	-	-	-	-	(21)	(21)
Contributions by NCI	-	-	-	-	-	-	-	-	-	6	6
Disposal of AT1 subordinated bond (loss of control of the issuing subsidiary, refer to B.2.4)	-	-	-	-	-	(181)	-	-	(181)	-	(181)
Other	-	-	-	-	-	-	-	(9)	(9)	-	(9)
Total transactions with owners	**-**	**-**	**-**	**13**	**-**	**(181)**	**(983)**	**850**	**(301)**	**204**	**(97)**
Balance as at 30 June 2022	**1**	**677**	**(363)**	**203**	**333**	**7**	**(983)**	**8,451**	**8,326**	**799**	**9,125**

The notes on pages 12 to 92 are an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

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

In millions of EUR

	Notes	2023	2022 (restated)**
Cash flows from operating activities			
Profit/(loss) for the period, net of tax (incl. discontinued operations in 2022)*		709	(400)
Adjustments for:			
Depreciation and amortisation		534	502
Impairment of current and non-current assets	E26	286	486
Gain on disposal of PPE, intangible assets and investment property		-	(2)
(Gain)/loss on sale of investment securities		(107)	54
Loss on disposals of subsidiaries and equity-accounted investees	B2	172	595
Interest income	E23	(1,261)	(1,331)
Interest expense	E23	658	574
Net foreign exchange gains	E31	(29)	(172)
Share of profit of equity-accounted investees, net of tax		(440)	(209)
Other expenses not involving movements of cash		111	99
Income tax expense		160	446
Interest received		1,193	1,260
Change in loans and receivables due from banks and other financial institutions		(23)	295
Change in loans due from customers		(731)	431
Change in financial assets at FVTPL	E2.1	(3,500)	277
Change in trade and other receivables		22	(284)
Change in other assets		(168)	(97)
Change in liabilities due to non-banks	E14	1,173	96
Change in financial liabilities at FVTPL	E2.1	2,866	(46)
Change in trade and other payables		(88)	165
Change in assets held for sale and liabilities associated with assets held for sale		51	-
Income tax paid		(189)	(164)
Net cash from operating activities		**1,399**	**2,575**
Cash flows from investing activities			
Purchase of PPE and intangible assets		(367)	(520)
Dividends received		55	51
Purchase of financial assets at FVTPL not held for trading		(73)	(26)
Purchase of financial assets at AC		(451)	(253)
Purchase of financial assets FVOCI		(756)	(1,383)
Purchase of investment property		(23)	(61)
Acquisition of subsidiaries and equity-acc. investees, net of cash acquired (incl. capital increase)***	B2	(844)	(78)
Proceeds from disposals of PPE and intangible assets		4	11
Proceeds from financial assets at FVTPL not held for trading		29	26
Proceeds from financial assets at AC		416	85
Proceeds from sale of financial assets FVOCI		148	298
Proceeds from disposal of subsidiaries and equity-acc. investees, net of cash disposed (incl. capital decrease)***	B2, B3	422	207
Net cash used in investing activities		**(1,440)**	**(1,643)**

In millions of EUR

	Notes	2023	2022
Cash flows from financing activities			
Proceeds from the issue of debt securities		262	691
Proceeds from liabilities due to banks and other financial institutions		1,500	2,099
Repayment of debt securities		(342)	(238)
Repayment of liabilities due to banks and other financial institutions		(1,950)	(4,300)
Interest paid		(658)	(542)
Cash payments for principal portion of lease liability		(74)	(76)
Dividends paid to NCI		(45)	(18)
Proceeds from sale of shares in subsidiaries to NCI		-	1,411
Acquisition of shares in subsidiaries from NCI		-	(311)
Contributions by NCI		5	6
Payments related to other equity instruments		-	(7)
Cash flow used in financing activities		**(1,302)**	**(1,285)**
Net decrease in cash and cash equivalents		**(1,343)**	**(353)**
Cash and cash equivalents as at 1 January	**E1**	**8,726**	**7,779**
Effect of exchange rate movements on cash and cash equivalents		100	42
Cash and cash equivalents as at 30 June	**E1**	**7,483**	**7,468**

*For more details on the discontinued operations refer to B.2.4.
**For more details on the restatement refer to A.9.
***Cash-flows from capital increase/decrease presented relate only to transactions with the equity-accounted investees.

The notes on pages 12 to 92 are an integral part of these condensed consolidated interim financial statements.

Cash flow lines directly attributable to the statement of income comprise both continuing and discontinued operations. For separate presentation of cash flows from discontinued operations refer to B.2.4.

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, biotechnology, and others. Its activities span from Europe to the US, across Asia, and marginally the Russian Federation (Russia).

The condensed consolidated interim financial statements of the Parent Company for the six-month period ended 30 June 2023 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 from 1 January 2023 to 30 June 2023 and in 2022.

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

As of 30 June 2023, the ultimate controlling party was Mrs Renáta Kellnerová with a 59.358% stake.

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 11 October 2023.

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 2022 ("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 the basis of the going concern assumption, applying a historical cost basis, except for the following assets and liabilities stated at their fair value: derivative financial instruments, financial instruments at FVTPL (incl. those designated upon initial recognition as at FVTPL), 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, or measured at net present value directly through equity, i.e., neither through PL nor through OCI (refer to B.3.4).

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

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

The consideration transferred in the acquisition is 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 correspond to those described in the most recent annual consolidated financial statements, and newly for the six-month period ending 30 June 2023, IFRS 17: Insurance contracts related estimates described below.

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

- assessment of control over subsidiaries (refer to B.3.4);
- the fair value of tangible and intangible assets identified during the purchase price allocation exercise and initial value of goodwill for each business combination, and its subsequent impairment testing (refer to E.11.1);
- useful life of tangible and intangible fixed assets;
- in-progress research and development recognised as intangible asset;
- the fair value of investment property (refer to E.9);
- the fair value of financial instruments (refer to C.1);
- expected credit losses on investment debt securities, loans provided, trade and other receivables, contract assets and other financial assets (refer to E.2-E.5);
- consumption and impairment of programming assets;
- provisions recognised under liabilities (refer to E.19);
- 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.28-E.30);
- commissions as costs to obtain contracts with customers and stand-alone selling prices (refer to E.28-E.30);
- contingent assets/liabilities (refer to E.35);
- lease-term for the lessee accounting whether the Group is reasonably certain to exercise extension options;
- assessment of recognition and the net present value of the conditional commitment to acquire NCI's share (refer to B.3.4);
- discount rate applied for calculation of the carrying amount of insurance liabilities (refer to E.19 and F.1.1).

A.5. Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group controls an entity if it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group reassesses whether it has control if one or more of the elements of control changes. This includes circumstances in which protective rights held, either by the Group or by the non-controlling interest, (e.g., those resulting from a lending relationship) become substantive and lead to the Group, or the non-controlling interest, having power over an investee, or, if the substantive right on the contrary come to the benefit of the non-controlling interest, the Group might lose its power over an investee and cease controlling it. The financial information of the subsidiaries are included in these condensed consolidated interim 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 condensed consolidated interim 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 equity-accounted investee, the carrying amount is reduced to nil and further losses are recognised as expected credit losses to loans provided to the investee. If no loans were provided to the equity-accounted investee, a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the equity-accounted investee. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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 and any interest retained in the former subsidiary is measured at fair value when control is lost. In the case of reorganisations and demergers involving Group companies under common control, any resulting gain or loss is recognised directly in equity.

Intra-group balances and transactions, and any unrealised income and expenses, gains and losses 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.

Due to the Russian-Ukraine conflict resulting in limited trading activity in the EUR/RUB market, the European Central Bank ("ECB") stated that the ECB was not in the position to set a reference rate representative of prevailing market conditions. The ECB therefore decided to suspend its publication of the EUR reference rates for the Russian rouble (RUB) until further notice. The ECB last published the EUR/RUB reference rate on 1 March 2022. Since then, the Group has been applying the EUR/RUB reference rate published daily by the Central Bank of the Russian Federation as a good point of reference for the EUR/RUB exchange rate quotation.

A.7. Comparative figures in the condensed consolidated interim statement of financial position

The comparative figures as at 31 December 2022 have been restated due to two following reasons:

As at 31 December 2022, the Group presented mandatory minimum reserves amounting to EUR 226 million as Loans and receivables due from banks and other financial institutions in the consolidated statement of financial position. In 2023, the Group decided to enhance the presentation of mandatory minimum reserves and reclassify their balance from loans and receivables due from banks and other financial institutions to cash and cash equivalents, as this presentation better reflects the nature of mandatory minimum reserves held by the banks controlled by the Group (refer to also to E.1). The comparative consolidated figures as at 31 December 2022 in the consolidated statement of financial position and in the consolidated statement of cash-flows were restated accordingly (refer also to A.9). This restatement had no impact on the Groups financial performance, liquidity, or the consolidated statement of changes in equity.

The Group also initially applied the new standard IFRS 17: Insurance Contracts effective from 1 January 2023. The main impact in terms of financial figures to the Group's consolidated financial statements are presented in this section. However, for more detailed information regarding the related changes in the accounting policies and the impact on the Group's condensed consolidated interim financial statements, refer to F.1.1.

The following table summarises the impact of the change in presentation mandatory minimum reserves and the application of IFRS 17 on the comparative figures of the condensed consolidated interim statement of financial position:

In millions of EUR

	31 December 2022 (reported)	Change of mandatory minimum reserves classification	Initial application of IFRS 17	31 December 2022 (restated)
Cash and cash equivalents	8,500	226	-	8,726
Loans and receivables due from banks and other financial institutions	379	(226)	-	153
TOTAL ASSETS	**39,883**	**-**	**-**	**39,883**
Provisions	380	-	(126)	254
Deferred tax liability	513	-	23	536
TOTAL LIABILITIES	**30,736**	**-**	**(103)**	**30,633**
Retained earnings	8,826	-	103	8,929
Total equity	**9,147**	**-**	**103**	**9,250**
TOTAL LIABILITIES AND EQUITY	**39,883**	**-**	**-**	**39,883**

A.8. Comparative figures in the condensed consolidated interim statement of comprehensive income

The comparative figures for the six months ended 30 June 2022 have been restated due to two following reasons:

As at 30 June 2022, the Group presented payments to deposit insurance agencies (deposit insurance fund) amounting to EUR 8 million as part of the fee and commission expense. As at 31 December 2022, the Group reclassified the balance of payments to deposit insurance agencies (deposit insurance fund) from fee and commission expense to other operating expenses as the Group believes that this reclassification better captures the nature of the reported balance. Balances in the condensed consolidated interim statement of comprehensive income as of 30 June 2022 were restated accordingly.

The Group's initial application of IFRS 17 (as stated in A.7) had also impact on the comparative figures of the condensed consolidated interim statement of income, as follows:

In millions of EUR, for the for the six months ended 30 June 2022

	30 June 2022 (reported)	Presentation of payments to deposit insurance institutions	Initial application of IFRS 17	30 June 2022 (restated)
Interest income	1,118	-	3	1,121
Interest expense	(496)	-	-	(496)
Net interest income	**622**	-	**3**	**625**
Fee and commission income	159	-	-	159
Fee and commission expense	(64)	8	-	(56)
Net fee and commission income	**95**	**8**	**-**	**103**
Net earned premiums	28	-	(28)	-
Net insurance benefits and claims	(18)	-	18	-
Acquisition costs	(5)	-	5	-
Insurance income	-	-	14	14
Insurance expense	-	-	(12)	(12)
Net insurance income	**5**	**-**	**(3)**	**2**
TOTAL OPERATING INCOME	**2,482**	**8**	**-**	**2,490**
Personnel expenses	(608)	-	4	(604)
Other operating expenses	(518)	(8)	2	(524)
PROFIT BEFORE TAX	**110**	**-**	**6**	**116**
Net profit/(loss) from continuing operations	**(352)**	-	**6**	**(346)**
NET PROFIT/(LOSS) FOR THE PERIOD	**(406)**	-	**6**	**(400)**
Profit/(loss) attributable to:				
Owners of the Parent	(318)	-	6	(312)
Non-controlling interests	(88)	-	-	(88)
NET PROFIT/(LOSS) FOR THE PERIOD	**(406)**	-	**6**	**(400)**

A.9. Comparative figures in the condensed consolidated interim statement of cash flows

The following table summarizes the impact of the change in presentation of mandatory minimum reserves (refer to A.7) and the application of IFRS 17 (refer to A.7 and A.8) on the comparative figures of the condensed consolidated interim statement of cash flows:

In millions of EUR, for the for the six months ended 30 June 2022

	2022 (reported)	Change of mandatory minimum reserves classification	Initial application of IFRS 17	2022 (restated)
Profit/(loss) for the period, net of tax (incl. discontinued operations)	(406)	-	6	(400)
Adjustments for:				
Interest income	(1,328)	-	(3)	(1,331)
Change in loans and receivables due from banks and other financial institutions	324	(29)	-	295
Change in trade and other payables	168	-	(3)	165
Net cash from operating activities	**2,604**	(29)	-	**2,575**
Net cash used in investing activities	**(1,643)**	-	**-**	**(1,643)**
Cash flow used in financing activities	**(1,285)**	-	**-**	**(1,285)**
Net decrease in cash and cash equivalents	**(324)**	(29)	-	**(353)**
Cash and cash equivalents as at 1 January	**7,604**	**175***	**-**	**7,779**
Effect of exchange rate movements on cash and cash equivalents	42	-	-	42
Cash and cash equivalents as at 30 June	**7,322**	**146***	**-**	**7,468**

*represents the mandatory minimum reserves balance as at the stated date

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 2023 and 31 December 2022.

Company	Domicile	Effective proportion of ownership interest 30 June 2023	Effective proportion of ownership interest 31 December 2022
PPF Group N.V.	Netherlands	Parent Company	Parent Company
PPF Financial Holdings subgroup - subsidiaries			
PPF Financial Holdings a.s.	Czech Republic	100.00%	100.00%
AB 4 B.V.	Netherlands	91.12%	91.12%
Air Bank a.s.	Czech Republic	91.12%	91.12%
EmbedIT s.r.o. [(1)]	Czech Republic	91.12%	91.12%
Home Credit Bank JSC [(2)]	Kazakhstan	100.00%	100.00%
Favour Ocean Ltd.	Hong Kong	91.12%	91.12%
Home Credit a.s.	Czech Republic	91.12%	91.12%
Home Credit Asia Ltd.	Hong Kong	91.12%	91.12%
Home Credit N.V.	Netherlands	91.12%	91.12%
Home Credit Consumer Finance Co., Ltd.	China	91.12%	91.12%
Home Credit Group B.V.	Netherlands	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 International a.s.	Czech Republic	91.12%	91.12%
Home Credit Slovakia, a.s.	Slovakia	91.12%	91.12%
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%
Forward Leasing LLP [(3)]	Kazakhstan	-	91.12%
HC Consumer Finance Philippines, Inc. [(4)]	Philippines	-	91.12%
HCPH Financing 1, Inc. [(4)]	Philippines	-	91.12%
PPF Financial Holdings subgroup – associates			
CB Growth Holdings Limited	United Kingdom	33.32%	35.35%
ClearBank Ltd.	United Kingdom	33.32%	35.35%
Home Credit Insurance LLC[(5)]	Russia	45.10%	45.10%
RTGS Group Limited	United Kingdom	45.19%	44.30%
Telecommunications subgroup – subsidiaries			
PPF Telecom Group B.V.	Netherlands	100.00%	100.00%
CETIN a.s.	Czech Republic	70.00%	70.00%
CETIN Bulgaria EAD	Bulgaria	70.00%	70.00%
CETIN d.o.o. Beograd-Novi Beograd	Serbia	70.00%	70.00%
CETIN Finance B.V.	Netherlands	70.00%	70.00%
CETIN Group N.V.	Netherlands	70.00%	70.00%
CETIN Hungary Zrt.	Hungary	52.50%	52.50%
O2 Czech Republic a.s.	Czech Republic	100.00%	100.00%
O2 IT Services s.r.o.	Czech Republic	100.00%	100.00%
O2 Networks, s.r.o.	Slovakia	100.00%	100.00%
O2 Slovakia, s.r.o.	Slovakia	100.00%	100.00%
PPF Comco N.V.	Netherlands	100.00%	100.00%
PPF TMT Bidco 1 B.V.	Netherlands	100.00%	100.00%
Yettel Bulgaria EAD	Bulgaria	100.00%	100.00%
Yettel d.o.o. Beograd	Serbia	100.00%	100.00%
Yettel Magyarország Zrt.	Hungary	75.00%	75.00%

Company	Domicile	Effective proportion of ownership interest 30 June 2023	31 December 2022
Yettel Real Estate Hungary Zrt.	Hungary	75.00%	75.00%
TMT Hungary B.V.	Netherlands	75.00%	75.00%
TMT Hungary Infra B.V.	Netherlands	52.50%	52.50%
Real estate subgroup – subsidiaries			
PPF Real Estate Holding B.V.	Netherlands	100.00%	100.00%
ARC DEVELOPMENT S.R.L.	Romania	100.00%	100.00%
Art Office Gallery a.s.	Czech Republic	100.00%	100.00%
Aventon Alaira II JV, LLC	USA	90.00%	90.00%
Aventon Alaira II Owner, LLC	USA	90.00%	90.00%
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%
Devediaco Enterprises Limited	Cyprus	89.91%	89.91%
EusebiusBS (Arnhem) B.V.	Netherlands	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%
Hofplein Offices (Rotterdam) B.V.	Netherlands	100.00%	100.00%
In Vino LLC	Russia	99.90%	99.90%
Johan H (Amsterdam) B.V.	Netherlands	100.00%	100.00%
Kateřinská Office Building s.r.o.	Czech Republic	100.00%	100.00%
Millennium Hotel Rotterdam 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%
Murcja sp. Z o.o.	Poland	100.00%	100.00%
Plaza Development SRL	Romania	100.00%	100.00%
Pompenburg (Rotterdam) B.V.	Netherlands	100.00%	100.00%
PPF CYPRUS RE MANAGEMENT Ltd.	Cyprus	100.00%	100.00%
PPF Gate, a.s.	Czech Republic	100.00%	100.00%
PPF reality a.s.	Czech Republic	100.00%	100.00%
PPF Real Estate s.r.o.	Czech Republic	100.00%	100.00%
PPF Real Estate I, Inc.	USA	100.00%	100.00%
PPF Real Estate Russia LLC	Russia	100.00%	100.00%
One Westferry Circus B.V.	Netherlands	100.00%	100.00%
RC PROPERTIES S.R.L.	Romania	100.00%	100.00%
Sun Belt Multi I, LLC	USA	100.00%	100.00%
Sun Belt Multi II, LLC	USA	100.00%	100.00%
Sun Belt Office I, LLC	USA	100.00%	100.00%
Sun Belt Office I Interholdco, LLC	USA	100.00%	100.00%
Sun Belt Office II Interholdco, LLC	USA	100.00%	100.00%
Sun Belt Office II, LLC	USA	100.00%	100.00%
Tanaina Holdings Ltd.	Cyprus	100.00%	100.00%
Telistan Ltd.	Cyprus	99.90%	99.90%
Wagnerford LLC	Russia	89.91%	89.91%
Wilhelminaplein B.V.	Netherlands	100.00%	100.00%
Charlie Com LLC (3)	Russia	-	100.00%
Investitsioniy Trust CJSC (3)	Russia	-	78.75%
Stockmann StP Centre LLC (3)	Russia	-	100.00%
Real estate subgroup – associates/joint ventures			
Elekouso Limited	Cyprus	49.94%	49.94%
Vitodol Holdings Limited	Cyprus	49.94%	49.94%
Gilbey Holdings Ltd.	Cyprus	60.00%	60.00%
Komodor LLC	Ukraine	59.40%	59.40%
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			
Škoda a.s.	Czech Republic	85.70%	85.70%
Bammer trade a.s.	Czech Republic	85.70%	85.70%
ŠKODA ELECTRIC a.s.	Czech Republic	85.70%	85.70%

Company	Domicile	Effective proportion of ownership interest 30 June 2023	31 December 2022
Škoda Investment a.s.	Czech Republic	85.70%	85.70%
ŠKODA PARS a.s.	Czech Republic	85.70%	85.70%
Škoda Transportation a.s.	Czech Republic	85.70%	85.70%
Škoda Transtech Oy	Finland	85.70%	85.70%
ŠKODA VAGONKA a.s.	Czech Republic	85.70%	85.70%
Engineering subgroup – joint ventures			
TEMSA ULASIM ARACLARI SANAYI VE TICARET A.S.	Turkey	42.85%	42.85%
Media subgroup – subsidiaries			
CME Media Enterprises 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.	Slovenia	100.00%	100.00%
Pro TV S.R.L.	Romania	100.00%	100.00%
RTL Hrvatska d.o.o.	Croatia	100.00%	100.00%
TV Nova s.r.o.	Czech Republic	100.00%	100.00%
Other significant subsidiaries			
Bestsport, a.s.	Czech Republic	100.00%	100.00%
BLUE SEA HOLDING Srl	Belgium	58.91%	58.91%
BONAK a.s.	Czech Republic	100.00%	100.00%
Cytune Pharma SAS	France	97.00%	97.00%
Dream Yacht Group SA	Belgium	51.17%	51.17%
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%
Miridical Holding Limited	Cyprus	100.00%	100.00%
Naneva B.V.	Netherlands	100.00%	100.00%
PPF a.s.	Czech Republic	100.00%	100.00%
PPF Biotech B.V.	Netherlands	97.00%	97.00%
PPF CYPRUS MANAGEMENT Ltd.	Cyprus	100.00%	100.00%
PPF Finco B.V.	Netherlands	100.00%	100.00%
PPF IM LTD *(formerly ACOLENDO LIMITED)*	Cyprus	100.00%	100.00%
PPF Life Insurance LLC	Russia	100.00%	100.00%
PPF NIPOS B.V. (6)	Netherlands	100.00%	-
PPF Telco B.V.	Netherlands	100.00%	100.00%
PPF TMT Holdco 1 B.V.	Netherlands	100.00%	100.00%
Prague Entertainment Group B.V.	Netherlands	100.00%	100.00%
Robertson and Caine Proprietary Limited (7)	South Africa	100.00%	-
Robertson and Caine Properties Proprietary Limited (7)	South Africa	100.00%	-
SCTbio a.s.	Czech Republic	97.00%	97.00%
SCT Cell Manufacturing s.r.o.	Czech Republic	97.00%	97.00%
SOTIO Biotech AG	Switzerland	97.00%	97.00%
SOTIO Biotech a.s.	Czech Republic	97.00%	97.00%
Tanemo a.s.	Czech Republic	100.00%	100.00%
Timeworth Holdings Ltd.	Cyprus	100.00%	100.00%
Vox Ventures B.V.	Netherlands	100.00%	100.00%
The Culture Trip Ltd. (3)	United Kingdom	-	85.54%
Other significant associates/joint ventures			
CE Electronics Holding a.s. (8)	Czech Republic	50.00%	40.00%
FAST ČR, a.s. (8)	Czech Republic	50.00%	40.00%
Heureka Group a.s. (8)	Czech Republic	50.00%	40.00%
InPost S.A. (6)	Luxembourg	16.75%	-
ITIS Holding a.s.	Czech Republic	50.00%	50.00%
CzechToll s.r.o.	Czech Republic	50.00%	50.00%
SkyToll, a.s.	Slovakia	50.00%	50.00%
LEAG Holding a.s.	Czech Republic	50.00%	50.00%
Lausitz Energie Verwaltungs GmbH	Germany	50.00%	50.00%
Navigare Yachting Holding AB	Sweden	33.88%	33.88%
MONETA Money Bank, a.s.	Czech Republic	29.94%	29.94%

(1) EmbedIT s.r.o. was demerged from Home Credit International a.s. with the effective date of the demerger of 1 August 2022.
(2) The effective legal ownership share is 7.5%, however, the Group continues controlling the subsidiary (refer to B.2.4).

(3) Sold or indirectly sold
(4) In the first half of 2023, the Group sold its entire stake in its Philippine businesses (refer to B.2.3)
(5) During 2022, the Group sold all its stake in Home Credit and Finance Bank LLC and lost control but kept its significant influence over Home Credit Insurance LLC (refer to B.2.4)
(6) PPF NIPOS B.V. established in 2023 to acquire a significant influence in InPost S.A. on 7 June 2023 (refer to B.3.3)
(7) Acquired on 1 June 2023 (refer to B.2.2)
(8) During the first half of 2023, the Group increased its share in Heureka Group and CE Electronics Holdings a.s., refer to B.3.2.

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

Place of business	Entity
Russia	Elekouso Limited, Vitodol Holdings Limited, Devediaco Enterprises Limited
United Kingdom	Tanaina Holdings Ltd., One Westferry Circus B.V.
Germany	Monheim Property B.V.

B.2. Changes through business combinations in 2023/2022

B.2.1. Sale of real estate projects in Russia

At the beginning of 2023, it sold its 100% stake in Trilogy Park Holding B.V. and Investitsioniy Trust CJSC (a logistics park, warehouses near Moscow) for a negligible consideration (in thousands of EUR), resulting in a loss of EUR 11 million. Additionally, the Group sold its 100% stake in Oil Investments LLC with Stockmann StP Centre LLC (a shopping mall in Saint Petersburg) for a consideration of approx. EUR 11 million, resulting in a loss of EUR 19 million. The results of both transactions include the impact of accumulated translation losses until the loss of control relating to these foreign operations, reclassified to profit or loss, of EUR 15 million.

The entities representing the above real estate projects in Russia sold during the six-month period ending 30 June 2023 comprised primarily the following items:

In millions of EUR, as at the disposal dates during the six months ending 30 June 2023

Cash and cash equivalents	3
Loans due from customers	48
Other assets	17
Investment property	208
Total assets	**276**
Due to non-banks	(46)
Due to banks and other financial institutions	(159)
Other liabilities	(46)
Total liabilities	**(251)**
Net assets value	**25**

During the rest of the year 2023, the Group has been continuing decreasing its exposure to the Russian Federation, when the sale of majority of the remaining real estate exposure is subject to final regulatory approvals.

B.2.2. Catamaran producer acquisition

In January 2023, the Group signed an agreement to acquire Robertson & Caine (R&C), a South African producer of Leopard catamarans, from its founder and shareholder. Leopard is known notably in the US markets. This acquisition complements the Group’s current global activities in the production and rental of recreational vessels and the provision of related services. The transaction was closed on 1 June 2023 after obtaining the required South African regulatory authorities’ approvals.

During the one-month period ended 30 June 2023, the acquired entities contributed the revenue of EUR 14 million and profit of EUR 7 million to the Group´s results. If the acquisition had occurred on 1 January 2023, the consolidated revenue would have been increased by EUR 50 million and profit by EUR 9 million.

The following table shows the determination of purchase price:

In millions of EUR

Purchase price (paid in cash)	53
Contingent consideration (maximum amount of deferred earn-out)	28
Fair value of contingent consideration	28
Total purchase price	81

In accordance with IFRS 3, the Group initiated purchase price allocation ("PPA") exercise to identify the fair value of assets and liabilities. At the date of these financial statements the Group has not yet finalised the exercise. The Group utilises the twelve-month period given by IFRS 3 to finalise the PPA, so the ultimate results will be presented in the year-end consolidated financial statements. These interim financial statements contain carrying amount of assets and liabilities as the most reasonable estimate.

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 1 June 2023

Carrying value of assets (excluding goodwill)	**57**
Cash and cash equivalents	9
Trade receivables	3
Inventories	30
Property, plant and equipment	13
Other assets	2
Carrying value of liabilities	**(34)**
Financial liabilities at FVTPL	(4)
Due to banks and other financial institutions	(2)
Current tax liabilities	(1)
Trade and other payables	(25)
Provisions	(2)
Carrying value of identifiable net assets	**23**

Goodwill arising from the acquisition has been recognised as follows:

In millions of EUR

Total consideration	81
Effective ownership	100%
Carrying value of identifiable net assets	23
Goodwill	58

The preliminary goodwill is attributable to the brand acquired, established position of acquired businesses in the market and the complementary potential the Group sees in this acquisition. As the PPA exercise is still subject to finalisation, the Group expects to recognise some newly identifiable intangible assets reallocating the above amount of the preliminary goodwill to these intangibles.

B.2.3. Sale of Asian Home Credit businesses

On 24 November 2023, the Group, through its Home Credit subsidiaries, entered into agreements for the sale of a 100% share in Home Credit Philippines (HC Consumer Finance Philippines, Inc.) and an 85% share in Home Credit Indonesia PT. The transaction is undertaken with a consortium of Mitsubishi UFJ Financial Group ("MUFG") affiliates and led by Krungsri Bank, a leading Thai institution. The sales were subject to the customary regulatory approvals. For the Philippine transaction, the Group obtained regulatory approvals and met other conditions, and the transaction was completed on 1 June 2023. For the Indonesian transaction the closing became effective on 2 October 2023 (refer also to G.6). As of 31 December 2022, the assets and liabilities of the previously mentioned Philippine and Indonesian companies were classified as held for sale. Due to the completion of the Philippine transaction on 1 June 2023, only the Indonesian company is classified as held for sale as of 30 June 2023 (refer to E.7).

The following table summarises the gain on sale of the Philippine entities:

In millions of EUR

Direct ownership sold	100%
Sale price	468
Net assets value disposed	(199)
where:	
Accumulated translation losses until loss of control relating to these foreign operations (reclassified from equity to profit or loss)	*(7)*
Total net gain on sale	262

The following table summarises the assets and liabilities of the Philippine entities:

In millions of EUR, in the moment of losing control on 1 June 2023

	Philippine entities in total
Cash and cash equivalents	39
Loans and receivables due from customers	701
Other assets	114
Total assets	**854**
Loans and receivables due from banks and other financial institutions	(525)
Other liabilities	(130)
Total liabilities	**(655)**
Net assets value	**199**

B.2.4. Sale of Home Credit and Finance Bank

B.2.4.1. Transaction

On 17 May 2022, the Group announced an agreement to sell 100% of its Russian consumer finance assets (held directly by Home Credit subgroup where the Group effectively holds a 91.12% share) to a group of Russian individual investors. The Russian consumer finance assets were all part of the CIS operating segment and included (i) Home Credit and Finance Bank LLC ("HCFB") (the parent company of the Kazakh subsidiary joint-stock company "Bank Home Credit" ("HC KZ")); (ii) Home Credit Insurance LLC ("HC Ins"), (iii) MCC Kupi ne kopi LLC ("Kupi"); (iv) Forward Leasing LLC; and (v) Vsegda Da LLC.

The divestment of the Russian assets was executed in two phases:

- Phase 1 – sale of (a) a 50.5% share in HCFB, HC Ins and Kupi, and (b) a 100% share in Vsegda Da LLC and Forward Leasing LLC for a total purchase price of approximately RUB 26.4 billion (EUR 382 million). Upon the completion of this phase, Home Credit N.V. ceased to control these Russian operations. Phase 1 was completed between 25 May and 16 June 2022 when all share transfers were registered with the relevant Russian authorities (the registration of the transfer of 50.5% of HCFB shares was completed on 16 June 2022).

- Phase 2 – forward sale of the remaining 49.5% share in HCFB, HC Ins and Kupi to be completed by November 2023 at the latest, for a total purchase price of approximately RUB 16.4 billion (EUR 237 million); subject to a downward adjustment if Phase 2 is accelerated and completed earlier. The remaining 49.5% share in HCFB was sold in August 2022, and the remaining 49.5% share in Kupi was sold in October 2022. The sale of the remaining 49.5% share in HC Ins was still in holding by the Group, waiting for the regulatory approvals, and classified as a held-for-sale asset (refer to E.7).

Parallel to the above divestment of the Russian assets, HCFB sold its 74.999% shareholding in HC KZ to private individuals identified as related parties of the Group. The registration of the share transfer with the Kazakh regulatory authority was completed on 23 May 2022.

In addition, HCFB granted a call option on the remaining 25.001% shareholding in HC KZ to parties related to the Group. The call option was executed during the second half of 2022 and Kazakh regulatory authority approval for this transfer was obtained in December 2022.

B.2.4.2. Accounting consequences

On 22 August 2022, the Group entered into an agreement for the accelerated sale of the remaining 49.5% share in HCFB, HC Ins and Kupi for a total purchase price of approximately RUB 9.1 billion (approx. EUR 150 million). The sale was accelerated through replacing each of Russian individual investors who had been parties to Phase 1 of the transaction by HCFB as the purchaser of the remaining shares.

In relation to HCFB, Phase 2 was completed with the registration of the transfer of 49.5% of the HCFB shares with the local authorities on 24 August 2022. The purchase price payment relating to the transfer of 49.5% of the HCFB shares was settled by the end of 2022.

The transfer of 49.5% of shares in Kupi was registered on 24 October 2022. The transfer of 49.5% of shares in HC Ins and the payment of the related purchase price is expected to be completed within the forthcoming months and upon obtaining all requisite Russian regulatory approvals.

As part of the comparative data in the condensed consolidated interim statement of income the Russian entities are for the six months ended 30 June 2022 classified as discontinued operations and consolidated until the Group lost the control over them on 16 June 2022. The financial performance and cash-flows relating to the discontinued operations of the Russian entities are presented below in B.2.4.3).

The Group retained its control over HC KZ throughout the duration of the whole transaction. Until the moment of launching the transaction, the Group held control over HC KZ through its indirect 100% interest in HCFB. As at 31 December 2022, as a result of Phase 1 and execution of the call option by the related parties to the Group, the Group holds no legal ownership interest in HC KZ. However, a 100% legal ownership interest is held by individuals related to the Group. PPF Financial Holdings a.s. provided funding for these individuals to purchase their interests in HC KZ and granted them with put options to sell their interests in HC KZ with a fixed strike price (the Group recognised a financial liability measured at FVTPL). The individuals should repay these loans from the considerations received from the potential future sales of their interests in HC KZ. At the same time, the Group entered into call options with these individuals to purchase their share in HC KZ, whereby the counterparties created mirror positions (the Group values these options at FVTPL).

These factors and other contract parameters were considered to conclude that the Group is still indirectly exposed to risks and related variable returns implying the retention of control over HC KZ. Subsequently, in May 2023, the Group exercised the above-mentioned call options with the aim of buying out a direct ownership stake in the share capital of HC KZ, by which the above-mentioned loans were settled as well. On 12 June 2023, the Group thus acquired a direct share of 3% and on 13 June 2023, the Group acquired another 4.5% share in the share capital of HC KZ. The remaining 92.5% share is still legally owned by the aforementioned individuals related to the Group.

B.2.4.3. Loss on sale of HCFB and other Russian entities (discontinued operations)

The impact of the sale of the Russian entities recognised in these consolidated financial statements (in the comparative period) is summarised in the following tables:

In millions of EUR

Direct ownership sold	100%
Consideration received in cash (sale price)	532
Fair value of the remaining 49.5% share in HC Ins (classified as HFS)	2
Net asset value disposed	(1,122)
where:	
Accumulated translation losses until loss of control relating to these foreign operations (reclassified from equity to profit or loss)	*(490)*
AT1 subordinated bond	*181*
Total net loss on sale	(897)

The following table summarises the impact of the sale of the above Russian entities (both phases) on the Group's cash position:

In millions of EUR

Phase 1:	
Consideration received in cash (sale price in Phase 1) [a]	382
Cash and cash equivalents disposed with the subsidiaries [b]	455
Net cash inflow in Phase 1 by 30 June 2022 [a-b]	(73)
Phase 2:	
Consideration received in cash (sale price in Phase 2) [c]	150
Net cash flow in both Phases by 31 December 2022 [a-b+c]	77

The following table summarises the assets and liabilities of the Russian entities when the Group lost control:

In millions of EUR

	HCFB	Other Russian entities	Russian entities in total
Cash and cash equivalents	444	11	455
Investment securities and derivatives	117	3	120
Loans and receivables due from banks and other financial institutions	44	7	51
Loans due from customers	2,731	115	2,846
Current tax assets	29	2	31
Property, plant and equipment	78	-	78
Other intangible assets	63	15	78
Deferred tax assets	94	4	98
Other assets	157	39	196
Total assets	**3,757**	**196**	**3,953**
Due to non-banks	(2,291)	(1)	(2,292)
Due to banks	(85)	(43)	(128)
Debt securities issued	(187)	(90)	(277)
Deferred tax liabilities	-	(3)	(3)
Provisions	(13)	(33)	(46)
Other liabilities	(75)	(10)	(85)
Total liabilities	**(2,651)**	**(180)**	**(2,831)**
Net assets value	**1,106**	**16**	**1,122**

Discontinued operations

As described above, the Russian entities' operations presented in the reporting segment (refer to Section D) as a part of the CIS region were classified as discontinued operations in these condensed consolidated interim financial statements. The results of the discontinued Russian operations are presented below:

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

	2022*
Interest income	211
Interest expense	(78)
Net interest income	**133**
Fee and commission income	40
Fee and commission expense	(26)
Net fee and commission income	**14**
Net earned premiums	7
Net insurance benefits and claims	(1)
Acquisition costs	(1)
Net insurance income	**5**
Net gains/(losses) on financial assets/liabilities	(7)
Other income	-
TOTAL OPERATING INCOME	**145**
Net impairment losses on financial assets	(102)
Personnel expenses	(63)
Depreciation and amortisation	(9)
Other operating expenses	(41)
Share of profit of equity accounted investees, net of tax	2
PROFIT BEFORE TAX	**(68)**
Income tax expense	14
NET PROFIT FROM DISCONTINUED OPERATIONS	**(54)**

*until date of sale in Phase 1 (refer to B.2.4.1)

Net cash flows incurred by discontinued Russian operations:

In millions of EUR, for the year ended 31 December

	2022*
Cash flows used in operating activities	(182)
Cash flows from investing activities	316
Cash flows used in financing activities	(5)
Net cash flow from discontinued operations	**129**

*until date of sale in Phase 1 (refer to B.2.4.1)

B.2.5. Acquisition of Nej.cz (closing yet pending)

In April 2023, the Group entered into an agreement to acquire a 100% stake in Nej.cz s.r.o., for a cash consideration, the internet connection, voice and television services provider in the Czech Republic. The Group will primarily acquire a high-speed optical infrastructure in its portfolio, which is available for half a million households in several regions of the Czech Republic. The transaction is subject to the approval of the Office for the Protection of Competition. Closing of the transaction is expected in second half of 2023. Therefore, the Group will disclose the financial effect in its full year consolidated financial statements.

B.2.6. Other Russian businesses sales (2022)

B.2.6.1. Russian real estate sales

During 2022, the Group sold a part of its Russian real estate entities. The sale took effect throughout 2022; however, a significant number of transactions was closed in the first half of 2022 representing sales of LLC Logistika-A LLC, Logistika-Ufa LLC, Skolkovo LLC, Kvartal-Tolyatti LLC, ISK Klokovo LLC (all representing land plots), and Spetsializirovanniy zastroyshchik “Delta-Com” LLC (a residential project under construction) for a total consideration of EUR 26 million. For “Delta-Com” LLC, consideration of RUB 1.3 billion (approx. EUR 13 million) was deferred and not collected by 31 December 2022. The total loss from these first-half-year sales amounted to EUR 70 million (including the impact of accumulated translation losses up to the loss of control relating to these foreign operations, reclassified to profit or loss of EUR 35 million).

Furthermore, the Group sold its 100% stake in Fantom LLC (a shopping mall in Astrachan), its 100% stake in TK Lipetskiy LLC (a land plot in Lipetsk), its indirect approx. 67% effective stake in Intrust NN CJCS (a land plot in Nizhni Novgorod) and its indirect 60% effective stake in Razvitie LLC and Skladi 104 LLC (warehouses in Moscow) for a total consideration of EUR 93 million. Total loss from the sale of these entities amounted to EUR 55 million (including the impact of accumulated translation gains up to the loss of control relating to these foreign operations, reclassified from equity to profit or loss of EUR 10 million).

Additionally, in October 2022, the Group entered into an agreement for the sale of its 100% share in Comcity Office Holding B.V. and Charlie Com LLC (ComCity office complex project in Moscow) and the acquisition of an insignificant share in a distressed mortgage fund (Imperial Fund) registered in the United States of America, measured at FVOCI. The total value of the transaction amounts to EUR 175 million resulting in a loss of EUR 87 million (including the impact of accumulated translation gains up to the loss of control relating to these foreign operations, reclassified to profit or loss of EUR 24 million). All asset swap steps were finalised by 31 December 2022, except for the registration of Charlie Com LLC transaction in the Russian commercial register, which happened on 3 February 2023). As at 31 December 2022, Charlie Com LLC’s assets and liabilities are classified as held for sale (refer to E.7).

The entities sold during 2022 comprised primarily the following items:

In millions of EUR, as at the disposal dates during 2022

Cash and cash equivalents	9
Contract assets	95
Trade and other receivables	11
Loans to corporations	35
Inventories (trading property)	36
Other assets	12
Investment property	818
Total assets	**1,016**
Loans due to non-banks	(70)
Loans due to banks and other financial institutions	(428)
Provisions (other)	(8)
Trade and other payables	(84)
Current tax liabilities	(8)
Deferred tax liabilities	(62)
Total liabilities	**(660)**
Net assets value	**356**

B.2.6.2. RAV Group sale (agriculture)

In April 2022, the Group entered into agreement for the sale of its 100% share in RAV Agro group comprising several entities, the most significant ones being RAV Agro LLC and RAV Molokoproduct LLC.

With this disposal in April 2022, the Group lost control over this sub-group and is no longer consolidated. The total profit from the sale of this subgroup amounted to EUR 50 million. The final consideration totalling EUR 62 million was collected in April 2022.

B.2.7. Acquisition of hotel operator in Rotterdam (2022)

In December 2020, the Group signed an agreement with Tower Hotel Rotterdam (a hotel operator), the anchor tenant in the Millennium Tower building owned by the Group, for the future acquisition of the hotel's operations. The closing of this transaction occurred in April 2022 and the purchase price amounted to EUR 6 million. In the meantime, the Group provided the seller with operational bridge financing and a consolidation loan totalling EUR 5 million to settle with the existing minority shareholders.

The acquisition of a hotel's operations resulted in minor goodwill of EUR 3.5 million, representing the value added of the running operating and functioning business in a building situated in an affluent and convenient area in Rotterdam. As from the Group´s perspective, the part of the building with its fair value of EUR 40 million previously and still owned by the Group rented by the hotel business changed its purpose from being previously rented out to currently serving the Group's own operations, this part was appropriately reclassified from investment property to property, plant and equipment and started to be depreciated from that carrying amount.

B.2.8. Acquisition of RTL Croatia (2022)

On 1 June 2022, CME Media Enterprises B.V. closed transactions to acquire RTL Croatia (RTL Hrvatska d.o.o.) at a purchase price of EUR 41 million net of cash acquired.

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

<u>Key assumptions and valuation approach</u>

As the acquired business is a television broadcaster, the key asset categories were programme rights, and intangible and fixed assets. Major fixed asset categories reported on the balance sheet represented buildings and 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 programming library. The cost approach was applied primarily for equipment and software.

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

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

In millions of EUR, as at 1 June 2022

Fair value of assets acquired (excl. goodwill)	**42**
Property, plant and equipment*	8
Intangible assets (excl. goodwill)	4
Programming assets (rights)	10
Trade and other receivables	15
Cash and cash equivalents	2
Deferred tax assets	3
Fair value of liabilities assumed	**(23)**
Lease liabilities	(5)
Trade and other payables	(18)
Fair value of identifiable net assets	**19**

*incl. right-of-use assets of EUR 5 million

Goodwill arising from the acquisition has been recognised as follows:

In millions of EUR

Total consideration	43
Fair value of identifiable net assets	19
Goodwill	24

Goodwill is attributable to the established position of RTL's business in the relevant market, potential synergies with other Group operations, and the assembled workforce. The recognised goodwill balance is not expected to be deducted for tax purposes.

B.3. Other changes

B.3.1. Partial sale of a share in LEAG JV (held-for-sale)

At the end of 2022, the Group and its joint venture partner were in negotiations on the sale of the Group's 20% stake in LEAG joint-venture investment. During the first half of 2023, as a result of these negotiations reflecting the market conditions, the Group concluded a sale agreement with the joint venture partner to sell the 20% stake in LEAG for EUR 1. The Group and the joint-venture partner also mutually granted call and put options to each other (the Group to sell, the joint-venture partner to buy) for the remaining 30% stake in LEAG for the fair market value. The options are exercisable at any time from 1 October 2024 to 30 September 2026.

The Group classified this 20% stake in the joint-venture as held-for-sale as at 30 June 2023 and as at 31 December 2022 (refer to E.7). The carrying amount of the held-for-sale 20% stake amounted to EUR 435 million (2022: EUR 435 million). The Group evaluated this sale agreement as an onerous contract expecting a loss of EUR 435 million at closing of this transaction. As at 30 June 2023, the Group therefore recognised a provision for an onerous contract in its liabilities totalling EUR 435 million and a loss from sale of equity-accounted investees at the same amount. The transaction was subject to regulatory approvals that were obtained in September and October 2023 and the transaction was closed. The Group did not subsequently recognise any additional loss or profit from this sale and the provision was derecognised during the second half of 2023.

As at 30 June 2023, the Group's total shareholding in LEAG represented a 50% share on economic rights (since acquisition in 2016, the Group's legal effective ownership is zero, it only has a joint control over LEAG via the contractual arrangements with the joint-venture partner). The remaining 30% stake keeps being classified as a joint-venture and measured by applying the equity method (refer to E.8). Once the above sale transaction is closed, this 30% stake shall be reclassified from a joint venture to an associate.

B.3.2. Increased share in Heureka Group and CE Electronics Holding, and sale of Vivantis

On 24 May 2023, the Group, together with its jointly participating partners, entered into a series of agreements through which it aimed to increase its share in Heureka Group and in CE Electronics Holding Group (CEEH) from the previous 40% stake to the new 50% stake in both cases, and fully dispose its 40% stake in Vivantis. The additional acquisitions were closed by 30 June 2023 and changed the classification of Heureka Group and CEEH from associates to joint-ventures following the contractual arrangements with the continuing joint-venture partner while the equity method retains to be applied for the measurement of these two investments. The sale of Vivantis was closed in August 2023 (with a negligible loss on sale in thousands of EUR).

The additional 10% stake in Heureka Group was acquired for a cash consideration of EUR 16 million resulting in an additional goodwill recognised within the carrying amount of Heureka Group investment of EUR 32 million. The increase in goodwill is enhanced by the negative net assets of Heureka Group reported under IFRS (refer to E.8). The additional 10% stake in CEEH was acquired for a cash consideration of EUR 2 million resulting in no additional goodwill recognition.

B.3.3. Acquisition of the significant influence in InPost

In May 2023, the Group, through its newly established Dutch holding company PPF NIPOS B.V. entered into an agreement to acquire an additional 15% stake in the publicly traded InPost S.A. for a cash consideration of EUR 750 million. The transaction closed in June 2023. Thus, as at 30 June 2023, the Group held a total of 16.75% stake in InPost and became the second largest shareholder in this e-commerce company currently active on its home market in Poland and in eight Western European countries, operating almost 30 thousand automated parcel machines (APMs) that provide self-service delivery boxes for the e-commerce clients. InPost also develops fulfilment centres (parcel storage and distribution) and further offers their services to e-shops.

The Group also agreed with the seller on a call option to purchase an additional 15% stake in InPost expiring in December 2023. Based on the results of a thorough analysis of the above arrangements the Group evaluated that in June 2023 gained significant influence over InPost which is classified as an associate and the equity method is applied since then.

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 InPost in these condensed consolidated interim financial statements the Group used the publicly available carrying amount of assets and liabilities as at 30 June 2023 as the most reasonable estimate. 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 30 June 2023

Carrying value of assets (excluding goodwill)	**1,707**
Property, plant and equipment	1,005
Intangible assets	226
Other assets	476
Carrying value of liabilities	**(1,843)**
Interest bearing liabilities	(1,120)
Other liabilities	(723)
Carrying value of identifiable net assets (excluding goodwill)	**(136)**

Goodwill arising from the acquisition has been calculated as follows:

In millions of EUR

Effective ownership at acquisition of the significant influence	16.75%
Total consideration	837
Fair value of the previously held interest (1.75% share)	87
Total cash consideration for the additional acquired 15% share	750
Carrying value of identifiable net assets, excl. goodwill (100%)	(136)
Carrying value of identifiable net assets, excl. goodwill (attributable to the Group's 16.75% share)	(23)
Goodwill (included in equity-acc. investee's carrying amount at acquisition)	860

The management expects that under the PPA exercise primarily a brand will be identified as a newly identifiable intangible asset to which a part of the goodwill will be re-allocated. However, the residual goodwill resulting from the PPA exercise is expected be significant with the reference to the market expectations incorporated in the share price and attributable to the established market position in the home country, the opportunities in the markets where InPost is active, and to the assembled workforce.

B.3.4. Sale of 30% stake in CETIN Group N.V. (2022)

In October 2021, the Group entered into an agreement with GIC Private Limited ("GIC") to sell its 30% stake in CETIN Group N.V., the sole owner of CETIN CZ, CETIN Bulgaria and CETIN Serbia, and the holder of a 75% stake in CETIN Hungary. After obtaining all regulatory approvals, the transaction was completed in March 2022. GIC became a minority shareholder, the Group maintains its control over CETIN Group N.V.

The following table summarises the financial aspects of this transaction:

In millions of EUR

Effective ownership sold	30.00%
Total consideration received in cash	1,411
Net asset value attributable to non-controlling interests sold	260
Effect recorded in retained earnings (gain)	1,151

Within the above transaction, the PPF Telecom Group B.V. (the direct owner of CETIN Group N.V.) also granted a put option to GIC for its 30% share in CETIN Group N.V. for the fair value of the share as at the exercise date of the option. One of the conditions of the put option may be exercised by GIC should PPF Telecom Group B.V.'s controlling party change without prior approval, as defined in the agreement (incl. the Parent Company and the ultimate controlling party defined in note A.1, hereinafter together as "controlling parties").

The Group is fully capable of avoiding the situations that would allow GIC to exercise the put option, except for the mentioned unapproved change of control (while fully in the power of the Parent Company's ultimate controlling party). Following IFRS guidance (IAS 32), this situation would require the Group to deliver cash or another financial asset because technically, neither the PPF Telecom Group B.V.'s management nor the Parent Company's management can avoid triggering an unapproved change of control over the Parent Company. However, the Parent Company's ultimate controlling party will always consider all effects of an unapproved change of control. Thus, the Group's management considers the exercisability of the put option highly unlikely.

However, even though the above situation is exceedingly unlikely, i.e., the put option is highly improbable to be exercised, IFRS guidance does not define such put option liabilities based on what is likely to happen but instead uses the contractual terms of the agreement. As with the existence of this put option GIC still has access to the returns from the investment in CETIN Group N.V. (such as dividends), applying the present-access method, the Group's conditional commitment to acquire NCI's share was recognised in the condensed consolidated interim financial statements for the six months ended 30 June 2023 as a financial liability at net present value with the net present value remeasurements directly through equity attributable to the owners of the Parent.

The initial value of this conditional commitment to acquire NCI's share in March 2022 amounted to EUR 1,411 million. As at 30 June 2023, the net present value of the conditional commitment to acquire NCI's share totalling EUR 837 million was derived from the fair value of the 30% share in CETIN Group N.V. determined by independent valuation experts using a multicriteria approach aligned with general professional valuation practices comprising the discounted-cash-flows method and market multiples of comparable companies. For the six-months period ending 30 June 2023, a remeasurement gain of EUR 13 million from the decrease in the net present value of the conditional commitment to acquire NCI's share was recognised in the reserve for puttable instruments in the equity attributable to the owners of the Parent.

The other conditions related to the put option granted to GIC, are fully under the control of the Group's management, and no liability recognition is required.

B.3.5. Increased share in O2 Czech Republic a.s. (2022)

As at 1 January 2022, the Group held a 90.52% stake in O2 Czech Republic a.s. (O2 CZ). As the holder of more than 90% of the share capital of O2 CZ, the Group initiated a squeeze-out procedure of the remaining holders in O2 CZ through a mandatory tender offer for the shares in this telecommunications operator held by the remaining minority shareholders. The transfer of all shares to the Group was approved by the general meeting of O2 CZ on 26 January 2022. O2 CZ subsequently submitted a request for the delisting of its shares from the Prague Stock Exchange and RM-SYSTÉM (i.e., both Czech stock exchanges). The last trading day of O2 CZ shares was 28 February 2022.

A consideration of CZK 270 per share was paid to the remaining holders of 28.5 million shares (representing the remaining minority shareholders). The settlement process of the liability to the remaining holders started in March 2022.

The following table summarises the financial aspect of squeeze-out transaction described above:

In millions of EUR

Total consideration (approx. CZK 270 per share)	311
Effective ownership acquired from external parties	9.48%
Net asset value attributable to non-controlling interests acquired*	(23)
Effect recorded in retained earnings (loss)	(288)

*incl. accumulated foreign exchange translation losses from the Group’s operations of EUR 37 million

B.3.6. O2 subgroup business restructuring (2022)

Following the concentration of 100% shares in O2 CZ, the Group performed the restructuring of O2 subgroup. In April 2022, O2 Slovakia, s.r.o. was sold by O2 CZ to PPF Comco N.V., and subsequently, an infrastructure part of O2 Slovakia, s.r.o. was separated by way of demerger to a newly established O2 Networks, s.r.o. Separating retail and infrastructure parts of the Group businesses is consistent with group structure in other Group’s current telecommunication markets. The direct owner of O2 Networks, s.r.o. is PPF Comco N.V. as at 30 June 2023.

There is no impact on the condensed consolidated interim financial statements from these transactions.

B.3.7. Sale of Mall Group (closed in 2022)

In November 2021, the Group, together with its partners entered into agreement for the sale of 100% of Mall Group (as at 31 December 2021, the Group held a 40% stake) to Allegro.pl. The closing was subject to the approval by the appropriate antitrust authorities. The consideration for the sale was concluded as a cash consideration plus a non-cash consideration in the form of shares in Allegro. The closing finally became effective in April 2022, and the cash consideration amounting to EUR 225 million and the consideration in newly issued Allegro shares (10,023,118 pieces) valued at EUR 122 million (in November 2021) were collected by the Group in April 2022 as well. The net impact of the transaction on the Group’s results was a total net profit of EUR 273 million, where the profit from the sale of the associate amounted to EUR 347 million and, in connection with the consideration received in the newly issued Allegro shares, the Group incurred a loss of EUR 74 million presented under net trading income from derivatives in E.25.

B.3.8. Toll services in the Czech Republic and Slovakia (2022)

In March 2022, the Group announced its intention to acquire SkyToll (electronic toll systems operator in Slovakia), TollNet (technology company), and PaySystem (supplier of payment solutions for carriers) and combine these companies under a newly established ITIS Holding a.s., classified as a joint venture. ITIS Holding became the 100% shareholder of CzechToll and SkyToll, TollNet, and PaySystem. On 31 August 2022, following the approval of the transaction by the antimonopoly offices in the Czech Republic and Slovakia, the transaction was finalised. By the finalisation date, the Group was the sole shareholder of CzechToll, the operator of a satellite toll system in the Czech Republic from 1 December 2019.

With the formation of this new holding, in August 2022, the Group lost its control over CzechToll as this subsidiary was sold to ITIS Holding for a deferred consideration amounting to EUR 20 million with a gain on sale of EUR 8 million. The assets and liabilities of CzechToll, when disposed, totalled EUR 106 million and EUR 94 million, respectively, and represented primarily trade receivables and trade payables. For details on the financial figures of ITIS Holding refer to E.8.

B.3.9. Arrangements between Home Credit shareholders

With effect from 1 July 2019, PPF Financial Holdings B.V. and Emma Omega Ltd. as the direct shareholders of Home Credit Group B.V. entered into an agreement concerning certain transactions with Home Credit Group shares. The agreement was subsequently modified in September 2019 (the "Agreement").

Under the Agreement, the parties agreed on the following arrangements valid as of 30 June 2023:

PPF Financial Holdings and Emma Omega have agreed that PPF Financial Holdings will sell to Emma Omega a 2.5% shareholding interest in Home Credit Group at the nominal value of a share if PPF Financial Holdings is able to achieve a pre-agreed internal rate of return on its investment in Home Credit Group calculated for the period (a) from 31 December 2018 until 31 December 2023 if Home Credit is not listed, and (b) from the Home Credit listing date until 31 December 2023. Based on the market situation, as of 30 June 2023, the fulfilment of the conditions is not probable. Therefore, the Agreement's value is currently valued to nil.

Upon the regular termination of the Agreement which shall occur on 31 December 2023, Emma Omega shall sell all its shares in Home Credit Group for their fair value derived entirely or partially from the average market price of any material listed subsidiary of Home Credit Group, if listed at that time. The contractual arrangements may also be terminated earlier than on the regular termination date (31 December 2023) under the agreed and specified circumstances. The acquirer of the shares is an affiliate of PPF Financial Holdings a.s. (outside the Group).

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 2022.

During the interim period there were no significant changes in the nature or extent of risks arising from financial instruments. There were no significant transactions influencing liquidity position of the Group.

C.1. 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 2023 (excl. held-for-sale)

	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at AC (E.2.2)	2,368	2,177	2,138	39	-
Loans and receivables due from banks and other financial institutions	160	160	27	131	2
Loans due from customers	8,781	8,666	-	30	8,636
Trade and other receivables*	1,677	1,677	-	-	1,677
Due to non-banks	(14,548)	(14,542)	-	(14,356)	(186)
Due to banks and other financial institutions	(5,914)	(5,925)	-	(4,722)	(1,203)
Debt securities issued	(3,887)	(3,769)	-	(3,275)	(494)
Subordinated liabilities	(44)	(45)	-	(13)	(32)
Trade and other payables**	(2,015)	(2,015)	-	-	(2,015)

*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 2022 (excl. held-for-sale)

	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets at AC (E.2.2)	2,311	2,057	2,023	34	-
Loans and receivables due from banks and other financial institutions	153	153	33	99	21
Loans due from customers	8,213	8,112	-	25	8,087
Trade and other receivables*	1,661	1,661	-	-	1,661
Due to non-banks	(13,207)	(13,201)	-	(13,021)	(180)
Due to banks and other financial institutions	(6,552)	(6,512)	-	(5,341)	(1,171)
Debt securities issued	(3,992)	(3,815)	-	(3,208)	(607)
Subordinated liabilities	(44)	(44)	-	(12)	(32)
Trade and other payables**	(2,051)	(2,049)	-	-	(2,049)

*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 2023 (excl. held-for-sale)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	814	4,258	19	5,091
Financial assets FVOCI	1,594	544	63	2,201
Financial liabilities at FVTPL	(528)	(3,329)	(49)	(3,906)
Total	**1,880**	**1,473**	**33**	**3,386**

In millions of EUR, as at 31 December 2022 (excl. held-for-sale)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	497	1,049	174	1,720
Financial assets FVOCI	1,470	138	82	1,690
Financial liabilities at FVTPL	(340)	(786)	(174)	(1,300)
Total	**1,627**	**401**	**82**	**2,110**

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

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

	Financial assets FVTPL	Financial assets FVOCI	Financial liabilities FVTPL	Total
Balance as at 1 January	174	82	(174)	82
Net gains recorded in profit or loss (included in net gain/(loss) on financial assets)	1	5	-	6
Net losses recorded in other comprehensive income	-	(24)	-	(24)
Purchases and other additions of financial assets	21	-	-	21
Sales/settlements	(179)	-	152	(27)
Additions from business combinations	-	-	(28)	(28)
Effect of movements in exchange rates	2	-	1	3
Balance at 30 June 2023	**19**	**63**	**(49)**	**33**

In millions of EUR, for the year ended 31 December 2022

	Financial assets FVTPL	Financial assets FVOCI	Financial liabilities FVTPL	Total
Balance as at 1 January	17	23	(15)	25
Net gains/(losses) recorded in profit or loss (included in net gain/(loss) on financial assets)	3	-	(55)	(52)
Net losses recorded in other comprehensive income	-	(6)	-	(6)
Purchases or originations of financial assets	195	61	-	256
Sales/settlements	(43)	-	9	(34)
Additions of financial liabilities/Issues	-	-	(111)	(111)
Transfer out of / into Level 3	-	3	-	3
Effect of movements in exchange rates	2	1	(2)	1
Balance as at 31 December 2022	**174**	**82**	**(174)**	**82**

The Group uses the consistent techniques to determine fair value under Level 2 and Level 3 in these condensed consolidated interim financial statements as were applied in the most recent annual consolidated financial statements for the year ended 31 December 2022.

The financial assets at FVOCI presented in Level 3 represent equity securities of EUR 63 million (31 December 2022: equity securities of EUR 77 million and debt securities of EUR 5 million). 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 (the "CNB") 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, the shareholders of the company decided to conduct a cross-border conversion (hereinafter as Conversion) from the Netherlands to Czech Republic.

After the Conversion, PPF Financial Holdings a.s. was subject to the same capital requirements on a consolidated basis as PPF Financial Holdings B.V. before the Conversion. The Subgroup is 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 is required to maintain a capital conservation buffer amounting to 2.5% of its risk-weighted assets and an institution-specific countercyclical capital buffer.

The Subgroup monitored and maintained other regulatory requirements, such as large exposures, liquidity, and leverage ratios.

Due to late transposition of the CRD to the Czech legislation, the authorisation process for financial holdings became effective in the Czech Republic only in October 2021. Following the Conversion, PPF Financial Holdings submitted its formal application to the CNB in November 2021. The application was approved in March 2022. Throughout the reporting period until the approval, the Subgroup maintained all capital requirements and reported them to the CNB as if effective for the Subgroup.

As of June 30, 2023, the Subgroup is required, in addition to the capital requirements of 8%, to maintain a capital conservation buffer of 2.5%, an institution-specific countercyclical capital buffer of 1.162%, and a capital buffer for other systemically important institutions of 0.5% of its risk-weighted assets. Effective from October 1, 2023, the Subgroup will be obliged to meet an additional capital requirement under Pillar 2 amounting to 1.0%.

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, Asia, Russia (disc.)[1]
	Air Bank[2] and its subsidiaries	Deposits, loans and other transactions and balances with retail customers	Czech Republic and Slovakia
	Bank Home Credit	Deposits, loans and other transactions and balances with retail customers	Kazakhstan
	Mobi Banka	Deposits, loans and other transactions and balances with retail customers	Serbia
	ClearBank *(associate)*	Clearing and settlement services	United Kingdom
Telecommunications	O2 Czech Republic	Fixed and mobile telecommunication and data services	Czech Republic
	O2 Slovakia/ O2 Networks	Mobile telecommunication and data services, and infrastructure	Slovakia
	CETIN	Administration and operation of data and communication infrastructure network	Czech Republic, Hungary, Bulgaria, Serbia
	Yettel	Mobile operators providing a range of voice and data services	Hungary, Bulgaria and Serbia
Media	CME and its subsidiaries	Television broadcasting	Czech Republic, Bulgaria, Romania, Slovakia, Slovenia and Croatia
Real estate	PPF Real Estate Holding	Developing, investing and professional consulting in the property sector	Central and Western Europe, Romania, USA, Russia
Mechanical engineering	Škoda	Production, development, assembling and repairs of vehicles for public transport	Czech Republic, Eastern Europe, Finland, Belgium
	Temsa *(JV)*	Production of buses	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, France, Switzerland
	O2 Arena/ O2 Universum	Operation of multipurpose hall hosting mainly sports and cultural events	Czech Republic
	ITIS Holding *(JV)*	Toll operating and collection system	Czech Republic, Slovakia

Reportable segment	Business name/brand	Operations	Geographic focus
Other (cont.)	Dream Yacht/Navigare *(associate)*	Sea boat charter services and production	worldwide
	Robertson & Caine(3)	Catamaran producer	South Africa, USA
	LEAG *(JV)*	Extraction, processing, refining and sale of lignite, generation of electricity and heat	Germany
	Heureka *(JV)*	e-commerce and comparison-shopping platforms	Central and Eastern Europe
	FAST *(JV)*	Consumer electronic wholesaler and retailer	Czech Republic, Slovakia, Hungary, Poland
	InPost *(associate)*	Operator of automated parcel machines	Poland, Western Europe
	MONETA Money Bank *(associate)*	Provider of banking and financing services to individual customers and clients in the SME segment	Czech Republic

(1) For the period ended 30 June 2022, Russia region (a part of CIS region) is presented as discontinued operations (refer to B.2.4).
(2) part of Home Credit subgroup
(3) acquired in June 2023, (refer to B.2.2)

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 2023

	Total
Interest income*	1,228
Fee and commission income	181
Rental and related income	83
Telecommunication income	1,831
Mechanical engineering income	518
Media income	396
Insurance income	16
Other income**	121
Total revenue from external customers	**4,374**

*interest income related to financial services, insurance and unallocated segments
**incl. leisure business income

Total segment revenue for the six months ended 2022 contains the following categories of continuing operations that may be reconciled to the condensed consolidated interim statement of income and the Russian Federation financial services discontinued operations (refer to B.2.4). The main categories are presented in the below table:

In millions of EUR, for the six months ended 30 June 2022

	Continuing (restated)*	Discontinued**	Total
Interest income***	1,106	211	1,317
Fee and commission income	159	40	199
Telecommunications income	1,683	-	1,683
Media income	352	-	352
Mechanical engineering income	393	-	393
Rental and related income	120	-	120
Net income related to construction contracts	9	-	9
Insurance income	14	7	21
Other income****	92	-	92
Total revenue from external customers	**3,928**	**258**	**4,186**

*restated due to initial application of IFRS 17, refer to A.8.
**Russian financial services operations only (refer to B.2.4)
***interest income related to financial services, insurance and unallocated segments
****incl. toll operations income and leisure business income

The Group does not have a major customer or individual customer with revenue exceeding 10% of total segment revenue.

The following table shows the main items from the financial statements broken down according to reportable segments for the six months ended 30 June 2023 and comparative figures for 2022:

In millions of EUR

30 June 2023	Financial services	Telecommu-nications	Media	Real estate	Mechanical engineering	Insurance	Other	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	1,381	1,831	396	79	518	28	125	16	-	4,374
Inter-segment revenue	7	2	5	1	-	-	-	14	(29)	-
Total revenue	**1,388**	**1,833**	**401**	**80**	**518**	**28**	**125**	**30**	**(29)**	**4,374**
Segment share of profit/(loss) of associates/JVs	(10)	-	-	(34)	(2)	-	486	-	-	440
Net profit/(loss) for the period	**330**	**345**	**59**	**(92)**	**(20)**	**11**	**80**	**(8)**	**4**	**709**
Other significant non-cash expenses*	(236)	(47)	1	(3)	(1)	-	(7)	(6)	(7)	(306)
30 June 2023										
Segment assets	25,023	8,011	2,304	1,858	1,428	215	5,852	761	(1,999)	43,453
of which: equity-accounted investees	*94*	*1*	-	*36*	*32*	-	*2,549*	-	-	*2,712*
Segment liabilities	22,715	6,828	1,139	1,095	898	77	1,699	998	(2,027)	33,422
Segment equity	**2,308**	**1,183**	**1,165**	**763**	**530**	**138**	**4,153**	**(237)**	**28**	**10,031**

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

In millions of EUR

30 June 2022	Financial services	Telecommu-nications	Media	Real estate	Mechanical engineering	Insurance	Other	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	1,505	1,683	352	127	393	27	94	5	-	4,186
Inter-segment revenue	13	3	5	1	-	-	-	11	(33)	-
Total revenue	**1,518**	**1,686**	**357**	**128**	**393**	**27**	**94**	**16**	**(33)**	**4,186**
Segment share of profit/(loss) of associates/JVs	(5)	-	-	(69)	-	-	283	-	-	209
Net profit/(loss) for the period	**(1,157)**	**359**	**69**	**(102)**	**(21)**	**13**	**507**	**(70)**	**2**	**(400)**
Other significant non-cash expenses*	(367)	(39)	2	(31)	(2)	-	(1)	(66)	(5)	(509)
31 December 2022										
Segment assets	22,871	7,874	2,275	2,411	1,428	269	3,565	1,369	(2,179)	39,883
of which: equity-accounted investees	*95*	*1*	-	*80*	*32*	-	*1,274*	-	-	*1,482*
Segment liabilities	20,953	6,880	1,181	1,455	872	112	801	580	(2,201)	30,633
Segment equity	**1,918**	**994**	**1,094**	**956**	**556**	**157**	**2,764**	**789**	**22**	**9,250**

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

D.1. Financial services segment

The financial services segment is primarily represented by Home Credit Group (consumer lending), Bank Home Credit (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, Southeast Asia, Central and Eastern Europe. The Home Credit Group operates in the following principal geographical areas: China, the Russian Federation and Kazakhstan (until 16 June 2022, refer to B.2.4) the Czech Republic, Vietnam, Slovakia, India, Indonesia and the Philippines (until 1 June 2023, refer to B.2.3). The Russian Home Credit businesses (until 16 June 2022), Air Bank and Bank Home Credit (Kazakhstan) operate under banking licences allowing for the collection of deposits.

On 16 June 2022, the Home Credit Group lost control over Bank Home Credit (Kazakhstan) while the control has been retained by PPF Financial Holdings Group (refer to B.2.4). Since the direct control was transferred to PPF Financial Holdings Group level, the operations of Bank Home Credit started to be directly managed from that level, accordingly. The CIS region comprised both Russia and Kazakhstan in the segment report presentation. As PPF Financial Holdings subgroup lost control over its Russian operations and the direct management of Kazakh operations changed, CIS region, in the segment report for the six-month period ending 30 June 2022, was split, for the presentation purposes, to both countries being presented separately, and the Kazakh operations were newly presented as Consumer lending (Kazakhstan) segment, compared to its previous presentation under Consumer lending of the Home Credit Group.

Retail banking in Serbia comprises Mobi Banka, a Serbian bank not related to the Home Credit business.

The following tables show the main items from the financial statements broken down according to reportable segments for the six months ended 30 June 2023 and comparative figures for 2022:

In millions of EUR

30 June 2023	Consumer lending					Corporate banking	Consumer lending	Retail banking	Unallocated	Eliminations	**Consolidated**
		China	*SEA**	*CEE**	*Other*		*Kazakhstan*	*Serbia*			
Revenue from customers	818	61	513	244	-	391	162	13	4	-	1,388
Inter-segment revenue	15	-	-	15	-	29	-	-	11	(55)	-
Total revenue	**833**	**61**	**513**	**259**	**-**	**420**	**162**	**13**	**15**	**(55)**	**1,388**
Net interest income from external customers	497	14	344	139	-	124	99	8	(2)	-	726
Inter-segment net interest income	(20)	(1)	(11)	4	(12)	24	-	(1)	11	(14)	-
Total net interest income	**477**	**13**	**333**	**143**	**(12)**	**148**	**99**	**7**	**9**	**(14)**	**726**
Net profit/(loss) for the period	**226**					**96**	**18**	**1**	**(8)**	**(3)**	**330**
Other significant non-cash expenses	(206)					(12)	(19)	(1)	2	-	(236)
30 June 2023											
Segment assets	9,066					15,326	1,292	243	510	(1,414)	25,023
Segment liabilities	8,204					14,527	977	212	206	(1,411)	22,715
Segment equity	**862**					**799**	**315**	**31**	**304**	**(3)**	**2,308**

*SEA – South East Asia, CEE – Central and Eastern Europe

In millions of EUR

30 June 2022	Consumer lending						Corporate banking	Consumer lending	Retail banking	Unallocated	Eliminations	**Consolidated**
		China	*Russia (CIS part)* disc***	*SEA**	*CEE**	*Other*		*Kazakhstan*	*Serbia*			
Revenue from customers	1,164	244	258	474	188	-	215	123	11	5	-	1,518
Inter-segment revenue	7	-	1	-	6	-	20	-	-	14	(41)	-
Total revenue	**1,171**	**244**	**259**	**474**	**194**	**-**	**235**	**123**	**11**	**19**	**(41)**	**1,518**
Net interest income from external customers	703	130	133	319	135	(14)	103	81	5	(4)	-	888
Inter-segment net interest income	(26)	(1)	-	(10)	2	(17)	20	-	-	14	(8)	-
Total net interest income	**677**	**129**	**133**	**309**	**137**	**(31)**	**123**	**81**	**5**	**10**	**(8)**	**888**
Net profit/(loss) for the period	**(1,234)**						**56**	**30**	**-**	**(8)**	**(1)**	**(1,157)**
Other significant non-cash expenses	(351)						(8)	(7)	(1)	-	-	(367)
31 December 2022												
Segment assets	10,069						11,977	1,125	232	732	(1,264)	22,871
Segment liabilities	9,469						11,241	836	201	472	(1,266)	20,953
Segment equity	**600**						**736**	**289**	**31**	**260**	**2**	**1,918**

*CIS – Commonwealth of Independent States, SEA – South East Asia, CEE – Central and Eastern Europe (incl. Air Bank)
** Russia region (refer to the above paragraphs in this section) and its related operations are classified as discontinued as at 30 June 2022 and 31 December 2022, segment reporting is presented as if there were no discontinued operations. The results from discontinued operations are presented in the separate note B.2.4.

D.2. Telecommunication segment

The telecommunication segment is represented by O2 Czech Republic, O2 Slovakia, O2 Networks, CETIN and Yettel entities.

For the six months ended 30 June 2023, O2 Slovakia and O2 Networks are presented as separate segments compared to the financial statements for the year ended 31 December 2022, when they both were presented under O2 Slovakia segment. The comparative figures for the six months ended 30 June 2022 were restated accordingly.

In millions of EUR

30 June 2023	O2 Czech Republic	O2 Slovakia	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	O2 Networks	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Revenue from external customers	718	166	292	241	236	171	-	2	2	5	-	-	1,833
Inter-segment revenue	7	2	2	2	5	235	46	87	67	53	-	(506)	-
Total revenue	**725**	**168**	**294**	**243**	**241**	**406**	**46**	**89**	**69**	**58**	**-**	**(506)**	**1,833**
Operating profit excl. depr., amort. and impairments	**242**	**37**	**60**	**75**	**73**	**205**	**34**	**59**	**50**	**46**	**-**	**(5)**	**876**
Net profit/(loss) for the period	**118**	**7**	**1**	**42**	**33**	**64**	**11**	**30**	**27**	**25**	**(13)**	**-**	**345**
Capital expenditure	26	14	9	14	13	95	12	33	21	15	-	-	252
Depreciation and amortisation	(82)	(21)	(34)	(21)	(26)	(116)	(17)	(21)	(19)	(16)	-	4	(369)
Other significant non-cash expenses	(15)	(4)	(5)	(8)	(13)	(1)	-	(1)	-	-	-	-	(47)
30 June 2023													
Segment assets	1,647	347	823	552	635	2,622	270	482	357	369	1,529	(1,622)	8,011
Segment liabilities	984	159	354	168	115	1,603	167	154	119	69	4,557	(1,621)	6,828
Segment equity	**663**	**188**	**469**	**384**	**520**	**1,019**	**103**	**328**	**238**	**300**	**(3,028)**	**(1)**	**1,183**

In millions of EUR

30 June 2022	O2 Czech Republic	O2 Slovakia*	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	O2 Networks*	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Revenue from external customers	664	150	269	214	226	155	-	1	2	5	-	-	1,686
Inter-segment revenue	6	1	2	2	4	215	41	63	58	46	-	(438)	-
Total revenue	**670**	**151**	**271**	**216**	**230**	**370**	**41**	**64**	**60**	**51**	**-**	**(438)**	**1,686**
Operating profit excl. depr., amort. and impairments	**223**	**37**	**59**	**89**	**72**	**181**	**32**	**48**	**41**	**38**	**(3)**	**(5)**	**812**
Net profit/(loss) for the period	**105**	**8**	**8**	**58**	**33**	**49**	**6**	**24**	**21**	**18**	**31**	**(2)**	**359**
Capital expenditure	30	21	165	13	14	89	21	39	25	13	-	(14)	416
Depreciation and amortisation	(81)	(20)	(32)	(20)	(24)	(109)	(22)	(17)	(18)	(15)	(1)	4	(355)
Other significant non-cash expenses	(12)	(4)	(4)	(6)	(10)	(1)	-	(2)	-	-	-	-	(39)
31 December 2022													
Segment assets	1,598	345	777	507	603	2,571	271	410	352	366	1,544	(1,470)	7,874
Segment liabilities	975	164	301	120	116	1,595	179	133	97	77	4,591	(1,468)	6,880
Segment equity	**623**	**181**	**476**	**387**	**487**	**976**	**92**	**277**	**255**	**289**	**(3,047)**	**(2)**	**994**

*restated (as explained at the beginning of this section)

E. Notes to the condensed consolidated interim financial statements

E.1. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	30 June 2023	31 December 2022 (restated)*
Cash on hand	118	117
Current accounts	633	697
Balances with central banks	453	641
Placements with financial institutions due within one month	382	249
Reverse repo operations with central banks	5,897	7,022
Total cash and cash equivalents	**7,483**	**8,726**

*refer to A.7

As at 30 June 2023, current accounts comprise EUR 99 million (2022: EUR 71 million) which is to a certain extent restricted to its use. The use of the cash is restricted by the Group's borrowing agreements with its creditors for the received funding.

Balances with central banks include minimum reserve deposits totalling EUR 178 million (2022: EUR 226 million). 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. In the event of non-fulfilment of this requirement by the commercial bank, the central bank burdens the unfulfilled part of the mandatory minimum reserve deposit requirement with interest, representing the interest expense for the commercial bank.

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 2023	31 December 2022
Financial assets at FVTPL*	5,091	1,720
Financial assets at AC	2,262	2,182
Amortised cost	2,368	2,311
FV hedge adjustment	(106)	(129)
Financial assets at FVOCI	2,201	1,690
Total investment securities and derivatives	**9,554**	**5,592**

*incl. derivatives

E.2.1. Financial assets at FVTPL

Financial assets at FVTPL comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Reverse repo operations*	3,424	104
Debt securities*	617	439
Government and other public-sector bonds	613	439
Corporate bonds	4	-
Equity securities*	15	11
Positive fair value of trading derivatives	699	752
Interest rate derivatives	494	617
Currency derivatives	134	135
Equity derivatives	71	-
Positive fair values of hedging derivatives	133	173
Financial assets not held for trading	203	241
Equity securities	183	48
Loans and receivables	8	165
Other	12	28
Total financial assets at FVTPL	**5,091**	**1,720**

*held for trading

The significant increase in receivables from reverse repo operations reflects the market needs and opportunities especially on the Czech market.

E.2.2. Financial assets at AC

Financial assets at AC (excl. FV hedge adjustment – refer to E.2) comprise the following:

In millions of EUR, as at 30 June 2023

	Gross amount	Amortised cost
Government bonds	2,357	2,357
Corporate bonds	11	11
Total financial assets at AC	**2,368**	**2,368**

In millions of EUR, as at 31 December 2022

	Gross amount	Amortised cost
Government bonds	2,305	2,305
Corporate bonds	6	6
Total financial assets at AC	**2,311**	**2,311**

E.2.3. Financial assets at FVOCI

Financial assets at FVOCI comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Debt securities	1,642	1,251
Government bonds	1,306	902
Corporate bonds	336	349
Equity securities	559	439
Shares	521	377
Mutual funds investments	25	27
Other equity securities	13	35
Total financial assets at FVOCI	**2,201**	**1,690**

All equity securities represent investments in publicly traded shares measured at fair value of Level 1. The tables below show details on the Group's most significant share investments at FVOCI:

In millions of EUR

Company name	30 June 2023	31 December 2022
ProSiebenSat.1 Media SE	187	58
Allegro.eu	97	83
Kontron AG	61	52
Polymetal	36	44
Autolus Therapeutics PLC	32	26
Other	108	114
Total equity securities - shares (at FVOCI)	**521**	**377**

Net revaluation gains and losses from these share investments recognised through other comprehensive income for the six-month period were as follows:

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

	2023	2022
ProSiebenSat.1 Media SE	3	-
Allegro.eu	26	(27)
Kontron AG	9	(2)
Polymetal	(8)	(214)
Autolus Therapeutics PLC	6	(27)
Other	35	(13)
Total net revaluation gains/(losses) in OCI*	**71**	**(283)**

*excluding revaluation gains/(losses) related to mutual funds investments and other equity securities

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 2023	31 December 2022 (restated)*
Gross amount	170	153
Allowance for impairment	(10)	-
Total carrying amount	**160**	**153**
Term deposits at banks	35	42
Loans to banks	7	13
Cash collateral for derivative instruments	118	98

*refer to A.7.

E.4. Loans due from customers

Loans due from customers measured at amortised cost comprise the following items:

In millions of EUR

	30 June 2023	31 December 2022
Loans due from customers – retail		
Gross amount	6,471	6,516
Allowance for impairment	(547)	(598)
Loans due from customers – retail (carrying amounts)	**5,924**	**5,918**
Loans due from customers – non-retail		
Gross amount	3,070	2,478
Allowance for impairment	(213)	(183)
Loans due from customers – non-retail (carrying amounts)	**2,857**	**2,295**
Total loans due from customers (carrying amounts)	**8,781**	**8,213**

In millions of EUR

	30 June 2023	31 December 2022 (restated)
Cash loans	3,966	4,013
Mortgage loans	686	636
Revolving loans	632	612
Consumer loans	374	426
Car loans	266	231
Loans due from customers – retail (carrying amounts)	**5,924**	**5,918**
Loans to corporations	2,432	2,169
Loans to equity-accounted investees	115	100
Loans and advances provided under repo operations	276	-
Other	34	26
Loans due from customers – non-retail (carrying amounts)	**2,857**	**2,295**
Total loans due from customers (carrying amounts)	**8,781**	**8,213**

In 2023, the Group reclassified a product at one of the companies within the Home Credit subgroup. The company offers to the customers a certain limit without information about down payment or the commodity. This product was previously classified as consumer loan and is now reclassified as a revolving loan. The comparative figures as at 31 December 2022 in the above table showing breakdown of loans due from customers have been restated as follows: revolving loans have been increased by EUR 83 million while consumer loans have been decreased by

EUR 83 million. This change has no impact on the condensed consolidated interim statement of financial position or the condensed consolidated interim statement of comprehensive income. The change will only affect the breakdown of retail loans into consumer loans and revolving loans, along with the associated revenues and expenses in E.23 and E.26.

E.5. Trade and other receivables, contract balances

Trade and other receivables and contract assets comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Gross amount	1,324	1,341
Trade receivables	1,271	1,295
Accrued income	53	46
Individual loss allowance	(167)	(161)
Total trade and other receivables	**1,157**	**1,180**
Gross amount	339	375
Individual loss allowance	(5)	(4)
Total contract assets	**334**	**371**

<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 2023	31 December 2022
Receivables, which are included in trade and other receivables	**1,080**	**1,090**
Contract assets	**334**	**371**
out of which:		
Contract assets (mechanical engineering)	250	292
Contract assets (telecommunication)	84	79
Contract liabilities	**(362)**	**(420)**
out of which:		
Contract liabilities (mechanical engineering)	(183)	(253)
Contract liabilities (telecommunication)	(103)	(101)
Contract liabilities (leisure)	(76)	(66)

E.6. Inventories and programming assets

Inventories comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Mechanical engineering inventories	378	343
Goods/merchandise for resale	119	98
Other inventory	3	3
Total inventories	**500**	**444**

The carrying amounts of inventories comprise impairment allowance of EUR 33 million (2022: EUR 32 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 2023	31 December 2022
Acquired programming rights	94	87
Produced programming rights	131	112
Released	79	65
Completed but not transmitted	1	1
In the course of production	51	46
Prepayments on acquired programming rights, other programming assets	73	57
Total programming assets	**298**	**256**

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

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

As at 30 June 2023, assets held for sale and liabilities associated with held for sale represent mainly assets and liabilities of the Indonesian entity from Home Credit subgroup (refer to B.2.3), a 20% share in LEAG joint-venture investment (refer to B.3.1), and a remaining share with significant influence in Home Credit Insurance LLC (refer to B.2.4). As at 31 December 2022 assets held for sale and liabilities associated with held for sale represent mainly assets and liabilities of the Asian Home Credit businesses (Philippines and Indonesia), the Comcity real estate project (refer to B.2.6), a 20% share in LEAG joint-venture investment (refer to B.3.1), and a remaining share with significant influence in Home Credit Insurance LLC (refer to B.2.4).

Assets held for sale

In millions of EUR

	30 June 2023	31 December 2022
LEAG	435	435
Asian Home Credit businesses	255	1,047
Cash and cash equivalents	21	54
Financial assets at fair value through profit or loss and hedging	-	8
Loans due from customers	198	879
Other assets	36	106
Home Credit Insurance LLC	2	2
Other	9	6
Comcity real estate project (Charlie Com LLC)	-	116
Investment property	-	112
Other assets	-	4
Total assets held for sale	**701**	**1,606**

Liabilities directly associated with assets held for sale

In millions of EUR

	30 June 2023	31 December 2022
Asian Home Credit business	200	742
Due to banks and other financial institutions	157	577
Other liabilities	43	165
Comcity real estate project (Charlie Com LLC)	-	128
Due to banks and other financial institutions	-	76
Due to non-banks	-	47
Trade and other payables	-	5
Total liabilities directly associated with assets held for sale	**200**	**870**

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 2023	31 December 2022
LEAG*	1,097	652
InPost S.A. (refer to B.3.3)	837	-
Moneta	474	493
ClearBank	86	88
ITIS Holding (refer to B.3.8)***	65	57
Heureka Group**	44	27
Temsa***	32	31
CE Electronics Holding Group**	24	13
Metropolis (Russia)	21	61
Other	32	60
Total equity-accounted investees	**2,712**	**1,482**

*only represents a 30% share in this joint-venture (refer to B.3.1)
**a joint-venture as at 30 June 2023, refer to B.3.2 (2022: associate)
***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

	2023	2022
LEAG*	455	264
Moneta	25	28
ClearBank	(5)	(5)
ITIS Holding (refer to B.3.8)***	8	-
Heureka Group**	1	1
Temsa***	(2)	-
Metropolis (Russia)	(10)	(67)
CE Electronics Holding Group**	(3)	(1)
Other	(29)	(11)
Total share of profit/(loss) in equity-accounted investees	**440**	**209**

*only represents a 30% share in this joint-venture (refer to B.3.1)
**a joint-venture as at 30 June 2023, refer to B.3.2 (2022: associate)
***a joint-venture

LEAG

Since October 2016, the Group held 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. As at 30 June 2023 and 31 December 2022, the Group's 20% share in LEAG (out of its total 50% shareholding) was classified as an asset held-for-sale (refer to B.3.1 and E.7). The following table shows LEAG's performance:

In millions of EUR

	30 June 2023	31 December 2022
Non-current assets	4,149	3,843
Current assets	6,708	8,073
Non-current liabilities	(2,955)	(3,169)
Current liabilities	(4,244)	(6,573)
Net assets (100.00%)	3,658	2,174
Group's share on net assets (50.00%, 2022: 50.00%)	1,829	1,087
Group's share presented as held-for-sale (20.00%, 2022: 20.00%)*	435	435
Carrying amount of investment in JV (30.00%, 2022: 30.00%)	**1,097**	**652**
	30 June 2023	30 June 2022
Total net profit for the period (100.00%)	1,516	528
Group's share on profit (30.00%, 2022: 50.00%)	**455**	**264**
Total other comprehensive expense for the period (100.00%)	(32)	(230)
Group's share on other comprehensive expense (30.00%, 2022: 50.00%)	**(10)**	**(115)**
Total impact of initial application of IAS 37 amendments (100.00%)**	-	(346)
Group's share on impact of initial application of IAS 37 amendments (50.00%)**	-	(173)

*Due to its classification as a held-for-sale asset, the equity method is no longer applied for the 20% share, refer to B.3.1.
**refer to the condensed consolidated interim statement of changes in equity

Other comprehensive income comprises a cash flow hedge effect related to the forward contracts for CO_2 emission rights. The hedging instruments are commodity derivatives designed to hedge the purchase price for future purchases of emission rights.

The other comprehensive result in 2023 and 2022, as well as profit or loss, follows the development of emission rights market prices. For the cumulated hedging reserve refer to E.21.4.

Moneta

During 2021, the Group gradually acquired as 29.94% stake in MONETA Money Bank. The following table presents Moneta's performance:

In millions of EUR

	30 June 2023	31 December 2022
Percentage ownership interest (direct)	**29.94%**	**29.94%**
Total assets*	17,924	16,165
Total liabilities*	(16,623)	(14,797)
Net assets (100.00%)	1,301	1,368
Group's share of net assets (29.94%)	389	410
Goodwill included in carrying amount of the investment	85	83
Carrying amount of investment in associate (29.94%)	**474**	**493**
	30 June 2023	30 June 2022
Total net profit for the period (100.00%)	84	94
Group's share on profit (29.94%)	**25**	**28**
Total other comprehensive income for the period (100.00%)	-	-
Group's share on other comprehensive income (29.94%)	**-**	**-**

*Being a bank, it does not report assets and liabilities in division between current and non-current parts.

Metropolis (Russia)

In July 2015, the Group acquired a 49.99% stake in entities holding two up-and-running Moscow office buildings. In 2023, due to the negative development of rouble exchange rate, the project made a revaluation gain compensated by a translation loss (100%) of EUR 54 million (first half of 2022: positive development of rouble exchange rate revaluation loss compensated by a translation gain of EUR 144 million), recorded directly in equity.

In millions of EUR

	30 June 2023	31 December 2022
Percentage ownership interest	**49.99%**	**49.99%**
Non-current assets	283	375
Current assets	19	19
Non-current liabilities	(252)	(262)
Current liabilities	(7)	(10)
Net assets (100.00%)	43	122
Carrying amount of investment in associate (49.99%)	**21**	**61**
	30 June 2023	30 June 2022
Total net loss for the period (100.00%)	(20)	(133)
Group's share on loss (49.99%)	**(10)**	**(67)**
Total other comprehensive income/(expense) for the period (100.00%)	(54)	144
Group's share on other comprehensive income/(expense) (49.99%)	**(27)**	**72**

ITIS Holding a.s.

ITIS Holding is a joint project combining Czech and Slovak toll operating and supporting activities for toll operations in the Czech Republic and Slovakia. ITIS Holding was formed in August 2022 (refer to B.3.8).

The following table presents the performance of ITIS Holding a.s.:

In millions of EUR

	30 June 2023	31 December 2022
Percentage ownership interest (direct)	**50.00%**	**50.00%**
Non-current assets	88	88
Current assets	212	189
Non-current liabilities	(42)	(38)
Current liabilities	(129)	(125)
Net assets (100.00%)	129	114
Carrying amount of investment in JV (50.00%)	**65**	**57**
	30 June 2023	30 June 2022
Total net profit for the period (100.00%)	16	-
Group's share on the profit (50.00%)	**8**	**-**

Heureka Group

The following table presents the performance of Heureka Group:

In millions of EUR

	30 June 2023	31 December 2022
Percentage ownership interest (direct)	**50.00%**	**40.00%**
Non-current assets	50	45
Current assets	16	24
Non-current liabilities	(207)	(207)
Current liabilities	(23)	(25)
Net assets (100.00%)	(164)	(163)
Group's share of net assets (50.00%; 2022: 40.00%)*	(82)	(65)
Goodwill included in carrying amount	126	92
Carrying amount of investment in JV/associate (50.00%; 2022: 40.00%)*	**44**	**27**
	30 June 2023	30 June 2022
Total net profit for the period (100.00%)	2	2
Group's share on profit for the period (40%; 2022: 40.00%)*	**1**	**1**

*The Group increased its share in Heureka Group in June 2023, refer to B.3.2.

ClearBank

ClearBank Ltd. is a licensed clearing bank operating in the UK.

During 2022, a new partner entered the business and provided additional capital with the perspective of expanding current operations. A new holding company for ClearBank's structure, CB Growth Holdings Limited ("CBGH"), was formed. With the entrance of the new partner, the Group's original shareholding of 44.78% in ClearBank Ltd. transformed into a 33.32% share as at 30 June 2023, while the Group kept its significant influence over the ClearBank project.

The following table shows the bank's performance:

In millions of EUR

	30 June 2023	31 December 2022
Percentage ownership interest	**33.32%**	**35.35%**
Total assets*	6,579	3,616
Total liabilities*	(6,374)	(3,417)
Net assets (100.00%)	205	199
Group's share of net assets (33.32%; 2022: 35.35%)	68	70
Goodwill included in carrying amount	18	18
Carrying amount of investment in associate	**86**	**88**
	30 June 2023	30 June 2022
Total net loss for the six-month period (100.00%)	(4)	(11)
Group's share on the net loss (33.32%; 2022: 48.41%)	(2)	(5)
Dilution loss	(3)	-
Total share on loss for the six-month period (33.32%; 2022: 48.41%)	**(5)**	**(5)**

*Being a bank, it does not report assets and liabilities in division between current and non-current parts.

CE Electronics Holding Group.

The following table presents the performance of CE Electronics Holding Group:

In millions of EUR

	30 June 2023	31 December 2022
Percentage ownership interest (direct)	**50.00%**	**40.00%**
Non-current assets	78	76
Current assets	216	236
Non-current liabilities	(160)	(165)
Current liabilities	(96)	(128)
Net assets (100.00%)	38	19
Group's share of net assets (50.00%; 2022: 40.00%)*	19	8
Goodwill included in carrying amount	5	5
Carrying amount of investment in JV/associate (50.00%; 2022: 40.00%)*	**24**	**13**
	30 June 2023	30 June 2022
Total net loss for the period (100.00%)	(5)	(3)
Group's share on the loss (40.00%; 2022: 40.00%)*	**(3)**	**(1)**

*The Group increased its share in CE Electronics Holding Group in May 2023, refer to B.3.2.

Temsa

The Group holds 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.

The following table presents TEMSA's performance:

In millions of EUR

	30 June 2023	31 December 2022
Percentage ownership interest	**50.00%**	**50.00%**
Non-current assets	74	88
Current assets	146	141
Non-current liabilities	(55)	(73)
Current liabilities	(101)	(93)
Net assets (100.00%)	64	63
Carrying amount of investment in JV (50.00%)	**32**	**31**
	30 June 2023	30 June 2022
Total net loss for the period (100.00%)	(3)	-
Group's share on the loss for the period (50.00%)	**(2)**	**-**

E.9. Investment property

Investment property comprises projects located in the USA, the Netherlands, the UK, the Czech Republic, Romania, Russia, Poland, and Germany, and consists 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 2023

	USA	Netherlands	UK	Czech Republic	Romania	Russia	Poland	Germany	Total
Office	354	315	102	95	97	98	91	28	1,180
Residential	31	-	30	23	-	-	-	-	84
Land plot	23	-	-	7	13	1	-	-	44
Retail	-	24	-	-	-	-	-	-	24
Total investment property	**408**	**339**	**132**	**125**	**110**	**99**	**91**	**28**	**1,332**

In millions of EUR, as at 31 December 2022

	USA	Netherlands	UK	Czech Republic	Romania	Russia	Poland	Germany	Total
Office	398	315	116	96	94	131	93	28	1,271
Retail	-	24	-	-	-	154	-	-	178
Residential	22	-	28	23	-	1	-	-	74
Warehouse	-	-	-	-	-	66	-	-	66
Land plot	21	-	-	7	13	1	-	-	42
Other	-	-	-	-	-	1	-	-	1
Total investment property	**441**	**339**	**144**	**126**	**107**	**354**	**93**	**28**	**1,632**

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

In millions of EUR, for the six months ended 30 June/twelve months ended 31 December

	2023	2022
Balance as at 1 January	1,632	2,413
Disposals resulting from business combination*	(208)	(787)
Additions - direct acquisition through asset deal	-	22
Additions - capitalised costs	13	71
Transfers to assets held for sale	-	(113)
Transfer to property, plant & equipment (refer to B.2.7)	-	(39)
Unrealised gains from investment property	1	26
Unrealised losses from investment property	(64)	(207)
Effect of movements in exchange rates	(42)	246
Total balance as at 30 June 2023/31 December 2022	**1,332**	**1,632**

*For 2023, refer to B.2.1. For 2022, refer to B.2.6.1.

E.10. Property, plant and equipment

Property, plant and equipment (excl. right-of-use assets) comprise the following:

In millions of EUR

30 June 2023	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	1,144	2,124	1,725	815	271	6,079
Accumulated depreciation and impairment	(303)	(769)	(911)	(455)	(7)	(2,445)
Total PPE	**841**	**1,355**	**814**	**360**	**264**	**3,634**

In millions of EUR

31 December 2022	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	1,126	2,039	1,587	772	309	5,833
Accumulated depreciation and impairment	(284)	(714)	(857)	(427)	(7)	(2,289)
Total PPE	**842**	**1,325**	**730**	**345**	**302**	**3,544**

As at 30 June 2023, carrying amount of right-of-use assets totalled EUR 686 million (31 December 2022: EUR 668 million).

E.11. Intangible assets and goodwill

E.11.1. Goodwill

The following table shows the roll-forward of goodwill:

In millions of EUR, for the six months ended 30 June/twelve months ended 31 December

	2023	2022
Balance as at 1 January	2,987	2,984
Additions resulting from business combinations (refer to B.2)	64	30
Other*	-	(35)
Effect of movements in exchange rates	44	8
Total balance as at 30 June 2023/31 December 2022	**3,095**	**2,987**

*In 2022, goodwill resulting from the acquisition of Cytune Pharma was transferred to intangible assets as a result of the subsequent reassessment of purchase price allocation exercise.

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	30 June 2023	31 December 2022
O2 CZ	428	421
O2 Slovakia*	24	24
O2 Networks*	16	16
CETIN CZ	119	117
CETIN Hungary	182	169
CETIN Bulgaria	104	104
CETIN Serbia	189	189
Yettel Hungary	186	173
Yettel Bulgaria	118	118
Yettel Serbia	184	184
CME – Bulgaria	58	58
CME – Czech Republic	697	686
CME – Romania	364	365
CME – Slovakia	201	201
CME – Slovenia	90	90
CME – Croatia (refer to B.2.8)	24	24
Other	111	48
Total goodwill	**3,095**	**2,987**

*2022 restated (refer to D.2 section)

Goodwill is tested semi-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 2023	Software	Licences	Customer relationships	IPRD	Trade-marks	Other intangible assets	Work in progress	**Total**
Cost	1,472	1,110	1,327	144	483	222	166	4,924
Accumulated amortisation and impairment	(1,061)	(464)	(833)	(56)	(191)	(168)	(11)	(2,784)
Total intangible assets	**411**	**646**	**494**	**88**	**292**	**54**	**155**	**2,140**

In millions of EUR

31 December 2022	Software	Licences	Customer relationships	IPRD	Trade-marks	Other intangible assets	Work in progress	**Total**
Cost	1,565	1,070	1,300	135	478	223	144	4,915
Accumulated amortisation and impairment	(1,104)	(411)	(762)	(50)	(185)	(147)	(3)	(2,662)
Total intangible assets	**461**	**659**	**538**	**85**	**293**	**76**	**141**	**2,253**

E.12. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Prepaid expenses and advances	248	199
Receivables from sale of shares in subsidiaries, associates and JVs	104	37
Cost to obtain or fulfil the contract	103	97
Cash collateral for payment cards	58	58
Other settlements accounts	41	34
Other tax receivables	21	25
Specific deposits and other specific receivables	11	14
Insurance related other assets	-	3
Other	86	82
Subtotal other assets (gross)	**672**	**549**
Individual allowances for impairment	(30)	(34)
Total other assets (net)	**642**	**515**

E.13. Financial liabilities at FVTPL

Financial liabilities at FVTPL comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Negative fair values of trading derivatives	515	657
Negative fair values of hedging derivatives	9	4
Liabilities from short sales of securities	522	347
Liabilities from repo operations	2,792	100
Other	68	192
Total financial liabilities at FVTPL	**3,906**	**1,300**

Similarly to the opposite position in E.2.1 on the receivables side, the significant increase in liabilities from repo operations reflects the market needs and opportunities especially on the Czech market.

E.14. Liabilities to non-banks

Liabilities to non-banks comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Current accounts and demand deposits	8,648	8,114
Term deposits	2,192	1,906
Loans received under repo operations	3,693	3,174
Loans	15	13
Total liabilities to non-banks	**14,548**	**13,207**

The table shows the liabilities owed to corporate and individual clients of the Group, the bulk of which relates to the banking business of PPF banka and Air 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 2023	31 December 2022
Secured loans (other than repos)	3,894	4,039
Unsecured loans	1,424	1,493
Collateral deposits for derivatives	313	326
Loans received under repos	270	683
Repayable on demand	13	9
Other	-	2
Total liabilities to banks	**5,914**	**6,552**

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

In October 2019, TV Bidco B.V. consolidating the media segment 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. As at 30 June 2023, the outstanding principal amount of these facilities is EUR 888 million (31 December 2022: EUR 923 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. With effect on 11 May 2022, CME Media Enterprises B.V. merged with CME Investments B.V. and TV Bidco B.V. and, as the surviving entity, became the guarantor of this senior facilities agreement.

As at 30 June 2023 and 31 December 2022, the remaining balances of secured loans represent a higher number of various loans mostly from financial services and real estate segments.

Unsecured loans include the following significant loans facilities related to telecommunication business:

CETIN Group N.V., PPF Telecom Group B.V.'s subsidiary, became a party to a term and revolving facilities agreement with a syndicate of banks in August 2021. CETIN Group N.V. then utilised bridge, term, and incremental term loan facilities amounting to EUR 1,450 million in aggregate. In April 2022, CETIN Group N.V. issued senior notes with the total nominal amount of EUR 500 million and used the proceeds to prepay the bridge (in full) and term loans. The outstanding principal amounts of the loans as at 30 June 2023 were EUR 511 million for the term loan and EUR 444 million for the incremental term loan (31 December 2022: EUR 511 million for the term facility and EUR 444 million for the incremental term loan). 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 2023 and 31 December 2022, a committed revolving facility of EUR 200 million was undrawn.

In April 2023, PPF Telecom Group B.V. became a party to a term and backstop loan facilities agreements amounting to EUR 850 million. In June 2023, the company became a party to an additional term loan facility agreement of up to EUR 600 million. As at 30 June 2023, all facilities remained undrawn.

As at 30 June 2023 and 31 December 2022, the Group complied with the financial covenants imposed by its loans facilities.

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 2023	31 December 2022
Fixed rate debt securities	**3,787**	**3,860**
Within 1 year	1,423	860
1-2 years	789	780
2-3 years	556	658
3-4 years	511	559
4-5 years	508	1,003
Variable rate debt securities	**100**	**132**
Within 1 year	13	46
1-2 years	32	33
3-4 years	55	53
Total debt securities issued	**3,887**	**3,992**

E.17. Subordinated liabilities

Subordinated liabilities comprise the following:

In millions of EUR

	Interest rate	Maturity	30 June 2023	31 December 2022
Bond issue of EUR 92 million	Variable	2028	17	18
Bond issue of EUR 80 million	Fixed	2031	14	14
Bond issue of CZK 290 million	Variable	2029	13	12
Total subordinated liabilities			**44**	**44**

The bond issue of EUR 92 million was issued in September 2018. The bonds bear a variable coupon rate of 6M EURIBOR + 2.95 p.a., but until September 2021 they bore a fixed coupon rate of 3.6% p.a. Their final maturity is in September 2028. The Company has an early redemption option exercisable in September 2023 and decided to exercise it (refer to G.5).

The bond issue of EUR 80 million was issued in July 2021. The bonds bear a fixed coupon rate of 3.6% p.a., and their final maturity is in July 2031. The Group has an early redemption option exercisable in July 2026. As at 30 June 2023, the significant part of the issue is held by the Parent.

The bond issue of CZK 290 million was issued in October 2019. The bonds bear a variable coupon rate of 12M PRIBOR + 2.3% p.a., and their final maturity is in October 2029. The Group has and early redemption option exercisable in February 2025.

E.18. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2023	31 December 2022
Settlements with suppliers	828	907
Lease liabilities	674	660
Accrued expenses	223	236
Wages and salaries	166	176
Deferred income	133	122
Customer loan overpayments	94	93
Other	91	71
Other taxes payable	88	87
Programming related liabilities - media	71	69
Social security and health insurance	39	44
Advance received	36	37
Financial settlement and other similar accounts	35	11
Liabilities from acquisitions of subsidiaries or equity-accounted investees	7	9
Payables arising out of insurance operations	3	4
Total trade and other payables	**2,488**	**2,526**

E.19. Provisions

Provisions comprise the following:

In millions of EUR

	30 June 2023	31 December 2022*
Provisions for onerous contracts	441	7
Insurance provisions*	56	80
Estimates of the present value of future cash flows	30	58
Contractual service margin	19	9
Risk adjustment	7	8
Other	-	5
Provisions for asset retirement obligations	53	49
Warranty provisions	47	36
Provisions for litigation except for tax-related litigations	14	15
Other provisions	76	67
Provisions for restructuring	15	3
Provisions for expected credit losses from loan commitments and financial guarantees	8	6
Other	53	58
Total provisions	**687**	**254**

*These life insurance provisions were restated due to the initial application of IFRS 17 (refer to A.7 and F.1).

The increase in the balance of provisions for onerous contracts for the six months ended 30 June 2023 relates to the sale transaction of the 20% share in LEAG, refer to B.3.1.

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 2023	31 December 2022
Number of shares authorised	2,500,000	2,500,000
Number of shares issued and fully paid	624,010	624,010
Par value per share	EUR 1	EUR 1

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.

In 2022, the Parent Company diluted the par value per share in 10 to 1 ratio.

As of 30 June 2023, share premium representing the excess received by the Parent Company over the par value of its share amounted to EUR 677 million (31 December 2022: EUR 677 million).

E.21. Other reserves and retained earnings

E.21.1. Retained earnings

Retained earnings include legal and statutory reserves representing reserves, the creation and use of which is limited by legislation and the articles of association of each company within the Group and that are not available for distribution to shareholders. As at 30 June 2023, these non-distributable reserves to shareholders totalled EUR 117 million (2022: EUR 117 million).

E.21.2. Revaluation reserve

The revaluation reserve represents the changes, net of deferred tax, in the fair value of financial assets at FVOCI. The revaluation reserve is not available for distribution to shareholders.

E.21.3. Currency translation reserve

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of companies within the Group with a functional currency other than the Group presentation currency, which is the euro. The translation reserve is not available for distribution to shareholders. During the six months ended 30 June 2022, a significant balance of accumulated translation losses totalling EUR 535 million was reclassified to profit or loss with the Group's loss of control over the Russian operations (refer to B.2.4 and B.2.6).

E.21.4. 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 2023, the Group recognised its share on the loss in other comprehensive income amounting to EUR 10 million (30 June 2022: a loss of EUR 128 million).

E.21.5. Reserve for puttable instruments

The reserve for puttable instruments represents the equity impact at initial recognition of the conditional commitment to acquire NCI's share of EUR 1,411 million in March 2022, and subsequent accumulated changes in its net present value resulting in a carrying amount of the reserve of negative EUR 837 million as at 30 June 2023 (31 December 2022: EUR 850 million). For more details refer to B.3.4.

E.21.6. Other reserves

As at 1 January 2022, other reserves comprised primarily a balance EUR 181 million of AT1 subordinated bonds issued by one of Home Credit subgroup's subsidiaries. AT1 bonds represented perpetual subordinated loan participation notes with a nominal value of USD 200 million. The notes were non-callable for the first 5 years and 3 months and bore a discretionary fixed interest rate of 8.8% p.a. payable quarterly until 7 February 2025. Balance related to AT1 subordinated bonds was not available for distribution to the shareholders. AT1 subordinated bonds were disposed with the Group's loss of control over the Russian operations during the first half of 2022 (refer to B.2.4).

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	2023/2022	Netherlands
PPF banka, a.s. (subgroup)	PPFB	2023/2022	Czech Republic
O2 Czech Republic a.s. (subgroup)	O2 CZ	2022	Czech Republic
TMT Hungary B.V. (subgroup)	TMT	2023/2022	Netherlands
CETIN Group N.V. (subgroup)	CETIN	2023/2022	Netherlands
TMT Hungary Infra B.V. (subgroup)	TMT Infra	2023/2022	Netherlands
Skoda a.s. (subgroup)	MECH	2023/2022	Czech Republic
Velthemia Ltd. (subgroup)	VELT	2023/2022	Cyprus

The following table summarises the information relating to these subsidiaries:

In millions of EUR

As at 30 June 2023	HC	PPFB	TMT	CETIN	TMT Infra*	MECH	VELT	Other	Total
NCI percentage (effective ownership)	**8.88%**	**7.04%**	**25.00%**	**30.00%**	**47.50%**	**14.30%**	**39.93%**		
Total assets	9,066	15,326	845	3,833	483	1,428	32		
Total liabilities	(8,204)	(14,527)	(308)	(2,726)	(152)	(896)	-		
Net assets	**862**	**799**	**537**	**1,107**	**331**	**532**	**32**		
Net assets attributable to NCI of the subgroup	(11)	-	-	(83)	-	-	-		
Net assets attributable to owners of the Parent	851	799	537	1,024	331	532	32		
Carrying amount of NCI	**76**	**56**	**134**	**307**	**83**	**76**	**13**	**32**	**777**

For the six months ended 30 June 2023	HC	PPFB	TMT	CETIN	TMT Infra*	MECH	VELT	Other	Total
NCI percentage during the period (effective ownership)	**8.88%**	**7.04%**	**25.00%**	**30.00%**	**47.50%**	**14.30%**	**39.93%**		
Revenue	843	427	294	616	89	518	-		
Profit/(loss)	226	96	1	130	30	(20)	9		
Other comprehensive income/(expense)	31	22	39	38	23	(7)	(10)		
Total comprehensive income/(expense)	257	118	40	168	53	(27)	(1)		
Profit/(loss) allocated to NCI	**20**	**7**	**-**	**38**	**7**	**(3)**	**4**	**(2)**	**71**
OCI allocated to NCI	**3**	**1**	**10**	**9**	**6**	**(1)**	**(4)**	**(2)**	**22**
Dividends paid to NCI	-	4	-	23	3	-	15	-	45

*TMT Hungary Infra is part of Cetin Group subgroup.

In millions of EUR

As at 31 December 2022	HC	PPFB	O2 CZ*	TMT	CETIN**	TMT Infra***	MECH	VELT	Other	Total
NCI percentage (effective ownership)	**8.88%**	**7.04%**	**-%**	**25.00%**	**30.00%**	**47.50%**	**14.30%**	**39.93%**		
Total assets	10,069	11,977	1,598	799	3,733	410	1,428	72		
Total liabilities	(9,469)	(11,241)	(975)	(302)	(2,717)	(120)	(870)	-		
Net assets	**600**	**736**	**623**	**497**	**1,016**	**290**	**558**	**72**		
Net assets attributable to NCI of the subgroup	(10)	-	-	-	(73)	-	-	-		
Net assets attributable to owners of the Parent	590	736	623	497	943	290	558	72		
Carrying amount of NCI	**52**	**52**	**-**	**124**	**283**	**73**	**80**	**29**	**29**	**722**

For the six months ended 30 June 2022	HC	PPFB	O2 CZ*	TMT	CETIN**	TMT Infra***	MECH	VELT	Other	Total
NCI percentage during the period (effective ownership)	**8.88%**	**7.04%**	**0.60%**	**25.00%**	**17.37%**	**36.30%**	**14.30%**	**39.93%**		
Revenue	1,290	211	670	271	538	64	393	15		
Profit/(loss)	(1,245)	57	574	9	103	24	(21)	1		
Other comprehensive income/(expense)	859	(39)	3	(37)	(23)	(22)	6	74		
Total comprehensive income/(expense)	(386)	18	577	(28)	80	2	(15)	75		
Profit/(loss) allocated to NCI	**(111)**	**4**	**3**	**2**	**18**	**6**	**(3)**	**-**	**(7)**	**(88)**
OCI allocated to NCI	**77**	**(3)**	**(1)**	**(9)**	**(7)**	**(5)**	**1**	**31**	**3**	**87**
Dividends paid to NCI	-	(4)	**-**	-	(14)	-	-	-	-	(18)

*For details on decrease in NCI’s percentage ownership refer to B.3.5.
**For details on increase in NCI’s percentage ownership refer to B.3.4.
**TMT Hungary Infra is part of Cetin Group subgroup.

E.23. Net interest income

Interest income comprises the following:

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

	2023	2022 (restated)*
Financial assets at FVTPL (E.2.1)**	68	13
Financial assets at FVOCI (E.2.3)	50	38
Financial assets at AC (E.2.2)	36	18
Cash loan receivables	497	597
Due from banks and other financial institutions	239	168
Consumer loan receivables	156	144
Revolving loan receivables	77	66
Car loan receivables	18	13
Mortgage loan receivables	9	6
Loans to corporations	100	50
Other	11	8
Total interest income*	**1,261**	**1,121**

*Restatement due to initial application of IFRS 17, refer to A.8 and F.1, and due to change in presentation of certain product in Home Credit subgroup, refer to E.4.
**Total interest income represents interest income calculated using the effective interest method except for financial assets at FVTPL.

Interest expense comprises the following:

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

	2023	2022
Due to customers	280	117
Due to banks and other financial institutions	226	279
Debt securities issued	90	71
Lease liabilities	13	12
Significant financing component (IFRS 15)	3	3
Subordinated liabilities	1	6
Other	45	8
Total interest expenses	**658**	**496**
Total net interest income	**603**	**625**

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

	2023	2022
Insurance commissions	77	85
Customer payment processing and account maintenance	32	30
Commission income from partners	24	15
Penalty fees	17	11
Cash transactions	6	6
Other	25	12
Total fee and commission income	**181**	**159**

Fee and commission expense comprises the following:

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

	2023	2022 (restated)*
Commissions to retailers	12	11
Payment processing and account maintenance	11	17
Cash transactions	10	8
Credit and other register expense	9	10
Other	21	10
Total fee and commission expense	**63**	**56**

Total net fee and commission income	**118**	**103**

*refer to A.8

E.25. Net gain/loss on financial assets

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

	2023	2022
Net trading income/(losses)	87	35
Debt and equity securities trading	(2)	(10)
FX trading	23	27
Derivatives	66	18
Changes in fair value hedge adjustments	25	(50)
Net realised gains/(losses)	10	(11)
Financial assets at FVOCI	14	(13)
Loans and receivables	(4)	-
Financial liabilities measured at amortised cost	-	2
Dividends	3	2
Net unrealised gains/(losses) on financial assets/liabilities at FVTPL not held for trading	6	(10)
Other net losses from financial assets	-	(4)
Total net gain/(loss) on financial assets	**131**	**(38)**

E.26. Net impairment losses on financial assets

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

	2023	2022 (restated)*
Cash loan receivables	149	208
Consumer loan receivables	24	26
Revolving loan receivables	22	17
Car loan receivables	2	1
Loans to corporations	13	50
Due from banks and other financial institutions	12	-
Trade and other receivables	14	11
Financial assets at FVOCI (debt securities)	(10)	20
Other financial assets**	2	35
Total net impairment losses on financial assets	**228**	**368**

*refer to E.4.
**incl. impairment losses on undrawn credit limit

E.27. Net rental and related income

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

	2023	2022
Gross rental revenues	58	92
Hotel revenues	12	4
Service revenues	7	7
Service charge revenues	6	17
Service charge expense	(2)	(11)
Total net rental and related income	**81**	**109**

E.28. Net telecommunication income

E.28.1. Revenues from telecommunication business – major lines of business

Telecommunication income comprises the following:

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

	2023	2022
Mobile originated revenues	1,334	1,231
Fixed originated revenues	292	264
International transit revenues	99	94
Other wholesale revenues	99	85
Other sales	7	9
Revenues from telecommunication business	**1,831**	**1,683**
out of which:		
Services/products transferred over time	1,604	1,469
Services/products transferred at a point in time	227	214
Supplies	(301)	(300)
Cost of goods sold	(218)	(201)
Commissions	(18)	(20)
Costs related to telecommunication business	**(537)**	**(521)**
Total net telecommunication income	**1,294**	**1,162**

E.28.2. Revenues from telecommunication business – geographical markets

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

In millions of EUR, for six months ended 30 June

	2023	2022
Services/products transferred over time	1,604	1,469
Czech Republic	731	666
Hungary	245	221
Bulgaria	186	164
Serbia	188	179
Slovakia	136	131
Germany	15	17
Other	103	91
Services/products transferred at a point in time	227	214
Czech Republic	49	52
Hungary	48	46
Bulgaria	52	44
Serbia	46	47
Slovakia	32	25

E.29. Net media income

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

Net media income comprises the following:

In millions of EUR, for six months ended 30 June

	2023	2022
TV advertising revenues	279	253
Carriage fees	73	67
Subscription fees	23	14
Other revenue	21	18
Revenues from media business	**396**	**352**
out of which:		
Services/products transferred over time	396	352
Services/products transferred at a point in time	-	-
Programming assets amortisation	(179)	(152)
Salaries and staff related expenses	(12)	(10)
Royalties	(9)	(8)
External services and other operating costs	(12)	(10)
Costs related to media business	**(212)**	**(180)**
Total net media income	**184**	**172**

E.29.2. 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 30 June

	2023	2022
Services/products transferred over time	396	352
Czech Republic	143	128
Romania	95	92
Slovak Republic	56	50
Bulgaria	42	40
Slovenia	36	38
Croatia	24	4

E.30. Net mechanical engineering income

E.30.1. 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

	2023	2022
Sales of finished goods, services and goods for resale	518	393
Electric locomotives and suburb units	215	167
Tramcars	87	67
Full service and repairs	67	62
Metro	64	34
Trolleybuses	25	13
Spare parts	13	7
Electric equipment	12	4
Modernisation of rail vehicles	3	2
Other products and services	32	37
Revenues from mechanical engineering business	**518**	**393**
out of which:		
Services/products transferred over time	463	337
Services/products transferred at a point in time	55	56
Raw material	(273)	(182)
Purchased services related to projects	(48)	(29)
External workforce	(17)	(13)
Other	(25)	(24)
Costs related to mechanical engineering business	**(363)**	**(248)**
Total net mechanical engineering income	**155**	**145**

E.30.2. Revenues from mechanical engineering business – geographical markets

The revenue from mechanical engineering business is geographically disaggregated per customer sites, as follows:

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

	2023	2022
Services/products transferred over time	463	337
Czech Republic	198	189
Finland	38	26
Slovakia	38	2
Latvia	64	42
Germany	35	33
Poland	68	36
Other	22	9
Services/products transferred at a point in time	55	56
Czech Republic	41	45
Slovakia	5	3
Other	9	8

E.31. Other income

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

	2023	2022
Foreign currency gains	29	196
Income from other services provided	12	11
Rental income (other than from investment property rental activities)	8	6
Net profit on disposal of PPE and other intangible assets	-	2
Other	45	44
Total other income	**94**	**259**

E.32. Personnel expenses and other operating expenses

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

	2023	2022 (restated)*
Employee compensation	549	518
Payroll related taxes (including pension contribution)	93	86
Total personnel expenses	**642**	**604**
Rental, maintenance and repair expense	76	67
Professional services	75	78
Information technologies	66	64
Advertising and marketing	59	58
Collection agency fee	37	44
Telecommunication and postage	23	24
Taxes other than income tax	26	26
Payments to deposit insurance institutions	11	8
Travel expenses	8	8
Net impairment losses on property, plant and equipment	2	2
Net impairment losses on other intangible assets	35	(2)
Net impairment losses on other assets	21	16
Amortisation of cost to obtain a contract	36	29
Other	127	102
Total other operating expenses	**602**	**524**

*refer to A.8.

E.33. Depreciation and amortisation

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

	2023	2022
Depreciation of property, plant and equipment	196	201
Depreciation of property, plant and equipment – ROU (IFRS 16)	79	79
Amortisation of intangible assets	259	212
Total depreciation and amortisation	**534**	**492**

E.34. Income tax expense

Income tax expense comprises the following:

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

	2023	2022
Current tax expense	(175)	(164)
Deferred tax benefit/(expense)	15	(298)
Total income tax expense	**(160)**	**(462)**

For the six months ended 30 June 2022, the deferred tax expense was caused mainly by release of the previously recognised tax losses related deferred tax assets of Home Credit China due to the significant decrease of the likelihood of their utilisation.

E.35. Off-balance sheet items

E.35.1. 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 2023	31 December 2022
Loan commitments	1,024	920
Revolving loan commitments	675	591
Consumer loan commitments	37	34
Cash loan commitments	28	25
Undrawn overdraft facilities	127	106
Term loan facilities	157	164
Capital expenditure commitments	332	299
Guarantees provided	667	627
Non-payment guarantees	40	33
Payment guarantees	602	580
Provided undrawn commitments to provide guarantees	25	14
Digital transmission obligations	28	27
Programming liabilities	260	153
Other	78	84
Total commitments and contingent liabilities	**2,389**	**2,110**

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 2023	31 December 2022
Secured bank loans	3,894	4,039
Loans received under repos	6,754	3,957
Debt securities issued	26	18
Total secured liabilities	**10,674**	**8,014**

The assets pledged as security were as follows:

In millions of EUR

	30 June 2023	31 December 2022
Cash and cash equivalents	111	86
Financial assets FVTPL (repo operations)	309	81
Financial assets FVOCI (repo operations)	57	-
Investment securities at amortised cost	18	26
Loans and receivables due from customers	399	805
Trade and other receivables	41	45
Investment property (incl. assets held for sale)	1,175	1,590
Investment in equity-accounted investees	749	493
Property, plant and equipment	382	348
Financial assets in off-balance sheet (repo operations)	6,484	3,840
Other assets	58	37
Total assets pledged as security	**9,783**	**7,351**

As at 30 June 2023 and 31 December 2022, 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 CME Media

Enterprises B.V., Pro TV S.R.L., Markiza-Slovakia, spol. s r.o., CME Slovak Holdings B.V., Pro Plus d.o.o., RTL Hrvatska d.o.o. and the 94% of shares of CME Bulgaria B.V. held by CME Media Enterprises B.V.

As at 30 June 2023 and 31 December 2022, 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.35.2. Other contingencies

E.35.2.1. 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. On 31 March 2022 the High Court decided to repeal first instance judgment and returned the case back to the Municipal Court in Prague for further proceedings. On 6 June 2023 the Municipal Court in Prague approved procedural succession on side of ex-minority shareholders whereby all of them were replaced by one successor. On 31 July 2023 the court held hearing without any decision. The hearing scheduled for 6 September 2023 was recalled because of pending dispute regarding application of one ex-minority shareholder for entry into the proceedings.

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 interim 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 and delivered its expert opinion dated 20 July 2023; its conclusions fully support position of the Group.

The Group (through its subsidiary PPF Telco B.V.) is involved in litigations connected to a squeeze-out of minority shareholders in O2 Czech Republic a.s., approved by general meeting of this company on 26 January 2022. In the first half of 2023, the Group was informed that 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 Telco B.V.) for their shares in O2 Czech Republic a.s. The Group rejected these claims as ungrounded and proposed to the court to dismiss the actions.

Based on the analyses carried out by external advisors, management believes that it is unlikely that all cases above will be concluded in favour of the plaintiffs.

Dispute with VOLNÝ, a.s. ("VOLNÝ") related to O2 CZ represents a significant legal case from the Group's perspective. Development which occurred throughout the six months ended 30 June 2023 is described below:

The Municipal Court in Prague ordered to issue an addendum to the previous expert opinion so that the expert institute could respond to the reasons and arguments given by the Supreme Court in the decision which cancelled the previous decisions on dismissal of VOLNÝ's legal action. In its addendum to the original expert opinion the expert institution explained more thoroughly the reasons why the very basis of the claim is unsubstantiated. The next hearing is scheduled for October 2023.

Dispute with Bulgarian Telecommunications Regulator CRC related to Yettel Bulgaria represents a significant legal case from the Group's perspective, however, no development occurred throughout the six months ended 30 June 2023.

Dispute with Mr Kocner and Mr Rusko related to CME Group represents a significant legal case from the Group's perspective, however, no development occurred throughout the six months ended 30 June 2023.

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 condensed consolidated interim financial statements.

E.35.2.2. Regulatory investigation

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 under letter (i) above are terminated without infringement being found and the proceedings under letter (ii) were ongoing, and Yettel Hungary was cooperating with the Hungarian Competition Authority to show no breach had occurred in relation to pending proceedings as well.

There was no development in this regulatory investigation in the six months ended 30 June 2023.

E.35.2.3. 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 Indian, Kazakh, Vietnamese, Chinese and other countries' tax legislation, official pronouncements and court decisions.

Home Credit India Finance Private Limited is currently undergoing a tax inspection. The results are not yet known.

E.35.3. Guarantee received and off-balance sheet assets

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

In millions of EUR

	30 June 2023	31 December 2022
Guarantees accepted	206	214
Loan commitments received	1,850	383
Programming assets	329	196
Value of assets received as collateral (including repos)	5,368	5,662
Other	1,480	1,476
Total contingent assets	**9,233**	**7,931**

Increase in the balance of the loan commitments received as at 30 June 2023 relates to new facilities agreements entered into by the Telecom Group B.V. in April and June 2023, refer to E.15.

Other off-balance sheet assets represent primarily bank guarantees issued by various banks for Škoda Group's projects.

E.36. Related parties

The Group has a related party relationship with its associates, joint ventures (together as "equity-accounted investees") and non-consolidated subsidiaries.

Furthermore, the key management personnel of the Group and their close family members; other parties which are controlled, jointly controlled or significantly influence by such individuals, and the entities in which such individuals hold significant voting power are also considered related parties.

The key management personnel of the Group include members of the board of directors and the key management personnel of the Parent and its significant subsidiaries.

E.36.1. Transactions with equity-accounted investees

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

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

	2023	2022
Net gain on financial assets	9	-
Fee and commission income	7	-
Interest income	5	4
Revenues from telecommunication business	4	1
Other income	1	-
Total revenue	**26**	**5**
Interest expense	(1)	(1)
Costs related to telecommunication business	(1)	(3)
Costs related to mechanical engineering business	(1)	(1)
Other operating expenses	(2)	(5)
Net loss on financial assets	-	(11)
Total expenses	**(5)**	**(21)**

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

In millions of EUR

	30 June 2023	31 December 2022
Cash and cash equivalents	1	1
Investment securities and derivatives	50	22
Loans and receivables due from banks and other financial institutions	13	21
Loans due from customers (gross amounts)	126	114
Loans due from customers (loss allowances)	*(26)*	*(14)*
Trade and other receivables	3	4
Other assets	1	1
Total assets	**168**	**149**
Financial liabilities at FVTPL	(20)	(25)
Due to non-banks	(71)	(43)
Trade and other payables	(16)	(20)
Total liabilities	**(107)**	**(88)**

E.36.2. 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

	2023	2022
Interest income	9	7
Net gain on financial assets	7	-
Other income	-	1
Total revenue	**16**	**8**
Interest expense	(1)	-
Costs related to media business	-	(1)
Other operating expenses	-	(3)
Total expenses	**(1)**	**(4)**

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

In millions of EUR

	30 June 2023	31 December 2022
Cash and cash equivalents	-	12
Investment securities	-	149
Loans due from customers (gross amounts)	299	303
Loans due from customers (loss allowances)	*(6)*	*(9)*
Total assets	**293**	**455**
Financial liabilities at FVTPL	(1)	(168)
Due to non-banks	(77)	(107)
Total liabilities	**(78)**	**(275)**

F. Significant accounting policies

F.1. Significant 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 2022, except for the changes described below:

F.1.1. **IFRS 17: Insurance Contracts** (effective from 1 January 2023)

The Group initially applied IFRS 17 from 1 January 2023, which had an impact on the Group's financial statements.

The new accounting standard IFRS 17: Insurance contracts fully replaces the previous standard IFRS 4: Insurance contracts. The application of IFRS 17 has an impact on the Group's insurance business segment, represented by a single company PPF Life Insurance LLC. IFRS 17 provides consistent principles for all aspects of accounting for insurance contracts. It removes existing inconsistencies and enables investors, analysts and others to meaningfully compare companies, contracts and industries.

IFRS 17 requires companies to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. This requirement will provide transparent reporting about a company's financial position and risk. IFRS 17 also requires a company to recognise profits as it delivers insurance services (rather than when it receives premiums) and to provide information about insurance contract profits the company expects to recognise in the future.

The transition to IFRS 17 results is the decrease in Group-reported insurance revenue for the reporting period. This decrease directly stems from the revised revenue recognition criteria under the new standard. Insurance revenue is now recognised over the life of the insurance contract, better aligning with the timing of the provision of insurance coverage. This realignment provides a more accurate portrayal of revenue generation from insurance activities in previous years.

The decrease in insurance revenue is accompanied by a corresponding decrease in reported insurance service expenses. The shift in revenue recognition over the life of the insurance contract leads to the systematic recognition of expenses associated with providing insurance coverage throughout the contract duration. This change reflects the Contractual Service Margin (CSM) and general measurement model (GMM) under IFRS 17, which align the recognition of expenses with the provision of insurance services. The result is a more accurate representation of the costs associated with the Group's insurance operations.

The second change resulting from the application of IFRS 17 relates to insurance liabilities. The liability for a group of insurance contracts relating to performance obligations for remaining service is newly measured broadly consistent with IFRS 15: Revenue from Contracts with Customers, with following exceptions:

- The measurement is updated for changes in financial assumptions (to varying degrees depending on the type of insurance contract);

- The liability often includes an investment component typically not in contracts within the scope of IFRS 15.

The general measurement model (GMM) in the standard for the measurement of the insurance contract liabilities is based on a building block approach that consists of four blocks:

- expected future cash flows for contract fulfilment form the basis for measuring insurance assets and liabilities;
- discounting of future cash inflows and outflows in order to reflect the time value of money and the financial risks;
- risk adjustment of the present values of the above cash inflows and outflows to reflect the uncertainty arising from non-financial risk;
- contractual service margin recognition representing the unearned profit for the groups of insurance contracts classified as profitable at initial recognition.

In view of the GMM's high complexity, IFRS 17 provides the option of using – primarily for short-term contracts – a simplified measurement model known as the premium allocation approach (PAA). IFRS 17 also provides for a modified measurement model, the variable fee approach (VFA), for certain participating primary insurance contracts, which is not applied by the Group.

For all measurement models, there is distinction between a pre-claims stage (liability from remaining coverage – LRC) and a claims stage after the occurrence of an insured event (liability for incurred claims – LIC). The measurement of the LRC and LIC is based on a series of estimates and assumptions, particularly the estimate of future cash flows as well as the procedures and inputs for determining both the discount rate and the risk adjustment for non-financial risk. In addition, a certain degree of judgement must be exercised when establishing coverage units. Both LRC and LIC are presented under insurance provisions.

The Group applied modified retrospective approach for the initial application of IFRS 17 with the transition date of 1 January 2022. The initial application of IFRS 17 resulted in the restatements of the following parts of the previously published consolidated financial statements and notes:

- Consolidated statement of financial position as at 31 December 2022 (refer to A.7);
- Condensed consolidated interim statement of income for the six months period ended 30 June 2022 (refer to A.8);
- Condensed consolidated interim statement of cash flows for the six months period ended 30 June 2022 (refer to A.9);
- Provisions disclosure table in notes as at 31 December 2022 (refer to E.19);
- Net interest income disclosure table in notes for the six months period ended 30 June 2022 (refer to E.23);
- Personnel expenses and other operating expenses disclosure table in note for the six months period ended 30 June 2022 (refer to E.32).

Additionally, the impact of initial application of IFRS 17 as at 1 January 2022 (the transition date to IFRS 17) was as follows:

In millions of EUR

	1 January 2022 (reported)	Restatement	1 January 2022 (restated)
Provisions	390	(97)	293
Deferred tax liability	602	18	620
TOTAL LIABILITIES	**33,058**	**(79)**	**32,979**
Retained earnings	8,008	79	8,087
Total equity	**9,128**	**79**	**9,207**
TOTAL LIABILITIES AND EQUITY	**42,186**	**-**	**42,186**

F.1.2. 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.

These amendments had no significant impact on the Group's condensed consolidated interim financial statements.

F.1.3. 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".

These amendments had no significant impact on the Group's condensed consolidated interim financial statements.

F.1.4. 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 had no impact on the Group's condensed consolidated interim financial statements as the recognised deferred tax is netted in the condensed consolidated interim statement of financial position.

F.1.5. Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules (effective from 1 January 2023)

These amendments were issued on 23 May 2023 with the immediate effectiveness to clarify the application of IAS 12 Income Taxes to income taxes arising from tax laws enacted or substantively enacted to implement the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two model rules. As at the date of issue of Group's condensed consolidated interim financial statements the amendments have not been adopted by the EU.

These amendments introduce:

- a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules;

- disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Group applied the exception not to recognise and not to disclose information about deferred tax assets and deferred tax liabilities related to Pillar Two income taxes in its condensed consolidated interim financial statements. The remaining disclosure requirements are required for annual financial statements beginning on or after 1 January 2023 and, as such, they had no impact on the Group's condensed consolidated interim financial statements. Information regarding the expected impact on the Group's consolidated financial statements will be disclosed after the IASB formally clarifies the requirements, guidance and approaches to be applied.

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 2023 and have not been applied in the preparation of these condensed consolidated interim financial statements. Of these pronouncements, the following will have a potential impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective.

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

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.

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.

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

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

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

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

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

The amendments have not been adopted by the EU yet. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these IFRS 16 amendments.

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

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

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

G. Subsequent events

G.1. Repurchase of own shares

In July 2023, the Group (the Parent Company) bought back its own 3.27% share. These treasury shares are intended to be cancelled.

G.2. Early repayment of an issued bond

In July 2023, the Group (specifically the telecommunication segment) utilised the term loan facility agreement entered in June 2023 in the amount of EUR 600 million and used the proceeds to early repay a bond of the identical amount having its original maturity in May 2024 (refer to E.16).

G.3. Agreement with Emirates Telecommunication Group Company

On 1 August 2023, the Parent Company and Emirates Telecommunications Group Company PJSC ("e&") signed the agreement under which e& will acquire a stake of 50% plus one share in PPF Telecom Group B.V.'s assets in Bulgaria, Hungary, Serbia, and Slovakia. PPF Telecom Group B.V.'s existing assets in the Czech Republic, including CETIN a.s. and the Czech operator O2 Czech Republic a.s., will not be part of the transaction. The transaction parties have agreed that e& will pay EUR 2,150 million upfront at the closing for the acquisition of the 50% stake plus one share in PPF Telecom Group B.V. and additional earn-out payments of up to EUR 350 million within three years after the closing if PPF Telecom Group B.V., at its consolidated level, exceeds certain financial targets. This is subject to a claw back of up to EUR 75 million if such financial targets are not achieved.

The transaction with e& is expected to close in the first quarter of 2024 and is subject to regulatory approvals, the consummation of corporate reorganisation, the formation of the optimal and efficient capital structure within the transaction perimeter, certain administrative procedures, and other customary closing conditions. In addition, the transaction will likely be subject to the EU Foreign Subsidies Regulation review.

G.4. Change in the minority shareholders of the Parent Company

In August 2023, Mrs Renáta Kellnerová and the four children of the late Mr Kellner became 100% shareholders of the Parent Company.

G.5. Early repayment of a subordinated bond

On 21 September 2023, the Group, exercising its early repayment option, repaid the bond presented as a subordinated debt with nominal value of EUR 92 million.

G.6. Sale of Home Credit Indonesia

On 2 October 2023, transfer of subsidiary Home Credit Indonesia PT to a consortium of Mitsubishi UFJ Financial Group affiliates was completed. All regulatory conditions have been met and relevant approvals secured. The transaction is now completed, refer also to B.2.3.

G.7. Partial sale of a share in LEAG JV

On 10 October 2023, the sale of the 20% stake in LEAG JV was completed. For the description of the transactions refer to B.3.1.

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

11 October 2023

The board of directors:

Aleš Minx
Chairman of the board of directors

Jan Cornelis Jansen
Member of the board of directors

Rudolf Bosveld
Member of the board of directors