PPF Telecom Group B.V.

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

KPMG

Independent auditor's review report

To: the Board of Directors of PPF Telecom Group B.V.

Our conclusion

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

The condensed consolidated interim financial statements comprise:

1. the condensed consolidated interim statement of financial position as at 30 June 2021;
2. the following statements for the six-month period ended 30 June 2021: the condensed consolidated interim statement of income and other comprehensive income, the condensed consolidated interim statement of changes in equity and statement of cash flows; and
3. the notes comprising of a summary of the accounting policies and other explanatory information.

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, '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 Telecom Group B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

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

The Board of Directors of the Company 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, management is responsible for such internal control as it determines is necessary to enable the preparation of condensed consolidated interim financial statements 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 of internal control, as it relates to the preparation of condensed consolidated interim financial statements;

— Making inquiries of management and others within the entity;

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

— Obtaining assurance evidence that condensed consolidated interim financial statements agree with, or reconcile 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 condensed consolidated interim financial statements; and

— Considering whether condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group review. In this respect we have determined the nature and extent of the review procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities. On this basis, we selected group entities for which a review had to be carried out on the complete set of financial information or specific items.

Amstelveen, 20 August 2021

KPMG Accountants N.V.

F.A.M. Croiset van Uchelen RA

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Glossary

CAPEX	- capital expenditure
CEE	- Central and Eastern Europe
CF	- cash-flow
CGU	- cash generating unit
ECL	- expected credit loss
FVOCI	- fair value through other comprehensive income
FVTPL	- fair value through profit or loss
NCI	- non-controlling interests
OCI	- other comprehensive income
PPE	- property, plant and equipment
ROU	- right of use assets

Condensed consolidated interim statement of income and other comprehensive income

For the six months ended 30 June

In millions of EUR

	Notes	2021	2020
Revenue	E1	1,613	1,545
Other income from non-telecommunication services		6	5
Personnel expenses	E2	(162)	(159)
Other operating expenses	E2	(698)	(691)
Operating profit excluding depreciation, amortisation and impairments		**759**	**700**
Depreciation and amortisation	E.3	(346)	(334)
Amortisation of costs to obtain contracts	E1.3	(25)	(25)
Impairment loss on PPE and intangible assets		(13)	(3)
Operating profit		**375**	**338**
Finance income	E4	12	2
Finance expenses	E4	(71)	(65)
PROFIT BEFORE TAX		**316**	**275**
Income tax expense	E5	(65)	(56)
NET PROFIT FOR THE PERIOD		**251**	**219**
Other comprehensive income/(expense)*			
Currency translation differences		75	(162)
Cash flow hedge – effective portion of changes in fair value		(12)	4
Net change in fair value of CF hedges transferred to profit or loss		16	(27)
Income tax relating to components of other comprehensive income		(1)	3
Other comprehensive income/(expense), net of tax		**78**	**(182)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**329**	**37**
Net profit attributable to:			
Owners of the Parent		205	180
Non-controlling interests		46	39
Net profit for the period		**251**	**219**
Total comprehensive income attributable to:			
Owners of the Parent		269	30
Non-controlling interests		60	7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**329**	**37**

*Items that are or may be reclassified subsequently to profit or loss.

Condensed consolidated interim statement of financial position

In millions of EUR

	Note	30 June 2021	31 December 2020
ASSETS			
Property, plant and equipment	E6	2,471	2,473
Intangible assets	E8	1,681	1,771
Goodwill	E8.1	1,533	1,549
Right-of-use assets	E7	486	491
Trade and other receivables	E9.1	48	49
Other financial assets	E9	9	4
Contract assets	E10	16	14
Costs to obtain contracts	E1.3	45	38
Other assets	E11	21	20
Deferred tax assets		3	4
Non-current assets		**6,313**	**6,413**
Trade and other receivables	E9.1	425	490
Other financial assets	E9	119	18
Contract assets	E10	48	48
Costs to obtain contracts	E1.3	16	18
Other assets	E11	127	119
Current income tax receivables		6	3
Cash and cash equivalents	E13	705	790
Assets held for sale	E12	125	-
Current assets		**1,571**	**1,486**
TOTAL ASSETS		**7,884**	**7,899**
LIABILITIES			
Due to banks	E14	1,073	1,110
Debt securities issued	E15	2,425	2,418
Financial liabilities at FVTPL		35	42
Deferred tax liabilities		358	369
Lease liabilities		402	421
Trade and other payables	E16	48	56
Contract liabilities	E10	50	52
Provisions	E17	82	82
Non-current liabilities		**4,473**	**4,550**
Due to banks	E14	74	22
Debt securities issued	E15	655	667
Financial liabilities at FVTPL		28	12
Lease liabilities		86	77
Trade and other payables	E16	696	634
Contract liabilities	E10	48	49
Provisions	E17	22	21
Current income tax liability		26	31
Liabilities held for sale	E12	20	-
Current liabilities		**1,655**	**1,513**
TOTAL LIABILITIES		**6,128**	**6,063**
Issued capital*	E18	**-**	**-**
Share premium	E18	1,488	1,417
Other reserves	E19	(52)	(116)
Retained earnings/(Accumulated losses)		(52)	47
Total equity attributable to owners of the Parent		1,384	1,348
Non-controlling interests	E20	372	488
Total equity		**1,756**	**1,836**
TOTAL LIABILITIES AND EQUITY		**7,884**	**7,899**

*Issued capital is EUR 1 thousand.

Condensed consolidated interim statement of changes in equity

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

	Issued capital*	Share premium	Legal and statutory reserves	Translation reserve	Hedging reserve	Retained earnings/ (Accumulated losses)	Attributable to owners of the Parent	Attributable to NCI	Total
Balance as at 1 January 2021	-	**1,417**	**6**	**(125)**	**3**	**47**	**1,348**	**488**	**1,836**
Profit for the period	-	-	-	-	-	205	205	46	251
Currency translation differences	-	-	-	62	-	-	62	13	75
Effect of hedge accounting	-	-	-	-	(13)	-	(13)	1	(12)
Net change in fair value of CF hedges transferred to profit or loss	-	-	-	-	16	-	16	-	16
Income tax related to components of OCI	-	-	-	-	(1)	-	(1)	-	(1)
Other comprehensive income for the period	-	-	-	**62**	**2**	**-**	**64**	**14**	**78**
Total comprehensive income	-	-	-	**62**	**2**	**205**	**269**	**60**	**329**
Dividends to NCI	-	-	-	-	-	-	-	(107)	(107)
Acquisiton of NCI (refer to B.2.1)	-	-	-	-	-	(304)	(304)	(54)	(358)
Increase of capital	-	71	-	-	-	-	71	-	71
Distributions to NCI (other than dividends)	-	-	-	-	-	-	-	(15)	(15)
Total transactions with owners of the Parent	-	**71**	-	-	-	**(304)**	**(233)**	**(176)**	**(409)**
Balance as at 30 June 2021	-	**1,488**	**6**	**(63)**	**5**	**(52)**	**1,384**	**372**	**1,756**

*Issued capital is EUR 1 thousand.

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

	Issued capital*	Share premium	Legal and statutory reserves	Translation reserve	Hedging reserve	Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
Balance as at 1 January 2020	**-**	**1,417**	**6**	**(9)**	**17**	**285**	**1,716**	**545**	**2,261**
Profit for the period	-	-	-	-	-	180	180	39	219
Currency translation differences	-	-	-	(133)	-	-	(133)	(29)	(162)
Effect of hedge accounting	-	-	-	-	7	-	7	(3)	4
Net change in fair value of CF hedges transferred to profit or loss	-	-	-	-	(27)	-	(27)	-	(27)
Income tax related to components of OCI	-	-	-	-	3	-	3	-	3
Other comprehensive expense for the period	**-**	**-**	**-**	**(133)**	**(17)**	**-**	**(150)**	**(32)**	**(182)**
Total comprehensive income	-	-	-	**(133)**	**(17)**	**180**	**30**	**7**	**37**
Dividends to NCI	-	-	-	-	-	-	-	(74)	(74)
Distributions to NCI (other than dividends)	-	-	-	-	-	-	-	(14)	(14)
Other changes in NCI (refer to E.20)	-	-	-	-	-	23	23	(23)	-
Other	-	-	-		-	(1)	(1)	-	(1)
Total transactions with owners of the Parent	-	-	-	**-**	**-**	**22**	**22**	**(111)**	**(89)**
Balance as at 30 June 2020	-	**1,417**	**6**	**(142)**	**-**	**487**	**1,768**	**441**	**2,209**

*Issued capital is EUR 1 thousand.

Condensed consolidated interim statement of cash flows

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

In millions of EUR

	Notes	2021	2020
Cash flows from operating activities			
Profit before tax		316	275
Adjustments for:			
Depreciation and amortisation		346	334
Amortisation of costs to obtain contracts		25	25
Impairment losses on current and non-current assets		13	2
(Profit)/loss on financial assets		2	1
Net finance costs/(income) incl. net exchange rate changes		59	63
Other (income)/expenses not involving movement of cash		10	55
Net operating cash flow before changes in working capital		**771**	**755**
Interest received		1	1
Change in receivables due from banks		-	4
Change in financial assets at FVTPL		(4)	-
Change in trade and other receivables		(34)	75
Change in contract assets		(1)	12
Change in other assets		(15)	(18)
Change in costs to obtain contracts		(29)	(25)
Change in trade and other payables		(33)	(97)
Change in provisions		3	(8)
Cash flows from operating activities		**659**	**699**
Income tax paid		(88)	(45)
Net cash from operating activities		**571**	**654**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(199)	(310)
Proceeds from disposal of tangible and intangible assets		6	-
Net cash used in investing activities		**(193)**	**(310)**
Cash flows from financing activities			
Acquisition of NCI	B2	(358)	-
Proceeds from the increase of share premium		71	-
Proceeds from the issue of debt securities		-	700
Proceeds from loans due to banks		19	103
Repayment of loans due to banks		(22)	(545)
Net payment on settlement of derivatives		(7)	(11)
Interest paid		(68)	(44)
Cash collateral placed due to derivatives transactions		(18)	-
Cash payments for principal portion of lease liability		(47)	(53)
Dividends paid to NCI	E20	(27)	(72)
Distributions to NCI (other than dividends)		-	(14)
Net cash (used in)/from financing activities		**(457)**	**64**
Net (decrease)/increase in cash and cash equivalents		**(79)**	**408**
Cash and cash equivalents as at 1 January		**790**	**795**
Effect of exchange rate changes on cash and cash equivalents		(6)	(19)
Cash and cash equivalents as at 30 June		**705**	**1,184**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

PPF Telecom Group B.V. (the "Parent Company" or the "Parent") is a limited liability company incorporated in the Netherlands since 16 October 2013. On 2 January 2018, PPF Group N.V. ("PPF Group") contributed its 100% share in the Parent Company to PPF TMT Holdco 1 B.V. At the same date, PPF TMT Holdco 1 B.V. contributed the shares of PPF Telecom Group B.V. to PPF TMT Holdco 2 B.V., making it a direct shareholder of the Parent Company. PPF Group N.V. remains the ultimate parent of the Parent Company. The ultimate controlling party is Mrs Renáta Kellnerová who was appointed as an administrator of the inheritance of the late Mr Kellner authorised to manage all the assets belonging to the inheritance in ordinary course of business.

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

The Parent is the holder of several significant investments: O2 Czech Republic group (hereinafter also as "O2 CR"), a telecommunication operator providing a range of mobile, fixed voice and data services in the Czech Republic and mobile voice and data services in Slovakia; CETIN a.s. (hereinafter also as "CETIN CR"), the largest Czech owner and provider of mobile and fixed telco infrastructures; and Telenor CEE group, a mobile telecommunication operator providing services in Hungary, Bulgaria, Serbia and Montenegro, also with the newly separated infrastructure entities, as, in July 2020, the infrastructure parts of the businesses in Hungary, Bulgaria and Serbia separated from their retail operators (refer to B.2.2). Shares of O2 Czech Republic are traded on the Prague Stock Exchange.

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

A.2. Statement of compliance

The condensed consolidated interim financial statements were authorised for issue by the board of directors on 20 August 2021.

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. 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 consolidated financial statements as at and for the year ended 31 December 2020. 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 condensed consolidated interim financial statements have been prepared on a historical cost basis, except for the following assets and liabilities stated at their fair value: derivative financial instruments, financial instruments designated upon initial recognition as financial instruments at FVTPL, and financial instruments at FVOCI. Financial assets and liabilities as well as non-financial assets and liabilities measured at historical cost are stated at amortised cost using the effective interest method or historical cost, as appropriate, net of any relevant impairment.

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

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (refer to A.5). From 1 January 2020, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes at a minimum an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has the option to apply a concentration test simplifying the assessment of whether an acquired set of activities and assets is indeed 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 fully correspond to those described in the most recent annual consolidated financial statements.

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

- the fair value of tangible and intangible assets identified during the purchase price allocation exercise and initial value of goodwill for each business combination (refer to B) and its subsequent impairment testing (refer to E.8)
- useful life of tangible and intangible fixed assets
- provisions recognised under liabilities (refer to E.17)
- impairment of trade receivables and contract assets (refer to E.9.1, E.10)
- commissions as costs to obtain contracts with customers (refer to E.1.3)
- stand-alone selling prices
- lease-term for the lessee accounting whether the Group is reasonably certain to exercise extension options
- the fair value of assets and liabilities held for sale (E.12)
- contingent assets/liabilities (refer to E.21)

A.5. Basis of consolidation

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of another entity so as to obtain benefits from its activities. In assessing control, potential voting rights presently exercisable or convertible are taken into consideration. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

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

Reorganisations and mergers involving 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 arises on such transactions.

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

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

A.6. Presentation and functional currency

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

The functional currency of O2 Czech Republic and CETIN CR is CZK. The functional currencies of the Telenor CEE operations correspond to the country of origin: HUF for Hungary, BGN for Bulgaria, RSD for Serbia and EUR for Montenegro. TMT Hungary and TMT Hungary Infra, the holding companies based in the Netherlands, has HUF as their functional currency.

A.7. Reclassification of receivables out of the amortised cost measurement category into the FVTPL measurement category

In 2020, the Group changed its business model for receivables from sale on instalments previously presented under trade receivables. The Group no longer intends to collect all the related cash-flows by holding the receivables until their maturity, but its goal is, in general, to collect the related cash-flows through a subsequent sale (via the securitisation transactions as described in E.9.2, i.e. by way of issuance of participation certificates where these certificates are acquired by related subsidiaries outside the Group but controlled by PPF Group). This changes the Group's business model from "held-to-collect" to "other". Thus, the instalment receivables are no longer measured at amortised cost but, since 1 January 2021, are measured at FVTPL. On 1 January 2021, the receivables were reclassified from trade receivables at amortised cost to receivables at FVTPL and remeasured accordingly. The resulting remeasurement loss on this reclassification of EUR 2 million is recognised in the consolidated statement of income as finance expense. The effects of the reclassification on the consolidated financial statements are shown in the below table:

In millions of EUR

	31 December 2020	Reclassification	1 January 2021
Trade receivables – gross amount	611	(98)	513
Individual allowances for impairment on trade receivables	(103)	17	(86)
Trade receivables – net amount	508	(81)	427
Net loss on financial assets	-	2	2
Instalment receivables at FVTPL	-	79	**79**

A.8. Covid 19 and its impact on the Group's financial statements

Telecommunications sector, including fixed and mobile retail services provision, keeps proving its resilient infrastructure nature, since it is clearly indispensable for the society similarly as utilities, healthcare and food supplies are. The demand for services provided by the Group remained stable, not affected by the pandemic. The Group has been impacted by the decline in international revenues (roaming and voice wholesale), which in total however are not material to the Group‘s profitability and are fully compensated by the Group's strict operational cost control.

B. The consolidated group and main changes for the period

B.1. Group entities

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

Company	Domicile	Effective proportion of ownership interest	
		30 June 2021	31 December 2020
PPF Telecom Group B.V.	Netherlands	Parent	Parent
Commercial subgroup			
PPF Telco B.V.	Netherlands	100.00%	100.00%
PPF TMT Bidco 1 B.V.	Netherlands	100.00%	100.00%
O2 Czech Republic a.s.	Czech Republic	79.31%	67.83%
O2 IT Services s.r.o.	Czech Republic	79.31%	67.83%
O2 Slovakia, s.r.o.	Slovakia	79.31%	67.83%
Telenor Bulgaria EAD	Bulgaria	100.00%	100.00%
Telenor d.o.o. Beograd	Serbia	100.00%	100.00%
Telenor d.o.o. Podgorica	Montenegro	100.00%	100.00%
TMT Hungary B.V.	Netherlands	75.00%	75.00%
Telenor Magyarország Zrt.	Hungary	75.00%	75.00%
Telenor Real Estate Hungary Zrt.	Hungary	75.00%	75.00%
Infrastructure subgroup			
CETIN Group B.V.	Netherlands	100.00%	100.00%
CETIN a.s.	Czech Republic	89.73%	89.73%
CETIN Finance B.V.	Netherlands	89.73%	89.73%
CETIN Bulgaria EAD	Bulgaria	100.00%	100.00%
CETIN d.o.o. Beograd-Novi Beograd	Serbia	100.00%	100.00%
Telenor Common Operation Zrt.	Hungary	100.00%	100.00%
TMT Hungary Infra B.V.	Netherlands	75.00%	75.00%
CETIN Hungary Zrt.	Hungary	75.00%	75.00%

As at 30 June 2021, PPF Group N.V. holds a 100% stake in CETIN a.s. (31 December 2020: 100%) and an 90.36% effective stake in O2 Czech Republic a.s. (31 December 2020: 83.57%).

B.2. Significant changes in the Group structure in 2021 and 2020

B.2.1. Increased share in O2 CR

In June 2021, the Group's stake in the O2 CR's share capital was increased using reverse accelerated book building for a maximum price of CZK 264 per share. At the same moment, Group acquired additional minority share held by affiliated company for the same price. As of 30 June 2021, the Group holds a 79.31% share in O2 CR.

The following table summarises the financial aspect of both transactions:

In millions of EUR

Total consideration (CZK 264 per share)	358
Effective ownership acquired from external parties	6.39%
Effective ownership acquired from affiliated company	5.09%
Net asset value attributable to non-controlling interests acquired	(54)
Effect recorded in equity attributable to equity holders of the Parent (loss)	(304)

In July 2021, the Group finalised the concentration of all O2 CR shares held by PPF Group by acquisition of a 11.21% share from affiliated companies and by additional external purchases (refer to G section). At the date of these financial statements the Group holds a 90.52% share. As the more than 90% holder in the share capital of O2 CR, the Group announced its intention to initiate a squeeze-out procedure of the remaining holders in O2 CR through a mandatory tender offer for the shares in the telecommunications operator held by these remaining minority shareholders.

B.2.2. Business restructuring

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

C. Risk exposures, risk management objectives and procedures

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2020. The Group uses either derivative financial instruments or non-derivative instruments (such as cash instruments) to hedge certain exposures. The Group does not conduct any speculative trading activities.

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. Hedging

Since the acquisition of the Telenor businesses the Group has been hedging cash flows arising from long-term debt denominated in EUR and CZK and entered into at the Parent Company level. The debt carries floating interest rates and the hedge is designed to prevent the variability of interest payments due to market factors. In addition, the Group has been hedging its foreign currency risk exposure resulting from expected dividend inflows denominated in HUF. The hedging instruments used are a combination of several interest rate swaps denominated in EUR and CZK as well as several EUR/HUF cross currency swaps and foreign exchange swap contracts. Cash flows from the hedging instruments are scheduled to July 2024 to match the contractual interest payments and expected dividend receipts. The Group does not apply hedge accounting for these hedge instruments.

The O2 CR subgroup has been hedging cash flows arising from long-term debt denominated in CZK with a floating interest rate to hedge interest rate risk. The used hedging instrument is a combination of several interest rate swaps denominated in CZK. In 2020, the O2 CR subgroup entered in an interest rate swap contracts with the purpose of hedging part of expected payments from a new loan until May 2025. The Group applies hedge accounting for these hedge instruments.

CETIN CR subgroup uses cross currency swaps to hedge cash flows arising from debt securities denominated in EUR (annual interest payments and the repayment of the nominal value at the maturity of the debt security). The Group applies hedge accounting for these hedge instruments.

In 2021 and 2020, the cash flow hedges of O2 CR and CETIN CR were effective and no ineffectiveness was recognised in profit or loss.

The Group's objective is to maintain an appropriate mix of debt with fixed and floating interest rates in line with the risk management concept.

C.2. Fair value of financial assets and liabilities

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

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

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

The fair value was calculated based on contractual cash flows discounted using a current yield rate.

As at 30 June 2021 and 31 December 2020, the Group presented foreign exchange forwards, cross currency swaps, foreign exchange swaps and interest rate swap contracts as Level 2 financial instruments measured at fair value. The fair value of derivative financial instruments is calculated based on discounted cash flow models (using market rates).

The carrying amount of financial assets and financial liabilities not measured at fair value is a reasonable approximation of its fair value, since the financial assets and liabilities (except for those presented in the below tables) are composed mainly of current trade receivables and payables, cash and cash equivalents:

In millions of EUR

	30 June 2021 Carrying amount	30 June 2021 Fair value	31 December 2020 Carrying amount	31 December 2020 Fair value
Due to banks (Level 2,3)	(1,147)	(1,145)	(1,132)	(1,132)
Debt securities issued (Level 2)	(3,080)	(3,218)	(3,085)	(3,224)

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

In millions of EUR, as at 30 June 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	-	7	84	91
Financial assets at FVOCI	-	-	2	2
Financial liabilities at FVTPL	-	(63)	-	(63)
Total	**-**	**(56)**	**86**	**30**

In millions of EUR, as at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	-	2	1	3
Financial assets at FVOCI	-	-	2	2
Financial liabilities at FVTPL	-	(54)	-	(54)
Total	**-**	**(52)**	**3**	**(49)**

The increased balance of level 3 financial assets of FVTPL is notably due to the changed business model for certain Group’s trade receivables (refer to A.7 and E.9.2).

C.3. Capital management

For the purpose of the Group's capital management, capital includes issued share capital, share premium and all other equity reserves attributable to the equity holders of the Parent. The primary objective of the Group's capital management is to maximise the shareholder value while maintaining investor, creditor and market confidence and being able to sustain the future development of the business.

To achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to interest-bearing loans and borrowings. Any breaches in meeting the financial covenants would permit lenders to call loans and borrowings, subject to the Group not being able to remedy the breach. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings in the current period. The facilities agreement financial covenants remained unchanged during the six months ended 30 June 2021 from those disclosed in the consolidated financial statements as at and for the year ended 31 December 2020.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group is not subject to any externally imposed regulatory capital requirements. No changes were made in the objectives, policies or processes for managing capital during the six months ended 30 June 2021 and the year ended 31 December 2020.

D. Segment reporting

The Group recognises reportable segments that are defined in both geographical and sector terms. The Group's board of directors and the shareholder (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	Operations	Geographic focus
O2 Czech Republic	Fixed and mobile telecommunication and data services	Czech Republic
O2 Slovak Republic	Mobile telecommunication and data services	Slovak Republic
Telenor Hungary	Mobile telecommunication and data services	Hungary
Telenor Bulgaria	Mobile telecommunication and data services	Bulgaria
Telenor Serbia & MNE	Mobile telecommunication and data services	Serbia and Montenegro
CETIN CR	Wholesale telecommunication services (mobile, fixed and data services) to other telco operators and international transit	Czech Republic
CETIN Hungary (since July 2020)	Telecommunication infrastructure	Hungary
CETIN Bulgaria (since July 2020)	Telecommunication infrastructure	Bulgaria
CETIN Serbia (since July 2020)	Telecommunication infrastructure	Serbia

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

Telenor Serbia and Montenegro segment comprises two individual businesses units with a common management and business strategy.

The unallocated segment represents operations of holding entities not directly attributable to the core segments and comprising mainly funding related to acquisitions.

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 trade and other receivables, impairment losses on property, plant and equipment and impairment losses on other assets. Eliminations represent intercompany balances among individual reporting segments.

The total segment revenue for the six months ended 30 June 2021 amounting to EUR 1,613 million (30 June 2020: EUR 1,545 million) represents revenues from external customers as presented in the statement of income under Revenue caption.

The revenues reported include revenue from contracts with customers, comprising service and equipment revenues as well as other revenue items including interest revenue arising from Group's ordinary transactions with a significant financing component (refer to E.1.1).

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

In millions of EUR

30 June 2021	O2 Czech Republic	O2 Slovak Republic	Telenor Hungary	Telenor Bulgaria	Telenor Serbia & MNE	CETIN CR	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Revenue from external customers	625	148	259	203	221	150	2	1	4	-	-	1,613
Inter-segment revenue	4	2	3	2	4	193	61	53	45	-	(367)	-
Total revenue	**629**	**150**	**262**	**205**	**225**	**343**	**63**	**54**	**49**	**-**	**(367)**	**1,613**
Services/Products (over time)	581	125	219	163	181	343	63	54	49	-	(367)	1,411
Services/Products (at a point in time)	48	25	43	42	44	-	-	-	-	-	-	202
Major service/products lines:												
Mobile originated revenue	388	141	252	202	219	-	-	-	-	-	(10)	1,192
Fixed originated revenue	241	9	-	-	2	-	-	-	-	-	(1)	251
International transit revenue	-	-	-	-	2	110	-	5	-	-	(16)	101
Other wholesale revenue	-	-	4	3	1	233	63	49	49	-	(338)	64
Other sales	-	-	6	-	1	-	-	-	-	-	(2)	5
Total revenue	**629**	**150**	**262**	**205**	**225**	**343**	**63**	**54**	**49**	**-**	**(367)**	**1,613**
Other income from non-telecommunication services	4	1	-		-	4	-	-	-	3	(6)	6
Operating expenses	(438)	(84)	(195)	(141)	(154)	(177)	(14)	(15)	(10)	(3)	371	(860)
Operating profit excl. depr., amort. and impairments	**195**	**67**	**67**	**64**	**71**	**170**	**49**	**39**	**39**	**-**	**(2)**	**759**
Depreciation and amortisation	(85)	(32)	(35)	(21)	(29)	(101)	(15)	(17)	(16)	-	5	(346)
Amortisation of costs to obtain contracts	(8)	(4)	(3)	(5)	(5)	-	-	-	-	-	-	(25)
Impairment loss	(12)	-	-	-	-	(1)	-	-	-	-	-	(13)
Operating profit	**90**	**31**	**29**	**38**	**37**	**68**	**34**	**22**	**23**	**-**	**3**	**375**
Finance income	1	-	1	-	-	4	-	-	-	7	(1)	12
Finance expense	(5)	(3)	(4)	(1)	(5)	(11)	(2)	-	(1)	(41)	2	(71)
Profit for the period before tax	**86**	**28**	**26**	**37**	**32**	**61**	**32**	**22**	**22**	**(34)**	**4**	**316**
Income tax expense	(19)	(7)	(6)	(4)	(3)	(13)	(5)	(3)	(3)	(2)	-	(65)
Profit for the period	**67**	**21**	**20**	**33**	**29**	**48**	**27**	**19**	**19**	**(36)**	**4**	**251**
Capital expenditure	(23)	(16)	(8)	(33)	(10)	(67)	(14)	(14)	(7)	-	-	(192)
Other significant non-cash expenses	(15)	(1)	(2)	(1)	(1)	(1)	-	-	-	-	-	(21)
Segment assets	2,042	551	759	503	696	2,429	408	302	364	659	(829)	7,884
Segment liabilities	1,156	291	248	155	131	1,598	134	81	77	2,845	(588)	6,128
Segment equity	**886**	**260**	**511**	**348**	**565**	**831**	**274**	**221**	**287**	**(2,186)**	**(241)**	**1,756**

In millions of EUR

30 June 2021	O2 Czech Republic	O2 Slovak Republic	Telenor (incl. CETIN) Hungary	Telenor (incl. CETIN) Bulgaria	Telenor (incl. CETIN) Serbia & MNE	CETIN CR	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	625	148	261	204	225	150	-		1,613
Inter-segment revenue	4	2	1	2	4	193	-	(206)	-
Total revenue	**629**	**150**	**262**	**206**	**229**	**343**	**-**	**(206)**	**1,613**
Services/Products (over time)	581	125	219	164	185	343	-	(206)	1,411
Services/Products (at a point in time)	48	25	43	42	44	-	-	-	202
Major service/products lines:									
Mobile originated revenue	388	141	252	202	219	-	-	(10)	1,192
Fixed originated revenue	241	9	-	-	2	-	-	(1)	251
International transit revenue	-	-	-	1	2	110	-	(12)	101
Other wholesale revenue	-	-	4	3	5	233	-	(181)	64
Other sales	-	-	6	-	1	-	-	(2)	5
Total revenue	**629**	**150**	**262**	**206**	**229**	**343**	**-**	**(206)**	**1,613**
Other income from non-telecommunication services	4	1	-	-	-	4	3	(6)	6
Operating expenses	(438)	(84)	(147)	(102)	(120)	(177)	(3)	211	(860)
Operating profit excl. depr., amort. and impairments	**195**	**67**	**116**	**103**	**109**	**170**	**-**	**(1)**	**759**
Depreciation and amortisation	(85)	(32)	(50)	(38)	(44)	(101)	-	4	(346)
Amortisation of costs to obtain contracts	(8)	(4)	(3)	(5)	(5)	-	-	-	(25)
Impairment loss	(12)	-	-	-	-	(1)	-	-	(13)
Operating profit	**90**	**31**	**63**	**60**	**60**	**68**	**-**	**3**	**375**
Finance income*	1	-	1	-	-	4	7	(1)	12
Finance expense	(5)	(3)	(6)	(1)	(6)	(11)	(41)	2	(71)
Profit for the period before tax	**86**	**28**	**58**	**59**	**54**	**61**	**(34)**	**4**	**316**
Income tax expense	(19)	(7)	(11)	(7)	(6)	(13)	(2)	-	(65)
Profit for the period	**67**	**21**	**47**	**52**	**48**	**48**	**(36)**	**4**	**251**
Capital expenditure	(23)	(16)	(22)	(47)	(17)	(67)	-	-	(192)
Other significant non-cash expenses	(15)	(1)	(2)	(1)	(1)	(1)	-	-	(21)
Segment assets	2,042	551	1,154	794	1,051	2,429	659	(796)	7,884
Segment liabilities	1,156	291	369	225	199	1,598	2,845	(555)	6,128
Segment equity	**886**	**260**	**785**	**569**	**852**	**831**	**(2,186)**	**(241)**	**1,756**

In millions of EUR

30 June 2020	O2 Czech Republic	O2 Slovak Republic	Telenor Hungary	Telenor Bulgaria	Telenor Serbia & MNE	CETIN CR	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	593	136	249	188	207	171	1	-	1,545
Inter-segment revenue	11	2	1	2	5	195	13	(229)	-
Total revenue	**604**	**138**	**250**	**190**	**212**	**366**	**14**	**(229)**	**1,545**
Services/Products (over time)	557	118	216	154	170	366	14	(229)	1,366
Services/Products (at a point in time)	47	20	34	36	42	-	-	-	179
Major service/products lines:									
Mobile originated revenue	378	132	237	187	204	-	-	(14)	1,124
Fixed originated revenue	226	6	-	-	2	-	-	(1)	233
International transit revenue	-	-	-	-	3	139	-	(14)	128
Other wholesale revenue	-	-	6	3	3	227	-	(186)	53
Other sales	-	-	7	-	-	-	14	(14)	7
Total revenue	**604**	**138**	**250**	**190**	**212**	**366**	**14**	**(229)**	**1,545**
Other income from non-telecommunication services	2	-	-	-	1	3	1	(2)	5
Operating expenses	(425)	(77)	(140)	(94)	(116)	(209)	(15)	226	(850)
Operating profit excl. depr, amort. and impairments	**181**	**61**	**110**	**96**	**97**	**160**	**-**	**(5)**	**700**
Depreciation and amortisation	(90)	(30)	(50)	(38)	(43)	(87)	(1)	5	(334)
Amortisation of costs to obtain contracts	(8)	(3)	(3)	(6)	(5)	-	-	-	(25)
Impairment loss	-	-	(2)	-	(1)	-	-	-	(3)
Operating profit	**83**	**28**	**55**	**52**	**48**	**73**	**(1)**	**-**	**338**
Finance income*	1	-	(2)	-	-	(8)	12	(1)	2
Finance expense	(9)	(2)	(5)	(1)	(4)	(9)	(37)	2	(65)
Profit for the period before tax	**75**	**26**	**48**	**51**	**44**	**56**	**(26)**	**1**	**275**
Income tax expense	(16)	(6)	(9)	(5)	(6)	(12)	(2)	-	(56)
Profit for the period	**59**	**20**	**39**	**46**	**38**	**44**	**(28)**	**1**	**219**
Capital expenditure	(21)	(18)	(122)	(13)	(17)	(63)	-	2	(252)
Other significant non-cash expenses	(7)	(2)	(2)	(1)	(2)	(2)	-	-	(16)
31 December 2020									
Segment assets	1,882	567	1,164	810	1,063	2,381	470	(438)	7,899
Segment liabilities	907	276	327	187	192	1,524	2,854	(204)	6,063
Segment equity	**975**	**291**	**837**	**623**	**871**	**857**	**(2,384)**	**(234)**	**1,836**

*Finance income is impacted by net currency losses of some segments

E. Notes to the condensed consolidated financial statements

E.1. Revenue

E.1.1. Revenue from telco business – major lines of business

Revenue from the telecommunication business comprises the following:

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

	2021	2020
Mobile originated revenue	1,192	1,124
Fixed originated revenue	251	233
International transit revenue	101	128
Other wholesale revenue	64	53
Other sales	5	7
Revenue from telecommunication business	**1,613**	**1,545**
out of which:		
Services/products transferred over time	1,411	1,366
Services/products transferred at a point in time	202	179

Hardware sales of EUR 181 million (30 June 2020: EUR 160 million) being part of mobile originated revenues include interest revenue arising from Group's ordinary transactions with a significant financing component. For the period ended 30 June 2021, the interest revenue amounts to EUR 2 million (30 June 2020: EUR 5 million). Hardware sales of EUR 21 million (30 June 2020: EUR 20 million) are included in fixed originated revenue.

For relevant information on contract assets and contract liabilities refer to E.10.

E.1.2. Revenue from telco business – geographical markets

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

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

	2021	2020
Services/products transferred over time	1,411	1,366
Czech Republic	623	580
Slovakia	131	126
Hungary	215	213
Bulgaria	160	148
Serbia and Montenegro	168	164
Germany	14	15
Switzerland	2	3
Other	98	117
Services/products transferred at a point in time	202	179
Czech Republic	48	47
Slovakia	25	20
Hungary	43	34
Bulgaria	42	36
Serbia and Montenegro	44	42

E.1.3. Incremental costs to obtain contracts

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

	2021	2020
Balance as at 1 January	56	53
Capitalised costs to obtain contracts	29	54
Amortisation of capitalised costs to obtain contracts	(25)	(49)
Effects of movements in exchange rates	1	(2)
Balance as at 30 June 2021/31 December 2020	**61**	**56**

E.2. Operating expenses

Operating expenses comprise the following:

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

	2021	2020
Employee compensation	123	122
Payroll related taxes	39	37
Total personnel expenses	**162**	**159**
Supplies	306	324
Cost of telco and other devices sold (inventories)	196	178
Rental, maintenance and repair expense	39	37
Information technologies	31	29
Commissions	19	19
Advertising and marketing	21	19
Professional services	8	9
Net impairment losses on trade and other receivables	8	14
Other	70	62
Total operating expenses	**860**	**850**

E.3. Depreciation and amortisation

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

	2021	2020
Depreciation of property, plant and equipment	149	130
Depreciation of property, plant and equipment – ROU (IFRS 16)	40	46
Amortisation of intangible assets	157	158
Total depreciation and amortisation	**346**	**334**

E.4. Finance income and finance expenses

Finance income comprises the following:

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

	2021	2020
Interest income	1	1
Net foreign currency gains	11	1
Total finance income	**12**	**2**

Finance expenses comprises the following:

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

	2021	2020
Interest expenses	68	59
Net loss on financial assets	2	5
Fee and commission expense	1	1
Total finance expenses	**71**	**65**

E.5. Income taxes

Income tax expense comprises the following:

In millions of EUR, for six months ended 30 June

	2021	2020
Current tax expense	(82)	(69)
Deferred tax benefit	17	13
Total income tax expense	**(65)**	**(56)**

Income tax is computed and recognised by entities generating substantial accounting profit for the interim period, either via application of statutory income tax rate on pre-tax income adjusted by, if significant, excluded disregarded revenues and costs. The Group's consolidated effective tax rate for the six months ended 30 June 2021 was 21% (30 June 2020: 20%).

E.6. Property, plant and equipment

Property, plant and equipment comprise the following:

In millions of EUR

30 June 2021	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	394	1,844	1,328	233	157	3,956
Accumulated depreciation and impairment	(132)	(563)	(672)	(113)	(5)	(1,485)
Total PPE	**262**	**1,281**	**656**	**120**	**152**	**2,471**

In millions of EUR

31 December 2020	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	391	1,761	1,272	231	149	3,804
Accumulated depreciation and impairment	(122)	(510)	(591)	(104)	(4)	(1,331)
Total PPE	**269**	**1,251**	**681**	**127**	**145**	**2,473**

E.7. Right-of-use assets

In relation to leases under IFRS 16, the Group recognises depreciation and interest expense, instead of operating lease expense. During the period ended 30 June 2021, the Group recognised EUR 40 million of depreciation charges and EUR 7 million of interest expense from these leases (30 June 2020: EUR 46 million and EUR 7 million, respectively). This effected the value of Operating profit excluding depreciation, amortisation and impairments reported in the amount of EUR 759 million (30 June 2020: EUR 700 million). Value of Operating profit excluding depreciation, amortisation and impairments reported without adoption of IFRS 16 was calculated resulting in adjusted Operating profit excluding depreciation, amortisation and impairments reported of EUR 705 million (30 June 2020: EUR 648 million). Right-of-use assets comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Cost	685	649
Accumulated depreciation and impairment	(199)	(158)
Total right-of-use assets	**486**	**491**

E.8. Intangible assets and goodwill

Intangible assets comprise the following:

In millions of EUR

30 June 2021	Software	Licences	Valuable rights	Customer relationships	Other intangible assets	Work in progress	Total
Cost	600	942	265	1,297	67	86	3,257
Accumulated amortisation and impairment	(394)	(375)	(190)	(588)	(29)	-	(1,576)
Total intangible assets	**206**	**567**	**75**	**709**	**38**	**86**	**1,681**

In millions of EUR

31 December 2020	Software	Licences	Valuable rights	Customer relationships	Other intangible assets	Work in progress	Total
Cost	520	809	194	1,329	77	28	2,957
Accumulated amortisation and impairment	(290)	(253)	(147)	(429)	(28)	-	(1,147)
Total intangible assets	**230**	**556**	**47**	**900**	**49**	**28**	**1,810**

E.8.1. Goodwill

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	30 June 2021	31 December 2020
O2 CR – Czech operations	399	388
O2 CR – Slovak operations	40	40
Telenor Hungary	198	192
Telenor Bulgaria	118	118
Telenor Serbia	182	183
Telenor Montenegro*	-	42
CETIN CR	111	108
CETIN Hungary	193	186
CETIN Bulgaria	104	104
CETIN Serbia	188	188
Total Goodwill	**1,533**	**1,549**

*Telenor Montenegro is presented as held for sale (as at 30 June 2021), refer to E.12.

Change in value of goodwill is affected by a change in FX rates.

E.9. Financial assets (excluding cash and cash equivalents)

Financial assets comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Trade and other receivables	48	49
Contract assets	16	14
Financial assets at FVTPL*	7	2
Financial assets at FVOCI*	2	2
Non-current	**73**	**67**
Trade and other receivables	425	490
Contract assets	48	48
Financial assets at FVTPL*	84	1
Receivables due from banks*	35	17
Current	**592**	**556**
Total financial assets	**665**	**623**

*presented as other financial assets in the consolidated statement of financial position

E.9.1. Trade and other receivables

Trade and other receivables comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Trade receivables	51	58
Subtotal (gross) - non-current	**51**	**58**
Individual allowances for impairment on trade and other receivables	(3)	(9)
Subtotal (net) - non-current	**48**	**49**
Trade receivables	474	553
Accrued income	39	31
Subtotal (gross) - current	**513**	**584**
Individual allowances for impairment on trade and other receivables	(88)	(94)
Subtotal (net) - current	**425**	**490**
Carrying amount trade and other receivables - total	**473**	**539**

E.9.2. Financial assets at FVTPL

In millions of EUR

	30 June 2021	31 December 2020
Positive fair value of hedging derivatives	6	2
Positive fair value of trading derivatives	1	-
Subtotal – non-current	**7**	**2**
Instalment receivables at FVTPL	84	-
Positive fair value of trading derivatives	-	1
Subtotal - current	**84**	**1**
Total financial assets at FVTPL	**91**	**3**

The Group provides mobile handsets and other telecommunication equipment to its customers on instalments (usually for 12-24 months, interest-free). To improve its working capital, the Group enters into securitisation transactions with its fellow subsidiaries within PPF Group. Under these transactions, Telenor Bulgaria and Telenor Hungary issue participation certificates acquired by PPF Co3 B.V. and O2 Czech Republic and O2 Slovak Republic issue participation certificates acquired by AB 4 B.V. All risks and rewards related to these instalment receivables are transferred under the certificates and derecognised from the Group's consolidated statement of financial position. From the Group's perspective, no recourse or other liability results from these transactions.

The outstanding balance of all issued tranches of the above participation certificates issued by the Group as of 30 June 2021 is EUR 76 million (31 December 2020: EUR 81 million).

Since 1 January 2021, the part of trade receivables being subject to future securitisation transactions (i.e. not yet transferred to PPF Co3 B.V. or AB 4 B.V and not derecognised but fulfilling all necessary conditions to be transferred) is recognised under financial assets at FVTPL. Refer to A.7 for detail.

E.10. Contract assets and liabilities

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

In millions of EUR

	30 June 2021	31 December 2020
Contract assets	**64**	**62**
Non-current part	16	14
Current part	48	48
Contract liabilities	**(98)**	**(101)**
Non-current part	(50)	(52)
Current part	(48)	(49)

As at 30 June 2021, the ECL allowance for current contracts assets amounted to EUR 1 million (2020: EUR 1 million).

Contract assets primarily relate to the Group’s rights to consideration in exchange for goods or services that the Group has already transferred to customers and which it has not yet invoiced. These, in particular, include contracts with customers where the supply of telecommunication services is supplemented by the sale of subsidised telecommunication equipment. A contract asset arises from the reallocation of revenues under a customer contract from telecommunication services provided and recognised during the life of the contract to the revenues from the sale of such subsidised equipment, which is recognised at the time of sale.

A contract liability is the Group's obligation to deliver goods or to provide services for which the Group has received consideration from the customer. Contract liabilities include mostly telecommunication services prepaid by customers on prepaid cards. These revenues are recognised when the voice or data traffic takes place, or when other services are provided, or when the card associated with the prepaid credit expires. Contract liabilities also arise when activation fees are invoiced upon the conclusion of a new contract, which is not a stand-alone performance obligation, and are thus recognised in income over the term of the contract with the customer.

E.11. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Deferred expenses and advances	20	19
Other assets	1	1
Non-current	**21**	**20**
Inventories	73	73
Deferred expenses and advances	41	23
Other tax receivables	6	5
Other assets	7	18
Current	**127**	**119**
Total other assets	**148**	**139**

E.12. Assets and liabilities held for sale

The Group is currently under the negotiations with 4IG Nyrt. (an unrelated company) to sell its 100% share in Telenor d.o.o. Podgorica (Montenegro). The expected timing of the transaction finalisation is during the second half of 2021.

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

In millions of EUR

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

E.13. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Current accounts	552	789
Short-term deposits	150	-
Cash on hand	3	1
Total cash and cash equivalents	**705**	**790**

E.14. Due to banks

Liabilities due to banks comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Secured loans (other than repo)	538	534
Unsecured loans	535	576
Non-current	**1,073**	**1,110**
Unsecured loans	74	22
Current*	**74**	**22**
Total secured loans	**1,147**	**1,132**

*The balance also includes the accrued interest due within 12 months.

The Parent Company is a party to a secured facilities agreement with a syndicate of banks under which, in 2018, the Parent Company utilised secured term loan facilities amounting to EUR 2,396 million and CZK 10,172 million (approx. EUR 380 million). During 2019 and 2020, the secured term loan facilities were restructured and partially refinanced by Euro medium term notes issued by the Parent Company (refer to E.15).

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

As at 30 June 2021 and 31 December 2020, the Group complied with the financial covenants imposed by its loan facilities.

Parameters of EUR-denominated loan facilities as at 30 June 2021:

Repayable by	2024
Margin rate over 3M EURIBOR	1.25% - 3.00%
Actual respective margin levels applicable	1.25%

The EUR loan facilities were used to finance the acquisition of Telenor Group telecommunications assets in Central and Eastern Europe in July 2018.

Parameters of CZK-denominated loan facilities as at 30 June 2021:

Repayable by	2024
Margin rate over 3M PRIBOR	1.00% - 2.50%
Actual respective margin levels applicable	1.00%

The CZK loan facilities were used to fully refinance the original loan facilities related to financing of deferred purchase price for O2 CR (EUR 395 million in 2017).

On 20 May 2020, the Group concluded a long-term unsecured facility agreement with 5-year maturity (until 2025) and a credit limit of CZK 9,240 million (approx. EUR 346 million) by which it refinanced the loan that was maturing at that moment (there was no cash movement related to this refinancing). The facility bears an interest rate derived from PRIBOR + 0.6%, where based on the agreement the reference interest rate cannot decrease below zero (zero-floor). As at 30 June 2021 and 31 December 2020, the Group utilised CZK 5,390 million (approx. EUR 211 million) out of its credit limit.

In April 2019, the Group completed a placement of four tranches of promissory loan notes (Schuldschein), in total of CZK 4,106 million (approx. EUR 160 million) with maturity of 5 to 7 years. In 2017, six Schuldschein tranches were subscribed of EUR 137 million (comprising tranches of CZK 2,970 million and EUR 20 million) with maturity of 5 to 7 years.

E.15. Debt securities issued

Debt securities issued comprise the following:

In millions of EUR

	Date of issue	Maturity	Fixed rate	30 June 2021	31 December 2020
Unsecured bond (EUR 625 million)	2016	2021	1.42%	630	625
Unsecured bond (CZK 4,866 million)	2016	2023	1.25%	192	185
Secured bond (EUR 550 million)	2019	2026	3.13%	549	558
Secured bond (EUR 600 million)*	2019/2020	2025	2.13%	603	609
Secured bond (EUR 600 million)	2020	2024	3.50%	600	610
Secured bond (EUR 500 million)	2020	2027	3.25%	506	498
Total debt securities issued**				**3,080**	**3,085**

*The aggregate nominal amount after consolidation of the EUR 500 million Eurobond issued in November 2019 with the EUR 100 million Eurobond issued in January 2020 (as a tap issue).
**The changes in the balances result from exchange rate changes and accruing and payments of the accrued interest.

In March 2019, the Group established EUR 3,000 million Euro medium term note programme. At the same moment, the Group obtained corporate credit ratings Ba1 by Moody's, BB+ by Standard & Poor’s and BBB- by Fitch Ratings. During 2019 and 2020, under this programme, the Group issued senior secured Eurobonds in the aggregate nominal amount of EUR 2,250 million.

As at 30 June 2021 and 31 December 2020, the unused capacity of the programme was EUR 750 million. The majority of the bond proceeds were used to repay the Group’s secured loans.

In July 2020, the Group received commitments from a wide group of relationship banks for committed unsecured credit facility of EUR 625 million, which shall serve as the liquidity back-up for CETIN CR’s EUR 625 million Eurobonds maturing in December 2021. The credit facility matures on 6 December 2023.

E.16. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2021	31 December 2020*
Settlements with suppliers	6	19
Advances received	2	2
Accrued expenses	33	31
Defined benefit obligation	3	3
Other liabilities	4	1
Non-current	**48**	**56**
Settlements with suppliers	401	436
Wages and salaries	41	33
Advances received	5	6
Social security and health insurance	12	15
Other tax payable	41	40
Accrued expense	75	77
Deferred income and prepayments	2	2
Liabilities from dividends declared (to NCI)	80	-
Other liabilities	39	25
Current	**696**	**634**
Total trade and other payables	**744**	**690**

*Re-represented

As at 30 June 2021, the Group modified the classification of uninvoiced non-current part of liabilities from licences to reflect more appropriate their nature, and classified these liabilities as accrued expenses. Comparative amounts in the above table totalling EUR 31 million were reclassified for consistency from settlement with suppliers to accrued expense.

E.17. Provisions

Provisions comprises the following:

In millions of EUR

	30 June 2021	31 December 2020*
Fixed asset retirement obligation	60	62
Other provisions	22	20
Non-current	**82**	**82**
Provision for litigations except for tax issues	7	3
Provision for restructuring	4	4
Other provisions	11	14
Current	**22**	**21**
Total provisions	**104**	**103**

*Re-represented

As at 30 June 2021, the Group modified the classification of fixed asset retirement obligation current part in certain geographical area to reflect more appropriate the timing of the related economic benefits outflows, and classified this part of the obligation as non-current. Comparative amounts in the above table totalling EUR 13 million were reclassified for consistency from current to non-current.

E.18. Issued capital, share premium and dividends

Issued capital is 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 shareholders' resolution.

The following table provides details of authorised and issued shares:

	30 June 2021	31 December 2020
Number of shares authorised	1,000	1,000
Number of shares issued, out of which fully paid	1,000	1,000
Par value per share	EUR 1	EUR 1

A share premium is the amount received by the Parent Company in excess of par value of its shares.

During the six-month period ending 30 June 2021, the share premium was increased by EUR 71 million to its total balance of EUR 1,488 million (2020: EUR 1,417 million). The share premium is freely distributable.

During the period ending 30 June 2021, the Parent Company paid no dividends (2020: nil).

E.19. Other reserves

E.19.1. Hedging reserve

The hedging reserve, i.e. the cash flow hedge reserve represents the effect of the recognition of the effective portion of changes in the fair value of hedging instruments in other comprehensive income in equity. The cash flow hedge reserve is not available for distribution to shareholders.

E.19.2. 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.

E.20. Non-controlling interests

The following table summarises the information relating to the consolidated subgroups with NCI:

In millions of EUR

30 June 2021	O2 CR*	CETIN CR	TMT Hungary	TMT Hungary Infra
NCI percentage (ownership)	**20.69%**	**10.27%**	**25.00%**	**25.00%**
Country of incorporation	Czech Republic	Czech Republic	Netherlands	Netherlands
Total assets	1,770	2,318	782	409
Total liabilities	(1,303)	(1,598)	(250)	(134)
Net assets	**467**	**720**	**532**	**275**
Carrying amount of NCI	97	74	133	68
NCI percentage during the period	**32.17%**	**10.27%**	**25.00%**	**25.00%**
Revenue	777	343	262	63
Profit/(loss)	92	48	20	27
Other comprehensive income/(expense)	(8)	3	-	(5)
Total comprehensive income	84	51	20	22
Profit/(loss) allocated to NCI	29	5	5	7
OCI allocated to NCI	5	2	5	2
Dividends paid to NCI**	**-**	**6**	**10**	**11**

* For details on decrease in NCI's percentage ownership refer to B.2.1
**For the information on liabilities from unpaid dividends refer to E.22.1

In millions of EUR

31 December 2020	O2 CR	CETIN	TMT Hungary	TMT Hungary Infra*
NCI percentage (ownership)	**32.17%**	**10.27%**	**25.00%**	**25.00%**
Country of incorporation	Czech Republic	Czech Republic	Netherlands	Netherlands
Total assets	1,682	2,274	791	414
Total liabilities	(1,075)	(1,524)	(212)	(132)
Net assets	**607**	**750**	**579**	**282**
Carrying amount of NCI	195	77	145	71

30 June 2020	O2 CR	CETIN	TMT Hungary	TMT Hungary Infra*
NCI percentage during the period	**32.17%**	**10.27%**	**25.00%**	**-**
Revenue	**734**	**366**	**249**	**-**
Profit/(loss)	79	46	40	-
Other comprehensive income/(expense)	16	(28)	11	-
Total comprehensive income	95	18	51	-
Profit/(loss) allocated to NCI	25	4	10	-
OCI allocated to NCI	(9)	(6)	(17)	-
Dividends paid to NCI	**62**	**10**	**-**	**-**

*TMT Hungary Infra was a newly established holding entity for CETIN Hungary (see Note B.2.2 for business restructuring description). The NCI balance for the split part existing at the date of demerger was reallocated directly from TMT Hungary to TMT Hungary Infra.

During the six-month period ending 30 June 2020, TMT Hungary paid out an asymmetric dividend from a part of 2019 profit where the non-controlling partner was excluded due entering into Hungarian operations in October 2019. This transaction decreased the carrying amount of NCI by EUR 23 million resulting in a gain presented directly in retained earnings attributable to the owners of the Parent.

E.21. Off-balance sheet items

E.21.1. Commitments

In millions of EUR

	30 June 2021	31 December 2020
Capital expenditure commitments – PPE	89	34
Capital expenditure commitments – intangible assets	29	9
Other	179	311
Total commitments and contingent liabilities	**297**	**354**

As at 30 June 2021 and 31 December 2020, other commitments represented mainly bank guarantees issued by local banks in Hungary for Telenor Hungary, requested by the local telecommunication regulator from participants in the upcoming spectrum auction. In the period ended 30 June 2021, a part of the guarantees expired and the total value of guarantees issued for the spectrum auction decreased from EUR 264 to EUR 169 million.

E.21.2. Off-balance sheet assets

In millions of EUR

	30 June 2021	31 December 2020
Guarantees accepted	4	5
Loan commitments accepted	165	160
Total commitments and contingent assets	**169**	**165**

E.21.3. Assets pledged as security

The Group has pledged certain assets as collateral for its funding liabilities. As at 30 June 2021 and 31 December 2020, the pledged assets include, in particular receivables from bank accounts, hedging agreements and all shares of the Parent Company, PPF TMT Bidco 1 B.V., PPF Telco B.V., CETIN Group B.V., the Telenor operating and infrastructure entities in Bulgaria, Serbia and Montenegro, and TMT Hungary B.V. with TMT Hungary Infra B.V. (the Group's effective share).

E.21.4. Litigations

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

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

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

E.21.5. Regulatory investigations

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

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

The Group including its individual entities involved in the case (i.e. O2 CR and CETIN) is firmly convinced that network sharing has significantly enhanced the availability and quality of mobile signal in the Czech Republic, which is currently among the top European countries in terms of coverage density. Thus, no harm to competition or consumers has occurred. After the oral hearing, the Group will therefore further continue to communicate with the Commission to convince it the cooperation between the sharing partners is in compliance with the relevant laws, thereby benefiting consumers and network competition in the Czech Republic.

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

E.22. Related parties

The Group has related party relationships with PPF Group N.V., PPF TMT Holdco 1 B.V. and PPF TMT Holdco 2 B.V. (as the indirect and direct parent companies) and fellow subsidiaries. The significant ones are disclosed below.

E.22.1. Transactions with fellow subsidiaries

During the course of the periods presented, the Group had the following significant transactions at arm's length with fellow subsidiaries and equity-accounted investees (i.e. entities under control or significant influence of PPF Group N.V.):

In millions of EUR

	30 June 2021	31 December 2020
Receivables due from banks	35	20
Trade receivables	1	4
Cash and cash equivalents	538	574
Loans due from customers	3	-
Other financial assets	1	1
Right-of-use assets (IFRS 16)	1	1
Negative fair value of hedging derivatives	(29)	(13)
Trade and other payables	(52)	(9)
Lease liabilities (IFRS 16)	(1)	(1)
Deferred tax liabilities	(1)	(1)

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

	2021	2020
Revenue from telecommunication business	7	4
Interest income	2	-
Other income from non-telecommunication business	1	-
Expenses related to telecommunication business	(3)	-
Interest expenses	(1)	-
Net loss on financial assets	(2)	-
Other operating expenses	(8)	(6)

During the first half of 2021 and in the previous years starting 2019, the Group issued participation certificates that were fully acquired by its fellow subsidiaries. For more details refer to E.9.2.

Cash and cash equivalents represent the Group's current accounts with PPF Banka a.s. and Mobi Banka a.d. Beograd (both under control of PPF Group N.V.).

As at 30 June 2021, trade and other payables contain unpaid dividend and other distributions totalling EUR 44 million representing the unsettled balance to the fellow subsidiaries within PPF Group. This balance is included in liabilities from dividends declared in note E.16. Dividends and other distributions were declared during the period ended 30 June 2021 by O2 Czech Republic a.s. and CETIN a.s. O2 Czech Republic a.s. paid its dividends in July 2021 and CETIN a.s. is expected to pay the remaining part of its dividend in September 2021. For the information of dividends paid to non-controlling interests during the six months ended 30 June 2021 refer to E.20.

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 2020, except for the changes described below.

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

The amendments enable to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates (IBORs) to alternative benchmark interest rates without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments are applied retrospectively and include reinstatement of hedge relationships that were discontinued solely due to changes directly required by the reform.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Subsequent events

G.1. Additional acquisition of O2 shares

In July 2021, the Group finalised the concentration of all O2 CR shares held by PPF Group by acquisition of a 11.21% share. The Group acquired 33.6 million shares (a 11.21% share) from two affiliated companies for consideration of EUR 348 million and 130 thousand shares from third party for consideration of EUR 1.3 million. At the date of these financial statements the Group holds a 90.52% share. These acquisitions decreased the carrying amount NCI by EUR 52 million and decreased the Group's retained earnings attributable to owners of the Parent by EUR 297 million.

G.2. Additional acquisition of CETIN shares

In July 2021, the Group initiated internal PPF Group restructuring with the aim to concentrate a 100% share in CETIN CR under PPF Telecom Group. On 22 July 2021, PPF A3 B.V., a 100% subsidiary of PPF Group N.V. holding a 10.27% share in CETIN CR, became a 100% subsidiary of the Parent Company via contribution in kind. As the final step, the Group has been currently preparing a merger of CETIN Group B.V. and PPF A3 B.V. with CETIN Group B.V. as the surviving company. The merger is planned to be effective as of 1 September 2021.

G.3. Dividend distribution

On 30 July 2021, the Group paid dividends of EUR 90 million to its direct shareholder PPF TMT Holdco 2 B.V.

20 August 2021

The board of directors:

Jan Cornelis Jansen
Member of the board of directors

Lubomír Král
Member of the board of directors

Marcel Marinus van Santen
Member of the board of directors