PPF Telecom Group

PPF Telecom Group B.V.

Condensed consolidated interim financial statements
for the six months ended 30 June 2022

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 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 condensed consolidated interim financial statements is 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 2022;

2 the following statements for the six-month period ended 30 June 2022: the condensed consolidated interim statement of income and other comprehensive income, the condensed consolidated interim statement of changes in equity, the condensed consolidated interim 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, '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 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 the 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 the condensed consolidated interim financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of internal control, as it relates to the preparation of the condensed consolidated interim financial statements;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in the condensed consolidated interim financial statements;
- Obtaining assurance evidence that 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 the condensed consolidated interim financial statements; and
- Considering whether the 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.

Amstelveen, 25 October 2022

KPMG Accountants N.V.

R.P. Lindveld RA

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Glossary

AC	- amortised cost
CAPEX	- capital expenditure
CEE	- Central and Eastern Europe
CGU	- cash generating unit
EBITDA	- earnings before interest, tax, depreciation and amortisation
EC	- European Commission
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	2022	2021 (restated)**
Revenue	E1	1,686	1,613
Other income from non-telecommunication services		9	6
Personnel expenses	E2	(176)	(162)
Other operating expenses	E2	(707)	(698)
Operating profit excluding depreciation, amortisation and impairments		**812**	**759**
Depreciation and amortisation	E.3	(308)	(300)
Depreciation on lease-related right-of-use assets		(47)	(46)
Amortisation of costs to obtain contracts	E1.3	(29)	(25)
Impairment loss on PPE and intangible assets		(3)	(13)
Operating profit		**425**	**375**
Interest income		3	1
Net foreign currency gains		79	11
Interest expense on lease liabilities		(8)	(7)
Other interest expense		(59)	(61)
Other finance costs	E4	(11)	(3)
PROFIT BEFORE TAX		**429**	**316**
Income tax expense	E5	(70)	(65)
NET PROFIT FOR THE PERIOD		**359**	**251**
Other comprehensive income			
Currency translation differences*		(129)	75
Cash flow hedge – effective portion of changes in fair value*		6	(12)
Cash flow hedge – net change in fair value reclassified to profit or loss*		-	16
Income tax relating to components of other comprehensive income*		(1)	(1)
Other comprehensive income/(expense), net of tax		**(124)**	**78**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**235**	**329**
Net profit attributable to:			
Owners of the Parent		330	205
Non-controlling interests		29	46
Net profit for the period		**359**	**251**
Total comprehensive income attributable to:			
Owners of the Parent		228	269
Non-controlling interests		7	60
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**235**	**329**

*Items that are or will be reclassified subsequently to profit or loss.
**For more details on the restatement refer to A.7

Condensed consolidated interim statement of financial position

In millions of EUR

	Note	30 June 2022	31 December 2021
ASSETS			
Property, plant and equipment	E6	2,603	2,589
Other intangible assets	E7.2	1,658	1,601
Goodwill	E7.1	1,504	1,527
Right-of-use assets		465	480
Trade and other receivables	E8.1	67	55
Other financial assets	E8	23	20
Contract assets	E8.3	15	16
Costs to obtain contracts	E1.3	46	42
Other assets	E9	27	25
Deferred tax assets		3	4
Non-current assets		**6,411**	**6,359**
Trade and other receivables	E8.1	444	453
Other financial assets	E8	124	89
Contract assets	E8.3	47	48
Costs to obtain contracts	E1.3	20	21
Inventories	E9	110	84
Other assets	E9	81	56
Current income tax receivables		4	1
Cash and cash equivalents	E10	501	628
Current assets		**1,331**	**1,380**
TOTAL ASSETS		**7,742**	**7,739**
LIABILITIES			
Due to banks	E11	1,315	1,686
Debt securities issued	E12	2,930	2,432
Deferred tax liabilities		339	354
Lease liabilities		382	398
Trade and other payables	E13	50	47
Contract liabilities	E8.3	50	51
Provisions	E14	53	58
Non-current liabilities		**5,119**	**5,026**
Due to banks	E11	10	353
Debt securities issued	E12	29	42
Financial liabilities at FVTPL		-	3
Lease liabilities		85	91
Trade and other payables	E13	738	749
Contract liabilities	E8.3	46	52
Provisions	E14	27	39
Current income tax liability		40	27
Conditional commitment to acquire NCI's share	B2.2	983	-
Current liabilities		**1,958**	**1,356**
TOTAL LIABILITIES		**7,077**	**6,382**
Issued capital*	E15	**-**	**-**
Share premium	E15	1,575	1,575
Other reserves	E16	(1,168)	(48)
Retained earnings/(Accumulated losses)		(195)	(430)
Total equity attributable to owners of the Parent		212	1,097
Non-controlling interests	E17	453	260
Total equity		**665**	**1,357**
TOTAL LIABILITIES AND EQUITY		**7,742**	**7,739**

*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 2022

	Issued capital*	Share premium	Other reserves			Retained earnings / (Accumulated losses)	Attributable to owners of the Parent	Attributable to NCI	Total
			Translation reserve	Hedging reserve	Reserve for puttable instruments				
Balance as at 1 January 2022	**-**	**1,575**	**(58)**	**10**	**-**	**(430)**	**1,097**	**260**	**1,357**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**330**	**330**	**29**	**359**
Currency translation differences	-	-	(107)	-	-	-	(107)	(22)	(129)
Cash flow hedge – effective portion of changes in fair value	-	-	-	6	-	-	6	-	6
Income tax related to components of OCI	-	-	-	(1)	-	-	(1)	-	(1)
Other comprehensive income for the period	**-**	**-**	**(107)**	**5**	**-**	**-**	**(102)**	**(22)**	**(124)**
Total comprehensive income	**-**	**-**	**(107)**	**5**	**-**	**330**	**228**	**7**	**235**
Dividends to shareholders	-	-	-	-	-	(1,030)	(1,030)	-	(1,030)
Dividends to NCI	-	-	-	-	-	-	-	(14)	(14)
Sale of shares in subsidiaries to NCI (refer to B.2.2)	-	-	-	-	-	1,151	1,151	260	1,411
Conditional commitment to acquire NCI's share - origination (refer to B.2.2)	-	-	-	-	(1,411)	-	(1,411)	-	(1,411)
Conditional commitment to acquire NCI's share – change in net present value (refer to B.2.2)	-	-	-	-	428	-	428	-	428
Acquisition of shares in subsidiaries from NCI (refer to B.2.1)	-	-	-	-	-	(251)	(251)	(60)	(311)
Disposal of subsidiary (refer to B.2.3)	-	-	(35)	-	-	35	-	-	-
Total transactions with owners of the Parent	**-**	**-**	**(35)**	**-**	**(983)**	**(95)**	**(1,113)**	**186**	**(927)**
Balance as at 30 June 2022	**-**	**1,575**	**(200)**	**15**	**(983)**	**(195)**	**212**	**453**	**665**

*Issued capital is EUR 1 thousand.

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

	Issued capital*	Share premium	Other reserves: Translation reserve	Other reserves: Hedging reserve	Retained earnings / (Accumulated losses)	Attributable to owners of the Parent	Attributable to NCI	Total
Balance as at 1 January 2021	**-**	**1,417**	**(125)**	**3**	**53**	**1,348**	**488**	**1,836**
Profit for the period	-	-	-	-	205	205	46	251
Currency translation differences	-	-	62	-	-	62	13	75
Cash flow hedge - effective portion of changes in fair value	-	-	-	(13)	-	(13)	1	(12)
Cash flow hedge – net change in fair value reclassified 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**
Increase of share premium paid in cash	-	71	-	-	-	71	-	71
Dividends to NCI	-	-	-	-	-	-	(107)	(107)
Acquisition of share in subsidiaries from NCI (refer to B.2.1)	-	-	-	-	(304)	(304)	(54)	(358)
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**	**(63)**	**5**	**(46)**	**1,384**	**372**	**1,756**

*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	2022	2021 (restated)*
Cash flows from operating activities			
Profit before tax		429	316
Adjustments for:			
Depreciation and amortisation		308	300
Depreciation on lease-related right-of-use assets		47	46
Amortisation of costs to obtain contracts		29	25
Impairment losses on current and non-current assets		11	13
Net interest expense		64	67
Loss on financial assets		9	2
Net foreign exchange gains		(79)	(11)
Other (income)/expenses not involving movement of cash		(5)	13
Net operating cash flow before changes in working capital		**813**	**771**
Change in financial assets at FVTPL		(45)	(4)
Change in trade and other receivables		(20)	(34)
Change in contract assets		1	(1)
Change in inventories and other assets		(58)	(15)
Change in costs to obtain contracts		(33)	(29)
Change in trade and other payables		(13)	(33)
Change in provisions		(18)	3
Cash flows from operating activities		**627**	**658**
Interest received		4	1
Income tax paid		(79)	(88)
Net cash from operating activities		**552**	**571**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(419)	(199)
Proceeds from disposal of tangible and intangible assets		5	6
Net cash used in investing activities		**(414)**	**(193)**
Cash flows from financing activities			
Proceeds from the increase of share premium		-	71
Proceeds from the issue of debt securities		496	-
Proceeds from loans due to banks		243	19
Repayment of loans due to banks		(948)	(22)
Net payment on settlement of derivatives		(1)	(7)
Interest paid (excl. interest on lease liabilities)		(65)	(61)
Cash collateral received/(placed) due to derivatives transactions		4	(18)
Cash payments for principal portion of lease liability		(43)	(47)
Interest paid on lease liabilities		(8)	(7)
Acquisition of shares in subsidiaries from NCI	B2.1	(311)	(358)
Proceeds from disposal of shares in subsidiaries to NCI	B2.2	1,411	-divi
Dividends paid to shareholders	E15	(1,030)	-
Dividends paid to NCI	E17	(14)	(27)
Net cash used in financing activities		**(266)**	**(457)**
Net decrease in cash and cash equivalents		**(128)**	**(79)**
Cash and cash equivalents as at 1 January		**628**	**790**
Effect of exchange rate changes on cash and cash equivalents		1	(6)
Cash and cash equivalents as at 30 June		**501**	**705**

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

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. As of 30 June 2022, the ultimate controlling party was Mrs Renáta Kellnerová who was appointed, during 2021, 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 inheritance procedures have been finished during September 2022 (refer to G section).

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 CZ"), a telecommunication operator providing a range of mobile, fixed voice and data services in the Czech Republic; CETIN a.s. (hereinafter also as "CETIN CZ"), the largest Czech owner and provider of mobile and fixed telco infrastructures; O2 Slovakia, s.r.o, a telecommunication operator providing mobile voice and data services in Slovakia, with newly separated infrastructure entity O2 Networks, s.r.o.; and Yettel CEE group (rebranded from Telenor in March 2022), a mobile telecommunication operator providing services in Hungary, Bulgaria and Serbia, also with the separated infrastructure entities operating complementary in the same countries. Shares of O2 CZ were publicly traded on the Czech stock exchanges until 28 February 2022, when they were delisted following the Group's management decision (refer to B.2.1). The Group sold its 100% stake in Telenor Montenegro in December 2021 (refer to B.2.6).

The condensed consolidated interim financial statements of the Parent Company for the six months period ended 30 June 2022 comprise the Parent Company and its subsidiaries (together, 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 2022 and 2021.

A.2. Statement of compliance

The condensed consolidated interim financial statements were authorised for issue by the board of directors on 25 October 2022.

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 2021. 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 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 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 AC using the effective interest method or historical cost, as appropriate, net of any relevant impairment.

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

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (refer to A.5). 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 semi-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, and newly for the 6-month period ending 30 June 2022, the assessment of conditional commitment to acquire NCI's share (refer to B.2.2).

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

- assessment of control over subsidiaries (refer to B.2)
- 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.7.1)
- useful life of tangible and intangible fixed assets
- provisions recognised under liabilities (refer to E.14)
- expected credit losses on trade receivables and contract assets (refer to E.8.1, E.8.3)
- 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
- contingent assets/liabilities (refer to E.18)
- assessment of recognition and the net present value of the conditional commitment to acquire NCI's share (refer to B.2.2)

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 investment 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 interests, (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 on the non-controlling interests, the Group might lose its power over an investee and cease controlling it. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of the subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

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

Reorganisations and mergers involving the Group companies under common control are accounted for using consolidated net book values. Consequently, no adjustment is made to carrying amounts in the consolidated accounts and no goodwill or gain on bargain purchase 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 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 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 CZ is CZK. The functional currency of O2 Slovakia and O2 Networks is EUR. The functional currencies of the Yettel CEE and CETIN CEE operations correspond to the country of their origin: HUF for Hungary, BGN for Bulgaria and RSD for Serbia. As at 1 January 2022, CETIN Group, the holding company based in the Netherlands, changed its functional currency from CZK to EUR. TMT Hungary and TMT Hungary Infra, the holding companies based in the Netherlands, have HUF as their functional currency.

A.7. Change in presentation of line items in condensed consolidated interim statement of income and other comprehensive income

For the six months ended 30 June 2022, to enhance the understandability of the financial information presented for its telecommunication businesses, the Group changed the presentation of items related depreciation and amortisation, and financial income and costs in the consolidated statement of income and other comprehensive income. The Group made the following changes:

- a new line item of depreciation on lease-related right-of-use assets was separated from the depreciation and amortisation line item;
- a totalling line item of finance income was divided into interest income and net foreign currency gains;
- a totalling line item of finance costs was divided into interest expense on lease liabilities, other interest expense, and other finance costs.

Except for the change in the presentation, there were no adjustments in the related balances.

The following table summarises changes in the presentation of depreciation and amortisation:

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

	Restated	Reported
Depreciation and amortisation	300	346
Depreciation of property, plant and equipment – ROU (IFRS 16)	46	-
Total depreciation and amortisation	**346**	**346**

The following table summarises changes in the presentation of finance income and finance costs:

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

	Restated	Reported
Finance income	-	12
Interest income	1	-
Net foreign currency gains	11	-
Total finance income	**12**	**12**
Finance expenses	-	(71)
Interest expense on lease liabilities	(7)	-
Other interest expense	(61)	-
Other finance costs	(3)	-
Total finance expenses	**(71)**	**(71)**

Changes in the condensed consolidated interim statement of income and other comprehensive income described above are appropriately reflected also in the condensed consolidated interim statement of cash flows within net operating cash flow before changes in working capital.

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 not experienced any material impact to its profitability and prospects in 2021 and in 2022 either.

B. 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 2022 and 31 December 2021.

Company	Domicile	Effective proportion of ownership interest	
		30 June 2022	31 December 2021
PPF Telecom Group B.V.	Netherlands	Parent	Parent
Commercial subgroup			
PPF Telco B.V.*	Netherlands	-	100.00%
PPF Comco N.V.*	Netherlands	100.00%	-
PPF TMT Bidco 1 B.V.	Netherlands	100.00%	100.00%
O2 Czech Republic a.s.**	Czech Republic	100.00%	90.52%
O2 IT Services s.r.o.**	Czech Republic	100.00%	90.52%
O2 Slovakia, s.r.o.**	Slovakia	100.00%	90.52%
O2 Networks, s.r.o.***	Slovakia	100.00%	-
Yettel Bulgaria EAD****	Bulgaria	100.00%	100.00%
Yettel d.o.o. Beograd****	Serbia	100.00%	100.00%
TMT Hungary B.V.	Netherlands	75.00%	75.00%
Yettel Magyarország Zrt.****	Hungary	75.00%	75.00%
Yettel Real Estate Hungary Zrt.****	Hungary	75.00%	75.00%
Infrastructure subgroup			
CETIN Group N.V.*****	Netherlands	70.00%	100.00%
CETIN a.s.	Czech Republic	70.00%	100.00%
CETIN Finance B.V.	Netherlands	70.00%	100.00%
CETIN Bulgaria EAD	Bulgaria	70.00%	100.00%
CETIN d.o.o. Beograd-Novi Beograd	Serbia	70.00%	100.00%
TMT Hungary Infra B.V.	Netherlands	52.50%	75.00%
CETIN Hungary Zrt.	Hungary	52.50%	75.00%

*For details on changes in holding of O2 subgroup refer to B.2.3.
**For details on the increase in share of O2 subgroup refer to B.2.1
***For details on separation of O2 Networks from O2 Slovakia refer to B.2.4
****Since 1 March 2022, Telenor companies were rebranded to Yettel.
*****For details on the sale of the non-controlling 30% share in CETIN Group N.V. refer to B.2.2

B.2. Significant changes in the Group structure in 2022 and 2021

B.2.1. Increased share in O2 CZ

In June 2021, the Group's stake in O2 Czech Republic's (O2 CZ) 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. In July 2021, the Group finalised the concentration of all O2 CZ shares held by PPF Group by the acquisition of a 11.21% share from its affiliated companies and by additional external purchases. As at 31 December 2021, the Group held a 90.52% stake in O2 CZ.

The following table summarises the financial aspect of all transactions described above:

In millions of EUR, for the twelve months ended / for the six months ended

	31 December 2021	30 June 2021
Total consideration (approx. CZK 264 per share)	707	358
Effective ownership acquired from external parties	6.39%	6.39%
Effective ownership acquired from the affiliated company	16.25%	5.09%
Net asset value attributable to non-controlling interests acquired	(106)	(54)
Effect recorded in retained earnings (loss)	(601)	(304)

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 the 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	(60)
Effect recorded in retained earnings (loss)	(251)

B.2.2. Sale of 30% stake in CETIN Group N.V.

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 Group 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 the Parent Company's controlling party change without prior approval, as defined in the agreement (incl. the ultimate parent 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, the Group's management cannot avoid triggering an unapproved change of control over the Parent Company. However, the Parent Company's controlling parties 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 (refer to F.1.1), 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 2022 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 2022, the net present value of the conditional commitment to acquire NCI's share totalling EUR 983 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 2022, a remeasurement gain of EUR 428 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.2.3. Changes in holding of O2 CZ shares

In March 2022, PPF Telco B.V. sold its 100% stake in O2 Czech Republic (including O2 Slovakia) to a newly established holding company PPF Comco N.V. In April 2022, PPF Telco B.V. was sold to PPF Group N.V. (the ultimate parent of the Parent Company), for a total consideration of EUR 1 (one euro) with nil effect on the Group's consolidated equity. For this common control transaction, the Group applied, consistently with all such transactions with owners, book value accounting. The accounting gain from sale of PPF Telco B.V. represented previously accumulated translation gains, as PPF Telco B.V.'s functional currency was CZK. Applying the consistent group accounting policies for the common control transactions, the Group recognised the gain from sale of PPF Telco B.V. directly into retained earnings.

B.2.4. O2 subgroup business restructuring

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 markets. The direct owner of O2 Networks, s.r.o. is PPF Comco N.V. as at 30 June 2022.

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

B.2.5. Increased share in CETIN CZ (2021)

In July 2021, the Group initiated the internal restructuring of PPF Group with the aim to consolidate its 100% share in CETIN a.s. (CETIN CZ) under PPF Telecom Group. On 22 July 2021, PPF A3 B.V., a wholly owned subsidiary of PPF Group N.V. holding a 10.27% share in CETIN CZ, became a wholly owned subsidiary of the Parent Company through series of in-kind contributions. With these acts, the Group also acquired a non-controlling share on the dividends of EUR 4 million declared by CETIN CZ before PPF A3 B.V. was contributed to the Group. As this share is no longer attributable to non-controlling interests, it positively affected the Group's retained earnings.

Subsequently, PPF A3 B.V. as the disappearing company, merged with CETIN Group N.V. The merger became effective as of 1 September 2021 and CETIN Group N.V. thus became the sole shareholder of CETIN CZ.

The following table summarises the financial aspect of all transactions described above:

In millions of EUR, for the year ended 31 December 2021

Contribution in-kind to the Group's share premium (non-cash)	87
Effective ownership acquired	10.27%
Net asset value attributable to non-controlling interests acquired	(75)
Effect recorded in retained earnings (loss)	(12)
Effect of dividend share acquired with the in-kind contribution previously attributable to non-controlling interest (gain)	4

For this common control transaction, the Group applied book value accounting related to measurement and derecognition of NCI.

B.2.6. Sale of Telenor Montenegro (2021)

In December 2021, the Group sold a 100% stake in Telenor d.o.o. Podgorica (Montenegro) to 4IG Nyrt. for a total consideration of EUR 141 million. Total profit from the sale of the entity amounted to EUR 27 million.

The following table summarises assets and liabilities of Telenor Montenegro when sold:

In millions of EUR

	21 December 2021
Goodwill	42
Property, plant and equipment (incl. right-of-use asset)	45
Intangible assets	25
Other assets	21
Cash and cash equivalent	11
Total assets	**144**
Other liabilities	28
Provisions	2
Total liabilities	**30**
Net assets value	**114**

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 2021. 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

The Group generally keeps monitoring the market development to take an appropriate action when needed, i.e., to mitigate primarily interest risk and foreign currency by use of derivative contracts.

O2 CZ 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. As at 30 June 2022, O2 CZ hedges a part of the expected payments from a long-term unsecured facility agreement until May 2025. The Group applies hedge accounting for these hedge instruments.

In 2022 and 2021, the cash flow hedges of O2 CZ were effective, and no ineffectiveness was recognised in profit or loss.

In 2020, CETIN CZ subgroup entered into 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 applied hedge accounting for these hedge instruments. As at 31 December 2021, all hedging derivatives and hedge accounting were terminated. Total accumulated cash-flow hedge loss from this discontinued hedging relationship of EUR 15 million was expensed in the consolidated statement of income as a net foreign currency loss. As at and during the six-month period ending 30 June 2022, CETIN CZ subgroup did not apply hedge accounting.

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: Valuation techniques based on observable inputs, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments measured using:

market prices quoted in active markets for similar instruments; prices quoted for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are measured based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include, where applicable, a comparison with similar instruments for which market observable prices exist, the net present value and discounted cash flow models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premiums used in estimating discount rates, bond prices, foreign currency exchange rates, expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

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 financial assets and liabilities (except for those presented in the below table) comprise mainly current trade receivables and payables, cash and cash equivalents.

In millions of EUR

	30 June 2022 Carrying amount	30 June 2022 Fair value	31 December 2021 Carrying amount	31 December 2021 Fair value
Due to banks (Level 2,3)	(1,325)	(1,325)	(2,039)	(2,031)
Debt securities issued (Level 2)	(2,959)	(2,758)	(2,474)	(2,595)

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 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	-	23	122	145
Financial assets at FVOCI	-	-	2	2
Financial liabilities at FVTPL	-	-	-	-
Total	**-**	**23**	**124**	**147**

In millions of EUR, as at 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL	-	19	84	103
Financial assets at FVOCI	-	-	2	2
Financial liabilities at FVTPL	-	(3)	-	(3)
Total	**-**	**16**	**86**	**102**

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. Further, the PPF facilities agreement also contains financial covenants involving the regular testing of proportionate leverage calculated as proportionate net debt to proportionate EBITDA of the relevant part of the CETIN Group, which for any relevant period ending on or after 31 December 2021 may not exceed 4.00:1 for the group consisting of all material CETIN Group entities.

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 2022 and the year ended 31 December 2021.

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 Slovakia*	Mobile telecommunication and data services, and infrastructure	Slovakia
Yettel Hungary	Mobile telecommunication and data services	Hungary
Yettel Bulgaria	Mobile telecommunication and data services	Bulgaria
Yettel Serbia (Telenor Serbia & MNE in 2021)	Mobile telecommunication and data services	Serbia and Montenegro
CETIN CZ	Wholesale telecommunication services (mobile, fixed and data services) to other telco operators and international transit	Czech Republic
CETIN Hungary	Telecommunication infrastructure	Hungary
CETIN Bulgaria	Telecommunication infrastructure	Bulgaria
CETIN Serbia	Telecommunication infrastructure	Serbia

*O2 Networks, s.r.o. (an infrastructure part) demerged in April 2022. For 2021 and for the six-months period ending 30 June 2022, it was still managed and evaluated within O2 Slovakia segment.

In 2021, Telenor Serbia and Montenegro segment comprised two individual business units with a common management and business strategy. In December 2021, a 100% stake in Telenor Montenegro was sold, refer to B.2.6.

On 1 March 2022, all Telenor entities within the Group were rebranded to Yettel.

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. Eliminations represent intercompany balances among individual reporting segments.

The total segment revenue for the six months ended 30 June 2022 amounting to EUR 1,686 million (30 June 2021: EUR 1,613 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 2022	O2 Czech Republic	O2 Slovakia	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	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	63	58	46	-	(397)	-
Total revenue	**670**	**151**	**271**	**216**	**230**	**370**	**64**	**60**	**51**	**-**	**(397)**	**1,686**
Other income from non-telecommunication services	4	-	-	-	-	2	-	3	-	2	(2)	9
Operating expenses	(451)	(82)	(212)	(127)	(158)	(191)	(16)	(22)	(13)	(5)	394	(883)
Operating profit excl. depr., amort. and impairments	**223**	**69**	**59**	**89**	**72**	**181**	**48**	**41**	**38**	**(3)**	**(5)**	**812**
Depreciation and amortisation	(70)	(37)	(30)	(18)	(22)	(94)	(11)	(14)	(11)	(1)	-	(308)
Depreciation on lease related RoU	(11)	(5)	(2)	(2)	(2)	(15)	(6)	(4)	(4)	-	4	(47)
Amortisation of costs to obtain a contract	(9)	(4)	(3)	(5)	(8)	-	-	-	-	-	-	(29)
Impairment loss	-	-	-	-	-	(1)	(2)	-	-	-	-	(3)
Operating profit	**133**	**23**	**24**	**64**	**40**	**71**	**29**	**23**	**23**	**(4)**	**(1)**	**425**
Interest income	1	-	1	-	1	-	-	-	-	7	(7)	3
Net foreign currency gains/(losses)	-	1	(1)	-	-	3	-	-	-	76	-	79
Interest expense on lease liability	(1)	(1)	-	-	-	(3)	(1)	(1)	(1)	-	-	(8)
Other interest expense	(5)	(1)	(6)	-	(2)	(7)	-	-	-	(46)	8	(59)
Other finance cost	2	(2)	(6)	(1)	-	(2)	-	1	(1)	-	(2)	(11)
Profit for the period before tax	**130**	**20**	**12**	**63**	**39**	**62**	**28**	**23**	**21**	**33**	**(2)**	**429**
Income tax expense	(25)	(6)	(4)	(5)	(6)	(13)	(4)	(2)	(3)	(2)	-	(70)
Profit for the period	**105**	**14**	**8**	**58**	**33**	**49**	**24**	**21**	**18**	**31**	**(2)**	**359**
Capital expenditure	30	42	165	13	14	89	39	25	13	-	(14)	416
30 June 2022												
Segment assets	2,231	578	801	531	611	2,470	424	340	359	1,532	(2,135)	7,742
Segment liabilities	934	290	343	177	108	1,587	168	108	84	5,410	(2,132)	7,077
Segment equity	**1,297**	**288**	**458**	**354**	**503**	**883**	**256**	**232**	**275**	**(3,878)**	**(3)**	**665**

In millions of EUR

30 June 2021	O2 Czech Republic	O2 Slovakia	Telenor Hungary	Telenor Bulgaria	Telenor Serbia & MNE	CETIN CZ	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**
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	(76)	(27)	(33)	(19)	(26)	(87)	(9)	(13)	(11)	-	1	(300)
Depreciation on lease related RoU	(9)	(5)	(2)	(2)	(3)	(14)	(6)	(4)	(5)	-	4	(46)
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**
Interest income	1	-	1	-	-	-	-	-	-	-	(1)	1
Net foreign currency gains/(losses)	-	-	-	-	-	4	-	-	-	7	-	11
Interest expense on lease liability	(1)	-	-	-	-	(3)	(2)	-	(1)	-	-	(7)
Other interest expense	(4)	(2)	(2)	(1)	(5)	(9)	-	-	-	(40)	2	(61)
Other finance cost	-	(1)	(2)	-	-	1	-	-	-	(1)	-	(3)
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
31 December 2021												
Segment assets	1,937	576	710	500	564	2,483	424	324	357	990	(1,126)	7,739
Segment liabilities	920	301	204	115	95	1,578	135	96	78	3,740	(880)	6,382
Segment equity	**1,017**	**275**	**506**	**385**	**469**	**905**	**289**	**228**	**279**	**(2,750)**	**(246)**	**1,357**

The following table shows the main revenue streams broken down according to reportable segments:

In millions of EUR

30 June 2022	O2 Czech Republic	O2 Slovakia	Yettel Hungary	Yettel Bulgaria	Yettel Serbia	CETIN CZ	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Major service/product lines:												
Mobile originated revenue	409	140	258	213	226	-	-	-	-	-	(13)	1,233
Fixed originated revenue	255	9	-	-	1	-	-	-	-	-	-	265
International transit revenue	-	-	-	-	2	106	-	5	-	-	(19)	94
Other wholesale revenue	6	2	5	3	1	264	64	54	51	-	(365)	85
Other sales	-	-	8	-	-	-	-	1	-	-	-	9
Revenue recognition:												
Revenue recognised over time	617	127	225	172	183	370	64	60	51	-	(397)	1,472
Revenue recognised at a point in time	53	24	46	44	47	-	-	-	-	-	-	214
Total revenue	**670**	**151**	**271**	**216**	**230**	**370**	**64**	**60**	**51**	**-**	**(397)**	**1,686**

In millions of EUR

30 June 2021	O2 Czech Republic	O2 Slovakia	Telenor Hungary	Telenor Bulgaria	Telenor Serbia & MNE	CETIN CZ	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallo-cated	Elimi-nations	**Consoli-dated**
Major service/product lines:												
Mobile originated revenue	383	139	252	202	219	-	-	-	-	-	(10)	1,185
Fixed originated revenue	241	9	-	-	2	-	-	-	-	-	(1)	251
International transit revenue	-	-	-	-	2	110	-	5	-	-	(16)	101
Other wholesale revenue	5	2	4	3	1	233	63	49	49	-	(338)	71
Other sales	-	-	6	-	1	-	-	-	-	-	(2)	5
Revenue recognition:												
Revenue recognised over time	581	125	219	163	181	343	63	54	49	-	(367)	1,411
Revenue recognised at a point in time	48	25	43	42	44	-	-	-	-	-	-	202
Total revenue	**629**	**150**	**262**	**205**	**225**	**343**	**63**	**54**	**49**	**-**	**(367)**	**1,613**

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

	2022	2021
Mobile originated revenue	1,233	1,192
Fixed originated revenue	265	251
International transit revenue	94	101
Other wholesale revenue	85	64
Other sales	9	5
Revenue from telecommunication business	**1,686**	**1,613**
out of which:		
Services/products transferred over time	1,472	1,411
Services/products transferred at a point in time	214	202

Hardware sales of EUR 190 million (30 June 2021: EUR 181 million) being part of mobile originated revenues and EUR 24 million (30 June 2021: EUR 21 million) as a part of fixed originated revenue include interest revenue arising from Group's ordinary transactions with a significant financing component. For the period ended 30 June 2022, the interest revenue amounts to EUR 2 million (30 June 2021: EUR 2 million).

For relevant information on contract assets and contract liabilities refer to E.8.3.

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

	2022	2021
Services/products transferred over time	1,472	1,411
Czech Republic	668	623
Hungary	221	215
Bulgaria	164	160
Serbia and Montenegro*	180	168
Slovakia	131	131
Germany	17	14
Other	91	100
Services/products transferred at a point in time	214	202
Czech Republic	52	48
Hungary	46	43
Bulgaria	44	42
Serbia and Montenegro*	47	44
Slovakia	25	25

*Telenor Montenegro was sold in December 2021, refer to B.2.6.

E.1.3. Incremental costs to obtain contracts

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

	2022	2021
Balance as at 1 January	63	56
Capitalised costs to obtain contracts	32	58
Amortisation of capitalised costs to obtain contracts	(29)	(53)
Effects of movements in exchange rates	-	2
Total balance as at 30 June 2022/31 December 2021	**66**	**63**

E.2. Personnel expenses and other operating expenses

Operating expenses comprise the following:

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

	2022	2021
Employee compensation	134	123
Payroll related taxes (including pension contributions)	42	39
Total personnel expenses	**176**	**162**
Supplies	301	306
Cost of telco and other devices sold (inventories)	201	196
Rental, maintenance and repair expense	52	39
Information technologies	33	31
Commissions	20	19
Advertising and marketing	28	21
Professional services	11	8
Net impairment losses on trade and other receivables	8	8
Other	53	70
Total other operating expenses	**707**	**698**

E.3. Depreciation and amortisation

Depreciation and amortisation charges (excl. right-of-use assets) comprise the following:

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

	2022	2021
Depreciation of property, plant and equipment	154	143
Amortisation of intangible assets	154	157
Total depreciation and amortisation	**308**	**300**

E.4. Other finance costs

Other finance costs comprise the following:

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

	2022	2021 (restated)*
Net loss on financial derivatives and other FVTPL assets	9	2
Fee and commission expense	2	1
Total finance costs	**11**	**3**

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

E.5. Income taxes

Income tax expense comprises the following:

In millions of EUR, for six months ended 30 June

	2022	2021
Current tax expense	(88)	(82)
Deferred tax benefit	18	17
Total income tax expense	**(70)**	**(65)**

Income tax is computed and recognised by entities generating substantial accounting profit for the interim period, via application of statutory income tax rate on pre-tax income adjusted by, if significant, non-taxable revenues and costs. The Group's consolidated effective tax rate for the six months ended 30 June 2022 was 16% (30 June 2021: 21%). The decrease in the effective tax rate in the six-month period ending 30 June 2022 compared to 2021 relates to non-taxable foreign exchange gains in net foreign currency gains in the condensed interim consolidated statement of income.

E.6. Property, plant and equipment

Property, plant and equipment comprise the following:

In millions of EUR

30 June 2022	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	418	1,955	1,488	255	270	4,386
Accumulated depreciation and impairment	(163)	(657)	(820)	(134)	(9)	(1,783)
Carrying amount as at 30 June 2022	**255**	**1,298**	**668**	**121**	**261**	**2,603**

In millions of EUR

31 December 2021	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	407	1,923	1,418	249	213	4,210
Accumulated depreciation and impairment	(144)	(614)	(728)	(127)	(8)	(1,621)
Carrying amount as at 31 December 2021	**263**	**1,309**	**690**	**122**	**205**	**2,589**

E.7. Goodwill and other intangible assets

E.7.1. Goodwill

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	30 June 2022	31 December 2021
O2 Czech Republic	412	408
O2 Slovakia	40	40
Yettel Hungary	174	188
Yettel Bulgaria	118	118
Yettel Serbia	183	183
CETIN CZ	114	114
CETIN Hungary	171	184
CETIN Bulgaria	104	104
CETIN Serbia	188	188
Total goodwill*	**1,504**	**1,527**

*The changes in values of goodwill are affected by changes in the translation FX rates.

E.7.2. Other intangible assets:

Other intangible assets comprise the following:

In millions of EUR

30 June 2022	Software	Licences	Valuable rights	Customer relationships	Other intangible assets	Work in progress	Total
Cost	684	1,076	241	1,288	93	44	3,426
Accumulated amortisation and impairment losses	(457)	(389)	(171)	(699)	(52)	-	(1,768)
Carrying amount as at 30 June 2022	**227**	**687**	**70**	**589**	**41**	**44**	**1,658**

In millions of EUR

31 December 2021	Software	Licences	Valuable rights	Customer relationships	Other intangible assets	Work in progress	Total
Cost	646	948	270	1,300	80	98	3,342
Accumulated amortisation and impairment losses	(421)	(427)	(209)	(648)	(36)	-	(1,741)
Carrying amount as at 31 December 2021	**225**	**521**	**61**	**652**	**44**	**98**	**1,601**

E.8. Financial assets (excluding cash and cash equivalents)

Financial assets comprise the following:

In millions of EUR

	30 June 2022	31 December 2021
Trade and other receivables	67	55
Contract assets	15	16
Financial assets at FVTPL*	21	18
Financial assets at FVOCI*	2	2
Non-current	**105**	**91**
Trade and other receivables	444	453
Contract assets	47	48
Financial assets at FVTPL*	124	85
Receivables due from banks*	-	4
Current	**615**	**590**
Total financial assets	**720**	**681**

*Presented as other financial assets in the condensed consolidated statement of financial position.

E.8.1. Trade and other receivables

Trade and other receivables comprise the following:

In millions of EUR

	30 June 2022	31 December 2021
Trade receivables	70	58
Subtotal (gross) - non-current	**70**	**58**
Individual allowances for impairment on trade and other receivables	(3)	(3)
Subtotal (net) - non-current	**67**	**55**
Trade receivables	505	501
Accrued income	43	50
Subtotal (gross) - current	**548**	**551**
Individual allowances for impairment on trade and other receivables	(104)	(98)
Subtotal (net) - current	**444**	**453**
Total trade and other receivables	**511**	**508**

E.8.2. Financial assets at FVTPL

Financial assets at FVTPL comprise the following:

In millions of EUR

	30 June 2022	31 December 2021
Positive fair value of hedging derivatives	21	17
Positive fair value of trading derivatives	-	1
Subtotal – non-current	**21**	**18**
Instalment sale receivables at FVTPL	122	84
Positive fair value of trading derivatives	2	1
Subtotal - current	**124**	**85**
Total financial assets at FVTPL	**145**	**103**

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, Yettel Bulgaria and Yettel Hungary issue participation certificates acquired by PPF Co3 B.V. and O2 Czech Republic and O2 Slovakia 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 2022 is EUR 39 million (31 December 2021: EUR 78 million).

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.

E.8.3. Contract assets and liabilities

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 2022	31 December 2021
Receivables, which are included in "trade and other receivables"	**511**	**508**
Contract assets	**62**	**64**
Non-current part	15	16
Current part	47	48
Contract liabilities	**(96)**	**(103)**
Non-current part	(50)	(51)
Current part	(46)	(52)

As at 30 June 2022, the ECL allowance for current contracts assets amounted to EUR 1 million (2021: EUR 1 million).

E.9. Inventories and other assets

Inventories and other assets comprise the following:

In millions of EUR

	30 June 2022	31 December 2021
Deferred expenses and advances	22	21
Specific deposits and other specific receivables	2	2
Other assets	3	2
Non-current	**27**	**25**
Inventories	110	84
Deferred expenses and advances	61	40
Other tax receivables	7	9
Other assets	13	7
Current	**191**	**140**
Total inventories and other assets	**218**	**165**

E.10. Cash and cash equivalents

Cash and cash equivalents comprise the following:

In millions of EUR

	30 June 2022	31 December 2021
Current accounts	474	202
Placements with financial institutions due within three months	26	425
Cash on hand	1	1
Total cash and cash equivalents	**501**	**628**

E.11. Due to banks

Liabilities due to banks comprise the following:

In millions of EUR

	30 June 2022	31 December 2021
Non-current	1,315	1,686
Current	10	353
Total loans due to banks	**1,325**	**2,039**

CETIN Group N.V., the Parent Company'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 (refer to E.12) and used the proceeds to prepay the bridge (in full) and term loans. Consequently, the outstanding principal amounts of the loans as at 30 June 2022 were EUR 511 million for the term loan and EUR 444 million for the incremental term loan. The actual amount of outstanding loan liabilities stated in the table above is lower by unamortised fees and other transaction costs 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. These loan facilities are unsecured.

As at 30 June 2022 and 31 December 2021, a committed revolving facility of EUR 200 million was undrawn.

As at 30 June 2022 and 31 December 2021, the Group complied with the financial covenants imposed by its loan facilities.

Parameters of EUR-denominated loan facilities borrowed by CETIN Group N.V. and outstanding as at 30 June 2022:

	Term loan facility	Incremental term loan facility
Repayable by	2026	2026
Margin rate over 3M EURIBOR	1.25%	1.00%
Actual respective margin levels applicable	1.25%	1.00%

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 previously maturing loan (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 2022, the Group utilised CZK 4,690 million (approx. EUR 190 million) out of its credit limit (31 December 2021: CZK 5,390 million (approx. EUR 217 million)).

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. In 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 March 2022, all Schuldschien tranches were repaid in full.

All balance of loans due to banks is unsecured.

E.12. Debt securities issued

Debt securities issued comprise all unsecured bonds as follows:

In millions of EUR

	Date of issue	Maturity	Fixed rate	30 June 2022	31 December 2021
Bond (CZK 4,866 million)	2016	2023	1.25%	198	195
Bond (EUR 600 million)	2020	2024	3.50%	601	611
Bond (EUR 600 million)*	2019/2020	2025	2.13%	604	610
Bond (EUR 550 million)	2019	2026	3.13%	551	559
Bond (EUR 500 million)	2020	2027	3.25%	507	499
Bond (EUR 500 million)	2022	2027	3.13%	498	-
Total debt securities issued**				**2,959**	**2,474**

*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, amortisation of capitalised fees 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. Most of the bond proceeds were used to repay the Group's secured loans.

As at 30 June 2022 and 31 December 2021, all bonds were unsecured and the unused capacity of the programme was EUR 750 million.

In April 2022, CETIN Group N.V. established EUR 2,000 million Euro medium term note programme under which it issued senior notes with the total nominal amount of EUR 500 million. CETIN Group N.V. used the bond proceeds to repay its outstanding bank loans (refer to E.11).

E.13. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2022	31 December 2021
Settlements with suppliers	4	4
Accrued expenses	40	37
Advances received	2	2
Defined benefit obligation	4	4
Non-current	**50**	**47**
Settlements with suppliers	509	524
Accrued expense	83	103
Wages and salaries	46	39
Social security and health insurance	13	13
Advances received	7	7
Other tax payable	51	39
Deferred income and prepayments	8	1
Other liabilities	21	23
Current	**738**	**749**
Total trade and other payables	**788**	**796**

E.14. Provisions

Provisions comprises the following:

In millions of EUR

	30 June 2022	31 December 2021
Fixed asset retirement obligation	50	50
Provision for litigations except for tax issues	-	5
Other provisions	3	3
Non-current	**53**	**58**
Provision for litigations except for tax issues	7	3
Provision for restructuring	3	3
Other provisions	17	33
Current	**27**	**39**
Total provisions	**80**	**97**

E.15. 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 2022	31 December 2021
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.

As at 30 June 2022, the share premium amounts to EUR 1,575 million (31 December 2021: EUR 1,575 million). The share premium is freely distributable.

During the period ending 30 June 2022, the Parent Company paid dividends amounting to EUR 1,030 million (30 June 2021: nil).

E.16. Other reserves

E.16.1. 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 2022 and 31 December 2021, these non-distributable reserves to shareholders totalled EUR 7 million.

E.16.2. 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.16.3. 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.

E.16.4. 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 983 million. For more details refer to B.2.2.

E.17. Non-controlling interests

The following table summarises the information relating to O2 CZ, CETIN CZ, CETIN Group, TMT Hungary and TMT Hungary Infra that are the consolidated subgroups with NCI:

In millions of EUR

30 June 2022	O2 CZ*	CETIN Group**	TMT Hungary	TMT Hungary Infra***	**Total**
NCI percentage (ownership)	**-**	**30.00%**	**25.00%**	**25.00%**	
Country of incorporation	Czech Republic	Netherlands	Netherlands	Netherlands	
Total assets	2,231	3,597	822	424	
Total liabilities	(934)	(2,672)	(326)	(133)	
Net assets	**1,297**	**925**	**496**	**291**	
Net assets attributable to NCI of the subgroup	-	(73)	-	-	
Net assets attributable to owners of the Parent	**1,297**	**852**	**496**	**291**	
Carrying amount of NCI	-	256	124	73	**453**
NCI percentage during the period	**0.60%**	**17.37%**	**25.00%**	**25.00%**	
Revenue	670	538	271	64	
Profit	574	103	9	24	
Other comprehensive income/(expense)	3	(23)	(37)	(22)	
Total comprehensive income/(expense)	577	80	(28)	2	
Profit allocated to NCI	3	18	2	6	**29**
OCI allocated to NCI	(1)	(7)	(9)	(5)	**(22)**
Dividends paid to NCI	**-**	**14**	**-**	**-**	**14**

*For details on decrease in NCI‘s percentage ownership refer to B.2.1.
** For details on increase in NCI‘s percentage ownership refer to B.2.2.
***TMT Hungary Infra is part of Cetin Group subgroup.

In millions of EUR

31 December 2021	O2 CZ	CETIN CZ	TMT Hungary	TMT Hungary Infra	**Total**
NCI percentage (ownership)	**9.48%**	**-**	**25.00%**	**25.00%**	
Country of incorporation	Czech Republic	Czech Republic	Netherlands	Netherlands	
Total assets	1,694	2,369	732	424	
Total liabilities	(1,097)	(1,578)	(205)	(135)	
Net assets	**597**	**791**	**527**	**289**	
Carrying amount of NCI	56	-	132	72	**260**

30 June 2021	O2 CZ	CETIN CZ	TMT Hungary	TMT Hungary Infra	Total
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	**46**
OCI allocated to NCI	5	2	5	2	**14**
Dividends paid to NCI	**-**	**6**	**10**	**11**	**27**

E.18. Off-balance sheet items

E.18.1. Commitments

In millions of EUR

	30 June 2022	31 December 2021
Capital expenditure commitments – PPE	74	81
Capital expenditure commitments – intangible assets	47	28
Total commitments and contingent liabilities	**121**	**108**

E.18.2. Off-balance sheet assets

In millions of EUR

	30 June 2022	31 December 2021
Loan commitments accepted	368	368
Guarantees accepted	10	9
Other	14	176
Total commitments and contingent assets	**392**	**553**

As at 31 December 2021, other off-balance sheet assets represented mainly bank guarantees issued by local banks in Hungary for Yettel Hungary, requested by the local telecommunication regulator from participants in the upcoming spectrum auction. After the auction in March 2022, all related guarantees were released.

E.18.3. Assets pledged as security

As at 30 June 2022 and 31 December 2021, the Group does not pledge any of its assets for funding liabilities.

E.18.4. Litigations

Dispute with VOLNÝ, a.s. (“VOLNÝ”) represents a significant legal case from the Group’s perspective.

In September 2020, the High Court in Prague delivered a confirmatory judgment, which came into legal force on 26 November 2020. The High Court awarded O2 CZ the full reimbursement of the costs of the proceedings. The dispute is therefore successfully closed but the Company initiated execution against VOLNÝ. In May 2021, 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 as at 31 December 2021.

Development which occurred throughout the six months ended 30 June 2022 is described below:

According to information on the official board of the Supreme Court, the Supreme Court reversed the previous decision in the case and returned the case for further proceedings on procedural grounds. The company has not yet received a written copy of the judgment.

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.18.5. Regulatory investigations

In 2016, the European Commission initiated on its own-initiative proceedings concerning the 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 was the network sharing agreement concluded between T-Mobile and O2 CZ 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 CZ and CETIN of imposition of a fine pursuant to Article 23 of Regulation (EC) No. 1/2003 and possibly of imposition of further measures to put an end to the alleged infringement. However, the Commission has in no way indicated the amount of the potential fine, not even approximately. On 8 August 2019, European Commission informed PPF Group N.V. that intends to extend the above-described investigation also to PPF Group N.V. On 14 February 2020 the Commission has delivered to PPF Group N.V. (the Group's ultimate shareholder) statement of objection; PPF Group N.V. has replied to it on 20 April 2020. A formal oral hearing took place in this case from 15 to 17 September 2020. All investigated participants summarised their defence against the concerns of the Commission, including all factual, legal, economic and technical arguments supporting the position of the participants. Follow-up communication is ongoing and the Commission may now (i) amend its comments (in the form of an additional statement of objection or in another similar way), (ii) issue a decision on the breach of competition law, (iii) enter into negotiations on commitments with the Group entities and the other participants and, if agreement can be reached, issue a decision terminating the proceedings without the breach of competition law being confirmed, or (iv) stop the proceedings without a decision.

In August 2021, the Commission adopted a preliminary assessment under which it reduced its concerns and enabled formally the investigated parties to offer commitments. The parties did respond to the preliminary assessment and rejected the concerns while, after the deep discussion with the Commission, offered such commitments.

After several procedural steps performed by the Commission and the updates of the commitments as a follow-up to discussions with the Commission, on 11 July 2022, the Commission accepted the offered commitments and decided on the closure of the proceedings. No fine nor other additional remedy was decided upon by the Commission.

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.

E.19. 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.19.1. Transactions with fellow subsidiaries

During the six-month period ending 30 June 2022, 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 2022	31 December 2021
Cash and cash equivalents	379	516
Intangible assets	20	10
Receivables due from banks	4	7
Receivables due from banks (loss allowance)	*(3)*	*(3)*
Trade and other receivables	4	3
Positive fair values of derivatives	3	3
Cost to obtain or fulfil contract	-	2
Right-of-use assets (IFRS 16)	1	1
Trade and other payables	(27)	(20)
Debt securities issued	(4)	-
Negative fair value of derivatives	-	(3)
Lease liabilities (IFRS 16)	(1)	(1)
Contract liabilities	(1)	(1)
Due to banks	(1)	-

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

	2022	2021
Revenue	7	7
Other income from non-telecommunication services	-	1
Other operating expenses	(16)	(11)
Depreciation and amortisation	(3)	-
Interest income	3	2
Interest expense	-	(1)
Net gain/(loss) on financial assets	(3)	(2)

In 2021, the Group issued participation certificates that were fully acquired by its fellow subsidiary. For more details refer to E.8.2.

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.).

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 2021, except for the changes described below.

F.1.1. Purchase commitment for NCI's share

The Group has granted a put option to a minority shareholder (NCI) of one of its fully consolidated subsidiaries. If the put option provides for a settlement in cash or in another financial asset, the Group recognises a liability for the present value of the exercise price of the option. Pending specific guidance from IFRS regarding this issue, the Group first assess whether such put option effectively means either that the minority shareholder has no longer its access to the returns associated with the underlying ownership interest or whether the minority shareholder's access to the returns is still present.

In the case the minority shareholder's access to returns no longer exists with the put option granted, the "anticipated-acquisition method" is applied, under which:

- purchase commitment liability is recognised and subsequently measured at net present value with the net present value changes recognised directly in equity, presented in the reserve for puttable instruments
- non-controlling interest is derecognised when the put option is granted
- any difference between the initial recognition value of the purchase commitment liability and the carrying amount of the non-controlling interest at derecognition is recognised directly in equity in the reserve for puttable instruments
- subsequently, non-controlling interest's share on profit or loss and other comprehensive income is no longer recognised as under this method the put option is accounted for as if had been exercised already
- when the put option expires unexercised, the non-controlling interest is recognised at its proportionate share on net assets of the investee and the purchase commitment liability is derecognised at its net present value
- any difference between the carrying amount of non-controlling interest newly recognised and the net present value of the purchase commitment liability at derecognition is recognised in equity in the reserve for puttable instruments. The accumulated reserve for puttable instruments is subsequently reclassified directly to retained earnings with no impact on profit or loss.

In the case the minority shareholder's access to returns is still present with the put option granted, the "present-access method" is applied, under which:

- purchase commitment liability is recognised and subsequently measured at net present value with the net present value changes recognised directly in equity, presented in the reserve for puttable instruments
- with the recognition of the above purchase commitment liability, any losses or gains are recognised directly in equity in the reserve for puttable instruments at initial recognition value of the purchase commitment liability
- non-controlling interest continues to be recognised when the put option is granted

- subsequently, non-controlling interest's share on profit or loss and other comprehensive income is recognised in a standard way as if no put option was granted
- when the put option expires unexercised, the purchase commitment liability is derecognised at its net present value as well as the accumulated reserve for puttable instruments. No difference between the derecognition value of the liability and the accumulated reserve for puttable instruments shall arise.

F.1.2. **Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond 30 June 2021 (issued on 31 March 2021)** *(effective from 1 April 2021)*

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

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

The amendment had no impact on the Group's consolidated financial statements.

F.1.3. **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 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 2022 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 *(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.

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 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 have been already endorsed 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 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 have been already endorsed 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 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 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

In July 2022, the Parent Company declared and fully paid out the interim dividend of EUR 110 million.

The inheritance agreement on the distribution of Petr Kellner's estate approved by the responsible court has taken effect as of 23 September 2022. His widow Renáta Kellnerová and his four children are now the direct and indirect holders of 98.93% of PPF Group N.V. Mrs. Kellnerová is the majority shareholder of PPF Group, with a 59.36% stake.

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

25 October 2022

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