PPF

CETIN Group N.V.

(formerly CETIN Group B.V.)

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

Independent auditor's review report

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

Our conclusion

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

The condensed consolidated interim financial statements comprise:

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

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

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

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the interim financial information' section of our report.

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

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

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

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

Our responsibilities for the review of condensed consolidated interim financial statements

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

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

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

Our review included among others:

- Updating our understanding of the entity and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in condensed consolidated interim financial statements where material misstatements are likely to arise due to fraud or error, designing and performing procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion;
- Obtaining an understanding of internal control, as it relates to the preparation of condensed consolidated interim financial statements;
- Making inquiries of management and others within the entity;
- Applying analytical procedures with respect to information included in condensed consolidated interim financial statements;
- Obtaining assurance evidence that condensed consolidated interim financial statements agree with, or reconcile to the entity's underlying accounting records;
- Evaluating the assurance evidence obtained;
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle;
- Considering whether management has identified all events that may require adjustment to or disclosure in condensed consolidated interim financial statements; and
- Considering whether condensed consolidated interim financial statements have been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement.

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

Amstelveen, 12 October 2021

KPMG Accountants N.V.

F.A.M. Croiset van Uchelen RA

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Glossary

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

Condensed consolidated interim statement of income and other comprehensive income

For the six months ended 30 June

In millions of EUR

	Notes	2021	2020
Domestic revenue	E1	393	227
International transit revenue	E1	111	139
Total revenue		**504**	**366**
Other income from non-telecommunication services		3	4
Personnel expenses	E2	(34)	(24)
Other operating expenses	E2	(177)	(182)
Operating profit excluding depreciation, amortization and impairments		**296**	**164**
Depreciation of property, plant and equipment		(110)	(65)
Depreciation on lease-related right of use assets		(29)	(13)
Amortisation of intangible assets		(10)	(9)
Impairment loss on PPE and intangible assets		(1)	(2)
Operating profit		**146**	**75**
Finance income	E3	1	1
Interest expense on lease liabilities		(6)	(3)
Other interest expense		(9)	(6)
Net foreign currency gains/(losses)		3	(9)
PROFIT BEFORE TAX		**135**	**58**
Income tax expense	E4	(23)	(12)
NET PROFIT FOR THE PERIOD		**112**	**46**
Other comprehensive income/(expense)*			
Currency translation differences		35	(44)
Cash flow hedge – effective portion of changes in fair value		(17)	7
Net change in fair value of CF hedges transferred to profit or loss		16	(27)
Income tax relating to components of other comprehensive income		-	4
Other comprehensive income/(expense), net of tax		**34**	**(60)**
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE PERIOD		**146**	**(14)**
Net profit attributable to:			
Owners of the Parent		100	41
Non-controlling interests		12	5
Net profit for the period		**112**	**46**
Total comprehensive income/(expense) attributable to:			
Owners of the Parent		130	(13)
Non-controlling interests		16	(1)
Total comprehensive income/(expense) for the period		**146**	**(14)**
Earnings per share (in EUR) – basic**	**E13**	**267**	**109**

*Items that are or will be subsequently reclassified to profit or loss.
**There is no dilution of earnings as no convertible instruments have been issued by the Parent company.

Condensed consolidated interim statement of financial position

In millions of EUR

	Note	30 June 2021	31 December 2020
ASSETS			
Property, plant and equipment	E5	2,157	2,123
Intangible assets	E7	89	85
Goodwill	E7.1	596	586
Right-of-use assets	E6	359	356
Deferred tax assets		1	1
Other assets	E9	18	16
Non-current assets		**3,220**	**3,167**
Trade and other receivables	E8.1	143	145
Other financial assets	E8	34	16
Cash and cash equivalents		79	124
Inventories		3	3
Other assets	E9	23	13
Current assets		**282**	**301**
TOTAL ASSETS		**3,502**	**3,468**
LIABILITIES			
Debt securities issued	E10	192	185
Lease liabilities		303	312
Trade and other payables	E11	64	63
Provisions	E12	57	57
Deferred tax liabilities		233	231
Non-current liabilities		**849**	**848**
Debt securities issued	E10	630	625
Financial liabilities at FVTPL	C2	28	11
Lease liabilities		56	49
Trade and other payables	E11	263	258
Provisions	E12	6	7
Current income tax liability		14	7
Current liabilities		**997**	**957**
TOTAL LIABILITIES		**1,846**	**1,805**
EQUITY			
Issued capital*	E13	-	-
Share premium	E13	1,456	1,456
Other reserves	E14	125	95
Retained earnings/(accumulated losses)		(68)	(36)
Total equity attributable to owners of the Parent		1,513	1,515
Non-controlling interests	E15	143	148
Total equity		**1,656**	**1,663**
TOTAL LIABILITIES AND EQUITY		**3,502**	**3,468**

*Issued capital is EUR 1 thousand.

Condensed consolidated interim statement of changes in equity

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

	Issued capital*	Share premium	Translation reserve	Hedging reserve	Other reserve	Retained earnings/ (accumulated losses)	Attributable to owners of the Parent	Attributable to NCI	Total
Balance as at 1 January 2021	**-**	**1,456**	**20**	**4**	**71**	**(36)**	**1,515**	**148**	**1,663**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**100**	**100**	**12**	**112**
Currency translation differences	-	-	31	-	-	-	31	4	35
Effect of hedge accounting	-	-	-	(15)	-	-	(15)	(2)	(17)
Net change in fair value of CF hedges transferred to profit or loss	-	-	-	14	-	-	14	2	16
Other comprehensive income/(expense) for the period	-	-	**31**	**(1)**	-	-	**30**	**4**	**34**
Total comprehensive income	**-**	**-**	**31**	**(1)**	**-**	**100**	**130**	**16**	**146**
Dividends to shareholders	-	-	-	-	-	(132)	(132)	-	(132)
Dividends to NCI	-	-	-	-	-	-	-	(21)	(21)
Total transactions with owners of the Parent	**-**	**-**	**-**	**-**	**-**	**(132)**	**(132)**	**(21)**	**(153)**
Balance as at 30 June 2021	**-**	**1,456**	**51**	**3**	**71**	**(68)**	**1,513**	**143**	**1,656**

*Issued capital is EUR 1 thousand.

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

	Issued capital*	Share premium	Translation reserve	Hedging reserve	Other reserve	Retained earnings	Attributable to owners of the Parent	Attributable to NCI	Total
Balance as at 1 January 2020	**-**	**484**	**61**	**18**	**71**	**192**	**826**	**82**	**908**
Net profit for the period	**-**	**-**	**-**	**-**	**-**	**41**	**41**	**5**	**46**
Currency translation differences	-	-	(40)	-	-	-	(40)	(4)	(44)
Effect of hedge accounting	-	-	-	6	-	-	6	1	7
Net change in fair value of CF hedges transferred to profit or loss	-	-	-	(24)	-	-	(24)	(3)	(27)
Tax on items taken directly to or transferred from equity	-	-	-	4	-	-	4	-	4
Other comprehensive expense for the period	**-**	**-**	**(40)**	**(14)**	**-**	**-**	**(54)**	**(6)**	**(60)**
Total comprehensive expense	**-**	**-**	**(40)**	**(14)**	**-**	**41**	**(13)**	**(1)**	**(14)**
Dividends to shareholders	-	-	-	-	-	(68)	(68)	-	(68)
Dividends to NCI	-	-	-	-	-	-	-	(11)	(11)
Total transactions with owners of the Parent	**-**	**-**	**-**	**-**	**-**	**(68)**	**(68)**	**(11)**	**(79)**
Balance as at 30 June 2020	**-**	**484**	**21**	**4**	**71**	**165**	**745**	**70**	**815**

*Issued capital is TEUR 1.

Condensed consolidated interim statement of cash flows

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

In millions of EUR

	Notes	2021	2020
Cash flows from operating activities			
Profit before tax		135	58
Adjustments for:			
Depreciation and amortisation		149	87
Impairment losses on current and non-current assets		1	2
Profit on sale of property, plant and equipment		-	(2)
Net finance costs		14	8
Net foreign exchange (gains)/losses		(3)	9
Net operating cash flow before changes in working capital		**296**	**162**
Change in trade and other receivables		5	18
Change in other assets		(11)	-
Change in trade and other payables		(14)	(19)
Change in provisions		-	(3)
Cash generated from operating activities		**276**	**158**
Income tax paid		(21)	(5)
Net cash from operating activities		**255**	**153**
Cash flows from investing activities			
Purchase of tangible and intangible assets		(106)	(88)
Proceeds from disposals of tangible and intangible assets		-	2
Purchase of term deposits		-	(8)
Net cash used in investing activities		**(106)**	**(94)**
Cash flows from financing activities			
Interest paid		(1)	-
Interest paid on lease liabilities		(6)	(3)
Cash payments for principal portion of lease liability		(28)	(16)
Change of cash collateral placed due to derivatives transactions		(18)	7
Dividends paid to shareholders		(127)	(68)
Dividends paid to NCI	E15	(16)	(8)
Net cash from used in financing activities		**(196)**	**(88)**
Net decrease in cash and cash equivalents		**(47)**	**(29)**
Cash and cash equivalents as at 1 January		**124**	**68**
Effect of exchange rate changes on cash and cash equivalents		2	(3)
Cash and cash equivalents as at 30 June		**79**	**36**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. General

A.1. Description of the Group

CETIN Group N.V. (hereinafter the "Parent Company", or the "Parent"), incorporated as a limited liability company (then named CETIN Group B.V.) and converted to public limited liability company and renamed on 3 September 2021 (refer to G.5), is domiciled in the Netherlands since its incorporation of 23 January 2016. The Parent Company is a 100% owned subsidiary of PPF Telecom Group B.V.

The condensed consolidated interim financial statements of the Parent Company for the six months period ended 30 June 2021 comprise the Parent Company and its subsidiaries (together, the "Group"). Refer to Section B of these condensed consolidated interim financial statements for a list of significant Group entities and changes to the Group in 2021 and 2020.

CETIN Group N.V. group comprises telco infrastructure activities in the Czech Republic, Hungary, Bulgaria and Serbia.

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

As of 30 June 2021, PPF Group N.V. was the ultimate parent of the Parent Company and the ultimate controlling party is Mrs. Renata Kellnerová who was appointed as an administrator of the inheritance of the late Mr. Kellner authorised to manage all the assets belonging to the inheritance in ordinary course of business.

A.2. Statement of compliance

The condensed consolidated interim financial statements were authorised for issue by the board of directors on 12 October 2021.

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

A.3. Basis of measurement

The condensed consolidated interim financial statements have been prepared on a historical cost basis, except for the following assets and liabilities stated at their fair value: derivative financial instruments, financial instruments at FVTPL (incl. those designated upon initial recognition as 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.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (refer to A.5). From 1 January 2020, in determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes at a minimum an input and substantive process and whether the acquired set has the ability to produce outputs. The Group has the option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is meets the definition of a business. The optional concentration test is met if substantially all fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on bargain purchase is recognised in profit or loss immediately (refer to F.1). Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

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

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

A.4. Use of judgements and estimates

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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty fully correspond to those described in the most recent annual consolidated financial statements.

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

- initial value of goodwill and its subsequent impairment testing (refer to E.7)
- useful life of tangible fixed assets (refer to E.5)
- impairment of trade receivables and other financial assets (refer to E.8);
- the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits (refer to E.4);
- provisions recognised under liabilities (refer to E.12)
- revenue recognition timing in terms of the transfer of control over the goods and services to the customer – at a point in time or over time (E.1);
- lease-term for the lessee accounting if the Group is reasonably certain to exercise extension options (refer to E.6).

A.5. Basis of consolidation

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

Reorganisations and mergers involving companies under common control are accounted for using consolidated net book values (the "predecessor accounting method"). Consequently, no adjustment is made to carrying amounts in the consolidated accounts and no goodwill arises on such transactions.

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

Intra-group balances, transactions, and any unrealised income and expenses, gains and losses arising from intra-group transaction, are eliminated. Unrealised losses are eliminated only to the extent that there is no evidence of impairment.

A.6. Presentation and functional currency

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

The functional currency of the Parent Company is Czech crown (CZK). The functional currency of CETIN a.s. (hereinafter "CETIN CR") is Czech crown (CZK). The functional currencies of the CETIN Hungary Zrt. and Telenor Common Operation Zrt. is Hungarian forint (HUF). The functional currency for CETIN Bulgaria EAD is Bulgarian lev (BGN). The functional currency for CETIN Serbia d.o.o. is Serbian dinar (RSD) for Serbia.

The Group's presentation currency differs from the functional currency of the Parent. The Group decided to apply a different presentation currency to improve comparability of its consolidated financial statements with those of similar groups generally applying EUR as presentation currency. EUR is also the local currency in the Netherlands, which is the domicile country of the Parent and of the Group's ultimate parent company.

A.7. COVID-19 and its impact on the Group's financial statements

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

B. Consolidated group and main changes for the period

B.1. Group entities

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

Company	Domicile	Effective proportion of ownership interest	
		30 June 2021	31 December 2020
CETIN Group N.V.*	Netherlands	Parent Company	Parent Company
CETIN a.s.	Czech Republic	89.73%	89.73%
CETIN Finance B.V.	Netherlands	89.73%	89.73%
PPF TMT Bidco 1 Infra B.V.**	Netherlands	-	-
TMT Hungary Infra B.V.***	Netherlands	75.00%	75.00%
CETIN Hungary Zrt.***	Hungary	75.00%	75.00%
CETIN Bulgaria EAD***	Bulgaria	100.00%	100.00%
CETIN d.o.o. Beograd-Novi Beograd***	Serbia	100.00%	100.00%
Telenor Common Operation Zrt.***	Hungary	100.00%	100.00%

* formerly CETIN Group B.V.
**PPF TMT Bidco 1 Infra B.V. was controlled by CETIN Group B.V. as from 28 December 2020 and merged into the Parent Company with the legal effective date of 12 February 2021 (refer to the explanation in paragraph B.2.1.)
***Companies acquired under common control as the result of a business restructuring in December 2020. Companies were indirectly owned via PPF TMT Bidco 1 Infra B.V.

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

There were neither any acquisitions nor disposals in the period ended 30 June 2021.

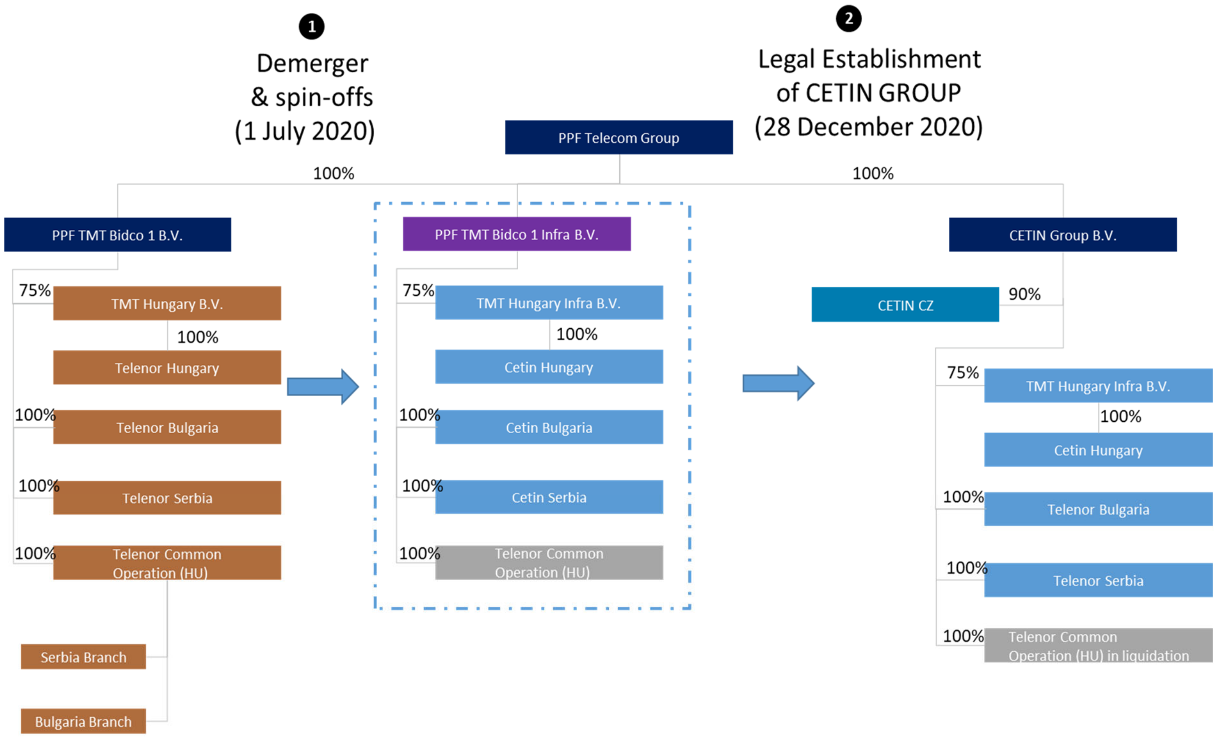
B.2.1. Business restructuring (in 2020)

Prior to the legal incorporation of CETIN entities in Hungary, Bulgaria and Serbia, the telco infrastructure activities were managed as a part of the Telenor legal entities in these countries which were acquired by PPF Telecom Group B.V. in August 2018.

Through this acquisition, PPF Telecom Group B.V. expanded its telecommunications portfolio also to these countries, more than doubled its operations, and became a major telecommunications provider in the wider CEE region. The initial focus of PPF Telecom Group B.V. following the acquisition was on the separation of the Telenor CEE Group from the Telenor Group in terms of management, technologies, IT and other corporate services, as well as stabilising the companies, launching an operational efficiency programmes and achieving cross-border synergies.

On 1 July 2020, the PPF Telecom Group B.V. completed the separation of the retail and infrastructure activities in three of its Telenor-branded mobile operators in Hungary, Bulgaria and Serbia by spin-off of telco infrastructure business into separate legal entities. The newly established companies are CETIN Hungary (with its direct holding entity TMT Hungary Infra), CETIN Bulgaria and CETIN Serbia.

In December 2020, following relevant contractual arrangements, the Group finalised the restructuring by obtaining the control, as defined by IFRS 10, over and included all newly established CETIN companies under CETIN Group N.V. (formerly as CETIN Group B.V. and further below in this B.2 section), into which PPF TMT Bidco 1 Infra B.V. merged as a disappearing company. The ownership structure has not changed. The reorganisation process and the current structure of CETIN Group B.V. is shown on the graph below:



The restructuring comprised a demerger and a merger, only representing however legal steps to reach the goal of the whole restructuring process, which was the establishment of CETIN GROUP with its subsidiaries. As the legal effective date of the merger of PPF TMT Bidco 1 Infra B.V. (the disappearing) and CETIN Group B.V. (the surviving) was 12 February 2021 (i.e. subsequently to the latest reporting period presented), the Group thoroughly assessed whether it controlled PPF TMT Bidco 1 Infra B.V. as at 31 December 2020. Considering the set-up of the restructuring as described above and an agreement between CETIN Group B.V. and PPF Telecom Group B.V. dated 28 December 2020, providing CETIN Group B.V. the power over the relevant activities of PPF TMT Bidco 1 infra B.V. as well as all benefits related to the shares in PPF TMT Bidco 1 Infra B.V. fully held by PPF Telecom Group B.V., the Group concluded that, in accordance with IFRS 10, CETIN Group B.V. effectively obtained control over PPF TMT Bidco 1 Infra B.V. and its subsidiaries on 28 December 2020.

As the restructuring of the Group was finalised in December 2020, any revenues, expenses, profits or losses, and cash-flows of the entities subject to restructuring are represented in the Group's consolidated financial statement accordingly. Thus, these aforementioned financial figures had no impact on the comparative periods presented in these condensed consolidated interim statement of income and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the respective related notes and disclosures. Therefore, a user of these condensed consolidated interim financial statements might notice significant variances between the current and comparative figures providing information and disclosures relating to the financial statements captions mentioned above in the this paragraph.

CETIN Hungary Zrt. operations

CETIN Hungary Zrt. (CETIN Hungary) has been incorporated on 1 July 2020 as a spin-off of the active and passive mobile infrastructure assets of Telenor Hungary. CETIN Hungary is owned by TMT Hungary Infra B.V. (a holding company), in which the Group owns a 75% share. The remaining 25% minority share is owned by Antenna Hungária Zrt. (the Hungarian leading state-owned telecommunication services provider). CETIN Hungary provides mobile network services on a wholesale basis to Telenor Hungary as its principal customer.

CETIN Bulgaria EAD operations

CETIN Bulgaria EAD (CETIN Bulgaria) has been incorporated on 1 July 2020 as a spin-off of the active and passive mobile infrastructure assets of Telenor Bulgaria. The Group owns a 100% share in CETIN Bulgaria. CETIN Bulgaria provides mobile network services on a wholesale basis to Telenor Bulgaria as its principal customer.

CETIN Serbia d.o.o. Beograd operations

CETIN Serbia d.o.o., Belgrade (CETIN Serbia) has been incorporated on 1 July 2020 as a spin-off of the active and passive mobile infrastructure assets and wholesale business of Telenor Serbia. The Group owns a 100% share in CETIN Serbia. CETIN Serbia provides mobile network services on a wholesale basis to Telenor Serbia as its principal customer.

Telenor Common Operation Zrt.

Telenor Common Operation Zrt. Hungary (Telenor Common Operation) has been incorporated on 18 June 2013. As its main activity it provided various ancillary technology services to other former Telenor entities controlled by PPF Telecom Group B.V. Currently, with the spin-off of infrastructure from Telenor entities, Telenor Common Operation transferred its local activities to CETIN Hungary, CETIN Bulgaria and CETIN Serbia. As at 31 December 2020, Telenor Common Operation was in the process of liquidation. The company ceased to legally exist on 26 July 2021.

B.2.2. Impact of the acquisition under common control

As the Group, with the above-described Group restructuring, acquired control over the entities previously owned by another entity having the same ultimate controlling party as CETIN Group B.V. itself, the Group assessed this transaction as a business combination under common control. As the business combinations under common control are outside the scope of *IFRS 3 Business Combinations*, the Group applied the “predecessor accounting method” and included the acquired assets and liabilities assumed at their carrying amounts previously recognised in the financial information prepared for the purposes of PPF Telecom Group B.V. consolidated financial statements (the previous owner of the entities acquired). Accordingly, no fair value adjustments arose with this acquisition and no additional goodwill has been recognised either, except for the original goodwill previously recognised with Telenor acquisition in 2018 attributable to the telco-infrastructure business spun-off to CETIN entities acquired by the Group. The assets acquired, liabilities assumed, and the impact of the acquisition on the Group’s equity resulting from this transaction under common control recognised on 28 December 2020 is presented in the below table:

In millions of EUR as at 28 December 2020

	CETIN Hungary*	CETIN Bulgaria	CETIN Serbia	Total
ASSETS				
Property, plant and equipment	101	118	101	320
Intangible assets	5	7	3	15
Goodwill	186	104	188	478
Right-of-use assets	72	47	49	168
Deferred tax assets	-	-	1	1
Non-current assets	**364**	**276**	**342**	**982**
Trade and other receivables	14	9	10	33
Cash and cash equivalents	33	25	12	70
Other assets	1	-	-	1
Current assets	**48**	**34**	**22**	**104**
TOTAL ASSETS	**412**	**310**	**364**	**1,086**
LIABILITIES				
Deferred tax liabilities	-	6	-	6
Lease liabilities	62	40	47	149
Trade and other payables	-	1	-	1
Provisions	26	5	11	42
Non-current liabilities	**88**	**52**	**58**	**198**
Current income tax liability	1	1	-	2
Lease liabilities	11	7	-	18
Trade and other payables	27	18	15	60
Provisions	2	-	1	3
Current liabilities	**41**	**26**	**16**	**83**
TOTAL LIABILITIES	**129**	**78**	**74**	**281**
NET ASSETS ACQUIRED (a)	**283**	**232**	**290**	**805**
Cost of entities contributed into share premium (b)	360	287	325	972
Non-controlling interests acquired (c)	71	-	-	71
Changes in equity attributable to owners of the Parent resulting from the acquisition under common control**	**(148)**	**(55)**	**(35)**	**(238)**
Consideration paid	-	-	-	-
less: cash acquired	33	25	12	70
Net cash acquired	33	25	12	70

*including TMT Hungary Infra B.V. and Telenor Common Operation Zrt.
**determined as negative: (b) *minus* [(a) minus (c)]

The above entities acquired under common control transaction were contributed to the Parent Company as share premium increase of EUR 972 million in December 2020. No cash consideration for the acquisition was paid.

Changes in equity, occurred and recorded in December 2020, attributable to owners of the Parent resulting from the acquisition under common control, comprise the accumulated translation loss of EUR 15 million transferred from the previous owner with the application of book-value accounting as described above, and net impact resulting from the difference between the cost of the entities contributed and net assets acquired. This net impact totalling EUR 224 million is presented as a decrease of retained earnings in the consolidated statement of changes in equity.

C. Risk exposures, risk management objectives and procedures

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

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

C.1. Hedging

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

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

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

C.2. Fair value of financial assets and liabilities

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

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

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

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

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

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

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

In millions of EUR

	30 June 2021 Carrying amount	30 June 2021 Fair value	31 December 2020 Carrying amount	31 December 2020 Fair value
Debt securities issued (Level 2)	822	816	810	816

The Group uses the following determination of fair value prices: 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). As at 30 June 2021 and 31 December 2020, fair values for all financial assets and liabilities at FVTPL were determined based on the Level 2.

C.3. Capital management

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

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

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

D. Segment reporting

The Group recognises reportable segments that are defined in geographical 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
CETIN CR	Wholesale telecommunication services (mobile, fixed and data services) to other telco operators and international transit	Czech Republic
CETIN Hungary (since December 2020)	Telco infrastructure	Hungary
CETIN Bulgaria (since December 2020)	Telco infrastructure	Bulgaria
CETIN Serbia (since December 2020)	Telco infrastructure	Serbia

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

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment pricing is determined on an arm's length basis. Segment assets and liabilities include all assets and liabilities attributable to segments. Significant non-cash expenses for the six months ended 30 June 2021 and 2020 comprise mainly impairment losses on trade and other receivables, impairment losses on property, plant and equipment and impairment losses on other assets. Eliminations represent intercompany balances among individual reporting segments. As explained at the end of B.2.1, the comparative figures for the six-month period ending 30 June 2020 are nil except for CETIN CR and Unallocated segments.

The total segment revenue for the six months ended 30 June 2021 amounting to EUR 504 million (30 June 2020: EUR 366 million) represents revenues from external customers as presented in the statement of income under Revenue caption.

The Group is reliant on several major customers, that are fixed and mobile telecommunication operators owned by the PPF Telecom Group B.V., direct parent of Cetin Group N.V. (formerly CETIN Group B.V.). For the period ended 30 June 2021, revenues from these customers represent approximately 70% of revenues reported in total for all segments (30 June 2020: 53% of revenues reported for CETIN CR).

In millions of EUR

30 June 2021	CETIN CR	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallocated	Eliminations	**Consolidated**
Revenue from external customers	340	63	53	48	-	-	504
Inter-segment revenue	3	-	1	1	-	(5)	-
Total revenue	**343**	**63**	**54**	**49**	**-**	**(5)**	**504**
Major service/products lines:							
Mobile service revenues	101	63	49	46	-	(1)	258
Contracted MSA/MOSA fee from anchor tenants	91	61	48	45	-	(1)	244
Contracted revenue from 3rd tenants	8	-	-	-	-	-	8
Other non-contracted mobile revenue	2	2	1	1	-	-	6
Fixed broadband service revenues	87	-	-	-	-	-	87
Other fixed and domestic service revenues	45	-	-	3	-	-	48
Domestic revenue	233	63	49	49	-	(1)	393
International transit revenue	110	-	5	-	-	(4)	111
Total revenue	**343**	**63**	**54**	**49**	**-**	**(5)**	**504**
Other income from non-telecommunication services	4	-	-	-	-	(1)	3
Transit cost of sales	(104)	-	(5)	-	-	5	(104)
Other operating expenses	(73)	(14)	(10)	(10)	(1)	1	(107)
Operating profit excl. depr., amor. and impairments	**170**	**49**	**39**	**39**	**(1)**	**-**	**296**
Depreciation of PPE	(79)	(8)	(13)	(10)	-	-	(110)
Depreciation on lease-related ROU	(14)	(6)	(4)	(5)	-	-	(29)
Amortisation of intangible assets	(8)	(1)	-	(1)	-	-	(10)
Impairment loss	(1)	-	-	-	-	-	(1)
Operating profit	**68**	**34**	**22**	**23**	**(1)**	**-**	**146**
Finance income	1	-	-	-	-	-	1
Net foreign currency gains	3	-	-	-	-	-	3
Interest expense on lease liability	(3)	(2)	-	(1)	-	-	(6)
Other interest expense	(8)	-	-	-	(1)	-	(9)
Profit for the period before tax	**61**	**32**	**22**	**22**	**(2)**	**-**	**135**
Income tax expense	(13)	(5)	(3)	(3)	1	-	(23)
Profit for the period	**48**	**27**	**19**	**19**	**(1)**	**-**	**112**
Capital expenditure	(67)	(14)	(14)	(7)	-	-	(102)
Other significant non-cash expenses	(1)	-	-	-	-	-	(1)
30 June 2021							
Segment assets	2,429	408	302	364	47	(48)	3,502
Segment liabilities	1,598	134	81	77	4	(48)	1,846
Segment equity	**831**	**274**	**221**	**287**	**43**	**-**	**1,656**

In millions of EUR

30 June 2020	CETIN CR	CETIN Hungary	CETIN Bulgaria	CETIN Serbia	Unallocated	Eliminations	**Consolidated**
Mobile service revenues	97	-	-	-	-	-	97
Contracted MSA/MOSA fee from anchor tenants	89	-	-	-	-	-	89
Contracted revenue from 3rd tenants	6	-	-	-	-	-	6
Other non-contracted mobile revenue	2	-	-	-	-	-	2
Fixed broadband service revenues	84	-	-	-	-	-	84
Other fixed and domestic service revenues	46	-	-	-	-	-	46
Domestic revenue	227	-	-	-	-	-	227
International transit revenue	139	-	-	-	-	-	139
Total revenue	**366**	**-**	**-**	**-**	**-**	**-**	**366**
Other income from non-telecommunication services	4	-	-	-	-	-	4
Transit cost of sales	(133)						(133)
Other operating expenses	(73)	-	-	-	-	-	(73)
Operating profit excl. depr., amor. and impairments	**164**	**-**	**-**	**-**	**-**	**-**	**164**
Depreciation of PPE	(65)	-	-	-	-	-	(65)
Depreciation on lease-related ROU	(13)	-	-	-	-	-	(13)
Amortisation of intangible assets	(9)	-	-	-	-	-	(9)
Impairment loss	(2)	-	-	-	-	-	(2)
Operating profit	**75**	**-**	**-**	**-**	**-**	**-**	**75**
Finance income	1	-	-	-	-	-	1
Interest expense on lease liability	(3)	-	-	-	-	-	(3)
Other interest expense	(6)	-	-	-	-	-	(6)
Net foreign currency losses	(9)	-	-	-	-	-	(9)
Profit for the period before tax	**58**	**-**	**-**	**-**	**-**	**-**	**58**
Income tax expense	(12)	-	-	-	-	-	(12)
Profit for the period	**46**	**-**	**-**	**-**	**-**	**-**	**46**
Capital expenditure	(63)	-	-	-	-	-	(63)
Other significant non-cash expenses	(2)	-	-	-	-	-	(2)
31 December 2020							
Segment assets	2,381	409	310	364	5	(1)	3,468
Segment liabilities	1,524	127	78	74	3	(1)	1,805
Segment equity	**857**	**282**	**232**	**290**	**2**	**-**	**1,663**

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 (corresponds to presentation in D section):

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

	2021	2020
Domestic revenue	393	227
International transit revenue	111	139
Total	**504**	**366**

Detail split of domestic revenue:

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

	2021	2020
Mobile service revenues	258	97
Contracted MSA/MOSA fee from anchor tenants	244	89
Contracted revenue from 3rd tenants	8	6
Other non-contracted mobile revenue	6	2
Fixed broadband service revenues	87	84
Other fixed and domestic service revenues	48	46
Total domestic revenue	**393**	**227**

The Group does not recognise revenues from services at a point in time, all revenues are recognised over time.

E.1.2. Revenue from telco business – geographical markets

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

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

	2021	2020
Services/products transferred over time		
Czech Republic	234	226
Hungary	65	2
Bulgaria	53	4
Serbia	46	3
Germany	12	14
Slovakia	8	11
Switzerland	2	2
Other EU countries	43	83
Other Non-EU countries	41	21

E.2. Operating expenses

Operating expenses comprise the following:

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

	2021	2020
Employee compensation	22	15
Payroll related taxes	12	9
Total personnel expenses	**34**	**24**
Transit cost of sales	104	133
Other cost of sales	7	8
Utilities	25	17
Network&IT maintenance	17	11
Rentals, Buildings and Vehicles	13	6
Advertising and marketing	1	1
Professional services	3	1
Taxes other than income tax	1	1
Other	6	4
Total other operating expense	**177**	**182**
Total operating expenses	**211**	**206**

E.3. Finance income

For the period ended 30 June 2021 and 2020, finance income represents interest income from cross-currency swaps used as hedging instruments (refer to C1).

E.4. Income taxes

Income tax expense comprises the following:

In millions of EUR, for six months ended 30 June

	2021	2020
Current tax expense	(27)	(12)
Deferred tax benefit	4	-
Total income tax expense	**(23)**	**(12)**

Income tax is computed and recognised by entities generating substantial accounting profit for the interim period, either via application of statutory income tax rate on pre-tax income adjusted by, if significant, excluded disregarded revenues and costs. The Group's consolidated effective tax rate for the six months ended 30 June 2021 was 17% (30 June 2020: 20%). The decrease in effective tax rate was caused primarily by the newly incorporated entities of CETIN in Hungary, Bulgaria and Serbia, which did not influence income tax expense in comparative period ended 30 June 2020. In all mentioned countries the corporate income tax rates are lower than 19% applied by CETIN CR, in the Czech Republic.

E.5. Property, plant and equipment

Property, plant and equipment comprise the following:

In millions of EUR

30 June 2021	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	282	1,817	1,048	104	118	3,369
Accumulated depreciation and impairment	(94)	(559)	(525)	(30)	(4)	(1,212)
Total PPE	**188**	**1,258**	**523**	**74**	**114**	**2,157**

In millions of EUR

31 December 2020	Land and buildings	Ducts, cables and related plant	Telecom technology and related equipment	Other tangible assets and equipment	Construction in progress	**Total**
Cost	273	1,741	989	102	104	3,209
Accumulated depreciation and impairment	(87)	(507)	(460)	(28)	(4)	(1,086)
Total PPE	**186**	**1,234**	**529**	**74**	**100**	**2,123**

E.6. Right-of-use assets

Right-of-use assets comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Cost	486	453
Accumulated depreciation and impairment	(127)	(97)
Total right-of-use assets	**359**	**356**

E.7. Intangible assets and goodwill

Intangible assets comprise the following:

In millions of EUR

30 June 2021	Software	Other intangible assets	Work in progress	**Total**
Cost	148	28	10	186
Accumulated amortisation and impairment	(92)	(5)	-	(97)
Total intangible assets	**56**	**23**	**10**	**89**

In millions of EUR

31 December 2020	Software	Other intangible assets	Work in progress	**Total**
Cost	140	24	6	170
Accumulated amortisation and impairment	(82)	(3)	-	(85)
Total intangible assets	**58**	**21**	**6**	**85**

E.7.1. Goodwill

Goodwill is allocated to individual CGUs as follows:

In millions of EUR

	30 June 2021	31 December 2020
CETIN CR	111	108
CETIN Hungary	193	186
CETIN Bulgaria	104	104
CETIN Serbia	188	188
Total Goodwill	**596**	**586**

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

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

Financial assets comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Receivables due from banks*	34	16
Trade and other receivables	143	145
Current	**177**	**161**
Total financial assets	**177**	**161**

*presented as other financial assets in the 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 2021	31 December 2020
Trade receivables	124	129
Accrued income	23	20
Subtotal (gross) - current	**147**	**149**
Individual allowances for impairment on trade and other receivables	(4)	(4)
Subtotal (net) - current	**143**	**145**
Carrying amount trade and other receivables - total	**143**	**145**

E.9. Other assets

Other assets comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Deferred expenses and advances	18	16
Non-current	**18**	**16**
Deferred expenses and advances	16	8
Other tax receivables	6	5
Other assets	1	-
Current	**23**	**13**
Total other assets	**41**	**29**

E.10. Debt securities issued

Debt securities issued comprise the following:

In millions of EUR

	Date of issue	Maturity	Fixed rate	30 June 2021	31 December 2020
Unsecured bond (MEUR 625)	2016	2021	1.42%	630	625
Unsecured bond (MCZK 4,866)	2016	2023	1.25%	192	185
Total debt securities issued*				**822**	**810**

*The changes in the balances result from exchange rate changes and accruing and payments of the accrued interest.

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

E.11. Trade and other payables

Trade and other payables comprise the following:

In millions of EUR

	30 June 2021	31 December 2020
Settlements with suppliers	1	2
Advances received	2	2
Defined benefit obligation	1	1
Other liabilities	1	-
Contract liabilities	59	58
Non-current	**64**	**63**
Settlements with suppliers	182	193
Accrued expense	33	26
Wages and salaries	13	10
Social security and health insurance	4	4
Other tax payable	4	2
Deferred income and prepayments	2	1
Contract liabilities	15	16
Liabilities from dividends declared	9	-
Other liabilities	1	6
Current	**263**	**258**
Total trade and other payables	**327**	**321**

E.12. Provisions

Provisions comprises the following:

In millions of EUR

	30 June 2021	31 December 2020
Fixed asset retirement obligation	57	57
Non-current	**57**	**57**
Provision for restructuring	4	4
Other provisions	2	3
Current	**6**	**7**
Total provisions	**63**	**64**

E.13. Issued capital, share premium, dividends and earnings per share

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

The following table provides details of authorised and issued shares:

	30 June 2021	31 December 2020
Number of shares authorised	100,000	100,000
Number of shares issued, out of which fully paid	100,000	100,000
Par value per share	EUR 0.01	EUR 0.01

The following table provides details of earnings per share:

	30 June 2021	30 June 2020
Basic earnings per share	EUR 267	EUR 109

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the number of ordinary shares after the increase in September 2021, refer to G.5. Since the Parent company has not issued any convertible instruments, there is no dilution of profit.

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

As at 30 June 2021, the share premium amounts to EUR 1,456 million (2020: EUR 1,456 million). The share premium is freely distributable.

During the period ending 30 June 2021, the Parent Company declared dividends of EUR 132 million (2020: EUR 106 million). As at 30 June 2021, the outstanding liability from these dividends amounts to EUR 5 million.

E.14. Reserves

E.14.1. Other reserve

The other reserve represents other capital funds resulting from historical demerger of CETIN CR. The other reserve is not available for distribution to shareholders.

E.14.2. Currency translation reserve

The currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of companies within the Group with a functional currency other than the Group presentation currency, which is the euro. The translation reserve is not available for distribution to shareholders.

E.14.3. 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.15. Non-controlling interests

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

In millions of EUR

30 June 2021	**CETIN CR**	**TMT Hungary Infra**
NCI percentage (ownership)	**10.27%**	**25.00%**
Country of incorporation	Czech Republic	Netherlands
Total assets	2,318	409
Total liabilities	(1,598)	(134)
Net assets	**720**	**275**
Carrying amount of NCI	74	68
NCI percentage during the period	**10.27%**	**25.00%**
Revenue	343	63
Profit	48	27
Other comprehensive income/(expense)	3	(5)
Total comprehensive income	51	22
Profit allocated to NCI	5	7
OCI allocated to NCI	2	2
Dividends paid to NCI*	**6**	**11**

*For the information on liabilities from unpaid dividends refer to E.17.1

In millions of EUR

As at 31 December 2020	CETIN CR	TMT Hungary Infra*
NCI percentage (ownership)	**10.27%**	**25.00%**
Country of incorporation	Czech Republic	Netherlands
Total assets	2,273	409
Total liabilities	(1,524)	(127)
Net assets	**749**	**282**
Carrying amount of NCI	77	71

30 June 2020	CETIN CR	-
NCI percentage during the period	**10.27%**	-
Revenue	366	-
Profit	46	-
Other comprehensive expense	(60)	-
Total comprehensive expense	(14)	-
Profit allocated to NCI	5	-
OCI allocated to NCI	(6)	-
Dividends paid to NCI	**11**	-

*The NCI for TMT Hungary Infra was acquired in December 2020, as described in section B.

E.16. Off-balance sheet items

E.16.1. Commitments

In millions of EUR

	30 June 2021	31 December 2020
Capital expenditure commitments – PPE	65	29
Capital expenditure commitments – intangible assets	6	4
Other	1	-
Total commitments and contingent liabilities	**72**	**33**

E.16.1. Regulatory investigations

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

On 7 August 2019, the Commission issued a statement of objections, expressing its intention to issue a decision that the network sharing agreements constitute a breach of Article 101 of the Treaty. If such a decision were taken, there would be a risk for O2 CR and CETIN of imposition of a fine pursuant to Article 23 of Regulation (EC) No. 1/2003 and possibly of imposition of further measures to put an end to the alleged infringement. However, the Commission has in no way indicated the amount of the potential fine, not even approximately. On 8 August 2019, European Commission informed PPF Group N.V. that intends to extend the above-described investigation also to PPF Group N.V. On 14 February 2020 the Commission has delivered to PPF Group N.V. (the Group's ultimate shareholder) statement of objection; PPF Group N.V.

has replied to it on 20 April 2020. A formal oral hearing took place in this case from 15 to 17 September 2020. All investigated participants summarised their defence against the concerns of the Commission, including all factual, legal, economic and technical arguments supporting the position of the participants. Follow-up communication is ongoing and the Commission may now (i) amend its comments (in the form of an additional statement of objection or in another similar way), (ii) issue a decision on the breach of competition law, (iii) enter into negotiations on commitments with the Group entities and the other participants and, if agreement can be reached, issue a decision terminating the proceedings without the breach of competition law being confirmed, or (iv) stop the proceedings without a decision.

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

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

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

E.17. Related parties

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

E.17.1. Transactions with fellow subsidiaries

During the course of the year, the Group had the following significant transactions at arm's length with fellow subsidiaries (i.e. entities under control of PPF Group N.V.):

In millions of EUR

	30 June 2021	31 December 2020
Receivables due from banks	34	16
Trade receivables	68	65
Cash and cash equivalents	36	53
Right-of-use assets (IFRS 16)	1	1
Trade and other payables	(10)	(9)
Lease liabilities (IFRS 16)	(1)	(1)
Contract liabilities	(14)	(13)
Financial liabilities at FVTPL	(28)	(11)
Deferred tax liabilities	(1)	(1)

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

	30 June 2021	30 June 2020
Revenue from telecommunication business	347	195
Cost related telecommunication business	(9)	(11)
Other income from non-telecommunication services	1	1
Operating expenses	(7)	(3)

As at 30 June 2021, trade and other payables in the above table contain unpaid dividend to the non-controlling interests amounting to EUR 4 million. This balance is included in liabilities from dividends declared in note E.11. Dividends were declared during the period ended 30 June 2021 by CETIN a.s. and it is expected to pay the remaining part of its dividend in September 2021. For the information of dividends paid to non-controlling interests during the six months ended 30 June 2021 refer to E.15.

In addition, the Parent Company and its fellow subsidiaries PPF Telco B.V. and PPF TMT Bidco 1 B.V. acted as joint guarantors of finance obligations under the notes issued by their parent company PPF Telecom Group B.V. in an aggregate principal amount of EUR 2,250 million (2020: EUR 2,250 million). These joint guarantees were terminated with an effective date of 1 September 2021.

F. Significant accounting policies

F.1. Significant accounting policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Subsequent events

G.1. Additional acquisition of CETIN CR shares

In July 2021, the Group initiated internal PPF Group restructuring with the aim to consolidate a 100% share in CETIN CR 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 CR, became a wholly owned subsidiary of PPF Telecom Group B.V. through series of in-kind contributions. Subsequently, PPF A3 B.V., as the disappearing company, has merged with the Parent Company. The merger became effective as of 1 September 2021 and the Parent Company thus became a sole shareholder of CETIN CR.

G.2. Liquidation of Telenor Common Operation Zrt.

Telenor Common Operation Zrt. (Hungary) ceased to legally exist on 26 July 2021 (refer also to B.1 and B.2.1).

G.3. Funding restructuring in the Parent Company

On 24 August 2021, the Parent Company entered into a facilities agreement comprising of three new bank loan facilities with aggregate commitments of EUR 1,650 million. On 3 September 2021, the Parent Company utilised, under the facilities agreement, a EUR 750 million term loan with expected maturity in 2023 and a EUR 75 million term loan maturing in 2026. Most of the proceeds from these loans were distributed to PPF Telecom Group B.V. by way of a decrease of the share premium of the Parent Company amounting to EUR 816 million on 3 September 2021. Out of the unutilised commitments under the facilities agreement, EUR 625 million shall be used for a full repayment of bonds issued in 2016 by CETIN Finance B.V. and maturing in December 2021 (refer to E.10).

G.4. Dividend distribution

In August 2021, the Parent Company declared additional dividend of EUR 39 million, which makes total dividend of EUR 171 million declared during 2021. The amount was fully paid by the date of authorisation of these condensed consolidated interim financial statements.

G.5. Change in legal form of the Parent Company

The Parent Company changed its legal form from the private limited liability company (besloten vennootschap “B.V.”) to the public limited liability company (naamloze vennootschap “N.V.”). With this change of the legal form, the Parent Company also increased its share capital by EUR 44,000 to its total amount of EUR 45,000 and increased number of ordinary shares by 275,000 to total amount of 375,000. Both changes are legally effective as of 3 September 2021.

G.6. Increase in share premium

On 24 September 2021, share premium of the Parent Company was increased by EUR 94 million. The cash and cash equivalents of the Group were increased by the same amount on the 24 September 2021.

G.7. Amendments to mobile service agreement with main customers

In September 2021, the Group companies signed amendment to mobile service agreements with main customers which shall be effective as of 1 January 2022, resulting in prolongation of the mobile service agreements in the Czech Republic, Bulgaria, Hungary and Serbia for up to 30 years with reflection of 5G network development in the Czech Republic. Other changes in the agreements represent certain contract terms alignment across the countries. These amendments shall not result in negative financial impact for the Group.

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

12 October 2021

Board of directors:

Jan Cornelis Jansen
Member of the board of directors

Jan Kadaník
Member of the board of directors

Marcel Marinus van Santen
Member of the board of directors

Juraj Šedivý
Member of the board of directors