

CK Hutchison Group Telecom Finance S.A.

CK HUTCHISON GROUP TELECOM FINANCE S.A.

(incorporated with limited liability under the laws of the Grand Duchy of Luxembourg)

7, rue du Marché-aux-Herbes

L-1728 Luxembourg

RCS Luxembourg: B236170

(the “Issuer”)

**€1,500,000,000 0.375% Guaranteed Notes due 2023
(ISIN XS2056572154/Common Code 205657215)**

**€1,000,000,000 0.750% Guaranteed Notes due 2026
(ISIN XS2057069093/Common Code 205706909)**

**€1,000,000,000 1.125% Guaranteed Notes due 2028
(ISIN XS2057069762/Common Code 205706976)**

**€750,000,000 1.500% Guaranteed Notes due 2031
(ISIN XS2057070182/Common Code 205707018)**

**£500,000,000 2.000% Guaranteed Notes due 2027
(ISIN XS2057072121/Common Code 205707212)**

and

**£300,000,000 2.625% Guaranteed Notes due 2034
(ISIN XS2057072477/Common Code 205707247)**

in each case

unconditionally and irrevocably guaranteed by

CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

(the “Guarantor”)

In accordance with Regulation (EU) No. 596/2014 on market abuse and the law of 11 January 2008 on transparency requirements, as amended, the Issuer is filing with the *Commission de Surveillance du Secteur Financier* and storing with the Officially Appointed Mechanism the attached unaudited results for the six months ended 30 June 2022 of the Guarantor.

CK Hutchison Group Telecom Finance S.A.

Edith Shih
Director

4 August 2022

CK Hutchison Group Telecom Finance S.A.
Société Anonyme

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RCS Luxembourg: B236170
Share Capital: EUR 30,000

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

Highlights

	Post-IFRS 16 ⁽¹⁾ Basis		
	For the six months ended 30 June 2022 EUR million	For the six months ended 30 June 2021 EUR million	Reported currency change
Total Revenue ⁽²⁾	4,861	4,901	-1%
Total EBITDA ⁽²⁾	1,859	3,095	-40%
Total EBIT ⁽²⁾	361	1,669	-78%
Profit attributable to ordinary shareholders	209	1,774	-88%

	Pre-IFRS 16 ⁽¹⁾ Basis			
	For the six months ended 30 June 2022 EUR million	For the six months ended 30 June 2021 EUR million	Local currencies change	Reported currency change
Total Revenue ⁽²⁾	4,861	4,901	-2%	-1%
Total EBITDA ⁽²⁾	1,459	2,645	-47%	-45%
Total EBIT ⁽²⁾	290	1,616	-83%	-82%
Profit attributable to ordinary shareholders	178	1,777	-91%	-90%

Note 1: The Group believes that the precedent lease accounting standard International Accounting Standard 17 “Leases” (“IAS 17”) basis (“Pre-IFRS 16 basis”) metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a International Financial Reporting Standard 16 “Leases” basis (“Post-IFRS16 basis”), better reflect management’s view of the Group’s underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group’s EBITDA, EBIT and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the six months ended 30 June 2020 and 2021. Unless otherwise specified, the discussion of the Group’s operating results in this results announcement is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA and EBIT include the Group’s proportionate share of joint ventures’ respective items.

Management Discussion and Analysis

CK Hutchison Group Telecom

In million	30 June 2022 EUR	30 June 2021 EUR	Change	Local currencies change
Total Revenue	4,861	4,901	-1%	-2%
Total Margin	3,457	3,424	+1%	–
Total CACs	(843)	(869)	+3%	
Less: Handset revenue	613	665	-8%	
Total CACs (net of handset revenue)	(230)	(204)	-13%	
Operating Expenses	(1,768)	(1,526)	-16%	
Gain on disposal of tower assets	–	2,620		
Impairment of goodwill	–	(1,669)		
EBITDA ⁽¹⁾	1,459	2,645	-45%	-47%
Depreciation & Amortisation	(1,169)	(1,029)	-14%	
EBIT ⁽¹⁾	290	1,616	-82%	-83%

Note 1: Under Post-IFRS 16 basis, EBITDA was €1,859 million (30 June 2021: €3,095 million); EBIT was €361 million (30 June 2021: €1,669 million).

On a Pre-IFRS 16 basis, revenue of CK Hutchison Group Telecom of €4,861 million was 1% lower than same period last year. EBITDA and EBIT of €1,459 million and €290 million were 45% and 82% lower than the same period last year respectively, primarily due to the recognition of net one-time items of €951 million in the first half of 2021, which represented €2,620 million disposal gain on the tower assets in Italy and Sweden, partly offset by a non-cash impairment of goodwill on the Group's Italian telecommunication business of €1,669 million, as well as lower performance in Italy.

On a Pre-IFRS 16 basis, profit attributable to ordinary shareholders for the six months ended 30 June 2022 of €178 million decreased 90% from the same period in 2021, primarily reflecting aforementioned lower EBIT contribution, as well as the recognition of deferred tax credit arising from the revision of the UK corporate tax rates of £262 million by 3UK in the first half of 2021.

Management Discussion and Analysis

3 Group Europe⁽²⁾

In million	30 June 2022 EUR	30 June 2021 ⁽³⁾ EUR	Change	Local currencies change
Total Revenue	4,585	4,616	-1%	-1%
Total Margin	3,287	3,263	+1%	–
Total CACs	(811)	(841)	+4%	
Less: Handset revenue	590	647	-9%	
Total CACs (net of handset revenue)	(221)	(194)	-14%	
Operating Expenses	(1,705)	(1,550)	-10%	
<i>Opex as a % of total margin</i>	52%	48%		
EBITDA	1,361	1,519	-10%	-11%
<i>EBITDA Margin %⁽⁴⁾</i>	34%	38%		
Depreciation & Amortisation	(1,106)	(975)	-13%	
EBIT	255	544	-53%	-53%
EBITDA per above	1,361	1,519	-10%	-11%
Proforma contribution from tower assets	–	61		
Reported EBITDA⁽⁵⁾	1,361	1,580	-14%	-14%
EBIT per above	255	544	-53%	-53%
Proforma contribution from tower assets	–	56		
Reported EBIT⁽⁵⁾	255	600	-58%	-57%

Note 2: 3 Group Europe results above do not include one-off items in 1H 2021, which represented gain on disposal of tower assets completed in 1H 2021 of €2.6 billion and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.7 billion.

Note 3: As the disposal of tower assets in Italy was completed in June 2021, the 1H 2021 results of Italy were normalised, which exclude the proforma contribution from tower assets for January to June for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 1H 2021 numbers.

Note 4: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 5: Under Post-IFRS 16 basis, EBITDA was €1,736 million (30 June 2021: €2,002 million); EBIT was €325 million (30 June 2021: €646 million).

3 Group Europe's total revenue of €4,585 million was 1% lower against the same period last year in local currencies, whereas the total margin of €3,287 million was flat, primarily driven by improved total margin in all operations, except for the lower wholesale margin in Italy. Active customer base as at 30 June 2022 of 39.2 million is 3% higher against the same period last year, mainly due to the UK, where the customer base increased 5% year-on-year, as well as all other operations reported a slight growth or stable customer base. Management continues to focus on managing churn and the average monthly customer churn rate of the contract customer base improved to 1.1% for the first half of 2022 (1H 2021: 1.2%).

3 Group Europe's net ARPU and net AMPU improved by 1% and 2% to €13.11 and €11.59 respectively as compared to the first half of 2021, primarily due to better tariff mix and higher value propositions.

Total data usage increased 22% to approximately 4,062 petabytes in the first half of 2022. Data usage per active customer was approximately 109.5 gigabytes per user in first half of 2022 compared to 92.0 gigabytes per user in the first half of 2021.

3 Group Europe's results have been adversely impacted by the incremental tower service fees. On a normalised basis, EBITDA and EBIT were 11% and 53% lower year-on-year respectively in local currencies, mainly driven by higher operating costs due to network expansion, as well as certain dispute settlement proceeds recognised by Italy in the first half of 2021 that did not recur this half. Higher depreciation and amortisation against the same period last year was due to the continued investments in network enhancements and IT and 5G rollouts, particularly in the UK and Italy, and accelerated depreciation recognised on the swap out of certain vendor equipments, all of which led to a lower EBIT performance as compared to first half of 2021.

Management Discussion and Analysis

In million	UK GBP		Italy ^{(6) (7)} EURO		Sweden SEK		Denmark DKK		Austria EURO		Ireland EURO		3 Group Europe before one-off ^{(7) (8)} EURO				HTHKH HK\$		Corporate and Others and one-off ⁽⁸⁾ HK\$		CKHGT EURO	
	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021
													Normalised	Tower Assets	Reported							
Total Revenue	1,175	1,176	1,958	2,085	3,531	3,259	1,166	1,102	436	425	301	279	4,585	4,616	–	4,616	2,298	2,565	112	101	4,861	4,901
% change	–		-6%		+8%		+6%		+3%		+8%		-1%		-1%		-10%		+11%		-1%	-2%
Total margin	743	719	1,500	1,580	2,319	2,111	913	873	332	312	227	217	3,287	3,263	–	3,263	1,441	1,486	13	14	3,457	3,424
% change	+3%		-5%		+10%		+5%		+6%		+5%		+1%		–		-3%		-7%		+1%	
Total CACs	(430)	(457)	(138)	(141)	(464)	(636)	(123)	(118)	(55)	(59)	(47)	(36)	(811)	(841)	–	(841)	(275)	(252)	–	–	(843)	(869)
Less: Handset Revenue	325	358	82	103	244	411	48	46	48	51	45	34	590	647	–	647	194	166	–	–	613	665
Total CACs (net of handset revenue)	(105)	(99)	(56)	(38)	(220)	(225)	(75)	(72)	(7)	(8)	(2)	(2)	(221)	(194)	–	(194)	(81)	(86)	–	–	(230)	(204)
Operating Expenses	(377)	(368)	(802)	(711)	(959)	(849)	(504)	(459)	(153)	(143)	(142)	(128)	(1,705)	(1,550)	61	(1,489)	(864)	(848)	314	498	(1,768)	(1,526)
Opex as a % of total margin	51%	51%	53%	45%	41%	40%	55%	53%	46%	46%	63%	59%	52%	48%			60%	57%	N/A	N/A	51%	45%
Gain on disposal of tower assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	25,259	–	2,620
Impairment of goodwill	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(15,472)	–	(1,669)
EBITDA	261	252	642	831	1,140	1,037	334	342	172	161	83	87	1,361	1,519	61	1,580	496	552	327	10,299	1,459	2,645
% change	+4%		-23%		+10%		-2%		+7%		-5%		-10%		-11%		-10%		-97%		-45%	-47%
EBITDA margin % ⁽⁹⁾	31%	31%	34%	42%	35%	36%	30%	32%	44%	43%	32%	36%	34%	38%			24%	23%			34%	62%
Depreciation & Amortisation	(236)	(208)	(577)	(514)	(717)	(586)	(303)	(203)	(75)	(72)	(64)	(64)	(1,106)	(975)	(5)	(980)	(532)	(453)	(5)	(3)	(1,169)	(1,029)
EBIT	25	44	65	317	423	451	31	139	97	89	19	23	255	544	56	600	(36)	99	322	10,296	290	1,616
% change	-43%		-79%		-6%		-78%		+9%		-17%		-53%		-53%		-136%		-97%		-82%	-83%
EBITDA per above	261	252	642	831	1,140	1,037	334	342	172	161	83	87	1,361	1,519								
Proforma contribution from tower assets	–	–	–	61	–	–	–	–	–	–	–	–	–	61								
Reported EBITDA	261	252	642	892	1,140	1,037	334	342	172	161	83	87	1,361	1,580								
% change	+4%		-28%		+10%		-2%		+7%		-5%		-14%		-14%							
EBIT per above	25	44	65	317	423	451	31	139	97	89	19	23	255	544								
Proforma contribution from tower assets	–	–	–	56	–	–	–	–	–	–	–	–	–	56								
Reported EBIT	25	44	65	373	423	451	31	139	97	89	19	23	255	600								
% change	-43%		-83%		-6%		-78%		+9%		-17%		-58%		-57%							
Capex (excluding licence)	(334)	(307)	(342)	(618)	(715)	(612)	(545)	(145)	(84)	(75)	(53)	(62)	(1,016)	(1,190)			(157)	(324)	(2)	(1)	(1,034)	(1,225)
Reported EBITDA less Capex	(73)	(55)	300	274	425	425	(211)	197	88	86	30	25	345	390			339	228	325	10,298	425	1,420
Licence ⁽¹⁰⁾	–	(280)	–	–	–	(492)	–	(544)	–	–	–	–	–	(447)			(138)	(500)	–	–	(17)	(500)
EURO dollar equivalents of Reported EBITDA and EBIT are summarised as follows:																						
EBITDA-pre IFRS 16 basis (EURO)	310	292	642	892	109	102	45	46	172	161	83	87	1,361	1,580			58	59	40	1,006	1,459	2,645
EBITDA-post IFRS 16 basis (EURO)	372	351	906	1,206	122	117	51	52	185	173	100	103	1,736	2,002			83	81	40	1,012	1,859	3,095
EBIT-pre IFRS 16 basis (EURO)	30	51	65	373	40	45	4	19	97	89	19	23	255	600			(4)	10	39	1,006	290	1,616
EBIT-post IFRS 16 basis (EURO)	41	62	113	400	42	46	5	19	100	92	24	27	325	646			(3)	11	39	1,012	361	1,669

	UK		Italy ⁽¹¹⁾		Sweden		Denmark		Austria		Ireland		3 Group Europe		HTHKH	
	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021	1H 2022	1H 2021
Total registered customer base (million)	13.5	12.9	20.4	21.0	2.4	2.2	1.5	1.5	3.2	3.4	3.4	2.8	44.4	43.8	3.6	3.9
Total active customer base (million)	9.9	9.5	19.1	19.2	2.4	2.2	1.5	1.5	2.9	2.8	3.4	2.8	39.2	38.0	3.0	3.2
Contract customers as a % of the total registered customer base	62%	61%	47%	48%	69%	69%	57%	57%	77%	74%	75%	71%	58%	56%	41%	37%
Average monthly churn rate of the total contract registered customer base (%)	1.3%	1.2%	1.3%	1.4%	1.2%	1.2%	1.6%	1.7%	0.3%	0.3%	0.6%	0.7%	1.1%	1.2%	0.7%	1.1%
Active contract customers as a % of the total contract registered customer base	98%	99%	96%	94%	100%	100%	100%	100%	100%	100%	100%	100%	98%	97%	100%	100%
Active customers as a % of the total registered customer base	73%	73%	94%	91%	99%	98%	100%	100%	88%	84%	100%	100%	88%	87%	84%	84%
LTE coverage by population (%)	95%	94%	100%	100%	96%	93%	100%	100%	97%	96%	99%	99%	–	–	90%	90%

Six month data usage per active customer (Gigabyte)

Note 6: Wind Tre's results include fixed line business revenue of €476 million (30 June 2021: €488 million) and EBITDA of €80 million (30 June 2021: €117 million).

Note 7: As the disposal of tower assets in Italy was completed in June 2021, the 1H 2021 results of Italy were normalised, which exclude the proforma contribution from tower assets for January to June 2021 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 1H 2021 numbers.

Note 8: 3 Group Europe results do not include one-off items in 1H 2021, which represented gain on disposal of tower assets completed in 1H 2021 of €2.6 billion and non-cash impairment of goodwill of the Group's Italian telecommunication business of €1.7 billion.

Note 9: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 10: 1H 2021 licence cost for UK represents investment for 20 MHz of 700 MHz spectrum acquired in May 2021, the licence cost for Sweden represents 1000 MHz of 3500 MHz spectrum acquired in January 2021, the licence cost for Denmark represents 2x20 MHz of 2100 MHz spectrum, 120 MHz in 3500 MHz spectrum and 1000 MHz in 2.6 GHz spectrum acquired in April 2021, and the licence cost for Hong Kong represents investment for 10 MHz of 900 MHz spectrum renewed for 15 years from January 2021. 1H 2022 licence cost for Hong Kong represents investment for 20 MHz of 700 MHz spectrum acquired for 15 years from June 2022.

Note 11: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

Management Discussion and Analysis

Key Business Indicators

	Registered Customer Base								
	Registered Customers at 30 June 2022 ('000)			Registered Customer Growth (%) from 31 December 2021 to 30 June 2022			Registered Customer Growth (%) from 30 June 2021 to 30 June 2022		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	5,113	8,362	13,475	+3%	+2%	+2%	+1%	+7%	+4%
Italy ⁽¹²⁾	10,711	9,642	20,353	-1%	-2%	-2%	-2%	-4%	-3%
Sweden	734	1,644	2,378	+1%	+2%	+2%	+4%	+6%	+5%
Denmark	656	868	1,524	+2%	+2%	+2%	+3%	+3%	+3%
Austria	751	2,471	3,222	-8%	-1%	-3%	-14%	-1%	-4%
Ireland	852	2,595	3,447	+2%	+12%	+10%	+5%	+32%	+24%
3 Group Europe Total	18,817	25,582	44,399	-	+1%	+1%	-1%	+3%	+1%
HTHKH	2,102	1,476	3,578	-17%	+2%	-10%	-14%	+4%	-7%

	Active ⁽¹³⁾ Customer Base								
	Active Customers at 30 June 2022 ('000)			Active Customer Growth (%) from 31 December 2021 to 30 June 2022			Active Customer Growth (%) from 30 June 2021 to 30 June 2022		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	1,660	8,224	9,884	+3%	+2%	+2%	-3%	+6%	+5%
Italy ^{(12) (14)}	9,878	9,245	19,123	+2%	-1%	-	+1%	-2%	-1%
Sweden	722	1,644	2,366	+6%	+2%	+3%	+10%	+6%	+7%
Denmark	650	868	1,518	+1%	+2%	+2%	+3%	+3%	+3%
Austria	387	2,463	2,850	+4%	-1%	-1%	+9%	-1%	-
Ireland	852	2,595	3,447	+2%	+12%	+10%	+5%	+32%	+24%
3 Group Europe Total	14,149	25,039	39,188	+2%	+1%	+2%	+2%	+4%	+3%
HTHKH	1,538	1,476	3,014	-13%	+2%	-6%	-15%	+4%	-7%

Note 12: In addition to the above, Wind Tre has 2.9 million fixed line customers.

Note 13: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Note 14: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

Management Discussion and Analysis

12-month Trailing Average Revenue per Active User ("ARPU")⁽¹⁵⁾ to 30 June 2022

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2021
United Kingdom	£6.40	£21.34	£18.82	+3%
Italy ⁽¹⁸⁾	€10.14	€12.45	€11.27	-3%
Sweden	SEK116.14	SEK284.44	SEK233.79	-9%
Denmark	DKK91.57	DKK146.95	DKK123.14	+2%
Austria	€10.71	€23.09	€21.47	+4%
Ireland	€14.73	€12.98	€13.45	-16%
3 Group Europe Average⁽¹⁶⁾	€10.28	€18.98	€15.84	+1%
HTHKH	HK\$9.46	HK\$184.86	HK\$91.09	-

12-month Trailing Net Average Revenue per Active User ("Net ARPU")⁽¹⁶⁾ to 30 June 2022

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2021
United Kingdom	£6.40	£14.29	£12.96	+1%
Italy ⁽¹⁸⁾	€10.14	€11.29	€10.70	-2%
Sweden	SEK116.14	SEK209.88	SEK181.67	+1%
Denmark	DKK91.57	DKK137.18	DKK117.57	+3%
Austria	€10.71	€19.85	€18.65	+7%
Ireland	€14.73	€10.09	€11.33	-15%
3 Group Europe Average	€10.28	€14.70	€13.11	+1%
HTHKH	HK\$9.46	HK\$165.43	HK\$82.05	+2%

12-month Trailing Net Average Margin per Active User ("Net AMPU")⁽¹⁷⁾ to 30 June 2022

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2021
United Kingdom	£5.82	£12.71	£11.55	+2%
Italy ⁽¹⁸⁾	€8.92	€9.90	€9.40	-
Sweden	SEK99.66	SEK183.59	SEK158.34	+1%
Denmark	DKK75.99	DKK112.46	DKK96.78	+2%
Austria	€9.37	€17.84	€16.73	+9%
Ireland	€13.69	€9.30	€10.47	-14%
3 Group Europe Average	€9.08	€13.01	€11.59	+2%
HTHKH	HK\$7.21	HK\$145.96	HK\$71.78	+3%

Note 15: ARPU equals total monthly revenue, including incoming mobile termination revenue and contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.

Note 16: Net ARPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, divided by the average number of active customers during the period.

Note 17: Net AMPU equals total monthly revenue, including incoming mobile termination revenue but excluding contributions for a handset/device in contract bundled plans, less direct variable costs (including interconnection charges and roaming costs) (i.e. net customer service margin), divided by the average number of active customers during the period.

Note 18: Wind Tre's 2022 KBI included an adjustment for aligning the definition of active customer base to that of CKHGT as part of a system integration. Consequently, there is a corresponding and opposite effect on Wind Tre's net ARPU and net AMPU. The conformity of KBI definitions does not impact Wind Tre's total revenue and total margin.

Management Discussion and Analysis

United Kingdom

3 UK's EBITDA increased by 4% in local currency compared to the same period last year, mainly driven by strong growth in net customer service margin from both 5% increase in customer base and 2% higher net AMPU from various revenue mix and margin initiatives, partly offset by higher network spending from increased 5G coverage and increased annual licence fee. However, EBIT decreased by 43% in local currency compared to the same period last year, mainly due to increased depreciation from higher asset base driven by IT investments and accelerated 5G network rollout.

Italy

On a normalised basis and in local currency, Italy's EBITDA decreased by 23% compared to the same period last year, mainly driven by reduction in wholesale volume resulting in revenue decline of 6%, higher operating costs in 2022 and certain dispute proceeds benefit in 2021. Wind Tre has implemented strategic transitions with net customer service margin in 2022 progressively improving against the first half and second half of last year, furthermore, wholesale contributions decline has narrowed through extending the scope of existing wholesale arrangements. EBIT decreased by 79% against the first half of 2021 due to higher depreciation and amortisation from the enlarged asset base as network enhancement continues.

Sweden

Sweden, where the Group has a 60% interest, reported robust EBITDA growth of 10% primarily driven by 10% increase in total margin from customer base growth, partly offset by higher operating expenses from promoting 5G commercial launch. However, EBIT decreased by 6% due to higher depreciation and amortisation from enlarged network base.

Denmark

The operation in Denmark, where the Group has a 60% interest, reported 5% growth in total margin primarily driven by 3% customer base growth. EBITDA decreased by 2% mainly due to higher operating costs from significant increase in electricity price and enlarged network base, partly offset by higher total margin. During the first half of 2022, the operation recognised accelerated depreciation charges from the ongoing network assets swap, resulting in 78% decrease in EBIT when compared against the same period of 2021.

Austria

EBITDA and EBIT in local currency increased by 7% and 9% respectively compared to the same period last year, primarily driven by 6% total margin growth from 9% increase in net AMPU, partly offset by higher operating expenses due to network expansion.

Ireland

EBITDA and EBIT in local currency decreased by 5% and 17% respectively compared to the same period last year driven by higher operating expenses due to network expansion and increased marketing and sponsorship following the ease of mobility restrictions, partly offset by 5% higher total margin mainly due to the base growth, which more than offsets the lower net AMPU from the dilutive impact of higher mix of low value Internet of things (IoT) customers.

Hutchison Telecommunications Hong Kong Holdings

Total revenue of HK\$2,298 million was 10% lower as compared to the same period last year, primarily driven by lower net customer service revenue due to intense competition and prolonged pandemic-related disruptions, as well as lower hardware sales as a result of supply chain constraints. EBITDA of HK\$496 million was 10% lower as compared to the same period last year, mainly due to lower net customer service margin and higher network costs driven by the investments in 5G technology and network infrastructure expansion. EBIT of HK\$36 million for the first half of 2022 as compared to EBIT of HK\$99 million for the same period last year was mainly due to higher depreciation and amortisation from the renewal of spectrum in 2021 and the enlarged asset base from 5G network infrastructure expansion.

Management Discussion and Analysis

Capital Expenditure and Licences

EUR million	1H 2022			Total
	Fixed assets	Telecommunications licences	Brand names and other rights	
United Kingdom	396	–	–	396
Italy	269	–	73	342
Sweden	68	–	–	68
Denmark	73	–	–	73
Austria	84	–	–	84
Ireland	53	–	–	53
Hong Kong	18	17	–	35
Corporate and others	–	–	–	–
Total	961	17	73	1,051

EUR million	1H 2021			Total
	Fixed assets	Telecommunications licences	Brand names and other rights	
United Kingdom	355	325	–	680
Italy	298	–	320	618
Sweden	60	49	–	109
Denmark	20	73	–	93
Austria	75	–	–	75
Ireland	62	–	–	62
Hong Kong	35	53	–	88
Corporate and others	–	–	–	–
Total	905	500	320	1,725

For the first half of 2022, the Group's capital expenditure, excluding licences, of €1,034 million decreased by €191 million (-16%) compared to the first half of 2021, primarily due to the recognition of a right of use on 5G spectrum as part of a network partnership in Italy during 1H 2021. Capex, excluding licences, as a percentage of total revenue was 21% in 1H 2022 (1H 2021: 25%).

Total spectrum spending of €17 million in the first half of 2022 represented 700MHz spectrum licence renewal cost in Hong Kong from June 2022. The spectrum spending of €500 million in the first half of 2021 represented the 700 MHz spectrum in the UK acquired in May 2021, 3500 MHz spectrum in Sweden acquired in January 2021, 2100 MHz spectrum, 3500 MHz spectrum and 2.6 GHz spectrum in Denmark acquired in April 2021, as well as 900 MHz spectrum licence renewal cost in Hong Kong from January 2021.

CK Hutchison Group Telecom

Financial Performance Summary

	Pre-IFRS 16 ⁽¹⁾ Unaudited Results for the six months ended 30 June 2022 EUR million	Pre-IFRS 16 ⁽¹⁾ Unaudited Results for the six months ended 30 June 2021 EUR million	Change %	Local currencies change %
Total Revenue ⁽²⁾				
3 Group Europe	4,585	4,616	-1%	-1%
- UK	1,397	1,357	+3%	-
- Italy	1,958	2,085	-6%	-6%
- Sweden	337	322	+5%	+8%
- Denmark	156	148	+5%	+6%
- Austria	436	425	+3%	+3%
- Ireland	301	279	+8%	+8%
Hong Kong	266	275	-3%	-10%
Corporate and others	10	10	-	+11%
Total Revenue	4,861	4,901	-1%	-2%
EBITDA ⁽²⁾				
3 Group Europe	1,361	1,580	-14%	-14%
- UK	310	292	+6%	+4%
- Italy	642	892	-28%	-28%
- Sweden	109	102	+7%	+10%
- Denmark	45	46	-2%	-2%
- Austria	172	161	+7%	+7%
- Ireland	83	87	-5%	-5%
Hong Kong	58	59	-2%	-10%
Corporate and others	40	1,006	-96%	-97%
Total EBITDA	1,459	2,645	-45%	-47%
EBIT ⁽²⁾				
3 Group Europe	255	600	-58%	-57%
- UK	30	51	-41%	-43%
- Italy	65	373	-83%	-83%
- Sweden	40	45	-11%	-6%
- Denmark	4	19	-79%	-78%
- Austria	97	89	+9%	+9%
- Ireland	19	23	-17%	-17%
Hong Kong	(4)	10	-140%	-136%
Corporate and others	39	1,006	-96%	-97%
Total EBIT	290	1,616	-82%	-83%
Interest expenses and other finance costs ⁽²⁾	(54)	(63)	+14%	
Profit Before Tax	236	1,553	-85%	
Tax ⁽²⁾				
Current tax	16	(20)	+180%	
Deferred tax	(67)	264	-125%	
	(51)	244	-121%	
Profit after tax	185	1,797	-90%	
Non-controlling interests	(7)	(20)	+65%	
Profit attributable to ordinary shareholders ("NPAT")	178	1,777	-90%	-91%

Note 1: The Group believes that the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17") basis ("Pre-IFRS 16 basis") metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a International Financial Reporting Standard 16 "Leases" basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performance. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. As a result, the Group has provided an alternative presentation of the Group's EBITDA, EBIT, interest expenses and other finance costs, tax, non-controlling interests and profit attributable to ordinary shareholders prepared under the Pre-IFRS 16 basis relating to the accounting for leases for the six months ended 30 June 2020 and 2021. Unless otherwise specified, the discussion of the Group's operating results in this results announcement is on a Pre-IFRS 16 basis as mentioned above.

Note 2: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of joint ventures' respective items.

CK Hutchison Group Telecom

Financial Performance Summary

	Post-IFRS 16 Unaudited Results for the six months ended 30 June 2022 EUR million	Post-IFRS 16 Unaudited Results for the six months ended 30 June 2021 EUR million	Change %
Total Revenue ⁽¹⁾			
3 Group Europe	4,585	4,616	-1%
- UK	1,397	1,357	+3%
- Italy	1,958	2,085	-6%
- Sweden	337	322	+5%
- Denmark	156	148	+5%
- Austria	436	425	+3%
- Ireland	301	279	+8%
Hong Kong	266	275	-3%
Corporate and others	10	10	-
Total Revenue	4,861	4,901	-1%
EBITDA ⁽¹⁾			
3 Group Europe	1,736	2,002	-13%
- UK	372	351	+6%
- Italy	906	1,206	-25%
- Sweden	122	117	+4%
- Denmark	51	52	-2%
- Austria	185	173	+7%
- Ireland	100	103	-3%
Hong Kong	83	81	+2%
Corporate and others	40	1,012	-96%
Total EBITDA	1,859	3,095	-40%
EBIT ⁽¹⁾			
3 Group Europe	325	646	-50%
- UK	41	62	-34%
- Italy	113	400	-72%
- Sweden	42	46	-9%
- Denmark	5	19	-74%
- Austria	100	92	+9%
- Ireland	24	27	-11%
Hong Kong	(3)	11	-127%
Corporate and others	39	1,012	-96%
Total EBIT	361	1,669	-78%
Interest expenses and other finance costs ⁽¹⁾	(92)	(116)	+21%
Profit Before Tax	269	1,553	-83%
Tax ⁽¹⁾			
Current tax	16	(21)	+176%
Deferred tax	(69)	262	-126%
	(53)	241	-122%
Profit after tax	216	1,794	-88%
Non-controlling interests	(7)	(20)	+65%
Profit attributable to ordinary shareholders ("NPAT")	209	1,774	-88%

Note 1: Total revenue, EBITDA, EBIT, interest expenses and other finance costs and tax include the Group's proportionate share of joint ventures' respective items.

Report on Review of Interim Financial Statements

**TO THE BOARD OF DIRECTORS OF
CK HUTCHISON GROUP TELECOM HOLDINGS LIMITED**
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial statements set out on pages 12 to 52, which comprises the condensed consolidated statement of financial position of CK Hutchison Group Telecom Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2022 and the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The directors of the Company are responsible for the preparation and presentation of these interim financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim financial statements based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of the Group are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 4 August 2022

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Income Statement
for the six months ended 30 June 2022

	Note	Unaudited 2022 EUR million	2021 EUR million
Revenue	4, 5	4,855	4,894
Cost of inventories sold	6	(149)	(152)
Expensed customer acquisition and retention costs		(817)	(843)
Staff costs		(339)	(349)
Depreciation and amortisation	6	(1,495)	(1,423)
Other expenses and losses	6	(1,695)	(3,115)
Other income and gains	6	2	2,657
Share of profits less losses of joint ventures		(2)	(1)
		360	1,668
Interest expenses and other finance costs	7	(91)	(115)
Profit before tax		269	1,553
Current tax credit (charge)	8	16	(21)
Deferred tax credit (charge)	8	(69)	262
Profit after tax		216	1,794
Profit attributable to non-controlling interests		(7)	(20)
Profit attributable to owners of the Company		209	1,774

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2022

	Unaudited	
	2022	2021
	EUR million	EUR million
Profit after tax	216	1,794
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit obligations recognised directly in reserves	2	-
Tax relating to components of other comprehensive income that will not be reclassified to profit or loss	-	-
	2	-
Items that may be reclassified to profit or loss		
Gains on cash flow hedges recognised directly in reserves	54	19
Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves	(21)	349
Losses previously in exchange reserve related to subsidiaries disposed during the period recognised in income statement	-	31
Tax relating to components of other comprehensive income that may be reclassified to profit or loss	-	-
	33	399
Other comprehensive income, net of tax	35	399
Total comprehensive income	251	2,193
Total comprehensive income attributable to non-controlling interests	(20)	(30)
Total comprehensive income attributable to owners of the Company	231	2,163

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Financial Position
at 30 June 2022

		Unaudited 30 June 2022	Audited 31 December 2021
	Note	EUR million	EUR million
Non-current assets			
Fixed assets	9	8,091	7,878
Right-of-use assets	10	2,258	2,210
Telecommunications licences	11	7,415	7,450
Brand names and other rights	12	3,841	3,987
Goodwill	13	11,617	11,628
Interests in joint ventures	14	24	27
Deferred tax assets	15	1,959	2,045
Other non-current assets	16	743	766
		35,948	35,991
Current assets			
Cash and cash equivalents	17	2,262	2,187
Inventories		212	180
Trade receivables and other current assets	18	3,083	3,275
		5,557	5,642
Current liabilities			
Bank and other debts	19	-	594
Current tax liabilities		20	19
Lease liabilities	10	594	583
Trade payables and other current liabilities	20	4,455	4,704
		5,069	5,900
Net current assets (liabilities)		488	(258)
Total assets less current liabilities		36,436	35,733
Non-current liabilities			
Bank and other debts	19	6,528	6,156
Interest bearing loan from non-controlling shareholder	22	229	-
Lease liabilities	10	1,760	1,786
Deferred tax liabilities	15	25	24
Pension obligations	23	74	77
Other non-current liabilities	24	1,414	1,518
		10,030	9,561
Net assets		26,406	26,172

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Financial Position
at 30 June 2022

		Unaudited	Audited
		30 June	31 December
		2022	2021
	Note	EUR million	EUR million
Capital and reserves			
Share capital	25	-	-
Share premium	25	17,908	17,908
Reserves	26	7,303	7,072
Equity attributable to owners of the Company		25,211	24,980
Non-controlling interests		1,195	1,192
Total equity		26,406	26,172

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2022

	Attributable to				Unaudited Total equity EUR million
	Owners of the Company			Non- controlling interests EUR million	
	Share capital and share premium ^(a) EUR million	Reserves ^(b) EUR million	Subtotal EUR million		
At 1 January 2022	17,908	7,072	24,980	1,192	26,172
Profit for the period	-	209	209	7	216
Other comprehensive income					
Remeasurement of defined benefit obligations recognised directly in reserves	-	2	2	-	2
Gains on cash flow hedges recognised directly in reserves	-	54	54	-	54
Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves	-	(34)	(34)	13	(21)
Tax relating to components of other comprehensive income	-	-	-	-	-
Other comprehensive income, net of tax	-	22	22	13	35
Total comprehensive income	-	231	231	20	251
Transactions with owners in their capacity as owners:					
Dividends paid to non-controlling interests	-	-	-	(17)	(17)
At 30 June 2022	17,908	7,303	25,211	1,195	26,406

(a) See note 25 for details on share capital and share premium.

(b) See note 26 for details on reserves.

(c) During the six months ended 30 June 2022 and 2021, no dividend has been paid or declared payable to the ordinary shareholders.

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2022

	Attributable to				Unaudited Total equity EUR million
	Owners of the Company			Non- controlling interests	
	Share capital and share premium ^(a) EUR million	Reserves ^(b) EUR million	Subtotal EUR million	EUR million	
At 1 January 2021	20,917	4,024	24,941	1,180	26,121
Profit for the period	-	1,774	1,774	20	1,794
Other comprehensive income					
Gains on cash flow hedges recognised directly in reserves	-	19	19	-	19
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	-	339	339	10	349
Losses previously in exchange reserves related to subsidiaries disposed during the period recognised in income statement	-	31	31	-	31
Tax relating to components of other comprehensive income	-	-	-	-	-
Other comprehensive income, net of tax	-	389	389	10	399
Total comprehensive income	-	2,163	2,163	30	2,193
Transactions with owners in their capacity as owners:					
Dividends paid to non-controlling interests	-	-	-	(9)	(9)
At 30 June 2021	20,917	6,187	27,104	1,201	28,305

(a) See note 25 for details on share capital and share premium.

(b) See note 26 for details on reserves.

(c) During the six months ended 30 June 2022 and 2021, no dividend has been paid or declared payable to the ordinary shareholders.

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Cash Flows
for the six months ended 30 June 2022

		Unaudited	
	Note	2022	2021
		EUR million	EUR million
Operating activities			
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	27 (a)	1,648	1,843
Interest expenses and other finance costs paid (net of capitalisation)		(78)	(99)
Tax recovered (paid)		23	(67)
Funds from operations (before principal elements of lease payments)		1,593	1,677
Changes in working capital	27 (b)	(119)	(113)
Net cash from operating activities		1,474	1,564
Investing activities			
Purchase of fixed assets		(934)	(838)
Additions to telecommunications licences		(17)	(500)
Additions to brand names and other rights		(73)	(320)
Purchase of and advances to joint ventures		(3)	(3)
Proceeds from disposal of fixed assets		6	20
Proceeds on disposal of subsidiary companies, net of cash disposed	27 (c)	-	4,133
Cash flows from (used in) investing activities		(1,021)	2,492
Net cash inflow before financing activities		453	4,056
Financing activities			
New borrowings	27 (d)	391	997
Repayment of borrowings	27 (d)	(598)	(1,650)
Principal elements of lease payments	27 (d)	(393)	(387)
Loan from non-controlling shareholder	27 (d)	239	-
Payments to acquire additional interests in subsidiary companies		-	(210)
Dividends paid to non-controlling interests		(17)	(9)
Cash flows used in financing activities		(378)	(1,259)
Increase in cash and cash equivalents		75	2,797
Cash and cash equivalents at 1 January		2,187	3,752
Cash and cash equivalents at 30 June		2,262	6,549
Cash and cash equivalents, as above		2,262	6,549
Total principal amount of bank and other debts	19	6,559	8,392
Net debt		4,297	1,843

CK Hutchison Group Telecom Holdings Limited

Notes to the Interim Financial Statements

1 General information

CK Hutchison Group Telecom Holdings Limited (the “Company” or “CKHGT”) is a limited liability company incorporated in the Cayman Islands and is an indirect wholly owned subsidiary of CK Hutchison Holdings Limited (“CKHH”), which is a limited company incorporated in the Cayman Islands and whose shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The interim condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) as at and for the six months ended 30 June 2022 (the “Interim Financial Statements”) were authorised for issue by the Company’s board of directors on 4 August 2022.

The Operations Review, issued as part of CKHGT 2022 Interim Results announcement, includes discussions and analysis of the performance of the Group’s businesses for the current period and other important events that occurred since the end of the 2021 financial year.

2 Use of judgements, assumptions and estimates

In preparing the Interim Financial Statements, the Group has made accounting related estimates based on judgements and assumptions about current and, for some estimates, future economic and market conditions that the Group considers are relevant and reasonable. It is reasonably possible that actual achievements, results, performance or other future events or conditions could differ from those on which the estimates are based. This could result in materially different estimates, judgements and assumptions from those used for the purposes of the Interim Financial Statements. Hence, our accounting estimates, judgements and assumptions could change over time in response to how these events and conditions develop.

The significant judgements, assumptions and estimates made in preparing the Interim Financial Statements were the same as those described in the Group’s annual consolidated financial statements as at and for the year ended 31 December 2021 (the “2021 Annual Financial Statements”).

3 Basis of preparation

The Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”), issued by the International Accounting Standards Board (“IASB”). They are regarded as “Condensed” as per IAS 34 as they do not include all of the information and disclosures required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”), and should be read in conjunction with the 2021 Annual Financial Statements.

The Interim Financial Statements have been prepared on a historical cost basis, except that defined benefit plans plan assets, certain financial assets and liabilities (including derivative instruments) are measured at fair value. They are prepared on a going concern basis, as Management is satisfied that the Group has the ability to continue as a going concern. In making this assessment, Management has assessed the potential cash generation and the liquidity of the Group, and has determined that, at the date on which the Interim Financial Statements were authorised for issue, the use of the going concern basis of accounting to prepare the Interim Financial Statements is appropriate.

The accompanying financial statements and notes are unaudited. The results reported in the Interim Financial Statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

4 Revenue

(a) An analysis of revenue of the Company and subsidiary companies is as follows:

	Six months ended 30 June	
	2022	2021
	EUR million	EUR million
Sale of goods	756	807
Revenue from services	4,096	4,084
Interest	3	3
	4,855	4,894

(b) Further details are set out below in respect of revenue of the Company and subsidiary companies, including the disaggregation of revenue from contracts with customers within the scope of IFRS 15:

	Six months ended 30 June 2022				
	Revenue from contracts with customers			Revenue from other sources	
	recognised at a point in time	recognised over time	Subtotal		Total
	EUR million	EUR million	EUR million	EUR million	EUR million
3 Group Europe	671	3,913	4,584	-	4,584
UK	391	1,006	1,397	-	1,397
Italy	82	1,876	1,958	-	1,958
Sweden	89	248	337	-	337
Denmark	10	145	155	-	155
Austria	53	383	436	-	436
Ireland	46	255	301	-	301
Hutchison Telecommunications Hong Kong Holdings	85	181	266	-	266
Corporate and Others	-	2	2	3	5
	756	4,096	4,852	3	4,855

	Six months ended 30 June 2021				
	Revenue from contracts with customers			Revenue from other sources	
	recognised at a point in time	recognised over time	Subtotal		Total
	EUR million	EUR million	EUR million	EUR million	EUR million
3 Group Europe	707	3,908	4,615	-	4,615
UK	418	939	1,357	-	1,357
Italy	103	1,982	2,085	-	2,085
Sweden	87	235	322	-	322
Denmark	10	137	147	-	147
Austria	55	370	425	-	425
Ireland	34	245	279	-	279
Hutchison Telecommunications Hong Kong Holdings	100	175	275	-	275
Corporate and Others	-	1	1	3	4
	807	4,084	4,891	3	4,894

4 Revenue (continued)

(c) Contract balances related to contracts with customers within the scope of IFRS 15

Under IFRS 15, a contract asset or a contract liability is generated when either party to the contract performs, depending on the relationship between the entity's performance and the customer's payment. When an entity satisfies a performance obligation by transferring a promised goods or service, the entity has earned a right to consideration from the customer and, therefore, has a contract asset. When the customer performs first, for example, by prepaying its promised consideration, the entity has a contract liability. Generally, contract assets may represent conditional or unconditional rights to consideration. The right would be conditional, for example, when an entity is required first to satisfy another performance obligation in the contract before it is entitled to payment from the customer. If an entity has an unconditional right to receive consideration from the customer, the contract asset is classified as and accounted for as a receivable and presented separately from other contract assets. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due.

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers within the scope of IFRS 15.

	30 June 2022	31 December 2021
	EUR million	EUR million
Trade receivables (see note 18)	1,053	1,215
Contract assets (see notes 16 and 18)	724	857
Contract liabilities (see note 20)	(448)	(438)

Trade receivables are non-interest bearing and are generally on terms of 30 to 45 days. For the six months ended 30 June 2022, EUR51 million (30 June 2021: EUR84 million) was recognised in the income statement as provision for expected credit losses on trade receivables.

Contract assets primarily relate to the Group's rights to consideration for delivered services and devices but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer. Contract liabilities primarily relate to the Group's unfulfilled performance obligations for which consideration has been received at the reporting date. On fulfilment of its obligations, the contract liability is recognised in revenue in the period when the performance obligations are fulfilled.

5 Operating segment information

(a) Description of segments and basis of presentation of segment information

The Group is a worldwide operator of mobile telecommunications networks, with operations spanning six European countries and Hong Kong and Macau of the People's Republic of China. The Group's telecom's operations in Europe ("3 Group Europe") launched commercial operations in 2003 and comprise mobile telecommunications businesses in the UK, Italy, Sweden, Denmark, Austria and Ireland, offering mobile telecommunications services. The Group's telecom's operations in Hong Kong has operated telecom networks for over 30 years and comprise an approximately 66.09% interest in Hutchison Telecommunications Hong Kong Holdings Limited ("HTHKH"), which is listed on the Stock Exchange. HTHKH is a mobile telecommunications operator that provides services in Hong Kong and Macau of the People's Republic of China.

The Group manages its businesses by divisions, which are organised by geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management and board of directors for the purposes of making decisions about resource allocation and performance assessment, the Group presents its operating segment information based on its telecom's operations in Europe under 3 Group Europe (with separate sub-totals for the telecom's operation in each of the six European countries mentioned above) and in Hong Kong and Macau of the People's Republic of China under Hutchison Telecommunications Hong Kong Holdings. Accordingly, no separate analysis by geographical location is provided in this note.

Corporate and Others is presented to reconcile to the totals included in the Group's income statement and statement of financial position, which covers the activities of other areas of the Group that are not presented separately, and includes centralised procurement, corporate head office operations and the returns earned on the Group's holdings of cash and cash equivalents.

5 Operating segment information (continued)

(a) Description of segments and basis of presentation of segment information (continued)

Saved as disclosed in the notes below, the column headed as Company and Subsidiaries refers to the holding company of the Group and subsidiary companies' respective items and the column headed as JV refers to the Group's share of joint ventures' respective items.

In 2019, the Group has adopted the IFRS 16 "Leases" accounting standard (which relates to accounting for leases) for its statutory reporting but its management reporting has remained on the precedent lease accounting standard International Accounting Standard 17 "Leases" ("IAS 17"). The Group believes that the IAS 17 basis metrics, which are not intended to be a substitute for, or superior to, the reported metrics on a IFRS 16 basis ("Post-IFRS 16 basis"), better reflect management's view of the Group's underlying operational performances. IAS 17 basis metrics financial information is regularly reviewed by management and used for resource allocation, performance assessment and internal decision-making. Accordingly, segmental information is presented on a IAS 17 basis ("Pre-IFRS 16 basis"), except where indicated otherwise, together with reconciliations to the total under the Post-IFRS 16 basis. In addition, section (c) of this note sets out reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics for the Group's consolidated income statement, consolidated statement of comprehensive income, and consolidated statement of cash flows for the current and comparative periods, and the Group's consolidated statement of financial position as at 30 June 2022 and 31 December 2021.

(b) Segment results, assets and liabilities

(i) An analysis of revenue by segments

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments.

	Revenue							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries			Total	Company and Subsidiaries			Total
	EUR million	JV EUR million	%		EUR million	JV EUR million	%	
3 Group Europe	4,584	1	4,585	95%	4,615	1	4,616	94%
UK	1,397	-	1,397	29%	1,357	-	1,357	28%
Italy	1,958	-	1,958	41%	2,085	-	2,085	42%
Sweden	337	-	337	7%	322	-	322	6%
Denmark	155	1	156	3%	147	1	148	3%
Austria	436	-	436	9%	425	-	425	9%
Ireland	301	-	301	6%	279	-	279	6%
Hutchison Telecommunications Hong Kong Holdings	266	-	266	5%	275	-	275	6%
Corporate and Others	5	5	10	-	4	6	10	-
	4,855	6	4,861	100%	4,894	7	4,901	100%
IFRS 16 impact	-	-	-		-	-	-	
	4,855	6	4,861		4,894	7	4,901	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

The Group uses two measures of segment results, EBITDA (see note 5(b)(ix)) and EBIT (see note 5(b)(x)). Analyses of segment results by EBITDA and EBIT are set out in (ii), (iii) and (viii) below.

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(ix)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries		JV	Total	Company and Subsidiaries		JV	Total
	EUR million	EUR million	EUR million	%	EUR million	EUR million	EUR million	%
3 Group Europe	1,361	-	1,361	93%	1,580	-	1,580	60%
UK	310	-	310	21%	292	-	292	11%
Italy	642	-	642	44%	892	-	892	34%
Sweden	109	-	109	7%	102	-	102	4%
Denmark	45	-	45	3%	46	-	46	2%
Austria	172	-	172	12%	161	-	161	6%
Ireland	83	-	83	6%	87	-	87	3%
Hutchison Telecommunications Hong Kong Holdings	54	4	58	4%	56	3	59	2%
Corporate and Others ^(xii)	42	(2)	40	3%	1,006	-	1,006	38%
EBITDA [^]	1,457 [^]	2 [^]	1,459 [^]	100%	2,642 [^]	3 [^]	2,645 [^]	100%
Depreciation and amortisation	(1,166)	(3)	(1,169)		(1,026)	(3)	(1,029)	
Interest expenses and other finance costs	(53)	(1)	(54)		(62)	(1)	(63)	
Current tax	16	-	16		(20)	-	(20)	
Deferred tax	(67)	-	(67)		264	-	264	
Non-controlling interests	(7)	-	(7)		(20)	-	(20)	
	180	(2)	178		1,778	(1)	1,777	
IFRS 16 impact								
EBITDA [^]	400 [^]	- [^]	400 [^]		450 [^]	- [^]	450 [^]	
Depreciation and amortisation	(329)	-	(329)		(397)	-	(397)	
Interest expenses and other finance costs	(38)	-	(38)		(53)	-	(53)	
Current tax	-	-	-		(1)	-	(1)	
Deferred tax	(2)	-	(2)		(2)	-	(2)	
	211	(2)	209		1,775	(1)	1,774	
[^] Reconciliation to Post-IFRS 16 basis EBITDA:								
Pre-IFRS 16 basis EBITDA per above	1,457	2	1,459		2,642	3	2,645	
IFRS 16 impact per above	400	-	400		450	-	450	
Post-IFRS 16 basis EBITDA (see note 27(a)(i))	1,857	2	1,859		3,092	3	3,095	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iii) An analysis of EBIT by segments

	EBIT (LBIT) ^(x)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries	JV	Total		Company and Subsidiaries	JV	Total	
EUR million	EUR million	EUR million	%	EUR million	EUR million	EUR million	%	
3 Group Europe								
EBITDA before the following non-cash items:	1,361	-	1,361		1,580	-	1,580	
Depreciation	(676)	-	(676)		(569)	-	(569)	
Amortisation of licence fees, other rights, customer acquisition and retention costs	(430)	-	(430)		(411)	-	(411)	
EBIT - 3 Group Europe	255	-	255	88%	600	-	600	37%
UK	30	-	30	10%	51	-	51	3%
Italy	65	-	65	22%	373	-	373	23%
Sweden	40	-	40	14%	45	-	45	3%
Denmark	4	-	4	1%	19	-	19	1%
Austria	97	-	97	34%	89	-	89	6%
Ireland	19	-	19	7%	23	-	23	1%
Hutchison Telecommunications Hong Kong Holdings	(5)	1	(4)	-1%	10	-	10	1%
Corporate and Others ^(xii)	41	(2)	39	13%	1,006	-	1,006	62%
EBIT ^	291 ^	(1) ^	290 ^	100%	1,616 ^	- ^	1,616 ^	100%
Interest expenses and other finance costs	(53)	(1)	(54)		(62)	(1)	(63)	
Current tax	16	-	16		(20)	-	(20)	
Deferred tax	(67)	-	(67)		264	-	264	
Non-controlling interests	(7)	-	(7)		(20)	-	(20)	
	180	(2)	178		1,778	(1)	1,777	
IFRS 16 impact								
EBIT ^	71 ^	- ^	71 ^		53 ^	- ^	53 ^	
Interest expenses and other finance costs	(38)	-	(38)		(53)	-	(53)	
Current tax	-	-	-		(1)	-	(1)	
Deferred tax	(2)	-	(2)		(2)	-	(2)	
	211	(2)	209		1,775	(1)	1,774	
^ Reconciliation to Post-IFRS 16 basis								
EBIT:								
Pre-IFRS 16 basis EBIT per above	291	(1)	290		1,616	-	1,616	
IFRS 16 impact per above	71	-	71		53	-	53	
Post-IFRS 16 basis EBIT	362	(1)	361		1,669	-	1,669	

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(iv) An analysis of depreciation and amortisation expenses by segments

	Depreciation and amortisation					
	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Company and Subsidiaries	JV	Total	Company and Subsidiaries	JV	Total
EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	
3 Group Europe	1,106	-	1,106	980	-	980
UK	280	-	280	241	-	241
Italy	577	-	577	519	-	519
Sweden	69	-	69	57	-	57
Denmark	41	-	41	27	-	27
Austria	75	-	75	72	-	72
Ireland	64	-	64	64	-	64
Hutchison Telecommunications						
Hong Kong Holdings	59	3	62	46	3	49
Corporate and Others	1	-	1	-	-	-
	1,166	3	1,169	1,026	3	1,029
IFRS 16 impact	329	-	329	397	-	397
	1,495	3	1,498	1,423	3	1,426

(v) An analysis of capital expenditure by segments

	Capital expenditure ^(sv)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Fixed assets	Telecom- licences	Brand names and other rights	Total	Fixed assets	Telecom- licences	Brand names and other rights	Total
EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	
3 Group Europe	943	-	73	1,016	870	447	320	1,637
UK	396	-	-	396	355	325	-	680
Italy	269	-	73	342	298	-	320	618
Sweden	68	-	-	68	60	49	-	109
Denmark	73	-	-	73	20	73	-	93
Austria	84	-	-	84	75	-	-	75
Ireland	53	-	-	53	62	-	-	62
Hutchison Telecommunications								
Hong Kong Holdings	18	17	-	35	35	53	-	88
Corporate and Others	-	-	-	-	-	-	-	-
	961	17	73	1,051	905	500	320	1,725
IFRS 16 impact	(27)	-	-	(27)	(67)	-	-	(67)
	934	17	73	1,024	838	500	320	1,658

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(vi) An analysis of total assets by segments

	30 June 2022	31 December 2021
	EUR million	EUR million
Segment assets ^(xiii)		
3 Group Europe	33,741	33,962
UK	7,727	7,659
Italy	19,497	19,755
Sweden	1,939	2,012
Denmark	548	509
Austria	2,317	2,347
Ireland	1,713	1,680
Hutchison Telecommunications Hong Kong Holdings	1,964	1,879
Corporate and Others	1,832	1,754
	37,537	37,595
IFRS 16 impact on segment assets	1,985	1,966
Interests in joint ventures	24	27
Deferred tax assets	1,959	2,045
	41,505	41,633

(vii) An analysis of total liabilities by segments

	30 June 2022	31 December 2021
	EUR million	EUR million
Segment liabilities ^(xiii)		
3 Group Europe	4,226	4,516
UK	848	958
Italy	2,782	2,894
Sweden	136	155
Denmark	78	112
Austria	250	238
Ireland	132	159
Hutchison Telecommunications Hong Kong Holdings	205	208
Corporate and Others	256	229
	4,687	4,953
IFRS 16 impact on segment liabilities	2,196	2,197
Current and non-current borrowings and other non-current liabilities ^(xiv)	8,171	8,268
Current and deferred tax liabilities	45	43
	15,099	15,461

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments

The Group's EBITDA and EBIT for the comparative six months ended 30 June 2021 included the net gain attributable to shareholders from the disposal of interests in the Group's European telecommunications tower assets that completed in first half of 2021 of EUR2,620 million (see note 5(b)(xii)). This gain was partly offset by impairment of Wind Tre's goodwill of EUR1,669 million (see note 5(b)(xii)).

An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(ix)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries		JV	Total	Company and Subsidiaries		JV	Total
	EUR million	EUR million	EUR million	%	EUR million	EUR million	EUR million	%
EBITDA before the following one-off items								
3 Group Europe	1,361	-	1,361	93%	1,580	-	1,580	94%
UK	310	-	310	21%	292	-	292	17%
Italy	642	-	642	44%	892	-	892	53%
Sweden	109	-	109	7%	102	-	102	6%
Denmark	45	-	45	3%	46	-	46	3%
Austria	172	-	172	12%	161	-	161	10%
Ireland	83	-	83	6%	87	-	87	5%
Hutchison Telecommunications Hong Kong Holdings	54	4	58	4%	56	3	59	3%
Corporate and Others	42	(2)	40	3%	55	-	55	3%
	1,457	2	1,459	100%	1,691	3	1,694	100%
One-off items								
Gains from disposal of European telecommunications tower assets ^(xii)	-	-	-		2,620	-	2,620	
Impairment of Wind Tre's goodwill ^(xii)	-	-	-		(1,669)	-	(1,669)	
	1,457	2	1,459	[#]	2,642	3	2,645	[#]

[#] see note 5(b)(ii) for reconciliation of segment EBITDA to EBITDA included and presented in the consolidated income statement.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

(viii) An analysis of results (EBITDA and EBIT) before net gains from major transaction activities and other one-off items by segments (continued)

An analysis of EBIT by segments

	EBIT (LBIT) ^(x)							
	Six months ended 30 June 2022				Six months ended 30 June 2021			
	Company and Subsidiaries		JV	Total	Company and Subsidiaries		JV	Total
	EUR million	EUR million	EUR million	%	EUR million	EUR million	EUR million	%
EBITDA before the following one-off items								
3 Group Europe	255	-	255	88%	600	-	600	90%
UK	30	-	30	10%	51	-	51	8%
Italy	65	-	65	22%	373	-	373	56%
Sweden	40	-	40	14%	45	-	45	7%
Denmark	4	-	4	1%	19	-	19	3%
Austria	97	-	97	34%	89	-	89	13%
Ireland	19	-	19	7%	23	-	23	3%
Hutchison Telecommunications Hong Kong Holdings	(5)	1	(4)	-1%	10	-	10	2%
Corporate and Others	41	(2)	39	13%	55	-	55	8%
	291	(1)	290	100%	665	-	665	100%
One-off items								
Gains from disposal of European telecommunications tower assets ^(xii)	-	-	-		2,620	-	2,620	
Impairment of Wind Tre's goodwill ^(xii)	-	-	-		(1,669)	-	(1,669)	
	291	(1)	290	@	1,616	-	1,616	@

@ see note 5(b)(iii) for reconciliation of segment EBIT to EBIT included and presented in the consolidated income statement.

(ix) EBITDA (LBITDA) represents the EBITDA (LBITDA) of the Company and subsidiary companies as well as the Group's share of the EBITDA (LBITDA) of joint ventures. EBITDA (LBITDA) is defined as earnings (losses) before interest expenses and other finance costs, tax, depreciation and amortisation. Information concerning EBITDA (LBITDA) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of gross cash flow generation. The Group considers EBITDA (LBITDA) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBITDA (LBITDA) is therefore presented as a measure of segment results in accordance with IFRS 8. EBITDA (LBITDA) is not a measure of cash liquidity or financial performance under IFRS and the EBITDA (LBITDA) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBITDA (LBITDA) should not necessarily be construed as an alternative to cash flows or results from operations as determined in accordance with IFRS.

5 Operating segment information (continued)

(b) Segment results, assets and liabilities (continued)

- (x) EBIT (LBIT) represents the EBIT (LBIT) of the Company and subsidiary companies as well as the Group's share of the EBIT (LBIT) of joint ventures. EBIT (LBIT) is defined as earnings (losses) before interest expenses and other finance costs and tax. Information concerning EBIT (LBIT) has been included in the Group's financial information and consolidated financial statements and is used by many industries and investors as one measure of results from operations. The Group considers EBIT (LBIT) to be an important performance measure which is used in the Group's internal financial and management reporting to monitor business performance. EBIT (LBIT) is therefore presented as a measure of segment results in accordance with IFRS 8. EBIT (LBIT) is not a measure of financial performance under IFRS and the EBIT (LBIT) measures used by the Group may not be comparable to other similarly titled measures of other companies. EBIT (LBIT) should not necessarily be construed as an alternative to results from operations as determined in accordance with IFRS.
- (xi) The Company is a limited company incorporated in the Cayman Islands. The Group does not have any revenue and non-current assets (other than financial instruments, deferred tax assets and post-employment benefit assets) attributable to the Cayman Islands. The geographical location of customers is based on the location at which the services were provided or goods delivered.
- (xii) Included in the comparative six months ended 30 June 2021 balance are disposal gains of EUR2,620 million (EUR2,626 million at Post-IFRS 16 basis) arising from disposal of interests in telecommunications tower assets in Sweden and Italy completed in January and June 2021 respectively and an impairment charge of EUR1,669 million (EUR1,669 million at Post-IFRS 16 basis) against Wind Tre's goodwill. Both amounts are at EBITDA and EBIT levels and are reported under "Corporate and Others" in the segment results. In the consolidated income statement, the disposal gains are reported in "Other income and gains" and the impairment charge is reported in "Other expenses and losses". See notes 6(d) and 6(b), respectively.
- (xiii) Segment assets and segment liabilities are measured in the same way as in the financial statements.

Segment assets are assets other than deferred tax assets and interests in joint ventures.

Segment liabilities are liabilities other than bank and other debts, interest bearing loan from non-controlling shareholder, tax liabilities (including deferred tax liabilities) and other non-current liabilities.

The specified non-current assets are non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets. The geographical location of the specified non-current assets is based on the physical location of the asset (for fixed assets, right-of-use assets and other operating assets), the location of the operation in which they are allocated (intangible assets and goodwill), and the location of operations (for interests in joint ventures).

Geographical analysis of the Group's non-current assets (based on Post-IFRS 16 basis) other than financial instruments, deferred tax assets and post-employment benefit assets is as follows:

	30 June 2022	31 December 2021
	EUR million	EUR million
Hong Kong and Macau, the People's Republic of China	1,416	1,342
UK	7,547	7,490
Italy	18,706	18,816
Sweden	1,882	1,912
Denmark	499	489
Austria	2,180	2,158
Ireland	1,708	1,716
Others	4	5
	33,942	33,928

- (xiv) Current and non-current borrowings comprise bank and other debts and interest bearing loan from non-controlling shareholder.
- (xv) For the purpose of segmental information analysis, expenditures incurred for leases are not regarded as capital expenditures.

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics

(i) Consolidated Income Statement

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
Revenue	4,855	-	4,855	4,894	-	4,894
Cost of inventories sold	(149)	-	(149)	(152)	-	(152)
Expensed customer acquisition and retention costs	(841)	24	(817)	(868)	25	(843)
Staff costs	(339)	-	(339)	(349)	-	(349)
Depreciation and amortisation	(1,166)	(329)	(1,495)	(1,026)	(397)	(1,423)
Other expenses and losses	(2,071)	376	(1,695)	(3,534)	419	(3,115)
Other income and gains	2	-	2	2,651	6	2,657
Share of profits less losses of joint ventures	(2)	-	(2)	(1)	-	(1)
	289	71	360	1,615	53	1,668
Interest expenses and other finance costs	(53)	(38)	(91)	(62)	(53)	(115)
Profit before tax	236	33	269	1,553	-	1,553
Current tax credit (charge)	16	-	16	(20)	(1)	(21)
Deferred tax credit (charge)	(67)	(2)	(69)	264	(2)	262
Profit after tax	185	31	216	1,797	(3)	1,794
Profit attributable to non-controlling interests	(7)	-	(7)	(20)	-	(20)
Profit attributable to owners of the Company	178	31	209	1,777	(3)	1,774

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics (continued)

(ii) Consolidated Statement of Comprehensive Income

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
Profit after tax	185	31	216	1,797	(3)	1,794
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurement of defined benefit obligations recognised directly in reserves	2	-	2	-	-	-
Tax relating to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-
	2	-	2	-	-	-
Items that may be reclassified to profit or loss						
Gains on cash flow hedges recognised directly in reserves	54	-	54	19	-	19
Gains (losses) on translating overseas subsidiaries' net assets recognised directly in reserves	(22)	1	(21)	352	(3)	349
Losses previously in exchange reserve related to subsidiaries disposed during the period recognised in income statement	-	-	-	31	-	31
Tax relating to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-	-	-
	32	1	33	402	(3)	399
Other comprehensive income, net of tax	34	1	35	402	(3)	399
Total comprehensive income	219	32	251	2,199	(6)	2,193
Total comprehensive income attributable to non-controlling interests	(20)	-	(20)	(30)	-	(30)
Total comprehensive income attributable to owners of the Company	199	32	231	2,169	(6)	2,163

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics (continued)

(iii) Consolidated Statement of Financial Position

	30 June 2022			31 December 2021		
	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
Non-current assets						
Fixed assets	8,248	(157)	8,091	8,017	(139)	7,878
Right-of-use assets	-	2,258	2,258	-	2,210	2,210
Telecommunications licences	7,415	-	7,415	7,450	-	7,450
Brand names and other rights	3,841	-	3,841	3,987	-	3,987
Goodwill	11,617	-	11,617	11,628	-	11,628
Interests in joint ventures	24	-	24	27	-	27
Deferred tax assets	1,943	16	1,959	2,028	17	2,045
Other non-current assets	733	10	743	755	11	766
	33,821	2,127	35,948	33,892	2,099	35,991
Current assets						
Cash and cash equivalents	2,262	-	2,262	2,187	-	2,187
Inventories	212	-	212	180	-	180
Trade receivables and other current assets	3,209	(126)	3,083	3,391	(116)	3,275
	5,683	(126)	5,557	5,758	(116)	5,642
Current liabilities						
Bank and other debts	25	(25)	-	603	(9)	594
Current tax liabilities	20	-	20	21	(2)	19
Lease liabilities	-	594	594	-	583	583
Trade payables and other current liabilities	4,613	(158)	4,455	4,876	(172)	4,704
	4,658	411	5,069	5,500	400	5,900
Net current assets (liabilities)	1,025	(537)	488	258	(516)	(258)
Total assets less current liabilities	34,846	1,590	36,436	34,150	1,583	35,733
Non-current liabilities						
Bank and other debts	6,625	(97)	6,528	6,254	(98)	6,156
Interest bearing loan from non-controlling shareholder	229	-	229	-	-	-
Lease liabilities	-	1,760	1,760	-	1,786	1,786
Deferred tax liabilities	25	-	25	24	-	24
Pension obligations	74	-	74	77	-	77
Other non-current liabilities	1,414	-	1,414	1,518	-	1,518
	8,367	1,663	10,030	7,873	1,688	9,561
Net assets	26,479	(73)	26,406	26,277	(105)	26,172
Capital and reserves						
Share capital	-	-	-	-	-	-
Share premium	17,908	-	17,908	17,908	-	17,908
Reserves	7,374	(71)	7,303	7,175	(103)	7,072
Equity attributable to owners of the Company	25,282	(71)	25,211	25,083	(103)	24,980
Non-controlling interests	1,197	(2)	1,195	1,194	(2)	1,192
Total equity	26,479	(73)	26,406	26,277	(105)	26,172

5 Operating segment information (continued)

(c) Reconciliation from Pre-IFRS 16 basis metrics to Post-IFRS 16 basis metrics (continued)

(iv) Consolidated Statement of Cash Flows

	Six months ended 30 June 2022			Six months ended 30 June 2021		
	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million	Pre-IFRS 16 basis EUR million	Effect on adoption of IFRS 16 EUR million	Post-IFRS 16 basis EUR million
	(A)		(B)	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital	1,261	387	1,648	1,420	423	1,843
Interest expenses and other finance costs paid (net of capitalisation)	(40)	(38)	(78)	(46)	(53)	(99)
Tax recovered (paid)	23	-	23	(67)	-	(67)
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)						
Changes in working capital	(152)	33	(119)	(118)	5	(113)
Net cash from operating activities	1,092	382	1,474	1,189	375	1,564
Investing activities						
Purchase of fixed assets	(961)	27	(934)	(905)	67	(838)
Additions to telecommunications licences	(17)	-	(17)	(500)	-	(500)
Additions to brand names and other rights	(73)	-	(73)	(320)	-	(320)
Purchase of and advances to joint ventures	(3)	-	(3)	(3)	-	(3)
Proceeds from disposal of fixed assets	6	-	6	20	-	20
Proceeds on disposal of subsidiary companies, net of cash disposed	-	-	-	4,133	-	4,133
Cash flows from (used in) investing activities	(1,048)	27	(1,021)	2,425	67	2,492
Net cash inflow before financing activities	44	409	453	3,614	442	4,056
Financing activities						
New borrowings	418	(27)	391	1,064	(67)	997
Repayment of borrowings	(609)	11	(598)	(1,662)	12	(1,650)
Principal elements of lease payments	-	(393)	(393)	-	(387)	(387)
Loan from non-controlling shareholder	239	-	239	-	-	-
Payments to acquire additional interests in subsidiary companies	-	-	-	(210)	-	(210)
Dividends paid to non-controlling interests	(17)	-	(17)	(9)	-	(9)
Cash flows from (used in) financing activities	31	(409)	(378)	(817)	(442)	(1,259)
Increase in cash and cash equivalents	75	-	75	2,797	-	2,797
Cash and cash equivalents at 1 January	2,187	-	2,187	3,752	-	3,752
Cash and cash equivalents at 30 June	2,262	-	2,262	6,549	-	6,549
Cash and cash equivalents	2,262	-	2,262	6,549	-	6,549
Total principal amount of bank and other debts	6,681	(122)	6,559	8,451	(59)	8,392
Net debt	4,419	(122)	4,297	1,902	(59)	1,843

6 Presentation of depreciation and amortisation, other expenses and losses, other income and gains and cost of goods sold

This note provides additional details in respect of depreciation and amortisation, other expenses and losses, other income and gains and cost of goods sold.

	Six months ended 30 June	
	2022	2021
	EUR million	EUR million
Depreciation and amortisation:		
Fixed assets (see note 9)	695	586
Right-of-use assets (see note 10(b))	340	401
Telecommunications licences (see note 11)	54	59
Brand names and other rights (see note 12)	194	175
Customer acquisition and retention costs (see note 16(a))	212	202
	1,495	1,423
Other expenses and losses:		
Cost of providing services ^(a)	971	1,001
Office and general administrative expenses and others	527	235
Advertising and promotion expenses	139	126
Expenses for short-term and low-value assets leases (see note 10(b))	37	57
Legal and professional fees	21	27
Goodwill impairment ^(b)	-	1,669
	1,695	3,115
Other income and gains:		
Employment and other subsidies ^(c)	(2)	(16)
Gains on disposal of fixed assets	-	(15)
Gains on disposal of European telecommunications tower assets ^(d)	-	(2,626)
	(2)	(2,657)
Cost of goods sold:		
included in "cost of inventories sold"	149	152
included in "expensed customer acquisition and retention costs"	488	536
	637	688

- (a) Cost of providing services of EUR971 million (30 June 2021: EUR1,001 million) includes telecommunication network related costs of EUR698 million (30 June 2021: EUR756 million) and repair and maintenance of EUR273 million (30 June 2021: EUR245 million).

6 Presentation of depreciation and amortisation, other expenses and losses, other income and gains and cost of goods sold (continued)

- (b) For the 2021 reporting period, the impairment charge of EUR1,669 million arose in the telecommunications business in Italy. The impairment charge was recorded within “Other expenses and losses” in the consolidated income statement. Following the completion of the disposal of telecommunications tower assets supporting the Group’s mobile telecommunications businesses in Sweden and Italy in the first half of 2021, the Group reviewed whether there was any indication that its mobile telecommunications businesses may be impaired at 30 June 2021. With the exception of the mobile telecommunications business in Italy, the review had not identified any indication of possible impairment. Goodwill and intangible assets with indefinite useful life related to the mobile telecommunications business in Italy were tested for impairment at 30 June 2021, by comparing the carrying amount of this business, including the goodwill, with its recoverable amount. As a result, the Group recognised an impairment charge of EUR1,669 million against goodwill in the first half of 2021, primarily resulted from the lowered expectation on 5G led growth and service revenues and heightened competition in the Italian market. No class of asset other than goodwill was impaired. The recoverable amount of this business was determined based on value-in-use calculations, as it was higher than fair value less costs of disposal calculations. The calculations used cash flow projections based on the latest financial budget covering a five-year period and business plan approved by management which had been updated to reflect the aforesaid changes in market conditions during the period, and a pre-tax discount rate of 7.7% (31 December 2020: 7.7%) was applied. Cash flows beyond the five-year period had been extrapolated using a growth rate of 1% (31 December 2020: 1%) to estimate the terminal value at the end of the five-year period. All other assumptions remained consistent with those used in the 31 December 2020 annual impairment test on this business.
- (c) Benefits received from governments and other authorities under COVID-19 related employment and other support schemes.
- (d) The comparative amount represents gains arising from the disposal of the Group’s interests in telecommunications tower assets supporting the Group’s mobile telecommunications businesses in Sweden and Italy completed in the comparative period.

7 Interest expenses and other finance costs

	Six months ended 30 June	
	2022	2021
	EUR million	EUR million
Bank loans and overdrafts	5	13
Notes and bonds	28	27
Interest bearing loan from non-controlling shareholder	1	-
Other finance costs	8	7
Amortisation of loan facilities fees and premiums or discounts relating to debts	4	8
Notional interest accretions	9	8
	55	63
Interest on lease liabilities (see note 10(b))	36	52
	91	115

8 Tax

	Six months ended 30 June	
	2022	2021
	EUR million	EUR million
Current tax charge (credit)		
Europe	(16)	21
Deferred tax charge (credit)		
Europe	66	(267)
Outside Europe	3	5
	69	(262)
	53	(241)

8 Tax (continued)

Tax has been provided for at the applicable rates on the estimated assessable profits less estimated available tax losses.

During the comparative six months ended 30 June 2021, the UK government announced that from 1 April 2023 the corporate tax rate would change from 19% to 25% which is substantively enacted for IFRS purposes. Deferred tax credit in Europe recognised during the comparative period includes the one-off impacts on re-measuring the deferred tax assets balances of the operation in the UK using this new enacted tax rate.

9 Fixed assets

	Land and buildings EUR million	Telecom- munications network assets EUR million	Other assets EUR million	Total EUR million
At 31 December 2021				
Cost	109	7,917	4,068	12,094
Accumulated depreciation and impairment	(80)	(3,008)	(1,128)	(4,216)
	29	4,909	2,940	7,878
Six months ended 30 June 2022				
Opening net book value	29	4,909	2,940	7,878
Additions	-	73	861	934
Disposals	-	(2)	(4)	(6)
Depreciation charge for the period	(4)	(514)	(177)	(695)
Transfer between categories	13	755	(768)	-
Exchange translation differences	(1)	(1)	(18)	(20)
Closing net book value	37	5,220	2,834	8,091
At 30 June 2022				
Cost	121	8,693	4,137	12,951
Accumulated depreciation and impairment	(84)	(3,473)	(1,303)	(4,860)
	37	5,220	2,834	8,091

10 Leases

(a) Group as a lessee - amounts recognised in the consolidated statement of financial position

	30 June 2022 EUR million	31 December 2021 EUR million
Right-of-use assets		
Retail stores	173	188
Telecommunications network infrastructure sites	1,921	1,843
Other assets	164	179
	2,258	2,210
Lease liabilities		
Current	594	583
Non-current	1,760	1,786
	2,354	2,369

10 Leases (continued)

(a) Group as a lessee - amounts recognised in the consolidated statement of financial position (continued)

During the six months ended 30 June 2022, the Group entered into new lease agreements. For these new leases, the Group is required to make fixed monthly payments. On leases that commenced during the six months ended 30 June 2022, the Group has recognised EUR389 million (30 June 2021: EUR585 million) of right-of-use assets, and EUR389 million (30 June 2021: EUR585 million) of lease liabilities.

(b) Group as a lessee - amounts recognised in the consolidated income statement

	Six months ended 30 June	
	2022	2021
	EUR million	EUR million
Expenses relating to short-term leases (included in "Other expenses and losses")	2	2
Expense relating to leases of low-value assets that are not short term leases (included in "Other expenses and losses")	35	55
	37	57
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")	340	401
Interest on lease liabilities (included in "Interest expenses and other finance costs")	36	52
	376	453
Total charges recognised in profit or loss for leases	413	510

11 Telecommunications licences

	EUR million
At 31 December 2021	
Cost	8,072
Accumulated amortisation	(622)
	7,450
Six months ended 30 June 2022	
Opening net book value	7,450
Additions	17
Amortisation for the period	(54)
Exchange translation differences	2
	7,415
At 30 June 2022	
Cost	8,100
Accumulated amortisation	(685)
	7,415

The Group's telecommunications licences in the UK and Italy with a carrying value of EUR2,329 million (31 December 2021: EUR2,351 million) and EUR3,919 million (31 December 2021: EUR3,919 million) are considered to have an indefinite useful life. As at 30 June 2022, these telecommunications licences have been allocated to the operations in the UK and Italy, respectively.

12 Brand names and other rights

	Brand names EUR million	Other rights EUR million	Total EUR million
At 31 December 2021			
Cost	2,128	2,716	4,844
Accumulated amortisation	-	(857)	(857)
	2,128	1,859	3,987
Six months ended 30 June 2022			
Opening net book value	2,128	1,859	3,987
Additions	-	73	73
Amortisation for the period	-	(194)	(194)
Exchange translation differences	(11)	(14)	(25)
	2,117	1,724	3,841
Closing net book value	2,117	1,724	3,841
At 30 June 2022			
Cost	2,117	2,774	4,891
Accumulated amortisation	-	(1,050)	(1,050)
	2,117	1,724	3,841

Brand names are considered to have an indefinite useful life are not subject to amortisation. The carrying value of brand names with indefinite useful life at 30 June 2022 has been mainly allocated to the operation in Italy of approximately EUR844 million (31 December 2021: EUR844 million), the operation in UK of approximately EUR576 million (31 December 2021: EUR582 million) and the operation in Austria of approximately EUR286 million (31 December 2021: EUR286 million).

Other rights, primarily include operating and service content rights, and customer lists. These rights are amortised over their finite useful lives. At 30 June 2022, the carrying value of these rights amounted to EUR1,051 million (31 December 2021: EUR1,120 million) and EUR673 million (31 December 2021: EUR739 million) respectively.

13 Goodwill

	EUR million
At 31 December 2021	
Cost	13,297
Accumulated impairment	(1,669)
	11,628
Six months ended 30 June 2022	
Opening net book value	11,628
Exchange translation differences	(11)
	11,617
Closing net book value	11,617

13 Goodwill (continued)

	<u>EUR million</u>
At 30 June 2022	
Cost	13,286
Accumulated impairment	(1,669)
	<hr/>
	11,617
	<hr/>

As at 30 June 2022, the carrying amount of goodwill has been allocated to the telecommunications operation in Austria of EUR767 million (31 December 2021: EUR767 million), Hong Kong of EUR477 million (31 December 2021: EUR447 million), Ireland of EUR581 million (31 December 2021: EUR581 million), Italy of EUR8,214 million (31 December 2021: EUR8,214 million), Denmark and Sweden of EUR1,046 million (31 December 2021: EUR1,082 million) and the UK of EUR532 million (31 December 2021: EUR537 million).

See note 6(b) for impairment charge against goodwill recognised for the comparative period.

14 Interests in joint ventures

	30 June 2022	31 December 2021
	EUR million	EUR million
Unlisted shares	-	-
Share of undistributed post acquisition reserves	(10)	(8)
	<hr/>	<hr/>
	(10)	(8)
Amounts due from (net with amounts due to) joint ventures	34	35
	<hr/>	<hr/>
	24	27
	<hr/>	<hr/>

15 Deferred tax

	30 June 2022	31 December 2021
	EUR million	EUR million
Deferred tax assets	1,959	2,045
Deferred tax liabilities	25	24
	<hr/>	<hr/>
Net deferred tax assets	1,934	2,021
	<hr/>	<hr/>

15 Deferred tax (continued)

Analysis of net deferred tax assets (liabilities):

	30 June 2022	31 December 2021
	EUR million	EUR million
Tax losses	1,696	1,698
Accelerated depreciation allowances	(24)	(22)
Fair value adjustments arising from acquisitions	2	4
Revaluation of other investments	3	3
Other temporary differences	257	338
	1,934	2,021

The deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to the same fiscal authority. The amounts shown in the condensed consolidated statement of financial position are determined after appropriate offset.

Unutilised tax losses, tax credits and other deductible temporary differences for which the Group has not recognised deferred tax assets totalling EUR14,261 million (31 December 2021: EUR14,472 million). Their potential tax effect amounted to EUR2,999 million at 30 June 2022 (31 December 2021: EUR3,146 million).

16 Other non-current assets

	30 June 2022	31 December 2021
	EUR million	EUR million
Customer acquisition and retention costs ^(a)	414	426
Contract assets	272	311
Unlisted investments		
Financial assets at fair value through other comprehensive income ("FVOCI") - equity securities ^(b)	2	2
Pension assets (see note 23)	9	10
Derivative financial instruments		
Cash flow hedges - Other contracts	36	6
Lease receivables	10	11
	743	766

- (a) Customer acquisition and retention costs primarily relate to incremental commission costs incurred to obtain telecommunications contracts with customers. The amount of customer acquisition and retention costs shown above is after deducting the amortisation charged to the current period's income statement of EUR212 million (30 June 2021: EUR202 million). Further, there was no impairment loss in relation to the cost capitalised. The Group applies the practical expedient in paragraph 94 of IFRS 15, and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the costs that the Group otherwise would have recognised is one year or less.
- (b) These equity securities are not investments held for trading purpose. The Group made an election to recognise and measure these investments at fair value through other comprehensive income as the Group considered this FVOCI category to be the appropriate classification. Fair value for these investments are determined by using valuation techniques, including discounted cashflow analysis.

17 Cash and cash equivalents

	30 June 2022 EUR million	31 December 2021 EUR million
Cash at bank and in hand	1,332	1,125
Short term bank deposits	930	1,062
	2,262	2,187

The carrying amounts of cash and cash equivalents approximate their fair values.

18 Trade receivables and other current assets

	30 June 2022 EUR million	31 December 2021 EUR million
Trade receivables ^(a)	1,448	1,623
Less: loss allowance provision	(395)	(408)
	1,053	1,215
Amounts due from CKHH group entities ^(b)	10	-
Other current assets		
Derivative financial instruments		
Cash flow hedges - Other contracts	105	81
Contract assets	452	546
Prepayments	1,207	1,161
Other receivables	245	262
Current tax receivables	11	10
	3,083	3,275

- (a) Trade receivables are stated at the expected recoverable amount, net of any provision for estimated impairment losses where it is deemed that a receivable may not be fully recoverable. The carrying amounts of these assets approximate their fair values.

At the end of the period / year, the ageing analysis of the trade receivables presented based on the invoice date, is as follows:

	30 June 2022 EUR million	31 December 2021 EUR million
Less than 31 days	808	1,023
Within 31 to 60 days	77	82
Within 61 to 180 days	111	97
Over 180 days	452	421
	1,448	1,623

- (b) At 30 June 2022, the amounts due from CKHH group entities are trading in nature, unsecured, interest free and had no fixed terms of repayment.

19 Bank and other debts

	30 June 2022			31 December 2021		
	Current portion EUR million	Non-current portion EUR million	Total EUR million	Current portion EUR million	Non-current portion EUR million	Total EUR million
Principal amounts						
Bank loans	-	1,378	1,378	594	1,000	1,594
Notes and bonds	-	5,181	5,181	-	5,190	5,190
	-	6,559	6,559	594	6,190	6,784
Unamortised loan facilities fees and premiums or discounts related to debts	-	(31)	(31)	-	(34)	(34)
	-	6,528	6,528	594	6,156	6,750

Bank and other debts at principal amount are scheduled for repayment by calendar year as follows:

	30 June 2022		
	Bank loans EUR million	Notes and bonds EUR million	Total EUR million
2022, remainder of year	-	-	-
2023	1,000	1,500	2,500
2024	-	-	-
2025	378	-	378
2026	-	1,000	1,000
2027 to 2031	-	2,332	2,332
2032 and thereafter	-	349	349
	1,378	5,181	6,559
Less: current portion	-	-	-
	1,378	5,181	6,559
	31 December 2021		
	Bank loans EUR million	Notes and bonds EUR million	Total EUR million
2022	594	-	594
2023	1,000	1,500	2,500
2024	-	-	-
2025	-	-	-
2026	-	1,000	1,000
2027 to 2031	-	2,338	2,338
2032 and thereafter	-	352	352
	1,594	5,190	6,784
Less: current portion	(594)	-	(594)
	1,000	5,190	6,190

20 Trade payables and other current liabilities

	30 June 2022	31 December 2021
	EUR million	EUR million
Trade payables ^(a)	1,013	1,039
Amounts due to CKHH group entities ^(b)	-	6
Other current liabilities		
Contract liabilities	448	438
Obligations for telecommunications licences and other rights	419	432
Provisions (see note 21)	174	149
Expenses and other accruals	1,774	2,070
Other payables	627	570
	4,455	4,704

(a) At the end of the period / year, the ageing analysis of the trade payables is as follows:

	30 June 2022	31 December 2021
	EUR million	EUR million
Less than 31 days	662	653
Within 31 to 60 days	25	13
Within 61 to 90 days	8	5
Over 90 days	318	368
	1,013	1,039

(b) At 31 December 2021, the amounts due to CKHH group entities were trading in nature, unsecured, interest free and have no fixed terms of repayment.

21 Provisions

	30 June 2022	31 December 2021
	EUR million	EUR million
Provision for commitments, onerous contracts and other guarantees	616	657
Closure obligation	1	1
Assets retirement obligation	171	174
Other provisions	123	115
	911	947
Provisions are analysed as:		
Current portion (see note 20)	174	149
Non-current portion (see note 24)	737	798
	911	947

The provision for commitments, onerous contracts and other guarantees represents the unavoidable costs of meeting these commitments and obligations after deducting the associated, expected future benefits and / or estimated recoverable value. The provision for closure obligations represents the estimated costs to execute integration plans and store closures. The provision for assets retirement obligations represents the present value of the estimated future costs of dismantling and removing fixed assets when they are no longer used and restoring the sites on which they are located.

22 Interest bearing loan from non-controlling shareholder

At 30 June 2022, the loan bears interest rate at STIBOR+0.7% per annum. The carrying amount of the borrowing approximates its fair value.

23 Pension obligations

The Group operates a number of defined benefit and defined contribution plans, the assets of which are held independently of the Group's assets in trustee administered funds. The Group's major defined benefit plans are in Hong Kong and Italy.

Amounts recognised in the consolidated statement of financial position are as follows:

	30 June 2022	31 December 2021
	EUR million	EUR million
Defined benefit assets (see note 16)	9	10
Defined benefits liabilities	74	77
Net defined benefit liabilities	65	67

The amounts recognised in the consolidated statement of financial position are determined as follows:

Present value of defined benefit obligations	100	100
Fair value of plan assets	35	33
Net defined benefit liabilities	65	67

24 Other non-current liabilities

	30 June 2022	31 December 2021
	EUR million	EUR million
Obligations for telecommunications licences and other rights	412	450
Other non-current liabilities	265	270
Provisions (see note 21)	737	798
	1,414	1,518

25 Share capital and share premium

	Number of shares	Share capital EUR	Share premium EUR	Total EUR
Authorised:				
Ordinary shares of EUR1 each	40,000	40,000	-	40,000
	Number of shares	Share capital EUR million	Share premium EUR million	Total EUR million
Issued and fully paid:				
Ordinary shares				
At 1 January 2021	64	-	20,917	20,917
Dividends paid to the ordinary shareholders				
- 6 months ended 30 June 2021	-	-	-	-
- 6 months ended 31 December 2021	-	-	(3,009)	(3,009)
At 31 December 2021 and 1 January 2022	64	-	17,908	17,908
Dividends paid to the ordinary shareholders				
- 6 months ended 30 June 2022	-	-	-	-
At 30 June 2022	64	-	17,908	17,908

26 Reserves

	Six months ended 30 June 2022					
	Retained profit	Attributable to owners of the Company				Total
		Exchange reserve	Hedging reserve	Merger reserve ^(a)	Other capital reserve ^(b)	
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
At 1 January 2022	9,242	878	89	(3,028)	(109)	7,072
Profit for the period	209	-	-	-	-	209
Other comprehensive income (losses)						
Remeasurement of defined benefit obligations recognised directly in reserves	2	-	-	-	-	2
Gains on cash flow hedges recognised directly in reserves	-	-	54	-	-	54
Losses on translating overseas subsidiaries' net assets recognised directly in reserves	-	(34)	-	-	-	(34)
Tax relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income (losses), net of tax	2	(34)	54	-	-	22
At 30 June 2022	9,453	844	143	(3,028)	(109)	7,303
	Six months ended 30 June 2021					
	Retained profit	Attributable to owners of the Company				Total
		Exchange reserve	Hedging reserve	Merger reserve ^(a)	Other capital reserve ^(b)	
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
At 1 January 2021	6,733	420	8	(3,028)	(109)	4,024
Profit for the period	1,774	-	-	-	-	1,774
Other comprehensive income						
Gains on cash flow hedges recognised directly in reserves	-	-	19	-	-	19
Gains on translating overseas subsidiaries' net assets recognised directly in reserves	-	339	-	-	-	339
Losses previously in exchange reserves related to subsidiaries disposed during the period recognised in income statement	-	31	-	-	-	31
Tax relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income, net of tax	-	370	19	-	-	389
At 30 June 2021	8,507	790	27	(3,028)	(109)	6,187

(a) Merger reserve represents the difference between the capital contributions from CKHH group entities to the Group pursuant to the reorganisation completed in 2019 and the consideration paid by the Group for acquisition of the CKHH Group's telecommunication businesses in Europe and Hong Kong.

(b) Relating to certain transactions with non-controlling interests in prior years.

27 Notes to condensed consolidated statement of cash flows

(a) Reconciliation of profit after tax to cash generated from operating activities before interest expenses and other finance costs, tax paid and changes in working capital

	Six months ended 30 June	
	2022 EUR million	2021 EUR million
Profit after tax	216	1,794
Less: share of profits less losses of joint ventures	2	1
	218	1,795
Adjustments for:		
Current tax charge (credit)	(16)	21
Deferred tax charge (credit)	69	(262)
Interest expenses and other finance costs	91	115
Depreciation and amortisation	1,495	1,423
	1,857	3,092
EBITDA of Company and subsidiaries ⁽ⁱ⁾	1,857	3,092
Goodwill impairment (see note 6(b))	-	1,669
Gains on disposal of fixed assets	-	(15)
Gains on disposal of European telecommunications tower assets (see note 6(d))	-	(2,626)
Customer acquisition and retention costs capitalised in the period	(202)	(191)
Other non-cash items	(7)	(86)
	1,648	1,843

(i) Reconciliation of EBITDA:

	Six months ended 30 June	
	2022 EUR million	2021 EUR million
EBITDA of Company and subsidiaries	1,857	3,092
Share of EBITDA of joint ventures		
Share of profits less losses of joint ventures	(2)	(1)
Adjustments for:		
Depreciation and amortisation	3	3
Interest expenses and other finance costs	1	1
	2	3
	1,859	3,095

(b) Changes in working capital

	Six months ended 30 June	
	2022 EUR million	2021 EUR million
Decrease (increase) in inventories	(36)	1
Decrease (increase) in trade receivables and other current assets	167	(55)
Decrease in trade payables and other current liabilities	(393)	(275)
Other non-cash items	143	216
	(119)	(113)

27 Notes to condensed consolidated statement of cash flows (continued)

(c) Disposal of subsidiary companies

	Six months ended 30 June	
	2022	2021
	EUR million	EUR million
Consideration received or receivable		
Cash and cash equivalents	-	4,133
Total disposal consideration	-	4,133
Carrying amount of net assets disposed	-	(1,476)
Cumulative exchange loss in respect of the net assets of subsidiaries reclassified from equity to profit or loss on loss of control of subsidiaries	-	(31)
Gains on disposal	-	2,626
Net cash inflow on disposal of subsidiaries		
Cash and cash equivalents received as consideration	-	4,133
Analysis of assets and liabilities over which control was lost		
Fixed assets	-	521
Right-of-use assets	-	457
Goodwill	-	829
Brand names and other rights	-	36
Deferred tax assets	-	6
Trade receivables and other current assets	-	26
Assets classified as held for sale	-	132
Leases liabilities	-	(473)
Other non-current liabilities	-	(28)
Liabilities directly associated with assets classified as held for sale	-	(30)
Net assets (excluding cash and cash equivalents) disposed	-	1,476
Cash and cash equivalents disposed	-	-
Net assets disposed	-	1,476

Disposal of subsidiary companies for the comparative period mainly related to the disposal of interests in tower assets in Sweden and Italy (see note 5(b)(xii)). The gains on disposal were recognised in the consolidated income statement and were included in the line item titled "Other income and gains". See note 6(d).

Saved as disclosed for the effect arising from the gains on disposal, the effect on the Group's results from the subsidiaries disposed during the period are not material for the periods ended 30 June 2022 and 2021.

27 Notes to condensed consolidated statement of cash flows (continued)

(d) Changes in liabilities arising from financing activities

The following table sets out an analysis of the cash flows and non-cash flows changes in liabilities arising from financing activities:

	Bank and other debts EUR million	Lease liabilities EUR million	Interest bearing loan from non- controlling shareholder EUR million	Total EUR million
At 1 January 2022	6,750	2,369	-	9,119
Financing cash flows				
New borrowings	391	-	-	391
Repayment of borrowings	(598)	-	-	(598)
Principal elements of lease payments	-	(393)	-	(393)
Loan from non-controlling shareholder	-	-	239	239
Other changes				
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	4	-	-	4
Remeasurement of lease liabilities	-	(15)	-	(15)
Increase in lease liabilities from entering into new leases during the period (see note 10)	-	389	-	389
Interest on lease liabilities (see note 7)	-	36	-	36
Interest element of lease liabilities paid (included in “net cash from operating activities”)	-	(30)	-	(30)
Exchange translation differences	(19)	(2)	(10)	(31)
At 30 June 2022	6,528	2,354	229	9,111
At 1 January 2021	8,942	2,681	-	11,623
Financing cash flows				
New borrowings	997	-	-	997
Repayment of borrowings	(1,650)	-	-	(1,650)
Principal elements of lease payments	-	(387)	-	(387)
Other changes				
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	8	-	-	8
Remeasurement of lease liabilities	-	(23)	-	(23)
Increase in lease liabilities from entering into new leases during the period (see note 10)	-	585	-	585
Interest on lease liabilities (see note 7)	-	52	-	52
Interest element of lease liabilities paid (included in “net cash from operating activities”)	-	(47)	-	(47)
Relating to subsidiaries disposed (see note 27(c))	-	(473)	-	(473)
Exchange translation differences	53	46	-	99
At 30 June 2021	8,350	2,434	-	10,784

28 Contingent liabilities and guarantees

At 30 June 2022, the Group had provided performance and other guarantees of EUR604 million (31 December 2021: EUR589 million).

29 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2021 except for the amounts taken up during the period in the normal course of business.

30 Related parties transactions

(a) Key management personnel remuneration

The remuneration for the directors of the Company (being the key management personnel) for the current and comparative periods are borne by CKHH group entities.

(b) Saved as disclosed elsewhere in the Interim Financial Statements, the following transactions occurred with other related parties:

	Six months ended 30 June	
	2022	2021
	EUR million	EUR million
Sales of contract assets (handset receivables) to CKHH group entities ⁽ⁱ⁾	388	314
Exchange gains (losses) hedged to CKHH group entities ⁽ⁱⁱ⁾	5	(7)

(i) During the period, the Group has entered into handset receivable agreements with CKHH group entities which resulted in the sale of certain contract assets (unbilled handset receivables) for which the Group was paid at the carrying cost of the contract assets sold, being the face value of the underlying unbilled handset receivables less the related allowance to cover the credit and late payment risk.

(ii) During the period, the Group has entered into a foreign exchange economic hedge agreement with CKHH group entities which resulted in the transfer of the Group's foreign exchange exposure to CKHH group entities. As at 30 June 2022, the outstanding notional amount in relation to the foreign exchange economic hedge agreement is US\$50 million (30 June 2021 and 31 December 2021: US\$125 million).

31 Legal proceedings

At 30 June 2022 and 31 December 2021, the Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

32 Fair value measurements

(a) Carrying amounts and fair values of financial assets and financial liabilities

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

	Note	Classification under IFRS 9	30 June 2022		31 December 2021	
			Carrying amounts EUR million	Fair values EUR million	Carrying amounts EUR million	Fair values EUR million
Financial assets						
Unlisted investments						
Unlisted equity securities	16	FVOCI	2	2	2	2
Derivative financial instruments						
Cash flow hedges - Other contracts	16 & 18	Fair value - hedges	141	141	87	87
Lease receivables	16	Amortised cost	10	10	11	11
Cash and cash equivalents	17	Amortised cost	2,262	2,262	2,187	2,187
Trade receivables	18	Amortised cost	1,053	1,053	1,215	1,215
Other receivables	18	Amortised cost	245	245	262	262
Amounts due from joint ventures	14	Amortised cost	34	34	35	35
Amounts due from CKHH group entities	18	Amortised cost	10	10	-	-
			3,757	3,757	3,799	3,799
Financial liabilities						
Bank and other debts ⁽ⁱ⁾	19	Amortised cost	6,528	6,192	6,750	6,834
Interest bearing loan from non-controlling shareholder	22	Amortised cost	229	229	-	-
Trade payables	20	Amortised cost	1,013	1,013	1,039	1,039
Expenses and other accruals	20	Amortised cost	1,774	1,774	2,070	2,070
Other payables	20	Amortised cost	627	627	570	570
Lease liabilities	10	Amortised cost	2,354	2,354	2,369	2,369
Obligations for telecommunications licences and other rights	20 & 24	Amortised cost	831	831	882	882
Amounts due to CKHH group entities	20	Amortised cost	-	-	6	6
			13,356	13,020	13,686	13,770
Representing:						
Financial assets measured at						
Amortised cost			3,614	3,614	3,710	3,710
FVOCI			2	2	2	2
Fair value - hedges			141	141	87	87
			3,757	3,757	3,799	3,799
Financial liabilities measured at						
Amortised cost			13,356	13,020	13,686	13,770

- (i) The fair values of the bank and other debts are based on market quotes or estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued.

32 Fair value measurements (continued)

(b) Financial assets and financial liabilities measured at fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1:	Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2:	Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3:	Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

	Note	30 June 2022				31 December 2021			
		Level 1 EUR million	Level 2 EUR million	Level 3 EUR million	Total EUR million	Level 1 EUR million	Level 2 EUR million	Level 3 EUR million	Total EUR million
Financial assets									
Unlisted investments									
Unlisted equity securities	16	-	-	2	2	-	-	2	2
Derivative financial instruments:									
Cash flow hedges - Other contracts	16 & 18	-	141	-	141	-	87	-	87
		-	141	2	143	-	87	2	89

The fair value of financial assets and financial liabilities that are not traded in active market is determined by using valuation techniques. Specific valuation techniques used to value financial assets and financial liabilities include discounted cash flow analysis, are used to determine fair value for the financial assets and financial liabilities.

During the six months ended 30 June 2022 and 2021, there were no transfers between the Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 from or to Level 1 or Level 2 fair value measurements.

Level 3 fair values

During the six months ended 30 June 2022 and 2021, there were no movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3.

The fair value of financial assets and financial liabilities that are grouped under Level 3 is determined by using valuation techniques including discounted cash flow analysis. In determining fair value, specific valuation techniques are used with reference to inputs such as dividend stream and other specific input relevant to those particular financial assets and financial liabilities.

Changing unobservable inputs used in Level 3 valuation to reasonable alternative assumptions would not have significant impact on the Group's profit or loss.

33 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million currency units unless otherwise stated.

34 New standards, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those adopted in the 2021 Annual Financial Statements, except for the adoption of the amended standards became effective as of 1 January 2022.

The following amended standards apply for the first time in 2022:

(a) Reference to the Conceptual Framework – Amendments to IFRS 3 “Business Combinations”

The amendments replace a reference to a previous version of the Conceptual Framework for Financial Reporting with a reference to the current version issued in June 2018 without significantly changing its requirements. Minor amendments were made to IFRS 3 to update the references to the Conceptual Framework and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date.

(b) Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 “Property, Plant and Equipment”

The amendments to IAS 16 prohibit entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

(c) Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”

The amendments to IAS 37 clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

(d) Annual Improvements to IFRS Standards 2018–2020

- (i) IFRS 9 “Financial Instruments” – clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- (ii) IFRS 16 “Leases” – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.
- (iii) IFRS 1 “First-time Adoption of International Financial Reporting Standards” – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent’s books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.
- (iv) IAS 41 “Agriculture” – removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

The adoption of these amended standards and improvements did not have an impact on the Interim Financial Statements. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.