

Unaudited Results for the six months ended 30 June 2023

Highlights

	Post-IFRS 16 ⁽¹⁾ Basis		
	For the six months ended 30 June 2023 EUR million	For the six months ended 30 June 2022 EUR million	Reported currency change
Total Revenue ⁽²⁾	4,917	4,861	+1%
Total EBITDA ⁽²⁾	1,611	1,859	-13%
Total EBIT ⁽²⁾	139	361	-61%
Profit attributable to ordinary shareholders	89	209	-57%

	Pre-IFRS 16 ⁽¹⁾ Basis			
	For the six months ended 30 June 2023 EUR million	For the six months ended 30 June 2022 EUR million	Local currencies change	Reported currency change
Total Revenue ⁽²⁾	4,917	4,861	+3%	+1%
Total EBITDA ⁽²⁾	1,218	1,459	-18%	-17%
Total EBIT ⁽²⁾	79	290	-88%	-73%
Profit attributable to ordinary shareholders	67	178	-67%	-62%

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. 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 2023 EUR	30 June 2022 EUR	Change	Local currencies change
Total Revenue	4,917	4,861	+1%	+3%
Total Margin	3,562	3,457	+3%	+5%
Total CACs	(848)	(843)	-1%	
Less: Handset revenue	611	613	–	
Total CACs (net of handset revenue)	(237)	(230)	-3%	
Operating Expenses	(2,107)	(1,768)	-19%	
EBITDA ⁽¹⁾	1,218	1,459	-17%	-18%
Depreciation & Amortisation	(1,139)	(1,169)	+3%	
EBIT ⁽¹⁾	79	290	-73%	-88%

Note 1: Under Post-IFRS 16 basis, EBITDA was €1,611 million (30 June 2022: €1,859 million); EBIT was €139 million (30 June 2022: €361 million).

On a Pre-IFRS 16 basis, revenue of CK Hutchison Group Telecom (“CKHGT”) of €4,917 million was 1% higher than the same period last year. EBITDA and EBIT of €1,218 million and €79 million were 17% and 73% lower than the same period last year respectively, which was impacted by a €87 million adverse year-on-year variance from the foreign currency revaluation impact of certain monetary assets, excluding which, EBITDA and EBIT were 11% and 47% lower than the first half of 2022.

On a Pre-IFRS 16 basis, profit attributable to ordinary shareholders for the six months ended 30 June 2023 of €67 million decreased 62% from the same period in 2022, primarily reflecting the aforementioned lower EBIT contribution, as well as the recognition of deferred tax charge arising from the revision of the Austria corporate tax rates in the first half of 2022.

On a Post-IFRS 16 basis, EBITDA, EBIT and profit attributable to ordinary shareholders decreased by 13%, 61% and 57% respectively when compared to the first half of 2022.

In May 2023, CKHGT entered into an agreement to establish a joint venture with a private-equity firm to provide wholesale mobile and fixed communications services business in Italy. The joint venture will be 40% owned by CKHGT upon completion. In June 2023, CKHGT reached an agreement to combine 3 UK with Vodafone UK, with the merged entity being 49% owned by CKHGT upon completion. These transactions are expected to be earnings and cash flow accretive to the Group’s recurring performance, as well as on completion, realising substantial cash receipts of approximately €2.44 billion and £1.7 billion from the Italian and the UK transactions respectively. The completion of these transactions are subject to regulatory approvals and satisfaction of conditions precedent.

Management Discussion and Analysis

3 Group Europe

In million	30 June 2023 EUR	30 June 2022 ⁽²⁾ EUR	Change	Local currencies change
Total Revenue	4,563	4,585	–	+1%
Total Margin	3,320	3,287	+1%	+3%
Total CACs	(820)	(811)	-1%	
Less: Handset revenue	594	590	+1%	
Total CACs (net of handset revenue)	(226)	(221)	-2%	
Operating Expenses	(1,886)	(1,776)	-6%	
<i>Opex as a % of total margin</i>	<i>57%</i>	<i>54%</i>		
EBITDA	1,208	1,290	-6%	-5%
<i>EBITDA Margin %⁽³⁾</i>	<i>30%</i>	<i>32%</i>		
Depreciation & Amortisation	(1,073)	(1,083)	+1%	
EBIT	135	207	-35%	-37%
EBITDA per above	1,208	1,290	-6%	-5%
Proforma contribution from tower assets	–	71		
Reported EBITDA⁽⁴⁾	1,208	1,361	-11%	-10%
EBIT per above	135	207	-35%	-37%
Proforma contribution from tower assets	–	48		
Reported EBIT⁽⁴⁾	135	255	-47%	-49%

Note 2: As the disposal of tower assets in the UK was completed in November 2022, the 1H 2022 results of the UK were normalised, which exclude the proforma contribution from tower assets for January to June 2022 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 1H 2022 numbers.

Note 3: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 4: Under Post-IFRS 16 basis, EBITDA was €1,577 million (30 June 2022: €1,736 million); EBIT was €194 million (30 June 2022: €325 million).

3 Group Europe's total revenue of €4,563 million was 1% higher against the same period last year in local currencies, and total margin of €3,320 million was 3% higher, primarily driven by the healthy growth in net customer service margin due to an increase in customer base, coupled with higher roaming income from increased travelling of the European countries, partly offset by lower wholesale contribution in Italy. Active customer base as at 30 June 2023 of 39.9 million was 2% higher against the same period last year, mainly due to the UK, where the customer base increased 7% year-on-year, with better or relatively stable contract customer base reported by all the other operations. Average monthly customer churn rate of the contract customer base increased slightly to 1.2% for the first half of 2023 (1H 2022: 1.1%) mainly from higher churn in Italy where Wind Tre strategically allowed lower value customers to churn, with the decrease in its contract base partly offset by converting non-contract customers with contracts in order to improve margin stability.

3 Group Europe's net ARPU and net AMPU decreased by 3% and 1% to €12.77 and €11.48 respectively as compared to the first half of 2022, primarily due to adverse foreign exchange translation impact of Pound Sterling which depreciated 4% year-on-year against EURO, as well as the dilutive impact of higher mix of low value Internet of things (IoT) customers in Ireland, partly offset by the upside from repricing initiatives, better tariff mix and higher value propositions.

3 Group Europe's first half of 2023 results were adversely impacted by the full six-month incremental tower service fees of approximately €0.1 billion in the UK following the completion of the tower assets disposal in early November 2022. On a normalised basis, EBITDA was 5% lower year-on-year in local currencies, as the improvements in overall total margin as mentioned was more than offset by increased operating expenses due to higher energy costs and other inflationary impacts, as well as higher network costs from the expanded networks, particularly in the UK. On a normalised basis, depreciation and amortisation was 1% higher in local currencies, as the higher depreciation in the UK from continued 5G rollout and digitalisation was largely offset by lower depreciation in Italy following the transfer of certain network assets to a newly setup joint venture in January 2023 and lower 5G network investment after its investment cycle has peaked in 2022. Correspondingly, EBIT was 37% lower year-on-year in local currencies on a normalised basis, reflecting primarily the EBITDA shortfall as mentioned.

Management Discussion and Analysis

In million	UK ⁽⁶⁾ GBP		Italy ⁽⁵⁾ EURO		Sweden SEK		Denmark DKK		Austria EURO		Ireland EURO		3 Group Europe ⁽⁶⁾ EURO				HTHKH HK\$		Corporate and Others ⁽¹⁰⁾ HK\$		CKHGT EURO	
	1H 2023		1H 2023		1H 2023		1H 2023		1H 2023		1H 2023		1H 2023		1H 2023		1H 2023		1H 2023		1H 2023	
	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022
Total Revenue	1,227	1,175	1,898	1,958	3,777	3,531	1,213	1,166	466	436	298	301	4,563	4,585	–	4,585	2,328	2,298	682	112	4,917	4,861
% change	+4%		-3%		+7%		+4%		+7%		-1%		–		+1%		+1%		+509%		+1%	+3%
Total margin	808	743	1,469	1,500	2,545	2,319	977	913	343	332	228	227	3,320	3,287	–	3,287	1,655	1,441	398	13	3,562	3,457
% change	+9%		-2%		+10%		+7%		+3%		–		+1%		+3%		+15%		+2962%		+3%	+5%
Total CACs	(447)	(430)	(133)	(138)	(458)	(464)	(154)	(123)	(74)	(55)	(40)	(47)	(820)	(811)	–	(811)	(235)	(275)	–	–	(848)	(843)
Less: Handset Revenue	323	325	90	82	261	244	60	48	67	48	37	45	594	590	–	590	139	194	–	–	611	613
Total CACs (net of handset revenue)	(124)	(105)	(43)	(56)	(197)	(220)	(94)	(75)	(7)	(7)	(3)	(2)	(226)	(221)	–	(221)	(96)	(81)	–	–	(237)	(230)
Operating Expenses	(521)	(437)	(778)	(802)	(1,165)	(959)	(589)	(504)	(176)	(153)	(155)	(142)	(1,886)	(1,776)	71	(1,705)	(945)	(864)	(1,253)	314	(2,107)	(1,768)
Opex as a % of total margin	64%	59%	53%	53%	46%	41%	60%	55%	51%	46%	68%	63%	57%	54%		52%	57%	60%	N/A	N/A	59%	51%
EBITDA	163	201	648	642	1,183	1,140	294	334	160	172	70	83	1,208	1,290	71	1,361	614	496	(855)	327	1,218	1,459
% change	-19%		+1%		+4%		-12%		-7%		-16%		-6%				+24%		-361%		-17%	-18%
EBITDA margin % ⁽⁷⁾	18%	24%	36%	34%	34%	35%	25%	30%	40%	44%	27%	32%	30%	32%		34%	28%	24%	N/A	N/A	28%	34%
Depreciation & Amortisation	(239)	(216)	(542)	(577)	(876)	(717)	(242)	(303)	(81)	(75)	(67)	(64)	(1,073)	(1,083)	(23)	(1,106)	(565)	(532)	(2)	(5)	(1,139)	(1,169)
EBIT	(76)	(15)	106	65	307	423	52	31	79	97	3	19	135	207	48	255	49	(36)	(857)	322	79	290
% change	-407%		+63%		-27%		+68%		-19%		-84%		-35%				+236%		-366%		-73%	-88%
EBITDA per above	163	201	648	642	1,183	1,140	294	334	160	172	70	83	1,208	1,290								
Proforma contribution from tower assets	–	60	–	–	–	–	–	–	–	–	–	–	–	71								
Reported EBITDA	163	261	648	642	1,183	1,140	294	334	160	172	70	83	1,208	1,361								
% change	-38%		+1%		+4%		-12%		-7%		-16%		-11%				-10%					
EBIT per above	(76)	(15)	106	65	307	423	52	31	79	97	3	19	135	207								
Proforma contribution from tower assets	–	40	–	–	–	–	–	–	–	–	–	–	–	48								
Reported EBIT	(76)	25	106	65	307	423	52	31	79	97	3	19	135	255								
% change	-404%		+63%		-27%		+68%		-19%		-84%		-47%				-49%					
Capex (excluding licence)	(275)	(334)	(284)	(342)	(796)	(715)	(196)	(545)	(84)	(84)	(47)	(53)	(827)	(1,016)			(163)	(157)	(1)	(2)	(846)	(1,034)
Reported Depreciation & Amortisation ⁽⁸⁾	206	208	430	455	516	399	175	239	56	52	48	46	839	870			266	251	2	5	870	901
Reported Depreciation & Amortisation ⁽⁸⁾ less Capex	(69)	(126)	146	113	(280)	(316)	(21)	(306)	(28)	(32)	1	(7)	12	(146)			103	94	1	3	24	(133)
Reported EBITDA less Capex	(112)	(73)	364	300	387	425	98	(211)	76	88	23	30	381	345			451	339	(856)	325	372	425
Licence ⁽⁹⁾	–	–	–	–	–	–	–	–	–	–	(120)	–	(120)	–			–	(138)	–	–	(120)	(17)
EURO dollar equivalents of Reported EBITDA and EBIT are summarised as follows:																						
EBITDA-pre IFRS 16 basis (EURO)	186	310	648	642	105	109	39	45	160	172	70	83	1,208	1,361			72	58	(62)	40	1,218	1,459
EBITDA-post IFRS 16 basis (EURO)	234	372	918	906	118	122	46	51	174	185	87	100	1,577	1,736			96	83	(62)	40	1,611	1,859
EBIT-pre IFRS 16 basis (EURO)	(87)	30	106	65	27	40	7	4	79	97	3	19	135	255			6	(4)	(62)	39	79	290
EBIT-post IFRS 16 basis (EURO)	(77)	41	149	113	28	42	8	5	81	100	5	24	194	325			7	(3)	(62)	39	139	361

	UK		Italy		Sweden		Denmark		Austria		Ireland		3 Group Europe		HTHKH	
	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022	1H 2023	1H 2022
Total registered customer base (million)	13.4	13.5	19.6	20.4	2.5	2.4	1.6	1.5	3.1	3.2	4.1	3.4	44.3	44.4	3.9	3.6
Total active customer base (million)	10.6	9.9	18.3	19.1	2.5	2.4	1.6	1.5	2.8	2.9	4.1	3.4	39.9	39.2	3.4	3.0
Contract customers as a % of the total registered customer base	67%	62%	49%	47%	70%	69%	56%	57%	77%	77%	79%	75%	60%	58%	38%	41%
Average monthly churn rate of the total contract registered customer base (%)	1.4%	1.3%	1.5%	1.3%	1.2%	1.2%	1.9%	1.6%	0.5%	0.3%	0.4%	0.6%	1.2%	1.1%	0.9%	0.7%
Active contract customers as a % of the total contract registered customer base	98%	98%	96%	96%	100%	100%	100%	100%	100%	100%	100%	100%	98%	98%	100%	100%
Active customers as a % of the total registered customer base	79%	73%	93%	94%	100%	99%	100%	100%	90%	88%	100%	100%	90%	88%	87%	84%
LTE coverage by population (%)	96%	95%	100%	100%	98%	96%	100%	100%	97%	97%	99%	99%	–	–	99%	90%
Six month data usage per active customer (Gigabyte)													136.3	109.5	95.6	43.9

Note 5: Wind Tre's results include fixed line business revenue of €506 million (30 June 2022: €476 million) and EBITDA of €110 million (30 June 2022: €80 million).

Note 6: As the disposal of tower assets in the UK was completed in November 2022, the 1H 2022 results of the UK were normalised, which exclude the proforma contribution from tower assets for January to June 2022 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 1H 2022 numbers.

Note 7: EBITDA margin % represents EBITDA as a percentage of total revenue (excluding handset revenue).

Note 8: Reported Depreciation & Amortisation excludes amortisation of licences and amortisation of capitalised CACs.

Note 9: 1H 2022 licence cost for Hong Kong represents investment for 20 MHz of 700 MHz spectrum acquired for 15 years from June 2022. 1H 2023 licence cost for Ireland represents investment for 20 MHz of 700 MHz spectrum, 40 MHz of 2100MHz spectrum and 70 MHz of 2600 MHz spectrum acquired in January 2023.

Note 10: 1H 2023 results include an exchange reserve charge of HK\$0.3 billion recycled to the income statement upon partial disposal of a subsidiary which became a joint venture in the Hong Kong Dollar books. As CKHGT's presentation currency is in EURO, the exchange reserve recycling is reversed.

Management Discussion and Analysis

Key Business Indicators

	Registered Customer Base								
	Registered Customers at 30 June 2023 ('000)			Registered Customer Growth (%) from 31 December 2022 to 30 June 2023			Registered Customer Growth (%) from 30 June 2022 to 30 June 2023		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	4,434	8,891	13,325	-1%	+3%	+2%	-13%	+6%	-1%
Italy ⁽¹¹⁾	10,084	9,546	19,630	-4%	-1%	-3%	-6%	-1%	-4%
Sweden	765	1,760	2,525	+1%	+3%	+2%	+4%	+7%	+6%
Denmark	690	883	1,573	+3%	+2%	+2%	+5%	+2%	+3%
Austria	733	2,411	3,144	+1%	-1%	-1%	-2%	-2%	-2%
Ireland	850	3,286	4,136	-1%	+12%	+9%	–	+27%	+20%
3 Group Europe Total	17,556	26,777	44,333	-2%	+2%	–	-7%	+5%	–
HTHKH	2,438	1,467	3,905	+4%	–	+2%	+16%	-1%	+9%

	Active ⁽¹²⁾ Customer Base								
	Active Customers at 30 June 2023 ('000)			Active Customer Growth (%) from 31 December 2022 to 30 June 2023			Active Customer Growth (%) from 30 June 2022 to 30 June 2023		
	Non-contract	Contract	Total	Non-contract	Contract	Total	Non-contract	Contract	Total
United Kingdom	1,794	8,751	10,545	-2%	+3%	+2%	+8%	+6%	+7%
Italy ⁽¹¹⁾	9,183	9,153	18,336	-4%	-1%	-3%	-7%	-1%	-4%
Sweden	760	1,760	2,520	+1%	+3%	+3%	+5%	+7%	+7%
Denmark	688	883	1,571	+3%	+2%	+2%	+6%	+2%	+3%
Austria	422	2,399	2,821	+5%	-2%	-1%	+9%	-3%	-1%
Ireland	850	3,286	4,136	-1%	+12%	+9%	–	+27%	+20%
3 Group Europe Total	13,697	26,232	39,929	-3%	+2%	–	-3%	+5%	+2%
HTHKH	1,940	1,467	3,407	+7%	–	+4%	+26%	-1%	+13%

Note 11: In addition to the above, Wind Tre has 2.8 million fixed line customers.

Note 12: An active customer is one that generated revenue from an outgoing call, incoming call or data/content service in the preceding three months.

Management Discussion and Analysis

12-month Trailing Average Revenue per Active User ("ARPU") ⁽¹³⁾ to 30 June 2023

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2022
United Kingdom	£6.01	£21.48	£18.79	–
Italy ⁽¹⁶⁾	€9.63	€12.46	€11.02	-2%
Sweden	SEK117.18	SEK249.78	SEK209.39	-10%
Denmark	DKK93.45	DKK143.03	DKK121.46	-1%
Austria	€9.51	€23.12	€21.18	-1%
Ireland	€14.47	€10.45	€11.36	-16%
3 Group Europe Average	€9.77	€18.19	€15.22	-4%
HTHKH	HK\$12.87	HK\$194.04	HK\$96.46	+6%

12-month Trailing Net Average Revenue per Active User ("Net ARPU") ⁽¹⁴⁾ to 30 June 2023

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2022
United Kingdom	£6.01	£14.68	£13.17	+2%
Italy ⁽¹⁶⁾	€9.63	€11.59	€10.59	-1%
Sweden	SEK117.18	SEK212.39	SEK183.39	+1%
Denmark	DKK93.45	DKK134.67	DKK116.74	-1%
Austria	€9.51	€19.60	€18.16	-3%
Ireland	€14.47	€7.97	€9.44	-17%
3 Group Europe Average	€9.77	€14.42	€12.77	-3%
HTHKH	HK\$12.87	HK\$177.10	HK\$88.65	+8%

12-month Trailing Net Average Margin per Active User ("Net AMPU") ⁽¹⁵⁾ to 30 June 2023

	Non-contract	Contract	Blended Total	% Variance compared to 30 June 2022
United Kingdom	£5.56	£13.14	£11.83	+2%
Italy ⁽¹⁶⁾	€8.69	€10.51	€9.59	+2%
Sweden	SEK100.08	SEK186.99	SEK160.52	+1%
Denmark	DKK80.37	DKK112.55	DKK98.55	+2%
Austria	€8.59	€17.83	€16.51	-1%
Ireland	€13.33	€7.30	€8.66	-17%
3 Group Europe Average	€8.80	€12.94	€11.48	-1%
HTHKH	HK\$9.98	HK\$150.63	HK\$74.88	+4%

Note 13: 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 14: 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 15: 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 16: 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 total margin grew strongly by 9%, driven primarily by 7% growth in customer base from contract customer, as well as higher MVNO performance. On a normalised basis⁽¹⁷⁾ and in local currency, 3 UK's EBITDA decreased by 19% compared to the same period last year, mainly driven by higher network spending from increased 5G coverage, which more than offset growth in total margin as mentioned above. On a normalised basis⁽¹⁶⁾ and in local currency, LBIT was £76 million in the first half of 2023, as compared to £15 million in the same period last year, primarily driven by increased depreciation from higher asset base driven by IT investments and accelerated 5G network rollout. 3 UK was awarded the fastest 5G network in UK by Ookla in 2023.

Italy

Italy's net customer service margin moderately grew by 1% compared to the same period last year in local currency through continuing customer value management strategies. EBITDA also increased by 1%, mainly driven by the net customer service margin growth, as well as cost control initiatives including the formation of a joint venture for rural area network rollout to create synergies, which more than offset continued reduction in wholesale margin and higher energy costs. EBIT increased by 63% against the first half of 2022 due to lower depreciation and amortisation, mainly from the aforementioned synergies of the newly established joint venture, as well as lower network rollout with the 5G investment cycle contracting from its 2022 peak having reached over 95% and approximately 70% FDD and TDD coverage respectively.

Sweden

Sweden, where the Group has a 60% interest, reported 10% increase in total margin primarily from customer base growth. EBITDA grew by 4% driven by higher total margin, partly offset by higher operating costs incurred from the enlarged network base, increased handset receivables sales costs and energy cost inflation. As a result of the ongoing network asset swap commenced in the second half of 2022, EBIT decreased by 27% when compared against the same period of 2022. The operation increased the 5G coverage by more than 50% as compared to the year end of 2022, providing extensive coverage in ten of the country's largest cities with full TDD coverage.

Denmark

The operation in Denmark, where the Group has a 60% interest, reported 7% growth in total margin primarily driven by 3% customer base growth and lower national roaming costs. EBITDA decreased by 12% mainly due to higher operating costs from energy cost inflation and enlarged network base, partly offset by higher total margin. With majority of the network assets swap carried out by the end of 2022, the operation recognised lower depreciation charges in the first half of 2023 and resulted in 68% increase in EBIT. Denmark has reached approximately 80% 5G coverage with TDD coverage exceeded 50% of overall population.

Austria

Total margin grew by 3% driven by strong MVNO performance. EBITDA and EBIT in local currency decreased by 7% and 19% respectively compared to the same period last year, primarily driven by higher operating expenses due to network expansion and increased data traffic, as well as energy costs inflation, partly offset by higher total margin as mentioned above. During the year, 3 Austria increased 5G coverage to more than 75% and 55% FDD and TDD coverage respectively.

Ireland

Total margin was flat against the same period last year, as the base growth was offset by the lower net AMPU from the dilutive impact of higher mix of low value IoT customers. EBITDA and EBIT in local currency decreased by 16% and 84% respectively compared to the same period last year driven by higher operating expenses due to network expansion, energy cost inflation, as well as higher marketing and sponsorship following the uplift of lockdown restrictions. In the first half of 2023, 3 Ireland has reached 90% 5G coverage.

Hutchison Telecommunications Hong Kong Holdings

Total revenue of HK\$2,328 million was 1% higher as compared to the same period last year, mainly contributed by higher net customer service revenue of 15% compared to the same period last year driven by both local and roaming services recovery arising from a gradual normalisation of international travel and stabilised market competition, partly offset by lower hardware sales. EBITDA of HK\$614 million was 24% higher as compared to the same period last year, mainly due to notable rebound in roaming service revenue, partly offset by higher network operating costs associated with investments in 5G technology and network infrastructure expansion. Despite higher amortisation costs associated with capitalised CACs and higher depreciation from the enlarged asset base resulting from ongoing 5G network infrastructure expansion, EBIT for the first half of 2023 showed improvement and turned around from an LBIT of HK\$36 million for the first half of 2022 to EBIT of HK\$49 million for the first half of 2023.

Note 17: Due to the completion of disposals of tower assets in November 2022 as mentioned, the 1H 2022 results of the UK were normalised, which exclude the proforma contribution from tower assets for January to June 2022 for comparability purpose. The % changes in EBITDA and EBIT are compared against the normalised 1H 2022 numbers.

Management Discussion and Analysis

Capital Expenditure and Licences

EUR million	1H 2023			
	Fixed assets	Telecommunications licences	Brand names and other rights	Total
United Kingdom	315	–	–	315
Italy	209	–	75	284
Sweden	71	–	–	71
Denmark	26	–	–	26
Austria	84	–	–	84
Ireland	47	120	–	167
Hong Kong	19	–	–	19
Corporate and others	–	–	–	–
Total	771	120	75	966

EUR million	1H 2022			
	Fixed assets	Telecommunications licences	Brand names and other rights	Total
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

For the first half of 2023, the Group's capital expenditure, excluding licences, of €846 million decreased by €188 million (-18%) compared to the first half of 2022, primarily due to lower tower asset investment upon the UK infrastructure asset divestiture completed in November 2022, the synergies from Italy's rural area network joint venture formed in January 2023, as well as lower 5G network investment in Italy after its 5G investment cycle has peaked in 2022. Capex, excluding licences, as a percentage of total revenue was 17% in 1H 2023 (1H 2022: 21%).

The spectrum spending of €120 million in the first half of 2023 represented investment for 20 MHz of 700 MHz spectrum, 40 MHz of 2100 MHz spectrum and 70 MHz of 2600 MHz in Ireland acquired in January 2023. The spectrum spending of €17 million in the first half of 2022 represented 20 MHz of 700 MHz spectrum acquired for 15 years from June 2022.

CK Hutchison Group Telecom

Financial Performance Summary

	Post-IFRS 16 Unaudited Results for the six months ended 30 June 2023 EUR million	Post-IFRS 16 Unaudited Results for the six months ended 30 June 2022 EUR million	Change %
Total Revenue ⁽¹⁾			
3 Group Europe	4,563	4,585	–
- UK	1,404	1,397	+1%
- Italy	1,898	1,958	-3%
- Sweden	334	337	-1%
- Denmark	163	156	+4%
- Austria	466	436	+7%
- Ireland	298	301	-1%
Hong Kong	274	266	+3%
Corporate and others	80	10	+700%
Total Revenue	4,917	4,861	+1%
EBITDA ⁽¹⁾			
3 Group Europe	1,577	1,736	-9%
- UK	234	372	-37%
- Italy	918	906	+1%
- Sweden	118	122	-3%
- Denmark	46	51	-10%
- Austria	174	185	-6%
- Ireland	87	100	-13%
Hong Kong	96	83	+16%
Corporate and others	(62)	40	-255%
Total EBITDA	1,611	1,859	-13%
EBIT ⁽¹⁾			
3 Group Europe	194	325	-40%
- UK	(77)	41	-288%
- Italy	149	113	+32%
- Sweden	28	42	-33%
- Denmark	8	5	+60%
- Austria	81	100	-19%
- Ireland	5	24	-79%
Hong Kong	7	(3)	+333%
Corporate and others	(62)	39	-259%
Total EBIT	139	361	-61%
Interest expenses and other finance costs ⁽¹⁾	(108)	(92)	-17%
Profit Before Tax	31	269	-88%
Tax ⁽¹⁾			
Current tax	31	16	+94%
Deferred tax	33	(69)	+148%
	64	(53)	+221%
Profit after tax	95	216	-56%
Non-controlling interests	(6)	(7)	+14%
Profit attributable to ordinary shareholders ("NPAT")	89	209	-57%

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.

CK Hutchison Group Telecom

Financial Performance Summary

	Pre-IFRS 16 ⁽¹⁾ Unaudited Results for the six months ended 30 June 2023 EUR million	Pre-IFRS 16 ⁽¹⁾ Unaudited Results for the six months ended 30 June 2022 EUR million	Change %	Local currencies change %
Total Revenue ⁽²⁾				
3 Group Europe	4,563	4,585	–	+1%
- UK	1,404	1,397	+1%	+4%
- Italy	1,898	1,958	-3%	-3%
- Sweden	334	337	-1%	+7%
- Denmark	163	156	+4%	+4%
- Austria	466	436	+7%	+7%
- Ireland	298	301	-1%	-1%
Hong Kong	274	266	+3%	+1%
Corporate and others	80	10	+700%	+509%
Total Revenue	4,917	4,861	+1%	+3%
EBITDA ⁽²⁾				
3 Group Europe	1,208	1,361	-11%	-10%
- UK	186	310	-40%	-38%
- Italy	648	642	+1%	+1%
- Sweden	105	109	-4%	+4%
- Denmark	39	45	-13%	-12%
- Austria	160	172	-7%	-7%
- Ireland	70	83	-16%	-16%
Hong Kong	72	58	+24%	+24%
Corporate and others	(62)	40	-255%	-361%
Total EBITDA	1,218	1,459	-17%	-18%
EBIT ⁽²⁾				
3 Group Europe	135	255	-47%	-49%
- UK	(87)	30	-390%	-404%
- Italy	106	65	+63%	+63%
- Sweden	27	40	-33%	-27%
- Denmark	7	4	+75%	+68%
- Austria	79	97	-19%	-19%
- Ireland	3	19	-84%	-84%
Hong Kong	6	(4)	+250%	+236%
Corporate and others	(62)	39	-259%	-366%
Total EBIT	79	290	-73%	-88%
Interest expenses and other finance costs ⁽²⁾	(70)	(54)	-30%	
Profit Before Tax	9	236	-96%	
Tax ⁽²⁾				
Current tax	30	16	+88%	
Deferred tax	34	(67)	+151%	
	64	(51)	+225%	
Profit after tax	73	185	-61%	
Non-controlling interests	(6)	(7)	+14%	
Profit attributable to ordinary shareholders ("NPAT")	67	178	-62%	-67%

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. 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 Holdings Limited
Condensed Consolidated Income Statement
for the six months ended 30 June 2023

		Unaudited 2023	2022
	Note	EUR million	EUR million
Revenue	4, 5	4,908	4,855
Cost of inventories sold	6	(132)	(149)
Expensed customer acquisition and retention costs		(820)	(817)
Staff costs		(355)	(339)
Depreciation and amortisation	6	(1,449)	(1,495)
Other expenses and losses	6	(2,027)	(1,695)
Other income and gains	6	9	2
Share of profits less losses of joint ventures		2	(2)
		136	360
Interest expenses and other finance costs	7	(107)	(91)
Profit before tax		29	269
Current tax credit	8	33	16
Deferred tax credit (charge)	8	33	(69)
Profit after tax		95	216
Profit attributable to non-controlling interests		(6)	(7)
Profit attributable to owners of the Company		89	209

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Comprehensive Income
for the six months ended 30 June 2023

	Unaudited 2023 EUR million	2022 EUR million
Profit after tax	95	216
Other comprehensive income (losses)		
Items that will not be reclassified to profit or loss		
Changes in fair value of equity instruments at fair value through other comprehensive income	63	-
Remeasurement of defined benefit obligations	-	2
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	-	-
	63	2
Items that may be reclassified to profit or loss		
Exchange gains (losses) on translation of foreign operations	4	(21)
Gains (losses) on cash flow hedges	(44)	54
Losses on net investment hedges	(25)	-
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	-	-
	(65)	33
Other comprehensive income (losses), net of tax	(2)	35
Total comprehensive income	93	251
Total comprehensive losses (income) attributable to non-controlling interests	45	(20)
Total comprehensive income attributable to owners of the Company	138	231

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Financial Position
at 30 June 2023

		Unaudited 30 June 2023	Audited 31 December 2022
	Note	EUR million	EUR million
Non-current assets			
Fixed assets	9	7,479	7,378
Right-of-use assets	10	2,113	1,825
Telecommunications licences	11	7,400	7,310
Brand names and other rights	12	3,600	3,731
Goodwill	13	9,792	9,852
Interests in joint ventures	14	321	20
Deferred tax assets	15	1,880	1,831
Listed investments	16	1,198	1,028
Other non-current assets	17	752	736
		34,535	33,711
Current assets			
Cash and cash equivalents	18	3,221	3,600
Inventories		241	225
Trade receivables and other current assets	19	3,633	3,770
		7,095	7,595
Assets classified as held for sale	20	-	734
		7,095	8,329
Current liabilities			
Bank and other debts	21	2,499	2,497
Current tax liabilities		193	198
Lease liabilities	10	602	502
Trade payables and other current liabilities	22	3,878	4,491
		7,172	7,688
Liabilities directly associated with assets classified as held for sale	20	-	136
		7,172	7,824
Net current assets (liabilities)		(77)	505
Total assets less current liabilities		34,458	34,216
Non-current liabilities			
Bank and other debts	21	4,007	4,008
Interest bearing loan from non-controlling shareholder	24	206	220
Lease liabilities	10	1,467	1,353
Deferred tax liabilities	15	212	214
Pension obligations	25	65	66
Other non-current liabilities	26	1,460	1,381
		7,417	7,242
Net assets		27,041	26,974

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Financial Position
at 30 June 2023

		Unaudited	Audited
		30 June	31 December
		2023	2022
	Note	EUR million	EUR million
<hr/>			
Capital and reserves			
Share capital	27	-	-
Share premium	27	17,908	17,908
Reserves	28	8,017	7,896
<hr/>			
Equity attributable to owners of the Company		25,925	25,804
Non-controlling interests		1,116	1,170
<hr/>			
Total equity		27,041	26,974
<hr/>			

CK Hutchison Group Telecom Holdings Limited
Condensed Consolidated Statement of Changes in Equity
for the six months ended 30 June 2023

	Attributable to				Unaudited Total equity EUR million
	Owners of the Company				
	Share capital and share premium ^(a)	Reserves ^(b)	Subtotal	Non- controlling interests	
	EUR million	EUR million	EUR million	EUR million	
At 1 January 2023	17,908	7,896	25,804	1,170	26,974
Profit for the period	-	89	89	6	95
Other comprehensive income (losses)					
Changes in fair value of equity instruments at fair value through other comprehensive income	-	63	63	-	63
Exchange gains (losses) on translation of foreign operations	-	54	54	(50)	4
Losses on cash flow hedges	-	(43)	(43)	(1)	(44)
Losses on net investment hedges	-	(25)	(25)	-	(25)
Tax relating to components of other comprehensive income	-	-	-	-	-
Other comprehensive income (losses), net of tax	-	49	49	(51)	(2)
Total comprehensive income (losses)	-	138	138	(45)	93
Transactions with owners in their capacity as owners:					
Dividends paid to non-controlling interests	-	-	-	(10)	(10)
Recognition of put option liabilities arising from business combinations	-	(17)	(17)	-	(17)
Relating to purchase of a subsidiary company	-	-	-	1	1
At 30 June 2023	17,908	8,017	25,925	1,116	27,041

(a) See note 27 for details on share capital and share premium.

(b) See note 28 for details on reserves.

(c) During the six months ended 30 June 2023, 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 2023

	Attributable to				
	Owners of the Company				
	Share capital and share premium ^(a) EUR million	Reserves ^(b) EUR million	Subtotal EUR million	Non- controlling interests EUR million	Unaudited Total equity 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	-	2	2	-	2
Exchange gains (losses) on translation of foreign operations	-	(34)	(34)	13	(21)
Gains on cash flow hedges	-	54	54	-	54
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 27 for details on share capital and share premium.

(b) See note 28 for details on reserves.

(c) During the six months ended 30 June 2022, 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 2023

		Unaudited 2023	2022
	Note	EUR million	EUR million
Operating activities			
Cash generated from operating activities before interest expenses and other finance costs, tax recovered and changes in working capital	29 (a)	1,330	1,648
Interest expenses and other finance costs paid (net of capitalisation)		(93)	(78)
Tax recovered		33	23
Funds from operations (before principal elements of lease payments)		1,270	1,593
Changes in working capital	29 (b)	(615)	(119)
Net cash from operating activities		655	1,474
Investing activities			
Purchase of fixed assets		(752)	(934)
Additions to telecommunications licences		(120)	(17)
Additions to brand names and other rights		(75)	(73)
Purchase of subsidiary companies, net of cash acquired	29 (c)	(9)	-
Purchase of and advances to joint ventures		(4)	(3)
Proceeds from disposal of fixed assets		1	6
Proceeds from disposal of a subsidiary company	29 (d)	303	-
Cash flows used in investing activities		(656)	(1,021)
Net cash inflow (outflow) before financing activities		(1)	453
Financing activities			
New borrowings	29 (e)	-	391
Repayment of borrowings	29 (e)	-	(598)
Principal elements of lease payments	29 (e)	(368)	(393)
Loan from non-controlling shareholder	29 (e)	-	239
Dividends paid to non-controlling interests		(10)	(17)
Cash flows used in financing activities		(378)	(378)
Increase (decrease) in cash and cash equivalents		(379)	75
Cash and cash equivalents at 1 January		3,600	2,187
Cash and cash equivalents at 30 June		3,221	2,262
Analysis of cash and listed investments at 30 June			
Cash and cash equivalents, as above	18	3,221	2,262
Listed investments	16	1,198	-
Total cash and listed investments		4,419	2,262
Total principal amount of bank and other debts	21	6,530	6,559
Interest bearing loan from non-controlling shareholder	24	206	229
Net debt		2,317	4,526
Interest bearing loan from non-controlling shareholder		(206)	(229)
Net debt (excluding interest bearing loan from non-controlling shareholder)		2,111	4,297

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 2023 (the “Interim Financial Statements”) were authorised for issue by the Company’s board of directors on 3 August 2023.

The Operations Review, issued as part of CKHGT 2023 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 2022 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 2022 (the “2022 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 2022 Annual Financial Statements.

The Interim Financial Statements have been prepared on a historical cost basis, except that defined benefit plans plan assets, and certain financial assets and liabilities (including derivative instruments) are measured at fair value, and non-current assets and disposal group classified as held for sale are generally measured at the lower of carrying amount and fair value less cost to sell. In these financial statements, non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from other assets in the consolidated statement of financial position. Liabilities directly associated with non-current assets classified as held for sale and liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the consolidated statement of financial position. The Interim Financial Statements 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, the liquidity of the Group and existing funding available to the Group. On the basis of these assessments, Management 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	
	2023	2022
	EUR million	EUR million
Sale of goods	736	756
Revenue from services	4,115	4,096
Interest	57	3
	4,908	4,855

(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 2023				
	Revenue from contracts with customers			Revenue from other sources	Total
	recognised at a point in time	recognised over time	Subtotal		
	EUR million	EUR million	EUR million	EUR million	EUR million
3 Group Europe	673	3,890	4,563	-	4,563
UK	376	1,028	1,404	-	1,404
Italy	90	1,808	1,898	-	1,898
Sweden	83	251	334	-	334
Denmark	12	151	163	-	163
Austria	73	393	466	-	466
Ireland	39	259	298	-	298
Hutchison Telecommunications Hong Kong Holdings	63	211	274	-	274
Corporate and Others	-	14	14	57	71
	736	4,115	4,851	57	4,908

	Six months ended 30 June 2022				
	Revenue from contracts with customers			Revenue from other sources	Total
	recognised at a point in time	recognised over time	Subtotal		
	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

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 2023	31 December 2022
	EUR million	EUR million
Trade receivables, which are included in "Trade receivables and other current assets" (see note 19)	1,081	1,112
Trade receivables, which are included in "Assets classified as held for sale" (see note 20)	-	2
Contract assets (see notes 17 and 19)	681	758
Contract liabilities (see note 22)	(534)	(480)

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. For the six months ended 30 June 2023, EUR34 million (30 June 2022: EUR51 million) was recognised in the consolidated 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. For the six months ended 30 June 2023, EUR45 million (30 June 2022: EUR52 million) was recognised in the consolidated income statement as provision for expected credit losses on contract assets.

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. EUR186 million (30 June 2022: EUR213 million) was recognised as revenue for the six months ended 30 June 2023 that was included in the contract liability balance at the beginning of the year.

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 listed investments.

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.

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 2023 and 31 December 2022.

(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 2023				Six months ended 30 June 2022			
	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	4,563	-	4,563	92%	4,584	1	4,585	95%
UK	1,404	-	1,404	29%	1,397	-	1,397	29%
Italy	1,898	-	1,898	38%	1,958	-	1,958	41%
Sweden	334	-	334	7%	337	-	337	7%
Denmark	163	-	163	3%	155	1	156	3%
Austria	466	-	466	9%	436	-	436	9%
Ireland	298	-	298	6%	301	-	301	6%
Hutchison Telecommunications Hong Kong Holdings	274	-	274	6%	266	-	266	5%
Corporate and Others	71	9	80	2%	5	5	10	-
	4,908	9	4,917	100%	4,855	6	4,861	100%
IFRS 16 impact	-	-	-		-	-	-	
	4,908	9	4,917		4,855	6	4,861	

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)(viii)) and EBIT (see note 5(b)(ix)). Analyses of segment results by EBITDA and EBIT are set out in (ii) and (iii) below.

(ii) An analysis of EBITDA by segments

	EBITDA (LBITDA) ^(viii)							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	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	1,190	18	1,208	99%	1,361	-	1,361	93%
UK	186	-	186	15%	310	-	310	21%
Italy	630	18	648	53%	642	-	642	44%
Sweden	105	-	105	9%	109	-	109	7%
Denmark	39	-	39	3%	45	-	45	3%
Austria	160	-	160	13%	172	-	172	12%
Ireland	70	-	70	6%	83	-	83	6%
Hutchison Telecommunications Hong Kong Holdings	68	4	72	6%	54	4	58	4%
Corporate and Others	(62)	-	(62)	-5%	42	(2)	40	3%
EBITDA [^]	1,196 [^]	22 [^]	1,218 [^]	100%	1,457 [^]	2 [^]	1,459 [^]	100%
Depreciation and amortisation	(1,121)	(18)	(1,139)		(1,166)	(3)	(1,169)	
Interest expenses and other finance costs	(69)	(1)	(70)		(53)	(1)	(54)	
Current tax	32	(2)	30		16	-	16	
Deferred tax	34	-	34		(67)	-	(67)	
Non-controlling interests	(6)	-	(6)		(7)	-	(7)	
	66	1	67		180	(2)	178	
IFRS 16 impact								
EBITDA [^]	387 [^]	6 [^]	393 [^]		400 [^]	- [^]	400 [^]	
Depreciation and amortisation	(328)	(5)	(333)		(329)	-	(329)	
Interest expenses and other finance costs	(38)	-	(38)		(38)	-	(38)	
Current tax	1	-	1		-	-	-	
Deferred tax	(1)	-	(1)		(2)	-	(2)	
	87	2	89		211	(2)	209	
[^] Reconciliation to Post-IFRS 16 basis								
EBITDA:								
Pre-IFRS 16 basis EBITDA per above	1,196	22	1,218		1,457	2	1,459	
IFRS 16 impact per above	387	6	393		400	-	400	
Post-IFRS 16 basis EBITDA (see note 29(a)(i))	1,583	28	1,611		1,857	2	1,859	

5 Operating segment information (continued)

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

(iii) An analysis of EBIT by segments

	EBIT (LBIT) ^(ix)							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Company and Subsidiaries			JV	Company and Subsidiaries			JV
	EUR million	EUR million	EUR million		%	EUR million	EUR million	EUR million
3 Group Europe								
EBITDA before the following non-cash items:	1,190	18	1,208			1,361	-	1,361
Depreciation	(640)	(15)	(655)			(676)	-	(676)
Amortisation of licence fees, other rights, customer acquisition and retention costs	(418)	-	(418)			(430)	-	(430)
EBIT - 3 Group Europe	132	3	135	171%		255	-	255
UK	(87)	-	(87)	-110%		30	-	30
Italy	103	3	106	134%		65	-	65
Sweden	27	-	27	34%		40	-	40
Denmark	7	-	7	9%		4	-	4
Austria	79	-	79	100%		97	-	97
Ireland	3	-	3	4%		19	-	19
Hutchison Telecommunications Hong Kong Holdings	5	1	6	7%		(5)	1	(4)
Corporate and Others	(62)	-	(62)	-78%		41	(2)	39
EBIT ^	75 ^	4 ^	79 ^	100%		291 ^	(1) ^	290 ^
Interest expenses and other finance costs	(69)	(1)	(70)			(53)	(1)	(54)
Current tax	32	(2)	30			16	-	16
Deferred tax	34	-	34			(67)	-	(67)
Non-controlling interests	(6)	-	(6)			(7)	-	(7)
	66	1	67			180	(2)	178
IFRS 16 impact								
EBIT ^	59 ^	1 ^	60 ^			71 ^	- ^	71 ^
Interest expenses and other finance costs	(38)	-	(38)			(38)	-	(38)
Current tax	1	-	1			-	-	-
Deferred tax	(1)	-	(1)			(2)	-	(2)
	87	2	89			211	(2)	209
^ Reconciliation to Post-IFRS 16 basis EBIT:								
Pre-IFRS 16 basis EBIT per above	75	4	79			291	(1)	290
IFRS 16 impact per above	59	1	60			71	-	71
Post-IFRS 16 basis EBIT	134	5	139			362	(1)	361

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 2023			Six months ended 30 June 2022		
	Company and Subsidiaries		JV	Company and Subsidiaries		JV
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
3 Group Europe	1,058	15	1,073	1,106	-	1,106
UK	273	-	273	280	-	280
Italy	527	15	542	577	-	577
Sweden	78	-	78	69	-	69
Denmark	32	-	32	41	-	41
Austria	81	-	81	75	-	75
Ireland	67	-	67	64	-	64
Hutchison Telecommunications						
Hong Kong Holdings	63	3	66	59	3	62
Corporate and Others	-	-	-	1	-	1
	1,121	18	1,139	1,166	3	1,169
IFRS 16 impact	328	5	333	329	-	329
	1,449	23	1,472	1,495	3	1,498

(v) An analysis of capital expenditure by segments

	Capital expenditure ^(xiv)							
	Six months ended 30 June 2023				Six months ended 30 June 2022			
	Telecom- munications		Brand names and other rights		Telecom- munications		Brand names and other rights	
	Fixed assets EUR million	licences EUR million	other rights EUR million	Total EUR million	Fixed assets EUR million	licences EUR million	other rights EUR million	Total EUR million
3 Group Europe	752	120	75	947	943	-	73	1,016
UK	315	-	-	315	396	-	-	396
Italy	209	-	75	284	269	-	73	342
Sweden	71	-	-	71	68	-	-	68
Denmark	26	-	-	26	73	-	-	73
Austria	84	-	-	84	84	-	-	84
Ireland	47	120	-	167	53	-	-	53
Hutchison Telecommunications								
Hong Kong Holdings	19	-	-	19	18	17	-	35
Corporate and Others	-	-	-	-	-	-	-	-
	771	120	75	966	961	17	73	1,051
IFRS 16 impact	(19)	-	-	(19)	(27)	-	-	(27)
	752	120	75	947	934	17	73	1,024

5 Operating segment information (continued)

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

(vi) An analysis of total assets by segments

	30 June 2023 EUR million	31 December 2022 EUR million
Segment assets ^(xi)		
3 Group Europe	31,820	31,787
UK	8,043	7,777
Italy	17,301	17,434
Sweden	1,779	1,987
Denmark	560	487
Austria	2,363	2,366
Ireland	1,774	1,736
Hutchison Telecommunications Hong Kong Holdings	1,845	1,945
Corporate and Others	3,999	4,224
	37,664	37,956
IFRS 16 impact on segment assets	1,765	1,499
Interests in joint ventures	321	20
Deferred tax assets	1,880	1,831
Assets classified as held for sale ^(xii)	-	734
Total assets	41,630	42,040

(vii) An analysis of total liabilities by segments

	30 June 2023 EUR million	31 December 2022 EUR million
Segment liabilities ^(xi)		
3 Group Europe	3,762	4,459
UK	876	1,429
Italy	2,316	2,419
Sweden	112	154
Denmark	76	77
Austria	249	247
Ireland	133	133
Hutchison Telecommunications Hong Kong Holdings	209	218
Corporate and Others	144	98
	4,115	4,775
IFRS 16 impact on segment liabilities	1,897	1,637
Current and non-current borrowings and other non-current liabilities ^(xiii)	8,172	8,106
Current and deferred tax liabilities	405	412
Liabilities directly associated with assets classified as held for sale ^(xii)	-	136
Total liabilities	14,589	15,066

5 Operating segment information (continued)

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

- (viii) 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.
- (ix) 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.
- (x) 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.
- (xi) 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, assets classified as held for sale 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), liabilities directly associated with assets classified as held for sale 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 (for 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 2023 EUR million	31 December 2022 EUR million
Hong Kong and Macau, the People's Republic of China	1,319	1,399
UK	6,922	6,665
Italy	16,909	16,510
Sweden	1,716	1,867
Denmark	554	478
Austria	2,218	2,198
Ireland	1,799	1,698
Others	-	1
	31,437	30,816

- (xii) See note 20.
- (xiii) Current and non-current borrowings comprise bank and other debts and interest bearing loan from non-controlling shareholder.
- (xiv) 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 2023			Six months ended 30 June 2022		
	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	4,908	-	4,908	4,855	-	4,855
Cost of inventories sold	(132)	-	(132)	(149)	-	(149)
Expensed customer acquisition and retention costs	(843)	23	(820)	(841)	24	(817)
Staff costs	(355)	-	(355)	(339)	-	(339)
Depreciation and amortisation	(1,121)	(328)	(1,449)	(1,166)	(329)	(1,495)
Other expenses and losses	(2,391)	364	(2,027)	(2,071)	376	(1,695)
Other income and gains	9	-	9	2	-	2
Share of profits less losses of joint ventures	1	1	2	(2)	-	(2)
	76	60	136	289	71	360
Interest expenses and other finance costs	(69)	(38)	(107)	(53)	(38)	(91)
Profit before tax	7	22	29	236	33	269
Current tax credit	32	1	33	16	-	16
Deferred tax credit (charge)	34	(1)	33	(67)	(2)	(69)
Profit after tax	73	22	95	185	31	216
Profit attributable to non-controlling interests	(6)	-	(6)	(7)	-	(7)
Profit attributable to owners of the Company	67	22	89	178	31	209

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 2023			Six months ended 30 June 2022		
	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	73	22	95	185	31	216
Other comprehensive income (losses)						
Items that will not be reclassified to profit or loss						
Changes in fair value of equity instruments at fair value through other comprehensive income	63	-	63	-	-	-
Remeasurement of defined benefit obligations	-	-	-	2	-	2
Tax relating to components of other comprehensive income (losses) that will not be reclassified to profit or loss	-	-	-	-	-	-
	63	-	63	2	-	2
Items that may be reclassified to profit or loss						
Exchange gains (losses) on translation of foreign operations	(1)	5	4	(22)	1	(21)
Gains (losses) on cash flow hedges	(44)	-	(44)	54	-	54
Losses on net investment hedges	(25)	-	(25)	-	-	-
Tax relating to components of other comprehensive income (losses) that may be reclassified to profit or loss	-	-	-	-	-	-
	(70)	5	(65)	32	1	33
Other comprehensive income (losses), net of tax	(7)	5	(2)	34	1	35
Total comprehensive income	66	27	93	219	32	251
Total comprehensive losses (income) attributable to non-controlling interests	45	-	45	(20)	-	(20)
Total comprehensive income attributable to owners of the Company	111	27	138	199	32	231

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 2023			31 December 2022		
	Pre-IFRS 16 basis	Effect on adoption of IFRS 16	Post-IFRS 16 basis	Pre-IFRS 16 basis	Effect on adoption of IFRS 16	Post-IFRS 16 basis
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Non-current assets						
Fixed assets	7,653	(174)	7,479	7,536	(158)	7,378
Right-of-use assets	-	2,113	2,113	-	1,825	1,825
Telecommunications licences	7,400	-	7,400	7,310	-	7,310
Brand names and other rights	3,600	-	3,600	3,731	-	3,731
Goodwill	9,792	-	9,792	9,852	-	9,852
Interests in joint ventures	320	1	321	20	-	20
Deferred tax assets	1,865	15	1,880	1,816	15	1,831
Listed investments	1,198	-	1,198	1,028	-	1,028
Other non-current assets	744	8	752	729	7	736
	32,572	1,963	34,535	32,022	1,689	33,711
Current assets						
Cash and cash equivalents	3,221	-	3,221	3,600	-	3,600
Inventories	241	-	241	225	-	225
Trade receivables and other current assets	3,815	(182)	3,633	3,945	(175)	3,770
	7,277	(182)	7,095	7,770	(175)	7,595
Assets classified as held for sale	-	-	-	623	111	734
	7,277	(182)	7,095	8,393	(64)	8,329
Current liabilities						
Bank and other debts	2,547	(48)	2,499	2,531	(34)	2,497
Current tax liabilities	212	(19)	193	203	(5)	198
Lease liabilities	-	602	602	-	502	502
Trade payables and other current liabilities	4,050	(172)	3,878	4,709	(218)	4,491
	6,809	363	7,172	7,443	245	7,688
Liabilities directly associated with assets classified as held for sale	-	-	-	25	111	136
	6,809	363	7,172	7,468	356	7,824
Net current assets (liabilities)	468	(545)	(77)	925	(420)	505
Total assets less current liabilities	33,040	1,418	34,458	32,947	1,269	34,216
Non-current liabilities						
Bank and other debts	4,086	(79)	4,007	4,095	(87)	4,008
Interest bearing loan from non-controlling shareholder	206	-	206	220	-	220
Lease liabilities	-	1,467	1,467	-	1,353	1,353
Deferred tax liabilities	212	-	212	214	-	214
Pension obligations	65	-	65	66	-	66
Other non-current liabilities	1,460	-	1,460	1,381	-	1,381
	6,029	1,388	7,417	5,976	1,266	7,242
Net assets	27,011	30	27,041	26,971	3	26,974
Capital and reserves						
Share capital	-	-	-	-	-	-
Share premium	17,908	-	17,908	17,908	-	17,908
Reserves	7,985	32	8,017	7,891	5	7,896
Equity attributable to owners of the Company	25,893	32	25,925	25,799	5	25,804
Non-controlling interests	1,118	(2)	1,116	1,172	(2)	1,170
Total equity	27,011	30	27,041	26,971	3	26,974

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 2023			Six months ended 30 June 2022		
	Pre-IFRS 16 basis	Effect on adoption of IFRS 16	Post-IFRS 16 basis	Pre-IFRS 16 basis	Effect on adoption of IFRS 16	Post-IFRS 16 basis
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
	(A)		(B)	(A)		(B)
Operating activities						
Cash generated from operating activities before interest expenses and other finance costs, tax recovered and changes in working capital	953	377	1,330	1,261	387	1,648
Interest expenses and other finance costs paid (net of capitalisation)	(55)	(38)	(93)	(40)	(38)	(78)
Tax recovered	33	-	33	23	-	23
Funds from operations (Funds from operations under (B) is before principal elements of lease payments)	931	339	1,270	1,244	349	1,593
Changes in working capital	(628)	13	(615)	(152)	33	(119)
Net cash from operating activities	303	352	655	1,092	382	1,474
Investing activities						
Purchase of fixed assets	(771)	19	(752)	(961)	27	(934)
Additions to telecommunications licences	(120)	-	(120)	(17)	-	(17)
Additions to brand names and other rights	(75)	-	(75)	(73)	-	(73)
Purchase of subsidiary companies, net of cash acquired	(9)	-	(9)	-	-	-
Purchase of and advances to joint ventures	(4)	-	(4)	(3)	-	(3)
Proceeds from disposal of fixed assets	1	-	1	6	-	6
Proceeds from disposal of a subsidiary company	303	-	303	-	-	-
Cash flows used in investing activities	(675)	19	(656)	(1,048)	27	(1,021)
Net cash inflow (outflow) before financing activities	(372)	371	(1)	44	409	453
Financing activities						
New borrowings	19	(19)	-	418	(27)	391
Repayment of borrowings	(16)	16	-	(609)	11	(598)
Principal elements of lease payments	-	(368)	(368)	-	(393)	(393)
Loan from non-controlling shareholder	-	-	-	239	-	239
Dividends paid to non-controlling interests	(10)	-	(10)	(17)	-	(17)
Cash flows from (used in) financing activities	(7)	(371)	(378)	31	(409)	(378)
Increase (decrease) in cash and cash equivalents	(379)	-	(379)	75	-	75
Cash and cash equivalents at 1 January	3,600	-	3,600	2,187	-	2,187
Cash and cash equivalents at 30 June	3,221	-	3,221	2,262	-	2,262
Analysis of cash and listed investments at 30 June						
Cash and cash equivalents, as above	3,221	-	3,221	2,262	-	2,262
Listed investments	1,198	-	1,198	-	-	-
Total cash and listed investments	4,419	-	4,419	2,262	-	2,262
Total principal amount of bank and other debts	6,657	(127)	6,530	6,681	(122)	6,559
Interest bearing loan from non-controlling shareholder	206	-	206	229	-	229
Net debt	2,444	(127)	2,317	4,648	(122)	4,526
Interest bearing loan from non-controlling shareholder	(206)	-	(206)	(229)	-	(229)
Net debt (excluding interest bearing loan from non-controlling shareholder)	2,238	(127)	2,111	4,419	(122)	4,297

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

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

	Six months ended 30 June	
	2023	2022
	EUR million	EUR million
Cost of goods sold:		
included in “cost of inventories sold”	132	149
included in “expensed customer acquisition and retention costs”	508	488
	640	637
Depreciation and amortisation:		
Fixed assets (see note 9)	660	695
Right-of-use assets (see note 10(b))	338	340
Telecommunications licences (see note 11)	56	54
Brand names and other rights (see note 12)	184	194
Customer acquisition and retention costs (see note 17(a))	211	212
	1,449	1,495
Other expenses and losses:		
Cost of providing services ^(a)	1,247	971
Office and general administrative expenses and others	561	527
Advertising and promotion expenses	146	139
Expenses for short-term and low-value assets leases (see note 10(b))	30	37
Legal and professional fees	43	21
	2,027	1,695
Other income and gains:		
Employment and other subsidies ^(b)	-	(2)
Gain on disposal of a subsidiary (see note 29(d))	(9)	-
	(9)	(2)

(a) Cost of providing services of EUR1,247 million (30 June 2022: EUR971 million) includes telecommunication network related costs of EUR1,100 million (30 June 2022: EUR698 million) and repair and maintenance of EUR147 million (30 June 2022: EUR273 million).

(b) Benefits received from governments and other authorities under COVID-19 related employment and other support schemes.

7 Interest expenses and other finance costs

	Six months ended 30 June	
	2023	2022
	EUR million	EUR million
Bank loans and overdrafts	22	5
Notes and bonds	23	28
Interest bearing loan from non-controlling shareholder	4	1
Other finance costs	4	8
Amortisation of loan facilities fees and premiums or discounts relating to debts	4	4
Notional interest accretions	10	9
	67	55
Interest on lease liabilities (see note 10(b))	40	36
	107	91

8 Tax

	Six months ended 30 June	
	2023	2022
	EUR million	EUR million
Current tax credit		
Europe	(33)	(16)
Deferred tax charge (credit)		
Europe	(36)	66
Outside Europe	3	3
	(33)	69
	(66)	53

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

9 Fixed assets

	Land and buildings EUR million	Telecom- munications network assets EUR million	Other assets EUR million	Total EUR million
At 31 December 2022				
Cost	123	8,093	4,077	12,293
Accumulated depreciation and impairment	(86)	(3,549)	(1,280)	(4,915)
	37	4,544	2,797	7,378
Six months ended 30 June 2023				
Opening net book value	37	4,544	2,797	7,378
Additions	2	112	638	752
Relating to subsidiaries acquired (see note 29(c))	-	-	1	1
Disposals	-	(2)	(3)	(5)
Depreciation charge for the period	(6)	(452)	(202)	(660)
Transfer between categories	15	553	(568)	-
Exchange translation differences	(1)	(29)	43	13
Closing net book value	47	4,726	2,706	7,479
At 30 June 2023				
Cost	141	8,642	4,197	12,980
Accumulated depreciation and impairment	(94)	(3,916)	(1,491)	(5,501)
	47	4,726	2,706	7,479

10 Leases

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

	30 June 2023 EUR million	31 December 2022 EUR million
Right-of-use assets		
Retail stores	151	158
Telecommunications network infrastructure sites	1,792	1,501
Other assets	170	166
	2,113	1,825
Lease liabilities		
Current	602	502
Non-current	1,467	1,353
	2,069	1,855

During the six months ended 30 June 2023, 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 2023, the Group has recognised EUR517 million (30 June 2022: EUR389 million) of right-of-use assets, and EUR517 million (30 June 2022: EUR389 million) of lease liabilities.

10 Leases (continued)

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

	Six months ended 30 June	
	2023	2022
	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")	28	35
	30	37
Depreciation charge of right-of-use assets (included in "Depreciation and amortisation")	338	340
Interest on lease liabilities (included in "Interest expenses and other finance costs")	40	36
	408	413

11 Telecommunications licences

	EUR million
At 31 December 2022	
Cost	8,050
Accumulated amortisation	(740)
	7,310
Six months ended 30 June 2023	
Opening net book value	7,310
Additions	120
Amortisation for the period	(56)
Exchange translation differences	26
	7,400
At 30 June 2023	
Cost	8,188
Accumulated amortisation	(788)
	7,400

The Group's telecommunications licences in the UK and Italy with a carrying value of EUR2,327 million and EUR3,919 million respectively (31 December 2022: EUR2,280 million and EUR3,919 million respectively) are considered to have an indefinite useful life. As at 30 June 2023, 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 2022			
Cost	2,099	3,285	5,384
Accumulated amortisation	-	(1,653)	(1,653)
	2,099	1,632	3,731
Six months ended 30 June 2023			
Opening net book value	2,099	1,632	3,731
Additions	-	75	75
Amortisation for the period	-	(184)	(184)
Relating to subsidiaries acquired (see note 29(c))	-	1	1
Exchange translation differences	2	(25)	(23)
Closing net book value	2,101	1,499	3,600
At 30 June 2023			
Cost	2,101	3,332	5,433
Accumulated amortisation	-	(1,833)	(1,833)
	2,101	1,499	3,600

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 2023 has been mainly allocated to the operation in Italy of approximately EUR844 million (31 December 2022: EUR844 million), the operation in UK of approximately EUR575 million (31 December 2022: EUR564 million) and the operation in Austria of approximately EUR287 million (31 December 2022: 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 2023, the carrying value of these rights amounted to EUR944 million (31 December 2022: EUR1,019 million) and EUR555 million (31 December 2022: EUR613 million) respectively.

13 Goodwill

	EUR million
At 31 December 2022	
Cost	12,851
Accumulated impairment	(2,999)
	9,852
Six months ended 30 June 2023	
Opening net book value	9,852
Relating to subsidiaries acquired (see note 29(c))	9
Exchange translation differences	(69)
Closing net book value	9,792

13 Goodwill (continued)

	EUR million
At 30 June 2023	
Cost	12,791
Accumulated impairment	(2,999)
	9,792

As at 30 June 2023, the carrying amount of goodwill has been allocated to the telecommunications operation in Austria of EUR768 million (31 December 2022: EUR767 million), Hong Kong of EUR462 million (31 December 2022: EUR476 million), Ireland of EUR581 million (31 December 2022: EUR581 million), Italy of EUR6,650 million (31 December 2022: EUR6,642 million), Denmark and Sweden of EUR942 million (31 December 2022: EUR1,004 million) and the UK of EUR389 million (31 December 2022: EUR382 million).

14 Interests in joint ventures

	30 June 2023 EUR million	31 December 2022 EUR million
Unlisted shares	303	-
Share of undistributed post acquisition reserves	(8)	(10)
	295	(10)
Amounts due from joint ventures	26	30
	321	20

15 Deferred tax

	30 June 2023 EUR million	31 December 2022 EUR million
Deferred tax assets	1,880	1,831
Deferred tax liabilities	212	214
Net deferred tax assets	1,668	1,617
Analysis of net deferred tax assets:		
	30 June 2023 EUR million	31 December 2022 EUR million
Tax losses	1,713	1,677
Accelerated depreciation allowances	(61)	(75)
Fair value adjustments arising from acquisitions	(44)	(40)
Revaluation of other investments	3	3
Other temporary differences	57	52
	1,668	1,617

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 EUR11,809 million (31 December 2022: EUR11,767 million). Their potential tax effect amounted to EUR2,524 million at 30 June 2023 (31 December 2022: EUR2,513 million).

16 Listed investments

	30 June 2023 EUR million	31 December 2022 EUR million
Financial assets at fair value through other comprehensive income ("FVOCI") ^(a)		
Listed equity securities ^(b)	1,198	1,028

(a) The fair values are based on quoted market prices.

(b) These equity securities are not investments held for trading purpose. The Group made an irrevocable election at initial recognition to recognise and measure these investments at fair value through other comprehensive income. The Group considered this FVOCI category to be an appropriate classification. As at 30 June 2023, the Group has collar agreements with banks to hedge fair values of certain of these listed equity securities. Fair value deficits of EUR43 million and EUR64 million at 30 June 2023 of these collar arrangements are included in current and non-current liabilities (see notes 22 and 26, respectively). The comparative balance of the listed equity securities includes EUR26 million fair value of these collar agreements.

17 Other non-current assets

	30 June 2023 EUR million	31 December 2022 EUR million
Customer acquisition and retention costs ^(a)	473	441
Contract assets	251	253
Unlisted investments		
Financial assets at FVOCI - equity securities ^(b)	2	2
Pension assets (see note 25)	5	5
Derivative financial instruments		
Cash flow hedges		
Cross currency interest rate swaps	9	16
Other contracts	4	13
Lease receivables	8	6
	752	736

(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 EUR211 million (30 June 2022: EUR212 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.

18 Cash and cash equivalents

	30 June 2023 EUR million	31 December 2022 EUR million
Cash at bank and in hand	993	744
Short term bank deposits	2,228	2,856
	3,221	3,600

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

19 Trade receivables and other current assets

	30 June 2023 EUR million	31 December 2022 EUR million
Trade receivables ^(a)	1,499	1,533
Less: loss allowance provision	(418)	(421)
	1,081	1,112
Amounts due from CKHH group entities ^(b)	19	-
Other current assets		
Derivative financial instruments		
Cash flow hedges - Other contracts	9	19
Net investment hedges - Cross currency interest rate swaps	-	13
Contract assets	430	505
Prepayments	1,803	1,837
Other receivables	276	269
Current tax receivables	15	15
	3,633	3,770

- (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 2023 EUR million	31 December 2022 EUR million
Less than 31 days	821	835
Within 31 to 60 days	57	65
Within 61 to 180 days	102	108
Over 180 days	519	525
	1,499	1,533

- (b) At 30 June 2023, the amounts due from CKHH group entities are trading in nature, unsecured, interest free and had no fixed terms of repayment.

20 Assets and liabilities classified as held for sale

	30 June 2023	31 December 2022
	EUR million	EUR million
Assets classified as held for sale		
Disposal group held for sale	-	734
Liabilities directly associated with assets classified as held for sale	-	136

On 3 January 2023, Wind Tre S.p.A. (“Wind Tre”), a wholly owned subsidiary, and Iliad Italia S.p.A. announced the closing of Zefiro Net S.r.l., a 50:50 joint venture which is dedicated to accelerate the deployment of mobile phone networks in less densely populated areas of Italy. Under the joint venture arrangement, both parties will jointly manage their respective mobile phone networks via the joint venture in the less densely populated areas of Italy. Accordingly, the related assets and liabilities to be transferred by Wind Tre into the joint venture were classified for accounting purposes as held for sale as at 31 December 2022. The major classes of these assets and liabilities and their carrying amounts at 31 December 2022 were as follows:

	30 June 2023	31 December 2022
	EUR million	EUR million
Assets		
Fixed assets	-	379
Right-of-use assets	-	111
Goodwill	-	242
Trade receivables	-	2
Assets classified as held for sale	-	734
Liabilities		
Lease liabilities	-	111
Provisions	-	25
Liabilities directly associated with assets classified as held for sale	-	136
Net assets directly associated with disposal group	-	598

21 Bank and other debts

	30 June 2023			31 December 2022		
	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	1,000	351	1,351	1,000	371	1,371
Notes and bonds	1,500	3,679	5,179	1,500	3,662	5,162
Subtotal before the following items	2,500	4,030	6,530	2,500	4,033	6,533
Unamortised loan facilities fees and premiums or discounts related to debts	(1)	(23)	(24)	(3)	(25)	(28)
	2,499	4,007	6,506	2,497	4,008	6,505

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

	30 June 2023		
	Bank loans EUR million	Notes and bonds EUR million	Total EUR million
2023, remainder of year	1,000	1,500	2,500
2024	-	-	-
2025	351	-	351
2026	-	1,000	1,000
2027	-	581	581
2028 to 2032	-	1,750	1,750
2033 and thereafter	-	348	348
	1,351	5,179	6,530
Less: current portion	(1,000)	(1,500)	(2,500)
	351	3,679	4,030

	31 December 2022		
	Bank loans EUR million	Notes and bonds EUR million	Total EUR million
2023	1,000	1,500	2,500
2024	-	-	-
2025	371	-	371
2026	-	1,000	1,000
2027	-	570	570
2028 to 2032	-	1,750	1,750
2033 and thereafter	-	342	342
	1,371	5,162	6,533
Less: current portion	(1,000)	(1,500)	(2,500)
	371	3,662	4,033

22 Trade payables and other current liabilities

	30 June 2023 EUR million	31 December 2022 EUR million
Trade payables ^(a)	861	893
Amounts due to CKHH group entities ^(b)	-	2
Other current liabilities		
Derivative financial instruments		
Fair value hedges - Collar agreements	43	-
Cash flow hedges - Other contracts	25	18
Net investment hedges - Cross currency interest rate swaps	7	-
Contract liabilities	534	480
Obligations for telecommunications licences and other rights	39	82
Provisions (see note 23)	113	122
Expenses and other accruals	1,727	1,934
Other payables	529	960
	3,878	4,491

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

	30 June 2023 EUR million	31 December 2022 EUR million
Less than 31 days	592	627
Within 31 to 60 days	7	11
Within 61 to 90 days	-	3
Over 90 days	262	252
	861	893

(b) At 31 December 2022, the amounts due to CKHH group entities were trading in nature, unsecured, interest free and had no fixed terms of repayment.

23 Provisions

	30 June 2023 EUR million	31 December 2022 EUR million
Provision for commitments, onerous contracts and other guarantees	553	576
Closure obligation	1	1
Assets retirement obligation	135	140
Other provisions	128	127
	817	844
Provisions are analysed as:		
Current portion (see note 22)	113	122
Non-current portion (see note 26)	704	722
	817	844

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.

24 Interest bearing loan from non-controlling shareholder

At 30 June 2023, the loan bears interest rate at Stockholm Interbank Offered Rate ("STIBOR") + 0.7% (31 December 2022: STIBOR+0.7%) per annum. The carrying amount of the borrowing approximates its fair value.

25 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 2023 EUR million	31 December 2022 EUR million
Defined benefit assets (see note 17)	5	5
Defined benefits liabilities	65	66
Net defined benefit liabilities	60	61

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

Present value of defined benefit obligations	85	86
Fair value of plan assets	25	25
Net defined benefit liabilities	60	61

26 Other non-current liabilities

	30 June 2023 EUR million	31 December 2022 EUR million
Derivative financial instruments		
Fair value hedges - Collar agreements	64	-
Obligations for telecommunications licences and other rights	429	399
Other non-current liabilities	263	260
Provisions (see note 23)	704	722
	1,460	1,381

27 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 2022, 31 December 2022, 1 January 2023 and 30 June 2023	64	-	17,908	17,908

28 Reserves

	Six months ended 30 June 2023					
	Attributable to owners of the Company					Total
	Retained profit	Exchange reserve	Hedging reserve	Merger reserve ^(a)	Others ^(b)	
	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
At 1 January 2023	10,374	771	30	(3,028)	(251)	7,896
Profit for the period	89	-	-	-	-	89
Other comprehensive income (losses)						
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	-	-	63	63
Exchange gains on translation of foreign operations	-	54	-	-	-	54
Losses on cash flow hedges	-	-	(43)	-	-	(43)
Losses on net investment hedges	-	(25)	-	-	-	(25)
Tax relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income (losses), net of tax	-	29	(43)	-	63	49
Transaction with owners in their capacity as owners:						
Recognition of put option liabilities arising from business combinations	-	-	-	-	(17)	(17)
At 30 June 2023	10,463	800	(13)	(3,028)	(205)	8,017

	Six months ended 30 June 2022					
	Attributable to owners of the Company					Total
	Retained profit	Exchange reserve	Hedging reserve	Merger reserve ^(a)	Others ^(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	2	-	-	-	-	2
Exchange losses on translation of foreign operations	-	(34)	-	-	-	(34)
Gains on cash flow hedges	-	-	54	-	-	54
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

- (a) Merger reserve represents the difference between the capital contributions from CKHH group entities to the companies now comprising the Group before the reorganisation and the consideration paid by the Group for acquisition of the CKHH Group's telecommunication businesses in Europe and Hong Kong.
- (b) Other reserves comprise revaluation reserve and other capital reserves. As at 30 June 2023, revaluation reserve deficit amounted to EUR79 million (1 January 2023: EUR142 million, 30 June 2022: nil and 1 January 2022: nil), and other capital reserves deficit amounted to EUR126 million (1 January 2023: EUR109 million, 30 June 2022: EUR109 million and 1 January 2022: EUR109 million). Revaluation deficit arising from revaluation to market value of listed equity securities are included in the revaluation reserve. Included in the other capital reserves is a deficit relating to transactions with non-controlling interests.

29 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 recovered and changes in working capital

	Six months ended 30 June	
	2023 EUR million	2022 EUR million
Profit after tax	95	216
Less: share of profits less losses of joint ventures	(2)	2
	93	218
Adjustments for:		
Current tax credit	(33)	(16)
Deferred tax charge (credit)	(33)	69
Interest expenses and other finance costs	107	91
Depreciation and amortisation	1,449	1,495
	1,583	1,857
EBITDA of Company and subsidiaries ⁽ⁱ⁾	1,583	1,857
Losses on disposal of fixed assets	4	-
Gain on disposal of a subsidiary company	(9)	-
Customer acquisition and retention costs capitalised in the period	(245)	(202)
Other non-cash items	(3)	(7)
	1,330	1,648

	Six months ended 30 June	
	2023 EUR million	2022 EUR million
(i) Reconciliation of EBITDA:		
EBITDA of Company and subsidiaries	1,583	1,857
Share of EBITDA of joint ventures		
Share of profits less losses of joint ventures	2	(2)
Adjustments for:		
Depreciation and amortisation	23	3
Interest expenses and other finance costs	1	1
Current tax charge	2	-
	28	2
EBITDA (see note 5(b)(ii))	1,611	1,859

(b) Changes in working capital

	Six months ended 30 June	
	2023 EUR million	2022 EUR million
Increase in inventories	(15)	(36)
Decrease in trade receivables and other current assets	74	167
Decrease in trade payables and other current liabilities	(731)	(393)
Other non-cash items	57	143
	(615)	(119)

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

(c) Purchase of subsidiary companies

The following table summarises the consideration paid and the amounts of the assets acquired and liabilities assumed recognised for acquisitions completed during the periods:

	Six months ended 30 June	
	2023	2022
	EUR million	EUR million
Purchase consideration transferred:		
Cash and cash equivalents paid	10	-
	10	-
Fair value		
Fixed assets	1	-
Brand names and other rights	1	-
Cash and cash equivalents	1	-
Trade receivables and other current assets	3	-
Trade payables and other current liabilities and current tax liabilities	(4)	-
Net identifiable assets acquired	2	-
Non-controlling interests	(1)	-
	1	-
Goodwill	9	-
	10	-
Total consideration		
	10	-
Net cash outflow arising from acquisition:		
Cash and cash equivalents paid	10	-
Cash and cash equivalents acquired	(1)	-
	9	-
Total net cash outflow		
	9	-

The assets acquired and liabilities assumed are recognised at the acquisition date fair value and are recorded at the consolidation level.

For the six months ended 30 June 2023, the contribution to the Group's revenue and profit before tax from these subsidiaries acquired during the period since the respective date of acquisition was not material. The acquisition related costs were not material.

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

(d) Disposal of a subsidiary company

	Six months ended 30 June	
	2023	2022
	EUR million	EUR million
Equity securities received	303	-
Cash and cash equivalents received	303	-
Total disposal consideration	606	-
Carrying amount of net assets disposed	(597)	-
Gain on disposal of a subsidiary	9	-
Analysis of assets and liabilities over which control was lost		
Assets classified as held for sale	733	-
Liabilities directly associated with assets classified as held for sale	(136)	-
Net assets disposed	597	-

Disposal of a subsidiary company for the current period mainly related to the disposal of the Group's former subsidiary Zefiro Net S.r.l which has become a 50% owned joint venture in the current period (see note 20). The gain on disposal is recognised in the consolidated income statement and included in the line item titled "Other income and gains". See note 6.

Saved as disclosed for the effect arising from the gain on disposal, the effect on the Group's results from the subsidiary disposed during the period are not material for the periods ended 30 June 2023 and 2022.

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

(e) 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 2023	6,505	1,855	220	8,580
Financing cash flows				
Principal elements of lease payments	-	(368)	-	(368)
Other changes				
Amortisation of loan facilities fees and premiums or discounts relating to debts (see note 7)	4	-	-	4
Remeasurement / write off of lease liabilities	-	78	-	78
Increase in lease liabilities from entering into new leases during the period (see note 10(a))	-	517	-	517
Interest on lease liabilities (see note 7)	-	40	-	40
Interest element of lease liabilities paid (included in "net cash from operating activities")	-	(36)	-	(36)
Exchange translation differences	(3)	(17)	(14)	(34)
At 30 June 2023	6,506	2,069	206	8,781
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)
Net 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 / write off of lease liabilities	-	(15)	-	(15)
Increase in lease liabilities from entering into new leases during the period (see note 10(a))	-	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

30 Contingent liabilities and guarantees

At 30 June 2023, the Group had provided performance and other guarantees of EUR186 million (31 December 2022: EUR216 million).

31 Commitments

There have been no material changes in the total amount of capital commitments since 31 December 2022 except for the amounts taken up during the period in the normal course of business.

32 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	
	2023	2022
	EUR million	EUR million
Sales of contract assets (handset receivables) to CKHH group entities ⁽ⁱ⁾	367	388
Exchange gains (losses) hedged to CKHH group entities ⁽ⁱⁱ⁾	(1)	5

(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 2023, there are no outstanding notional amount in relation to the foreign exchange economic hedge agreement (30 June 2022: US\$50 million).

33 Legal proceedings

At 30 June 2023 and 31 December 2022, 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.

34 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:

			30 June 2023		31 December 2022	
		Classification under	Carrying amounts	Fair values	Carrying amounts	Fair values
	Note	IFRS 9	EUR million	EUR million	EUR million	EUR million
Financial assets						
Listed investments						
Listed equity securities	16	FVOCI	1,198	1,198	1,002	1,002
Fair value hedges - Collar agreements	16	Fair value - hedges	-	-	26	26
Unlisted investments						
Unlisted equity securities	17	FVOCI	2	2	2	2
Derivative financial instruments						
Cash flow hedges						
Cross currency interest rate swaps	17	Fair value - hedges	9	9	16	16
Other contracts	17 & 19	Fair value - hedges	13	13	32	32
Net investment hedges						
Cross currency interest rate swaps	19	Fair value - hedges	-	-	13	13
Lease receivables	17	Amortised cost	8	8	6	6
Cash and cash equivalents	18	Amortised cost	3,221	3,221	3,600	3,600
Trade receivables	19	Amortised cost	1,081	1,081	1,112	1,112
Other receivables	19	Amortised cost	276	276	269	269
Amounts due from joint ventures	14	Amortised cost	26	26	30	30
Amounts due from CKHH group entities	19	Amortised cost	19	19	-	-
			5,853	5,853	6,108	6,108
Financial liabilities						
Bank and other debts ⁽ⁱ⁾	21	Amortised cost	6,506	5,886	6,505	5,818
Interest bearing loan from non-controlling shareholder						
shareholder	24	Amortised cost	206	206	220	220
Trade payables	22	Amortised cost	861	861	893	893
Derivative financial instruments						
Fair value hedges						
Collar agreements	22 & 26	Fair value - hedges	107	107	-	-
Cash flow hedges						
Other contracts	22	Fair value - hedges	25	25	18	18
Net investment hedges						
Cross currency interest rate swaps	22	Fair value - hedges	7	7	-	-
Expenses and other accruals	22	Amortised cost	1,727	1,727	1,934	1,934
Other payables	22	Amortised cost	529	529	960	960
Lease liabilities	10	Amortised cost	2,069	2,069	1,855	1,855
Obligations for telecommunications licences and other rights						
and other rights	22 & 26	Amortised cost	468	468	481	481
Amounts due to CKHH group entities	22	Amortised cost	-	-	2	2
			12,505	11,885	12,868	12,181
Representing:						
Financial assets measured at						
Amortised cost			4,631	4,631	5,017	5,017
FVOCI			1,200	1,200	1,004	1,004
Fair value - hedges			22	22	87	87
			5,853	5,853	6,108	6,108
Financial liabilities measured at						
Amortised cost			12,366	11,746	12,850	12,163
Fair value - hedges			139	139	18	18
			12,505	11,885	12,868	12,181

- (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.

34 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).

		30 June 2023				31 December 2022			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	Note	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million	EUR million
Financial assets									
Listed investments									
Listed equity securities	16	1,198	-	-	1,198	1,002	-	-	1,002
Fair value hedges - Collar agreements	16	-	-	-	-	-	-	26	26
Unlisted investments									
Unlisted equity securities	17	-	-	2	2	-	-	2	2
Derivative financial instruments									
Cash flow hedges									
Cross currency interest rate swaps	17	-	9	-	9	-	16	-	16
Other contracts	17 & 19	-	13	-	13	-	32	-	32
Net investment hedges									
Cross currency interest rate swaps	19	-	-	-	-	-	13	-	13
		1,198	22	2	1,222	1,002	61	28	1,091
Financial liabilities									
Derivative financial instruments									
Fair value hedges									
Collar agreements	22 & 26	-	-	107	107	-	-	-	-
Cash flow hedges									
Other contracts	22	-	25	-	25	-	18	-	18
Net investment hedges									
Cross currency interest rate swaps	22	-	7	-	7	-	-	-	-
		-	32	107	139	-	18	-	18

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 2023 and 2022, 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.

34 Fair value measurements (continued)

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

Level 3 fair values

The movements of the balance of financial assets and financial liabilities measured at fair value based on Level 3 are as follows:

	Six months ended 30 June	
	2023	2022
	EUR million	EUR million
At 1 January	28	2
Total losses recognised in		
Income statement	-	-
Other comprehensive income	(133)	-
At 30 June	(105)	2
Total losses recognised in income statement relating to those financial assets and financial liabilities held at the end of the reporting period	-	-

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.

35 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.

36 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 2022 Annual Financial Statements, except for the adoption of the new standards, interpretations and amendments became effective as of 1 January 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The following amendments apply for the first time to financial reporting periods commencing on or after 1 January 2023, but do not have an impact on the Interim Financial Statements:

(a) Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements

The amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support these amendments, the IASB also amended IFRS Practice Statement 2 "Making Materiality Judgements" to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments relate to disclosures of accounting policies in complete financial statements, and thus, had no impact on the Interim Financial Statements, but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments clarify the distinction between changes in accounting policies and changes in accounting estimates. Among other things, the amendments now define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty, and clarify that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates unless they result from the correction of prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. Entities are required to apply the amendments prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the entity applies the amendments.

36 New standards, interpretations and amendments adopted by the Group (continued)

(c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes

The amendments narrow the scope of the initial recognition exemption in IAS 12 so that it does not apply to transactions such as leases and decommissioning provisions that, on initial recognition, give rise to equal taxable and deductible temporary differences. Consequently, entities will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on these transactions. The amendments are applied prospectively to transactions that occur on or after the beginning of the earliest comparative period presented. Entities should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other component of equity at that date.

(d) International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12 Income Taxes

The amendments clarify the application of IAS 12 to income taxes arising from tax law enacted or substantively enacted to implement the Organisation for Economic Co-operation and Development (“OECD”)/G20 Inclusive Framework on Base Erosion and Profit Shifting Pillar Two model rules (“Pillar Two income taxes”).

The amendments provide a mandatory temporary exception from recognising and disclosing deferred tax assets and liabilities arising from implementation of the OECD’s Pillar Two Model Rules. The amendments also introduce targeted disclosure requirements for affected companies and require entities to disclose:

- the fact that they have applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes;
- their current tax expense (if any) related to the Pillar Two income taxes; and
- during the period between the legislation being enacted or substantially enacted and the legislation becoming effective, entities will be required to disclose known or reasonably estimable information. If this information is not known or reasonably estimable, entities are instead required to disclose a statement to that effect and information about their progress in assessing the exposure.

The amendments are required to be applied immediately (subject to any local endorsement processes) and retrospectively in accordance with IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors”. In adopting these amendments the Group has applied the mandatory temporary exception from recognising and disclosing information about deferred tax assets and liabilities arising from implementation of the OECD’s Pillar Two Model Rules. The disclosures in respect of the current tax expense related to the Pillar Two income taxes and the known or reasonably estimable exposure to Pillar Two income taxes are required for annual reporting periods beginning on or after 1 January 2023, but they are not required to be disclosed in interim financial reports for any interim period ending on or before 31 December 2023.