P4 Sp. z o.o. Group

Interim Condensed Consolidated Financial Statements

prepared in accordance with IAS 34
as at and for the 6-month period ended
June 30, 2021

PLAY

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Approval of financial statements

We hereby approve the interim financial statements of the P4 Sp. z o.o. Group for the 6-month period year ended June 30, 2021 consisting of the interim condensed statement of comprehensive income showing total income of PLN 5,300,055 thousand, the interim condensed statement of financial position with assets and liabilities and equity of PLN 19,255,496 thousand, the interim condensed statement of changes in equity showing an increase in equity by PLN 5,217,114 thousand, the interim condensed statement of cash flows showing an increase in net cash by PLN 3,338,659 thousand and other explanatory notes.

Jean-Marc Harion
Management Board President

Piotr Kuriata
Management Board Member

Mikkel Noesgaard
Management Board Member

Beata Zborowska
Management Board Member

Michał Ziółkowski
Management Board Member

Warsaw, August 31, 2021

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Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Operating revenue	3	**3,636,309**	**3,499,336**
Service revenue		2,861,702	2,748,409
Sales of goods and other revenue		774,607	750,927
Operating expenses		**(2,781,173)**	**(2,670,305)**
Interconnection, roaming and other service costs	4	(911,283)	(913,429)
Contract costs		(207,570)	(205,570)
Cost of goods sold		(634,857)	(616,419)
General and administrative expenses	5	(551,897)	(461,581)
Depreciation and amortization	6	(475,566)	(473,306)
Other operating income	7	5,873,002	42,357
Other operating costs	7	(44,960)	(110,981)
thereof: impairment of financial assets	7	*(59,717)*	*(106,274)*
Operating profit		**6,683,178**	**760,407**
Finance income	8	28,751	4,435
Finance costs	8	(141,349)	(137,331)
Profit before income tax		**6,570,580**	**627,511**
Income tax charge	9	(1,270,525)	(133,089)
Net profit		**5,300,055**	**494,422**
Effect of valuation of finance assets and liabilities at fair value through other comprehensive income		-	1,787
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**-**	**1,787**
Total comprehensive income		**5,300,055**	**496,209**

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Interim Condensed Consolidated Statement of Financial Position

	Notes	June 30, 2021 Unaudited	December 31, 2020
ASSETS			
Non-current assets			
Intangible assets	10	2,328,571	2,493,950
Property, plant and equipment	11	1,388,637	1,329,506
Right-of-use assets	12	3,823,513	346,275
Assets under construction	13	301,246	262,260
Contract costs		381,151	390,493
Long-term finance receivables	14	145,380	145,380
Long-term receivables	15	14,325	14,054
Other long-term finance assets	16	13,892	12,439
Long term prepaid expenses	20	9,959	-
Deferred tax asset		2	3
Total non-current assets		**8,406,676**	**4,994,360**
Current assets			
Inventories	17	126,497	226,710
Short-term finance receivables	14	4,133,409	322,767
Trade and other receivables	18	787,581	697,426
Contract assets	19	1,423,224	1,423,556
Current income tax receivables		1,875	701
Prepaid expenses	20	40,179	28,895
Cash and cash equivalents	21	4,180,023	841,259
Other short-term finance assets	16	7,569	7,002
Assets held for sale	2.5	148,463	1,685,380
Total current assets		**10,848,820**	**5,233,696**
TOTAL ASSETS		**19,255,496**	**10,228,056**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	22	48,857	48,857
Other supplementary capital	22	(198,623)	(198,400)
Other reserves	22	887,905	-
Retained earnings	22	7,017,297	2,687,865
Total equity		**7,755,436**	**2,538,322**
Non-current liabilities			
Long-term finance liabilities	23	8,357,773	4,932,605
Long-term provisions	24	193,812	48,004
Deferred tax liability		170,885	168,444
Other non-current liabilities		12,948	10,379
Total non-current liabilities		**8,735,418**	**5,159,432**
Current liabilities			
Short-term finance liabilities	23	214,733	206,133
Trade and other payables	26	1,015,812	955,822
Contract liabilities	28	100,898	115,096
Current income tax payable		1,135,648	79,529
Accruals	27	62,329	78,242
Short-term provisions	24	2,467	2,534
Deferred income	29	232,755	208,423
Liabilities directly associated with assets held for sale		-	884,523
Total current liabilities		**2,764,642**	**2,530,302**
TOTAL LIABILITIES AND EQUITY		**19,255,496**	**10,228,056**

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Interim Condensed Consolidated Statement of Changes in Equity

		Attributable to equity holders of the parent				
	Notes	**Share capital**	**Other supplementary capital**	**Other reserves**	**Retained earnings**	**Total equity**
As at January 1, 2021		**48,857**	**(198,400)**	**-**	**2,687,865**	**2,538,322**
Effect of correction of errors		-	-	-	(82,718)	(82,718)
As at January 1, 2021 (adjusted)		**48,857**	**(198,400)**	**-**	**2,605,147**	**2,455,604**
Net profit for the period		-	-	-	5,300,055	5,300,055
Total comprehensive income		**-**	**-**	**-**	**5,300,055**	**5,300,055**
Effect of valuation of equity-settled incentive and retention programs	25	-	(223)	-	-	(223)
Increase of other reserves	22	-	-	887,905	(887,905)	-
As at June 30, 2021, unaudited		**48,857**	**(198,623)**	**887,905**	**7,017,297**	**7,755,436**

The Group recognized, directly in its retained earnings as at January 1, 2021, a correction of an error relating to previous years in the amount of PLN 82,718 thousand. This amount includes costs after an adjustment for deferred tax related to the distribution of TV shows and audiovisual content in 2016-2020 which, according to the Group's expectations, will be subject to payment.

		Attributable to equity holders of the parent				
	Notes	**Share capital**	**Other supplementary capital**	**Other reserves**	**Retained earnings**	**Total equity**
As at January 1, 2020		**48,857**	**(198,672)**	**(1,787)**	**2,414,395**	**2,262,793**
Net profit for the period		-	-	-	494,422	494,422
<u>Other comprehensive income to be reclassified to profit or loss in subsequent periods</u>						
Effect of valuation of finance assets and liabilities at fair value through other comprehensive income		-	-	1,787	-	1,787
Total comprehensive income		**-**	**-**	**1,787**	**494,422**	**496,209**
Effect of valuation of equity-settled incentive and retention programs	25	-	4,837	-	-	4,837
Dividend payment		-	-	-	(740,000)	(740,000)
As at June 30, 2020, unaudited		**48,857**	**(193,835)**	**-**	**2,168,817**	**2,023,839**

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Interim condensed consolidated statement of cash flows

	Notes	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Profit before income tax		**6,570,580**	**627,511**
Depreciation and amortization		475,566	473,306
Change in contract costs	30	9,341	90
Interest expense (net)		117,440	129,349
Gain on finance instruments at fair value		-	(2,898)
Foreign exchange (gains)/losses		(4,759)	6,371
Gain on disposal of non-current assets and termination of lease contracts		(5,832,743)	(1,760)
Impairment of non-current assets		803	183
Change in provisions and liabilities or equity related to incentive and retention programs		11,872	5,682
Changes in working capital and other	30	(20,617)	(889)
Change in contract assets	30	332	57,594
Change in contract liabilities	30	(14,199)	(8,842)
Cash provided by operating activities		**1,313,616**	**1,285,697**
Interest received		128	93
Income tax paid		(195,436)	(233,887)
Net cash provided by operating activities		**1,118,308**	**1,051,903**
Proceeds from sale of non-current assets		2,533	1,053
Purchase of fixed assets and intangibles and prepayments for assets under construction		(294,374)	(302,829)
Cash inflows related to sale of passive infrastructure	2.5	6,693,293	-
Cash outflows related to assets held for sale	2.5	(81,366)	-
Proceeds from finance receivables		3,632	4,419
Loans given	14	(2,508,836)	-
Purchase of debt securities	14	(1,282,510)	(87,000)
Deposit paid in the auction for telecommunications licenses		-	(182,000)
Deposit returned in the auction for telecommunications licenses		-	182,000
Net cash used in investing activities (including notes purchased and loans granted)		**2,532,372**	**(384,357)**
Dividends (paid)		-	(740,000)
Proceeds from finance liabilities	23, 31	4,050,000	1,420,000
Repayment of finance liabilities	23, 31	(4,219,713)	(927,345)
Paid interest relating to finance liabilities	23, 31	(90,733)	(112,389)
Paid other costs relating to finance liabilities	23, 31	(52,157)	(9,354)
Other proceeds from financing activities		582	868
Net cash used in financing activities		**(312,021)**	**(368,220)**
Net change in cash and cash equivalents		**3,338,659**	**299,326**
Effect of exchange rate change on cash and cash equivalents		(78)	210
Cash and cash equivalents at the beginning of the period		**841,251**	**285,748**
Cash and cash equivalents at the end of the period	**21**	**4,179,832**	**585,284**

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Notes and explanations

1. P4 and P4 Group

P4 Sp. z o.o. (hereafter referred to as "P4" or the "Company") was established under Polish law on September 6, 2004 under the name of Netia Mobile Sp. z o.o. The Company was registered on September 15, 2004. On October 13, 2005, by resolution of the Shareholder Meeting, the Company name was amended from Netia Mobile Sp. z o.o. to P4 Sp. z o.o. The Company's registered office is in Warsaw, Poland at ul. Wynalazek 1.

The Company's business activity embraces the provision of mobile telecommunications services, sales of mobile devices and managing a distribution network of mobile telecommunications products. On March 16, 2007 P4 started providing mobile telecommunications services using the brand "PLAY".

As at June 30, 2021 the Company was controlled directly by Play Communications S.A. (hereafter referred to as "Play Communications", "PC S.A."), which held a 100% stake in the Company. Play Communications and its subsidiaries constitute the "Play Group". The Play Group is controlled by Iliad Purple S.A.S. with its registered office in Paris, which is a 100% subsidiary of Iliad S.A. with its registered office in Paris, controlled by Xavier Niel.

The Company and its subsidiaries (together, the "P4 Group" or the "Group") operate in the mobile telecommunications sector in Poland. The Group's business activity embraces the provision of mobile telecommunications services, sales of mobile devices and managing a distribution network of mobile telecommunications products under the brand "PLAY" and "VIRGIN" from the moment of purchase of Virgin Mobile Polska sp. z o.o. ("VMP") on August 9, 2020.
From the moment of purchasing shares in 3S S.A. which, together with its subsidiaries, forms the 3S Group (hereafter the "3S Group") in August 2019, the Group has also been providing, under the "3S" brand, telecommunication services based on the fiber optic network and IT services through its own collocation centres.

These Financial Statements comprise:
- interim condensed consolidated statement of financial position;
- interim condensed consolidated statement of comprehensive income;
- interim condensed consolidated statement of changes in equity;
- interim condensed consolidated statement of cash flows;
- other explanatory notes

as at and for the 6-month period ended June 30, 2021 and the comparative period, i.e. the 6-month period ended June 30, 2020, hereafter the "Financial Statements".

The Interim Condensed Consolidated Financial Statements include the accounts of the Company and the following subsidiaries:

Entity	Location	Principal activity	Ownership and percentage of voting rights	
			June 30, 2021	December 31, 2020
Play Finance 1 S.A.	Luxembourg	Financing	100%	100%
3GNS Sp. z o.o.	Poland	Holding	100%	100%
Play 3GNS Spółka z ograniczoną odpowiedzialnością sp. k.	Poland	Brand management	100%	100%
3S S.A.	Poland	Telecommunications	100%	100%
3S Data Center S.A.	Poland	IT	100%	100%
3S BOX S.A.	Poland	IT	100%	100%
Virgin Mobile Polska Sp. z o.o.	Poland	Telecommunications	100%	100%

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2. Basis of preparation

These Financial Statements were authorized for issue by the Company's Management Board on August 31, 2021.

The Group's activities are not subject to significant seasonal or cyclical trends.

The Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – *Interim Financial Reporting* and in accordance with all the relevant accounting standards applicable to interim financial reporting, as endorsed by the European Union, published and in effect during the preparation of these Financial Statements.

These Financial Statements do not include all disclosures required for annual financial statements and therefore they should be read together with the Group's consolidated financial statements for the year ended December 31, 2020 approved on March 16, 2021, prepared in accordance with the IFRS ("Annual Financial Statements").

The Financial Statements have been prepared under the historical cost convention except for derivatives which are measured at fair value and equity items relating to equity-settled incentive and retention programs, which are measured at fair value at the grant date.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. The areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 2.4 to the Annual Financial Statements.

2.1 New standards, interpretations and amendments to existing standards

The accounting policies applied in the Financial Statements have not changed as compared to the policies applied in the Financial Statements for the year ended December 31, 2020 approved on March 16, 2021, except for new standards and interpretations as described in the table below:

Amendment	Issued on	Effective for annual periods beginning on or after	In EU effective for annual periods beginning on or after	Group's assessment of the regulation
Amendments to IFRS 4 Insurance Contracts - deferral of IFRS 9	25.06.2020	01.01.2021	01.01.2021	No impact
Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7) – Phase 2	27.08.2020	01.01.2021	01.01.2021	No impact

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The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ended June 30, 2021 and have not been adopted early:

Amendment	Issued on	Effective for annual periods beginning on or after	In EU effective for annual periods beginning on or after	Group's assessment of the regulation
Amendments to IFRS 3 Amendments to IAS 37 Amendments to IAS 16 Amendments arising from the IFRS 2018-2020 improvements	14.05.2020	01.01.2022	01.01.2022	Assessment in progress
Amendment to IFRS 16: COVID-19-Related Rent Concessions after June 30, 2021	31.03.2021	01.04.2021	Not endorsed yet	Assessment in progress
IFRS 17: Insurance contracts and amendments to IFRS 17	18.05.2017	01.01.2023	Not endorsed yet	No impact
Amendment to IAS 1: classification of liabilities as current or non-current	23.01.2020	01.01.2023	Not endorsed yet	Assessment in progress
Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	12.02.2021	01.01.2023	Not endorsed yet	Assessment in progress
Amendments to IAS 8: Definition of Accounting Estimates	12.02.2021	01.01.2023	Not endorsed yet	Assessment in progress
Amendments to IAS 12 *Income Taxes*: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	07.05.2021	01.01.2023	Not endorsed yet	Assessment in progress

2.2 Going concern

The Financial Statements disclose all matters of which the Group is aware and which are relevant to the Group's ability to continue as a going concern, including all significant events and the Group's plans. The Group generates positive cash flows from operating activities which can be used to perform all mandatory payments under the financing agreements and to finance further development of telecommunications infrastructure. Accordingly, the Financial Statements have been prepared on a basis which assumes that the Group will continue as a going concern and which contemplates the recoverability of assets and the satisfaction of liabilities and commitments in the normal course of business.

Due to the outbreak of COVID-19 pandemic in the first half of 2020 and in 2021 the Group operated in unusual business circumstances as it had to close temporarily some points of sales (from mid-March to early May 2020) and the introduced restrictions concerning, among others, the functioning of shopping centers in 2021, which resulted in lower revenue from sales of goods. Still, the Group believes that these circumstances do not affect the going concern assumption for the Group's operations, because the financial results achieved in 2020 and H1 2021 from the Group's core activities (without the non-recurring sale transaction of passive infrastructure – see Note 2.5) prove that the Group's business is largely resilient to the effects of the pandemic. The Group carefully monitors the situation and undertakes necessary initiatives to minimize the impact of the pandemic on its operations.

2.3 Consolidation

Subsidiaries, i.e. those entities over which the Group has a control, are consolidated. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangements with the other vote holders of the investee,
- rights arising from other contractual arrangements,
- the Group's voting rights and potential voting rights.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

The Group's investment in associate, an entity in which the Group has significant influence, is accounted for using the equity method.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. The accounting policies of subsidiaries are adjusted where necessary to ensure consistency with the policies adopted by the P4 Group.

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date at fair value and the amount of any non-controlling interest in the acquiree. Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the value of net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2.4 Changes in the composition of the Group

No changes in the P4 Group's composition transpired in the reporting period.

2.5 Sale of passive infrastructure

On 31 March 2021, as a result of an agreement signed by the Group's owner, Iliad Purple S.A.S. with Cellnex Poland sp. z o.o. (described in Note 12 of the Annual Financial Statements), P4 signed a passive infrastructure sale agreement with On Tower Poland Sp. z o.o. ("OTP").

Under the transaction, a portion of the passive infrastructure built mainly in 2020-2021 was valued on the basis of the "Built to Suit" ("BTS") program. As part of this program, further base stations built by the Company will be sold in the future to On Tower Poland Sp. z o.o. The result on the sales of stations under this program is classified in profit or loss as the Group's core operating activity. The expenditures for passive infrastructure held for sale in future periods, in the amount of PLN 148,463 thousand, were presented in the statement of financial position as current assets in the "Assets held for sale" item.

The sale of the remaining passive infrastructure, on which the Group realized profit of PLN 5,387,250 thousand, was classified as a non-recurring transaction.

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The following table summarizes the value of assets sold in the non-recurring transaction and the corresponding liabilities:

	Six-month period ended June 30, 2021
	Unaudited
Property, plant and equipment	805,843
Right-of-use assets	730,982
Goodwill	40,602
Long-term receivables	1,917
Trade and other receivables	86
Prepaid expenses	3
Cash and cash equivalents	19,183
Short-term lease liabilities	(644,955)
ARO provision	(192,238)
Trade and other payables	(2,619)
Cost of assets and liabilities sold	**758,804**

At the same time, P4 signed long-term maintenance agreements with On Tower Poland Sp. z o.o. for a period of 20 years, with the option of extending them for further 10-year periods, on the basis of which P4 will use the sold-off passive infrastructure for its telecommunications activities.

The profit on both these transactions was recognized in the statement of comprehensive income in the “Other operating income” item (see also Note 7).

Proceeds equal to the sales price less cash transferred as part of the transaction are presented in the statement of cash flows in the line item “Proceeds from disposal of passive infrastructure”.

The capital expenditures of PLN 81,366 thousand incurred in H1 2021 for passive infrastructure elements sold in H1 2021 and held for sale in future periods, are presented in the statement of cash flows in the line item “Expenditures for assets held for sale".

2.6 Foreign currency transactions

At the end of the reporting period monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate determined by the National Bank of Poland as at the end of the reporting period:

Currency	**June 30, 2021**	**December 31, 2020**
EUR	4.5208	4.6148
GBP	5.2616	5.1327
USD	3.8035	3.7584

2.7 Financial risk management

The P4 Group’s overall risk management program focuses on minimizing the potential adverse effects of the financial risks on the performance of the Group. The financial risk is managed under policies covering specific areas such as currency risk, interest rate risk, credit risk and liquidity risk, as well as covenants provided in financing

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agreements. During the current period, there were no significant changes in financial risk management. Detailed information is presented in Note 3 to the Annual Financial Statements.

2.8 Fair value estimation

The fair value of the finance assets and liabilities is the amount at which the asset could be sold or the liability transferred in a current transaction between market participants, other than in a forced or liquidation sale.

The level of the fair value hierarchy within which the fair value measurements are categorized are disclosed in respective Notes to the Financial Statements relating to items valued at fair value. For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Since there are no market prices available for the derivative financial instruments (interest rate swaps, foreign exchange forward contracts) in the portfolio assigned to Level 2 of the fair value hierarchy due to the fact that they are not listed on the market, the fair values are calculated using standard financial valuation models, based entirely on observable inputs. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying commodity. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

The methods and assumptions used to estimate the equity relating to incentive and retention programs are described in Note 2.4.4 to the Annual Financial Statements.

The nominal values of liabilities and receivables less the allowance for expected credit losses with a maturity up to one year are assumed to approximate their fair values.

2.9 Correction of the error recognized in the financial statements

In these Financial Statements, the Group recognized a correction of an error concerning the costs associated with the distribution of TV shows and audiovisual content in 2016-2020 which, according to the Group’s expectations, will be subject to payment.

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The impact of the correction of error on the statement of comprehensive income, the statement of financial position, the statement of cash flows, and the statement of changes in equity for the comparative period is shown below:

STATEMENT OF COMPREHENSIVE INCOME	**Six-month period ended June 30, 2020 Historical data**	**Change**	**Six-month period ended June 30, 2020 Restated**
Operating expenses	**(2,670,305)**	**(13,495)**	**(2,683,800)**
Interconnection, roaming and other service costs	(913,429)	(13,495)	(926,924)
Other operating costs	(110,981)	(160)	(111,141)
Operating profit	**760,407**	**(13,655)**	**746,752**
Profit before income tax	**627,511**	**(13,655)**	**613,856**
Income tax charge	(133,089)	2,564	(130,525)
Net profit	**494,422**	**(11,091)**	**483,331**
Other comprehensive income to be reclassified to profit or loss in subsequent periods	**1,787**	**-**	**1,787**
Total comprehensive income	**497,996**	**(11,091)**	**486,905**

STATEMENT OF FINANCIAL POSITION	**December 31, 2020 Historical data**	**Change**	**December 31, 2020 Restated**
ASSETS			
Total non-current assets	**4,994,360**	**-**	**4,994,360**
Total current assets	**5,233,696**	**-**	**5,233,696**
TOTAL ASSETS	**10,228,056**	**-**	**10,228,056**

	December 31, 2020 Historical data	**Change**	**December 31, 2020 Restated**
EQUITY AND LIABILITIES			
Retained earnings	2,687,865	(82,718)	2,605,147
Total equity	**2,538,322**	**(82,718)**	**2,455,604**
Long-term provisions	48,004	101,324	149,328
Deferred tax liability	168,444	(18,606)	149,838
Total non-current liabilities	**5,159,432**	**82,718**	**5,242,150**
Total current liabilities	**2,530,302**	**-**	**2,530,302**
TOTAL LIABILITIES AND EQUITY	**10,228,056**	**-**	**10,228,056**

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STATEMENT OF CASH FLOW	**Six-month period ended June 30, 2020**		**Six-month period ended June 30, 2020**
	Historical data	**Change**	**Restated**
Profit before income tax	**627,511**	**(13,655)**	**613,856**
Change in provisions and liabilities or equity related to incentive and retention programs	5,682	13,655	19,337
Net cash provided by operating activities	**1,051,903**	**-**	**1,051,903**
Net cash used in investing activities (including notes purchased and loans granted)	**(384,357)**	**-**	**(384,357)**
Net cash used in financing activities	**(368,220)**	**-**	**(368,220)**

STATEMENT OF CHANGES IN EQUITY	**Six-month period ended June 30, 2020**		**Six-month period ended June 30, 2020**
	Historical data	**Change**	**Restated**
Retained earnings opening balance	2,414,395	(62,022)	2,352,373
Net profit	494,422	(11,091)	483,331
Retained earnings closing balance	**2,168,817**	**(73,113)**	**2,095,704**
Total equity opening balance	2,262,793	(62,022)	2,200,771
Net profit	494,422	(11,091)	483,331
Total equity closing balance	**2,023,839**	**(73,113)**	**1,945,889**

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3. Operating revenue

Total operating revenue corresponds to the revenue from contracts with customers.

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Service revenue	**2,861,702**	**2,748,409**
Usage revenue	2,148,827	2,020,406
Interconnection revenue	712,875	728,003
Sales of goods and other revenue	**774,607**	**750,927**
	3,636,309	**3,499,336**

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Usage revenue by category		
Retail contract revenue	1,651,887	1,571,903
Retail prepaid revenue	372,643	316,287
Other usage revenue	124,297	132,216
	2,148,827	**2,020,406**

Other usage revenue consists mainly of revenues from MVNOs to whom the Group provides telecommunications services and revenues generated from services rendered to subscribers of foreign mobile operators that have entered into international roaming agreements with the Group. The increase in retail revenue in H1 2021 resulted mainly from the recognition of revenue of Virgin Mobile, which was acquired in August 2020.

4. Interconnection, roaming and other service costs

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Interconnection costs	(683,471)	(727,088)
National roaming/network sharing	(96,930)	(73,439)
Other service costs	(130,882)	(112,902)
	(911,283)	**(913,429)**

The high interconnection costs in H1 2020 were caused by increased traffic between operators as a result of the COVID-19 pandemic and the lockdown.

Other service costs include international roaming costs, costs of distribution of prepaid offerings (commissions paid to distributors for sales of top-ups),costs related to the distribution of TV shows and audiovisual content and fees paid to providers of content (e.g. TV, VoD, music) in transactions in which the Group acts as a principal. The increase in other service costs in H1 2021 compared to H1 2020 was mainly due to higher international roaming costs caused by the loosening of restrictions in travelling across the border of Poland in connection with the COVID-19 pandemic.

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5. General and administrative expenses

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Employee benefits	**(171,092)**	**(151,719)**
Salaries	(146,858)	(126,464)
Social security	(24,458)	(20,418)
Equity settled incentive and retention programs	224	(4,837)
External services	**(339,211)**	**(267,080)**
Network maintenance, leased lines and energy	(162,799)	(98,546)
Advertising and promotion expenses	(71,348)	(65,030)
Customer relations costs	(29,356)	(32,185)
Office and points of sale maintenance	(9,146)	(8,605)
IT expenses	(22,097)	(20,722)
People related costs	(4,972)	(9,071)
Finance and legal services	(8,745)	(4,982)
Other external services	(30,748)	(27,939)
Taxes and fees	**(41,594)**	**(42,782)**
	(551,897)	**(461,581)**

The increase in costs of employee benefits in H1 2021 vs. H1 2020 was associated with the purchase of VMP in August 2020, increased headcount in the 3S Group, higher average salary and increased provisions for employee bonuses in connection with good financial performance of the Group.

The gain on the valuation of incentive and retention programs in H1 2021 resulted from the fact that departing program members lost their eligibility under the program.

The costs of network maintenance, leased lines and energy in H1 2021 included mainly the passive infrastructure lease and maintenance costs under agreements signed with OTP (see also Note 2.5).

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6. Depreciation and amortization

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Depreciation and amortization		
Depreciation of property, plant and equipment	(206,485)	(203,279)
Amortization of intangibles	(181,744)	(181,001)
Depreciation of right-of-use assets	(87,337)	(89,026)
	(475,566)	**(473,306)**

7. Other operating income and other operating costs

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Other operating income		
Gain on disposal of non-current assets and termination of lease contracts	1,921	2,464
One-off gain on disposal of passive infrastructure (see Note 2.5)	5,387,250	-
Gain on sales of infrastructure within BTS program	444,263	-
Income from subleasing of right-of-use assets	8,374	6,590
Other miscellaneous operating income	31,194	24,477
	5,873,002	**33,531**
Other operating costs		
Loss on receivables management	(9,114)	(37,924)
Impairment of contract assets	(31,014)	(55,931)
Impairment of non-current assets	(803)	(183)
Exchange rate losses	(287)	(4,807)
Other miscellaneous operating costs	(3,742)	(3,310)
	(44,960)	**(102,155)**
thereof: impairment of financial assets		
Impairment of contract assets	(31,014)	(55,931)
Impairment of trade receivables	(28,703)	(50,343)
	(59,717)	**(106,274)**

Loss on receivables management

The line "Loss on receivables management" represents the net amounts resulting from: movement of the provision for impairment of receivables (the cost of PLN 28,703 thousand in H1 2021 and the cost of PLN 50,343 thousand in H1 2020), net result on sales of overdue receivables to collecting agencies as well as income from contractual penalties for early contract termination.

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Higher loss on receivables management in H1 2020 was mainly due to the recognition of additional provisions for impairment of trade receivables as a result of the COVID-19 pandemic.

The line "Impairment of trade receivables" represents the amount charged to profit or loss according to IFRS 9. When calculating the impairment provision, the Group takes into account, among others, the price it expects to be able to recover in future from sales of receivables.

For movements of the provision for impairment of trade receivables please see Note 18.

Impairment of contract assets
The increased impairment allowances in H1 2020 were mainly due to recognition of additional costs of expected credit losses for contract assets as a result of the COVID-19 pandemic.

For movements of the provision for impairment of contract assets please see Note 19.

8. Finance income and finance costs

	Six-month period ended June 30, 2021 Unaudited	**Six-month period ended June 30, 2020 Unaudited**
Finance income		
Interest income from assets at amortized cost	23,059	3,109
Income from the net investment in the lease	563	349
Net gain on finance instruments at fair value	-	3,033
- hedging instruments at fair value through profit or loss	-	*135*
- gain relating to settlement of hedging instruments at fair value through other comprehensive income	-	*2,898*
Exchange rate gains	4,837	-
Other	292	842
	28,751	**7,333**
Finance costs		
Interest expense, including:	(140,221)	(133,648)
- on lease liabilities	*(63,679)*	*(28,329)*
Exchange rate losses	-	(6,581)
Other	(1,128)	-
	(141,349)	**(140,229)**

Interest income incurred in H1 2021 and 2020 referred mainly to interest on the notes subscribed by the Group and issued by Play Communications and iliad Purple (see Note 14).

Interest expenses in H1 2021 increased versus H1 2020 mainly as a result of an increase in the value of lease liabilities in connection with the signing of a new lease agreement with On Tower Poland Sp. z o.o. following the sale of passive infrastructure (see Note 2.5).

Exchange rate gains were caused mainly by an appreciation of Polish Złoty against EUR in H1 2021.

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9. Income tax

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Current tax charge	(1,252,669)	(132,321)
Deferred tax charge	(17,856)	(768)
Income tax charge	**(1,270,525)**	**(133,089)**

Reconciliation between tax calculated at the prevailing tax rate applicable to profit (19%) and income tax charge is presented below:

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Profit before income tax	**6,570,580**	**627,511**
Tax calculated at the prevailing tax rate applicable to profit (19%)	(1,248,410)	(119,227)
Effect of difference between tax rates in Luxembourg and in Poland	17	(23)
Expenses not subject to tax	(22,414)	(20,581)
Income not subject to tax	1,450	205
Previous years tax income included in current year accounting profit	349	27
Adjustments relating to previous years tax	(1,334)	6,693
Change in unrecognized deferred tax asset	(183)	(183)
Income tax charge	**(1,270,525)**	**(133,089)**
Effective Tax rate	19.3%	21.2%

Most of the P4 Group's taxable revenue is generated in Polish tax jurisdiction. The corporate income tax rate applicable to subsidiaries registered in Poland was 19% and in Luxembourg 22.80% in H1 2021 and 2020.

The items reconciling the income tax amount in the table above represent the tax effect with the application of appropriate tax rates (19% for companies registered in Poland and 22.8% for companies registered in Luxembourg).

The line "Effect of difference between tax rates in Luxembourg and in Poland" consists of the effect of different tax rates used in Luxembourg and Poland.

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10. Intangible assets

	Telecommunications licenses	Computer and network software	Goodwill	Other intangible assets	Total
Cost					
As at January 1, 2021	2,779,955	1,604,485	452,632	207,974	5,045,046
Increases	-	804	-	-	804
Transfers and reclassifications	-	43,395	-	12,992	56,387
Decreases	-	-	(40,601)	(2)	(40,603)
As at June 30, 2021, unaudited	**2,779,955**	**1,648,684**	**412,031**	**220,964**	**5,061,634**
Accumulated amortization					
As at January 1, 2021	1,298,422	1,195,001	-	57,673	2,551,096
Charge	92,568	75,430	-	13,746	181,744
Transfers and reclassifications	-	-	-	225	225
Decreases	-	-	-	(2)	(2)
As at June 30, 2021, unaudited	**1,390,990**	**1,270,431**	**-**	**71,642**	**2,733,063**
Net book value as at June 30, 2021, unaudited	**1,388,965**	**378,253**	**412,031**	**149,322**	**2,328,571**

The transfers recorded in H1 2021 relate mainly to transfers from assets under construction to intangible assets due to the completion of computer and network software and other intangible assets.

The goodwill was recognized primarily on the acquisition of the Germanos Group in 2007 as well as acquisition of 3S Group on August 19, 2019 and acquisition of Virgin Mobile Polska Sp. z o.o. on August 9, 2020.
The decrease in the value of goodwill in H1 2021 was associated with the separation of a portion of goodwill linked to the group of assets and liabilities sold to On Tower Poland Sp. z o.o. in connection with the passive infrastructure sale transaction (see Note 2.5).

The Internet domain play.pl has been classified as an intangible asset with indefinite useful life. The useful life of this asset had been determined as indefinite, because based on the analysis of all of the relevant factors, there is no foreseeable limit to the period over which this asset is expected to generate net cash inflows for the entity.

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Telecommunications licenses

Frequency band	License term from	License term to	Net book value as at June 30, 2021	Net book value as at December 31, 2020
2100 MHz	July 1, 2016	December 31, 2022	32,762	43,683
900 MHz	December 9, 2008	December 31, 2023	36,283	43,540
1800 MHz	February 13, 2013	December 31, 2027	223,241	240,414
800 MHz	January 25, 2016 June 23, 2016	June 23, 2031	954,776	1,004,590
2600 MHz	January 25, 2016	January 25, 2031	141,903	149,306
			1,388,965	**1,481,533**

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	Telecommunications licenses	Computer and network software	Goodwill	Other intangible assets	Total
Cost					
As at January 1, 2020	2,869,695	1,441,887	429,279	144,442	4,885,303
Transfers and reclassifications	-	68,020	-	4,232	72,252
Decreases	(89,740)	(47)	-	(1)	(89,788)
As at June 30, 2020, unaudited	**2,779,955**	**1,509,860**	**429,279**	**148,673**	**4,867,767**
Accumulated amortization					
As at January 1, 2020	1,199,530	1,049,051	-	38,584	2,287,165
Charge	96,064	75,576	-	9,361	181,001
Transfers and reclassifications	-	(12)	-	12	-
Decreases	(89,740)	(47)	-	-	(89,787)
As at June 30, 2020, unaudited	**1,205,854**	**1,124,568**	**-**	**47,957**	**2,378,379**
Net book value as at June 30, 2020, unaudited	**1,574,101**	**385,292**	**429,279**	**100,716**	**2,489,388**

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11. Property, plant and equipment

	Land	Buildings	IT equipment	Telecommunications network and equipment	Motor vehicles	Other	Total
Cost							
As at January 1, 2021	516	549,795	312,522	2,067,327	5,752	144,540	3,080,452
Increases	-	-	46	-	-	15	61
Transfers and reclassifications	(162)	73,372	11,865	146,435	815	23,189	255,514
Decreases	(182)	(3,703)	(1,721)	(17,313)	(3,299)	(4,035)	(30,253)
Correction of assets held for sale	-	10,376	68	-	-	-	10,444
As at June 30, 2021, unaudited	**172**	**629,840**	**322,780**	**2,196,449**	**3,268**	**163,709**	**3,316,218**
Accumulated depreciation							
As at January 1, 2021	-	216,272	210,598	1,229,206	3,826	91,044	1,750,946
Charge	-	11,615	18,385	160,554	229	15,702	206,485
Transfers and reclassifications	-	516	-	(5,889)	1,173	61	(4,139)
Decreases	-	(3,702)	(1,716)	(17,334)	(2,898)	(3,956)	(29,606)
Correction of assets held for sale	-	3,864	28	-	-	3	3,895
As at June 30, 2021, unaudited	**-**	**228,565**	**227,295**	**1,366,537**	**2,330**	**102,854**	**1,927,581**
Net book value as at June 30, 2021, unaudited	**172**	**401,275**	**95,485**	**829,912**	**938**	**60,855**	**1,388,637**

The transfers recorded in H1 2021 relate mainly to transfers from assets under construction to fixed assets due to the completion of investment projects.

The adjustment of assets held for sale was due to the difference between the value presented in the Annual Financial Statements and the ultimate value of non-current assets sold to On Tower Poland Sp. z o.o. (see Note 2.5).

Buildings represent mainly own telecommunications towers and cost of civil works and materials used for adapting leased property (e.g. roof tops) so that the Group's telecommunications equipment can be installed.
Certain proportion of the Property, plant and equipment is also used to generate revenue from operating leases where some assets (towers) are also being shared with other operators. Nevertheless, property, plant and equipment that the Group holds is used mainly for its own purposes and therefore the value of items leased to third parties is not material for the Financial Statements.

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	Land	Buildings	IT equipment	Telecommunications network and equipment	Motor vehicles	Other	Total
Cost							
As at January 1, 2020	1,454	1,522,656	287,518	1,833,562	3,620	115,729	3,764,539
Transfers and reclassifications	12	99,304	9,750	114,493	2,001	8,320	233,880
Decreases	-	(14,441)	(3,423)	(21,830)	(32)	(727)	(40,453)
As at June 30, 2020, unaudited	**1,466**	**1,607,519**	**293,845**	**1,926,225**	**5,589**	**123,322**	**3,957,966**
Accumulated depreciation							
As at January 1, 2020	9	479,129	210,880	967,833	2,418	75,469	1,735,738
Charge	7	37,611	16,637	136,962	184	11,878	203,279
Transfers and reclassifications	-	-	-	3,147	1,213	1	4,361
Decreases	-	(14,441)	(3,418)	(21,664)	(19)	(641)	(40,183)
As at June 30, 2020, unaudited	**16**	**502,299**	**224,099**	**1,086,278**	**3,796**	**86,707**	**1,903,195**
Net book value as at June 30, 2020, unaudited	**1,450**	**1,105,220**	**69,746**	**839,947**	**1,793**	**36,615**	**2,054,771**

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12. Right-of-use assets

	Right-of-Use: Land	Right-of-Use: Buildings	Right-of-Use: IT equipment	Right-of-Use: Telecommunications network and equipment	Right-of-Use: Motor vehicles	Right-of-Use: Total
Cost						
As at January 1, 2021	43,142	597,940	22,461	30,369	29,277	723,189
Increases	33,220	3,543,239	-	27,787	-	3,604,246
Asset retirement obligation	-	13,535	-	-	-	13,535
Transfers and reclassifications	162	-	1,699	4,950	(269)	6,542
Decreases	(18,293)	(42,347)	(162)	(4,243)	(2,925)	(67,970)
As at June 30, 2021, unaudited	**58,231**	**4,112,367**	**23,998**	**58,863**	**26,083**	**4,279,542**
Accumulated depreciation						
As at January 1, 2021	5,132	334,981	12,029	12,014	12,758	376,914
Charge	2,845	67,408	2,622	3,084	1,805	77,764
Charge from asset retirement obligation	-	9,573	-	-	-	9,573
Transfers and reclassifications	-	-	-	3,809	105	3,914
Decreases	(849)	(6,280)	(162)	(2,851)	(1,994)	(12,136)
As at June 30, 2021, unaudited	**7,128**	**405,682**	**14,489**	**16,056**	**12,674**	**456,029**
Net book value as at June 30, 2021, unaudited	**51,103**	**3,706,685**	**9,509**	**42,807**	**13,409**	**3,823,513**

The cost relating to variable lease payments that do not depend on an index or a rate amounted to PLN nil in H1 2021. There were no leases with residual value guarantees or leases not yet commenced to which the Group is committed. The costs relating to leases for which the Group applied the practical expedient described in paragraph 5a of the IFRS 16 (leases with the contract term of less than 12 months) amounted to PLN 7,604 thousand in H1 2021.

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	Right-of-Use: Land	Right-of-Use: Buildings	Right-of-Use: IT equipment	Right-of-Use: Telecommunications network and equipment	Right-of-Use: Motor vehicles	Right-of-Use: Total
Cost						
As at January 1, 2020	273,611	1,515,797	17,228	32,303	28,383	1,867,322
Increases	32,975	31,701	-	1,898	-	66,574
Asset retirement obligation	-	8,998	-	-	-	8,998
Transfers and reclassifications	-	5,352	-	(4,055)	(1,795)	(498)
Decreases	(3,764)	(13,066)	(279)	(2,332)	(674)	(20,115)
As at June 30, 2020, unaudited	**302,822**	**1,548,782**	**16,949**	**27,814**	**25,914**	**1,922,281**
Accumulated depreciation						
As at January 1, 2020	91,450	857,892	8,451	12,243	12,738	982,774
Charge	13,710	63,363	2,073	3,356	3,646	86,148
Charge from asset retirement obligation	-	2,878	-	-	-	2,878
Charge correction	-	-	-	(3,148)	(1,213)	(4,361)
Decreases	(413)	(9,011)	(279)	(1,315)	(428)	(11,446)
As at June 30, 2020, unaudited	**104,747**	**915,122**	**10,245**	**11,136**	**14,743**	**1,055,993**
Net book value as at June 30, 2020, unaudited	**198,075**	**633,660**	**6,704**	**16,678**	**11,171**	**866,288**

The cost relating to variable lease payments that do not depend on an index or a rate amounted to PLN nil in H1 2020. There were no leases with residual value guarantees or leases not yet commenced to which the Group is committed. The costs relating to leases for which the Group applied the practical expedient described in paragraph 5a of the IFRS 16 (leases with the contract term of less than 12 months) amounted to PLN 4,698 thousand in H1 2020.

Due to the outbreak of COVID-19 pandemic the Group had to comply with the lockdown rules. As a result the Group had to close temporarily some points of sales (from the middle of March till May 4, 2020) which led to receiving lease rent concessions (a rent payment holiday or a reduction in lease payments for a period of time). The lease rent concessions have been treated as lease modification, the lease liability has been remeasured and the right of use value changed accordingly.

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13. Assets under construction

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Cost		
As at January 1	263,564	288,593
Additions	426,582	383,258
Radio network	298,244	284,268
Core network and network operations center	24,693	33,558
IT	72,753	40,049
Other capital expenditures	30,892	25,383
Transfers and reclassifications	(318,443)	(305,634)
Disposals	(62)	(2,087)
Reclassification to assets held for sale	(68,302)	-
As at June 30	**303,339**	**364,130**
Accumulated impairment		
As at January 1	1,304	2,687
Impairment charge, net	803	183
Utilization of impairment provision	(14)	(2,080)
As at June 30	**2,093**	**790**
Net book value as at June 30	**301,246**	**363,340**

Assets under construction comprise expenditures on property, plant and equipment as well as intangible assets being under construction.

Transfers and reclassifications represent transfers from assets under construction to property, plant and equipment, to intangible assets and to right-of-use assets.

The Group did not capitalize any interest expense or exchange rate differences during the periods presented.

14. Finance receivables

	June 30, 2021 Unaudited	December 31, 2020
Long-term finance receivables		
PC S.A. PLN Notes due in 2022	145,380	145,380
	145,380	**145,380**
Short-term finance receivables		
PC S.A. PLN Notes due in 2021 and 2022	1,612,658	322,767
Iliad Purple PLN Notes due in 2022	2,520,751	-
	4,133,409	**322,767**

Receivables under notes are classified as financial instruments held to maturity and measured at amortized cost.

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On March 24, 2021, P4 purchased series A notes issued by Play Communications worth PLN 1,280,000 thousand. The maturity date of the notes is March 24, 2022. Interest is calculated based on 1Y WIBOR rate plus margin and is payable based on a 12-month interest period.

On May 28, 2021, P4 purchased series B2 notes issued by Play Communications worth PLN 178,000 thousand. The maturity date of the notes is May 28, 2022. Interest is calculated based on 1Y WIBOR rate plus margin and is payable based on a 12-month interest period.

On 12 April 2021, P4 signed a loan agreement with Iliad Purple for the maximum amount of PLN 3,000,000 thousand, of which PLN 2,508,837 was paid out. The maturity of the loan was April 30,2022, with an early repayment option. The interest rate on the loan was floating and was WIBOR 1Y plus margin.

On May 28, 2021, P4 purchased series A notes issued by Iliad Purple worth PLN 2,516,000 thousand. The maturity date of the notes is May 28, 2022. Interest is calculated based on 1Y WIBOR rate plus margin and is payable based on a 12-month interest period.

Simultaneously, P4 and Iliad Purple entered into an agreement under which the loan granted by P4 to Iliad Purple in the amount of PLN 2,515,218 thousand (with interest) was repaid through set off against the amount due to Iliad Purple on account of the issue of series A notes.

15. Long-term receivables

	June 30, 2021 Unaudited	**December 31, 2020**
Long-term receivables	14,693	14,422
Impairment of long-term receivables	(368)	(368)
	14,325	**14,054**

Long-term receivables comprise mainly amounts paid as collateral for lease agreements.

16. Other finance assets

Other finance assets comprise finance lease receivables and investments in shares of third party entities.

	June 30, 2021 Unaudited	**December 31, 2020**
Long-term investments	232	232
Long-term lease receivables	13,660	12,207
Other long-term finance assets	**13,892**	**12,439**
Short-term lease receivables	7,569	7,002
Other short-term finance assets	**7,569**	**7,002**

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17. Inventories

	June 30, 2021 Unaudited	December 31, 2020
Goods for resale	114,521	122,612
Goods in dealers' premises	33,784	36,751
Materials	278	194
Work in progress	-	80,161
Impairment of goods for resale	(22,086)	(13,008)
	126,497	**226,710**

The impairment of the P4 Group's inventories relates mainly to handsets and other mobile devices for which the Group assessed that the net realizable value would be lower than the purchase price. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories intended to be sold in promotional offers are stated at the lower of cost or probable net realizable value estimated taking into account future cash flows, which will be achieved both from sales of goods and from sales of related telecommunications services. Inventories for resale outside of promotional offers are measured at the lower of: the cost of purchase or net recoverable amount.

Movements of the provision for impairment of inventories are as follows:

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Beginning of period	**(13,008)**	**(15,935)**
- (charged)/credited to income statement	(9,078)	789
End of period	**(22,086)**	**(15,146)**

The net increase/decrease of the provision for inventories is recognized in the costs of goods sold.

18. Trade and other receivables

	June 30, 2021 Unaudited	December 31, 2020
Trade receivables	889,576	814,531
Impairment of trade receivables	(107,138)	(118,674)
Trade receivables (net)	**782,438**	**695,857**
VAT and other government receivables	4,797	995
Other receivables	346	574
Other receivables (net)	**5,143**	**1,569**
	787,581	**697,426**

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Total amount of trade receivables are receivables from contracts with customers.

Trade receivables include mainly receivables from the provision of telecommunication services as well as instalment receivables relating to sales of handsets and mobile computing devices.

The Group classifies trade receivables within business model, in which assets are held to collect contractual cash flows. As part of its receivables management the Group sells past due receivables to third party collection agencies; the receivables are then derecognized. Such sales are aimed at mitigating potential credit losses due to deterioration of credit-standing of the debtors.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of receivables mentioned above.

Movements of the provision for impairment of trade receivables are as follows:

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Beginning of period	**(118,674)**	**(136,815)**
- charged to income statement	(28,703)	(50,343)
- utilized	40,239	31,680
End of period	**(107,138)**	**(155,478)**

In H1 2020 the Group recognized an additional impairment allowance for expected credit losses in connection with the estimated deterioration of recoverability of receivables due to the COVID-19 pandemic.

Utilization of provision in H1 2021 increased in comparison to previous years due to significant transactions of sales of impaired receivables to collection agencies. For explanation of changes in the amounts charged or credited to income statement please see Note 7.

Amounts charged to the allowance account are generally written down when there is no expectation of recovering additional cash.

19. Contract assets

	June 30, 2021 Unaudited	December 31, 2020
Contract assets	1,516,031	1,515,144
Impairment of contract assets	(92,807)	(91,588)
	1,423,224	**1,423,556**

The carrying amount of impairment of contract assets corresponds to the expected credit loss recognized in accordance with IFRS 9 upon initial recognition of the contract asset.

In H1 2021 and in the comparative period the value of the contract assets relating to contracts actually disconnected is presented in line “utilization” below, whereas the line “charged to income statement” represents the changes in estimated credit losses which the Group expects to incur in future.

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Movements of the impairment allowance for contract assets were as follows:

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Beginning of period	**(91,588)**	**(81,326)**
- charged to income statement	(31,014)	(55,931)
- utilization	29,795	45,100
End of period	**(92,807)**	**(92,157)**

For explanation of changes in the impairment charged to profit and loss account – please see Note 7.

Movements in the value of contract assets in the 6-month periods ended: June 30, 2021 and June 30, 2020 were as follows:

	Six-month period ended June 30, 2021 Unaudited	Six-month period ended June 30, 2020 Unaudited
Contract assets, net - Beginning of period	**1,423,556**	**1,455,922**
Additions	638,764	643,227
Invoiced amounts transferred to trade receivables	(608,082)	(644,889)
Impairment, charged to income statement	(31,014)	(55,931)
Contract assets, net - End of period	**1,423,224**	**1,398,329**

Additions correspond to adjustments to revenue from sales of goods under IFRS 15 when services and devices are sold in bundled packages to customers.

In current and in comparative periods there were no significant changes in the time frame for a right to consideration to become unconditional or in the time frame for a performance obligation to be satisfied.

In current and in comparative periods there were no cumulative catch-up adjustments to revenue that affect the corresponding contract asset or contract liability, including adjustments arising from a change in an estimate of the transaction price or a contract modification.

20. Prepaid expenses

	June 30, 2021 Unaudited	December 31, 2020
Long term prepaid expenses		
Loan origination fees	9,959	-
	9,959	**-**
Short term prepaid expenses		
Loan origination fees	5,691	-
Distribution and selling costs	9,067	9,064
Network and IT maintenance	10,380	10,974
Other	15,041	8,857
	40,179	**28,895**

As at June 30, 2021, the deferred financing costs were linked to commissions on the revolving loan granted under the Term and Revolving Facilities Agreement.

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21. Cash and cash equivalents

	June 30, 2021 Unaudited	December 31, 2020
Petty cash	564	352
Balances deposited with banks	3,179,060	840,384
Other cash assets	1,000,399	523
	4,180,023	**841,259**

As of June 30, 2021 and December 31, 2020 balances deposited with banks included, among others, cash related to VAT received through split payment process imposed by laws effective from July 1, 2018.

The increase in the balance of cash as at June 30, 2021 was due to the passive infrastructure sale transaction in March 2021 (see Note 2.5).

Other cash assets as at June 30, 2021 include mainly 3-month bonds purchased for cash management purposes.

22. Shareholders' equity

As at June 30, 2021 and as at December 31, 2020, Play Communications held 100% shares in the Company and the Company's share capital was comprised of 97,713 shares with a par value of 500 per share.

Supplementary capital is credited or charged with effects of measurement and settlements of equity-settled retention programs. For the detailed descriptions of the programs please see Note 30 of the Annual Financial Statements. For the amounts related to the valuation of incentive and retention programs affecting the value of the supplementary capital please see Note 25.

In H1 2020, the Group paid out a dividend to the parent company in the amount of PLN 740,000 thousand.

On June 30, 2021, the Company's Shareholder Meeting decided to allocate the 2020 net profit in the amount of PLN 887,905 thousand for the creation of reserve capital intended for the payment of advances for future dividends.

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23. Finance liabilities - debt

Finance liabilities are recognized initially at fair value, net of the transaction costs incurred. Bank loans, finance lease liabilities and notes liabilities are subsequently measured at amortized cost.

	June 30, 2021 Unaudited	December 31, 2020
Long-term finance liabilities		
Long-term bank loans	3,471,690	3,406,493
Long-term notes liabilities	1,247,911	1,247,738
Long-term lease liabilities	3,634,440	277,042
Other debt	3,732	1,332
	8,357,773	**4,932,605**
Short-term finance liabilities		
Short-term bank loans	5,753	116,371
Short-term notes liabilities	729	800
Short-term lease liabilities	189,839	82,753
Other debt	18,412	6,209
	214,733	**206,133**
	8,572,506	**5,138,738**

23.1 Bank loans

	June 30, 2021 Unaudited	December 31, 2020
Long-term bank loans		
Syndicated bank loan	3,471,690	3,406,493
	3,471,690	**3,406,493**
Short-term bank loans		
Syndicated bank loan	5,753	116,371
	5,753	**116,371**
	3,477,443	**3,522,864**
the balance of unamortized fees	28,310	19,832
the weighted average effective interest rate	2.19%	2.58%

The effective interest rate reflects the interest costs as well as amortization of the loan origination fees.

23.1.1 Term and Revolving Facilities Agreement, „TRFA”

On March 26, 2021, the Company signed the new Term and Revolving Facilities Agreement (“TRFA”) for the total amount of PLN 5,500,000 thousand, with Credit Agricole Corporate and Investment Bank, Raiffeisen Bank International AG and Santander Bank Polska acting as Lead Arrangers and Guarantors and with the above banks and Credit Agricole Bank Polska acting as Initial Lenders.

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The Term Facility in the amount of PLN 3,500,000 thousand was granted for a period of 5 years, while the Revolving Facility in the amount of PLN 2,000,000 thousand will be available for a period of 3 years, with an option to extend it or replace it with a term loan upon consent of the Lenders. The Facilities are not secured. The proceeds under TRFA may be used for repayment of current debt and for general corporate purposes.

The TRFA contains a financial covenant, under which the P4 Group must ensure that the ratio of the consolidated total net debt to the consolidated EBITDAaL ("Leverage Ratio") does not exceed 3.25x as at the test dates. The covenant was satisfied as at June 30, 2021.

The TRFA also lists certain permitted acquisition transactions. Any acquisition transactions outside the list require prior written consent of the lenders. The TRFA also restricts the Group from making certain type of unusual payments at the same time allowing the Group to run normal operations under permitted payments definition.

Interest on each loan under the TRFA is calculated based on the WIBOR rate relevant for a given interest period plus margin and is payable monthly in the first two months of the agreement and then in 3-month or 6-month periods. The level of the margin depends on the Leverage Ratio.

The loan is measured at amortized cost using the effective interest rate. Loan origination fees incurred in relation to the loan are included in the calculation of the effective interest rate.

The present value of bank loans approximates their fair value. The discount rate for the fair value calculation approximates the effective interest rate.

On March 30, 2021, the following tranches were drawn down:
- tranche A in the amount of PLN 3,500,000 thousand under the Term Facility, which was used to repay the SFA loan (see Note 23.1.2);
- tranche B in the amount of PLN 250,000 thousand under the Revolving Facility, which was repaid by the Company on April 6, 2021.

Tranche A under the Term Facility matures in full on March 26, 2026.
Tranche B under the Revolving Facility matures at the end of the interest period, with the option of extension upon the lenders' consent.

23.1.2 Senior Facilities Agreement (SFA) – repaid in H1 2021

On March 7, 2017, P4 and Play Communications entered into PLN 7,000,000 thousand Senior Facilities Agreement with a consortium of banks. The financing amount included a term facility of PLN 6,600,000 thousand and a revolving facility of PLN 400,000 thousand.
On April 14, 2020, the Group finalized the drawdown of an additional tranche D in the amount of PLN 1,200,000 thousand.

For the detailed description of the SFA please see Note 27.1.1 of the Annual Financial Statements.

On March 12, 2021, the Company made a voluntary prepayment of an installment under tranche B in the amount of PLN 190,000 thousand plus accrued interest.

On March 23, 2021, tranche B in the amount of PLN 300,000 thousand was drawn down under the Revolving Facility, which was used for the Company's current corporate purposes.

On March 30, 2021 the loan under the SFA was fully repaid by way of the following repayments:
1. Tranche A in the amount of PLN 766,458 thousand plus accrued interest (final repayment);
2. Tranche B in the amount of PLN 1,381,186 thousand plus accrued interest (final repayment);
3. Tranche D in the amount of PLN 1,200,000 thousand plus accrued interest (final repayment);
4. Revolving Facility in the amount of PLN 300,000 thousand plus accrued interest (final repayment).

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As a result, on March 30, 2021, the Company closed all of its liabilities under the Senior Facilities Agreement of March 7, 2017 (as amended) and the Additional Facility Agreement of April 14, 2020. The repayment of Senior Facilities was made through partial utilization of funds received under the new Term and Revolving Facilities Agreement in the amount of PLN 5,500,000 thousand signed on March 26, 2021 (see Note 23.1.1).

23.1.3 Revolving facilities

As at December 31, 2020, the Group had revolving loans in the following banks: Santander Bank Polska S.A., Bank Millenium S.A., mBank S.A. and DNB Bank Polska S.A. As at June 30, 2021, all these agreements have ended.

23.2 Notes

	June 30, 2021 Unaudited	December 31, 2020
Long-term notes liabilities		
PLN Floating Rate Notes	1,247,911	1,247,738
	1,247,911	**1,247,738**
Short-term notes liabilities		
Accrued interest related to notes	729	800
	729	**800**
	1,248,640	**1,248,538**
the balance of unamortized fees	2,089	2,262
the weighted average effective interest rate	2.08%	2.08%

23.2.1 Series A Unsecured Notes due in 2026

On October 23, 2019, the Group announced its intention to establish a Bond Issue Program (the "Program"), as part of which the issuer will be able to carry out a number of bond issues up to the maximum total nominal value of bonds issued under the Program and outstanding at any time of PLN 2 billion.

On December 13, 2019 P4 issued under the Program 1,500 series A unsecured notes, with the nominal value of PLN 500 thousand each and the total nominal value of PLN 750,000 thousand, which on 13 December 2019 were registered in the depository operated by the Central Securities Depository of Poland. On February 26, 2020, the Notes were admitted to trading in the Catalyst Alternative Trading System operated by the Warsaw Stock Exchange.

The notes maturity date is December 11, 2026. Interest, based on 6M WIBOR plus margin, is paid semi-annually. The first interest payment was made on June 13, 2020.

The notes liability was measured at amortized cost using the effective interest rate. Loan origination fees incurred in relation to the notes were included in the calculation of the effective interest rate.

The fair value of Series A notes as at June 30, 2021 was PLN 752,990 thousand and was composed of 1.003 of the nominal value of the notes plus accrued interest. The inputs used in determining the fair value of the notes fall within Level 1 of the fair value hierarchy (fully observable inputs for assets and liabilities, e.g. prices from active markets for identical assets and liabilities).

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23.2.2 Series B Unsecured Notes due in 2027

On December 29, 2020, P4 issued under the Program 500,000 series B unsecured notes with the nominal value of PLN 1 thousand each and the total nominal value of PLN 500,000 thousand, which on December 30, 2020 were registered in the depository operated by the Central Securities Depository of Poland. On March 9, 2021, the notes were admitted to trading in the Catalyst Alternative Trading System operated by the Warsaw Stock Exchange. On March 16, 2021, the notes were quoted for the first time.

The maturity date of the series B notes is December 29, 2027. Interest, based on 6M WIBOR plus margin, will be paid semi-annually. The first interest payment was made on June 29, 2021.

The notes liability was measured at amortized cost using the effective interest rate. Loan origination fees incurred in relation to the notes were included in the calculation of the effective interest rate.

The carrying amount of the notes liability under series B notes approximated its fair value. The discount rate for the fair value calculation approximated the effective interest rate.

23.3 Lease liabilities

	June 30, 2021 Unaudited	December 31, 2020
Long-term lease liabilities		
Telecommunications sites	3,501,851	145,660
Points of sale	42,045	38,095
Dark fiber optic cable	7,141	8,812
Collocation centers	17,972	12,898
Offices and warehouse	49,987	52,964
IT equipment and telecommunications equipment	11,652	12,336
Motor vehicles	3,792	6,277
	3,634,440	**277,042**
Short-term lease liabilities		
Telecommunications sites	127,121	19,609
Points of sale	28,951	30,495
Dark fiber optic cable	5,672	5,890
Collocation centers	5,520	3,557
Offices and warehouse	7,186	6,078
IT equipment and telecommunications equipment	9,326	10,009
Motor vehicles	6,063	7,115
	189,839	**82,753**
	3,824,279	**359,795**

The increase in lease liabilities as at June 30, 2021 vs. December 31, 2020 is due to the recognition of a lease liability on account of the lease of passive infrastructure sold to On Tower Poland Sp. z o.o. (see also Note 2.5).

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23.4 Other finance liabilities

Other finance liabilities include liabilities under instalment purchase contracts relating to property, plant and equipment and intangible assets.

23.5 Assets pledged as security for finance liabilities

All liabilities arising under the Senior Facilities Agreement of March 7, 2017 (as amended) were repaid on March 30, 2021. In connection with the repayment, on April 1, 2021, the Group companies received from Santander Bank Polska, acting as Collateral Agent, a Collateral Release Statement for the collateral described in Note 27.6 to the Annual Financial Statements.

Based on the applications filed by the Group companies, the registry court issued decisions to remove the pledges listed in the above note. As at the date of this report, all the decisions on removal from the pledge register have become final and accordingly the Group has completed the process of releasing the collateral established in connection with the Senior Facilities Agreement of March 7, 2017.

The liabilities arising under the Term and Revolving Facilities Agreement of 26 March 2021 are not secured.

24. Provisions for liabilities

	June 30, 2021 Unaudited	**December 31, 2020**
Assets retirement provision	61,636	29,315
Other long-term provisions	132,176	18,689
Short-term provisions	2,467	2,534
	196,279	**50,538**

The Group recognizes a provision for asset retirement obligations primarily for the obligation to dismantle the telecommunications constructions and equipment from the leased property and other space (“sites”) which need to be restored to previous state when the lease ends.

Other long-term and short-term provisions relate to legal, regulatory matters or arise under commercial contracts.

The increase in other long-term provisions as at June 30, 2021 resulted from the recognition of the provision for costs related to the distribution of TV shows and audiovisual content in 2016-2021.

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25. Incentive and retention programs

In 2021 and 2020 Play Communications operated the following incentive and retention programs: PIP, PIP 2, PIP 3, VDP 4, VDP 4 bis in which individuals employed in the P4 Group participated. A detailed description of these equity-settled programs is in Note 30 of the Annual Financial Statements.

The Group estimates value of the liabilities and equity resulting from the programs at each end of the reporting period. Changes in the value of a liability or equity are recognized in statement of comprehensive income.

Changes in value of the plans are presented below.

	Other reserves - effect of valuation of equity-settled incentive and retention programs
As at January 1, 2021	**(198,400)**
Forfeited during the period	(2,076)
Changes in valuation during the period	1,853
As at June 30, 2021, unaudited	**(198,623)**

In connection with the loss of rights to the program by the departing Management Board Members in H1 2021, part of the value of the programs was written off.

	Other reserves - effect of valuation of equity-settled incentive and retention programs
As at January 1, 2020	**(198,672)**
Changes in valuation during the period	4,837
As at June 30, 2020, unaudited	**(193,835)**

26. Trade and other payables

	June 30, 2021 Unaudited	**December 31, 2020**
Trade payables	706,633	671,317
Investment payables	238,199	207,677
Government payables	65,675	72,427
Other	5,305	4,401
	1,015,812	**955,822**

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27. Accruals

Accruals include accruals for employee bonuses and unused holidays.

28. Contract liabilities

Contract liabilities comprise the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the end customer or the amount is due.
The balance of contract liabilities as at June 30, 2021 and December 31, 2020 consisted of the Group's obligation to perform services prepaid by contract and pre-paid services.

	June 30, 2021 Unaudited	**December 31, 2020**
Prepaid services	71,171	73,516
Contract services	29,727	41,580
	100,898	**115,096**

The table below presents amounts recognized as service revenue during the reporting periods for which the customers had paid in advance and which had been presented as contract liabilities before the beginning of the reporting period.

	Six-month period ended June 30, 2021 Unaudited	**Six-month period ended June 30, 2020 Unaudited**
Revenue recognized in the reporting period that was included in the contract liability balance at the beginning of the period	94,793	92,082

29. Deferred income

	June 30, 2021 Unaudited	**December 31, 2020**
Prepaid services	61,815	66,135
Contract services	170,940	142,288
	232,755	**208,423**

Deferred income on sales of prepaid services comprises the value of prepaid products delivered to a distributor but not yet transferred to the end customer.
Prepaid products transferred to end customer and not used are presented as contract liabilities (see also Note 28) while amounts of prepaid products used by end customers are recognized as service revenue in the statement of comprehensive income.

Deferred income on sales of contract services comprises amounts relating to services that will be delivered in the future which are billed to a customer in advance but not yet due, whereas amounts billed in advance and due are

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presented as contract liabilities (please see Note 28). Deferred income balances for contract services depend on whether due date for services is after or before the reporting date and may vary significantly between reporting dates.

30. Impact of changes in working capital and other, change in contract costs, change in contract assets and change in contract liabilities on statement of cash flows

	Six-month period ended June 30, 2021	**Six-month period ended June 30, 2020**
	Unaudited	**Unaudited**
(Increase)/decrease of inventories	19,758	(10,630)
(Increase)/decrease of receivables	(87,673)	(563)
(Increase)/decrease of prepaid expenses	(4,737)	(2,803)
Increase/(decrease) of payables excluding investment payables	42,117	32,078
Increase/(decrease) of accruals	(16,786)	(46,201)
Increase/(decrease) of deferred income	24,345	27,549
(Increase)/decrease of long-term receivables	(210)	(239)
Increase/(decrease) of other non-current liabilities	2,569	(80)
Changes in working capital and other	**(20,617)**	**(889)**
(Increase)/decrease in contract costs	9,341	90
(Increase)/decrease in contract assets	332	57,594
Increase/(decrease) in contract liabilities	(14,199)	(8,842)
	(25,143)	**47,953**

The increase in receivables in H1 2021 resulted mainly from the higher balance of interconnection receivables caused by the settlement dates with operators and an increase in receivables under instalment sales. At the same time, interconnection liabilities increased during the same period.

The decrease in accruals in H1 2021 was driven mainly by the utilization of accruals on for employee bonuses, which were paid out in March 2021.

The decrease in contract assets in H1 2020 resulted from lower sales of goods as a result of temporary restrictions in the operation of some of our stores in connection with the COVID-19 pandemic.

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31. Cash flows from finance liabilities

	Six-month period ended June 30, 2021 Unaudited	**Six-month period ended June 30, 2020 Unaudited**
Proceeds from finance liabilities		
loans	4,050,000	1,200,000
notes	-	220,000
	4,050,000	**1,420,000**
Repaid finance liabilities and paid interest and other costs relating to finance liabilities		
Loans	(4,174,117)	(680,295)
- principal	*(4,087,649)*	*(605,157)*
- interests	*(35,439)*	*(67,629)*
- other	*(51,029)*	*(7,509)*
Notes	(13,842)	(236,002)
- principal	-	*(220,000)*
- interests	*(12,714)*	*(16,002)*
- other	*(1,128)*	-
Leases	(162,987)	(115,162)
- principal	*(120,611)*	*(86,829)*
- interests	*(42,376)*	*(28,333)*
Other debt	(11,657)	(17,629)
- principal	*(11,453)*	*(15,359)*
- interests	*(204)*	*(425)*
- other	-	*(1,845)*
	(4,362,603)	**(1,049,088)**

32. Segment reporting

The Group's business activity embraces the provision of mobile telecommunications services, sales of mobile devices and managing a distribution network of mobile telecommunications products in Poland.

An operating segment is a distinguishable component of an enterprise that is engaged in business activities from which it may earn revenues and incur expenses and operating results of which are regularly reviewed by the Management Board to make decisions about resources to be allocated and to assess its performance. The whole P4 Group was determined as one operating segment, as its performance is assessed based on revenue and adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDAaL), only from the perspective of the P4 Group as a whole.

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33. Related party transactions

33.1 Remuneration of management and supervisory bodies

Cost of compensation (including accrued bonuses) of members of Management Boards and Executive Committees in Group entities incurred in H1 2021 were PLN 7,781 thousand (PLN 8,321 thousand in H1 2020).

Additionally, members of the P4's Management Board participate in the equity-settled incentive and retention programs (please see Note 25). The valuation of the programs resulted in income recognized by the Group in the amount of PLN 457 thousand in H1 2021, cost of PLN 4,172 thousand in H1 2020. Income and costs related to the valuation of these programs were recognized in general and administrative expenses in the consolidated statement of comprehensive income.

Cost of remuneration of former Management Boards Members of Group entities incurred after they stepped down from their positions amounted to PLN 1,843 thousand in H1 2021 and PLN 404 thousand in H1 2020.

Cost of remuneration of members of Supervisory Boards in Group entities incurred in H1 2021 amounted to PLN 60 thousand and PLN 80 thousand in H1 2020.

Apart from the transactions mentioned above the Group is not aware of any other material transactions between the Group and members of the Management Board and of the Executive Committee of P4, or Supervisory Boards and Management Board Member of companies within the Group.

33.2 Other related party transactions

Below we present the balances of transactions made with Play Communications S.A. ("Parent Company") and with other related entities.
The transactions were concluded on the terms that do not differ materially from market terms.

	June 30, 2021	**December 31, 2020**
Long-term finance receivables	**145,380**	**145,380**
Parent company	145,380	145,380
Short-term finance receivables	**4,133,470**	**322,767**
Parent company	1,612,719	322,767
Higher level parent company	2,520,751	-
Trade receivables	**3,639**	**543**
Parent company	5	543
Other related parties	3,634	-
Long-term finance liabilities	**3,341,784**	**-**
Parent company	4,500	-
Other related parties	3,337,284	-
Short-term finance liabilities	**102,712**	**-**
Parent company	4	-
Other related parties	102,708	-
Trade and other payables	**259**	**4**
Parent company	-	4
Other related parties	259	-

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	Six-month period ended June 30, 2021	Six-month period ended June 30, 2020
	Unaudited	**Unaudited**
Dividend payment	**-**	**(740,000)**
Parent company	-	(740,000)
Service revenue	**402**	**-**
Other related parties	402	-
Interconnection, roaming and other service costs	**(749)**	**-**
Other related parties	(749)	-
Network maintenance, leased lines and energy	**(48,439)**	**-**
Other related parties	(48,439)	-
Other operating income	**6,715,536**	**-**
Parent company	75	-
Other related parties	6,715,461	-
Interest income	**22,928**	**2,998**
Parent company	11,796	2,998
Higher level parent company	11,132	-
Other finance income	**287**	**842**
Parent company	287	842
Interest expense	**(44,686)**	**(1,448)**
Parent company	(49)	(1,448)
Other related parties	(44,637)	-

34. License requirements

As of the date of issuance of these Financial Statements, the Group believes to have met the coverage obligations imposed in the frequency reservation decisions described in Note 40 to the Annual Financial Statements.

35. Contingencies and legal proceedings

On July 26, 2021, the UOKiK President launched proceedings against P4 in the matter of practices breaching the collective interests of consumers involving charging payments for 9 services activated for consumers even though no explicit consent has been obtained for the additional payments associated with the services. At this stage, it is not possible to assume the possible future obligations of the Group that may arise as a result of these proceedings.

In H1 2021 and up until the date of signing this report, no new material contingent liabilities and legal proceedings arose other than those described above. No material changes also occurred in respect to the contingent tax liabilities and legal and regulatory proceedings described in Note 41 to the Annual Financial Statements.

There is a number of other proceedings involving the Group initiated among others by UKE President or President of the Office of Competition and Consumer Protection (UOKiK) and court proceedings resulting from appeals against regulators' decisions. The Group has recognized provisions for known and quantifiable risks related to these proceedings, which represent the Group's best estimate of the amounts, which are probable to be paid. The actual amounts of penalties, if any, are dependent on a number of future events the outcome of which is uncertain, and, as

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a consequence, the amount of the provision may change at a future date. For the total amount of provisions, including the provisions for pending legal cases, please see Note 24.

36. Events after the reporting period

On July 26, 2021, the UOKiK President launched proceedings against P4, with details described in Note 35.

In July 2021, the Iliad Group, to which P4 belongs, submitted a tentative, non-binding offer to the Liberty Global group to acquire 100% of shares in UPC Polska Sp. z o.o. The talks between the parties are pending, however the Iliad Group cannot give any assurance that the transaction will be finalized.

The Group has not identified any other events after the reporting period that should be disclosed in the Financial Statements.

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