

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, 2024

PLAY

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as at and for the 6-month period ended June 30, 2024
(expressed in PLN, all amounts in tables given in thousands unless stated otherwise)

Approval of financial statements

We hereby approve the interim financial statements of the P4 sp. z o.o. Group as at and for the 6-month period ended June 30, 2024, consisting of the interim condensed statement of comprehensive income showing total income of PLN 837,131 thousand, the interim condensed statement of financial position with assets and liabilities and equity of PLN 20,369,610 thousand, the interim condensed statement of changes in equity showing an increase in equity by PLN 98,941 thousand, the interim condensed statement of cash flows showing an increase in net cash by PLN 314,124 thousand and other explanatory notes.

Jean-Marc Harion
Management Board President

Mikkel Noesgaard
Management Board Member

Beata Zborowska
Management Board Member

Michał Ziółkowski
Management Board Member

Ewa Zmysłowska
Management Board Member

Warsaw, August 28, 2024

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(expressed in PLN, all amounts in tables given in thousands unless stated otherwise)

Interim Condensed Consolidated Statement of Comprehensive Income

	Notes	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
		Unaudited	Restated, unaudited
Operating revenue	3	5,010,672	4,792,045
Service revenue		4,055,043	3,843,794
Sales of goods and other revenue		955,629	948,251
Operating expenses		(4,092,460)	(3,943,470)
Interconnection, roaming and other service costs	4	(1,141,828)	(1,006,714)
Contract costs		(270,091)	(232,992)
Cost of goods sold		(750,153)	(773,573)
Employee benefits	5	(316,887)	(280,610)
External services	6	(723,387)	(752,991)
Depreciation and amortization	7	(841,348)	(842,382)
Taxes and fees		(48,766)	(54,208)
Other operating income	8	911,079	637,952
<i>thereof: gains from derecognition of financial assets measured at amortized costs</i>	8	29,687	19,351
Other operating costs	8	(329,450)	(249,995)
<i>thereof: impairment of financial assets</i>	8	(84,876)	(71,906)
Share of profit of equity-accounted investee		15,444	12,575
Operating profit		1,515,285	1,249,107
Finance income	9	18,434	66,976
<i>thereof: interest income from assets at amortized cost</i>	9	509	13,875
Finance costs	9	(573,990)	(646,394)
Profit before income tax		959,729	669,689
Income tax charge	10	(202,124)	(236,656)
Net profit		757,605	433,033
- attributable to owners of P4 sp. z o.o.		753,988	432,391
- attributable to owners of non-controlling interest		3,617	642
<u>Items that will not be reclassified to profit or loss</u>			
Actuarial gains on post-employment benefits		-	14
Income tax relating to items not to be reclassified		187	(3)
<u>Items that may be reclassified subsequently to profit or loss</u>			
Gains/(losses) on cash flow hedges	27	67,803	(143,231)
Income tax relating to items that may be reclassified	27	(12,882)	27,214
Share of other comprehensive income of equity-accounted investee		24,418	-
Other comprehensive income/(loss), net		79,526	(116,006)
Total comprehensive income		837,131	317,027
- attributable to owners of P4 sp. z o.o.		833,514	316,385
- attributable to owners of non-controlling interest		3,617	642

The restated comparative data is a result of the purchase price allocation for subsidiaries acquired in H1 2023. See Note 2.3.

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Interim Condensed Consolidated Statement of Financial Position

	Notes	June 30, 2024	December 31, 2023
		Unaudited	Restated
ASSETS			
Non-current assets			
Goodwill	11	1,423,310	1,419,460
Other intangible assets	12	4,319,882	4,448,812
Property, plant and equipment	13	3,218,080	3,140,354
Right-of-use assets	21	4,585,259	4,410,140
Investment in joint venture		1,802,179	1,762,317
Other long term financial assets	14	34,761	44,992
Long term prepaid expenses	19	15,465	20,614
Deferred tax asset		2,614	4,390
Total non-current assets		15,401,550	15,251,079
Current assets			
Inventories	15	917,302	615,326
Trade and other receivables	16	1,223,115	1,220,409
Contract assets	17	1,819,839	1,739,942
Contract costs	18	512,056	512,866
Current income tax receivables		78	29,809
Prepaid expenses	19	140,739	129,329
Cash and cash equivalents	20	297,952	207,726
Other short-term finance assets	14	30,876	44,134
Assets held for sale	2.4	26,103	296,363
Total current assets		4,968,060	4,795,904
TOTAL ASSETS		20,369,610	20,046,983
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		48,857	48,857
Other supplementary capital		(157,832)	(166,659)
Other reserves		246,693	7,777
Retained earnings	22	762,367	914,809
Equity attributable to the owners of P4 sp. z o.o.		900,085	804,784
Non-controlling interest		12,607	8,967
Total equity		912,692	813,751
Non-current liabilities			
Long-term finance liabilities	23	10,082,261	10,058,939
Long-term lease liabilities	21	4,492,885	4,305,315
Long-term provisions	24	299,073	334,774
Deferred tax liability		359,788	350,839
Other non-current liabilities		7,168	7,009
Total non-current liabilities		15,241,175	15,056,876
Current liabilities			
Short-term finance liabilities	23	1,293,015	860,922
Short-term lease liabilities	21	305,618	294,149
Trade and other payables	25	1,943,810	2,270,718
Contract liabilities	26	528,484	468,750
Current income tax payable		45,958	1,055
Accruals		98,389	142,206
Short-term provisions	24	469	88,361
Liabilities directly associated with assets held for sale		-	50,195
Total current liabilities		4,215,743	4,176,356
TOTAL LIABILITIES AND EQUITY		20,369,610	20,046,983

The restated comparative data is a result of the purchase price allocation for subsidiaries acquired in H1 2023. See Note 2.3.

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P4 sp. z o.o. Group
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as at and for the 6-month period ended June 30, 2024
(expressed in PLN, all amounts in tables given in thousands unless stated otherwise)

Interim Condensed Consolidated Statement of Changes in Equity

	Notes	Attributable to owners of P4 sp. z o.o.				Total	Non-controlling interest	Total equity
		Share capital	Other supplementary capital	Other reserves	Retained earnings			
As at January 1, 2024		48,857	(166,659)	7,777	914,129	804,104	8,967	813,071
Change resulting from the final settlement of the acquisition of a subsidiary		-	-	-	680	680	-	680
As at January 1, 2024, restated		48,857	(166,659)	7,777	914,809	804,784	8,967	813,751
Net profit for the period		-	-	-	753,988	753,988	3,617	757,605
<u>Other comprehensive income/(loss), net</u>								
Actuarial gains on post-employment benefits with relating income tax		-	-	187	-	187	-	187
Gains/(losses) on cash flow hedges with relating income tax	27	-	-	54,921	-	54,921	-	54,921
Share of other comprehensive income of equity-accounted investee		-	-	24,418	-	24,418	-	24,418
Total comprehensive income		-	-	79,526	753,988	833,514	3,617	837,131
Acquisition of subsidiaries and change of shares in subsidiaries		-	-	-	(34)	(34)	34	-
Recognition of costs of equity-settled incentive and retention programs		-	8,827	-	-	8,827	-	8,827
Increase of other reserves	22	-	-	159,390	(159,390)	-	-	-
Dividend payment	22	-	-	-	(747,006)	(747,006)	(11)	(747,017)
As at June 30, 2024, unaudited		48,857	(157,832)	246,693	762,367	900,085	12,607	912,692

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Notes	Attributable to owners of P4 sp. z o.o.					Non-controlling interest	Total equity
	Share capital	Other supplementary capital	Other reserves	Retained earnings	Total		
As at January 1, 2023	48,857	(184,791)	1,552,650	1,167,106	2,583,822	4,626	2,588,448
Net profit for the period	-	-	-	432,391	432,391	642	433,033
<u>Other comprehensive income/(loss), net</u>							
Actuarial gains on post-employment benefits with relating income tax	-	-	11	-	11	-	11
Gains/(losses) on cash flow hedges with relating income tax	27	-	(116,017)	-	(116,017)	-	(116,017)
Total comprehensive income	-	-	(116,006)	432,391	316,385	642	317,027
Acquisition of subsidiaries and change of shares in subsidiaries	-	-	-	(1,809)	(1,809)	511	(1,298)
Recognition of costs of equity-settled incentive and retention programs	-	3,504	-	-	3,504	-	3,504
Increase of other reserves	-	-	132,667	(132,667)	-	-	-
Dividend payment	-	-	(1,507,900)	(892,100)	(2,400,000)	-	(2,400,000)
As at June 30, 2023, restated, unaudited	48,857	(181,287)	61,411	572,921	501,902	5,779	507,681

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Interim Condensed Consolidated Statement of Cash Flows

	Notes	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
		Unaudited	Restated, unaudited
Profit before income tax		959,729	669,689
Depreciation and amortization		841,348	842,382
Interest expense (net)		566,956	602,473
(Gain)/Loss on finance instruments at fair value		(13,271)	672
Foreign exchange gains		(2,219)	(34,228)
Share of profit of equity-accounted investee		(15,444)	(12,575)
Gain on disposal of non-current assets, subsidiaries and termination of lease contracts		(469,015)	(336,702)
Impairment of non-current assets		315	4,110
Change in provisions		(133,582)	(37,059)
Change in share premium from equity-settled retention programs		8,800	3,504
Changes in working capital and other	30	(263,234)	(242,105)
Change in contract assets	30	(79,898)	(92,342)
Change in contract costs	30	810	(29,530)
Change in contract liabilities	30	50,518	76,751
Cash provided by operating activities		1,451,813	1,415,040
Interest received		4,024	13,705
Interest paid		(10)	(53)
Income tax paid		(128,299)	(318,624)
Net cash provided by operating activities		1,327,528	1,110,068
Proceeds from sale of non-current assets		6,306	11,884
Purchase of fixed assets and intangibles		(885,334)	(627,485)
Cash inflows related to sale of infrastructure		466,202	467,126
Cash outflows related to assets held for sale		(543)	(11,339)
Proceeds from sale of subsidiaries		174,711	1,711,468
Acquisition of subsidiaries, net of cash and cash equivalents acquired		(40,426)	(161,986)
Net cash used in investing activities		(279,084)	1,389,668
Dividends (paid)	22	(747,017)	(2,400,000)
Proceeds from finance liabilities	23	982,000	1,545,659
Repayment of finance liabilities		(423,543)	(1,597,143)
Paid interest relating to finance liabilities		(531,081)	(590,180)
Paid other costs relating to finance liabilities		(14,898)	(16,333)
Other proceeds from financing activities		219	-
Net cash used in financing activities		(734,320)	(3,057,997)
Net change in cash and cash equivalents		314,124	(558,261)
Effect of exchange rate change on cash and cash equivalents		(87)	3,288
Cash and cash equivalents at the beginning of the period		(282,647)	625,617
Cash and cash equivalents at the end of the period	29	31,390	70,644

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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.

As at June 30, 2024 the Company was controlled directly by Iliad Purple with its registered office in Paris (hereafter referred to as “Iliad Purple”), which held 100% shares in the Company. Iliad Purple S.A.S. is a fully-owned 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 and landline telecommunications sector in Poland. The Group provides telecommunication services under the “PLAY”, “UPC”, “VIRGIN Mobile” and “3S” brands, sells mobile devices and provides IT services via owned collocation centers.

These Financial Statements comprise:

- interim condensed consolidated statement of comprehensive income;
- interim condensed consolidated statement of financial position;
- 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, 2024 and the comparative period, i.e. the 6-month period ended June 30, 2023 hereafter the “Financial Statements”.

The Interim Condensed Consolidated Financial Statements include the accounts of the Company and the following subsidiaries and jointly-controlled companies:

Entity	Location	Principal activity	Ownership and percentage of voting rights	
			As at June 30, 2024	As at December 31, 2023
3S Data Center S.A.	Poland	IT	100.00%	100.00%
3S BOX S.A.	Poland	IT	-	100.00%
Polski Światłowod Otwarty sp. z o.o.	Poland	Telecommunications	50.00%	50.00%
Redge Technologies sp. z o.o.	Poland	IT	94.70%	95.00%
Redge Media PPV sp. z o.o.	Poland	IT	94.70%	95.00%
Vestigit sp. z o.o.	Poland	IT	64.17%	64.37%
MediaTool sp. z o.o.	Poland	IT	85.23%	85.50%
Play Investments sp. z o.o. (formerly Vortanoria Investments sp. z o.o.)	Poland	Holding	100.00%	100.00%
SferaNet Infrastruktura S.A.	Poland	Telecommunications	50.00%	100.00%
SferaNet sp. z o.o.	Poland	Telecommunications	100.00%	100.00%
Syrion sp. z o.o.	Poland	Telecommunications	100.00%	100.00%
PT sp. z o.o.	Poland	Telecommunications	50.00%	100.00%
Grupa Phobos sp. z o.o.	Poland	Telecommunications	51.00%	51.00%
Fibreo S.A.	Poland	Telecommunications	100.00%	100.00%
Miconet sp. z o.o.	Poland	Telecommunications	100.00%	-
Micolnfra sp. z o.o.	Poland	Telecommunications	100.00%	-

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Changes in the Group's structure

Acquisition of Miconet and Micolnfra

On April 4, 2024, the Group acquired a 100% stake in Miconet sp. z o.o. ("Miconet"), a local operator offering services based on fiber optic technology. On June 10, 2024, P4 acquired a 100% stake in Micolnfra sp. z o.o. ("Micolnfra").

Both these acquisitions are accounted for as a business combination under IFRS 3. The Group is currently undergoing a purchase price allocation, which should be concluded within 12 months of the purchase date and collects all material information about the facts and circumstances that existed as at the date of acquisition and that could affect the fair value of the acquired assets and liabilities.

Sale of SferaNET Infrastruktura and PT

On March 29, 2024, the Group sold a 100% stake in SferaNET Infrastruktura S.A. ("SferaNet Infrastruktura") to Polski Światłowód Otwarty sp. z o.o. („PŚO”). On June 28, 2024, the Group sold a 100% stake in PT sp. z o.o. to PŚO.

Following these sale transactions, the Group deconsolidated SferaNET Infrastruktura and PT by removing their assets and liabilities from its consolidated statement of financial position. Proceeds from the sale of shares presented in the statement of cash flows were reduced by the companies' cash balances as at the date of the sale, in connection with the deconsolidation.

The financial results of SferaNET and PT are subject to consolidation by PŚO, while the Group, using the equity method of valuing the PŚO stake, recognizes in profit/loss a 50% share in the consolidated net income and comprehensive income generated by the PŚO group.

Sale of 3S Box

On June 28, 2024, the Group sold a 100% stake in 3S Box S.A. to Op Core S.A.S., a company controlled by Iliad S.A., as a result of which 3S Box S.A. ceased to be consolidated by the Group.

The 3S Box S.A. share sale transaction was preceded by the disinvestment of assets crucial for data center operations, from 3S Data Center S.A. to 3S Box S.A. The Group secured the continued provision of data center services to its customers by entering into long-term operating agreements with 3S Box S.A.

2. Basis of preparation

These Financial Statements were authorized for issue by the Company's Management Board on August 28, 2024.

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

These Financial Statements have been prepared with the underlying going concern assumption.

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 audited consolidated financial statements for the year ended December 31, 2023 approved on March 13, 2024, prepared in accordance with the IFRS ("Annual Financial Statements").

The Financial Statements have been prepared under the historical cost convention except for assets and liabilities on account of 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.

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The preparation of Financial Statements in conformity with the International Financial Reporting Standards requires the use of certain material accounting estimates. The areas where assumptions and estimates are material to the Financial Statements are disclosed in Note 2.3 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, 2023 approved on March 13, 2024, except for new standards and interpretations as described in the table below:

New regulation	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 IAS 7 and IFRS 7: Supplier Finance Arrangements	May 25, 2023	January 1, 2024	January 1, 2024	No impact
Amendment to IAS 1: classification of liabilities as current or non-current	January 23, 2020	January 1, 2024	January 1, 2024	Insignificant impact
Amendments to IAS 1: non-current Liabilities with Covenants	October 31, 2022	January 1, 2024	January 1, 2024	Insignificant impact
Amendments to IFRS 16: lease liability in a sale and leaseback	September 22, 2022	January 1, 2024	January 1, 2024	Insignificant impact

The following new standards, amendments to standards and interpretations have been issued but are not effective for the year ended June 30, 2024:

New regulation	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 IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	August 15, 2023	January 1, 2025	Not endorsed yet	Assessment in progress
Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)	May 30, 2024	January 1, 2026	Not endorsed yet	Assessment in progress
IFRS 18 Presentation and Disclosure in Financial Statements	April 9, 2024	January 1, 2027	Not endorsed yet	Assessment in progress
IFRS 19 Subsidiaries without Public Accountability: Disclosures	May 9, 2024	January 1, 2027	Not endorsed yet	Assessment in progress

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2.2 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.

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 investments in associates, i.e. entities in which the Group has significant influence, as well as investments in joint ventures, are 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 the 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.

2.3 Allocation of the purchase price of subsidiaries and change in comparative data

In H1 2024, the Group allocated the purchase price paid for the shares in SferaNET, Syrion, Vestigit and MediaTool, acquired in H1 2023, as described in Note 2.7 to the Annual Financial Statements.

The above acquisitions are accounted for as a business combination under IFRS 3. In the annual consolidated financial statements for 2023, the Group presented a provisional accounting of the transaction in connection with the continuing process of valuation of non-current assets and contingent liabilities.

The total fair value of the acquired companies' net assets, as determined by independent appraisers, amounted to PLN 66,351 thousand. As a result of this allocation, intangible assets (customer relationships and trademarks) in the amount of PLN 37,352 thousand were recognized, among other items. Goodwill was estimated at PLN 62,824 thousand.

Consideration transferred	126,497
Non-controlling interest	2,678
- fair value of the acquired assets	(139,511)
+ fair value of the acquired liabilities	73,160
= Goodwill	62,824

In accordance with IFRS 3, the purchase price allocation necessitated a restatement of comparative data for 2023.

The final fair values of the acquired assets and liabilities are presented below:

ASSETS		LIABILITIES	
Intangible assets	33,730	Long-term finance liabilities	508
Property, plant and equipment	2,936	Long-term lease liabilities	2,640
Right-of-use assets	4,754	Deferred tax liability	7,274
Other long term financial assets	274	Non-current liabilities	10,422
Non-current assets	41,694	Short-term finance liabilities	3,312
Prepaid expenses	221	Short-term lease liabilities	1,410
Trade and other receivables	1,701	Trade and other payables	5,984
Cash and cash equivalents	1,158	Liabilities directly associated with assets held for sale	52,032
Inventories	358		
Assets held for sale	94,379	TOTAL LIABILITIES AND EQUITY	73,160
Current assets	97,817		
TOTAL ASSETS	139,511	NET ASSETS ACQUIRED	66,351

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2.4 Assets held for sale

As at June 30, 2024, the Group presented in the line items "Assets held for sale" and "Liabilities directly associated with assets held for sale" certain assets of the access network in the form of network connections in FTTH, FTTB-UTP and ETTH technologies and those intended to be sold to entities outside the P4 Group as well as expenditures on base stations within the minimum amount specified in the BTS program implemented for On Tower Poland („OTP”), as described in Note 2.8 to the Annual Financial Statements.

2.5 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, 2024	December 31, 2023
EUR	4.3130	4.3480
GBP	5.0942	4.9997
USD	4.0320	3.9350

2.6 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 agreements. During the current period, there were no significant changes in financial risk management. Detailed information is presented in Note 32 to the Annual Financial Statements.

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3. Operating revenues

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

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Service revenue	4,055,043	3,843,794
Usage revenue	3,694,800	3,407,656
Interconnection revenue	360,243	436,138
Sales of goods and other revenue	955,629	948,251
	5,010,672	4,792,045

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Usage revenue by category		
Retail contract revenue	2,951,285	2,760,178
Retail prepaid revenue	490,150	457,409
Other usage revenue	253,365	190,069
	3,694,800	3,407,656

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.

4. Interconnection, roaming and other service costs

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Interconnection costs, including network sharing	(387,741)	(450,202)
Other service costs	(754,087)	(556,512)
	(1,141,828)	(1,006,714)

Other service costs include fees for using the infrastructure as part of a partnership with PŚO, 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.

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5. Costs of employee benefits

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Salaries	(262,032)	(233,108)
Social security	(46,028)	(43,998)
Equity settled incentive and retention programs	(8,827)	(3,504)
	(316,887)	(280,610)

6. External services

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Network maintenance, leased lines and energy	(422,528)	(413,095)
Advertising and promotion expenses	(96,739)	(97,049)
Customer relations costs	(50,893)	(33,539)
Office and points of sale maintenance	(18,521)	(17,423)
IT expenses	(69,801)	(84,253)
People related costs	(15,136)	(16,233)
Finance and legal services	(9,837)	(10,994)
Other external services	(39,932)	(80,405)
	(723,387)	(752,991)

A significant portion of the costs of network maintenance, leased lines and energy was comprised of the passive infrastructure lease and maintenance costs under agreements signed with OTP.

7. Depreciation and amortization

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Restated, unaudited
Depreciation of property, plant and equipment	(356,223)	(396,089)
Amortization of intangibles	(293,162)	(275,516)
Depreciation of right-of-use assets	(191,963)	(170,777)
	(841,348)	(842,382)

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8. Other operating income and other operating costs

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Other operating income		
Income from partnership	633,154	523,780
Gain on disposal of subsidiaries	114,540	-
Gains from derecognition of financial assets measured at amortized costs	29,687	19,351
Gain on disposal of non-current assets and termination of lease contracts	4,068	-
Income from subleasing of right-of-use assets	9,164	9,122
Other miscellaneous operating income	120,466	85,699
	911,079	637,952
Other operating costs		
Costs related to partnership	(211,392)	(156,148)
Impairment of trade receivables	(43,248)	(37,238)
Impairment of contract assets	(41,628)	(34,668)
Impairment of non-current assets	(315)	(4,135)
Loss on disposal of non-current assets and termination of lease contracts	(47)	(1,552)
Other miscellaneous operating costs	(32,820)	(16,254)
	(329,450)	(249,995)

The "Income from partnership" and "Costs related to partnership" line items relate to the sale of passive infrastructure under the Built-to-Suit program to OTP, construction works to PŚO and other services provided to PŚO and OTP.

The gain from the disposal of subsidiary represents the result of the sale of shares in SferaNet Infrastruktura, 3S Box and PT (please see Note 1).

Gains from derecognition of financial assets measured at amortized cost represent mainly the result on the sale of trade receivables.

Income from subleasing of right-of-use assets relate to agreements classified as operating leases in which the Group, as the lessor, subleases assets that are accounted for as assets under IFRS 16 in the statement of financial position (please see Note 21.1).

Impairment of trade receivables

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 16.

Impairment of contract assets

For movements of the provision for impairment of contract assets please see Note 17.

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9. Finance income and finance costs

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Restated, unaudited
Finance income		
Interest income from assets at amortized cost	509	13,875
Income from the net investment in the lease	696	498
Net gain on finance instruments at fair value	12,256	-
Exchange rate gains	4,973	41,323
Other	-	11,280
	18,434	66,976
Finance costs		
Interest expense, including:	(568,032)	(630,170)
- on lease liabilities	(138,332)	(122,632)
- effect of cash flow hedges	(18,208)	35,995
Net loss on finance instruments at fair value	-	(8,054)
Other	(5,958)	(8,170)
	(573,990)	(646,394)

The line items Net profit and Net loss on financial assets at fair value represents the valuation of the ineffective portion of the cash flow hedge via interest rate swaps and valuation of other derivatives.

Interest expenses include the effect of using cash flow hedges (an adjustment related to the accrual of interest and settlement of interest rate swaps constituting cash flow hedges) – please see Note 27.

In H1 2024 and in H1 2023, the Group did not recognize any gains or losses related to liabilities measured at amortized cost.

10. Income tax

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Restated, unaudited
Current tax charge	(203,227)	(281,401)
Deferred tax benefit	1,103	44,745
Income tax charge	(202,124)	(236,656)

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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, 2024	Six-month period ended June 30, 2023
	Unaudited	Restated, unaudited
Profit before income tax	959,729	669,689
Tax calculated at the prevailing tax rate applicable to profit (19%)	(182,349)	(127,241)
Effect of difference between tax rates in Luxembourg and in Poland	-	45
Expenses not subject to tax	(28,583)	(22,012)
Income not subject to tax	11,869	8,015
Previous years tax income included in current year accounting profit	1,160	31
Adjustments relating to previous tax years	3,474	979
Change in unrecognized deferred tax asset	(13,014)	(96,473)
Tax effect of deconsolidation	5,319	-
Income tax charge	(202,124)	(236,656)
Effective Tax rate	21.1%	35.3%

The items reconciling the income tax amount in the table above represent the tax effect with the application of appropriate tax rates.

The line "Effect of difference between tax rates in Luxembourg and in Poland" in 2023 presented the effect of different tax rates used in Luxembourg (regarding PF1 – entity liquidated in December 2023) and Poland. In H1 2024 total Group's taxable revenue is generated in Polish tax jurisdiction. The corporate income tax rate applicable to subsidiaries registered in Poland was 19% in H1 2024 and 2023 and in Luxembourg 24.94% in H1 2023.

The deferred income tax calculation is based upon an assessment of the probability that future taxable profit will be available against which temporary differences and the unused tax losses can be utilized. The estimation is based upon the budget for the year 2025 and long term financial projections.

As at June 30, 2024 and December 31, 2023, the Group did not recognize deferred tax assets relating to tax losses in the entities for which the likelihood of future taxable profits that would allow realization of these tax losses is insufficient. The Group has not recognized an asset on tax losses incurred on the capital activity generated by P4 in H1 2024 and year 2023.

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11. Goodwill

Changes in the net carrying amount of goodwill were as follows:

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
As at January 1	1,459,966	1,152,369
Change resulting from the final settlement of the acquisition of a subsidiary	(40,506)	-
As at January 1, restated	1,419,460	1,152,369
Acquisition of subsidiaries	37,311	103,930
Reclassification from/(to) Assets held for sale	-	186,184
Decreases	(33,461)	-
As at June 30	1,423,310	1,442,483

The change in goodwill in H1 2024 was caused by the final purchase price allocation for the acquisition of subsidiaries (see Note 2.3), the sale and acquisitions of subsidiaries (see Note 1).

As at June 30, 2024 and December 31, 2023 no impairment loss allowance on goodwill was recognized.

12. Other intangible assets

	June 30, 2024, unaudited			
	Cost	Accumulated amortization	Accumulated impairment	Net book value
Telecommunications licenses	3,355,523	(1,404,359)	-	1,951,164
Computer and network software	2,647,620	(1,805,019)	(249)	842,352
Other intangible assets	1,894,920	(368,554)	-	1,526,366
	7,898,063	(3,577,932)	(249)	4,319,882

	December 31, 2023, restated			
	Cost	Accumulated amortization	Accumulated impairment	Net book value
Telecommunications licenses	3,355,523	(1,291,908)	-	2,063,615
Computer and network software	2,589,664	(1,794,185)	(778)	794,701
Other intangible assets	1,894,473	(303,977)	-	1,590,496
	7,839,660	(3,390,070)	(778)	4,448,812

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Telecommunications licenses

Frequency band	License term		Net book value as at	
	from	to	June 30, 2024	December 31, 2023
			Unaudited	
1800 MHz	February 13, 2013	December 31, 2027	120,207	137,379
800 MHz	January 25, 2016/ June 23, 2016	June 23, 2031	655,889	705,704
2600 MHz	January 25, 2016	January 25, 2031	97,482	104,886
2100 MHz	January 1, 2023	December 31, 2037	316,483	328,204
3500-3600 MHz	December 19, 2023	November 30, 2038	470,768	487,095
900 MHz	January 1, 2024	December 31, 2038	290,335	300,347
			1,951,164	2,063,615

Changes in the net carrying amount of other intangible assets were as follows:

	Telecommunications licenses	Computer and network software	Other intangible assets	Total
Net book value as at January 1, 2024	2,063,615	794,701	1,558,111	4,416,427
Change resulting from the final settlement of the acquisition of a subsidiary	-	-	32,385	32,385
Net book value as at January 1, 2024, restated	2,063,615	794,701	1,590,496	4,448,812
Increases	-	161,587	658	162,245
Charge	(112,451)	(116,336)	(64,375)	(293,162)
Impairment charge	-	529	-	529
Reclassification to Assets held for sale	-	-	(44)	(44)
Other transfers and reclassifications	-	2,165	76	2,241
Decreases	-	(294)	(445)	(739)
Net book value as at June 30, 2024, unaudited	1,951,164	842,352	1,526,366	4,319,882

	Telecommunications licenses	Computer and network software	Other intangible assets	Total
Net book value as at January 1, 2023	1,462,910	718,216	1,685,629	3,866,755
Increases	-	148,581	(146)	148,435
Charge	(93,369)	(117,699)	(64,191)	(275,259)
Transfers and reclassifications	-	(8,302)	(106)	(8,408)
Decreases	-	(4,287)	-	(4,287)
Deconsolidation	-	(1,189)	-	(1,189)
Net book value as at June 30, 2023, unaudited	1,369,541	735,320	1,621,186	3,726,047

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13. Property, plant and equipment

	June 30, 2024, unaudited			Net book value
	Cost	Accumulated amortization	Accumulated impairment	
Land and buildings	1,321,177	(343,490)	(14,122)	963,565
IT equipment	697,862	(424,897)	-	272,965
Telecommunications network and equipment	3,622,913	(2,210,966)	(3,032)	1,408,915
Other	1,083,771	(511,136)	-	572,635
	6,725,723	(3,490,489)	(17,154)	3,218,080

The "Land and buildings" group presents mainly cost of civil works and materials used for adapting leased property (e.g. roof tops) so that the Group's telecommunications equipment and telecommunication towers remaining the Group's property 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.

	December 31, 2023, restated			Net book value
	Cost	Accumulated amortization	Accumulated impairment	
Land and buildings	1,251,461	(315,527)	(13,491)	922,443
IT equipment	681,200	(395,646)	-	285,554
Telecommunications network and equipment	3,428,329	(2,056,817)	(2,818)	1,368,694
Other	1,008,199	(444,536)	-	563,663
	6,369,189	(3,212,526)	(16,309)	3,140,354

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Changes in the net carrying amount of property, plant and equipment were as follows:

	Land and buildings	IT equipment	Telecommunications network and equipment	Other	Total
Net book value as at January 1, 2024	922,443	285,554	1,368,627	563,663	3,140,287
Change resulting from the final settlement of the acquisition of a subsidiary	-	-	67	-	67
Net book value as at January 1, 2024, restated	922,443	285,554	1,368,694	563,663	3,140,354
Increases	66,731	8,328	246,162	103,315	424,536
Acquisition of subsidiaries	-	-	-	287	287
Charge	(33,655)	(44,622)	(173,252)	(104,694)	(356,223)
Impairment charge	(631)	-	(214)	-	(845)
Reclassification from/(to) Assets held for sale	26,712	-	2,260	(149)	28,823
Other transfers and reclassifications	(3,990)	23,796	(34,345)	12,984	(1,555)
Decreases	(14,045)	(91)	(390)	(2,771)	(17,297)
Net book value as at June 30, 2024, unaudited	963,565	272,965	1,408,915	572,635	3,218,080

	Land and buildings	IT equipment	Telecommunications network and equipment	Other	Total
Net book value as at January 1, 2023	757,220	165,685	1,680,996	440,421	3,044,322
Increases	87,330	(241)	259,508	145,960	492,557
Acquisition of subsidiaries	15,013	93	58,416	23	73,545
Charge	(25,266)	(25,722)	(239,625)	(105,279)	(395,892)
Impairment charge	(4,127)	-	17	-	(4,110)
Reclassification from/(to) Assets held for sale	(2,666)	-	(74,512)	-	(77,178)
Reclassification to Work in progress	-	-	(11,062)	-	(11,062)
Other transfers and reclassifications	2,661	21,911	(38,511)	23,578	9,639
Decreases	(280)	(54)	(16,307)	(3,853)	(20,494)
Deconsolidation	-	(22)	-	(3,809)	(3,831)
Net book value as at June 30, 2023, unaudited	829,885	161,650	1,618,920	497,041	3,107,496

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14. Other finance assets

	June 30, 2024	December 31, 2023
	Unaudited	
Long-term investments	155	165
Long-term receivables	22,118	21,098
Long-term lease receivables	12,488	23,729
Other long term financial assets	34,761	44,992
Interest rate swaps	20,173	34,802
Short-term lease receivables	10,703	9,332
Other short-term finance assets	30,876	44,134
	65,637	89,126

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

Lease receivables were described in Note 21, while interest rate swaps were described in Note 27.

15. Inventories

	June 30, 2024	December 31, 2023
	Unaudited	
Goods for resale	243,117	198,277
Goods in dealers' premises	29,880	27,083
Materials	266	243
Work in progress	654,169	399,108
Impairment of goods for resale	(10,130)	(9,385)
	917,302	615,326

In the "Inventories under construction" line item, the Group presents expenditures incurred in connection with the performance of the construction work for PŚO and expenditures for base stations sold to OTP built outside of the minimum limit specified in the BTS program (please see also Note 2.4).

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

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Beginning of period	(9,385)	(7,953)
- charged to income statement	(745)	(1,029)
- utilized	-	69
End of period	(10,130)	(8,913)

The recognition/reversal of the provision for inventories is recognized in the cost of goods sold.

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16. Trade and other receivables

	June 30, 2024	December 31, 2023
	Unaudited	
Trade receivables	1,289,889	1,354,128
Impairment of trade receivables	(153,352)	(136,272)
Trade receivables (net)	1,136,537	1,217,856
VAT and other government receivables	375	1,061
Other receivables	86,203	1,492
Other receivables (net)	86,578	2,553
	1,223,115	1,220,409

The total amount of trade receivables is comprised of 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.

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

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Beginning of period	(136,272)	(137,374)
- acquisition of a subsidiary	-	(757)
- charged to income statement	(43,248)	(37,238)
- utilized	26,168	28,994
End of period	(153,352)	(146,375)

17. Contract assets

	June 30, 2024	December 31, 2023
	Unaudited	
Contract assets	1,934,398	1,848,704
Impairment of contract assets	(114,559)	(108,762)
	1,819,839	1,739,942

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.

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

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Beginning of period	(108,762)	(96,645)
- charged to income statement	(41,628)	(34,668)
- utilization	35,831	34,702
End of period	(114,559)	(96,611)

The “charged to income statement” line in the table above represents changes in estimated credit losses that the Group expects to incur in the future, charged to other operating costs (please see Note 8), while “utilization” represents the value of the provision for expected credit losses in respect of customer contracts that were terminated during the period.

Movements in the value of contract assets in the 6-month periods ended: June 30, 2024 and June 30, 2023 were as follows:

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Contract assets, net - Beginning of period	1,739,942	1,603,203
Additions	795,569	780,075
Invoiced amounts transferred to trade receivables	(674,044)	(653,066)
Impairment, charged to income statement	(41,628)	(34,668)
Contract assets, net - End of period	1,819,839	1,695,544

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.

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18. Contract costs

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
As at January 1	512,866	449,277
Contract costs recognized as an asset	250,258	248,132
Contract costs charged to income statement	(251,068)	(218,602)
As at June 30	512,056	478,807

Contract costs amortized over time include incremental contract acquisition and maintenance costs (sales commissions).

19. Prepaid expenses

	June 30, 2024	December 31, 2023
	Unaudited	
Long term prepaid expenses		
Loan origination fees	8,786	7,266
Other	6,679	13,348
	15,465	20,614
Short term prepaid expenses		
Costs related to network sharing and use of telecommunications infrastructure	59,748	58,702
Distribution and selling costs	7,728	7,687
Network and IT maintenance	19,930	10,284
Loan origination fees	8,210	5,133
Other	45,123	47,523
	140,739	129,329

20. Cash and cash equivalents

	June 30, 2024	December 31, 2023
	Unaudited	
Petty cash	536	698
Balances deposited with banks	295,275	202,739
Other cash assets	2,141	4,289
	297,952	207,726

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21. Leasing

21.1 Group as a lessor

Finance lease receivables

Amounts due from leases when Group acts as a lessor and classifies its leases as finance leases according to IFRS 16 are recognized as receivables in the amount of the Group's investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

As at June 30, 2024 the Group recognized finance lease receivables in relation to dark fiber and IT equipment lease contracts.

Operating leases

The Group enters also into lease agreements in which it is the lessor, which are classified as operating leases (i.e. when the terms of the lease don't transfer substantially all the risks and rewards of ownership to the lessee). Operating leases relate mainly to point of sales, base stations and fiber optic cables. Operating lease income is presented respectively in the operating revenue or other operating income (please see Note 8) in the "Income from subleasing of right-of-use assets" line item.

21.2 Group as a lessee

	June 30, 2024, unaudited			Net book value
	Cost	Accumulated amortization	Accumulated impairment	
Right-of-Use:				
Land and buildings	5,640,364	(1,230,035)	-	4,410,329
IT equipment	19,997	(17,952)	-	2,045
Telecommunications network and equipment	154,998	(37,144)	-	117,854
Other	69,876	(14,845)	-	55,031
	5,885,235	(1,299,976)	-	4,585,259

The cost relating to variable lease payments that do not depend on an index or a rate amounted to PLN nil in H1 2024 and H1 2023. In H1 2024 and H1 2023 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 14,912 thousand in H1 2024 and PLN 11,348 thousand in H1 2023.

Income from subleasing of right-of-use assets is presented in Note 8.

	December 31, 2023, restated			Net book value
	Cost	Accumulated amortization	Accumulated impairment	
Right-of-Use:				
Land and buildings	5,336,323	(1,092,365)	-	4,243,958
IT equipment	21,391	(18,435)	-	2,956
Telecommunications network and equipment	141,278	(31,841)	-	109,437
Other	68,000	(14,211)	-	53,789
	5,566,992	(1,156,852)	-	4,410,140

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Changes in the net value of right-of-use assets were as follows:

	Land and buildings	IT equipment	Right-of-Use: Telecommunications network and equipment	Other	Total
Net book value as at January 1, 2024	4,243,826	2,956	108,628	53,665	4,409,075
Change resulting from the final settlement of the acquisition of a subsidiary	132	-	809	124	1,065
Net book value as at January 1, 2024, restated	4,243,958	2,956	109,437	53,789	4,410,140
Increases	429,837	-	18,678	9,006	457,521
Charge	(178,572)	(911)	(8,622)	(3,858)	(191,963)
Transfers and reclassifications	-	-	(596)	(90)	(686)
Decreases	(84,888)	-	(1,043)	(3,816)	(89,747)
Deconsolidation	(6)	-	-	-	(6)
Net book value as at June 30, 2024, unaudited	4,410,329	2,045	117,854	55,031	4,585,259

	Land and buildings	IT equipment	Right-of-Use: Telecommunications network and equipment	Other	Total
Net book value as at January 1, 2023	4,032,560	4,758	64,715	18,844	4,120,877
Increases	417,241	-	23,685	-	440,926
Acquisition of subsidiaries	-	136	6,033	1,603	7,772
Charge	(162,093)	(959)	(6,269)	(1,450)	(170,771)
Transfers and reclassifications	-	-	(326)	(905)	(1,231)
Decreases	(62,420)	-	(189)	(559)	(63,168)
Deconsolidation	-	-	-	(172)	(172)
Net book value as at June 30, 2023, unaudited	4,225,288	3,935	87,649	17,361	4,334,233

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Lease liabilities

	June 30, 2024	December 31, 2023
	Unaudited	Restated
Long-term lease liabilities		
Land and buildings for telecommunication sites and network	4,222,504	4,045,438
Points of sale	52,772	52,280
Dark fiber optic cable	42,815	42,156
Collocation centers	100,347	88,973
Offices and warehouse	43,084	45,651
IT equipment and telecommunications equipment	2,925	3,508
Motor vehicles	28,438	27,309
	4,492,885	4,305,315
Short-term lease liabilities		
Land and buildings for telecommunication sites and network	208,555	191,550
Points of sale	33,495	33,345
Dark fiber optic cable	10,429	14,459
Collocation centers	13,695	13,831
Offices and warehouse	23,110	22,656
IT equipment and telecommunications equipment	2,752	4,189
Motor vehicles	13,582	14,119
	305,618	294,149
	4,798,503	4,599,464

For information regarding costs related to lease liabilities, please see the Note 9.

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22. Shareholders' equity

On May 14, 2024, the Shareholder Meeting adopted a resolution on the distribution of P4's 2023 profit, according to which the Company's net profit of PLN 906,396 thousand was distributed as follows:

- PLN 747,006 thousand was earmarked for the dividend for 2023.
- The remaining part of the net profit, of PLN 159,390 thousand, was allocated to reserve capital, to be used for interim dividends or future dividends.

The dividend was paid on May 17, 2024.

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. Loan origination fees incurred in relation to the loan are included in the calculations of the effective interest rate. The effective interest rate reflects the interest costs as well as amortization of the loan origination fees.

	June 30, 2024	December 31, 2023
	Unaudited	
Long-term finance liabilities		
Long-term bank loans	7,419,301	7,315,148
Long-term notes liabilities	1,248,852	1,248,669
Interest rate swaps	12,360	95,051
Other debt	1,401,748	1,400,071
	10,082,261	10,058,939
Short-term finance liabilities		
Short-term bank loans	892,039	265,364
Short-term notes liabilities	21,993	3,545
Interest rate swaps	76,221	87,312
Other debt	302,762	504,701
	1,293,015	860,922
	11,375,276	10,919,861

Interest rate swaps were described in Note 27.

23.1 Bank loans

	June 30, 2024	December 31, 2023
	Unaudited	
Long-term bank loans	7,419,301	7,315,148
Short-term bank loans	892,039	265,364
	8,311,340	7,580,512
the balance of unamortized fees	21,536	27,379
the weighted average effective interest rate	7.53%	7.66%

The table below presents the list of the Group's current loan agreements. "Amount used" represents the nominal value of bank loans as at June, 30 2024.

Agreement	Disbursement date	Final maturity	Repayment type	Interest rate	Amount used	Remaining amount available
Term and Revolving Facilities Agreement – the term part	March 30, 2021	March 29, 2026	At the end of the agreement	floating	3,500,000	-
Term and Revolving Facilities Agreement – the revolving part	March 30, 2021	March 26, 2026	At the end of the agreement	floating	600,000	1,400,000
Amount utilized	May 16, 2024	July 31, 2024	At the end of the agreement	floating	600,000	
Term Facility Agreement	April 1, 2022	March 26, 2026	At the end of the agreement	floating	3,000,000	-
Investment loan					425,000	-
Tranche 1	October 31, 2022	September 20, 2028	Instalments	fixed	126,265	
Tranche 2	December 29, 2022	September 20, 2028	Instalments	fixed	116,515	
Tranche 3	March 31, 2023	September 20, 2028	Instalments	fixed	51,244	
Tranche 4	May 31, 2023	September 20, 2028	Instalments	fixed	72,566	
Tranche 5	July 31, 2023	September 20, 2028	Instalments	fixed	58,410	
Facility agreement for the purchase of electronic equipment					290,225	-
Tranche 1	March 9, 2022	December 22, 2026	Instalments	floating	146,875	
Tranche 2	June 22, 2022	December 22, 2026	Instalments	floating	78,125	
Tranche 3	December 23, 2022	December 22, 2026	Instalments	floating	65,225	
Investment loan from the European Investment Bank					470,000	-
Tranche 1	February 25, 2022	February 25, 2028	Instalments	fixed	150,000	
Tranche 2	June 27, 2022	June 27, 2028	Instalments	fixed	50,000	
Tranche 3	December 22, 2022	December 22, 2028	Instalments	floating	35,000	
Tranche 4	May 31, 2024	May 31, 2034	Instalments	floating	235,000	

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On May 16, 2024, the Company drew down PLN 747,000 thousand from the Revolving Facility. The repayment date was scheduled for June 17, 2024, on which date the Company repaid part of the debt in the amount of PLN 147,000 thousand, while the repayment date of the remaining portion of the debt was set for July 31, 2024.

On May 31, 2024, the last tranche of the Investment Facility from the European Investment Bank in the amount of PLN 235,000 thousand was disbursed.

23.2 Notes

	June 30, 2024	December 31, 2023
	Unaudited	
Long-term notes liabilities		
PLN Floating Rate Notes	1,248,852	1,248,669
	1,248,852	1,248,669
Short-term notes liabilities		
Accrued interest related to notes	21,993	3,545
	21,993	3,545
	1,270,845	1,252,214
the balance of unamortized fees	1,148	1,331
the weighted average effective interest rate	7.82%	7.79%

23.3 Other finance liabilities

Other finance liabilities include, among others:

- Liabilities under the loan granted to P4 by Iliad S.A. on May 12, 2023 with a nominal value of PLN 1,400,000 thousand.
- Liabilities under the cash pooling agreement, which was concluded on March 23, 2023 between the Group and Iliad S.A., with BNP Paribas acting as a clearing agent. As at June 30, 2024, the balance of liabilities on this account was PLN 266,492 thousand.
- Liabilities under instalment purchase contracts relating to property, plant and equipment and intangible assets.

23.4 Assets pledged as security for finance liabilities

The Group's obligations under facility agreements in effect as at June 30, 2024 are not secured.

24. Provisions for liabilities

	June 30, 2024	December 31, 2023
	Unaudited	
Assets retirement provision	54,412	44,423
Other long-term provisions	244,661	290,351
Short-term provisions	469	88,361
	299,542	423,135

Other long-term and short-term provisions relate to legal, regulatory matters (please see also Note 34) or arise under commercial contracts. The Group does not disclose detailed information on the amount of provisions created in relation to individual proceedings because, in the opinion of the Company's Management Board, such disclosure could affect the outcome of ongoing cases.

25. Trade and other payables

	June 30, 2024	December 31, 2023
	Unaudited	Restated
Trade payables	1,456,994	1,510,698
Investment payables	297,968	302,330
Government payables	163,285	434,297
Other	25,563	23,393
	1,943,810	2,270,718

26. 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 as well as the value of prepaid products delivered to a distributor but not yet transferred to the end customer.

The balance of contract liabilities as at June 30, 2024 and December 31, 2023 consisted of the Group's obligation to perform services prepaid by contract and pre-paid services.

	June 30, 2024	December 31, 2023
	Unaudited	
Prepaid services	125,255	126,673
Contract services	403,229	342,077
	528,484	468,750

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27. Hedge accounting

The Group has applied hedge accounting to swap instruments used to hedge interest rate risk. The hedge covers both the debt arising under loan agreements as well as liabilities under Series A and B Unsecured Notes (see Note 23).

As at June 30, 2024 and December 31, 2023 the total value of hedged debt was PLN 7.5 billion, while the ratio of the hedge to the nominal value of the hedged position is as follows:

Hedged item	Nominal hedging value	IRS Settlement date	Share of hedging item in the hedged item
Term and Revolving Facilities Agreement, „TRFA”	3,500,000	2024-2025	100%
Term Facility Agreement	2,800,000	2025	93%
Unsecured Notes series A, B	1,200,000	2025	96%
Total	7,500,000		

The above interest rate swaps have been established as hedges of cash flows linked to loans and bonds (hedged instruments) and therefore the Group applies hedge accounting principles to the measurement of these instruments. The contracts provide for a swap of the WIBOR 6M variable rate to a fixed rate and cash settlements over half-year periods.

As at June 30, 2024 the Group recognized both a financial asset and liability arising under interest rate swaps (see also Notes 14 and 23).

The Group recognizes the effect of measurement of the above financial instruments, in the portion determined to be an effective hedge in “Other reserves”.

A change in the level of the cash flow hedge reserves is presented below:

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Cash flow hedge reserves - Beginning of period	(103,265)	43,940
- before tax	(127,487)	54,247
- deferred tax	24,222	(10,307)
Effective part of gains/(losses) on cash flow hedge instruments	49,595	(107,236)
Reclassification to the income statement - interest expense presented in finance costs	18,208	(35,995)
Income tax charge	(12,882)	27,214
Cash flow hedge reserves - End of period	(48,344)	(72,077)
- before tax	(59,684)	(88,984)
- deferred tax	11,340	16,907

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28. 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 Group enters into derivative financial instruments, principally with financial institutions with investment grade credit ratings. Since there are no market prices available for unlisted derivative financial instruments (interest rate swaps, foreign exchange forward contracts), the Group classifies them as Level 2 of the fair value hierarchy and their 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. 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 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.

The level of the fair value hierarchy within which the fair value measurements are categorized are presented in the table below:

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		Assets at fair value through profit or loss	Assets at amortized cost	Liabilities at fair value through profit or loss	Liabilities at amortized cost	Fair value	Fair value hierarchy level
	Note	Carrying amount					
June 30, 2024, unaudited							
Cash and cash equivalents	20	297,952	-	-	-	297,952	Level 1
Trade receivables	16	-	1,136,537	-	-	1,136,537	*
Other receivables	16	-	86,578	-	-	86,578	Level 2
Interest rate swaps	27	20,173	-	(88,581)	-	(68,408)	Level 2
Lease receivables	21	-	23,191	-	-	23,191	Level 2
Long-term receivables	14	-	22,118	-	-	22,118	Level 2
Bank loans	23.1	-	-	-	(8,311,340)	(8,332,876)	Level 2
Notes	23.2	-	-	-	(1,270,845)	(1,268,243)	Level 1
Other debt	23.3	-	-	-	(1,704,510)	(1,704,510)	Level 2
Lease	21	-	-	-	(4,798,503)	(4,798,503)	Level 2
		318,125	1,268,424	(88,581)	(16,085,198)	(14,606,164)	
As at December 31, 2023, restated							
Cash and cash equivalents	20	207,726	-	-	-	207,726	Level 1
Trade receivables	16	-	1,217,856	-	-	1,217,856	*
Other receivables	16	-	2,553	-	-	2,553	Level 2
Interest rate swaps	27	34,802	-	(182,363)	-	(147,561)	Level 2
Lease receivables	21	-	33,061	-	-	33,061	Level 2
Long-term receivables	14	-	21,098	-	-	21,098	Level 2
Bank loans	23.1	-	-	-	(7,580,512)	(7,607,891)	Level 2
Notes	23.2	-	-	-	(1,252,214)	(1,246,760)	Level 1
Other debt	23.3	-	-	-	(1,904,772)	(1,904,772)	Level 2
Lease	21	-	-	-	(4,599,464)	(4,599,464)	Level 2
		242,528	1,274,568	(182,363)	(15,336,962)	(14,024,154)	

* For other classes of financial assets and liabilities, fair value corresponds to their carrying amount.

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29. Cash and cash equivalents presented in statement of cash flows

For the purpose of the consolidated statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and net of cash pool liabilities (see also Note 23.3). Interest accrued and not received is excluded from cash and cash equivalents for the purpose of the consolidated statement of cash flows.

	June 30, 2024	June 30, 2023
	Unaudited	Unaudited
Cash and cash equivalents in statement of financial position	297,952	199,128
Interest accrued on cash and cash equivalents	(70)	-
Cash pool	(266,492)	(127,670)
Bank overdrafts	-	(814)
Cash and cash equivalents in statement of cash flows	31,390	70,644

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, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
(Increase)/decrease of inventories	(301,834)	(279,113)
(Increase)/decrease of receivables	112,446	(134,944)
(Increase)/decrease of prepaid expenses	(1,482)	(28,190)
Increase/(decrease) of payables excluding investment payables	(23,781)	251,243
Increase/(decrease) of accruals	(44,429)	(49,537)
Increase/(decrease) of deferred income	(3,199)	-
(Increase)/decrease of long-term receivables	(1,114)	(671)
Increase/(decrease) of other non-current liabilities	159	(893)
Changes in working capital and other	(263,234)	(242,105)
(Increase)/decrease in contract assets	(79,898)	(92,342)
(Increase)/decrease in contract costs	810	(29,530)
Increase/(decrease) in contract liabilities	50,518	76,751
	(291,804)	(287,226)

In H1 2024, the evolution of the "Changes in working capital and other" item was driven mainly by an increase in inventories resulting, among other factors, from the performance of partnership agreements with On Tower Poland and Polski Światłowód Otwarty.

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31. Segment reporting

The Company and its subsidiaries (together, the “P4 Group” or the “Group”) operate in the mobile and landline telecommunications sector in Poland. The Group provides telecommunication services under the “PLAY”, “UPC”, “VIRGIN Mobile” and “3S” brands, sells mobile devices and provides IT services via owned collocation centres. 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 (EBITDAaL), only from the perspective of the P4 Group as a whole.

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Restated, unaudited
Operating profit	1,515,285	1,249,107
Add depreciation of property, plant and equipment	356,223	396,089
Add amortization of intangible assets	293,162	275,516
Add valuation of incentive and retention programs	8,827	3,504
Add impairment of non-current assets	315	4,110
Add one-off costs/(revenues) and extraordinary items	(98,605)	4,144
Deduct share of profit of equity-accounted investees	(15,444)	(12,575)
EBITDAaL	2,059,763	1,919,895

EBITDAaL is a non-IFRS measure. Other entities may calculate EBITDAaL using other methods.

32. Related parties transactions

32.1 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 2024 were PLN 9,113 thousand (PLN 7,532 thousand in H1 2023).

Additionally, members of the P4’s Management Board participated in the equity-settled incentive and retention programs. Following the valuation of these programs, the Group recognized costs in the amount of PLN 3,165 thousand in H1 2024 (no costs recognized in H1 2023). Relating costs are included in costs of employee benefits in the consolidated statement of comprehensive income.

Cost of benefits for former Members of Boards of Directors or Management Boards in Group entities incurred after they stepped down from their positions amounted to PLN 409 thousand in H1 2024 and PLN 421 thousand in H1 2023.

Cost of benefits for Members of Supervisory Boards in Group entities incurred in H1 2024 amounted to PLN 48 thousand.

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.

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32.2 Related party transactions with entities linked to Shareholders

Below we present the balances of transactions made with Iliad Purple S.A. ("Parent Company") and its related entities. As at June 30, 2024 and December 31, 2023, the parent company was Iliad Purple. The transactions were concluded on the terms that do not differ materially from market terms.

	June 30, 2024	December 31, 2023
	Unaudited	
Trade receivables	172,842	104,485
Parent company	1,822	1,822
Other related parties	171,020	102,663
Long-term finance liabilities	1,404,306	1,404,274
Parent company	4,500	4,500
Higher level parent company	1,399,806	1,399,774
Long-term lease liabilities	1,583	-
Other related parties	1,583	-
Short-term finance liabilities	269,402	498,762
Parent company	16	17
Higher level parent company	269,386	498,745
Short-term lease liabilities	287	-
Other related parties	287	-
Trade and other payables	134,045	122,287
Parent company	8,674	6,554
Other related parties	125,371	115,733

	Six-month period ended June 30, 2024	Six-month period ended June 30, 2023
	Unaudited	Unaudited
Dividend payment	(747,006)	(2,400,000)
Parent company	(747,006)	(2,400,000)
Operating revenue	2,969	859
Other related parties	2,969	859
Operating costs	(334,312)	(311,125)
Parent company	(2,120)	(3,664)
Other related parties	(332,192)	(307,461)
Other operating income	185,970	562,534
Other related parties	185,970	562,534
Finance costs	(65,902)	(574,146)
Parent company	(187)	(221)
Higher level parent company	(65,715)	(470,888)
Other related parties	-	(103,037)
Prepayments received	71,318	49,573
Other related parties	71,318	49,573
Prepaid expenses	(29,757)	(10,005)
Other related parties	(29,757)	(10,005)

Additionally, in H1 2024 the Group recognized profit on sale of shares in subsidiaries to related entities in the amount of PLN 114,450 thousand (see also Note 1 and 8).

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33. License requirements

33.1 3500-3600 MHz license requirements

The December 19, 2023 decision allocating frequencies in the 3500-3600 MHz band to P4 includes a number of requirements that P4 must meet. They concern among others the implementation of investments in the telecommunications network covering the launch of at least 3,800 stations no later than within 48 months from the date of delivery of the frequency reservation. At least 37% of the investment must be carried out in rural and suburban areas or in cities with fewer than 100,000 inhabitants.

33.2 Other 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 reservations for the other frequency ranges mentioned in Note 12.

34. Contingencies and legal proceedings

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. The amount of the provisions represents 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 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.

In May 2019 the President of UKE commenced proceedings aimed at declining the prolongation of 3700 MHz frequency reservations. The proceedings were a part of the President of UKE's plan to reform the 3400-3800 MHz spectrum in order to introduce the 5G technology. In July 2019 the President of UKE issued three decisions declining the reservation of 3700 MHz frequency for the next period. P4 requested the cases to be reconsidered and in October 2019 the above decisions were upheld. In November 2019, P4 filed appeals with the Voivodship Administrative Court in Warsaw, which dismissed the appeals by judgements issued in August 2020. P4 filed cassation appeals with the Supreme Administrative Court, which were dismissed on March 27, 2024.

In the first half of 2024 and up to the date of signing these Financial Statements, no material changes occurred in contingent tax liabilities, other than those described above, and no material; there were also no new material liabilities related to legal and regulatory proceedings, which are described in detail in Note 39 to the Annual Financial Statements.

35. Events after reporting period

On July 31, 2024, the Group repaid part of the revolving facility drawn under the TRFA in the amount of PLN 100,000 thousand along with the interest due and extended the repayment date of the remaining debt.

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

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