P4 sp. z o.o. Group

Consolidated financial statements

prepared in accordance with IFRS,

as at and for the year ended December 31, 2024

PLAY

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Approval of financial statements

We hereby approve the financial statements of the P4 sp. z o.o. Group for the financial year ended December 31, 2024, consisting of the statement of comprehensive income showing total income of PLN 1,519,293 thousand, the statement of financial position with assets and liabilities and equity of PLN 20,274,654 thousand, the statement of changes in equity showing a increase in equity by PLN 126,471 thousand, the statement of cash flows showing a decrease in net cash by PLN 182,888 thousand and notes containing a description of material accounting policies and other explanations.

Kenneth Campbell Management Board President	Mikkel Noesgaard Management Board Member	Beata Zborowska Management Board Member
Michał Ziółkowski Management Board Member	Ewa Zmysłowska Management Board Member	

Warsaw, March 12, 2025

Consolidated statement of comprehensive income

	Notes	Year ended December 31, 2024	Year ended December 31, 2023
			Restated
Operating revenue	3	**10,186,521**	**9,797,029**
Service revenue		8,325,687	7,870,304
Sales of goods and other revenue		1,860,834	1,926,725
Operating expenses		**(8,350,439)**	**(8,173,847)**
Interconnection, roaming and other service costs	4	(2,322,957)	(2,200,637)
Contract costs		(547,492)	(494,419)
Cost of goods sold		(1,494,347)	(1,563,621)
Employee benefits	5	(652,584)	(592,453)
External services	6	(1,535,920)	(1,558,173)
Depreciation and amortization	7	(1,700,402)	(1,663,518)
Taxes and fees		(96,737)	(101,026)
Other operating income	8	1,783,796	1,267,640
thereof: gains from derecognition of financial assets measured at amortized costs	8	*29,100*	*44,934*
Other operating costs	8	(774,568)	(546,832)
thereof: impairment of financial assets	8	*(145,798)*	*(156,229)*
Share of profit of equity-accounted investee		26,713	22,868
Operating profit		**2,872,023**	**2,366,858**
Finance income	9	24,007	88,689
thereof: interest income from assets at amortized cost	9	*755*	*16,457*
Finance costs	9	(1,167,037)	(1,257,914)
Profit before income tax		**1,728,993**	**1,197,633**
Income tax charge	10	(313,052)	(414,441)
Net profit		**1,415,941**	**783,192**
- attributable to owners of P4 sp. z o.o.		*1,406,265*	*779,305*
- attributable to owners of non-controlling interest		9,676	3,887
Items that will not be reclassified to profit or loss			
Actuarial losses on post-employment benefits		(157)	(742)
Income tax relating to items not to be reclassified		216	(143)
Items that may be reclassified subsequently to profit or loss			
Gains/(losses) on cash flow hedges	30	94,284	(181,734)
Income tax relating to items that may be reclassified	30	(17,914)	34,529
Share of other comprehensive income/(loss) of equity-accounted investee		26,923	(21,550)
Other comprehensive income/(loss), net		**103,352**	**(169,640)**
Total comprehensive income		**1,519,293**	**613,552**
- attributable to owners of P4 sp. z o.o.		*1,509,617*	*609,665*
- attributable to owners of non-controlling interest		*9,676*	*3,887*

Consolidated statement of financial position

	Notes	December 31, 2024	December 31, 2023
			Restated
ASSETS			
Non-current assets			
Goodwill	11	1,396,954	1,419,460
Other intangible assets	12	4,137,967	4,448,812
Property, plant and equipment	13	3,374,554	3,140,354
Right-of-use assets	22.2	4,664,911	4,410,140
Investment in joint venture	14	1,815,953	1,762,317
Other long term financial assets	15	31,365	44,992
Long term prepaid expenses	20	5,801	20,614
Deferred tax asset	10	2,356	4,390
Total non-current assets		**15,429,861**	**15,251,079**
Current assets			
Inventories	16	930,716	615,326
Trade and other receivables	17	1,473,026	1,220,409
Contract assets	18	1,638,370	1,739,942
Contract costs	19	537,336	512,866
Current income tax receivables		501	29,809
Prepaid expenses	20	111,228	129,329
Cash and cash equivalents	21	141,650	207,726
Other short-term financial assets	15	11,966	44,134
Assets held for sale	2.5	-	296,363
Total current assets		**4,844,793**	**4,795,904**
TOTAL ASSETS		**20,274,654**	**20,046,983**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	23.1	48,857	48,857
Other supplementary capital	23.2	(159,034)	(166,659)
Other reserves	23.3	162,371	7,777
Retained earnings	23.4	872,792	914,809
Equity attributable to the owners of P4 sp. z o.o.		**924,986**	**804,784**
Non-controlling interest		15,236	8,967
Total equity		**940,222**	**813,751**
Non-current liabilities			
Long-term financial liabilities	24	9,939,677	10,058,939
Long-term lease liabilities	22.2	4,661,883	4,305,315
Long-term provisions	25	299,720	334,774
Deferred tax liability	10	294,647	350,839
Other non-current liabilities		8,411	7,009
Total non-current liabilities		**15,204,338**	**15,056,876**
Current liabilities			
Short-term financial liabilities	24	1,005,710	860,922
Short-term lease liabilities	22.2	331,517	294,149
Trade and other payables	27	2,035,338	2,270,718
Contract liabilities	29	471,950	468,750
Current income tax payable		106,196	1,055
Accruals	28	148,012	142,206
Short-term provisions	25	31,371	88,361
Liabilities directly associated with assets held for sale	2.5	-	50,195
Total current liabilities		**4,130,094**	**4,176,356**
TOTAL LIABILITIES AND EQUITY		**20,274,654**	**20,046,983**

Consolidated statement of changes in equity

	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, 2024		**48,857**	**(166,659)**	**7,777**	**914,809**	**804,784**	**8,967**	**813,751**
Net profit for the period		-	-	-	1,406,265	1,406,265	9,676	1,415,941
Other comprehensive income/(loss), net								
Actuarial losses on post-employment benefits with relating income tax		-	-	59	-	59	-	59
Gains on cash flow hedges with relating income tax	30	-	-	76,370	-	76,370	-	76,370
Share of other comprehensive income/(loss) of equity-accounted investee		-	-	26,923	-	26,923	-	26,923
Total comprehensive income		**-**	**-**	**103,352**	**1,406,265**	**1,509,617**	**9,676**	**1,519,293**
Acquisition of subsidiaries and change of shares in subsidiaries		-	-	-	(33)	(33)	33	-
Recognition of costs of equity-settled incentive and retention programs	26	-	7,625	-	-	7,625	-	7,625
Increase of other reserves	23.4	-	-	159,390	(159,390)	-	-	-
Dividend payment	23.4	-	-	(108,148)	(1,288,859)	(1,397,007)	(3,440)	(1,400,447)
As at December 31, 2024		**48,857**	**(159,034)**	**162,371**	**872,792**	**924,986**	**15,236**	**940,222**

	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		-	-	-	779,305	779,305	3,887	783,192
Other comprehensive income/(loss), net								
Actuarial losses on post-employment benefits with relating income tax		-	-	(885)	-	(885)	-	(885)
Losses on cash flow hedges with relating income tax	30	-	-	(147,205)	-	(147,205)	-	(147,205)
Share of other comprehensive income/(loss) of equity-accounted investee		-	-	(21,550)	-	(21,550)	-	(21,550)
Total comprehensive income		**-**	**-**	**(169,640)**	**779,305**	**609,665**	**3,887**	**613,552**
Acquisition of subsidiaries and change of shares in subsidiaries		-	-	-	(6,835)	(6,835)	454	(6,381)
Recognition of costs of equity-settled incentive and retention programs	26	-	18,132	-	-	18,132	-	18,132
Increase of other reserves		-	-	132,667	(132,667)	-	-	-
Dividend payment		-	-	(1,507,900)	(892,100)	(2,400,000)	-	(2,400,000)
As at December 31 2023, restated		**48,857**	**(166,659)**	**7,777**	**914,809**	**804,784**	**8,967**	**813,751**

Consolidated statement of cash flows

	Notes	Year ended December 31, 2024	Year ended December 31, 2023
			Restated
Profit before income tax		**1,728,993**	**1,197,633**
Depreciation and amortization		1,700,402	1,663,518
Interest expense (net)		1,152,052	1,190,657
(Gain)/Loss on financial instruments at fair value		(70,877)	938
Foreign exchange gains		(4,547)	(40,052)
Share of profit of equity-accounted investee		(26,713)	(22,868)
Gain on disposal of subsidiaries		(137,964)	-
Gain on disposal of non-current assets and termination of lease contracts		(283,723)	(537,370)
Impairment of non-current assets		10,384	3,565
Change in provisions		(104,823)	18,822
Change in share premium from equity-settled retention programs		7,584	18,130
Changes in working capital and other	34	(315,626)	(514,181)
Change in contract assets	34	101,572	(136,739)
Change in contract costs	34	(24,471)	(63,589)
Change in contract liabilities	34	(5,776)	94,469
Cash provided by operating activities		**3,726,467**	**2,872,933**
Interest received		6,197	14,720
Interest paid		(219)	(68)
Income tax paid		(248,866)	(537,734)
Net cash provided by operating activities		**3,483,579**	**2,349,851**
Proceeds from sale of non-current assets		12,615	19,792
Purchase of fixed assets and intangibles		(1,640,817)	(1,558,588)
Cash inflows related to sale of infrastructure		549,134	755,227
Cash outflows related to assets held for sale		(967)	(91,265)
Proceeds from sale of subsidiaries		313,071	2,307,745
Inflow from investment in joint venture	14	-	600,000
Acquisition of subsidiaries, net of cash and cash equivalents acquired		(40,764)	(191,370)
Proceeds from loans given		-	3,199
Deposit paid in the auction for telecommunications licenses		-	(182,000)
Net cash used in investing activities		**(807,728)**	**1,662,740**
Dividends (paid)	23.4	(1,400,447)	(2,400,000)
Proceeds from financial liabilities	24.4	982,000	1,614,376
Repayment of financial liabilities	24.4	(1,307,737)	(2,952,351)
Paid interest relating to financial liabilities	24.4	(1,112,184)	(1,166,792)
Paid other costs relating to financial liabilities	24.4	(20,809)	(24,650)
Other proceeds from financing activities		438	2,870
Net cash used in financing activities		**(2,858,739)**	**(4,926,547)**
Net change in cash and cash equivalents		**(182,888)**	**(913,956)**
Effect of exchange rate change on cash and cash equivalents		(124)	5,692
Cash and cash equivalents at the beginning of the period		**(282,647)**	**625,617**
Cash and cash equivalents at the end of the period	33	**(465,659)**	**(282,647)**

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 December 31, 2024 the Company was controlled directly by Iliad Purple with its registered office in Paris (hereafter referred to as "Iliad Purple"), which held a 100% stake 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's business activity embraces the provision of mobile and landline telecommunications services, sales of mobile devices and managing a distribution network of mobile telecommunications products.

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" and "3S" brands, sells mobile devices and provides IT services via owned collocation centres.

These financial statements comprise:
- consolidated statement of financial position;
- consolidated statement of comprehensive income;
- consolidated statement of changes in equity;
- consolidated statement of cash flows;
- summary of significant accounting policies and other notes

as at and for the year ended December 31, 2024 and the comparative period, i.e. the year ended December 31, 2023, hereafter the "Financial Statements".

The Consolidated Financial Statements include the following subsidiaries with the consolidation method used as at December 31, 2024:

Entity	Designation	Principal activity	Ownership and percentage of voting rights	
			As at December 31, 2024	As at December 31, 2023
Parent entity				
P4 sp. z o.o.	P4, Company	Telecommunications	not applicable	not applicable
Fully consolidated entities				
Redge Technologies sp. z o.o.	Redge	IT	94.70%	95.00%
Redge Media PPV sp. z o.o.	Redge Media PPV	IT	94.70%	95.00%
Vestigit sp. z o.o.	Vestigit	IT	64.17%	64.37%
MediaTool sp. z o.o.	MediaTool	IT	85.23%	85.50%
Play Investments sp. z o.o.	Play Investments	Holding	100.00%	100.00%
SferaNet sp. z o.o.	SferaNet	Telecommunications	100.00%	100.00%
Syrion sp. z o.o.	Syrion	Telecommunications	100.00%	100.00%
Grupa Phobos sp. z o.o.	Phobos	Telecommunications	51.00%	51.00%
Fibreo S.A.	Fibreo	Telecommunications	100.00%	100.00%
Miconet sp. z o.o.	Miconet	Telecommunications	100.00%	-
3S Data Center S.A.	3S DC	IT	-	100.00%
3S BOX S.A. (now Op Core Poland sp. z o.o.)	3S BOX	IT	-	100.00%
Equity-accounted investees				
Polski Światłowód Otwarty sp. z o.o.	PŚO	Telecommunications	50.00%	50.00%
SferaNet Infrastruktura S.A.	SferaNet Infrastruktura	Telecommunications	50.00%	100.00%
MicoInfra sp. z o.o.	MicoInfra	Telecommunications	50.00%	-
PT sp. z o.o.	PT	Telecommunications	-	100.00%

As at December 31, 2024, all companies in the P4 Group are based in Poland.

Changes in the Group's structure

Acquisition of Miconet and MicoInfra

On April 4, 2024, the Group acquired a 100% stake in Miconet sp. z o.o., a local operator offering services based on fiber optic technology. On June 10, 2024, P4 acquired a 100% of the shares in MicoInfra sp. z o.o., to which the infrastructure business, including in particular assets and liabilities related to access network infrastructure, was transferred through the demerger of Miconet.

Both these acquisitions are accounted for as a business combination under IFRS 3.

The fair values of the acquired assets and liabilities of the acquired companies as at the acquisition date are presented below:

ASSETS		LIABILITIES	
Property, plant and equipment	288	**Non-current liabilities**	**-**
Non-current assets	**288**	Short-term financial liabilities	3
Inventories	143	Trade and other payables	1,030
Trade and other receivables	18	**Current liabilities**	**1,033**
Prepaid expenses	37	**TOTAL LIABILITIES**	**1,033**
Cash and cash equivalents	1,864		
Assets held for sale	3,057		
Current assets	**5,119**		
TOTAL ASSETS	**5,407**	**NET ASSETS ACQUIRED**	**4,374**

The goodwill recognised in the consolidated statement of financial position was calculated as follows:

Consideration transferred	**42,023**
Non-controlling interest	-
- fair value of the acquired assets	(5,407)
+ fair value of the acquired liabilities	1,033
= Goodwill	**37,649**

Sale of SferaNET Infrastruktura, PT and MicoInfra
In 2024, the Group sold to Polski Światłowód Otwarty sp. z o.o. 100% of shares in the companies:
- SferaNet Infrastruktura on March 29, 2024,
- PT on June 28, 2024,
- MicoInfra on December 12, 2024.

Following these sale transactions, the Group deconsolidated SferaNet Infrastruktura, PT and MicoInfra 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.

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

Merger with 3S DC
On September 30, 2024, P4, as the surviving entity, was merged with 3S DC.

This document is a working translation of the financial statements into English. The Polish version of the financial statements is the only legally binding version of this document. In case of any inconsistencies or discrepancies between the Polish and English versions of these financial statements, the Polish version shall prevail

2. Basis of preparation

These Financial Statements were authorized for issue by the Company's Management Board on March 12, 2025 and are subject to authorization by the Shareholder Meeting.

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 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.

The preparation of Financial Statements in conformity with the International Financial Reporting Standards ("IFRS") requires the use of certain material accounting estimates. The areas where assumptions and estimates are significant to the Financial Statements are disclosed in Note 2.3.

2.1 New standards, interpretations and amendments to existing stand

These Financial Statements were prepared in accordance with the IFRS adopted by the European Union, issued and effective as at December 31, 2024.

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, 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 December 31, 2024 and have not been adopted early:

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	January 1, 2025	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
Annual Improvements Volume 11	July 18, 2024	January 1, 2026	Not endorsed yet	Assessment in progress
Amendments to IFRS 9 and IFRS 7. Contracts Referencing Nature-dependent Electricity.	December 18, 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	

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

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

The above acquisitions are accounted for as a business combination under IFRS 3. In the 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 final fair values of the acquired assets and liabilities of the acquired companies are presented below:

ASSETS	
Intangible assets	33,730
Property, plant and equipment	2,936
Right-of-use assets	4,754
Other long term financial assets	274
Non-current assets	**41,694**
Prepaid expenses	221
Trade and other receivables	1,701
Cash and cash equivalents	1,158
Inventories	358
Assets held for sale	94,379
Current assets	**97,817**
TOTAL ASSETS	**139,511**

LIABILITIES	
Long-term financial liabilities	508
Long-term lease liabilities	2,640
Deferred tax liability	7,274
Non-current liabilities	**10,422**
Short-term financial liabilities	3,312
Short-term lease liabilities	1,410
Trade and other payables	5,984
Liabilities directly associated with assets held for sale	52,032
TOTAL LIABILITIES	**73,160**
NET ASSETS ACQUIRED	**66,351**

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As a result of this allocation, intangible assets (customer relationships and trademarks) in the amount of PLN 37,352 thousand were recognised, among other items, which were partially presented in the line "Assets held for sale". 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 as at December 31, 2023, which are presented below.

STATEMENT OF FINANCIAL POSITION	**December 31, 2023**		
	Historical data	**Settlement of the acquisition of subsidiaries**	**Restated**
ASSETS			
Goodwill	1,459,966	(40,506)	1,419,460
Other intangible assets	4,416,427	32,385	4,448,812
Property, plant and equipment	3,140,287	67	3,140,354
Right-of-use assets	4,409,075	1,065	4,410,140
Total non-current assets	**15,258,068**	**(6,989)**	**15,251,079**
Assets held for sale	277,034	19,329	296,363
Total current assets	**4,776,575**	**19,329**	**4,795,904**
TOTAL ASSETS	**20,034,643**	**12,340**	**20,046,983**
EQUITY AND LIABILITIES			
Retained earnings	914,129	680	914,809
Equity attributable to the owners of P4 sp. z o.o.	**804,104**	**680**	**804,784**
Total equity	**813,071**	**680**	**813,751**
Long-term lease liabilities	4,305,033	282	4,305,315
Deferred tax liability	344,470	6,369	350,839
Total non-current liabilities	**15,050,225**	**6,651**	**15,056,876**
Short-term lease liabilities	294,000	149	294,149
Trade and other payables	2,269,530	1,188	2,270,718
Liabilities directly associated with assets held for sale	46,523	3,672	50,195
Total current liabilities	**4,171,347**	**5,009**	**4,176,356**
TOTAL LIABILITIES AND EQUITY	**20,034,643**	**12,340**	**20,046,983**

STATEMENT OF COMPREHENSIVE INCOME	Year ended December 31, 2023		
	Historical data	Settlement of the acquisition of subsidiaries	Restated
Operating expenses	**(8,172,420)**	**(1,427)**	**(8,173,847)**
Depreciation and amortization	(1,662,091)	(1,427)	(1,663,518)
Operating profit	**2,368,285**	**(1,427)**	**2,366,858**
Finance costs	(1,257,734)	(180)	(1,257,914)
Profit before income tax	**1,199,240**	**(1,607)**	**1,197,633**
Income tax charge	(414,712)	271	(414,441)
Net profit	**784,528**	**(1,336)**	**783,192**
- attributable to owners of P4 sp. z o.o.	780,641	(1,336)	779,305
Other comprehensive income/(loss), net	**(169,640)**	**-**	**(169,640)**
Total comprehensive income	**614,888**	**(1,336)**	**613,552**
- attributable to owners of P4 sp. z o.o.	*611,001*	*(1,336)*	*609,665*
- attributable to owners of non-controlling interest	*3,887*	-	*3,887*

STATEMENT OF CASH FLOW	Year ended December 31, 2023		
	Historical data	Settlement of the acquisition of subsidiaries	Restated
Profit before income tax	**1,199,240**	**(1,607)**	**1,197,633**
Depreciation and amortization	1,662,091	1,427	1,663,518
Interest expense (net)	1,190,477	180	1,190,657
Cash provided by operating activities	**2,872,933**	**-**	**2,872,933**
Net cash provided by operating activities	**2,349,851**	**-**	**2,349,851**
Net cash used in investing activities	**1,662,740**	**-**	**1,662,740**
Net cash used in financing activities	**(4,926,547)**	**-**	**(4,926,547)**

STATEMENT OF CHANGES IN EQUITY	Year ended December 31, 2023		
	Historical data	Settlement of the acquisition of subsidiaries	Restated
Retained losses opening balance (attributable to equity holders of the parent	**1,167,106**	**-**	**1,167,106**
Net profit	780,641	(1,336)	779,305
Acquisition of subsidiaries and change of shares in subsidiaries	(8,851)	2,016	(6,835)
Retained losses closing balance (attributable to equity holders of the parent	**914,129**	**680**	**914,809**
Total equity opening balance	**2,588,448**	**-**	**2,588,448**
Net profit	784,528	(1,336)	783,192
Acquisition of subsidiaries and change of shares in subsidiaries	(8,397)	2,016	(6,381)
Total equity closing balance	**813,071**	**680**	**813,751**

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2.3 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that bear a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the current or next financial years are discussed below.

Recognition of revenue

The application of IFRS 15 requires the Group to make judgements that affect the determination of the amount and timing of revenue from contracts with customers. Please see also Note 0. These include:

- determining the timing of satisfaction of performance obligations,
- determining the transaction price allocated to them,
- determining the stand-alone selling prices.

The stand-alone selling prices for mobile devices are estimated as a cost of sale plus margin. The stand-alone selling prices for telecommunications services are set based on prices for non-bundled offers with the same range of services. The transaction price is calculated as total consideration receivable from the customer over the Adjusted Contract Term, which is the period after which the Group expects to offer a subsequent contract to retain a subscriber.

Significant financing component
The Group used the practical expedient described in paragraph 63 of IFRS 15 and did not adjust the promised amount of consideration for the effects of a significant financing component because it has assessed that for most of the contracts the period between when the Group transfers the equipment to the customer and when the customer pays for the equipment is one year or less.

Material right considerations
The Group has not identified any material rights in the contracts with customers which would need to be treated as separate performance obligations. In particular, the Group does not consider an activation fee to provide a material right to a customer to extend the contract without paying an additional activation fee. Also, the Group has assessed that for additional services offered to existing customers at a discounted price, the value of the revenue which would need to be deferred until satisfaction of the performance obligation associated with the potential material right, would be insignificant and therefore such potential material rights are not treated as separate performance obligations.

Agent vs. principal considerations in relation to cooperation with dealers
The Group cooperates with a network of dealers who sell contract services (including these bundled with handsets) and prepaid services. The Group has assessed that the dealers act as agents (and therefore do not control the goods or services before they are provided to the end-customer) in this process, for the following reasons:

a) the Group bears primary responsibility for fulfilling the promise to provide the specified good and service – the Group is responsible for delivering telecommunications services to the end-customer and organizes the process of repairs of the equipment within the guarantee period,
b) prices of services and equipment delivered to customers are determined by the Group and not by the dealer;
c) dealers are remunerated in the form of commissions;
d) credit risk related to consideration for service and in case of instalment sales model also credit risk related to consideration for equipment is borne by the Group.

Valuation of lease liabilities and right-of-use assets

The application of IFRS 16 requires the Group to make judgements that affect the valuation of the lease liabilities and the valuation of right-of-use assets (please see Note 22.2). These include: determining contracts in scope of IFRS 16, determining the contract term and determining the interest rate used for discounting of future cash flows.

The lease term determined by the Group generally comprises non-cancellable period of lease contracts, periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered

by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The same term is applied as economic useful life of right-of-use assets to calculate amortization of right-of-use assets.
For leases with indefinite term the Group estimates the non-cancellable period of such types of leases to be equal to the average or typical market contract term of particular type of lease. When assessing the lease term, the Group takes into account penalty payments specified in the contract as well as materiality of possible economic outflows related to termination of the contracts. The Group will continue to monitor these assumptions in the future as a result of a review of the industry practice and the evolution of the accounting interpretations in relation to estimation of the lease terms among peer telecommunications entities.

The present value of the lease payment is determined using the discount rate representing the rate of interest rate swap applicable for currency of the lease contract and for similar tenor, corrected by the average credit spread of entities with rating similar to the Group's rating, observed in the period when the lease contract commences or is modified.

Impairment of financial assets

The Group recognises an allowance for expected credit losses in an amount equal to the expected credit losses over the life of the financial instrument for trade receivables, contract assets, lease receivables, cash and cash equivalents. For note receivables, the Group recognises an allowance for expected credit losses equal to 12 months expected credit losses at the current reporting date if there has been no significant increase in risk since initial recognition of the instrument. The expected credit loss is calculated as expected gross carrying amount of the financial asset at valuation date multiplied by expected credit loss rate.

When measuring expected credit loss for billing receivables the Group uses collectability ratio from previous periods including information on recoverability through the process of sales of overdue invoices as well as forward looking information.

For other trade receivables the Group performs assessment for each individual debtor taking into account the probability of default or delinquency in payments and the probability that debtor will enter into financial difficulties or bankruptcy. The Group relies on reasonable and supportable information regarding debtors available at the assessment date, including the information about securities, e.g. guarantees, deposits and insurance.

When calculating the impairment allowance for contract assets the Group takes into consideration the risk of uncollectability of payments from customers which would be used to settle the outstanding contract assets balance, e.g. when the customer is deactivated as a result of breach of the contract. The Group uses professional judgement to calculate probability–weighted estimate of credit losses over the expected life of contract assets.

Assessment of close relation of embedded early redemption options to the host debt contract - performed as at issue date

With respect to notes issued in December 2019 and December 2020 (please see Note24) the Group had concluded that option's exercise price approximates debt amortized cost value and that it can be moreover assessed that implied fee for early redemption reimburses the lender for an amount up to the approximate present value of lost interest for the remaining term of Notes. Thus, close relation between embedded derivative and host contract was confirmed. Therefore, this early redemption option was not separated from host debt contract of Notes issued in December 2019 and December 2020 for accounting and valuation purposes.

Valuation of the assets retirement provision

The assets retirement provision relates primarily to the obligation to dismantle the active and passive portions of the telecommunications infrastructure from leased properties.
As at December 31, 2024 the assets retirement provision (please see Note 25) was calculated using a discount rate of 6.47% for the active portion of infrastructure and (6.56% as at December 31, 2023) and 5.79% for the passive portion of infrastructure (5.26% as at December 31, 2023), equal to the interest rate as at the reporting date for treasury bonds with maturities near the assumed retirement date.

Deferred tax

As part of the process of preparing the Financial Statements, the Group is required to estimate the P4 Group's income taxes (please see Note 10). This process involves estimating the P4 Group's actual current tax exposure together with assessing the temporary differences resulting from different treatments for tax and accounting purposes, such as the valuation of fixed assets, accruals and provisions. These differences result in deferred income tax assets and liabilities, which are recognised in the consolidated statement of financial position.

The deferred income tax calculation is based on the probability that future taxable profit will be available against which temporary differences and the unused tax losses can be utilized. The calculation is based upon long term financial projections, which contain a considerable amount of uncertainty and the actual outcome may differ. These projections may be altered to reflect changes in the economic, technological and competitive environment in which the P4 Group operates.

The Group is required to assess the likelihood of deferred income tax assets being recovered from future taxable income, and deferred tax assets are recognised to the extent to which such recovery is probable. Material estimates are required in order to calculate the asset. These estimates take into consideration future taxable income projections, the potential volatility of those projections, historical results and ongoing tax planning strategies. Factors as: the nature of the business and industry, the economic environment in which the P4 Group operates and the stability of local legislation are also considered.

Impairment of assets

Under IAS 36 "Impairment of Assets" the Group is obliged to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group must estimate the recoverable amount of the asset or of the cash generating unit ("CGU") to which the asset belongs. As at December 31, 2024 no impairment indicators were identified.

All of the P4 Group's assets and its business were allocated to the CGU identified as the entire P4 Group. The goodwill was allocated to the CGU identified as the entire P4 Group, as the performance is assessed and decisions on future resource allocation are made for the entire P4 Group.

The Group's assets (including goodwill and intangible assets with indefinite useful life) were tested for impairment as at December 31, 2024.

The recoverable amount of a CGU was determined based on value in use calculations. These calculations are based on the P4 Group's latest available financial projections for the years 2025-2029.

The assumptions used in the calculation include, among others: usage revenue, handset margin, customer acquisition and retention costs, interconnection revenues/costs, national and international roaming costs and operating expenses (among others remuneration costs, network maintenance costs, marketing costs and costs of settlements with OTP, PŚO and 3S Box). The pre-tax discount rate used (10.11% as at December 31, 2024, 9.66% as at December 31, 2023) reflects the risks typical of the P4 Group's business. The growth rate used to extrapolate cash flow projections beyond the forecast period (from 2030 onwards) is 1% (as at December 31, 2023 : 1%).

The amounts assigned to each of these parameters reflect the Group's past experience adjusted for expected changes during the period covered by the financial projections, but may be affected by unforeseeable political, economic or legal changes.

The results of this test indicated that the recoverable amount of the CGU is higher than the carrying amount of the CGU's assets, including goodwill as at December 31, 2024. As a result no impairment loss has been recognised.

However, there is considerable uncertainty as to the future expected economic benefits relating to the long-lived assets, including goodwill. The future success of the P4 Group's business model is dependent on many factors. The rapid changes of macroeconomic conditions in Poland, the EU and globally, in particular the levels of interest

rates, inflation and exchange rates, may have material effect on our operations and financial performance. High level of competition in the mobile and landline network operators market, including market prices for voice and data services, the effects of new operators entering the market or concentration among the existing operators, possible significant changes in mobile technology and a rise in popularity of technologies alternative to mobile voice and text messages, the possible change in the purchasing power of consumers, access to adequate distribution channels – all these factors may impact the P4 Group's ability to generate revenues. Risks associated with rapidly growing demand for radio network capacity, and uncertainty regarding the acquisition and cost of new frequency reservations, the development of unit costs of subscriber devices, and the volatility of operating expenses, in particular costs of electricity, and volatility of costs of expanding the mobile and landline network, all generate uncertainties over achievable cash flows.

The telecommunications services industry is subject to significant regulation by the government and the supervisory authority. All future changes in such regulations or electronic communications law may have an adverse impact on the P4 Group's revenues, require the Group to make additional expenditures and otherwise have a material adverse effect on the Group's business, financial condition and results of operations.

As a result of these and other uncertainties the actual recoverable amount of the CGU may differ significantly in the future from the P4 Group's current estimates.

However,

- if inflationary pressures were to cause an increase in fixed costs and salaries in 2025-2029 higher than the Group's projected increase, no impairment charge would be recognised for the CGU.
- If the growth rate used to extrapolate the projected cash flows into the period beyond the existing financial projections was reduced by 1 p.p., no impairment charge would be recognised for the CGU.
- If the revised estimated discount rate applied to the discounted cash flows was increased by 1 p.p., compared with the Group's estimates, with other assumptions unchanged, the Group would not recognise any impairment against the cash-generating unit.

2.4 Partnership with PŚO

In 2023, the Group transferred to PŚO a portion of the business including in particular assets of the access network in the form of network connections in HFC and FTTH technologies. PŚO makes its network infrastructure available to other telecommunications operators (including among others Play) on the wholesale access basis.
The Group uses fiber optic infrastructure owned by PŚO under agreements signed with PŚO in 2023. These costs are presented in the statement of comprehensive income in the "Other service costs" line item (please see Note 4).

Under the agreements, the Group continues to provide construction work services to PŚO to expand and build new fiber optic connections. The expenditures made to perform this work that have not yet been completed are presented in the statement of financial position in the "Work in progress" line item. Revenues and expenses arising from the sale of the above expenditures, as well as revenues and expenses arising from the service agreements concluded with PŚO are presented in other operating income and expenses in the "Income from partnership" and "Costs related to partnership" line items (please see Note 8).

2.5 Assets held for sale

In 2024, the Group continued to build passive infrastructure ("Built to Suit" ("BTS") program) in partnership with On Tower Poland sp. z o.o. ("OTP"). The expenditures made for the base stations within the minimum number specified in the BTS program were presented in the "Assets held for sale" item. During 2024, the above limit was realized and as a result as at December 31, 2024 the Group did not present any assets held for sale in this respect. Further expenditures under the BTS program are presented in the statement of financial in the "Work in progress" line item, and the sale of built stations is subject to accounting using the principles of sale and leaseback recognition under IFRS 16.

Revenues and expenses related to the implementation of the BTS program, including leaseback, as well as those incurred under the service agreements concluded with OTP are presented in other operating income and expenses in the "Income from partnership" and "Costs related to partnership" lines (please see Note 8).

Proceeds from the sale of stations within the minimum limit were presented in the statement of cash flows in the line: "Cash inflows related to sale of infrastructure". The capital expenditures incurred for the above stations were presented in the statement of cash flows in the line item "Cash outflows related to assets held for sale". Proceeds from sales and expenses incurred for stations presented as "Work in progress" are included in cash flows from operating activities.

In addition to the expenditures incurred under the BTS program, the Group presented as assets held for sale certain access network assets in the form of network connections in FTTH, FTTB-UTP and ETTH technologies and assets related to data centre operations and planned for sale. The above assets were sold as part of the transactions described in Note 1, therefore as at December 31, 2024, the Group did not present any assets held for sale in this respect.

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3. Operating revenue

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

	Year ended December 31, 2024	Year ended December 31, 2023
Service revenue	**8,325,687**	**7,870,304**
Usage revenue	7,586,626	6,985,146
Interconnection revenue	739,061	885,158
Sales of goods and other revenue	**1,860,834**	**1,926,725**
	10,186,521	**9,797,029**

	Year ended December 31, 2024	Year ended December 31, 2023
Usage revenue by category		
Retail contract revenue	6,057,082	5,627,663
Retail prepaid revenue	993,475	935,423
Other usage revenue	536,069	422,060
	7,586,626	**6,985,146**

Other usage revenue consists mainly of revenues from mobile virtual network operators ("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 vast majority of operating revenue is realized in Poland. Revenue from sales of goods and other revenue relates to the sale of goods at a specific point in time, while revenue from the sale of services relates to services transferred over time.

In the reporting periods there was no revenue recognised from performance obligations satisfied or partially satisfied in previous periods.

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	December 31, 2024	December 31, 2023
Transaction price allocated to the remaining performance obligation to be satisfied within:		
1 year	3,098,343	2,356,201
later than 1 year and not later than 2 years	1,470,529	1,099,520
later than 2 years and not later than 3 years	137,431	152,784
later than 3 years	3,346	9,810
	4,709,649	**3,618,315**

4. Interconnection, roaming and other service costs

	Year ended December 31, 2024	Year ended December 31, 2023
Interconnection costs, including network sharing	(778,154)	(914,223)
Other service costs	(1,544,803)	(1,286,414)
	(2,322,957)	**(2,200,637)**

Other service costs include fees for using the infrastructure as part of a partnership with PŚO (please see Note 2.4), 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.

5. Employee benefits

	Year ended December 31, 2024	Year ended December 31, 2023
Salaries	(546,334)	(489,007)
Social security	(89,236)	(85,314)
Equity settled incentive and retention programs	(17,014)	(18,132)
	(652,584)	**(592,453)**

6. External services

	Year ended December 31, 2024	Year ended December 31, 2023
Network maintenance, leased lines and energy	(886,878)	(829,068)
Advertising and promotion expenses	(222,201)	(224,568)
Customer relations costs	(107,398)	(78,125)
Office and points of sale maintenance	(37,443)	(34,184)
IT expenses	(139,274)	(159,597)
People related costs	(34,910)	(37,447)
Finance and legal services	(28,083)	(25,870)
Other external services	(79,733)	(169,314)
	(1,535,920)	**(1,558,173)**

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

7. Depreciation and amortization

	Year ended December 31, 2024	Year ended December 31, 2023
		Restated
Depreciation of property, plant and equipment	(712,108)	(757,071)
Amortization of intangibles	(589,981)	(556,014)
Depreciation of right-of-use assets	(398,313)	(350,433)
	(1,700,402)	**(1,663,518)**

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8. Other operating income and other operating costs

	Year ended December 31, 2024	Year ended December 31, 2023
Other operating income		
Income from partnership	1,297,879	970,407
Gain on disposal of subsidiaries	137,964	-
Gains from derecognition of financial assets measured at amortized costs	29,100	44,934
Gain on disposal of non-current assets and termination of lease contracts	9,195	-
Income from subleasing of right-of-use assets	19,058	17,949
Other miscellaneous operating income	290,600	234,350
	1,783,796	**1,267,640**
Other operating costs		
Costs related to partnership	(531,029)	(319,248)
Impairment of trade receivables	(78,524)	(73,900)
Impairment of contract assets	(67,274)	(82,329)
Impairment of non-current assets	(10,384)	(3,590)
Loss on disposal of non-current assets and termination of lease contracts	-	(2,015)
Other miscellaneous operating costs	(87,357)	(65,750)
	(774,568)	**(546,832)**

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 (please see also Note 2.4 and Note 2.5). In 2024, the Group recognised a gain on sale and leaseback in the amount of PLN 203,844 thousand.

The gain on the disposal of subsidiaries represents the result of the sale of shares in SferaNet Infrastruktura, 3S Box, PT and MicoInfra (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 (please see Note 22.1) in the statement of financial position.

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 17.

Impairment of contract assets
For movements of the provision for impairment of contract assets please see Note 0.

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9. Finance income and finance costs

	Year ended December 31, 2024	Year ended December 31, 2023
		Restated
Finance income		
Interest income from assets at amortized cost	755	16,457
Income from the net investment in the lease	1,309	1,282
Net gain on financial instruments at fair value	14,203	-
Exchange rate gains	7,740	59,666
Other	-	11,284
	24,007	**88,689**
Finance costs		
Interest expense, including:	(1,156,252)	(1,223,382)
- on lease liabilities	*(286,916)*	*(254,761)*
- effect of cash flow hedges	*(38,484)*	*53,762*
Net loss on financial instruments at fair value	-	(19,247)
Other	(10,785)	(15,285)
	(1,167,037)	**(1,257,914)**

The line items Net gain and net loss on financial instruments 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 30.

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

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10. Income tax

	Year ended December 31, 2024	Year ended December 31, 2023
		Restated
Current tax charge	(384,056)	(428,347)
Deferred tax benefit	71,004	13,906
Income tax charge	**(313,052)**	**(414,441)**

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

	Year ended December 31, 2024	Year ended December 31, 2023
		Restated
Profit before income tax	**1,728,993**	**1,197,633**
Tax calculated at the prevailing tax rate applicable to profit (19%)	(328,509)	(227,550)
Effect of difference between tax rates in Luxembourg and in Poland	-	73
Expenses not subject to tax	(52,124)	(107,853)
Income not subject to tax	30,809	12,899
Previous years tax income/ (costs) included in current year accounting profit	(5,062)	31
Adjustments relating to previous tax years	66,457	25,294
Change in unrecognised deferred tax asset	(24,335)	(117,335)
Tax effect of deconsolidation	(288)	-
Income tax charge	**(313,052)**	**(414,441)**
Effective Tax rate	18.1%	34.6%

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 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 2024 and 2023 and in Luxembourg 24.94% in 2023.

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

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Deferred tax assets and liabilities by category

	December 31, 2024	December 31, 2023
		Restated
Net deductible temporary differences		
Potential base for deferred income tax calculation	(1,414,097)	(1,840,633)
Potential deferred income tax net asset/(liability), thereof:	**(293,677)**	**(349,724)**
- recognised deferred income tax assets	*970*	*36*
- recognised deferred income tax liabilities	*(294,647)*	*(350,839)*
- recognised net deferred income tax liability related to assets held for sale	*-*	*1,079*
Carry-forwards of unused tax losses		
Potential base for deferred income tax calculation	133,703	690,459
Potential deferred income tax net asset/(liability), thereof:	**25,720**	**135,221**
- recognised deferred income tax assets	*1,386*	*4,354*
- not recognised deferred income tax assets	*24,334*	*130,867*
Total, netted at subsidiary level		
- recognised deferred income tax assets	**2,356**	**4,390**
- recognised deferred income tax liabilities	**(294,647)**	**(350,839)**
- recognised net deferred income tax liability related to assets held for sale	**-**	**1,079**
- not recognised deferred income tax assets	24,334	130,867

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 December 31, 2024 and December 31, 2023, the Group did not recognise 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 recognised an asset on tax losses incurred on the capital activity generated by P4 in 2024.

Deferred tax assets and liabilities are offset on the level of the standalone financial statements of consolidated entities.

The Polish tax system have restrictive provisions for the grouping of tax losses for multiple legal entities under common control, such as those of the P4 Group. Thus, each of the P4 Group's subsidiaries may only utilize its own tax losses to offset taxable income in subsequent years. Losses are not indexed to inflation. In Poland tax losses are permitted to be utilized over five years with utilization restricted to 50% of the loss per annum (thus, a given loss may be fully utilized by a taxpayer within 2 subsequent years at the earliest).

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Changes in deferred tax assets and liabilities:

	Year ended December 31, 2024	Year ended December 31, 2023
		Restated
Beginning of period:		
Deferred tax assets	**4,390**	**908**
Deferred tax liabilities	**(350,839)**	**(389,987)**
credited to profit or loss	71,004	13,906
credited / (charged) to equity	(17,698)	34,386
reclassified to/from liabilities directly associated with assets held for sale	-	(1,079)
resulting from acquisition of subsidiaries	-	(6,820)
change in result of deconsolidation	852	2,237
End of period		
Deferred tax assets	**2,356**	**4,390**
Deferred tax liabilities	**(294,647)**	**(350,839)**

Deferred tax is due to the following items:

	Consolidated statement of financial position		Consolidated Statement of comprehensive income	
	December 31, 2024	December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
		Restated		Restated
Carry-forward of unused tax losses	1,385	2,597	(1,212)	1,769
Fixed and intangible assets	(166,330)	(239,303)	72,973	65,447
Right-of-use assets	(884,148)	(833,323)	(50,825)	(53,709)
Contract costs	(102,094)	(97,445)	(4,649)	(12,081)
Contract assets	(311,290)	(330,589)	19,299	(25,980)
Receivables	(15,915)	(37,432)	21,517	(22,492)
Inventories	783	2,714	(1,931)	3,136
Prepaid expenses	(13,886)	(10,964)	(2,922)	(2,086)
Provisions and accruals	79,381	99,318	(20,176)	(36,765)
Liabilities	1,089,248	1,058,793	48,369	83,934
Contract liabilities	26,078	29,636	(3,558)	2,835
Other items	4,497	9,549	(5,881)	9,898
Deferred tax liabilities	**(292,291)**	**(346,449)**		
Deferred tax recognised in profit and loss			**71,004**	**13,906**

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The Group is subject to Pillar 2 of the OECD BEPS 2.0 Model Rules, which introduce a general framework for a global minimum tax. The Pillar 2 rules were implemented in Poland by the Act on Top-up Taxation Constituent Entities of Multinational and Domestic Groups (the "Act") dated November 6, 2024, which entered into force on January 1, 2025. It implements Council Directive (EU) 2022/2523 of December 15, 2022 on ensuring the global minimum level of taxation of multinational and large domestic corporate groups in the European Union, which implements the anti-base erosion principles i.e. the main part of the so-called Pillar 2.

The law imposes obligations directly on obligated entities, for all three top-up taxes, i.e. the global top-up tax, the domestic top-up tax and the tax on under-taxed profits, with voluntary application from January 1, 2024 (for the global and domestic top-up tax).

P4, as a component unit of an international group with revenues in excess of EUR 750 million, is subject to the regulations of the aforementioned Act. The provisions of the Act provide for the possibility of applying the so-called temporary safe harbour of CbCR (Country-by-Country Reporting) during the transition period, i.e. recognizing that the top-up tax is zero, provided that the results of at least one of the tests specified by the Act are positive.

The Company has conducted a preliminary assessment of its potential exposure to Pillar 2 income taxes based on data from the latest CbCR report and available financial data. The Company anticipates that it will be able to benefit from a temporary safe harbour based on the criterion of meeting the simplified effective tax rate test.

11. Goodwill

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

	Year ended December 31, 2024	Year ended December 31, 2023
		Restated
As at January 1	**1,419,460**	**1,152,369**
Acquisition of subsidiaries	37,649	73,459
Reclassification from Assets held for sale	-	193,632
Decreases	(60,155)	-
As at December 31	**1,396,954**	**1,419,460**

The change in goodwill in 2024 was caused by the final purchase price allocation for the acquisition of subsidiaries (see Note 2.2), the sale and acquisitions of subsidiaries (see Note 1).

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

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12. Other intangible assets

	December 31, 2024			
	Cost	Accumulated amortization	Accumulated impairment	Net book value
Telecommunications licenses	3,355,523	(1,516,810)	-	1,838,713
Computer and network software	2,767,690	(1,925,630)	(5,248)	836,812
Other intangible assets	1,895,017	(432,575)	-	1,462,442
	8,018,230	**(3,875,015)**	**(5,248)**	**4,137,967**

	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**

Telecommunications licenses

	License term		Net book value as at	
Frequency band	from	to	December 31, 2024	December 31, 2023
1800 MHz	February 13, 2013	December 31, 2027	103,035	137,379
800 MHz	January 25, 2016/ June 23, 2016	June 23, 2031	606,075	705,704
2600 MHz	January 25, 2016	January 25, 2031	90,077	104,886
2100 MHz	January 1, 2023	December 31, 2037	304,761	328,204
3500-3600 MHz	December 19, 2023	November 30, 2038	454,441	487,095
900 MHz	January 1, 2024	December 31, 2038	280,324	300,347
			1,838,713	**2,063,615**

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 the Group has concluded that there are no legal, regulatory, contractual, competitive or economic factors limiting the period over which this asset is expected to generate net cash inflows for the entity.

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**	**1,590,496**	**4,448,812**
Increases	-	328,660	658	329,318
Charge	(224,902)	(235,975)	(129,104)	(589,981)
Impairment charge	-	(4,470)	-	(4,470)
Reclassification to Assets held for sale	-	-	(87)	(87)
Other transfers and reclassifications	-	(45,369)	479	(44,890)
Decreases	-	(735)	-	(735)
Net book value as at December 31, 2024	**1,838,713**	**836,812**	**1,462,442**	**4,137,967**

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	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	787,442	321,608	40	1,109,090
Acquisition of subsidiaries	-	90	33,729	33,819
Charge	(186,737)	(239,606)	(129,671)	(556,014)
Impairment charge	-	(778)	-	(778)
Reclassification to Assets held for sale	-	-	(1)	(1)
Other transfers and reclassifications	-	1,881	1,049	2,930
Decreases	-	(5,521)	(279)	(5,800)
Deconsolidation	-	(1,189)	-	(1,189)
Net book value as at December 31, 2023, restated	**2,063,615**	**794,701**	**1,590,496**	**4,448,812**

13. Property, plant and equipment

	December 31, 2024			
	Cost	Accumulated amortization	Accumulated impairment	Net book value
Land and buildings	1,443,204	(367,939)	(15,504)	1,059,761
IT equipment	809,836	(478,161)	(100)	331,575
Telecommunications infrastructure	3,638,874	(2,312,006)	(4,438)	1,322,430
Other	1,234,310	(571,387)	(2,135)	660,788
	7,126,224	**(3,729,493)**	**(22,177)**	**3,374,554**

	December 31, 2023, restated			
	Cost	Accumulated amortization	Accumulated impairment	Net book value
Land and buildings	1,251,461	(315,527)	(13,491)	922,443
IT equipment	681,200	(395,646)	-	285,554
Telecommunications infrastructure	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**

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.

Contractual commitments for purchase of property, plant and equipment and intangible assets amounted to PLN 161,513 thousand as at December 31, 2024 and PLN 154,035 thousand as at December 31, 2023.

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

	Land and buildings	IT equipment	Telecommunications infrastructure	Other	Total
Net book value as at January 1, 2024	**922,443**	**285,554**	**1,368,694**	**563,663**	**3,140,354**
Increases	222,353	22,357	462,384	226,254	933,348
Acquisition of subsidiaries	-	-	-	287	287
Charge	(67,959)	(88,278)	(350,319)	(205,552)	(712,108)
Impairment charge	(2,013)	(100)	(1,620)	(2,135)	(5,868)
Reclassification from/(to) Assets held for sale	(753)	-	2,158	(149)	1,256
Other transfers and reclassifications	3,353	112,222	(153,323)	83,411	45,663
Decreases	(17,663)	(180)	(5,544)	(4,991)	(28,378)
Net book value as at December 31, 2024	**1,059,761**	**331,575**	**1,322,430**	**660,788**	**3,374,554**

	Land and buildings	IT equipment	Telecommunications infrastructure	Other	Total
Net book value as at January 1, 2023	**757,220**	**165,685**	**1,680,996**	**440,421**	**3,044,322**
Increases	190,613	36,185	516,436	275,760	1,018,994
Acquisition of subsidiaries	918	105	1,583	111	2,717
Charge	(52,874)	(64,973)	(429,481)	(209,743)	(757,071)
Impairment charge	(1,953)	-	(833)	-	(2,786)
Reclassification to Assets held for sale	7,344	-	(100,330)	(6)	(92,992)
Reclassification to Work in progress	-	-	(11,062)	-	(11,062)
Other transfers and reclassifications	24,553	149,770	(252,149)	73,997	(3,829)
Decreases	(3,378)	(1,196)	(36,466)	(13,068)	(54,108)
Deconsolidation	-	(22)	-	(3,809)	(3,831)
Net book value as at December 31, 2023, restated	**922,443**	**285,554**	**1,368,694**	**563,663**	**3,140,354**

14. Investment in a joint venture

The Group owns a 50% stake in PŚO, which makes its network infrastructure available to other telecommunications operators (including among others Play) on a wholesale access basis. Shares in PŚO were classified as a joint venture and are measured using the equity method. According to the adopted valuation method, the Group presents its shares in PŚO in the consolidated statement of financial position as "Investment in joint venture".
The financial data of the subsidiaries (SferaNet Infrastruktura, PT and MicoInfra) that were sold to the PŚO in 2024 (see also Note 1) have been consolidated by PŚO since the sale, and the Group recognises in profit/loss a 50% share of the consolidated net income and comprehensive income generated by the PŚO Group.
Condensed financial information of the joint venture and a reconciliation of the carrying amount of the investment in the joint venture in the Financial Statements are presented below:

	Year ended December 31, 2024	Period April 1, 2023 - December 31, 2023
Operating revenue	**652,799**	**440,728**
Operating expenses	**(340,491)**	**(229,902)**
Depreciation and amortization	(101,123)	(63,515)
Operating profit	**312,308**	**210,826**
Finance income	15,561	29,685
Finance costs	(223,194)	(152,179)
Profit before income tax	**104,675**	**88,332**
Income tax charge	(51,249)	(42,594)
Net profit	**53,426**	**45,738**
Other comprehensive income/(loss), net	53,845	(43,100)
Total comprehensive income	**107,271**	**2,638**
Share of profit of equity-accounted investee	26,713	22,868
Share of other comprehensive income/(loss) of equity-accounted investees	26,923	(21,550)
	December 31, 2024	**December 31, 2023**
ASSETS		
Total non-current assets	**5,564,145**	**5,030,024**
Cash and cash equivalents	77,050	135,180
Other short-term financial assets	217,289	185,186
Total current assets	**294,339**	**320,366**
TOTAL ASSETS	**5,858,484**	**5,350,390**
LIABILITIES		
Long-term financial liabilities	1,751,566	1,481,765
Other non-current liabilities	112,102	136,843
Total non-current liabilities	**1,863,668**	**1,618,608**
Short-term financial liabilities	10,162	10,842
Trade and other payables	336,253	179,811
Total current liabilities	**346,415**	**190,653**
TOTAL LIABILITIES	**2,210,083**	**1,809,261**
NET ASSETS	**3,648,401**	**3,541,129**
Group's share of net assets (50%)	1,824,201	1,770,565
Customization adjustments	(8,248)	(8,248)
Carrying amount of investment in joint venture	**1,815,953**	**1,762,317**

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The table below presents the change in the value of investments in joint venture during the reporting periods:

	Year ended December 31, 2024	Period April 1, 2023 - December 31, 2023
Carrying amount of investment in joint venture as at beginning of period	**1,762,317**	**2,360,999**
Inflow from investment in joint venture	-	(600,000)
Share of profit of equity-accounted investee	26,713	22,868
Share of other comprehensive income/(loss) of equity-accounted investees	26,923	(21,550)
Carrying amount of investment in joint venture as at end of period	**1,815,953**	**1,762,317**

15. Other financial assets

	December 31, 2024	December 31, 2023
Long-term receivables	20,663	21,098
Long-term lease receivables	10,353	23,729
Long-term investments	150	165
Interest rate swaps	199	-
Other long term financial assets	**31,365**	**44,992**
Short-term lease receivables	7,712	9,332
Interest rate swaps	4,254	34,802
Other short-term financial assets	**11,966**	**44,134**
	43,331	**89,126**

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

Lease receivables were described in Note 22.1, while interest rate swaps were described in Note 30.

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16. Inventories

	December 31, 2024	December 31, 2023
Goods for resale	192,929	198,277
Goods in dealers' premises	28,097	27,083
Materials	28,306	243
Work in progress	689,422	399,108
Impairment of goods for resale	(8,038)	(9,385)
	930,716	**615,326**

The Group presents in the "Work in progress" line item, 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 and 2.5).

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:

	Year ended December 31, 2024	Year ended December 31, 2023
Beginning of period	**(9,385)**	**(7,953)**
- (charged)/credited to profit or loss	1,347	(1,571)
- utilized	-	139
End of period	**(8,038)**	**(9,385)**

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

17. Trade and other receivables

	December 31, 2024	December 31, 2023
Trade receivables	1,628,260	1,354,128
Impairment of trade receivables	(162,043)	(136,272)
Trade receivables (net)	**1,466,217**	**1,217,856**
VAT and other government receivables	4,666	1,061
Other receivables	2,143	1,492
Other receivables (net)	**6,809**	**2,553**
	1,473,026	**1,220,409**

The total amount of trade receivables is comprised of receivables from contracts with customers.

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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 derecognised. Such sales are aimed at mitigating potential credit losses due to deterioration of credit-standing of the debtors.

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

	Year ended December 31, 2024	Year ended December 31, 2023
Beginning of period	**(136,272)**	**(137,374)**
- acquisition of a subsidiaries	(495)	(757)
- charged to profit or loss	(78,524)	(73,900)
- utilized	53,248	75,759
End of period	**(162,043)**	**(136,272)**

The individually impaired receivables are mainly receivables from subscribers who have violated the provisions of the agreements or who have withdrawn from agreements and for whom the Group anticipates a violation of the agreement. Amounts charged to the allowance account are generally written down when there is no expectation of recovering additional cash. A decision to write down any receivables is made on a case-by-case basis for each business partner after all available methods of recovery have been exhausted or when the receivable becomes time-barred.

Credit risk exposure resulting from the Group's trade receivables as at December 31, 2024 and December 31, 2023 is as follows:

December 31, 2024	Not past due	Overdue			Total
		0 to 3 months	3 to 6 months	over 6 months	
Expected credit loss	4.0%	10.4%	44.1%	77.5%	
Total trade receivables, gross	1,318,340	177,183	36,639	96,098	1,628,260
Accumulated impairment loss	**(52,947)**	**(18,486)**	**(16,152)**	**(74,458)**	**(162,043)**
Total trade receivables, net	**1,265,393**	**158,697**	**20,487**	**21,640**	**1,466,217**

December 31, 2023	Not past due	Overdue			Total
		0 to 3 months	3 to 6 months	over 6 months	
Expected credit loss	3.3%	7.6%	53.7%	66.8%	
Total trade receivables, gross	1,024,328	193,304	24,957	111,539	1,354,128
Accumulated impairment loss	**(33,779)**	**(14,618)**	**(13,410)**	**(74,465)**	**(136,272)**
Total trade receivables, net	**990,549**	**178,686**	**11,547**	**37,074**	**1,217,856**

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

18. Contract assets

	December 31, 2024	December 31, 2023
Contract assets	1,747,254	1,848,704
Impairment of contract assets	(108,884)	(108,762)
	1,638,370	**1,739,942**

The carrying amount of impairment of contract assets corresponds to the expected credit loss recognised in accordance with IFRS 9 upon initial recognition of the contract asset. Please see also Note 2.3.

The expected credit loss rate for contract assets both as at December 31, 2024 and December 31, 2023 amounted to 6%.

The changes in the impairment of contract assets were as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Beginning of period	**(108,762)**	**(96,645)**
- charged to profit or loss	(67,274)	(82,329)
- utilized	67,152	70,212
End of period	**(108,884)**	**(108,762)**

The “charged to profit or loss” 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 contract assets balance in the year ended December 31, 2024 and year ended December 31, 2023 were as follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Contract assets, net - Beginning of period	**1,739,942**	**1,603,203**
Additions	1,310,253	1,574,369
Invoiced amounts transferred to trade receivables	(1,344,551)	(1,355,301)
Impairment, charged to profit or loss	(67,274)	(82,329)
Contract assets, net - End of period	**1,638,370**	**1,739,942**

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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19. Contract costs

	Year ended December 31, 2024	Year ended December 31, 2023
As at January 1	512,866	449,277
Contract costs recognised as an asset	528,248	515,347
Contract costs charged to profit or loss	(503,778)	(451,758)
As at December 31	**537,336**	**512,866**

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

20. Prepaid expenses

	December 31, 2024	December 31, 2023
Long term prepaid expenses		
Loan origination fees	4,681	7,266
Other	1,120	13,348
	5,801	**20,614**
Short term prepaid expenses		
Costs related to network sharing and use of telecommunications infrastructure	57,964	58,702
Distribution and selling costs	8,481	7,687
Network and IT maintenance	12,264	10,284
Loan origination fees	8,210	5,133
Other	24,309	47,523
	111,228	**129,329**

21. Cash and cash equivalents

	December 31, 2024	December 31, 2023
Petty cash	826	698
Balances deposited with banks	140,083	202,739
Other cash assets	741	4,289
	141,650	**207,726**

As at December 31, 2024 and December 31, 2023 balances deposited with banks included, among others, cash related to VAT received through split payment process.

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22. Leasing

22.1 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 recognised as receivables in the amount of the Group's net 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 December 31, 2024 the Group recognised finance lease receivables in relation to dark fiber and IT equipment lease contracts.

Maturity analysis of the lease payments receivable under finance leases is presented below:

	December 31, 2024	December 31, 2023
Year 1	8,688	14,327
Year 2	5,941	9,627
Year 3	2,739	6,553
Year 4	1,383	1,862
Year 5	590	645
Year 6 and onwards	643	994
Undiscounted lease payments	**19,984**	**34,008**
Unguaranteed residual values	-	1,196
Less: unearned finance income	(1,919)	(2,143)
Present value of minimum lease payments	**18,065**	**33,061**
Impairment Losses	-	-
Net investment in the lease	**18,065**	**33,061**

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 do not 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 and colocation. 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.

Maturity analysis of operating lease payments which the Group expects to receive as at the respective balance sheet dates is presented below:

	December 31, 2024	December 31, 2023
Year 1	33,837	31,611
Year 2	26,834	24,162
Year 3	12,981	11,790
Year 4	4,946	4,282
Year 5	1,862	1,304
Year 6 and onwards	621	533
total lease payments	**81,081**	**73,682**

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22.2 Group as a lessee

	December 31, 2024			
Right-of-Use:	Cost	Accumulated amortization	Accumulated impairment	Net book value
Land and buildings	5,878,396	(1,407,097)	-	4,471,299
IT equipment	20,101	(18,868)	-	1,233
Telecommunications infrastructure	173,854	(42,204)	-	131,650
Other	78,277	(17,548)	-	60,729
	6,150,628	**(1,485,717)**	**-**	**4,664,911**

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

The cost relating to variable lease payments that do not depend on an index or a rate amounted to PLN nil in 2024 and 2023. In 2024 and 2023 there were no leases with guaranteed residual value or leases not yet commenced to which the Group is obligated. 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 26,326 thousand in 2024 and PLN 24,389 thousand in 2023.

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

	Right-of-Use:				
	Land and buildings	IT equipment	Telecommunications infrastructure	Other	Total
Net book value as at January 1, 2024, restated	**4,243,958**	**2,956**	**109,437**	**53,789**	**4,410,140**
Increases	618,967	-	47,167	20,682	686,816
Charge	(370,292)	(1,758)	(18,038)	(8,225)	(398,313)
Transfers and reclassifications	(59)	35	(684)	(64)	(772)
Decreases	(137,803)	-	(6,232)	(5,453)	(149,488)
Deconsolidation	116,528	-	-	-	116,528
Net book value as at December 31, 2024	**4,471,299**	**1,233**	**131,650**	**60,729**	**4,664,911**

	Right-of-Use:				
	Land and buildings	IT equipment	Telecommunications infrastructure	Other	Total
Net book value as at January 1, 2023	**4,032,560**	**4,758**	**64,715**	**18,844**	**4,120,877**
Increases	645,841	-	61,795	38,689	746,325
Acquisition of subsidiaries	223	91	4,016	2,840	7,170
Charge	(331,274)	(1,926)	(13,914)	(3,319)	(350,433)
Reclassification to Assets held for sale	(4,056)	-	(1,821)	-	(5,877)
Other transfers and reclassifications	384	34	(1,627)	(979)	(2,188)
Decreases	(99,720)	(1)	(3,727)	(2,114)	(105,562)
Deconsolidation	-	-	-	(172)	(172)
Net book value as at December 31, 2023	**4,243,958**	**2,956**	**109,437**	**53,789**	**4,410,140**

Lease liabilities:

	December 31, 2024	December 31, 2023
Long-term lease liabilities		
Land and buildings for telecommunication sites and network	4,278,855	4,045,438
Points of sale	54,076	52,280
Dark fiber optic cable	51,723	42,156
Collocation centres	208,585	88,973
Offices and warehouse	38,116	45,651
IT equipment and telecommunications equipment	1,408	3,508
Motor vehicles	29,120	27,309
	4,661,883	**4,305,315**
Short-term lease liabilities		
Land and buildings for telecommunication sites and network	219,974	191,550
Points of sale	33,095	33,345
Dark fiber optic cable	11,828	14,459
Collocation centres	25,453	13,831
Offices and warehouse	22,424	22,656
IT equipment and telecommunications equipment	1,422	4,189
Motor vehicles	17,321	14,119
	331,517	**294,149**
	4,993,400	**4,599,464**

For information regarding costs related to lease liabilities, please see the notes 9 and 24.4.

For future payments payable under leases which are in place at the reporting date, please see Note 32.4.

23. Shareholders' equity

23.1 Share capital

As at December 31, 2024 and as at December 31, 2023, Iliad Purple 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.

23.2 Supplementary capital

Supplementary capital is credited or charged with effects of measurement and settlements of equity-settled incentive and retention programs. For the detailed descriptions of the programs please see Note 26.

23.3 Other reserves

The Group recognises in other reserves among other the effect of valuation of cash flow hedging instruments in the portion recognised as an effective hedge (please see Note 30), as well as actuarial gains/losses on post-employment employee benefits.

23.4 Retained earnings

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 which was paid on May 17, 2024.
- 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.

On December 11, 2024, in accordance with the resolution of the sole shareholder of the Company and on the basis of the resolution of P4 Management Board, the Group paid an advance dividend for the financial year 2024 in the amount of PLN 650,000 thousand. For this purpose, the following were used: PLN 108,148 thousand of reserve capital and the amount of PLN 541,852 thousand, representing no more than 50% of the profit earned by the Company for the 10-month period of 2024.

24. Financial liabilities - debt

Financial liabilities are recognised initially at fair value, net of the transaction costs incurred. Bank loans 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 (please see also Note 41.20).

	December 31, 2024	December 31, 2023
Long-term financial liabilities		
Long-term bank loans	7,288,540	7,315,148
Long-term notes liabilities	1,249,042	1,248,669
Interest rate swaps	434	95,051
Other debt	1,401,661	1,400,071
	9,939,677	**10,058,939**
Short-term financial liabilities		
Short-term bank loans	322,875	265,364
Short-term notes liabilities	2,995	3,545
Interest rate swaps	47,332	87,312
Other debt	632,508	504,701
	1,005,710	**860,922**
	10,945,387	**10,919,861**

Interest rate swaps were described in Note 30.

24.1 Bank Loans

	December 31, 2024	December 31, 2023
Long-term bank loans	7,288,540	7,315,148
Short-term bank loans	322,875	265,364
	7,611,415	**7,580,512**
the balance of unamortized fees	15,578	27,379
the weighted average effective interest rate	7.73%	7.66%

The table below presents the list of the Group's current loan agreements. "Amount used" represents the nominal value of credit obligations as at December 31, 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	-	2,000,000
Term Facility Agreement	April 1, 2022	March 26, 2026	At the end of the agreement	floating	3,000,000	-
Investment loan					375,000	-
Tranche 1	October 31, 2022	September 20, 2028	Instalments	fixed	111,410	
Tranche 2	December 29, 2022	September 20, 2028	Instalments	fixed	102,808	
Tranche 3	March 31, 2023	September 20, 2028	Instalments	fixed	45,216	
Tranche 4	May 31, 2023	September 20, 2028	Instalments	fixed	64,028	
Tranche 5	July 31, 2023	September 20, 2028	Instalments	fixed	51,538	
Facility agreement for the purchase of electronic equipment					232,180	-
Tranche 1	March 9, 2022	December 22, 2026	Instalments	floating	117,500	
Tranche 2	June 22, 2022	December 22, 2026	Instalments	floating	62,500	
Tranche 3	December 23, 2022	December 22, 2026	Instalments	floating	52,180	
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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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.

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 was 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. In 2024 the availability of the Facility has been prolonged for next 2 years, till March 26, 2026.
The Facilities are not secured. The proceeds under TRFA may be used for repayment of current debt and for general corporate purposes.

On May 16, 2024 the Company has drawn the funds from the Revolving Facility in the amount of PLN 747,000 thousand, which were fully repaid till October 15, 2024.

The TRFA contains a financial covenant, under which the P4 Group must ensure that the ratio of the consolidated total net debt (excluding financial liabilities toward shareholders) to the consolidated EBITDAaL ("Leverage Ratio") does not exceed 3.25x as at the test dates. As at December 31, 2024 the covenant has been complied with.

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 in 3-month or 6-month periods. The level of the margin depends on the Leverage Ratio.

Term Facility Agreement

On December 10, 2021 the Company entered into a new Facility Agreement for PLN 5,500,000 thousand with BNP Paribas Bank Polska S.A., Crédit Agricole Corporate and Investment Bank, ING Bank N.V., Powszechna Kasa Oszczędności Bank Polski S.A., Raiffeisen Bank International AG, Santander Bank Polska S.A. and Sociéte Générale as lead arrangers and original lenders together with Crédit Agricole Bank Polska S.A. and ING Bank Śląski S.A. The financing was available for a drawdown in a single tranche during the 12-month availability period.

On April 1, 2022, the full amount of available financing, i.e. PLN 5.5 billion, was drawn down.

Interest is calculated using WIBOR plus margin, depending on the level of the Group's leverage ratio, the maximum level of which, calculated as consolidated net debt (excluding financial liabilities toward shareholders) to consolidated adjusted EBITDaL, has been set at 3.25x. The level has not exceeded as at December 31, 2024.

The Group made a voluntary prepayment of the principal:
- on May 22, 2023, in the amount of PLN 1,400,000 thousand with accrued interest.
- on August 24, 2023, in the amount of PLN 700,000 thousand with accrued interest.
- on October 22, 2023, in the amount of PLN 400,000 thousand with accrued interest.

Investment loan

On October 15, 2021 the Company signed a PLN 500,000 thousand bilateral Investment Agreement with Bank Gospodarstwa Krajowego S.A. ("BGK Bank") ("BGK Financing"). Under this agreement, BGK provides a loan from the funds of the Operational Program Digital Poland 2014-2020 to finance investments associated with the construction, expansion or reconstruction of P4's telecommunications infrastructure network in Poland aimed at providing access to broadband Internet, including projects related to the development of the 5G mobile technology. On April 28, 2023, the Company signed an amending agreement no. 1 with Bank BGK, by the power of which the availability period of the funds under the BGK Financing was extended until October 31, 2023.

As at December 31, 2024, the Group used the full amount of available financing. The loan will be repaid in equal quarterly instalments until final repayment on September 20, 2028.

The BGK Financing Agreement contains a financial covenant, under which the P4 Group must ensure that the ratio of net debt (excluding financial liabilities toward shareholders) to the consolidated EBITDAaL ("Leverage Ratio") does not exceed 3.25x as at the test dates. As at December 31, 2024 the covenant has been complied with.

Facility agreement for the purchase of electronic equipment

On December 22, 2021 the Company entered into a facility agreement with Banco Santander SA, with the insurance support of Korea Trade Insurance Corporation, in the amount of PLN 464,400 thousand ("ECA Financing"). The funds from the facility agreement were used to partially finance the purchases of electronic equipment from Samsung Electronics Polska Sp. z o.o. in 2021 and 2022.

As at December 31, 2024, the Group used the full amount of available financing. The facility is being repaid in equal semi-annual instalments, and the final repayment will be made on December 22, 2026. The interest rate is variable and based on WIBOR plus margin.

The agreement contains a financial covenant, under which the ratio of the consolidated net debt (excluding financial liabilities toward shareholders) to the consolidated EBITDAaL may not exceed 3.25x as at each test date. As at December 31, 2024 the covenant has been complied with.

Investment loan from the European Investment Bank

On January 14, 2022, P4 signed a bilateral Facility Agreement with the European Investment Bank ("EIB") for the amount of PLN 470,000 thousand ("EIB Financing"). Under this agreement, the Company could use the funds to partially finance investments related to the expansion and technological modernization of its mobile network towards ultra-fast broadband services as part of the European Union's "2025 Gigabit Society" projects dedicated to eliminating territorial inequalities in broadband accessibility as well as cybersecurity and other digital transformation objectives announced in the "2030 Digital Compass".

For each tranche, the Company could select to pay interest based on a variable WIBOR rate plus margin or a fixed rate until the final maturity date of the facility.

On May 31, 2024 the last tranche in the amount of PLN 235,000 thousand was launched.

The agreement contains a financial covenant, under which the ratio of the consolidated net debt (excluding financial liabilities toward shareholders) to the consolidated EBITDAaL may not exceed 3.25x as at each test date. As at December 31, 2024 the covenant has been complied with.

Other loans

As at December 31, 2024 the Group has a liability under a credit agreement in the amount of PLN 325 thousand signed on January 26, 2021 between Syrion and mBank S.A. The loan is being repaid in equal monthly instalments and the final repayment is scheduled for January 20, 2026. The interest rate is variable and based on WIBOR plus margin.

24.2 Notes

	December 31, 2024	December 31, 2023
Long-term notes liabilities		
PLN Floating Rate Notes	1,249,042	1,248,669
	1,249,042	**1,248,669**
Short-term notes liabilities		
Accrued interest related to notes	2,995	3,545
	2,995	**3,545**
	1,252,037	**1,252,214**
the balance of unamortized fees	958	1,331
the weighted average effective interest rate	7.78%	7.79%

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 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).

Series A Unsecured Notes due in 2026

On December 13, 2019 P4 issued under the First Bond Issuance Program („Program I") 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. 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.

Series B Unsecured Notes due in 2027

On December 29, 2020, P4 issued under the Program I 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. On March 9, 2021, the notes were admitted to trading in the Catalyst Alternative Trading System operated by the Warsaw Stock Exchange.

The maturity date of series B notes is December 29, 2027. Interest, based on 6M WIBOR plus margin, are paid semi-annually.

The Program I contains financial covenants, under which the Interest Cover Ratio should be higher than 1.5 and the Leverage Ratio may not exceed 4.5 as at each test date. As at December 31, 2024 the covenants have been complied with.

The Second Bond Issuance Program

On December 23, 2024, the Group established the Second Bond Issuance Program ("Program II"), under which the issuer will be able to make multiple bond issues over a three-year period, up to a maximum total nominal value of bonds issued under the Program and outstanding at any time of PLN 3 billion. The Bonds may be qualified as green bonds where funds raised from the issuance will be used to refinance and finance expenditures to increase the energy efficiency of the telecommunications network. In addition, they will enable investments in renewable energy, the closed-loop economy and electric cars in the fleet.
In 2024, the Group did not issue any bonds under the Program II (see also note 40).

24.3 Other financial liabilities

	December 31, 2024	December 31, 2023
Other financial liabilities - long-term		
Loan from Iliad S.A.	1,399,774	1,399,774
Other financial liabilities	1,887	297
	1,401,661	**1,400,071**
Other financial liabilities - short-term		
Cash pool	610,880	489,506
Interest on loans	9,203	9,239
Other financial liabilities	12,425	5,956
	632,508	**504,701**

Other financial 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. Interest is calculated based on 6M WIBOR plus margin.
- Liabilities under the cash pooling agreement, which was concluded with both Iliad S.A. and subsidiaries in the P4 Group. As of January 1, 2024, Interest on the cash pool balance is calculated based on WIBOR plus margin and is payable quarterly.
- Liabilities under instalment purchase contracts relating to property, plant and equipment and intangible assets.

The fair values of the above liabilities are presented in Note 31.

24.4 Changes in financial liabilities

	Year ended December 31, 2024	Year ended December 31, 2023 Restated
Bank loans		
As at January 1	**7,580,512**	**10,001,926**
Cash inflows	982,000	214,376
Bank overdrafts	-	329
Acquisition of subsidiaries	-	808
Interest accrued	621,174	769,344
Cash outflows: interest paid	(588,235)	(730,835)
Cash outflows: other payments	(20,809)	(24,576)
Cash outflows: repayment of principal	(963,719)	(2,641,273)
Transaction costs	492	(9,587)
As at December 31	**7,611,415**	**7,580,512**
Notes		
As at January 1	**1,252,214**	**1,252,101**
Interest accrued	113,955	116,664
Cash outflows: interest paid	(114,132)	(116,551)
Cash outflows: other payments	-	(74)
Transaction costs	-	74
As at December 31	**1,252,037**	**1,252,214**
Lease		
As at January 1	**4,599,464**	**4,263,765**
New leases	414,299	477,761
Acquisition of subsidiaries	-	6,686
Modifications or terminations of lease contracts	183,042	155,072
Interest accrued	286,916	254,761
Cash outflows: interest paid	(286,354)	(253,693)
Effect of changes in foreign exchange rates	(3,461)	(14,480)
Liabilities directly associated with assets held for sale	-	(5,751)
Deconsolidation	118,337	(236)
Cash outflows: repayment of principal	(318,843)	(284,421)
As at December 31	**4,993,400**	**4,599,464**
Other debt		
As at January 1	**1,904,772**	**11,875**
Cash pool	118,939	487,850
Cash inflows	-	1,400,000
New contracts	33,603	21,627
Interest accrued	125,939	76,265
Cash outflows: interest paid	(123,463)	(65,713)
Effect of changes in foreign exchange rates	(446)	(475)
Cash outflows: repayment of principal	(25,175)	(26,657)
As at December 31	**2,034,169**	**1,904,772**

Lines “Interest accrued” above represent interest calculated using the amortized cost method, i.e. including amortization of the loan origination fees.

Other payments relating to loans include fees incurred in connection with the conclusion of new loan agreements – please see Note 24.1.

24.5 Assets pledged as security for financial liabilities

The Group's obligations under facility agreements in effect as at December 31, 2024 are not secured.

25. Provisions for liabilities

	December 31, 2024	December 31, 2023
Assets retirement provision	57,045	44,423
Other long-term provisions	242,675	290,351
Short-term provisions	31,371	88,361
	331,091	**423,135**

Movements of the provisions are as follows:

	Assets retirement provision	Other long-term provisions	Short-term provisions	Total
As at January 1, 2024	**44,423**	**290,351**	**88,361**	**423,135**
Increase	14,928	37,397	31,009	83,334
Decrease:	(2,306)	(85,073)	(87,999)	(175,378)
- reversal of provisions	(1,376)	(80,286)	(115)	(81,777)
- utilization	(930)	(4,787)	(87,884)	(93,601)
As at December 31, 2024	**57,045**	**242,675**	**31,371**	**331,091**

	Assets retirement provision	Other long-term provisions	Short-term provisions	Total
As at January 1, 2023	**38,091**	**335,074**	**5,381**	**378,546**
Increase	13,402	98,160	176	111,738
Transfers	-	(71,054)	86,738	15,684
Decrease:	(7,070)	(71,829)	(3,934)	(82,833)
- reversal of provisions	(6,205)	(20,132)	(2,175)	(28,512)
- utilization	(865)	(51,697)	(1,759)	(54,321)
As at December 31, 2023	**44,423**	**290,351**	**88,361**	**423,135**

The Group recognises 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 (please see also Note 39.2) 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.

26. Incentive and retention programs

In 2024 and 2023, the Iliad Group operated the incentive and retention programs in which individuals employed in the P4 Group participated.

All free share allocation plans set up by the Iliad Group guarantee compliance with a presence condition. This presence condition is met when the beneficiary has retained, without interruption, the status of employee or corporate officer of the entity that set up the free share allocation plan (or one of the Iliad Group's entities) until the end of the vesting period provided for by the plan, or, when this plan provides for several tranches, until the end of the vesting period of the tranche concerned.

The main outstanding share allocation plans are described below.

Iliad Purple

On December 10, 2020, Iliad S.A. the sole shareholder of Iliad Purple authorized the implementation of a free share allocation plan covering a maximum of 9.82% of Iliad Purple's share capital for the benefit of employees and managers of Iliad Purple and to employees of P4 Group.

In accordance with this authorization, on May 22, 2023 and then on December 12, 2023, seven free share allocation programs representing a total of 2.96% of Iliad Purple's share capital were set up for the benefit of employees or managers of Iliad Purple and P4 Group.

These allocation programs provide for different vesting periods staggered between May 2024 and May 2027, subject to compliance with (i) presence conditions by each beneficiary, and (ii) for certain allocation plans, compliance with performance conditions.

During the year 2024, Iliad Purple gave the beneficiaries of these plans 329 new shares.

In 2024 the expense recognised by P4 Group for these programs amounted to PLN 6,752 thousand (PLN 11,140 thousand in 2023).

Iliad

The Annual General Meeting of July 21, 2020 authorized a share grant plan comprising shares representing up to 2% of Iliad's share capital ("Plan").

Programs 2022

Under the Plan in 2022, two free share allocation programs, representing 0.20% of Iliad's share capital, were set up for the benefit of 430 Iliad Group employees.

For each beneficiary, the shares will be fully acquired at the end of a vesting period subject to compliance with a presence condition:

- June 1, 2024: acquisition by the beneficiaries of the first program of all the shares allocated;
- June 1, 2025: acquisition by the beneficiaries of the second program of all the shares allocated.

In 2024 the expense recognised by P4 Group for these programs amounted to PLN 2,768 thousand (PLN 6,690 thousand in 2023).

Programs 2023

Under the Plan in 2023 four other free share allocation programs, representing 0.25% of Iliad's share capital, were set up for the benefit of 497 Iliad Group employees or executives.

For each beneficiary, the shares will be fully acquired at the end of a vesting period subject to compliance with a presence condition and performance conditions relating to all or part of the shares allocated:

- December 15, 2025: acquisition by the beneficiaries of the first and second program of all the shares allocated, and by the beneficiaries of the fourth program of one third of the shares allocated;

- May 30, 2026: acquisition by the beneficiaries of the third program of all the shares allocated;
- December 15, 2026: acquisition by the beneficiaries of the fourth program of one third of the shares allocated;
- December 15, 2027: acquisition by the beneficiaries of the fourth program of one third of the shares allocated.

In 2024 the expense recognised by P4 Group for these programs amounted to PLN 7,250 thousand (PLN 302 thousand in 2023)

Programs 2024
Under the Plan in 2024 eleven other free share allocation programs, representing 0.35% of Iliad's share capital, were set up for the benefit of 389 Iliad Group employees or executives.

For each beneficiary, the shares will be fully acquired at the end of a vesting period subject to compliance with a presence condition, and performance conditions relating to all or part of the shares which will be allocated on staggered dates between December 2025 and December 2028.

In 2024 the expense recognised by P4 Group for these programs amounted to PLN 244 thousand.

27. Trade and other payables

	December 31, 2024	December 31, 2023
		Restated
Trade payables	1,592,356	1,510,698
Investment payables	222,623	302,330
Government payables	203,255	434,297
Other	17,104	23,393
	2,035,338	**2,270,718**

The Group restated its comparative data in connection with the purchase price allocation of the Vestigit acquisition (please see Note 2.2), recognizing the liability on account of the acquisition in the amount of PLN 1,188 thousand. As at December 31, 2024, the Group has partially settled this liability.

28. Accruals

Accruals include accruals for employee bonuses and unused holidays.

29. 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 December 31, 2024 and December 31, 2023 consisted of the Group's obligation to perform services prepaid by contract and pre-paid services.

	December 31, 2024	December 31, 2023
Prepaid services	123,828	126,673
Contract services	270,712	278,278
Other	77,410	63,799
	471,950	**468,750**

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The table below presents amounts recognised as service revenue during the reporting periods for which the customers (excluding distributors of prepaid top-ups) had paid in advance and which had been presented as contract liabilities before the beginning of the reporting period.

	Year ended December 31, 2024	Year ended December 31, 2023
Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period	403,329	379,269

30. 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 (please see Notes 24).

As at December 31, 2024, the total value of hedged debt was PLN 6.5 billion (PLN 7.5 billion as at December 31, 2023), 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"	2,500,000	2025-2026	71%
Term Facility Agreement	2,800,000	2025	93%
Unsecured Notes series A, B	1,200,000	2025-2026	96%
Total	**6,500,000**		

The above interest rate swaps have been established as cash flows hedges 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 December 31, 2024, the Group recognised both a financial asset and liability arising under interest rate swaps (please see also Note 15 and 24).

The Group recognises 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:

	Year ended December 31, 2024	Year ended December 31, 2023
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	55,800	(127,972)
Reclassification to profit or loss - interest expense presented in finance costs	38,484	(53,762)
Income tax charge	(17,914)	34,529
Cash flow hedge reserves - End of period	**(26,895)**	**(103,265)**
- before tax	*(33,203)*	*(127,487)*
- deferred tax	*6,308*	*24,222*

31. Fair value estimation

The fair value of the financial 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 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 recognised at fair value. For assets and liabilities that are recognised 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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	Note	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
		Carrying amount					
December 31, 2024							
Cash and cash equivalents	21	141,650	-	-	-	141,650	Level 1
Trade receivables	17	-	1,466,217	-	-	1,466,217	*
Other receivables	17	-	6,809	-	-	6,809	Level 2
Interest rate swaps	30	4,453	-	(47,766)	-	(43,313)	Level 2
Lease receivables	22	-	18,065	-	-	18,065	Level 2
Long-term receivables	15	-	20,663	-	-	20,663	Level 2
Bank loans	24.1	-	-	-	(7,611,415)	(7,626,993)	Level 2
Notes	24.2	-	-	-	(1,252,037)	(1,252,470)	Level 1
Other debt	24.3	-	-	-	(2,034,169)	(2,034,169)	Level 2
Lease	22	-	-	-	(4,993,400)	(4,993,400)	Level 2
		146,103	**1,511,754**	**(47,766)**	**(15,891,021)**	**(14,296,941)**	
As at December 31, 2023, restated							
Cash and cash equivalents	21	207,726	-	-	-	207,726	Level 1
Trade receivables	17	-	1,217,856	-	-	1,217,856	*
Other receivables	17	-	2,553	-	-	2,553	Level 2
Interest rate swaps	30	34,802	-	(182,363)	-	(147,561)	Level 2
Lease receivables	22	-	33,061	-	-	33,061	Level 2
Long-term receivables	15	-	21,098	-	-	21,098	Level 2
Bank loans	24.1	-	-	-	(7,580,512)	(7,607,891)	Level 2
Notes	24.2	-	-	-	(1,252,214)	(1,246,760)	Level 1
Other debt	24.3	-	-	-	(1,904,772)	(1,904,772)	Level 2
Lease	22	-	-	-	(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.

32. 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 year, there were no significant changes in financial risk management.

32.1 Credit risk

A substantial part of the Group's receivables consists of billing receivables of low individual amounts. According to Group's principles the risk connected with billing receivables is limited by a number of procedures. These procedures include: verification of the financial standing of potential subscribers before signing the contract, imposing credit limits, payment monitoring, sending payment reminders and receivables collection.
Apart from billing receivables, the Group also has receivables from interconnect and international roaming partners, MVNOs, handsets dealers and other. The table below shows the balance of three major not related counterparties at the end of the reporting period and comparative periods and the percentage that the balance represents in total Group's trade and other receivables:

	December 31, 2024	
	%	Balance
Counterparty A	1.9%	27,527
Counterparty B	1.7%	24,910
Counterparty C	1.3%	19,688
	4.9%	**72,125**

	December 31, 2023	
	%	Balance
Counterparty A	5.2%	63,691
Counterparty B	4.4%	53,619
Counterparty C	1.9%	23,227
	11.5%	**140,537**

The above credit risk sensitivity analysis applies to entities unrelated to the P4 Group.

Management and control of credit risk regarding receivables other than billing receivables, including the receivables from counterparties A, B, C is based on:

- investigation of financial standing in relation to the Group's business partners (current and potential); investigation of individual credit limit needs of business partners;
- security of credit limits by using hard security instruments (deposit, bank guarantee) and soft security instruments (submission for execution based on clause 777 of Polish code of civil procedure, bill of exchange);
- insurance of trade receivables in external institutions;
- periodical monitoring of different warning signals: lack of payment, lack of new orders;
- immediate response in case of appearance of any warning signals.

Except for balances listed above, the P4 Group has no significant concentrations of credit risk because the Group has an extensive portfolio of receivables of low individual amounts.

Cash is deposited only in leading financial institutions with an investment grade rating.

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32.2 Interest rate risk

In 2024 and 2023 , the exposure to interest rate risk was related primarily to floating rate borrowings under the concluded loan agreements and notes (Note 24). The risk has been partially mitigated by interest rate swaps concluded in order to fix the interest rate in relation to a portion of the debt (please see Note 30).

The following table demonstrates the sensitivity on profit before tax to a possible change in interest rates, with all other variables held constant.

	Increase / decrease in basis points (WIBOR)	Effect on profit before tax
Year ended December 31, 2024	+500	(157,609)
	-500	157,609
Year ended December 31, 2023	+500	(99,914)
	-500	99,914

The sensitivity analysis for 2024 assumes that a 500 basis points change in the WIBOR PLN interest rates has been applied to the appropriate floating rate liabilities as at the end of the reporting period.

Interest risk of the Group is regularly monitored by the Group. The following instruments may be used to minimize the interest rate risk relating to the Group:

- Forward rate agreements (FRAs);
- Interest rate swaps;
- Interest rate options.

32.3 Currency risk

While most of the Group's revenue is earned in PLN, the Group is still exposed to currency risk since some operating expenses are denominated in foreign currencies, mainly EUR. Also, international roaming costs and revenues are recorded in foreign currencies.

Currency risk management is aimed at managing within acceptable limits both the volatility of cash flows (expressed in PLN) arising from fluctuations in the exchange rate of PLN against other currencies, and the adverse effect of movements in exchange rates on the earnings (expressed in PLN).

Currency risk is regularly monitored by the Group. The following instruments may be used to minimize the currency risk relating to the Group's foreign exchange transactions:

- forward foreign exchange contracts (also Non Delivery Forwards);
- foreign currency swaps;
- foreign currency options with an approved currency option hedging plan.

The Group did not enter into above contracts of significant value in 2024 and 2023.

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The tables below present the items of assets and liabilities with balances in foreign currencies as at December 31, 2024 and December 31, 2023 by currencies in which they are denominated; the values below are translated into PLN.

	PLN (in thousands)	EUR presented in PLN (in thousands)	other currencies presented in PLN (in thousands)	Total
December 31, 2024				
Long-term receivables before the impairment provision	17,752	2,967	18	20,737
Trade and other receivables before the impairment provision	1,761,389	28,914	-	1,790,303
Cash and cash equivalents	126,557	12,457	2,636	141,650
Assets	**1,905,698**	**44,338**	**2,654**	**1,952,690**
Long-term lease liabilities	4,487,412	173,769	702	4,661,883
Short-term financial liabilities	993,190	12,520	-	1,005,710
Short-term lease liabilities	304,384	25,822	1,311	331,517
Trade and other payables	1,871,068	134,620	29,650	2,035,338
Liabilities	**7,656,054**	**346,731**	**31,663**	**8,034,448**
December 31, 2023, restated				
Long-term receivables before the impairment provision	18,752	2,403	17	21,172
Other long-term financial assets	44,642	350	-	44,992
Trade and other receivables before the impairment provision	1,458,446	31,954	-	1,490,400
Current income tax receivables	29,694	115	-	29,809
Cash and cash equivalents	192,640	13,670	1,416	207,726
Assets	**1,744,174**	**48,492**	**1,433**	**1,794,099**
Long-term lease liabilities	4,129,147	175,230	938	4,305,315
Long-term provisions	334,774	-	-	334,774
Short-term financial liabilities	860,300	622	-	860,922
Short-term lease liabilities	272,841	20,013	1,295	294,149
Trade and other payables	2,195,303	43,835	31,580	2,270,718
Liabilities	**7,792,365**	**239,700**	**33,813**	**8,065,878**

Other assets and liabilities are denominated in PLN.

The following table demonstrates the sensitivity to a reasonably possible change in the EUR exchange rate, with all other variables held constant. As the balances denominated in other foreign currencies are relatively insignificant, the changes in the exchange rates other than EUR would not have any material impact on the Financial Statements.

	Change in EUR rate	Effect on profit before tax
December 31, 2024	+5%	(15,120)
	-5%	15,120
December 31, 2023	+5%	(9,560)
	-5%	9,560

The sensitivity analysis assumes that a 5% change in the EUR/PLN exchange rate had occurred at the end of the reporting period and had been applied to the financial assets and liabilities denominated in EUR at the end of the reporting period. Effect on equity would comprise effect on profit before tax resulting from assets and liabilities valuation, as well as corresponding deferred tax effect.

32.4 Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities as well as availability of funding through an adequate amount of committed debt facilities, including maintaining open and unutilized credit facilities.

As at December 31, 2024 the Group had a credit limit of PLN 2,000,000 thousand available (unused) under the Term and Revolving Facilities Agreement (please see also Note 24.1). In addition, the Group has rights to use funds under the cash pooling agreement concluded with Iliad S.A. – see Note 24.3.

The liquidity risk management process involves forecasting future cash flows on an ongoing basis and securing funds to finance them at specified maturity dates.

Liquidity risk is regularly measured by analysing the maturities of contractual cash flows from financial liabilities.

The tables below present the maturities of undiscounted cash flows under each category of financial liabilities (excluding cash pool), at contractual amounts (i.e. excluding the impact of loan origination fees) including projected interest accrued at a variable rate, which were calculated based on the interest rates applicable as at December 31, 2024 and 2023, respectively.

December 31, 2024	Undiscounted contractual cash flows payable within:			
	1 year	2 to 5 years	over 5 years	Total
Bank loans	858,873	7,411,756	174,836	8,445,465
Notes	103,798	1,363,017	-	1,466,815
Lease	592,221	2,061,548	4,657,386	7,311,155
Other debt	121,153	1,504,623	-	1,625,776
	1,676,045	**12,340,944**	**4,832,222**	**18,849,211**

December 31, 2023	Undiscounted contractual cash flows payable within:			
	1 year	2 to 5 years	over 5 years	Total
Bank loans	789,941	8,103,849	15,424	8,909,214
Notes	114,162	1,467,513	-	1,581,675
Lease	540,147	1,858,280	4,567,144	6,965,571
Other debt	115,159	1,612,237	-	1,727,396
Liabilities directly associated with assets held for sale	1,323	203	-	1,526
	1,560,732	**13,042,082**	**4,582,568**	**19,185,382**

Financial liabilities related directly to assets held for sale presented as at December 31, 2023 were lease liabilities (please see also Note 2.5).

All trade payables are due within one year from the end of the reporting period.

Other non-current liabilities, which comprise deposits received from business partners (mainly dealers) as a collateral for their liabilities towards the Group, were classified as due within over 5 years from the end of the reporting period as the Group expects that they will be settled only after termination of cooperation with its partners.

32.5 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, to enable the repayment of debt and to maintain an optimal capital structure to reduce the cost of capital. In the process of capital management, the Group takes into account, among other things, the projected net financial result, the schedule of repayment of financial liabilities, financial market conditions and planned dividend payments. The Group defines capital as the sum of equity and net debt. The Group monitors the net debt level using a ratio calculated for the entire P4 Group. In net debt, the P4 Group includes debt instruments at their carrying amounts excluding financial liabilities toward shareholders less cash and cash equivalents.

The table below presents the value of net debt (calculated according to the principles above) for the P4 Group:

	December 31, 2024	December 31, 2023
Syndicated bank loans	7,611,415	7,580,512
Notes	1,252,037	1,252,214
Leases	4,993,400	4,599,464
Other debt excluding financial liabilities toward shareholders	14,312	6,253
Total debt	13,871,164	13,438,443
Cash and cash equivalents	141,650	207,726
Net debt	**13,729,514**	**13,230,717**

33. 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 (please see also Note 24.3). Interest accrued and not received is excluded from cash and cash equivalents for the purpose of the consolidated statement of cash flows.

	December 31, 2024	December 31, 2023
Cash and cash equivalents in statement of financial position	141,650	207,726
Interest accrued on cash and cash equivalents	(520)	(2,194)
Cash pool	(606,789)	(487,850)
Bank overdrafts	-	(329)
Cash and cash equivalents in statement of cash flows	**(465,659)**	**(282,647)**

34. 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

	Year ended December 31, 2024	Year ended December 31, 2023
(Increase)/decrease of inventories	(277,978)	(385,089)
(Increase)/decrease of receivables	(210,577)	(287,119)
(Increase)/decrease of prepaid expenses	34,864	(4,121)
Increase/(decrease) of payables excluding investment payables	137,406	150,243
Increase/(decrease) of accruals	5,993	14,659
Increase/(decrease) of deferred income	(5,633)	-
(Increase)/decrease of long-term receivables	(1,099)	(1,122)
Increase/(decrease) of other non-current liabilities	1,398	(1,632)
Changes in working capital and other	**(315,626)**	**(514,181)**
(Increase)/decrease in contract assets	101,572	(136,739)
(Increase)/decrease in contract costs	(24,471)	(63,589)
Increase/(decrease) in contract liabilities	(5,776)	94,469
	(244,301)	**(620,040)**

In 2024, the changes in the "changes in working capital and other" item were mainly due to an increase in inventories, and payables, which were driven, among others, by the effects of the partnership with PŚO (please see Note 2.4) and OTP (please see Note 2.5), as well as an increase in receivables resulting from increased sales of equipment to end customers in the instalment model.

35. Segment reporting

The Group operates in the mobile and landline telecommunications sector in Poland. The Group provides telecommunication services under the "PLAY," "UPC," "VIRGIN" 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.

	Year ended December 31, 2024	Year ended December 31, 2023
		Restated
Operating profit	**2,872,023**	**2,366,858**
Add depreciation of property, plant and equipment	712,108	757,071
Add amortization of intangible assets	589,981	556,014
Add valuation of incentive and retention programs	17,014	18,132
Add impairment of non-current assets	10,384	3,565
Add one-off costs/(revenues) and extraordinary items	(134,099)	(23,116)
Deduct share of profit of equity-accounted investees	(26,713)	(22,868)
EBITDAaL	**4,040,698**	**3,655,656**

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

36. Related party transactions

36.1 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 2024 were PLN 21,513 thousand (PLN 18,871 thousand in 2023).

Additionally, members of Management Boards and Executive Committees in Group entities participated in the equity-settled incentive and retention programs (Note 26). Following the valuation of these programs, the Group recognised costs in the amount of PLN 5,836 thousand in 2024 (PLN 9,944 thousand in 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 and Executive Committees in Group entities incurred after they stepped down from their positions amounted to PLN 585 thousand in 2024 and PLN 1,242 thousand in year ended December 31, 2023.

Cost of benefits for Members of Supervisory Boards in Group entities incurred in 2024 amounted to PLN 171 thousand and PLN 117 thousand in 2023.

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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36.2 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.
The transactions were concluded on the terms that do not differ materially from market terms.

	December 31, 2024	December 31, 2023
Trade receivables	**232,748**	**104,485**
Parent company	-	1,822
Other related parties	232,748	102,663
Long-term financial liabilities	**1,404,274**	**1,404,274**
Parent company	4,500	4,500
Higher level parent company	1,399,774	1,399,774
Long-term lease liabilities	**113,829**	**-**
Other related parties	113,829	-
Short-term financial liabilities	**610,897**	**498,762**
Parent company	17	17
Higher level parent company	610,880	498,745
Short-term lease liabilities	**8,261**	**-**
Other related parties	8,261	-
Trade and other payables	**145,346**	**122,287**
Parent company	6,432	6,554
Higher level parent company	9,394	-
Other related parties	129,520	115,733

	Year ended December 31, 2024	Year ended December 31, 2023
Dividend payment	**(1,397,007)**	**(2,400,000)**
Parent company	(1,397,007)	(2,400,000)
Operating revenue	**6,751**	**2,044**
Other related parties	6,751	2,044
Operating costs	**(685,249)**	**(580,409)**
Parent company	(5,316)	(7,311)
Other related parties	(679,933)	(573,098)
Other operating income	**521,191**	**751,048**
Higher level parent company	2,365	-
Other related parties	518,826	751,048
Finance costs	**(130,104)**	**(180,975)**
Parent company	(342)	(416)
Higher level parent company	(125,116)	(77,522)
Other related parties	(4,646)	(103,037)
Prepayments received	**77,410**	**63,799**
Other related parties	77,410	63,799
Prepaid expenses	**(35,204)**	**(22,036)**
Other related parties	(35,204)	(22,036)

37. Auditor's fees

	Year ended December 31, 2024	Year ended December 31, 2023
Audit fees	1,372	1,388
Other attesting fees	172	199
	1,544	**1,587**

38. License requirements

38.1 3500-3600 MHz license requirements

The December 19, 2023 decision allocating frequencies in the 3500-3600 MHz band to the Group includes a number of requirements that the Group must meet. They mainly concern 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.

38.2 Other license requirements

As at 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.

39. Contingencies and legal proceedings

39.1 Tax contingent liabilities

The P4 Group conducts its operations mainly in the area of Polish tax jurisdiction. The Polish tax system is characterized by frequent changes. In recent years, a number of new tax regulations have come into force which were prepared in a relatively short time and implemented with short grace periods. Other tax reporting obligations or new tax regulations may be introduced in the future, which could also affect the P4 Group's operations.

In the Polish tax system taxpayers rely on laws, which are frequently amended but also on individual rulings, which are also subject to potential changes. Frequent changes in regulations may lead to uncertainties and conflicts in application.

Tax settlements, together with other areas of legal compliance (e.g. customs or foreign exchange law) are subject to review and investigation by a number of authorities, which are entitled to impose severe fines, penalties and interest charges. The tax authorities may at any time inspect the books and records and may impose additional tax assessments with penalty interest and penalties within 5 years from the end of the year in which a tax is due. In some cases, it is difficult to predict the ultimate outcome.

On July 15, 2016, amendments were made to the Polish Tax Ordinance to introduce the provisions of General Anti-Avoidance Rule (GAAR). GAAR are targeted to prevent origination and use of factitious legal structures made to avoid payment of tax in Poland. GAAR define tax evasion as an activity performed mainly with a view to realizing tax gains, which is contrary, under given circumstances, to the subject and objective of the tax law. In accordance with GAAR, an activity does not bring about tax gains, if its modus operandi was false. Any instances of (i) unreasonable division of an operation (ii) involvement of agents despite lack of economic rationale for such involvement, (iii) mutually exclusive or mutually compensating elements, as well as (iv) other activities similar to those referred to earlier may be treated as a hint of artificial activities subject to GAAR. The regulations require considerably greater judgement in assessing tax effects of individual transactions. The implementation of the above provisions enables Polish tax audit authorities to challenge such arrangements realized by tax remitters as restructuring or reorganization of a capital group.

The P4 Group is not aware of any circumstances, which may currently give rise to a potential material liability in connection with application of GAAR clause.

39.2 Legal and regulatory proceedings

In April 2013 Sferia S.A., Polkomtel sp. z o.o. and the Polish Chamber of Digital Broadcasting (Polska Izba Radiodyfuzji Cyfrowej, "PIRC") applied for annulment of the tender for 1800 MHz frequencies in its entirety due to the violation of the principles of open and transparent, non-discriminatory and proportionate procedures aimed at allocating frequencies and incorrect assessment of bids during the first stage of the tender, which led to the rejection of the Sferia's and Emitel's bids. UKE President in its decision of October 27, 2015 refused to annul the tender. Polkomtel, PIRC, and Sferia placed with the UKE President requests for reconsideration of the decision. In May 2016, P4 filed a response to the applications to reconsider the case and requested that the decision dismissing the applications for annulment be upheld. President of UKE in its decision of August 3, 2016 upheld the decision refusing to invalidate the 1800 MHz tender. The President UKE's decision was appealed against at the lower administrative court (Voivodship Administrative Court) by Polkomtel, PIRC and Sferia. The Voivodship Administrative Court in its judgement of September 25, 2017 dismissed Polkomtel's, Sferia's and PIRC's appeals. Polkomtel, PIRC and Sferia appealed against these judgements to the Supreme Administrative Court, however on October 10, 2018, PIRC withdrew its appeal. On June 25, 2021, the Supreme Administrative Court set aside the judgement and referred the case back to the Voivodship Administrative Court. In a judgement of March 10, 2022, the Voivodship Administrative Court in Warsaw dismissed the appeals. Polkomtel and Sferia appealed the judgement in the Supreme Administrative Court. On February 1, 2023, the Supreme Administrative Court set aside the judgement and referred the case back to the Voivodship Administrative Court. In a judgement of October 19, 2023, the Voivodship Administrative Court in Warsaw dismissed the appeals. Polkomtel and Sferia appealed the judgement in the Supreme Administrative Court. The Management Board assesses the risk of the outcome that would be unfavourable for the Group as low.

In June 2015 P4 filed a statement of claim for PLN 315,697 thousand to be paid jointly and severally by Orange Polska S.A., Polkomtel sp. z o.o., T-Mobile Polska sp. z o.o. The said amount comprises of PLN 231,000 thousand of damages for an act of unfair competition consisting in the setting up excessive fees for voice connections with Play network (and other form of discrimination of such connections) for a period from July 1, 2009 to March 31, 2012 and capitalized interests. In July 2018 P4 extended the claim demanding payment of additional PLN 313,572 thousand (PLN 258,000 thousand of damages and capitalized interests) for a consecutive period from April 1, 2012 to December 31, 2014. On December 27, 2018 the Regional Court in Warsaw dismissed P4's claim with respect to PLN 315,697 thousand. P4 filed an appeal and, in its judgement of December 28, 2020, the Court of Appeal in Warsaw set aside the judgement under appeal and referred the case back for reconsideration. On September 2, 2021, Polkomtel filed a complaint against this judgement with the Supreme Court, which dismissed the complaint on January 25, 2022; as a result, the proceedings are now pending before the Regional Court in Warsaw. The claim for additional PLN 313,572 thousand is still subject of the proceedings before the Regional Court in Warsaw. In September 2019 P4 withdrew claims against T-Mobile. The claims against Orange and Polkomtel still remain at the previous amounts. As the receipt of the above amounts is not certain, the Group did not recognise any income in relation to this claim.

In November 2015, Polkomtel, T-Mobile and NetNet sp. z o.o. applied to the UKE President for the annulment of the auction for the 800/2600 MHz frequency in its entirety, claiming the violation of procedures applicable to the allocation of frequencies. The motions to invalidate the tender initiated administrative proceeding before the UKE President. President of UKE in its decision of June 15, 2018 refused to invalidate the auction. Polkomtel, T-Mobile and NetNet sp. z o.o. w likwidacji requested reconsideration of the decision. The President of UKE upheld the decision refusing to invalidate the auction in its decision of November 12, 2019. Polkomtel appealed against the decision to the Voivodship Administrative Court, which dismissed the appeal in its judgement of December 1, 2020. In March 2021, Polkomtel appealed against the judgement of the Voivodship Administrative Court. On January 21, 2025, the Supreme Administrative Court set aside the judgement and referred the case back to the Voivodship Administrative Court. It is difficult to assess the legal risk to P4 at this stage, with even a potential cancellation of the auction after October 19, 2025 will no longer constitute grounds for resuming frequency reservation proceedings.

In December 2018 Polkomtel sp. z o.o. filed a lawsuit in which it demanded that the State Treasury, i.e. the UKE President or P4 (as defendants in solidum) pay missing MTR remuneration that Polkomtel would have received from P4, if UKE had not decreased its MTRs by means of a decision which was subsequently annulled by court as issued in violation of the law (procedural errors committed by UKE), and capitalized interest and statutory interest from the time of filing the lawsuit. The claim against the State Treasury is based on the liability for damages caused by a

public authority (UKE) and the claim against P4 is based on the unjust enrichment regime. It is difficult to assess the legal risk of the aforementioned motions at this stage.

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 refarm 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, following which P4 filed cassation appeals with the Supreme Administrative Court., which were dismissed on March 27, 2024.

On September 2, 2016, the UOKiK President launched proceedings against UPC for the use of prohibited clauses regarding: price increases, guarantees of a minimum number of TV programs, technician fee and contract termination. On July 17, 2019, the UOKiK President issued a decision, in which it prohibited the use of the above clauses, imposed on UPC a fine of PLN 33 million and an obligation to compensate the consumers. On September 5, 2019, UPC challenged the above decision. On November 23, 2022, the Regional Court upheld the decision except for the cash compensation obligation (the decision in this respect was set aside). UPC and the UOKiK President have the right to challenge this decision and UPC has submitted such an appeal. On June 20, 2023, the Court of Appeal in Warsaw reduced the fine imposed on UPC in the UOKiK President's decision by approximately PLN 4.2 million, reinstated the compensation obligation and waived the obligation to publish a statement on UPC's website. The Court of Appeal in Warsaw suspended the payment of compensation and performance of disclosure obligation. On July 3, 2023, UPC paid the fine in the amount of PLN 28.6 million. Both UPC and the UOKiK President have the right to file a cassation appeal with the Supreme Court. On October 16, 2024, the Supreme Court refused to accept P4's cassation appeal for review, and P4 therefore proceeded to implement the decision.

On December 1, 2022, the UOKiK President launched proceedings against P4 in the matter of practices breaching the collective interests of consumers that, according to the UOKiK President, involved the application of a contractual term under which a subscription discount is lost if a payment related to a phone bill is not paid on time.

On August 2, 2023, the UOKiK President launched proceedings against UPC in the matter of practices breaching the collective interests of consumers that, according to the UOKiK President, involved the unauthorized demand that consumers pay an increased subscription fee as a result of UPC unilaterally increasing the number of available TV channels or maximum data transmission speed. On August 27, 2024, the UOKiK President issued a commitment decision under Article 28(1) of the Act on Competition and Consumer Protection, as requested by the Company. The decision is final.

On December 16, 2024 the UOKiK President launched proceedings against P4 for practices that violate the collective interests of consumers, which, according to the UOKiK President, consist in the lack of clear and understandable information on the rules for termination of the contract in group offers.

On December 23, 2024 the UOKiK President launched proceedings against P4 for practices violating the collective interests of consumers regarding the presentation of the subscription price after discounts in marketing communications and telephone sales calls. The UOKiK President disputes the lack of information about discounts, the illegible nature of such information and the communication of such information too late in the contracting process.

The Group has recognised provisions for known and quantifiable risks related to ongoing 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 in the future. For the total amount of provisions, including the provisions for pending legal cases, please see Note 25.

40. Events after the reporting period

On January 24, 2025, the Group paid a deposit of PLN 300,000 thousand in connection with its participation in the auction for frequencies for the 700 and 800 MHz bands.

On February 27, 2025, under the Second Bond Issuance Program (see also Note 24.2), the Group issued 700,000 unsecured 5-year series C green bearer bonds with a par value of PLN 1,000 each and an aggregate par value of PLN 700,000 thousand.

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

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41. Summary of significant accounting policies

41.1 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 derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised 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 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 recognised 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 recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

41.2 Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The Financial Statements are presented in Polish zloty ("PLN"), which is the Group's presentation and functional currency, due to the fact that the operating activities of the Group are conducted primarily in Poland.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the date of the transactions which might comprise:
- the actual spot rate applied as at this date resulting from the type of transaction – in the case of foreign currency purchases or sales.
- the average spot exchange rate for a given currency as determined by the National Bank of Poland as at the date preceding the date of transaction – in the case of settlements of receivables and payables as well as other transactions,

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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	December 31, 2024	December 31, 2023
EUR	4.2730	4.3480
GBP	5.1488	4.9997
USD	4.1012	3.9350

The foreign exchange gains and losses resulting from the settlement of transactions in foreign currencies and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Exchange differences arising from foreign currency borrowing directly attributable to the construction of fixed assets and development of intangible assets are eligible for capitalization up to the amount regarded as an adjustment to interest costs.

41.3 Revenue

Revenue is measured based on consideration specified in contracts with customers and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over goods or services to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intragroup sales.

The Group's revenues are earned mainly from the following telecommunications services and goods:

1. Usage revenue, which includes:
   - voice and SMS telecommunications;
   - data transfer;
   - television and video on demand;
   - value added services;
   - international roaming;
2. interconnection;
3. Revenue from sales of goods and other revenue, including sales of handsets and other equipment.

Revenues from voice, SMS telecommunications and data transfer services include charges for telecommunications traffic originated in the Play, 3S and UPC networks or in the networks of roaming partners, including revenues from prepaid products.

Goods and services may be sold separately or in bundled packages. For bundled packages, including e.g. mobile devices, monthly fees and activation fees from contract subscribers, the Group accounts for revenue from individual goods and services separately if they are regarded as distinct – i.e. if a good or service can be distinguished from other components of the bundled package and if a customer can benefit from it separately. The consideration for the bundled packages comprises cash flows expected to be received in relation to the contract performance during the Adjusted Contract Term (please see Note 41.14). The consideration (transaction price) is allocated between separate performance obligations in a bundle based on their relative stand-alone selling prices. The Group identifies the following performance obligations: delivery of mobile devices, provision of telecommunications services and provision of service of device leasing. Stand-alone selling prices for mobile devices are estimated based on cost of sale plus margin. Please see also Note 2.3. Stand-alone selling prices for telecommunications services and lease services are set based on prices for non-bundled offers with the same range of services.

Services purchased by a customer beyond the contract are treated as separate contracts and recognition of revenue from such services is based on the actual airtime or data usage, or is made upon the expiration of the Group's obligation to provide the services.
Mobile services are billed on a monthly basis and payments are due shortly after the bill date.

Telecommunications revenue from the sale of prepaid products in single-element contracts (i.e. with one performance obligation for telecommunications services) is recognised at the face value of a prepaid top-up sold, net of VAT due. The difference between the face value of prepaid offerings and the value for which the offerings are sold by the Group to its distributors constitutes commission earned by the distributors, who act as agents. The Group acts as a principal in such agreements. The costs of prepaid commissions are recognised as other service costs when the distribution service is provided, i.e. when the prepaid product is delivered to the end customer. The revenue from the sale of prepaid products is deferred until the end customer commences using the product and presented in the statement of financial position as deferred income when the prepaid product is held by a distributor or as contract liability when the prepaid product has been transferred to the end customer but not yet used. The revenue from the sale of prepaid products is recognised in the profit or loss as telecommunications services are provided, based on the actual airtime or data usage at an agreed tariff, or upon expiration of the obligation to provide the service.

Revenues from value added services are recognised in the amount of full consideration if the Group acts as principal in the relation with the customer or in the amount of the commission earned if the Group acts as agent.

Interconnection revenues are derived by the Group from calls and other traffic that originate in other operators' networks but use the Play, 3S and UPC networks. The Group receives interconnection fees based on agreements entered into with other telecommunications operators. These revenues are recognised in the period in which the services were rendered.

International roaming revenues are derived by the Group from calls and other traffic generated by foreign operators' customers in the Play network. The Group receives international roaming fees based on agreements entered into with other telecommunications operators. These revenues are recognised in the period in which the services were rendered.

Revenue from sale of handsets, other equipment and other goods is recognised when promised goods are transferred to the customer (typically upon delivery). The amount of recognised revenue from the sale of mobile devices is adjusted for expected returns, which are estimated based on the historical data. For mobile devices sold separately (i.e. without the telecommunications contract), a customer usually pays full price at the point of sale.

For mobile devices sold in bundled contracts, customers are offered two schemes of payments – full payment at the commencement of the contract (in such contracts the handset price is significantly reduced and the cost of device is recovered through monthly fees for telecommunications services) or instalment sales with monthly instalments paid over the period of the contract plus initial fee paid upon delivery of a handset.

Revenues from content services (e.g. music and video streaming, applications and other value added services) rendered to our subscribers are recognised after netting off costs paid by us to third party content providers (when the Group acts as an agent in the transaction) or in the gross amount billed to a subscriber (when the Group acts as a principal).

41.4 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

41.5 Current income tax

The current income tax charge is determined in accordance with the relevant tax law regulations in respect of the taxable profit. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income.

Income tax payable represents the amounts payable at the reporting date. If the amount paid on account of current income tax is greater than the amount finally determined, the excess is recognised in the statement of financial position as an income from tax receivables.

41.6 Deferred tax

Deferred income tax is calculated using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and for tax losses. Deferred tax is not recognised when temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Currently enacted tax rates are used to determine deferred income tax. The principal temporary differences arise from different valuations of depreciable assets and accruals, provisions and deferred income for tax and accounting purposes.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are also recognised for unused tax losses carried forward to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or tax loss.

Deferred tax assets and deferred tax liabilities are offset if, and only if, a company has a legally enforceable right to offset current tax assets against current tax liabilities, and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable base.

41.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. The cost includes direct costs (materials, direct labour and work contracted out) and directly attributable own work costs. Fixed assets under construction represent the accumulation of costs associated with the construction of the telecommunications and data transmission networks and other tangible fixed assets; they are presented as Assets under construction. The P4 Group includes in the construction cost of its non-current assets all eligible borrowing costs (including interest expense and exchange differences arising from foreign currency borrowings relating to purchases of qualifying assets regarded as an adjustment to interest costs) and expenditure that is directly attributable to the acquisition or to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Group. Costs relating to fixed assets under construction are transferred to the related property, plant and equipment account and depreciation begins when they become available for use.

Significant components of property, plant and equipment that require replacement at regular intervals are recognised as separate items. All other repairs and maintenance costs are charged to general and administrative expenses during the financial period in which they are incurred.

Subsequent costs are recognised as a separate asset only when the recognition criteria are met.

Depreciation is calculated using the straight-line method to allocate the surplus of the cost of the asset over its residual values over its estimated useful life. The predominant estimated useful lives of fixed assets are as follows:

Description	Term in years
Buildings	5-7; 20
IT equipment	3-5
Telecommunications infrastructure	3-7
Motor vehicles	3-5
Other	1-5

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of fixed assets are determined by comparing proceeds with the carrying amount. These are included in the profit or loss.

41.8 Right-of-use assets and lease liabilities

The Group is a party to lease contracts for, among others:
a) land for telecommunications constructions (including fiber optic networks),
b) buildings:
- space on tower structures used installation of telecommunications equipment,
- office space, warehouses and points of sale space,
- space leased for collocation centres,
- other space for other telecommunications equipment,

c) telecommunications network and equipment – dark fiber optic cables,
d) computers,
e) motor vehicles.

Leases are recognised, measured and presented in line with IFRS 16 'Leases'.

Accounting by the lessee
The Group implemented a single accounting model, requiring lessees to recognise assets and liabilities for all leases excluding exceptions listed in the standard. The Group elected to apply exemptions for short term leases in relation to leases of billboards and not to apply exemptions for other short-term leases or for leases for which the underlying asset is of low value.

Based on the accounting policy applied, the Group recognises a right-of-use asset and a lease liability as at the commencement date of the contract for all leases conveying the right to control the use of identified assets for some period. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

The right-of-use assets are initially measured at cost, which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made on or before the commencement date, less any lease incentives,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying assets or restoring the site on which the assets are located.

When the Group is a seller-lessee, it determines the right-of-use asset under a sale-leaseback in proportion to the previous carrying value of the asset, which relates to the right-of-use retained by the seller-lessee. Accordingly, the seller-lessee recognises only the amount of any gain or loss that relates to the rights transferred to the buyer-lessee.

After the commencement date the right-of-use assets are measured at cost less any accumulated depreciation charges and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

Depreciation is calculated using the straight-line method over the estimated useful lives. The predominant estimated useful lives are as follows:

Description	Term in years
Land	6-30
Buildings	4-20
IT equipment	3-5
Telecommunications infrastructure	3-20
Motor vehicles	2-3

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date of the lease to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group recognises asset retirement obligations mainly in relation to leased land for telecommunications constructions and other space for other telecommunications equipment ("sites") which would need to be restored to previous state when the lease ends. Asset retirement obligations are capitalized as part of the cost of right-of-use assets and depreciated over the useful life equal to the period covered by the lease of the property on which the telecommunications constructions and equipment are located. The Group estimates the fair value of asset retirement obligations using number of sites available for use, average site reinstatement cost and the discount rate which equals the interest rate of long-term treasury bonds.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. These include:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- lease termination penalties if the lease term reflects the lessee exercising the option to terminate the lease.

The lease payments exclude variable elements which are dependent on external factors such as e.g. operating revenue in the point of sale leased. Variable lease payments not included in the initial measurement of the lease liability are recognised directly in profit or loss.

The lease payments are discounted using the Group's incremental borrowing rate or the rate implicit in the lease contract.

The lease term determined by the Group comprises:

- non-cancellable period of lease contracts,
- periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option,
- periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

After the commencement date the Group measures lease liabilities by:

- increasing the carrying amount to reflect interest on the lease liability,
- reducing the carrying amount to reflect lease payments made, and
- re-measuring the carrying amount to reflect any reassessment or lease modifications.

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Accounting by the lessor
In the case of lease contracts based on which the Group is acting as a lessor each of its leases is classified as either operating or finance lease. Leases where a significant portion of the risks and rewards from ownership of a leased asset are retained by the lessor are classified as operating leases.
A lease is classified as a finance lease if it transfers substantially all the risks and rewards from ownership of a leased asset to the lessee. Examples of situations where the risks and rewards from ownership of a leased asset are considered as having been transferred to the lessee are as follows:

- the lease transfers ownership of the asset to the lessee by the end of the lease term,
- the lessee has the option to purchase the asset at a price that is expected to be sufficiently lower than the fair value on the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised,
- the lease term represents a substantial majority of the economic life of the asset even if title is not transferred,
- at the lease inception date the present value of the minimum lease payments represents a substantial majority of the total fair value of the leased asset, or
- the leased assets are of such a specialized nature that only the lessee can use them without major modifications.

41.9 Intangible assets

Telecommunications licenses

Telecommunications licenses are stated at cost less accumulated amortization and accumulated impairment losses. The licenses are amortized using the straight-line method over the period for which they are granted.

Computer software costs

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads. Computer software development costs are recognised as separate intangible assets and are amortized using the straight-line method over their useful lives (not exceeding 5 years).

Costs associated with maintaining computer software programs are recognised as an expense or loss as incurred.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the 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 recognised in profit or loss.

Goodwill on acquisition of subsidiaries is included in intangible assets. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

For the purpose of impairment testing, goodwill is allocated to cash-generating units, not larger than an operating segment. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, but not larger than operating segment and not larger than units for which goodwill is analysed and assessed by the Management Board. The Group allocates goodwill to the entire P4 Group as a single cash-generating unit.

Intangible assets under construction

Intangible assets under construction represent mainly software under development and are presented in the appropriate intangible asset category.

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41.10 Impairment of non-financial assets

Assets that are subject to amortization are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. According to IAS 36, an impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units).

Impairment losses (except for the allowance for goodwill) are reversed if the carrying amount of the previously impaired asset is lower than its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognised for the asset in prior periods.

41.11 Inventories

Inventories are stated at the lower of the purchase price and net selling price. Net selling price is the expected selling price in the ordinary course of business less the relevant portion of selling expenses. Inventories intended to be sold in promotional offers are measured at purchase prices that are no higher than their net selling prices, which are determined taking into account a future margin expected from telecommunications services with which the item of inventories is offered.
Inventories include handsets and other equipment transferred to dealers who act as agents. They are expensed to costs of goods sold on the date of activation of telecommunications services in relation to which the equipment was sold to the end customer or on the date when the equipment was sold to the end customer without a telecommunications service contract. The Group estimates the prevalent period between the date of transfer of the equipment to a dealer and the date of service activation based on historical data. If no service agreement relating to the mobile device is activated during the period estimated as described above, it is assumed that the mobile device was sold to the end customer without a related service agreement and revenue from sale of goods and corresponding cost of sale are recognised in the statement of comprehensive income.

In the "Work in progress" line item, the Group presents expenditures incurred in connection with the performance of the construction work in partnership with 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 and 2.5).

41.12 Trade and other receivables

The receivables are recognised initially at fair value (except for trade receivables, which are measured at transaction price) less impairment loss, and then at amortized cost using the effective interest rate. The Group uses a simplified model to determine the expected credit loss and measures the impairment loss equal to the lifetime expected credit losses on trade receivables, lease receivables, cash and cash equivalents and contract assets. The impairment provision is recognised in the statement of comprehensive income within "other operating costs".

When measuring impairment provision for billing receivables, the Group uses collectability ratio from previous periods including information on recoverability through the process of sales of overdue receivables and forward-looking information.

For other trade receivables, the Group performs assessment for each individual debtor taking into account the probability of default or delinquency in payments and the probability that debtor will enter into financial difficulties or bankruptcy. When determining whether to recognise impairment losses, the Group uses all reasonable and supportable information regarding debtors available at the assessment date, including the information about securities, e.g. guarantees, deposits and insurance.

Trade receivables are derecognised when:
- the rights to receive cash flows from the asset have expired,
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset to another entity. In particular, the Group derecognises receivables when they are sold to collection agencies.

The Group reduces the gross carrying amount of receivables if there is no reasonable prospect that the contractual cash flows will be recovered. A write-off is an event that leads to the discontinuation of recognition of receivables in the balance sheet.
Note receivables are classified as financial instruments held to maturity and measured at amortized cost using the effective interest rate.

41.13 Contract assets

A contract asset is the entity's right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditional on something other than the passage of time (for example, delivery of other elements of the contracts). The Group recognises contract assets mainly from the contracts in which goods delivered at a point in time are bundled with services delivered for a specified period. The Group considers contract assets as current assets as they are expected to be realized in the normal operating cycle.

The loss allowance for contract assets is measured and recognised under IFRS 9 upon the initial recognition of contract assets. The Company uses professional judgement to calculate probability-weighted estimate of credit losses over the expected life of contract assets.
The Group reduces the carrying amount of a contract asset if there is no reasonable prospect that the contractual cash flows will be recovered. Thus, the asset ceases to be recognised in the balance sheet.

41.14 Contract costs

Contract costs that can be capitalized as costs of bringing a customer to a contract include sales commissions associated with "postpaid" and "mix" contracts (contracts for a specified number and value of top-ups) with acquired or retained subscribers. Contract costs are capitalized in the month of service activation if the Group expects future benefits in connection with the incurred costs. Contract costs comprise sales commissions to dealers and to own salesforce which can be directly attributed to an acquired or retained contract. Capitalized contract costs are recognised as current assets as the Group expects economic benefits from these assets to be received during the normal operating cycle.

In all other cases, including costs of acquisition of prepaid telecommunications customers, prepaid subscriber acquisition and retention costs are expensed when incurred.

Commission fees amortized over time are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services when the related revenues are recognised. Contract costs relating to contracts signed with acquired or retained subscribers are amortized:

- for postpaid contracts – over the Adjusted Contract Term, which is the period after which the Group expects to offer a subsequent retention contract to a customer, which is usually a few months before the contractual term lapses,
- for "mix" contracts – over the term during which a customer is expected to fulfil their obligation in relation to all top-ups required under a contract.

When the customer enters into a retention contract before the term of the previous one expires (which means that the original contracts costs have not been fully amortized), the new asset is recognised in the month the new contract is signed. The new asset is amortized over the term representing the sum of the period remaining to the end of the previous contract and the retention contract term. Amortization period of the contract cost relating to the previous contract is then shortened to be in line with the actual contract term.

Contract costs capitalized are impaired if the customer is deactivated or if the asset's present value exceeds projected discounted future cash flows relating to the contract. An impairment loss is recognised in profit or loss to the extent that the carrying amount of an asset exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates less the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

41.15 Prepaid expenses

Prepaid expenses comprise, among others, prepayments made in relation to ordered but not yet delivered services. Prepaid expenses are recognised at fair value of cash or cash equivalents transferred.

41.16 Cash and cash equivalents in statement of financial position

Cash and cash equivalents consist of cash on hand, balances in bank accounts, short-term bank deposits with original maturities of 3 months or less, and restricted cash.

In the statement of financial position, cash and cash equivalents are carried at nominal value increased by interest accrued.

41.17 Cash and cash equivalents in statement of cash flows

For the purpose of the consolidated statement of cash flows, restricted cash is excluded from cash and cash equivalents for the purpose of the consolidated statement of cash flows because it is not regarded as an element of cash management but is used to secure the repayment of financial liabilities. Interest accrued is excluded as it does not represent actual cash inflows in the reporting period.

41.18 Retirement benefits

Defined contribution plan.
The P4 Group makes contributions mainly to the Polish Government's retirement benefit scheme at the applicable rate during the period, based on gross salary payments (the "State Plan").

The State Plan is funded on a pay-as-you-go basis, i.e. the P4 Group is obliged to pay the contributions as they fall due based upon a percentage of salary. If the P4 Group ceases to employ members of the State Plan, it will have no obligation to pay any additional benefits. The State Plan is a defined contribution plan. The expense for the contributions is charged to the profit or loss in the same period as the related salary expense.

Defined benefit plan
Under Polish law, employees are entitled to severance payments. Severance payments are made in a single lump sum at retirement in the amount of one month's salary.
The value of the provision for severance payments is determined using the method of actuarial valuation of projected unit benefits. The valuation is based on demographic assumptions regarding retirement age, employee turnover (estimated on the basis of historical data) and financial assumptions regarding future salary increases and future interest rates.
Gains or losses arising from the actuarial valuation of severance payments are recognised in other comprehensive income in the period in which they arise. Other changes in provisions are recognised as costs.

The P4 Group has no other employee retirement plans.

41.19 Incentive and retention programs

Iliad Purple S.A.S. and Iliad S.A. operate cash-settled and equity-settled share-based incentive and retention programs. Membership in the programs is granted to members of the Management Board of P4 and key employees of the Group, which results in the necessity of valuation and recognition of equity-settled share-based incentive and retention programs in the P4 Group's financial statements.

Under the terms of the equity-settled share-based programs, participants in the programs are entitled to receive cash or shares if specified conditions are satisfied. The P4 Group's equity relating to the above incentive and retention programs is measured at the fair value at the grant date. The cost is recognised in the statement of comprehensive income in line with vesting conditions, which are described in Note 26.

41.20 Financial liabilities

Financial liabilities are recognised initially at fair value, net of the transaction costs incurred. Bank loans and notes liabilities are subsequently measured at amortized cost; any difference between the proceeds from issuing the instrument (minus transaction costs) and the redemption value of the instrument is recognised in the statement of comprehensive income over the life of the liability using the effective interest rate method. Related external finance costs that are not capitalized are recognised in profit or loss for the period.

Financial liabilities are classified as current, except where the Group has an unconditional right to make the payment of the liability more than 12 months after the balance sheet date.

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires.

41.21 Derivative instruments

Derivatives embedded in host contracts

An embedded derivative is presented separately from the host contract if and only if:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks inherent in the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid (combined) instrument is not measured at fair value with changes in fair value recognised in profit or loss.

In case of an early redemption option embedded in a host debt instrument, the close relation to the host instrument in terms of its economic characteristics and risks exists if:

- on each exercise date, the option's exercise price is approximately equal to the debt instrument's amortized cost or
- the exercise price of the early redemption option does not cover the issuer's approximate present value of lost interest for the remaining term of the host contract (lost interest is the prepaid principal amount multiplied by the interest rate differential. The interest rate differential is the excess of the effective interest rate of the host contract over the effective interest rate the entity would receive at the early redemption date if it reinvested the principal amount prepaid in a similar contract for the remaining term of the host contract).

Otherwise, the early redemption option is not regarded as closely related and as such is subject to separate recognition and measurement.

The assessment of whether an embedded derivative meets the conditions for its separation from the host contract is made on initial recognition of the host contract.

Early redemption options recognised as separate instruments are measured at fair value with changes in the valuation recognised in profit or loss.

Derivative instruments designated as hedges

The Group uses hedge accounting under IFRS 9. Derivative financial instruments designated as hedging instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their current fair value.

When a derivative contract is entered into, the Group distinguishes the following types of derivative hedging instruments:

(i) a hedge against changes of the fair value of a recognised asset or liability (fair value hedge), or
(ii) a hedge of highly probable forecast transactions (cash flow hedge).

At the inception of transactions, the Group documents the link between hedging instruments and hedged items, as well as their risk management objective and strategy for undertaking hedge transactions. This process includes linking all derivatives designated as hedges to particular assets and liabilities or specific firm commitments or forecast transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of the hedged items.

(i) Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

(ii) Cash flow hedge
Some gains or losses from revaluation of derivatives designated and qualifying as cash flow hedges are recognised in the revaluation reserve. On the other hand, the gains or losses considered as ineffective hedges are recognised directly in profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in equity and is recognised in profit or loss when the planned transaction occurs. When a planned transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income is transferred to profit or loss of the current period.
The fair values of interest rate swaps used for cash flow hedge are disclosed in Note 30. Movements of the reserve capital are disclosed in consolidated statement of changes in equity.
The fair value of a hedging derivative is classified as non-current assets or non-current liabilities if the remaining maturity of the hedged item is more than twelve months and as current assets or current liabilities if the maturity of the hedged items is less than twelve months.

The fair values of the interest rate swaps are calculated by discounting the future cash flows of both the fixed rate and variable rate interest payments. The inputs used in determining the fair value fall within level 2 of the fair value hierarchy (inputs observable for an asset or liability, either directly or indirectly, other than quoted prices in active markets for identical assets or liabilities).

41.22 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

41.23 Provisions

Provisions are recognised when the Group has a present obligation towards a third party and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The obligation may be legal, regulatory or contractual or it may represent a constructive obligation deriving from the Group's actions.

The estimate of the amount of the provision corresponds to the expenditure likely to be incurred by the Group to settle its obligation. If a reliable estimate of the amount of the obligation cannot be made, no provision is recognised. In such a case, the Group discloses a contingent liability.

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41.24 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.

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