This document is a conversion to pdf format of the official Report of the Management Board on the activities of Cyfrowy Polsat S.A. issued in xhtml format.

Cyfrowy Polsat S.A.

Annual Report for the financial year ended December 31, 2023

Warsaw, April 11, 2024

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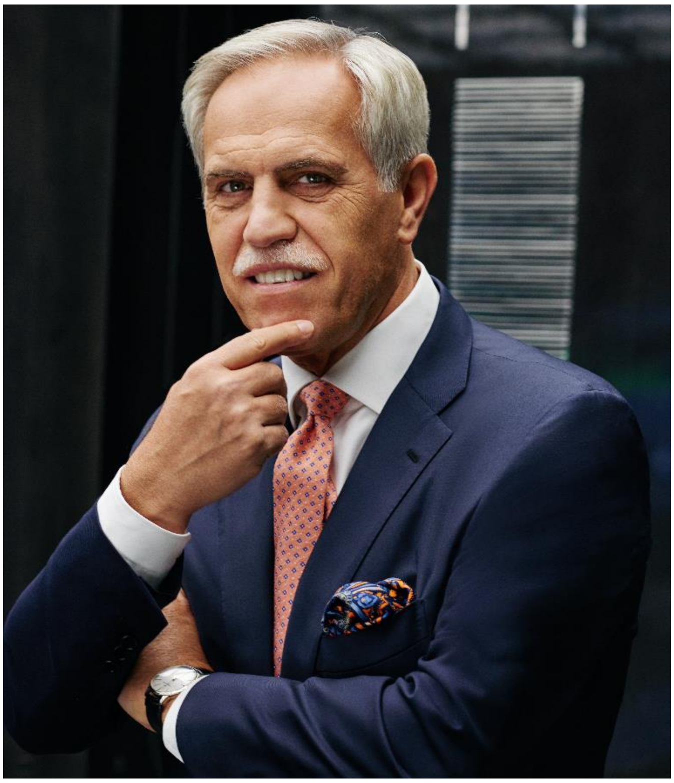
Letter of the Chairman of the Supervisory Board



Ladies and Gentlemen,

The report presented to you summarizes the activities of Polsat Plus Group in 2023.

It was undoubtedly a year full of challenges resulting, among others, from the still unstable international situation related to the ongoing war in the East caused by Russia's aggression against Ukraine. One of the negative effects on the global economy as a whole was inflation and its impact on the entire Polish economy, including our operations.

However, despite the unfavorable macroeconomic conditions, Polsat Plus Group continued its growth strategy, focusing its efforts on its three main business areas - telecommunication, content and green energy production.

In the area of telecommunication, the Group has been developing Poland's first and largest network of the fastest mobile Internet using 5G technology, increasing both its coverage and technical parameters. In 2024, with the purchase of new bandwidth, the Group's 5G network will accelerate even further, increasing the opportunities it offers to both individual and business customers. In the content sector, we have a very good and strong position in production, broadcasting and distribution. The Internet business, represented by Interia Group, which provides us with some 21 million users and more than 20 billion page views per month, is also performing very well. Investments in the area of green energy production are being made intensively and in line with the strategy, some of them have already been completed and others will be commissioned as early as this year, in 2024.

So, what can summarize the activities of Polsat Plus Group in 2023 are the words consistency and effective, step by step implementation of the set strategic goals. I am convinced that Polsat Plus Group, with its well-known determination, will fulfill all the assumed and announced assumptions of its strategy.

On behalf of the Supervisory Board of Cyfrowy Polsat, I would like to thank our customers for another year with us, for their loyalty, for their trust in our services and products, which we create with them in mind, and for motivating us to introduce further innovations.

I would like to pay special tribute to all of the Group's employees, who have once again demonstrated that their commitment, diligence, high motivation and efficiency enable all projects and tasks to be successfully implemented and our Group to remain a leader.

I would like to express my sincere gratitude to the investors for their trust and willingness to continue to participate with me as shareholders in building the future of the Polsat Plus Group.

Yours faithfully,

Zygmunt Solorz

Chairman of the Supervisory Board, Cyfrowy Polsat S.A.

Letter of the President of the Management Board

Ladies and Gentlemen,

Over the past year, Polsat Plus Group has grown in every segment of its business. In the area of telecommunication, it developed 5G Plus, which already covers 23 million Poles, launched 5G Ultra with speeds of up to 1 Gbps, which already covers 6 million people, and accelerated the speed of Netia's fiber to 2 Gbps. With the new frequency won in the 5G auction, it will further expand the Plus 5G network to provide users with the best possible service performance.

In order to consistently develop its second strategic pillar - content - and provide viewers with the best content, TV Polsat acquired, among others, a majority stake in the companies that own the naEkranie.pl service and the 4fun.tv, 4fun Kinds and 4fun Dance channels, as well as the rights to handball league matches and extended the rights to the European Volleyball Cup until 2029 and to basketball league matches. Polsat Box Go launched a new Start package for PLN 30 per year, offering more than 40,000 hours of series and entertainment programs from TV Polsat channels.

Successes in the Clean Energy are include the start of green energy production by wind farms in Miłosław and Kazimierz Biskupi, the expansion of the solar farm in Brudzew, the opening of the NesoBus hydrogen bus factory in Świdnik, and the launch of Poland's first publicly accessible hydrogen filling stations in Warsaw and Rybnik.

We entered into a strategic partnership with Google Cloud, under which Google signed its first agreement in Poland to purchase clean and green electricity from the Przyrów wind farm, and our Group will benefit from Google Cloud's cloud solutions, accelerating its technological development and digital transformation.

In 2023, our green energy sources produced 665 GWh of energy, and almost 100% of the energy consumed by our Group companies came from renewable sources. The estimated greenhouse gas emissions avoided by our Group through the development of our own RES amounted to 316,000 tons. The green hydrogen-powered NesoBus has been tested in Warsaw, Gdansk, Gdynia, Konin, Szczecin and Wroclaw, among others, and the cities of Rybnik, Gdańsk and Chełm have decided to purchase them for their residents.

In total, we provide more than 20 million telecommunication and TV services to individual customers and businesses and institutions. Nearly 2.5 million of our customers take advantage of our multiplay offers and achieve tangible financial benefits by combining the services of Polsat Box and Plus. We are the only telecommunication and pay TV operator to offer access to this Disney+ service in bundled offers with our services. We provide business customers with advanced ICT services, particularly cloud, data center and cybersecurity solutions. We offer viewers 43 of our own channels, and the total audience share of TV Polsat Group channels was 22% last year, giving us a strong position in the TV advertising market with a share of almost 29%. Our focus in the online media segment continues to be the creation and delivery of valuable content. The Polsat-Interia Group has almost 21 million unique users per month and is one of the three largest providers of online services in the country.

Polsat Plus Group's revenues increased to PLN 13.6 billion, EBITDA to PLN 3 billion and net profit to PLN 300 million, thanks in part to the growth of the green energy segment. We achieved these results in a difficult macroeconomic market. We successfully completed the refinancing of our debt and issued bonds linked to our sustainable development goals in the amount of approximately PLN 3.9 billion, using these funds to the most part to effective implementation of the 2023+ strategy.

Our Group's performance is due to the hard work of several thousand employees - I would like to thank them all for their great commitment, perseverance and countless ideas. I would also like to thank our shareholders, financial partners and the representatives of the Supervisory and Management Boards of the Group's companies - it is their trust and support that makes the effective implementation of our strategy possible.

We have ambitious plans and are ready to redouble our efforts to achieve our goals. The trust of our clients and viewers motivates us to work hard and develop Polsat Plus Group. It is with them in mind that we take on new challenges, so that they can enjoy ever better quality services - reliable and fast Internet, a wealth of content on any device, valuable Internet portals, and green and cheap energy, whose spread will give us a cleaner and healthier environment.

Yours faithfully,

Mirosław Błaszczyk

President of the Management Board, Cyfrowy Polsat S.A.

This document is a conversion to pdf format of the official financial statements issued in xhtml format.

Cyfrowy Polsat S.A.

Financial Statements
for the year ended 31 December 2023

Prepared in accordance
with International Financial Reporting Standards
as adopted by the European Union.

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Approval of the Financial Statements

On 10 April 2024 the Management Board of Cyfrowy Polsat S.A. approved the financial statements of the Cyfrowy Polsat S.A. prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which include:

Income Statement for the period

from 1 January 2023 to 31 December 2023 showing a net profit for the period of:	PLN 639.6

Statement of Comprehensive Income for the period

from 1 January 2023 to 31 December 2023 showing a total comprehensive income for the period of:	PLN 615.7

Balance Sheet as at

31 December 2023 showing total assets and total equity and liabilities of:	PLN 19,732.9

Cash Flow Statement for the period

from 1 January 2023 to 31 December 2023 showing a net increase in cash and cash equivalents amounting to:	PLN 1,762.9

Statement of Changes in Equity for the period

from 1 January 2023 to 31 December 2023 showing an increase in equity of:	PLN 615.7

Notes to the Financial Statements

The financial statements have been prepared in PLN million unless otherwise indicated.

Mirosław Błaszczyk
President of the Management Board

Maciej Stec
Vice-President of the Management Board

Jacek Felczykowski
Member of the Management Board

Aneta Jaskólska
Member of the Management Board

Agnieszka Odorowicz
Member of the Management Board

Katarzyna Ostap-Tomann
Member of the Management Board

Agnieszka Szatan
Chief Accountant

Warsaw, 10 April 2024

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Income Statement

		for the year ended	
	Note	31 December 2023	31 December 2022
Revenue	8	2,245.3	2,382.5
Operating costs	9	(2,064.1)	(2,042.1)
Other operating income/(costs), net		(9.6)	2.7
Profit from operating activities		**171.6**	**343.1**
Gain on investment activities, net	10	891.1	1,188.7
Finance costs, net	11	(404.9)	(241.9)
Gross profit for the period		**657.8**	**1,289.9**
Income tax	12	(18.2)	(41.3)
Net profit for the period		**639.6**	**1,248.6**
Basic and diluted earnings per share (in PLN)	14	**1.16**	**2.24**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Statement of Comprehensive Income

		for the year ended	
	Note	31 December 2023	31 December 2022
Net profit for the period		**639.6**	**1,248.6**
Items that may not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss)		(0.6)	0.7
Items that may be reclassified subsequently to profit or loss:			
Valuation of hedging instruments	30	(23.3)	9.2
Other comprehensive income, net of tax		**(23.9)**	**9.9**
Total comprehensive income for the period		**615.7**	**1,258.5**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Balance Sheet - Assets

	Note	31 December 2023	31 December 2022
Reception equipment	15	362.6	331.8
Other property, plant and equipment	15	130.2	194.2
Goodwill	16	197.0	197.0
Other intangible assets	17	127.7	110.6
Right-of-use assets	18	21.5	15.8
Investment property	19	94.3	36.8
Shares in subsidiaries, associates and other, includes:	20	12,774.4	12,966.7
shares in associates		*0.1*	*1,708.0*
Non-current deferred distribution fees	21	19.5	17.7
Non-current loans granted	22	3,584.2	573.6
Other non-current assets, includes:	23	33.4	7.3
derivative instruments		*30.1*	*6.6*
Total non-current assets		**17,344.8**	**14,451.5**
Contract assets	24	72.0	93.3
Inventories	25	122.7	131.0
Trade and other receivables	26	189.5	212.1
Current loans granted	22	24.3	544.8
Income tax receivables		7.2	-
Current deferred distribution fees	21	48.0	54.3
Other current assets includes:	27	40.8	50.6
derivative instruments		*15.9*	*16.5*
Cash and cash equivalents	28	1,883.6	120.7
Total current assets		**2,388.1**	**1,206.8**
Total assets		**19,732.9**	**15,658.3**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Balance Sheet - Equity and Liabilities

	Note	31 December 2023	31 December 2022
Share capital	29	25.6	25.6
Share premium	29	7,174.0	7,174.0
Other reserves	29	2,909.6	2,933.5
Retained earnings		4,855.4	4,215.8
Treasury shares	29	(2,854.7)	(2,854.7)
Total equity		**12,109.9**	**11,494.2**
Loans and borrowings	31	2,022.0	1,047.8
Issued bonds	32	3,975.5	1,900.4
Lease liabilities	33	19.8	13.7
Deferred tax liabilities	12	40.3	58.7
Other non-current liabilities and provisions, includes:	35	58.7	2.1
derivative instruments		*56.5*	*0.7*
Total non-current liabilities		**6,116.3**	**3,022.7**
Loans and borrowings	31	185.7	250.7
Issued bonds	32	394.7	176.0
Lease liabilities	33	3.1	3.3
Contract liabilities		230.7	225.3
Trade and other payables, includes:	36	688.8	477.6
derivative instruments		*15.5*	-
Income tax liability		-	4.9
Deposits for equipment		3.7	3.6
Total current liabilities		**1,506.7**	**1,141.4**
Total liabilities		**7,623.0**	**4,164.1**
Total equity and liabilities		**19,732.9**	**15,658.3**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Cash Flow Statement

		for the year ended	
	Note	31 December 2023	31 December 2022
Net profit		**639.6**	**1,248.6**
Adjustments for:		**(409.5)**	**(946.0)**
Depreciation, amortization, impairment and liquidation	9	177.1	174.3
Interest expense		307.5	165.0
Change in inventories		8.3	(65.9)
Change in receivables and other assets		(4.8)	(52.2)
Change in liabilities and provisions		85.3	11.0
Change in contract assets		21.3	27.8
Change in contract liabilities		5.4	(8.6)
Income tax	12	18.2	41.3
Net increase in reception equipment		(163.5)	(132.6)
Dividends income and share in the profits of partnerships	10	(665.8)	(1,010.2)
Gain on sale of shares in an associate	10	(235.7)	(100.0)
Cost of premium for scheduled early redemption of bonds		10.1	-
One-time income resulting from modification of flows as a result of bond conversion	11	(31.3)	-
Valuation of hedging instruments	30	(28.8)	11.4
Foreign exchange losses/(gains), net		(10.4)	-
Estimated future losses		75.2	-
Other adjustments		22.4	(7.3)
Cash from operating activities		**230.1**	**302.6**
Income tax paid		(43.3)	(709.7)
Interest received from operating activities		54.6	23.8
Net cash used in/from operating activities		**241.4**	**(383.3)**
Received dividends and shares in the profits of partnerships		664.3	1,006.9
Acquisition of shares in subsidiaries and associates	20	(224.3)	(582.6)
Capital increase in subsidiaries and associates	20	(28.0)	(473.8)
Acquisition of property, plant and equipment		(24.5)	(86.4)
Acquisition of intangible assets		(37.1)	(38.6)
Proceeds from sale of shares in a subsidiary/associate		850.5	600.0
Loans granted		(3,121.6)	(728.1)
Loans repaid		557.4	198.4
Interest on loans repaid		61.1	17.3
Other inflows		20.2	13.6
Net cash used in/from investing activities		**(1,282.0)**	**(73.3)**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

		for the year ended	
	Note	31 December 2023	31 December 2022
Bond issuance[1]	32	2,165.8	-
Borrowings	31	1,605.4	-
Repayment of loans and borrowings	31	(591.5)	(156.0)
Payment of interest on loans, borrowings, bonds and commissions[2]		(382.6)	(156,8)
Dividend paid		-	(660.8)
Acquisition of treasury shares[3]		-	(393.9)
Inflows/(outflows) from realization of derivatives		14.5	19.7
Other outflows		(8.1)	(9.7)
Net cash used in/from financing activities		**2,803.5**	**(1,357.5)**
Net decrease/increase in cash and cash equivalents		**1,762.9**	**(1,814.1)**
Cash and cash equivalents at the beginning of period		**120.7**	**1,934.8**
Effect of exchange rate fluctuations on cash and cash equivalents		-	-
Cash and cash equivalents at the end of period		**1,883.6**	**120.7**

[1] Value of bond issue less bond interest and early redemption premium settled in conversion
[2] Includes payment for costs related to the new financing
[3] Includes payment for costs related to the acquisition of treasury shares

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Statement of Changes in Equity for the year ended 31 December 2023

	Share capital	Share premium	Other reserves	Retained earnings[1]	Treasury shares	**Total Equity**
Balance as at 1 January 2023	**25.6**	**7,174.0**	**2,933.5**	**4,215.8**	**(2,854.7)**	**11,494.2**
Total comprehensive income	-	-	(23.9)	639.6	-	**615.7**
Hedge valuation reserve	-	-	*(23.3)*	-	-	***(23.3)***
Actuarial profit/(loss)	-	-	*(0.6)*	-	-	***(0.6)***
Net profit for the period	-	-	-	*639.6*	-	***639.6***
Balance as at 31 December 2023	**25.6**	**7,174.0**	**2,909.6**	**4,855.4**	**(2,854.7)**	**12,109.9**

[1] In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital. The capital excluded from distribution amounts to PLN 8.5 as at 31 December 2023.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Statement of Changes in Equity for the year ended 31 December 2022

	Share capital	Share premium	Other reserves	Retained earnings[1]	Treasury shares	Total Equity
Balance as at 1 January 2022	**25.6**	**7,174.0**	**2,923.8**	**3,628.0**	**(2,461.0)**	**11,290.4**
Dividend approved and paid	-	-	-	(660.8)	-	**(660.8)**
Acquisition of treasury shares	-	-	(0.2)	-	(393.7)	**(393.9)**
Total comprehensive income	-	-	9.9	1,248.6	-	**1,258.5**
Hedge valuation reserve	-	-	*9.2*	-	-	***9.2***
Actuarial profit/(loss)	-	-	*0.7*	-	-	***0.7***
Net profit for the period	-	-	-	*1,248.6*	-	***1,248.6***
Balance as at 31 December 2022	**25.6**	**7,174.0**	**2,933.5**	**4,215.8**	**(2,854.7)**	**11,494.2**

[1] In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital. The capital excluded from distribution amounts to PLN 8.5 as at 31 December 2022.

Notes to the Financial Statements

General information

1. The Company

Cyfrowy Polsat S.A. ('the Company', 'Cyfrowy Polsat') was incorporated in Poland as a joint stock company. The Company's shares are traded on the Warsaw Stock Exchange. The Company's registered head office is located at 4a Łubinowa Street in Warsaw.

The Company operates in Poland as a provider of a paid digital satellite platform under the name of 'Polsat Box' and paid digital terrestrial television as well as telecommunication services provider.

The Company was incorporated under the Notary Deed dated 30 October 1996.

The Company is the Parent Company of Cyfrowy Polsat S.A. Capital Group (the 'Group'). As at 31 December 2023 the Group encompasses the Company, Polkomtel Sp. z o.o. and its subsidiaries, Telewizja Polsat Sp. z o.o. and its subsidiaries and joint ventures, Netia S.A. and its subsidiaries, INFO-TV-FM Sp. z o.o., Interphone Service Sp. z o.o., Teleaudio Dwa Sp. z o.o. Sp. k., Netshare Media Group Sp. z o.o., Orsen Holding Limited and its subsidiaries, Esoleo Sp. z o.o. and its subsidiaries, Stork 5 Sp. z o.o. and its subsidiary, BCAST Sp. z o.o., Plus Finanse Sp. z o.o., Vindix S.A. and its subsidiaries and Port Praski Sp. z o.o. and its subsidiaries and PAK-Polska Czysta Energia Sp. z o.o. and its subsidiaries.

2. Composition of the Management Board of the Company

- Mirosław Błaszczyk — President of the Management Board,
- Maciej Stec — Vice-President of the Management Board,
- Jacek Felczykowski — Member of the Management Board,
- Aneta Jaskólska — Member of the Management Board,
- Agnieszka Odorowicz — Member of the Management Board,
- Katarzyna Ostap-Tomann — Member of the Management Board.

3. Composition of the Supervisory Board of the Company

Composition of the Supervisory Board from 19 July 2023:

- Zygmunt Solorz — Chairman of the Supervisory Board,
- Tobias Solorz — Vice-Chairman of the Supervisory Board,
- Piotr Żak — Vice-Chairman of the Supervisory Board,
- Józef Birka — Member of the Supervisory Board,
- Jarosław Grzesiak — Member of the Supervisory Board,
- Marek Grzybowski — Member of the Supervisory Board,
- Alojzy Nowak — Member of the Supervisory Board,
- Tomasz Szeląg — Member of the Supervisory Board.

Composition of the Supervisory Board to 19 July 2023:

- Zygmunt Solorz — Chairman of the Supervisory Board,
- Marek Kapuściński — Vice-Chairman of the Supervisory Board (until 31 May 2023),
- Józef Birka — Member of the Supervisory Board,
- Jarosław Grzesiak — Member of the Supervisory Board,
- Marek Grzybowski — Member of the Supervisory Board,
- Alojzy Nowak — Member of the Supervisory Board,
- Tobias Solorz — Member of the Supervisory Board,
- Tomasz Szeląg — Member of the Supervisory Board,
- Piotr Żak — Member of the Supervisory Board.

Principles applied in the preparation of financial statements

4. Basis of preparation of the financial statements

Statement of compliance

These financial statements for the year ended 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS EU). The Company applied the same accounting policies in the preparation of the financial data for the year ended 31 December 2023 and the financial statements for 2022, presented in the annual report, except for the EU-endorsed standards and interpretations which are effective for the reporting periods beginning on or after 1 January 2023.

During the year ended 31 December 2023 the following became effective:

a) IFRS 17 Insurance Contracts and Amendments to IFRS 17,
b) Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information,
c) Amendments to IAS 1 Presentation of Financial Statements and IFRS Board guidelines: Disclosure of Accounting policies,
d) Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates,
e) Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction,
f) Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules.

Amendments and interpretations that apply for the first time in 2023 do not have a material impact on the financial statements of the Company.

Standards published but not yet effective:

a) Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback,
b) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current,
c) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements,
d) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

The Company has not early adopted the new or amended standards in preparing these financial statements.

5. Accounting policies

The accounting policies set out below have been applied by the Company consistently to all periods presented in the financial statements.

a) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which are valued at fair value.

b) Going concern assumption

These financial statements have been prepared assuming that the Company will continue as a going concern in the foreseeable future, not shorter than 12 months from 31 December 2023.

c) Functional currency and presentation currency

The financial data in the financial statements is presented in Polish zloty, rounded to million. The functional currency of the Company is the Polish zloty.

d) Judgments and estimates

The preparation of financial statements in conformity with EU IFRS requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and costs. Estimates and underlying assumptions are based on historical data and other factors considered as reliable under the circumstances, and their results provide grounds for an assessment of the carrying amounts of assets and liabilities which cannot be based directly on any other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical estimates and judgements in applying accounting policies is included in note 47.

e) Comparative financial information

Comparative data or data presented in previously published financial statements has been updated, if necessary, in order to reflect presentational changes introduced in the current period. The changes had no impact on previously reported amounts of net income or equity.

f) Foreign currency

Transactions in foreign currencies are translated to Polish zloty at exchange rates effective on a day preceding the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated in accordance with the balance sheet date into Polish zloty at the average exchange rate quoted by the National Bank of Poland (“NBP”) for that date. The foreign exchange differences arising on translation of transactions denominated in foreign currencies and from the balance sheet valuation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the average NBP exchange rate in effect at the date of the valuation. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the average NBP foreign exchange rate in effect at the date the fair value was determined.

g) Financial instruments

Non-derivative financial instruments

Financial assets

Financial assets are classified in the following measurement categories depending on the business model in which assets are managed and their cash flow characteristics:

- assets measured at amortised cost - if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and the contractual terms of this financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- financial asset measured at fair value through other comprehensive income – if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of this financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;
- assets measured at fair value through profit or loss - all other financial assets.

Financial assets at initial recognition are measured at fair value plus, in the case of financial assets not measured at fair value through profit or loss, directly attributable transaction costs. Trade receivables that do not have a significant financial component are initially measured at their transaction price.

Financial assets measured at amortised cost

Financial assets measured at amortised cost include trade and other receivables, loans granted and cash and cash equivalents. Interest income from these financial assets is calculated using the effective interest rate method and is presented within Gain/(loss) on investment activities, net.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include derivative instruments not designated as hedging instruments and equity instruments for which the Company made such choice (shares of Asseco Poland S.A.). Financial assets classified to this category are measured at fair value and the subsequent changes in their fair value are recognized in profit or loss. The subsequent changes in their fair value of derivative instruments not designated as hedging instruments are presented in Gain/(loss) on investment activities, net or Finance costs, net depending on the economic substance of hedged transaction.

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired or the Company has transferred substantially all the risks and rewards of the asset.

Financial liabilities

Financial liabilities include financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss.

Financial liabilities are recognised initially at fair value and, in the case of financial liabilities which are not measured at fair value through profit or loss, net of directly attributable transaction costs.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include loans and borrowings, issued bonds, trade and other payables and lease liabilities. Interest expense related to these financial liabilities is calculated using the effective interest rate method and is presented within Gain/(loss) on investment activities, net or Finance costs, net.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include derivative instruments not designated as hedging instruments. Financial liabilities classified to this category are measured at fair value and the subsequent changes in their fair value are recognized in profit or loss. The subsequent changes in their fair value of derivative instruments not designated as hedging instruments are presented in Gain/(loss) on investment activities, net or Finance costs, net depending on the economic substance of hedged transaction.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss. In case of early repayment, the difference between the carrying amount of the repaid liability and the carrying amount of the new liability is recognized in profit or loss.

Accounting policies related to gains and losses on investment activities and finance costs are presented in 5t.

Derivative financial instruments

Hedge accounting

The Company may use derivative financial instruments such as forward currency contracts, foreign exchange call options, interest rate swaps and cross-currency interest rate swaps to hedge its foreign currency and interest rate risks.

For the purpose of hedge accounting, the Company's hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For cash flow hedges the effective portion of the gain or loss on the hedging instrument is recognized directly as other comprehensive income in the hedge valuation reserve, while any ineffective portion is recognized immediately in the profit or loss.

The amounts recognized within other comprehensive income are transferred from equity to the income statement when the hedged transaction affects profit or loss, such as when the related gain or loss is recognized in finance cost or when a forecast sale occurs.

Gains and losses from the settlement of derivative instruments that are designated as, and are effective hedging instruments, are presented in the same position as the impact of the hedged item. The derivative instrument is divided into a current portion and a non-current portion only if a reliable allocation can be made.

In accordance with IFRS 9, the Company chose to apply hedge accounting requirements as in IAS 39 instead of those included in IFRS 9.

h) Equity

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity.

Preferred shares

Preference share capital is classified as equity, if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognized as distributions within equity.

Costs attributable to the issue and public offer of shares

Costs attributable to a new issue of shares are recognized in equity while costs attributable to a public offering of existing shares are recognized directly in finance costs. These costs relating to both new issue and sale of existing shares are recognized on a pro-rata basis in equity and finance costs.

Share premium

Share premium includes the excess of issue value over the nominal value of shares issued decreased by share issuance-related consulting costs.

Retained earnings

Retained earnings include net result, reserve capital and effect of merger with the Company. Effect of merger is calculated as the difference between assets and liabilities of the merged entity.

In accordance with the provisions of article 396 of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital. This capital is excluded from distribution, however, it can be utilised to cover accumulated losses.

i) Property, plant and equipment

Property, plant and equipment owned by the Company

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes purchase price of the asset and other expenditure that is directly attributable to the acquisition and bringing the asset to a working condition for its intended use, including initial delivery as well as handling and storage costs. The cost of purchased assets is reduced by the amounts of vendor discounts, rebates and other similar reductions received.

The cost of self-constructed assets and assets under construction includes all costs incurred for their construction, installation, adoption, and improvement as well as borrowing costs incurred until the date they are accepted for use (or until the reporting date for an asset not yet accepted for use). The above cost also may include, if necessary, the estimated cost of dismantling and removing the asset and restoring the site. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Investment property

Investment property is defined as a property (land, building, or both) held by the Company to earn rentals or for capital appreciation or both.

Investment property is measured initially at cost.

Once recognized all investment property held by the Company are measured using the cost model as set out in IAS 16. This means that the assets are recognized at cost model as presented above in point Property Plant and Equipment owned by the Company.

Investment property is removed from the balance sheet on disposal or when it is permanently withdrawn from use and no further economic benefits are expected from its disposal.

Subsequent costs

Subsequent cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company and the amount of the cost can be measured reliably. Replaced item is derecognised. Other property, plant and equipment related costs are recognized in profit and loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for property, plant and equipment are as follows:

Reception equipment	2 or 3 or 5	years
Buildings and structures	2-61	years
Technical equipment and machinery	2-22	years
Vehicles	2-10	years
Other	2-26	years

Depreciation methods, useful lives and residual values of material assets are reviewed at each financial year-end and adjusted if appropriate.

Leased assets

Assets used by the Company under lease, tenancy, rental or similar contracts which meet lease definition, are classified separately in the balance sheet as right-of-use assets.

Equipment that is provided to customers under operating lease agreements are recognized within non-current assets (Reception equipment in the balance sheet) and depreciated as described in point related to depreciation. The set-top boxes are depreciation over a period that exceeds the period the lease agreements are entered into.

Carrying amounts of reception equipment and other items of property, plant and equipment as well as right-of-use assets may be reduced by impairment losses whenever there is uncertainty as to those assets' revenue generating potential or their future use in the Company's operations. The accounting policies relating to impairment are presented in note 5m.

Detailed accounting policies related to lease contracts are described in point 5u.

j) Intangible assets

Goodwill

Goodwill is presented at purchase price less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if possible impairment is indicated. Goodwill is allocated to acquirer's cash-generating units for the purpose of testing for impairment. 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.

Other intangible assets

The Company capitalizes costs of IT software internally generated, including employee-related expenses, directly resulting from generating and preparing an asset to be capable of operating, if the Company is able to demonstrate: the technical feasibility of completing the intangible asset so that it will be available for use or sale; its intention to complete the intangible asset and use or sell it; its ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits, the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Other intangible assets acquired by the Company are stated at cost less accumulated amortization and impairment losses.

Subsequent expenditure on existing intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in the profit or loss as incurred.

Amortization is based on the cost of an asset less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for respective intangible assets groups are as follows:

- Computer software: 2-15 years,
- Other: 2-10 years.

k) Shares in subsidiaries and associates

Shares in subsidiaries and associates are measured at cost less impairment losses. Accounting principles relating to impairment testing are presented in note 5m.

Subsidiaries are entities controlled by the Company. Associates are all entities over which the Company has significant influence but not control or joint control, over the financial and operating policies. This is generally the case where the Company holds between 20% and 50% of the voting rights.

l) Inventories

Inventories are measured at the lower of cost or net realizable value. Cost of acquisition or production cost of inventories is determined by using the weighted average cost of acquisition or production cost of inventory.

The cost of inventories includes purchase price, costs relating directly to the acquisition and the costs related to preparing the inventory for use or sale.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. In the case of set-top boxes, mobile phones, modems and tablets, which under the business model applied by the Company are sold below cost, the loss on the sale is recorded when transferred to the customer.

The Company creates an allowance for slow-moving or obsolete inventories.

m) Impairment of assets

Financial assets measured at amortised cost

The Company measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables and contract assets. The trade receivables and loans receivables are assessed for impairment collectively in groups that share similar credit risk characteristics. The expected credit losses are estimated based on historical pattern for overdue receivables collection adjusted with currently available forward-looking information. The credit risk characteristics of contract assets correspond to the credit risk characteristics of trade receivables for a particular type of contract.

The Company considers financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full.

The Company considers a financial asset to be credit impaired when events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, including significant financial difficulty of the debtor or a breach of contract, such as a default or past due event.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of intangible assets which are not yet ready for use is assessed at each financial year-end.

The Company considers on annual basis whether there are indicators that investments in subsidiaries suffered any impairment (i.a. value of net assets). If so, then the impairment test is performed and the recoverable amount of the investment is estimated based on value-in-use calculations

An impairment loss is recognized when the carrying amount of an asset or a cash-generating unit is greater than its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the income statement. An impairment loss for a cash-generating unit is initially recognized as a decrease of goodwill assigned to this unit (group of units), then it proportionally reduces the carrying amount of other assets from this unit (group of units).

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In the case of assets that do not generate independent cash flows, the value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs.

An impairment loss for goodwill cannot be reversed. As for other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss other than that in respect of goodwill is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

n) Employee benefits

Defined contribution program

The Company is obliged, under applicable regulations, to collect and remit the contribution to the state pension fund. These benefits, according to IAS 19 Employee Benefits represent state plans and are classified as defined contribution plans. Therefore, the Company's obligations for each period are estimated as the amount of contributions to be remited for a given period.

Defined benefit program – retirement benefits

The Company is obliged to pay retirement benefits calculated in accordance with the relevant provisions of the Polish labour code. The minimum retirement benefit is as per the labour code provisions at the moment of payment.

The calculation is carried out using the Projected Unit Credit Method. Employee rotation is estimated based on historical experience and forecasts of future employment levels.

Changes in the value of the retirement benefit provision are recognized in the income statement. Actuarial gains and losses are recognized in the equity, in other comprehensive income in full in the period they originated.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recognized as an expense as the related service is provided.

The Company recognizes a liability and charges the income statement for the amounts expected to be paid under short-term bonuses, if the Company has a legal or constructive obligation to make such payments as a result of past services provided by the employees and the obligation can be estimated reliably.

o) Provisions

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Where the effect of the time value of money is material, the Company discounts the provision, using a pre-tax discount rate that reflects current market assessments of the time value of money and those risks specific to the component of the liability.

Certain disclosures may not be included in these financial statements as they relate to sensitive information.

Warranty provision

A warranty provision is recognized when products or goods, for which the warranty was granted, are sold. The amount of the provision is based on historical warranty data and on a weighted average of all possible outflows connected with warranty claims against their associated probabilities.

p) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events, but its amount cannot be estimated reliably or it is not probable that there will be an outflow of resources embodying economic benefits.

A contingent liability is disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote.

Unless the possibility of any outflow in settlement is remote, the Company discloses for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:

- an estimate of its financial effect,
- an indication of the uncertainties relating to the amount or timing of any outflow, and
- the possibility of any reimbursement.

q) Revenue

Identifying a contract with a customer

The Company applies contract-by-contract approach, meaning that the transaction price and separate performance obligations and rights arising under the contract are determined at the level of a distinct contract with a subscriber. The Company does not apply portfolio approach.

Determination of the transaction price

The estimation regarding transaction price is updated during contract period. If a contract is based on a variable consideration, the Company always recognizes the minimum value of consideration at the moment of concluding the contract. Contract length is assumed to be the nominal basic period resulting from the contract terms.

In case of prepaid services, the value of the balance unused by the customer is recognized as revenue when the grace period of the account expires.

The time value of money is included in the transaction price if the contract contains a material financing factor. This factor is considered at the distinct contract level. The Company recognizes a significant financing factor only within installment sales. Identification of the discount causes a reduction in nominal sales revenues by the financing factor value and recognition of interest during the term of the contract. To calculate the significant financing factor the Company uses a discount rate that reflects the customer's credit risk at the moment of concluding the contract.

The Company adopted the following hierarchy of methods for determining the fair price (unit price) of equipment (the preferred method is the method of prices obtained from the sale of similar goods):

a) Price obtained from the sale of similar goods,

b) Price based on accounting cost.

Company adopted the following hierarchy of methods for determining the unit price of a service:

a) Price obtained from the sale of similar goods,

b) Residual approach (in the B2B area).

Revenue recognition

Revenues are recognized in the amount of transaction price for the sale of services and equipment, net of value of discounts, refunds and rebates, in the ordinary course of business. Revenue is recognized only when there is a high probability that the subscriber makes payment, the associated expenses can be reliably assessed and the revenue amount can be reliably measured. If there is a likelihood of granting rebates whose value can be precisely measured, such rebates decrease sales revenue upon their recognition.

In order to properly recognize revenue, the Company assesses at the contract inception whether each separate performance obligation is satisfied over time or at a point in time.

The Company's main sources of revenue are recognized as follows:

- Retail revenue consists primarily of subscription fees paid by our pay digital television contract customers and our contract customers for telecommunication services. Retail revenue also includes received contractual penalties related to terminated agreements which are recognized when the contract is terminated and revenue from the rental of reception equipment. Revenue from above mentioned services is recognized as these services are provided.

  Revenue from the rental of reception equipment is recognized on a straight-line basis over the minimum base period of the subscription contract.

  Revenues from prepaid mobile services are recognized in profit or loss once the prepaid credit is utilised or forfeited.

- Wholesale revenue consists of revenue from the sale of broadcasting and signal transmission, advertising and sponsorship revenue, revenue from the sale of licenses, sublicenses and property rights.

  Wholesale revenue is recognized, net of any discount given, when the services are provided.

  Revenue from sale of equipment is measured at the fair value of the consideration received or receivable, in case of multi-element contracts after the allocation of the transaction price based on the standalone selling price, net of discounts, rebates and returns. Revenue from the sale of goods is recognized in profit or loss when the control has been transferred to the customer.

- Other revenue is recognized, net of any discount given, when the relevant goods or service are provided.

The Company's process for revenue recognition from multi-element contracts consists of:

- assessment of all goods and services provided to the client under the contract and identifying separate performance obligations in that contract,
- determining and allocating the transaction prices to separate performance obligations in the contract; the allocation is based on the reference to their relative standalone selling prices that could be obtained if the promised goods and services were sold individually in a separate transaction.

Contract asset is the Company's right to remuneration in exchange for goods or services that the Company has transferred to a customer. It includes in particular corrections of consideration due according to the contract with customer regarding promotional offer that includes initial discounted periods.

Contract liabilities is the Company's obligation to transfer services to a customer in exchange for remuneration the Company received (or the remuneration is due). It includes the correction of consideration due according to the contract with customer for the current or previous periods, allocated to obligations not completely fulfilled or partially unfulfilled.

r) Distribution fees

Commissions for distributors for registering new subscribers and for retention of existing subscribers are recognized during the minimum basic period of the subscription agreement and presented in the income statement in Distribution, marketing, customer relation management and retention costs.

Turnover commissions for concluding a certain number of subscription contracts are recognized in the income statement as they are due.

Commissions for distributors which will be settled within the period of 12 months after the balance sheet date are presented as current assets, however, the commissions, which will be settled after the 12-month period from the balance sheet date, are presented as non-current assets.

s) Revenues and costs of barter transactions

Revenues from barter transactions for dissimilar services or goods are recognized when the services are rendered or goods are delivered. Programming licenses, products or services are expensed or capitalized when received or used. The Company recognizes barter transactions based on the estimated fair value of the received programming licenses, products or services.

t) Gains and losses on investment activities and finance costs

Gains and losses on investment activities income includes interest income on funds invested, interest expenses (including interest on lease liabilities but other than interest expenses on borrowings), dividends income, share in the profits of partnerships, net foreign currency gains/losses, result from disposal of shares in subsidiaries and results on completed forward exchange contracts and call options related to investment activities, impairment losses recognized on financial assets. Interest income and expense (other than interest expense on borrowings) is recognized as it accrues in profit or loss using the effective interest rate method. Dividends income is recognized in profit or loss on the date that the Company's right to receive payment is established, with the exception of advance dividend shown as other liabilities, if there is a likelihood of the return on the basis of the final distribution of financial results of the subsidiaries. Share in the profits of partnerships are recognized once unconditional right to the division of these profits is gained. Share in the losses of partnerships are recognized in accordance with the partners' agreements.

Finance costs comprise interest expense on borrowings (including bank loans and issued bonds), foreign exchange gains/losses on bank loans and issued bonds, realization and valuation costs of hedging instruments and instruments not under hedge accounting related to finance activities, bank and other charges on borrowings as well as guarantee fees resulting from the indebtedness. Borrowing costs are recognized in profit or loss using the effective interest rate method.

u) Leasing

Company as a lessor

Agreements which meet the lease definition are classified as finance lease or operating lease. The main criterion is the extent to which the risks and rewards associated with the leased asset are transferred between the Company and the lessee.

Similarly to agreements in which the Company acts as a lessee, the Company as a lessor also determines for each agreement: commencement date, lease term, lease payments and interest rate. At the commencement date lessor accounts for the finance lease by:

- excluding carrying amount of the underlying asset,
- recognizing net investment in the lease,
- recognizing selling profit or loss in profit and loss statement (if applicable).

For operating leases, the Company recognizes revenue in profit and loss statement on a straight line basis.

Company as a lessee

Assets

Assets used under agreements which meet the lease definition are recognized as right-of-use assets and lease liabilities representing the Company's obligation to make payments for the underlying assets on the day when the leased assets are available for use by the Company.

At the commencement date, the right-of-use assets are measured at cost and consist of the following:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct cost incurred by the lessee,
- an estimate of costs of dismantling, removing and restoring the underlying asset and/or the site where it is located.

After the commencement date, the right-of-use assets are measured at cost less accumulated depreciation, accumulated impairment losses and adjusted for remeasurement of the lease liability resulting from reassessment or lease modification which does not require recognition of a separate lease component.

Right-of-use assets are depreciated on a straight-line basis over the shorter of: the term of the lease agreement or the useful life of the underlying asset. If the Company is reasonably certain that ownership of the underlying asset will be transferred to the lessee by the end of the lease term – then the right-of-use asset shall be depreciated from the commencement date to the end of its useful life.

The Company depreciates the right-of-use assets as follows:

- office space and other premises: 3-13 years,
- points of sale premises: 2 years,
- vehicles: 4-5 years.

Right-of-use assets are subject to impairment based on the accounting policies as presented in note 5m.

Liabilities

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance 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,
- the exercise price of purchase option if the lessee is reasonably certain to exercise that option,
- payments of penalties for early terminating the lease (understood as any economic factors discouraging the Company from terminating the contract), if the lease term reflects that the lessee will exercise the option to terminate the lease,
- amounts expected to be payable by the lessee under residual value guarantees.

Lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise the lessee’s incremental borrowing rate is used.

After the commencement date, the Company measures the lease liability by:

- increasing the carrying amount to reflect interest expense on the lease liability;
- reducing the carrying amount to reflect the lease payments made;
- remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g. change in the lease term or the amount of future lease payments.

Interest expenses on lease liabilities are recognized in profit or loss over the term of the lease.

v) Income tax

Income tax expense/benefit for the year comprises current and deferred tax. Income tax is recognized in profit or loss except for items recognized directly in other comprehensive income.

Current tax is the tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are measured based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, respectively, using tax rates enacted or substantively enacted at the balance sheet date.

The Company does not recognize deferred tax liability for taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements when the Company is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be partly or wholly realised. When not recognized deferred tax asset becomes recoverable, it is recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

The Company recognizes a deferred tax asset used to carry over unused tax losses to the extent that it is probable that the future taxable profits will be available and unused tax losses may be utilized. While assessing whether the future taxable profits available will be sufficient, the Company takes into account inter alia forecasted future tax revenues.

Deferred tax assets and liabilities are offset by the Company as criteria for offsetting from IAS 12 are fulfilled.

w) Earnings per share

The Company presents basic and diluted earnings per share for its ordinary and preference shares. Basic earnings per share are calculated by dividing the period’s profit or loss from continuing operations attributable to ordinary and preference shareholders of the Company by the weighted average number of ordinary and preference shares outstanding during the period. Diluted earnings per share are calculated by dividing the period’s profit or loss from the continued operations attributable to ordinary and preference shareholders by the weighted average number of ordinary and preference shares adjusted for all potentially dilutive ordinary and preference shares.

x) Segment reporting

The Company operates in the individual and business customers segments which relates to the provision of services to the general public, including digital television transmission signal, mobile services, the Internet access services, the mobile TV services and the online TV services.

The Company conducts its operating activities in Poland.

Further information on segments is presented in the consolidated financial statements of the Group.

y) Cash flow statement

Cash and cash equivalents in the cash flow statement are equal to cash and cash equivalents presented in the balance sheet.

The purchase of reception equipment provided to clients under operating lease contracts is classified in the cash flow statement in operating activities. The purchase and sales of reception equipment are classified in the cash flow statement in operating activities and presented as Net disposals/(additions) in reception equipment provided under operating lease.

Purchases of property, plant and equipment or intangible assets are presented in their net amount (net of VAT).

z) Business combinations among entities under common control

In principle, the issues relating to acquisitions and business combinations are regulated by IFRS 3 “Business combinations”. However, transactions under common control are excluded from the scope of this standard. The situation in which a given transaction or business phenomenon that require recognizing in financial statements prepared in accordance with IFRS are not regulated by the provisions of the individual standards is regulated by the provisions of IAS 8, points 10-12. These provisions put an entity which prepares its financial statements in accordance with IFRS under an obligation to determine an accounting policy and to use it on a consistent basis for similar transactions.

The Company decided to apply the predecessor accounting method to account for the combination of entities that are under common control. This method is based on the assumption that the entities combining were, both before and after the transaction, controlled by the same shareholder and, therefore, the financial statements reflect the continuity of joint control.

The predecessor accounting method guidelines for the merger of the parent company with its subsidiaries are as follow:

- Assets and liabilities are not adjusted to reflect fair values as at the merger date. Instead, the acquirer recognizes in its financial statements assets and liabilities in the amount as recognized in the financial statements of the predecessor. “Predecessor values” are the carrying amounts of the merged subsidiary, which were recognized in the consolidated financial statements of the parent company. These amounts include the goodwill on acquisition of shares in a subsidiary recognized in the consolidated financial statements of the parent company.
- Intercompany transactions and balances between the merging entities are eliminated.
- Goodwill other than already recognized in the consolidated financial statements of the parent company is not recognized.
- Share capital of the combined entity is the share capital of the acquiring entity. Share capital of a predecessor is eliminated.
- Other elements of predecessor’s equity are added to the relevant items of the acquiring company’s equity. The difference between the value of net assets and payment is recognized in the Retained earnings.

Pursuant to the predecessor accounting method, the Company recognizes in its financial statements the assets and liabilities of the acquired subsidiary at their carrying amounts as recognized in the consolidated financial statements of the Group.

The Company recognized business combinations under common control prospectively from the date of the merger, i.e. standalone financial statements of the Company will include the assets, liabilities, income, costs and cash flows of acquired entities from the date of the legal merger. Comparative data will remain unchanged.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

6. Determination of fair values

A number of accounting principles and disclosures require the determination of fair value for both financial and non-financial assets and liabilities. The methods for determining fair values are described below. In justified cases, further information on methods of fair value measurement is described in the appropriate notes specific to that asset or liability.

Derivatives

The fair value of derivatives is calculated based on their quoted closing bid price at the balance sheet date or, in the lack thereof, other inputs that are observable for the asset or liability, either directly (i. e. as prices) or indirectly (i. e. derived from prices). In the second case, the fair value of derivatives is estimated as the present value of future cash flows, discounted using the market interest rate at the reporting date. Information on the structure of Polish and Eurozone interest rates and Polish zloty exchange rate are used in order to estimate future cash flows and market interest rate.

Non-derivative financial assets

The fair value of non-derivative financial asset for disclosure purposes is estimated as the present value of future cash flows discounted using a market interest rate as at the balance sheet date. If instruments are quoted, the fair value is estimated based on market prices.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on liabilities' quoted closing bid price at the balance sheet date or, in the lack thereof, estimated on the present value of future principal and interest cash flows, discounted using the market interest rate at the reporting date. Market interest rate is estimated as interbank interest rate for a given currency zone (WIBOR, EURIBOR) plus a margin regarding the Company's credit risk. A market interest rate for a lease contract is estimated based on interest rates for similar lease contracts.

7. Approval of the Financial Statements and identification of the Consolidates Financial Statements

These financial statements were approved for publication by the Management Board on 10 April 2024.

The Company as the Parent Company prepared consolidated financial statements for the year ended 31 December 2023 which were approved for publication by the Management Board on 10 April 2024.

Explanatory notes

8. Revenue

	for the year ended	
	31 December 2023	**31 December 2022**
Retail revenue	2,048.8	2,182.6
Wholesale revenue	76.0	84.8
Sale of equipment	29.7	31.6
Other revenue	90.8	83.5
Total	**2,245.3**	**2,382.5**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Retail revenue mainly consists of pay-TV, telecommunication services, revenue from rental of reception equipment and contractual penalties related to terminated agreements.

9. Operating costs

		for the year ended	
	Note	31 December 2023	31 December 2022
Content costs		856.7	850.5
Technical costs and costs of settlements with telecommunication operators		440.8	463.4
Distribution, marketing, customer relation management and retention costs		299.2	280.9
Depreciation, amortization, impairment and liquidation		177.1	174.3
Salaries and employee-related costs	a)	163.1	149.6
Cost of equipment sold		22.3	21.1
Cost of debt collection services and bad debt allowance and receivables written off		6.7	3.3
Other costs		98.2	99.0
Total		**2,064.1**	**2,042.1**

a) Salaries and employee-related costs

	for the year ended	
	31 December 2023	31 December 2022
Salaries	133.0	125.4
Social security contributions	21.5	19.4
Other employee-related costs	8.6	4.8
Total	**163.1**	**149.6**

Average headcount of non-production employees*

	for the year ended	
	31 December 2023	31 December 2022
Employment contracts (full-time equivalents)	966	904

* excluding workers who did not perform work in the reporting period due to long-term absences

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

10. Gain on investment activities, net

		for the year ended	
	Note	31 December 2023	31 December 2022
Dividends		659.5	945.4
Share in the profits of partnerships		6.3	64.8
Gain on sale of shares in a subsidiary/associate	20, 45	235.7	100.0
Interest income on loans granted		112.4	46.3
Interest income other		54.7	23.7
Exchange rate differences		(86.3)	(2.3)
Estimated future losses on loans granted		(75.2)	-
Other income/(expense)		(16.0)	10.8
Total		**891.1**	**1,188.7**

11. Finance costs, net

	for the year ended	
	31 December 2023	31 December 2022
Interest expense on loans and borrowings	139.4	98.1
Interest expense on issued bonds	348.0	155.6
Exchange rate differences on loan valuation	(57.9)	-
One-time revenue resulting from modification of cash flows as a result of bond conversion	(20.8)	-
Valuation and realization of hedging instruments	(14.4)	(19.8)
Guarantee fees	8.9	6.2
Bank and other charges	1.7	1.8
Total	**404.9**	**241.9**

12. Income tax

Income tax in the income statement

	for the year ended	
	31 December 2023	31 December 2022
Corporate income tax	31.1	65.5
Change in deferred income tax in the income statement	(12.9)	(24.2)
Income tax expense in the income statement	**18.2**	**41.3**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Change in deferred income tax

	for the year ended	
	31 December 2023	31 December 2022
Receivables and other assets	(2.3)	4.9
Liabilities	(16.6)	(25.0)
Deferred distribution fees	(0.9)	(1.6)
Tangible and intangible non-current assets	6.9	(2.5)
Change in deferred income tax - total	**(12.9)**	**(24.2)**

Income tax recognized in other comprehensive income

	for the year ended	
	31 December 2023	31 December 2022
Change in deferred income tax on hedge valuation	(5.5)	2.2
Income tax expense recognized in other comprehensive income - total	**(5.5)**	**2.2**

Effective tax rate reconciliation

	for the year ended	
	31 December 2023	31 December 2022
Profit before income tax	702.8	1,289.9
Profit before tax multiplied by the statutory tax rate in Poland of 19%	**133.5**	**245.1**
Dividend received from subsidiaries	(126.5)	(191.9)
Other	11.2	(11.9)
Tax charge for the year	**18.2**	**41.3**
Effective tax rate	**2.6%**	**3.2%**

Deferred tax assets

	31 December 2023	31 December 2022
Liabilities	108.6	76.1
Receivables and other assets	26.6	18.5
Total deferred tax assets	**135.2**	**94.6**
Offsetting of deferred tax liabilities and deferred tax assets	(135.2)	(94.6)
Deferred tax assets in the balance sheet	**-**	**-**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Deferred tax liabilities

	31 December 2023	31 December 2022
Receivables and other assets	53.6	47.8
Deferred distribution fees	12.8	13.7
Tangible and intangible non-current assets	81.2	74.3
Liabilities	27.9	17.5
Total deferred tax liabilities	**175.5**	**153.3**
Offsetting of deferred tax liabilities and deferred tax assets	(135.2)	(94.6)
Deferred tax liabilities in the balance sheet	**40.3**	**58.7**

The tax authorities may at any time inspect the books and records within 5 years from the end of the year when a tax declaration was submitted, and may impose additional tax assessments with penalty interest and penalties. Furthermore, on 15 July 2016 provisions of General Anti-Avoidance Rule (GAAR) were introduced, which aim at preventing establishing and using artificial legal arrangements with tax savings as its principal purpose. Frequent amendments in the tax laws and contradicting legal interpretations among the tax authorities result in uncertainties and lack of consistency in the tax system, which in fact lead to difficulties in the judgement of the tax consequences in the foreseeable future.

13. EBITDA (unaudited)

EBITDA (earnings before interest, taxes, depreciation, amortization, impairment and liquidation) presents the Company's key measure of earnings performance. The level of EBITDA measures the Company's ability to generate cash from recurring operations, however it is neither a measure of liquidity nor cash level. The Company defines EBITDA as operating profit adjusted by depreciation, amortization, impairment and liquidation. EBITDA is not an IFRS EU measure, and as such can be calculated differently by other entities.

	for the year ended	
	31 December 2023	31 December 2022
Net profit for the period	639.6	1,248.6
Income tax (see note 12)	18.2	41.3
Gain/(loss) on investment activities, net (see note 10)	(891.1)	(1,188.7)
Finance costs, net (see note 11)	404.9	241.9
Depreciation, amortization, impairment and liquidation* (see note 9)	177.1	174.3
EBITDA (unaudited)	**348.7**	**517.4**

* depreciation, amortization, impairment and liquidation comprise depreciation and impairment of property, plant and equipment, amortisation and impairment of intangible assets and right-of-use assets as well as net book value of disposed property, plant, equipment and intangible assets

14. Basic and diluted earnings per share

As at the balance sheet date, the Company did not have financial instruments that could have a dilutive effect, therefore the Company's diluted earnings per share are equal to basic earnings per share.

	for the year ended	
	31 December 2023	31 December 2022
Net profit for the period	639.6	1,248.6
Weighted average number of ordinary and preference shares in the year	550,703,531	557,758,269
Earnings per share in PLN (not in millions)	**1.16**	**2.24**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

15. Property, plant and equipment

	Reception equipment	Land	Buildings and structures	Technical equipment and machinery	Vehicles	Other	Tangible assets under construction	Advances for tangible assets under construction	**Other property, plant and equipment**
Cost									
Cost as at 1 January 2023	**1,387.6**	**15.6**	**111.1**	**186.5**	**0.7**	**24.0**	**103.5**	**-**	**441.4**
Additions	**163.5**	-	0.6	11.4	0.1	0.3	-	-	**12.4**
Transfer from assets under construction	**-**	-	59.9	13.3	-	1.0	(74.2)	-	**-**
Transfer between groups	**-**	-	(53.1)	-	-	-	-	-	**(53.1)**
Disposals	**(81.4)**	-	(1.1)	(4.9)	-	-	(5.9)	-	**(11.9)**
Cost as at 31 December 2023	**1,469.7**	**15.6**	**117.4**	**206.3**	**0.8**	**25.3**	**23.4**	**-**	**388.8**
Accumulated impairment losses									
Accumulated impairment losses as at 1 January 2023	**4.1**	**-**	**-**	**0.1**	**-**	**-**	**-**	**-**	**0.1**
Additions	**0.8**	-	-	-	-	-	-	-	**-**
Decrease	**-**	-	-	-	-	-	-	-	**-**
Accumulated impairment losses as at 31 December 2023	**4.9**	**-**	**-**	**0.1**	**-**	**-**	**-**	**-**	**0.1**
Accumulated depreciation									
Accumulated depreciation as at 1 January 2023	**1,051.7**	**-**	**62.0**	**164.2**	**0.7**	**20.2**	**-**	**-**	**247.1**
Additions	**130.5**	-	4.5	11.6	-	1.2	-	-	**17.3**
Disposals	**(80.0)**	-	(1.0)	(4.9)	-	-	-	-	**(5.9)**
Accumulated depreciation as at 31 December 2023	**1,102.2**	**-**	**65.5**	**170.9**	**0.7**	**21.4**	**-**	**-**	**258.5**
Carrying amount									
Carrying amount as at 1 January 2023	**331.8**	**15.6**	**49.1**	**22.2**	**-**	**3.8**	**103.5**	**-**	**194.2**
Carrying amount as at 31 December 2023	**362.6**	**15.6**	**51.9**	**35.3**	**0.1**	**3.9**	**23.4**	**-**	**130.2**

The Company recognized creation of an impairment loss on items of property, plant and equipment. The impairment allowance is recognized in ‘depreciation, amortization, impairment and liquidation’.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	Reception equipment	Land	Buildings and structures	Technical equipment and machinery	Vehicles	Other	Tangible assets under construction	Advances for tangible assets under construction	Other property, plant and equipment
Cost									
Cost as at 1 January 2022	**1,392.5**	**15.5**	**109.9**	**185.5**	**0.7**	**23.3**	**22.6**	**-**	**357.5**
Additions	**133.2**	0.1	0.9	2.9	-	0.7	82.4	-	**87.0**
Transfer from assets under construction	**-**	-	0.9	0.6	-	-	(1.5)	-	**-**
Transfer between groups	**-**	-	(0.6)	-	-	-	-	-	**(0.6)**
Disposals	**(138.1)**	-	-	(2.5)	-	-	-	-	**(2.5)**
Cost as at 31 December 2022	**1,387.6**	**15.6**	**111.1**	**186.5**	**0.7**	**24.0**	**103.5**	**-**	**441.4**
Accumulated impairment losses									
Accumulated impairment losses as at 1 January 2022	**3.9**	**-**	**-**	**0.1**	**-**	**-**	**-**	**-**	**0.1**
Additions	**0.7**	-	-	-	-	-	-	-	**-**
Decrease	**(0.5)**	-	-	-	-	-	-	-	**-**
Accumulated impairment losses as at 31 December 2022	**4.1**	**-**	**-**	**0.1**	**-**	**-**	**-**	**-**	**0.1**
Accumulated depreciation									
Accumulated depreciation as at 1 January 2022	**1,056.1**	**-**	**58.0**	**156.7**	**0.7**	**19.1**	**-**	**-**	**234.5**
Additions	**132.2**	-	4.0	10.0	-	1.1	-	-	**15.1**
Disposals	**(136.6)**	-	-	(2.5)	-	-	-	-	**(2.5)**
Accumulated depreciation as at 31 December 2022	**1,051.7**	**-**	**62.0**	**164.2**	**0.7**	**20.2**	**-**	**-**	**247.1**
Carrying amount									
Carrying amount as at 1 January 2022	**332.5**	**15.5**	**51.9**	**28.7**	**-**	**4.2**	**22.6**	**-**	**122.9**
Carrying amount as at 31 December 2022	**331.8**	**15.6**	**49.1**	**22.2**	**-**	**3.8**	**103.5**	**-**	**194.2**

The Company recognized creation as well as utilization of an impairment loss on items of property, plant and equipment. The impairment allowance is recognized in 'depreciation, amortization, impairment and liquidation'.

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16. Impairment test on goodwill allocated to the “B2C and B2B” cash-generating unit

The Company recognized goodwill in the amount of PLN 197.0 on the acquisition of M.Punkt Holdings Ltd. and Redefine Sp. z o.o. in the financial statements and allocated them to the “B2C and B2B services” cash-generating unit. “B2C and B2B services” cash-generating unit is equivalent to the Company. Upon merger of M.Punkt Holdings and Redefine with the Company recognized in the consolidated financial statements was disclosed in the standalone financial statements (see accounting policy in note 5z).

Goodwill was tested for impairment as at 31 December 2023. The impairment test did not indicate impairment.

The impairment test was based on the recoverable amounts of the cash-generating unit to which the goodwill has been allocated. The recoverable amount of the cash-generating unit is determined based on the value-in-use calculations. The Company tests the total carrying amount of the cash-generating unit and any impairment identified is recognized in the profit or loss immediately with respect to goodwill first and is not subsequently reversed. If goodwill is fully impaired the remaining amount of the impairment loss is allocated to other assets of the cash-generating unit on a pro rata basis.

In the annual impairment test performed by the Company as at 31 December 2023 the calculation of value-in-use was based on discounted free cash flows and involved the use of estimates related to cash flow before tax projections based on actual financial business plans covering the 5-year period until 2028. Cash flow projections after 5-year forecast period are estimated using the terminal growth rate. Terminal growth rate does not exceed the long-term average growth rate for the country in which the Company operates.

The key financial assumptions

The most sensitive key financial assumptions used in the value-in-use calculations of the “B2C and B2B services” cash-generating unit were as follows:

- discount rate,
- terminal growth rate used for estimating free cash flows beyond the period of financial plans.

	B2C and B2B services	
	2023	2022
Terminal growth	2.0%	2.0%
Discount rate before tax	9.9%	12.7%

Discount rate – the discount rate reflects the estimate made by the management of the risks specific to cash-generating unit, taking into account the time value of money and risks specific to the asset. The discount rate was estimated on the basis of weighted average cost of capital method (WACC) and considered Company’s business environment. WACC considers both debt and equity. Cost of equity is based on the return on investment expected by the Company’s investors while cost of debt is based on the interest bearing debt instruments. Operating segment - specific risk is considered by the estimation of beta. Beta is estimated annually and is based on the market data.

Terminal growth rate – growth rates are based on widely available published market data.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Sensitivity analysis of key financial assumptions

The Company believes that the key assumptions made in testing for impairment of the cash-generating unit as at 31 December 2023 are reasonable and are based on our experience and market forecasts that are published by the industry experts. Management believes that any reasonably possible change in the key assumptions on which the cash-generating unit's recoverable amount is based would not cause the impairment charge to be recognized.

17. Other intangible assets

	Software and licenses	Other	Under development	Total
Cost				
Cost as at 1 January 2023	**264.4**	**5.7**	**65.3**	**335.4**
Additions	18.7	-	17.9	**36.6**
Transfer from intangible assets under development	40.2	-	(40.2)	**-**
Disposals	(12.1)	-	-	**(12.1)**
Cost as at 31 December 2023	**311.2**	**5.7**	**43.0**	**359.9**
Accumulated amortization				
Accumulated amortization as at 1 January 2023	**223.3**	**1.5**	**-**	**224.8**
Additions	19.1	0.4	-	**19.5**
Disposals	(12.1)	-	-	**(12.1)**
Accumulated amortization as at 31 December 2023	**230.3**	**1.9**	**-**	**232.2**
Carrying amounts				
Carrying amounts as at 1 January 2023	**41.1**	**4.2**	**65.3**	**110.6**
Carrying amounts as at 31 December 2023	**80.9**	**3.8**	**43.0**	**127.7**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	Software and licenses	Other	Under development	Total
Cost				
Cost as at 1 January 2022	**253.2**	**5.6**	**51.3**	**310.1**
Additions	4.9	0.1	30.6	**35.6**
Transfer from intangible assets under development	16.6	-	(16.6)	**-**
Disposals	(10.3)	-	-	**(10.3)**
Cost as at 31 December 2022	**264.4**	**5.7**	**65.3**	**335.4**
Accumulated amortization				
Accumulated amortization as at 1 January 2022	**212.7**	**1.0**	**-**	**213.7**
Additions	20.8	0.5	-	**21.3**
Disposals	(10.2)	-	-	**(10.2)**
Accumulated amortization as at 31 December 2022	**223.3**	**1.5**	**-**	**224.8**
Carrying amounts				
Carrying amounts as at 1 January 2022	**40.5**	**4.6**	**51.3**	**96.4**
Carrying amounts as at 31 December 2022	**41.1**	**4.2**	**65.3**	**110.6**

18. Right-of-use assets

	Vehicles	Points of sale premises	Office space and other premises	Total
Cost				
Cost as at 1 January 2023	**0.1**	**0.4**	**29.7**	**30.2**
Additions	-	-	9.6	**9.6**
Disposals	(0.1)	(0.4)	(0.9)	**(1.4)**
Cost as at 31 December 2023	**-**	**-**	**38.4**	**38.4**
Accumulated amortization				
Accumulated amortization as at 1 January 2023	**0.1**	**0.2**	**14.1**	**14.4**
Additions	-	0.1	3.7	**3.8**
Disposals	(0.1)	(0.3)	(0.9)	**(1.3)**
Accumulated amortization as at 31 December 2023	**-**	**-**	**16.9**	**16.9**
Carrying amount				
Carrying amount as at 1 January 2023	**-**	**0.2**	**15.6**	**15.8**
Carrying amount as at 31 December 2023	**-**	**-**	**21.5**	**21.5**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	Vehicles	Points of sale premises	Office space and other premises	Total
Cost				
Cost as at 1 January 2022	**0.5**	**0.5**	**29.0**	**30.0**
Additions	-	0.2	0.7	**0.9**
Disposals	(0.4)	(0.3)	-	**(0.7)**
Cost as at 31 December 2022	**0.1**	**0.4**	**29.7**	**30.2**
Accumulated amortization				
Accumulated amortization as at 1 January 2022	**0.2**	**0.3**	**10.5**	**11.0**
Additions	0.1	0.1	3.6	**3.8**
Disposals	(0.2)	(0.2)	-	**(0.4)**
Accumulated amortization as at 31 December 2022	**0.1**	**0.2**	**14.1**	**14.4**
Carrying amount				
Carrying amount as at 1 January 2022	**0.3**	**0.2**	**18.5**	**19.0**
Carrying amount as at 31 December 2022	**-**	**0.2**	**15.6**	**15.8**

19. Investment property

	2023	2022
Cost		
Cost as at 1 January	**52.2**	**47.5**
Additions	8.9	4.1
Transfer between groups	53.1	0.6
Cost as at 31 December	**114.2**	**52.2**
Accumulated depreciation		
Accumulated depreciation as at 1 January	**15.4**	**13.2**
Additions	4.5	2.2
Accumulated depreciation as at 31 December	**19.9**	**15.4**
Carrying amounts		
Carrying amounts as at 1 January	**36.8**	**34.3**
Carrying amounts as at 31 December	**94.3**	**36.8**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

20. Shares in subsidiaries, associates and other

Shares in subsidiaries, associates and other as at 31 December 2023

	Company's registered office	Activity	Voting rights percentage (%)	Cost and carrying amount
Polkomtel Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	100%	4,498.7
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	broadcasting and television production	100%	3,899.0
Netia S.A.	Poleczki 13, 02-822 Warsaw	telecommunication activities	100%	2,062.6
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	10.13%	614.4
PAK-Polska Czysta Energia Sp. z o.o.	Kazimierska 45, 62-510 Konin	holding activities	50.5%	595.7
Port Praski Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	553.7
Pantanomo Limited	3 KRINOU, Limassol 4103, Cyprus	property management, holding activities	32%	284.3
Vindix S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	72.7
Interphone Service Sp. z o.o.(**)	Inwestorów 8, 39-300 Mielec	production of set-top boxes	99%	64.0
Orsen Holding Limited	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	34.9
INFO-TV-FM Sp. z o.o.(**)	Łubinowa 4a, 03-878 Warsaw	radio and TV activities	73.5%	29.3
Polsat Media Sp. z o.o. (formerly Polsat Media Biuro Reklamy Sp. z o. o. Sp. k.)(***)	Ostrobramska 77, 04-175 Warsaw	media	37.75%	25.2
Teleaudio Dwa Sp. z o.o. Sp. k.(**)	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	call center and premium rate services	99%	21.0
Stork 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warsaw	holding activities	100%	8.3
BCAST Sp. z o.o.	Rakowiecka 41/21, 02-521 Warsaw	telecommunication activities	70.02%	7.5
Esoleo Sp. z o.o.	Al. Wyścigowa 6, 02-681 Warsaw	technical services	51.25%	-
Netshare Media Group Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	advertising activities	100%	2.1
Karpacka Telewizja Kablowa Sp. z o.o.	Warszawska 220, 26-600 Radom	dormant	99%	0.9

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

(cont.)	Company's registered office	Activity	Voting rights percentage (%)	Cost and carrying amount
Polskie Badania Internetu Sp. z o.o.(*)	Aleje Jerozolimskie 65/79, 00-697 Warsaw	web portals activities	4.76%	0.1
Orsen Limited(**)	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	0.2%	0.0
Plus Pay Sp. z o.o. (**)	Konstruktorska 4, 02-673 Warsaw	monetary intermediation	1%	0.0
Plus Finanse Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other monetary intermediation	100%	0.0
Exion Hydrogen Polskie Elektrolizery Sp. z o.o.	Ku Ujściu 19, 80-701 Gdańsk	production of electronic equipment	10%	0.0
			Total	**12,774.4**

(*) Shares in associates include shares in Polskie Badania Internetu Sp. z o.o.

(**) The Company holds directly and indirectly 100% shares.

(***) On 2 January 2023, Polsat Media Sp. z o.o. was registered. The Company was established as a result of transformation from Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	31 December 2022	Additions	Decreases	31 December 2023
Polkomtel Sp. z o.o.	4,498.7	-	-	4,498.7
Telewizja Polsat Sp. z o.o.	3,899.0	-	-	3,899.0
Netia S.A.	2,062.6	-	-	2,062.6
Asseco Poland S.A.	1,229.2	-	(614.8)(1)	614.4
PAK-Polska Czysta Energia Sp. z o.o.	478.7	117.0(2)	-	595.7
Port Praski Sp. z o.o.	553.7	-	-	553.7
Pantanomo Limited	-	284.3(3)	-	284.3
Vindix S.A.	44.7	28.0(4)	-	72.7
Interphone Service Sp. z o.o.	64.0	-	-	64.0
Orsen Holding Limited	34.9	-	-	34.9
INFO-TV-FM Sp. z o.o.	29.3	-	-	29.3
Polsat Media Sp. z o.o. (formerly Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.)	25.2	-	-	25.2
Teleaudio Dwa Sp. z o.o. Sp. k.	21.0	-	-	21.0
Stork 5 Sp. z o.o.	8.2	0.1	-	8.3
BCAST Sp. z o.o.	7.5	-	-	7.5
Esoleo Sp. z o.o.	6.9	-	(6.9)(7)	-
Netshare Media Group Sp. z o.o.	2.1	-	-	2.1
Karpacka Telewizja Kablowa Sp. z o.o.	0.9	-	-	0.9
Polskie Badania Internetu Sp. z o.o.	0.1	-	-	0.1
Orsen Limited	0.0	-	-	0.0
CPSPV1 Sp. z o.o.	0.0	-	(0.0)(5)	-
CPSPV2 Sp. z o.o.	0.0	-	(0.0)(5)	-
Mese Sp. z o.o.	0.0	-	(0.0)(6)	-
Plus Pay Sp. z o.o.	0.0	-	-	0.0
Plus Finanse Sp. z o.o.	0.0	-	-	0.0
Exion Hydrogen Polskie Elektrolizery Sp. z o.o.	0.0	-	-	0.0
Total	**12,966.7**	**429.4**	**(621.7)**	**12,774.4**

(1) On 21 September 2023 Cyfrowy Polsat sold 12.82% shares of Asseco Poland S.A. Consequently, Cyfrowy Polsat holds 10.13% shares of Asseco Poland S.A.
(2) On 3 July 2023 Cyfrowy Polsat acquired from ZE PAK S.A. about 10.1% of shares in PAK-Polska Czysta Energia Sp. z o.o. As a result of the transaction and taking into account the shares previously acquired by Cyfrowy Polsat in PAK-Polska Czysta Energia Sp. z o.o., Cyfrowy Polsat holds about 50.5% of shares in PAK-Polska Czysta Energia Sp. z o.o.
(3) On 3 July 2023 Cyfrowy Polsat acquired from Tobe Investments Group Limited 32% shares of Pantanomo Limited.
(4 On 7 June 2023 share capital increase in Vindix S.A. was registred by the court. Cyfrowy Polsat took up all of the issued shares.
(5) On 27 November 2023 Cyfrowy Polsat sold 100% shares of CPSPV1 Sp. z o.o. and CPSPV2 Sp. z o.o. to Polkomtel Business Development Sp. z o.o.
(6) On 12 October 2023 Cyfrowy Polsat sold 10% shares of Mese Sp. z o.o. to PAK PCE Wiatr Sp. z o.o.
(7) Impairment on shares.

Due to the identification of impairment indicators related to shares in Esoleo Sp. z o.o. and Vindix S.A. as at 31 December 2023, the Company tested these shares for impairment. Based on the results of the tests, as at 31 December 2023, the Company recognized impairment on shares in Esoleo Sp. z o.o. and Vindix S.A.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	31 December 2021	Additions	Decreases	31 December 2022
Polkomtel Sp. z o.o.	4,498.7	-	-	4,498.7
Telewizja Polsat Sp. z o.o.	3,899.0	-	-	3,899.0
Netia S.A.	2,062.6	-	-	2,062.6
Asseco Poland S.A.	1,229.2	-	-	1,229.2
Modivo S.A.	500.0	-	(500.0)(6)	-
Port Praski Sp. z o.o.	-	553.7(3)	-	553.7
PAK-PCE Biopaliwa i Wodór Sp. z o.o.	-	478.7(4)	(478.7)(5)	-
PAK-Polska Czysta Energia Sp. z o.o.	-	478.7(5)	-	478.7
Interphone Service Sp. z o.o.	64.0	-	-	64.0
Vindix S.A.	20.7	24.0(1)	-	44.7
Orsen Holding Limited	34.9	-	-	34.9
INFO-TV-FM Sp. z o.o.	29.3	-	-	29.3
Polsat Media Sp. z o.o. (formerly Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.)	25.2	-	-	25.2
Teleaudio Dwa Sp. z o.o. Sp. k.	21.0	-	-	21.0
Stork 5 Sp. z o.o.	8.2	-	-	8.2
BCAST Sp. z o.o.	7.5	-	-	7.5
Esoleo Sp. z o.o.	6.9	-	-	6.9
Netshare Media Group Sp. z o.o.	2.1	-	-	2.1
Karpacka Telewizja Kablowa Sp. z o.o.	0.9	-	-	0.9
Polskie Badania Internetu Sp. z o.o.	0.1	-	-	0.1
Orsen Limited	0.0	-	-	0.0
CPSPV1 Sp. z o.o.	0.0	-	-	0.0
CPSPV2 Sp. z o.o.	0.0	-	-	0.0
Mese Sp. z o.o.	0.0	-	-	0.0
Plus Pay Sp. z o.o.	0.0	-	-	0.0
Plus Finanse Sp. z o.o.	0.0	(0.0)(2)	-	0.0
Exion Hydrogen Polskie Elektrolizery Sp. z o.o.	0.0	-	-	0.0
Total	**12,410.3**	**1,535.1**	**(978.7)**	**12,966.7**

(1) On 19 January 2022 Cyfrowy Polsat acquired 53.73% shares of Vindix S.A. Consequently, Cyfrowy Polsat holds 100% shares of Vindix S.A.
(2) On 2 February 2022 Cyfrowy Polsat acquired from Polkomtel Sp. z o.o. 99% of shares in Plus Finanse Sp. z o.o. As a result of the transaction Cyfrowy Polsat holds 100% of shares in Plus Finanse Sp. z o.o.
(3) On 1 April 2022 Cyfrowy Polsat acquired 66.94% shares of Port Praski Sp. z o.o.
(4) On 12 May 2022 Cyfrowy Polsat acquired 49% shares of PAK-PCE Biopaliwa i Wodór Sp. z o.o.
(5) On 27 July 2022 share capital increase in PAK-Polska Czysta Energia Sp. z o.o. was registred by the court. Consequently, Cyfrowy Polsat holds 40.41% shares of PAK-Polska Czysta Energia Sp. z o.o. - more details on this acquisition are presented in note 45.
(6) On 28 September 2022 Cyfrowy Polsat sold 9.96% shares of Modivo S.A. to Embud 2 Sp. z o.o. SKA.

No impairment on shares in subsidiaries and associates was recognized as at 31 December 2022 (except shares in Karpacka Telewizja Kablowa Sp. z o.o. and Vindix S.A.).

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

21. Deferred distribution fees

	31 December 2023	31 December 2022
Deferred distribution fees	**67.5**	**72.0**
Of which: Current	*48.0*	*54.3*
Non-current	*19.5*	*17.7*

Deferred distribution fees include commissions for distributors for contracts effectively concluded with subscribers. These costs are recognized by the Company to profit or loss over the minimum base period of the subscription contracts.

As at 31 December 2023, the balance of distribution fees relating to agreements whose basic period as at the date of signing was more than 12 months amounted to PLN 67.5 (as at 31 December 2022: 72.0 PLN).

22. Loans granted

	31 December 2023	31 December 2022
Current loans granted	24.3	544.8
Non-current loans granted	3,584.2	573.6
Total	**3,608.5**	**1,118.4**

Change in loans granted	2023
Loans granted as at 1 January	**1,118.4**
Repayment of granted loans – capital	(557.4)
Repayment of granted loans – interests*	(83.2)
Granting new loans	3,121.6
Interest accrued**	131.7
Foreign exchange	(47.4)
Expected credit loss	(75.2)
Loans granted as at 31 December	**3,608.5**

* Includes VAT paid on interests
** Includes VAT on accrued interests

Borrower	Currency	Amount of loan (in millions in the currency of the loan)	Maturity date	Interest rate	Carrying amount as at 31 December 2023
Polkomtel Sp. z o.o.	PLN	1,650.0	31 December 2028	WIBOR + margin	1,586.6
PAK-Polska Czysta Energia Sp. z o.o.	PLN	739.5	31 December 2025	WIBOR + margin	874.3
	EUR	684.2	31 December 2025	EURIBOR + margin	375.1
Esoleo Sp. z o.o.	PLN	97.9	2024 - 2025	WIBOR + margin	100.4
	EUR	37.5	2024 - 2025	EURIBOR + margin	152.8
Netia S.A.	PLN	350.0	2025	WIBOR + margin	344.9
Pantanomo Ltd	EUR	24.0	30 September 2026	EURIBOR + margin	96.7
Other	PLN	23.6	2024 - 2031	WIBOR + margin	53.1
	EUR	26.6	2026 - 2031	EURIBOR + margin	24.6
Total					**3,608.5**

23. Other non-current assets

	31 December 2023	31 December 2022
Non-current trade receivables*	-	0.4
Other deferred costs	3.2	0.2
Derivative instruments assets (see note 37)	30.1	6.6
Long-term deposits paid to suppliers	0.1	0.1
Total	**33.4**	**7.3**

* Long-term receivables are denominated in PLN.

24. Contract assets

Change in contract assets

Contract assets	31 grudnia 2023
Contract assets as at 1 January	96.6
Additions	31.4
Decreases (invoiced amounts transferred to trade receivables)	(52.7)
Contract assets as at 31 December	**75.3**
Write-off	(3.3)
Contract assets as at 31 December	**72.0**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

25. Inventories

Types of inventories	31 December 2023	31 December 2022
Set-top boxes and disc drives	93.3	107.1
Mobile phones, modems, tablets and laptops	3.2	2.6
Other inventories	26.2	21.3
Total	**122.7**	**131.0**

Write-downs of inventories	2023	2022
Opening balance	**2.4**	**6.4**
Increase	0.2	2.8
Utilisation	(0.2)	(6.1)
Decrease	(0.5)	(0.7)
Closing balance	**1.9**	**2.4**

26. Trade and other receivables

	31 December 2023	31 December 2022
Trade receivables from related entities	67.3	36.0
Trade receivables from non-related entities	29.4	31.8
Tax and social security receivables	23.1	77.4
Other receivables	69.7	66.9
Total	**189.5**	**212.1**

Trade receivables from non-related entities include receivables from individual clients, distributors and others.

Trade receivables by currency

Currency	31 December 2023	31 December 2022
PLN	84.4	46.4
EUR	11.6	15.2
USD	0.7	6.2
Total	**96.7**	**67.8**

Movements in bad debt allowance on trade receivables – short-term and log-term

	2023	2022
Opening balance as at 1 January	**17.2**	**19.7**
Increase	2.3	1.4
Reversal	(1.7)	(1.7)
Utilisation	(4.0)	(2.2)
Closing balance as at 31 December	**13.8**	**17.2**
Of which: Short-term	13.8	17.2

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

27. Other current assets

	31 December 2023	31 December 2022
Other deferred costs	6.1	5.0
Unbilled revenue	16.8	26.7
Derivative instruments assets (see note 37)	15.9	16.5
Other	2.0	2.4
Total	**40.8**	**50.6**

28. Cash and cash equivalents

	31 December 2023	31 December 2022
Current accounts	22.2	15.6
Deposits *	1,861.4	105.1
Total	**1,883.6**	**120.7**

* with maturity of up to 3 months from the date of establishing the deposit

The Company places its cash and cash equivalents in banks and financial institutions with reliability proven by ratings awarded by universally recognized agencies Standard & Poor's, Moody's or Fitch, as required by the loan agreement and policies adopted therein. As at 31 December 2023, the largest concentration of funds in one bank was 79% (rated A3 rating by Moody's stable outlook). As at 31 December 2022, the largest concentration of funds in one bank was 80%.

Currency	31 December 2023	31 December 2022
PLN	910.2	120.5
EUR	973.3	-
USD	0.1	0.1
CHF	-	0.1
Total	**1,883.6**	**120.7**

As the Company cooperates with well-established Polish and international banks, the risks relating to deposited cash are considerably limited.

29. Equity

Share capital

Presented below is the structure of the Company's share capital as at 31 December 2023 and 31 December 2022:

Share series	Number of shares *	Nominal value of shares	Type
A	2,500,000	0.1	registered preference shares (2 voting rights)
B	2,500,000	0.1	registered preference shares (2 voting rights)
C	7,500,000	0.3	registered preference shares (2 voting rights)
D	166,917,501	6.7	registered preference shares (2 voting rights)
D	8,082,499	0.3	ordinary bearer shares
E	75,000,000	3.0	ordinary bearer shares
F	5,825,000	0.2	ordinary bearer shares
H	80,027,836	3.2	ordinary bearer shares
I	47,260,690	1.9	ordinary bearer shares
J	243,932,490	9.8	ordinary bearer shares
Total	**639,546,016**	**25.6**	

* not in millions

The shareholders' structure as at 31 December 2023 was as follows:

	Number of shares *	Nominal value of shares	% of share capital held	Number of votes *	% of voting rights
Zygmunt Solorz, through	396,802,022	15.9	62.04%	576,219,523	70.36%
TiVi Foundation, including through:	386,745,257	15.5	60.47%	566,162,758	69.13%
Reddev Investments Ltd., including through:	386,745,247	15.5	60.47%	566,162,738	69.13%
Cyfrowy Polsat S.A.[1]	88,842,485	3.6	13.89%	88,842,485	10.85%
Tobias Solorz [2], including through:	10,056,765	0.4	1.57%	10,056,765	1.23%
ToBe Investments Group Ltd.	4,449,156	0.2	0.70%	4,449,156	0.54%
Others	242,743,994	9.7	37.96%	242,743,994	29.64%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

* not in millions
[1] The acquired own shares under the share buy-back program announced on 16 November 2021. According to Art. 364 Section 2 of the Commercial Companies Code, Cyfrowy Polsat S.A. does not exercise voting rights from the own shares.
[2] Person is under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act.

The shareholders' structure as at 31 December 2022 was as follows:

	Number of shares *	Nominal value of shares	% of share capital held	Number of votes *	% of voting rights
Zygmunt Solorz, through	396,802,022	15.9	62.04%	576,219,523	70.36%
TiVi Foundation, including through:	386,745,257	15.5	60.47%	566,162,758	69.13%
Reddev Investments Ltd., including through:	386,745,247	15.5	60.47%	566,162,738	69.13%
Cyfrowy Polsat S.A.[1]	88,842,485	3.6	13.89%	88,842,485	10.85%
Tobias Solorz [2]	5,607,609	0.2	0.88%	5,607,609	0.68%
ToBe Investments Group Ltd.	4,449,156	0.2	0.70%	4,449,156	0.54%
Nationale-Nederlanden PTE	41,066,962	1.6	6.42%	41,066,962	5.02%
Others	201,677,032	8.1	31.53%	201,677,032	24.63%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

* not in millions
[1] The acquired own shares under the share buy-back program announced on 16 November 2021. According to Art. 364 Section 2 of the Commercial Companies Code, Cyfrowy Polsat S.A. does not exercise voting rights from the own shares.
[2] Person is under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act.

Share premium

Share premium includes the excess of issue value over the nominal value of shares issued decreased by share issuance-related consulting costs.

Retained earnings

On 29 June 2023 the Annual General Meeting of the Company adopted a resolution on the distribution of the Company's net profit for the financial year 2022. In accordance with the provisions of the resolution, the net profit in the amount of PLN 1,248.6 is allocated to the reserve capital.

Other reserves

Other reserves include mainly the reserve capital created for the purposes of the share buyback program in the amount of PLN 2,914.8.

Treasury shares

As at 31 December 2023 and as at 31 December 2022 treasury shares include a total of 88,842,485 (not in millions) own shares, representing in total 13.89% of the share capital of the Company and entitling to exercise 88,842,485 (not in millions) votes at the general meeting of the Company, constituting 10.85% of the total number of votes at the general meeting of the Company.

30. Hedge valuation reserve

The Company concluded the following interest rate swap transactions which exchanges interest payments based on a floating rate WIBOR 3M into interest payments based on a fixed interests rate:

Trade date	Counterparty	Hedged nominal amount	Effective date	Termination date	Fixed interest rate
26.11.2021	Santander Bank Polska S.A.	125.0	31.03.2022	31.12.2024	3.0925%
18.02.2022	BNP Paribas	125.0	30.09.2022	31.12.2024	4.1550%
25.03.2022	PKO Bank Polski S.A.	125.0	30.09.2022	31.12.2024	5.7200%
29.04.2022	Santander Bank Polska S.A.	125.0	31.03.2023	31.03.2025	6.5750%
19.05.2022	Santander Bank Polska S.A.	125.0	31.03.2023	31.03.2025	6.2450%
22.07.2022	BNP Paribas	125.0	31.03.2023	30.06.2025	6.0600%

The Company concluded the following currency interest rate swap type CIRS (Cross Currency Interest Rate Swap) which exchanges interest payments denominated in euros based on a floating rate EURIBOR 3M into interest payments based on a fixed interests rate:

Trade date	Counterparty	Hedged nominal amount	Effective date	Termination date	Fixed interest rate
26.09.2023	Societe Generale	25.0	29.09.2023	30.09.2026	3.6350%
17.11.2023	Societe Generale	25.0	28.03.2024	31.03.2027	3.1020%

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

The Company concluded the following forward transactions which involve the purchase of the euro currency by the Company at a fixed date in the future at the exchange rate established on the date of the transaction:

Trade date	Counterparty	Hedged nominal amount	Maturity Date	Forward rate
20.10.2023	PKO Bank Polski S.A.	0.65	31.01.2024	4.4865
20.10.2023	PKO Bank Polski S.A.	0.55	29.02.2024	4.4939
20.10.2023	PKO Bank Polski S.A.	0.55	28.03.2024	4.5017
08.11.2023	PKO Bank Polski S.A.	0.40	31.01.2024	4.4815
08.11.2023	PKO Bank Polski S.A.	0.60	30.04.2024	4.5040
21.12.2023	PKO Bank Polski S.A.	0.40	29.02.2024	4.3629
21.12.2023	PKO Bank Polski S.A.	0.60	31.05.2024	4.3858

Impact of hedging instruments valuation on assets and liabilities as at 31 December 2023

	IRS	CIRS	Forward Transactions
Assets			
Short-term	4.3	-	-
Liabilities			
Long-term	(2.0)	(5.2)	-
Short-term	(3.7)	(0.6)	(0.4)
Total	**(1.4)**	**(5.8)**	**(0.4)**

Impact of hedging instruments valuation on assets and liabilities as at 31 December 2022

	IRS
Assets	
Long-term	6.6
Short-term	16.5
Liabilities	
Long-term	(0.7)
Total	**22.4**

Impact of hedging instruments valuation on hedge valuation reserve

	2023	2022
Balance as at 1 January	**18.2**	**9.0**
Valuation of cash flow hedges	(28.8)	11.4
Deferred tax	5.5	(2.2)
Change for the period	**(23.3)**	**9.2**
Balance as at 31 December	**(5.1)**	**18.2**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

31. Loans and borrowings

	31 December 2023	31 December 2022
Short-term liabilities	185.7	250.7
Long-term liabilities	2,022.0	1,047.8
Total	**2,207.7**	**1,298.5**

Change in loans and borrowings liabilities:

	2023	2022
Balance as at 1 January	**1,298.5**	**1,424.5**
Term loan inflows	2,284.9	-
Loan conversion	(679.5)	-
Repayment of capital	(591.5)	(156.0)
Repayment of interest and commissions	(186.2)	(68.1)
Interest and commissions accrued	139.4	98.1
Exchange rate differences	(57.9)	-
Balance as at 31 December	**2,207.7**	**1,298.5**

Conclusion of Senior Facilities Agreement with a consortium of financial institutions

On 28 April 2023, Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o. and other subsidiaries of the Cyfrowy Polsat S.A. Capital Group concluded the Senior Facilities Agreement, sustainability linked financing (the “Facilities Agreement”), with a consortium of Polish and foreign financial institutions, including, among others, Santander Bank Polska S.A. acting as an Agent and Bank Polska Kasa Opieki S.A. acting as a Security Agent.

The Facilities Agreement provides to the Company and Polkomtel Sp. z o.o. for PLN term facility loan to be granted up to a maximum amount of PLN 7,255.0, an EUR term facility loan up to a maximum amount of EUR 506.0 (the “Term Facilities”) and a revolving facility loan up to a maximum amount of the equivalent of PLN 1,000.0 (the “Revolving Facility”).

The Term Facilities and the Revolving Facility bear interest at a variable rate equal to WIBOR/EURIBOR for the relevant interest periods plus margin. The margin of the Term Facilities and the Revolving Facility depends on the level of the consolidated total debt ratio (net debt to consolidated EBITDA) calculated jointly for certain entities from the Company’s capital group, and also on the achievement by the Cyfrowy Polsat S.A. Capital Group of certain targets concerning green energy production and zero-carbon electricity consumption by certain entities from the Company’s capital group.

The Term Facilities and the Revolving Facility will be used by the Company in particular for:
a) repayment of all indebtedness under the Senior Facilities Agreement concluded on 21 September 2015, as amended by agreements dated 2 March 2018 and 27 April 2020,
b) making funds available to companies implementing investment projects defined in the Facilities Agreement, and
c) financing general corporate needs of the Company’s capital group.

The Facilities Agreement provides for the establishment by the Company and other entities in the Cyfrowy Polsat S.A. Capital Group of collateral securing the repayment of loans granted thereunder.

The term of the Term Facilities and the Revolving Facility is 5 years from the date of execution of the Facilities Agreement and the final repayment date of each of these facilities is 28 April 2028. The PLN term facility will be repaid in quarterly installments of varying amounts. The EUR term facility will be repaid in one installment on the final repayment date.

Decision on early repayment of facility loans

On 9 May 2023 Cyfrowy Polsat and Polkomtel Sp. z o.o. (a subsidiary of the Company) submitted to the facility agent an irrevocable instruction to activate the procedure for early repayment of the full amount of the term facility loan and the revolving facility loan granted under the Senior Facilities Agreement concluded on 21 September 2015, as amended by agreements dated 2 March 2018 and 27 April 2020.

A prepayment in the aggregate amount of PLN 8,843.7 was made on 16 May 2023.

As a result of the prepayment, the Company and Polkomtel Sp. z o.o. repaid the entire debt under the indicated facilities agreement.

Security

Pursuant to the Facilities Agreement, certain members of the Company's capital group are to grant guarantees under the English law to each of the financing parties under the Senior Facilities Agreement and other finance documents executed in relation thereto (in the amount of the facility increased by all fees and receivables contemplated in the Senior Facilities Agreement or other finance documents executed in relation thereto). The guarantees secure:

(i) the timely discharge of the obligations under the Senior Facilities Agreement and other finance documents executed in relation thereto,
(ii) a payment of amounts due under the Senior Facilities Agreement and other finance documents executed in relation thereto, and
(iii) an indemnification of the financing parties referred to above against any liabilities, costs and losses that such financing parties may incur in relation to the unenforceability, ineffectiveness or unlawfulness of any obligation secured by the guarantee described above.

The period of the guarantees has not been specified. The guarantors will be remunerated at arm's length for granting the guarantees.

In order to secure the repayment of claims under the Senior Facilities Agreement, the Company, other Group companies listed below, as guarantors, and the Security Agent, entered into and signed agreements and other documents providing for the establishment of the following collateral:

(i) registered pledges over collections of movables and property rights of variable composition, included in the enterprises of the Company, Polkomtel Sp. z o.o., Telewizja Polsat Sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy Sp. z o.o., Polsat Media Sp. z o.o. and Muzo.fm Sp. z o.o.;

(ii) financial and registered pledges over all shares in Polkomtel Sp. z o.o. and Telewizja Polsat Sp. z o.o. held by the Company, as well as over all shares in Netia S.A. held by the Company, and all shares in Polsat Media Biuro Reklamy Sp. z o.o. and Muzo.fm Sp. z o.o. held by Telewizja Polsat Sp. z o.o., and over all shares in Polsat Media Sp. z o.o. held by the Company, Telewizja Polsat Sp. z o.o. and Polsat Media Biuro Reklamy Sp. z o.o., for which the applicable law is Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the aforementioned companies;

(iii) financial and registered pledges over the receivables related to the bank accounts of the Company, Polkomtel Sp. z o.o., Telewizja Polsat Sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy Sp. z o.o., Polsat Media Sp. z o.o. and Muzo.fm Sp. z o.o., for which the applicable law is the Polish law;

(iv) powers of attorney to the bank accounts of the Company, Polkomtel Sp. z o.o., Telewizja Polsat Sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy Sp. z o.o., Polsat Media Sp. z o.o. and Muzo.fm Sp. z o.o., for which the applicable law is the Polish law;

(v) registered pledges over the rights to the trademarks of the Company, Polkomtel Sp. z o.o., Telewizji Polsat Sp. z o.o., Netia S.A., Polsat Media Sp. z o.o., for which the applicable law is Polish law;

(vi) assignment of receivables for security under hedging agreements payable to the Company and Polkomtel Sp. z o.o., for which the applicable law is English law;

(vii) assignment of rights for security under insurance agreements for real properties and assets made by the Company, Polkomtel Sp. z o.o., Telewizja Polsat Sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy Sp. z o.o., Polsat Media Sp. z o.o. and Muzo.fm Sp. z o.o.;

(viii) statements of the Company, Polkomtel Sp. z o.o., Telewizja Polsat Sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy Sp. z o.o., Polsat Media Sp. z o.o. and Muzo.fm Sp. z o.o. on submission to enforcement under a notarial deed, for which the applicable law is Polish law;

(ix) a joint contractual mortgage, governed by Polish law, over the following real properties owned by or in perpetual usufruct of the Company: (a) land property located in Warsaw, Targówek district, in the area of ul. Łubinowa, land and mortgage register No. WA3M/00104992/7, (b) land property located in Warsaw, Targówek district, in the area of ul. Łubinowa, land and mortgage register No. WA3M/00102149/9, (c) land property located in Warsaw, Targówek district, in the area of ul. Łubinowa, land and mortgage register No. WA3M/00103400/4, (d) land property located in Warsaw, Targówek district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00131411/9, (e) land property located in Warsaw, Praga Północ district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00100110/3, (f) land property located in Warsaw, Praga Północ district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00100109/3, (g) land property located in Warsaw, Praga Północ district, land and mortgage register No. WA3M/00102615/7, (h) land property located in Warsaw, Praga Północ district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00132063/1, (i) land property located in Warsaw, Targówek district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00101039/8, (j) land property located in Warsaw, Targówek district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00136943/2, (k) land held in perpetual usufruct and a building constituting a separate property located in Warsaw, Targówek district, in the area of ul. Utrata, land and mortgage register No. WA3M/00186120/2;

(x) a contractual mortgage, governed by Polish law, over land property located in Warsaw, Ursynów district, in the area of ul. Baletowa and Puławska, land and mortgage register No. WA5M/00478842/7, owned by Polkomtel Sp. z o.o.;

(xi) a joint contractual mortgage, governed by Polish law, over the following properties owned or co-owned by Netia S.A.: (a) land property located in Jawczyce, Ożarów Mazowiecki commune, land and mortgage register WA1P/00133706/7, (b) land property located in Kraków, Podgórze district, in the area of ul. Luciany Frassati-

Gawrońskiej, land and mortgage register KR1P/00359665/5, (c) land property located in Warsaw, Ursynów district, in the area of ul. Poleczki, land and mortgage register WA2M/00142936/8, (d) land property located in Warsaw, Ursynów district, in the area of ul. Poleczki, land and mortgage register WA5M/00468204/0, (e) land property located in Warsaw, Ursynów district, in the area of ul. Tango, land and mortgage register WA2M/00138733/4.

32. Issued bonds

	31 December 2023	31 December 2022
Short-term liabilities	394.7	176.0
Long-term liabilities	3,975.5	1,900.4
Total	**4,370.2**	**2,076.4**

Change in issued bonds:

	2023	2022
Balance as at 1 January	**2,076.4**	**2,008.5**
Bond issue (series D bonds)	2,670.0	-
Bond issue (series E bonds)	820.0	-
Bond issue (series F bonds)	400.0	-
Redemption of series B and series C*	(1,688.1)	-
Repayment of interest and commissions	(254.8)	(87.7)
Cumulative catch-up	(20.8)	-
Interest accrued and commissions	367.5	155.6
Balance as at 31 December	**4,370.2**	**2,076.4**

* redemption through conversion into series D and series E bonds
** including interest and early redemption premium on bonds settled in conversion

Issuance of Series D, Series E and series F bond and refinancing of debts under Series B and Series C

On 16 December 2022 the Management Board of the Company adopted resolutions on:

- issuance of no more than 2,670,000 (not in millions) unsecured series D bearer bonds with the nominal value of PLN 1,000 (not in millions) each and the total nominal value of no more than PLN 2,670 ("series D bonds")
- purchase by the Company from the bondholders of the series B bonds and series C bonds issued by the Company, some or all of the series B bonds and series C bonds for the purpose of their redemption, based on sale and set-off agreements to be entered into by the Company with those of the series B bonds and series C bonds bondholders who declare their intention to sell such bonds and have their receivables for the series B bonds and series C bonds sale credited against the purchase price of the series D bonds.

On 11 January 2023, the issue of 2,670,000 (not in millions) series D bonds, with the total nominal value of PLN 2,670 was completed. The maturity date of the series D bonds is 11 January 2030. Interest on the series D bonds is paid in arrears every six months. The first interest payment was made on 11 July 2023.

The first trading day for the series D bonds in the Alternative Trading System as part of the Catalyst market (in the continuous trading system) was set for 20 January 2023.

At the same time, on 11 January 2023, Cyfrowy Polsat S.A. repurchased for redemption 691,952 (not in millions) series B bearer bonds with the total nominal value of PLN 692 issued by the Company on 26 April 2019 with the redemption date set for 24 April 2026 and 835,991 (not in millions) series C bearer bonds with the total nominal value of PLN 836 issued by the Company on 14 February 2020, with the redemption date set for 12 February 2027 (collectively “Bonds Repurchased for Redemption”) from investors holding rights to the Bonds Repurchased for Redemption who paid the issue price of the series D bonds, registered on 11 January 2023 with the securities depository, by setting off the amounts due to the Company from the issuance of the series D bonds against the amounts due to the relevant investors in respect of the sale of the Bonds Repurchased for Redemption to the Company.

On 11 January 2023 the Management Board of the Company adopted a resolution to redeem the Bonds Repurchased for Redemption.

On 7 September 2023 the Management Board of the Company adopted resolutions on:
- issuance of no more than 820,000 (not in millions) unsecured series E bearer bonds with the nominal value of PLN 1,000 (not in millions) each and the total nominal value of no more than PLN 820 (“series E bonds”)
- purchase by the Company from the bondholders of the series B bonds and series C bonds issued by the Company, some or all of the series B bonds and series C bonds for the purpose of their redemption, based on sale and set-off agreements to be entered into by the Company with those of the series B bonds and series C bonds bondholders who declare their intention to sell such bonds and have their receivables for the series B bonds and series C bonds sale credited against the purchase price of the series E bonds.

On 28 September 2023, the issue of 820,000 (not in millions) series E bonds, with the total nominal value of PLN 820 was completed. The maturity date of the series E bonds is 11 January 2030. Interest on the series E bonds is paid in arrears every six months. The first payment is scheduled to be made on 11 January 2024.

The first trading day for the series E bonds in the Alternative Trading System as part of the Catalyst market (in the continuous trading system) was set for 28 September 2023.

At the same time, on 28 September 2023, Cyfrowy Polsat S.A. repurchased for redemption 84,250 (not in millions) series B bearer bonds with the total nominal value of PLN 84 issued by the Company on 26 April 2019 with the redemption date set for 24 April 2026 and 75,956 (not in millions) series C bearer bonds with the total nominal value of PLN 76 issued by the Company on 14 February 2020, with the redemption date set for 12 February 2027 (collectively “Bonds Repurchased for Redemption”) from investors holding rights to the Bonds Repurchased for Redemption who paid the issue price of the series E bonds, registered on 28 September 2023 with the securities depository, by setting off the amounts due to the Company from the issuance of the series E bonds against the amounts due to the relevant investors in respect of the sale of the Bonds Repurchased for Redemption to the Company.

On 28 September 2023 the Management Board of the Company adopted a resolution to redeem the Bonds Repurchased for Redemption.

On 11 December 2023 the Managament Board of the Company adopted resolution on issuance of 400,000 (not in millions) unsecured series F bearer bonds with the nominal value of PLN 1,000 (not in millions) each and the total nominal value of PLN 400 (”series F bonds”).

Issuance of 400,000 (not in millions) series F bonds of the total nominal value of PLN 400 was executed on 21 December 2023. All series F bonds were allocated to one investor, i.e. PFR Investment Fund Closed of Non-Public Assets.

On 21 December 2023 series F bonds have been entered in the securities register kept by Trigon Dom Maklerski S.A., acting as issuing agent for series F bonds. The Company does not intend to apply for the introduction of series F bonds to the alternative trading system operated by the Wasaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) within the Catalyst market.

The interest rates on the Series D, E and F bonds are variable and depend on both financial ratios and the sustainability index, i.e. the share of electricity from zero-carbon sources in the total consumption of electricity for the Group's own consumption of selected companies. Interest on Series D, E and F bonds is paid semi-annually on January 11 and July 11.

In accordance with Article 35 Paragraphs 1a and 1c of the Bond Law, the Company presented on its website in the investor relations section forecasts of the development of financial liabilities, including the estimated value of financial liabilities and the estimated structure of financing understood as the value and percentage of liabilities from loans and borrowings, issued bonds and leases in the total equity and liabilities of the Company's balance sheet.

The following table compares the forecast with actual results based on the Company's standalone balance sheet.

	31 December 2023 forecast [PLN billion]	31 December 2023 actual results [PLN billion]
Value of financial liabilities (from loans and borrowings, issued bonds and leasing)	6.6	6.6
Share in total equity and liabilities	33%	33%

The value of financial liabilities (from loans and borrowings, issued bonds and leases) as at 31 December 2023 and the share of this value in the Company's total equity and liabilities do not deviate from the published estimates.

33. Lease liabilities

	31 December 2023	31 December 2022
Short-term liabilities	3.1	3.3
Long-term liabilities	19.8	13.7
Total	**22.9**	**17.0**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Change in lease liabilities:

	2023	2022
Balance as at 1 January	**17.0**	**20.2**
Change in the period	9.4	(0.8)
Interest accrued	0.9	0.8
Repayment of capital and interest	(4.4)	(3.2)
Balance as at 31 December	**22.9**	**17.0**

34. Company as a lessor

Operating leases

The Company entered into contracts with third parties, which are classified as operating leases due to their economic substance. The contracts relate to rental of digital satellite reception equipment, lease of TV production studio and garage. Assets connected with such contracts are presented as property, plant and equipment.

Lease contracts for set-top boxes are concluded for a basic contractual period ranging from 12 to 24 months. After the basic period, the contracts are converted into contracts with indefinite terms, unless terminated by subscribers or new contracts are signed.

Future minimum lease payments under operating lease are as follows:

	31 December 2023	31 December 2022
within 1 year	162.4	154.8
between 1 and 5 years	77.9	74.7
Total	**240.3**	**229.5**

In 2023 the Company generated revenues from operating lease agreements in the amount of PLN 217.6 (in 2022 PLN 244.6).

35. Other non-current liabilities and provisions

	31 December 2023	31 December 2022
Other provisions	2.2	1.4
Derivative instruments liabilities (see note 37)	56.5	0.7
Total	**58.7**	**2.1**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

36. Trade and other payables

	31 December 2023	31 December 2022
Trade payables to related parties	99.6	102.8
Trade payables to non-related parties	22.4	21.3
Taxation and social security payables	12.3	12.5
Payables relating to purchases of non-current assets	2.1	12.8
Accruals	289.7	276.3
Short-term provisions	44.7	31.4
Other	218.0	20.5
Total	**688.8**	**477.6**

Accruals

	31 December 2023	31 December 2022
Salaries	30.2	31.9
Licence fees and royalties for copyright management organizations	126.3	147.3
Distribution costs	2.8	1.0
Marketing costs	19.7	16.2
Other	110.7	79.9
Total	**289.7**	**276.3**

Short-term and long-term provisions

	2023	2022
Opening balance as at 1 January	**32.8**	**22.6**
Increases	29.5	10.6
Reversal	(15.4)	(0.4)
Closing balance as at 31 December	**46.9**	**32.8**
Of which: Short-term	*44.7*	*31.4*
Long-term	*2.2*	*1.4*

Provisions comprise mainly of provisions for license fees, litigation and disputes.

Trade payables and payables relating to purchases of non-current assets by currency

Currency	31 December 2023	31 December 2022
PLN	109.5	110.3
EUR	1.2	0.3
USD	13.4	26.2
CHF	-	0.1
Total	**124.1**	**136.9**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Accruals by currency

Currency	31 December 2023	31 December 2022
PLN	271.7	252.1
EUR	13.5	16.4
USD	3.7	7.0
GBP	0.8	0.8
Total	**289.7**	**276.3**

Other notes

37. Financial instruments

Overview

Cyfrowy Polsat S.A. is exposed to the following financial risks:

- credit risk,
- liquidity risk,
- market risk:
  - currency risk,
  - interest rate risk.

The Company's risk management policies are designed to reduce the impact of adverse conditions on the Company's results.

The Management Board is responsible for oversight and management of each of the risks faced by the Company. Therefore, the Management Board has established an overall risk management framework as well as risk management policies on market, credit and liquidity risks.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are also included throughout these financial statements.

Bank loans, bonds, cash, interest rate swaps, currency interest rate swaps and short-term bank deposits are the main financial instruments used by the Company, with the intention of securing the financing for the Company's activities. The Company also holds other financial instruments including trade receivables and payables and payables relating to purchases of tangible and intangible assets which arise in the course of its business activities.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Financial assets	Carrying amount	
	31 December 2023	31 December 2022
Financial assets measured at amortized cost, including:	**5,658.5**	**1,374.2**
Loans granted	3,608.5	1,118.4
Trade and other receivables from related parties	70.4	36.0
Trade and other receivables from non-related parties	29.7	34.3
Share in the profits of partnerships receivables	66.3	64.8
Cash and cash equivalents	1,883.6	120.7
Financial assets at fair value through profit or loss	**614.4**	**-**
Investments in equity instruments	614.4	-
Hedging derivative instruments:	**4.3**	**23.1**
Interest rate swaps	4.3	23.1
Derivatives other than hedging instruments	**41.7**	**-**
Financial PPA	41.7	-

Financial liabilities	Carrying amount	
	31 December 2023	31 December 2022
Financial liabilities measured at amortised cost, including:	**7,220.8**	**3,829.2**
Loans and borrowings	2,207.7	1,298.5
Issued bonds	4,370.2	2,076.4
Lease liabilities	22.9	17.0
Trade payables and other payables to third parties and deposits	40.4	42.2
Trade and other payables to related parties	289.9	118.8
Accruals	289.7	276.3
Hedging derivative instruments:	**11.9**	**0.7**
Interest rate swaps	5.7	0.7
Currency interest rate swaps	5.8	-
Forward transactions	0.4	-
Derivatives other than hedging instruments	**60.1**	**-**
Financial PPA	60.1	-

Credit risk

Credit risk is defined as the risk that counterparties of the Company will not be able to meet their contractual obligations, which could result in a financial loss for the other party. Exposure to credit risk is related to three main areas:

- the creditworthiness of the customers with whom physical sale transactions are undertaken,
- the creditworthiness of the financial institutions (banks/brokers) with whom, or through whom, hedging or other derivative transactions are undertaken,

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

- the creditworthiness of the entities in which investments are made, or whose securities are purchased.

Credit risk arises mainly on trade receivables and contract assets. In the financial year ended 31 December 2023 the Company's customer base includes a large number of individual subscribers dispersed geographically over the country who prepay subscription fees. Receivables from subscribers are constantly monitored and recovery actions are taken, including blocking of the signal transferred to subscribers or termination of services to Internet clients.

The Company pursues a credit policy under which credit risk exposure is constantly monitored.

Due to diversification of risk in terms of the nature of individual entities, their geographical location and cooperation with highly-rated financial institutions, also taking into consideration the fair value of liabilities arising from derivative transactions, the Company is not materially exposed to credit risk as a result of derivative transactions entered into.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at the reporting date was as follows:

Maximum exposure to credit risk

	Carrying amount	
	31 December 2023	31 December 2022
Loans granted	3,608.5	1,118.4
Trade and other receivables from related parties	70.4	36.0
Trade and other receivables from non-related parties	29.7	34.3
Share in the profits of partnerships receivables	66.3	64.8
Contract assets	72.0	93.3
Cash and cash equivalents	1,883.6	120.7
Hedging derivative instruments	**4.3**	**23.1**
Interest rate swaps	4.3	23.1
Derivatives other than hedging instruments	**41.7**	**-**
Financial PPA	41.7	-
Total	**5,776.5**	**1,490.6**

The maximum exposure to credit risk for trade and other receivables and assets related to contracts, by type of customer, was:

	Carrying amount	
	31 December 2023	31 December 2022
Receivables from subscribers	80.8	103.1
Receivables from distributors	1.8	1.4
Receivables from media companies	12.3	15.2
Receivables and loans granted to related parties, including share in the profits of partnerships receivables	3,745.1	1,218.8
Other receivables and loans granted to non-related parties	6.9	8.3
Total	**3,846.9**	**1,346.8**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

The ageing of trade and other receivables and contract assets at the reporting date was:

	31 December 2023			31 December 2022		
	Gross	Impairment	Net	Gross	Impairment	Net
Not past due	115.8	1.6	114.2	112.4	3.1	109.3
Past due 0-30 days	12.2	0.9	11.3	10.4	0.4	10.0
Past due 31-60 days	4.3	0.2	4.1	2.6	0.4	2.2
Past due more than 60 days	44.6	7.8	36.8	23.6	10.0	13.6
Total	**176.9**	**10.5**	**166.4**	**149.0**	**13.9**	**135.1**
Contract assets	75.3	3.3	72.0	96.6	3.3	93.3
Total	**252.2**	**13.8**	**238.4**	**245.6**	**17.2**	**228.4**

To estimate impairment due to expected loss model the Company performed analysis using an expected loss model. Bad debt allowance is recognized for trade and other receivables in the amount of expected credit losses in instrument’s life cycle.

Liquidity risk

The Company’s objective in liquidity management is to ensure that it always has sufficient funds to meet its liabilities when due. Surplus cash is invested in bank deposits.

The Company prepares, on an ongoing basis, analyses and forecasts of cash requirements based on projected cash flows.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

The following are the contractual maturities of the Company's financial liabilities, which will be settled in the net amount in the relevant age ranges, based on the remaining period until the expiry of the contractual maturity date at the balance sheet date.

	31 December 2023						
	Carrying amount	Contractual cash flows	6 months and less	6-12 months	1-2 years	2-5 years	more than 5 years
Loans and borrowings	2,207.7	2,887.3	81.0	109.8	214.5	2,482.0	-
Issued bonds	4,370.2	6,850.4	194.9	211.0	423.1	1,530.5	4,490.9
Lease liabilities	22.9	27.4	2.0	2.3	4.3	11.8	7.0
Trade and other payables to non-related parties and deposits	40.4	40.4	40.4	-	-	-	-
Trade and other payables to related parties	289.9	289.9	289.9	-	-	-	-
Accruals	289.7	289.7	289.7	-	-	-	-
Hedging derivative instruments:							
IRS[1]	5.7	5.9	1.0	2.8	2.1	-	-
CIRS	5.8						
-inflows		(14.9)	(3.1)	(3.1)	(4.5)	(4.2)	-
-outflows		22.1	3.0	3.9	7.7	7.5	-
Forward transactions	0.4						
-inflows		(16.3)	(16.3)	-	-	-	-
-outflows		16.7	16.7	-	-	-	-
Derivatives other than Hedging instruments:							
Financial PPA	60.1	945.9	6.1	7.9	16.4	82.1	833.4
	7,292.8	**11,344.5**	**905.3**	**334.6**	**663.6**	**4,109.7**	**5,331.3**

[1] pursuant to the agreements settlements shall be on a net basis

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	31 December 2022						
	Carrying amount	Contractual cash flows	6 months and less	6-12 months	1-2 years	2-5 years	more than 5 years
Loans and borrowings	1,298.5	1,512.7	133.2	130.5	210.2	1,038.8	-
Issued bonds	2,076.4	2,731.0	91.8	91.4	183.8	2,364.0	-
Lease liabilities	17.0	20.0	2.0	1.9	2.3	6.4	7.4
Trade and other payables to non-related parties and deposits	42.2	42.2	42.2	-	-	-	-
Trade and other payables to related parties	118.8	118.8	118.8	-	-	-	-
Accruals	276.3	276.3	276.3	-	-	-	-
Hedging derivative instruments:							
IRS[1]	0.7	0.8	-	-	0.2	0.6	-
	3,829.9	**4,701.8**	**664.3**	**223.8**	**396.5**	**3,409.8**	**7.4**

[1] pursuant to the agreements settlements shall be on a net basis

The Company may utilize revolving facility line of credit up to the amount of PLN 1,000 with final repayment date of 28 April 2028. As of 31 December 2023 the Company did not use the revolving credit facility.

Market risk

The Company has an active approach to managing its market risk exposure. The objectives of market risk management are:

- to limit fluctuations in profit/loss before tax,
- to increase the probability of meeting budget assumptions,
- to maintain the healthy financial condition, and
- to support the process of undertaking strategic decisions relating to investing activity, with attention to sources of capital for this activity.

All the market risk management objectives should be considered as a whole, while their realisation is dependant primarily upon the internal situation and market conditions.

The Company applies an integrated approach to market risk management. This means a comprehensive approach to the whole spectrum of identified market risks, rather than to each of them individually. The primary technique for market risk management is the use in the Company of hedging strategies involving derivatives. Apart from this, natural hedging is also used to the extent available.

All of the potential hedging strategies and the selection of those preferred reflect the following factors: the nature of identified market risk exposures of the Company, the suitability of instruments to be applied and the cost of hedging, current and forecasted market conditions. In order to mitigate market risk, derivatives are primarily used. The Company transacts only those derivatives for which it has the ability to assess their value internally, using standard pricing models appropriate for a particular type of derivative, and also these which can be traded without significant loss of value with a counterparty other than the one with whom the transaction was initially entered into. In evaluating the market value of a given instrument, the Company relies on information obtained from particular market leading banks, brokers and information services.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

It is permitted to use the following types of instruments:

- Swaps (IRS/CIRS),
- Forwards and futures,
- Options.

Currency risk

One of the main risks to which the Company is exposed is currency risk related to fluctuations in the exchange rate between the Polish zloty and other currencies. The revenues generated by the Company are denominated mainly in Polish zloty, however, a portion of operating costs and capital expenditures are incurred in foreign currencies. The Company's currency risk is related to royalties for TV and radio broadcasters (USD and EUR), transponder capacity agreements (EUR), fees for conditional access system (EUR and USD), purchases of reception equipment and accessories for reception equipment (USD and EUR) and term facility loan (EUR).

In respect of license fees and transponder capacity agreements, the Company partly reduces its currency risk exposure by means of an economic hedge as it denominates receivables from signal broadcast and marketing services in foreign currencies.

The Company's exposure to foreign currency was as follows based on currency amounts:

	31 December 2023			31 December 2022		
	EUR	USD	GBP	EUR	USD	GBP
Loans granted	154.7	-	-	84.0	-	-
Trade receivables	2.7	0.2	-	3.2	1.4	-
Cash and cash equivalents	223.9	-	-	-	-	-
Liabilities from loans and borrowings	(356.1)	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Trade payables	(0.3)	(3.4)	-	(0.1)	(6.0)	-
Accruals	(3.1)	(0.9)	(0.2)	(3.5)	(1.6)	(0.2)
Gross balance sheet exposure	**21.8**	**(4.1)**	**(0.2)**	**83.6**	**(6.2)**	**(0.2)**
Currency interest rate swaps	1.9	-	-	-	-	-
Forward transactions	3.8	-	-	-	-	-
Net exposure	**27.5**	**(4.1)**	**(0.2)**	**83.6**	**(6.2)**	**(0.2)**

Following foreign exchange rates were applied in the presented periods:

	Average rate		Rates at the balance sheet date	
(in PLN)	2023	2022	31 December 2023	31 December 2022
1 EUR	4.5430	4.6869	4.3480	4.6899
1 USD	4.2021	4.4607	3.9350	4.4018
1 GBP	5.2216	5.4986	4.9997	5.2957
1 CHF	4.6760	4.6693	4.6828	4.7679

For the purposes of exchange rate volatility sensitivity analysis as at 31 December 2023 and 31 December 2022 it was assumed that probable volatility will be in the +/- 5% band. This analysis assumes that all other variables, in particular interest rates, remain constant.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	2023					2022				
	As at 31 December 2023		Estimated change in exchange rate	Estimated change in profit	Estimated change in other comprehensive income	As at 31 December 2022		Estimated change in exchange rate	Estimated change in profit	Estimated change in other comprehensive income
	in currency	in PLN	in %	in PLN	in PLN	in currency	in PLN	in %	in PLN	in PLN
Loans granted										
EUR	154.7	672.5	5%	33.8	-	84.0	394.0	5%	19.6	-
Trade receivables										
EUR	2.7	11.6	5%	0.7	-	3.2	15.2	5%	0.6	-
USD	0.2	0.7	5%	0.1	-	1.4	6.2	5%	0.3	-
Cash and cash equivalents										
EUR	223.9	973.3	5%	48.9	-	0.0	0.0	5%	-	-
USD	0.0	0.1	5%	-	-	0.0	0.1	5%	-	-
CHF	0.0	0.0	5%	-	-	0.0	0.1	5%	-	-
Liabilities from loans and borrowings										
EUR	(356.1)	(1,548.5)	5%	(77.2)	-	0.0	0.0	5%	-	-
Lease liabilities										
EUR	0.0	0.0	5%	-	-	0.0	(0.2)	5%	-	-
Trade payables										
EUR	(0.3)	(1.2)	5%	(0.2)	-	(0.1)	(0.3)	5%	(0.2)	-
USD	(3.4)	(13.4)	5%	(0.6)	-	(6.0)	(26.2)	5%	(1.5)	-
CHF	0.0	0.0	5%	-	-	0.0	(0.1)	5%	-	-

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Accruals										
EUR	(3.1)	(13.5)	5%	(0.7)	-	(3.5)	(16.4)	5%	(0.8)	-
USD	(0.9)	(3.7)	5%	(0.0)	-	(1.6)	(7.0)	5%	(0.4)	-
GBP	(0.2)	(0.8)	5%	(0.2)	-	(0.2)	(0.8)	5%	(0.3)	-
Change in operating profit				**4.6**	**-**				**17.3**	**-**
Currency interest rate swaps										
EUR	1.9	8.3	5%	-	0.4	0.0	0.0	5%	-	-
Forward transactions										
EUR	3.8	16.5	5%	-	0.8	0.0	0.0	5%	-	-
Income tax				(0.7)	(0.2)				(2.8)	-
Change in net profit				**3.9**	**1.0**				**14.5**	**-**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	2023					2022				
	As at 31 December 2023		Estimated change in exchange rate	Estimated change in profit	Estimated change in other comprehensive income	As at 31 December 2022		Estimated change in exchange rate	Estimated change in profit	Estimated change in other comprehensive income
	in currency	in PLN	in %	in PLN	in PLN	in currency	in PLN	in %	in PLN	in PLN
Loans granted										
EUR	154.7	672.5	-5%	(33.8)	-	84.0	394.0	-5%	(19.6)	-
Trade receivables										
EUR	2.7	11.6	-5%	(0.7)	-	3.2	15.2	-5%	(0.6)	-
USD	0.2	0.7	-5%	(0.1)	-	1.4	6.2	-5%	(0.3)	-
Cash and cash equivalents										
EUR	223.9	973.3	-5%	(48.9)						
USD	0.0	0.1	-5%	-	-	0.0	0.1	-5%	-	-
CHF	0.0	0,0	-5%	-	-	0.0	0.1	-5%	-	-
Liabilities from loans and borrowings										
EUR	(356.1)	(1,548.5)	-5%	77.2	-	0.0	0.0	-5%	-	-
Lease liabilities										
EUR	0.0	0.0	-5%	-	-	0.0	(0.2)	-5%	-	-
Trade payables										
EUR	(0.3)	(1.2)	-5%	0.2	-	(0.1)	(0.3)	-5%	0.2	-
USD	(3.4)	(13.4)	-5%	0.6	-	(6.0)	(26.2)	-5%	1.5	-
CHF	0.0	0.0	-5%	-	-	0.0	(0.1)	-5%	-	-

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Accruals										
EUR	(3.1)	(13.5)	-5%	0.7	-	(3.5)	(16.4)	-5%	0.8	-
USD	(0.9)	(3.7)	-5%	0.0	-	(1.6)	(7.0)	-5%	0.4	-
GBP	(0.2)	(0.8)	-5%	0.2	-	(0.2)	(0.8)	-5%	0.3	-
Change in operating profit				**(4.6)**	**-**				**(17.3)**	**-**
Currency interest rate swaps										
EUR	1.9	8.3	-5%	-	(0.4)	0.0	0.0	-5%	-	-
Forward transactions										
EUR	3.8	16.5	-5%	-	(0.8)	0.0	0.0	-5%	-	-
Income tax				0.7	0.2				2.8	-
Change in net profit				**(3.9)**	**(1.0)**				**(14.5)**	**-**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	2023		2022	
	Estimated change in profit in PLN	Estimated change in other comprehensive income in PLN	Estimated change in profit in PLN	Estimated change in other comprehensive income in PLN
Estimated change in exchange rate by 5 %				
EUR	4.5	1.0	16.1	-
USD	(0.4)	-	(1.3)	-
GBP	(0.2)	-	(0.3)	-
Estimated change in exchange rate by -5 %				
EUR	(4.5)	(1.0)	(16.1)	-
USD	0.4	-	1.3	-
GBP	0.2	-	0.3	-

Had the Polish zloty strengthened 5% against the basket of currencies as at 31 December 2023 and 31 December 2022, the Company's net profit would have increased by PLN 3.9 and by PLN 14.5 respectively and other comprehensive income would have increase by PLN 1.0 in 2023 and would have been unchanged in 2022. Had the Polish zloty appreciated 5%, the Company's net profit would have been decreased by PLN 3.9 and by PLN 14.5 respectively and other comprehensive income would have decrease by PLN 1.0 in 2023 and would have been unchanged in 2022. Assuming that all other variables remain constant. Estimated future revenue and costs denominated in foreign currencies are not taken into account.

Interest rate risk

Changes in market interest rates have no direct effect on the Company's revenues, however, they do have an effect on net cash from operating activities due to interest earned on overnight bank deposits and current accounts, and on net cash from financing activities due to interest charged on bank loans and bonds.

The Company regularly analyses its level of interest rate risk exposure, including refinancing and risk minimising scenarios. Based on these analyses, the Company estimates the effects of changes in interest rates on its profit and loss.

In order to reduce interest rate risk exposure resulting from interest payments on floating rate senior facility, the Company stipulated interest rate swaps as well as currency interest rate swaps.

At the reporting date, the interest rate risk profile of interest-bearing financial instruments was:

	Carrying amount	
	31 December 2023	31 December 2022
Fixed rate instruments		
Financial assets *	62.8	421.9
Variable rate instruments		
Financial assets *	3,839.3	781.3
Financial liabilities *	(6,456.8)	(3,291.1)
Net interest exposure	**(2,617.5)**	**(2,509.8)**

* nominal values

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

The Company's management classifies loan liabilities as variable rate instruments. Changes in the interest rate components do not result in a change in the carrying amount of the loan liability. The changes are reflected prospectively in the interest expense on loans and borrowings.

Cash flow sensitivity analysis for variable rate instruments (pre-tax effect):

	Income statement		Other comprehensive income		Equity	
	Increase by 100 bp	Decrease by 100 bp	Increase by 100 bp	Decrease by 100 bp	Increase by 100 bp	Decrease by 100 bp
31 December 2023						
Variable rate instruments *	(26.2)	26.2	14.5	(14.5)	(11.7)	11.7
Cash flow sensitivity (net)	**(26.2)**	**26.2**	**14.5**	**(14.5)**	**(11.7)**	**11.7**
31 December 2022						
Variable rate instruments *	(25.1)	25.1	15.0	(15.0)	(10.1)	10.1
Cash flow sensitivity (net)	**(25.1)**	**25.1**	**15.0**	**(15.0)**	**(10.1)**	**10.1**

* include sensitivity in fair value changes of derivative instruments (interest rate swaps and currency interest rate swaps) due to changes in interest rate

The Company applies cash flow hedge model under IAS 39 for interest rate exposure from floating rate interest payments in PLN by interest rate swaps, currency interest rate swaps and forward transactions.

Fair value vs. carrying amount

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Presented below are fair values and carrying amounts of financial assets and liabilities not measured in fair value.

			31 December 2023		31 December 2022	
	Category according to IFRS 9	Level of the fair value hierarchy	Fair value	Carrying amount	Fair value	Carrying amount
Loans granted	A	2	3,696.8	3,608.5	1,105.7	1,118.4
Trade and other receivables	A	*	166.4	166.4	135.1	135.1
Cash and cash equivalents	A	*	1,883.6	1,883.6	120.7	120.7
Loans and borrowings	B	2	(2,341.6)	(2,207.7)	(1,299.0)	(1,298.5)
Issued bonds	B	1	(4,454.9)	(4,370.2)	(1,982.1)	(2,076.4)
Lease liability	B	2	(22.9)	(22.9)	(17.0)	(17.0)
Accruals	B	*	(289.7)	(289.7)	(276.3)	(276.3)
Trade and other payables and deposits	B	*	(330.3)	(330.3)	(161.0)	(161.0)
Total			**(1,692.6)**	**(1,562.3)**	**(2,373.9)**	**(2,455.0)**
Unrecognized gain/(loss)				(168.4)		81.1

A – assets subsequently measured at amortised cost

B – liabilities subsequently measured at amortised cost

* it is assumed that the fair value of these financial assets and liabilities is equal to their nominal value, therefore no evaluation methods were used in order to calculate their fair value.

When determining the fair value of loans granted, forecasted cash flows from the reporting date to assumed dates of repayments of the loans were analyzed. The discount rate for each payment was calculated as an applicable WIBOR or EURIBOR interest rate plus a margin regarding the credit risk.

Trade and other receivables, accruals and trade and other payables and deposits comprise mainly receivables and payables which are settled no later than at the end of the first month after the reporting date. It was therefore assumed that the effect of their valuation, taking the effect of time value of money into account, would approximately be equal to their nominal value.

As at 31 December 2023 and 31 December 2022 loans and borrowings comprised term facility loan. The discount rate for each payment was calculated as a sum of implied WIBOR/EURIBOR interest rate and a margin regarding the Company’s credit risk. When determining the fair value of senior facility as at 31 December 2023, forecasted cash flows from the reporting date to 28 April 2028 were analyzed. When determining the fair value of senior facility as at 31 December 2022, forecasted cash flows from the reporting date to 30 September 2024 (assumed date of repayment of the loan obtained in 2015, changed in 2018 and changed in 2020) and to 31 March 2025 (assumed date of repayment of the additional loan obtained in 2019 and changed in 2020).

The fair value of bonds as at 31 December 2023 and 31 December 2022 is calculated based on the last bid price as at the balance sheet date as quoted on the Catalyst market.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

As at 31 December 2023, the Company held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value

	31 December 2023 Level 1	Level 2	Level 3
Derivatives other than hedging instruments	**-**	**-**	**41.7**
financial PPA	-	-	41.7
Hedging derivative instruments	**-**	**4.3**	**-**
IRS	-	4.3	-
Investments in equity instruments	614.4	-	-
Total	**614.4**	**4.3**	**41.7**

Liabilities measured at fair value

	31 December 2023 Level 1	Level 2	Level 3
Derivatives other than hedging instruments	**-**	**-**	**60.1**
financial PPA	-	-	60.1
Hedging derivative instruments	**-**	**11.9**	**-**
IRS	-	5.7	-
CIRS	-	5.8	-
Forward	-	0.4	-
Total	**-**	**11.9**	**60.1**

The fair value of interest rate swaps, currency interest rate swaps and forward transactions is determined using financial instruments valuation models, based on generally published interest rates. Fair value of derivatives is determined based on the discounted future cash flows from transactions, calculated based on the difference between the forward price and the transaction price.

The fair value of financial PPA transactions was determined using financial instrument pricing models, using expert assumptions on energy price levels, seasonality, production profile as well as using generally available interest rates. The fair value is determined based on discounted future transaction flows calculated on the basis of the difference between the market price over the contract horizon and the settlement price (plus the inflation rate).

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

As at 31 December 2022, the Company held the following financial instruments carried at fair value on the statement of financial position:

ASSETS MEASURED AT FAIR VALUE

	31 December 2022	Level 1	Level 2	Level 3
Hedging derivative instruments		-	**23.1**	-
IRS		-	23.1	-
Total		**-**	**23.1**	**-**

LIABILITIES MEASURED AT FAIR VALUE

	31 December 2022	Level 1	Level 2	Level 3
Hedging derivative instruments		-	**0.7**	-
IRS		-	0.7	-
Total		**-**	**0.7**	**-**

Items of income, costs, profit and losses recognized in profit or loss generated by loans and borrowings and issued bonds (including hedging transactions)

For the period from 1 January 2023 to 31 December 2023	Loans and borrowings	Issued bonds	Hedging instruments	Total
Interest expense on loans and borrowings	(139.4)	-	14.4	**(125.0)**
Interest expense on issued bonds	-	(327.2)	-	**(327.2)**
Exchange rate differences	57.9	-	-	**57.9**
Total finance costs	(81.5)	(327.2)	14.4	**(394.3)**
Total gross profit/(loss)	**(81.5)**	**(327.2)**	**14.4**	**(394.3)**
Hedge valuation reserve	**-**	**-**	**(28.8)**	**(28.8)**

For the period from 1 January 2022 to 31 December 2022	Loans and borrowings	Issued bonds	Hedging instruments	Total
Interest expense on loans and borrowings	(98.1)	-	19.8	**(78.3)**
Interest expense on issued bonds	-	(155.6)	-	**(155.6)**
Total finance costs	(98.1)	(155.6)	19.8	**(233.9)**
Total gross profit/(loss)	**(98.1)**	**(155.6)**	**19.8**	**(233.9)**
Hedge valuation reserve	**-**	**-**	**11.4**	**11.4**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Hedge accounting and derivatives

Cash Flow Hedge of interest rate risk of interest payments

At 31 December 2023, the Company held a number of interest rate swaps, designated as hedges of floating interest payments on senior facility denominated in PLN.

The terms of the interest rate swaps have been negotiated to match the terms of the floating rate financing in PLN. The ineffective part of the IRS valuation identified in the reporting period was recognized in the profit and loss.

Table below presents the basic parameters of IRS designated as hedging instruments, including the periods in which cash flows occur due to cash flow hedges, periods they will affect the financial results and fair value in PLN of hedging instruments as at the balance sheet date.

	31 December 2023	31 December 2022
Type of instrument	Interest rate swap	Interest rate swap
Exposure	Floating rate interest payments in PLN	Floating rate interest payments in PLN
Hedged risk	Interest rate risk	Interest rate risk
Notional value of hedging instrument (PLN)	750.0	1,125.0
Fair value of hedging instruments	(1.4)	22.4
Hedge accounting approach	Cash Flow Hedge	Cash Flow Hedge
Expected period the hedge item affect income statement	Until 30 June 2025	Until 30 June 2025

Cash Flow Hedge of interest rate risk of interest payments

At 31 December 2023, the Company held a number of interest rate swaps in different currencies (CIRS), designated as hedges of floating interest payments on senior facility denominated in EUR.

The terms of the currency interest rate swaps have been negotiated to match the terms of the floating rate financing in EUR. The ineffective part of the CIRS valuation identified in the reporting period was recognized in the profit and loss.

Table below presents the basic parameters of CIRS designated as hedging instruments, including the periods in which cash flows occur due to cash flow hedges, periods they will affect the financial results and fair value of hedging instruments as at the balance sheet date.

	31 December 2023	31 December 2022
Type of instrument	Currency interest rate swap	-
Exposure	Floating rate interest payments in EUR	-
Hedged risk	Interest rate risk and currency risk	-
Notional value of hedging instrument (EUR)	50.0	-
Fair value of hedging instruments	(5.8)	-
Hedge accounting approach	Cash Flow Hedge	-
Expected period the hedge item affect income statement	Until 31 March 2027	-

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Cash Flow Hedge of currency risk of interest payments

At 31 December 2023, the Company held a number of forward contracts, designated as hedges of exchange rate of interest payments on senior facility denominated in EUR.

The terms of the forward transaction have been negotiated to match the terms of the interest payments on senior facility denominated in EUR. In the reporting period, the ineffective part of the valuation of forward contracts was not identified and recognized in the profit and loss.

Table below presents the basic parameters of forward contracts designated as hedging instruments, including the periods in which cash flows occur due to cash flow hedges, periods they will affect the financial results and fair value of hedging instruments as at the balance sheet date.

	31 December 2023	31 December 2022
Type of instrument	Currency forward contract	-
Exposure	Interest payments in EUR	-
Hedged risk	Currency risk	-
Notional value of hedging instrument (EUR)	3.7	-
Fair value of hedging instruments	(0.4)	-
Hedge accounting approach	Cash Flow Hedge	-
Expected period the hedge item affect income statement	Until 31 May 2024	-

Change in fair value of cash flow hedges recognized in equity is presented below (pre-tax):

	2023	2022
Opening Balance	**22.4**	**13.4**
Effective part of valuation recognized in equity	(16.8)	26.3
Amounts recognized in equity transferred to the profit and loss statement, of which:	(13.2)	(17.3)
• adjustment of interest costs	(14.4)	(19.8)
• recognition of ineffective part	1.2	2.5
Closing Balance	**(7.6)**	**22.4**

38. Capital management

This note presents information about the Company's management of capital. Further quantitative disclosures are also included throughout these financial statements.

The goal of capital management is to maintain the Company's ability to operate as a going concern in order to provide the shareholders return on investment as well as benefits for other stakeholders. The Company might issue shares, increase debt or sell assets in order to maintain or improve the equity structure.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

The Company monitors capital on the basis of leverage ratio, which is calculated as a ratio of net debt to sum of equity and net debt. Net debt represents interest-bearing loans and borrowings and issued bonds less cash and cash equivalents (including restricted cash).

	Carrying amount	
	31 December 2023	31 December 2022
Loans and borrowings	2,207.7	1,298.5
Issued bonds	4,370.2	2,076.4
Cash and cash equivalents	(1,883.6)	(120.7)
Net debt	**4,694.3**	**3,254.2**
Equity	12,109.9	11,494.2
Equity and net debt	**16,804.2**	**14,748.4**
Leverage ratio	**0.28**	**0.22**

39. Barter transactions

The Company is a party to barter transactions. The table below presents revenues and costs of barter transactions executed on an arm's-length basis. Revenue comprise revenue from services, goods and materials sold, costs comprise costs of sales.

	for the year ended	
	31 December 2023	31 December 2022
Revenues from barter transactions	5.9	5.8
Cost of barter transactions	5.6	5.9

	31 December 2023	31 December 2022
Barter receivables	1.8	2.6
Barter payables	0.8	1.8

40. Transactions with related parties

Receivables

	31 December 2023	31 December 2022
Subsidiaries	135.4	100.0
Joint ventures and associates	-	0.3
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	1.3	1.1
Total	**136.7**	**101.4**

A significant portion of receivables is represented by receivables from share of the profits of partnerships and receivables related to sale of Telewizja Polsat, Netia and Polkomtel Sp. z o.o. ('Polkomtel') services.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Other assets

	31 December 2023	31 December 2022
Subsidiaries	57.9	22.3
Joint ventures and associates	-	1.4
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	-	1.3
Total	**57.9**	**25.0**

Other current assets comprise mainly financial instruments entered into with Pak-Volt and unbilled revenue from Netia, Polkomtel and InterPhone Service.

Liabilities

	31 December 2023	31 December 2022
Subsidiaries	297.9	183.9
Joint ventures and associates	-	5.6
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	179.4	3.4
Total	**477.3**	**192.9**

A significant portion of liabilities is represented by liabilities from acquisition of shares, Polkomtel, InterPhone and Liberty Poland services, financial instruments liabilities and lease liabilities.

Loans granted

	31 December 2023	31 December 2022
Subsidiaries	3,608.3	673.2
Joint ventures and associates	-	444.9
Total	**3,608.3**	**1,118.1**

Loans granted as at 31 December 2023 mainly include loans to Polkomtel Sp. z o.o., PAK-Polska Czysta Energia Sp. z o.o., Netia S.A., Esoleo Sp. z o.o. and i Pantanomo Ltd. with repayment due date in 2024 – 2031.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Revenues

	for the year ended	
	31 December 2023	31 December 2022
Subsidiaries	111.6	123.8
Joint ventures and associates	1.3	0.2
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A	2.1	1.5
Total	**115.0**	**125.5**

The most significant transactions include revenues from subsidiaries from accounting services, signal broadcast, programming fees, programming licences, property rental and advertising services.

Expenses

	for the year ended	
	31 December 2023	31 December 2022
Subsidiaries	701.5	704.1
Joint ventures and associates	2.4	5.1
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	13.0	25.7
Total	**716.9**	**734.9**

The most significant transactions include data transfer services.

The Company also pays license fees for broadcasting Telewizja Polsat's programmes, commissions on sales, and incurs programming fees, expenses for IT services, property rental costs, advertising production and telecommunication services with respect to the Company's customer call center.

Gain/(loss) on investment activities, net

	for the year ended	
	31 December 2023	31 December 2022
Subsidiaries	684.9	978.4
Joint ventures and associates	93.8	84.1
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	-	608.7
Total	**778.7**	**1,671.2**

Gains and losses on investment activities comprises mostly of dividends, income from share of the profits of partnerships, sale of shares and guarantees granted by the Company in respect to Polkomtel's term facilities.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Finance costs

	for the year ended	
	31 December 2023	31 December 2022
Subsidiaries	9.4	6.2
Total	**9.4**	**6.2**

Finance costs comprise mostly of guarantee fees in respect to the term facilities.

The related party transactions has been described also in note 45.

41. Litigations

Management believes that the provisions for litigations as at 31 December 2023 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Company's financial situation. Information regarding the amount of provisions was not separately disclosed. as in the opinion of the Company's Management such disclosure could prejudice the outcome of the pending cases.

On 30 December 2016 the President of UOKiK issued a decision stating that the Company's operations were allegedly infringing collective consumer interests by presenting promotional offers, which in the opinion of the authorities were impossible to conclude. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 4.4. The Company appealed to SOKiK against the decision. On 14 October 2019 SOKiK dismissed the appeal. The Company appealed against the decision. On 31 December 2020 the Company's appeal was dismissed. On 14 January 2021 the Company paid the penalty. The Company submitted a cassation appeal to the Supreme Court. On 20 April 2022, the Supreme Court accepted the Company's cassation appeal for consideration. At a closed session on 25 May 2023, the company's cassation appeal was dismissed.

On 19 December 2019 the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by hindering access to ZDF and Das Erste channels during the Euro 2016 championship by removing these channels and by giving incomplete and unreliable information to consumers in response to claims regarding unavailability of the above programs. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 34.9. The company appealed against this decision to SOKiK. On 14 February 2022 First Instance Court dismissed the Company's appeal in its entirety. The Company submit a cassation appeal to the Court of Appeal in Warsaw. The appeal hearing took place on 21 October 2022. On 21 November 2022, the Court of Appeal in Warsaw repealed the appealed judgment in its entirety and referred the case to the Regional Court in Warsaw for examination and resolution. On 24 July 2023 Company's appeal was again dismissed. On 6 September 2023 the Company filed an appeal against the judgment. To date, hearing date has not been set.

Other proceedings

On 28 April 2017, Association of Polish Stage Artists ("ZASP") filed a lawsuit against Cyfrowy Polsat for payment of PLN 20.3. The Company issued an objection in the writ-of-payment proceedings and filed for its dismissal entirely. On 10 January 2018 the Court issued a decision to refer the case to mediation proceedings. Mediation ended without a settlement. The last hearing took place on 8 May 2019. Both parties have submitted an application for re-referral to the mediation proceedings for a period of three months. The court approved application and postponed the hearing without a deadline. Mediation ended without a settlement. On 6 May 2020, the Company received a letter from the Court, containing the mediator's position summarizing the course of mediation, with a request to refer to its content. On 25 May 2020, the Company submitted a response informing the Court about the settlement being impossible to reach by the parties. The hearing took place on 20 October 2021. At the end of March 2022, the Company received a letter extending the previous claim by the period from 1 January 2010 to 31 December 2020, the value of the lawsuit was increased by over PLN 120.0. The court set the hearing dates for: 15 December 2023 and 17 April 2024. The hearing on 15 December 2023 has been canceled.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

By lawsuit, delivered to the Company on 16 December 2019, the Association of Performing Artists (SAWP) filed two claims against the Company: information claim and claim for payment. The information claim relates to television programs rebroadcasted by the Company in the period from 20 August 2009 to 20 August 2019. In the claim for payment, SAWP claims PLN 153.3 for the alleged violation of related rights to artistic performances of musical and verbal - musical works through their non-contractual cable rebroadcast. The Company filed for the dismissal entirely. The last hearing took place on 17 January 2024. The hearing was postponed without a date.

42. Other disclosures

Other securities

In connection with the implementation of investment projects by its subsidiaries involving the construction of renewable energy installations, the Company has granted guarantees of significant value for the performance of agreements for the implementation of individual wind farm projects, in particular agreements for the supply and installation of wind turbines concluded with Vestas Poland S.A. and Nordex Poland S.A. As of December 31, 2023, the total value of sureties and guarantees granted to the above-mentioned entities for wind farm projects amounted to EUR 328.3 with expiration dates falling on various dates in 2024-2026. The financial terms of the guarantees or sureties granted do not differ from market conditions.

In addition, the Company granted corporate guarantees and sureties in EUR and USD, which guarantee the trade payables of its subsidiary Polkomtel Sp. z o.o. to its suppliers. As of 31 December 2023, the total value of granted guarantees, converted into PLN at the exchange rate as of the balance sheet date, amounted to PLN 217.4. The guarantees expire 2024-2026. The financial terms of the granted guarantees and warranties do not differ from market terms.

Contractual liabilities related to purchases of non-current assets

Total amount of capital commitments resulting from agreements for property construction and improvements was PLN 14.6 as at 31 December 2023 (PLN 19.2 as at 31 December 2022).

Future contractual obligations

As at 31 December 2023 and 31 December 2022 the Company had future liabilities due to transponder capacity agreements.

The table below presents future payments (in total):

	31 December 2023	31 December 2022
within one year	112.8	121.7
between 1 to 5 years	112.8	243.4
Total	**225.6**	**365.1**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

43. Remuneration of the Management Board

The table below presents the total of basic remuneration of the Management Board members of the Cyfrowy Polsat S.A. for management functions due from Cyfrowy Polsat S.A. in 2023 and 2022.

Name	Function	2023	2022
Mirosław Błaszczyk	President of the Management Board	0.8	0.8
Maciej Stec	Vice-President of the Management Board	0.4	0.4
Jacek Felczykowski	Member of the Management Board	0.2	0.2
Aneta Jaskólska	Member of the Management Board	0.6	0.6
Agnieszka Odorowicz	Member of the Management Board	0.6	0.6
Katarzyna Ostap-Tomann	Member of the Management Board	0.5	0.5
Total		**3.1**	**3.1**

The bonuses payable to each member of the Management Board of the Cyfrowy Polsat S.A. for years 2023 and 2022 from Cyfrowy Polsat S.A. and subsidiaries are presented below:

Name	Function	2023	2022
Mirosław Błaszczyk	President of the Management Board	2.5	2.5
Maciej Stec	Vice-President of the Management Board	1.3	5.0
Jacek Felczykowski	Member of the Management Board	1.5	1.5
Aneta Jaskólska	Member of the Management Board	1.9	1.9
Agnieszka Odorowicz	Member of the Management Board	1.0	0.8
Katarzyna Ostap-Tomann	Member of the Management Board	3.4	2.4
Total		**11.6**	**14.1**

The table below presents the remuneration of the Management Board of Cyfrowy Polsat S.A. in 2023 and 2022 from other related companies for management functions:

Name	Function	2023	2022
Mirosław Błaszczyk	President of the Management Board	0.2	0.2
Maciej Stec	Vice-President of the Management Board	-	0.2
Jacek Felczykowski	Member of the Management Board	0.8	0.8
Aneta Jaskólska	Member of the Management Board	0.3	0.3
Katarzyna Ostap-Tomann	Member of the Management Board	0.5	0.5
Total		**1.8**	**2.0**

44. The Supervisory Board remuneration

The Supervisory Board receives remuneration based on the resolution of the Extraordinary General Shareholders' Meeting of Cyfrowy Polsat S.A. dated 5 September 2007. On 29 June 2016 the Annual General Meeting adopted the resolution concerning changes in remuneration of members of the Supervisory Board.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

The table below presents the total remuneration payable to the Supervisory Board members in 2023 and 2022:

Name	Function	2023	2022
Zygmunt Solorz	Chairman of the Supervisory Board	0.24	0.24
Marek Kapuściński	Vice-chairman of the Supervisory Board (until 31 May 2023)	0.08	0.18
Józef Birka	Member of the Supervisory Board	0.18	0.18
Jarosław Grzesiak	Member of the Supervisory Board	0.18	0.18
Marek Grzybowski	Independent Member of the Supervisory Board	0.18	0.18
Tobias Solorz	Member of the Supervisory Board	0.18	0.18
Tomasz Szeląg	Member of the Supervisory Board	0.18	0.18
Piotr Żak	Member of the Supervisory Board	0.18	0.18
Total		**1.40**	**1.50**

45. Important agreements and events

Conclusion of financial PPA agreements

In March 2023, Cyfrowy Polsat S.A. entered into so-called financial PPA (Power Purchase Agreement) agreements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-Volt S.A. regarding electricity generated by a photovoltaic farm in the Brudzew municipality. The financial PPA agreements were concluded for a period of 15 years, with the possibility of termination in certain situations and are effective since April 2023.

In April 2023, Cyfrowy Polsat S.A. entered into so-called financial PPA (Power Purchase Agreement) agreements with Park Wiatrowy Pałczyn 1 Sp. z o.o. and PAK-Volt S.A. regarding electricity generated by a wind farm in the Miłosław municipality. The financial PPA agreements were concluded for a period of 15 years and 6 months and shall be effective since January 2024.

In November 2023, Cyfrowy Polsat S.A. entered into so-called financial PPA (Power Purchase Agreement) agreements with Great Wind Sp. z o.o. and PAK-Volt S.A. regarding electricity generated by a wind farm in the Człuchów municipality. The financial PPA agreements were concluded for a period of 15 years with the possibility of their termination in certain situations, and will take effect from August 2024, with the parties allowing for the possibility of postponing this date to December 2024.

The Company committed in the financial PPA agreements to make financial settlements in order to ensure a fixed price for the sale or purchase of electricity (so-called contract on difference). The settlement price in the financial PPA agreements was established for the first year of the term and will be indexed in subsequent years by the inflation rate, subject to applicable legal regulations specifying the maximum sales price of electricity produced from renewable sources.

Conclusion of annex to the preliminary share purchase agreement concerning PAK-Polska Czysta Energia Sp. z o.o. and the acquisition of shares in PAK-Polska Czysta Energia Sp. z o.o.

On 3 July 2023 Cyfrowy Polsat signed with ZE PAK S.A. (a related company) an annex to the preliminary agreement of 20 December 2021 regarding the Company's acquisition of shares in PAK-Polska Czysta Energia Sp. z o.o.

According to annex, Cyfrowy Polsat and ZE PAK S.A. agreed that the subject matter of the final agreement ("Final Agreement") will be 2,390,600 (not in millions) shares in PAK-Polska Czysta Energia Sp. z o.o. ("PAK-PCE Shares"), representing approximately 10.1% of the share capital of PAK-Polska Czysta Energia Sp. z o.o. and approximately 10.1% of votes at the shareholders' meeting of PAK-Polska Czysta Energia Sp. z o.o. ("Transaction").

In addition, the Company and ZE PAK S.A. agreed that two companies from the PAK-Polska Czysta Energia Sp. z o.o. group: Przedsiębiorstwo Remontowe "PAK Serwis" Sp. z o.o. and PCE-OZE 5 Sp. z o.o. will be transferred to ZE PAK S.A. before closing the Transaction and therefore will not be subject of Transaction.

On 3 July 2023 the Company concluded with ZE PAK S.A. the Final Agreement under which the Company acquired the PAK-PCE Shares from ZE PAK S.A. The final price for the PAK-PCE Shares amounted to PLN 117.0.

Following Transaction and taking into account the shares previously acquired and subscribed for by the Company in PAK-Polska Czysta Energia Sp. z o.o., Cyfrowy Polsat holds approximately 50.5% of the shares in the share capital of PAK-Polska Czysta Energia Sp. z o.o.

Acquisition of shares in Pantanomo Limited

On 3 July 2023 the Company and Tobe Investments Group Limited entered into a share purchase agreement, pursuant to which Cyfrowy Polsat acquired from Tobe Investments Group Limited 4,705 (not in millions) shares in Pantanomo Limited, representing approximately 32% of Pantanomo's share capital.

The purchase price for the Pantanomo Limited shares amounts to PLN 307.2 and will be paid by the Company in instalments, the first instalment in the amount of PLN 107.2 by 31 October 2023, the second instalment in the amount of PLN 100.0 by 30 April 2024, and the remaining part of the price in the amount of PLN 100.0 will be paid by 31 October 2024.

Sale of shares in Asseco Poland S.A.

On 21 September 2023, as part of the share buyback announced by Asseco Poland S.A., the Company sold 10,642,046 (not in million) ordinary bearer shares of Asseco Poland S.A. The total proceeds from the sale of shares, reduced of transaction costs, amounted to PLN 850.5.

Provision of guarantees for the implementation of wind power plants "Drzeżewo I-IV"

On 2 October 2023 in connection to realization of the wind power plant project „Drzeżewo I-IV”, the company Eviva Drzeżewo Sp. z o.o. (the Company subsidiary) entered into a contract with Vestas Poland Sp. z o.o. for the supply of turbines, their installation, and commissioning, as well as a service agreement for maintenance work and a guarantee of availability of the aforementioned turbines by Vestas Poland Sp. z o.o. for a period of 15 years from the date of commissioning.

Decision of the Head of the Małopolska Tax Office in Cracow

On 15 February 2018 the Head of the Małopolska Tax Office in Cracow ("Tax Office") issued the decision assessing the tax liability from uncollected withholding corporate income tax in 2012 in the amount of PLN 24.2 increased by interest on tax arrears.

In the issued decision the Tax Office contested the Company's right to an exemption from the obligation to withhold income tax on certain interest payments in 2012. The Company appealed against the decision of the Tax Authority on the basis of acquired opinions issued by renowned entities. The Company has not created any provisions encumbering its financial results.

On 10 July 2018 the Tax Office upheld the previous decision dated 15 February 2018. The Company does not agree with the decision of the Tax Office in question and appealed against it to the Voivodship Administrative Court in Cracow. The Voivodship Administrative Court in Cracow dismissed the complaint in the ruling as of 21 February 2019. The Company does not agree with this decision and filled a cassation complaint to the Supreme Administrative Court in Warsaw. The Supreme Administrative Court upheld the complaint and transferred the case to the Voivodship Administrative Court for re-examination in its decision on 17 August 2022. The Voivodship Administrative Court, at the hearing on 15 March 2023, revoked the decision of the Head of the Małopolska Tax Office in Kraków and referred the case for reconsideration by this authority. On 23 January 2024, the Company received the decision of the tax authority discontinuing the proceedings in the case.

The Tax Office control activities in the aforesaid matter were in progress in relation to 2013 and 2014.

The Head of the Małopolska Tax Office in Cracow issued a decision on 19 July 2019 in respect to the year 2013. The decision assessed the Company's tax liability from uncollected withholding corporate income tax in 2013 in the amount of PLN 25.1 increased by interest on tax arrears. The Company appealed against the decision, but on 14 February 2020 the Tax Authority maintained its position. The Company filed a complaint against the decision to the Administrative Court. On 15 October 2020, the Voivodship Administrative Court in Cracow dismissed the complaint. The Company, based on the opinions of reputable advisers, does not agree with the court's decision and filed a cassation appeal to the Supreme Administrative Court in Warsaw. The Supreme Administrative Court, at the hearing on 10 January 2024, dismissed the judgements of the first instance court and the decisions of the Head of the Małopolska Tax Office in Cracow issued in these cases in the second instance. Company is waiting for the above-mentioned actions of tax authority consuming the court's position and guidelines. The Company has not created any provisions encumbering its financial results.

The Head of the Małopolska Tax Office in Cracow issued a decision on 20 September 2019 in respect to the year 2014. The decision assessed the Company's tax liability from uncollected withholding corporate income tax in 2014 in the amount of PLN 1.7 increased by interest on tax arrears. The Company appealed against the decision of the Tax Authority. In a second instance decision issued on 8 June 2020, the Tax Authority fully maintained its position. The Company filed a complaint against the decision to the Administrative Court. On 20 October 2020, the Voivodship Administrative Court in Cracow dismissed the complaint. The Company, based on the opinions of reputable advisers, does not agree with the court's decision and filed a cassation appeal to the Supreme Administrative Court in Warsaw. The Supreme Administrative Court, at the hearing on 10 January 2024, dismissed the judgments of the first instance court and the decisions of the Head of the Małopolska Tax Office in Cracow issued in these cases in the second instance. Company is waiting for the above-mentioned actions of tax authority consuming the court's position and guidelines. The Company has not created any provisions encumbering its financial results.

46. Events subsequent to the reporting date

Early redemption of Series B and C Bonds

On 17 January 2024 the Management Board has decided to carry out an early redemption (”Early Redemption”) of all bonds outstanding:

- PLN 223,798 (not in millions) Series B bearer bonds with a total nominal value of PLN 223.8 issued by the company on 26 April 2019 with redemption date set for 24 April 2026 and
- PLN 88,053 (not in millions) Series C bearer bonds with a total nominal value of PLN 88.1 issued by the Company on 14 February 2020 with redemption date set for 12 February 2027.

Early redemption was executed by the Company on 5 February 2024 by payments:

- for each series B bond, the cash amount at its nominal value, i.e. PLN 1,000 (not in millions), plus accrued interest of PLN 20.46 (not in millions) and
- for each series C bond, the cash amount at its nominal value, i.e. PLN 1,000 (not in millions), plus accrued interest of PLN 39.41 (not in millions) and bonus for Early Redemption in amount of PLN 5.00 (not in millions).

In connection with the Early Redemption, all Series B bonds and Series C bonds were cancelled.

47. Judgments, financial estimates and assumptions

The preparation of financial statements in conformity with IFRS EU requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and costs. Estimates and underlying assumptions are based on historical data and other factors considered as reliable under the circumstances, and their results provide grounds for an assessment of the carrying amounts of assets and liabilities which cannot be based directly on any other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The most significant estimates and assumptions made primarily related to the following:

- Classification of lease agreements

In the case of contracts where the Company acts as a lessor, the Company classifies leasing agreements as operating or financial based on the assessment as to what extent the risks and rewards incidental to ownership of a leased asset lie with the lessor or the lessee. The assessment is based on the economical substance of each transaction. The Company concludes agreements for the rental of reception equipment (set-top boxes, modems and routers) to its customers in the course of its business operations. These lease agreements are classified as operating leases as the Company holds substantially all the risks and rewards incidental to ownership of the reception equipment. For more information see note 34.

- Lease term

For agreements which meet the lease definition, the Company determines the lease term as the non-cancellable period of a lease, together with both: periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. While determining the lease term, the Company considers all relevant facts and circumstances, which could indicate that the Company will exercise the option to extend the lease. A lessee has to reassess an extension option upon the occurrence of either a significant event or significant change in the circumstances that are within the control of the lessee. In terms of contracts with an indefinite period, the lease term is determined based on a professional judgment regarding the contract term. The Company estimates lease term to be 2 years for point of sale agreements with indefinite periods.

- Discount rate used by the lessee

Discount rate is understood as the interest rate implicit in the lease (if that rate can be readily determined) or the incremental borrowing rate of the Company, determined as the cost of interest on the loan, which the Company would have to incur when taking a loan to purchase a given asset with adequate security. The incremental borrowing rate can be defined as the sum of the risk free rate and the Company's credit risk premium. Discount rates applied by the Company take into account the maturity and the currency of lease contracts.

- Depreciation rates of property, plant and equipment and intangible assets with definite useful lives

Depreciation rates are based on the expected economic useful lives of property, plant and equipment (including reception equipment provided to customers under lease agreements) and intangible assets. The expected economic useful lives are reviewed on an annual basis based on current estimates.

The process of verification also accounts for climatic factors, including physical and transition risks. In particular, the Company defines whether the climate-related legislation and regulations can potentially have impact on the useful life of assets, e.g. by introducing bans, restrictions, or by imposing additional requirements, such as energy performance with regard to the Company's buildings.

The economic useful lives of the set-top boxes rented to customers under operating lease agreements are estimated for 5 years, modems and routers 3 years. For information on the useful lives of property, plant and equipment, programming assets and other intangible assets with definite useful lives see notes 5i and 5j. For information on the depreciation charge for the period by the category of property, plant and equipment and intangible assets with definite useful lives and right-of-use assets see notes 15, 17 and 18.

- The impairment of goodwill

The Company performed impairment test on goodwill arising on the acquisition of M.Punkt Holdings and Redefine. The impairment test was based on the value-in-use calculations of the "B2C and B2B Services" cash-generating unit to which the goodwill has been allocated on the initial recognition. The value-in-use calculations included estimation of discounted cash flows for the given cash-generating unit. The value of goodwill tested at each cash-generating unit, the key assumptions used in the value-in-used calculations for each cash-generating unit, test results and sensitivity analysis of reasonably possible changes in the key assumptions are presented in note 16.

- The impairment of investment in subsidiaries

The Company analyzed whether any indicators of potential impairment of investments in subsidiaries exist as at the balance sheet date. The analysis did not indicate such impairment indicators (with the exception of recognised impairment loss of shares in Karpacka Telewizja Kablowa Sp. z o.o., Vindix S.A. and Esoleo Sp. z o.o.). Impairment value of shares in Karpacka Telewizja Kablowa Sp. z o.o., Vindix S.A. and Esoleo Sp. z o.o. are presented in note 20.

- The impairment of non-financial non-current assets

As at the reporting date the Company has assessed whether there are any indications that intangible and tangible assets with definite useful lives may be impaired. The impairment loss recognised equals the difference between net book value and recoverable amount.

It is also climatic factors, such as climate-related legislation, that can affect the residual value of fixed assets. Additionally, extreme weather such as thunderstorms, torrential rains or hurricanes can cause damage to the broadcasting infrastructure, the antenna dishes in particular. Nonetheless these antennas are designed and built in a way to allow the antenna dishes to withstand hurricane-force winds. Hence even hurricanes, which have become more frequent in Poland, should not cause damage to antenna dishes.

At the same time, weather phenomena, which are accompanied by heavy clouds which accumulate big volumes of water, can interfere with satellite signal transmission. Bearing such threats in mind, two redundant transmission centers were built – in Warsaw and in Radom. If weather conditions are unfavorable in one location, the other one will seamlessly take over. The solution can also help continue trouble-free operations in case of other problems (e.g. persisting power outages).

The amounts of depreciation and amortization charges are presented in notes 15 and 17. As of 31 December 2023 no reasons existed which could lead to impairment of fixed assets due to climate-related factors.

- Impairment of receivables

The value of receivables is updated taking into account the expected credit losses for trade receivables and contract assets in the amount corresponding to the expected credit losses throughout the life of the instrument. The amount of expected losses is calculated on the basis of historical data regarding the repayment of receivables and the effectiveness of debt collection, taking into account current expectations regarding the future development of these parameters. For more information see notes 5m, 26 and 37.

- Provisions for pending litigation

During the normal course of its operations the Company participates in several court proceedings, usually typical and repeatable and which, on an individual basis, are not material for the Company, its financial standing and operations. The provisions are estimated based on the court documentation and the expertise of the Company's lawyers who participate in the current litigations and who estimate Company's possible future obligations taking the progress of litigation proceedings into account. The Company also recognizes provisions for potential unreported claims resulting from past events, should the Management Board find that the resulting outflow of economic benefits is likely. Provisions regarding probable claims are recognized as a result of Management Board's estimates based on accessible information regarding market rates for similar claims. Management believes that the provisions as at 31 December 2023 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Company's financial situation.

- Deferred tax

Deferred taxes are recognised for all temporary differences, as well as for unused tax losses, except for the cases excluding recognition in accordance with IAS 12 and taking into account the possibility of deferred tax asset realization. The key assumption in relation to deferred tax accounting is the assessment of the expected timing and manner of realization or settlement of the carrying amounts of assets and liabilities held at the reporting date. In particular, assessment is required of whether it is probable that there will be suitable future taxable profits against which any deductible temporary differences can be utilized. At the end of the reporting period unrecognised deferred tax assets are re-assessed. A previously unrecognised deferred tax asset is recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. For further details refer to notes 5v and 12.

- Fair value of financial instruments

Fair value of financial instruments for which there is no active market is estimated using appropriate techniques of measurements. The techniques are chosen based on the professional judgment. For more information about the method of establishing the fair value of financial instruments and key assumption made see note 5g.

- Loan liabilities measured at amortised cost

The Term Facility and the Revolving Facility bear interest at a variable rate equal to WIBOR/EURIBOR for the relevant interest period plus margin. The margin on the Term Facility and the Revolving Facility depends on the ratio of net consolidated indebtedness to consolidated EBITDA and on reaching by the capital group Cyfrowy Polsat S.A. particular targets regarding green energy production and utilization of zero-emission energy by the group companies. Accordingly, the Company's management classifies loan liabilities as variable rate instruments.

- Valuation of Financial PPA contracts

Financial PPAs are valued at fair value through profit or loss. The fair value of financial PPAs for which there is no active market is determined using appropriate valuation techniques. The Company uses judgment in selecting appropriate assumptions. The valuation model takes into account (i) technical data from market reports on the seasonality of renewable energy production, (ii) market prices based on futures contracts on POLPX with maturities of up to 2 years (iii) expert energy price paths for periods of more than 2 years available from an external party, (iv) inflation forecasts published by the National Bank of Poland, (v) a discount rate based on the market interest rate curve adjusted for counterparty credit risk.

- Climatic issues and impact on financial statements

Being aware of the importance and the scale of climatic changes, while using various scenarios the Company carried out the analysis of the climate-related risks affecting its own operations, as well as the operations of the Company's capital group as a whole. The full analysis of climate-related risk factors, including analysis of climate-development scenarios and the climate resilience of the business models used in respective segments of the Group's operations, is found in the Sustainability Report of Polsat Plus Group for 2023.

- Presentation of Asseco Poland S.A. shares

Asseco Poland S.A. shares are presented as long-term assets due to the fact that they are not regarded as held for sale.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Financial results for the 3 months ended 31 December 2023 and 31 December 2022

48. Income Statement

	for the 3 months ended	
	31 December 2023 unaudited	31 December 2022 unaudited
Revenue	557.5	593.8
Operating costs	(538.1)	(528.8)
Other operating income/(costs), net	0.6	2.2
Profit from operating activities	**20.0**	**67.2**
Gain/(loss) on investment activities, net	(136.6)	43.9
Finance costs, net	(40.8)	(66.2)
Gross profit/(loss) for the period	**(157.4)**	**44.9**
Income tax	27.1	(3.6)
Net profit/(loss) for the period	**(130.3)**	**41.3**
Basic and diluted earnings/(loss) per share (in PLN)	**(0.24)**	**0.07**

49. Statement of Comprehensive Income

	for the 3 months ended	
	31 December 2023 unaudited	31 December 2022 unaudited
Net profit/(loss) for the period	**(130.3)**	**41.3**
Items that may not be reclassified subsequently to profit or loss :		
Actuarial gain/(loss)	(0.6)	0.7
Items that may be reclassified subsequently to profit or loss :		
Valuation of hedging instruments	1.1	(13.0)
Other comprehensive income/(loss), net of tax	**0.5**	**(12.3)**
Total comprehensive income/(loss) for the period	**(129.8)**	**29.0**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

50. Revenue

	for the 3 months ended	
	31 December 2023 unaudited	31 December 2022 unaudited
Retail revenue	512.8	540.5
Wholesale revenue	19.0	21.2
Sale of equipment	2.7	9.3
Other revenue	23.0	22.8
Total	**557.5**	**593.8**

51. Operating costs

		for the 3 months ended	
	Note	31 December 2023 unaudited	31 December 2022 unaudited
Content costs		215.8	217.1
Technical costs and costs of settlements with telecommunication operators		107.4	114.6
Distribution, marketing, customer relation management and retention costs		85.5	71.6
Depreciation, amortization, impairment and liquidation		46.5	43.7
Salaries and employee-related costs	a)	49.9	49.2
Cost of equipment sold		1.1	6.3
Cost of debt collection services and bad debt allowance and receivables written off		2.1	1.1
Other costs		29.8	25.2
Total		**538.1**	**528.8**

a) Salaries and employee related costs

	for the 3 months ended	
	31 December 2023 unaudited	31 December 2022 unaudited
Salaries	40.8	42.7
Social security contributions	5.7	5.1
Other employee-related costs	3.4	1.4
Total	**49.9**	**49.2**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

52. Gain/(loss) on investment activities, net

	for the 3 months ended	
	31 December 2023 unaudited	31 December 2022 unaudited
Share in the profits of partnerships	0.3	21.2
Interest income on loans granted	52.9	17.0
Other interest income	19.3	10.3
Exchange rate differences	(122.4)	(9.2)
Estimated future losses	(75.2)	-
Other	(11.5)	4.6
Total	**(136.6)**	**43.9**

53. Finance costs, net

	for the 3 months ended	
	31 December 2023 unaudited	31 December 2022 unaudited
Interest expense on loans and borrowings	42.5	28.0
Interest expense on issued bonds	98.2	44.6
Exchange rated differences on loan valuation	(102.5)	-
Valuation and realization of hedging instruments	(0.6)	(8.3)
Guarantee fees	2.7	1.5
Bank and other charges	0.5	0.4
Total	**40.8**	**66.2**

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

To the General Meeting and Supervisory Board of Cyfrowy Polsat S.A.

Audit report on the annual financial statements

Opinion

We have audited the annual financial statements of Cyfrowy Polsat S.A. (the 'Company') located in Warsaw at Łubinowa 4A, which comprise the balance sheet as at 31 December 2023, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in equity for the period from 1 January 2023 to 31 December 2023 and notes to the financial statements, including a summary of significant accounting policies (the 'financial statements').

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Company as at 31 December 2023 and its financial performance and its cash flows for the period from 1 January 2023 to 31 December 2023 in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union and the adopted accounting policies,
- comply in respect of the form and content with laws applicable to Company and its Statute,
- have been prepared based on properly maintained accounting records, in accordance with chapter 2 of the Accounting Act dated 29 September 1994 ('the Accounting Act').

The opinion is consistent with the additional report to the Audit Committee issued on 10 April 2024.

Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the version of International Auditing Standards ("NAS") and pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (the 'Act on Statutory Auditors') and the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC (the 'Regulation 537/2014'). Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), adopted by the National Council of Statutory Auditors and other ethical responsibilities in accordance with required applicable rules of the audit of financial statements in Poland. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. While conducting the audit, the key certified auditor and the audit firm remained independent of the Company in accordance with the independence requirements set out in the Act on Statutory Auditors and the EU Regulation 537/2014.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. They include the most significant assessed risks of material misstatement, including the assessed risks of material misstatement due to fraud. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we have summarized our reaction to these risks and in cases where we deemed it necessary, we presented the most important observations related to these types of risks. We do not provide a separate opinion on these matters.

Key audit matter	How our audit responded to this matter
<u>Revenue from contracts with customers - recognition and measurement</u> Revenues from sales of the Company for period from 1 January 2023 to 31 December 2023 amounted to PLN 2,245.3 million. Revenue recognition was assessed as a key audit matter due to the fact that the accuracy of the revenue recognition is an inherent industry risk. This is because of the complexity of the billing and other IT systems, that process large volumes of data, combination of different products and services offered, including bundled offers. Furthermore, the application of International Financial Reporting Standard 15 'Revenue from contracts with customers' ('IFRS 15'), involves a number of key judgements and estimates, that are related among others to identification of the performance obligations, determination of the transaction price or identification of material rights. Taking into account the above, we considered revenue recognition and accounting as a key audit matter. *Reference to related disclosures in the financial statements* Disclosure related to applied accounting policies and key judgements related to revenue recognition are included in note 5 "Accounting policies" to the financial statements. Disclosures on revenue are included in note 8 'Revenue' to the financial statements. Disclosure on revenue contract asset is included in note 24 'Contract asset' to the consolidated financial statements. Disclosure on contract cost is included in note 21 'Deferred	In the course of performed audit procedures, we have documented our assessment of Company's accounting policies in regards to revenue recognition and accounting in accordance with IFRS 15 and related key judgements and estimates applied by the Company's Management. Additionally, our procedures included, among others: • understanding of the processes of revenue recognition, as well as identification and assessment of key controls mechanisms; • testing of controls over revenue related processes; • evaluation of relevant IT systems, including testing of controls in place, engaging our IT audit experts, which included manage changes as well as logical access controls in IT systems used in the revenue recognition processes; • analysis of contractual provisions terms and understanding of the nature and key contractual terms of concluded contracts; • analytical procedures, including analysis of monthly trends and data for significant revenue streams versus budgets and forecasts; • reconciliation of balances of contract assets, contract costs and contract liabilities to source documentation; • substantive testing on sample of agreements and invoices for customers in respect of revenue recognition and verification of payments received. We also assessed the adequacy of the Company's disclosures in respect of the revenue recognition and accounting in the financial statements.

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distribution fees' to the consolidated financial statements.	
<u>**Fixed assets (including goodwill) impairment analysis**</u> As at 31 December 2023 the Company presents fixed assets in the amount of PLN 17,344.8 million (including goodwill in the amount of PLN 197 million and investments in subsidiaries, associates and other in the amount of PLN 12,774.4 million), which constitutes 87,9% of total assets. In accordance with the requirements of International Accounting Standard 36 'Impairment of assets' ('IAS 36'), the Company tested goodwill for impairment and if impairment indicators were identified also tested non current assets. For the purpose of impairment tests the Company's Management used certain judgements and assumptions in determining the recoverable amount such as: • identification of cash generating units ('CGU') and allocation of goodwill to these cash generating units, • continuance of current and expected market and economics conditions, • expected revenue and costs levels, • planned CAPEX, • weighted average cost of capital ("WACC"). This matter was considered key audit matter from the financial statements perspective, due to the following: • significance of the non-current assets; • intangible nature of significant part of the these assets; • significance of the impact of Company's Management professional judgement necessary to establish the carrying amounts of non-current assets based on discounted cash flows, which are generally uncertain. *Reference to related disclosures in the financial statements* Disclosure related to applied accounting policies and key judgements related to the impairment of assets are included in note 5	Our audit procedures in relation to the described key audit matter, included among others: • understanding and assessment of the accounting policies and procedures applied (including internal control environment) in the area of assessment of impairment indicators, including impairment indicators of investments in subsidiaries and associates, identification of the events indicating the impairment as well as impairment tests; • understanding and assessment of the judgements and estimates used by the Company's Management in relation to grouping the assets within CGUs and goodwill allocation; • assessment, with involvement of the valuation specialists, of assumptions and estimates made by the Company's Management and used for the purposes of defining the recoverable amount, including: - applied future key macroeconomic assumptions (including: discount rate, forecasted growth rate) by benchmarking to the market data and observable external data, - assumptions applied for establishing terminal values i.e. cash flows and interest rate after the forecast period; • verification of mathematical accuracy of the model of determination the residual value; • inquiring the financial personnel and Company's Management about historical accuracy of assumptions made, including validity and applicability of these key assumptions; • analysis of information from external sources such as industry press in reference to potential risks related to realization of the assumptions made by the Company's Management; • reconciliation of the source data being the basis for the impairment test models and

"Accounting policies" to the financial statements.

Disclosures related to key estimates and assumptions, including sensitivity analysis as well as results of impairment tests of assets, goodwill and intangible assets with indefinite useful life, which were prepared by the Company's Management, are included in note 16 "Impairment test on goodwill allocated to the "B2C and B2B" cash-generating unit" cash-generating unit", note 20 "Shares in subsidiaries, associates and other" and in the note 47 "Judgments, financial estimates and assumptions" to the financial statements.

assessment of impairment indicators based on forecasts and budgets;

- assessing the sensitivity analysis of the models prepared by the Company's Management to changes in significant assumptions.

We also assessed the adequacy of the disclosures made in the financial statements describing the impairment test and sensitivity analysis.

Responsibilities of the Company's Management and members of the Supervisory Board for the financial statements

The Company's Management is responsible for the preparation, based on properly maintained accounting records, the financial statements that give a true and fair view of the financial position and the financial performance in accordance with applicable International Financial Reporting Standards adopted by the European Union, the applied accounting policies, other applicable laws, as well as the Company's Statute, and is also responsible for such internal control as the Company's Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, The Company's Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Company's Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the financial statements meet the requirements of the Accounting Act. The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error, and to issue an independent auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with NAS will always detect material misstatement when it exists. Misstatements may arise as a result of fraud or error and are considered material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements.

The concept of materiality is applied by the auditor both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report. Hence all auditor's opinions and statements contained in the auditor's report are made with the contemplation of the qualitative and quantitative materiality levels established in accordance with auditing standards and auditor's professional judgment.

The scope of the audit does not include assurance on the future profitability of the Company nor efficiency or effectiveness of conducting business matters now and in the future by the Company's Management Board.

As part of an audit in accordance with NAS, we exercise professional judgment and maintain professional skepticism and we also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control,
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control,
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Company's Management,
- conclude on the appropriateness of the Company's Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our independent auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report, however, future events or conditions may cause the Company to cease to continue as a going concern,
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other information, including the Directors' Report

The Other information comprises the management report of the Company for the period from 1 January 2023 to 31 December 2023 („Directors' Report") together with the statement on corporate governance, which is a separate section of the Directors' Report, the statement on non-financial information and other documents comprising the annual financial report for the financial year ended 31 December 2023 ('Annual Report') excluding the financial statements and the independent auditor's report on the audit ('Other Information').

Responsibilities of the Company's Management and members of the Supervisory Board

The Company's Management is responsible for the preparation of the Other Information in accordance with the law.

The Company's Management and members of the Company's Supervisory Board are required to ensure that the Directors' Report with separate elements meets the requirements of the Accounting Act.

Auditor's responsibilities

Our opinion on the financial statements does not include the Other Information. In connection with our audit of the financial statements, our responsibility is to read the Other Information and, in doing so, consider whether it is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in the Other Information, we are required to report that fact in our independent auditor's report. Our responsibility in accordance with the Act on Statutory Auditors is also to issue an opinion on whether the Directors' Report was prepared in accordance with relevant laws and that it is consistent with the information contained in the financial statements.

In addition, we are required to inform whether the Company has prepared the statement on non-financial information and to issue an opinion on whether the Company has included the required information in the statement on corporate governance.

Opinion on the Directors' Report

Based on the work performed during our audit, in our opinion, the Directors' Report:

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 70 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'),
- is consistent with the information contained in the financial statements.

Statement on Other information

Based on our knowledge of the Company and its environment obtained during our audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report with respect to the remaining Other information.

Opinion on the corporate governance statement

In our opinion, in the representation on application of corporate governance, the Company has included information stipulated in paragraph 70, section 6, point 5 of the Decree on current and periodic information.

Moreover, in our opinion, the information stipulated in paragraph 70, section 6, point 5 letter c-f, h and i of the Decree included in the statement on corporate governance is in accordance with applicable laws and information included in the financial statements.

Information on non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we inform that the Company has included in Directors' Report information on the preparation of a separate report on non-financial information, referred to in art. 49b par. 9 of the Accounting Act and that the Company has prepared such a separate report.

We have not performed any assurance procedures on the separate report on non-financial information and do not provide any assurance thereon.

Statement on the provision of non-audit services

To the best of our knowledge and belief, we represent that services, which we have provided to the Company and its controlled undertakings, are compliant with the laws and regulations applicable in Poland, and that non-audit services, which are prohibited under article 5 item 1 of Regulation 537/2014 and article 136 of the Act on Statutory Auditors, were not provided. The non-audit services, which we have provided to the Company and its controlled undertakings in the audited period, have been disclosed in the Directors' Report.

Appointment of the audit firm

We were appointed for the audit of the Company's financial statements initially based on the resolution of the Supervisory Board from 23 January 2018 and reappointed based on the resolution from 26 February 2020 and resolution from 10 July 2023. The financial statements of the Company have been audited by us uninterruptedly starting from the financial year ended on 31 December 2018, i.e. for the past six consecutive years.

Warsaw, 10 April 2024

Key Certified Auditor

Anna Sirocka

certified auditor

no in the register: 9626

on behalf of:

Ernst & Young Audyt Polska spółka
z ograniczoną odpowiedzialnością sp. k.

Rondo ONZ 1, 00-124 Warsaw
no on the audit firms list: 130

This document is a conversion to pdf format of the official consolidated financial statements issued in xhtml format.

Report of the Management Board on the activities of Cyfrowy Polsat S.A. for the financial year ended December 31, 2023

Warsaw, April 11, 2024

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Disclaimers

General information

Cyfrowy Polsat S.A. (the "Company", "Cyfrowy Polsat"), with its registered office in Warsaw, 4a Łubinowa Street, is entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for the City of Warsaw, XIV Economic Department of the National Court Register, under the number KRS 0000010078. The Company is the parent company of Cyfrowy Polsat S.A. Capital Group (“Polsat Plus Group”).

This constitutes the report of Cyfrowy Polsat Capital Group S.A. (the “Report”) prepared as required by Article 60 section 1 and Article 70 of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information to be submitted by issuers of securities, and the conditions for recognizing equivalence of information required under non-member states regulations.

Presentation of financial data and other information

References to the Company or Cyfrowy Polsat contained in this Management Board’s report on the activities of Cyfrowy Polsat S.A. apply to Cyfrowy Polsat S.A., while all references to the Group or Polsat Plus Group apply to Cyfrowy Polsat S.A. and its consolidated subsidiaries. Expressions such as "we," "us," "our" and similar apply generally to the Company, unless it is clear from the context that they apply only to the Group. A glossary of terms used in this document is presented at the end of this Report.

This Report contains financial statements and financial information relating to the Company. In particular, this Report contains our financial statements for the financial year ended December 31, 2023, prepared in accordance with International Financial Reporting Standards as approved for use in the European Union ("IFRS") and are presented in millions of zlotys. The financial statements attached to this Report have been audited by an independent auditor.

Certain financial data contained in this Report have been subject to rounding adjustments. Accordingly, certain numbers presented as the sum may not conform exactly to the arithmetical sum of their components.

Forward-looking statements

This Report contains forward looking statements relating to future expectations, understood as all statements (other than statements of historical facts) regarding our financial results, business strategy, plans and objectives pertaining to our future operations (including development plans related to our products and services). These statements are expressed, without limitation, through words such as "may," "will," "expect," "anticipate," "believe," "estimate" and similar words used in this Report. Such forward-looking statements do not constitute a guarantee of future performance and involve risks and uncertainties which may affect the fulfilment of these expectations, as by their nature they are subject to many factors, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by the forward looking statements. Even if our financial results, business strategy, plans and objectives pertaining to our future operations are consistent with the forward-looking statements included herein, this does not necessarily mean that these statements will be true for subsequent periods. These forward-looking statements express our position only as at the date of this Report.

The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We expressly disclaim any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained herein in order to reflect any change in our expectations, change of circumstances on which any such statement is based or any event that occurred after the date of this Report.

In this Report, we disclose important factors which may impact our future operating activities and financial results that could cause our actual results to differ materially from our expectations.

Industry and market data

In this Report, we set out information relating to our business and the markets in which we and our competitors operate. The information regarding the market, its size, the market share, the market position, the growth rates and other industry data relating to our business and markets in which we operate consists of data and reports compiled by various third-party entities, including other operators present on the Polish market, and our internal estimates. We believe that industry publications, surveys and forecasts we use are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness.

Moreover, in numerous cases we have made statements in this Report regarding our industry and our position in the industry based on our own experience and our examination of market conditions. We cannot guarantee that any of these assumptions properly reflect our market position. Our internal surveys have not been verified by any independent sources.

Financial data overview

The following tables set out selected consolidated financial data for the twelve-month periods ended December 31, 2023 and December 31, 2022. This information should be read in conjunction with the financial statements for the twelve-month period ended December 31, 2023 (including notes thereto) constituting part of this Report and the information included in item 4 of this Report – *Operating and financial review*.

Selected financial data:

- from the income statement and the cash flow statement for the twelve-month periods ended December 31, 2023 and December 31, 2022 have been converted into euro at a rate of PLN 4.5430 per EUR 1.00 (average exchange rate in the period from January 1, 2023 to December 29, 2023 announced by the NBP);
- from the balance sheet data as at December 31, 2023 and December 31, 2022 have been converted into euro at a rate of PLN 4.3480 per EUR 1.00 (average exchange rate on December 29, 2023 published by the NBP).

Such recalculations shall not be viewed as a representation that such zloty amounts actually represent such euro amounts, or could be or could have been converted into euro at the rates indicated or at any other rate.

Income statement

	for the twelve-month period ended December 31			
	2023		2022	
	mln PLN	mln EUR	mln PLN	mln EUR
Revenue	2,245.3	494.2	2,382.5	524.4
Operating costs	(2,064.1)	(454.3)	(2,042.1)	(449.5)
Other operating income/(cost), net	(9.6)	(2.1)	2.7	0.6
Profit from operating activities	**171.6**	**37.8**	**343.1**	**75.5**
Gain on investment activities, net	891.1	196.1	1,188.7	261.6
Finance costs, net	(404.9)	(89.1)	(241.9)	(53.2)
Gross profit for the period	**657.8**	**144.8**	**1,289.9**	**283.9**
Income tax	(18.2)	(4.0)	(41.3)	(9.1)
Net profit for the period	**639.6**	**140.8**	**1,248.6**	**274.8**
Basic and diluted earnings per share (not in millions)	**1.16**	**0.26**	**2.24**	**0.49**
Weighted number of issued shares (not in millions)		550,703,531		557,758,269
EBITDA[(1)]	**348.7**	**76.8**	**517.4**	**113.9**
EBITDA margin	15.5%	15.5%	21.7%	21.7%

(1) We define EBITDA as net profit/(loss), as determined in accordance with IFRS, before depreciation and amortization, impairment charges and reversals on property, plant and equipment and intangible assets, net value of disposed property, plant and equipment and intangible assets, revenue obtained from interest, finance costs, positive/(negative) exchange rate differences and income taxes. The reconciling item between EBITDA and reported operating profit/ (loss) is depreciation and amortization expense and impairment charges and reversals on property, plant and equipment and intangible assets and net value of disposed property, plant and equipment and intangible assets.

Cash flow statement

	for the twelve-month period ended December 31			
	2023		2022	
	mPLN	mEUR	mPLN	mEUR
Net cash from operating activities	241.4	53.1	(383.3)	(84.4)
Net cash used in investing activities	(1,282.0)	(282.2)	(73.3)	(16.1)
Incl. capital expenditures[(1)]	*(61.6)*	*(13.6)*	*(125.0)*	*(27.5)*
Net cash used in financing activities	2,803.5	617.1	(1,357.5)	(298.8)
Net increase/(decrease) in cash and cash equivalents	1,762.9	388.0	(1,814.1)	(399.3)

(1) Capital expenditures represent payments for our investments in property, plant and equipment and intangible assets. Excludes expenditures on purchase of reception equipment leased to our customers, which are reflected in the cash flow from operating activities.

Balance sheet

	December 31, 2023		December 31, 2022	
	mPLN	mEUR	mPLN	mEUR
Cash and cash equivalents[(1)]	1,883.6	433.2	120.7	27.8
Assets	19,732.9	4,538.4	15,658.3	3,601.3
Non-current liabilities, incl.:	6,116.3	1,406.7	3,022.7	695.2
Non-current financial liabilities[(2)]	*6,017.3*	*1,383.9*	*2,961.9*	*681.2*
Current liabilities, incl.:	1,506.7	346.5	1,141.4	262.5
Current financial liabilities[(2)]	*583.5*	*134.2*	*430.0*	*98.9*
Equity	12,109.9	2,785.2	11,494.2	2,643.6
Share capital	25.6	5.9	25.6	5.9

(1) Includes Cash and cash equivalents, deposits and restricted cash.

(2) Includes Loans and borrowings, Issued bonds and Lease liabilities.

1. Our strategy

1.1. Who we are

Cyfrowy Polsat S.A. (the "Company", "Cyfrowy Polsat") is a joint stock company registered in Poland, whose shares are listed on the Warsaw Stock Exchange. The Company's registered office is located in Warsaw, at 4a Łubinowa Street. Cyfrowy Polsat is the parent company of Polsat Plus Group - the largest provider of integrated media and telecommunications services in Poland.

The table below shows the interests held by the Company in subsidiaries, associates and other entities as of certain dates.

Company	Registered office	Activity	Share in voting rights (%) as at	
			December 31, 2023	December 31, 2022
Polkomtel Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activity	100%	100%
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	television broadcasting and production	100%	100%
Netia S.A.	Poleczki 13, 02-822 Warsaw	telecommunication activity	100%	100%
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	10,13%	22,95%
PAK-Polska Czysta Energia Sp. z o.o.	Kazimierska 45, 62-510 Konin	holding activities	50,50%	40,41%
Port Praski Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	66,94%	66,94%
Pantanomo Limited	3 Krinou 5th floor, 4103 Limassol, Cyprus	property management, holding activities	32%	-
Interphone Service Sp. z o.o.(1)	Inwestorów 8, 39-300 Mielec	production of set-top boxes	99%	99%
Vindix S.A	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	debt collection services	100%	100%
Teleaudio Dwa Sp. z o.o. Sp.k.(1)	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	call center and premium-rate services	99%	99%
Plus Finanse Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other monetary intermediation	100%	100%
Plus Pay Sp. z o.o. (1)	Konstruktorska 4, 02-673 Warsaw	monetary intermediation	1%	1%
Esoleo Sp. z o.o.	Al. Wyścigowa 6, 02-681 Warsaw	technical services	51,25%	51,25%
CPSPV1 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	-	100%
CPSPV2 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	-	100%

Company	Registered office	Activity	Share in voting rights (%) as at	
			December 31, 2023	December 31, 2022
Orsen Holding Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Jian's STJ 3155, Malta	holding activities	100%	100%
Orsen Ltd.(1)	Level 2 West, Mercury Tower, Elia Zammit Street, St. Jian's STJ 3155, Malta	holding activities	0,2%	0,2%
MESE Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	movie and TV production	-	10%
Netshare Media Group Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	advertising activities	100%	100%
BCAST Sp. z o.o.	Rakowiecka 41/21, 02-521 Warsaw	telecommunication activity	70,02%	70,02%
INFO-TV-FM Sp. z o.o.(1)	Łubinowa 4a, 03-878 Warsaw	radio and television activities	73,5%	73,5%
Stork 5 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	holding activities	100%	100%
Polsat Media Sp. z o.o. (dawniej Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.)(2)	Ostrobramska 77, 04-175 Warsaw	advertising activities	37,75%	37,75%
Karpacka Telewizja Kablowa Sp. z o.o.	Warszawska 220, 26-600 Radom	dormant	99%	99%
Polskie Badania Internetu Sp. z o.o.(3)	Al. Jerozolimskie 65/79, 00-697 Warsaw	web portals activities	4,76%	4,76%
Exion Hydrogen Polskie Elektrolizery Sp. z o.o.	Ku Ujściu 19, 80-701 Gdańsk	production of electrical equipment	10%	10%

(1) The Company owns directly and indirectly 100% of shares.

(2) The company was established as a result of the transformation from Polsat Media Biuro Reklamy Sp. z o.o. Sp. k. on January 2, 2023.

(3) Shares in associates include shares in Polskie Badania Internetu Sp. z o.o.

1.2. Strategy 2023+

As an integral part of the Group, the Company implements the Strategy 2023+ of Polsat Plus Group, adopted on December 20, 2021, and does not have its own business strategy at the unit level.

We are a Polish company and we offer high quality commodities for a reasonable price to the inhabitants of Poland. For everyone. Everywhere.

We believe that high-speed and reliable Internet within easy reach means freedom for everyone and everywhere. We believe in locally produced, unique content available wherever, whenever and on whatever device you want. We believe that the transition towards clean and affordable energy, in particular energy produced from renewable sources, is what our country needs and that it creates new development opportunities for our Group.

We want to create and deliver high quality commodities: high-speed and reliable connectivity, the most attractive and unique content and entertainment, clean and affordable energy and other services and commodities for the home and for individual and business customers, using state-of-the-art technologies to provide top quality services that meet the changing needs and expectations of our customers, so as to maintain the highest possible level of their satisfaction. Concurrently, in line with the concept of ESG, we want to create the value of our Company in a sustainable manner taking into account and addressing environmental, social, responsible and transparent business issues, to the benefit of local society and all our Stakeholders.

The superior goal of our strategy is the permanent, long-term growth of the value of Cyfrowy Polsat for its Shareholders. We intend to achieve this goal by implementing the key elements of our operating strategy based on three pillars and supported by an effective financial policy.

<table>
<tr><th>PILLAR I - CONNECTIVITY</th><th>PILLAR II - CONTENT</th><th>PILLAR III – CLEAN ENERGY</th></tr>
<tr><td>High-speed and reliable connectivity is critical to our work, education and entertainment. Easy communication with friends and family</td><td>Attractive content and excellent user experience ensure entertainment wherever, whenever and on whatever device you want</td><td>Affordable, clean energy is essential to the daily functioning and further development of the Polish society and economy</td></tr>
<tr><td colspan="2">• growth of revenue from services provided to individual and business customers through the consistent building of our customer base value by maximizing the number of users of our services as well as the number of services offered to each customer and simultaneously increasing average revenue per user (ARPU) and maintaining a high level of customer satisfaction</td><td rowspan="2">• building a position on the clean, energy market, in particular from the sun, wind, biomass, thermal waste treatment and building a complete value chain of a hydrogen-based economy, which creates opportunities to build a new stream of revenues for Polsat Plus Group and will bring tangible social benefits in the form of greenhouse gas emissions reduction</td></tr>
<tr><td colspan="2">• growth of revenue from produced and purchased video content by expanding its distribution, including a search for new channels of exploitation of rights, maintaining the audience shares of channels produced by us</td></tr>
<tr><td colspan="2">• use of opportunities arising from the advancing technological changes and market opportunities in order to expand the scope of our products and services</td><td>• analysis of additional development opportunities in other prospective directions such as off-shore wind farms or nuclear technologies</td></tr>
<tr><td colspan="3">• effective management of the cost base of our integrated capital group by exploiting its inherent synergies and economies of scale</td></tr>
<tr><td colspan="3">• effective management of the Group’s finances, including its capital resources</td></tr>
</table>

Growth of revenue from services provided to individual and business customers through the consistent building of our customer base value by maximizing the number of users of our services as well as the number of services offered to each customer and simultaneously increasing average revenue per user (ARPU) and maintaining a high level of customer satisfaction

Our goal is to effectively build revenue from the sale of products, services and commodities to our customers. By actively predicting new trends and reacting to the occurring market changes, we will continue to create products that will satisfy the evolving needs of our customers.

The factor that will have a positive impact on revenue is the possibility of cross-selling our existing and future products and services to the customer base of Polsat Plus Group. We create a unique portfolio of products and services which is targeted at customer bases of companies composing our Group. Properly addressed, both through the sale of additional single products or a multiplay offer, this potential may gradually increase the number of services per individual user, thus increasing revenue per customer and at the same time favorably impacting the level of satisfaction of our customers.

The integrated services market in Poland is still developing, especially outside big cities and therefore it has substantial growth potential. We intend to continue expanding our portfolio of products and services, relying both on own projects, as well as on strategic alliances or acquisitions. We trust that a comprehensive and unique offer of combined services (television offered in diversified access technologies including a model based on online applications, mobile Internet based in particular on the cutting-edge 5G technology, high-speed fixed broadband with high throughputs and voice services) and the possibility of up-selling additional services (e.g. clean energy from renewable sources, premium content services, entertainment services as well as other services or solutions for the home), when provided via diversified distribution platforms, will be decisive from the point of view of our competitive edge. It will also enable us to retain our existing customer base and offer an opportunity to acquire new customers on the pay TV, telecommunication and energy markets as well as in the area of other services for the home and for individual and business customers.

Growth of revenue from produced and purchased video content by expanding its distribution, including a search for new channels of exploitation of rights and maintaining the audience shares of the channels that we produce

The channels we produce and broadcast enjoy strong, well-established positions on the Polish TV and high ratings in their respective target groups. Our goal is to maintain our audience share at a stable level and consistently enhance our viewer profile. We believe that by making sensible investments in programming and wider distribution of our own content we will be able to gradually improve our viewer profile. This in turn will have a positive effect on the pricing of advertising airtime that we offer.

The second crucial element in building the segment's value is the widest possible distribution of produced and purchased TV content, both in terms of the customer groups it reaches (FTA, pay TV and online access) and the technologies they use (terrestrial, satellite, Internet, mobile). We want to invest in development and build the market position of our content brands, which will then be distributed via a number of channels adjusted to the evolving needs of our customers. These efforts, in our opinion, will not only allow us to maximize benefits of the wide-scale distribution of our video content, but will also ensure a higher level of satisfaction among our customers and viewers, who will have more freedom to decide what, where and when to watch.

Use of opportunities arising from the advancing technological changes and market opportunities in order to expand the scope of our products and services

We seek to offer wide accessibility to our products and services to each of our existing and potential new customers. Therefore, beside the continuous development of technologies which have built the scale of our company in the past, we pay attention to the development of new products which are meant to facilitate the availability of our content and the services we offer. For everyone. Everywhere.

The intertwining of the telecommunication and media worlds, in particular the wide availability of high speed mobile transfer technologies as well as the constantly improving quality of fixed-broadband connections, allows us to develop equipment and technologies which break the limitations with regard to accessibility or ownership of certain telecommunication infrastructure. The OTT (over-the-top) technologies are expanding distribution markets for content producers and we intend to actively leverage on that. We invest in new technologies, equipment and applications, and we pursue opportunities to enter into strategic alliances or acquisitions, with a view to facilitating access to the content we produce for our customers. We also intend to leverage on the changes on the Polish content market and take advantage of the opportunities presented by the evolving needs and expectations of Polish consumers, as well as changes in the ways of media consumption triggered by cutting-edge data transmission technologies in order to offer our customers an extensive range of services adjusted to their needs and expectations. By developing our content and telecommunication offer and expanding it to include complementary products and services, we seek to acquire new customers, build ARPU and improve customer satisfaction and loyalty.

An effective combination of telecommunication and content products provides new opportunities for distribution of content. Thanks to this combination, attractive content and a wide range of our services can be delivered through a variety of reliable distribution channels – via satellite (DTH), digital terrestrial television (DVB-T), Internet television (OTT), Internet platforms, applications and portals (video online), mobile (LTE and 5G) and fixed-line (IPTV) technologies – to all consumer devices from TV sets through PCs and tablets to smartphones.

Modern technology advancement is also a critical factor contributing to the transition in our country towards clean, zero and low-emission energy. We want to be an active participant of this transition. We intend to take advantage of emerging market opportunities and invest in technological innovations because we believe that they are essential in order to accelerate the energy transition and decarbonization in Poland. We set ourselves ambitious goals with respect to the construction of zero and low-emission sources of electric energy that on the one hand constitute an opportunity to continue the development of our business in the mid and long-term, and on the other support the sustainable development of the Polish society and economy.

Concurrently, we will analyze in detail emerging market and investment opportunities, such as investments in unique real estate or prospective business projects that have potential to generate high rates of return in the mid-term. We believe that such projects present an attractive opportunity to invest available funds.

Building a position on the clean energy market, in particular from the sun, wind, biomass, thermal waste treatment and building a complete value chain of a hydrogen-based economy, which creates opportunities to build a new stream of revenues for Polsat Plus Group and will bring tangible social benefits in the form of greenhouse gas emissions reduction

With a view to strengthening our unique offer of integrated services we have decided to establish a new, third strategic pillar based on clean energy. We believe that the transition towards clean, zero and low-emission energy in Poland is a perfect moment to enter this prospective market by new players and creates new development possibilities for Polsat Plus Group. We believe that investments in the development of clean, renewable energy sources constitute a practical implementation of the ESG concept and can bring our Group, our Stakeholders and the local society tangible economic and social benefits, in particular in the form of greenhouse gas emissions reduction. According to our estimates, our current investment plan, consisting in the installation of ca. 1000 MW of clean power generation capacity in the years 2022-2026, will contribute to the reduction of greenhouse gas emissions by over 2 million tons of CO2 equivalent annually.

We want to build a new stream of revenue from the sale of clean energy to business and individual customers. We expect that demand for clean energy in Poland will exhibit a strong, upward trend in the following years. This trend will be supported by a set of factors, including the consistent regulatory policy implemented at the European Union level and directed at achieving climate neutrality by 2050, the changing geopolitical situation and increasing demand for energy resulting from Poland’s economic growth. In order to build and successively strengthen our position on the energy market in Poland we intend to invest in projects related to the production of energy from photovoltaics, biomass, wind farms and thermal waste treatment. We also want to invest in the future by building a complete value chain of a hydrogen-based economy, which may contribute significantly to the reduction of harmful substance emissions (including CO2). Furthermore, we want to actively analyze the possibilities of investing in other prospective sources of energy such as nuclear technologies.

In the years 2022-2026 we plan to invest approximately PLN 5 billion in order to achieve ca. 1000 MW of clean power generation capacity and approximately PLN 0.5 billion in the construction of the value chain of an economy based on the fuel of the future - hydrogen.

Effective management of the cost base of our capital group by exploiting its inherent synergies and economies of scale

We are convinced that building a closely integrated group that combines connectivity, content and energy services offers an opportunity for tangible synergies and for securing significant competitive advantages. We implement numerous projects aimed at simplifying the Group's structure by integrating relevant teams and harmonizing business processes and IT systems in the entire Group, which enables us to achieve tangible cost synergies. On a continuous basis we pursue optimization efforts aimed at adapting our cost base to current market conditions and our Group's situation.

We believe that our engagement in the clean energy sector will also generate sizeable synergies and in the mid- and long-term will support operating in-line with a sustainable business-model. In particular, access to clean energy at lower prices will allow us to further optimize the costs of our operating activities and will also help us strengthen our relationships with B2B and B2C customers interested in purchasing clean energy, which will have a positive impact on the results of our strategy.

Effective management of the Group's finances, including its capital resources

The financial policy and capital resources management policy that we adopted define the method of using funds generated from our operations. To guarantee the continuity and stability of the Group's operations the generated free cash flow is used in the first place for financing current operations and for investments indispensable for the development of the Group. Simultaneously, we continually exploit arising development possibilities and investment opportunities, which allow us to make our products and services more attractive, provide new methods of their distribution or create additional value for our Shareholders.

Our capital resources management policy assumes maintaining a balance between leveraging on emerging market and investment opportunities and regular dividend payouts to Shareholders of the Company in accordance with the applicable dividend policy of the Company. Concurrently, we intend to maintain the indebtedness of Polsat Plus Group at a safe level, ensuring an optimal structure of financing of our operating activities through the use of debt financing. When formulating the financing structure the Management Board will take into account in particular the expectations of the Shareholders of the Company expressed in the Articles of Association of the Company.

1.3. Our ESG strategy

Along with the announcement of the Strategy 2023+, we have also structured our sustainable growth strategy which includes ESG (environmental, social responsibility and corporate governance) factors.

WE TAKE RESPONSIBILITY FOR PREVENTING FURTHER CLIMATE CHANGES AND ACTIVELY UNDERTAKE STEPS TO IMPROVE AIR QUALITY IN POLAND

E

(Environmental)

- New investments – by producing over 2 TWh of green energy per year we will contribute to the reduction of CO_2 emissions in Poland by more than 2 million tons yearly.
- Renewable energy sources – we use energy solely from low or zero emission sources[(1)].
- Car Fleet – we successively increase the share of low-emission vehicles in the car fleet of Polsat Plus Group (approx. 12% in 2023).
- Circular economy – set-top boxes used by our customers, are coming back to the market after they are returned and refurbished while other equipment is being recycled.

WE ARE AN ACTIVE MEMBER OF LOCAL SOCIETY AND – AT THE SAME TIME – WE STIMULATE POLAND'S ECONOMIC AND SOCIAL DEVELOPMENT THROUGH OUR INVESTMENTS IN DIGITIZATION

S

(Social)

- Counteracting digital divide – broadest reach of modern, fast 5G Internet from Plus.
- Polsat Foundation – we are a key partner of the Foundation which during over 25 years has helped to finance medical treatment and rehabilitation for suffering children.
- Responsible employer – we ensure friendly and safe working environment as well as equality and diversity to all our employees.
- Protection and safety of children – safety is DNA of our operations, therefore we take care of safety of the children and youth (among others, safety in the network and television content).

WE DEVELOP OUR BUSINESS IN A TRANSPARENT AND SUSTAINABLE MANNER TO THE BENEFIT OF ALL OUR STAKEHOLDERS

G

(Governance)

- Codes of Ethics – implemented codes of business conduct as well as internal procedures and systems guarantee the highest standard of integrity.
- Transparency – we ensure high quality financial and ESG reporting in combination with regular, transparent and direct communication with all our stakeholders.
- Cybersecurity – while being aware of challenges in this area, we aim at the best possible data security and protection for our customers and employees, as confirmed by ISO 27001 certificate.
- Experience, trust, reputation – our companies' Management Boards are served by individuals with many years of work experience in the Group.

The next step in developing our ESG strategy, was the adoption, in November 2022, of a framework document linking Polsat Plus Group's external financing with its long-term sustainability goals ("*Polsat Plus Group Sustainability-Linked Financing Framework*"). This document presents our sustainability strategy and especially the environmental measurable goals of our business plan and our ambition to fight against climate change and improve air quality in Poland by taking actions and making investments to help accelerate Poland's transition towards green energy. Moreover, by incorporating sustainability-linked instruments in our funding policy, we aim to strengthen our commitment to drive the effort to fight global warming. To showcase the central role in the transition towards a sustainable economy, we use this Framework to issue debt instruments in sustainability-linked format across both loans and bonds (for more details on sustainability-linked financing please see item 4.3. – *External financing*).

Our Sustainability-Linked Financing Framework underwent an external evaluation, documented by a publicly available Second-Party Opinion conducted by Sustainalytics.

Below we present the key performance indicators and quantified long-term sustainability performance targets that the Group will strive to achieve, along with their expert assessment in terms of relevancy and the level of ambition set:

KPI	Strength of KPI	SPT	Ambitiousnessof SPT
Absolute scope 1 and 2 GHG emissions (tCO_2)	Very Strong	Reduce absolute scope 1 and 2 GHG emissions by 75% by 2025 and 80% by 2030 relative to a 2019 baseline	Highly Ambitious
Renewable energy generation (GWh)	Adequate	Increase renewable energy generation to 800 GWh by 2025 and to 1,600 GWh by 2030 relative to a 2021 baseline	Ambitious
Green hydrogen production (tonnes)	Adequate	Increase green hydrogen production to 1,500 tonnes a year by 2025 and 3,000 tonnes a year by 2030 relative to a 2021 baseline	Ambitious
Share of zero-emissions energy in total energy mix (%)	Strong	Increase the share of zero-emissions energy in the total energy mix to 25% by 2025, 30% by 2026 and 50% by 2030 relative to a 2019 baseline	Ambitious

The full document is available at:

https://grupapolsatplus.pl/sites/default/files/polsat_group_sustainability_linked_financing_framework_1.pdf

1.4. Development prospects

We are the parent company of the largest media and telecommunications group in Poland. We have gathered under one roof all the key assets which allow us to offer customers a unique portfolio of products and services. In line with our strategy, we focus on marketing and sales activities aimed at cross-selling standalone products and services to our customer base and at selling our bundled services offer. We see our future development path in this strategy. We think that along with the development of modern fixed-line and nationwide radio infrastructures, connectivity will continue to shape not only the telecommunications market but also the content distribution market. We believe that broadband Internet access services that Polsat Plus Group offers in 5G and advanced fixed-line technologies will allow us to grow our customer base, with an emphasis on the integrated services customer base.

We develop our portfolio of integrated services. The Polish bundled services market is characterized by a relatively low level of development. According to research conducted by the European Commission, saturation with bundled services in Poland is still significantly lower compared to the average saturation in the European Union. Concurrently, our customers are increasingly interested in bundled services, a trend reflected in the very good sales results of our bundled services offer. We are convinced that our combination of pay TV and telecommunication services, including in particular broadband Internet access in both high quality 5G as well as fiber optic technologies, will allow us to benefit from the growth potential of the Polish bundled services market. By increasing the number of services sold to each customer we are able to generate growth of average revenue per customer (ARPU) and effectively increase our customers' loyalty.

We address our convergent offering to new target groups. Furthermore, we use our infrastructure to expand the reach of services provided by Polsat Plus Group in fixed-line technologies. We develop new TV products, such as, for example, television in IPTV and OTT technologies, which, in our opinion, will become an attractive alternative to offers of cable operators. We are of the opinion that assets owned by Polsat Plus Group, such as a widespread sales network and own advertising channels, shall allow us to achieve satisfying sales results on our fixed-line services while maintaining high cost efficiency of operations.

We consistently strive to strengthen our position as the aggregator and distributor of content. We believe that as a Group we have a unique, hard to duplicate and at the same time highly attractive programing offer. Currently, the attractive content and wide range of Polsat Plus Group's services are delivered through a variety of reliable distribution channels – via satellite (DTH), digital terrestrial television (DVB-T2), LTE and 5G mobile technologies and fixed-line technologies (FTTH, HFC, ETTH, xDSL, OTT, IPTV) – to all consumer devices, from TV sets and PCs to tablets and smartphones. We closely study the evolution of our customers' expectations and work to satisfy their growing needs. We focus on building the IPTV and OTT pay TV offers as we believe it represents a significant step in Polsat Plus Group's continued development on the pay TV market. The services live up to customers' expectations by offering an access to a wide range of the unique content in flexible tariff plans and short subscription periods.

2. Our business

We are the leading pay TV provider in the country. We offer a complete package of multimedia services designed for the entire family: pay TV via satellite, terrestrial and online (IPTV and OTT). Additionally, Cyfrowy Polsat is the parent company of Polsat Plus Group - the largest provider of integrated media and telecommunications services in Poland.

Our mission is to create and deliver the most attractive TV and online content, telecommunications products and other services for the home as well as for individual and business customers, using state-of-the-art technologies, to provide top quality multiplay services that match the changing needs of our customers while maintaining the highest possible level of their satisfaction. We are guided by the principle “For everyone. Everywhere” and we aim to satisfy every customer’s needs with our products and services accessible at any time and on any device regardless of the method of service provisioning.

2.1. Our products and services

Our pay TV offering. We are the largest pay TV provider in Poland. We provide pay TV services under the ‘Polsat Box’ and ‘Polsat Box Go’ brands. In order to meet the changing trends in television content consumption, we provide our customers with TV services in such technologies as satellite (DTH), Internet (IPTV and OTT) and terrestrial (in DVB-T2 HEVC standard). In addition, we provide additional services aimed at building customer value such as our OTT platform Polsat Box Go, access to the Disney+ platform, VOD/PPV, online video and music services, catch-up TV, Multiroom HD services and paid premium content channels.

Our programming strategy is to offer a wide range of channels that appeal to the whole family at attractive prices. Our customers have access to over 160 TV channels which focus on diverse topics: general, sports, movie, lifestyle, education, music, news/information and children’s channels. Our contract pay TV services consist of four basic packages, which vary in the number of available channels and additional services depending on the subscription amount, and are offered for a fixed period of time, usually 24 months. We also offer the opportunity to purchase 12 add-on packages, including 9 premium content packages, which are available for a fixed or indefinite period of time, providing flexibility in customizing the offering.

Premium content is an important element that builds the value of our pay TV offer, and this is one of the reasons why we have introduced sports and film TV packages to our offer, such as Polsat Sport Premium, Eleven Sports, Canal+ Sports 3 and 4, HBO with HBO Max service and FilmBox with HBO Max service. A differentiator of our TV offer is access to the Disney+ platform under a subscription agreement, which Polsat Plus Group offers to its customers as the only operator of pay TV and telecommunication services in Poland. The full current offer of pay TV services is available at polsatbox.pl.

As part of our pay TV offer we offer our customers the opportunity to rent high-quality set-top boxes. We view subsidizing of set-top boxes as a tool supporting customer acquisition. We operate on the principle that the higher the price of the package the lower the price of the set-top box and the higher set-top box subsidy incurred by us. All new set-top boxes rented by us are produced in-house at the Group’s manufacturing plant in Mielec.

Online video. In addition to the basic and add-on packages, our offer also includes access to the Polsat Box Go service and app, which offers paid content from the Group and third party producers and broadcasters (including an extensive library of VOD content and more than 130 online channels). Polsat Box Go offers several hundreds of hours each month of live coverage of the largest national and global sports events, exclusive full seasons of the latest Polish premium series, the latest movies, news and entertainment programs, Ukrainian language channels and channels broadcast in 4K quality, and access to Disney+ in one of the packages.

Polsat Box Go provides users with content in two models. The first one is single access, in which the customer pays a fixed amount for access to a specific content. The second model includes access to packages of materials and/or channels in return for a monthly access fee. Thanks to the www.polsatboxgo.pl website and dedicated applications the content of Polsat Box Go is available on a wide array of consumer devices. Due to the flexibility of the offer, Polsat Box Go subscriptions are recognized as prepaid services.

Multiplay strategy. Bundling of services is one of the strongest trends on the Polish media and telecommunications market. In keeping with the rapidly changing market environment and our customers' preferences, who seek media and telecommunications services at affordable prices from a single operator, with a single contract, a single bill, and a single fee, we consistently pursue our multiplay strategy, which allows us to easily and flexibly bundle our pay TV services with other products and services offered by our Group, in particular mobile telephony services offered by Polkomtel and broadband Internet access services offered by Polkomtel (mobile and fixed Internet) and Netia (fixed Internet). Currently, almost 100% of Poles are covered by our subsidiary's LTE Plus Internet service and almost 97% by LTE Plus Advanced Internet. Moreover, over 23 million people are within the footprint of our 5G Plus network with transmission speed of up to 600 Mbps while already 6 million people are covered by our 5G Ultra Plus network offering transmission speed of up to 1 Gbps. With the planned aggregation of existing radio resources with the 3600 MHz band acquired in the 5G auction at the end of 2023, we plan to increase the maximum technological speed to as much as 2 Gbps. What is more, over 6 million Polish households are currently within range of our fibre-optic Internet service, which is available over both Netia's extensive nationwide fixed line infrastructure and in wholesale access via other operators' fiber broadband networks.

The successful implementation of a multiplay strategy helps to maintain high levels of customer loyalty, thereby reducing churn and increasing the average revenue per customer.

Other services. We also provide signal broadcast services to television and radio broadcasters. These services include the provision of transponder bandwidth, broadcasting and encoding the signal and its distribution to networks of other operators, including cable operators.

How do we provide pay TV and online video services? We have signed a long-term contract with Eutelsat S.A. regarding the use of capacity on eight transponders on Hot Bird satellites. Our broadcasting center located in Warsaw enables us to transmit TV channels in SD, HD and 4K quality. We also have a backup broadcasting center located in Radom, which guarantees broadcasting continuity. Access to TV channels offered in our DTH pay TV packages is secured by a conditional access system that we lease from the company Nagravision SA. Moreover, we cooperate with another provider of a conditional access system - Irdeto B.V. Beside securing digital content transmitted using DVB-T2 technology, the Irdeto system also provides security of the satellite system (DHT) and IPTV. Furthermore, Irdeto provides us with specialized and complete monitoring of the Internet enabling the collection and analysis of occurrences that may infringe copyrights of entities in our Group.

Our modern streaming platform Polsat Box Go, whose applications were built using modern UX/UI (User Experience and User Interface) trends, is adapted to the most important operating systems and a wide range of consumer devices. We have developed unique technological competences in encoding and streaming audiovisual content on the Internet, as well as optimizing distribution of this type of signal. We apply proprietary solutions, which enable us to provide services optimally adjusted to the limitations of Internet infrastructure in Poland and the capacities of external systems with which our applications are integrated. We use our own servers and our own CDN (Content Distribution Network) infrastructure.

Retail sales channels. Retail customers can purchase our services and products through our stationary sales network, which consisted of 846 physical points of sale throughout the country as of December 31, 2003. These points of sales offer both pay TV under the Polsat Box brand as well as other services offered by the Polsat Plus Group companies.

In the digital era, online sales channels play an increasingly important role in the commercial area, ranging from the presentation of a rich offer to the possibility of conducting the full purchase process and after-sales service on-line. We maintain a commercial website, www.polsatbox.pl, with detailed information about the various products and services we offer, as well as news and promotions.

Another sales channel is the call center. Our call centers are available to our present and potential customers 24 hours a day, seven days a week, and are responsible for providing comprehensive and professional customer service, as well as informing customers about our services and placing subscriptions.

Customer relations management. In a highly competitive market, the quality of customer service is an important factor that often determines the choice of a particular operator. We consistently improve the quality of our customer service using the latest technologies. We use an advanced customer relationship management system that allows us to process and document all customer requests in a comprehensive, timely and efficient manner.

The core of the Group's customer service is the customer service call center. This system comprises eight separate call centers integrated through an intelligent call routing system ensuring a twenty-four hour, seven-day a week phone service. Within the Group we have approximately 1,650 operator stands as well as approximately 920 back-office stands which handle written and electronic requests (including technical requests). We actively develop alternative forms of contact through social media, chat and web forums.

We also provide customer service using advanced self-service solutions to manage subscriber accounts. These solutions are offered in a form of online services and a mobile application iPolsatBox. These tools include, among others, constant and free-of-charge access to up-to-date information on billing, current offers, current usage, they allow to purchase additional packages and services, effect online payments and modify contact details. Moreover, our services include a technical support section, FAQs, an online contact form and an online communication channel.

Customer retention is one of our key business areas. Our goal in this area is to minimize value and volume churn, thereby effectively securing revenues from the customer base. Through a comprehensive set of analytical tools, we are able to verify and learn about the needs of our customers. This allows us to effectively use this knowledge in dedicated retention activities, which we initiate already during the contract term (proactive retention process).The reactive retention process is initiated by the customer declaring their desire to stop using our services. As part of this process, a specialized team of consultants contacts the customer and presents new, attractive terms of further cooperation.

All processes implemented are based on value creation and the consistent re-selling of further services to customers. This is possible thanks to the broad product portfolio offered by the Group companies. The implementation of our maintenance offers is possible in any sales channel - whether online, via the telephone channel with home delivery or at any point of sale.

2.2. Competitive environment and key market trends

2.2.1. Pay TV market in Poland

Market value and growth dynamics

The Polish pay TV market is a mature market characterized by a high degree of penetration estimated by PMR at ca. 60% of households. On the other hand, pay TV operators actively increase the loyalty of their subscriber bases, mainly through service packaging, i.e. by combining pay TV with telecommunication services (Internet, phone), or developing and offering to customers their own online video services as a complementary service to the core offering. This trend leads to an increasingly strong interpenetration of pay TV and telecommunication markets.

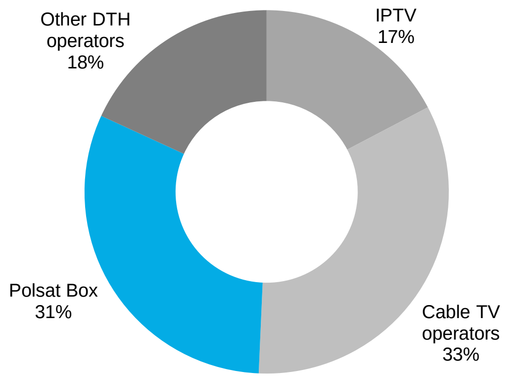
Both in terms of the number of subscribers and value, the situation on the Polish pay TV market is stable. According to PMR estimates, in 2022 the market value was stable YoY and amounted to PLN 6.3 billion, with a stable customer base at the level of approximately 10 million subscribers. At the same time ARPU from pay TV services in Poland continues to be among the lowest in Europe (ca. PLN 51 in 2022). In this context the strategy of competing for customers with the merit and quality of the offered content rather than with price is one of the key trends affecting the value of the pay TV market. Operators expand their offers by adding premium packages and proposing attractive film or sports content, which leads to higher ARPU from a stable base. Also the dynamically growing IPTV segment, and the systematically increasing penetration of customer base with VOD services, are the factors influencing the value of pay TV market.

The market for VOD and OTT video-on-demand services is growing rapidly in Poland. PMR estimates that the household penetration of paid VOD services in 2022 stood at around 51%. It is worth noting that there is a trend of coexistence of traditional pay TV and VOD services in Poland, as a result of which the growing penetration of VOD services does not translate into a decrease in the percentage of households using pay TV. Due to the tendency in the Polish market to share accounts and subscribe to more than one service at a time, the number of VOD users is more meaningful from a market value perspective. According to PMR estimates, VOD services in Poland were already used by more than 14 million users in 2022, with less than 70% of users paying for content. The value of the market for all VOD services in Poland in 2022 was almost PLN 2 billion (+26% YoY), with almost 90% of this value generated by paid VOD services.

Competitive environment

Pay TV services in Poland are offered by satellite platform operators (DTH), cable TV operators as well as by IPTV providers. According to our estimates, sector data and PMR forecasts, in 2022 operators of satellite TV platforms had the dominant share, both in terms of the number of subscribers and revenue, on the pay TV market – approximately 49% in terms of subscriber base, followed by digital cable TV operators with approximately 33%. IPTV is the pay TV market segment which demonstrates the strongest growth and its market share increased to ca. 17%. At the same time, paid VOD services are becoming an increasingly important part of the pay TV market in Poland.

Pay TV market in Poland in 2022 in terms of the number of subscribers



Source: Based on own estimates, sector data and PMR estimates

Pay TV services provided by operators of satellite platforms and cable TV are in principle substitutes. At the same time competition between the two technologies of access to pay TV services is restricted due to different geographical reach of each of these services. DTH operators are able to provide their services to both, the customers who live in cities as well as to those living in less densely populated and rural areas without incurring significant additional costs, whereas cable TV operators concentrate on the inhabitants of densely inhabited areas where highly developed fixed-line network infrastructure already exists or in locations where the establishment of such infrastructure involves a relatively low cost per customer. Since cable infrastructure in Polish towns with up to 20 thousand inhabitants, as well as in suburban and rural areas which are inhabited by more than half of Poland's population, is poorly developed, hence these areas are not attractive for cable TV operators and they remain the natural target markets for DTH.

DTH operators. According to our estimates and PMR forecasts, the subscriber base of the DTH market in Poland remains under moderate pressure and in 2022 was just under 5.0 million (-3% YoY). DTH platforms are losing users in favor of the more advanced technologically IPTV offers, especially in areas with access to high quality broadband infrastructure.

Three DTH platforms operate in Poland: Polsat Box (until August 2021 it operated under the Cyfrowy Polsat brand), Canal+ (operating until September 2019 under the nc+ brand) and Orange, while the market is practically divided between the first two. Orange does not offer pay TV as a standalone service but only as an add-on to its integrated offer. Based on own and PMR forecasts, we estimate that at the end of 2022 the share held in the Polish pay TV market by our platform Polsat Box, in terms of the number of subscribers, was approximately 31%.

In less populated rural and suburban areas, where cable and broadband infrastructure is underdeveloped, digital terrestrial TV with around 30 channels aired in the DVB-T standard until June 2022 and from June 2022 also in DVB-T2/HEVC standard, presents a real alternative to satellite pay TV services. PMR estimates that the percentage of households that rely exclusively on free-to-air terrestrial TV is around 30% and will remain at that level for the next few years. However, it is worth noting that the pay TV offer surpasses alternative solutions, such as digital terrestrial TV, in terms of the quality of the programming offer. Dedicated and premium content, exclusive content available only from a given operator, live programs, or coverage of attractive sports events remain the key distinctive features.

Cable TV operators. The Polish cable TV market is strongly fragmented, with nearly 300 companies operating on it, according to UKE. The four dominating players, however, are: Play (after taking over UPC), Vectra Group, Inea and Toya. PMR estimates that in 2022 the combined share held in the Polish cable TV market by these three operators amounted to 87% in terms of the number of subscribers.

The Polish cable operator market is undergoing a process of consolidation, which increases the chances of building a strong convergent offering and leveraging the potential of customer bases. In recent years, the Polish market has seen three transactions that are significant in terms of size. In 2018, Polsat Plus Group took control of Netia, 2020 saw the consolidation of Poland's second and third largest cable operators, i.e. Vectra and Multimedia Poland, and 2022 the completion of mobile operator Play's acquisition of control of UPC.

Digital television through the IP protocol (IPTV). The leading IPTV providers in Poland are Orange Polska and Netia, a company belonging to Polsat Plus Group. The remaining part of the IPTV market is fragmented between Vectra Group and local Internet service providers (ISPs). The predominant model of sale of IPTV services on the market relies on bundling of the service, especially with broadband Internet access.

The value of the IPTV market reached nearly PLN 790 million in 2022 (+11% YoY), with the number of subscribers reaching about 1.7 million (+13% YoY). IPTV is the most rapidly growing segment of the pay TV market, among others due to the improving quality of broadband connections, fiber optic networks in particular, following infrastructural investments. In spite of the high growth dynamics, IPTV market still encounters barriers, mainly due to technological obstacles which result from still restricted coverage of advanced infrastructure capable of offering sufficient data throughputs for providing IPTV services, especially outside big cities.

IPTV development enhances competition between IPTV operators and cable TV operators, especially in big cities where high quality broadband infrastructure exists, including fiber optic links. In less populated areas, on which DTH operators focus their activities, the influence of the expansion of IPTV is less pronounced due to the underdeveloped infrastructure for broadband Internet access. At the same time it is worth stressing that the effect of outflow of DTH and cable TV subscribers is to some extent compensated for by the migration of these customers to the IPTV standard, as a result of which the total pay TV subscriber base in Poland remains stable.

Video on demand. The popularity of streaming services offering video-on-demand content is growing in Poland. The development of OTT and VOD services in Poland is positively influenced by the progressive improvement of the quality of broadband connections and, consequently, the speed of data transmission as well as by the changing preferences of consumers who want to access their favorite content anytime, on any device, anywhere. The dynamic growth of the paid sVOD market is also influenced by the increasing range of content available exclusively on a given platform.

The Polish VOD market is dynamic and highly fragmented. Several dozen online services operate on the market, including those offered by TV broadcasters, DTH satellite platform operators, cable TV networks or telecommunication operators as well as by global players. According to PMR estimates, in 2022 Netflix remained the undisputed leader in terms of subscriptions, followed by Player and Viaplay platforms on the podium. However, it should be noted that after a strong debut in 2021, Viaplay, which based its content offering on numerous sports rights, announced its exit from all markets outside Scandinavia, including Poland, already in July 2023 due to financial problems. Other major players in the Polish market include HBO Max and Disney+, Polsat Box Go and CDA.

VOD services are available in free (aVOD) or paid models, mainly based on a monthly subscription purchased directly from the platform operator (sVOD) and sales in the so-called operator channel, i.e. VOD subscriptions are purchased and paid for as part of the telecommunications bill. PMR estimates the number of paid VOD subscribers at around 6.5 million, of which almost 74% are direct sales. In Poland, there is a growing trend among sVOD users to subscribe to more than one service at a time. The number of sVOD subscriptions per household is steadily increasing, reaching 2.2 in 2022.

In Poland, a major challenge in the sVOD market is the phenomenon of account sharing, i.e. the use of a single subscription by several households, which limits the ability of platform operators to monetize content. According to PMR estimates, as many as 40% of the 5.8 million households with access to sVOD services in 2022 were using someone else's subscription. The first operator to combat this phenomenon is Netflix, which restricted subscription sharing options at the end of May 2023.

Despite dynamic growth in recent years, OTT and VOD services in Poland exert limited substitution pressure on the pay TV market. PMR's research shows that VOD is more of a complementary service to traditional pay TV. An important factor contributing to this trend is the popularity of the distribution of VOD services in the operator channel. The majority of the most popular VOD services are available from telecom and pay TV operators. In addition, pay TV operators are effectively competing with global VOD players by developing their own VOD platforms and offering Polish-language content better suited for local audiences, premium content or exclusive sports broadcasts. Bundling of services is also important, especially the bundling of TV services with Internet access, which has a positive effect on the loyalty of pay TV users.

Development forecasts for the pay TV market

According to PMR forecasts, in the years 2023-2028 the pay TV market in Poland will be slowly growing (CAGR of 1.2%), with a slight erosion of the subscriber base (CAGR 2023-2028 of -0.6%). At the same time, the number of households using paid access to VOD services is expected to continue to grow rapidly (CAGR of +5.0%). The market should remain under the influence of three major trends: high market penetration of pay TV services, dynamic growth of IPTV technology and limited competition from free-to-air terrestrial TV and VOD services.

According to PMR, in the years 2023-2028 satellite platforms will remain the biggest segment of the pay TV market in Poland, reaching market share of ca. 39% in terms of subscriber numbers at the end of the forecast period, with a 47% market share by value. Cable TV operators will remain the second major segment, with a market share of approximately 32% at the end of the forecast period and a 30% market share by value. Thanks to the highest growth dynamics IPTV services will systematically gain importance, on the back of the dynamic development of broadband Internet access networks, including fiber optic networks. According to PMR by the end of 2028 IPTV operators will have a market share of around 29% in terms of the number of subscribers and ca. 23% market share by value.

The number of VOD users in Poland will continue to grow in the coming years, mainly due to the growth of subscriptions in the paid model. PMR estimates that the number of VOD users in Poland will exceed 19 million by 2028, of which more than 80% will be users of paid VOD services, especially sVOD. As a result, the value of the market for paid VOD services in Poland will grow at an average annual rate of around 12% between 2023 and 2028, with the growth rate of this segment gradually slowing down over time as a result of increasing saturation and market competitiveness.

Pay TV operators will aim to increase their competitiveness by proposing unique offers to their customers. Bundled offers containing telecommunication and content services combined with sales of equipment (tablets, smartphones, laptops, TV sets) and supplementary services as well as an extended offer of exclusive content are of key importance for the enhancement of customer loyalty and own customer base retention. Access to broadband Internet, including fiber optic access, is a particularly important element, which at the time of the pandemic became key from the point of view of maintaining customer loyalty. In this context, infrastructure investments aimed at increasing the coverage and quality of broadband networks are becoming increasingly important. Offering premium content will continue to be crucial, as, on the one hand, it will attract subscribers looking for unique, high quality content, and on the other it will support ARPU growth.

A clearly visible trend in the Polish pay TV market in 2022-2023 was the modification of price lists by all major players, dictated, among other factors, by persistent inflationary pressures. The increases concerned both TV packages and additional fees, such as the rental of a set-top box or the use of services based on another operator's infrastructure. The increase in pay TV prices in Poland will have a positive impact on the value of the market, but may also lead to a higher incidence of cord-cutting and migration of customers to terrestrial TV or VOD platforms.

State-of-the-art technologies will continue to gain in importance at a fast pace as they enable operators to provide personalized content (such as content on demand) via the Internet, to mobile devices in particular. Substitution pressure from independent providers of OTT and VOD services present on the market (e.g., Netflix, CDA, HBO MAX or Amazon Prime) will still continue to be limited in Poland. Moreover, pay TV providers will compete with the offers of the above mentioned services by developing their own VOD platforms, which are complementary to traditional TV services, and by introducing mobile solutions. We think that in upcoming years VOD services will supplement and extend the offers available on the market instead of substituting linear TV.

It can be expected that the Polish pay TV market will continue to see consolidation trends, both within the sector as well as between cable TV and telecommunication operators, which can be exemplified by the finalized in 2022 acquisition of UPC cable TV by P4, telecommunication operator.

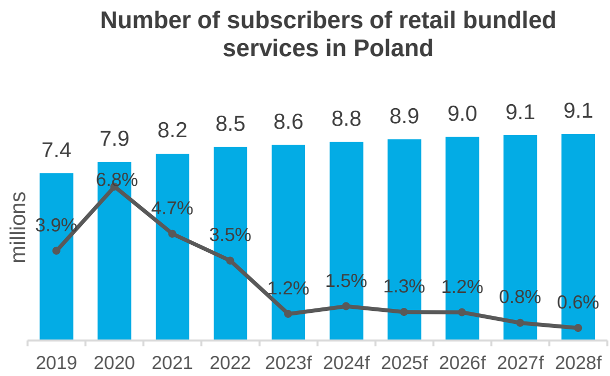
2.2.2. Bundled services market in Poland

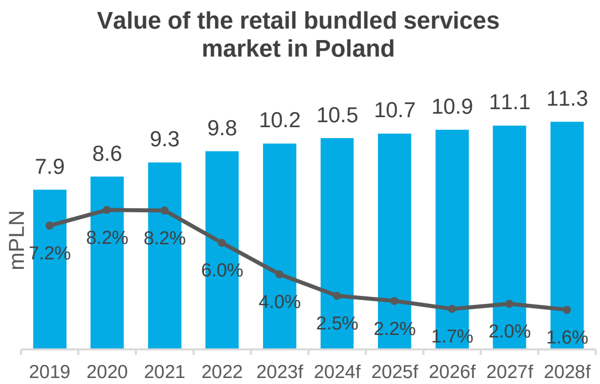
Market value and development forecasts

Service bundling has been one of the strongest trends on Polish media and telecommunications market for several years. Operators develop their offers of bundled services in response to the changing preferences of customers, who seek media and telecommunications services from one provider at affordable prices, under one contract, with one subscription fee and one invoice. At the same time, given the high level of saturation of the pay TV and mobile telephony markets, bundling of services plays a key role in retaining existing customers. Offering bundled services allows operators to increase customer loyalty and, consequently, reduce churn rates. It also contributes to the growth of average revenue per customer.

The Polish multi-play services market has been growing systematically both by volume and value. According to PMR's estimates, the number of services sold in packages in the years 2013-2022 recorded an average annual growth rate of 9%, increasing to 36.4 million at the end of 2022, while the total number of subscribers (both individual and business) using bundled services was estimated at over 11 million, of which 8.5 million were households. According to PMR estimates, in 2022 the value of the bundled services' market in Poland grew at the pace of 6% year-on-year, and reached PLN 13.3 billion. Service bundling is a strong tool supporting increase of the customer base's loyalty and customer value building. This is confirmed by the ARPU from bundled services which continued on an upward trend and amounted to PLN 97.6 at the end of 2022 (+1.9% YoY).

PMR projects that the market for integrated services will continue to grow in the coming years, both in terms of volume and value. This is due to the fact that the bundling of services has become a strategic objective for players in the telecommunications and pay TV markets. PMR expects the number of subscribers of bundled services to grow at a much slower rate in the coming years (CAGR 2022-2028 of +1.1%). The growth rate of the value of the bundled services market will gradually slow down, and the forecast average annual growth rate of the market in value terms in 2022-2028 will be 2.3%. Growth will be driven by continued ARPU growth path and increasing household penetration of integrated services. A factor supporting further growth of the bundled services market will be an increase in the quality of services stimulated by the development of fiber optic networks and the expansion of 5G networks.





Source: PMR Report on bundled telecommunication services in Poland, 2023

In subsequent years, the development of the Polish market of bundled services will be influenced not only by the low level of saturation of this market with services but also by the systematic roll out of fixed-line infrastructure and improving quality of network access, in particular higher throughput. The increased demand for higher-bandwidth Internet connections initiated during the pandemic period has solidified in the market, partly as a result of many companies maintaining remote or hybrid work, and will be further supported by EU funds flowing into Poland under the National Recovery and Resilience Plan. This creates the potential for reselling additional services to the retail market as part of a bundle. In particular, the prospects for offering IPTV/OTT pay TV services and video-on-demand content are improving.

Operators' strategies based on combining telecommunication and media services with services from outside the telecommunications sector are also an important factor. The bundled offers of leading operators on the Polish market comprise, among others, additional services, such as the sale of electricity, as well as financial and insurance products. Consolidation trends, observed on the media and telecommunications market, may also affect the development of the bundled services market, enriching the convergent offers available to customers.

Market structure

Bundled services in Poland are provided primarily by cable TV operators and telecommunications service providers. According to PMR, at the end of 2022 over three quarters of the bundled services market, in terms of the number of subscribers, was held by four major players – Polsat Plus Group, Play-UPC partnership, Orange and T-Mobile. According to PMR estimates, Polsat Plus Group was the leader in this market, with a 27.9% share at the end of 2022.

When analyzing the structure of bundled services in Poland, one should bear in mind that the majority of operators provide multiplay services on the basis of wholesale agreements with other operators since they themselves do not have the relevant infrastructure or supporting business services to be able to create a complete portfolio of convergent services. For example, T-Mobile provides fixed-line broadband Internet access using, among others, the infrastructure of Orange Polska. Cable TV operators, in turn, offer mobile voice services in an MVNO model and acquire the entire content for their TV services from third party TV production companies. Our important competitive advantage on this market comes from the fact that within Polsat Plus Group we have all the assets which are required to be able to offer customers a fully convergent offer of telecommunication and TV services, enriched with unique content which we produce ourselves.

Both fixed-line telecommunication and cable TV operators offer their bundled services mainly in large and medium sized cities, mainly due to the geographical limitations of their landline access infrastructure. The multi-play services market in Poland is, in turn, relatively underdeveloped in less urbanized areas and therefore has the potential to grow rapidly in the suburbs, small towns and rural areas. In addition to the low penetration rate of multi-play services in less densely populated areas, Internet services provided by cable operators typically suffer in quality of service due to the limitations of the existing infrastructure. This creates an opportunity for satellite pay TV providers, such as Polsat Box, who are not bound by geographic reach, to become the leading providers of high quality multi-play services to consumers in suburbs, small towns and rural areas in Poland.

3. Significant investments, agreements and events

Issuance of sustainability-linked bonds

As part of the Bond Issuance Program of November 29, 2022 with the total maximum nominal value of PLN 4 billion, the Company issued:

(i) 2,670,000 unsecured, PLN-denominated series D bearer bonds with the nominal value of PLN 1,000 each and the aggregate nominal value of PLN 2,670.0 million on January 11, 2023;

(ii) 820,000 unsecured, PLN-denominated series E bearer bonds with the nominal value of PLN 1,000 each and the aggregate nominal value of PLN 820.0 million on September 28, 2023;

(iii) 400,000 unsecured, PLN-denominated series F bearer bonds with the nominal value of PLN 1,000 each and the aggregate nominal value of PLN 400.0 million on December 21, 2023, (jointly the "Bonds").

All three series of the Bonds mature on January 11, 2030. The Series D and E Bonds have been assimilated and are listed in the Alternative Trading System operated by the WSE on the Catalyst market in the continuous trading system under the ISIN code PLCFRPT00070 and the abbreviated name CPS0130. The Series F Bonds have been allotted to one investor, i.e., PFR Fundusz Inwestycyjny Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych with its registered office in Warsaw and are not listed on any market.

The issuance of the Bonds is the largest corporate bond issuance by a private company in the history of the Polish capital market and, at the same time, the first Polish issuance of sustainability-linked bonds fully compliant with ICMA (International Capital Market Association) standards. The Bonds are linked to the sustainability goals described in Polsat Plus Group's Sustainability-Linked Financing Framework, thus linking the margin to the achievement of the ESG targets. The Group made a commitment to bondholders to gradually migrate to zero-emission sources of electricity used for own purposes.

Proceeds from the issuance of the Bonds will be used to support the implementation of Strategy 2023+, in particular the planned construction of 1,000 MW of installed low- and zero-emission clean electricity generation capacity and the full value chain of an economy based on green hydrogen, which will ultimately contribute to the reduction of CO_2 emissions in the Polish economy by approximately 2 million tons per year.

Part of the funds raised in the Bonds issue were used for the redemption of 776,202 Series B Bonds with the total nominal value of PLN 776.2 million and 911,947 Series C Bonds with the total nominal value of PLN 911.9 million in 2023. On January 5, 2024, the Company repurchased all outstanding Series B and C Bonds (for details see item 4.3. – *External financing*).

Conclusion of significant financial agreements

On April 28, 2023, Cyfrowy Polsat and Polkomtel, as the borrowers, along with the following subsidiaries: Telewizja Polsat Sp. z o.o., Netia S.A., Polsat Media Sp. z o.o., Muzo.fm Sp. z o.o. and Polsat Media Biuro Reklamy Sp. z o.o., concluded the Senior Facilities Agreement with a consortium of Polish and foreign financial institutions. The concluded loan agreements are linked to the sustainability goals which Polsat Plus Group is pursuing through its Strategy 2023+: investments in zero-emission power generation capacity, production of green energy and transition of the Group companies to use solely clean, green energy in their operations.

The facilities agreement provides for a PLN term facility loan to be granted to the Company and Polkomtel up to a maximum amount of PLN 7,255.0 million, a EUR term facility loan up to a maximum amount of EUR 506.0 million and a revolving facility loan up to a maximum amount of the equivalent of PLN 1,000.0 million ("Senior Facilities Agreement", "SFA"). The loan was disbursed on May 16, 2023. The share of the PLN and EUR term loan facility attributable to the Company amounts to PLN 679.5 million and EUR 356 million, respectively.

The facilities bear interest at a variable rate equal to WIBOR/EURIBOR for the relevant interest periods plus margin. The margin of the facilities depends on the level of the consolidated debt ratio (net debt to consolidated EBITDA) calculated jointly for certain entities from the Group in such a way that the lower the ratio, the lower the applicable margin, and also on the achievement by the Group of certain targets concerning green energy production and zero-carbon electricity consumption by specified entities from the Group.

The term of the facilities is 5 years from the date of execution of the facilities agreement and the final repayment date of each of these facilities is April 28, 2028.

The facilities were or will be utilized by the Company in particular:

(i) to repay in full the indebtedness under the senior facilities agreement of September 21, 2015, as amended, which was made on May 16, 2023;

(ii) to make funds available to companies implementing investment projects defined in the SFA; and

(iii) to finance general corporate needs.

In accordance with the SFA, the Company and other entities from the Group established collateral securing the repayment of loans granted thereunder.

Detailed information on the concluded Senior Facilities Agreement and established collateral is described in item 4.3.2. – *External financing – Significant financing agreements* – of this Report.

Early repayment of loans

In connection with the conclusion of the Senior Facilities Agreement on April 28, 2023, the Company and Polkomtel executed an early repayment of the full amount of the term facility loan and the revolving facility loan granted under the senior facilities agreement of September 21, 2015, as amended by the amendment, restatement and consolidation deeds of March 2, 2018 and April 27, 2020.

The prepayment in the aggregate amount of PLN 8,843.7 million was made on May 16, 2023.

Changes in the Supervisory Board

On May 31, 2023, Mr. Marek Kapuściński resigned from membership in the Supervisory Board of the Company, effective immediately.

On June 29, 2023 the Annual General Meeting of the Company resolved to entrust Mr. Tobias Solorz and Mr. Piotr Żak with the functions of Vice-Chairmen of the Supervisory Board.

Distribution of profit for 2022

On June 29, 2023, the Annual General Meeting of Cyfrowy Polsat resolved to allocate the Company's net profit for the fiscal year 2022 in the amount of PLN 1,248.6 million in full to the reserve capital. The resolution of the Annual General Meeting was in accordance with the previous recommendation of the Company's Management Board of May 31, 2023, which was positively reviewed by the Supervisory Board on the same date.

The Company's Management Board decided not to recommend the dividend payout from the 2022 profit due to the capital-intensive strategic investments carried out by the Company as part of its Strategy 2023+, aimed at continuing the development of the Company's capital group over the long term in line with the overarching strategic goal of sustainably growing the Company's value for its shareholders. In particular, the funds retained in the Company will be employed for the timely implementation of currently ongoing projects involving, among others, the construction of wind farms in Miłosław, Kazimierz Biskupi, Człuchów and Przyrów with total installed capacity of 150 MW. As a result of the implementation of the above-mentioned projects, by the end of 2024, the estimated production capacity of energy from wind farms will exceed 430 GWh per year, which, on the one hand, will ensure that the Company and its capital group's internal needs for electricity are fully met, thereby offsetting the Company's exposure to fluctuations in energy prices, and on the other hand, will enable sales of clean energy to third parties.

At the same time, when making the decision not to pay the dividend, the Management Board took into account the Company's net debt ratio, which remains at an elevated level, i.a. as a result of the financing of strategic investments, as well as the unfavorable macroeconomic environment, in particular high inflationary pressure and persistently high interest rates that translate into rising debt service costs for the Company.

Acquisition of shares in PAK-Polska Czysta Energia

On July 3, 2023, in execution of the preliminary share purchase agreement with ZE PAK S.A. dated December 20, 2021, as amended, the Company acquired from ZE PAK S.A. for the amount of PLN 117.0 million 2,390,600 shares in PAK-PCE, representing approx. 10.1% of the share capital of PAK-PCE and entitling to exercise approx. 10.1% of votes at the shareholders' meeting of PAK-PCE. Furthermore, based on an annex to the preliminary share purchase agreement dated December 20, 2021 two subsidiaries of PAK-PCE, Przedsiębiorstwo Remontowe "PAK Serwis" sp. z o.o. and PCE-OZE 5 sp. z o.o., were transferred to ZE PAK and therefore were not subject of the transaction.

Following the above mentioned transaction and taking into account the shares previously acquired and subscribed for by the Company in PAK-PCE, as of the date of this Report the Company holds approx. 50.5% of shares in the share capital of PAK-PCE. In connection with the acquisition of a majority stake in PAK-PCE, as of July 3, 2023, the Group consolidates the financial results of PAK-PCE and its subsidiaries (PAK-PCE Group) using the full method.

Acquisition of shares in Pantanomo Limited

On July 3, 2023, the Company and Tobe Investments Group Limited entered into a share purchase agreement, pursuant to which the Company acquired from Tobe 4,705 shares in Pantanomo Limited, representing approx. 32% of Pantanomo's share capital. Pantanomo belongs to Port Praski capital group and its operating activities include, among others, real estate management.

The purchase price for the Pantanomo shares amounted to PLN 307.2 million and will be paid by the Company in instalments. The first instalment of PLN 107.2 million was paid in October 31, 2023, the second instalment of PLN 100.0 million will be paid by April 30, 2024, with the remainder of the price wil be paid by October 31, 2024.

Disposal of shares in Asseco Poland S.A.

On September 21, 2023, Cyfrowy Polsat sold 10,642,046 shares in Asseco Poland S.A. at a price of PLN 80.00 per share, for a total amount of PLN 851.4 million, in response to Asseco Poland S.A.'s invitation to submit offers for the sale of shares, published on September 6, 2023.

At present, Cyfrowy Polsat holds 8,405,327 shares in Asseco Poland S.A., representing 10.13% of its share capital and 10.13% of the total number of votes at the General Meeting.

Concluding financial PPA agreements

In March 2023, the Company entered into financial Power Purchase Agreements (financial PPAs) with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-VOLT S.A. regarding electricity generated by the photovoltaic farm Brudzew. The contracts were concluded for a period of 15 years, with the possibility of termination in certain situations, and became effective in April 2023.

In April 2023, the Company entered into financial PPAs with Park Wiatrowy Palczyn1 Sp. z o.o. (Miłosław wind farm) and PAK-Volt S.A. regarding electricity generated by the Miłoslaw wind farm. The agreements were concluded for a period of 15 years and 6 months, starting from the first settlement in January 2024.

In November 2023, the Company entered into financial PPAs with Great Wind Sp. z o.o. (Człuchów wind farm) and PAK-Volt S.A. regarding electricity to be generated by the Człuchów wind farm. The agreements were concluded for a period of 15 years, with the possibility of termination in certain situations. The agreements will become effective in August 2024, however the parties allow for a potential postponement of this date to December 2024.

The Company committed in the financial PPA agreements to make financial settlements in order to ensure a fixed price for the sale or purchase of electricity (so-called contract for difference). The settlement price in the financial PPA agreements was established for the first year of the term and will be indexed in subsequent years by the inflation rate, subject to applicable legal regulations specifying the maximum sales price of electricity produced from renewable sources.

4. Operating and financial review

4.1. Operating review

The Company does not publish separate KPIs with respect to its core business. Key performance indicators (KPI) presented below present the operating results of Polsat Plus Group.

When assessing our operating results in the B2C area, we analyze contract services and prepaid services separately. In the case of contract services we consider the number of unique, active services provided in the contract model (RGUs), the number of customers, churn rate and average revenue per customer (ARPU). When analyzing prepaid services we consider the number of unique, active services provided in the prepaid model (prepaid RGUs) as well as average revenue per prepaid RGU. The number of reported RGUs of prepaid services of mobile telephony and internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days.

In turn, the B2B area is analyzed by us across two base dimensions. We focus on maintaining and building the scale of our customer base, expressed as the number of businesses serviced by us, as well as on measuring their value through ARPU.

	for the 3-month period ended December 31		change / %	
	2023	2022	nominal	% / p.p.
Contract services for B2C customers				
Total number of B2C RGUs (EOP) [thous.], incl.:	**13,083**	**13,285**	**(202)**	**(1.5%)**
Pay TV	4,843	5,049	(206)	(4.1%)
Mobile telephony	6,246	6,238	8	0.1%
Internet	1,994	1,998	(4)	(0.2%)
Number of B2C customers (EOP) [thous.]	**5,795**	**5,934**	**(139)**	**(2.3%)**
ARPU per B2C customer [PLN]	73.6	71.7	1.9	2.6%
ARPU per B2C customer (YTD) [PLN]	72.6	70.8	1.8	2.5%
Churn in B2C subsegment	7.6%	7.0%	-	0.6 p.p.
RGU saturation per one B2C customer	2.26	2.24	0.02 p.p.	0.9%
Prepaid services				
Total number of RGUs (EOP) [thous.], incl.:	**2,646**	**2,691**	**(45)**	**(1,7%)**
Pay TV	98	82	16	19,5%
Mobile telephony	2,522	2,578	(56)	(2.2%)
Mobile Internet	26	31	(5)	(16.1%)
ARPU per prepaid RGU [PLN]	17.4	17.4	-	-
ARPU per prepaid RGU (YTD) [PLN]	17.4	17.5	0.1	0.6%
Contract services for B2B customers				
Total number of B2B customers (EOP) [thous.]	**68.8**	**69.1**	**(0.3)**	**(0.4%)**
ARPU per B2B customer [PLN]	1,463	1,427	36.0	2.5%
ARPU per B2B customer (YTD) [PLN]	1,454	1,406	48.0	3.4%

Contract services for B2C customers

The total number of B2C customers to whom we provided contract services as at the end of 2023 was 5,795 thousand (-2.3% YoY). The erosion of the base was influenced by, among others, the declining popularity of the satellite technology as well as the continued process of merging contracts under one common contract for the household within our base. In line with our strategic assumptions, we avoid conducting an aggressive sales policy on individual products and focus on increasing customer loyalty, in particular through offering a wide portfolio of bundled services, as well as on increasing ARPU per contract customer.

The churn rate for our B2C customers amounted to 7.6% in the twelve-month period ended December 31, 2023 (+0.6 p.p. YoY). The continued low churn rate is primarily the effect of a high level of loyalty of our customers of bundled services, which results from the successful implementation of our multiplay strategy, as well as our actions aimed at fostering high customer satisfaction.

In line with the assumptions of our long-term strategy, we aim to maximize revenue per contract B2C customer through cross-selling, i.e., selling additional products and services to our customer base within the framework of our bundled services offer, and offering enhanced television and telecommunications packages (the more-for-more strategy). In the fourth quarter of 2023, average revenue per B2C customer increased to PLN 73.6 (+2.6% YoY) while in the full year 2023 it reached the level of PLN 72.6 (+2.5%). The growth of ARPU per B2C contract customer results, in particular, from the continuous building of customer value by bundling services. We believe that the growing popularity of 5G tariff plans, coupled with our more-for-more strategy, as well as continued expansion of our content offer will contribute to support customer value growth, reflected in the level of ARPU.

The number of contract services for B2C customers provided by us at the end of 2023 amounted to 13,083 thousand RGUs, i.e., 202 thousand less compared to the previous year (-1.5% YoY). The main reason for this decline was the decrease in the number of contract pay TV services by 206 thousand (-4.1% YoY) to the level of 4,843 thousand RGUs. The key drivers of this decline were a lower number of provided satellite TV services and the price repositioning and change in the strategy of offering our video online services (in 2021, we replaced the Ipla platform with the Polsat Box Go offer, which is differently positioned in terms of pricing). This decrease was partially compensated by an increasing number of TV services offered in online technologies (IPTV/OTT).

At the end of December 2023, the base of contract mobile telephony services for B2C customers remained stable YoY and amounted to 6,246 thousand.

At the end of 2023, the number of Internet access services provided to B2C customers in the contract model remained stable and amounted to 1,994 thousand. Within this service category, the share of fixed-line Internet access services is consistently increasing at the cost of declining mobile Internet RGUs. This is driven by the increasing popularity of data transmission packages in mobile telephony tariff plans (smartphones) which is associated with diminishing differences between the sizes of data packages offered in both product lines.

The saturation of our B2C customer base with integrated services, expressed in the ratio of contract services per customer, develops at a stable, high level and as at the end of December 2023 amounted to 2.26 contract services per customer. We believe that further saturation of our customer base with integrated services, including our flagship product smartDOM will positively influence the growth of the number of contract RGUs provided by us in the future and will support keeping the churn rate at a low level.

Our bundled services offer is based on a mechanism of offering attractive discounts on every additional product or service purchased from the Group's portfolio and has a positive effect on the churn rate, RGU saturation per customer ratio and ARPU per contract B2C customer. At the end of December 2023, the number of customers using our bundled services remained strong year on year and amounted to 2,456 thousand, which translates to a 42.3% saturation of our contract customer base with multiplay services. This group of customers had 7,438 thousand RGUs as at the end of December 2023, up by 25 thousand (+0.3% YoY). Bearing in mind our strategic goal - the successive build-up of revenue per contract customer through cross-selling of additional products and services - our bundled services offer is perfectly in line with our strategy. Therefore, despite having reached a high level of our multiplay base, we will continue to further popularize this program among our customers.

Prepaid services

The number of prepaid services provided by us decreased by 45 thousand (-1.7% YoY) to 2,646 thousand as at 31 December 2023. The main reason behind the decline in the prepaid service base in the analyzed period was a decrease by 56 thousand (-2.2% YoY) in the number of prepaid mobile telephony RGUs, which amounted to 2,522 thousand services at the end of 2023, and the systematically declining number of prepaid mobile broadband Internet access services (-5 thousand, -16.1% YoY) at the end of 2023. This is primarily attributable to the growing popularity of data transmission in mobile tariffs (smartphones) due to the disappearing differences in the size of data packages offered in the two product lines. These decreases were partially offset by an increase by 16 thousand YoY in the number of provided prepaid pay TV services (+19.5%). The prepaid pay TV RGU base has been adjusted to exclude the promotional package Polsat Box Go Start offered at PLN 30 per year, which was launched in connection with the decision to close down the ad-based service Polsat Go.

In the fourth quarter of 2023, average monthly retail revenue per prepaid RGU remained unchanged YoY at PLN 17.4, while for the full year 2023 it stood at PLN 17.6 (+0.1% YoY).

Contract services for B2B customers

The total number of B2B customers as at the end of 2023 was 68.8 thousand (-0.4% YoY). The scale of our B2B customer base remains stable in the long term, proving the high efficiency of our efforts directed at fostering high satisfaction of our business customers. At the same time, we maintain a high level of ARPU from our B2B customers, which increased to PLN 1,463 (+2.5% YoY) per month in the fourth quarter of 2023 and PLN 1.454 (+3.4% YoY) per month in 2023.

The B2B area continues to be under strong competitive pressure, which translates into pricing levels for traditional telecommunication services. Building the value of our B2B base in founded in a natural way on additional services provided to our business customers. We strive to constantly expand our offering for business customers by new services which generate incremental revenue. The continued expansion of data center resources offered to business customers, cybersecurity solutions or cloud computing can serve as an example. In parallel, we seek to provide specialized IT solutions for specific sectors of the economy (finance and banking, real estate, hotels, energy production, etc.). We believe that thanks to a comprehensive telecommunication and IT services offering for our B2B customers we will be in a position to maintain their high level of satisfaction and therefore to secure our revenue in this market segment.

4.2. Review of the Group's financial situation

4.2.1. Income statement analysis

[mPLN]	for the year ended December 31		change	
	2023	2022	[mPLN]	[% / p.p.]
Revenue	2,245.3	2,382.5	(137.2)	(5.8%)
Operating costs	(2,064.1)	(2,042.1)	(22.0)	1.1%
Other operating income/(cost), net	(9.6)	2.7	(12.3)	n/d
Profit from operating activities	**171.6**	**343.1**	**(171.5)**	**(50.0%)**
Gain on investment activities, net	891.1	1,188.7	(297.6)	(25.0%)
Finance costs, net	(404.9)	(241.9)	(163.0)	67.4%
Gross profit for the period	**657.8**	**1,289.9**	**(632.1)**	**(49.0%)**
Income tax	(18.2)	(41.3)	23.1	(55.9%)
Net profit for the period	**639.6**	**1,248.6**	**(609.0)**	**(48.8%)**
EBITDA	***348.7***	***517.4***	***(168.7)***	***(32.6%)***
EBITDA margin	***15.5%***	***21.7%***	***-***	***(6.2 p.p.)***

Our **total revenue** decreased by PLN 137.2 million (-5.8% YoY) in the 2023. A decrease of retail revenue by PLN 133.8 million (-6.1%) YoY was the main driver behind a decrease of total revenue. This decrease was, among others, the result of the declining popularity of satellite TV among our customers. Furthermore, in 2023 we recorded a decrease in wholesale revenue by PLN 8.8 million (-10.4%) YoY, which was due in part to lower revenue from the sale of TV licenses, sublicenses and rights of use, mainly to the Group companies.

[mPLN]	for the year ended December 31		change	
	2023	2022	[mPLN]	[%]
Retail revenue	2,048.8	2,182.6	(133.8)	(6.1%)
Wholesale revenue	76.0	84.8	(8.8)	(10.4%)
Sale of equipment	29.7	31.6	(1.9)	(6.0%)
Other revenue	90.8	83.5	7.3	8.7%
Revenue	**2,245.3**	**2,382.5**	**(137.2)**	**(5.8%)**

Our **operating costs** increased by PLN 22.0 million (+1.1%) YoY in 2023. In the period under review, we recorded an increase in distribution, marketing, customer relation management and retention costs by PLN 18.3 million (+6.5%) YoY, due primarily to higher distribution and logistics costs, as well as customer relation management and retention costs related to inflationary and regulatory pressure on salaries, especially in the call center area. Salaries and employee-related costs were higher by PLN 13.5 million (+9.0%) YoY, due in part to continued inflationary pressures on employee related costs and an increase in the number of FTEs at the Company to 966 (+6.9% YoY). Content costs increased by PLN 6.2 million (+0.7%) YoY, reflecting mainly our investment in expanding our TV programming offer and increasing its attractiveness for our customers. The above described increase in operating costs in 2023 was partially offset by lower costs of interconnection settlements, which decreased by PLN 22.6 million (-4.9%) YoY as a result of lower settlements for data transmission services with our subsidiary Polkomtel.

[mPLN]	for the year ended December 31		change	
	2023	2022	[mPLN]	[%]
Content costs	856.7	850.5	6.2	0.7%
Technical costs and cost of settlements with telecommunication operators	440.8	463.4	(22.6)	(4.9%)
Distribution, marketing, customer relation management and retention costs	299.2	280.9	18.3	6.5%
Depreciation, amortization, impairment and liquidation	177.1	174.3	2.8	1.6%
Salaries and employee-related costs	163.1	149.6	13.5	9.0%
Cost of equipment sold	22.3	21.1	1.2	5.7%
Cost of debt collection services and bad debt allowance and receivables written off	6.7	3.3	3.4	103.0%
Other costs	98.2	99.0	(0.8)	(0.8%)
Operating costs	**2,064.1**	**2,042.1**	**22.0**	**1.1%**

In 2023, the Company recognized **other operating income, net** of PLN 9.6 million as compared to other operating income, net of PLN 2.7 million in 2022.

As a result of the above-described changes, the Company's **EBITDA** decreased by PLN 168.7 million (-32.6%) YoY to PLN 348.7 million in 2023, with EBITDA margin of 15.5% (-6.2 p.p. YoY).

Gain on investment activities, net amounted to PLN 891.1 million in 2023 and was lower by PLN 297.6 million (-25.0%) YoY. This decline was mainly driven by lower dividends received, the negative valuation related to foreign exchange differences, a lower share in profits of partnerships and the one-off recognition of estimated future losses on granted loans. This decrease was partially offset by the gain recognized on the sale of shares in Asseco Poland S.A. and higher interest income.

Finance costs, net increased by PLN 163.0 million (+67.4%) YoY as a result of an increase in the Group's debt service costs, resulting from the acquisition of an additional loan as part of the debt refinancing, the issuance of bonds and the continued high level of interest rates in 2023.

Net profit for 2023 amounted to PLN 639.6 million, recording a decrease by 48.8% YoY. This was primarily due to significantly higher debt service costs, lower gain on investment activities and inflationary pressure on costs and softening performance on the revenue side.

4.2.2. Balance sheet analysis

As at December 31, 2023, our balance sheet amounted to PLN 19,732.9 million and was higher by PLN 4,074.6 million (+26.0%) compared to the balance as at December 31, 2022.

Assets

[mPLN]	December 31 2023	December 31 2022	Change [mPLN]	Change [%]
Reception equipment	362.6	331.8	30.8	9.3%
Other property, plant and equipment	130.2	194.2	(64.0)	(33.0%)
Goodwill	197.0	197.0	-	-
Other intangible assets	127.7	110.6	17.1	15.5%
Right-of-use assets	21.5	15.8	5.7	36.1%
Investment property	94.3	36.8	57.5	156.3%
Shares in subsidiaries, associates and other, incl.	12,774.4	12,966.7	(192.3)	(1.5%)
shares in associates	*0.1*	*1,708.0*	*(1,707.9)*	*(100.0%)*
Non-current deferred distribution fees	19.5	17.7	1.8	10.2%
Non-current loans granted	3,584.2	573.6	3,010.6	524.9%
Other non-current assets, includes:	33.4	7.3	26.1	357.5%
derivative instruments	*30.1*	*6.6*	*23.5*	*356.1%*
Total non-current assets	**17,344.8**	**14,451.5**	**2,893.3**	**20.0%**
Contract assets	72.0	93.3	(21.3)	(22.8%)
Inventories	122.7	131.0	(8.3)	(6.3%)
Trade and other receivables	189.5	212.1	(22.6)	(10.7%)
Current loans granted	24.3	544.8	(520.5)	(95.5%)
Income tax receivable	7.2	-	7.2	n/a
Current deferred distribution fees	48.0	54.3	(6.3)	(11.6%)
Other current assets, includes:	40.8	50.6	(9.8)	(19.4%)
derivative instruments	*15.9*	*16.5*	*(0.6)*	*(3.6%)*
Cash and cash equivalents	1,883.6	120.7	1,762.9	n/a
Total current assets	**2,388.1**	**1,206.8**	**1,181.3**	**97.9%**
Total assets	**19,732.9**	**15,658.3**	**4,074.6**	**26.0%**

In 2023, the **value of non-current assets** increased by PLN 2,893.3 million (+20.0%) in 2023 and accounted for 87.9% of total assets as of December 31, 2023 compared to 92.3% at the end of 2022. The increase in the value of non-current assets was driven in particular by an increase of value of non-current loans granted by PLN 3,010.6 million (+524.9%), which were associated, among others, with the financing of strategic projects in the area of green energy. In parallel, the **value of shares in subsidiaries, associates and others** decreased by PLN 192.3 million (-1.5%) YoY, reflecting partly the disposal of ca. 13% stake in Asseco Poland S.A. held by the Company and was partially offset by the revaluation of the remaining block of approximately 10% of Asseco's shares at fair value and the acquisition of an additional 10.1% stake in PAK-PCE.

The **value of current assets** increased by PLN 1,181.3 million (+97.9%) over the year and as at the end of 2023 accounted for 12.1% of the total assets of the Company, compared to 7.7% at the end of 2022. The increase in **cash and cash equivalents** by PLN 1,762.9 million was the main driver behind this change, resulting mainly from the issuance of three series of bonds in 2023 with a total nominal value of PLN 3,890.0 million, the disposal of ca. 13% stake in Asseco Poland S.A. for PLN 851.4 million and the refinancing of bank loans. A factor partially offsetting the aforementioned increase of current assets was a PLN 520.5 million decrease in the balance of short-term loans granted to related companies, mainly for the development of renewable energy projects.

Equity and liabilities

[mPLN]	December 31 2023	December 31 2022	Change [mPLN]	Change [%]
Share capital	25.6	25.6	-	-
Share premium	7,174.0	7,174.0	-	-
Other reserves	2,909.6	2,933.5	(23.9)	(0.8%)
Retained earnings	4.855,4	4,215.8	639.6	15.2%
Treasury shares	(2,854.7)	(2,854.7)	-	-
Total equity	**12,109.9**	**11,494.2**	**615.7**	**5.4%**
Loans and borrowings	2,022.0	1,047.8	974.2	93.0%
Issued bonds	3,975.5	1,900.4	2,075.1	109.2%
Lease liabilities	19.8	13.7	6.1	44.5%
Deferred tax liabilities	40.3	58.7	(18.4)	(31.3%)
Other non-current liabilities and provisions. incl.:	58.7	2.1	56.6	n/d
derivative instruments	*56.5*	*0.7*	*55.8*	*n/d*
Total non-current liabilities	**6,116.3**	**3,022.7**	**3,093.6**	**102.3%**
Loans and borrowings	185.7	250.7	(65.0)	(25.9%)
Issued bonds	394.7	176.0	218.7	124.3%
Lease liabilities	3.1	3.3	(0.2)	(6.1%)
Contract liabilities	230.7	225.3	5.4	2.4%
Trade and other payables, incl.:	688.8	477.6	211.2	44.2%
derivative instruments	*15.5*	-	*15.5*	*n/a*
Income tax liability	-	4.9	(4.9)	(100.0%)
Deposits for equipment	3.7	3.6	0.1	2.8%
Total current liabilities	**1,506.7**	**1,141.4**	**365.3**	**32.0%**
Total liabilities	**7,623.0**	**4,164.1**	**3,458.9**	**83.1%**
Total equity and liabilities	**19,732.9**	**15,658.3**	**4,074.6**	**26.0%**

During 2023, **equity** increased by PLN 615.7 million (+5.4%), to PLN 12,109.9 million as at December 31, 2023, mainly as a result of profit generated in 2023 in the amount of PLN 639.6 million.

Total liabilities increased by PLN 3,458.9 million (+83.1%) and amounted to 7,623.0 million as at December 31, 2023, of which current liabilities amounted to PLN 1,506.7 million and non-current liabilities amounted to PLN 6,116.3 million, constituting 19.8% and 80.2% of total liabilities, respectively. Compared to the end of December 2022, the value of current liabilities increased by PLN 365.3 million (+32.0%) while non-current liabilities increased by PLN 3,093.6 million (+102.3%). The main factor driving the increase of the value of both current and non-current liabilities was the recognition of higher liabilities for bonds issued following the issuance in 2023 of three series of bonds with a total nominal value of PLN 3,890.0 million and the repurchase for redemption of Series B and C bonds with a total nominal value of PLN 1,688.1 million. In addition, as of the end of 2023, the Company recorded an increase of PLN 909.2 million (+70.0%) in liabilities from loans and borrowings as a result of the refinancing of bank liabilities in 2023 under the SFA dated September 21, 2015 and the conclusion of a new SFA dated April 28, 2023 providing for a PLN term loan of up to PLN

7,255.0 million, a EUR term loan of up to EUR 506.0 million and a revolving loan of up to the equivalent of PLN 1,000.0 million for the Company and Polkomtel.

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements for property construction and improvements was PLN 14.6 million as at December 31, 2022 (PLN 19.2 million as at December 31, 2022).

Future contractual obligations

As at December 31, 2023 and December 31, 2022 the Group had future liabilities due for transponder capacity agreements. The table below presents future payments (total):

[mPLN]	December 31, 2023	December 31, 2022
within one year	112.8	121.7
between 1 to 5 years	112.8	243.4
Total	**225.6**	**365.1**

4.2.3. Cash flow analysis

The following table presents selected data from the cash flow statement for the twelve months ended December 31, 2023 and December 31, 2022.

[mPLN]	for the year ended December 31		Change	
	2023	2022	[mPLN]	[% / p.p.]
Net cash from operating activities	**241.4**	**(383.3)**	**624.7**	**n/d**
Net cash used in investing activities, incl.	**(1,282.0)**	**(73.3)**	**(1,208.7)**	**n/d**
Capital expenditures	*(61.6)*	*(125.0)*	*63.4*	*(50.7%)*
Net cash received from /(used in) financing activities	**2,803.5**	**(1,357.5)**	**4,161.0**	**306.5%**
Net increase/(decrease) in cash and cash equivalents	1,762.9	(1,814.1)	3,577.0	197.2%
Cash and cash equivalents at the beginning of the period	120.7	1,934.8	(1,814.1)	(93.8%)
Cash and cash equivalents at the end of the period	**1,883.6**	**120.7**	**1,762.9**	**n/a**

Net cash received from operating activities amounted to PLN 241.4 million in 2023 as compared to PLN 383.3 million of net cash used in operating activities in 2022. This change was primarily impacted by a one-time tax payment in 2022 from the gain on sale of the shares of Polkomtel Infrastruktura in 2021. In parallel, net cash generated from operating activities in 2023 was under pressure from lower EBITDA and a higher value of working capital employed.

Net cash used in investing activities amounted to PLN 1,282.0 million in 2023 compared to PLN 73.3 million used in 2022. This change was primarily the result of the higher net value of loans granted in 2023, mainly to PAK-PCE for the development of green energy projects, and a lower value of dividends received. Capital expenditures on the purchase of property, plant and equipment, and intangible assets amounted to PLN 61.6 million in 2023 and decreased by PLN 63.4 million YoY. The decrease was primarily due to the completion of construction and commissioning of a recording studio in 2023.

Net cash received from financing activities amounted to PLN 2,803.5 million in 2023 compared to cash used in financing activities in 2022 in the amount of PLN 1,357.5 million. The positive balance of cash flows from financing activities was due, among others, to the issuance of successive series of bonds (D, E and F) and the refinancing of debt under the SFA dated September 15, 2015, as well as the lack of dividend payment in 2023 (for more information, see Section 4.3. – *External financing*).

4.3. External financing

We maintain cash to fund the day-to-day requirements of our business. Our objective is to ensure cost-efficient access to various financing sources, including bank loans, bonds and other borrowings.

We believe that cash balances and cash generated from our current operations, as well as funds available under our revolving credit facilities should be sufficient to satisfy the future needs related to our operating activities, development of our services, service of our debt as well as for the execution of investment plans in the field of the Company's current activity.

4.3.1. Indebtedness

The table below presents a summary of the financial debt of the Company as at December 31, 2023.

	Balance value as at December 31, 2023 [mPLN]	Coupon / interest / discount	Maturity date
Loans and borrowings liabilities	2,207.7	WIBOR + margin EURIBOR + margin	2028
Bond liabilities	4,370.2	Series B: WIBOR+2.00%(2) Series C: WIBOR+1.90%(2) Series D/E/F: WIBOR+3.85%(2)	Series B – 2026 Series C – 2027 Series D/E/F – 2030
Leasing and other liabilities	22.9		
Gross debt	**6,600.8**	-	-
Cash and cash equivalents(1)	1,883.6	-	-
Net debt	**4,717.2**	-	-

(1) This item comprises cash and cash equivalents.

(2) Margin level depends on Net Debt/EBITDA LTM for the last reported period calculated at the Polsat Plus Group level.

Conclusion of the Senior Facilities Agreement

On April 28, 2023, the Company and Polkomtel, as the borrowers, concluded the Senior Facilities Agreement, which provided for a PLN term facility loan up to PLN 7,255.0 million, a EUR term facility loan up to EUR 506.0 million and a revolving facility loan up to a maximum amount of the equivalent of PLN 1,000.0 million. The loan was disbursed on May 16, 2023. The portion of the PLN Term Loan and the EUR Term Loan attributable to the Company amounts to PLN 679.5 million and EUR 356 million, respectively.

On May 16, 2023, Cyfrowy Polsat and Polkomtel made an early repayment of the entire term loan and revolving credit facility granted under the senior facilities agreement concluded on September 21, 2015, as amended by agreements dated March 2, 2018 and April 27, 2020, in the amount of PLN 8,843.7 million.

The Senior Facilities Agreement is linked to sustainability goals, set out by the Company in the Sustainability-Linked Financing Framework of Polsat Plus Group, which is compliant with the ICMA standard.

Bond issuance

Based on the resolution of November 29, 2022, the Company established a Bond Issuance Program with the total maximum nominal value of PLN 4,000 million under which the Company was able to incur financial indebtedness through the issuance of unsecured PLN bearer bonds of the Company and to undertake actions aimed at possible refinancing of the Company's indebtedness under the Series B and Series C bonds. As part of the Bond Issuance Program, in 2023 the Company issued:

- on January 11, 2023, 2,670,000 unsecured sustainability-linked Series D bearer bonds with the nominal value of PLN 1,000 each and the aggregate nominal value of PLN 2,670.0 million, maturing on January 11, 2030;
- on September 28, 2023, 820,000 unsecured sustainability-linked Series E bearer bonds with the nominal value of PLN 1,000 each and the aggregate nominal value of PLN 820 million which were assimilated with the Series D Bonds, maturing on January 11, 2030;,
- on December 21, 2023, 400,000 unsecured sustainability-linked Series F bearer bonds with the nominal value of PLN 1,000 each and the aggregate nominal value of PLN 400 million, maturing on January 11, 2030. All Series F Bonds were allotted to one investor, i.e., PFR Fundusz Inwestycyjny Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych.

As part of the ongoing refinancing process, during the period under review, the Company repurchased for redemption:

- 691,952 unsecured Series B bearer bonds with the aggregate nominal value of PLN 692.0 million and 835,991 unsecured Series C bearer bonds with the aggregate nominal value of PLN 836.0 million on January 11, 2023;
- 84.250 unsecured Series B bearer bonds with the aggregate nominal value of PLN 84.3 million and 75,956 unsecured Series C bearer bonds with the aggregate nominal value of PLN 76.0 million on September 28, 2023.

After the balance sheet date, on February 5, 2024 the Company repurchased for redemption 23,798 unsecured Series B bearer bonds with the aggregate nominal value of PLN 223.8 million and 88,053 unsecured Series C bearer bonds with the aggregate nominal value of PLN 88.1 million. In connection with the early redemption, all Series B Bonds and Series C Bonds were retired.

After the redemption of Series B and Series C Bonds, bonds listed in the Alternative Trading System operated by the WSE on the Catalyst market include 3,490,000 Series D and Series E bonds while Series F bonds are not listed.

Sustainable financing

In November 2022, we adopted Polsat Plus Group's Sustainability-Linked Financing Framework linking Polsat Plus Group's external financing to its long-term sustainability goals. We use the financing framework for issuance of debt instruments linked to sustainable development, both in the form of loans and bonds. Currently, all of our external financing is sustainability linked.

In order to ensure transparency of the goals pursued, the Group has decided to develop and implement measurable KPIs, which are reported periodically. In addition, the reported achievement of environmental goals will be audited and certified by an independent expert annually. The SFA is linked to KPIs 2 and 4 outlined in the Framework, while the Bonds are linked to KPI 4. Below is the level of achievement of our quantified long-term environmental targets in 2023.

KPI	Target for 2025	Target for 2026	Target for 2030	Base year	Performance in 2023
#1: Reduction of absolute Scope 1 and 2 Greenhouse Gas (GHG) emissions (eqCO_2 tons/year)	Reduction by 75%		Reduction by 80%	2019	95%
#2: Energy production from Renewable Energy Sources (GWh/year)(1)	800 GWh/year		1600 GWh/year	2021	665.2 GWh
#3: Production of green hydrogen (tons/year)	1500 tonnes/year		3000 tonnes/year	2021	0
#4: Share of zero-emission energy in the energy mix used by Polsat Plus Group (%)(2)	25%	30%(3)	50%	2019	5.6%

(1) Applies to Polsat Plus Group companies with data for the entire year 2023 for companies in the green energy segment.
(2) Applies to Cyfrowy Polsat S.A., Telewizja Polsat sp. z o.o., Polkomtel sp. z o.o. and Netia S.A.
(3) Target applicable only to sustainability-lined Bonds Series D, E and F.

4.3.2. Significant financing agreements

Below we present information on significant financing agreements executed by the Company and the Group companies, which remain in force as at the date of approval of this Report.

Senior Facilities Agreement of April 28, 2023

On April 28, 2023, the Company and Polkomtel, as the borrowers, and Telewizja Polsat Sp. z o.o., Netia S.A., Polsat Media Sp. z o.o., Muzo.fm Sp. z o.o. and Polsat Media Biuro Reklamy Sp. z o.o., as the guarantors, concluded the unsubordinated Senior Facilities Agreement, sustainability linked financing, with a consortium of Polish and foreign financial institutions led by Powszechna Kasa Oszczędności Bank Polski S.A., Santander Bank Polska S.A., Bank Polska Kasa Opieki S.A., BNP Paribas Bank Polska S.A., ING Bank Śląski S.A., (Global Banking Coordinators) and Santander Bank Polska S.A. (ESG Senior Coordinator), ING Bank Śląski S.A. and BNP Paribas Bank Polska S.A. (ESG Junior Coordinators) and including SMBC Bank EU AG, Bank of China Limited, Luxembourg Branch, Société Générale Spółka Akcyjna Oddział w Polsce, Bank Gospodarstwa Krajowego, Bank Millennium S.A., PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, mBank S.A., Credit Agricole Bank Polska S.A., Erste Group Bank AG, Credit Agricole Corporate and Investment Bank, Bank Ochrony Środowiska S.A., Alior Bank S.A., Powszechny Zakład Ubezpieczeń S.A., Powszechny Zakład Ubezpieczeń na Życie S.A., Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Oddział w Polsce, Haitong Bank S.A. Spółka Akcyjna Oddział w Polsce as well as Santander Bank Polska S.A. acting as an Agent and Bank Polska Kasa Opieki S.A. acting as a Security Agent (the "Senior Facilities Agreement", "SFA").

The SFA governs the granting of a PLN term facility loan to the Company and Polkomtel up to a maximum amount of PLN 7,255.0 million, a EUR term facility loan up to a maximum amount of EUR 506.0 million (the "Term Facilities") and a revolving facility loan up to a maximum amount of the equivalent of PLN 1,000.0 million (the "Revolving Facility"). The PLN and EUR portion of the Term Loan is PLN 679.5 million and EUR 356.0 million, respectively, for Cyfrowy Polsat and PLN 6,575.6 million and EUR 150.0 million, respectively, for Polkomtel.

The Term Facilities and the Revolving Facility have been or are being utilized by the Company in particular:

- to repay in full the indebtedness under the senior facilities agreement of September 21, 2015, as amended;
- to make funds available to companies implementing investment projects defined in the Senior Facilities Agreement. and
- to finance general corporate needs of the Company's capital group.

The Term Facilities and the Revolving Facility bear interest at a variable rate equal to WIBOR/EURIBOR for the relevant interest periods plus margin. The margin of the Term Facilities and the Revolving Facility depends on the level of the consolidated total debt ratio (net debt to consolidated EBITDA) calculated jointly for certain entities from the Company's capital group in such a way that the lower the ratio, the lower the applicable margin, with the maximum margin level applicable when the debt ratio exceeds 4.50:1, and the minimum margin level when that ratio is equal to or less than 1.80:1. The margin of the Term Facilities and the Revolving Facility also depends on the achievement by the Company's capital group of certain targets concerning green energy production and zero-carbon electricity consumption by certain entities from the Company's capital group.

The term of the Term Facilities and the Revolving Facility is 5 years from the date of execution of the Senior Facilities Agreement and the final repayment date of each of these facilities is April 28, 2028. The PLN term facility will be repaid in quarterly installments of varying amounts. The EUR term facility will be repaid in one installment on the final repayment date.

In addition, pursuant to the terms of the Senior Facilities Agreement, the Company and other entities from its Group will have an option to take out additional facilities. The terms and conditions of such additional facilities will be determined each time in a separate additional facility accession deed and they will have to meet certain requirements that will depend on the debt ratio.

Pursuant to the Facilities Agreement, certain members of the Company's capital group are to grant guarantees under the English law to each of the financing parties under the Senior Facilities Agreement and other finance documents executed in relation thereto (in the amount of the facility increased by all fees and receivables contemplated in the Senior Facilities Agreement or other finance documents executed in relation thereto). The guarantees secure:

(i) the timely discharge of the obligations under the Senior Facilities Agreement and other finance documents executed in relation thereto;

(ii) a payment of amounts due under the Senior Facilities Agreement and other finance documents executed in relation thereto and

(iii) an indemnification of the financing parties referred to above against any liabilities, costs and losses that such financing parties may incur in relation to the unenforceability, ineffectiveness or unlawfulness of any obligation secured by the guarantee described above.

The period of the guarantees has not been specified. The guarantors will be remunerated at arm's length for granting the guarantees.

The Facilities Agreement provides for the establishment of collateral by the Company and other entities from Polsat Plus Group securing the repayment of loans granted thereunder. In the event that the debt ratio is equal to or less than 3.30:1, the Company may request to release collateral established in connection with the Senior Facilities Agreement. The released collateral will have to be re-established, if the debt ratio is higher than 3.30:1. In addition, in the event that certain entities from the Group incur any secured debt, a corresponding pari passu collateral will be provided to the Security Agent (acting, inter alia, for the benefit of the lenders under the Senior Facilities Agreement).

In order to secure the repayment of claims under the Senior Facilities Agreement, the Company, other Group companies listed below, as guarantors, and the Security Agent, entered into and signed agreements and other documents providing for the establishment of the following collateral:

(i) registered pledges over collections of movables and property rights of variable composition, included in the enterprises of the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy sp. z o.o., Polsat Media sp. z o.o. and Muzo.fm sp. z o.o.;

(ii) financial and registered pledges over all shares in Polkomtel sp. z o.o. and Telewizja Polsat sp. z o.o. held by the Company, as well as over all shares in Netia S.A. held by the Company, and all shares in Polsat Media Biuro Reklamy sp. z o.o. and Muzo.fm sp. z o.o. held by Telewizja Polsat sp. z o.o., and over all shares in Polsat Media sp. z o.o. held by the Company, Telewizja Polsat sp. z o.o. and Polsat Media Biuro Reklamy sp. z o.o., for which the applicable law is Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the aforementioned companies;

(iii) financial and registered pledges over the receivables related to the bank accounts of the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy sp. z o.o., Polsat Media sp. z o.o. and Muzo.fm sp. z o.o., for which the applicable law is the Polish law;

(iv) powers of attorney to the bank accounts of the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy sp. z o.o., Polsat Media sp. z o.o. and Muzo.fm sp. z o.o., for which the applicable law is the Polish law;

(v) registered pledges over the rights to the trademarks of the Company, Polkomtel sp. z o.o., Telewizji Polsat sp. z o.o., Netia S.A., Polsat Media sp. z o.o., for which the applicable law is Polish law;

(vi) assignment of receivables for security under hedging agreements payable to the Company and Polkomtel sp. z o.o., for which the applicable law is English law;

(vii) assignment of rights for security under insurance agreements for real properties and assets made by the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy sp. z o.o., Polsat Media sp. z o.o. and Muzo.fm sp. z o.o.;

(viii) statements of the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy sp. z o.o., Polsat Media sp. z o.o. and Muzo.fm sp. z o.o. on submission to enforcement under a notarial deed, for which the applicable law is Polish law;

(ix) a joint contractual mortgage, governed by Polish law, over the following real properties owned by or in perpetual usufruct of the Company: (a) land property located in Warsaw, Targówek district, in the area of ul. Łubinowa, land and mortgage register No. WA3M/00104992/7, (b) land property located in Warsaw, Targówek district, in the area of ul. Łubinowa, land and mortgage register No. WA3M/00102149/9, (c) land property located in Warsaw, Targówek district, in the area of ul. Łubinowa, land and mortgage register No. WA3M/00103400/4, (d) land property located in Warsaw, Targówek district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00131411/9, (e) land property located in Warsaw, Praga Północ district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00100110/3, (f) land property located in Warsaw, Praga Północ district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00100109/3, (g) land property located in Warsaw, Praga Północ district, land and mortgage register No. WA3M/00102615/7, (h) land property located in Warsaw, Praga Północ district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00132063/1, (i) land property located in Warsaw, Targówek district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00101039/8, (j) land property located in Warsaw, Targówek district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00136943/2, (k) land held in perpetual usufruct and a building constituting a separate property located in Warsaw, Targówek district, in the area of ul. Utrata, land and mortgage register No. WA3M/00186120/2;

(x) a contractual mortgage, governed by Polish law, over land property located in Warsaw, Ursynów district, in the area of ul. Baletowa and Puławska, land and mortgage register No. WA5M/00478842/7, owned by Polkomtel;

(xi) a joint contractual mortgage, governed by Polish law, over the following properties owned or co-owned by Netia S.A.: (a) land property located in Jawczyce, Ożarów Mazowiecki commune, land and mortgage register WA1P/00133706/7, (b) land property located in Kraków, Podgórze district, in the area of ul. Luciany Frassati-Gawrońskiej, land and mortgage register KR1P/00359665/5, (c) land property located in Warsaw, Ursynów district, in the area of ul. Poleczki, land and mortgage register WA2M/00142936/8, (d) land property located in Warsaw, Ursynów district, in the area of ul. Poleczki, land and mortgage register WA5M/00468204/0, (e) land property located in Warsaw, Ursynów district, in the area of ul. Tango, land and mortgage register WA2M/00138733/4.

Series D, E and F Bonds

On January 11, 2023, Cyfrowy Polsat issued 2,670,000 unsecured, sustainability-linked Series D bearer bonds with a nominal value of PLN 1,000.0 each and a total nominal value of PLN 2,670.0 million, maturing on January 11, 2030. On September 28, 2023, Cyfrowy Polsat issued 820,000 unsecured, sustainability-linked Series E bearer bonds with a nominal value of PLN 1,000.0 each and a total nominal value of PLN 820.0 million, which were assimilated with the Series D Bonds. On December 21, 2023, Cyfrowy Polsat issued 400,000 unsecured, sustainability-linked Series F bearer bonds with a nominal value of PLN 1,000.0 each and a total nominal value of PLN 400.0 million, maturing on January 11, 2030.

The purpose of the issuance of the Series D, E and F Bonds was not specified. Part of the proceeds from the both issues was used to refinance the debt under the Series B Bonds and the Series C Bonds. The Series D and E Bonds were issued by way of a public offering addressed to professional clients. All Series F Bonds were allotted to one investor, i.e., PFR Fundusz Inwestycyjny Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych in a private offer, exclusively addressed only to one person. Detailed terms and conditions of the issuances, redemption and payment of interest are specified in the Series D, E and F Bonds Terms.

The interest rate on the Series D, E and F Bonds is variable and depends on both financial indicators and a sustainability-linked KPI, i.e., the share of electric energy produced from zero-emissions sources in the total electric energy usage for own needs of the four main operating companies of Polsat Plus Group (Cyfrowy Polsat, Telewizja Polsat, Polkomtel and Netia). The sustainability-linked KPI will be tested for the year 2026.

The interest rate on the Series D, E and F Bonds is based on the WIBOR rate for six-month deposits denominated in PLN, increased by a margin whose value depends on the value of the Leverage Ratio (defined in the Series D, E and F Bonds Terms as the ratio of the net financial indebtedness to EBITDA) and on the value of the sustainability-linked KPI:

(i) the margin amounts to 335 bps if the Leverage Ratio in the given period is less than or equal to 3.5:1,

(ii) the margin amounts to 385 bps if the Leverage Ratio in the given period is greater than 3.5:1 but less than or equal to 4.5:1,

(iii) the margin amounts to 435 bps if the Leverage Ratio in the given period is greater than 4.5:1.

(iv) if the value of the sustainability-linked KPI for 2026 is below 30% or the Company fails to provide a settlement of the value of the sustainability-linked KPI as part of the first Compliance Certificate made available after the end of 2026, the interest rate will be permanently increased by 25 bps.

The coupon on Series D, E and F bonds is paid biannually on January 11 and July 11.

In accordance with the provisions of the Series D, E and F Bonds Terms, the Company may exercise at any time an early redemption of all or part of the Series D, E and F Bonds, however, the early redemption may not apply to Bonds that constitute less than 10% of the total nominal value of the Series D, E and F Bonds, or all unredeemed Series D, E and F Bonds in the event that their aggregate nominal value is less than the amount indicated above. An early redemption may be exercised based on the Series D, E and F Bonds' nominal value together with the accrued interest and a possible premium for the early redemption.

If the early redemption, performed as a result of exercising the issuer's right to early redemption by the Company, occurs:

(i) before one year from the issuance date, the premium shall be equal to 3% of the nominal value of the Series D, E and F Bonds subject to the early redemption,

(ii) before two years from the issuance date but after one year from the issuance date, the premium shall be equal to 1.5% of the nominal value of the Series D, E and F Bonds subject to the early redemption,

(iii) before three years from the issuance date but after two years from the issuance date, the premium shall be equal to 0.75% of the nominal value of the Series D, E and F Bonds subject to the early redemption,

(iv) before four years from the issuance date but after three years from the issuance date, the premium shall be equal to 0.5% of the nominal value of the Series D, E and F Bonds subject to the early redemption,

(v) if the early redemption occurs after four years from the issuance date, the Series D, E and F Bonds shall be redeemed according to their nominal value,

(vi) in each case the premium shall be increased by 0.25% p.a. for the period between the early redemption date and the redemption date in the event that the SPT is not satisfied or the SPT settlement is not submitted as part of the first Compliance Certificate after the end of 2026, if the early redemption date falls after the date on which the Compliance Certificate for 2026 was delivered or was to be delivered.

Additionally, pursuant to the Series D and E Bonds Terms, the Company and its subsidiaries are obliged to maintain required levels of certain financial ratios and are subject to restrictions, with respect to (but not limited to):

(i) acquisition or taking up of shares in other companies,

(ii) extending guarantees or granting sureties, accession to debt or release from liability,

(iii) granting loans,

(iv) disposing of assets,

(v) payment of dividends or advance dividends, payment of the price for own shares, or returns of additional payment to shareholders,

(vi) incurring of financial indebtedness, and

(vii) entering into potential composition agreements with creditors which are regulated by the Restructuring Act or another regulation which could replace this law.

In the event of a breach of restrictions specified in the Series D, E and F Bonds Terms, bondholders are entitled to demand an early redemption of Series D, E and F Bonds held by those bondholders with the consent of the Meeting of Bondholders.

In the event of change of control, as defined in the Series D, E and F Bonds Terms, cessation of business activity or insolvency of the Company, i.a. by declaring bankruptcy or liquidation of the Company, culpable delay in payment of benefits under the Series D, E and F Bonds, withdrawal of all the Company's shares from trading on the regulated market operated by the WSE, or failure to convene the Bondholders' Meeting, bondholders are entitled to demand an early redemption of Series D, E and F Bonds held by those bondholders.

The Series D Bonds have been traded since January 20, 2023 and Series E Bonds since September 28, 2023 under the abbreviated name “CPS0130” in the continuous trading system called the Alternative Trading System, operated by the Warsaw Stock Exchange within the Catalyst market. The Series F Bonds are not listed on any market.

The Series D, E and F Bonds are issued under Polish law and any potential disputes related to the Series D, E and F Bonds shall be resolved in proceedings at the Polish common court having jurisdiction over the registered office of the Company.

4.3.3. Ratings

The table below presents a summary of ratings assigned to Polsat Plus Group as at the date of publication of this Report.

Rating agency	Rating / outlook	Previous rating / outlook	Rating / outlook date	Last review date
S&P Global Ratings	BB/ stable	BB+/ negative	21.12.2022	21.12.2022
Fitch Ratings	BB / stable	n/a	n/a	02.06.2023

Fitch Ratings. On June 2, 2023, Fitch Ratings (“Fitch”) assigned the Company a long-term issuer default rating (IDR) of ‘BB’ with stable perspective. In its press release Fitch stated that the rating reflects the Company’s fully integrated telecom and media profile, with strong market position in its segments of operations. At the same time, the rating takes into account the competitive market environment, adverse macro conditions and the diversification of the Company’s operations towards renewable energy and real estate. The new business segments will result in increased leverage and an evolving business risk profile of the Company over the rating horizon.

In parallel, Fitch assessed that the Company has adequate access to capital, as demonstrated by the recent refinancing of its senior facility agreement. In Fitch’s opinion, access to capital is key to continuing funding the Company’s investments in renewables and real estate.

S&P Global Ratings. On December 21, 2022 S&P downgraded the issuer credit rating of the Company from BB+ to BB, revising the rating outlook from negative to stable. In its justification, S&P underlined that the downward revision reflects in particular its expectation that S&P-adjusted net leverage of the Group will increase to about 4.0x EBITDA and remain on elevated levels in 2024, due to the investments in the new green energy business line. Moreover, S&P expects the Group to report negative free operating cash flow (FOCF) in 2023 as a result of high capital expenditure needs for the energy business. Additionally, S&P takes into account higher interest rates and refinancing risk on the Company’s Polish zloty debt maturing in September 2024, simultaneously recognizing the Company's demonstrated ability to raise debt with the recent PLN 2.7 billion bond issuance. S&P also recognizes the relatively long period until the maturity of the Company’s bank debt (2024). The stable outlook reflects S&P’s expectation that the Group’s revenue will expand 5-7% in the next 12 months while EBITDA margin will remain subdued at 26-27% amid high energy prices. S&P is of the opinion that the Group’s diversification into the energy business could have a positive impact on the Group’s condition in the long term. In parallel, S&P noted certain short-term execution risks associated with diversifying toward a brand-new industry, underlining that execution in achieving operational and financial goals will be key in the coming years.

S&P may raise the rating of the Group if S&P-adjusted leverage decreases to below 3.5x and FOCF to debt sustainably increases to above 5%, coupled with a successful refinancing of the Group’s debt due in September 2024. On the other hand, a downward revision of the rating could take place, if S&P-adjusted leverage increases to 4.5x or above, or if S&P expects FOCF to debt to remain negative while FOCF to debt in TMT business turns well below 5%, or if S&P sees heightened refinancing risk for debt coming due in September 2024, leading to a material liquidity deterioration.

The Company decided not to prolong the agreement and to terminate its cooperation with Moody's Investors Service rating agency. Accordingly, on July 20, 2023 Moody's withdrew the corporate rating assigned to the Company. The last rating assigned to the Company by Moody's on October 5, 2022 was a long-term rating of "Ba3" with a negative outlook.

5. Factors that may impact our results in subsequent periods

5.1. Factors related to social-economic and competitive environment

Impact of the military conflict on the territory of Ukraine on the Company's current operations and expected results

In the opinion of the Management Board, despite the lack of direct exposure of the Company to the Ukrainian, Russian or Belarusian markets, the war started by the Russian Federation may have a long-lasting effect on the operational and financial results of the Company.

In particular, the war has an adverse effect on a number of macroeconomic indicators. Persistent inflation, high interest rates, slowdown in economic growth and disruptions in the supply of raw materials and fossil fuels are reflected in the increasing costs of our current operating activities and the significantly higher debt service costs of the Company.

The full impact of the war caused by the Russian Federation on the operational and financial activities of the Company cannot be predicted as of today and depends on many factors beyond the Company's control.

Apart from macroeconomic and geopolitical factors, which affect virtually every branch of the Polish economy to a varying degree, the Company assesses its operating prospects as relatively stable.

Macroeconomic outlook in Poland

Macroeconomic trends in the Polish economy as well as global market conditions have thus far affected our operations and operating results, and are expected to continue affecting them in the future, in particular with respect to the level of expenditures on services that we provide as well as demand for end-user devices.

According to the estimates of the Polish Central Statistical Office (GUS), Poland's GDP grew by 0.2% in 2023. This is below market expectations and the lowest result since the country joined the EU. Private consumption data was particularly disappointing (-1.0% YoY). The pressures that led to the slower-than-expected recovery included persistently high inflation and interest rates.

According to the European Commission's February 2024 forecast, the current year is expected to be marked by a gradual economic recovery. The GDP recovery is expected to be driven by an increase in the purchasing power of money and household consumption, including a record increase in the minimum wage to PLN 4,242 as of January 1, 2024 and then to PLN 4,300 as of July 1, 2024 (vs. PLN 3,600 as of July 2023), and an increase in social transfers. Salaries are also expected to increase across other sectors, including public administration and education. Under these circumstances, one of the challenges for companies in the coming year may be pressure on wages. In addition, the inflow of EU funds under the National Recovery Program (KPO) is expected to significantly stimulate investment levels in the second half of the year. As a result of the above factors, the European Commission forecasts Poland's economic growth to reach 2.7% in 2024 and 3.2% in 2025, with continued elevated average annual inflation above the target of the National Bank of Poland.

Although the level of CPI gradually declined in 2023, the average annual inflation rate remained high at 11.4% (compared to 14.4% in 2022). Forecasts for the level of inflation in 2024 are subject to a high degree of uncertainty due to, among others, the government's anti-inflationary shields, which, according to announcements, are expected to expire during the year. Taking into account the factors described above, and given that the 0% VAT on food will expire in April and energy prices will be unfrozen in June, inflation is expected to pick up later in the year. According to the European Commission's forecasts, average annual inflation in Poland will reach 5.2 % in 2024 and 4.7 % in 2025, with Poland's CPI well above the EU average in these years.

Situation on the pay TV market in Poland

Our revenue depends on the number of our customers and their loyalty, the pricing of our services and the penetration rate of pay TV in Poland, which we consider to be a saturated market. The high level of competition and the dynamically evolving market environment (including consolidation processes on the cable TV market as well as the continued convergence of mobile and fixed-line services) impact offerings addressed to our new customers. In addition, due to high competition, we continuously invest in customer retention programs and building the loyalty of our customers.

We believe that at present our programming packages constitute an attractive value-for-money offer on the Polish pay TV market. Moreover, we invest in new, attractive and unique content. This gives us a chance to attract a significant portion of migrating customers to our platform. What is more, we offer pay TV services as part of our integrated offer, which has a positive impact of the level of loyalty of our customer base and contributes to maintaining a low churn rate.

Dynamic growth of non-linear distribution of content, delivered by video on demand and OTT (over-the-top) services is a global trend. This market is still underdeveloped in Poland as compared to Western Europe or the United States and in our opinion has significant growth prospects, especially in light of the improving quality of fixed broadband links. The launch of services by global players, such as Netflix, Amazon Prime, HBO, Disney+ or SkyShowtime, is proof that Poland is considered an attractive market. In addition, one of the consequences of the COVID-19 pandemic restrictions has been a deepening of pre-existing trends of consuming content at any time and on any device. In view of the above, we systematically develop our VOD and online television services and applications.

At the same time, in 2023, there has been a noticeable trend in Poland to increase prices for pay TV services, which is a natural consequence of the distinctly rising costs of purchasing and producing in-house content. Retail price increases apply to basically all technologies - from traditional satellite platforms and cable offerings, through IPTV offerings, to VOD and OTT platforms. In the future, this trend may translate favorably into ARPU growth while, at the same time, it may cause a part of customers to be inclined to limit their parallel use of more forms of access to paid content.

Growing importance of convergent services and consolidation trends on the telecommunication and pay TV markets

Convergence of services is one of the strongest trends both on the Polish media and telecommunications market and worldwide. Operators develop their bundled offerings in response to changing preferences of customers, who seek media and telecommunications services provided at competitive prices by a single operator under a single contract, a single invoice and a single fee. Given the high saturation of the pay TV and mobile telephony markets, bundled services play a very important role in maintaining the existing customer base.

In the wake of the increasing importance of convergence and bearing in mind the significant level of fragmentation of the broadband access market, it can be expected that the future shape of the Polish telecommunications and media market will be substantially impacted by consolidation trends which have been visible for a long time on more developed foreign markets, where mobile and fixed-line operators merge with content providers.

The acquisition of a controlling stake in the fixed-line operator Netia by Polsat Plus Group in 2018 can serve as an example of such consolidation in Poland. Thanks to this acquisition we combined within our Group all assets necessary to provide fully convergent services, which facilitates better adjustment of the offering to customers’ needs and more effective cost management.

5.2. Factors related to the operations of the Group

Building an offer based on bundled services

Growing interest in bundled services, observed among our customers, provides us with the possibility to generate growth of average revenue per customer. We carefully follow the evolution of consumption patterns and our customers' expectations and strive to meet their growing needs by combining our pay TV, broadband access and mobile telephony services into attractive packages, complementing them with products and services outside our core activity. We are aspiring that our services meet the needs of every customer and are available everywhere. That is why we constantly work on expanding our offering and enter new distribution markets for our services.

Our bundled services offers, addressed both to our individual and business customers, enable our customers to combine products in a flexible way and benefit from attractive discounts. The possibility of selling additional products and services (cross-selling) to Polsat Plus Group customer base has a positive impact both on our stream of revenue and the level of ARPU per contract customer, and contributes to maintaining high loyalty of customers, who use our bundled services.

Furthermore, we offer a broad range of complementary services to every basic service. We combine our traditional pay TV services provided in the satellite and Internet (OTT, IPTV) technologies with VOD, PPV, Multiroom and online video services. We propose optional value added services (VAS) to our Internet access and mobile telephony services.

Effective use of the potential in the area of provision of integrated services and value added services to our customers, both through up-selling of single products and value added services, as well as through the sale of bundled offers and cross-selling, may significantly increase the number of services used by each individual customer, thus increasing average revenue per customer (ARPU) and concurrently maintaining the churn ratio on a low level.

Entering the market for energy production from low- and zero-emission sources

The Polish energy sector is currently at the threshold of a transformation involving the need to replace coal in the national electricity generation mix with clean, renewable energy sources and building energy independence in view of geopolitical challenges. An important driving force behind the changes in the Polish energy sector is the growing awareness, both in Poland and at a global level, of the need to combat climate change as well as the consistent climate policy of the European Union, which, on the one hand, offers significant support for the development of renewable energy sources, and on the other hand, strongly limits the possibilities of financing investments based on conventional fuels. Geopolitical uncertainty caused by the war in Ukraine and Russia's aggressive energy policy are additional factors justifying the need for Poland to seek alternative energy sources.

We believe that Poland's energy transformation towards clean, zero- and low-emission energy constitutes an excellent moment for new players to enter this promising market and creates new development opportunities for Polsat Plus Group. We believe that solar and wind power plants as well as stable low-emission sources, such as biomass turbines, will dynamically gain importance. At the same time we believe that from the perspective of strengthening the energy independence of Europe and Poland a step into the future is already necessary, towards an economy and society based on green hydrogen. In our opinion, hydrogen technology will be important in reducing greenhouse gas emissions on a global scale due to its wide applications in industry, transport and power generation.

In December 2021, we expanded the strategy of Polsat Plus Group to include a new business pillar based on clean energy production. Between 2022 and 2026, we want to invest ca. PLN 5 billion to achieve about 1,000 MW of installed capacity enabling ca. 2 TWh of clean energy production from photovoltaics, biomass, wind farms or thermal waste treatment and ca. PLN 0.5 billion to build the full value chain of the economy based on green hydrogen.

As part of the implementation of Strategy 2023+ in the area of clean energy, on July 3, 2023, we acquired a majority stake in PAK-Polska Czysta Energia.

According to our estimates, our investment plan will contribute to the reduction of greenhouse gas emissions in the Polish economy by over 2 million tons of CO_2 equivalent per year, while creating an additional recurring EBITDA stream for the Group of PLN 500-600 million per year by 2026 (estimates based on energy prices in 2021).

Development of the streaming platform

Our Internet services and application Polsat Box Go strengthens our position as an aggregator and distributor of content. We continue to develop our service using our experience in sales of pay TV, which helps us achieve synergies in terms of costs and revenues.

Mobile video traffic is the fastest growing segment of global mobile data traffic. Bearing this in mind, we believe that online television will be an increasingly significant element of our business in the future. Therefore, we pay attention to providing users of our video services with a wide variety of attractive content. In particular, the coronavirus epidemic and the accompanying lockdowns contributed to higher interest of customers in online television offer, especially with regard to sports events, film and series content as well as entertainment shows. We think that such a trend will continue in the future and that we will benefit from it thanks to investments in the development of this segment of our operations.

5.3. Financial factors

Interest rate fluctuations

Market interest rate fluctuations do not impact the Company’s revenue directly, but they affect our cash flows from operating activities through the amount of interest on current bank accounts and deposits, and also cash flows from financing activities through the costs of servicing debt. In particular, our liabilities under the SFA of April 28, 2023 and the issued bonds are calculated based on variable WIBOR/EURIBOR interest rates increased by a relevant margin.

From January to August 2023, the NBP kept the reference interest rate at 6.75%. After the September and October 2023 cuts, the reference rate level is 5.75%. In 2023, EURIBOR remained in an upward trend as a result of the successive tightening of monetary policy by the European Central Bank. The ECB's interest rates, which have remained high since last September (deposit rate at 4.00% and refinancing rate at 4.50%) will have an impact on the level of our interest expenses and, as a result, on our financial results.

We systematically analyze the Company’s interest rate risk, including a risk hedging scenario. We estimate the impact of specific interest rate fluctuations on our financial result. In order to reduce exposure to interest rate risk related to interest payments based on a floating rate, we actively apply hedging strategies based on derivative instruments, swaps (IRS and CIRS) in particular. As at December 31, 2023, transactions hedging the WIBOR interest rate changes, opened and entered into by the Group companies for future periods and maturing in different periods in the years 2024-2027, hedged around 27% of the Group's exposure in relation to the indebtedness under the PLN tranche of the SFA and the bonds issued while EURIBOR interest rate hedging transactions, maturing in 2026 and 2027, hedged about 20% of the exposure with respect to the Group's debt arising from the Euro-denominated tranche of the SFA.

Interest rate fluctuations may have a material effect (both positive and negative) on our results of operations, financial condition and prospects.

Exchange rates fluctuations

The Polish zloty (PLN) is our functional and reporting currency. The Company's revenue is primarily denominated in PLN, whereas a portion of expenses and capital expenditures is denominated in foreign currencies.

Foreign exchange rate fluctuations have historically affected the level of our operating costs, finance costs, as well as the profit or loss on investing activities, and are expected to do so in the future. In particular, our exposure to foreign exchange rate fluctuations stems from our foreign currency payments made in different areas of our operations. These include, among others, payments for license fees, transponder capacity, purchase of content and equipment. The amount of the aforementioned equipment purchase exposure was reduced in the middle of last year as a result of the renegotiation of the terms and the switch to local currency payments.

The Company is exposed to foreign exchange risk in connection with the euro-denominated tranche of the SFA. Changes in the euro exchange rate against the zloty will result in an increase or decrease, respectively, in the zloty-denominated cash required to service interest payments on the euro-denominated tranche of the SFA, which will have a corresponding impact on the level of reported financial expenses.

Strong fluctuations in foreign exchange rates may also affect the amount of foreign exchange differences resulting from the recognition in the income statement of assets and liabilities denominated in foreign currencies, in particular the euro-denominated tranche of the SFA.

We have no control over how exchange rates change in the future, and consequently foreign exchange rate fluctuations will continue to affect (positively or negatively) our operations and financial results. Considering our open exposure to currency exchange risk, the Company has in place a market risk management policy and uses, inter alia, natural hedging and hedging transactions, in particular with regard to the currency risk arising from interest payments on the loan granted to the Group in EUR.

Valuation of financial Power Purchase Agreements

In recent years, the rise in market energy prices has enabled the development of renewable energy investments outside the support system, based on long-term power purchase agreements (PPAs). PPAs allow to purchase electricity directly from renewable energy producers (physical PPA) or to hedge the price of electricity against future energy prices on the Polish Power Exchange (financial PPA). A financial PPA is a financial derivative where the underlying price of electricity is settled through a contract for difference in which the parties agree on a strike price for electricity and a market reference price for the duration of the contract. Like other derivative instruments entered into by Group companies, financial PPAs are subject to periodic valuation at present value.

Due to the increasing volume of RES electricity generation by the Group's companies and the increasing use of financial PPAs by both electricity producers and consumers, the valuation of these contracts can have a significant impact on our results, in particular on gains on investment activities. The main factors influencing the valuation are the long duration of the financial PPAs (more than 10 years), changes in current and forecasted market electricity prices and fluctuations in market interest rates.

6. Risk factors

Cyfrowy Polsat is part of Polsat Plus Group, whose strategy is to build value primarily based on a convergent offer. A natural consequence of this strategy is a strong integration of operations of the Company and its subsidiaries, among others through integration of back-office functions within the Group or development of a common commercial offer for the Group, in order to achieve synergies in the form of increased efficiency and cost minimization. In view of the foregoing, we are of the opinion that an analysis of the risk and threat factors for the Company independently of the risk and threat factors for the Group may lead to erroneous conclusions about the Company.

The following is a list of risk factors and threats specific to the Company and its operations. These descriptions have been developed and expanded to include significant issues related to the operations of the entire Polsat Plus Group in chapter 6 of the Management Board report on the activities of Polsat Plus Group for the financial year ended December 31, 2023.

Risk factors related to our business and the sector in which we operate

- The results of our operations in the telecommunications sector depend on the ability to effectively encourage the existing customers to use a wider range of our services, to win customers from competitive telecommunication operators, as well as the ability to reduce churn.
- The performance of our pay TV depends on our customers' satisfaction, the acceptance of our programming content by viewers, as well as our ability to generate profit on acquired broadcasting rights.
- We may be unable to attract or retain customers, if we fail to conclude or extend the license agreements under which we distribute key programs.
- Our ability to increase sales of our services depends on the effectiveness of our sales network.
- In our business, we depend on third-party providers for certain services, infrastructure or equipment. If these are delivered late or if they are not delivered at all our services may be delayed or even suspended.
- We may be unable to keep pace with new technologies used on markets on which we operate.
- We might be unable to maintain the good name of the major brands in our portfolio.
- Goodwill and brand values may be impaired.
- We may lose our management staff and key employees.
- Disruptions to set-top box production may adversely affect our reputation and increase customer churn.
- Broadcasting infrastructure, including information and telecommunications technology systems, may be vulnerable to circumstances beyond the Company control that may disrupt service provision.
- We could become a party to labor disputes or experience growth of employment costs.
- The administrative and court proceedings in which we are involved may result in unfavorable rulings.
- Should any claims related to the infringement of third-party intellectual property rights be brought against us, we may be forced to incur substantial expenses to defend against those claims, to acquire

a license for a third-party technology, or to redefine our business methods to eliminate the infringement.

- Our own intellectual property rights and other means of protection may not adequately protect our business, and insufficient protection of our programming content, proprietary technologies and knowhow may cause profit erosion and customer churn.
- We may not be able to reap the expected benefits of the past or future acquisitions and strategic alliances.

Risk factors associated with the Company's financial profile

- The servicing of our debt is very cash-intensive, and our debt servicing liabilities may impair our ability to finance our business operations.
- We might be unable to refinance our existing debt, secure favorable refinancing terms, or raise capital to finance new projects.
- We might be unable to repay our debts if control of the Company changes.

Risk factors associated with the market environment and economic situation

- We are exposed to the effects of the regional or global economic slowdown and supply shocks being felt on the Polish market and affecting consumer spending in Poland.
- We are exposed to the effects of the occurrence of extraordinary events such as a pandemic, epidemic or war.
- Given the intense competition across all market segments in which we operate, there can be no assurance that in the future our customers will use our services rather than those of our competitors.
- We face competition from entities offering alternative forms of entertainment and leisure.

Factors relating to market risks

When conducting its business operations, the Company is exposed to a number of financial risk factors, including:

- credit risk,
- liquidity risk,
- market risk, including currency risk and interest rate risk.

The Company's risk management policies are designed to reduce the impact of adverse conditions on the Company's results. The Management Board is responsible for oversight and management of each of the risk factors that the Company is subjected to in its activities. Therefore, the Management Board has established an overall risk management framework as well as specific risk management policies with respect to market, credit and liquidity risks.

Detailed information about the Company's exposure to each of the above risk factors, the Company's objectives, policies and processes for measuring and managing risk were presented in Note 37 to the Company's consolidated financial statements for the financial year ended December 31, 2023.

Risk factors associated with the legal and regulatory environment

- The complexity, lack of clarity, and frequent amendments of Polish tax laws may lead to disputes with tax authorities.
- The tax regime applicable to our operations and the sector in which we operate create numerous uncertainties.
- Pending or future tax inspections, tax and customs inspections, tax proceedings and other reviews of the Company conducted by Polish tax authorities or local tax authorities abroad may result in additional tax liabilities in the countries where the Company conducted, conducts and will conduct its business (in particular in Poland).
- We are exposed to changes of Polish law which may adversely affect labor costs.
- There can be no assurance that in the competition and consumer protection authorities will not deem – despite our different assessment – the practices we use as limiting competition or violating the Polish consumer protection laws.
- We may violate the acts of law and regulations governing our satellite TV distribution business, which are subject to periodic amendments.
- No assurance can be given that we will not breach any personal data protection laws or regulations, or that we will not fail to meet requirements imposed by the President of the Personal Data Protection Office and we may incur pecuniary penalties for non-compliance with GDPR.

Risk factors associated with the Series D and E Bonds

Risk factors associated with the Series D and E Bonds have been described in detail in the Information Note on the issuance of Series D Bonds dated December 22, 2022 and the Information Note on the issuance of Series E Bonds dated September 14, 2023 which are available in Polish on the Polsat Plus Group corporate website.

Risk factors associated with climate

Climate-related risk factors, along with an analysis of climate scenarios and the resilience of the business models of each of Polsat Plus Group’s operating segment to climate risks are described in the "Sustainability Report of Polsat Plus Group 2023", which is available on the Polsat Plus Group corporate website.

7. Other significant information

7.1. Transactions concluded with related parties on conditions other than market conditions

Transactions with parties related to the Company in the financial year ended December 31, 2023 have been concluded exclusively on market conditions and are described in Note 40 of the financial statements for the financial year ended December 31, 2023.

7.2. Achievement of previously published forecasts

Pursuant to Article 35 (1a) and (1c) of the Bonds Act, the Company has presented, on its website under the link https://grupapolsatplus.pl/en/investor-relations/bonds, projections of the development of financial liabilities as of the last day of the fiscal year in which the bonds were issued and as of the last day of the following fiscal year, including the estimated value of financial liabilities and the estimated structure of financing, understood as the value and percentage share of liabilities from loans and borrowings, the issue of debt securities, and leasing in the total liabilities and equity of the Company's balance sheet and the consolidated balance sheet of the Group.

The following table compares the forecast with actual results based on the Company's standalone balance sheet.

	December 31, 2023 forecast	December 31, 2023 actual results
Value of financial liabilities (from loans and borrowings, issue of debt securities, and leasing)	PLN 6.6 billion	PLN 6.6 billion
Share in total liabilities and equity	33%	33%

The value of financial liabilities (from loans and borrowings, issuance of debt securities and leases) as at December 31, 2023 and the share of this value in the Company's total liabilities and equity do not deviate from the published estimates.

The Company did not publish forecasts for other financial results.

7.3. Information on loans granted

The following table provides information on the loans granted by the Company, together with the carrying value of these loans as of the balance sheet date. Margins on loans do not deviate from market conditions.

Borrower	Currency	Total loan amount (in millions in loan currency)	Maturity	Interest rate	Total carrying amount as of Dec. 31, 2023 [mPLN][1)]
Polkomtel sp. z o.o.	PLN	1,650.0	31 Dec. 2028	WIBOR +margin	1,586.6
PAK Polska Czysta Energia sp. z o.o.	PLN	739.5	31 Dec. 2025	WIBOR +margin	874.3
	EUR	684.2	31 Dec. 2025	EURIBOR +margin	375.1
Esoleo sp. z o.o.	PLN	97.9	various dates in 2024 - 2025	WIBOR +margin	100.4
	EUR	37.5	various dates in 2024 - 2025	EURIBOR +margin	152.8

Borrower	Currency	Total loan amount (in millions in loan currency)	Maturity	Interest rate	Total carrying amount as of Dec. 31, 2023 [mPLN][1)]
Netia S.A.	PLN	350.0	2025	WIBOR +margin	344.9
Pantanomo Ltd	EUR	24.0	30 Sep. 2026	EURIBOR +margin	96.7
Pozostałe	PLN	23.6	various dates in 2024-2031	WIBOR +margin	53.1
	EUR	26.6	various dates in 2026- 2031	EURIBOR +margin	24.6
Total					**3,608.5**

[1)] Converted into PLN at the exchange rate on the balance sheet date, includes accrued interest including VAT.

7.4. Information on sureties and guarantees granted by the Company

In connection with the implementation of investment projects in the green energy segment by its subsidiaries, the Company provided guarantees of a significant value for the execution of contracts for the implementation of individual wind farm projects, in particular contracts for the supply and installation of wind turbines concluded with Vestas Poland S.A. and Nordex Poland S.A. As of December 31, 2023, the total value of guarantees and warranties provided to the above companies for wind farm projects amounted to EUR 328.3 million, with maturity dates ranging from 2024 to 2026. The financial terms of the guarantees or sureties granted do not deviate from market conditions.

In addition, the Company issued corporate guarantees and warranties in EUR and USD, which guarantee the trade payables of its subsidiary Polkomtel sp. z o.o. to its suppliers. As of December 31, 2023, the total value of granted guarantees, converted into PLN at the exchange rate as of the balance sheet date, amounted to PLN 217.4 million. The guarantees expire between 2024 and 2026. The financial terms of the granted guarantees and warranties do not differ from market terms.

7.5. Material proceedings at the court, arbitration body or public authorities

Management believes that the provisions as at December 31, 2023 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Company’s financial situation. Information regarding the amount of provisions was not separately disclosed. as in the opinion of the Company’s Management such disclosure could prejudice the outcome of the pending cases.

Proceedings before the Office of Competition and Consumer Protection (UOKiK)

On December 30, 2016, the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by presenting promotional offers, which in the opinion of the authorities were impossible to conclude. Pursuant to the decision of the President of UOKiK, the Company was charged with a penalty in the amount of PLN 4.4 million. The Company appealed to SOKiK against the decision. On October 14, 2019, SOKiK dismissed the Company’s appeal. The Company appealed against the decision. On December 31, 2020, the Company appeal was dismissed. On January 14, 2021, the Company paid the penalty. The Company submitted a cassation appeal to the Supreme Court. On April 20, 2022, the Supreme Court accepted the Company's cassation appeal for consideration. At a closed session on May 25, 2023, the Company's cassation appeal was dismissed.

On December 19, 2019, the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by hindering access to ZDF and Das Erste channels during the Euro 2016 championship by removing these channels and incomplete and unreliable information to consumers in response to claims regarding unavailability of the above programs. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 34.9 million. The Company appealed against this decision to SOKiK. On February 14, 2022, First Instance Court dismissed the Company's appeal in its entirety. The Company submitted a cassation appeal to the Court of Appeal in Warsaw. The appeal hearing took place on October 21, 2022. On November 21, 2022, the Court of Appeal in Warsaw repealed the appealed judgment in its entirety and referred the case to the Regional Court in Warsaw for examination and resolution. On July 24, 2023, Company's appeal was again dismissed. On September 6, 2023 the Company filed an appeal against the judgment. To date, a hearing date has not been set.

Other proceedings

On April 28, 2017, the Association of Polish Stage Artists ("ZASP") filed a lawsuit against Cyfrowy Polsat for payment of PLN 20.3 million. The Company issued an objection in the writ-of-payment proceedings and filed for its dismissal entirely. On January 10, 2018, the Court issued a decision to refer the case to mediation proceedings. Mediation ended without a settlement. The hearing took place on May 8, 2019. Both parties have submitted an application for re-referral to the mediation proceedings for a period of three months. The court approved application and postponed the hearing without a deadline. Mediation ended without a settlement. On May 6, 2020, the Company received a letter from the Court, which included the mediator's position summarizing the course of mediation, with a request to refer to its content. On May 25, 2020, the Company submitted a response informing the Court about the settlement being impossible to reach by the parties. The hearing took place on October 20, 2021. At the end of March 2022 the Company received a letter extending the previous claim by the period from January 1, 2010 to December 31, 2020, thus the value of the lawsuit was increased by over PLN 120.0 million. The court set the hearing dates for December 15, 2023 and April 17, 2024. The hearing scheduled for December 15, 2023 has been canceled.

By lawsuit, delivered to the Company on 16 December 2019, the Association of Performing Artists (SAWP) filed two claims against the Company: information claim and claim for payment. The information claim relates to television programs rebroadcasted by the Company in the period from August 20, 2009 to August 20, 2019. In the claim for payment, SAWP claims PLN 153.3 million for the alleged violation of related rights to artistic performances of musical and verbal - musical works through their non-contractual cable rebroadcast. The Company filed for the dismissal entirely. The last hearing took place on March 16, 2022. The court set the hearing date for January 17, 2024. The hearing was adjourned without a date.

The initiation by the European Commission of the procedure based on Art. 108 sec. 2 of the European Union Treaty

In the beginning of October 2020, Cyfrowy Polsat and Sferia S.A. (Sferia), a company owned by Polsat Plus Group in 51% since February 29, 2016, received from the Ministry of Digital Affairs a copy of the European Commission's decision dated September 21, 2020 regarding the initiation of the formal investigation procedure against the Republic of Poland concerning the alleged illegal state aid provided to Sferia. The alleged illegal state aid relates to granting in 2013 to Sferia the right to use a frequency block of 800 MHz range in place of the frequency 850 MHz range previously held by Sferia. According to the decision, the European Commission intends to investigate, whether the state aid was granted, and if so, whether it can be considered compatible with the internal market. On February 4, 2022, the European Commission began consultations on this matter and Cyfrowy Polsat and Sferia submitted their comments. Both companies believe that no illegal state aid was granted. In addition to the matters described above, there are also other proceedings, for which provisions have been made according to the best estimates of the Management Board as to potential future outflows of the economic benefits required for their settlement. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases.

Decision of the Head of the Małopolska Tax Office in Cracow

On 15 February 2018 the Head of the Małopolska Tax Office in Cracow (“Tax Office”) issued the decision assessing the tax liability from uncollected withholding corporate income tax in 2012 in the amount of PLN 24.2 million increased by interest on tax arrears.

In the issued decision the Tax Office contested the Company’s right to an exemption from the obligation to withhold income tax on certain interest payments in 2012. The Company appealed against the decision of the Tax Authority on the basis of acquired opinions issued by renowned entities. The Company has not created any provisions encumbering its financial results.

On 10 July 2018 the Tax Office upheld the previous decision dated 15 February 2018. The Company does not agree with the decision of the Tax Office in question and appealed against it to the Voivodship Administrative Court in Cracow. The Voivodship Administrative Court in Cracow dismissed the complaint in the ruling as of 21 February 2019. The Company does not agree with this decision and filled a cassation complaint to the Supreme Administrative Court in Warsaw. The Supreme Administrative Court upheld the complaint and transferred the case to the Voivodship Administrative Court for re-examination in its decision on 17 August 2022. The Voivodship Administrative Court, at the hearing on 15 March 2023, revoked the decision of the Head of the Małopolska Tax Office in Kraków and referred the case for reconsideration by this authority. On 23 January 2024, the Company received the decision of the tax authority discontinuing the proceedings in the case.

The Tax Office control activities in the aforesaid matter were in progress in relation to 2013 and 2014.

The Head of the Małopolska Tax Office in Cracow issued a decision on 19 July 2019 in respect to the year 2013. The decision assessed the Company’s tax liability from uncollected withholding corporate income tax in 2013 in the amount of PLN 25.1 million increased by interest on tax arrears. The Company appealed against the decision, but on 14 February 2020 the Tax Authority maintained its position. The Company filed a complaint against the decision to the Administrative Court. On 15 October 2020, the Voivodship Administrative Court in Cracow dismissed the complaint. The Company, based on the opinions of reputable advisers, does not agree with the court's decision and filed a cassation appeal to the Supreme Administrative Court in Warsaw. The Supreme Administrative Court, at the hearing on 10 January 2024, dismissed the judgements of the first instance court and the decisions of the Head of the Małopolska Tax Office in Cracow issued in these cases in the second instance. Company is waiting for the above-mentioned actions of tax authority consuming the court's position and guidelines. The Company has not created any provisions encumbering its financial results.

The Head of the Małopolska Tax Office in Cracow issued a decision on 20 September 2019 in respect to the year 2014. The decision assessed the Company’s tax liability from uncollected withholding corporate income tax in 2014 in the amount of PLN 1.7 million increased by interest on tax arrears. The Company appealed against the decision of the Tax Authority. In a second instance decision issued on 8 June 2020, the Tax Authority fully maintained its position. The Company filed a complaint against the decision to the Administrative Court. On 20 October 2020, the Voivodship Administrative Court in Cracow dismissed the complaint. The Company, based on the opinions of reputable advisers, does not agree with the court's decision and filed a cassation appeal to the Supreme Administrative Court in Warsaw. The Supreme Administrative Court, at the hearing on 10 January 2024, dismissed the judgments of the first instance court and the decisions of the Head of the Małopolska Tax Office in Cracow issued in these cases in the second instance. Company is waiting for the above-mentioned actions of tax authority consuming the court's position and guidelines. The Company has not created any provisions encumbering its financial results.

7.6. Changes to the principle rules of management of our Company

There were no changes to the principle rules of management of our Company in the year 2023.

7.7. Information on seasonality

Revenue generated by the Company is not subject to material seasonal fluctuations.

7.8. Sales markets and dependence on the supplier and customer markets

All our services are offered in Poland. The share of any of our suppliers or customers does not exceed 10% of our operating revenue.

7.9. Disclosure of non-financial information

Concurrently with this Report, we published the “Sustainability Report of Polsat Plus Group for 2023,” which comprehensively addresses key non-financial issues pertaining to the Company ant its capital group and demonstrates how we aim to achieve our strategic goals in a sustainable and responsible manner. The publication complies with the Global Initiative Reporting Standard, in the Core option, as well as Article 49b items 2-8 of the Accounting Act. The report contains detailed information relating to environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters with respect to both Polsat Plus Group and Cyfrowy Polsat as the parent company of the Group.

The “Sustainability Report of Polsat Plus Group for 2023” is available on Polsat Plus Group’s corporate website.

7.10. Climate issues

Recognizing the importance and magnitude of ongoing climate change, the Company conducted a scenario-based analysis of the climate risks associated with its operations and those of the Group as a whole. As a result, the physical risks associated with climate change and transition risks in the Group's various business areas were identified, as well as the sources of actual and potential future greenhouse gas emissions. The approach used in the analysis is consistent with the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD, June 2017), i.e. the logic presented by the TCFD for analyzing climate risks at a qualitative level (including the division into physical and transition risks, as well as further categorization and characterization). The scenario analysis conducted allows us to better understand the current resilience of our business model to climate-related risks and to focus on developing appropriate mitigation measures. A full analysis of climate-related risk factors, along with an analysis of climate scenarios and the resilience of the business model of each of Polsat Plus Group's business segments to climate risks, is described in the "Sustainability Report of Polsat Plus Group 2023."

The Company is taking steps to counter the negative effects of climate change, including investing in the development of green energy generation capacity from renewable sources such as the sun, wind and biomass, and building a complete value chain of a hydrogen-based economy. The measures we are taking are aimed at decarbonizing our business by systematically increasing the share of green energy in our own consumption, as well as reducing the emissions of our customers. We estimate that as a result of the current investment plan of approximately PLN 5 billion, which includes the installation of approximately 1,000 MW of clean energy production capacity, we will contribute to reducing greenhouse gas emissions in the Polish economy by more than 2 million tons of CO_2 equivalent per year from 2026.

In November 2022, we adopted a framework document for linking Polsat Plus Group's external financing to its long-term sustainability goals (the "Polsat Plus Group Sustainability-Linked Financing Framework"). Currently, all of our external financing, both in the form of bank loans and bonds, is linked to the sustainability goals contained in this document (for more information on sustainable financing, see Section 4.3. - External financing).

7.11. Research and development

In 2023, the Company did not conduct work in the field of research and development.

7.12. Insurance agreements

We maintain insurance coverage for our Company and its operations, substantially against all risks and with sums insured at levels typical of pay TV providers and telecommunication operators operating in Poland.

The Company maintains automobile insurance, property insurance against fire and other casualty events with a loss of profits extension, business and property liability insurance (including product liability), professional liability insurance for broadcasting and telecommunications, loss of profit insurance, and directors and officers liability insurance for the Company, all of which are purchased at arm's length.

We believe that our insurance coverage is in line with the practice followed by other pay TV providers and telecommunication operators in Poland.

7.13. Business Contingency Plan

As a Group we have over 10 years of experience in business continuity. The Business Contingency Plan of Polkomtel was established in 2010 and is currently maintained in accordance with PN-EN ISO 22301:2020-04. The plan covers processes and critical services executed and provided by Polkomtel and Cyfrowy Polsat. The periodic conduction of the Business Impact Analysis is the key element of the Business Contingency Plan and includes an update of the list of processes and critical services which is approved by resolution of management boards of both companies. The latest update of the Business Contingency Plan was accepted on October 19, 2022. Within the current and periodic (once every two years) update of the Business Contingency Plan we examine threats and vulnerabilities in critical processes and services, and perform risk analysis aimed at identifying main threats and defining recommendations with respect to groups of resources, such as locations, human resources, external and internal service providers, office infrastructure, data stored in both an electronic and paper form, the technical and IT infrastructure.

Within the Business Contingency Plan we maintain a dedicated structure - the Crisis Management Centre – which is targeted to prevent crisis situations in the Group thanks to reacting to incidents which exceed the competences of individual managers running separate organizational units as well as coordinating all emergency and restoration actions of the organization in the crisis mode. The prepared Survival Strategy and alternative operating methods as well as periodic testing of essential elements of the Plan and ongoing training of new staff and crisis team members ensure business continuity of critical processes and services covered by the Business Contingency Plan of Polkomtel and Cyfrowy Polsat. The implementation of the Business Continuity Plan was confirmed as part of the PN-EN ISO/IEC 27001:2017-06 certification obtained in 2022.

7.14. Charity and sponsorship activities

We have been engaged in corporate social responsibility activities for many years. As a Group, we fulfill our social mission in five areas.

We undertake **environmental activities** with a view to sustainable development and a better quality of life for our stakeholders. The production of clean energy and green hydrogen, energy efficiency, green products or responsible waste management are our key areas of focus in terms of "green change". We also focus on **environmental education**, by being an active member of the Clean Poland Program Association and running ambitious TV and Internet projects with a wide reach.

In terms of **safety**, the Plus network has been working with rescue organizations (WOPR, MOPR, TOPR, GOPR) for more than 20 years, providing: mountain and water rescue numbers, the Integrated Rescue System and the Rescue mobile application. We also actively fight against TV piracy and train employees in cybersecurity.

We are consistently engaged in the promotion of **sport and healthy lifestyle**.

We provide **social education** by, among others, disseminating medical knowledge, knowledge about ecology or safety trough TV Polsat's programs, articles and podcasts on Interia, the magazine for Plus and Polsat Box subscribers and during various events. We are also actively combating digital exclusion through the development and popularization of modern Internet access technologies and the Plus network's ongoing cooperation with the Copernicus Science Center).

We **support society** mainly through cooperation with the Polsat Foundation, SMS Premium (charity) and volunteer initiatives of our employees.

The details of our charity and sponsoring activities are described in the *"Sustainability Report of Polsat Plus Group 2023."*

7.15. Information on remuneration policy of Cyfrowy Polsat S.A.

On July 23, 2020, the Annual General Meeting adopted, based on a draft resolution proposed by the Company's Management Board and taking into account the opinion of the Supervisory Board's Remuneration Committee, the Remuneration Policy for the Management Board and Supervisory Board Members of Cyfrowy Polsat S.A. The full wording of the policy is publically available at the following address:

https://grupapolsat.pl/sites/default/files/remuneration_policy_for_mb_and_sb_20200723.pdf

The adopted policy aims to ensure sustained growth of the Company's value, the achievement of which by the Management Board and the Supervisory Board requires, among others, setting up of a relevant structure of remuneration of the members of the Management Board and the Supervisory Board on account of their overall duties. This aim is accomplished by restricting the remuneration of these individuals to a fixed part, allowing them to perform their duties concerning the overall operations of the Company without focusing on the pursuit of selected specific goals only.

The Remuneration Policy for the Management Board and Supervisory Board Members of Cyfrowy Polsat S.A. is based on a general assumption that market volatility, the social and economic situation as well as the need for a flexible response to the emerging risks and business opportunities provide no justification for setting fixed goals. The required flexible response to the changing situation and to the emerging challenges is assured – in the case of Management Board Members – by potential bonuses that can be awarded to them. Such a solution offers flexibility in terms of assuring stable operations of the Company and pursuing its long-term interests.

The remuneration of Management Board Members consists of a fixed part, having the form of a base salary. Management Board Members may have the title to a bonus on the terms defined in the deed establishing their corporate relation or their employment relation. Subject to the terms set by the Supervisory Board in the deed establishing a corporate relation or an employment relation, the Management Board Members may be also covered by additional pension schemes.

In addition, Management Board Members may be entitled to additional benefits of permanent or periodic nature. These include in particular healthcare services for a Management Board Member or for the members of his/her family, right to use the elements of the Company's property, and life insurance and D&O insurance.

Moreover, Management Board Members employed under an employment contract are entitled to the same rights as all other employees of the Company by virtue of the Labor Code regulations, as defined by Article 9 of the Labor Code. Remuneration and other benefits also include benefits on account of the Management Board's activities in the Company's subsidiaries.

The Supervisory Board, based on the recommendation issued by the Supervisory Board's Remuneration Committee, is entitled to determine the amount of the base salary, the conditions for acquiring the right to a bonus as well as other components of the remuneration and benefits in the resolution serving as the basis for entering by a Management Board Member into a corporate relation or into an employment relation, and depending on the nature of the duties of a given Management Board Member as well as the conditions of his/her employment.

Supervisory Board Members receive fixed remuneration on account of the function performed on the basis of a corporate relation. The remuneration may differ depending on the function in the Supervisory Board, especially in connection with participation in the work of respective Supervisory Board committees. In justified cases a Supervisory Board Member may receive additional remuneration. The amount of the remuneration of the Supervisory Board members is determined by the General Meeting.

There were no changes to the Remuneration Policy since the date of its adoption. In parallel, the Remuneration Policy stipulates that it will be adopted by the General Meeting not less frequently than once every four years.

The shape of the Remuneration Policy as proposed by the Management Board and adopted by the General Meeting derives from the many years of remuneration practice developed within Polsat Plus Group and, given the Company's proven track record of achieving long-term value growth for its Shareholders as well as the Group's stable functioning, is evaluated as an effective tool for remunerating and motivating the Company's Management Board and Supervisory Board Members.

Reports on the remuneration of the Management Board and the Supervisory Board Members of the Company are publically available on Polsat Plus Group's website.

8. Cyfrowy Polsat on the capital market

8.1. Shares of Cyfrowy Polsat

Shares of Cyfrowy Polsat are listed on the Warsaw Stock Exchange since May 6, 2008. The share capital of the Company is PLN 25,581,840.64, divided into 639,546,016 shares. The total number of votes at the General Meeting is 818,963,517.

The table below presents the characteristics of the shares issued as of December 31, 2023:

Series	Number of shares	Type of shares	Number of votes at the General Meeting	Face value [PLN]
A	2,500,000	Preferred shares (2 votes per share)	5,000,000	100,000.0
B	2,500,000	Preferred shares (2 votes per share)	5,000,000	100,000.0
C	7,500,000	Preferred shares (2 votes per share)	15,000,000	300,000.0
D	166,917,501	Preferred shares (2 votes per share)	333,835,002	6,676,700.0
D	8,082,499	Ordinary shares, introduced to trading	8,082,499	323,300.0
E	75,000,000	Ordinary shares, introduced to trading	75,000,000	3,000,000.0
F	5,825,000	Ordinary shares, introduced to trading	5,825,000	233,000.0
H	80,027,836	Ordinary shares, introduced to trading	80,027,836	3,201,113.4
I	47,260,690	Ordinary shares, introduced to trading	47,260,690	1,890,427.6
J	243,932,490	Ordinary shares, introduced to trading	243,932,490	9,757,299.6
Total	**639,546,016**		**818,963,517**	**25,581,840.6**
including:	179,417,501	not traded	358,835,002	7,176,700.0
	460,128,515	traded	460,128,515	18,405,140,6

On April 20, 2011, the Company issued 80,027,836 Series H ordinary bearer shares with a nominal value of PLN 0.04 each. On May 30, 2011, the shares were registered with the National Depository for Securities (KDPW) under ISIN code PLCFRPT00013 and admitted to trading on the primary market. The issue of Series H shares served as one of the sources of financing for the acquisition of Telewizja Polsat.

On May 7, 2014, the Company issued 47,260,690 Series I shares and 243,932,490 Series J shares with a nominal value of PLN 0.04 each. On May 14, 2014, these shares were registered with KDPW under ISIN codes PLCFRPT00013 and PLCFRPT00021, respectively. The Series I Shares were admitted to trading on May 12, 2014 and the Series J Shares were admitted to trading on April 20, 2015. The Series I and J Shares were issued to finance the acquisition of Metelem Holding Company Limited, the indirect owner of Polkomtel Sp. z o.o.

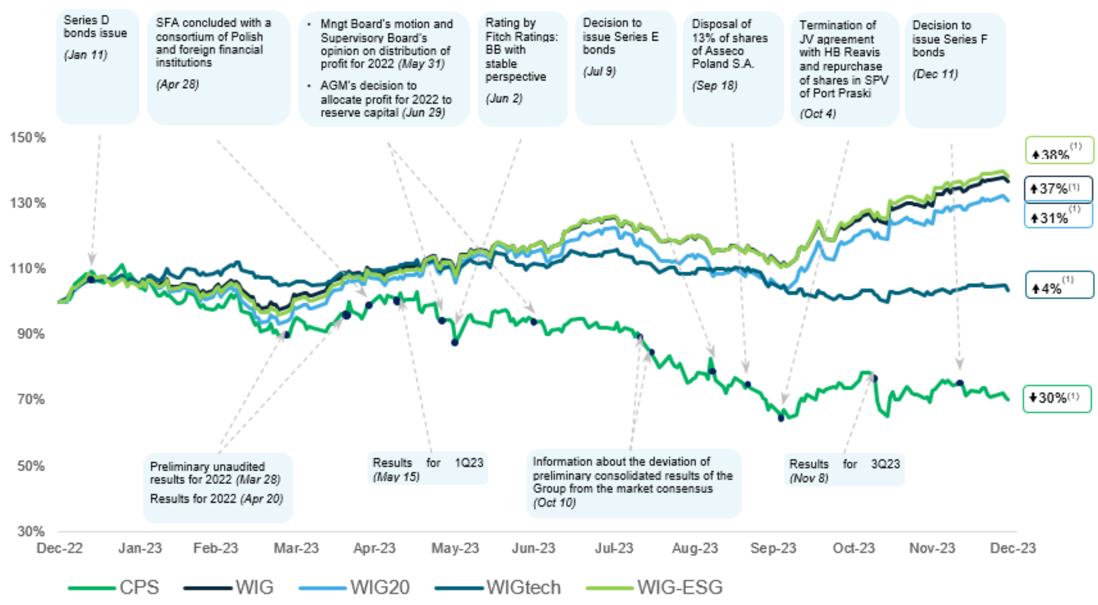
As at 31 December 2023, 88,842,485 ordinary shares, representing 13.89% of the capital, were held by Cyfrowy Polsat as a result of the acquisition of treasury shares initiated by Resolution No. 7 of the Extraordinary General Meeting of Shareholders of November 16, 2021. Pursuant to Article 364(2) of the Commercial Companies Code, the Company does not exercise the participation rights from its own shares.

Basic data on traded shares

Date of first quotation	May 6, 2008
Component of indices	WIG, WIG20, WIG30, WIG-ESG, WIGtech
Macrosector	Technology
Market	main
Quotation system	continuous
International Securities Identification Number (ISIN)	PLCFRPT00013 (shares admitted and introduced to trading) PLCFRPT00062 (shares with preferential voting rights)
Cyfrowy Polsat's identification codes	• WSE: CPS • Reuters: CYFWF.PK • Bloomberg: CPS:PW

8.2. Shares quotes

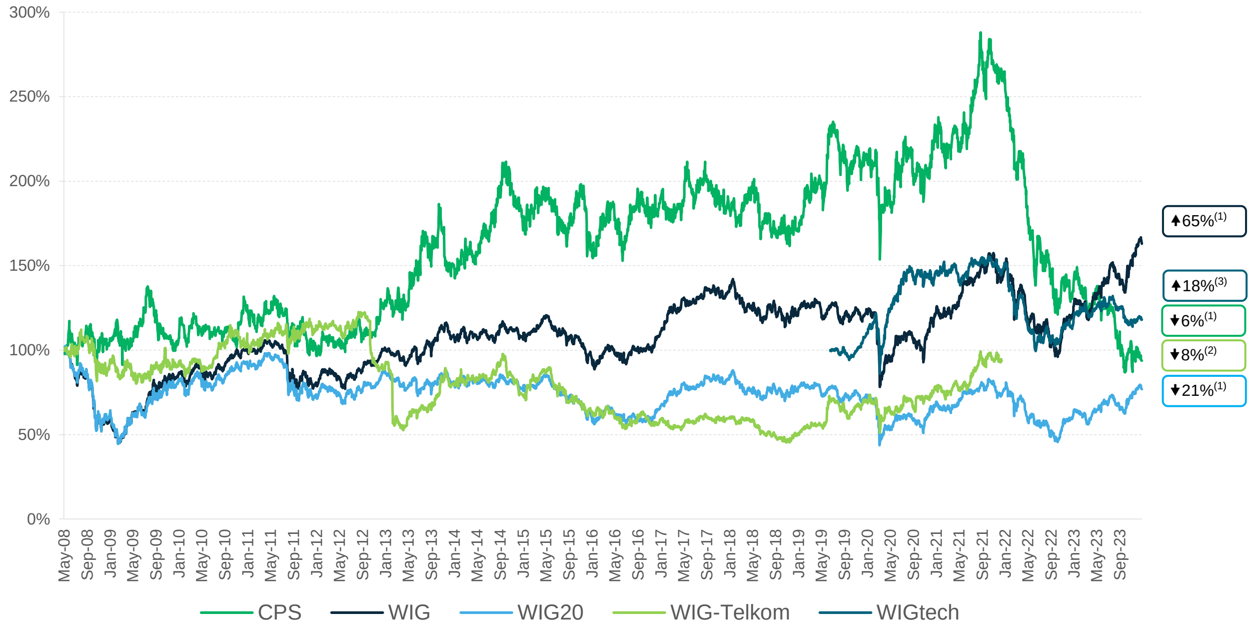
Performance of Cyfrowy Polsat shares in 2023



(1) Change December 29, 2023 vs December 30, 2022

(indexed; 100 = closing price on December 30, 2022)

Performance of Cyfrowy Polsat shares since the debut on the WSE in May 2008 until the end of 2023 compared to selected WSE indexes



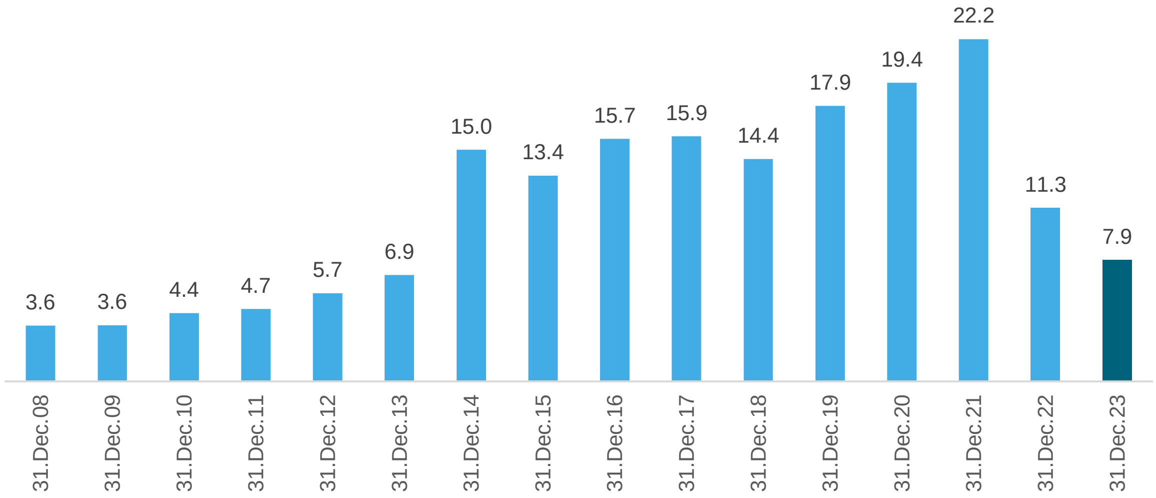
(indexed; 100 = closing price on May 6, 2008)

(1) change December 29, 2023 vs. May 6, 2008
(2) change December 17, 2021 vs. May 6, 2008, index published until December 17, 2021
(2) change December 29, 2023 vs. June 24, 2019, 100 = closing price on June 24, 2019, index started to be published

Cyfrowy Polsat shares on the stock exchange in 2023

		2023	2022
Year-end price	PLN	12.33	17.61
High for the year	PLN	19.60	34.82
Low for the year	PLN	11.42	15.90
Average for the year	PLN	15.52	22.56
Average daily turnover	PLN '000	11,048	13,020
Average daily trading volume	shares	761,312	596,114
Number of shares (as at year-end)	shares	639,546,016	639,546,016
Listed shares	shares	460,128,515	460,128,515
Market capitalization (as at year-end)	PLN '000	7,885,602	11,262,405

Market capitalization of Cyfrowy Polsat since its debut on the WSE [billion PLN]

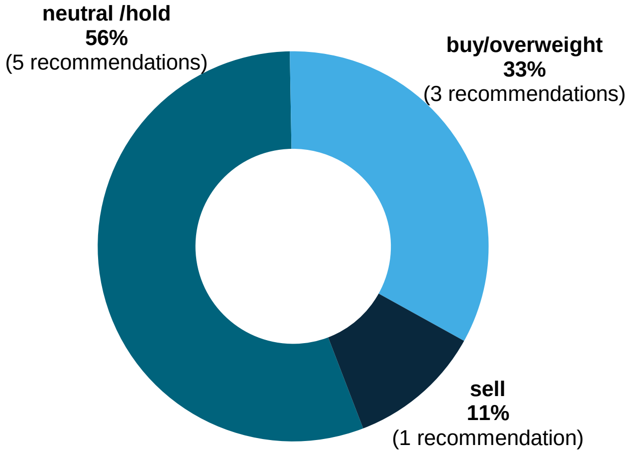


8.3. Analysts’ recommendations

Brokers covering the Company

Local	International
• Dom Maklerski BOŚ S.A.	• ERSTE Group Research
• Biuro Maklerskie mBanku S.A.	• Wood&Company
• Dom Maklerski PKO BP S.A.	• Santander Biuro Maklerskie
• Trigon Dom Maklerski S.A.	
• IPOPEMA Securities S.A.	
• Bank Pekao Biuro Maklerskie	

Structure of recommendations as at April 9, 2024



Target price as at April 9, 2024 [PLN]

lowest	18.8
highest	9.9
average	14.2

Close dialogue with the capital market

The goal of our corporate strategy is to create sustainable value of the Company. We support this strategy through regular and open communication with all capital market participants.

In order to ensure current access to information we participate in conferences with investors and we organize numerous individual meetings. Moreover, every quarter, after the publication of our financial results, we organize meetings with investors and sell-side analysts with Members of the Company's Management Board. Both are open events. In 2023, we held meetings with approximately 260 representatives of the capital market, including approx. 15 conferences, both face-to-face and online.

When communicating with the capital market we are guided by the main principle of transparency and equal access to information. Following this principle, we introduced the rule of limited communication before the publication of our financial results. Under this rule the representatives of the Company avoid discussions or meetings with analysts and investors two weeks prior to the publication of the quarterly results. This rule is meant to increase transparency and ensure equal access to information about the Company before the publication of our financial results.

To ensure proper fulfillment of the information obligations imposed by the relevant regulations, including the MAR Regulation, we have implemented, at the Group level, detailed internal rules which define, among others, the principles of analysis and identification of events occurring within our organization, the procedures to be followed upon obtaining any information which is subject to reporting as well as the deadlines for fulfillment of information disclosure requirements. We have also adopted an Individual Reporting Standard which supports the identification and classification of events as inside information.

In order to reach a wide audience we use modern tools to communicate with capital market representatives, such as a website dedicated to investors (http://www.grupapolsat.pl/en/investor-relations), a reliable and practical source of information about Polsat Plus Group, electronic newsletters, selected social media, periodic newsletters including both information on current events in Polsat Plus Group and latest market developments, as well as reminders of the most important events in the Company. In addition, we have been using online meeting tools to enable all interested investors and analysts to actively participate in the Company's events.

8.4. Dividend policy

On December 20, 2021, the Management Board of the Company adopted a dividend policy of the Company for the years 2022-2024.

The main goal of the strategy of the Group is the permanent growth of the value of the Company for its Shareholders. We intend to achieve this goal by implementing the major elements of our operational strategy which include:

- growth of revenue from services provided to individual and business customers through the consistent building of our customer base value by maximizing the number of users of our services as well as the number of services offered to each customer and simultaneously increasing average revenue per user (ARPU) and maintaining a high level of customer satisfaction;
- growth of revenue from produced and purchased video content by expanding its distribution and maintaining the audience shares of channels produced by us;
- use of opportunities arising from the advancing technological changes and market opportunities in order to expand the scope of our products and services;
- building a position on the clean, renewable energy market, in particular from the sun, wind, biomass, thermal waste treatment and building a complete value chain of a hydrogen-based economy, which creates opportunities to build a new stream of revenues for Polsat Plus Group and will bring tangible social benefits in the form of greenhouse gas emissions reduction;
- effective management of the cost base of our integrated capital group by exploiting its inherent synergies and economies of scale, and
- effective management of the Group's finances, including its capital resources.

Predictable dividend payouts to Shareholders is one of the main goals underlying the capital resources management policy of the Company. At the same time, bearing in mind the goal to achieve and maintain a low level of indebtedness, designated by the General Meeting of Shareholders in the Articles of Association of the Company (the “Target Leverage Ratio”), the Management Board of the Company is obligated to formulate the financial policy of Polsat Plus Group in such a way, so as to meet the expected Target Leverage Ratio. In view of the above, the Management Board of the Company intends to present a proposal concerning dividend payout together with the Management Board's recommendation to the General Meeting annually, subject to the observance of the following general principles:

- the amount of a dividend paid out every year shall guarantee an attractive return on invested capital to the Company's Shareholders;
- the level of the obtained return shall be shaped in relation to the commonly available on the Polish market forms of safe investing of funds, in particular in relation to the level of bank deposits rates, while taking into account a risk premium associated with floating of Cyfrowy Polsat's share prices on the Warsaw Stock Exchange;
- the annually submitted proposal for distribution of the Company's net profit for the previous financial year should allow for the continuation of gradual reduction of the net debt of Polsat Plus Group in order to achieve the Target Leverage Ratio.

In regard to the above, after having reviewed the investment plans of Polsat Plus Group and evaluated the possibilities of allocating the expected cash resources of the Group with an aim to pay out dividends to the Shareholders of the Company, in the years 2022-2024 the Management Board of the Company intends to recommend to the General Meeting dividend payout in the total amount of not less than PLN 3.00 per share in three installments as follows:

- at least PLN 1.00 per share to be paid out from net profit generated in 2021;
- at least PLN 1.00 per share to be paid out from net profit generated in 2022;
- at least PLN 1.00 per share to be paid out from net profit generated in 2023.

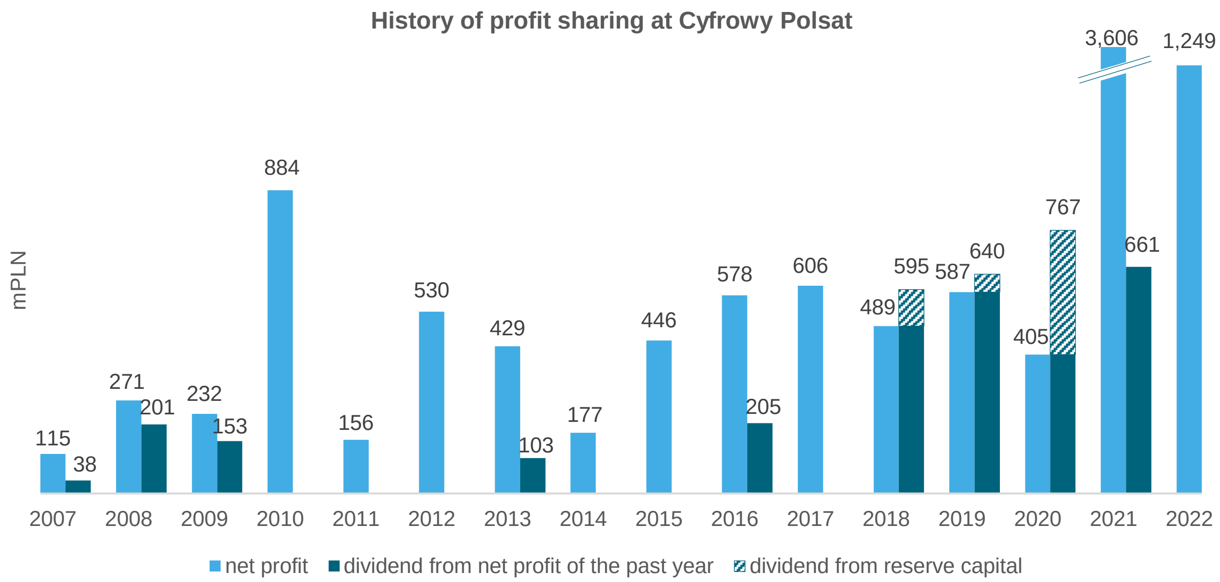
Simultaneously, the Management Board underscores that every time when presenting a proposal for distribution of the profit for the previous year it will take into account the Group's net profit, financial standing and liquidity, existing and future liabilities (including potential restrictions related to facility agreements and other financial documents), the assessment of the Group's prospects in specific market and macroeconomic conditions, potential necessity of spending funds for the Group's development, in particular through acquisitions and embarking on new projects within the framework of the Group's strategy, one-off items, as well as valid legal regulations. The dividend policy will be subject to regular verification by the Company's Management Board. The new dividend policy takes effect from January 1, 2022.

Distribution of net profit of Cyfrowy Polsat for 2022

Acting in accordance with resolution no. 27 of the Annual General Meeting, held on June 29, 2023, regarding profit distribution, net profit earned by the Company in the financial year ended December 31, 2022 in the amount of PLN 1,248.6 million was allocated in full to reserve capital.

The Company's Management Board recommendation not to pay the dividend from the 2022 profit was due to the capital-intensive strategic investments carried out by the Company as part of its Strategy 2023+, aimed at continuing the development of Polsat Plus Group over the long term in line with the overarching strategic goal of sustainably growing the Company's value for its shareholders.

At the same time, the Management Board took into account the Company's net debt ratio, which remains at an elevated level, as a result of the financing of strategic investments, as well as the unfavorable macroeconomic environment, in particular high inflationary pressure and persistently high interest rates that translate into rising debt service costs for the Company.



9. Corporate governance Statement

9.1. Principles of corporate governance which the Company issuer is subject to

As at December 31, 2023, Cyfrowy Polsat S.A. (the "Company") was subject to corporate governance principles outlined in the "Best Practices of WSE Listed Companies in 2021" ("**Best Practices 2021**"), constituting an appendix to resolution No. 13/1834/2021 of the Council of WSE of March 29, 2021 (this document is available on the official website of the Warsaw Stock Exchange dedicated to the issues of the corporate governance of listed companies - https://www.gpw.pl/dobre-praktyki2021).

Application of principles outlined in the Best Practices 2021

The Management Board of the Company adopted the recommendations and principles specified in the Best Practices 2021. In 2023, the Company did not comply with principles set out in items 1.4., 1.4.1., 2.1., 2.2., 3.2., 3.6., 3.7., 3.9., 3.10., 4.1. and 4.9.1.

Below, the Company presents explanations regarding non-compliance or partial application of:

- ***Principle 1.4.*** *regarding the ensuring of quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial.*

  The assumptions of the business strategy, along with the description of non-measurable and selected measurable goals, as well as the information on achieved results and the accomplishment of the strategic goals are published by the Company on its website as well as in Polsat Plus Group's annual reports on the activities of the management board and in Polsat Plus Group's sustainability reports. In connection with the publication of its new strategy in December 2021, the Company's Management Board formulated and published on the Group's corporate website measurable long-term strategic goals, both financial and operational, as well as non-financial, particularly related to the expected reduction of greenhouse gas emissions. In addition, in November 2022, the Company formulated and published additional key performance indicators and quantified long-tem sustainability performance targets relating specifically to environmental issues in Polsat Plus Group's Sustainability-Linked Financing Framework, a document that had undergone an independent expert review. The Company provides disclosures on planned and undertaken activities as well as progress in the achievement of its goals in Polsat Plus Group's annual reports on the activities of the management board and in Polsat Plus Group's sustainability reports.

- ***Principle 1.4.1.*** *stating that information concerning the ESG strategy should explain, among others, how the decision-making processes of the company and its group members integrate climate change, including the resulting risks.*

  On December 20, 2021, the Company adopted and announced the assumptions of Polsat Plus Group's new strategy, including strategic assumptions in the area of ESG. The Management Board identified the unfavorable local energy mix as a key challenge for the Polish society and economy, as it impacts negatively both air quality (social aspect) and the cost of conducting business or living in Poland (economic aspect). Accordingly, as part of its new strategy, Polsat Plus Group is focused, among others, on developing new areas of activity, particularly the production and sales of energy from zero- and low-emission sources. In the opinion of the Company's Management Board, the implementation of Polsat Plus Group Strategy 2023+ has a chance to effectively combine ESG considerations with building a new revenue stream for Polsat Plus Group, with long-term benefits for the Company's stakeholders. In its sustainability reports, the Company publishes detailed information regarding the governance principles and the procedures covering the environmental issues that are valid in the Company as well as in the Company's key subsidiaries, describes in detail the efforts of the entire group in the areas of conservation of natural environment and education of the public in this area as well as outlines climate-related risk analysis, taking into account the analysis of climate scenarios and the resilience of the business model of individual business segments to climate risks.

- ***Principle 2.1.*** *stating that companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.*

  The Company has a Human Rights Protection Policy, which also includes an Equal Opportunity Policy, a Diversity Protection Policy, an Anti-Discrimination Policy, a Protection Against All Forms of Violence Policy, a Freedom of Association Policy, and a Safe Work Environment Policy. The Human Rights Protection Policy also operates in the companies belonging to the Company's capital group. The provisions of the policy apply to all employees, including management board and supervisory board members. The Company would like to note that high degree of diversity is assured in the Management Board and the Supervisory Board in such areas as age, education, competence and professional experience. Moreover, in spite of the lack of a defined goal, the Management Board fulfills the diversity principle related to gender as women make up 50% of the Management Board. The Human Rights Protection Policy adopted by the Company and by the member companies of the Company's capital group prohibits discrimination of any kind related to employment, direct or indirect, especially in respect of gender, age, sexual-orientation, experience, potential disability, nationality, ethnic and social origin, color of skin, language, parental status, religion, denomination or lack of denomination, political views as well as in respect of the location of the work of place, form of employment, trade union membership, or any other dimension of diversity as defined by valid law. The Human Rights Protection Policy and the policies operating under it do not define, however, the minimum goal for diversity in terms of gender, hence the Company does not apply principle 2.1.

- ***Principle 2.2.*** *stating that decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.*

  The provisions of the Group's diversity policy apply to all of the Group's employees, including Management Board and Supervisory Board Members. The Company's goal is to assure diversity, including diversity in terms of gender, for higher ranking positions, nevertheless the persons who make decisions while selecting Management Board and Supervisory Board Members are above all guided by the candidates' competencies, their professional experience and education.

- ***Principle 3.2.*** *stating that the companies' organization includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.*

  The Company effectively carries out the tasks listed in the principle 3.1, however dedicated organizational units responsible for managing risk and compliance issues have not been established in the Company's organizational structure. Nonetheless, relevant internal processes and procedures have been implemented and operate in the Company, assuring efficient management of financial and operational risks as well as monitoring of compliance of the Company's operations with applicable regulations. High-level managers, managing respective areas covered by specific procedures, are responsible for the efficiency and the proper functioning of these procedures. In spite of the lack of a separate compliance function, control of the Company's compliance in various areas with applicable legislation is executed through internal regulations and takes place at the level of individual organizational units which are responsible for a given area of operations in the capital group, including, in particular, within the finance, controlling, legal, administrative divisions. The Management Board verifies on an on-going basis the correctness of functioning of the internal processes in the areas of risk management and compliance of operations with applicable regulations, and takes action whenever necessary. The Supervisory Board, and in particular the Supervisory Board's Audit Committee, monitors and assesses the effectiveness of functioning of the internal processes of operational and financial risk management, including the process of drafting of financial statements on the basis of the documents and reports presented by the Management Board and by the person responsible for internal audit as well as on the basis of other information obtained in the course of the Supervisory Board's on-going activities.

- ***Principle 3.6.*** *stating that the head of internal audit reports organizationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.*

  In accordance with the organizational structure adopted in the Company, the internal auditor reports directly to the Management Board Member responsible for finance – which is in line with IIA (The Institute of Internal Auditors) standards. The internal auditor functionally reports to the Chairman of the Audit Committee. In the opinion of the Company's Management Board, the internal audit function present in the Company operates in an effective and independent manner.

- ***Principle 3.7.*** *stating that principles 3.4 to 3.6 (concerning, the linking of the remuneration of persons responsible for risk and compliance management and of the head of internal audit with the performance of delegated tasks rather than short-term results of the company, the direct reporting of persons responsible for risk and compliance management report to the president or other member of the management board and the direct reporting of the head of internal audit reports organizationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee, respectively) apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.*

  By analogy to the principles 3.4-3.6, the principle are applied partially by the Company. Principles 3.4. and 3.5. also apply to those members of the Company's capital group who are essential from the point of view of the group's operations. Principle 3.6, in turn, does not apply to the group's essential companies since in the selected entities being members of the Company's capital group the internal audit function is fulfilled by the same internal audit and control unit as the one which functions in the Company itself. In the face of the above, the person managing the internal audit function in selected companies having significant importance for the Group reports directly to the Management Board Member responsible for financial matters in the Company, which is in line with the IIA (The Institute of Internal Auditors) standards.

- ***Principle 3.9.*** *stating that the supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred* *to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.*

The Supervisory Board of the Company operates according to the Anglo-Saxon model, i.e., in addition to carrying out its duties under the Polish law, members of the Board (excluding independent members and members of the Audit Committee) simultaneously perform the role of Non-executive Directors. The Board has a wide range of competencies and a high degree of authority set in the Company's corporate documents, which in practice means that the Board is very close to the decision-making process and is well positioned to effectively monitor and evaluate the internal control, risk management and compliance systems, as well as the internal audit function. The Supervisory Board, and the Supervisory Board's Audit Committee in particular, monitors and assesses the effectiveness of functioning of the internal processes of operational and financial risk management, including the process of drafting of financial statements, on the basis of the documents and reports presented by the Management Board and by the person responsible for internal audit as well as on the basis of other information obtained in the course of the Supervisory Board's on-going activities. Risk assessment and mapping is conducted at both management and supervisory boards levels. Risks specific to each business area are identified, monitored, mitigated/managed at the level of: (a) the members of the Management Board responsible for the business area concerned based on internal processes and procedures, (b) the relevant committees (e.g. CAPEX), and if necessary (c) the members of the Management Board with the involvement of individual members of the Supervisory Board. In addition, the Supervisory Board as a whole reviews risks on a regular basis, focusing on key challenges.

- ***Principle 3.10.*** *stating that companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.*

  The Supervisory Board, the Audit Committee specifically, monitors and assesses the efficiency of internal processes, which includes on-going monitoring of the efficiency of the internal audit function.

- ***Principle 4.1.*** *stating that companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.*

  Neither Polish, nor foreign shareholders have so far notified the Company of the interest in or the need for organizing the general meetings in such a form. The Management Board, in turn, considers assuring efficient course of debates of general meetings as well as correctness of adoption of resolutions by general meetings a priority. The adopted practice of holding general meetings is intended to reduce the risk of occurrence of any organizational and technical problems during the meetings, potentially causing disruption of the efficient course of the general meetings, as well as the legal risks, especially the ones which could potentially result in the resolutions adopted by a general meeting being questioned due possible transmission delays, technical faults, both on the Company's end as well as in the locations of the shareholders who participate remotely in the meetings.

- ***Principle 4.9.1.*** *stating that candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website.*

  The Company encourages its shareholders to propose their candidates at the times indicated in the principle 4.9.1, including by publishing the relevant information in the notices to convene the general meetings. However, due to the fact that the Company's internal regulations do not provide for any other mode of appointing the supervisory board members than stipulated by the generally valid legal regulations, especially in terms of restricting the time during which the candidates for supervisory board members may be proposed, while the to-date practice of proposing of candidates for supervisory board members differed from the requirements of the principle 4.9.1, hence the Company may not assure that the principle will be applied in the future.

9.2. Internal control systems and risk management applied with respect to the process of preparing financial statements

The Management Board is responsible for internal control system in Polsat Plus Group and its effectiveness in the process of preparing financial statements and interim reports prepared and published in accordance with the provisions of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information to be submitted by issuers of securities, and the conditions for recognizing equivalence of information required under non-member states regulations.

We draw on our employees' extensive experience in the identification, documentation, recording and controlling of economic operations, including numerous control procedures supported by modern information technologies used for recording, processing and presentation of operational and financial data.

In order to ensure the accuracy and reliability of the accounts of the parent and subsidiary companies, we apply accounting policies for Polsat Plus Group and various internal procedures relating to transaction control systems and processes resulting from the activities of the Company and the Group.

We keep our accounts in IT systems integrated with the underlying source systems and auxiliary books. We ensure data security through the use of access rights aligned with the needs and requirements of granted to authorized users. Systems operations are assured by the specialists with extended experience in this field. In addition, the system security is ensured by applying the appropriate solutions for physical security of the equipment. We have a complete IT system documentation in all its areas. In accordance with Article 10 of the Accounting Act of September 29, 1994, the accounting information systems documentation is periodically reviewed and updated upon approval by heads of units.

An important element of risk management, in relation to the financial reporting process, is ongoing internal control exercised by the Finance and Controlling Department. The Internal Audit Department conducts an independent verification of functioning of the internal control system and, as such, complements its efficient operation.

The Internal Audit functions on the basis of the Audit Charter adopted by the Management Board and the Audit Committee of the Supervisory Board. Its primary task is to test and evaluate controls for the reliability and consistency of financial data underlying the preparation of financial statements and management information.

The Controlling department functions on the basis of financial controlling system and business controlling system, and exercises control over both the current processes and the implementation of financial and operating plans, and preparation of financial statements and reports.

An important element of quality control and data review is the use of a management reporting system on a standalone and consolidated basis, as well as regular monthly analyses by the Management Board of financial and operational performance, and other key indicators. The monthly results analysis is carried out in relation to both the current financial and operating plan and the prior period results.

The budgetary control system is based on monthly and annual financial and operating plans and long-term business projections. Achieved financial and operating results are monitored regularly in relation to the financial and operating plans. During the year, we perform additional reviews of the financial and operating plans for the year if the need arises. The financial and operating plans are adopted by the Management Board and presented to the Supervisory Board.

One of the basic elements of control in the process of preparation of financial statements of the Company and the Group is the verification carried out by independent auditors. An auditor is chosen from a group of reputable firms, which guarantee a high standard of service and independence. The Supervisory Board of the Company chooses the Company's auditor. In the subsidiaries, the auditor is chosen by either the supervisory board, the general meeting or the meeting of shareholders. The tasks of the independent auditor include, in particular: a review of semi-annual standalone and consolidated financial statements and audit of annual standalone and consolidated financial statements. The auditor's independence is fundamental to ensure the accuracy of the audit.

The Audit Committee, appointed within the Company's Supervisory Board, supervises the financial reporting process in the Company. The Audit Committee oversees the financial reporting process, in order to ensure sustainability, transparency and integrity of financial information. As at the date of publication of this Report, two out of three Members of the Audit Committee meet the requirements listed in article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight (as amended).

Moreover, under article 4a of the Accounting Act of September 29, 1994, the duties of the Supervisory Board include ensuring that the financial statements and the report on activities meet the requirements of the law. The Supervisory Board carries out this duty using its competences under applicable law and the Articles of Association of the Company. This is yet another level of control exercised by an independent body to ensure the accuracy and reliability of the information presented in the standalone and consolidated financial statements.

9.3. Shareholding structure of Cyfrowy Polsat

9.3.1. Shareholders with qualifying holdings of shares of Cyfrowy Polsat

The table below presents shareholders of Cyfrowy Polsat S.A. holding at least 5% of votes at the General Meeting of the Company as at the date of publication of this Report, i.e. April 11, 2024.

Shareholder	Number of shares	% of shares	Number of votes	% of votes
Zygmunt Solorz, through:	**396,802,022**	**62.04%**	**576,219,523**	70.36%
TiVi Foundation, including through:	386,745,257	60.47%	566,162,758	69.13%
Reddev Investments Limited, including through:	*386,745,247*	*60.47%*	*566,162,738*	*69.13%*
Cyfrowy Polsat S.A.(1)	*88,842,485*	*13.89%*	*88,842,485*	*10.85%*
Tobias Solorz(2), including through:	10,056,765	1.57%	10,056,765	1.23%
ToBe Investments Group Limited	*4,449,156*	*0.70%*	*4,449,156*	*0.54%*
Others	**242,743,994**	**37.96%**	**242,743,994**	**29.64%**
Total	**639,546,016**	**100%**	**818,963,517**	**100%**

(1) Own shares acquired under the buy-back program announced on November 16, 2021. Pursuant to Art. 364 Item 2 of the Commercial Companies Code, the Company does not exercise voting rights attached to own shares.

(2) Person under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies.

Changes in the structure of qualifying holdings of shares in the Company since the publication of the previous interim report

From the date of publication of the previous interim report, i.e. November 8, 2023 (report for the third quarter of 2023), until the date of publication of this Report, i.e. April 11, 2024, the Company received a notification concerning changes in the structure of ownership of significant blocks of Cyfrowy Polsat shares from Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A.

On January 5, 2024, the Company was informed that as a result of the disposal of the Company's shares in a transaction effected on the WSE on December 28, 2023, the funds managed by Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. decreased their total ownership of the Company's shares below 5% of votes at the Company's general meeting.

9.3.2. Securities with special controlling rights

Current shareholders do not have any rights in the General Meeting of the Company other than those resulting from holding the Company’s shares. As at December 31, 2023 the shares of the A through D series are preferred shares as to voting rights in the way that:

- Series A shares totaling 2,500,000 have preferential voting rights entitling their holder to two votes per share;
- Series B shares totaling 2,500,000 have preferential voting rights entitling their holder to two votes per share;
- Series C shares totaling 7,500,000 have preferential voting rights entitling their holder to two votes per share;
- Series D shares totaling 166,917,501 numbered 1-166,917,501 have preferential voting rights entitling their holder to two votes per share.

To the Company's best knowledge, as of the date of this Report, Reddev Investments Limited held 179,417,491 voting preferred shares and TiVi Foundation held 10 voting preferred shares.

8,082,499 D Series shares, numbered 166,917,502 - 175,000,000; 75,000,000 E Series shares; 5,825,000 F Series shares, 80,027,836 H Series shares, 47,260,690 I Series shares and 243,932,490 J Series shares are ordinary bearer shares.

Pursuant to Article 19 of the Company's Articles of Association, the Chairperson of the Supervisory Board shall be appointed and dismissed by TiVi Foundation with its registered office in Vaduz, Liechtenstein as a personal right vested in that shareholder. The remaining members of the Supervisory Board shall be appointed and dismissed by the General Shareholders Meeting.

Pursuant to Article 14 of the Company's Articles of Association, the President of the Management Board is appointed and dismissed by TiVi Foundation with its registered office in Vaduz, Liechtenstein, as a personal right of this shareholder. The other members of the Management Board are appointed and dismissed by the Supervisory Board of the Company.

9.3.3. Shares of Cyfrowy Polsat held by Management Board and Supervisory Board Members

To the Company's best knowledge, Members of the Management Board of Cyfrowy Polsat did not hold any shares in the Company, directly or indirectly, as at the date of publication of this statement, i.e. April 11, 2024, nor as at the date of publication of the previous report, i.e., November 8, 2023 (report for the third quarter of 2023).

The table below presents the number of shares in Cyfrowy Polsat which, according to the Company's best knowledge, were held, directly or indirectly, by Members of the Company's Supervisory Board as at the date of publication of this statement, i.e. April 11, 2024, along with changes in holdings from the date of publication of the previous report, i.e. November 8, 2023 (report for the third quarter of 2023).

Name and surname / Function	Holding as at November 8, 2023	Acquisitions	Disposals	Holding as at April 11, 2024
Mr. Zygmunt Solorz[(1)] Chairman of the Supervisory Board	396,802,022	-	-	396,802,022
Mr. Tobias Solorz[(2)] Vice-Chairman of the Supervisory Board	10,056,765	-	-	10,056,765
Mr. Józef Birka[(3)] Member of the Supervisory Board	79,268	-	-	79,268
Mr. Tomasz Szeląg[(4)] Member of the Supervisory Board	75,000	25,000	-	100,000

(1) Mr. Zygmunt Solorz holds the Company's shares through the following companies: TiVi Foundation (the parent of Reddev Investments Limited, which in turn is the parent of Cyfrowy Polsat S.A.). Within the block of shares held by Mr. Zygmunt Solorz, 10,056,765 shares held indirectly and directly by Mr. Tobias Solorz were disclosed.

(2) Person under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies. Mr. Tobias Solorz holds shares directly and indirectly through ToBe Investments Group Limited.

(3) The disclosed shares were acquired by Ms. Ewa Birka, a person closely related to Mr. Józef Birka, a person discharging managerial responsibilities within the meaning of Article 19 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

(4) Mr. Tomasz Szeląg holds the Company's shares indirectly, through Pigreto Ltd.

To the Company's best knowledge the remaining Members of the Supervisory Board did not hold any shares of the Company, directly and indirectly, as at the date of publication of this Report, i.e. April 11, 2024, nor at the date of publication of the previous report, i.e. November 8, 2023 (report for the third quarter of 2023).

Changes in the ownership of the Company's shares by Management Board and Supervisory Board Members since the publication of the previous interim report

On February 2, 2024, the Company received a notification issued pursuant to Article 19 (1) of the MAR Regulation from Pigreto Limited, a person closely related to Tomasz Szeląg, notifying of a transaction whereby Pigreto Limited acquired 25,000 shares in the Company.

9.3.4. Limitations related to shares

As at the date of publication of this Report, i.e. on April 11, 2024, the Company held 88,842,485 ordinary treasury shares constituting 13.89% of the share capital of the Company and entitling to 88,842,485 votes at the General Meeting of the Company, representing 10.85% of the total number of votes at the General Meeting of the Company. The above mentioned shares were purchased under the own shares buyback program announced on November 16, 2021. Pursuant to Art. 364 Section 2 of the Code of Commercial Companies the Company does not exercise voting rights attached to the held treasury shares.

Except for the mentioned above limitations and the limitations regarding securities ownership rights transfer resulting from the general provisions of the law there are no other limitations, in particular contractual limitations, regarding our securities ownership rights transfer.

9.3.5. Information on material agreements, which can result in a change in the proportion of shares held by hitherto shareholders in the future

As at the date of publication of this Report, i.e. April 11, 2024, the Company did not have any information on agreements which can result in a change in the proportion of shares held by current shareholders in the future.

9.4. Rules of amending the Articles of Association of the Company

An amendment to the Articles of Association of the Company requires a resolution of the General Shareholders' Meeting and a registry in the Court register. The general provisions of law, the Articles of Association and the Bylaws of the General Shareholders' Meeting govern the procedure for adopting resolutions regarding amendments to the Articles of Association.

Pursuant to the provisions of the Articles of Association and taking into account the provisions of art. 417 § 4 of the Commercial Companies Code, an amendment to the Articles of Association may take place without a share buyback.

9.5. General Shareholders' Meeting

The General Shareholders' Meeting acts pursuant to the provisions of the Commercial Companies' Code, the Articles of Association, and the Bylaws of General Shareholders' Meeting adopted by Resolution 6 of the Extraordinary Shareholders' Meeting dated December 4, 2007 and amended by Resolution 29 of the Extraordinary Shareholders' Meeting dated April 23, 2009.

The General Shareholders' Meeting adopts resolutions regarding, in particular, the following issues:

a) review and approval of the Management Board's Report and the report of the Supervisory Board as well as the financial statements of the Company for the preceding accounting year and the consolidated financial statements,

b) decisions on the distribution of profits or on the manner of covering the losses,

c) acknowledgement of the fulfilment of duties by the Supervisory Board Members and Management Board Members,

d) establishment of the remuneration of Supervisory Board Members, subject to the provision of Article 18 sec. 3 c) of the Articles of Association, i.e., determining the amount of remuneration of Supervisory Board Members delegated to perform temporarily the tasks of a Management Board Member,

e) amendment of the Articles of Association,

f) modification of the scope of the Company's operations,

g) increase or decrease of the share capital,

h) merger, division or transformation of the Company,

i) dissolution and liquidation of the Company,

j) Issuance of convertible bonds or senior bonds as well as issuance of subscription warrants,

k) sale or lease of the enterprise, its organized part or property components constituting a significant part of the enterprise as well as establishment of limited rights *in rem* in the aforementioned scope,

l) consent to any acquisition and sale of real property, perpetual usufruct right or interest in real property, as well as consent to establishing a limited right *in rem* on real property, perpetual usufruct right or interest in real property with a value exceeding the 0.2% ratio of the Company's standalone EBITDA for the preceding financial year as stipulated in Article 1 sec. 3.19 of the Articles of Association,

m) any and all issues connected with claims for remedying a loss caused upon the formation of the Company or in the course of its management or supervision.

As of January 1, 2025, the General Shareholders Meeting shall not be entitled to grant consent to the Company to incur any liability whatsoever if incurring it may result in the debt ratio, expressed as the ratio of the Group's net debt to EBITDA, exceeding a threshold of 2.0x.

The General Meeting shall be attended by persons who are shareholders of the Company sixteen days prior to the date of the General Meeting (the day of registration for participation in the General Meeting). The date of registration for participation in the General Meeting is consistent for bearer shares and preferred shares holders. Pledgees and usufructuaries who are entitled to vote, have the right to participate in the General Meeting if establishment of a limited right on their behalf is registered on a securities account on the day of registration for participation in the General Meeting.

A shareholder, being a natural person, is entitled to participation in the General Shareholders' Meeting and execution of voting rights in person, or through a proxy. A shareholder, being a legal entity, is entitled to participation in the General Shareholders' Meeting and execution of voting rights through a person authorized to make representations of intent on its behalf, or through a proxy.

The power of attorney to attend the General Meeting and exercise voting rights requires a written or electronic form. The shareholder must notify the Company about electronically granting the power of attorney by providing information specifying the Shareholder and the Shareholder's proxy, including the name and surname or company (the name) and address (seat), and indicating the number of shares and votes, of which the proxy is authorized to exercise to the address: akcjonariusze@cyfrowypolsat.pl.

The General Meeting should be attended by Members of the Management Board and Supervisory Board - in the composition which allows for substantive answers to the questions posed during the General Meeting.

The General Meeting shall be opened by the Chairperson or, in his/her absence, the Deputy Chairperson of the Supervisory Board (if appointed). In their absence, the General Meeting shall be opened by the President of the Management Board or a person nominated by the President. Next, the General Meeting shall appoint the Chairperson of the Meeting from among persons authorised to participate in the General Meeting.

Each participant in the General Meeting is entitled to be elected the Chairman of the General Meeting, and also nominate one person as candidate to the position of Chairman of the General Meeting. Decisions shall not be made until Chairman of the General Meeting is elected.

The Chairman of the General Meeting directs proceedings in accordance with the agreed agenda, provisions of law, the Articles of Association and the Bylaws, and in particular: gives the floor to speakers, orders voting and announces the results thereof. The Chairman ensures efficient proceedings and respecting of the rights and interests of all Shareholders. The Chairman may decide on procedural matters.

After the drawing up and signing of the attendance list the Chairman determines that the Shareholders' Meeting has been convened in a proper manner and is authorized to adopt resolutions; presents the agenda and orders the selection of the Ballot Committee.

The General Meeting may pass a motion regarding nonfeasance of voting over an item on the agenda, and also on adjourning the order of issues on the agenda. However, removing an item from the agenda, or its adjourning upon the request of shareholders, requires prior consent of all the shareholders present who have forwarded such a motion, supported by a majority of votes of the General Meeting. Motions regarding the aforementioned issues shall be justified in detail.

The Chairman, after opening an item on the agenda, may give the floor in order of application to speakers. In the event of a significant number of applications the Chairman may set a time limit or limit the number of speakers. The floor may be taken regarding items on the agenda and currently under discussion only. The Chairman may give the floor outside of the order of application to the Members of the Management Board or Supervisory Board, and also to the Company experts called by them.

The Meeting may not adopt resolutions regarding items that are not on the agenda unless all the share capital is represented in the General Meeting and none of the present in the Meeting raises any objections as to the adoption of a resolution.

Voting shall proceed in a manner adopted by the General Meeting using a computerized system of casting and counting votes, ensuring that votes are cast in the number corresponding to the number of shares held and - in case of a secret ballot - allowing to eliminate the possibility of detecting the manner of voting by individual shareholders.

Subject to mandatory provisions of law, the General Meeting shall be valid, if attended by shareholders representing jointly more than 50% of the total number of votes in the Company. The resolutions of the General Meeting shall be adopted by an absolute majority of votes cast, unless the provisions of the Commercial Companies' Code or the provisions of Company's Articles of Association provide for a greater majority.

The Chairman of the General Meeting closes the General Meeting upon exhausting its agenda.

9.6. Management Board of the Company

9.6.1. Rules regarding appointment and dismissal of the management

Pursuant to article 14 of the Articles of Association of the Company the Management Board consist of one or more members, including the President of the Management Board. The President of the Management Board is appointed and dismissed by TiVi Foundation with its registered office in Vaduz, Liechtenstein as a personal right vested in that shareholder. The remaining Management Board Members are appointed and dismissed by the Supervisory Board. The number of Management Board Members in any given term of office is determined by the Supervisory Board. The term of office of the Management Board is joint and lasts three years.

The Management Board of the Company shall consist in their majority of persons holding Polish citizenship. Prior to their appointment, the Company's Management Board Members are required to submit a written statement that they have familiarized themselves with the Company's Articles of Association, the Bylaws of the Management Board, the Bylaws of the Supervisory Board, the Company's Organizational Regulations, Work Regulations and Employee Remuneration Rules, and that they undertake to strictly observe and apply them.

9.6.2. Composition of the Management Board

The following table sets forth the composition of the Company's Management Board as of December 31, 2023 and the responsibilities of its members. The composition of the Management Board remained unchanged in 2023.

Name and surname	Function	Tenure (in years)	Expiry of term	Responsibilities
Mirosław Błaszczyk	President of the Management Board	5	2025	sales and marketing strategy, HR, administration
Maciej Stec	Vice-President of the Management Board	10	2025	strategy and business development
Jacek Felczykowski	Member of the Management Board	5	2025	technology and network
Aneta Jaskólska	Member of the Management Board	14	2025	legal and corporate governance, customer relations, security and safety, including cybersecurity
Agnieszka Odorowicz	Member of the Management Board	8	2025	film production
Katarzyna Ostap-Tomann	Member of the Management Board	8	2025	finance, investor relations, internal audit and ESG

Biographies of the Company's Management Board Members are available on the Company's website at: https://grupapolsatplus.pl/en/corporate-governance/management-board/members.

9.6.3. Competences and Bylaws of the Management Board

In accordance with the Company's Articles of Association, the Management Board conducts the business of the Company and represents it in external relations.

The following are entitled to submit statements on our behalf:

- in the case of one person Management Board – the President of the Management Board acting together with a commercial proxy, and
- in the case of a more numerous Management Board – the President of the Management Board, a Management Board Member, and the commercial proxy acting jointly.

The Management Board operates under legal regulations in force, the Company's Articles of Association, the Bylaws of the Management Board, the Bylaws of the Supervisory Board, the Company's Organizational Regulations, Work Regulations, and Employee Remuneration Rules as well as under the resolutions of the General Meeting of Shareholders.

The Management Board performs its obligations collectively whereas each of its members manages specific areas of the Company's operations within the division of tasks, in accordance with the descriptions above.

All issues related to our management, not restricted by the provisions of the law or the Articles of Association to the competence of the Supervisory Board or the General Meeting, are within the scope of competence of the Management Board.

Decisions regarding an issue or buyback of the Company's shares are within the competence of the General Shareholders' Meeting. The competences of the Board in respect to the above are limited to the execution of any resolutions adopted by the General Shareholders' Meeting.

In accordance with the provisions of Art. 13 of the Company's Articles of Association, as of January 1, 2025, the Company's Management Board is obliged to manage the business of the Group in such a way that the debt ratio, calculated as the quotient of the Group's net financial debt and EBITDA, never exceeds 2.0x. In the period until December 31, 2024, the Company's Management Board shall be obligated to manage the business of the Group in such a way that a debt ratio not exceeding 2.0x is achieved by December 31, 2024 at the latest. The value of the Group's debt ratio as at December 31, 2024 shall ensue upon the Company's Management Board and the Company's Supervisory Board approving the consolidated financial statements for the accounting year ended on December 31, 2024.

Members of the Management Board may attend the sessions of the Supervisory Board. Furthermore, Members of the Management Board may participate in the sessions of any General Meeting. They provide substantive answers to questions asked during the General Meeting in accordance with the binding laws.

The Management Board conducts the Company's business on the basis of adopted resolutions.

The resolutions of the Management Board are adopted during Management Board's meetings. In extraordinary cases, the resolutions of the Management Board may be adopted without holding a meeting either in writing or using means of distance communication. Management Board resolutions adopted at a Management Board meeting are passed by an absolute majority of votes. If the votes are distributed equally, the President of the Management Board has a casting vote. Management Board resolutions may only be adopted, if all Management Board Members have been duly notified of a Management Board meeting and if the meeting is attended by more than half of the Management Board Members.

Management Board resolutions may be adopted in writing or using means of distance communication, if the draft of the resolution has been effectively served to all Management Board Members and the Chairperson of the Supervisory Board, if all Management Board Members take part in the vote, and if an absolute majority of Management Board Members consent to the resolution. Immediately after a resolution is adopted, the President of the Management Board is obliged to deliver it to the Chairperson of the Supervisory Board in the adopted wording together with information on the result of the vote.

Management Board meetings may be attended by the Chairperson of the Supervisory Board and a Supervisory Board Member or Supervisory Board Members appointed by the Chairperson of the Supervisory Board in writing. The President of the Management Board is obliged to notify the Chairperson of the Supervisory Board in writing of the date and agenda of Management Board meetings. The aforementioned notification shall be served at least 72 hours prior to the appointed time of the meeting. In extraordinary cases, said notification may be served within a shorter time-limit upon the written consent of the Chairperson of the Supervisory Board. Management Board meetings may also be attended by the Company's commercial proxy. The Company's Management Board notifies the commercial proxy of the date and agenda of the meeting.

The Company's Management Board is obliged to maintain the continuity of the commercial power of attorney; in particular, if the commercial power of attorney expires for any reason whatsoever, the Company's Management Board shall be obliged to appoint another commercial proxy immediately. Granting a commercial power of attorney requires the consent of all Management Board Members, subject to the stipulation that it shall only be permitted to grant a commercial power of attorney obliging the commercial proxy to perform transactions jointly with the President of the Management Board and a Management Board Member. A commercial power of attorney may only be granted by the Company's Management Board to candidates approved by the Supervisory Board. A commercial power of attorney can be revoked by any Management Board Member.

9.6.4. Remuneration of the Members of the Management Board

Rules for remuneration of Members of the Management Board are regulated by the Remuneration Policy for the Management Board and Supervisory Board Members. Information on the remuneration of Board Members in 2023 is included in the consolidated financial statements (Note 48) and the standalone financial statements (Note 43) for 2023.

9.6.5. Contracts with Members of the Management Board setting out severance packages payout

The Company has concluded managerial contracts with the following Members of the Management Board: Aneta Jaskólska, Agnieszka Odorowicz and Katarzyna Ostap-Tomann. These contracts do not provide for the payment of severance packages as a result of the resignation of the mentioned above Members of the Management Board or their dismissal from the position without a material cause, or in the case when their resignation or dismissal results from a merger by acquisition of the Company.

9.7. Supervisory Board of the Company

9.7.1. Rules regarding appointment and dismissal of the Supervisory Board

In accordance with Art. 19 of the Company's Articles of Association, the Supervisory Board consists of five to nine members, including the Chairperson of the Supervisory Board. A Supervisory Board Member may be appointed Deputy Chairperson of the Supervisory Board by resolution of the General Shareholders Meeting. The Chairperson of the Supervisory Board is appointed and dismissed by TiVi Foundation with its registered office in Vaduz, Liechtenstein as a personal right vested in that shareholder. The remaining Members of the Supervisory Board are appointed and dismissed by the General Shareholders Meeting.

The Supervisory Board is appointed for a joint five-year term of office. The number of Supervisory Board Members in any given term of office shall be determined by the General Shareholders Meeting.

The Supervisory Board of the Company shall consist in their majority of persons holding Polish citizenship. Prior to their appointment, the Company's Supervisory Board Members are required to submit a written statement that they have familiarized themselves with the Company's Articles of Association, the Bylaws of the Management Board, the Bylaws of the Supervisory Board, the Company's Organizational Regulations, Work Regulations, and Employee Remuneration Rules, and that they undertake to strictly observe and apply them.

The Supervisory Board consists of two Members meeting the criteria of an independent Member of the Supervisory Board as set out in article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight which fulfills the principle 2.3. of the Best Practices 2021. A Supervisory Board Member is required to submit a statement to the Management and Supervisory Boards of the Company on his or her compliance with the independence criteria.

9.7.2. Composition of the Supervisory Board

The following table presents the composition of the Company's Supervisory Board as of December 31, 2023.

Name and surname	Function	First appointment	Appointment for current term	Expiry of term
Zygmunt Solorz	Chairman of the Supervisory Board	2008	2021	2026
Tobias Solorz	Vice-Chairman of the Supervisory Board	2021	2021	2026
Piotr Żak	Vice-Chairman of the Supervisory Board	2018	2021	2026
Józef Birka	Member of the Supervisory Board	2015	2021	2026
Jarosław Grzesiak	Member of the Supervisory Board	2021	2021	2026
Marek Grzybowski	Independent(1) Member of the Supervisory Board Chairman of the Audit Committee	2020	2021	2026
Alojzy Nowak	Independent(1) Member of the Supervisory Board Member of the Audit Committee	2021	2021	2026
Tomasz Szeląg	Member of the Supervisory Board Chairman of the Remuneration Committee Member of the Audit Committee	2016	2021	2026

(1) conforms with the independence criteria listed article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and in principle 2.3. of the Best Practices 2021.

On May 31, 2023, Mr. Marek Kapuściński resigned from membership in the Supervisory Board of the Company, effective immediately.

On June 29, 2023 the Annual General Meeting of the Company resolved to entrust Mr. Tobias Solorz and Mr. Piotr Żak with the functions of Vice-Chairmen of the Supervisory Board of the Company.

Biographies of the Company's Supervisory Board Members are available on the Company's website at: https://grupapolsatplus.pl/en/corporate-governance/supervisory-board/members.

9.7.3. Competences and Bylaws of the Supervisory Board

The Supervisory Board acts pursuant to the Commercial Companies Code and also pursuant to the Articles of Association of the Company and the Bylaws of the Supervisory Board.

Pursuant to the Articles of Association of the Company, the Supervisory Board performs ongoing supervision of the Company’s operations in all its fields. In order to exercise supervision in the scope and under the terms stipulated in the Articles of Association, the Supervisory Board is entitled to review any documents of the Company, request reports and explanations from the Management Board, and review the status of the Company’s assets. The Supervisory Board performs its obligations collectively but may also delegate its members to perform specific supervisory activities independently. The Supervisory Board is entitled to establish committees in circumstances provided for under applicable law. The Supervisory Board is also be entitled to appoint other committees and determine the scope and terms of their operation.

The Chairperson of the Supervisory Board is authorized to perform individually supervisory tasks with regard to the manner of performing obligations by the Management Board stipulated under Article 13 sec. 1.3 of the

Articles of Association as well as to the activity of the Management Board with respect to agreements, revenue, costs, and expenses.

The competences of the Supervisory Board include matters restricted by the Commercial Companies Code and provisions of the Company's Articles of Association, in particular:

a) reviewing the annual financial statements of the Company and the consolidated financial statements with respect to their consistency with both the books and documents and the facts; reviewing the annual Management Board Report on the Company's operations and the assessment of the Management Board's work, reviewing the Management Board's motions with respect to distributing profits or covering losses, and submitting a written report on the results of the aforementioned reviews to the Annual Shareholders Meeting,

b) drafting a report on the activities of the Supervisory Board, the assessment of the Company's standing, the assessment of the manner of performing the information obligations by the Company, the assessment of the rationality of the policy pursued by the Company, including but not limited to the price policy, and the assessment of the internal control system and the system for managing significant risks for the Company, in each case in accordance with the terms of corporate governance adopted by the Company, and presenting them to the Annual Shareholders Meeting,

c) delegating Supervisory Board Members to perform temporarily the tasks of a Management Board Member who has been revoked, has resigned or is unable to perform his/her duties for other reasons, for a period not longer than three months,

d) determining the remuneration of Management Board Members,

e) appointing a statutory auditor to audit the financial statements of the Company,

f) granting consent to the payment of an advance towards the predicted dividend to the shareholders,

g) approving the terms, plans and prices of acquisition or sale of goods and services by the Company in the scope stipulated under the Bylaws of the Management Board or a resolution of the Supervisory Board.

Moreover, the competences of the Supervisory Board include:

a) reviewing and issuing opinions on issues that shall constitute the object of the resolutions of the General Shareholders Meeting,

b) approving quarterly, annual, and multi-year plans for the Company's operations drafted by the Management Board and monitoring their performance on an ongoing basis,

c) determining the amount of remuneration of Supervisory Board Members delegated to perform temporarily the tasks of a Management Board Member,

d) granting consent to the appointment and dismissal of supervisory board members of the following companies: Telewizja Polsat sp. z o.o. with its registered office in Warsaw, Polkomtel sp. z o.o. with its registered office in Warsaw, Netia S.A. with its registered office in Warsaw, and every company from the Group if that company's EBITDA in the preceding 12 months exceeded 5% of the Group's consolidated EBITDA, excluding supervisory board members of the above mentioned companies who are appointed and dismissed on the basis of personal rights granted to a partner or a shareholder of these companies,

e) granting consent to the performance by the Company of any legal transaction that does or can result in the disposal in favor of or liability on any account towards a single entity in the value exceeding 0.2% of the Company's standalone EBITDA in the previous accounting year,

f) approving the selection of bidders in the procurement proceedings held by the Company and approving bids submitted by the Company in procurement proceedings,

g) granting consent to any acquisition and sale of real property, perpetual usufruct right or interest in real property, as well as to establishing a limited right in rem on real property, perpetual usufruct right or interest in real property with a value up to the 0.2% ratio of the Company's standalone EBITDA for the preceding accounting year,

h) granting consent to hiring for the positions of director, deputy director, expert or consultant, irrespective of the basis for such employment, including in particular on the basis of employment relationship and other legal relationships. Modification and termination of the aforementioned employment shall also require the consent of the Supervisory Board.

i) approving the Work Regulations and Employee Remuneration Rules,

j) granting consent to the application for, modification or waiver of any license or permit stipulated under Article 6 sec. 2 of the Articles of Association, as well as to transferring or granting access to them to third parties,

k) granting consent to the conclusion of any agreement on consultancy services by the Management Board,

l) granting consent to the issue of bonds by the Company other than bonds convertible to shares or senior bonds,

m) granting consent to any acquisition, sale, assumption or encumbrance of shares and stock in companies as well as any participation titles in entities and organizations other than companies,

n) approving plans for merging or dividing the Company before they are passed and any plans for the reorganization of the Company.

In accordance with Article 18(4) of the Company's Articles of Association, as from January 1, 2025, the Company's Supervisory Board shall not be entitled to grant consent to the Company to incur any liability whatsoever if incurring it may result in the debt ratio, expressed as the ratio of the Group's net debt to EBITDA, exceeding a threshold of 2.0x.

The detailed terms of activity and operation of the Supervisory Board, including but not limited to the terms of operation of its respective committees, are determined in the Supervisory Board Regulations approved by the General Shareholders Meeting. Any amendment to the Supervisory Board Regulations shall require a resolution of the General Shareholders Meeting.

Supervisory Board meetings are convened by the Chairperson of the Supervisory Board. In the absence of the Chairperson, a Supervisory Board meeting shall be convened by the Deputy Chairperson of the Supervisory Board (if appointed) or, if no Deputy Chairperson has been appointed, the meeting is convened by a Supervisory Board Member so nominated in writing by the Chairperson. Supervisory Board meetings are convened ex officio upon the motion of the Management Board or at least two Supervisory Board Members. Supervisory Board meetings are chaired by the Chairperson of the Supervisory Board or, in the Chairperson's absence, by the Deputy Chairperson (if appointed) or, if no Deputy Chairperson has been appointed, by a Supervisory Board member nominated by the Chairperson. Apart from Supervisory Board Members, Supervisory Board meetings may be attended by Management Board Members, the commercial proxy, and invited guests. The person chairing a Supervisory Board meeting is entitled to order persons other than Supervisory Board Members to leave the room where the meeting is held.

Supervisory Board resolutions shall be by two-thirds of cast votes. All Supervisory Board Members must be invited to a Supervisory Board meeting and more than 50% of Supervisory Board Members must attend the meeting for the Supervisory Board resolutions to be binding. Supervisory Board Members shall be entitled to participate in adopting Supervisory Board resolutions by casting their vote in writing through the agency of another Supervisory Board Member. Casting a vote in writing shall not apply to issues added to the agenda at the meeting of the Supervisory Board.

The resolutions of the Company's Supervisory Board may be adopted without holding a meeting either in writing or using means of distant communication. Resolutions adopted in writing or using means of distant communication as well as electronically are passed, if the draft resolution has been effectively served to all Supervisory Board Members, if all Supervisory Board Members take part in the vote, and if at least two-thirds of Supervisory Board Members vote for the resolution. Resolutions may also be adopted electronically. An electronic vote shall be ordered by the Chairperson of the Supervisory Board. In the absence of the Chairperson, an electronic vote shall be ordered by the Deputy Chairperson of the Supervisory Board (if appointed) or, if no Deputy Chairperson has been appointed, by a Supervisory Board Member nominated by the Chairperson.

In 2023, the Supervisory Board's resolutions were adopted at the meeting and in accordance with Article 21 item 4 of the Company's Articles of Association and Article 5 item 4 of the Bylaws of the Supervisory Board, i.e., in writing or using means of direct remote communication. The table below presents the attendance of the Supervisory Board Members in the votes held in 2023.

Name of Supervisory Board Member	Attendance
Zygmunt Solorz	100%
Marek Kapuściński	100%
Józef Birka	100%
Jarosław Grzesiak	100%
Marek Grzybowski	100%
Alojzy Nowak	100%
Tobias Solorz	100%
Tomasz Szeląg	100%
Piotr Żak	99.96%

9.7.4. Committees of the Supervisory Board

Pursuant to the Bylaws of the Supervisory Board, the Supervisory Board may appoint permanent committees, in particular an Audit Committee, a Remuneration Committee, or a Strategic Committee, as well as ad hoc committees to investigate certain issues remaining in the competence of the Supervisory Board or acting as advisory and opinion bodies of the Supervisory Board.

The functioning of the Audit Committee is regulated by the Bylaws of the Audit Committee. The provisions of the Bylaws of the Supervisory Board apply to meetings, resolutions, and minutes of remaining committees of the Supervisory Board.

The aforesaid committees may be appointed by the Supervisory Board from among its Members by means of a resolution. The committee appoints, by means of a resolution, the Chairman of the particular committee from among its Members. The mandate of a Member of a particular committee expires upon expiry of the mandate of the Member of the Supervisory Board. The Supervisory Board may, by means of a resolution, resolve to dismiss a Member from the composition of a particular committee before the expiry of the mandate of the Member of the Supervisory Board. Dismissal from membership in a committee is not tantamount to dismissal from the Supervisory Board.

The first meeting of a committee is convened by the Chairman of the Supervisory Board or another Member of the Supervisory Board indicated by him or her. Meetings of the committees are convened as the need arises, ensuring thorough delivery of duties assigned to a particular committee. Minutes of committee's meetings and adopted resolutions are made available to the Members of the Supervisory Board that are not Members of the committee. The Chairman of a given committee chairs its proceedings. The Chairman also performs supervision over the preparation of the agenda, distribution of documents, and preparation of minutes of the meetings of the committee.

Pursuant to article 128 item 1 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight, the Company has an Audit Committee and, in addition, a Remuneration Committee.

As at December 31, 2023, **the Audit Committee** comprised the following Members of the Supervisory Board while the composition of the Audit Committee remained unchanged in 2023:

Name and surname	Function
Marek Grzybowski	Chairman of the Audit Committee, Independent Member of the Supervisory Board
Alojzy Nowak	Independent Member of the Supervisory Board
Tomasz Szeląg	Member of the Supervisory Board

The composition of the Audit Committee meets the requirements listed in article 128 item 1 and article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight.

In 2023, the Audit Committee held 4 remote meetings at which resolutions were adopted using means of direct remote communication. The table below presents the attendance of the Audit Committee Members at meetings held in 2023.

Name of Audit Committee Member	Attendance
Marek Grzybowski	100%
Alojzy Nowak(1)	100%
Tomasz Szeląg	100%

In addition, the Company has a **Remuneration Committee**, which as of December 31, 2023 included Mr. Tomasz Szeląg, who served as the Chairman of the Remuneration Committee. In the period from January 1, 2023 to May 31, 2023, the Committee also included Mr. Marek Kapuscinski. On May 31, 2023, Mr. Marek Kapuściński resigned from membership in the Supervisory Board of the Company, effective immediately.

Audit Committee

In accordance with the Bylaws of the Audit Committee, the Committee consists of at least three Members, appointed for the term of office of the Supervisory Board. The Chairman of the Committee is appointed by the Company's Supervisory Board. Most Members of the Committee, including its Chairman, are independent from the Company that is they meet the independence criteria set out in Article 129 item 2 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight.

Among the Members of the Audit Committee, the statutory independence criteria are met by Mr. Marek Grzybowski and Mr. Alojzy Nowak.

The independence of the indicated Members of the Supervisory Board has been verified by the Supervisory Board on the basis of statements submitted by them confirming that they meet the independence criteria set forth in Article 129 item 2 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and, moreover, based on information gathered by the Company and sourced in the Company concerning the relations of the persons in question with the Company and other companies from Polsat Plus Group, in particular the capital structure and the composition of governing bodies of Polsat Plus Group and legal relations between the persons in question and the Company and the companies from Polsat Plus Group.

Members of the Audit Committee: Mr. Marek Grzybowski, Mr. Alojzy Nowak and Mr. Tomasz Szeląg, possess knowledge and skills in accounting and/or auditing financial statements which were obtained during studies, scientific career and/or extensive professional practice.

Furthermore, Mr. Tomasz Szeląg possesses knowledge and skills with regard to the sectors in which the Group operates, gained during many years of professional career on key managerial positions within Polsat Plus Group, among others, as Member of the Management Board responsible for finance in Cyfrowy Polsat.

Regulations of the Audit Committee apply to the meetings, resolutions and minutes of meetings of the Audit Committee.

Meetings of the Audit Committee are convened by the Chairman of the Audit Committee or a Member of the Audit Committee authorized by the Chairman and are held at least once a quarter, at dates determined by the Chairman of the Audit Committee. Additional meetings of the Audit Committee may be convened by the Chairman of the Audit Committee at the request of a Member of the Audit Committee, Chairman of the Supervisory Board or another Supervisory Board Member, as well as at the request of the Management Board.

The Audit Committee passes resolutions, if at least half of its Members are present at the meeting and all Members were properly invited. Resolutions are passed by an absolute majority of votes and in the case of an equal number of votes, the Chairman of the Audit Committee shall have a casting vote. Members of the Audit Committee may participate in the Committee's meetings and vote in person, or by means of distant communication.

The work of the Audit Committee is managed by its Chairman who is responsible for preparing an agenda of each meeting or may appoint a Secretary of the Audit Committee whose tasks include in particular the preparation of an agenda of each meeting and organization of the distribution of documents for the Committee's meetings. A notification of the meeting, including its agenda together with all required materials, must be delivered to the Members of the Audit Committee at least 7 days before the meeting and in extraordinary circumstances a Committee's meeting may be convened at a shorter notice than the above mentioned deadline.

The Chairman of the Audit Committee may ask a relevant Management Board Member to prepare appropriate materials.

Minutes are taken of every meeting of the Audit Committee and are then signed by all Members who participated in a given meeting. Minutes of the Audit Committee meetings, including conclusions, instructions, opinions and recommendations are presented to the Supervisory Board at its next meeting as well as to the Management Board.

Members of the Supervisory Board who are not part of the Audit Committee may, at their own initiative, participate in the Committee's meeting, however without a voting right. The Chairman of the Audit Committee may invite Members of the Supervisory Board, auditors, employees of the Company and other persons as experts.

The tasks of the Audit Committee include in particular monitoring of the financial reporting process, efficiency of internal control systems and risk management systems as well as internal audit and performing financial revision activities, in particular carrying out audits by an audit company.

Pursuant to the Audit Charter, the Internal Audit Director meets directly the Audit Committee. In addition, at the request of the Audit Committee he or she joins its sessions and presents additional/supplementary information.

The Audit Committee evaluates, controls and monitors independence of a certified auditor and audit company, in particular in the case when the audit company provides the Company with services other than auditing of financial documents in the Company. The Audit Committee grants consent to provision of such services by the audit company. The Audit Committee notifies the Company's Supervisory Board about the results of audit and the role of the Committee in the auditing process as well as explains how this audit contributed to the reliability of financial reporting in the Company.

The tasks of the Audit Committee also include developing a policy of selection of an audit company to carry out the audit as well as developing a policy of provision by the selected audit company, its affiliated entities and members of the audit company's network of permitted services which are not part of the audit.

Main assumptions underlying the selection of an auditor in Cyfrowy Polsat

- In accordance with the Company's Articles of Association, the Company's Supervisory Board is the body selecting the auditing company (in the Company's Articles of Association referred to as the chartered accountant) for carrying out the statutory audit, while the General Meeting of the Company is the body approving the Company's financial statement.
- The first contract with the auditing company for carrying out the statutory audit of financial statements is concluded by the Company for the period of 2 years, extendable for successive two- or three-year periods, with the reservation that the total period of the statutory audit may not exceed ten years and the key auditor may not conduct the statutory audit for more than five years. Termination of the contract with the auditing company is possible, if justified grounds to do so emerge.
- The Audit Committee develops the policy for the selection of the auditing company and determines the procedure of selection of the auditor for performing the statutory audit. The auditor selection procedure is determined at the Audit Committee's discretion. The Audit Committee may instruct the Company's Management Board or employees of the Company selected by it to carry out the selection procedure.
- If an auditor for statutory audit is selected, the selection procedure must meet the following criteria:
  - the auditor on its own, or as part of a chain of companies operating on the territory of the European Union, has not conducted statutory audits for the Company for a period of at least past 10 consecutive years, or of if such a company did conduct a statutory audit for the Company for a continuous period of 10 consecutive years in the past, then a period of at least 4 years has already elapsed since the last of such audits,
  - the organization of the tender process does not exclude from the selection process companies which have obtained less than 15% of their total remuneration on account of auditing public interest units in the Republic of Poland during the past calendar year, which are found on the list of auditors published on the website of the Audit Oversight Committee (Komisja Nadzoru Audytowego) (a sub-page of www.mf.gov.pl*).*
  - in the event that the selection of the auditing company is carried out during the year covered by the audit in question, neither the auditor, nor any member of the chain, of which the auditor is a member, has provided, either directly or indirectly to the Company or to its subsidiaries, any prohibited services, as defined by article 136 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight, during the current financial year, as well as any services related to the development and implementation of internal control procedures or risk management procedures associated with the development or control of financial information, or the

development and implementation of any technological systems concerning financial information during the preceding year.

Major assumptions of the policy of provision to Cyfrowy Polsat of permitted services which are not audit services by the selected auditor, its related companies or members of the chain of which the auditor is a member

- The Company shall not conclude, with the auditor, its related companies or the members of the chain of which the auditor is a member, any agreements for the provision of prohibited services, as defined in Article 5, section 1, paragraph 2 of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.
- Prior to contracting any work, being permitted services and not being an audit, the Audit Committee performs an assessment of the threats and safeguards related impartiality, mentioned in Articles 69-73 of the Act on Statutory Auditors, Audit Firms and Public Oversight. The Audit Committee also oversees compliance of the performed work with the valid law.
- Permitted services include:
  - services involving due diligence procedures related to the Company's economic-and-financial standing;
  - issuing comfort letters in connection with prospectuses issued by the audited entity, carried out in accordance with the national standard for related services and consisting of performance of agreed procedures;
  - assurance services related to pro forma financial information, forecasts of results or estimated results which are included in the audited unit's prospectus;
  - audit of historical financial information to be included in the prospectus which is mentioned in the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
  - verification of consolidation packages;
  - confirmation of fulfillment of the terms of facility agreements concluded by the Company based on the financial information coming from the financial statements examined by a given auditor;
  - assurance services in the scope related to reporting on corporate governance, risk management and corporate social responsibility;
  - services involving assessment of the compliance of the disclosures made by financial institutions and investment firms with the requirements related to disclosure of information concerning capital adequacy and variable components of remuneration;
  - assurance concerning financial statements or other financial information intended for the supervisory authority, the supervisory board or any other supervising body of the company, or the owners whose scope exceeds the scope of the statutory audit and which are intended to assist these authorities in the fulfillment of their statutory duties.

The Audit Committee provides the Supervisory Board with a recommendation regarding the selection of audit company.

In the financial year 2018 the Audit Committee recommended to the Supervisory Board to appoint Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, to audit the financial statements of the Company and the consolidated financial statements of the Company's capital group for the years 2018 and 2019. The recommendation fulfilled the criteria set in the adopted policy of selection of an audit company and followed the selection procedure organized by the Company which met the binding criteria. The recommendation was accepted by the Supervisory Board.

Additionally, the Audit Committee presents recommendations to the Company's Management Board aimed at ensuring the reliability of financial reporting in the Company.

9.7.5. Agreements with the entity certified to perform an audit of the financial statements

On July 6, 2018, the Company entered into an agreement with Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with registered office in Warsaw, for the performance of the audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of the Company's capital group for the financial years ended December 31, 2018 and December 31, 2019.

On February 26, 2020, the Company's Supervisory Board consented to extend the agreement and choose Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, for the performance of the audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of Polsat Plus Group for the financial years ended December 31, 2020, December 31, 2021 and December 31, 2022.

On July 10, 2023, the Company's Supervisory Board consented to extend the agreement and choose Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, for the performance of the audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of Cyfrowy Polsat Group for the financial years ended December 31, 2023 and December 31, 2024.

The following summary presents a list of services provided by the certified auditor and remuneration for the services in the twelve month period ended on December 31, 2023 and December 31, 2022.

[mPLN]	for the year ended December 31	
	2023	2022
Review of interim financial statements	0.2	0.1
Audit of financial statements for the year and other services	0.7	0.4
Total	**0.9**	**0.5**

In the financial year 2023, Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k. provided the following permitted services other than audit services: (i) the review of financial statements, (ii) the execution of agreed procedures with regard to verification of the fulfillment of conditions of concluded credit agreements, based on the analysis of the financial information from the audited consolidated financial statements of Cyfrowy Polsat Group, (iii) the verification of the correctness of the application of Sustainability KPIs in the certificates of compliance reported in accordance with the requirements of the concluded loan agreements, and (iv) the audit of the reports on remuneration of the Members of the Management Board and the Supervisory Board of the Company, after being granted consent from the Audit Committee.

9.7.6. Remuneration of the Members of the Supervisory Board

Rules for remuneration of Members of the Supervisory Board are regulated by the Remuneration Policy for the Management Board and Supervisory Board Members. Information regarding remuneration of Members of the Supervisory Board in 2023 is included in the consolidated financial statements (Note 49) and in the standalone financial statements (Note 44) of the Company for 2023.

9.8. Diversity policy applicable to administrative, managing and supervising bodies of the Company

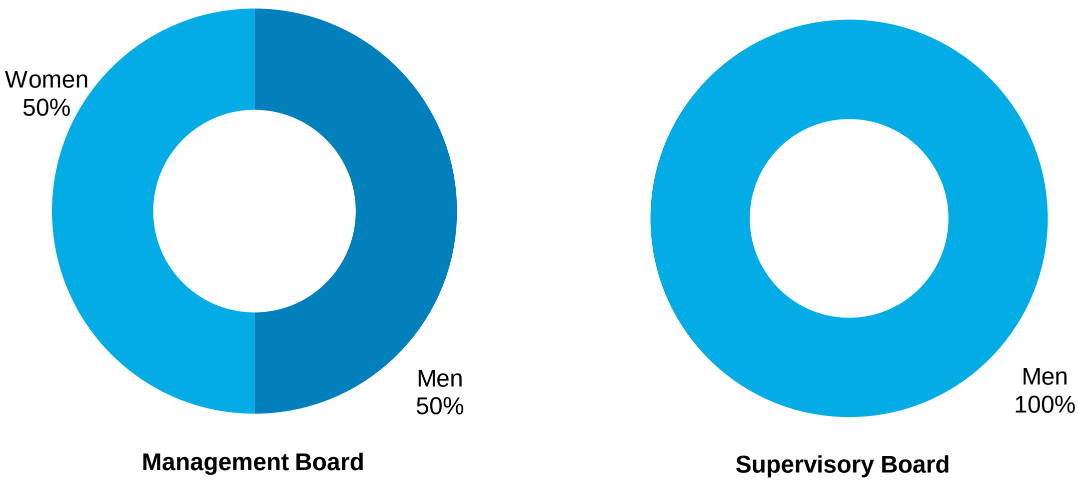
Polsat Plus Group adopted the Diversity and Human Rights Policy which has the purpose of supporting the pursuit of the Group's business goals. The policy enables the Group to respond in a better way to the employees' expectations, make full use of their potential and at the same time help the companies who are part of the Group to adjust to the changes occurring on the labor market. We trust that diversity is one of the sources of our competitive advantage, and competing views, opinions, work styles, skills and experience generate new quality and enable companies to achieve better business results.

The basic principles of Polsat Plus Group's Diversity Policy include respect for human rights and prohibition of any discrimination due to gender, age, sexual orientation, competence, experience, potential degree of disability, nationality, ethnic and social origin, color of skin, language, parental status, religion, confession or lack of any confession, political views, or any other dimensions of diversity which are defined by valid law.

Within the empowerment of these principles, we have developed separate documents which protect diversity and indicate the basic ethical rules. These include, among others, the following policies: Human Resources Policy, Anti-Mobbing Policy, Code of Ethics, Work Regulations, Remuneration Regulations or working time register. The Diversity Policy is implemented, among others, by including diversity-related issues in HR processes and tools, such as organization of training and staff development sessions and recruitment. We expect our leaders to have skills that allow for managing diversified teams and benefit from their diversity in order to fully leverage the potential of employees that make up those teams. An Ethics Officer has been appointed in the Group whose tasks include, among others, the prevention of discrimination and mobbing.

The provisions of Polsat Plus Group's Diversity Policy apply to all employees, including Management Board Members and Supervisory Board Members. While our aim is to promote gender equality among top managerial positions, our policy is above all to appoint persons with appropriate competences, professional experience and education to the Management and Supervisory Boards of the Company. The diagrams below present the gender and age structures of the Members of the Management and Supervisory Boards of Cyfrowy Polsat.

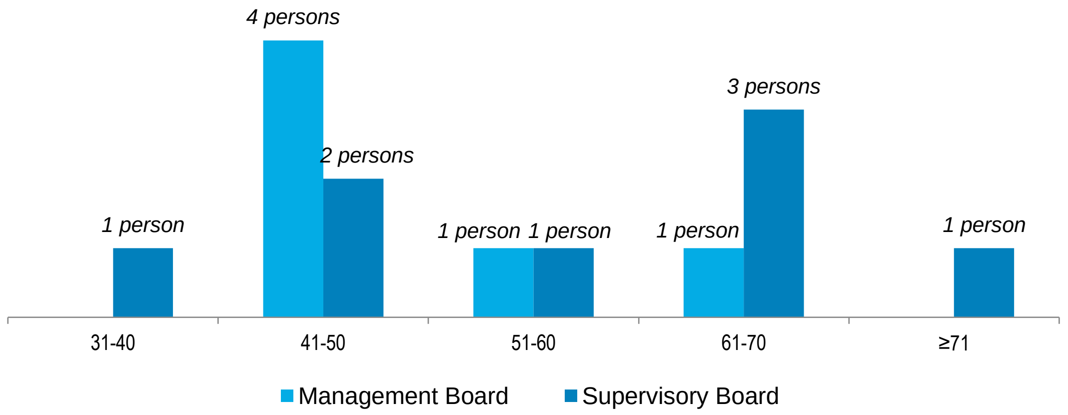
Structure of the Management Board and the Supervisory Board with respect to gender in 2023



As at December 31, 2023 three men and three women sat on Cyfrowy Polsat's Management Board while the Supervisory Board included eight men.

Members of the Management Board and the Supervisory Board have education in fields such as management and marketing, law, economy, finance, or technical education as well as rich and diverse professional experience.

Structure of the Management Board and the Supervisory Board with respect to age as at December 31, 2023



Mirosław Błaszczyk
President of the Management Board

Maciej Stec
Vice President of the Management Board

Jacek Felczykowski
Member of the Management Board

Aneta Jaskólska
Member of the Management Board

Agnieszka Odorowicz
Member of the Management Board

Katarzyna Ostap-Tomann
Member of the Management Board

Warsaw, April 10, 2024

Glossary of technical terms

Term	Definition
2G	Second-generation cellular telecommunications networks commercially launched on the GSM standard in Europe.
3G	Third-generation cellular telecommunications networks that allow simultaneous use of voice and data services.
4G	Fourth-generation cellular telecommunications networks.
5G	Fifth-generation cellular telecommunications networks.
ARPU per B2C/B2B customer	Average monthly revenue per B2C/B2B Customer generated in a given settlement period.
ARPU per prepaid RGU	Average monthly revenue per prepaid RGU generated in a given settlement period.
Base transceiver station	(or: relay station / base station / BTS / transmitter / nodeB / eNodeB) – a device equipped with an antenna transceiver which connects a mobile terminal (e.g., mobile phone or mobile router) with a transmission part of a telecommunications network. A base station uses a single technology (2G, 3G or LTE) on a separate carrier (a frequency block from a separate bandwidth). A base station shall not be mistaken with a site.
Catch-up TV	Services providing access to view selected programming content for a certain period after it was broadcast. Cyfrowy Polsat provides such services from 2011.
Churn	Termination of the contract with B2C Customer by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the Customer does not have any active service provided in the contract model. Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of the termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.
Convergent (integrated) services	A package of two or more services from our pay TV, mobile telecommunications and broadband Internet access offering, provided under a single contract and for a single subscription fee.
Customer	Natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a contract model. A customer is identified by a unique ID number (PESEL, NIP or REGON).
DTH	Satellite pay TV services provided by us in Poland from 2001.
DTT	Digital Terrestrial Television.
DVB-T	Digital Video Broadcasting – Terrestrial technology.
DVB-T2	Digital Video Broadcasting – Terrestrial Second Generation.
ERP	A family of IT systems supporting enterprise management or shared operation of a group of collaborating enterprises through data collection and enabling transactions on the collected data (enterprise resource planning).
FTR	A wholesale charge for call termination in another operator's fixed-line telecommunications network (Fixed Termination Rate).
GRP	A rating point defined as the overall number of persons viewing a given advertising spot over a specific time, expressed as a percentage share of the target group. In Poland, one GRP equals 0.2 million residents in the primary target group for advertisers aged 16-49 (Gross Rating Point).

Term	Definition
HSPA/HSPA+	Radio data transmission technology for wireless networks, increasing the capacity of the UMTS network (High Speed Packet Access/High Speed Packet Access Plus). It also covers the HSPA+ Dual Carrier technology (Evolved High Speed Packet Access Dual Carrier). It supports transmission speeds of up to 42 Mbps for download and up to 5.7 Mbps for upload.
IPTV	Technology enabling transfer of a television signal over IP broadband networks (Internet Protocol Television).
LTE	Long Term Evolution - a standard for high-speed, wireless data transmission also referred to as 4G. Based on a carrier bandwidth limited to a maximum of 20MHz it supports data transmission speed of up to 150 Mbps (downlink, using MIMO 2x2 antennas).
LTE Advanced	Subsequence standard for high-speed, wireless data transmission of the fourth generation (4G). Through carrier aggregation from different bandwidths (a total of up to 100 MHz) it allows to significantly increase maximum data transmission speed up to 3 Gbps (downlink, using MIMO 8x8 antennas).
MIMO	Multiple Input Multiple Output, a method for multiplying the capacity of a wireless network using multiple transmit and receive antennas.
MTR	A wholesale charge for call termination in another operator's mobile telecommunications network (Mobile Termination Rate).
MUX, Multiplex	A package of TV and radio channels and additional services, simultaneously transmitted digitally to the user over a single frequency channel.
ODU-IDU	Outdoor Unit Indoor Unit, a proprietary solution of Polsat Plus Group based on a set comprising an external LTE modem (ODU) and an indoor WiFi router (IDU), which increases effective coverage and improve the quality of the LTE signal.
OTT (Over-The-Top)	A method of delivering content or television over the Internet without the direct involvement of an Internet access provider (known as an open network).
PPV	Services providing paid access to selected TV content (pay-per-view).
real users	An estimated number of persons who visit a website or open an Internet application at least once in a given month (Real Users).
RGU (Revenue Generating Unit)	Single, active and generating retail revenue service of pay TV in all types of access technology, mobile and fixed-line Internet Access or mobile telephony provided in contract or prepaid model.
Site	(or: mast/tower/roof construction) – a single steel construction located in a separated geographical region which allows to install one or a number of base stations in order to provide radio signal to mobile terminals of end-users within that region.
Usage definition (90-day for prepaid RGU)	Number of reported RGUs of prepaid services of mobile telephony and Internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days. In the case of free of charge Internet access services provided by Aero 2, the Internet prepaid RGUs were calculated based on only those SIM cards, which used data transmission services under paid packages within the last 90 days.

Statement of the Management Board

Pursuant to the requirements of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognized as equivalent the Management Board of Cyfrowy Polsat S.A. in the persons of:

- Mirosław Błaszczyk, President of the Management Board,
- Maciej Stec, Vice President of the Management Board,
- Jacek Felczykowski, Member of the Management Board,
- Aneta Jaskólska, Member of the Management Board,
- Agnieszka Odorowicz, Member of the Management Board,
- Katarzyna Ostap-Tomann, Member of the Management Board,

hereby makes the following statement:

a) to best knowledge of the Management Board, the annual consolidated financial statements and the comparable data have been prepared in accordance with the applicable accounting principles and reflect in a true, reliable and clear manner the economic and financial position of Cyfrowy Polsat S.A. capital group and its financial result;

b) the Management Board's report on the operations of Cyfrowy Polsat S.A. capital group contains a true picture of the development and achievements of Cyfrowy Polsat S.A. capital group and its situation, including a description of key risks and threats.

At the same time, in view of the fact that the Supervisory Board of Cyfrowy Polsat S.A. on July 10, 2023 it consented to extend the agreement and choose Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, for the performance of the audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of Cyfrowy Polsat Group for the financial years ended December 31, 2023 and December 31, 2024, the Management Board of Cyfrowy Polsat S.A., on the basis of the statement of the Supervisory Board of Cyfrowy Polsat S.A., informs that:

a) both the audit firm and the audit team members met the conditions to develop an impartial and independent report on the audit of annual consolidated financial statements in line with the mandatory legal provisions, standards of profession and rules of professional ethics;

b) Cyfrowy Polsat S.A. complies with the provisions on the rotation of the audit firm and the key auditor as well as mandatory cooling-off periods;

c) Cyfrowy Polsat S.A. has adopted a policy of selection of an audit company and the policy of provision to the issuer by an audit company, entities affiliated with that audit company or a member of their networks, of authorized non-audit services, including services exempted conditionally from the ban on provision of services by an audit company.

Mirosław Błaszczyk President of the Management Board	Maciej Stec Vice President of the Management Board	Jacek Felczykowski Member of the Management Board
Aneta Jaskólska Member of the Management Board	Agnieszka Odorowicz Member of the Management Board	Katarzyna Ostap-Tomann Member of the Management Board

Warsaw, April 10, 2024

Statement of the Supervisory Board

Pursuant to the requirements of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognized as equivalent, the Supervisory Board of Cyfrowy Polsat S.A. comprised of:

- Zygmunt Solorz – Chairman of the Supervisory Board,
- Tobias Solorz – Vice-Chairman of the Supervisory Board,
- Piotr Żak – Vice-Chairman of the Supervisory Board,
- Józef Birka – Member of the Supervisory Board,
- Jarosław Grzesiak – Member of the Supervisory Board,
- Marek Grzybowski – Member of the Supervisory Board,
- Alojzy Nowak – Member of the Supervisory Board,
- Tomasz Szeląg – Member of the Supervisory Board,

hereby makes the following representations:

I. Statement on the policy of selection of an auditing company

The Supervisory Board hereby states the following:

1) on July 10, 2023 it consented to extend the agreement and choose Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, for the performance of the audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of Cyfrowy Polsat Group for the financial years ended December 31, 2023 and December 31, 2024, in compliance with the applicable regulations,
2) both the audit firm and the audit team members met the conditions to develop an impartial and independent report on the audit of annual financial statements in line with the mandatory legal provisions, standards of profession and rules of professional ethics,
3) Cyfrowy Polsat S.A. complies with the provisions on the rotation of the audit firm and the key auditor as well as mandatory cooling-off periods,
4) Cyfrowy Polsat S.A. has adopted a policy of selection of an audit company and the policy of provision to the issuer by an audit company, entities affiliated with that audit company or a member of their networks, of authorized non-audit services, including services exempted conditionally from the ban on provision of services by an audit company,
5) the requirements relating to the establishment, composition and functioning of the Audit Committee, including those relating to independence of the majority of its members as well as to knowledge and skills in the sector in which Cyfrowy Polsat S.A. operates as well as in accounting or auditing are fulfilled,
6) the Audit Committee has performed the tasks set forth in the mandatory legal provisions.

II. Assessment of the financial statements of Cyfrowy Polsat S.A., the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group, the report of the Management Board on the activities of Cyfrowy Polsat S.A. and the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2022

The Supervisory Board has examined and assessed the following documents:

1) the financial statements of Cyfrowy Polsat S.A. for the financial year ended December 31, 2023 prepared in accordance with International Financial Reporting Standards, including:

   a) the balance sheet as at December 31, 2023, showing total assets and total equity and liabilities of PLN 19,732.9 million,

   b) the income statement for the financial year ended December 31, 2023, showing net profit of PLN 639.6 million,

   c) the statement of comprehensive income for the financial year ended December 31, 2023, showing a total comprehensive income of PLN 615.7 million,

   d) the statement of changes in equity for the financial year ended December 31, 2023, showing an increase in equity of PLN 615.7 million,

   e) the cash flow statement for the financial year ended December 31, 2023, showing a net increase in cash and cash equivalents amounting to PLN 1,762.9 million,

   f) notes to financial statements.

2) the report of the Management Board on the activities of Cyfrowy Polsat S.A. in the financial year 2023,

3) the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year ended December 31, 2023 prepared in accordance with International Financial reporting Standards, including:

   a) the consolidated balance sheet as at December 31, 2023, showing the balance sheet total of PLN 37,176.7 million,

   b) the consolidated income statement for the financial year ended December 31, 2023, showing net profit of PLN 311.6 million,

   c) the consolidated statement of comprehensive income for the financial year ended December 31, 2023, showing a total comprehensive income of PLN 262.6 million,

   d) consolidated statement of changes in equity for the financial year ended December 31, 2023, showing an increase in equity of PLN 494.4 million,

   e) consolidated cash flow statement for the financial year ended December 31, 2023, showing a net increase in cash and cash equivalents amounting to PLN 2.512,9 million,

   f) notes to consolidated financial statements.

4) the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in the financial year ended December 31, 2023.

Having analyzed the above-mentioned documents and the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year ended December 31, 2023, and having acquainted itself with the information of the Audit Committee on the course and results of the examination of fairness of financial reporting in Cyfrowy Polsat S.A. Capital Group, the Supervisory Board hereby states that the information presented in the above mentioned statements reflects in an accurate and proper manner the operational and financial standing of Cyfrowy Polsat S.A. and Cyfrowy Polsat S.A. Capital Group.

Considering the above, the Supervisory Board hereby represents that:

- the financial statements of Cyfrowy Polsat S.A. for the financial year 2023,
- the report of the Management Board on the activities of Cyfrowy Polsat S.A. in the financial year 2023,
- the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year 2023,
- the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2023

have been drawn up in accordance with the books and documents as well as with the factual status and mandatory legal provisions.

Zygmunt Solorz Chairman of the Supervisory Board	Tobias Solorz Vice-Chairman of the Supervisory Board	Piotr Żak Vice-Chairman of the Supervisory Board
Józef Birka Member of the Supervisory Board	Jarosław Grzesiak Member of the Supervisory Board	Marek Grzybowski Member of the Supervisory Board
Alojzy Nowak Member of the Supervisory Board	Tomasz Szeląg Member of the Supervisory Board	

Warsaw, April 10, 2024