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Cyfrowy Polsat S.A.

# Annual Report for the financial year ended December 31, 2022

Warsaw, April 20, 2023

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# Letter of the President of the Management Board

Ladies and Gentlemen,

The year 2022 was another year that presented our Group with unexpected challenges. Russia's aggression in Ukraine has been ongoing for more than a year, and we have been experiencing its economic and social consequences.

Polsat Plus Group has been actively supporting society for nearly 30 years, and this time we also responded immediately. From the very first days of the invasion, we provided refugees with a range of free telecommunication and television services, and the companies from Zygmunt Solorz Group donated PLN 5 million to the campaign "Polsat Foundation to the Children of Ukraine." In total, Polsat Plus Group donated tens of millions of zlotys to initiatives helping our neighbors last year. Our employees were also involved in the aid campaigns - thank you all very much for your time and goodness shown.

Last year, in line with our Strategy 2023+, we consistently developed a new business segment - Clean Energy. The economic impact of the war in Ukraine revealed how important Poland's energy transition is for the society, the economy, as well as the environment. In cooperation with ZE PAK, we are successively investing in new sources of zero-emission energy. Currently, wind farm projects with a total capacity of nearly 300 MW are under construction. There are also plans to expand the solar farm in Brudzew, which last year produced 78 GWh of zero-emission electricity to power the transmitters of Plus network.

Our medium-term goal is to have renewable energy sources with a total capacity of 1,000 MW, which will give us the ability to produce more than 2 TWh of clean electricity annually. We estimate that this will contribute to reducing $CO_2$ emissions in the Polish economy by more than 2 million tons per year. Our Group companies have also been using green energy for a few years, and today 100% of the energy we consume already comes from low- and zero-emission sources.

We have made important progress in building a complete, nationwide green hydrogen value chain, which, along with clean energy production, is our second priority within the Clean Energy segment. The first electrolyzer for the production of green hydrogen is being installed, we have 3 specialized trucks for its transportation, we are building the first publicly accessible hydrogen refueling stations in Warsaw and Rybnik, and projects for further ones are already in the pipeline. A factory is being built in Swidnik for NesoBus – a fully ecological, green hydrogen-powered city bus, which has already been test-driven by residents of Warsaw, Gdansk, Gdynia, Konin and Wroclaw. We have concluded a contract for the delivery of 20 buses to Rybnik, and the first ecological vehicles will take to the city's streets this fall. In turn, we have increased the number of hydrogen cars in our corporate fleet to 150.

As a 5G leader, we are constantly developing this technology, enabling more users to benefit from it. Currently, more than 20 million Polish residents in nearly 1,000 locations across the country are within range of Plus' fastest 5G network, consisting of nearly 3,500 base stations.

With the aim of providing the widest possible group of customers with access to fixed Internet, we are continuing Netia's network modernization program, investments in new housing estates, and occasional acquisitions of networks of smaller local operators. The ability to use high-speed Internet in any technology positively influences the popularity of our television services available via the Internet.

Polsat TV - the first private, independent TV station in Poland - celebrated its 30th anniversary and invariably offers millions of its viewers the best entertainment, exciting sports, engaging films and series, and reliable and, according to independent research, the most credible information.

In the online media segment, we focus on the creation and delivery of unique content, thanks to which Polsat-Interia Group has 21 million users and is among the country's top three players in the Internet services area.

Our streaming service Polsat Box Go is being developed all the time in terms of technology, functionality and programming. Since last autumn we have placed an even stronger bet on the premieres of Polish series, so eagerly chosen by our users. More than 130 TV channels, live sports, a wealth of movies, series, entertainment, children's and news programs remain the hallmark of this service.

In total, we provide more than 20 million telecommunication and television services to Polish homes, and nearly 2.5 million of our customers take advantage of our multiplay offer, achieving measurable financial benefits from bundling services from Polsat Box and Plus. We are the only telecommunication and pay-TV provider to enter into a partnership with Disney+ and offer access to the service on attractive terms in packages bundled with our services.

Despite the unfavorable macroeconomic environment, we achieved very good financial results. Polsat Plus Group's revenues amounted to almost PLN 13 billion, EBITDA to PLN 3.4 billion and net profit to PLN 0.9 billion.

The success of our Group is the achievement of several thousand of our employees - I would like to thank all of them greatly for their tremendous commitment, initiative, perseverance in pursuing their goals, as well as their willingness to provide selfless assistance. I thank customers and viewers for being with us every day and motivating us to keep growing. I also extend my thanks to shareholders, financial partners and representatives of the Supervisory Boards and Management Boards of the Group companies - with your trust and support, it is possible to successfully implement our strategy.

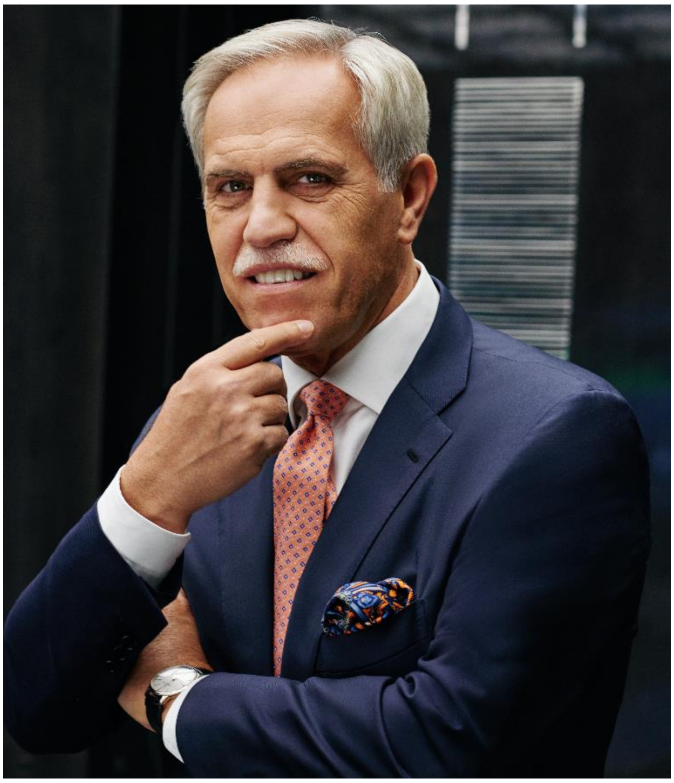
There are many new challenges ahead of us, but I am convinced that they are motivation for our team to make even more efforts to develop Polsat Plus Group in accordance with our goals and to offer clients and viewers content and services that meet their needs in the best way.

Yours faithfully,

Mirosław Błaszczyk

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

# Letter of the Chairman of the Supervisory Board



Ladies and Gentlemen,

The report submitted to you describes and summarizes in detail our activities in 2022.

It was undoubtedly another "troubled" year in terms of our macroeconomic environment and, more broadly, the entire world order. On the one hand, it was a year of recovering from the pandemics, but on the other - and probably most importantly - of the still ongoing war triggered by Russia's invasion of Ukraine. Both of these issues undoubtedly have a gigantic impact on the economic and social situation around the world, and especially here in Poland, which directly borders both the invaded Ukraine and the Russian aggressor. In addition to our standard activities, we have therefore continued our aid activities in support of Ukraine and its citizens, especially those who have found refuge in Poland for the duration of the war.

The most important and crucial point, however, is that we have been consistently implementing our plans all along, and last year was another period of many challenges, strategic changes and decisions for us.

As announced, in pursuit of the assumption of further long-term development of our Group, we implemented our Strategy 2023+, announced in 2021, under which we added the third segment of Clean Energy to the two main business pillars of our Group - Telecommunication under Plus brand and Content under Polsat brand. We want to provide Poles with low-cost, clean, green energy, which is essential for everyday life and which, along with telecommunications and media services, is a basic service in every household.

We are developing both the Telecommunication and Content pillars. We are increasing the coverage of Poland's fastest 5G network - currently 5G of the Plus network reaches more than 20 million people living in more than 1,000 towns and cities thanks to 3,500 transmitters. We are betting on strengthening the video content we offer, in particular we will focus on developing our streaming service Polsat Box Go.

We are very active in the Clean Energy pillar, which is crucial for the future and development of the entire Poland. Poland needs clean, cheap and green energy, which we want to produce and supply to Polish homes and businesses. Together with ZE PAK, we are intensively developing wind, solar and biomass power projects. In the area of onshore wind farms, we are already implementing projects with a total capacity of nearly 300 MW. In photovoltaics, we are preparing to expand the Brudzew farm. A special position in our strategy is occupied by hydrogen economy - the past year saw the debut of the first Polish hydrogen bus, the construction of a hydrogen bus factory and hydrogen refueling stations. In 2023, the first electrolyzer in Poland to produce green hydrogen on a mass scale will begin operations. Today, 100% of the energy used by Polsat Plus Group companies already comes from renewable sources. We believe that the energy transition is necessary and even essential for us as a society to breathe clean air and live in a better environment.

On behalf of the Supervisory Board of Cyfrowy Polsat, I would like to thank our customers for another year together, for their loyalty, trust in our services and products that we create with them in mind, and for motivating us to introduce more innovations. I would like to pay special tribute to all the Group's employees, who once again prove that thanks to their commitment, diligence, high motivation and efficiency, all projects and tasks are successfully implemented and our Group remains a leader.

I would like to thank the investors very much for their trust and willingness to continue to participate with me, as shareholders, in building the future of Polsat Plus Group.

Yours faithfully,

Zygmunt Solorz

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

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# Report of the Management Board on the activities of Cyfrowy Polsat S.A. for the financial year ended December 31, 2022

Warsaw, April 20, 2023

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## Disclaimers

This constitutes the report of Cyfrowy Polsat 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 the Company 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, 2022, 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 financial data for the twelve-month periods ended December 31, 2022 and December 31, 2021. This information should be read in conjunction with the financial statements for the twelve-month period ended December 31, 2022 (including notes thereto) constituting part of this Report and the information included in item 4 of this Report – *Operating and financial review of the Company*.

Selected financial data:

- from the consolidated income statement and the consolidated cash flow statement for the twelve-month periods ended December 31, 2022 and December 31, 2021 have been converted into euro at a rate of PLN 4.6869 per EUR 1.00 (average exchange rate in the period from January 1, 2022 to December 31, 2022 announced by the NBP)
- from the consolidated balance sheet data as at December 31, 2022 and December 31, 2021 have been converted into euro at a rate of PLN 4.6899 per EUR 1 (average exchange rate on December 30, 2022 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 | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | mln PLN | mln EUR | mln PLN | mln EUR |
| Revenue | 2,382.5 | 508.3 | 2,448.6 | 522.4 |
| Operating costs | (2,042.1) | (435.7) | (2,056.7) | (438.8) |
| Other operating income/(cost), net | 2.7 | 0.6 | (5.3) | (1.1) |
| **Profit from operating activities** | **343.1** | **73.2** | **386.6** | **82.5** |
| Gain on investment activities, net | 1,188.7 | 253.6 | 4,048.7 | 863.8 |
| Finance costs, net | (241.9) | (51.6) | (103.3) | (22.0) |
| **Gross profit for the period** | **1,289.9** | **275.2** | **4,332.0** | **924.3** |
| Income tax | (41.3) | (8.8) | (726.1) | (154.9) |
| **Net profit for the period** | **1,248.6** | **266.4** | **3,605.9** | **769.4** |
| **Basic and diluted earnings per share (not in millions)** | **2.24** | **0.48** | **5.68** | **1.21** |
| Weighted number of issued shares (not in millions) | | 557,758,269 | | 634,936,486 |
| **EBITDA(1)** | **517.4** | **110.4** | **572.1** | **122.1** |
| EBITDA margin | 21.7% | 21.7% | 23.4% | 23.4% |

(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 | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | mPLN | mEUR | mPLN | mEUR |
| Net cash from operating activities | (383.3) | (81.8) | 441.1 | 94.1 |
| Net cash used in investing activities | (73.3) | (15.6) | 4,505.5 | 961.3 |
| *Incl. capital expenditures(1)* | *(125.0)* | *(26.7)* | *(58.1)* | *(12.4)* |
| Net cash used in financing activities | (1,357.5) | (289.6) | (3,847.2) | (820.8) |
| Net increase/(decrease) in cash and cash equivalents | (1,814.1) | (387.1) | 1,099.4 | 234.6 |

(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, or payments for concessions, which are reported in a separate line of our cash flow statement.

### *Balance sheet*

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| | mPLN | mEUR | mPLN | mEUR |
| Cash and cash equivalents(1) | 120.7 | 25.7 | 1,934.8 | 412.5 |
| Assets | 15,658.3 | 3,338.7 | 16,176.1 | 3,449.1 |
| Non-current liabilities | 3,022.7 | 644.5 | 3,272.1 | 697.7 |
| Non-current financial liabilities(2) | 2,961.9 | 631.5 | 3,189.3 | 680.0 |
| Current liabilities | 1,141.4 | 243.4 | 1,613.6 | 344.1 |
| Current financial liabilities(2) | 430.0 | 91.7 | 263.9 | 56.3 |
| Equity | 11,494.2 | 2,450.8 | 11,290.4 | 2,407.4 |
| Share capital | 25.6 | 5.5 | 25.6 | 5.5 |

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

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

# 1. Characteristics of the Company

## 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.

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).

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. We are constantly working on expanding our offering and entering new distribution markets. We pay attention to the development of unique content, acquired both internally and externally, as we consider it an important competitive advantage in our operations.

In December 2021, we adopted the *Strategy 2023+* for our Group, which envisages the expansion of our existing operating activities into a new area - clean energy production. The new operational pillar will open the possibility of building an additional revenue stream for Polsat Plus Group and will bring tangible social benefits in the form of greenhouse gas emissions reduction. In line with the concept of ESG, we want to create the value of our Group in a sustainable manner taking into account and addressing environmental, social, responsible and transparent business issues, to the benefit of the local society and all our stakeholders. The superior goal of our strategy remains the sustained, long-term growth of the value of Cyfrowy Polsat S.A. for its Shareholders.

### *Pay TV*

We are the largest pay TV provider in Poland. Since 2006, we are the leader on the Polish market in terms of the number of customers and active services, as well as DTH market share and we actively expand our pay TV offer by adding both new forms of service provisioning (IPTV and OTT). Moreover, we actively develop additional services which build customer value, such as Multiroom, VOD or paid video online subscriptions.

Our offer includes mainly digital pay TV services distributed directly to end-users via Internet and satellite through set-top boxes and satellite antennas. Our programming strategy is to offer a wide range of channels that appeal to the whole family at attractive prices. At present we provide access to about 160 TV channels, including all of Poland's main terrestrial channels as well as general entertainment, sports and e-sports, music, lifestyle, news/information, children's, education and movie channels. In addition, we provide OTT services, such as Polsat Box Go, VOD/PPV, online video and music services, catch-up TV and Multiroom HD services.

Currently, we are the only operator in Poland to offer our customers high quality set-top boxes manufactured in a plant in Mielec, Poland, which belongs to Polsat Plus Group. We systematically develop the software of our set-top boxes and improve their functionality, so as to better address changing consumer preferences and video consumption trends. We also dynamically expand next generations of our set-top boxes to offer, in particular, new devices which allow to receive our content via Internet links, both in IPTV and OTT technologies.

### *Online video*

Our VOD and online television service and app – Polsat Box Go – offers viewers a wide selection of online content accessible at any time, wherever viewers are and on a device of their choice. Polsat Box Go offers content of the Group as well as external producers, distributors and broadcasters, including up to 130 TV channels, sports, movies, series, entertainment, news and cartoons, also in a subscription-based model without commercials. In turn, Polsat Go offers its viewers free of charge content from various Telewizja Polsat and the Group channels, including among others popular series, entertainment and news shows, and generates income from commercials.

Moreover, we offer our satellite TV customers the video on demand (VOD) "Home Film Rental" service which allows paid access to the latest novelties and film hits through a set-top box.

## 1.2. Information on organizational or capital connections with other entities

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, 2022 | December 31, 2021 |
| Polkomtel Sp. z o.o. | Konstruktorska 4, 02-673 Warsaw | telecommunication activities | 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 activities | 100% | 99.999% |
| Asseco Poland S.A.(1) | Olchowa 14, 35-322 Rzeszów | software activities | 22.95% | 22.95% |
| Port Praski Sp. z o.o. | Krowia 6, Warsaw | implementation of construction projects | 66.94% | - |
| PAK-Polska Czysta Energia Sp. z o.o.(1) | Kazimierska 45, Konin | holding activities | 40.41% | - |
| Interphone Service Sp. z o.o.(2) | Inwestorów 8, 39-300 Mielec | production of set-top boxes | 99% | 99% |
| Vindix S.A | Al. Stanów Zjednoczonych 61A, 04-028 Warsaw | other financial services | 100% | 46.27% |
| Teleaudio Dwa Sp. z o.o. Sp.k.(2) | 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% | 1% |
| Plus Pay Sp. z o.o. (2) | 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% |

| Company | Registered office | Activity | Share in voting rights (%) as at December 31, 2022 | Share in voting rights (%) as at December 31, 2021 |
|---|---|---|---|---|
| CPSPV1 Sp. z o.o. | Łubinowa 4a, 03-878 Warsaw | technical services | 100% | 100% |
| CPSPV2 Sp. z o.o. | Łubinowa 4a, 03-878 Warsaw | technical services | 100% | 100% |
| Orsen Holding Ltd. | Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta | holding activities | 100% | 100% |
| Orsen Ltd.(2) | Elia Zammit Street, St. Julian'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% | 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 activities | 70.02% | 70.02% |
| INFO-TV-FM Sp. z o.o.(2) | Łubinowa 4a, 03-878 Warsaw | radio and television activities | 73.5% | 73.5% |
| Stork 5 Sp. z o.o. | Łubinowa 4a, Warsaw | holding activities | 100% | 100% |
| Modivo S.A. (formerly eObuwie.pl S.A.) | Nowy Kisielin-Nowa 9, 66-002 Zielona Góra | retail sales | - | 10% |
| Polsat Media Sp. z o.o. (formerly Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.)(3) | Ostrobramska 77, 04-175 Warsaw | media | 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.(1) | 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) Shares in associates include shares in Asseco Poland S.A., PAK-Polska Czysta Energia Sp. z o.o. and Polskie Badania Internetu Sp. z o.o.
(2) Cyfrowy Polsat owns directly and indirectly 100% of shares.
(3) 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 the court entered the transformed company into the register.

## 1.3. Strategy of Polsat Plus Group

### 1.3.1. Our Strategy 2023+

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 S.A. 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, financial products 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 $CO_2$ 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 $CO_2$). 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 Cyfrowy Polsat S.A. 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 Cyfrowy Polsat S.A.

### 1.3.2. 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 (currently 6% share).
- 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.

(1) Applies at least to main operations operating companies of Polsat Plus Group: Cyfrowy Polsat, Telewizja Polsat, Polkomtel and Netia.

**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 42 thousand 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 (ISO 27001 certificate).
- Experience, trust, reputation – our companies' Management Boards are served by individuals with many years of work experience in the Group.

In a further step of developing our ESG strategy, in November 2022 we adopted a framework document for linking the Polsat Plus Group's future external financing with its long-term sustainability goals ("*Polsat Plus Group Sustainability-Linked Financing Framework*").

The document presents our sustainability strategy plan and especially the environmental focal points of our business plan, in particular around 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 at broadening our commitment to drive the effort to fight global warming. To showcase the central role in the transition towards a sustainable economy, we have the ambition and commitment to use this Framework to issue debt instruments in sustainability-linked format across both loans and bonds. The first such issue of Series D Bonds took place in January 2023.

Our Sustainability-Linked Financing Framework underwent an external expert evaluation, documented by a publicly available Second-Party Opinion, which was 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 | Ambitiousness of 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 |

## 1.4. Competitive advantages

### *We are part of the leading integrated media and telecommunications group in the region*

Our major competitive advantage is that we have gathered and manage autonomously all key assets within our Group. Thanks to this we can efficiently operate a diversified business comprising pay TV in DTH and online (IPTV, OTT), mobile and fixed-line telephony, mobile and fixed-line broadband Internet, wholesale business as well as TV broadcasting and production and on-line services of content, news and video sharing.

We are a leading player in the markets in which we operate. Since 2006, we are the leader of the Polish pay TV market both in terms of customers and the number of active services and market share. Our subsidiary, Polkomtel, which focuses on the provision of mobile telecommunication services under the 'Plus' brand, is one of the leading telecommunication operators in terms of generated revenues and the scale of the base of mobile telephony and the mobile broadband Internet access services. In turn, our subsidiary Netia is a leading provider in fixed-line services, including broadband Internet offered mainly in fiber optic technologies. At the same time we are the leading TV group in Poland in terms of advertising revenues and audience share and, starting from 2020, following the acquisition of Interia.pl Group we became one of the major Internet publishers in Poland.

Additionally, our advantage is that we have an extensive nationwide distribution network through which we sell most of the services offered by our Group. We simultaneously offer our services in alternative telemarketing channel as well as online in our own online stores.

#### *We have strong brand recognition and enjoy good reputation among our customers*

Our core brand 'Polsat Box' is well recognized by Polish consumers and we believe it is associated with high quality and value-for-money services addressed to the entire family.

We believe that our position as the largest pay TV operator in Poland and good relations with programming licenses providers give us a competitive advantage in obtaining high quality content on attractive market terms. Therefore, we are able to offer attractive programming packages at competitive prices which translates favorably into viewers' opinions on us. At the same time, through investing in the latest technologies which allow to offer high quality telecommunication services, we constantly increase attractiveness of our services which contributes to high satisfaction levels among our customers.

#### *We have a significant customer base to which we can up-sell a broad portfolio of services*

Polsat Plus Group has a significant base of individual, business and corporate customers, as well as prepaid users. This base includes approximately 6 million unique individual customers, bound by contracts for definite or indefinite periods of time, which generate a regular monthly revenues stream. We provide retail services to nearly every second household in Poland, which makes us one of the largest Polish service providers for residential customers.

Our strategy assumes up-selling to this customer base of an extensive portfolio of telecommunication, television and other services and products by our companies independently or in partnership with other entities, in order to increase revenues generated by every customers. We believe that up-selling services to our own base will enable us to increase revenue in a cost-effective way, while simultaneously offering to our customers attractive price terms, which should translated into an improvement of customer satisfaction and loyalty.

#### *We offer a unique combination of integrated services*

We provide multiplay services combining mainly pay TV, Internet access and telecommunication services. In addition, we offer our customers the option to purchase other services essential for the home and business at attractive prices. The *Strategy 2023+* that we adopted in December 2021 assumes the further expansion of our portfolio with new services related to the production and sale, at affordable prices, of clean energy from zero and low-emission sources. The ability to provide a comprehensive range of multi-play services represents our significant competitive advantage on the pay TV market in Poland, which ensures greater price elasticity and more operational effectiveness on this highly competitive market.

The provision of services in an integrated model enables us to offer attractive price terms to our customers, while simultaneously simplifying the process of customer service, which translates into the improvement of customer satisfaction and loyalty, thus decreasing the churn rate. We believe that, similarly to highly-developed European countries, preferences of Poles will gradually move into integrated services direction, which will strengthen our competitive advantage.

### *Multi-platform distribution of online video content and proprietary technology for video online content distribution*

Our Polsat Box Go online video service offers access to unique content through a wide range of end-user devices, including computers/notebooks, tablets, smartphones, TV sets with Internet connections and set-top boxes, in line with our principle: “For everyone. Everywhere”. Our objective is to provide access to an extensive range of audio-visual content through any type of device for playing online multimedia files. We strive to ensure that each type of platform is supported by all major equipment manufacturers and operating systems.

Polsat Box Go strengthens our position as an aggregator and distributor of content and ensure an important competitive advantage. We continue to develop our services using our experience in sales of pay TV, which helps us achieve synergies in terms of costs and revenues.

We have also developed unique technological competences in encoding and streaming audio-visual content, as well as optimizing distribution of this type of signal. Unlike our competitors, we apply proprietary solutions to our online video platforms, which enables us to provide services that are optimally adjusted to the limited Internet infrastructure in Poland and the capacities of external systems with which our applications are integrated. In this way, we may offer services of higher quality than the widely used solutions, for instance, our system of HD video stream encoding helps reduce the broadband required to deliver the signal by half as compared with solutions implemented by other operators on the Polish market. Hence, the optimized technology has a direct effect on our projects, their coverage potential and the number of concurrent viewers.

### *New entrants must overcome significant regulatory and operational barriers or incur very significant investment outlays to compete effectively in the markets in which we operate*

We believe that we benefit from significant market entry barriers that will aid us in maintaining our leading positions in the competitive Polish pay TV market. Unlike potential entrants to the Polish pay TV market, we benefit from economies of scale and a loyal customer base, and we can spread the relatively high cost of the necessary technologies over our large customer base and leverage the stronger bargaining power that comes with a leading market position.

### *We have strong, stable and diversified cash flows*

Our Group’s large retail customer base, stable monthly subscription revenue and low churn rates provide us with significant predictability of future revenue and strong recurring cash flows, which have historically proven to be resilient, even during periods of challenging economic conditions, such as the COVID-19 pandemic.

In the case of our cost base, we focus on improving the efficiency while maintaining high quality by carrying out initiatives aimed at the development of in-house services and systems. Examples include our own set-top-boxes manufacturing plant or the gradual centralization of back-office processes within the Group.

### *We have experienced managing staff*

Our management team consists of executives who were members of the management boards or served in other managerial positions within the media, TV and telecommunications industries and have many years of experience in these industries. In addition, our business segments are managed by teams of experienced senior managers who provide expertise and a deep understanding of the markets in which we operate. What distinguishes us is a low factor of rotation among our key managing staff, which positively reflects on the stability of our business and operating results. Our senior managers have a significant track record of increasing our customer base and market share and introducing new products in competitive environments while managing costs and increasing free cash flow.

## 1.5. Market opportunities

We believe that Poland is an attractive market for our current and planned products and services for a number of reasons. Key market opportunities are presented below.

### *Growing importance of bundled services*

Convergence, understood as a combination of at least two services from different base groups of telecommunications 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 more and more often 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 an increasingly 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 the fixed-line operator Netia by the Company in May 2018 can serve as an example of such consolidation in Poland. Thanks to this transaction we combined all assets necessary to provide fully convergent services within our Group. As a result we can adjust our offering to better match customers' needs and we manage costs more effectively. Based on Netia's infrastructure, we launched, among others, the cable TV service in IPTV technology, which is available to customers of fixed-line Internet services offered by Plus, Netia and Orange. As a next step, in July 2019, we implemented our OTT television service, which can be accessed via the Internet delivered by any service provider.

The introduction of new Internet television services to our offering represents the next phase of the development of our Group and is our response to the changing needs and expectations of our customers who can now decide which content delivery channel suits them best.

### *Low penetration rate of multi-play services, in particular in low-urbanized areas*

In the past integrated services in Poland were provided by cable TV operators and selected fixed-line telecommunication operators and were offered mainly in large and medium-sized cities, which among others results from the geographical coverage of their infrastructure telecommunications and cable infrastructure.

According to a report by the analytical company PMR, in 2018 49.3% of households in Poland declared using more than one service from the same provider, while in 2022 it is estimated that this indicator increased to 58.2%. Due to the still low saturation with integrated services and the still underdeveloped fixed-line broadband access infrastructure in low-urbanized areas, Cyfrowy Polsat is gradually building its position of a leading provider of high-quality integrated services in Poland.

### *Growing market for new technologies and equipment and the resultant increase in access to and consumption of audiovisual content*

As the market for innovative technologies is growing at a fast pace, the number of mobile devices (smartphones, notebooks and tablets or Smart TV sets) owned by consumers is on the rise as well. This has spurred a sharp increase in access to video content, and hence in video viewership. Consumers expect service providers to offer them the possibility of watching content on any screen, anywhere and at any time. We perceive this group as a prospective customer segment for television services, opening also the opportunity for the monetization of our audiovisual content. At the same time, the above mentioned trend will translate into an increased demand of our customers for data transmission on mobile devices, which in turn will result in a growing stream of revenues from the sale of these services to our customers.

## 1.6. Development prospects

We are the parent company of the largest media and telecommunications group in Poland we have gathered under one roof 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 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 infrastructure of our subsidiary Netia to expand the reach of services provided by Polsat Plus Group in fixed-line technologies. In particular, Netia's access network reach opened a new market of large cities and urban areas for us, which so far has been accessible mainly to cable network operators. 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 TV 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 is 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 believe that the introduction of our IPTV and OTT television offers in 2019 represents a significant step in 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. Business overview of the Company

## 2.1. Activities on the pay TV market

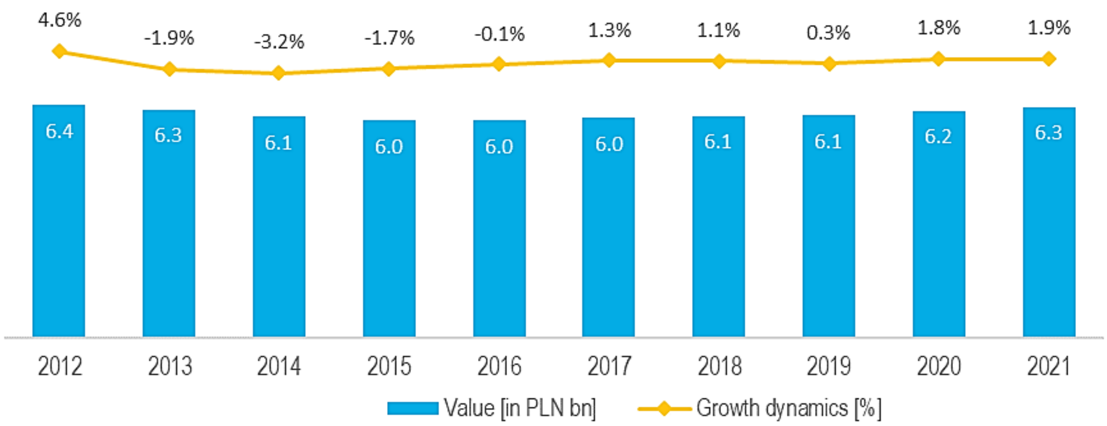
### 2.1.1. Pay TV market in Poland

***Market value and growth dynamics***

The Polish pay TV market is a mature market characterized by a high degree of penetration. On the one hand, a high level of market penetration with pay TV services (estimated by PMR at ca. 70% of households with at least one person aged between 16 and 74 years old) leads to a low growth potential. 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, enabling users to consume content on demand on a wide range of mobile devices. 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 2021 the market was worth PLN 6.3 billion (+1.9% YoY), 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. 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 multiroom services, are the factors influencing the value of pay TV market.

**Value and growth dynamics of the pay TV market in Poland**




*Source: PMR, Pay TV and VOD market in Poland, 2022*

***Competitive environment***

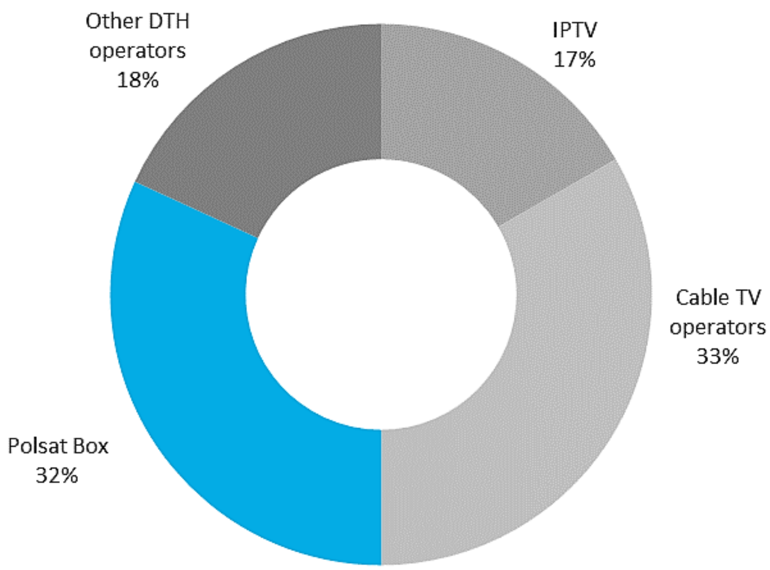
Pay TV services in Poland are offered by satellite platform operators (DTH), cable TV operators as well as by IPTV providers. According to our estimates, sector data and PMR forecasts, in 2021 operators of satellite TV platforms had the dominant share, both in terms of the number of subscribers and revenue, on the pay TV market – approximately 50% 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 17% in 2021.

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 2021 was amounted to around 5.0 million (-6% 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.

**Pay TV market in Poland in 2021 in terms of the number of subscribers**




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

Polsat Box is the market leader in terms of the number of pay TV customers. We actively expand our offer by selling paid access to online television in our Polsat Box Go service or the Multiroom HD option, as a result of which as at December 31, 2022 we provided over 5 million contract pay TV services (together with the services of paid access to online television). We have also actively entered the Internet TV market (IPTV, OTT with a set-top box). Based on own and PMR forecasts, we estimate that at the end of 2021 the share held in the Polish pay TV market by our platform Polsat Box, in terms of the number of subscribers, was approximately 32%.

The second player in terms of subscriber base was the platform Canal+ which provided services to approximately 1.9 million subscribers in 2021, according to PMR data. This translated into a share of ca. 18% in the pay TV market.

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. Rapid growth of interest in this form of access to television occurred in 2013, as the process of digitization of terrestrial TV in Poland reached its completion, and remains stable since. According to PMR estimates, in 2021 a little under 31% of households in Poland used the free-to-air terrestrial television only, while in 2027 this share is expected to be kept, according to PMR forecasts. 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 over 280 companies operating on it, according to UKE. The three dominating players, however, are: Vectra Group, UPC and Inea. PMR estimates that in 2021 the combined share held in the Polish cable TV market by these three operators amounted to 82% in terms of the number of subscribers.

Possibilities of acquiring new subscribers are limited due to high penetration with cable TV in urban areas as well as the low interest of cable TV operators to make investments in cable TV infrastructure in less urbanized and rural areas of Poland.

Consolidation continues on the Polish cable TV market. In February 2020, as a result of the finalization of the acquisition of 100% of shares of Multimedia Polska by Vectra, the second and the third biggest cable TV operator consolidated and hence Vectra Group surpassed the to-date leader, UPC, in terms of the number of subscribers. Consolidation of cable TV operators increases chances for larger scale transactions between sectors, and subsequently the construction of convergent offers (combining mobile and fixed-line services) by mobile operators. Taking control by Polsat Plus Group over Netia in 2018 or the finalized in 2022 process of taking control over UPC by the mobile operator Play can serve as examples of such transactions.

**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. In 2020, Cyfrowy Polsat also introduced an IPTV offer to the market – the offer is available through broadband Internet access offered by Plus, Netia or Orange.

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 present, it is difficult to estimate whether and when operators will be able to develop, to a substantial degree, their IPTV offer in rural, suburban areas and small and medium sized towns, and the impact of such a development on the operations of DTH providers. 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.

Simultaneously, mobile operators who strive to propose convergent offerings to their customers become players on the pay TV market through entering into cooperation with operators who own fixed-line broadband infrastructure. An example of such cooperation can be seen in the agreement signed between Orange Polska and T-Mobile Polska, thanks to which T-Mobile has been providing its services on part of the FTTH network owned by Orange since July 2019. Moreover, mobile operators strive to offer TV products based on similar partnerships, currently mostly in the form of IPTV or OTT services built by themselves (Play Now TV) or purchased directly from content providers.

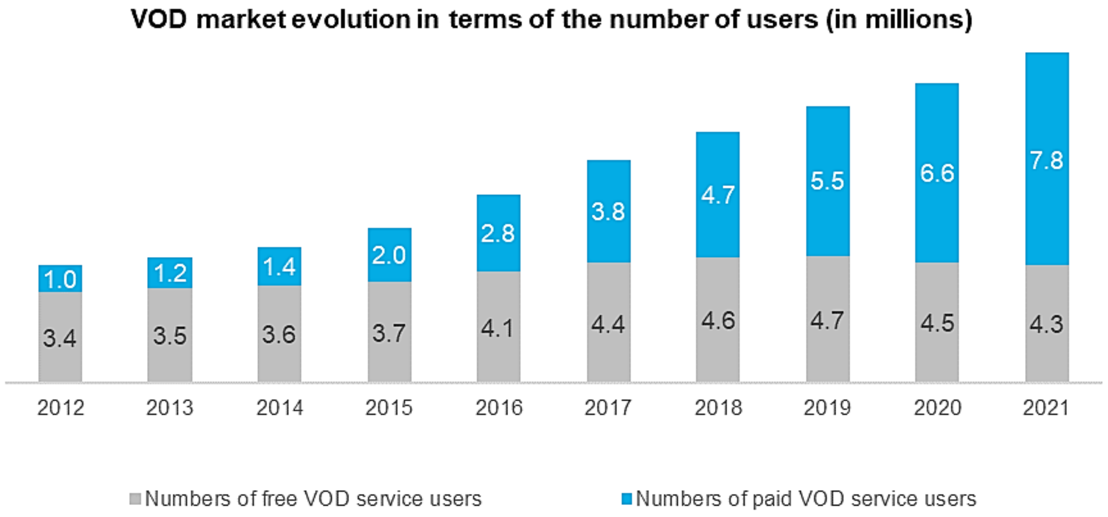
### *Video on demand*

Poland has also seen the successive development of the video-on-demand market – VOD (*video on demand) and* OTT (*over the top*). Video content is supplied to customers directly as a stand-alone service, offered via Internet connection, or as an element of pay TV packages. Progressing improvement of the quality of broadband Internet connections, and consequently of data transmission speed offered to customers, as well as changing preferences of consumers who wish to have access to their favorite content at the time, the device and place of their choice are the factors that have a positive influence on the growth of the OTT and VOD services market in Poland.

The Polish VOD market is 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 (like US giants Netflix or Amazon Prime Video). In terms of the number of users, the most popular online services include Netflix, player.pl, Polsat Box Go, cda premium, HBO Max and Canal+. At the same time new players are successively entering the market – Viaplay started its operations in 2021, HBO Max and Disney+ in 2022, and SkyShowtime launched the offer in February 2023.

It is difficult to estimate the size of the Polish VOD market due to the lack of publicly available data from service operators, multiple distribution platforms for a given service or the so-called overlap, i.e., the simultaneous use of many services by the same user. Nevertheless, PMR estimates that in 2021 there were approximately 12 million users of VOD services, up by around 10% year–on-year.

At the same time, the trend of Poles becoming increasingly accustomed to paying for online video content is becoming more distinct, which is reflected by the growing number of users of paid VOD services. According to PMR in 2021 over 64% of VOD users in Poland decided to use the services in a paid model. The trend of migration of users to paid services is, among others, the outcome of the attractive premium content offered by these services and it is also reinforced by the social isolation due to the COVID-19 pandemic. According to PMR, penetration of all households by paid VOD services is approximately 47% and demonstrates systematic growth, which points to a high potential of monetization of services of this type. At the same time, at present the growing interest in paid services in Poland does not translate into a visible, in terms of scale, phenomenon of *cord-cutting*, i.e., giving up traditional pay TV services.




*Source: PMR, Pay TV and VOD market in Poland, 2022*

As per PMR estimates, the value of the Polish VOD market was PLN 1.5 billion in 2021 and demonstrated year-on-year growth dynamics of approximately +22%. The dynamic growth is primarily associated with the growing acceptance of Poles to pay for content on the Internet and the rapid development of the paid access model. In particular, the segment of the VOD market which developed fastest in Poland was the segment of subscription-based services, generating 73% of the total revenue on the VOD market in 2021.

OTT and VOD services exert limited substitution pressure on the pay TV market in Poland. PMR studies show that at this point VOD is rather a service which is complementary to traditional pay TV – more than 2/3 of households that use paid subscription services simultaneously have traditional TV subscriptions. This trend is influenced to a significant extent by the popularity of distributing VOD services via the operator channel. A majority of the most popular VOD services are available from the offers of telecom and pay TV operators. According to PMR data, 33% of the total number of subscription service users used their services via another operator in 2021. Moreover, pay TV operators effectively compete against global VOD players by developing their own VOD platforms and offering Polish-language content which is better adapted to local viewers, premium content or exclusive coverage of sports events. Bundling of services, in particular by combining TV services with Internet access, is important and has a positive influence on the loyalty of pay TV services users.

### *Development forecasts for the pay TV market*

According to PMR forecasts, in the years 2022-2027 the pay TV market in Poland will remain stable (CAGR of 0.0%), with average yearly dynamics for the number of subscribers not exceeding -1%. 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 2022-2027 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. Cable TV operators will remain the second major segment, with a market share of approximately 32% at the end of the forecast period. 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 2027 IPTV operators will have a market share of around 29% in terms of the number of subscribers, however growth of the market share measured in terms of market value will be slower.

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. 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.

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. According to PMR estimates, the number of VOD service users will stabilize at the level of ca. 17 million in 2027, whereas the pace of growth of this segment will successively decelerate due to the high level of market saturation with pay TV services.

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.

### 2.1.2. Our pay TV offer

We build customer loyalty by offering a wide array of channels, attractive additional services, state-of-the-art set-top boxes and a variety of ways to deliver TV services - in line with our principle: “For everyone. Everywhere". In order to meet the changing trends in television content consumption, we provide our customers with TV services in satellite technology (DTH), Internet technologies (IPTV and OTT) and terrestrially (in DVB-T2 HEVC standard). We make sure that our pay TV packages offer good value for money. Our customers have access to over 160 TV channels which focus on diverse topics: general, sports, movie, lifestyle, education, music, information and children’s channels. Currently, 8 DTH channels and 6 IPTV/OTT channels are broadcast in 4K quality. 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.

We offer our customers, who decide to select satellite television or cable TV in IPTV technology, four basic packages for a period of 24 months - *S,M, M Sports* and *L* – and 9 additional packages, available for a defined or undefined period of time, which offer freedom in setting up an offering.

- *S Package* (at PLN 30 per month) offers 55 channels, including basic channels and a package of Polsat channels;
- *M Package* (at PLN 40 per month) offers 77 channels, including channels from the *S Package* + channels from the TVN Warner Bros. Discovery portfolio (including Eurosport channels) + TVP Seriale and TVP HD + TV Republika;
- *M Sports Package* (at PLN 70 per month) offers 83 channels, including channels from the *M Package* + Polsat sports channels and Eleven Sports + promotional sports channels Canal+ Sport 3 and 4;

- *L package* (at PLN 70 per month) offers 136 channels, including channels from the *M Package* + over 50 additional channels with movies, cartoons and educational programs.

In addition to the basic and additional channels, our offer also provides access to the Polsat Box Go service and application. Polsat Box Go offers paid and without advertisement content of the Group and external producers and broadcasters (including an extensive library of VOD content and online channels). As part of the TV subscription fee Polsat Box customers have free access to content of Polsat Box Go corresponding to their subscription package.

Polsat Plus Group is the only pay-TV and telecommunications service provider in Poland that has offered its subscribers access to the Disney+ platform since the service's inception in the country, providing the whole family with access to the best entertainment in one place.

In order to offer our TV customers a better insight into our programming offer and enable them to tailor our offer to their individual needs and expectations, each of our basic packages comes with various bonuses, such as 6 months of free TV at launch.

In order to meet the changing trends in television content consumption, we offer cable TV service in IPTV technology, thanks to which viewers are able to watch TV channels over fixed broadband Internet offered by certain operators (Plus, Netia, Orange and ISP operators), that is without the need to install a satellite antenna. We also offer OTT television service, which enables access to television channels via the Internet provided by any service provider in any technology.

As part of our pay TV offer we lease set-top boxes to our customers. The price of a purchased set-top box depends on the pay TV package chosen by the customer. 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. We view subsidizing of set-top boxes as a necessary component of acquiring new customers. We have a professional set-top box warranty service designed to help ensure customer satisfaction. All new set-top boxes are produced in-house at our manufacturing plant in Mielec. We constantly work on developing the portfolio of available set-top boxes. In 2021 we launched two new models on the market - Polsat Box 4K and Polsat Box 4K Lite - with the *Duo* functionality which enables easy change of the TV signal reception technology (from satellite to cable IPTV).

### 2.1.3. Offer of the Polsat Box Go entertainment service

**Our online entertainment service Polsat Box Go** offers the most versatile database of legal video content and live broadcasts in Poland and around 130 online TV channels, live coverage of major national and international sports events, a vast and regularly expanded library of feature films, including in 4K, TV series and television programs provided by both domestic and foreign licensors. Polsat Box Go offers on average several hundreds of hours of live coverage per month from the largest sports events nationwide and worldwide.

In 2021, in addition to the rights already held to, among others, the Champions League, Plus League and Energa Basket League, the platform's sports content offer was expanded to include the broadcasts of PKO BP Ekstraklasa football matches as well as all football matches of Fortuna 1 Liga and volleyball games of Tauron Liga. The offer also began to regularly and exclusively present full seasons of the latest Polish premium series. In 2022, our offer has been further expanded to include the possibility of purchasing access to the Disney+ service (along with the Polsat Box Go Premium package), Ukrainian language channels and channels broadcast in 4K quality.

Polsat Box Go provides users with content in one of two paid models. The first one is single access, in which the customer pays a fixed amount for access to a specific material. The second model includes access to a package of materials and/or channels in return for a periodic (e.g. monthly) access fee. Polsat Box Go also offers the possibility to download selected content and view it offline.

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, including the most popular Internet browsers on computers and mobile devices as well as in native mobile apps powered by iOS, Android, on TV sets with Internet connections and via set-top boxes.

### 2.1.4. Technology and infrastructure pay TV services

#### *Conditional access system*

Access to TV channels offered in our pay TV packages is secured with a conditional access system that we lease from the company Nagravision SA. We use this system to control access to particular paid programming packages. Upon signing a contract for our services, the customer receives a set-top box together with an access card, which allows him/her to receive the paid programming offer. We routinely undertake activities to identify unauthorized access to our service because of the significant risks that unauthorized access poses to our business and revenues. According to our agreement with Nagravision, in the event of a breach of our systems, which cannot be remedied, Nagravision is obligated, under certain conditions, to replace the conditional access system together with the cards provided to our customers and, if necessary, to adapt the set-top boxes to the new system. Nagravision is paid a monthly fee on a per-customer basis.

Moreover, we cooperate with another provider of a conditional access system - the company 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.

#### *Satellite*

We have signed a long-term contract with Eutelsat S.A. regarding the use of capacity on Hot Bird satellites. In September 2017 we have prolonged this agreement and we have extended the satellite capacity available to us by 33 MHz. As a result we currently dispose of capacity on 8 transponders dedicated to HD, SD, and 4K TV channels.

#### *Broadcasting center*

Our broadcasting center is located in Warsaw and enables us to transmit TV channels to the transponders we use on the Hot Bird satellites. The center is equipped with up-to-date information, audio and video systems, which allows us to broadcast TV channels in SD, HD and 4K quality.

We also have a backup broadcasting center located in Radom, which guarantees broadcasting continuity in the event of bad weather conditions or the necessity to carry out maintenance operations in our broadcasting center.

To mitigate risks of failure or shutdown of our broadcasting center or any of its parts, our broadcasting, transmission and multiplexing equipment has redundancy solutions on critical nodes of our broadcasting network. In addition, if necessary, Eutelsat S.A. is obligated to provide us with replacement capacity.

#### *Compression and TV signal multiplexing systems*

Compression and TV signal multiplexing systems allow for efficient use of satellite capacity by digital edition of the signal. We regularly modernize our compression systems dedicated to service 8 transponders. Thanks to such operations we gain capacity for additional TV channels without incurring additional costs related to transponder capacity and we maintain a very high quality of broadcast programs.

### *Services for television and radio broadcasters*

We 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.

We also consequently develop our system of broadcasting chosen TV programs to the main Internet Exchange Point in Warsaw – Equinix. Thanks to this solution we can distribute our TV programs to other operators as well as receive TV programs from other broadcasters through dedicated fiber optic lines.

### *Services provided in DVB-T2 technology*

Our Mobile TV services are provided in DVB-T2 technology on the multiplex dedicated to mobile television. In June 2022, a nationwide program to release part of the 470 - 790 MHz band previously used by terrestrial digital television (DTT) and migrate DTT multiplexes operating in this band from the DVB-T to the DVB-T2 technology was completed. Currently, the service is provided on 470-694 MHz frequencies (assigned to provide mobile audio-visual media services including broadcasting of radio and television nationwide channels in the radio communication broadcasting service) which are at the disposal of our subsidiary INFO-TV-FM Sp. z o.o.

### *Internet content distribution*

In 2021, our IPLA online television was merged with the Cyfrowy Polsat Go service to form a completely new, modern streaming platform Polsat Box Go, whose applications were built using modern UX/UI (User Experience and User Interface) trends. Polsat Box Go uses our own platform 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. Unlike our competitors, 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. Additionally, we use technologies that make us independent in the choice of any distribution system.

In 2022, we put into operation a brand-new Livebox 2.0 encoding system, through which we have significantly reduced the number of transmitted data without affecting quality, as well as introduced a number of new functionalities related to the transmission of linear channels. As a result we can offer services of the highest quality while optimizing transmission costs. It is particularly important in the case of broadcasting over 100 linear channels or carrying out PPV transmissions.

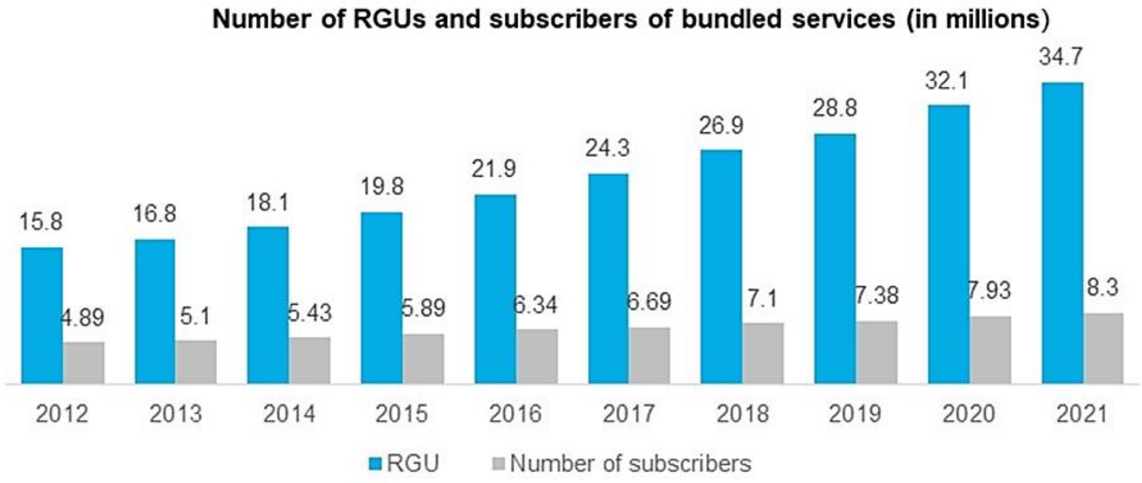
Our platform uses a proprietary system of recommendations that enable us to deliver content tailored to the customer’s individual preferences. Our Multi DRM protection system also enables us to offer paid content on different browsers, mobile devices, smart TV sets and independent set-top boxes. This makes our platform meet the trends and expectations of our customers to watch video content regardless of the place, time and device they are using.

## 2.2. Activities on the bundled services market

### 2.2.1. Bundled services market in Poland

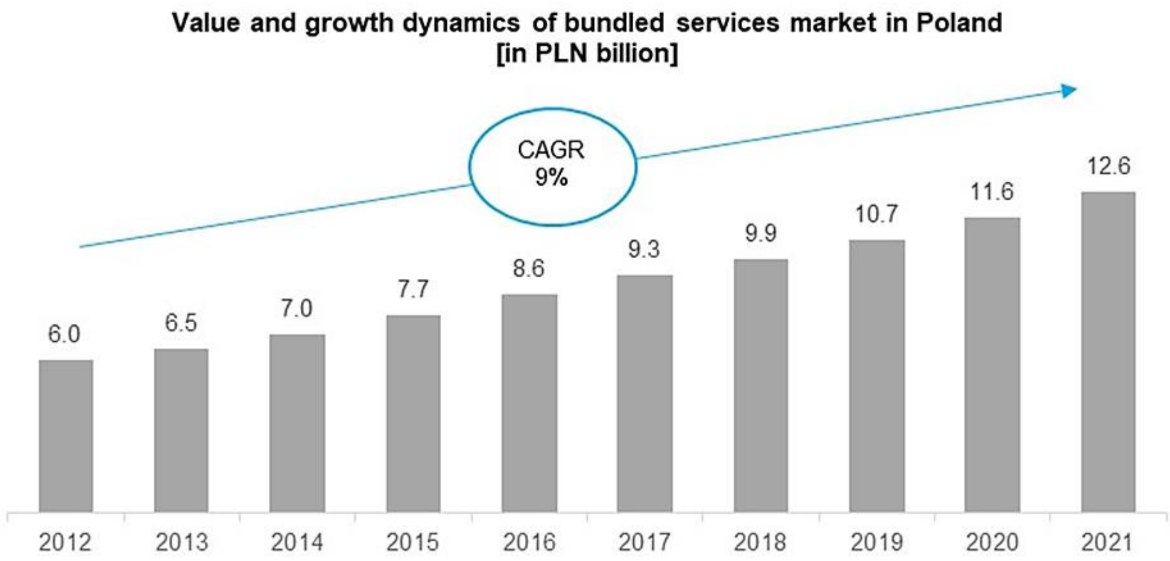
Bundling of services is one of the strongest trends on Polish media and telecommunications market. Operators develop their offers of bundled services in response to the changing preferences of customers, who seek media and telecommunications services from one provider at affordable prices, under one 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 an increasingly important 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 and recorded an average annual growth rate of ca. 9% in terms of the number of services sold in packages in the years 2012-2021. According to PMR estimates, at the end of 2021 the number of services sold in bundles increased to nearly 35 million, while the total number of subscribers (both individual and business) using bundled services amounted to approximately 13.6 million. As a result, at the end of 2021 the number of services per subscriber was 2.6.




*Source: Own study based on PMR Report on bundled telecommunication services in Poland, 2022*

Similarly to growth in quantitative terms, the bundled services market in Poland has been also demonstrating consistent growth in terms of value. According to PMR estimates, in 2021 the value of the bundled services' market in Poland grew at the pace of ca. 9% year-on-year, and reached PLN 12.6 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 figures which continued on an upward trend and exceeded PLN 95 at the end of 2021 (CAGR 2012-2021 +2.4% YoY).




*Source: Own study based on PMR's Report on bundled telecommunication services in Poland, 2022*

Bundled services in Poland are provided primarily by cable TV operators and telecommunications service providers. According to PMR, at the end of 2019 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. With respect to the number of subscribers, the share that Polsat Plus Group held on the bundled services market in Poland at the end of 2021 was approximately 25%, according to PMR estimates.

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.

Research by PMR from June 2022 demonstrates that a bundle combining two services remains the most popular option. It was chosen by 38% of households in Poland in June 2022. At that time, 30% of Poles used triple-play services, while 23% of customers decided to purchase a bundle containing four services. Only 10% of households purchased five or more services in a bundle.

As for the structure of the bundles, the most popular bundles were combinations of mobile phone with mobile Internet (17%) and pay TV with fixed Internet (17%). The next most popular bundles were those consisting of mobile phone with mobile Internet, fixed Internet and pay TV (11%), mobile phone with mobile Internet and pay TV (10%), and mobile phone with mobile Internet, fixed Internet, pay TV and fixed phone (10%).

***Development forecasts for the bundled services market***

According to PMR forecasts, the bundled services market will consistently grow in subsequent years, both in terms of the number of subscribers and value, which results from the fact that service bundling has become a strategic goal for telecommunication and pay TV operators. According to PMR expectations, the growth rate of the bundled services market in Poland will slow down in coming years and the expected average annual compound growth rate will be 2.6% in 2021-2027. 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.

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. COVID-19 pandemic is an important factor which, in our opinion, will have a positive influence on the bundled services market. As a result of a substantial part of the society migrating to a remote work and learning model, in the years 2020-2021 we observed significant growth of demand for higher speed Internet connections, which continues to create a bigger potential for upselling additional services as an element of service bundles. For example, the prospect of offering video-on-demand content is 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.

### 2.2.2. Bundled services offer

Our bundled services offer is an important tool, which strategically helps us to retain existing customers and expand our customer base, while simultaneously increasing customer satisfaction and loyalty. In day-to-day business the multi-play offer enables us to increase ARPU and further reduce our churn rate. Our bundled service offering is based on a portfolio of services provided by both us and our subsidiaries, in particular Polkomtel and Netia.

SmartDOM and smartFIRMA are unique savings programs that offer a wide array of products and services and enable our customers to create a comfortable, safe and modern home or effectively run a business. They are based on a simple and flexible mechanism – a customer subscribed to one service receives an attractive discount for the entire term of the contract for every additional product or service purchased from the Group's portfolio. Thanks to the unique formula of the smartDOM and smartFIRMA programs, the customer can create a tailor-made set of services for the family or the company, additionally ensuring savings on service purchased.

Currently, under the smartDOM and smartFIRMA programs customers enjoy a wide selection of basic services and a variety of additional services which play an important role in the household and in the company. Our flagship and core products and services include mobile telephony (including wireless home telephony), LTE/5G and fixed Internet, also in fiber optic technology, and television services in any technology (satellite TV, cable IPTV, Internet TV and digital terrestrial TV).

## 2.3. Sales and marketing

### *Marketing and branding*

Company image and brand recognition have a significant impact on purchasing decisions of most of our customers. We strive to continuously improve our customers' satisfaction, particularly in terms of products and services available, the quality, usability and accessibility of our customer service department and the usability of automated information and self-service channels. We continuously expand our brand portfolio and build products tailored to customer needs.

The year 2022 in Polsat Plus Group was marked by consistent implementation of the harmonization strategy introduced in 2021 for our key brands - Polsat, Polsat Plus and Polsat Box. The new branding was designed to clearly describe the services and products of Polsat Plus Group. The new logos of the strategic and key brands Plus (responsible for connectivity) and Polsat (responsible for content) identify them consistently with the Group. The green color of Plus stands for innovation and development as well as care for the environment and a better life. The yellow color of Polsat represents energy, joy and optimism coming from the sun - inextricably linked with Polsat. Thanks to this the brands are associated with the Group in a simple and clear way, while retaining their individual character and message.

The changes also included the creation of a new brand Polsat Box which replaced the existing Cyfrowy Polsat brand. At the same time, the Polsat Box Go service and application replaced Ipla and Cyfrowy Polsat Go, and a completely new Polsat Go service and application were created in parallel, featuring Polsat TV channels, offered free of charge under an advertising-based financing model.

The marketing activities conducted in 2022 executed the values of our brands by building among viewers and customers a sense of consistency and brand affiliation with Polsat Plus Group. At the same time, the aim of our activities was to build among customers the belief that our brands respond to their individual needs, offering services of the highest quality, the use of which, especially when bundled, provides an attractive price. In line with our guiding strategic thought: *"For Everyone. Everywhere."*

To promote our services we use mainly TV advertising (spots, sponsorship billboards and product placement activities), Internet and outdoor advertising. We also run a number of nationwide campaigns on the radio and in the cinema. We support key national campaigns with local activities. Each campaign regarding our products and services is supported by social media.

Commercial websites of our brands are an important channel of communication with new and existing customers. In addition, we maintain communication with our existing customers using telemarketing tools, email bulletins, a dedicated customer channel and the Internet Customer Service Center.

### *Retail sales channels*

We sell our services through a number of diversified channels.

**Physical sales network.** As at December 31, 2022, the sales network of the Group covered 948 physical points of sale nationwide. These points of sales offer both pay TV under the Polsat Box brand as well as other services provided by the companies of the Polsat Plus Group.

**Direct sales.** Our Group's B2B area has an extensive sales structure adjusted to support various segments of business customers. Our business customers are served by key account managers, dedicated account managers and authorized business advisers.

**Call center.** We provide call center numbers of Polsat Box in materials promoting our services in various media to enable potential customers to obtain information about our services, place orders or ask for directions to the nearest point of sale.

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). Our call center services 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. The call center operators provide information on our services, enter into service agreements with customers, accept customer complaints and provide information on payments, technical support and other support for customers.

**Telemarketing.** As at December 31, 2022 the Group had 7 telemarketing centers (own and external), whose role was customer retention and the sale of core products.

**Online communication***.* 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. Online communication provides users with a quick and easy opportunity to familiarize themselves with our offer, order services or selected equipment together with a package of their choice without leaving their home or finding the nearest point of sale.

Our commercial websites contain detailed information on respective products and services offered under the Polsat Box brand. On our website www.polsatbox.pl customers can find information about the current pay TV offer, the Group's bundled offer and additional TV services, such as, for example, VOD, Disney+ or Polsat Box Go online service.

## 2.4. Customer relations and retention management

### *Customer relations management*

We consistently improve the quality of our customer service using the latest technologies. An experienced and committed staff with a highly flexible approach and supported by a quick decision making process is our strong side.

We use an advanced customer relationship management IT system developed by our specialists based on an integrated platform handling telephone, e-mail, SMS, TTS (text to speech) communications and mail. Our customer relationship management system makes it possible to comprehensively document and handle all requests placed by customers in a timely and effective 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. It guarantees reliability and an uninterrupted twenty-four hour, seven-day a week phone service. The intelligent distribution system handles calls depending on the subject matter and forwards the call to appropriate agents, which reduces customer service time. We actively develop alternative forms of contact through social media, chat and web forums. The post-sale telephone customer service also involves active up-selling of products and increasing customer loyalty.

We also provide customer service using advanced self-service solutions to manage subscriber accounts. These solutions are offered in a form of such online services and mobile applications as iPolsatBox (dedicated to customers of our TV services), iPlus (dedicated to customers of telecommunication services) and Netia Online (dedicated to Netia customers), while the functionalities available within each service and application vary slightly. 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 including, among others, technical specifications and user manuals for the equipment, automatic diagnosis and repair of technical issues, FAQs, an online contact form based on the mechanism that ensures automated analysis of customers' queries and automatic response sent to the customer prior to forwarding the question to an agent, and an online communication channel offering customer support via electronic mail and Live Chat.

### *Customer retention management*

Customer retention is our key business area. Our goal is customer loyalty, lowering the turnover of our own base and the churn rate, thus effectively securing revenues from our customer base.

Through extensive analytical tools, we learn about our customers' needs and use this knowledge to develop dedicated proactive and reactive processes implemented as part of customer retention. We also constantly develop our offerings and methods of operation so as to achieve the highest possible efficiency while ensuring a high level of service. Execution of maintenance is possible at any time and in any sales channel - via the Internet, in the telephone channel with home delivery or at our stationary sales points. We also ensure the efficiency and development of direct communication channels by adapting them to the expectations and preferences of our customers.

In pursuit of the goal of maximizing revenue from the base, our retention process begins as early as during the term of the contract by offering customers to modify their contract terms. In addition, thanks to our Group’s broad product portfolio, we are consistently up-selling further services using the discounts provided under the smartDom program.

Our development in providing entertainment to customers is also substantial, with Disney+ streaming service available to Polsat Plus Group customers from June 2022, when the service first appeared in Poland. This service is also offered under maintenance processes, and is available both in a subscription offer, where the customer can use it free of charge for 12 or 24 months, or as an add-on service for an indefinite period of time.

## 2.5. Other aspects of our business

### *Significant investments in minority interests*

Below we present a description of the most significant investments of Polsat Plus Group in assets other than those used in the core business, in which the shares are valued using the equity method.

**Asseco Poland S.A.** In 2019 and 2020, the Company acquired a total stake of 22.95% in Asseco Poland S.A., a leading IT solutions provider, for approximately PLN 1.2 billion. Currently, the Company is the largest shareholder of Asseco Poland S.A.

The Company considers the investment in shares of Asseco Poland S.A. as a long-term transaction. This is a strategic alliance of two Polish leaders of the TMT sector who have cooperated in the past, among others, on the implementation of the Group's new IT environment.

In our opinion, closer cooperation through capital engagement makes it possible to achieve synergies in the form of: (i) further increasing the efficiency in the Group's IT area, (ii) even better servicing of existing customers and acquiring new ones, and (iii) development of new products and services.

The Company and Asseco Poland do not plan a merger and shall continue to operate autonomously. Their joint potential, however, allows for the development of a rich offering of advanced telecommunications and IT services.

Asseco Poland is listed on the Warsaw Stock Exchange. According to the share price of Asseco Poland as at December 31, 2022, the value of the block of 19,047,373 million shares owned by Cyfrowy Polsat was PLN 1.38 billion.

At the same time, Asseco Poland is a company with a long-term dividend profile. Thus the investment in this asset translates positively into generating a recurring cash stream for Polsat Plus Group.

**PAK-Polska Czysta Energia Sp. z o.o.** As at December 31, 2022 the Company held 40.41% shares in PAK-Polska Czysta Energia Sp. z o.o. (PAK-PCE). Furthermore, the Company is a party to the preliminary purchase agreement with ZE PAK S.A., concerning the acquisition by the Company, by July 3, 2023 and subject to the fulfillment of all conditions precedent of the aforesaid agreement, of shares representing 67% of share capital in PAK PCE.

PAK-PCE is a holding company serving as the core for a structure of subsidiaries engaged in the development of renewable energy projects and the generation and utilization of green hydrogen.

### *IT systems*

IT systems are crucial in multiple aspects of our business operations. We use numerous systems, applications and dedicated software, both developed in-house, as well as by leading local and international suppliers.

We use IT systems facilitating effective and efficient management of our customer base. These systems include, among others, a customer relationship management system, sales support system, online customer accounts and a transaction support system. With regard to customer service and billing, we use systems that allow for flexible billing for different contract and prepaid plans. Our customer service systems enable us to address the needs of our customers through different communication channels (such as call centers, e-mail, Interactive Voice Response, SMS, points of sales and Internet). Moreover, we use a wide range of applications that support customer segmentation, product definition and the selection of sales channel and communication method.

We use systems licensed from third parties, such as a conditional access system securing access to channels offered in our paid DTH packages. At the same time, while looking for cost optimization in the area of small volume development in the high-end line, we cooperate with experienced suppliers, as in the case of the EVOBOX and Polsat Box set-top boxes, which are integrated hybrid solutions with PVR enabling access to content in 4K resolution.

Thanks to services developed by our Internet Projects Division we provide the Group’s customers who use Internet links and broadband mobile Internet access the possibility of consumption of premium video and text content. The Polsat Box Go application is available on the majority of popular multimedia devices in Poland, including computers, smartphones, new generation TV sets, set-top boxes and games consoles. The multi-node multimedia distribution network supports simultaneous access to offered multimedia for tens of thousands of Internet users. The content we distribute is developed, secured and monetized using our proprietary solutions as well as systems provided by third party suppliers and our business partners.

We use management systems that include, among other things, financial control, revenue assurance, fraud detection, rating and scoring systems and those that support the reporting process for internal and regulatory purposes. Apart from the main data center, our subsidiary Polkomtel maintains a back-up data center, which holds duplicated information from major systems and data of decisive nature to ensure that, in the event of a potential malfunction, it can assure continuity of the most critical services.

Simplification and modernization of software development processes and their reorientation towards specific business goals has played an important part in improving the efficiency of our IT systems in recent years.

As part of the operational integration of Polkomtel and Cyfrowy Polsat and relying on the Group's existing IT solutions, Polsat Plus Group is executing, in cooperation with Asseco, a project aimed at developing a shared system environment to develop joint multi-product offers comprising the services of both Cyfrowy Polsat and Polkomtel. These efforts will also enable us to achieve further cost optimization and leverage significant synergies in both know-how and resources. The transformation of IT systems is an essential element of this undertaking.

The prepared eco-system will enable improved, simpler and more efficient management of sales as well as the ability to respond flexibly to market dynamics – launching of new products and services will become easier and faster. A central catalogue of the Group's services and products will be created with one, consistent and effective sales solution which will be common for all channels of contact with the customer. IT infrastructure will be simplified and will become more flexible, which will enable the reduction of the time and cost of new business implementations.

The implemented solution will contribute to further development of joint sales of numerous services offered by the Group and it will enable a flexible response to market changes while offering newer products related to various aspects of life and packaged sale of these products.

### *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, telecommunication operators and TV broadcasters operating in Poland.

We have motor vehicle insurance policies, all risk property insurance policies, as well as third party liability insurance on business operations and professional liability insurance on broadcasting activity, liability on business interruption, and third-party liability insurance for members of management and supervisory boards of the companies that belong to Polsat Plus Group.

In 2022, the Company was party to the insurance agreements described below.

In the scope of property insurance general agreements were concluded for the years 2022-2024 with TUiR Warta S.A. in co-insurance with STU Hestia S.A. regarding the insurance of assets against all risks, electronic equipment insurance, insurance of machinery against damages, loss-of-profit insurance, insurance of assets in domestic and international transport (cargo).

In the scope of third-party liability insurance a general agreement was concluded for the years 2022-2024 with TUiR Warta S.A. in co-insurance with STU Ergo Hestia S.A. regarding third-party liability insurance, including professional liability insurance. Furthermore, an agreement regarding bookkeeping liability insurance was concluded with PZU S.A. The following insurers are engaged in the liability insurance policy of directors and management board members of companies belonging to Polsat Plus Group: TUiR Allianz Polska S.A., PZU S.A., Chubb Branch in Poland, TUiR WARTA S.A and TU Generali Polska S.A.

In 2022, the international business travel health insurance and personal injury insurance with Colonnade Insurance S.A. Branch in Poland was concluded.

We believe that our insurance coverage is in line with the practice followed by other pay TV providers, TV broadcasters and telecommunication operators in Poland.

### *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 on the basis of the then norm BS 25999. The current Business Contingency Plan, built in compliance with the norm PN-EN ISO 22301:2020-04, covers processes and critical services executed and provided by 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 the Management Board of the Company. 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 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 practical test of the Business Contingency Plan's implementation was our effective and quick reaction to the threat which emerged in the beginning of 2020 in connection with the coronavirus pandemic and smooth transition of the majority of employees to remote, rotation or shift mode of working. 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.

### *Charity and sponsorship activities*

We have been involved in corporate social responsibility activities for many years. We pursue our social mission in the areas of environmental protection, safety, promotion of sports and physical activity, social education and aid to children.

We have been working intensely on issues related to **environmental protection**. We focus predominantly on topics such as clean energy from low- and zero-carbon sources, green hydrogen, energy efficiency, reduction of carbon footprint, ecological products, and reduction of generated waste. For this reason we have expanded the strategy of Polsat Plus Group to include the production and sale of clean energy. Creating a new business segment dedicated to clean energy is aligned with Polsat Plus Group's ESG strategy and will support our effort to build the value of the Group in a sustainable manner. We undertake numerous environmental activities aimed at sustainable development, but also at better and healthier future for Poles. Education - especially environmental education - of the public is one of the pillars of our mission, which we carry out, among others, by being an active member of the Clean Poland Program Association or by pursuing extensive and ambitious television and Internet projects.

In the scope of **safety**, for 19 years Plus network has been tightly cooperating with mountain and water rescue organizations. We provide special emergency phone numbers, the Integrated Rescue System and a special mobile app *Rescue (Ratunek)*. We are also actively involved in fighting TV piracy, including through numerous educational activities.

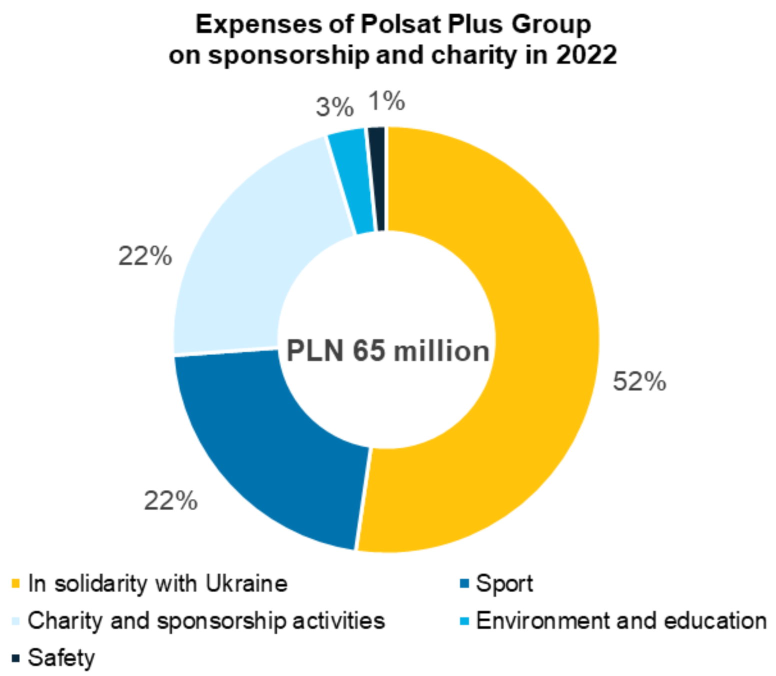
In order to **promote sports** and physical activity we produce and air thousands of hours of sports coverage yearly on channels of TV Polsat, we support amateur and professional sports events, we educate viewers in the area of healthy lifestyle and our Plus mobile network is a long-standing sponsor of Polish volleyball. In addition, the Polsat and Plus brands have become title sponsors of sports and entertainment halls in Gdansk and Gdynia, while Netia is one of the sponsors of the Suzuki Arka Gdynia basketball team.

We have been engaged in **social education** for years. Our activities in this area are intertwined with mission, activities and initiatives of Polsat Foundation associated with current health-related challenges. We try to familiarize people with important and difficult issues from the field of specialist medical treatment, among others by airing dedicated TV programs on our channels. We also strive to disseminate knowledge on ecology and we promote and environment-friendly approach. To achieve this we actively participate in the initiatives of the Clean Poland Program Association (*Stowarzyszenie Program Czysta Polska*), we air educational programs on natural environment, we publish special articles on this subject on our portals Zielona.Interia.pl and Polsatnews.pl. We are also active in terms of prevention of digital divide through the development and popularization of state-of-the-art Internet access technologies and long-term cooperation of Plus network with the Copernicus Science Center in Warsaw.

**Aid to children** has always been one of the pillars of Polsat Plus Group’s social mission. We approach this task in a variety of ways, one of which is the cooperation with Polsat Foundation. During over 25 years of its activities Polsat Foundation strives incessantly to improve the situation and health of the youngest patients in Poland, in line with the motto “We are here to save the health and lives of the youngest.” The Foundation donated over PLN 283 million for aid to children, providing aid to 42,000 little patients and offering financial support to nearly 2,700 hospitals, medical centers as well as schools, kindergartens and foster care centers. We also organize numerous charity actions to support the development of disabled children as an element of employee volunteering.

**In solidarity with Ukraine.** Since the first days of the Russian invasion, we have been actively involved in supporting refugees from Ukraine. Our activities in this area in 2022 included, among others, providing refugees with connectivity and contact with their families by means of a number of free telecommunications services (including free international calls to Ukrainian networks, delivery and assistance in registering free starters, waiver of roaming fees), broadcasting Ukrainian TV channels and providing reliable information on our Group's TV stations and news portals. We also provided active operational and financial support, including a number of activities of Polsat Foundation within the framework of the "Polsat Foundation to the Children of Ukraine" campaign.

The chart below presents the split of expenses on sponsorship and charity activities incurred by Polsat Plus Group in 2022.




The details of our charity and sponsoring activities along with key nonfinancial performance indicators are described in the *“Sustainability Report of Polsat Plus Group for 2022.”*

# 3. Significant investments, agreements and events

***Preliminary share purchase agreement concerning PAK-Polska Czysta Energia Sp. z o.o. with annexes and transfer of an organized part of the enterprise of Elektrownia Konin to PAK-PCE Biopaliwa i Wodór sp. z o.o.***

On December 20, 2021 Cyfrowy Polsat entered into a preliminary agreement with ZE PAK S.A. ("ZE PAK") concerning the Company's purchase of shares in PAK-Polska Czysta Energia Sp. z o.o. ("PAK-PCE"), representing 67% of PAK-PCE's share capital ("Agreement").

The agreement concerning shares purchase in PAK-PCE also provides for an additional ZE PAK obligation. The whole biomass-based electricity generation business conducted in Elektrownia Konin will be spun-off from the ZE PAK enterprise as an organized part of the enterprise ("Elektrownia Konin OPE"). ZE PAK agreed to contribute the Elektrownia Konin OPE to PAK-PCE (after the Company acquires shares in PAK-PCE) as in-kind contribution.

On June 30, 2022 the Company signed annex no. 2 to the Agreement in which the parties to the Agreement decided, among other things, to change the manner and timing of the transfer of Elektrownia Konin OPE to the group of PAK-PCE's subsidiaries, which was included in the Agreement as an additional obligation.

On May 12, 2022, as a result of several legal transactions, the Company acquired 49% of shares in the share capital of PAK-PCE Biopaliwa i Wodór Sp. z o.o. This involved an outflow of a total amount of PLN 478.7 million, including PLN 473.8 million in connection with an increase in share capital of PAK-PCE Biopaliwa i Wodór Sp. z o.o. The funds from the share capital increase were allocated to the acquisition of Elektrownia Konin OPE from ZE PAK on July 1, 2022.

On July 27, 2022, in connection with the contribution to PAK-PCE shares held by the Company in PAK-PCE Biopaliwa i Wodór Sp. z o.o., Cyfrowy Polsat acquired 40.41% shares in PAK-PCE. The capital increase in PAK-PCE was registered on July 27, 2022.

The subject of the final agreement ("Final Agreement") will be shares in PAK-PCE representing approximately 26.6% of the share capital of PAK-PCE. With the shares previously acquired and subscribed (including the contribution of shares held by the Company in PAK-PCE Biopaliwa i Wodór Sp. z o.o. to PAK-PCE), following the performance of the Final Agreement, the Company will hold approximately 67% of shares in the share capital of PAK-PCE, as originally intended in the Agreement dated December 20, 2021, and Elektrownia Konin OPE will be wholly-owned by the PAK-PCE group.

Pursuant to annex 2, total expenditures incurred by Cyfrowy Polsat to acquire 67% of the share capital of PAK-PCE together with Elektrownia Konin OPE (in the absence of non-permitted leakages) will amount to PLN 807.6 million, including the adjustment for the working capital of Elektrownia Konin OPE.

On December 19, 2022 the Company signed annex no. 4 according to which the long-stop date, by which all conditions precedent of the Agreement should be fulfilled, was moved to July 3, 2023.

***Collaterals for the liabilities and loans for investment projects related to renewable energy production***

In view of the fact that the Company is a party to the preliminary agreement dated December 20, 2021 (as amended) concerning the Company's purchase of shares in PAK-Polska Czysta Energia sp. z o.o. ("PAK-PCE"), the Company decided to grant sureties or guarantees and a number of loans in order to support PAK-PCE in the execution, among others, of the following investment projects:

- construction and operation of an on-shore wind installation in the form of a group of 14 wind turbines within the commune of Przyrów, Częstochowa county, Silesian Voivodeship - on June 2, 2022 the Company decided to grant sureties or guarantees in the amount not exceeding EUR 53.0 million;
- construction and operation of an on-shore wind installation in the form of a group of 33 wind turbines within the commune of Człuchów, Człuchów county, Pomeranian voivodship, with the potential to construct a photovoltaic farm within the obtained connection capacity of the project – on June 10, 2022 the Company decided to grant sureties or guarantees in the amount not exceeding EUR 96.0 million and to grant a loan in the amount not exceeding the equivalent of PLN 236.4 million.
- construction and operation of an on-shore wind installation in the form of a group of 23 wind turbines within the commune of Potęgowo, Słupsk county, Pomeranian voivodship– on September 6, 2022 the Company decided to grant sureties or guarantees in the amount not exceeding EUR 73.0 million.

In 2022, the balance of loans extended by the Company to PAK-PCE amounted to PLN 338.4 million. The loans were granted for the purpose of executing investments related to the production of clean energy from renewable sources and projects related to building a complete value chain based on green hydrogen. All the loans were extended at arm's length and the repayment dates of individual loans fall between 2023 and 2025.

### *Acquisition of shares in Port Praski*

On April 1, 2022, the Company signed, in execution of the preliminary agreement entered into on December 20, 2022, the final share purchase agreement with Embud 2 Sp. z o.o. s.k., whereby the Company purchased 1,070,000 shares in Port Praski Sp. z o.o., representing approximately 66.94% of the share capital of Port Praski Sp. z o.o., for the amount of PLN 553.7 million.

Furthermore, in relation to the ongoing analyses of the ultimate capital structure in which Pantanomo Limited participates, on April 1, 2022, the Company and ToBe Investments Group Limited executed an annex to the preliminary share purchase agreement dated December 20, 2021, concerning the acquisition by the Company of 4,705 shares in Pantanomo, representing approximately 32% of Pantanomo's share capital. In particular, in the annex the parties agreed to postpone the transaction closing date. As amended by the annex, the agreement now provides that the transaction closing date will be agreed in writing by the parties and will occur no later than on May 31, 2022. If the transaction closing date is not scheduled by the parties for May 31, 2022 at the latest, the agreement will expire.

Port Praski is a company engaging in real property development business through its subsidiaries, and owns assets related to, among others, the Port Praski project located in the Praga-Północ district of Warsaw. Pantanomo engages in the business of, among others, managing its properties and holds a non-controlling interest in Port Praski.

### *Execution of the share buyback program*

Acting by virtue of the authorization granted by the Extraordinary General Meeting of the Company on November 16, 2021, on May 16, 2022 the Management Board of the Company decided to proceed with the buyback of the Company's own shares by way of an announcement by the Company together with Reddev and ToBe Investments Group Limited of an invitation to submit offers to sell the Company's shares. Moreover, acting within the above mentioned authorization, on May 25, 2022 the Company's Management Board decided that the Company will acquire 13,067,138 ordinary bearer shares, which represent approx. 2.04% of the Company's share capital and approx. 1.60% of the total number of votes at the Company's general meeting from Embud 2 Sp. z o.o.

As a result of the settlement of the above mentioned transactions, on May 25 and 26, 2022 the Company acquired in total 17,668,359 own shares, representing 2.76% of the Company's share capital and carrying the right to 17,668,359 votes at the Company's General Meeting, representing 2.16% of the total number of votes at the Company's general meeting at a purchase price of PLN 22.28 per share.

Since the launch of the share buyback program, the Company acquired in total 88,842,485 own shares, representing 13.89% of the Company's share capital and carrying the right to 88,842,485 votes at the Company's General Meeting, representing 10.85% of the total number of votes at the Company's General Meeting. Of the total of PLN 2,390.0 million dedicated to the share buyback program by the Company's General Meeting, as of the publication date of this Report the Company used financial resources, including the cost of acquiring the own shares, in the amount of PLN 2,857.9 million. Pursuant to Article 364(2) of the Commercial Companies Code, the Company does not exercise the participation rights attached to its own shares.

### *Dividend payout for the financial year 2021*

On June 23, 2022, the Annual General Meeting of the Company adopted a resolution concerning the distribution of part of the Company's profit for the financial year 2021, in the amount of PLN 660.8 million, as dividends to the shareholders of the Company in the amount of PLN 1.20 per one share participating in the dividend payout (i.e. excluding treasury shares). The Annual General Meeting of the Company scheduled the dividend day for September 20, 2022, and the dividend payout day for December 15, 2022.

Remaining amount of the net profit, in the amount of PLN 2,945.0 million, was allocated to the reserve capital.

### *Appointment of Members of the Management Board of Cyfrowy Polsat S.A. for a new term of office*

Based on resolutions adopted on June 23, 2022, the Supervisory Board of the Company nominated the Management Board members for a new term of office entrusting the position of Vice President of the Management Board to Mr. Maciej Stec and the positions of Members of the Management Board to Mr. Jacek Felczykowski, Ms. Aneta Jaskólska, Ms. Agnieszka Odorowicz and Ms. Katarzyna Ostap-Tomann. Concurrently, pursuant to article 19 item 2 if the Company's Articles of Association, on June 23, 2022 TiVi Foundation, a shareholder of the Company, appointed Mr. Mirosław Błaszczyk to the position of President of the Management Board. Members of the Management Board were appointed for a common three-year term of office.

### *Agreement to dispose shares in Modivo S.A.*

As a result of conducted negotiations and after obtaining relevant consents required under the Modivo S.A. shareholders agreement, on September 28, 2022 the Company entered into the agreement with Embud 2 sp. z o.o. S.K.A. concerning the disposal by the Company of 1,000,000 shares in the company Modivo S.A. for a total sale price of PLN 600.0 million.

In accordance with information disclosed earlier in current report no. 4/2021 dated March 11, 2021, the Company acquired the said shares while considering an exit option for Modivo shares in the form of an initial public offering ("IPO") planned at that time for 2022 or 2023. However, in connection with the current, unfavorable market conditions, which are not supportive to the execution of the IPO in the short time horizon, the Company decided to exit the investment in Modivo shares in an alternative way within the originally assumed timeframe.

### *Polsat Plus Group credit ratings downgraded*

On October 5, 2022, Moody's Investors Service downgraded the corporate family rating of Cyfrowy Polsat Group from Ba1 to Ba3, with a negative outlook.

On 21 December 2022 S&P Global Ratings downgraded the issuer credit rating of the Company from BB+ to BB, revising the rating outlook from negative to stable.

Detailed justifications for the above-mentioned rating actions are presented in Section 4.2.4. - *Liquidity and Capital Resources* - of this Report.

### *Adoption and publication of the Sustainability-Linked Financing Framework of Polsat Plus Group*

On November 29, 2022, the Company's Management Board adopted a resolution regarding linking the future external financing of Polsat Plus Group to its long-term sustainability objectives, as described in the document Sustainability-Linked Financing Framework. In particular, the document includes indicators and quantified long-term goals on environmental issues that the Group will strive to achieve. The document was subjected to an independent expert evaluation (Second-Party Opinion) by Sustainalytics B.V. The ESG Framework along with the Second-Party Opinion are available on the corporate website of Polsat Plus Group.

### *Bond Issuance Program*

On November 29, 2022 the Management Board of the Company decided to establish a new non-renewable Bond Issuance Program with the total maximum nominal value of PLN 4 billion under which the Company will be able to incur financial indebtedness through the issuance of unsecured PLN bearer bonds of the Company.

Simultaneously, the Management Board decided to launch actions aimed at refinancing the Company's indebtedness under the Series B and C Bonds using the funds from the issuance of the bonds under the Bond Issuance Program, including in particular the early redemption of Series B and C Bonds by the Company or the acquisition of Series B and C Bonds by the Company for the purpose of their redemption, and about the Company terminating the program of Series B and C Bonds.

### *Issuance of Series D Bonds linked with the sustainable growth objectives*

As part of the Bond Issuance Program, on January 11, 2023, the Company issued 2,670,000 unsecured, PLN-denominated Series D bearer bonds with the nominal value of PLN 1,000 each the aggregate nominal value of PLN 2,670 million with a maturity date of January 11, 2030.

In line with the Sustainability-Linked Financing Framework, the Series D Bonds were linked to sustainability goals (Sustainability-Linked Bonds, SLB). This is the first Polish issue of Sustainability-Linked Bonds fully compliant with the International Capital Market Association (ICMA) standard. At the same time, the issuance of Series D Bonds is the largest corporate bond issue by a private company in the history of the Polish capital market.

The funds from the issuance of the Series D 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 the green hydrogen economy, which will ultimately contribute to the reduction of $CO_2$ in the Polish economy of approximately 2 million tons per year. Polsat Plus Group also made a commitment to bondholders to gradually migrate to zero-emission sources of electricity used for own purposes.

Part of the funds raised in the Series D Bond issue were used to repurchase for redemption 691,952 Series B Bonds and 835,991 Series C Bonds. A detailed description of their terms is presented in Section 4.2.4 - *Liquidity and Capital Resources* - of this Report.

### *Concluding financial PPA agreements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-VOLT S.A.*

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. The company committed in the financial PPA agreements to make financial settlements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-VOLT S.A. 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. The financial PPA agreements were concluded for a period of 15 years, with the possibility of termination in certain situations and is effective since April 2023.

# 4. Operating and financial review of the Company

## 4.1. Operating review of the Company

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 / % | |
|---|---|---|---|---|
| | 2022 | 2021 | nominal | % / p.p. |
| **B2C AND B2B SERVICES SEGMENT [1)]** | | | | |
| **Contract services for B2C customers** | | | | |
| **Total number of B2C RGUs[(2)] (EOP) [thous.], incl.:** | **13,285** | **13,465** | **(180)** | **(1.3%)** |
| Pay TV | 5,049 | 5,264 | (215) | (4.1%) |
| Mobile telephony | 6,238 | 6,195 | 43 | 0.7% |
| Internet | 1,998 | 2,006 | (8) | (0.4%) |
| **Number of B2C customers (EOP) [thous.]** | **5,934** | **6,047** | **(113)** | **(1.9%)** |
| ARPU per B2C [3)] customer [PLN] | 71.7 | 69.1 | 2.6 | 3.8% |
| ARPU per B2C [3)] customer (YTD) [PLN] | 70.8 | 68.2 | 2.6 | 3.8% |
| Churn in B2C [4)] subsegment | 7.0% | 6.9% | - | 0.1 p,p, |
| RGU saturation per one B2C customer | 2.24 | 2.23 | 0.01 | 0.4% |
| **Prepaid services** | | | | |
| **Total number of RGUs (EOP) [thous.], incl.:** | **2,691** | **2,666** | **25** | **0.9%** |
| Pay TV | 82 | 90 | (8) | (8.6%) |
| Mobile telephony | 2,578 | 2,537 | 41 | 1.6% |
| Mobile Internet | 31 | 39 | (8) | (19.5%) |
| ARPU per prepaid RGU [5)] [PLN] | 17.4 | 16.6 | 0.8 | 4.8% |
| ARPU per prepaid RGU [5)] (YTD) [PLN] | 17.5 | 16.2 | 1.3 | 8.0% |
| **Contract services for B2B customers** | | | | |
| **Total number of B2B customers (EOP) [thous.]** | **69.1** | **68.9** | **0.2** | **0.3%** |
| ARPU per B2B [3)] customer [PLN] | 1,427 | 1,403 | 24.0 | 1.7% |
| ARPU per B2B [3)] customer (YTD) [PLN] | 1,406 | 1,390 | 16.0 | 1.2% |

1) Customer – a natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in the contract model. A customer is identified by a unique national identification number (PESEL), tax identification number (NIP) or national business registry number (REGON).

2) RGU (revenue generating unit) – a single, active and retail revenue generating service of pay TV provided in all types of access technologies, mobile or fixed-line internet access, or mobile telephony provided in the contract or prepaid model.
3) ARPU per B2C/B2B customer - average monthly revenue per customer generated in a given settlement period.
4) Churn - termination of the contract with a B2C customer by means of a termination notice, collections or other activities resulting in the situation that after the termination of the contract the customer does not have any active services 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 a 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.
5) ARPU per prepaid RGU - average monthly revenue per prepaid RGU generated in a given settlement period.

### *Contract services for B2C customers*

The total number of B2C customers to whom we provided contract services as at the end of the fourth quarter of 2022 was 5,934 thousand (-1.9% YoY). The main reason behind the decrease of the contract customer base was the continued process of further merging of contracts under one common contract for the household within our base, which is reflected in the growing RGU saturation per customer ratio (increase by 0.4% YoY to 2.24 RGU per customer) and the declining popularity of the satellite technology. 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.

At the same time, we effectively care about customer satisfaction, which translated into a low churn ratio. The churn rate for our B2C customers amounted to only 7.0% in the twelve-month period ended December 31, 2022 (+0.1 p.p. YoY). Low churn 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 2022, average revenue per B2C customer increased to PLN 71.7 (+3.8% YoY) while in the year 2022 it reached the level of PLN 70.8 (+3.8%). The maintained high pace of growth of ARPU per B2C contract customer results, in particular, from the continuous building of customer value. We believe that our decisions to rapidly roll-out the 5G network and the growing popularity of tariff plans enabling the use of this technology by our customers as well as continued expansion of our content offer will contribute to the further building of customer value, reflected in the level of ARPU.

The number of contract services for B2C customers provided by us at the end of the fourth quarter of 2022 amounted to 13,285 thousand RGUs, i.e., by 180 thousand less compared to the previous year (-1.3% YoY). The main reason for this decline was the decrease in the number of contract pay TV services by 215 thousand (-4.1% YoY) to the level of 5,049 thousand RGUs, mainly due to the price repositioning and change in the strategy of offering our video online services (in 2021, we replaced the Ipla platform with the new Polsat Box Go offer, which is differently positioned in terms of pricing), a lower number of provided satellite TV services as well as the decision to discontinue the Mobile TV service. This decrease was partially compensated by an increasing number of TV services offered in online technologies (IPTV/OTT).

In parallel, we recorded the continued increase of contract mobile telephony services for B2C customers – by 43 thousand (+0.7%) YoY to the level of 6,238 thousand. This result was achieved thanks to the successful implementation of our strategy of cross-selling services to an individual customer, including 5G services, which are available in our offer since May 2020.

In the analyzed period, the number of Internet access services provided to B2C customers in the contract model remained at a stable level and amounted to 1,998 thousand as at the end of the fourth quarter of 2022. A factor supporting our Internet RGU base is the constantly improving quality of our telecommunications networks – a consequence of our investments, exemplified by the high quality 5G network covering over 50% of Poland’s population and the gradual modernization of our fixed-line network.

We observe a steadily increasing saturation of our B2C customer base with integrated services, which is reflected in the growing ratio of contract services per customer. As at the end of December 2022, every customer had on average 2.24 contract services (+0.4% YoY). We believe that further saturation of our customer base with integrated services, including our flagship product smartDOM to which we systematically add new products, 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, based on a mechanism of offering attractive discounts on every additional product or service purchased from the Group's portfolio, remains popular among our customers and has a positive effect on the churn rate, RGU saturation per customer rate and ARPU per contract B2C customer. At the end of December 2022, the number of customers using our bundled services remained stable year on year and amounted to 2,462 thousand, which translates to a 41.5% saturation of our contract customer base with multiplay services. This group of customers had 7,413 thousand RGUs as at the end of the fourth quarter of 2022, up by 75 thousand (+1.0%) 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 increased by 25 thousand (+0.9%) YoY and amounted to 2,691 thousand as at December 31, 2022.

In the analyzed period, the main driver behind the growth of our prepaid services base was the increase in the number of prepaid mobile telephony services by 41 thousand (+1.6%) YoY, to 2,578 thousand RGUs. The year on year growth in the number of provided prepaid mobile telephony services is related to the support action in the form of distribution of free starters enabling free communication for the newly arrived refugees from Ukraine. At the same time, the number of prepaid mobile broadband Internet services remained in a downward trend, decreasing by 8 thousand YoY as at the end of the fourth quarter of 2022. This change was driven primarily 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 number of prepaid TV services provided by us decreased by 8 thousand, to the level of 82 thousand at the end of December 2022.

In the fourth quarter of 2022, average revenue per prepaid RGU amounted to PLN 17.4 (+4.8% YoY) while in 2022 it reached PLN 17.5 (+8.0%). The changes in our mobile offering and TV offering (price repositioning and growing popularity of the Polsat Box Go streaming service) are among the factors which contributed positively to the increase in prepaid APRU in both analyzed periods. We also observe a growing willingness of our mobile telephony customers to choose bundled solutions instead of offers based on the *pay-as-you-go* model.

### *Contract services for B2B customers*

The total number of B2B customers to whom we provided contract services as at the end of the fourth quarter of 2022 was 69.1 thousand (+0.3% YoY). The scale of our B2B customer base remains stable in the long term, proving the high efficiency of our actions 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 1,427 (+1.7% YoY) per month in the fourth quarter of 2022 and PLN 1.406 (+1.2% YoY) per month in 2022.

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. With this aim, 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 Company's financial situation

The following review of results for the twelve-month periods ended December 31, 2022 was prepared based on the financial statements for the financial year ended December 31, 2022, prepared in accordance with International Financial Reporting Standards as approved for use by the European Union and based on internal analyses.

### 4.2.1. Income statement analysis

The table below presents the Company's income statement for the twelve-month period ended December 31, 2022.

| [mPLN] | for the 12-month period ended December 31 | | change | |
|---|---|---|---|---|
| | 2022 | 2021 | [mPLN] | [% / p.p.] |
| Revenue | 2,382.5 | 2,448.6 | (66.1) | (2.7%) |
| Operating costs | (2,042.1) | (2,056.7) | 14.6 | (0.7%) |
| Other operating income/(cost), net | 2.7 | (5.3) | 8.0 | n/a |
| **Profit from operating activities** | **343.1** | **386.6** | **(43.5)** | ***(11.3%)*** |
| Gain on investment activities, net | 1,188.7 | 4,048.7 | (2,860.0) | (70.6%) |
| Finance costs, net | (241.9) | (103.3) | (138.6) | 134.2% |
| **Gross profit for the period** | **1,289.9** | **4,332.0** | **(3,042.1)** | **(70.2%)** |
| Income tax | (41.3) | (726.1) | 684.8 | (94.3%) |
| **Net profit for the period** | **1,248.6** | **3,605.9** | **(2,357.3)** | **(65.4%)** |
| ***EBITDA*** | ***517.4*** | ***572.1*** | ***(54.7)*** | ***(9.6%)*** |
| ***EBITDA margin*** | ***21.7%*** | ***23.4%*** | ***-*** | ***(1.7 p.p.)*** |

***Revenue***

| [mPLN] | for the 12-month period ended December 31 | | change | |
|---|---|---|---|---|
| | 2022 | 2021 | [mPLN] | [%] |
| Retail revenue | 2,182.6 | 2,247.2 | (64.6) | (2.9%) |
| Wholesale revenue | 84.8 | 103.1 | (18.3) | (17.7%) |
| Sale of equipment | 31.6 | 25.8 | 5.8 | 22.5% |
| Other revenue | 83.5 | 72.5 | 11.0 | 15.2% |
| **Revenue** | **2,382.5** | **2,448.6** | **(66.1)** | **(2.7%)** |

Our **total revenue** decreased by PLN 66.1 million (-2.7% YoY) in the 2022. A decrease of r**etail revenue** by PLN 64.6 million (-2.9%) YoY was the main driver behind a decrease of total revenue. This decrease was mostly as a result of a decline in the number of satellite TV customers and our discontinuation of active sales of the mobile Internet service under the Cyfrowy Polsat brand in connection with Polsat Plus Group's rebranding in 2021. Furthermore, in 2022 we recorded a decrease in **wholesale revenue** by PLN 18.3 million (-17.7%) YoY, which was due in part to lower advertising and sponsorship revenue resulting primarily from our strategic decision made in the second half of 2021 to change the model of offering our online video services.

### *Operating costs*

| [mPLN] | for the 12-month period ended December 31 | | change | |
|---|---|---|---|---|
| | 2022 | 2021 | [mPLN] | [%] |
| Content costs | 850.5 | 797.3 | 53.2 | 6.7% |
| Technical costs and cost of settlements with telecommunication operators | 463.4 | 495.4 | (32.0) | (6.5%) |
| Distribution, marketing, customer relation management and retention costs | 280.9 | 308.7 | (27.8) | (9.0%) |
| Depreciation, amortization, impairment and liquidation | 174.3 | 185.5 | (11.2) | (6.0%) |
| Salaries and employee-related costs | 149.6 | 130.2 | 19.4 | 14.9% |
| Cost of equipment sold | 21.1 | 20.1 | 1.0 | 5.0% |
| Cost of debt collection services and bad debt allowance and receivables written off | 3.3 | 9.2 | (5.9) | (64.1%) |
| Other costs | 99.0 | 110.3 | (11.3) | (10.2%) |
| **Operating costs** | **2,042.1** | **2,056.7** | **(14.6)** | **(0.7%)** |

Our **operating costs** decreased by PLN 14.6 million (-0.7%) YoY in 2022 and were primarily impacted by lower technical costs and cost of settlements with telecommunication operators as well as lower distribution, marketing, customer relation management and retention costs. **Technical costs and cost of settlements with telecommunication operators** decreased by PLN 32.0 million (-6.5%) YoY, reflecting mainly lower costs of interconnection settlements related to the regulatory reduction of MTR/FTR rates. Moreover, in 2022 we recorded a decrease by PLN 27.8 million (-9.0%) YoY in **distribution, marketing, customer relation management and retention costs**, which in the comparative period included expenses related to the Group's rebranding. In addition, in 2022 the Company's **other costs** were lower by PLN 11.3 million (-10.2%) YoY, which was due to, among others, lower cost of advisory and consulting services.

The above described decrease in operating costs was partially offset by higher content and remuneration costs. In 2022, **content costs** increased by PLN 53.2 million (+6.7%) YoY, mainly as a result of our investment in expanding the programming offer and increasing its attractiveness for our customers. In turn, the **salaries and employee-related costs** increased by PLN 19.4 million (+14.9%) YoY, due to, among others, an increase in the Company's headcount by 60 FTEs (+7.1%) YoY and inflationary pressure on employee-related costs.

| Average employment | for the 12-month period ended December 31 | | Change | |
|---|---|---|---|---|
| | 2022 | 2021 | [FTEs] | [%] |
| Permanent workers not engaged in production (1) | 904 | 844 | 60 | 7.1% |

(1) Excluding workers who did not perform work in the reporting period due to long-term absences

**Profit on investment activities, net** amounted to PLN 1,188.7 million in 2022 decreasing by PLN 2,860.0 million (-70.6%) YoY, which was principally the effect of the recognition of the one-off gain on the disposal of Polkomtel Infrastruktura to Cellnex Group in 2021.

**Finance costs, net** increased by PLN 138.6 million (+134.2%) YoY, primarily on the back of higher costs of servicing the Company's debt following the gradual increase of interest rates by the NBP.

**Income tax** was lower by PLN 684.8 million YoY as a result of the recognition of income tax on the gain on disposal of Polkomtel Infrastruktura in 2021.

**Net profit** for 2022 amounted to PLN 1,248.6 million. This is 65.4% lower than a year ago, primarily due to the recognition of a gain on the sale of Polkomtel Infrastruktura in the comparative period and increasing pressure from financial costs in 2022.

**EBITDA** of the Company decreased by PLN 54.7 million (-9.6%) YoY to the level of PLN 517.4 million in 2022 with EBITDA margin reaching 21.7% (-1.7 p.p. YoY).

### 4.2.2. Balance sheet analysis

As at December 31, 2022, our balance sheet amounted to PLN 15,658.3 million and was lower by PLN 517.8 million (-3.2%) compared to its level as at December 31, 2021.

***Assets***

| [mPLN] | December 31 2022 | December 31 2021 | Change | |
|---|---|---|---|---|
| | | | [mPLN] | [%] |
| Reception equipment | 331.8 | 332.5 | (0.7) | (0.2%) |
| Other property, plant and equipment | 194.2 | 122.9 | 71.3 | 58.0% |
| Goodwill | 197.0 | 197.0 | - | - |
| Other intangible assets | 110.6 | 96.4 | 14.2 | 14.7% |
| Right-of-use assets | 15.8 | 19.0 | (3.2) | (16.8%) |
| Investment property | 36.8 | 34.3 | 2.5 | 7.3% |
| Shares in subsidiaries, associates and other, incl. | 12,966.7 | 12,410.3 | 556.4 | 4.5% |
| *shares in associates* | *1,708.0* | *1,749.9* | (41.9) | (2.4%) |
| Non-current deferred distribution fees | 17.7 | 17.1 | 0.6 | 3.5% |
| Non-current loans granted | 573.6 | 439.2 | 134.4 | 30.6% |
| Other non-current assets, incl. | 7.3 | 7.3 | - | - |
| *derivative instruments* | *6.6* | *4.1* | *2.5* | 61.0% |
| **Total non-current assets** | **14,451.5** | **13.676.0** | **775.5** | **5.7%** |
| Contract assets | 93.3 | 121.1 | (27.8) | (23.0%) |
| Inventories | 131.0 | 65.1 | 65.9 | 101.2% |
| Trade and other receivables | 212.1 | 170.3 | 41.8 | 24.5% |

| [mPLN] | December 31 2022 | December 31 2021 | Change [mPLN] | Change [%] |
|---|---|---|---|---|
| Current loans granted | 544.8 | 118.0 | 426.8 | 361.7% |
| Current deferred distribution fees | 54.3 | 63.7 | (9.4) | (14.8%) |
| Other current assets, incl. | 50.6 | 27.1 | 23.5 | 86.7% |
| *derivative instruments* | *16.5* | *9.3* | *7.2* | *77.4%* |
| Cash and cash equivalents | 120.7 | 1,934.8 | (1,814.1) | *(93.8%)* |
| **Total current assets** | **1,206.8** | **2,500.1** | **(1,293.3)** | **(51.7%)** |
| **Total assets** | **15,658.3** | **16,176.1** | **(517.8)** | **(3.2%)** |

In 2022, **non-current assets** increased by PLN 775.5 million (+5.7%) and accounted for 92.3% of total assets compared to 84.5% at the end of 2021. The increase in the value of non-current assets was driven mainly by the higher value of our shares in subsidiaries, associates and other as well as higher value of other non-current assets. The value of **shares in subsidiaries, associates and others** increased by PLN 556.4 million (+4.5%) YoY, reflecting mainly the acquisition of shares in PAK-Polska Czysta Energia Sp. z o.o. and Port Praski Sp. z o.o. as well as the disposal of the 10% stake in Modivo S.A. An increase in the value of **non-current loans granted** by PLN 134.4 million (+30.1%) YoY results mainly from the recognition of the value of long-term loans granted to PAK-PCE for the construction of clean energy and green hydrogen production assets. The **higher value of other non-current assets** is due, among others, to the higher value of fixed non-current assets under construction, which is related to ongoing construction of a new recording studio.

The value of **current assets** decreased by PLN 1,293.3 million (-51.7%) over the year and as at the end of 2022 accounted for 7.7% of the total assets of the Company, compared to 15.5% at the end of 2021. The decrease in **cash and cash equivalents** by PLN 1,814.1 million (-93.8%) was the main driver behind this change. The most significant cash outflows in 2022 included dividend payout in the amount of PLN 660.8 million, the acquisition of a 66.94% stake in Port Praski for PLN 553.7 million, the acquisition of a 40.41% stake in PAK-PCE for PLN 478.7 million, the acquisition of treasury shares for PLN 393.9 million and the granting of loans for the development of our renewable energy business. The above mentioned outflows were partially offset by cash inflows from the sale of a 10% stake in Modivo S.A. for PLN 600.0 million. An increase in the value of **current loans granted** by PLN 468.6 million reflects in particular receivables related to the loans granted mainly for the development of our renewable energy business.

### *Equity and liabilities*

| [mPLN] | December 31 2022 | December 31 2021 | Change [mPLN] | Change [%] |
|---|---|---|---|---|
| Share capital | 25.6 | 25.6 | - | - |
| Share premium | 7,174.0 | 7,174.0 | - | - |
| Other reserves | 2,933.5 | 2,923.8 | 9.7 | 0.3% |
| Retained earnings | 4,215.8 | 3,628.0 | 587.8 | 16.2% |
| Treasury shares | (2,854.7) | (2,461.0) | (393.7) | 16.0% |
| **Total equity** | **11,494.2** | **11,290.4** | **203.8** | **1.8%** |
| Loans and borrowings | 1,047.8 | 1,230.7 | (182.9) | (14.9%) |
| Issued bonds | 1,900.4 | 1,942.1 | (41.7) | (2.1%) |
| Lease liabilities | 13.7 | 16.5 | (2.8) | (17.0%) |
| Deferred tax liabilities | 58.7 | 80.7 | (22.0) | (27.3%) |
| Other non-current liabilities and provisions, incl. | 2.1 | 2.1 | - | - |

| [mPLN] | December 31 2022 | December 31 2021 | Change [mPLN] | [%] |
|---|---|---|---|---|
| *derivative instruments* | *0.7* | - | *0.7* | n/a |
| **Total non-current liabilities** | **3,022.7** | **3,272.1** | **(249.4)** | **(7.6%)** |
| Loans and borrowings | 250.7 | 193.8 | 56.9 | 29.4% |
| Issued bonds | 176.0 | 66.4 | 109.6 | 165.1% |
| Lease liabilities | 3.3 | 3.7 | (0.4) | (10.8%) |
| Contract liabilities | 225.3 | 233.9 | (8.6) | (3.7%) |
| Trade and other payables | 477.6 | 463.3 | 14.3 | 3.1% |
| Income tax liability | 4.9 | 649.1 | (644.2) | (99.2%) |
| Deposits for equipment | 3.6 | 3.4 | 0.2 | 5.9% |
| **Total current liabilities** | **1,141.4** | **1,613.6** | **(472.2)** | **(29.3%)** |
| **Total liabilities** | **4,164.1** | **4,885.7** | **(721.6)** | **(14.8%)** |
| **Total equity and liabilities** | **15,658.3** | **16,176.1** | **(517.8)** | **(3.2%)** |

During 2022, **equity** increased by PLN 203.8 million (+1.8%), to PLN 11,494.2 million as at December 31, 2022. This was mainly the result of profit generated in 2022 in the amount of PLN 1,248.6 million reduced by the settlement of the dividend for 2021 in the amount of PLN 660.8 million and result of the share buy-back execution in the amount of PLN 393.7 million.

**Total liabilities decreased** by PLN 721.6 million (-14.8%) and amounted to 4,164.1 million as at December 31, 2022. Current liabilities amounted to PLN 1,141.4 million and non-current liabilities amounted to PLN 3,022.7 million, constituting 27.4% and 72.6% of total liabilities, respectively. Compared to the end of December 2021, the value of current liabilities decreased by PLN 472.2 million (-29.3%) while non-current liabilities decreased by PLN 249.4 million (-7.6%). The main factor driving the decrease of the value of non-current liabilities was the recognition of a **lower value of loans and borrowings** following the resumption of scheduled installment repayments of Tranche A of the SFA starting from the second quarter of 2021. In turn, lower value of current liabilities was impacted in particular by a **decrease of the income tax liability** by PLN 644.2 million in connection with the settlement of an income tax of the sale of shares in our subsidiary Polkomtel Infrastruktura in the third quarter of 2021, partially offset by a **higher value of current liabilities related to issued bonds, loans and borrowings** which increased by PLN 166.5 million.

### *Contractual liabilities related to purchases of non-current assets*

Total amount of contractual liabilities resulting from agreements for property construction and improvements was PLN 19.2 million as at December 31, 2022 (PLN 77.2 million as at December 31, 2021). The total amount of deliveries and services committed to under agreements for the purchases of licenses and software was PLN 0.0 million as at December 31, 2022 (PLN 0.3 million as at December 31, 2021).

### *Future contractual obligations*

As at December 31, 2022 and December 31, 2021 the Group had future liabilities due for transponder capacity agreements. The table below presents future payments (total):

| [mPLN] | December 31, 2022 | December 31, 2021 |
|---|---|---|
| within one year | 121.7 | 122.1 |
| between 1 to 5 years | 243.4 | 366.2 |
| **Total** | **365.1** | **488.3** |

### 4.2.3. Cash flow analysis

The table below presents selected data from the consolidated cash flow statement for the twelvene-month periods ended December 31, 2022 and December 31, 2021.

| [mPLN] | for the 12-month period ended December 31 | | Change | |
|---|---|---|---|---|
| | 2022 | 2021 | [mPLN] | [% / p.p.] |
| Net profit | 1,248.6 | 3,605.9 | (2,357.3) | (65.4%) |
| **Net cash from operating activities** | **(383.3)** | **441.1** | **(824.4)** | **n/a** |
| **Net cash used in investing activities, incl.** | **(73.3)** | **4,505.5** | **(4,578.8)** | **n/a** |
| Capital expenditures | *(125.0)* | *(58.1)* | *(66.9)* | *115.1%* |
| *Capital expenditures / revenue* | *5.2%* | *2.4%* | n/a | *2.8 p.p.* |
| **Net cash used in financing activities** | **(1,357.5)** | **(3,847.2)** | **2,489.7** | **(64,7%)** |
| Net increase/(decrease) in cash and cash equivalents | (1,814.1) | 1,099.4 | (2,913.5) | n/a |
| Cash and cash equivalents at the beginning of the period | 1,934.8 | 835.4 | 1,099.4 | 131,6% |
| **Cash and cash equivalents at the end of the period** | **120,7** | **1.934,8** | **(1.814,1)** | **(93,8%)** |

#### *Net cash from operating activities*

Net cash used in operating activities amounted to PLN 383.3 million in 2022 as compared to PLN 441.1 million of net cash received from operating activities in 2021. This decrease was primarily impacted by higher working capital employed and higher amount of income tax settled in cash in connection with the tax settlement for the disposal of shares in Polkomtel Infrastruktura in 2021.

#### *Net cash used in investing activities*

Net cash used in investing activities amounted to PLN 73.3 million in 2022 compared to PLN 4,505.5 million generated in 2021. This change was primarily the result of the significantly lower inflow of proceeds from the disposal of shares of our subsidiaries and associates in 2022, which was related to the disposal of shares in our subsidiary Polkomtel Infrastruktura in 2021 combined with the higher amount of net loans granted in 2022, which were dedicated mainly to expand our business in the area of renewable energy sources. The above described decrease was offset in part by lower acquisition outflows in 2022.

Capital expenditures on the purchase of property, plant and equipment, and intangible assets amounted to PLN 125.0 million in 2022 and increased by PLN 66.9 million YoY. In 2022, capital expenditures included, among others, the development of our content services, including, among others, the development of functionalities of Polsat Box Go application and streaming platform as well as modernization and expansion of our broadcasting infrastructure and recording studios.

#### *Net cash used in finance activities*

Net cash used in financing activities amounted to PLN 1,357.5 million in 2022 compared to PLN 3,847.2 million of cash used in financing activities in 2021. Reduced cash outflows for financing activities were due to, among others, lower by PLN 2,070.1 million (-84.0% YoY) expenditure for the share buy-back program in 2022. Moreover, in 2022 the Company paid PLN 660.8 million as dividend for 2021 while in the comparative period it paid dividend for 2020 in the amount of PLN 767.5 million and the second tranche of dividend for 2019 in the amount of PLN 415.7 million.

### 4.2.4. Liquidity and capital resources

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 our cash balances and cash generated from our current operations, as well as funds available under our revolving 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 a majority of investment plans in the field of the Company's current activity. At the same time, we underline that the implementation of the assumptions of the announced Strategy 2023+ will involve the need to arrange new sources of financing for further development of the Group in the area of clean energy.

Due to the fact that the Company is one of the borrowers under the SFA, which also covers selected subsidiaries of Cyfrowy Polsat, the information on indebtedness presented below refers to indebtedness at the group level.

#### *Indebtedness of Polsat Plus Group*

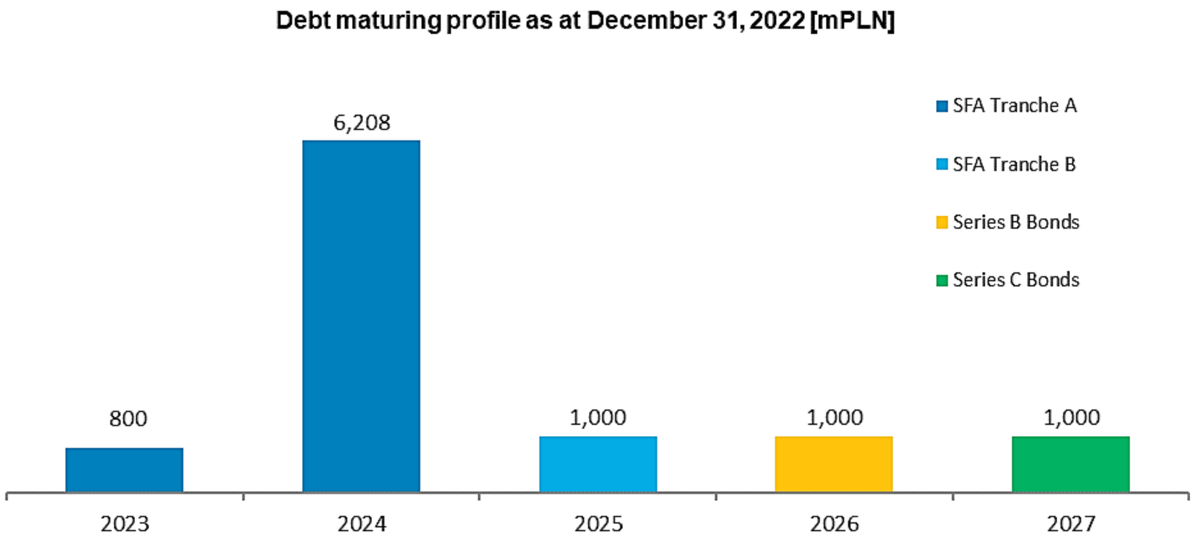
The table below presents a summary of the indebtedness of the Group as at December 31, 2022.

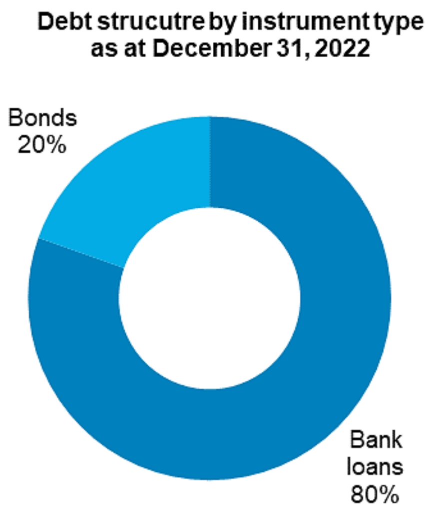
| | Balance value as at December 31, 2022 [mPLN] | Coupon / interest / discount | Maturity date |
|---|---|---|---|
| SFA (Tranche A and B) | 7,996.7 | WIBOR + margin | Tranche A - 2024<br>Tranche B - 2025 |
| Revolving Credit Facility (RCF) | 134.1 | WIBOR + margin | - |
| Bonds | 2,076.4 | Series B - WIBOR + 1.75%<br>Series C - WIBOR + 1.65% | Series B – 2026<br>Series C – 2027 |
| Leasing and other | 530.8 | - | - |
| **Gross debt** | **10,738.0** | - | - |
| Cash and cash equivalents[1] | (808.5) | - | - |
| **Net debt** | **9,929.5** | - | - |
| EBITDA LTM | (3,471.2) | - | - |
| **Total net debt / EBITDA LTM** | **(2.86x)** | - | - |
| Weighted average interest cost[2] | | 8.5% | - |

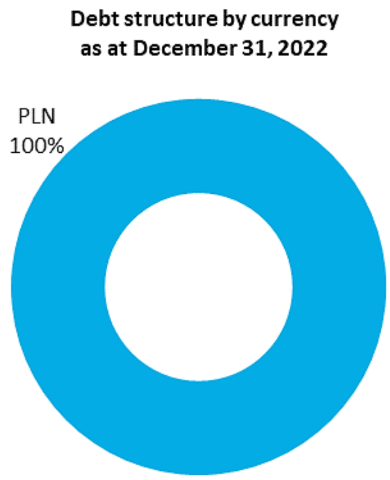
(1) This item comprises cash and cash equivalents.

(2) Prospective average weighted interest cost of the SFA (including the Revolving Credit Facility) and the Series B and Series C Bonds, excluding hedging instruments, as at December 31, 2022 assuming WIBOR 1M of 6.93% and WIBOR 6M of 7.14%.

The graphs below present the debt maturity profile of Polsat Plus Group's debt as well as its structure according to instrument type and currency (expressed in nominal values and excluding the indebtedness under the RCF and leasing) as at December 31, 2022.



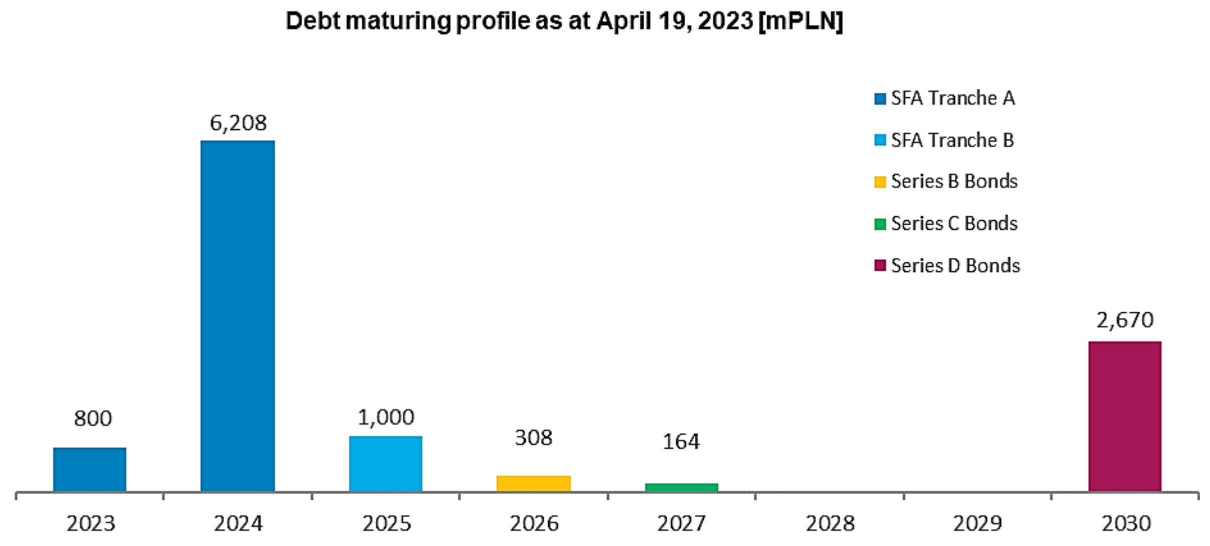



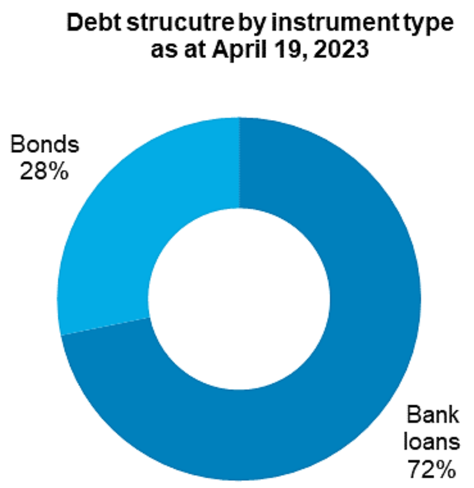

In order to reduce exposure to interest rate risk related to interest payments based on a floating rate, we actively apply hedging strategies based on derivative instruments, swaps (IRS) in particular. As at December 31, 2022, transactions hedging the WIBOR interest rate changes, opened by companies from the Group and maturing in different periods in the years 2023-2025, hedged nearly 30% of the exposure with respect to the Group's total debt.

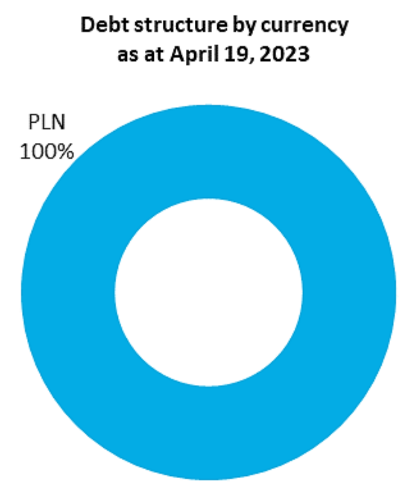
After the balance sheet date, on January 11, 2023, the Company issued 2,670,000 unsecured Series D bearer bonds with the nominal value of PLN 1,000 each and the aggregate nominal value of PLN 2,670.0 million, maturing on January 11, 2030. The interest rate on the Series D bonds is variable, based on WIBOR 6M plus a margin.

In parallel, on January 11, 2023, the Company purchased for redemption (i) 691,952 unsecured Series B bearer bonds with the total nominal value of PLN 692.0 million and (ii) 835,991 unsecured Series C bearer bonds with the total nominal value of PLN 836.0 million. After redemption of the Series B and Series C bonds, bonds listed in the Alternative Trading System operated by the WSE on the Catalyst market include 2,670,000 Series D bonds, 308,048 Series B bonds and 164,009 Series C bonds.

In connection with the issuance of the Series D Bonds and the redemption of a portion of the Series B and Series C Bonds, as of the date of approval of this Report, the maturity structure and the type and currency structure of Polsat Plus Group's debt (expressed in nominal terms, excluding debt resulting from the Revolving Credit Facility and leases) are as follows.




### *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*

On September 21, 2015, the Company, as the borrower, along with Telewizja Polsat, Cyfrowy Polsat Trade Marks, Polsat License Ltd. and Polsat Media Biuro Reklamy concluded a Senior Facilities Agreement with a consortium of Polish and foreign financial institutions, led by Powszechna Kasa Oszczędności Bank Polski S.A., Bank Zachodni WBK S.A., ING Bank Śląski S.A., Société Générale (Global Banking Coordinators) with the participation of PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, PZU Fundusz

Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 2, BNP Paribas Fortis SA/NV, Bank Polska Kasa Opieki S.A., The Bank of Tokyo-Mitsubishi UFJ Ltd., Bank of China (Luxembourg) S.A., Credit Agricole Corporate & Investment Bank, Credit Agricole Bank Polska S.A., DNB Bank Polska S.A., DNB Bank ASA, HSBC Bank Polska S.A., HSBC Bank plc, Bank Handlowy w Warszawie S.A., CaixaBank S.A. (Spółka Akcyjna) Oddział w Polsce, mBank S.A., Bank Millennium S.A., Raiffeisen Bank Polska S.A., Goldman Sachs Bank USA, Erste Group Bank AG, Deutsche Bank Polska S.A., and UniCredit Bank AG, London Branch, acting as the Facility Agent and the Security Agent (the "CP Facilities Agreement").

Moreover, on September 21, 2015, a Senior Facilities Agreement was concluded between Polkomtel as the borrower along with Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental, Plus TM Group and the consortium of Polish and foreign financial institutions indicated above (the "PLK Facilities Agreement").

Based on the CP Facilities Agreement the Company had been awarded a term facility loan up to PLN 1,200.0 million and a revolving facility loan up to PLN 300.0 million. Based on the PLK Facilities Agreement Polkomtel has been awarded a term facility loan up to PLN 10,300.0 million and a revolving facility loan up to PLN 700.0 million.

The Company utilized the funds obtained under the CP SFA in particular to repay the indebtedness under the refinanced CP Senior Facilities Agreement of April 11, 2014 between the Company (as the borrower) and a consortium of financial institutions. Polkomtel utilized the funds granted under the PLK Term Facility in particular to fully repay the outstanding debt under the Facilities Agreement of June 17, 2013 concluded between Polkomtel, Eileme 2, Eileme 3 and Eileme 4, and a consortium of Polish and foreign banks and financial institutions (the repayment took place on September 28, 2015), and to fully repay the indebtedness under the PLK Senior Notes (the repayment took place on January 29, 2016). Furthermore, the Group uses the funds obtained under the CP and PLK SFA to finance general corporate needs.

In connection with the redemption on February 1, 2016 of the PLK Senior Notes, amendments, provisioned for in the Amendment, Restatement and Consolidation Deed of September 21, 2015 were incorporated to the CP SFA (for details see current report no. 42/2015 dated September 21, 2015). The amendments consisted, in particular, in increasing the maximum amount of the term loan to PLN 11,500.0 million and of the revolving facility to PLN 1,000.0 million and the repayment in full of the indebtedness under the PLK SFA. Furthermore, Polkomtel and other subsidiaries of the Company, who were parties to the PLK SFA, have acceded to the CP Senior Facilities Agreement as a borrower and guarantor or guarantor and additional security interests were established as required by the Amendment, Restatement and Consolidation Deed.

On March 2, 2018, the Group concluded the Second Amendment, Restatement and Consolidation Deed incorporating further changes in the CP SFA. The modification related, among others, to the extension of the term of repayment of the Term Loan until September 30, 2022, which entailed a modification of the repayment schedule and the modification of the ratio of consolidated net debt to consolidated EBITDA, below which the Company will not be obligated to establish or maintain securities in connection with the CP Facilities Agreement (excluding the release of guarantees granted pursuant to the CP Facilities Agreement), by revising it from 1.75:1 up to 3.00:1.

We will refer to the CP SFA amended by both aforementioned Amendment, Restatement and Consolidation Deeds as the SFA, and the term loan and revolving facility granted under this agreement as Tranche A of the Term Loan and Revolving Credit Facility (RCF), respectively.

On April 27, 2020, the Group concluded the Third Amendment and Restatement Deed incorporating further changes in the SFA. The modification related, among others, to the extension of the term of repayment of the Term Loan until September 30, 2024, which entailed a modification of the repayment schedule and the amendments relating to the implementation of IFRS 16, in particular an appropriate increase in the level of specified financial covenants by 0.3:1, among others for the purposes of setting the limit for the distribution of dividends, financial covenant levels in the margin grid while maintaining the nominal margin levels, the modification of the ratio of consolidated net debt to consolidated EBITDA, below which the Company will not be obligated to establish or maintain securities in connection with the SFA (excluding the release of guarantees granted pursuant to the SFA), by revising it from 3.00:1 up to 3.30:1 and adjustment of the relevant definitions for the purposes of calculating the financial covenants, in particular raising the maximum permitted ratio of consolidated net debt to consolidated EBITDA (Total Leverage) to 4.5:1, the maximum permitted ratio of consolidated secured net debt to consolidated EBITDA (Secured Leverage) to 3.8:1 and lowering the minimum permitted Debt Service Cover to 1.1:1.

Tranche A of the Term Facility and the RCF bear interest at a variable rate equal to WIBOR for the relevant interest period plus margin. The margin on Tranche A of the Term Facility and the RCF depends on the ratio of net consolidated indebtedness to consolidated EBITDA in such a way that the lower the ratio – the lower the margin, with the maximum margin level applicable within one year from the date of entering into the Third Amendment and Restatement Deed if the net consolidated indebtedness to consolidated EBITDA ratio exceeds 3.50:1, and the minimum margin level applicable when that ratio is no higher than 1.50:1. In turn, after one year from the date of entering into the Third Amendment and Restatement Deed the maximum margin shall be applicable when the net consolidated indebtedness to consolidated EBITDA ratio exceeds 3.80:1, and the minimum margin level when that ratio is no higher than 1.80:1, whereas the value of consolidated net debt used in the calculation of this ratio, pursuant to the definition set out in the SFA, does not include debt instruments under which capital is repaid not sooner than 6 months after the term of repayment of Tranche A of the Term Facility and the RCF and interest is not paid in cash on a current basis. Pursuant to the provisions of the amended SFA the final repayment date for Tranche A of the Term Facility and the RCF is September 30, 2024.

Pursuant to the SFA the Company and its Group companies establish, in specified cases, certain collaterals for the credit facilities granted thereunder. In particular, these collaterals include registered pledges on collections of movables and economic interests of variable composition comprised in the enterprise of the Company and its selected subsidiaries, registered and financial pledges on shares in the Company's subsidiaries, registered and financial pledges on receivables related to bank accounts kept for the Company or its selected subsidiaries, ordinary and registered pledges on selected trademarks, assignments of rights for security, mortgages, notarial submissions to enforcement and similar collaterals on shares or assets of the Company's subsidiaries, to be governed by foreign laws. A detailed description of established securities is presented in item 4.2.5. of this Report.

Pursuant to the provisions of the SFA and the Third Amendment and Restatement Deed, when the net consolidated indebtedness to consolidated EBITDA ratio falls to or below 3.30:1, the Company will have a right to demand that the collaterals for the Senior Facilities Agreement be released (save for guarantees granted on the basis of the SFA). However, such released collateral will need to be re-established if the net consolidated indebtedness to consolidated EBITDA ratio again rises above 3.30:1. Additionally, if certain members of the Company's Group incur secured indebtedness, a pari passu collateral will need to be established in favor of the Security Agent (acting for, among others, the lenders under the Senior Facilities Agreement).

Furthermore, in accordance with the provisions of the SFA the Company and other entities from the Group may incur additional facilities. The terms of such additional facilities will be established individually in separate additional facility accession deeds and their terms will have to satisfy certain criteria, depending on the net consolidated indebtedness to consolidated EBITDA ratio.

Pursuant to the SFA, certain members of the Group are to grant guarantees under the English law to each of the financing parties under the SFA and other finance documents executed in relation thereto. The amount of the guarantees will be equal to the amount of the facility increased by all fees and receivables contemplated in the SFA or other finance documents executed in relation thereto. The guarantees secure:

(i) the timely discharge of the obligations under the SFA and other finance documents executed in relation thereto,

(ii) a payment of amounts due under the SFA 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 unenforceability, ineffectiveness or unlawfulness of any obligation secured by these guarantees. The period of the guarantees has not been specified. The guarantors will be remunerated at arm's length for granting the guarantees.

The CP SFA, PLK SFA and the Amendment and Restatement Deed of September 21, 2015 provided for typical conditions precedent for the disbursement of the contemplated facilities and certain conditions subsequent for the disbursement of the contemplated facilities, also typical for this kind of transactions.

On July 19, 2018, the SFA was entered into by Netia as an additional borrower and an additional guarantor pursuant to the resolution of the Management Board of Netia dated June 13, 2018 of which Netia informed in its current report No. 35/2018 dated June 13, 2018.

Based on the resolution of the Management Board of Aero 2 Sp. z o.o., dated February 25, 2020, concerning the resignation from the financing and the resignation letter signed by the Company and Aero 2 Sp. z o.o. on February 26, 2020, along with entering into the Third Amendment and Restatement Deed on April 27, 2020 Aero 2 Sp. z o.o. withdrew from the SFA.

On November 27, 2019, the Company, acting in its own name and as an obligors' agent, concluded an additional facility accession deed with certain Polish and foreign financial institutions. In order to reflect the amendments to the Senior Facilities Agreement set forth in the draft Third Amendment and Restatement Deed, on 27 April 2020, the Company entered into the first amendment and restatement deed to the additional facility accession deed. The additional term facility amounts to up to PLN 1,000.0 million and bears interest at a variable rate equal to WIBOR for the relevant interest period plus margin (Tranche B of the Term Loan). The margin on Tranche B of the Term Loan depends on the ratio of net consolidated indebtedness to consolidated EBITDA in such a way that the lower the ratio – the lower the margin, with the maximum margin level applicable within one year from the date of entering into the first amendment and restatement deed to the additional facility accession deed if the net consolidated indebtedness to consolidated EBITDA ratio exceeds 3.50:1, and the minimum margin level applicable when that ratio is no higher than 1.50:1. After one year from the date of entering into the first amendment and restatement deed to the additional facility accession deed the maximum margin level shall be applicable when the net consolidated indebtedness to consolidated EBITDA ratio exceeds 3.80:1, and the minimum margin level applicable when that ratio is no higher than 1.80:1. Tranche B of the Term Loan will be repaid in one bullet installment on the final repayment date which falls to March 31, 2025. The receivables arising under Tranche B of the Term Loan are secured by the same package of security interests and guarantees extended by some of the Company's group members as granted under the Second Amendment and Restatement Deed.

### *Series B Bonds*

Pursuant to the resolution of the Management Board adopted on April 16, 2019, Cyfrowy Polsat issued on April 26, 2019 1,000,000 unsecured series B bearer bonds with a nominal value of PLN 1,000.0 each and a total nominal value of PLN 1,000.0 million, maturing on April 24, 2026. The Series B Bonds were issued within the actions taken to reduce costs of servicing the indebtedness under the Series A Bonds issued by the Company and maturing on July 21, 2021, which were fully repurchased from investors and prematurely redeemed in April and May 2019 using funds obtained from the issuance of Series B Bonds. The Series B Bonds were issued by way of a public offering addressed to professional clients. Detailed terms and conditions of the Series B Bonds' issuance, redemption and payment of interest are specified in the Series B Bonds Terms.

The interest rate on the Series B Bonds is floating and 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 B Bonds Terms as the ratio of the net financial indebtedness to EBITDA):

(i) the margin amounts to 175 bps if the Leverage Ratio in the given period is less than or equal to 3.5:1,

(ii) the margin amounts to 200 bps if the Leverage Ratio in the given period is greater than 3.5:1 but less than or equal to 4.0:1,

(iii) the margin amounts to 250 bps if the Leverage Ratio in the given period is greater than 4.0:1.

The coupon on Series B bonds is paid biannually on April 26 and October 26 (excluding the last interest period in which April 24 is the last day).

In accordance with the provisions of the Series B Bonds Terms, the Company may exercise at any time an early redemption of all or part of the Series B Bonds, however, the early redemption may not apply to Bonds that constitute less than 10% of the total nominal value of the Series B Bonds. An early redemption may be exercised based on the Series B Bonds' nominal value together with the accrued interest and a possible premium for the early redemption.

In case if the early redemption, performed as a result of exercising an 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 B 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 B 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 B 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 B Bonds subject to the early redemption,

(v) if the early redemption occurs after four years from the issuance date, the Series B Bonds shall be redeemed according to their nominal value.

On January 11, 2023, the Company carried out an early redemption of 691,952 Series B Bonds with the total nominal value of PLN 692.0 million.

Additionally, pursuant to the Series B 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 B Bonds Terms, Bondholders are entitled to demand an early redemption of Series B 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 B Bonds Terms, cessation of business activity or insolvency by the Company, i.a. by declaring bankruptcy or liquidation of the Company, Bondholders are entitled to demand an early redemption of Series B Bonds held by those Bondholders.

The Series B Bonds have been traded since May 31, 2019 under the abbreviated name “CPS0426” in the continuous trading system called the Alternative Trading System, operated by the Warsaw Stock Exchange within the Catalyst market.

The Series B Bonds are issued under Polish law and any potential disputes related to the Series B Bonds shall be resolved in proceedings at the Polish common court having jurisdiction over the registered office of the Company.

### *Series C Bonds*

Pursuant to the resolution of the Management Board adopted on December 11, 2019, Cyfrowy Polsat issued on February 14, 2020 1,000,000 unsecured series C bearer bonds with a nominal value of PLN 1,000.0 each and a total nominal value of PLN 1,000.0 million, maturing on February 12, 2027. The proceeds from the Series C Bonds issue shall be used to refinance pro-environmental projects, including the improvement of energy efficiency of the Group and the reduction of the carbon footprint associated with the production of electronic devices by Polsat Group. The Series C Bonds were issued by way of a public offering addressed to professional clients. Detailed terms and conditions of the Series C Bonds’ issuance, redemption and payment of interest are specified in the Series C Bonds Terms.

The interest rate on the Series C Bonds is floating and 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 C Bonds Terms as the ratio of the net financial indebtedness to EBITDA):

(i) the margin amounts to 165 bps if the Leverage Ratio in the given period is less than or equal to 3.5:1,

(ii) the margin amounts to 190 bps if the Leverage Ratio in the given period is greater than 3.5:1 but less than or equal to 4.0:1,

(iii) the margin amounts to 240 bps if the Leverage Ratio in the given period is greater than 4.0:1.

The coupon on Series C bonds is paid biannually on February 14 and August 14 (excluding the last interest period in which February 12 is the last day).

In accordance with the provisions of the Series C Bonds Terms, the Company may exercise at any time an early redemption of all or part of the Series C Bonds, however, the early redemption may not apply to Bonds that constitute less than 10% of the total nominal value of the Series C Bonds. An early redemption may be exercised based on the Series C Bonds’ nominal value together with the accrued interest and a possible premium for the early redemption.

In case if the early redemption, performed as a result of exercising an 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 C 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 C 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 C 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 C Bonds subject to the early redemption,

(v) if the early redemption occurs after four years from the issuance date, the Series C Bonds shall be redeemed according to their nominal value.

On January 11, 2023, the Company carried out an early redemption of 835,991 Series C Bonds with the total nominal value of PLN 836.0 million.

Additionally, pursuant to the Series C 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.

Furthermore, the Series C Bonds Terms impose on the Company and its subsidiaries an obligation to use the proceeds from the issue on refinancing the expenditures incurred in 2017-2019 for, among others, upgrading and modernizing the Group’s telecommunication infrastructure in terms of its energy efficiency, including in particular:

(i) replacement of old energy intensive technology such as 2G and 3G with advanced 4G LTE, which has potential to reduce network energy intensity per unit of data traffic

(ii) retrofitting and replacement of outdated fixed-line network infrastructure, such as the replacement of conventional copper-based technology with fiber optic technology, which allows for faster transmission of data over longer distances, requires less maintenance and offers reduction in energy consumption

(iii) investments in energy efficient solutions which support free cooling systems, intelligent lighting, optimization of power storage, server virtualization as well as machine learning and artificial intelligence.

In the event of a breach of restrictions specified in the Series C Bonds Terms, Bondholders are entitled to demand an early redemption of Series C 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 C Bonds Terms, cessation of business activity or insolvency by the Company, i.a. by declaring bankruptcy or liquidation of the Company, Bondholders are entitled to demand an early redemption of Series C Bonds held by those Bondholders.

The Series C Bonds have been traded since February 24, 2020 under the abbreviated name “CPS0227” in the continuous trading system called the Alternative Trading System, operated by the Warsaw Stock Exchange within the Catalyst market.

The Series C Bonds are issued under Polish law and any potential disputes related to the Series C Bonds shall be resolved in proceedings at the Polish common court having jurisdiction over the registered office of the Company.

### *Series D Bonds*

Pursuant to the resolution of the Management Board adopted on December 16, 2022, on January 11, 2023 Cyfrowy Polsat issued 2,670,000 unsecured 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. The purpose of the issuance was not specified. Part of the proceeds from the Series D Bonds issue was used to refinance the debt under the Series B Bonds and the Series D Bonds. The Series D Bonds were issued by way of a public offering addressed to professional clients. Detailed terms and conditions of the Series D Bonds’ issuance, redemption and payment of interest are specified in the Series D Bonds Terms.

The interest rate on the Series D 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 interest rate on the Series D 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 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 bonds is paid biannually on January 11 and July 11.

In accordance with the provisions of the Series D Bonds Terms, the Company may exercise at any time an early redemption of all or part of the Series D Bonds, however, the early redemption may not apply to Bonds that constitute less than 10% of the total nominal value of the Series D Bonds. An early redemption may be exercised based on the Series D Bonds’ nominal value together with the accrued interest and a possible premium for the early redemption.

In case if the early redemption, performed as a result of exercising an 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 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 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 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 Bonds subject to the early redemption,

(v) if the early redemption occurs after four years from the issuance date, the Series D 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 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 Bonds Terms, Bondholders are entitled to demand an early redemption of Series D 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 Bonds Terms, cessation of business activity or insolvency by the Company, i.a. by declaring bankruptcy or liquidation of the Company, culpable delay in payment of benefits under the Series D 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 Bonds held by those Bondholders.

The Series D Bonds have been traded since January 20, 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 D Bonds are issued under Polish law and any potential disputes related to the Series D Bonds shall be resolved in proceedings at the Polish common court having jurisdiction over the registered office of the Company.

### *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 |
|---|---|---|---|---|
| Moody's Investor Service | Ba3 / negative | Ba1 / on review for downgrade | 05.10.2022 | 05.10.2022 |
| S&P Global Ratings | BB/ stable | BB+/ negative | 21.12.2022 | 21.12.2022 |

**Moody's Investor Service.** On October 5, 2022, Moody's Investors Service downgraded the corporate family rating ("CFR") of Cyfrowy Polsat Group from Ba1 to Ba3, with a negative outlook. In its justification Moody's underlined that the rating action concludes the ratings review process initiated on December 23, 2021, following the Group's decision to relax its financial policy in order to accommodate investments in the renewable energy and real estate sectors. Moody's stated that the rating downgrade reflects in particular: (1) the deterioration in credit metrics resulting from the increased operating costs and lower than anticipated earnings in the media segment; (2) a more aggressive financial policy to support investments in new areas such as renewable energy and real estate; (3) weakened liquidity owing to upcoming spectrum payments; and (4) an approaching bank debt maturity wall in 2024. Moody's expects the Group's debt leverage to remain elevated at around 3.5x (according to Moody's own methodology), stressing in parallel that the Group will be able to cope with challenges resulting from higher electricity prices thanks to existing generation capacity from renewable energy sources which the Group will take over in 2023.

**S&P Global Ratings.** On 21 December 2022 S&P Global Ratings ("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, the Management Board decided to launch actions aimed at refinancing the Company's indebtedness under the Series B and C Bonds using the funds from the issuance of the bonds under the Bond Issuance Program, including in particular the early redemption of Series B and C Bonds by the Company or the acquisition of Series B and C Bonds by the Company for the purpose of their redemption, and about the Company terminating the program of Series B and C Bonds.

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.

### 4.2.5. Information on guarantees granted by the Company or subsidiaries

#### *Securities related to the Senior Facilities Agreement*

In order to secure the repayment of claims under the Senior Facilities Agreement the following encumbrances over assets of the Group have been established by the Company and other Group companies:

(i) registered pledges over variable collections of movable property and rights comprised in the enterprises of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, Polkomtel and Plus Flota Sp. z o.o., governed by Polish law.

(ii) financial and registered pledges on shares in Telewizja Polsat (with an aggregate nominal value of PLN 236,945,700), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company. The pledged shares represent 100% less 10 shares of the share capital of the company and are held by the Company as a long-term capital investment.

(iii) financial and registered pledges on shares in Polkomtel (with a total nominal value of PLN 2,360,068,800), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company. The pledged shares represent 100% less 10 shares of the share capital of the company and are held by the Company as a long-term capital investment.

(iv) financial and registered pledges on shares in Netia S.A. (with a total nominal value of PLN 110,702,441), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company, the pledged shares represent 32.99% of the share capital of the company.

(v) financial and registered pledges on shares in TV Spektrum Sp. z o.o. (with a total nominal value of PLN 2,400,000), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company, the pledged shares represent 16.11% of the share capital of the company.

(vi) financial and registered pledges on receivables under bank account agreements of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, and Polkomtel, governed by Polish law.

(vii) powers of attorney to bank accounts of the Company, Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, Polkomtel, Dwa Sp. z o.o., Teleaudio Dwa Spółka z ograniczoną odpowiedzialnością Sp. k., Polsat Media Biuro Reklamy Sp. z o.o., Interphone Service Sp. z o.o., Muzo.fm Sp. z o.o., INFO-TV-FM Sp. z o.o., Polkomtel Business Development Sp. z o.o., TM Rental Sp. z o.o., Liberty Poland S.A. and Plus Flota Sp. z o.o., governed by Polish law.

(viii) ordinary and registered pledges on protection rights to trademarks vested in Telewizja Polsat and Polsat Investments Ltd. (formerly Polsat Brands AG), governed by Polish law.

(ix) assignment for security of certain property rights in Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., governed by Polish law.

(x) contractual joint mortgage under Polish law on the following real properties owned by the Company: (a) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00102149/9, (b) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00136943/2, (c) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00102615/7, (d) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00101039/8, (e) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00132063/1, (f) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00104992/7, (g) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00100109/3, (h) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00103400/4, (i) land located in Warsaw, Targówek district, vicinity of ul.Łubinowa, Title and Mortgage Register WA3M/00100110/3, (j) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00131411/9.

(xi) contractual mortgage governed by Polish law on the land property owned by Polkomtel and located in Warsaw, Ursynów district, in the vicinity of Baletowa street, comprising plots of land no. 131/4 and 132/6, Land and Mortgage Register No. WA5M/00478842/7.

(xii) assignment for security of receivables under hedge agreements of the Company and Polkomtel, governed by English law.

(xiii) assignment for security of rights under insurance agreements covering the property referred to in item (i) and item (ix) above.

(xiv) pledge on shares in Polsat License Ltd. (with an aggregate nominal value of CHF 1,000,000), governed by the Swiss law, the pledged shares represent 100% of the company’s share capital and are held by the Company as a long-term capital investment.

(xv) assignment for security of: (a) receivables due from various debtors, (b) receivables and rights to and in bank accounts. and (c) rights under insurance agreements of Polsat License Ltd., governed by the Swiss law.

(xvi) assignment for security of rights under a license agreement between Polsat Investments Ltd. (formerly Polsat Brands AG) and Polsat License Ltd. and rights under bank account agreements, governed by the Swiss law.

(xvii) pledge on bank accounts taken over by Cyfrowy Polsat following the merger with Metelem, governed by Cypriot law.

(xviii) assignment for security of receivables and rights to and in bank accounts taken over by Cyfrowy Polsat following the merger with Metelem, governed by the Swiss law.

(xix) pledge on shares in Polsat Investments Ltd. (formerly Polsat Brands AG) (with the total nominal value of CHF 250,074), governed by the Swiss law.

(xx) pledge on receivables under bank account agreements taken over by Polkomtel following the merger with Litenite, governed by Swiss law.

(xxi) statements of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k., Telewizja Polsat, Polkomtel, and

(xxii) statement of Polsat Brands AG on the submission to enforcement on the basis of a notarial deed executed under the Polish law (concerning all property located in Poland or governed by Polish law).

# 5. Other significant information

## 5.1. 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, 2022 have been concluded exclusively on market conditions and are described in Note 38 of the financial statements for the nine-month period ended December 31, 2022.

## 5.2. Information on loans granted

Information on loans granted is presented in Note 35 of the financial statements for the financial year ended December 31, 2022.

## 5.3. Discussion of the difference of the Company's results to published forecasts

Cyfrowy Polsat had not published any financial forecasts.

## 5.4. Material proceedings at the court, arbitration body or public authorities

Management believes that the provisions as at December 31, 2022 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.

***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 advertising slogans, which in the opinion of the authorities were misleading and suggested that the LTE data transmission will not be limited. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 5.3 million. The Company appealed to SOKiK against the decision. On August 7, 2019, the court dismissed the appeal of the Company. The Company appealed against the decision. Pursuant to the Court of Appeal verdict from March 11, 2021, the Company paid a penalty of PLN 5.3 million on March 26, 2021. On June 24, 2021, the Company filed a cassation appeal to the Supreme Court. On January 12, 2022, the Supreme Court accepted the Company's cassation appeal for consideration. On May 31, 2022, Company's cassation appeal was dismissed.

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 the Court against the decision. On October 14, 2019, SOKiK dismissed the appeal. The Group appealed against the decision. On December 31, 2020, the Company's 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. The date of hearing the case by the Supreme Court has not been set.

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 21 October 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.

### *Other proceedings*

On April 28, 2017, Association of Polish Stage Artists ("ZASP") filed a lawsuit against the Company 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 last 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, 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 next 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 million.

By lawsuit, delivered to the Company on December 16, 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 hearing was postponed without a deadline.

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.

### *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.

## 5.5. 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 2022.

## 5.6. Information on seasonality

Our revenues are not directly subject to substantial seasonal fluctuations.

## 5.7. 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 revenues.

## 5.8. Disclosure of non-financial information

Concurrently with this Report, we published the “Sustainability Report of Polsat Plus Group for 2022,” which comprehensively addresses key non-financial issues pertaining to our 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 2022” is available on Polsat Plus Group’s corporate website at http://www.grupapolsat.pl/en/investor-relations in the tab Results centre/ESG reports.

## 5.9. Factors that may impact our operating activities and financial results

### 5.9.1. Factors related to social-economic 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 significant 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. Escalating inflation, gradually raised interest rates, expected 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.

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.

Poland has received a significant number of refugees from Ukraine. Sustained consumer demand from this group of people, including for telecommunication services, can be expected to impact future results of the Company.

The Management Board notes that the above factors have been described based on the best knowledge of the Management Board as at the date of publication of this Report. 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, in particular the duration of the armed activities and their further development, as well as further potential actions that may be taken by the Polish government, the authorities of the European Union and NATO. At the same time, the Management Board continuously analyzes the situation related to the development of the armed conflict and assesses its influence on the Company's activities. In case of identifying new factors, which may have a significant influence on the Company's operations and financial results, the Company will inform the market in an appropriate form.

### *Economic situation in Poland and in the world*

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. The key factors that impact our operations, in particular the demand for advertisements, the level of expenditures for our services as well as demand for end-user devices that we sell, include GDP fluctuations, inflation, unemployment rate, dynamics of salaries in real terms, social transfers, household consumption, and capital expenditure incurred by enterprises.

After the global and domestic economic slowdown in 2020 following the coronavirus pandemic, Poland's GDP returned to considerable growth in 2021 (+5.7% according to the European Commission estimates). The recent OECD forecasts from November 2022 indicated a decelerating national GDP growth rate in 2023 which may remain under pressure (+0.9% YoY) as a result of the armed conflict in Ukraine, high uncertainty and declining consumer demand, among other factors. For 2024, on the other hand, the OECD forecasts economic recovery (+2.4% YoY) on the back of lower inflation and tighter monetary policy.

At the same time, inflationary pressure in Poland has clearly intensified in recent months, with the average inflation rate estimated by the Polish Central Statistical Office (GUS) at 5.1% in 2021 and 14.4% in 2022. We expect that the persistently high level of inflation will translate in subsequent periods into an increase in the cost of conducting our business, in particular, in the cost of electricity, goods or raw materials as well as costs related to all types of services that we purchase. Additional pressure on energy prices may come from disruptions in oil and natural gas supplies caused by the war in Ukraine and Russia's aggressive stance. We also expect that our content costs, lease of premises costs, network costs and employee costs, which are further impacted by the changes to Poland's tax system introduced at the turn of 2021 and 2022, will remain under inflationary pressure in future periods.

Disruptions in global supply chains, initiated by the outbreak of COVID-19 pandemic and further compounded by the armed conflict in Ukraine, remain an issue on a worldwide scale. The continuation of this phenomenon and a prolonged reduction in the supply of components in Asian markets could translate into supply delays and higher prices for imported equipment offered to our customers and components used by us in our operations and investment activities.

### *Situation on the pay TV market in Poland*

Our revenue from subscription fees 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 promotional 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, NENT, Disney+ or SkyShowtime, is proof that Poland is considered an attractive market. The situation caused by the COVID-19 pandemic has deepened the existing trend of consuming film content at leisure and on various devices. In view of the above, we systematically develop our VOD and online television services and applications.

At the same time, in recent months, there has been a very 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. This trend may translate favorably into ARPU growth, while at the same time, in the face of the coming recession, 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*

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 an increasingly 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.

### 5.9.2. Factors related to the operations of the Company

#### *Growing importance of integrated services*

Growing interest in integrated 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 customer base of Polsat Plus Group has a positive impact both on our stream of revenue and the level of ARPU per contract customer, and contributes to increasing the 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, which include, among others, entertainment, music, news, localization or insurance 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 in 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 our strategy 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 clean energy production capacity and ca. PLN 0.5 billion to build the full value chain of the economy based on the fuel of the future, that is hydrogen. In particular, we intend to invest in projects related to the production of energy from photovoltaics, biomass, wind farms and thermal waste treatment as well as in building a complete value chain of a green hydrogen-based economy.

According to our estimates, our investment plan will contribute to the reduction of greenhouse gas emissions by over 2 million tons of $CO_2$ equivalent per year, while creating an additional recurring EBITDA stream of PLN 500-600 million per year by 2026 (estimates based on energy prices in 2021). Furthermore, by operating on the clean energy market, we will be able to manage energy costs, especially in the telecommunication area, in a more optimal way, which is particularly important in light of record high energy prices in Poland.

### *Development of a streaming platform*

Our Internet service and application Polsat Box Go strengthens our position as an aggregator and distributor of content and ensure an important competitive advantage. 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 make 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.

## 5.9.3. Financial factors

### *Exchange rates fluctuations*

The Polish zloty (PLN) is our functional and reporting currency. Our revenue is primarily denominated in PLN, whereas a portion of our 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 or purchase of content and equipment.

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, we have in place a market risk management policy and use, *inter alia*, natural hedging and hedging transactions.

### *Interest rate fluctuations*

Market interest rate fluctuations do not impact our 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 Company 's costs of servicing debt. In particular, our liabilities under the SFA and our liabilities under the Series B Bonds Terms, the Series C Bonds Terms and the Series D Bonds Terms are calculated based on variable WIBOR interest rates subject to periodical changes, increased by a relevant margin.

The Group maintains certain hedging positions, the goal of which is to reduce our exposure to interest rate risk arising from variable rate interest payments. We systematically analyze interest rate risk on an on-going basis, including refinancing and risk hedging scenarios, which are used to estimate the impact of specific interest rate fluctuations on our financial result.

In 2022, the NBP has been steadily raising the reference interest rate in the face of persistently high inflation.The interest rate increases will translate into a significant increase in our interest expenses in the upcoming periods.

Fluctuations in interest rates could limit our ability to meet our current obligations and could have a material effect, both positive and negative, on our results of operations, financial condition and prospects.

## 5.10. Key market trends

The main trends which we believe are likely to have a material impact on the development prospects of the Company, its revenue and profitability before in the current financial year include:

- high level of market penetration with services provided by us as well as a high level of competitiveness of the markets in which we operate;
- bundling of media and telecommunications services, as well as services from other sectors, such as electric energy or other products and services for the home;
- dynamic development of non-linear video content, distributed via VOD and OTT services, accompanied by growing online ad spending;
- steady increase in users' willingness to pay for video content online, in particular in the subscription model, which is associated, among others, with the production of high quality exclusive content for individual VOD services;
- entry of a number of global VOD and OTT players to the Polish market, as well as investments of operators already present on the market in content in order to adjust it to the preferences of local viewers;
- increased TV content production costs, resulting both from more intense competition for access to attractive content and from the increasing costs of day-to-day content production;
- increasing sales of smart-TVs;
- technological changes in provisioning pay TV services, resulting, among others, from increased consumer demand for non-linear content delivery;
- ongoing consolidation in the Internet and pay TV markets, particularly in the cable TV segment;
- economic and demographic effects of the military conflict in Ukraine.

# 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, 2022.

### *Risk factors related to our business and the sector in which we operate*

- 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 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 Group's 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 35 to the Company's consolidated financial statements for the financial year ended December 31, 2022.

### *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 B, C and D Bonds***

Risk factors associated with the Series B, C and D Bonds have been described in detail in the Information Note on the issuance of Series B Bonds dated May 24, 2019, the Information Note on the issuance of Series C Bonds dated January 31, 2020 and the Information Note on the issuance of Series D Bonds dated December 22, 2022 which are available in Polish on the Polsat Plus Group corporate website.

***Risk factors associated with climate***

Climate-related risk factors addressing the guidelines of the TCFD ("Task Force on Climate-related Financial Disclosures") recommendations are described in the "Sustainability Report of Polsat Plus Group for 2022", which is available on the Polsat Plus Group corporate website.

# 7. Cyfrowy Polsat on the capital market

## 7.1. Shares of Cyfrowy Polsat

Shares of Cyfrowy Polsat are listed on the Warsaw Stock Exchange since May 6, 2008. The table below presents the characteristics of the shares issued as of December 31, 2022:

| Series | Number of shares | Type of shares | Number of votes at the General Meeting | Face value [PLN] |
|---|---|---|---|---|
| A | 2,500,000 | Preferred shares (2 voting rights) | 5,000,000 | 100,000.0 |
| B | 2,500,000 | Preferred shares (2 voting rights) | 5,000,000 | 100,000.0 |
| C | 7,500,000 | Preferred shares (2 voting rights) | 15,000,000 | 300,000.0 |
| D | 166,917,501 | Preferred shares (2 voting rights) | 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 |

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.

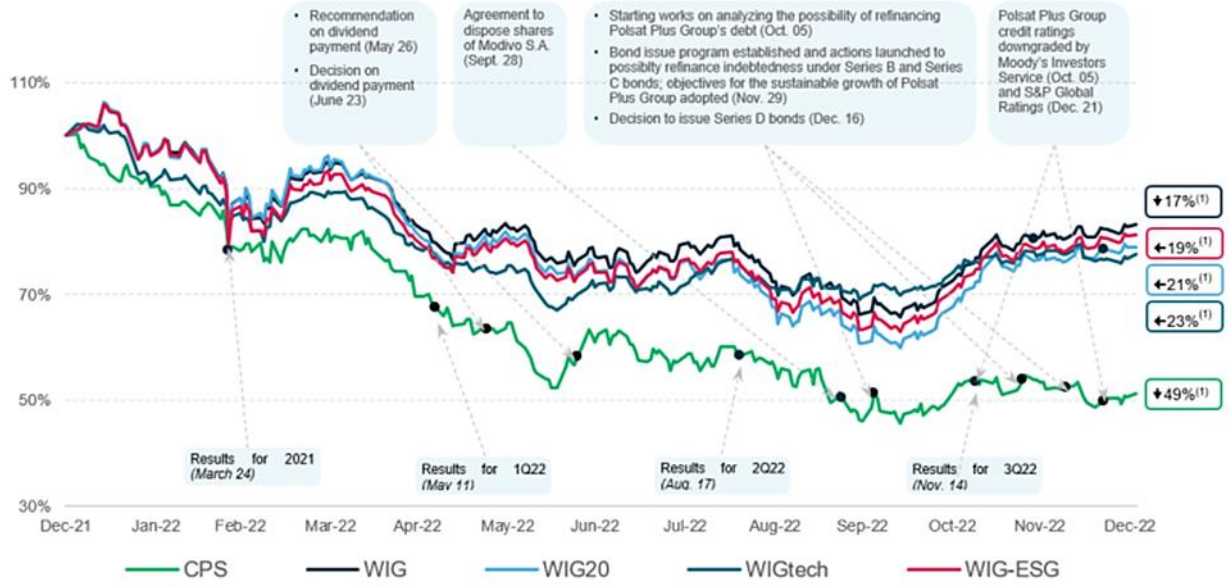
As at 31 December 2022, 88,842,485 ordinary shares, representing 13.89% of the capital, were held by Cyfrowy Polsat as a result of the acquisition of treasury shares initiated by Resolution No. 7 of the Extraordinary General Meeting of Shareholders of November 16, 2021. Pursuant to Article 364(2) of the Commercial Companies Code, the Company does not exercise the participation rights from its own shares.

### *Basic data on Cyfrowy Polsat shares in trading*

| | |
|---|---|
| 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)<br>PLCFRPT00062 (shares with preferential voting rights) |
| Cyfrowy Polsat's identification codes | • WSE: CPS<br>• Reuters: CYFWF.PK<br>• Bloomberg: CPS:PW |

## 7.2. Shares quotes

### *Performance of Cyfrowy Polsat shares in 2022*

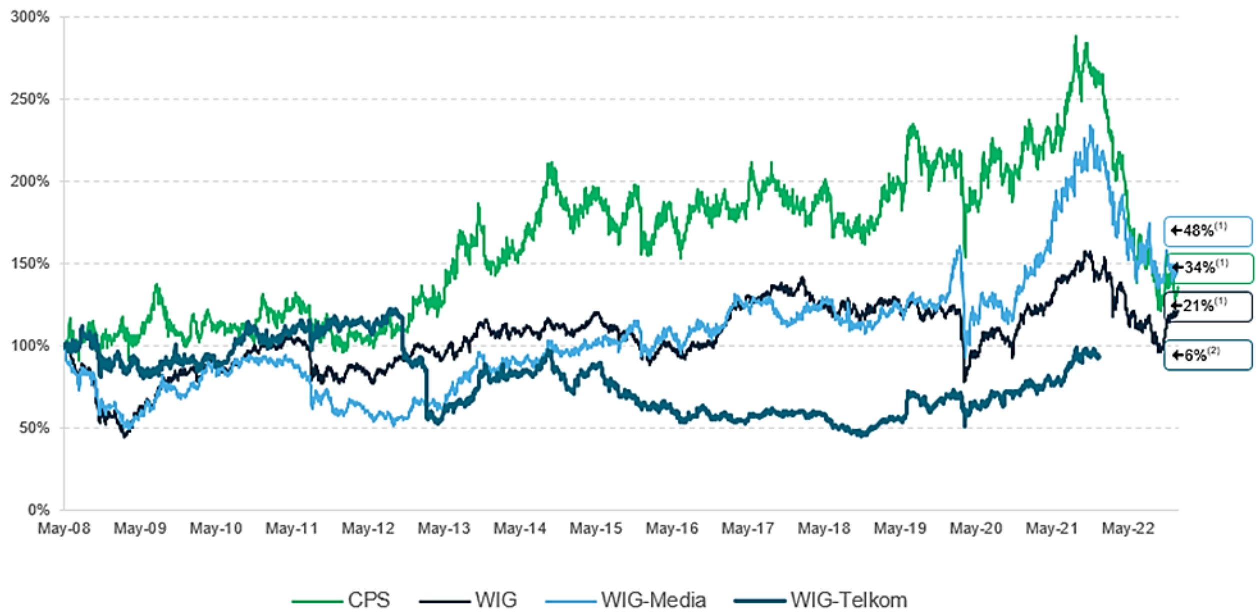



[(1)] Change December 30, 2022 vs December 31, 2021

(indexed; 100 = closing price on December 30, 2021)

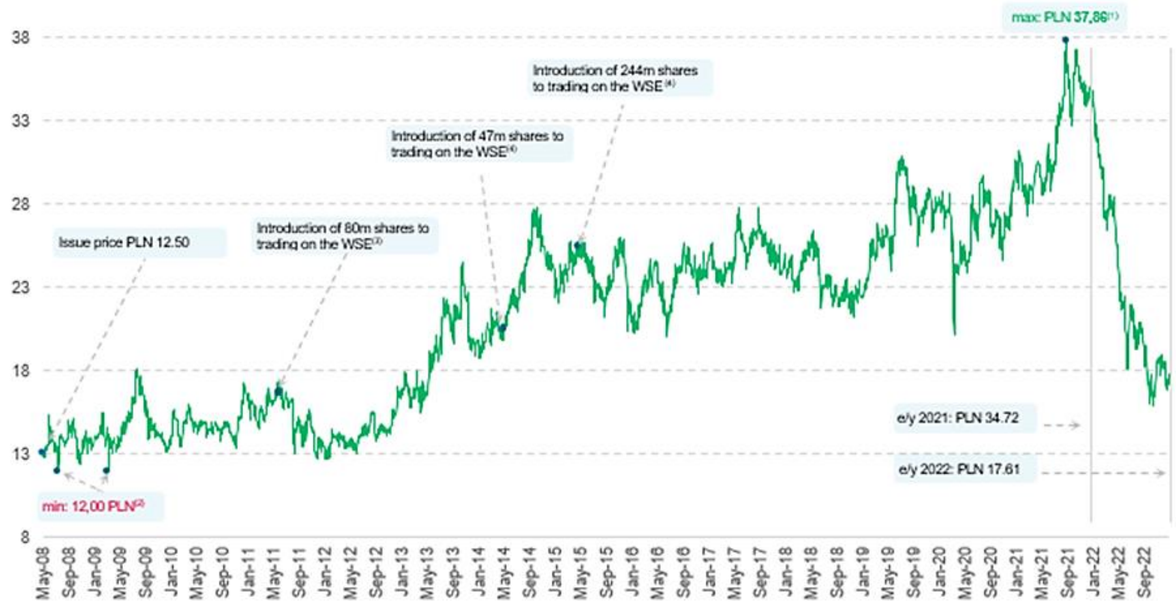
### *Performance of Cyfrowy Polsat shares since the debut on the WSE in May 2008 until the end of 2022 compared to selected WSE indexes*

(indexed; 100 = closing price on May 6, 2008)



(1) change December 30, 2022 vs. May 6, 2008
(2) change December 17, 2021 vs. May 6, 2008, index published until December 17, 2021

### *Performance of Cyfrowy Polsat shares since the debut on the WSE (PLN)*




(1) Share price on August 30, 2021

(2) Share price on July 15-16, 2008, March 12, 2009

(3) On April 20, 2011, the Company issued 80,027,836 ordinary bearer H Series shares with a nominal value of PLN 0.04 each. These shares were registered on May 30, 2011 in the Central Securities Depository of Poland under ISIN code PLCFRPT00013, and were admitted to trading on the main market. The proceeds from the issue of H Series shares were used as part of financing the acquisition of Telewizja Polsat. All H Series shares were taken up by the shareholders of Telewizja Polsat.

(4) On May 7, 2014 the Company issued 47,260,690 Series I shares and 243,932,490 Series J shares with the nominal value of PLN 0.04 each. On May 14, 2014 these shares were registered in the Central Securities Depository of Poland with ISIN codes PLCFRPT00013 and PLCFRPT00021, respectively. Series I shares were admitted to trading on May 12, 2014 and Series J shares – on April 20, 2015. The issue of Series I and J shares provided the source of financing of the transaction of acquisition of Metelem Holding Company Limited, an indirect owner of Polkomtel sp. z o.o. The issued shares were acquired by shareholders of Metelem Holding Company Limited.

### *Cyfrowy Polsat shares on the stock exchange in 2022*

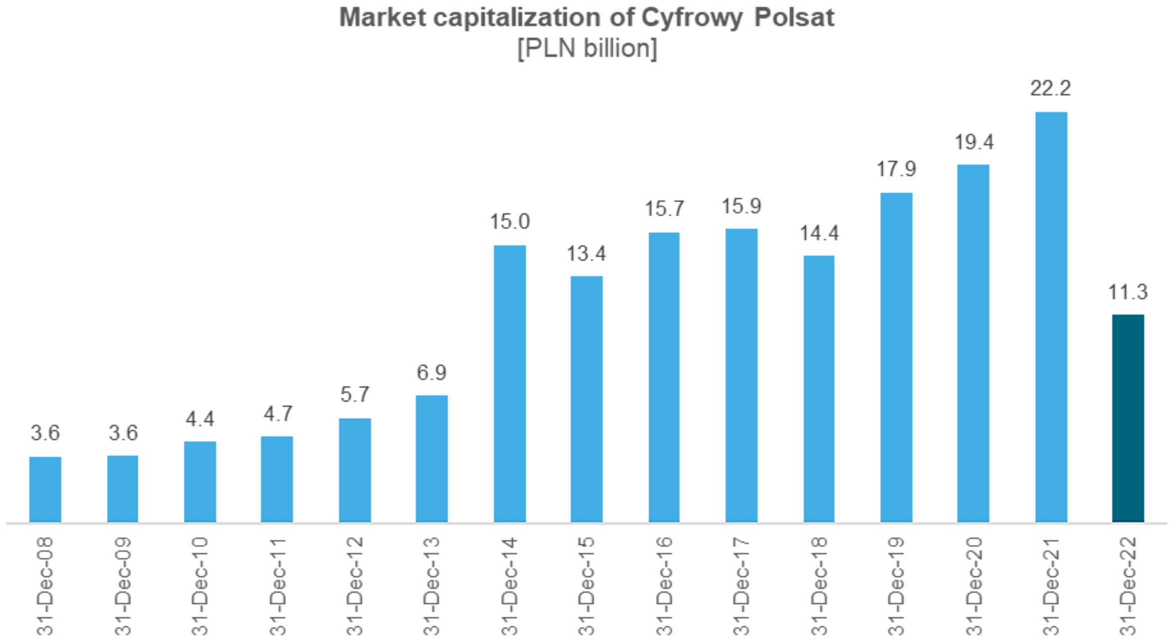
| | | 2022 | 2021 |
|---|---|---|---|
| Year-end price | PLN | 17.61 | 34.72 |
| High for the year | PLN | 34.82 | 37.86 |
| Low for the year | PLN | 15.90 | 27.28 |
| Average for the year | PLN | 22.56 | 32.13 |
| Average daily turnover | PLN ‘000 | 13,020 | 15,878 |
| Average daily trading volume | shares | 596,114 | 496,766 |
| Number of shares (as at year-end) | shares | 639,546,016(1) | 639,546,016(2) |
| Listed shares | shares | 460,128,515(1) | 460,128,515(2) |
| Market capitalization (as at year-end) | PLN ‘000 | 11,262,405 | 22,205,038 |

(1) including 88,842,485 own shares acquired under the buy-back program announced on November 16, 2021. Pursuant to Article 364(2) of the Commercial Companies Code, Cyfrowy Polsat S.A. does not exercise the participation rights from its own shares.

(2) including 71,174,126 own shares acquired under the buy-back program announced on November 16, 2021. Pursuant to Article 364(2) of the Commercial Companies Code, Cyfrowy Polsat S.A. does not exercise the participation rights from its own shares.

***Market capitalization of Cyfrowy Polsat since its debut on the WSE***

With market capitalization of PLN 11.3 billion at the end of 2022 Cyfrowy Polsat is the largest media and telecommunications company quoted on the Warsaw Stock Exchange and one of the largest in Middle and Eastern Europe.




## 7.3. Analysts' recommendations

***Brokers covering the Company:***

**Local**

- Dom Maklerski BOŚ S.A.
- Biuro Maklerskie mBanku S.A.
- Dom Maklerski PKO BP S.A.
- Trigon Dom Maklerski S.A.
- IPOPEMA Securities S.A.

**International**

- Citigroup Global Markets Inc.
- ERSTE Group Research
- Raiffeisen Centrobank AG
- Wood&Company
- Santander Biuro Maklerskie

***Recommendations for the shares of Cyfrowy Polsat issued in 2022***

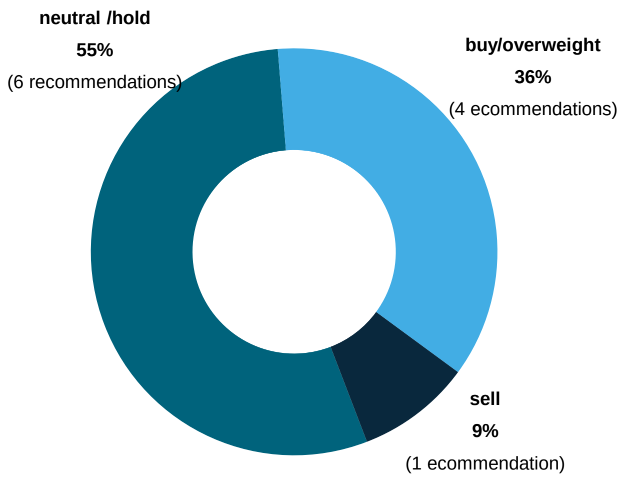
| Date | Institution | Recommendation | Target price [PLN] |
|---|---|---|---|
| December 12, 2022 | Trigon Dom Maklerski S.A. | Buy | 22.00 |

| Date | Institution | Recommendation | Target price [PLN] |
|---|---|---|---|
| December 12, 2022 | IPOPEMA Securities S.A. | Sell | 15.50 |
| December 12, 2022 | Haitong Bank S.A. | Neutral | 18.90 |
| December 7, 2022 | ERSTE Group Research | Accumulate | 21.00 |
| December 4, 2022 | DM BOŚ S.A. | Hold | 20.00 |
| December 2, 2022 | Santander Biuro Maklerskie | Neutral | 20.30 |
| December 1, 2022 | Biuro maklerskie mBanku S.A. | Accumulate | 20.10 |
| November 7, 2022 | DM PKO BP S.A | Hold | 19.00 |
| October 3, 2022 | Biuro maklerskie mBanku S.A. | Buy | 22.00 |
| September 21, 2022 | Haitong Bank S.A. | Buy | 20.50 |
| September 8, 2022 | Santander Biuro Maklerskie | Above market | 22.60 |
| September 5, 2022 | DM BOŚ S.A. | Neutral | 21.60 |
| August 23, 2022 | Haitong Bank S.A. | Neutral | 21.70 |
| July, 2022 | Trigon Dom Maklerski S.A. | Buy | 24.00 |
| July 8, 2022 | Biuro maklerskie mBanku S.A. | Hold | 22.60 |
| July 4, 2022 | IPOPEMA Securities S.A. | Sell | 18.20 |
| July 1, 2022 | Haitong Bank S.A. | Neutral | 22.90 |
| June 15, 2022 | ERSTE Group Research | Buy | 28.00 |
| June 7, 2022 | Citigroup Global Markets Inc. | Neutral | - |
| June 2, 2022 | Santander Biuro Maklerskie | Below market | 23.40 |
| May 12, 2022 | IPOPEMA Securities S.A. | Sell | 18.00 |
| April, 2022 | Trigon Dom Maklerski S.A. | Hold | 29.50 |
| April 14, 2002 r. | Barclays | Overweight | 34.00 |
| April 1, 2022 | Biuro Maklerskie Pekao | Buy | 33.57 |
| March 9, 2022 | Santander Biuro Maklerskie | Below market | 28.40 |

***Recommendations for the shares of Cyfrowy Polsat issued in 2023***

| Date | Institution | Recommendation | Target price [PLN] |
|---|---|---|---|
| April 12, 2023 | Santander Biuro Maklerskie | Neutral | 18.50 |

**Structure of recommendations as at April 18, 2023**




**Target price as at April 18, 2023 [PLN]**

| | |
|---|---|
| minimal | 15.5 |
| maximal | 35.0 |
| average | 22.4 |

### *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, we organize numerous individual meetings and roadshows both in Europe and in the United States. Moreover, every quarter, after the publication of our financial results, we organize periodical meetings with investors and sell-side analysts with Members of the Company’s Management Board. Both are open events. In 2022, we held meetings with approximately 200 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 also 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 (press review), as well as reminders of the most important events in the Company. Since the outbreak of the COVID-19 pandemic, we have been using online meeting tools to enable all interested investors and analysts to actively participate in the Company's events.

## 7.4. Dividend policy

On December 20, 2021, the Management Board of the Company adopted a new 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, including a search for new channels of exploitation of rights, 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.

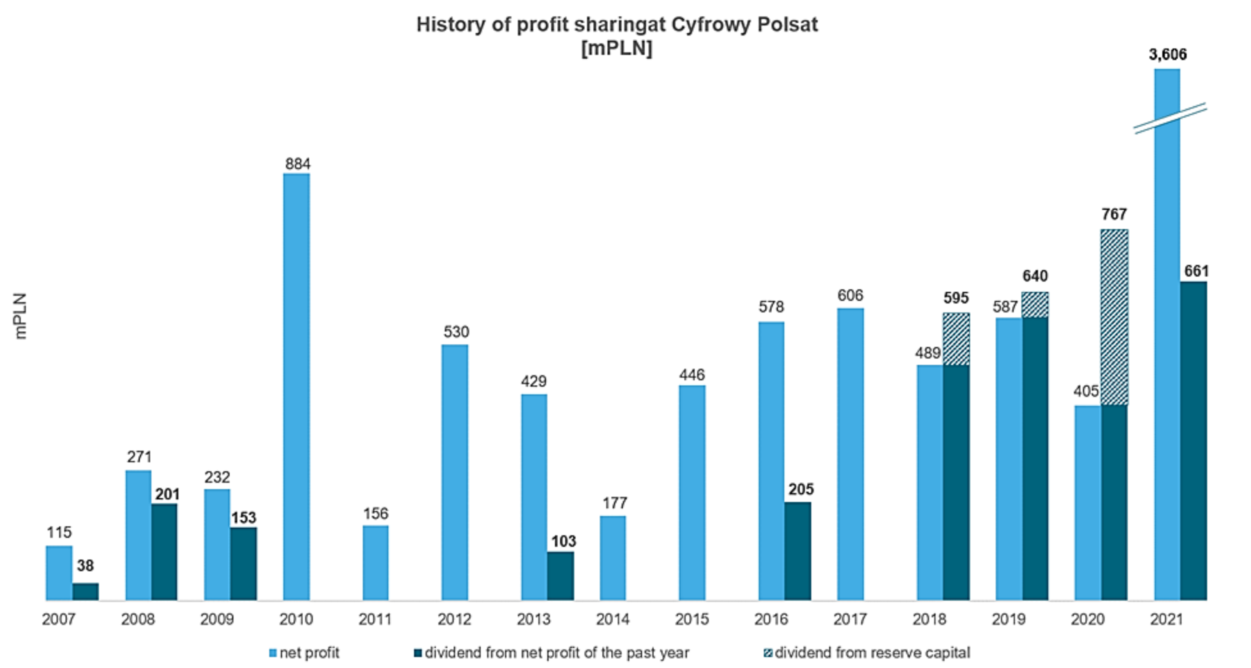
In regard to the above, after having reviewed the investment plans of Polsat Plus Group and evaluated the possibilities of allocating the expected cash resources of the Group with an aim to pay out dividends to the Shareholders of the Company, in the years 2022-2024 the Management Board of the Company 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 will take effect from January 1, 2022.

### *Distribution of net profit of Cyfrowy Polsat for 2021*

Acting in accordance with resolution no. 27 of the Ordinary General Meeting, held on June 23, 2022, regarding profit distribution, part of net profit earned by the Company in the financial year ended December 31, 2021 in the amount of PLN 660.8 million was allocated to the dividend payout. The value of dividend per one Company share participating in the dividend payout (i.e. excluding treasury shares) amounted to PLN 1.20 per share.



# 8. Corporate governance Statement

## 8.1. Principles of corporate governance which the Company issuer is subject to

As at December 31, 2022, 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 2022, 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 above principle was partly fulfilled in previous years. 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 the annual reports on the activities of the management board and in Polsat Plus Group's sustainability reports. However, due to the fact that the Company did not formulate long-term measurable financial and non-financial goals in previous years, hence such goals were not published by the Company on its website, as required by the principle 1.4.

  At the same time, we would like to point out that 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 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 describes its planned and undertaken activities and progress in achieving its ESG goals in the annual reports of the Management Board on its activities and Polsat Plus Group's sustainability reports, available on the Company's corporate website.

  Accordingly, the Company declares the application of Rule 1.4. starting in 2023.

- ***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.*

  In previous years, the Company did not publish information on its website regarding the assumptions and the goals of its strategy in the ESG area. Nonetheless, in its sustainability reports the Company publishes detailed information regarding governance principles and procedures covering environmental issues that are valid in the Company as well as in the in the Company's key subsidiaries as well as 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. In Polsat Plus Group's 2021 sustainability report, published in March 2022, the Company also outlined climate-related risk factors, addressing the guidelines of the TCFD recommendation ("Task Force on Climate-Related Financial Disclosures").

In parallel, please note that on December 20, 2021 the Company adopted and published the assumptions of the new strategy of Polsat Plus Group, which included strategic assumptions in the ESG area. The Management Board has identified an unfavourable local energy mix, translating adversely into both air quality (social aspect) and the cost of conducting business or living in Poland (economic aspect), as a key challenge for the Polish society and economy. Therefore, within the framework of its new strategy Polsat Plus Group intends to focus, among others, on the development of new areas of operation, in particular on the area of production and sales of energy from zero- and low-emission sources. In the opinion of the Management Board of the Company, the implementation of the newly adopted strategy has a chance to effectively combine ESG aspects with building a new revenue stream for Polsat Plus Group, with a long-term benefit for the Company's shareholders.

In connection with the publication of Strategy 2023+ and the assumptions of Polsat Plus Group's ESG strategy on its corporate website, the Company declares the application of Rule 1.4.1. starting in 2023.

- ***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 diversity policy in place which also operates in the companies that belong to Polsat Plus Group. The provisions of the diversity policy apply to all employees, including Management Board and Supervisory Board members.

  The Company notes that a high degree of diversity is assured in the Management Board and the Supervisory Board in areas such 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 diversity policy adopted by the Company and member companies of the Group prohibits discrimination of any kind related to employment, direct or indirect, especially in respect of gender, age, sexual orientation, competence, experience, potential disability, nationality, ethnic and social origin, skin color, language, parental status, religion, denomination or lack of denomination, political views as well as in respect of the location of the place of performing work, form of employment, trade union membership, or any other dimension of diversity as defined by valid law. The diversity policy does not define the minimum goal for diversity in terms of gender of the employees, 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 also the Management Board and the 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' competences, 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.*

  Even though the Company effectively carries out the tasks listed in principle 3.1, no dedicated organizational units with the responsibility of managing risk and compliance issues have been established in the Company's organizational structure.

  Relevant internal processes and procedures have been implemented and operate in the Company, assuring management of financial and operational risks as well as monitoring of compliance of the Company's operations with the valid regulations. High-level managers, managing respective areas covered by the specific procedures, are responsible for the efficiency and the proper functioning of these procedures. In spite of the lack of a centralized compliance system, internal regulations assure control of compliance of the Company's operations in various areas with the valid regulations. Compliance control takes place at the level of individual organizational units which are responsible for a given area of operations in the Group. 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 the operations with the valid regulations, and takes action whenever necessary.

  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 activity.

- ***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 – based on 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 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.*

The principles are applied partially by the Company. Principles 3.4. and 3.5. also apply to those members of Polsat Plus Group who are material to the Group's operations. Principle 3.6, in turn, does not apply to companies which are material to the Group since in selected companies of the Group the internal audit function is fulfilled by the same internal audit and control unit as in the Company itself. In face of the above, the person managing the internal audit function in selected companies that are material to the Group reports directly to the Management Board Member responsible for financial matters in the Company, as stipulated by 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 Supervisory Board (excluding independent members and members of the Audit Committee) simultaneously perform the role of Non-executive Directors. The Supervisory 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 an interest in or the need for organizing general meetings in such a form. The Management Board, in turn, considers assuring efficient course of debates of general meetings of the Company as well as correctness of adoption of resolutions by general meetings of the Company 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 put forward their candidates at within the timeframe indicated in principle 4.9.1, i.a. by publishing the relevant information in notices on convening the general meetings. However, due to the fact that the Company's internal regulations do not provide for any mode of appointing the Supervisory Board members other 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 put forward, and considering that the to-date practice of putting forward candidates for Supervisory Board members differed from the requirements of principle 4.9.1, hence the Company may not assure that the principle will be applied in the future.

## 8.2. 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 approval 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.

## 8.3. Share capital and shareholding structure of Cyfrowy Polsat

### 8.3.1. 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 approval of this Report, i.e. March 29, 2023.

| 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%* |
| **Nationale Nederlanden PTE S.A.** | **41,066,962** | **6.42%** | **41,066,962** | **5.02%** |
| **Others** | **201,677,032** | **31.53%** | **201,677,032** | **24.63%** |
| **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, Cyfrowy Polsat S.A. 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 ownership of significant number of shares of the Company in the period since the publication of the last periodic report***

On February 10, 2023, the Company received notifications issued pursuant to Article 19 (1) of the MAR Regulation from Mr. Zygmunt Solorz and Mr. Tobias Solorz, notifying of a transaction as a result of which Mr. Tobias Solorz obtained control over ToBe Foundation, i.e. an entity that indirectly, i.e. through ToBe Investments Group Limited, holds 4,449,156 shares in the Company.

### 8.3.2. 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 approval of this Report, i.e. March 29, 2023, the Company did not have any information on agreements which can result in a change in the proportion of shares held by hitherto shareholders in the future.

### 8.3.3. Shares of Cyfrowy Polsat held by Members of the Management Board and the Supervisory Board

To the Company's best knowledge Members of the Management Board of Cyfrowy Polsat did not hold any shares of the Company, directly or indirectly, as at the date of approval of this Report, i.e. April 19, 2023

The table below presents the number of shares of 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 approval of this Report, i.e. March 29, 2023, along with changes in shareholding from the date of publication of the previous report, November 14, 2022 (report for the third quarter of 2022).

| Name and Surname / Function | Holding as at November 14, 2022 | Acquisitions | Disposals | Holding as at April 19, 2023 |
|---|---|---|---|---|
| Mr. Zygmunt Solorz(1)<br>Chairman of the Supervisory Board | 396,802,022 | - | - | 396,802,022 |
| Mr. Tobias Solorz(2)<br>Member of the Supervisory Board | 5,607,609 | 4,449,156 | - | 10,056,765 |
| Mr. Józef Birka(3)<br>Member of the Supervisory Board | 79,268 | - | - | 79,268 |
| Mr. Marek Kapuściński<br>Deputy Chairman of the Supervisory Board | 22,150 | - | - | 22,150 |
| Mr. Tomasz Szeląg(3)<br>Member of the Supervisory Board | 53,810 | - | - | 53,810 |

(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 approval of this Report, i.e. April 19, 2023, nor at the date of publication of the previous report, i.e. November 14, 2022 (report for the third quarter of 2022).

### 8.3.4. 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, 2022 the shares of the A through D series are preferred shares as to the 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.

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.

### 8.3.5. Limitations related to shares

As at the date of approval of this Report, i.e. on March 29, 2023, the Company held 88,842,485 of its own ordinary 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 our 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.

## 8.4. 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.

## 8.5. 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) reviewing and approving 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 dividing the profit 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) establishing 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) amending the Articles of Association,

f) modifying the scope of the Company's operations,

g) increasing or decreasing share capital,

h) merging, dividing, or transforming the Company,

i) winding up and liquidating the Company,

j) issuing convertible bonds or senior bonds as well as issuing subscription warrants,

k) selling or leasing the enterprise, its organized part or property components constituting a significant part of the enterprise as well as establishing limited rights *in rem* in the aforementioned scope,

l) granting consent to any acquisition and sale of real property, perpetual usufruct right or interest in real property, as well as granting 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 unit EBITDA for the preceding accounting year as stipulated in Article 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.

As at December 31, 2022 the shareholders participating in the General Meeting had the number of votes corresponding to the number of shares held, with the stipulation that shares listed in item 8.3.4. – *Securities with special controlling rights* – are preferential in such a way that each of them entitles to two votes at the General Meeting.

The Chairman of the General Meeting closes the General Meeting upon exhausting its agenda.

## 8.6. Management Board of the Company

### 8.6.1. 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 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 Management Board Members shall be appointed and dismissed by the Supervisory Board. The number of Management Board Members in any given term of office shall be 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.

### 8.6.2. Composition of the Management Board

As at January 1, 2022 the Management Board comprised the following Members:

- 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.

In 2022 there were no changes to the composition of the Management Board.

The following table presents names, surnames, functions, dates of appointment and dates of expiry of the current term of particular Members of the Management Board as at December 31, 2022.

| Name and surname | Function | First appointment | Appointment for current term | Expiry of term |
|---|---|---|---|---|
| Mirosław Błaszczyk | President of the Management Board | 2019 | 2022 | 2025 |
| Maciej Stec | Vice-President of the Management Board | 2014 | 2022 | 2025 |
| Jacek Felczykowski | Member of the Management Board | 2019 | 2022 | 2025 |
| Aneta Jaskólska | Member of the Management Board | 2010 | 2022 | 2025 |
| Agnieszka Odorowicz | Member of the Management Board | 2016 | 2022 | 2025 |
| Katarzyna Ostap-Tomann | Member of the Management Board | 2014 | 2022 | 2025 |

**Mirosław Błaszczyk** has been President of the Management Board of Cyfrowy Polsat S.A. since April 2019. He is also President of the management board of the following companies: Polkomtel Sp. z o.o. (since April 2019), Plus Pay Sp. z o.o. and Plus Finanse Sp. z o.o. and supervisory board member of the following companies: Telewizja Polsat Sp. z o.o., Info-TV-FM Sp. z o.o., Muzo FM Sp. z o.o. Plus Flota Sp. z o.o., Liberty Poland S.A. In addition, he is a member of the Council of the Polsat Foundation since 2013. In years 2007-2019, has served as President of the management board of Telewizja Polsat Sp. z o.o., and, until March 2019, as President of the management board of Polo TV Sp. o.o. and Eska TV S.A.

Mirosław Błaszczyk has extensive experience gained during over 30 years of work in management positions in various industries. From 1984 to 1988 he worked as director at Wrocław University of Technology, later he worked for a year as Assistant to President and Sales Representative of the company "Intersoft", next, from 1990 to 1991, as Sales Representative in Munich-based company "Ampol". From 1992 he worked for Przedsiębiorstwo Zagraniczne "Solpol"; until 1993 as Deputy Director, and later as Director of Legal Office. In 1994 he joined Telewizja Polsat, where, until 2007, he held the position of Director of Management Board Office and served as Proxy. At the same time, from March 2005 to September 2006, he was Deputy General Director of Polska Telefonia Cyfrowa Sp. z o.o. Mr. Błaszczyk also served in the past as a member of the supervisory boards in, among others, Plus Bank S.A. and Elektrim S.A.

Mirosław Błaszczyk graduated from the German Faculty at the Wrocław University.

**Maciej Stec** has been Vice President of the Management Board of Cyfrowy Polsat S.A. since April 2019 and is responsible for strategy and new areas of business development. From April 2019 until May 2022 he held the position of Vice-President of the management board of Polkomtel Sp. z o.o., where he took up the position of supervisory board member in June 2022. In April 2019 he was also appointed as member of the supervisory board of Telewizja Polsat Sp. z o.o. Mr. Stec is also a member of the supervisory boards of ZE PAK S.A., PAK-Polska Czysta Energia Sp z o.o., PKA-PCE Biopaliwa i Wodór Sp. z o.o., PAK-Atom S.A., Exion Hydrogen Polskie Elektrolizery Sp. z o.o., Grupa Interia.pl Sp. z o.o., Interia.pl Sp. z o.o., Netia S.A., Antyweb Sp. z o.o., Polsat Media S.A., Polsat Boxing Promotion Sp. z o.o., Mobiem Polska Sp. z o.o., BCast Sp. z o.o., Esoleo Sp. z o.o., Muzo.fm Sp. z o.o. and in Port Praski Sp. z.o.o. group companies. He also holds serves as management board member at Polsat Ltd. and is a member of the supervisory body in the Clean Poland Program Association.

Maciej Stec has versatile and extensive experience in the field of telecommunication and media. Ever since the beginning of his professional career he has been linked with the television market. From 1998 he worked, among others, for OMD Poland media house, owned by Omnicom Group, where in the years 1998-2003 he held the position of Managing Director of Brand&Media OMD. From February 2003 to May 2007 he was Managing Director of Telewizja Polsat's advertisement office - Polsat Media Sp. z o.o. In 2007-2019 he was a member of the management board and Sales & Foreign Acquisition Director of Telewizja Polsat while in 2018-2019 he served as President of the management board of Eleven Sports Network Sp. z o.o.

Maciej Stec also has competences in the field of clean energy and has been gaining experience in this area through his involvement since 2020 in the supervisory bodies of companies from the ZE PAK S.A. group as well as managing the Polsat Plus Group’s companies operating in the zero and low-emission energy sector - Esoleo and Exion Hydrogen Polskie Elektrolizery.

Maciej Stec graduated from the Management and Marketing Faculty of the Leon Kozminski Academy of Entrepreneurship and Management in Warsaw.

**Jacek Felczykowski** has been Member of the Management Board of Cyfrowy Polsat S.A. since April 2019. He is responsible in Polsat Plus Group for the telecommunication network and technology. Mr. Felczykowski has long-term and versatile experience in company management within the areas of finance and innovative technologies, such as IT and telecommunications. Since 2015 he has been a member of the management board of Polkomtel Sp. z o.o. where he was appointed to the position of Vice President in June 2022. He is also Vice President of the management board of BCast Sp. z o.o. and sits on the supervisory boards of Interphone Service Sp. z o.o. and Info-TV-FM Sp. z o.o.,

In the years 2006-2008 he served as President of the management board of Centrum Obsługi Wierzytelności Cross Sp. z o.o., and from 2007 to 2008 as a member of the management board of TFI Plejada S.A. In the years 2008-2010 he managed, as President of the management board, NFI Midas S.A., one of the world’s pioneers in the implementation of fast, mobile Internet in the LTE technology. In the years 2010-2012 he was President of the management board of Sferia S.A. and from 2011 to 2013 he was President of the management board of IT Polpager S.A.

**Aneta Jaskólska** has been a Member of the Management Board of Cyfrowy Polsat S.A. since July 2010. She is responsible for the Customer Service Department as well as Information Security and Safety Department, including cybersecurity. In the years 2015-2022, Ms. Jaskólska acted as member of the management board of Polkomtel Sp. z o.o., where she took up the position of Vice President in June 2022. Ms. Jaskólska is also President of the management board of Info-TV-FM Sp. z o.o. and a member of the management boards of Liberty Poland S.A., CPSPV1 Sp. z o.o. and CPSPV2 Sp. z o.o., as well as a member of the supervisory board of Vindix S.A. She also serves as Vice-President of the Clean Poland Program Association.

Between 2004 and 2007 Ms. Jaskólska held the position of Proxy and Director of Legal Department at UPC Polska Sp. z o.o. She was also a member of the Copyright Committee *(Komisja Prawa Autorskiego)*. She has many years of experience in legal advisory and services to large business entities.

Ms. Jaskólska graduated from the Faculty of Law and Administration at the Warsaw University and completed legal internship with the District Chamber of Legal Advisers in Warsaw, receiving the title of a solicitor. She also graduated from Copyright, Publishing and Press Law Faculty at the Department of Management and Social Communication of the Jagiellonian University.

**Agnieszka Odorowicz** has been a Member of the Company's Management Board of Cyfrowy Polsat S.A. since March 1, 2016 and is responsible for film production and management of the Group's studios.

From 2001 until 2009 she was an academic staff member at the Department of Trade and Market Institutions at the Cracow Academy of Economics and the author of publications on cultural management and economics as well as the promotion of regions. In the years 2002-2004 the authorities of the Academy appointed her to the position of director of the Development and Promotion Center of the Cracow Academy of Economics. In the years 2003-2004 she acted as deputy Minister of Culture for structural funds, responsible for negotiations with the European Commission regarding the use of EU funds for the development of cultural infrastructure. During the years 1997-2003 she was the artistic director of the International Competition of Contemporary Chamber Music and producer of several dozen shows for public television. In the years 2004-2005 she held the position of Secretary of State at the Ministry of Culture, where she was responsible for the legal and economic departments as well as cooperation with the Parliament. During this period she was the Chairwoman of the inter-ministerial group for the media policy of the State. In the years 2005-2010 she was the first director of the Polish Film Institute. Reelected as director in a competition in 2010, she managed the Polish Film Institute until October 2015. In the years 2014-2015 she served as Member of the Supervisory Board of Polskie Radio S.A.

Ms. Odorowicz is a graduate of the Cracow University of Economics, an economist and a cultural manager. She is a co-author of numerous publications on culture economy. Awarded for her merit for culture, among others with the Officer's Cross of the Order of Polonia Restituta.

**Katarzyna Ostap-Tomann** has been connected with Polsat Plus Group since 2009. In the years 2015-2016 she assumed the position of deputy CFO of the Group and she has been a Member of the Management Board responsible for the finance of the Group since October 2016. Ms. Ostap-Tomann acted as member of the management board of Polkomtel Sp. z o.o., where she took up the position of Vice President in June 2022. She also holds the position of a member of the management board of INFO-TV-FM Sp. z o.o., CPSPV1 Sp. z o.o., CPSPV2 Sp. z o.o., CPE Sp. z o.o. and Polsat License Ltd. She is also a member of the supervisory board of Plus Bank S.A., Premium Mobile Sp. z o.o. and Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z.o.o, as well as a member of the Polsat Foundation Council and a Proxy at HCH SPV1 Sp. z o.o.

She has extensive competence and knowledge in the field of accountancy and financial reporting gained during many years of experience on managerial positions, especially in companies operating in media and telecommunication sectors.

In the years 1996–2004 she was employed at various positions at Philip Morris in Poland and in the regional headquarters of the company in Switzerland, where she gained considerable experience in the fields of corporate finance, financial reporting, management accounting and internal audit. In the years 2004-2009 she worked for TVN Group as Financial Controller of the capital group. She was responsible for the preparation of financial statements at the capital group level and internal management reporting. In 2009 she took the position of Director of Controlling at Cyfrowy Polsat, where she became Financial Director in 2012. In 2011 she was appointed to the position of Financial Director at Telewizja Polsat, and then member of the management board in 2014.

She has been a member of the ACCA since 2001. In 2013-2017 she was a member of the ACCA Council in Poland. Ms. Ostap-Tomann is a graduate of the Warsaw School of Economics with a major in International Economics and Political Relations and also holds the title of MBA from Oxford Brookes University.

### 8.6.3. 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 included in item 8.6.2.

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.

### 8.6.4. 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 regarding remuneration of Members of the Management Board in 2022 is included in Note 41 of the financial statements for the financial year ended December 31, 2022.

### 8.6.5. Managerial contracts with Members of the Management Board setting out severance packages payout as a result of their resignation or dismissal from the position without a material cause

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.

## 8.7. Supervisory Board of the Company

### 8.7.1. 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.

### 8.7.2. Composition of the Supervisory Board

As at January 1, 2022 the Supervisory Board comprised the following Members:

| Name and surname | Function |
|---|---|
| Zygmunt Solorz | Chairman of the Supervisory Board |
| Marek Kapuściński | Vice-Chairman of the Supervisory Board<br>Member of the Remuneration Committee |
| Józef Birka | Member of the Supervisory Board |
| Jarosław Grzesiak | Member of the Supervisory Board |
| Marek Grzybowski | Independent(1) Member of the Supervisory Board<br>Chairman of the Audit Committee |
| Alojzy Nowak | Independent(1) Member of the Supervisory Board<br>Member of the Audit Committee |
| Tobias Solorz | Member of the Supervisory Board |
| Tomasz Szeląg | Member of the Supervisory Board<br>Chairman of the Remuneration Committee<br>Member of the Audit Committee |
| Piotr Żak | Member of the Supervisory Board |

(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.

In 2022 there were no changes to the composition of the Supervisory Board.

The following table presents names, surnames, functions, dates of appointment and dates of expiry of the current term of particular Members of the Supervisory Board as at December 31, 2022.

| Name and surname | Function | First appointment | Appointment for current term | Expiry of term |
|---|---|---|---|---|
| Zygmunt Solorz | Chairman of the Supervisory Board | 2008 | 2021 | 2026 |
| Marek Kapuściński | Vice-Chairman of the Supervisory Board<br>Member of the Remuneration Committee | 2016 | 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<br>Chairman of the Audit Committee | 2020 | 2021 | 2026 |
| Alojzy Nowak | Independent(1) Member of the Supervisory Board<br>Member of the Audit Committee | 2021 | 2021 | 2026 |
| Tobias Solorz | Member of the Supervisory Board | 2021 | 2021 | 2026 |
| Tomasz Szeląg | Member of the Supervisory Board<br>Chairman of the Remuneration Committee<br>Member of the Audit Committee | 2016 | 2021 | 2026 |
| Piotr Żak | Member of the Supervisory Board | 2018 | 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.

**Zygmunt Solorz** was appointed to the position of Chairman of the Supervisory Board of the Company of the current term of office in July 2021 whereas he performed previously this function in years 2008-2016. Zygmunt Solorz is one of the largest private investors in Poland, conducting business activities in various areas of the economy for almost 30 years.

He is widely acknowledged as one of the most reputable, effective and successful Polish entrepreneurs, who build from zero the largest Polish private company based on Polish capital. Zygmunt Solorz focuses his activities on media, telecommunications and clean energy production.

The greatest success and the crowning achievement of Zygmunt Solorz's business path is the creation of the largest Polish private company - Polsat Plus Group. Its members are: Cyfrowy Polsat S.A., Telewizja Polsat Sp. z o.o. (of which both Zygmunt Solorz is also the founder), Polkomtel Sp. z o.o., Netia S.A. and Interia Group that jointly form the largest media and telecommunications group in Poland and CEE. From 2021, the strategy of Polsat Plus Group also includes involvement in the production of clean, green energy. In 2021, Port Praski, a flagship real estate project for Warsaw, was also added to Polsat Plus Group.

Mr. Zygmunt Solorz's second key business activity is the production of clean, green zero- and low-carbon energy from renewable sources. The main energy projects are implemented through ZE PAK and Polsat Plus Group.

Zygmunt Solorz’s areas of investment activity include also the companies operating in, among others, finance and banking (Plus Bank S.A.) as well as the largest Polish private jet airline (Jet Story Sp. z o.o.).

Apart from the above-mentioned areas of business activity, Zygmunt Solorz is also involved in many different philanthropic activities. He is, inter alia, the originator and creator of Polsat Foundation, one of the largest non-governmental organizations in Poland, which helps in the treatment of sick children and supports hospitals and medical centers throughout the country.

In 2019, Zygmunt Solorz established the Association - Clean Poland Program. It is one of the elements of the implementation of Zygmunt Solorz's vision, the aim of which is to improve the condition of the natural environment in Poland, in particular air quality.

Zygmunt Solorz has many years of experience in working in the statutory bodies of commercial companies, currently he performs, among others, the function of Chairman of the Supervisory Board in such companies as Telewizja Polsat Sp. z o.o., Polkomtel Sp. z o.o., ZE PAK S.A. or Interia.pl Group.

**Marek Kapuściński** joined the Company's Supervisory Board in October 2016, and from October 2016 to June 2021 he performed the function of its Chairman while also serving as Member of the Remuneration Committee. In June 2021 he was appointed as Vice-Chairman of the Supervisory Board of the Company. Mr. Kapuściński graduated from the Faculty of Trade of the Academy of Planning and Statistics in Warsaw (now the Warsaw School of Economics) and completed postgraduate studies at SEHNAP (School of Education, Health, Nursing, and Arts Professions) in cooperation with Stern School of Business – New York University.

Until the end of September 2016, for over 25 years, he has been part of the Procter&Gamble team. From July 2011 as a General Manager and Vice President (that is President of the management board/CEO) for nine key markets of the Central Europe, and before that – from January 2007 he was responsible for Poland and the Baltic states. Currently, he is a member of the supervisory boards of Bank Handlowy w Warszawie S.A. and Cydrownia S.A. and provides consulting services through Essences Consulting Group. He is also involved in the activities of public benefit organizations supporting the development of the young Polish culture and arts.

**Józef Birka** joined the Company's Supervisory Board in April 2015. He is an advocate and graduate of the Faculty of Law of the Wroclaw University. He has been associated with Telewizja Polsat S.A. since its inception. He held the function of President of the management board of Telewizja Polsat during the first licensing procedure granting terrestrial license to broadcast the first independent countrywide TV channel in Poland. Since its establishment, he is a member of the board of the Polsat Foundation, one of the largest non-governmental organizations operating in Poland.

Mr. Józef Birka has extensive experience in working in statutory bodies of commercial-law companies. He is a Member of the Supervisory Boards of Polkomtel Sp. z o.o., Telewizja Polsat Sp. z o.o. and Elektrim S.A. Between 2004 and 2006 he was also the Supervisory Board Member of Polska Telefonia Cyfrowa Sp. z o.o. He acted actively in the Association of Private Media Employers, incorporated into Polish Confederation of Private Employers "Lewiatan." He was honored by the Polish Bar Council with a medal "Commendable Service to the Advocates Bar."

**Jarosław Grzesiak** was appointed as Member of the Company's Supervisory Board in June 2021. He is the the Chief Executive Advisor to Mr. Zygmunt Solorz, responsible for supervising the capital group controlled by Mr. Solorz and also a member of the supervisory boards of, inter alia, Cyfrowy Polsat, Polkomtel, Polsat TV, Netia, Interia, Port Praski and ZE PAK. Jarosław is a graduate of the Faculty of Law of the Jagiellonian University and has been an advocate since 1995.

From 2012 to 2021, he was the Managing Partner of Greenberg Traurig in Poland and prior to that from 1999 to 2012, the Managing Partner of the Warsaw office of Dewey & LeBoeuf law firm. Previously, from 1995 to 1999, he was the Director of the Legal Department of PepsiCo, Inc. responsible for Poland and CEE.

He has led a vast number of capital markets transactions, including issuances and public offers of shares and bonds, in Poland and on international markets; mergers and acquisitions; private equity as well as restructuring and privatization of enterprises.

He was awarded the Golden Cross of Merit for his work on the development of the Polish economy and the capital market. In 2018, he was named "Lawyer of the Thirty Years" by the Rzeczpospolita daily and the Polish Association of Legal Employers. In 2011, American Lawyer awarded him the prestigious title of "Dealmaker of the Week". The most important international and Polish legal rankings: Chambers and Partners, IFLR, EMEA Legal 500, as well as Rzeczpospolita, for over 15 years recognized him as the leading lawyer in Poland in the area of mergers and acquisitions, capital markets, private equity as well as banking and finance.

Jarosław Grzesiak is a member of the Atlantic Council’s Board of Directors, Young Presidents' Organization - Gold and the American Chamber of Commerce.

**Marek Grzybowski** was appointed as Member of the Company’s Supervisory Board in July 2020, where he is also Chairman of the Audit Committee. University Professor Marek Grzybowski PhD has been an employee of the Faculty of Law and Administration of Warsaw University since 1977.

He has authored and co-authored numerous academic publications: monograph studies, commentaries to the Act on the Bank Guarantee Fund of June 10, 2016, professional journal articles, and judicial interpretations. His academic research interests relate in the main to public policy issues of banking law, including regulation and supervision of financial markets and bank deposit guarantee schemes.

He is an attorney-at-law and, since 1983, a member of the Warsaw Bar Association of Attorneys-at-Law. Between 1987 and 2000, he was a partner in the law firms: Consultor LC and T. Komosa, C. Wiśniewski, M. Grzybowski and Wspólnicy LP. In the years 2001 – 2003, he was partner at the international law firm Linklaters LP, and, until 2020, attorney-at-law and proxy representing the firm. In the period 1995 – 1999, he sat on the Board of Directors of the Bank Guarantee Fund and was elected President of the Board of Directors of the Bank Guarantee Fund for the term of 1999 – 2003.

In 2005, he was awarded the Golden Cross of Merit for service to the Polish banking system.

Since 1997, he has been editor-in-chief of “GLOSA” – a monthly law journal until 2005, subsequently a quarterly, published by Wolters Kluwer. In the years 1999 – 2007, he was an editorial board member of the “Bezpieczny Bank” (Safe Bank) quarterly, and its editor-in-chief between 1999 and 2003. He currently sits on the editorial board of The European Journal of Legal Education.

Since 2012, he has been deputy dean in charge of financial affairs of the Faculty of Law and Administration of Warsaw University.

In 2014, he was elected member of the Board of the European Law Faculties Association (ELFA), of which he is now president since April 2019.

**Alojzy Nowak** was appointed as Member of the Company’s Supervisory Board in June 2021. He graduated from the Academy of Planning and Statistics in Warsaw in 1984 (currently: the Warsaw School of Economics). In 1991 he obtained a doctoral, and in 1995 - a PhD degree. In 1992 he studied economics at the University of Illinois in Urbana-Champaign, USA. In 1993 he completed studies in banking, finance and insurance at the University of Exeter in Great Britain; in 1996 he studied international economics at the Free University of Berlin, and in 1997 he studied international economics at RUCA (Antwerp). In 2002, he obtained the academic title of professor of economics.

He is a laureate of many awards and distinctions, including Rector's Awards for scientific achievements (annually since 1997), Award of the Minister of Education for the book: "European integration. An opportunity for Poland?" and a book entitled “Banks and households – development dynamics.” He is a member of numerous scientific organizations and program councils of journals, including, as a member of the editorial boards of "Foundations of Management", "Journal of Interdisciplinary Economics", "Yearbook on Polish European Studies" and "Mazovia Regional Studies"; member of the "Gazeta Bankowa" Program Council; reviewer of PWE SA Warsaw. A long-standing member of the "Teraz Polska" Emblem Chapter and a member of the "European Studies" Scientific Council.

He gained knowledge and experience working, among others, as: the head of the Department of International Economic Relations at the Faculty of Management of the University of Warsaw, the head of the Department of National Economy at the Faculty of Management of the University of Warsaw, the director of the European Centre of the University of Warsaw, the deputy dean of the Faculty of Management at the University of Warsaw for International Cooperation, the dean of the Faculty of Management at the University of Warsaw and Vice-Rector for Scientific Research and Cooperation at the University of Warsaw. For 15 years he was also the head of the Department of Finance at the Kozminski University. Apart from the University of Warsaw, he also delivers lectures in France, Great Britain, USA, Russia, China, Korea, Germany.

In addition, he held or still holds the functions of: an advisor to the prime minister, advisor to the Minister of Agriculture, Minister of Finance, president of the Academic Sports Association in Poland, as well as at the University of Warsaw, a member of the NewConnect advisory committee at the Management Board of the Warsaw Stock Exchange, a member of the Council of the National Bank of Poland Foundation, Chairman of the Scientific Council of the National Bank of Poland. Over the years, he was or has been a member of supervisory boards, including PTE WARTA S.A., PKO BP S.A., JSW S.A., ZE PAK S.A., PZU S.A., Bank Millennium S.A. He was the Chairman and Vice-Chairman of the Supervisory Board of EUROLOT S.A.

He is a member of the National Development Council, appointed by President Andrzej Duda.

In December 2018, together with 22 prominent economists from around the world – among whom there are 4 Nobel Prize laureates – he became a member of the Scientific Council of the Institute of New Structural Economics at the University of Beijing.

**Tobias Solorz** was appointed as Member of the Company’s Supervisory Board in June 2021. He is a graduate of the Faculty of Management and Marketing at the University of Warsaw.

He has many years of professional experience in the field of telecommunication, finance and controlling. He began his career in 2003 at Telewizja Polsat Sp. z o.o. Between 2007 and 2008 he held the position of Promotion Manager at Cyfrowy Polsat. Between 2008 and 2010 he was a member of the management board of Sferia S.A., where he also served as Marketing, Sales and Operations Director. He was a member of the management board of Polkomtel Sp. z o.o., Plus network operator, from November 2011 and President of the management board from February 2014 until March 2019. In the years 2014-2019 he sat on the Management Board of Cyfrowy Polsat S.A., first in the capacity of Management Board Member, then since December 2014 as Vice-President of the Management Board and from 2016 until 2019 as President of the Management Board.

Currently, Tobias Solorz holds supervisory positions in selected companies belonging to capital groups of companies listed on the Warsaw Stock Exchange, including Cyfrowy Polsat S.A., ZE PAK S.A. and Asseco Poland S.A.. Moreover, he is a member of the board of Polsat Foundation, one of the largest NGOs in Poland that helps to provide treatment for ill children and also supports hospitals and medical center across the country.

**Tomasz Szeląg** has been a Member of the Company’s Supervisory Board since October 2016, where he is also Chairman of the Remuneration Committee and Member of the Audit Committee. He graduated from the National Economy Faculty of the Economic Academy of Wrocław, with a major in International Economics and Political Relations specializing in Foreign Trade. He has been involved with Cyfrowy Polsat since 2009. Apart from the Company, he was appointed a member of the supervisory boards of, among others, Polkomtel Sp. z o.o., Telewizja Polska Sp. z o.o., Netia S.A., Polsat Media Sp. z o.o., Grupa Interia.pl Sp. z o.o, ZE PAK

S.A., PAK-Polska Czysta Energia Sp. z o.o., PAK-PCE Biopaliwa i Wodór, PAK-Atom S.A., Exion Hydrogen Polskie Elektrolizery and Port Praski Sp. z o.o.

He has extensive knowledge and competences in the field of media and telecommunication, finance and banking as well as preparing and auditing financial statements.

In 2000-2003, he was an assistant at the Foreign Trade Faculty of the Economic Academy of Wrocław. In May 2003 he received his PhD title for a thesis on hedging transactions used by world copper producers and went on to become a lecturer in the Faculty of International Economic Relations of the Economic Academy of Wrocław. Between 2003 and 2004 he also held a position of lecturer at the Wrocław School of Banking - at the Faculty of International Economic Relations. Parallel to his academic career Tomasz Szeląg also developed his professional career gaining experience in managerial positions in the area of finance and investment. From 2003, he was Chief Specialist in the Currency Risk Department of KGHM Polska Miedź S.A., and then of the Market Risk and Analysis Department. In September 2004, he became Director of the Department. In December 2004, he became Director of Hedging Department of KGHM and held the function until March 2007. From April 2007 to June 2008 he worked as Director of Branch of Société Générale Bank in Wrocław. In July 2008, he took the position of Vice-president for Finance in Telefonia Dialog S.A., which he held until March 2009. In Telefonia Dialog S.A. he was responsible for finance, accounting, controlling, and budgeting management, and also owner supervision and capital investment, logistics and purchases, project management and IT.

From May 2009 until September 2016 he held the position of Member of the Management Board and Chief Financial Officer at Cyfrowy Polsat and was responsible for broadly understood finances in Polsat Plus Group. In the years 2010-2016 Tomasz Szeląg was a member of the management boards of numerous companies from Polsat Plus Group, including Telewizja Polsat (October 2011-October 2014), INFO-TV-FM (July 2012 – November 2016), CPSPV1 and CPSPV2 (April 2013 – November 2016), Plus TM Management (April 2014-December 2016) and Polkomtel (September 2014-December 2016). He was also President of the management board of Cyfrowy Polsat Trade Marks Sp. z o.o. (2010-2016) and Telewizja Polsat Holdings Sp. z o.o. (2012-2016).

**Piotr Żak** was appointed as Member of the Company's Supervisory Board in June 2018. He holds a graduate degree in economics from Royal Holloway, University of London. He also graduated from the Faculty of Management of the Warsaw University.

He has been pursuing business operations in Poland since 2014, among others in the area of establishing and supporting start-up enterprises. He focuses his activities on the high-technology sector, particularly on creating and developing innovative projects that exploit the potential of Internet and traditional media, Internet entertainment, and the use of data transmission in solutions, services and products addressed to individual and business customers. He pursues his professional interests also by developing and implementing modern marketing communications tools for enterprises from the media and telecommunications sector.

He is the founder of such companies as, among others, Frenzy Sp. z o.o., a company that conducts e-sports and gaming events on an international scale and since 2018 produces programs for the channel Polsat Games, which at the end of 2021 was sold to ESE Entertainment, a Canadian gaming and e-sports entertainment and technology group. He also founded and is the co-owner of Golden Coil Sp. z o.o., a company operating in the field of marketing and Internet advertising.

Since March 2016 he serves as supervisory board member of Telewizja Polsat Sp. z o.o., the leading television broadcaster on the Polish market. In June 2018 he was appointed to the supervisory boards of Cyfrowy Polsat S.A., the parent of Polsat Plus Group, and Netia S.A., one of the largest Polish telecommunication operators belonging to Polsat Plus Group. In April 2019 he was appointed to the supervisory board of Polkomtel Sp. z o.o., the operator of Plus network. He has been serving on the supervisory boards of Asseco Poland S.A. and Mobiem Polska Sp. z o.o. since July 2020, and in November

2020 he was appointed to the supervisory board of Grupa Interia.pl Sp. z o.o. In May 2021 he was appointed to the supervisory board of Asseco Cloud Sp. z o.o. Since December 2021 he has been discharging supervisory responsibilities in SPVs belonging to Port Praski Sp. z o.o. In March 2022 he was appointed to the supervisory board of ZE PAK S.A. Since January 2023 he has been serving on the supervisory boards of Interia.pl Sp. z o.o., Liberty Poland, InterPhone Service and PAK-Polska Czysta Energia.

### 8.7.3. 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.

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 2022, the Supervisory Board's resolutions were adopted 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 2022.

| Name of Supervisory Board Member | Attendance |
|---|---|
| Zygmunt Solorz | 100% |
| Marek Kapuściński | 100% |
| Józef Birka | 100% |

| Name of Supervisory Board Member | Attendance |
|---|---|
| Jarosław Grzesiak | 100% |
| Marek Grzybowski | 100% |
| Alojzy Nowak | 100% |
| Tobias Solorz | 100% |
| Tomasz Szeląg | 100% |
| Piotr Żak | 100% |

### 8.7.4. 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, an Audit Committee functions in the Company.

As at January 1, 2022, **the Audit Committee** comprised the following Members of the Supervisory Board:

| Name and surname | Function |
|---|---|
| Marek Grzybowski | Chairman of the Audit Committee<br>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.

During 2022 the composition of the Audit Committee remained unchanged.

In 2022, 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 2022.

| Name of Audit Committee Member | Attendance |
|---|---|
| Marek Grzybowski | 100% |
| Alojzy Nowak(1) | 100% |
| Tomasz Szeląg | 100% |

A **Remuneration Committee** also functions within the Supervisory Board of the Company which, as at January 1, 2022, comprised the following Members of the Supervisory Board:

| Name and surname | Function |
|---|---|
| Tomasz Szeląg | Chairman of the Remuneration Committee<br>Member of the Supervisory Board |
| Marek Kapuściński | Vice Chairman of the Supervisory Board |

During 2022 the composition of the Remuneration Committee remained unchanged.

### *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.

### 8.7.5. 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.

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, 2022 and December 31, 2021.

| [mPLN] | For the year ended December 31 | |
|---|---|---|
| | 2022 | 2021 |
| Review of interim financial statements | 0.1 | 0.1 |
| Audit of financial statements for the year and other services | 0.4 | 0.4 |
| **Total** | **0.5** | **0.5** |

In the financial year 2022, 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 and (iii) 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.

### 8.7.6. 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 2022 is included in Note 42 of the financial statements for the financial year ended December 31, 2022.

## 8.8. 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 Cyfrowy Polsat S.A. are publically available at the Polsat Plus Group's website.

## 8.9. Diversity policy applicable to administrative, managing and supervising bodies of the Company

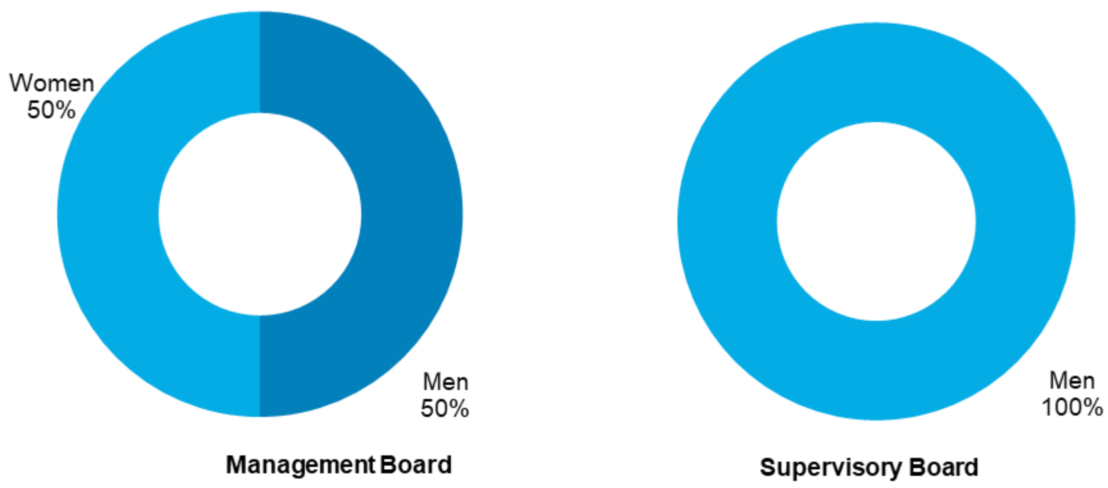
Polsat Plus Group adopted the Diversity and Human Rights Policy which has the purpose of supporting the pursuit of the Group's business goals. The policy enables the Group to respond in a better way to the employees' expectations, make full use of their potential and at the same time help the companies 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.

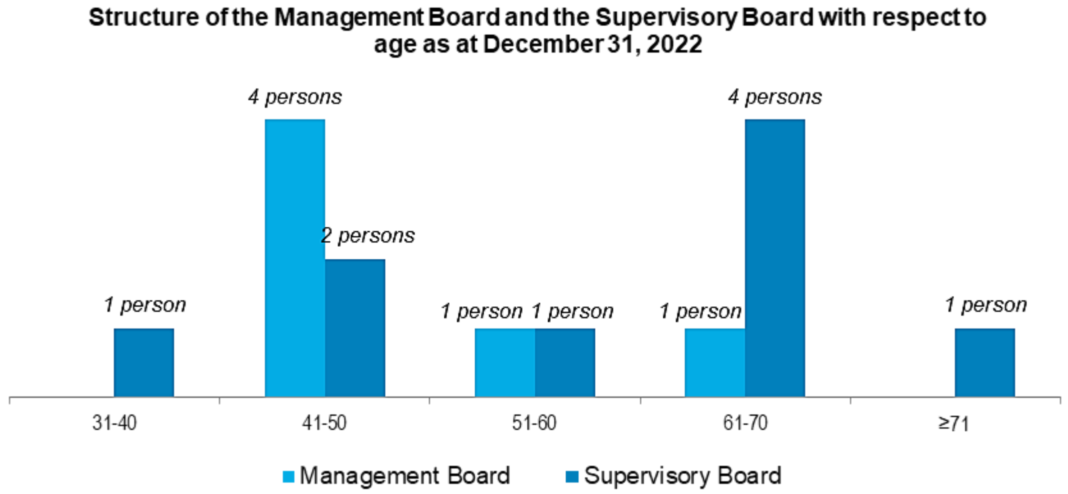
The provisions of Polsat Plus Group's Diversity Policy apply to all employees, including Management Board Members and Supervisory Board Members. While our aim is to promote gender equality among top managerial positions, our policy is above all to appoint persons with appropriate competences, professional 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 2022**




As at December 31, 2022 three men and three women sat on Cyfrowy Polsat's Management Board while the Supervisory Board included nine 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.




Mirosław Błaszczyk
*President of the Management Board*

Katarzyna Ostap-Tomann
*Member 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*

Warsaw, April 19, 2023

# Glossary

| Term | Definition |
|---|---|
| **Amendment, Restatement and Consolidation Deed** | Agreement concluded on September 21, 2015 between the Company, Polkomtel, Telewizja Polsat, Cyfrowy Polsat Trade Marks, Polsat License Ltd. and Polsat Media Biuro Reklamy, Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental, Plus TM Group and a consortium of Polish and foreign financing institutions, amending and consolidating the CP SFA and the PLK SFA. |
| **B2B** | Business to Business, a transaction between businesses. |
| **B2C** | Business to Consumer, a transaction between a business and a consumer. |
| **CP Revolving Facility Loan** | The revolving facility loan of up to PLN 300 million, issued under the CP Senior Facilities Agreement, with the maturity date of September 30, 2024. |
| **CP Senior Facilities Agreement, CP SFA** | The Senior Facilities Agreement of September 21, 2015 between the Company, Telewizja Polsat, CPTM, Polsat License Ltd. and Polsat Media Biuro Reklamy, and a syndicate of Polish and foreign banks, covering the CP Term Facility Loan and the CP Revolving Facility Loan. |
| **CP Term Facility Loan** | The term facility loan of up to PLN 1.2 billion, issued under the CP Senior Facilities Agreement of September 21, 2015, with the maturity date of September 30, 2024. |
| **PLK Revolving Facility Loan** | The revolving facility loan of up to PLN 700 million, issued under the PLK Senior Facilities Agreement of September 21, 2015, with the maturity date of September 30, 2024. |
| **PLK Senior Facilities Agreement, PLK SFA** | The Senior Facilities Agreement of September 21, 2015 between Polkomtel, Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental and Plus TM Group and a syndicate of Polish and foreign financial institutions, covering the PLK Term Facility Loan and the PLK Revolving Facility Loan. |
| **PLK Term Facility Loan** | The term facility loan of up to PLN 10,300 million, issued under the PLK Senior Facilities Agreement of September 21, 2015, with the maturity date of September 30, 2024. |
| **Second Amendment and Restatement Deed** | Agreement concluded on March 2, 2018 between the Company and UniCredit Bank AG, London Branch, amending and consolidating the CP SFA and the PLK SFA and amending the Amendment, Restatement and Consolidation Deed. |
| **Senior Facilities Agreement, SFA** | CP SFA of September 21, 2015 as amended by the Amendment, Restatement and Consolidation Deed of September 21, 2015, the Second Amendment and Restatement Deed of March 2, 2018 and the Third Amendment and Restatement Deed of April 27, 2020. |
| **Series B Bonds** | Dematerialized, interest-bearing, senior and unsecured Series B bearer bonds with the total nominal value of PLN 1 billion and the nominal value of PLN 1,000 each, issued pursuant to the Resolution of the Management Board of the Company dated January 29, 2020. |
| **Series C Bonds** | Dematerialized, interest-bearing, senior and unsecured Series C bearer bonds with the total nominal value of PLN 1 billion and the nominal value of PLN 1,000 each, issued pursuant to the Resolution of the Management Board of the Company dated March 25, 2019. |
| **Series D Bonds** | Dematerialized, interest-bearing, senior and unsecured Series D bearer bonds with the total nominal value of PLN 2.671 billion and the nominal value of PLN 1,000 each, issued pursuant to the Resolution of the Management Board of the Company dated December 16,2022. |

| Term | Definition |
|---|---|
| **Third Amendment and Restatement Deed** | Agreement concluded on April 27, 2020 between the Company and UniCredit Bank AG, London Branch, amending the SFA along with the Amendment, Restatement and Consolidation Deed and the Second Amendment, Restatement and Consolidation Deed. |

### *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. |
| **Converged (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. |
| **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). |

| 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). |
| **MTR** | A wholesale charge for call termination in another operator's mobile telecommunications network (Mobile Termination Rate). |
| **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. |
| **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. |

| 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. |
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# Cyfrowy Polsat S.A.

## Financial Statements
## for the year ended 31 December 2022

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

# Table of contents

# Approval of the Financial Statements

On 19 April 2023 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 2022 to 31 December 2022 showing a net profit for the period of: PLN 1,248.6

## Statement of Comprehensive Income for the period

from 1 January 2022 to 31 December 2022 showing a total comprehensive income for the period of: PLN 1,258.5

## Balance Sheet as at

31 December 2022 showing total assets and total equity and liabilities of: PLN 15,658.3

## Cash Flow Statement for the period

from 1 January 2022 to 31 December 2022 showing a net decrease in cash and cash equivalents amounting to: PLN 1,814.1

## Statement of Changes in Equity for the period

from 1 January 2022 to 31 December 2022 showing a increase in equity of: PLN 203.8

## 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, 19 April 2023

(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 2022 | 31 December 2021 |
| Revenue | 8 | 2,382.5 | 2,448.6 |
| Operating costs | 9 | (2,042.1) | (2,056.7) |
| Other operating income/(costs), net | | 2.7 | (5.3) |
| **Profit from operating activities** | | **343.1** | **386.6** |
| Gain on investment activities, net | 10 | 1,188.7 | 4,048.7 |
| Finance costs, net | 11 | (241.9) | (103.3) |
| **Gross profit for the period** | | **1,289.9** | **4,332.0** |
| Income tax | 12 | (41.3) | (726.1) |
| **Net profit for the period** | | **1,248.6** | **3,605.9** |
| **Basic and diluted earnings per share (in PLN)** | 14 | **2.24** | **5.68** |

(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 2022 | 31 December 2021 |
| **Net profit for the period** | | **1,248.6** | **3,605.9** |
| *Items that may not be reclassified subsequently to profit or loss:* | | | |
| Actuarial gain/(loss) | | 0.7 | - |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Valuation of hedging instruments | 28 | 9.2 | 17.3 |
| **Other comprehensive income, net of tax** | | **9.9** | **17.3** |
| **Total comprehensive income for the period** | | **1,258.5** | **3,623.2** |

(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 2022 | 31 December 2021 |
|---|---|---|---|
| Reception equipment | 15 | 331.8 | 332.5 |
| Other property, plant and equipment | 15 | 194.2 | 122.9 |
| Goodwill | 16 | 197.0 | 197.0 |
| Other intangible assets | 17 | 110.6 | 96.4 |
| Right-of-use assets | 18 | 15.8 | 19.0 |
| Investment property | 19 | 36.8 | 34.3 |
| Shares in subsidiaries, associates and other includes: | 20 | 12,966.7 | 12,410.3 |
| *shares in associates* | | *1,708.0* | *1,749.9* |
| Non-current deferred distribution fees | 21 | 17.7 | 17.1 |
| Non-current loans granted | | 573.6 | 439.2 |
| Other non-current assets, includes: | 22 | 7.3 | 7.3 |
| *derivative instruments* | | *6.6* | *4.1* |
| **Total non-current assets** | | **14,451.5** | **13,676.0** |
| Contract assets | | 93.3 | 121.1 |
| Inventories | 23 | 131.0 | 65.1 |
| Trade and other receivables | 24 | 212.1 | 170.3 |
| Current loans granted | | 544.8 | 118.0 |
| Current deferred distribution fees | 21 | 54.3 | 63.7 |
| Other current assets includes: | 25 | 50.6 | 27.1 |
| *derivative instruments* | | *16.5* | *9.3* |
| Cash and cash equivalents | 26 | 120.7 | 1,934.8 |
| **Total current assets** | | **1,206.8** | **2,500.1** |
| **Total assets** | | **15,658.3** | **16,176.1** |

(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 2022 | 31 December 2021 |
|---|---|---|---|
| Share capital | 27 | 25.6 | 25.6 |
| Share premium | 27 | 7,174.0 | 7,174.0 |
| Other reserves | 27 | 2,933.5 | 2,923.8 |
| Retained earnings | | 4,215.8 | 3,628.0 |
| Treasury shares | 27 | (2,854.7) | (2,461.0) |
| **Total equity** | | **11,494.2** | **11,290.4** |
| Loans and borrowings | 29 | 1,047.8 | 1,230.7 |
| Issued bonds | 30 | 1,900.4 | 1,942.1 |
| Lease liabilities | 31 | 13.7 | 16.5 |
| Deferred tax liabilities | 12 | 58.7 | 80.7 |
| Other non-current liabilities and provisions, includes: | 33 | 2.1 | 2.1 |
| *derivative instruments* | | *0.7* | - |
| **Total non-current liabilities** | | **3,022.7** | **3,272.1** |
| Loans and borrowings | 29 | 250.7 | 193.8 |
| Issued bonds | 30 | 176.0 | 66.4 |
| Lease liabilities | 31 | 3.3 | 3.7 |
| Contract liabilities | | 225.3 | 233.9 |
| Trade and other payables | 34 | 477.6 | 463.3 |
| Income tax liability | | 4.9 | 649.1 |
| Deposits for equipment | | 3.6 | 3.4 |
| **Total current liabilities** | | **1,141.4** | **1,613.6** |
| **Total liabilities** | | **4,164.1** | **4,885.7** |
| **Total equity and liabilities** | | **15,658.3** | **16,176.1** |

(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 2022 | 31 December 2021 |
| **Net profit** | | **1,248.6** | **3,605.9** |
| **Adjustments for:** | | **(946.0)** | **(3,075.6)** |
| Depreciation, amortization, impairment and liquidation | 9 | 174.3 | 185.5 |
| Interest expense | | 165.0 | 82.6 |
| Change in inventories | | (65.9) | (18.4) |
| Change in receivables and other assets | | (52.2) | (24.7) |
| Change in liabilities and provisions | | 11.0 | 83.6 |
| Change in contract assets | | 27.8 | 39.1 |
| Change in contract liabilities | | (8.6) | (12.2) |
| Income tax | 12 | 41.3 | 726.1 |
| Net increase in reception equipment | | (132.6) | (127.9) |
| Dividends income and share in the profits of partnerships | 10 | (1,010.2) | (1,071.8) |
| Gain on sale of shares in a subsidiary/associate | 10 | (100.0) | (2,968.0) |
| Valuation of hedging instruments | | 11.4 | 21.4 |
| Other adjustments | | (7.3) | 9.1 |
| **Cash from operating activities** | | **302.6** | **530.3** |
| Income tax paid | | (709.7) | (91.4) |
| Interest received from operating activities | | 23.8 | 2.2 |
| **Net cash used in/from operating activities** | | **(383.3)** | **441.1** |
| Received dividends and shares in the profits of partnerships | | 1,006.9 | 1,029.8 |
| Acquisition of shares in subsidiary and associates | 20 | (582.6) | (1,293.3) |
| Capital increase in an associate | 20 | (473.8) | - |
| Acquisition of property, plant and equipment | | (86.4) | (19.5) |
| Acquisition of intangible assets | | (38.6) | (38.6) |
| Proceeds from sale of shares in a subsidiary/associate | | 600.0 | 5,269.5 |
| Loans granted | | (728.1) | (504.7) |
| Loans repaid | | 198.4 | 47.3 |
| Interest on loans repaid | | 17.3 | 6.1 |
| Other inflows | | 13.6 | 8.9 |
| **Net cash used in/from investing activities** | | **(73.3)** | **4,505.5** |

(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 2022 | 31 December 2021 |
| Loans inflows | 29 | - | 1,665.0 |
| Repayment of loans and borrowings | 29 | (156.0) | (1,782.0) |
| Payment of interest on loans, borrowings, bonds and commissions[(1)] | | (137.1) | (71.0) |
| Dividend paid | | (660.8) | (1,183.2) |
| Acquisition of treasury shares[(2)] | 43 | (393.9) | (2,464.0) |
| Other outflows | | (9.7) | (12.0) |
| **Net cash used in/from financing activities** | | **(1,357.5)** | **(3,847.2)** |
| **Net decrease/increase in cash and cash equivalents** | | **(1,814.1)** | **1,099.4** |
| **Cash and cash equivalents at the beginning of period** | | **1,934.8** | **835.4** |
| Effect of exchange rate fluctuations on cash and cash equivalents | | - | - |
| **Cash and cash equivalents at the end of period** | | **120.7** | **1,934.8** |

[(1)] Includes impact of IRS instruments, amount paid for costs related to the new financing
[(2)] 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 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.

(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 2021

| | Share capital | Share premium | Other reserves | Retained earnings [(1)] | Treasury shares | Total Equity |
|---|---|---|---|---|---|---|
| **Balance as at 1 January 2021** | **25.6** | **7,174.0** | **(8.5)** | **3,719.6** | **-** | **10,910.7** |
| Dividend approved and paid | - | - | - | (767.5) | - | **(767.5)** |
| Reserve capital for treasury shares purchase program | - | - | 2,930.0 | (2,930.0) | - | **-** |
| Acquisition of treasury shares | - | - | (15.0) | - | (2,461.0) | **(2,476.0)** |
| Total comprehensive income | - | - | 17.3 | 3,605.9 | - | **3,623.2** |
| *Hedge valuation reserve* | - | - | *17.3* | - | - | ***17.3*** |
| *Net profit for the period* | - | - | - | *3,605.9* | - | ***3,605.9*** |
| **Balance as at 31 December 2021** | **25.6** | **7,174.0** | **2,923.8** | **3,628.0** | **(2,461.0)** | **11,290.4** |

[(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 2021.

# 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 2022 the Group encompasses the Company, Polkomtel Sp. z o.o. and its subsidiaries and joint ventures, 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., CPSPV1 Sp. z o.o., CPSPV2 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.

### 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 24 June 2021:

- Zygmunt Solorz — Chairman of the Supervisory Board,
- Marek Kapuściński — 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,
- Tobias Solorz — Member of the Supervisory Board,
- Tomasz Szeląg — Member of the Supervisory Board,
- Piotr Żak — Member of the Supervisory Board.

Composition of the Supervisory Board to 24 June 2021:

- Marek Kapuściński Chairman of the Supervisory Board,
- Józef Birka Member of the Supervisory Board,
- Marek Grzybowski Member of the Supervisory Board,
- Robert Gwiazdowski Member of the Supervisory Board,
- Aleksander Myszka Member of the Supervisory Board,
- Leszek Reksa Member of the Supervisory Board,
- Tomasz Szeląg Member of the Supervisory Board,
- Paweł Ziółkowski 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 2022 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 2022 and the financial statements for 2021, 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 2022.

During the year ended 31 December 2022 the following became effective:

a) Amendments to IFRS 3 Business Combinations,
b) Amendments to IAS 16 Property, Plant and Equipment,
c) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets,
d) Annual Improvements 2018-2020 – the amendments contain explanations and clarify the guidelines for recognition and measurement: IFRS 1 "Adoption of International Financial Reporting Standards for the first time", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and examples to illustrate IFRS 16 "Leases”.

Amendments and interpretations apply for the first time in 2022, but do not have material impact on the financial statements of the Company.

Standards published but not yet 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: Classification of Liabilities as Current or Non-current,
d) Amendments to IAS 1 Presentation of Financial Statements and IFRS Board guidelines - Disclosure of Accounting policies,
e) Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates,
f) Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction,
g) Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.

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 2022.

## 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 45.

## 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 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 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. 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.

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. The Company may use forward currency contracts and foreign exchange call options as cash flow hedges of its exposure to foreign currency risk in forecasted payments as well as interest rate swaps and cross-currency interest rate swaps for its exposure to interest rate risk.

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.

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 the current and comparative period 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

Revenue, which excludes value added tax, returns, trade discounts and volume rebates, represents the gross inflow of economic benefit from Company's operating activities. Revenue is measured at the transaction prices of the consideration received or receivable.

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 and activation fees are recognized on a straight-line basis over the minimum base period of the subscription contract.

  Revenues from prepaid mobile telephone 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 and interconnect revenue.

  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 have 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.

## 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 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 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 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 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 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) Taxation

Income tax expense/benefit for the year comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to 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 services to individual and business customers segment 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.

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

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.

## 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.

### 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

These financial statements were approved for publication by the Management Board on 19 April 2023.

**Explanatory notes**

## 8. Revenue

| | for the year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Retail revenue | 2,182.6 | 2,247.2 |
| Wholesale revenue | 84.8 | 103.1 |
| Sale of equipment | 31.6 | 25.8 |
| Other revenue | 83.5 | 72.5 |
| **Total** | **2,382.5** | **2,448.6** |

(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 2022** | **31 December 2021** |
| Content costs | | 850.5 | 797.3 |
| Technical costs and costs of settlements with telecommunication operators | | 463.4 | 495.4 |
| Distribution, marketing, customer relation management and retention costs | | 280.9 | 308.7 |
| Depreciation, amortization, impairment and liquidation | | 174.3 | 185.5 |
| Salaries and employee-related costs | a) | 149.6 | 130.2 |
| Cost of equipment sold | | 21.1 | 20.1 |
| Cost of debt collection services and bad debt allowance and receivables written off | | 3.3 | 9.2 |
| Other costs | | 99.0 | 110.3 |
| **Total** | | **2,042.1** | **2,056.7** |

### a) Salaries and employee-related costs

| | for the year ended | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| Salaries | 125.4 | 110.0 |
| Social security contributions | 19.4 | 15.3 |
| Other employee-related costs | 4.8 | 4.9 |
| **Total** | **149.6** | **130.2** |

## Average headcount of non-production employees*

| | for the year ended | |
|---|---|---|
| | **31 December 2022** | **31 December 2021** |
| Employment contracts (full-time equivalents) | 904 | 844 |

* 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 2022 | 31 December 2021 |
| Dividends | | 945.4 | 1,010.3 |
| Share in the profits of partnerships | | 64.8 | 61.5 |
| Gain on sale of shares in a subsidiary/associate | 20, 43 | 100.0 | 2,968.0 |
| Interest income | | 70.0 | 12.4 |
| Other | | 8.5 | (3.5) |
| **Total** | | **1,188.7** | **4,048.7** |

# 11. Finance costs, net

| | for the year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Interest expense on loans and borrowings | 98.1 | 39.4 |
| Interest expense on issued bonds | 155.6 | 49.6 |
| Valuation and realization of hedging instruments | (19.8) | 5.1 |
| Guarantee fees | 6.2 | 7.6 |
| Bank and other charges | 1.8 | 1.6 |
| **Total** | **241.9** | **103.3** |

# 12. Income tax

## Income tax in the income statement

| | for the year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Corporate income tax | 65.5 | 734.1 |
| Change in deferred income tax in the income statement | (24.2) | (8.0) |
| **Income tax expense in the income statement** | **41.3** | **726.1** |

## Change in deferred income tax

| | for the year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Receivables and other assets | 4.9 | 5.0 |
| Liabilities | (25.0) | (9.6) |
| Deferred distribution fees | (1.6) | (1.9) |
| Tangible and intangible non-current assets | (2.5) | (1.5) |
| **Change in deferred income tax - total** | **(24.2)** | **(8.0)** |

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

## Income tax recognized in other comprehensive income

| | for the year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Change in deferred income tax on hedge valuation | 2.2 | 4.1 |
| **Income tax expense recognized in other comprehensive income - total** | **2.2** | **4.1** |

## Effective tax rate reconciliation

| | for the year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Profit before income tax | 1,289.9 | 4,332.0 |
| **Profit before tax multiplied by the statutory tax rate in Poland of 19%** | **245.1** | **823.1** |
| Dividend received from subsidiaries | (191.9) | (203.6) |
| Permanent differences – value of Polkomtel Infrastruktura shares non tax deductible | - | 103.9 |
| Other | (11.9) | 2.7 |
| **Tax charge for the year** | **41.3** | **726.1** |
| **Effective tax rate** | **3.2%** | **16.8%** |

## Deferred tax assets

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Liabilities | 76.1 | 53.9 |
| Receivables and other assets | 18.5 | 13.7 |
| **Total deferred tax assets** | **94.6** | **67.6** |
| Offsetting of deferred tax liabilities and deferred tax assets | (94.6) | (67.6) |
| **Deferred tax assets in the balance sheet** | **-** | **-** |

## Deferred tax liabilities

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Receivables and other assets | 47.8 | 38.1 |
| Deferred distribution fees | 13.7 | 15.3 |
| Tangible and intangible non-current assets | 74.3 | 76.8 |
| Liabilities | 17.5 | 18.1 |
| **Total deferred tax liabilities** | **153.3** | **148.3** |
| Offsetting of deferred tax liabilities and deferred tax assets | (94.6) | (67.6) |
| **Deferred tax liabilities in the balance sheet** | **58.7** | **80.7** |

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 2022 | 31 December 2021 |
| Net profit for the period | 1,248.6 | 3,605.9 |
| Income tax (see note 12) | 41.3 | 726.1 |
| Gain on investment activities, net (see note 10) | (1,188.7) | (4,048.7) |
| Finance costs, net (see note 11) | 241.9 | 103.3 |
| Depreciation, amortization, impairment and liquidation* (see note 9) | 174.3 | 185.5 |
| **EBITDA (unaudited)** | **517.4** | **572.1** |

* 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 2022 | 31 December 2021 |
| Net profit for the period | 1,248.6 | 3,605.9 |
| Weighted average number of ordinary and preference shares in the year | 557,758,269 | 634,936,486 |
| **Earnings per share in PLN (not in millions)** | **2.24** | **5.68** |

(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 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 | (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’. Property, plant and equipment are subject of collateral described in detail in the Report of the Management Board on the activities of the Company in note 4.2.5.

(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 2021** | **1,397.4** | **15.5** | **108.0** | **180.7** | **0,8** | **22.4** | **5.6** | **0.2** | **333.2** |
| Additions | **127.9** | - | 1.9 | 3.5 | - | 1.1 | 19.4 | - | **25.9** |
| Transfer from assets under construction | **-** | - | - | 2.4 | - | - | (2.4) | - | **-** |
| Disposals | **(132.8)** | - | - | (1.1) | (0.1) | (0.2) | - | (0.2) | **(1.6)** |
| **Cost as at 31 December 2021** | **1,392.5** | **15.5** | **109.9** | **185.5** | **0.7** | **23.3** | **22.6** | **-** | **357.5** |
| **Accumulated impairment losses** | | | | | | | | | |
| **Accumulated impairment losses as at 1 January 2021** | **3.8** | **-** | **-** | **0.3** | **-** | **-** | **-** | **-** | **0.3** |
| Additions | **0.1** | - | - | - | - | - | - | - | **-** |
| Decrease | **-** | - | - | (0.2) | - | - | - | - | (0.2) |
| **Accumulated impairment losses as at 31 December 2021** | **3.9** | **-** | **-** | **0.1** | **-** | **-** | **-** | **-** | **0.1** |
| **Accumulated depreciation** | | | | | | | | | |
| **Accumulated depreciation as at 1 January 2021** | **1,050.5** | **-** | **53.6** | **147.6** | **0.8** | **18.1** | **-** | **-** | **220.1** |
| Additions | **137.8** | - | 4.4 | 10.0 | - | 1.2 | - | - | **15.6** |
| Disposals | **(132.2)** | - | - | (0.9) | (0.1) | (0.2) | - | - | **(1.2)** |
| **Accumulated depreciation as at 31 December 2021** | **1,056.1** | **-** | **58.0** | **156.7** | **0.7** | **19.1** | **-** | **-** | **234.5** |
| **Carrying amount** | | | | | | | | | |
| **Carrying amount as at 1 January 2021** | **343.1** | **15.5** | **54.4** | **32.8** | **-** | **4.3** | **5.6** | **0.2** | **112.8** |
| **Carrying amount as at 31 December 2021** | **332.5** | **15.5** | **51.9** | **28.7** | **-** | **4.2** | **22.6** | **-** | **122.9** |

The Company recognized utilisation 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)

## 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 the amount of goodwill recognized in consolidated financial statements was transferred to these financial statements (see accounting policy in note 5aa).

Goodwill was tested for impairment as at 31 December 2022. 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 2022 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 2027. Cash flow projections after 5-year forecast period are estimated using the terminal growth. 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 fee cash flows beyond the period of financial plans.

| | B2C and B2B services | |
|---|---|---|
| | 2022 | 2021 |
| Terminal growth | 2.0% | 3.0% |
| Discount rate before tax | 12.7% | 9.9% |

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 2022 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 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** |

(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 2021** | **231.6** | **1.1** | **35.1** | **267.8** |
| Additions | 9.8 | 4.0 | 28.5 | **42.3** |
| Transfer from intangible assets under development | 11.8 | 0.5 | (12.3) | **-** |
| **Cost as at 31 December 2021** | **253.2** | **5.6** | **51.3** | **310.1** |
| **Accumulated amortization** | | | | |
| **Accumulated amortization as at 1 January 2021** | **194.9** | **0.8** | **-** | **195.7** |
| Additions | 17.8 | 0.2 | - | **18.0** |
| **Accumulated amortization as at 31 December 2021** | **212.7** | **1.0** | **-** | **213.7** |
| **Carrying amounts** | | | | |
| **Carrying amounts as at 1 January 2021** | **36.7** | **0.3** | **35.1** | **72.1** |
| **Carrying amounts as at 31 December 2021** | **40.5** | **4.6** | **51.3** | **96.4** |

## 18. Right-of-use assets

| | 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** |

(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 2021** | **1.4** | **0.5** | **28.8** | **30.7** |
| Additions | - | - | 0.2 | **0.2** |
| Disposals | (0.9) | - | - | **(0.9)** |
| **Cost as at 31 December 2021** | **0.5** | **0.5** | **29.0** | **30.0** |
| **Accumulated amortization** | | | | |
| **Accumulated amortization as at 1 January 2021** | **0.5** | **0.2** | **7.0** | **7.7** |
| Additions | 0.1 | 0.1 | 3.5 | **3.7** |
| Disposals | (0.4) | - | - | **(0.4)** |
| **Accumulated amortization as at 31 December 2021** | **0.2** | **0.3** | **10.5** | **11.0** |
| **Carrying amount** | | | | |
| **Carrying amount as at 1 January 2021** | **0.9** | **0.3** | **21.8** | **23.0** |
| **Carrying amount as at 31 December 2021** | **0.3** | **0.2** | **18.5** | **19.0** |

## 19. Investment property

| | 2022 | 2021 |
|---|---|---|
| **Cost** | | |
| **Cost as at 1 January** | **47.5** | **47.5** |
| Additions | 4.1 | - |
| Transfer between groups | 0.6 | - |
| **Cost as at 31 December** | **52.2** | **47.5** |
| **Accumulated depreciation** | | |
| **Accumulated depreciation as at 1 January** | **13.2** | **11.1** |
| Additions | 2.2 | 2.1 |
| **Accumulated depreciation as at 31 December** | **15.4** | **13.2** |
| **Carrying amounts** | | |
| **Carrying amounts as at 1 January** | **34.3** | **36.4** |
| **Carrying amounts as at 31 December** | **36.8** | **34.3** |

(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 2022

| | Company's registered office | Activity | Voting rights percentage (%) | Cost and carrying amount |
|---|---|---|---|---|
| Polkomtel Sp. z o.o. | Konstruktorska 4, Warsaw | telecommunication activities | 100% | 4,498.7 |
| Telewizja Polsat Sp. z o.o. | Ostrobramska 77, Warsaw | broadcasting and television production | 100% | 3,899.0 |
| Netia S.A. | Poleczki 13, Warsaw | telecommunication activities | 100% | 2,062.6 |
| Asseco Poland S.A.(*) | Olchowa 14, Rzeszów | software activities | 22.95% | 1,229.2 |
| Port Praski Sp. z o.o. | Krowia 6, Warsaw | implementation of construction projects | 66.94% | 553.7 |
| PAK-Polska Czysta Energia Sp. z o.o.(*) | Kazimierska 45, Konin | holding activities | 40.41% | 478.7 |
| Interphone Service Sp. z o.o.(**) | Inwestorów 8, Mielec | production of set-top boxes | 99% | 64.0 |
| Vindix S.A. | Al. Stanów Zjednoczonych 61A, Warsaw | other financial services | 100% | 44.7 |
| Orsen Holding Limited | Elia Zammit Street, St. Julian's STJ 3155, Malta | holding activities | 100% | 34.9 |
| INFO-TV-FM Sp. z o.o.(**) | Łubinowa 4a, 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, Warsaw | media | 37.75% | 25.2 |
| Teleaudio Dwa Sp. z o.o. Sp.k.(**) | Al. Stanów Zjednoczonych 61, Warsaw | call center and premium rate services | 99% | 21.0 |
| Stork 5 Sp. z o.o. | ul. Łubinowa 4a, Warsaw | holding activities | 100% | 8.2 |
| BCAST Sp. z o.o. | Rakowiecka 41/21, Warsaw | telecommunication activities | 70.02% | 7.5 |
| Esoleo Sp. z o.o. | Al. Wyścigowa 6, Warsaw | technical services | 51.25% | 6.9 |
| Netshare Media Group Sp. z o.o. | Ostrobramska 77, Warsaw | advertising activities | 100% | 2.1 |
| Karpacka Telewizja Kablowa Sp. z o.o. | Warszawska 220, Radom | dormant | 99% | 0.9 |
| Polskie Badania Internetu Sp. z o.o.(*) | Al. Jerozolimskie 65/79, Warsaw | web portals activities | 4.76% | 0.1 |
| Orsen Limited(**) | Elia Zammit Street, St. Julian's STJ 3155, Malta | holding activities | 0.2% | 0.0 |
| CPSPV1 Sp. z o.o. | Łubinowa 4a, Warsaw | technical services | 100% | 0.0 |
| CPSPV2 Sp. z o.o. | Łubinowa 4a, Warsaw | technical services | 100% | 0.0 |
| Mese Sp. z o.o. | Al. Stanów Zjednoczonych 61A, Warsaw | production of films, videos and television programs | 10% | 0.0 |

| (cont.) | Company's registered office | Activity | Voting rights percentage (%) | Cost and carrying amount |
|---|---|---|---|---|
| Plus Pay Sp. z o.o. (**) | Konstruktorska 4, Warsaw | monetary intermediation | 1% | 0.0 |
| Plus Finanse Sp. z o.o. (**) | Konstruktorska 4, Warsaw | other monetary intermediation | 100% | 0.0 |
| Exion Hydrogen Polskie Elektrolizery Sp. z o.o. | Ku Ujściu 19, Gdańsk | production of electronic equipment | 10% | 0.0 |
| | | | **Total** | **12,966.7** |

(*) shares in associates include shares in Asseco Poland S.A., PAK-Polska Czysta Energia Sp. z o.o. and 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 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. | 0.0 | 553.7[(3)] | - | 553.7 |
| PAK-PCE Biopaliwa i Wodór Sp. z o.o. | 0.0 | 478.7[(4)] | (478.7)[(5)] | 0.0 |
| PAK-Polska Czysta Energia Sp. z o.o. | 0.0 | 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. - more details on this acquisition are presented in note 43
(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 43
(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.).

| | 31 December 2020 | Additions | Decreases | 31 December 2021 |
|---|---|---|---|---|
| Polkomtel Sp. z o.o. | 4,498.7 | - | - | 4,498.7 |
| Telewizja Polsat Sp. z o.o. | 3,899.0 | - | - | 3,899.0 |
| Towerlink Poland Sp. z o.o. (formerly Polkomtel Infrastruktura Sp. z o.o.) | 2,293.1 | - | (2,293.1) (1) | - |
| Netia S.A. | 1,277.5 | 785.1(2) | - | 2,062.6 |
| Asseco Poland S.A. | 1,229.2 | - | - | 1,229.2 |
| Modivo S.A. (formerly eObuwie.pl S.A.) | - | 500.0 (3) | - | 500.0 |
| 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 Biuro Reklamy Sp. z o.o. Sp.k. | 25.2 | - | - | 25.2 |
| Teleaudio Dwa Sp. z o.o. Sp.k. | 21.0 | - | - | 21.0 |
| Vindix S.A. | 31.0 | - | (10.3) (4) | 20.7 |
| TVO Sp. z o.o. | 8.4 | - | (8.4) (5) | - |
| Stork 5 Sp. z o.o. | - | 8.2 (6) | - | 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) (7) | 0.0 |
| 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. (formerly PLCOM Sp. z o.o.) | 0.0 | 0.0 (8) | - | 0.0 |
| **Total** | **13,428.8** | **1,293.3** | **(2,311.8)** | **12,410.3** |

(1) On 8 July 2021 Cyfrowy Polsat S.A. sold 74.98 % shares of Polkomtel Infrastruktura Sp. z o.o. On 12 July 2021 company's name change from Polkomtel Infrastruktura Sp. z o.o. to Towerlink Poland Sp. z o. o. was registered.
(2) On 8 March 2021 Cyfrowy Polsat S.A. acquired 0.0253% shares of Netia S.A. On 23 April 2021 acquired approx. 3.40% shares. On 19 May 2021 acquired 0.02% shares. On 23 June 2021 acquired 4.87% shares. On 6 July 2021 acquired approx. 23.54% shares. On 6 August 2021 acqired additional 2.18% shares of Netia S.A. Consequently, Cyfrowy Polsat held 99.999% of the Netia S.A. share capital as at 31 December 2021.
(3) On 22 June 2021 Cyfrowy Polsat S.A. acquired 10% shares in eObuwie.pl S.A. for the amount 500.0. On 21 January 2022 company's name change from eObuwie.pl S.A. to Modivo S.A. was registered.
(4) The Company valued the shares at cost, taking into account their impairment.
(5) On 22 December 2021 Cyfrowy Polsat S.A. sold 75.96 % shares of TVO Sp. z o.o.
(6) On 24 November 2021 Cyfrowy Polsat S.A. acquired 100% shares in Stork 5 Sp. z o.o. for the amount of PLN 8.2.
(7) On 2 November 2021 Cyfrowy Polsat S.A. sold 90 % shares of Mese Sp. z o.o.
(8) On 23 April 2021 Cyfrowy Polsat S.A. acquired 10% shares in PLCOM Sp. z o.o. for the amount of PLN 500 (not in millions). On 31 May 2021 company's name change from PLCOM Sp. z o.o. to Exion Hydrogen Polskie Elektrolizery Sp. z o.o. was registered.

No impairment on shares in subsidiaries and associates was recognized as at 31 December 2021 (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 2022 | 31 December 2021 |
|---|---|---|
| Deferred distribution fees | **72.0** | **80.8** |
| *Of which: Current* | *54.3* | *63.7* |
| *Non-current* | *17.7* | *17.1* |

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

As at 31 December 2022, 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 72.0 (as at 31 December 2021: 80.8 PLN).

## 22. Other non-current assets

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Non-current trade receivables* | 0.4 | 2.8 |
| Other deferred costs | 0.2 | 0.3 |
| Derivative instruments (IRS) assets (see note 35) | 6.6 | 4.1 |
| Long-term deposits paid to suppliers | 0.1 | 0.1 |
| **Total** | **7.3** | **7.3** |

* Long-term receivables are denominated in PLN.

## 23. Inventories

| Types of inventories | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Set-top boxes and disc drives | 107.1 | 38.1 |
| Mobile phones, modems, tablets and laptops | 2.6 | 6.9 |
| Other inventories | 21.3 | 20.1 |
| **Total net value** | **131.0** | **65.1** |

| Write-downs of inventories | 2022 | 2021 |
|---|---|---|
| **Opening balance** | **6.4** | **8.2** |
| Increase | 2.8 | 2.2 |
| Utilisation | (6.1) | (3.9) |
| Reversal | (0.7) | (0.1) |
| **Closing balance** | **2.4** | **6.4** |

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

## 24. Trade and other receivables

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Trade receivables from related entities | 36.0 | 31.4 |
| Trade receivables from non-related entities | 31.8 | 41.0 |
| Tax and social security receivables | 77.4 | 35.3 |
| Other receivables | 66.9 | 62.6 |
| **Total** | **212.1** | **170.3** |

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

### Trade receivables by currency

| Currency | 31 December 2022 | 31 December 2021 |
|---|---|---|
| PLN | 46.4 | 48.9 |
| EUR | 15.2 | 20.2 |
| USD | 6.2 | 3.3 |
| **Total** | **67.8** | **72.4** |

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

| | 2022 | 2021 |
|---|---|---|
| **Opening balance as at 1 January** | **19.7** | **21.7** |
| Increase | 1.4 | 5.0 |
| Reversal | (1.7) | - |
| Utilisation | (2.2) | (7.0) |
| **Closing balance as at 31 December** | **17.2** | **19.7** |
| *Of which: Short-term* | 17.2 | *19.5* |
| *Long-term* | - | *0.2* |

## 25. Other current assets

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Other deferred costs | 5.0 | 4.2 |
| Unbilled revenue | 26.7 | 10.8 |
| Derivative instruments (IRS) assets (see note 35) | 16.5 | 9.3 |
| Other | 2.4 | 2.8 |
| **Total** | **50.6** | **27.1** |

## 26. Cash and cash equivalents

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Current accounts | 15.6 | 180.6 |
| Deposits * | 105.1 | 1,754.2 |
| **Total** | **120.7** | **1,934.8** |

* 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 2022, the largest concentration of funds in one bank was 80% (rated Baa2 rating by Moody's stable outlook). As at 31 December 2021, the largest concentration of funds in one bank was 89%.

| Currency | 31 December 2022 | 31 December 2021 |
|---|---|---|
| PLN | 120.5 | 1,934.6 |
| USD | 0.1 | 0.2 |
| CHF | 0.1 | - |
| **Total** | **120.7** | **1,934.8** |

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

## 27. Equity

### Share capital

Presented below is the structure of the Company's share capital as at 31 December 2022 and 31 December 2021:

| 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 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.

The shareholders' structure as at 31 December 2021 was as follows:

| | Number of shares * | Nominal value of shares | % of share capital held | Number of votes * | % of voting rights |
|---|---|---|---|---|---|
| Zygmunt Solorz, through | 387,506,625 | 15.5 | 60.59% | 566,924,126 | 69.22% |
| TiVi Foundation, including through: | 353,348,370 | 14.1 | 55.25% | 532,765,871 | 65.05% |
| *Reddev Investments Ltd.,* including through: | *353,348,360* | *14.1* | *55.25%* | *532,765,851* | *65.05%* |
| *Cyfrowy Polsat S.A.* [1] | *71,174,126* | *2.8* | *11.13%* | *71,174,126* | *8.69%* |
| Embud 2 Sp. z o.o. S.K.A. | 32,005,867 | 1.3 | 5.00% | 32,005,867 | 3.91% |
| Tipeca Consulting Limited [2] | 2,152,388 | 0.1 | 0.34% | 2,152,388 | 0.26% |
| Nationale-Nederlanden PTE | 41,066,962 | 1.6 | 6.42% | 41,066,962 | 5.02% |
| Others | 210,972,429 | 8.5 | 32.99% | 210,972,429 | 25.76% |
| **Total** | **639,546,016** | **25.6** | **100%** | **818,963,517** | **100%** |

* not in millions
[1] The acquired own shares under the share buyback 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] Entity 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 23 June 2022 the Annual General Meeting of the Company adopted a resolution on the distribution of the Company's net profit for the financial year 2021. In accordance with the provisions of the resolution, part of the net profit in the amount of PLN 660.8 is allocated to the payment of dividends, the remaining part of the net profit in the amount of PLN 2,945.1 is allocated to reserve capital. The dividend day was scheduled for 20 September 2022 and the dividend payout shall be made on 15 December 2022.

### 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. More information about the purchase of treasury shares is described in note 43.

### Treasury shares

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.

As at 31 December 2021 treasury shares included a total of 71,174,126 (not in millions) own shares, representing in total 11.13% of the share capital of the Company and entitling to exercise 71,174,126 (not in millions) votes at the general meeting of the Company, constituting 8.69% of the total number of votes at the general meeting of the Company. More information about the purchase of treasury shares is described in note 43.

## 28. 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 |
|---|---|---|---|---|---|
| 11.02.2020 | PKO Bank Polski S.A. | 125.0 | 31.12.2020 | 31.03.2023 | 1.6170% |
| 28.02.2022 | BNP Paribas | 125.0 | 30.09.2020 | 31.03.2023 | 1.1600% |
| 6.03.2020 | Santander Bank Polska S.A. | 125.0 | 30.09.2020 | 31.03.2023 | 1.0625% |
| 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% |

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

### 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 assets and liabilities as at 31 December 2021

| | IRS |
|---|---|
| Assets | |
| Long-term | 4.1 |
| Short-term | 9.3 |
| **Total** | **13.4** |

### Impact of hedging instruments valuation on hedge valuation reserve

| | 2022 | 2021 |
|---|---|---|
| **Balance as at 1 January** | **9.0** | **(8.3)** |
| Valuation of cash flow hedges | 11.4 | 21.4 |
| Deferred tax | (2.2) | (4.1) |
| **Change for the period** | **9.2** | **17.3** |
| **Balance as at 31 December** | **18.2** | **9.0** |

## 29. Loans and borrowings

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Short-term liabilities | 250.7 | 193.8 |
| Long-term liabilities | 1,047.8 | 1,230.7 |
| **Total** | **1,298.5** | **1,424.5** |

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

Change in loans and borrowings liabilities:

| | 2022 | 2021 |
|---|---|---|
| **Balance as at 1 January** | **1,424.5** | **1,528.0** |
| Revolving facility loan | - | 1,665.0 |
| Repayment of capital | (156.0) | (117.0) |
| Repayment of revolving facility loan | - | (1,665.0) |
| Repayment of interest and commissions | (68.1) | (26.1) |
| Interest accrued | 98.1 | 39.6 |
| **Balance as at 31 December** | **1,298.5** | **1,424.5** |

## 30. Issued bonds

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Short-term liabilities | 176.0 | 66.4 |
| Long-term liabilities | 1,900.4 | 1,942.1 |
| **Total** | **2,076.4** | **2,008.5** |

Change in issued bonds:

| | 2022 | 2021 |
|---|---|---|
| **Balance as at 1 January** | **2,008.5** | **1,997.9** |
| Repayment of interest and commissions | (87.7) | (39.0) |
| Interest accrued and commissions | 155.6 | 49.6 |
| **Balance as at 31 December** | **2,076.4** | **2,008.5** |

## 31. Lease liabilities

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Short-term liabilities | 3.3 | 3.7 |
| Long-term liabilities | 13.7 | 16.5 |
| **Total** | **17.0** | **20.2** |

(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:

| | 2022 | 2021 |
|---|---|---|
| **Balance as at 1 January** | **20.2** | **23.6** |
| Change in the period | (0.8) | (0.3) |
| Interest accrued | 0.8 | 0.9 |
| Repayment of capital and interest | (3.2) | (4.0) |
| **Balance as at 31 December** | **17.0** | **20.2** |

## 32. 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 29 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 2022 | 31 December 2021 |
|---|---|---|
| within 1 year | 154.8 | 186.6 |
| between 1 and 5 years | 74.7 | 59.5 |
| in more than 5 years | - | 0.7 |
| **Total** | **229.5** | **246.8** |

In 2022 the Company generated revenues from operating lease agreements in the amount of PLN 244.6 (in 2021 PLN 252.8).

## 33. Other non-current liabilities and provisions

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Other provisions | 1.4 | 1.8 |
| Derivative instruments (IRS) liabilities (see note 35) | 0.7 | - |
| Other liabilities | - | 0.3 |
| **Total** | **2.1** | **2.1** |

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

## 34. Trade and other payables

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Trade payables to related parties | 102.8 | 112.8 |
| Trade payables to non-related parties | 21.3 | 76.2 |
| Taxation and social security payables | 12.5 | 14.4 |
| Payables relating to purchases of non-current assets | 12.8 | 11.0 |
| Accruals | 276.3 | 212.8 |
| Short-term provisions | 31.4 | 20.8 |
| Other | 20.5 | 15.3 |
| **Total** | **477.6** | **463.3** |

### Accruals

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Salaries | 31.9 | 11.7 |
| Licence fees and royalties for copyright management organizations | 147.3 | 91.5 |
| Distribution costs | 1.0 | 12.7 |
| Marketing costs | 16.2 | 27.9 |
| Other | 79.9 | 69.0 |
| **Total** | **276.3** | **212.8** |

### Short-term and long-term provisions

| | 2022 | 2021 |
|---|---|---|
| **Opening balance as at 1 January** | **22.6** | **19.9** |
| Increases | 10.6 | 9.9 |
| Reversal | (0.4) | - |
| Utilisation | - | (7.2) |
| **Closing balance as at 31 December** | **32.8** | **22.6** |
| | | |
| *Of which: Short-term* | *31.4* | *20.8* |
| *Long-term* | *1.4* | *1.8* |

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

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

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

| Currency | 31 December 2022 | 31 December 2021 |
|---|---|---|
| PLN | 110.3 | 180.9 |
| EUR | 0.3 | 1.7 |
| USD | 26.2 | 17.4 |
| CHF | 0.1 | - |
| **Total** | **136.9** | **200.0** |

### Accruals by currency

| Currency | 31 December 2022 | 31 December 2021 |
|---|---|---|
| PLN | 252.1 | 179.4 |
| EUR | 16.4 | 22.0 |
| USD | 7.0 | 10.6 |
| GBP | 0.8 | 0.8 |
| **Total** | **276.3** | **212.8** |

## Other notes

## 35. 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 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 2022 | 31 December 2021 |
| **Financial assets measured at amortized cost, including:** | **1,374.2** | **2,629.8** |
| Loans granted | 1,118.4 | 557.2 |
| Trade and other receivables from related parties | 36.0 | 31.4 |
| Trade and other receivables from non-related parties | 34.3 | 44.9 |
| Share in the profits of partnerships receivables | 64.8 | 61.5 |
| Cash and cash equivalents | 120.7 | 1,934.8 |
| **Hedging derivative instruments:** | **23.1** | **13.4** |
| Interest rate swaps | 23.1 | 13.4 |

| FINANCIAL LIABILITIES | Carrying amount | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| **Financial liabilities measured at amortised cost, including:** | **3,829.2** | **3,885.1** |
| Loans and borrowings | 1,298.5 | 1,424.5 |
| Issued bonds | 2,076.4 | 2,008.5 |
| Lease liabilities | 17.0 | 20.2 |
| Trade payables and other payables to third parties and deposits | 42.2 | 101.4 |
| Trade and other payables to related parties | 118.8 | 117.5 |
| Accruals | 276.3 | 213.0 |
| **Hedging derivative instruments:** | **0.7** | **-** |
| Interest rate swaps | 0.7 | - |

## 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,
- 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 2022 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 client.

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

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

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 2022 | 31 December 2021 |
| Loans granted | 1,118.4 | 557.2 |
| Trade and other receivables from related parties | 36.0 | 31.4 |
| Trade and other receivables from non-related parties | 34.3 | 44.9 |
| Share in the profits of partnerships receivables | 64.8 | 61.5 |
| Contract assets | 93.3 | 121.1 |
| Cash and cash equivalents | 120.7 | 1,934.8 |
| **Total** | **1,467.5** | **2,750.9** |

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 2022 | 31 December 2021 |
| Receivables from subscribers | 103.1 | 138.8 |
| Receivables from distributors | 1.4 | 0.8 |
| Receivables from media companies | 15.2 | 21.0 |
| Receivables and loans granted to related parties, including share in the profits of partnerships receivables | 1,218.8 | 649.8 |
| Other receivables and loans granted to non-related parties | 8.3 | 5.7 |
| **Total** | **1,346.8** | **816.1** |

The ageing of trade and other receivables and assets related to contracts at the reporting date was:

| | 31 December 2022 | | | 31 December 2021 | | |
|---|---|---|---|---|---|---|
| | Gross | Impairment | Net | Gross | Impairment | Net |
| Not past due | 112.4 | 3.1 | 109.3 | 107.4 | 3.9 | 103.5 |
| Past due 0-30 days | 10.4 | 0.4 | 10.0 | 10.6 | 0.3 | 10.3 |
| Past due 31-60 days | 2.6 | 0.4 | 2.2 | 7.2 | 0.6 | 6.6 |
| Past due more than 60 days | 23.6 | 10.0 | 13.6 | 28.9 | 11.5 | 17.4 |
| **Total** | **149.0** | **13.9** | **135.1** | **154.1** | **16.3** | **137.8** |
| Assets related to contracts | 96.6 | 3.3 | 93.3 | 124.4 | 3.3 | 121.1 |
| **Total** | **245.6** | **17.2** | **228.4** | **278.5** | **19.6** | **258.9** |

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

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.

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 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

(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 | | | | | | |
|---|---|---|---|---|---|---|---|
| | **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 | 1,424.5 | 1,576.0 | 95.5 | 103.8 | 203.1 | 1,173.6 | - |
| Issued bonds | 2,008.5 | 2,430.9 | 22.8 | 45.3 | 90.8 | 1,249.6 | 1,022.4 |
| Lease liabilities | 20.2 | 23.9 | 2.1 | 2.3 | 3.8 | 6.3 | 9.4 |
| Trade and other payables to non-related parties and deposits | 101.4 | 101.4 | 101.4 | - | - | - | - |
| Trade and other payables to related parties | 117.5 | 117.5 | 117.5 | - | - | - | - |
| Accruals | 213.0 | 213.0 | 213.0 | - | - | - | - |
| Hedging derivative instruments: | | | | | | | |
| IRS[1] | - | - | - | - | - | - | - |
| | **3,885.1** | **4,462.7** | **552.3** | **151.4** | **297.7** | **2,429.5** | **1,031.8** |

[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. As at 31 December 2022 the final maturity date was set on 30 September 2024.

## 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) and purchases of reception equipment and accessories for reception equipment (USD and EUR).

In respect of licence 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 2022 | | | 31 December 2021 | | |
|---|---|---|---|---|---|---|
| | EUR | USD | GBP | EUR | USD | GBP |
| Loans granted | 84.0 | - | - | - | - | - |
| Trade receivables | 3.2 | 1.4 | - | 4.4 | 0.8 | - |
| Cash and cash equivalents | - | - | - | - | - | - |
| Lease liabilities | - | - | - | - | - | - |
| Trade payables | (0.1) | (6.0) | - | (0.4) | (4.3) | - |
| Accruals | (3.5) | (1.6) | (0.2) | (4.8) | (2.6) | (0.1) |
| **Gross balance sheet exposure** | **83.6** | **(6.2)** | **(0.2)** | **(0.8)** | **(6.1)** | **(0.1)** |
| **Net exposure** | **83.6** | **(6.2)** | **(0.2)** | **(0.8)** | **(6.1)** | **(0.1)** |

Following foreign exchange rates were applied in the presented periods:

| | Average rate | | Rates at the balance sheet date | |
|---|---|---|---|---|
| (in PLN) | 2022 | 2021 | 31 December 2022 | 31 December 2021 |
| 1 EUR | 4.6869 | 4.5674 | 4.6899 | 4.5994 |
| 1 USD | 4.4607 | 3.8629 | 4.4018 | 4.0600 |
| 1 GBP | 5.4986 | 5.3117 | 5.2957 | 5.4846 |
| 1 CHF | 4.6693 | 4.2252 | 4.7679 | 4.4484 |

For the purposes of exchange rate volatility sensitivity analysis as at 31 December 2022 and 31 December 2021 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)

| | 2022 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31 December 2022 | | Estimated change in exchange rate in % | Estimated change in profit in PLN | Estimated change in other comprehensive income in PLN | As at 31 December 2021 | | Estimated change in exchange rate in % | Estimated change in profit in PLN | Estimated change in other comprehensive income in PLN |
| | in currency | in PLN | | | | in currency | in PLN | | | |
| Loans granted | | | | | | | | | | |
| EUR | 84.0 | 394.0 | 5% | 19.6 | - | - | - | 5% | - | - |
| Trade receivables | | | | | | | | | | |
| EUR | 3.2 | 15.2 | 5% | 0.6 | - | 4.4 | 20.2 | 5% | 1.0 | - |
| USD | 1.4 | 6.2 | 5% | 0.3 | - | 0.8 | 3.3 | 5% | 0.1 | - |
| Cash and cash equivalents | | | | | | | | | | |
| USD | 0.0 | 0.1 | 5% | - | - | 0.0 | 0.2 | 5% | - | - |
| CHF | 0.0 | 0.1 | 5% | - | - | - | - | 5% | - | - |
| Lease liabilities | | | | | | | | | | |
| EUR | (0.0) | (0.2) | 5% | - | - | (0.0) | (0.2) | 5% | - | - |
| Trade payables | | | | | | | | | | |
| EUR | (0.1) | (0.3) | 5% | (0.2) | - | (0.4) | (1.7) | 5% | (0.2) | - |
| USD | (6.0) | (26.2) | 5% | (1.5) | - | (4.3) | (17.4) | 5% | (0.9) | - |
| CHF | 0.0 | (0.1) | 5% | - | - | - | - | 5% | - | - |
| Accruals | | | | | | | | | | |
| EUR | (3.5) | (16.4) | 5% | (0.8) | - | (4.8) | (22.0) | 5% | (1.2) | - |
| USD | (1.6) | (7.0) | 5% | (0.4) | - | (2.6) | (10.6) | 5% | (0.5) | - |
| GBP | (0.2) | (0.8) | 5% | (0.3) | - | (0.1) | (0.8) | 5% | - | - |
| **Change in operating profit** | | | | **17.3** | **-** | | | | **(1.7)** | **-** |
| Income tax | | | | (2.8) | - | | | | 0.3 | - |
| **Change in net profit** | | | | **14.5** | **-** | | | | **(1.4)** | **-** |

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

| | 2022 | | | | | 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31 December 2022 | | Estimated change in exchange rate in % | Estimated change in profit in PLN | Estimated change in other comprehensive income in PLN | As at 31 December 2021 | | Estimated change in exchange rate in % | Estimated change in profit in PLN | Estimated change in other comprehensive income in PLN |
| | in currency | in PLN | | | | in currency | in PLN | | | |
| Loans granted | | | | | | | | | | |
| EUR | 84.0 | 394.0 | -5% | (19.6) | - | - | - | -5% | - | - |
| Trade receivables | | | | | | | | | | |
| EUR | 3.2 | 15.2 | -5% | (0.6) | - | 4.4 | 20.2 | -5% | (1.0) | - |
| USD | 1.4 | 6.2 | -5% | (0.3) | - | 0.8 | 3.3 | -5% | (0.1) | - |
| Cash and cash equivalents | | | | | | | | | | |
| USD | 0.0 | 0.1 | -5% | - | - | 0.0 | 0.2 | -5% | - | - |
| CHF | 0.0 | 0.1 | -5% | - | - | - | - | -5% | - | - |
| Lease liabilities | | | | | | | | | | |
| EUR | 0.0 | (0.2) | -5% | - | - | 0.0 | (0.2) | -5% | - | - |
| Trade payables | | | | | | | | | | |
| EUR | (0.1) | (0.3) | -5% | 0.2 | - | (0.4) | (1.7) | -5% | 0.2 | - |
| USD | (6.0) | (26.2) | -5% | 1.5 | - | (4.3) | (17.4) | -5% | 0.9 | - |
| CHF | 0.0 | (0.1) | -5% | - | - | - | - | -5% | - | - |
| Accruals | | | | | | | | | | |
| EUR | (3.5) | (16.4) | -5% | 0.8 | - | (4.8) | (22.0) | -5% | 1.2 | - |
| USD | (1.6) | (7.0) | -5% | 0.4 | - | (2.6) | (10.6) | -5% | 0.5 | - |
| GBP | (0.2) | (0.8) | -5% | 0.3 | - | (0.1) | (0.8) | -5% | - | - |
| **Change in operating profit** | | | | **(17.3)** | **-** | | | | **1.7** | **-** |
| Income tax | | | | 2.8 | - | | | | (0.3) | - |
| **Change in net profit** | | | | **(14.5)** | **-** | | | | **1.4** | **-** |

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

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | 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 | 16.1 | - | (0.3) | - |
| USD | (1.3) | - | (1.0) | - |
| GBP | (0.3) | - | - | - |
| **Estimated change in exchange rate by -5 %** | | | | |
| EUR | (16.1) | - | 0.3 | - |
| USD | 1.3 | - | 1.0 | - |
| GBP | 0.3 | - | - | - |

Had the Polish zloty strengthened 5% against the basket of currencies as at 31 December 2022 and 31 December 2021, the Company's net profit would have increased by PLN 14.5 and decreased by PLN 1.4 respectively and other comprehensive income would have been unchanged in 2022 and 2021. Had the Polish zloty appreciated 5%, the Company's net profit would have been decreased by PLN 14.5 and increased by PLN 1.4 respectively in 2022 and 2021. 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.

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

| | Carrying amount | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| **Fixed rate instruments** | | |
| Financial assets * | 421.9 | 422.1 |
| **Variable rate instruments** | | |
| Financial assets * | 781.3 | 1,881.1 |
| Financial liabilities * | (3,291.1) | (3,450.9) |
| **Net interest exposure** | **(2,509.8)** | **(1,569.8)** |

* 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 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** |
| **31 December 2021** | | | | | | |
| Variable rate instruments * | (15.7) | 15.7 | 7.8 | (7.8) | (7.9) | 7.9 |
| Cash flow sensitivity (net) | **(15.7)** | **15.7** | **7.8** | **(7.8)** | **(7.9)** | **7.9** |

* include sensitivity in fair value changes of derivative instruments (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 swap.

## 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 2022 | | 31 December 2021 | |
|---|---|---|---|---|---|---|
| | Category according to IFRS 9 | Level of the fair value hierarchy | Fair value | Carrying amount | Fair value | Carrying amount |
| Loans granted | A | 2 | 1,105.7 | 1,118.4 | 537.4 | 557.2 |
| Trade and other receivables | A | * | 135.1 | 135.1 | 137.8 | 137.8 |
| Cash and cash equivalents | A | * | 120.7 | 120.7 | 1,934.8 | 1,934.8 |
| Loans and borrowings | B | 2 | (1,299.0) | (1,298.5) | (1,414.5) | (1,424.5) |
| Issued bonds | B | 1 | (1,982.1) | (2,076.4) | (2,045.5) | (2,008.5) |
| Lease liability | B | 2 | (17.0) | (17.0) | (20.2) | (20.2) |
| Accruals | B | * | (276.3) | (276.3) | (213.0) | (213.0) |
| Trade and other payables and deposits | B | * | (161.0) | (161.0) | (218.9) | (218.9) |
| **Total** | | | **(2,373.9)** | **(2,455.0)** | **(1,302.1)** | **(1,255.3)** |
| Unrecognized gain/(loss) | | | | 81.1 | | (46.8) |

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 will be 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 2022 and 31 December 2021 loans and borrowings comprised term facility loan. The discount rate for each payment was calculated as a sum of implied WIBOR interest rate and a margin regarding the Company's credit risk. When determining the fair value of senior facility as at 31 December 2022 and 31 December 2021, 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 2022 and 31 December 2021 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 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 |
|---|---|---|---|
| IRS | - | 23.1 | - |
| **Total** | **-** | **23.1** | **-** |

**LIABILITIES MEASURED AT FAIR VALUE**

| | 31 December 2022 Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| IRS | - | 0.7 | - |
| **Total** | **-** | **0.7** | **-** |

The fair value of interest rate swaps 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.

As at 31 December 2021, the Company held the following financial instruments carried at fair value on the statement of financial position:

**ASSETS MEASURED AT FAIR VALUE**

| | 31 December 2021 Level 1 | Level 2 | Level 3 |
|---|---|---|---|
| IRS | - | 13.4 | - |
| **Total** | **-** | **13.4** | **-** |

## 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 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)

| For the period from 1 January 2021 to 31 December 2021 | Loans and borrowings | Issued bonds | Hedging instruments | Total |
|---|---|---|---|---|
| Interest expense on loans and borrowings | (39.4) | - | (5.1) | **(44.5)** |
| Interest expense on issued bonds | - | (49.6) | - | **(49.6)** |
| Total finance costs | (39.4) | (49.6) | (5.1) | **(94.1)** |
| **Total gross profit/(loss)** | **(39.4)** | **(49.6)** | **(5.1)** | **(94.1)** |
| **Hedge valuation reserve** | **-** | **-** | **21.4** | **21.4** |

## Hedge accounting and derivatives

*Cash Flow Hedge of interest rate risk of interest payments*

At 31 December 2022, 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 2022 | 31 December 2021 |
|---|---|---|
| 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) | 1,125.0 | 500.0 |
| Fair value of hedging instruments | 22.4 | 13.4 |
| Hedge accounting approach | Cash Flow Hedge | Cash Flow Hedge |
| Expected period the hedge item affect income statement | Until 30 June 2025 | Until 31 December 2024 |

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

| | 2022 | 2021 |
|---|---|---|
| **Opening Balance** | **13.4** | **(10.2)** |
| Effective part of valuation recognized in equity | 26.3 | 20.8 |
| Amounts recognized in equity transferred to the profit and loss statement, of which: | (17.3) | 2.8 |
| • adjustment of interest costs | (19.8) | 5.1 |
| • recognition of ineffective part | 2.5 | (2.3) |
| **Closing Balance** | **22.4** | **13.4** |

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

## 36. 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.

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 2022 | 31 December 2021 |
| Loans and borrowings | 1,298.5 | 1,424.5 |
| Issued bonds | 2,076.4 | 2,008.5 |
| Cash and cash equivalents | (120.7) | (1,934.8) |
| **Net debt** | **3,254.2** | **1,498.2** |
| Equity | 11,494.2 | 11,290.4 |
| **Equity and net debt** | **14,748.4** | **12,788.6** |
| **Leverage ratio** | **0.22** | **0.12** |

## 37. 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 2022 | 31 December 2021 |
| Revenues from barter transactions | 5.8 | 6.6 |
| Cost of barter transactions | 5.9 | 6.9 |

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Barter receivables | 2.6 | 1.1 |
| Barter payables | 1.8 | - |

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

## 38. Transactions with related parties

### Receivables

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Subsidiaries | 100.0 | 92.2 |
| Joint ventures and associates | 0.3 | 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. | 1.1 | 0.3 |
| **Total** | **101.4** | **92.7** |

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

### Other assets

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Subsidiaries | 22.3 | 11.1 |
| 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** | **25.0** | **11.1** |

Other current assets comprise mainly unbilled revenue from Telewizja Polsat, InterPhone Service, Polkomtel and Netia.

### Liabilities

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Subsidiaries | 183.9 | 138.7 |
| Joint ventures and associates | 5.6 | 4.6 |
| 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. | 3.4 | 23.2 |
| **Total** | **192.9** | **166.5** |

A significant portion of liabilities is represented by Polkomtel, InterPhone and Liberty Poland services, programming licence fees and lease liabilities.

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

### Loans granted

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| Subsidiaries | 673.2 | 538.8 |
| Joint ventures and associates | 444.9 | - |
| 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 | - | 18.0 |
| **Total** | **1,118.1** | **556.8** |

Loans granted as at 31 December 2022 mainly include loans to PAK-Polska Czysta Energia Sp. z o.o., Netia S.A., Esoleo Sp. z o.o. and Pak-Volt S.A. with repayment due date in 2023 – 2026.

### Revenues

| | for the year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Subsidiaries | 123.8 | 144.0 |
| Joint ventures and associates | 0.2 | 0.1 |
| 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 | 1.5 | 1.3 |
| **Total** | **125.5** | **145.4** |

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

### Expenses

| | for the year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Subsidiaries | 704.1 | 726.0 |
| Joint ventures and associates | 5.1 | 2.6 |
| 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. | 25.7 | 25.7 |
| **Total** | **734.9** | **754.3** |

The most significant transactions include data transfer services.

The Company also pays license fees for broadcasting Telewizja Polsat’s programs, 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.

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

### Gains/(loss) on investment activities, net

| | for the year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Subsidiaries | 978.4 | 1,031.7 |
| Joint ventures and associates | 84.1 | 59.2 |
| 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. | 608.7 | (0.3) |
| **Total** | **1,671.2** | **1,090.6** |

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 and Netia's term facilities.

### Finance costs

| | for the year ended | |
|---|---|---|
| | 31 December 2022 | 31 December 2021 |
| Subsidiaries | 6.2 | 7.6 |
| **Total** | **6.2** | **7.6** |

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

The related party transactions has been described also in note 43.

## 39. Litigations

Management believes that the provisions for litigations as at 31 December 2022 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 advertising slogans, which in the opinion of the authorities were misleading and suggested that the LTE data transmission will not be limited. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 5.3. The Company appealed to SOKiK against the decision. On 7 August 2019 the court dismissed the appeal of the Company. The Company appealed against the decision. Pursuant to the Court of Appeals verdict from 11 March 2021, the Company paid a penalty of PLN 5.3 on 26 March 2021. On 24 June 2021 the Company filed a cassation appeal to the Supreme Court. On 12 January 2022, the Supreme Court accepted the Company's cassation appeal for consideration. On 31 May 2022 Company's cassation appeal was dismissed.

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. The date of hearing the case by the Supreme Court has not been set.

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.

### 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, containig 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.

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 16 March 2022, the hearing was postponed without a deadline.

## 40. Other disclosures

### Security relating to loans and borrowings

The Company entered into a series of agreements establishing collateral under the facilities agreement. Detailed information in respect to the agreements is presented in the Management Report in note 4.2.5.

### Other securities

The Company provided guarantees and surety to its subsidiaries in respect to purchase contracts. Information regarding the amounts of guarantees provided was not separately disclosed, as in the opinion of the Company's Management, such disclosure could have a negative impact on the relations with the third parties.

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

### Contractual liabilities related to purchases of non-current assets

Total amount of capital commitments resulting from agreements for property construction and improvements was PLN 19.2 as at 31 December 2022 (PLN 77.2 as at 31 December 2021). Additionally the amount of deliveries and services committed to under agreements for the purchases of licences and software was PLN 0.0 as at 31 December 2022 (PLN 0.3 as at 31 December 2021).

### Future contractual obligations

As at 31 December 2022 and 31 December 2021 the Company had future liabilities due to transponder capacity agreements.

The table below presents  future payments (in total):

| | 31 December 2022 | 31 December 2021 |
|---|---|---|
| within one year | 121.7 | 122.1 |
| between 1 to 5 years | 243.4 | 366.2 |
| **Total** | **365.1** | **488.3** |

## 41. Remuneration of the Management Board

The table below presents the remuneration of the Management Board members of the Company in 2022 and 2021.

| Name | Function | 2022 | 2021 |
|---|---|---|---|
| Mirosław Błaszczyk | President of the Management Board | 0.8 | 0.5 |
| 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** | **2.8** |

The bonuses payable to each member of the Management Board of the Company for years 2022 and 2021 from the Company and subsidiaries are presented below:

| Name | Function | 2022 | 2021 |
|---|---|---|---|
| Mirosław Błaszczyk | President of the Management Board | 2.5 | 2.5 |
| Maciej Stec | Vice-President of the Management Board | 5.0 | 3.5 |
| Jacek Felczykowski | Member of the Management Board | 1.5 | 1.0 |
| Aneta Jaskólska | Member of the Management Board | 1.9 | 1.8 |
| Agnieszka Odorowicz | Member of the Management Board | 0.8 | 0.8 |
| Katarzyna Ostap-Tomann | Member of the Management Board | 2.4 | 2.2 |
| **Total** | | **14.1** | **11.8** |

(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 remuneration of the Management Board of Cyfrowy Polsat S.A. in 2022 and 2021 from other related companies:

| Name | Function | 2022 | 2021 |
|---|---|---|---|
| Mirosław Błaszczyk | President of the Management Board | 0.2 | 0.5 |
| Maciej Stec | Vice-President of the Management Board | 0.2 | 0.4 |
| 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** | | **2.0** | **2.5** |

## 42. 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.

The table below presents the total remuneration payable to the Supervisory Board members in 2022 and 2021:

| Name | Function | 2022 | 2021 |
|---|---|---|---|
| Zygmunt Solorz | Chairman of the Supervisory Board (from 24 June 2021) | 0.24 | 0.12 |
| Marek Kapuściński | Vice-chairman of the Supervisory Board | 0.18 | 0.21 |
| Józef Birka | Member of the Supervisory Board | 0.18 | 0.18 |
| Jarosław Grzesiak | Member of the Supervisory Board (from 24 June 2021) | 0.18 | 0.09 |
| Marek Grzybowski | Independent Member of the Supervisory Board (from 23 July 2020) | 0.18 | 0.18 |
| Alojzy Nowak | Independent Member of the Supervisory Board (from 24 June 2021) | - | - |
| Tobias Solorz | Member of the Supervisory Board (from 24 June 2021) | 0.18 | 0.09 |
| Tomasz Szeląg | Member of the Supervisory Board | 0.18 | 0.18 |
| Piotr Żak | Member of the Supervisory Board | 0.18 | 0.18 |
| Robert Gwiazdowski | Member of the Supervisory Board (till 24 June 2021) | - | 0.09 |
| Aleksander Myszka | Member of the Supervisory Board (till 24 June 2021) | - | 0.09 |
| Leszek Reksa | Member of the Supervisory Board (till 24 June 2021) | - | 0.09 |
| Paweł Ziółkowski | Independent Member of the Supervisory Board (till 24 June 2021) | - | 0.09 |
| **Total** | | **1.50** | **1.59** |

# 43. Important agreements and events

## Preliminary share purchase agreement concerning PAK-Polska Czysta Energia Sp. z o.o. with annexes and transfer of an organized part of the enterprise of Elektrownia Konin to PAK-PCE Biopaliwa i Wodór Sp. z o.o.

On 20 December 2021 Cyfrowy Polsat entered into a preliminary agreement with ZE PAK S.A. (Company's related entity) ("ZE PAK") concerning the Company's purchase of shares in PAK-Polska Czysta Energia Sp. z o.o. ("PAK-PCE"), representing 67% of PAK-PCE's share capital ("Agreement").

The agreement concerning shares purchase in PAK-PCE also provides for an additional ZE PAK obligation. The whole biomass-based electricity generation business conducted in Elektrownia Konin will be spun-off from the ZE PAK enterprise as an organized part of the enterprise ("Elektrownia Konin OPE"). ZE PAK agreed to contribute the Elektrownia Konin OPE to PAK-PCE (after the Company acquires shares in PAK-PCE) as in-kind contribution.

On 30 June 2022 the Company signed an annex no. 2 ("Annex 2") in which the Parties decided, among other things, to change the manner and timing of the transfer of Elektrownia Konin OPE to the group of PAK-PCE's subsidiaries, which was included in the Agreement as an additional obligation.

On 12 May 2022, as a result of several legal transactions, Cyfrowy Polsat acquired 49% of shares in the share capital of PAK-PCE Biopaliwa i Wodór Sp. z o.o. This involved an outflow of a total amount of PLN 478.7, including PLN 473.8 in connection with an increase in share capital of PAK-PCE Biopaliwa i Wodór Sp. z o.o. The funds from the share capital increase were allocated to the acquisition of Elektrownia Konin OPE from ZE PAK on 1 July 2022.

On 27 July 2022, in connection with the contribution to PAK-PCE shares held by the Company in PAK-PCE Biopaliwa i Wodór Sp. z o.o., Cyfrowy Polsat acquired 40.41% shares in PAK-Polska Czysta Energia Sp. z o.o. The capital increase in PAK-Polska Czysta Energia Sp. z o.o. was registered on 27 July 2022.

The subject of the final agreement ("Final Agreement") will be shares in PAK-PCE representing approximately 26.6% of the share capital of PAK-PCE. With the shares previously acquired and subscribed (including the contribution of shares held by the Company in PAK-PCE Biopaliwa i Wodór Sp. z o.o. to PAK-PCE), following the performance of the Final Agreement, the Company will hold approximately 67% of shares in the share capital of PAK-PCE, as originally intended in the Agreement dated 20 December 2021, and Elektrownia Konin OPE will be wholly-owned by the PAK-PCE group.

Pursuant to Annex 2, total expenditures incurred by Cyfrowy Polsat to acquire 67% of the share capital of PAK-PCE together with Elektrownia Konin OPE (in the absence of non-permitted leakages) will amount to PLN 807.6, including the adjustment for the working capital of Elektrownia Konin OPE.

On 19 December 2022 the Company signed an annex no. 4 according to which the long-stop date, by which all conditions precedent of the Agreement should be fulfilled, was moved to 3 July 2023.

## Acquisition of shares in Port Praski Sp. z o.o. and conclusion of a preliminary share purchase agreement for Pantanomo Limited with an annex.

On 20 December 2021 Cyfrowy Polsat entered into the following agreements with related entities (“Agreements”):

- a preliminary agreement concerning the Company’s purchase of 1,070,000 (not in millions) shares in Port Praski Sp. z o.o. (“Port Praski”), representing approximately 66.94% of Port Praski’s share capital, executed between the Company and Embud 2 Sp. z o.o. S.K.A. (“Embud”), and
- a preliminary agreement concerning the Company’s purchase of 4,705 (not in millions) shares in Pantanomo Limited (“Pantanomo”), representing approximately 32% of Pantanomo’s share capital, executed between the Company and Tobe Investments Group Limited (“Tobe”).

The base purchase price for shares in Port Praski was set at PLN 572.2 and for shares in Pantanomo at PLN 307.2.

The closing of the transactions pursuant to the Agreements was contingent on the satisfaction of the conditions precedent, which were reserved for the benefit of the Company.

On 1 April 2022 the Company entered into the final share purchase agreement with Embud 2 Sp. z o.o. S.K.A. whereby the Company acquired 1,070,000 (not in millions) shares in Port Praski Sp. z o.o., representing approximately 66.94% of the share capital and carrying 66.94% of the votes at the shareholders' meeting of Port Praski. The purchase price for the shares in Port Praski Sp. z o.o. was set at PLN 553.7.

In connection with the ongoing analyses of the ultimate capital structure in which Pantanomo Limited participates, on 1 April 2022 Cyfrowy Polsat and Tobe Investments Group Limited executed an annex (“Annex”) to the preliminary share purchase agreement concerning 4,705 (not in millions) shares in Pantanomo (“Agreement”), representing approximately 32% of share capital of Pantanomo Limited, executed between the Company and Tobe Investments Group Limited on 20 December 2021 (“Transaction”).

Pursuant to the Annex, the Company and Tobe Investments Group Limited (“Parties”) agreed to postpone closing date of the Transaction, which was to be agreed by the Parties in writing and could not be later than 31 May 2022.

As the closing date of the Transaction has not been set by the Parties for 31 May 2022 or any other date before 31 May 2022 the preliminary share purchase agreement for Pantanomo Limited has expired.

## Acquisition of shares in Vindix S.A.

On 19 January 2022 Cyfrowy Polsat S.A. acquired 53.73% shares in Vindix S.A. for the amount of PLN 24.0. As a result of the transaction the Company holds 100% of shares in Vindix S.A. and its subsidiares.

## Acquisition of shares in Plus Finanse Sp. z o.o.

On 2 February 2022 Cyfrowy Polsat S.A. acquired 99.99% shares in Plus Finanse Sp. z o.o. As a result of the transaction the Company holds 100% of shares in Plus Finanse Sp. z o.o.

## Acquisition of the Company’s own treasury shares

On 16 May 2022 the Management Board of the Company, acting under the authorization granted by the Extraordinary General Meeting of the Company dated 16 November 2021, decided to proceed with the buy-back of the Company’s own treasury shares through the announcement by Cyfrowy Polsat S.A. together with Reddev Investments Limited and Tobe Investments Group Limited of an invitation to submit offers to sell own treasury shares. The invitation included the purchase of no more than 35,000,000 (not in millions) ordinary bearer shares issued by the Company, representing no more than 5.47% of the share capital of the Company and carrying the right to no more than 4.27% of votes at the general meeting of the Company. The proposed purchase price for the own treasury shares under the invitation was set at PLN 22.28 (not in millions) per share.

On 25 May 2022 the Management Board of Cyfrowy Polsat S.A. decided that the Company will acquire 13,067,138 (not in millions) ordinary bearer shares issued by the Company, representing approximately 2.04% of the share capital of the Company and carrying the right to approximately 1.60% of votes at the general meeting of the Company, from Embud 2 Sp. z o.o. S.K.A. (Company's related entity) at a price not exceeding PLN 22.28 (not in millions) per share.

As a result of the settlement of transactions carried out on 25 May 2022 (acquisition from the announced invitation for shareholders to submit offers to sell the Company's own treasury shares) and on 26 May 2022 (acquisition of own treasury shares from Embud 2 Sp. z o.o. S.K.A.), Cyfrowy Polsat S.A. acquired a total of 17,668,359 (not in millions) ordinary bearer shares in the Company, representing 2.76% of the share capital of the Company and carrying the right to 17,668,359 (not in millions) votes at the general meeting of the Company, which is equivalent to 2.16% of votes at the general meeting of the Company.

Before the transactions were settled, the Company held a total of 71,174,126 (not in millions) own treasury shares, representing in total 11.13% of the share capital of the Company and carrying the right to 71,174,126 (not in millions) votes at the general meeting of the Company, which is equivalent to 8.69% of votes at the general meeting of the Company.

After the settlement of transactions, the Company holds 88,842,485 (not in millions) own treasury shares, representing in total 13.89% of the share capital of the Company and carrying the right to 88,842,485 (not in millions) votes at the general meeting of the Company, which is equivalent to 10.85% of votes at the general meeting of the Company.

## Sale of shares in Modivo S.A.

On 28 September 2022 the Company entered into the agreement with Embud 2 Sp. z o.o. S.K.A. (Company's related entity) for the sale of shares in Modivo S.A. The total sale price amounted to PLN 600.

## 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 Company is waiting for the date of hearing to be set.

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 date of the hearing has not been set. 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 date of the hearing has not been set. The Company has not created any provisions encumbering its financial results.

### Influence of the political and economic situation in Ukraine on the Company's and Group's operations and financial prospects

In the Management Board's view, the Company and Group's core business is relatively resistant to the adverse impact of the political and economic situation in Ukraine. More information is presented in the Management Report in note 5.10.1.

## 44. Events subsequent to the reporting date

### Issuance of Series D Bonds and refinancing of debts under Series B Bonds and Series C Bonds

On 29 November 2022 the Management Board of the Company adopted a resolution to establish a bond issuance program by Cyfrowy Polsat S.A. and to take steps to refinance the Company's indebtedness under the Series B and Series C bonds ("Program Resolution").

Pursuant to the Program Resolution, the Company's Management Board decided to establish a new non-renewable bond issuance program with the total maximum nominal value of PLN 4,000 under which the Company will be able to incur financial indebtedness through the issuance of unsecured PLN bearer bonds of the Company. At the same time, the Company's Management Board decided to take steps to possibly refinance the debt under Series B bearer bonds with the total nominal value of PLN 1,000 maturing on 24 April 2026 ("Series B Bonds") and Series C bearer bonds with the total nominal value of PLN 1,000 maturing on 12 February 2027 (“Series C Bonds”).

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 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.

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.

After the redemption of the Bonds Repurchased for Redemption, 308,048 (not in millions) series B bonds and 164,009 (not in millions) series C bonds remain listed on Catalyst market in the Alternative Trading System operated by the Warsaw Stock Exchange. The Management Board has not decided on the early redemption of the remaining outstanding series B bonds and series C bonds.

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. The maturity date of the Series D Bonds is 11 January 2030.

## Concluding financial PPA agreements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-VOLT S.A.

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. The company committed in the financial PPA agreements to make financial settlements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-VOLT S.A. 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. The financial PPA agreements were concluded for a period of 15 years, with the possibility of termination in certain situations and is effective since April 2023.

## 45. 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 32.

- 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 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. and Vindix S.A.). Impairment value of shares in Karpacka Telewizja Kablowa Sp. z o.o. and Vindix S.A. 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. The impairment values are presented in notes 15 and 17.

- 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, 24 and 35.

- 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 2022 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 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. Accordingly, the Company's management classifies loan liabilities as variable rate instruments.

(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 2022 and 31 December 2021

## 46. Income Statement

| | for the 3 months ended | |
|---|---|---|
| | 31 December 2022 unaudited | 31 December 2021 unaudited |
| Revenue | 593.8 | 617.2 |
| Operating costs | (528.8) | (541.7) |
| Other operating income/(costs), net | 2.2 | 1.1 |
| **Profit from operating activities** | **67.2** | **76.6** |
| Gain on investment activities, net | 43.9 | 15.1 |
| Finance costs, net | (66.2) | (35.2) |
| **Gross profit for the period** | **44.9** | **56.5** |
| Income tax | (3.6) | (8.2) |
| **Net profit for the period** | **41.3** | **48.3** |
| **Basic and diluted earnings per share (in PLN)** | **0.07** | **0.08** |

## 47. Statement of Comprehensive Income

| | for the 3 months ended | |
|---|---|---|
| | 31 December 2022 unaudited | 31 December 2021 unaudited |
| **Net profit for the period** | **41.3** | **48.3** |
| *Items that may not be reclassified subsequently to profit or loss :* | | |
| Actuarial gain/(loss) | 0.7 | - |
| *Items that may be reclassified subsequently to profit or loss :* | | |
| Valuation of hedging instruments | (13.0) | 10.3 |
| **Other comprehensive income/(loss), net of tax** | **(12.3)** | **10.3** |
| **Total comprehensive income for the period** | **29.0** | **58.6** |

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

## 48. Revenue

| | for the 3 months ended | |
|---|---|---|
| | 31 December 2022 unaudited | 31 December 2021 unaudited |
| Retail revenue | 540.5 | 564.0 |
| Wholesale revenue | 21.2 | 23.7 |
| Sale of equipment | 9.3 | 9.5 |
| Other revenue | 22.8 | 20.0 |
| **Total** | **593.8** | **617.2** |

## 49. Operating costs

| | | for the 3 months ended | |
|---|---|---|---|
| | Note | 31 December 2022 unaudited | 31 December 2021 unaudited |
| Content costs | | 217.1 | 202.2 |
| Technical costs and costs of settlements with telecommunication operators | | 114.6 | 126.6 |
| Distribution, marketing, customer relation management and retention costs | | 71.6 | 81.4 |
| Depreciation, amortization, impairment and liquidation | | 43.7 | 43.6 |
| Salaries and employee-related costs | a) | 49.2 | 40.1 |
| Cost of equipment sold | | 6.3 | 6.5 |
| Cost of debt collection services and bad debt allowance and receivables written off | | 1.1 | 1.6 |
| Other costs | | 25.2 | 39.7 |
| **Total** | | **528.8** | **541.7** |

### a) Salaries and employee related costs

| | for the 3 months ended | |
|---|---|---|
| | 31 December 2022 unaudited | 31 December 2021 unaudited |
| Salaries | 42.7 | 35.1 |
| Social security contributions | 5.1 | 3.3 |
| Other employee-related costs | 1.4 | 1.7 |
| **Total** | **49.2** | **40.1** |

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

## 50. Gain on investment activities, net

| | for the 3 months ended | |
|---|---|---|
| | 31 December 2022 unaudited | 31 December 2021 unaudited |
| Dividends | - | 5.4 |
| Share in the profits of partnerships | 21.2 | 18.8 |
| Gain on sale of shares in subsidiary/associate | - | (8.4) |
| Interest income | 27.3 | 6.2 |
| Other | (4.6) | (6.9) |
| **Total** | **43.9** | **15.1** |

## 51. Finance costs, net

| | for the 3 months ended | |
|---|---|---|
| | 31 December 2022 unaudited | 31 December 2021 unaudited |
| Interest expense on loans and borrowings | 28.0 | 13.4 |
| Interest expense on issued bonds | 44.6 | 18.7 |
| Valuation and realization of hedging instruments | (8.3) | 1.0 |
| Guarantee fees | 1.5 | 1.7 |
| Bank and other charges | 0.4 | 0.4 |
| **Total** | **66.2** | **35.2** |

# 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 the best knowledge of the Management Board, the annual 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. and its financial results;

b) the Management Board's report on the operations of Cyfrowy Polsat S.A. contains a true picture of the development and achievements of Cyfrowy Polsat S.A. and its situation, including a description of key risks and threats.

At the same time, in view of the fact that on February 26, 2020 the Supervisory Board of Cyfrowy Polsat S.A. 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 the Company and the consolidated financial statements of the Capital Group for the financial years ended December 31, 2020, December 31, 2021 and December 31, 2022, 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 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<br>President of the Management Board | Maciej Stec<br>Vice President of the Management Board | Jacek Felczykowski<br>Member of the Management Board |
| Aneta Jaskólska<br>Member of the Management Board | Agnieszka Odorowicz<br>Member of the Management Board | Katarzyna Ostap-Tomann<br>Member of the Management Board |

Warsaw, April 19, 2023

# 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,
- Marek Kapuściński – 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,
- Tobias Solorz – Member of the Supervisory Board,
- Tomasz Szeląg – Member of the Supervisory Board,
- Piotr Żak – 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 February 26, 2020 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, 2020, December 31, 2021 and December 31, 2022, 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, 2022 prepared in accordance with International Financial Reporting Standards, including:

   a) the balance sheet as at December 31, 2022, showing total assets and total equity and liabilities of PLN 15,658.3 million,

   b) the income statement for the financial year ended December 31, 2022, showing net profit of PLN 1,248.6 million,

   c) the statement of comprehensive income for the financial year ended December 31, 2022, showing a total comprehensive income of PLN 1,258.5 million,

   d) the statement of changes in equity for the financial year ended December 31, 2022, showing an increase in equity of PLN 203.8 million,

   e) the cash flow statement for the financial year ended December 31, 2022, showing a net decrease in cash and cash equivalents amounting to PLN 1,814.1 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 2022,

3) the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year ended December 31, 2022 prepared in accordance with International Financial reporting Standards, including:

   a) the consolidated balance sheet as at December 31, 2022, showing the balance sheet total of PLN 32,306.6 million,

   b) the consolidated income statement for the financial year ended December 31, 2022, showing net profit of PLN 901.1 million,

   c) the consolidated statement of comprehensive income for the financial year ended December 31, 2022, showing a total comprehensive income of PLN 936.9 million,

   d) consolidated statement of changes in equity for the financial year ended December 31, 2022, showing an increase in equity of PLN 426.2 million,

   e) consolidated cash flow statement for the financial year ended December 31, 2022, showing a net decrease in cash and cash equivalents amounting to PLN 2.820,6 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, 2022.

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, 2022, 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 2022,
- the report of the Management Board on the activities of Cyfrowy Polsat S.A. in the financial year 2022,
- the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year 2022,
- the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2022

have been drawn up in accordance with the books and documents as well as with the factual status and mandatory legal provisions.

| | | |
|---|---|---|
| Zygmunt Solorz<br>Chairman of the Supervisory Board | Marek Kapuściński<br>Vice-Chairman of the Supervisory Board | Józef Birka<br>Member of the Supervisory Board |
| Jarosław Grzesiak<br>Member of the Supervisory Board | Marek Grzybowski<br>Member of the Supervisory Board | Alojzy Nowak<br>Member of the Supervisory Board |
| Tobias Solorz<br>Member of the Supervisory Board | Tomasz Szeląg<br>Member of the Supervisory Board | Piotr Żak<br>Member of the Supervisory Board |

Warsaw, April 19, 2023

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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 2022, the income statement, the statement of comprehensive income, the cash flow statement, the statement of changes in equity for the period from 1 January 2022 to 31 December 2022 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 2022 and its financial performance and its cash flows for the period from 1 January 2022 to 31 December 2022 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 19 April 2023.

## Basis for opinion

We conducted our audit in accordance with the National Standards on Auditing in the version of International Auditing Standards as adopted by the National Council of Statutory Auditors ("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 of 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 recognition and accounting</u><br><br>Revenues from sales of the Company for period from 1 January 2022 to 31 December 2022 amounted to PLN 2,382.5 million.<br><br>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.<br><br>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.<br><br>Taking into account the above, we considered revenue recognition and accounting as a key audit matter.<br><br>*Reference to related disclosures in the financial statements*<br><br>Disclosure related to applied accounting policies and key judgements related to revenue recognition are included in note 5 "Accounting policies" to the financial statements.<br><br>Disclosures on revenue are included in note 8 'Revenue' to the financial statements. Disclosure on contract cost is included in note 21 'Deferred distribution fees' to the consolidated financial statements. | 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.<br>Additionally, our procedures included, among others:<br>• understanding of the processes of revenue recognition, as well as identification and assessment of key controls mechanisms;<br>• testing of controls over revenue related processes;<br>• 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;<br>• analysis of contractual provisions terms and understanding of the nature and key contractual terms of concluded contracts;<br>• analytical procedures, including analysis of monthly trends and data for significant revenue streams versus budgets and forecasts;<br>• reconciliation of balances of contract assets, contract costs and contract liabilities to source documentation;<br>• substantive testing on sample of agreements and invoices for customers in respect of revenue recognition and verification of payments received.<br><br>We also assessed the adequacy of the Company's disclosures in respect of the revenue recognition and accounting in the financial statements. |

Building a better working world

<u>Fixed assets (including goodwill) impairment analysis</u>

As at 31 December 2022 the Company presents fixed assets in the amount of PLN 14,451.5 million (including goodwill in the amount of PLN 197 million and investments in subsidiaries, associates and other in the amount of PLN 12,966.7 million), which constitutes 92% of total assets.

Under requirements of International Accounting Standard 36 'Impairment of assets' ('IAS 36'), the Company tested the amount of fixed assets, including goodwill.

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 "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,

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 assessment of impairment indicators based on forecasts and budgets;
- assessing the sensitivity analysis of the models prepared by the Company's

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 "B2B and B2C" cash-generating unit" and in the note 45 "Judgments, financial estimates and assumptions" to the financial statements.

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 be reasonably 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 2022 to 31 December 2022 („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 elements of the annual financial report for the financial year ended 31 December 2022 (jointly 'Other Information'). The Other Information does not include the financial statements and our auditor's report thereon.

*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.

**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 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.

## 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. 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 five consecutive years.

Warsaw, 19 April 2023

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