CYFROWY POLSAT S.A.
CAPITAL GROUP

Interim Consolidated Report
for the three month period ended
March 31, 2021

Warsaw, May 12, 2021

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REPORT OF THE MANAGEMENT BOARD ON THE ACTIVITIES OF CYFROWY POLSAT S.A. CAPITAL GROUP FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2021

Report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group for the three month period ended March 31, 2021

Polsat Group at a glance

Polsat Group is Poland's largest media and telecommunications group and the leader on the Polish entertainment and telecommunications markets. Within the scope of our activities we provide a comprehensive array of integrated services in the following areas:

- **pay TV services** offered mainly by Cyfrowy Polsat – the largest pay TV provider in Poland and one of the leading satellite platforms in Europe – and our subsidiary Netia. We offer our customers access to about 160 TV channels broadcast in satellite, terrestrial and Internet (IPTV, OTT) technologies as well as additional modern OTT services (e.g. Cyfrowy Polsat GO, pay-per-view, Video On Demand) and Multiroom. We also provide online video services through IPLA, the leader on Poland's online video market;
- **telecommunication services**, including voice and data transmission services, as well as various added services (VAS). We provide mobile telecommunication services mainly through our subsidiary Polkomtel – one of Poland's leading telecommunications operators, and fixed-line telecommunication services mainly through our subsidiary Netia;
- **mobile broadband Internet**, offered under two alternative brands: Cyfrowy Polsat and Plus. We provide these services in the state-of-the-art LTE, LTE Advanced and 5G technologies. We offer the largest LTE coverage and the first commercial 5G network in Poland thanks to which our customers enjoy the best quality of services;
- **fixed-line broadband Internet**, offered under Netia and Plus brands based on the infrastructure of our subsidiary Netia whose own access networks reach 2.75 million homes passed in ca. 180 Polish locations. In addition, Netia provides services based on access to the infrastructure of Orange Polska, Nexera and Inea;
- **broadcasting and television production** through Telewizja Polsat, the leading commercial TV broadcaster on the Polish market, offering 36 popular TV channels, including our main channel POLSAT, one of the leading FTA channels in Poland;
- **Internet media** through the portal 'Interia.pl', one of the three largest horizontal portals in Poland and member of our Group, and a number of thematic portals such as 'Polsatnews.pl' or 'Polsatsport.pl';
- **wholesale services to other operators**, including, i.a., network interconnection, IP and voice traffic transit, lease of lines and national and international roaming services.

We operate mainly on the territory of Poland in two business segments: the B2C and B2B services segment and the media segment: television and online.

Cyfrowy Polsat shares are listed in the Warsaw Stock Exchange on Warsaw since May 6, 2008.

Our mission and main strategic goals

Our strategic motto is to offer services to everyone and everywhere.

Our mission is to create and deliver the most attractive TV and online content, telecommunication products and other services and commodities for the home, as well as individual and business customers, using state-of-the-art technologies to provide top quality multiplay services that match the changing needs of the market, while maintaining the highest possible level of customer satisfaction.

The superior goal of our strategy is the permanent, long-term growth of the value of Cyfrowy Polsat for its Shareholders. We intend to achieve this goal by implementing the key elements of our operating strategy which include:

- growth of revenue from services provided to individual and business customers through 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, while simultaneously increasing average revenue per user (ARPU) and maintaining high levels of customer satisfaction,
- use of opportunities arising from the advancing technological changes and market opportunities in order to expand the scope of our products and services,
- 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 and steady building of our viewer profile,
- effective management of the cost base of our integrated media and telecommunications group by exploiting its inherent synergies and economies of scale, and
- effective management of the Group's finances, including its capital resources.

Disclaimers

This constitutes the report of Cyfrowy Polsat Capital Group S.A. (the "Report") prepared as required by Article 60 sections 1 and 2 and Article 66 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. Capital Group (hereafter "Report") apply to Cyfrowy Polsat S.A., while all references to the Group, Polsat Group, the Capital Group, Cyfrowy Polsat Group or Cyfrowy Polsat Capital Group apply to Cyfrowy Polsat S.A. and its consolidated subsidiaries. Expressions such as "we," "us," "our" and similar apply generally to the Group, unless it is clear from the context that they apply only to the Company. 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 and the Group. In particular, this Report contains our condensed financial statements for the three-month period ended March 31, 2021, 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 not been audited by an independent auditor.

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

Forward-looking statements

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

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

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

Industry and market data

In this Report, we set out information relating to our business and the markets in which we and our competitors operate. The information regarding the market, its size, the market share, the market position, the growth rates and other industry data relating to our business and markets in which we operate consists of data and reports compiled by various third-party entities, including other operators present on the Polish market, and our internal estimates.

We believe that industry publications, surveys and forecasts we use are reliable but we have not independently verified them and cannot guarantee their accuracy or completeness.

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

Financial data overview

The following tables set out selected consolidated financial data for the three-month periods ended March 31, 2021 and March 31, 2020. This information should be read in conjunction with the consolidated financial statements for the three-month period ended March 31, 2021 (including notes thereto) constituting part of this Report and the information included in item 3 of this Report – *Operating and financial review of Polsat Group*.

Selected financial data:

- from the consolidated income statement and the consolidated cash flow statement for the three-month periods ended March 31, 2021 and March 31, 2020 have been converted into euro at a rate of PLN 4.5467 per EUR 1, being the average of monthly average exchange rates announced by the NBP in the reporting period i.e. from January 1, 2021 to March 31, 2021;
- from the consolidated balance sheet data as at March 31, 2021 and December 31, 2020 have been converted into euro at a rate of PLN 4.6603 per EUR 1 (average exchange rate published by the NBP on March 31, 2021).

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.

It should be noted that the financial data for the three-month periods ended March 31, 2021 and March 31, 2020 are not fully comparable due to the acquisitions and changes to the Group's structure in the period from January 1, 2020 to March 31, 2021, which are described in detail in item 1.2 - *Composition and structure of Polsat Group – Changes in the organizational structure of Polsat Group and their effects* – of this Report and in item 1.2.of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2020.

Consolidated balance sheet

	March 31, 2021		December 31, 2020	
	mPLN	mEUR	mPLN	mEUR
Cash and cash equivalents[(1)]	1,158.8	248.7	1,365.8	293.1
Assets	32,954.5	7,071.3	33,115.0	7,105.8
Non-current liabilities	12,300.5	2,639.4	13,414.4	2,878.4
Non-current financial liabilities	11,199.1	2,403.1	11,987.5	2,572.3
Current liabilities	4,003.5	859.1	5,274.4	1,131.8
Current financial liabilities	1,184.7	254.2	1,224.2	262.7
Equity	15,366.3	3,297.3	14,426.2	3,095.6
Share capital	25.6	5.5	25.6	5.5

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

Consolidated cash flow statement

	for the three-month period ended March 31			
	2021		2020	
	mPLN	mEUR	mPLN	mEUR
Net cash from operating activities	889.0	195.5	778.8	171.3
Net cash used in investing activities	(374.2)	(82.3)	(364.0)	(80.1)
incl. capital expenditures[(1)]	*(335.5)*	*(73.8)*	*(307.4)*	*(67.6)*
Net cash used in financing activities	(612.0)	(134.6)	(30.0)	(6.6)
Net increase/(decrease) in cash and cash equivalents	(97.2)	(21.4)	384.8	84.6

(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 telecommunication concessions, which are reported in a separate line of our cash flow statement

Consolidated income statement

	for the three-month period ended March 31			
	2021		2020	
	mPLN	*mEUR*	*mPLN*	*mEUR*
Revenue	**2,987.4**	**657.1**	**2,848.5**	**626.5**
Retail revenue	1,664.1	366.0	1,604.5	352.9
Wholesale revenue	880.7	193.7	823.7	181.2
Sale of equipment	332.7	73.2	345.7	76.0
Other sales revenue	109.9	24.2	74.6	16.4
Total operating cost	**(2,430.9)**	**(534.7)**	**(2,392.1)**	**(526.1)**
Technical costs and cost of settlements with telecommunication operators	(624.7)	(137.4)	(600.8)	(132.1)
Depreciation, amortization, impairment and liquidation	(521.2)	(114.6)	(564.5)	(124.2)
Cost of equipment sold	(276.7)	(60.9)	(282.3)	(62.1)
Content costs	(419.4)	(92.2)	(388.8)	(85.5)
Distribution, marketing, customer relation management and retention costs	(229.0)	(50.4)	(224.4)	(49.4)
Salaries and employee-related costs	(236.9)	(52.1)	(221.9)	(48.8)
Cost of debt collection services and bad debt allowance and receivables written off	(29.8)	(6.6)	(44.3)	(9.7)
Other costs	(93.2)	(20.5)	(65.1)	(14.3)
Other operating income/(cost), net	**5.0**	**1.1**	**5.8**	**1.3**
Profit from operating activities	**561.5**	**123.5**	**462.2**	**101.7**
Gain/(loss) on investment activities, net	(22.4)	(4.9)	(74.2)	(16.3)
Financial costs, net	(57.1)	(12.6)	(153.8)	(33.8)
Share of the profit/(loss) of associates accounted for using the equity method	16.5	3.6	16.3	3.5
Gross profit for the period	**498.5**	**109.6**	**250.5**	**55.1**
Income tax	(108.1)	(23.7)	(66.7)	(14.7)
Net profit for the period	**390.4**	**85.9**	**183.8**	**40.4**
Net profit attributable to equity holders of the Parent	389.6	85.7	182.4	40.1
Net profit/(loss) attributable to non-controlling interest	0.8	0.2	1.4	0.3
Basic and diluted earnings per share in PLN (not in millions)	**0.61**	**0.13**	**0.29**	**0.06**
Weighted number of issued shares (not in millions)	639,546,016		639,546,016	
EBITDA[(1)]	**1,082.7**	**238.1**	**1,026.7**	**225.8**
EBITDA margin	36.2%	36.2%	36.0%	36.0%
Operating margin	18.8%	18.8%	16.2%	16.2%

(1) We define EBITDA as net profit/(loss), as determined in accordance with IFRS, before depreciation and amortization (other than for programming rights), 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, income taxes and share of net results of joint ventures. 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.

1. Characteristics of Polsat Group

1.1. Who we are

Polsat Group is the largest provider of integrated media and telecommunications services in Poland. We are the leading pay TV provider and one of the leading telecommunications operators in the country. We are also one of Poland's leading private broadcasters in terms of both audience and advertising market shares. We offer a complete package of multimedia services designed for the entire family: pay TV via satellite, terrestrial and online (IPTV and OTT) broadcasting, mobile and fixed-line telephony, data transfer services and broadband Internet access, mainly in LTE and LTE Advanced mobile technologies as well as 5G technology and also through fixed-line networks, including fiber-optic. Additionally, we provide a wide array of wholesale services to other telecommunications operators, television operators and broadcasters. Moreover, we are a leading player on the Internet media market - the portal 'Interia.pl', belonging to the Group, is one of the three largest horizontal portals in Poland. We also operate on the Polish online advertising market offering modern marketing and promotional solutions.

Our mission is to create and deliver the most attractive TV and Internet 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, which can be accessed 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.

We operate in two business segments: the B2C and B2B services segment, and the media segment: television and online.

In the B2C and B2B services segment we provide the following services: satellite and Internet television, mobile and fixed-line Internet access, video online, mobile and fixed-line telephony services, wholesale services for other telecommunications operators as well as sales of telecommunications equipment and production of set-top boxes and sales of photovoltaic installations. At the end of March 2021 we had around 5.5 million contract customers and companies from our Group provided a total of over 18 million active services, including nearly 15.4 million contract RGUs (the above data does not include the activities conducted by Netia Group companies).

Our media segment consists mainly of production, acquisition and broadcasting of information, sports and entertainment programs as well as TV series and feature films broadcast on television channels mainly in Poland. Furthermore, the segment consists of activities conducted in the Internet by our Interia Group, including operations of our thematic portals and on the online advertising market.

A detailed description of operations carried out by our business segments is presented in items 1.3. and 1.4. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for the year 2020.

1.2. Composition and structure of Polsat Group

The following table presents the organizational structure of Polsat Group as at March 31, 2021 and December 31, 2020, indicating the consolidation method.

Company	Registered office	Activity	Share in voting rights (%) as at March 31, 2021	Share in voting rights (%) as at December 31, 2020
B2C and B2B services segment				
Parent Company				
Cyfrowy Polsat S.A.	Łubinowa 4a, 03-878 Warsaw	radio, TV and telecommunication activities	n/a	n/a
Subsidiaries consolidated using the full consolidation method				
Polkomtel Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	100%	100%
Polkomtel Infrastruktura Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	100%	100%
Polkomtel Business Development Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other activities supporting financial services, gaseous fuels trading activities	100%	100%
Liberty Poland S.A.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	telecommunication activities	100%	100%
Interphone Service Sp. z o.o.	Inwestorów 8, 39-300 Mielec	production of set-top boxes	100%	100%
Aero 2 Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	100%	100%
Sferia S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	51%	51%
Teleaudio Dwa Sp. z o.o. Sp.k.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	call center and premium-rate services	100%	100%
Coltex ST Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	telecommunication activities	100%	100%
Netia S.A.	Poleczki 13, 02-822 Warsaw	telecommunication activities	66%	65.98%
Netia 2 Sp. z o.o.	Taśmowa 7A, 02-677 Warsaw	telecommunication activities	66%	65.98%
TK Telekom Sp. z o.o.	Kijowska 10/12A, 03-743 Warsaw	telecommunication activities	66%	65.98%
Petrotel Sp. z o.o.	Chemików 7, 09-411 Płock	telecommunication activities	66%	65.98%
ISTS Sp. z o.o.	Bociana 4A / 68A, 31-231 Cracow	wired communication	66%	65.98%
IST Sp. z o.o.	Księcia Janusza I 3, 18-400 Łomża	wired communication	66%	65.98%
TVO Sp. z o.o.	Kielecka 5, 81-303 Gdynia	retail sales	75.96%	75.96%
Pure Omni Wework Sp. z o.o. S.k.	Kielecka 5, 81-303 Gdynia	retail sales	-	75.96%
Wework Sp. z o.o. S.k.	Kielecka 5, 81-303 Gdynia	admistrative services	-	75.96%

Company	Registered office	Activity	Share in voting rights (%) as at March 31, 2021	Share in voting rights (%) as at December 31, 2020
Plus Finanse Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other monetary intermediation	100%	100%
Plus Pay Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	monetary intermediation	100%	100%
Esoleo Sp. z o.o.	Al. Wyścigowa 6, 02-681 Warsaw	technical services	51.25%	51.25%
Alledo Express Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	rental services	51.25%	51.25%
Alledo Parts Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	wholesale	26.14%	26.14%
Alledo Parts Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	wholesale	26.40%	26.40%
Alledo Setup Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	technical services	51.25%	51.25%
Alledo Setup Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	technical services	51.25%	51.25%
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%
TM Rental Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	intellectual property rights rental	100%	100%
Orsen Holding Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Orsen Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Dwa Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	holding activities	100%	100%
IB 1 FIZAN	Mokotowska 49, 00-542 Warsaw	finance activities	(1)	(1)
Altalog Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software	66%	66%
Plus Flota Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	management and rental services	100%	100%
MESE Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	movie and TV production	100%	100%
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%
Subsidiaries consolidated using the equity method				
Premium Mobile Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	24.47%	24.47%

Company	Registered office	Activity	Share in voting rights (%) as at March 31, 2021	Share in voting rights (%) as at December 31, 2020
Vindix S.A.	Rzymowskiego 53, 02-697 Warsaw	other financial services	46.27%	46.27%
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	22.95%	22.95%
Media segment: television and online				
Subsidiaries consolidated using the full consolidation method				
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	television broadcasting and production	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat License Ltd.	Alte Landstrasse 17, 8863 Buttikon, Switzerland	media	100%	100%
Polsat Brands AG	Alte Landstrasse 17, 8863 Buttikon, Switzerland	media	100%	100%
Polsat Ltd.	238A King Street, W6 0RF London, Great Britain	media	100%	100%
Muzo.fm Sp. z o.o.	Al. Stanów Zjednoczonych 61 A, 04-028 Warsaw	media	100%	100%
INFO-TV-FM Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	radio and TV activities	100%	100%
Music TV Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Lemon Records Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Eleven Sports Network Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw	media	99.99%	99.99%
Superstacja Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
TV Spektrum Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Grupa Interia.pl Sp. z o.o.	Os. Teatralne 9a, 31-946 Cracow	holding activities	100%	100%
Grupa Interia.pl Media Sp. z o.o. Sp.k.	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Grupa Interia.pl Sp. z o. o. Sp.k.	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Mobiem Polska Sp. z o.o.	Fabryczna 5a, 00-446 Warsaw	holding activities	100%	100%
Mobiem Polska Sp. z o.o. Sp.k.	Fabryczna 5a, 00-446 Warsaw	advertising agency activities	100%	100%

Company	Registered office	Activity	Share in voting rights (%) as at March 31, 2021	Share in voting rights (%) as at December 31, 2020
Polot Media Sp. z o.o.	Solskiego 55, 52-401 Wrocław	consulting	60%	60%
Polot Media Sp. z o.o. Sp.k.	Solskiego 55, 52-401 Wrocław	movie and TV production	60%	60%
Subsidiaries consolidated using the equity method				
Polsat JimJam Ltd.	111 Salusbury Road London NW6 6RG Great Britain	media	50%	50%
Polski Operator Telewizyjny Sp. z o.o.	Wiertnicza 159, 02-952 Warsaw	technical services	50%	50%

(1) Cyfrowy Polsat indirectly holds 100% of certificates.

Additionally, the following entities were included in the consolidated financial statements for the three-month period ended March 31, 2021:

Company	Registered office	Activity	Share in voting rights (%) as at March 31, 2021	Share in voting rights (%) as at December 31, 2020
Karpacka Telewizja Kablowa Sp. z o.o.(1)	Warszawska 220, 26-600 Radom	dormant	99%	99%
Polskie Badania Internetu Sp. z o.o.	Al. Jerozolimskie 65/79, suite 11.31 00-697 Warsaw	web portals activities	21.43%(2)	21.43%(2)
InPlus Sp. z o.o.	Wilczyńskiego 25E/216 10-686 Olsztyn	investment project advisory	1.5%(3)	1.5%(3)
Pluszak Sp. z o.o.	Domaniewska 47, 02-672 Warsaw	retail sales	9%	9%

(1) Investment accounted for at cost less any accumulated impairment losses.
(2) Not material and therefore not included into the valuation using the equity method.
(2) Altalog Sp. z o.o. holds a 2.3% share in voting rights in InPlus Sp. z o.o.

Changes in the organizational structure of Polsat Group and their effects

From January 1, 2021 until the date of publication of this Report, i.e. May 12, 2021 the following changes were implemented in the structure of Polsat Group. These changes are the effect of acquisitions and the systematically executed process of steady optimization of the capital structure of the Group. The changes in the Group's structure entail, among other things, improved efficiency of financial management on the consolidated level through the simplification and streamlining of intragroup financial flows and the elimination of redundant costs.

Date	Description
B2C and B2B services segment	
March 8, 2021	Acquisition of additional 0.0253% of shares in Netia S.A. following the tender offer, resulting in Cyfrowy Polsat holding as at March 8, 2021 ca. 66.0024% of shares in that company.
March 19, 2021	Merger of TVO Sp. z o.o. (the acquirer) with Pure Omni Wework Sp. z o.o. S.k. and Wework Sp. z o.o. (the acquirees)
April 15-20, 2021	Acquisition of additional 3.40% of shares in Netia S.A. on the regulated market, resulting in Cyfrowy Polsat holding as at April 20, 2021 ca. 69.40% of shares in that company.
April 23, 2021	Acquisition of 10% of shares in PLCOM Sp. z o.o.
April 30, 2021	Merger of Liberty Poland S.A. (the acquirer) with Coltex ST Sp. z o.o. (the acquiree).

1.3. 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 Cyfrowy Polsat S.A.as at the date of publication of this Report, i.e. May 12, 2021. Data included in the table is based on information received from shareholders on March 15, 2021 pursuant to Art. 69 of the Act of July 29, 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies (Journal of Laws 2019, item 623).

Shareholder	Number of shares	% of shares	Number of votes	% of votes
Zygmunt Solorz, through:	**372,596,215**	**58.26%**	**532,313,726**	**65.00%**
TiVi Foundation, including through:	*306,432,094*	*47.91%*	*466,149,605*	*56.92%*
Reddev Investments Limited	*306,432,084*	*47.91%*	*466,149,585*	*56.92%*
Embud 2 Sp. z o.o. S.K.A.	64,011,733	10.01%	64,011,733	7.82%
Tipeca Consulting Limited(1)	2,152,388	0.34%	2,152,388	0.26%
Others	**266,949,801**	**41.74%**	**286,649,791**	**35.00%**
Total	**639,546,016**	**100.00%**	**818,963,517**	**100.00%**

(1) Company under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act.

Changes in the structure of ownership of significant number of shares of the issuer in the period since the publication of the last periodic report

From the date of publication of the previous interim report, i.e. March 25, 2021 (annual report for 2020), until the date of publication of this Report, i.e. May 12, 2021, the Company did not receive notifications concerning changes in the structure of ownership of significant blocks of Cyfrowy Polsat shares.

1.4. 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 did not hold any shares of the Company, directly or indirectly, as at the date of publication of this Report, i.e. May 12, 2021 as well as at the date of publication of the previous report, i.e. March 25, 2021 (annual report for 2020).

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 publication of this Report, i.e. May 12, 2021, along with changes in shareholdings from the date of publication of the previous report, i.e. March 25, 2021 (annual report for 2020).

Name and Surname	Function	Holding as at March 25, 2021	Increases	Decreases	Holding as at May 12, 2021
Mr. Marek Kapuściński	Chairman of the Supervisory Board	22,150	-	-	22,150
Mr. Aleksander Myszka	Member of the Supervisory Board	56,886	-	-	56,886
Mr. Tomasz Szeląg(1)	Member of the Supervisory Board	25,500	-	-	25,500

(1) Tomasz Szeląg holds the Company's shares indirectly, through Pigreto Ltd.

To the Company's best knowledge the remaining Members of the Supervisory Board did not hold any shares of the Company, directly and indirectly, as at the date of publication of this Report, i.e. May 12, 2021, nor at the date of publication of the previous report, i.e. March 25, 2021 (annual report for 2020).

2. Significant events

2.1. Corporate events

Conditional sale agreement of 99.99% shares of Polkomtel Infrastruktura

Following the review of various strategic options initiated in September 2020, on February 26, 2021 Polsat Group entered into a conditional share sale agreement with Cellnex Poland Sp. z o.o., a subsidiary of Cellnex Telecom S.A., concerning the sale of 99.99% of shares of Polkomtel Infrastruktura, our subsidiary responsible for part of the technical network infrastructure. In particular, it owns the passive and active access layers of the mobile telecommunication infrastructure of Polsat Group, consisting, as of December 31, 2020, of approx. 7 thousand sites and approx. 37 thousand various systems on-air (incl. 5G-equipped systems) and a transmission network.

The value of the transaction was set at approximately PLN 7.1 billion. The transaction is expected to be concluded in 2021, subject to the fulfilment of the agreed conditions precedent, including, among others, obtaining an antimonopoly clearance and consent of lenders under the SFA.

Upon the transaction closing Polkomtel's core network and all frequencies crucial for providing first-to-market real 5G as well as 2G/3G/LTE services will remain in Polsat Group's possession, given that as the operator of Plus network we intend to continuously deliver state-of-the-art communication and content services to our retail, business and wholesale customers.

Furthermore, the parties agreed that upon completion of the conditions precedent a Master Services Agreement will be executed obliging Polkomtel Infrastruktura to provide specified services to Polsat Group for 25 years (subject to renewal for subsequent 15-year terms). The cooperation will be based on a monthly remuneration dependent on the number of sites and active infrastructure systems used and additionally ordered in the future by Polsat Group. Under the contractual obligations, Polsat Group is committed to order a certain number of incremental sites and additional emission systems under specified timeframes. The Master Service Agreement will involve a detailed Service Level Agreement, while the way the contracts will be constructed guarantees the alignment of interests of all parties.

The strategic interest of the partnership with Cellnex is based on a concept of active and passive infrastructure sharing, where the mobile network operator is predominantly interested in end-user experience, while the infrastructure owner is responsible for delivering ordered network capacity in the most cost-efficient manner. First, this approach will strengthen the investment capacity of Polsat Group, which has already entered a new investment cycle with the rollout of the first 5G network in Poland and will seek additional sites to expand the coverage of the new technology. Second, it is open to cooperation with additional tenants with an intention to achieve higher cost efficiency of network rollout in the future. Third, the partnership will provide a higher customer experience, faster deployment of new technologies and better optimization of existing tower portfolios in Poland.

Detailed information on the transaction was presented in the Company's current report No. 2/2021 dated February 26, 2021.

Increasing capital engagement of Cyfrowy Polsat in Netia

On December 23, 2020 the Company announced a tender offer to place subscriptions for the sale of 114,173,459 shares issued by Netia, representing ca. 34.02% of its share capital and carrying the right to 114,173,459 votes at Netia's General Meeting. The price of Netia shares covered by the tender offer was set at PLN 4.80 per one share.

Prior to the tender offer, the Company held 221,404,885 Netia shares representing ca. 65.98% of its share capital and carrying the right to ca. 65.98% of total votes at Netia's General Meeting.

As a result of the tender offer, as of March 8, 2021 the Company held 221,489,753 Netia shares representing over 66.00% of its share capital and carrying the right to over 66.00% of total votes at Netia's General Meeting.

On April 15, 2021 the Company decided to continue acquiring shares of Netia within the next 12 months by means of transactions concluded on the regulated market of the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.) or outside the regulated market. The purchase price of Netia shares shall be determined by the Company individually for each purchase transaction, and the total purchase price of Netia shares shall not exceed PLN 515 million. The above decision confirms the Company's declaration that it does not exclude the further increase of its share in the total number of votes at the general meeting of Netia, as expressed in the tender offer to place subscriptions to sell shares of Netia. As part of the implementation of the above mentioned decision, on April 26, 2021 the Company issued an invitation, addressed to all shareholders of Netia, to submit offers for the sale of shares, with an intent to acquire up to 70 million Netia shares at the price of PLN 5.77 per share. The deadline for submitting offers in response to the invitation was set for May 14, 2021.

As a result of transactions concluded on the regulated market of the Warsaw Stock Exchange in the period from April 15 until April 20, 2021, as of the date of publication of this Report the Company holds 232,895,492 Netia shares representing ca. 69.40% of its share capital and carrying the right to ca. 69.40% of total votes at Netia's General Meeting.

Conditional agreement regarding the acquisition of 10% of the share capital of eobuwie.pl S.A.

On March 11, 2021 the Management Board of the Company made a decision to enter into exclusive negotiations with CCC S.A. regarding a potential acquisition of 10% of the share capital of eobuwie.pl within the scope of a pre-IPO investment for a consideration of PLN 500 million.

Following the conducted due diligence, on March 31, 2021 the Company signed with the seller a preliminary agreement for the sale of shares of eobuwie.pl and with the seller and another investor a shareholders' agreement regulating, among others, the future corporate governance principles of eobuwie.pl. The settlement of the investment will take place following the fulfillment of the conditions precedent, including obtaining relevant consents of banks financing the operating activities of entities from the seller's capital group as well as the consent of the general shareholders meeting of eobuwie.pl for the sale of shares in eobuwie.pl.

Taking into consideration the very good results of eobuwie.pl and the dynamically growing market segment in which eobuwie.pl operates, we believe that this investment may generate an attractive rate of return, simultaneously giving the Group an opportunity to gain competencies in building and developing operations in the field of e-commerce, which constitutes a natural development path for the Company's capital group following the acquisition of Interia.pl Group.

2.2. Business related events

Dynamic roll-out and development of Poland's first 5G network

In May 2020, we launched the first commercial 5G network in Poland under the Plus brand using spectrum from the 2.6 GHz TDD frequency band. By the end of 2020 we put into operation a total of over 1,000 5G base stations with over 7 million people within the network's coverage. Our initial plan for 2021 assumed extending the coverage of the 5G network to an area inhabited by more than 11 million people. Seeing the growing interest among our customers we have decided to accelerate network roll-out and we reached our roll-out target for this year, with a surplus, already in April. As at the date of publication of this Report more than 12 million inhabitants of Poland live within our 5G network's coverage footprint in over 160 locations and the total number of 5G base stations exceeded 1,500. We continue to work intensively on further development of the network by both successively enhancing the 5G coverage in places where the 5G network already operates and also by launching 5G in new locations.

Along with the expansion of the 5G network coverage, we also extend the portfolio of 5G equipment. As at the date of this Report our offer includes more than 20 5G smartphones and routers.

Implementation of 5G subscription tariff plans

On January 12, 2021, Plus introduced to its offer new 5G pricelists addressed to both individual and business customers, which offer larger data packages compared to 4G tariff plans at simultaneously increased prices (the "more-for-more" strategy). Customers are able to choose from among the Internet-and-voice as well as Internet-only subscriptions. The new 5G tariffs assure access to the network with maximum technical speed of up to 600 Mbps during the entire term of the contract.

The 5G offer for individual customers includes three voice-and-data price plans with 25 GB, 100 GB and 150 GB data bundles which are offered for PLN 60, PLN 90 and PLN 120, respectively. Moreover, individual customers can choose between two data bundles for 5G mobile Internet access - 500 GB for PLN 100 and or 1000 GB for PLN 200.

The Plus 5G offer for companies includes three voice-and-Internet plans with data bundles of 35 GB, 120 GB and 180 GB and monthly access fees (excl. VAT) of PLN 60, PLN 90 and PLN 120, respectively. In addition, two dedicated 5G mobile Internet access offers have been created for business customers, featuring 600 GB and 1,200 GB data bundles which are offered for PLN 100 and PLN 200 (excl. VAT), respectively.

Long-term power purchase agreement for green energy

On March 12, 2021 Polkomtel and ZE PAK group concluded a long-term power purchase agreement (the “PPA”) for green energy produced by a photovoltaic farm Brudzew which is being built by a consortium of companies including ESOLEO.

The agreement was signed for a 15-year period with a possibility of extension by another 5 years with a purchase price which will be adjusted by the inflation rate starting from 2023. Under the PPA, ZE PAK will be obligated to supply its entire volume of energy produced along with certificates of origin.

Assuming the current inflation forecasts, the total value of the 15-year liability of Polkomtel under the PPA will amount to ca. PLN 300 million. The level of prices agreed between the parties and defined in the PPA corresponds with the present and forecasted market pricing levels, which had been confirmed in a fairness opinion obtained from one of the leading advisory entities.

Entering into the PPA results from our interest to secure long-term supplies of electric energy originating from renewable sources for own needs and for the purpose of resale to customers, in particular in the B2B segment, for whom the environmental aspect is becoming increasingly important. This step also supports Polsat Group’s ambitions to operate in a sustainable business model by increasing energy efficiency in day-to-day operations and consequently reducing its carbon footprint.

Prolongation of rights to broadcast the UEFA Champions League

In March 2021, TV Polsat acquired broadcasting rights to the UEFA Champions League matches for another three seasons (2021-2024). The rights cover all fields of exploitation, including pay TV, free of charge TV and the Internet.

In addition, TV Polsat acquired broadcasting rights to the UEFA Super Cup matches which open each season of games and are played by the winners of the Champions League and the Europa League, as well as the UEFA Youth League matches. Each season of the UEFA Champions League means 138 matches, including the UEFA Super Cup match, bringing the total number of matches during three years to over 400.

The acquisition of the broadcasting rights to the UEFA Champions League’s football matches for the next three seasons fits into the execution of our strategy, which assumes the providing our viewers the most attractive content to be consumed by them in any possible method of their choice, both on TV and in the Internet.

Sale of passive mobile infrastructure by P4, the operator of Play mobile network

On March 31, 2021, P4, the operator of Play mobile network from the French Iliad group, entered into an agreement with On Tower Poland Sp. z o.o., a company owned by Cellnex Poland (60%) and Iliad Purple (40%), concerning the sale of its passive infrastructure for the amount of PLN 6.7 billion (the price is subject to adjustments).

In parallel, P4 and On Tower Poland signed long-term service agreements for the period of 20 years, with the possibility of extending their term by consecutive 10-year periods, which allow P4 to continue using the sold passive infrastructure in its telecommunication operations.

2.3. Events after the balance sheet date

Joint venture of Orange Polska and APG Group to construct a fiber optic network

On April 12, 2021, Orange Polska informed that it established a joint venture with APG Group, Dutch pension investors, in order to develop a fiber optic network reaching approximately 1.7 million households, mostly in the areas with low or medium level of competition. The network will be constructed by Światłowód Inwestycje, a company controlled jointly by Orange Polska and APG (50/50). Orange Polska will contribute to the company the existing telecommunications links to approximately 0.7 million households and will purchase wholesale access to approximately 160 thousand of its customers present in these areas. The network would be open to all operators while Orange Polska will be providing to Światłowód Inwestycje such services as, among others, management of network roll-out and maintenance as well as lease of network elements to the joint venture.

Proceedings initiated by the President of the Office of Competition and Consumer Protection (UOKiK) concerning the examination of the situation on the market of wholesale TV programs distribution

In May 2021, the President of the Office of Competition and Consumer Protection initiated two antimonopoly proceedings, one against Telewizja Polsat and the other against four companies from Discovery capital group, concerning market practices in distribution of TV channels to operators of paid TV platforms. The President of UOKiK intends to examine whether the model of selling TV program produced by Telewizja Polsat and companies from Discovery group in bundles can be treated as an abuse of market position by these companies with regard to distribution of TV program in a situation where the purchase of a single channel is more expensive than the purchase of a bundle of channels. As at the date of publication of this Report the proceedings are ongoing.

3. Operating and financial review of Polsat Group

3.1. Operating review of the Group

When assessing our operating results in the B2C and B2B services segment, 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 the case of free of charge Internet access services provided by Aero 2, the Internet prepaid RGUs were calculated based on only those SIM cards, which used data transmission services under paid packages within the last 90 days.

Please note that the operational indicators (KPIs) presented below do not include operational results of Netia Group over which Cyfrowy Polsat Group took control effective May 22, 2018. Due to the fact that Netia S.A. is a company listed publically on the Warsaw Stock Exchange in Warsaw, its detailed operational and financial results are continuously available at the address: inwestor.netia.pl.

	for the 3-month period ended March 31		change / %
	2021	2020	
B2C AND B2B SERVICES SEGMENT			
Total number of RGUs (EOP) [thous.] (contract + prepaid)	**18,094**	**17,436**	**3.8%**
Contract services			
Total number of RGUs (EOP) [thous.], incl.	**15,358**	**14,797**	**3.8%**
Pay TV [thous.] , incl.	4,986	4,992	(0.1%)
Multiroom [thous.]	*1,206*	*1,187*	*1.6%*
Mobile telephony [thous.]	8,552	8,017	6.7%
Internet [thous.]	1,821	1,788	1.8%
Number of customers (EOP) [thous.]	**5,505**	**5,601**	**(1.7%)**
ARPU per customer [PLN]	90.5	85.4	6.0%
Churn per customer	6.7%	6.6%	0.1 p.p.
RGU saturation per one customer	2.79	2.64	5.7%
Prepaid services			
Total number of RGUs (EOP) [thous.], including:	**2,736**	**2,639**	**3.7%**
Pay TV [thous.]	225	172	30.6%
Mobile telephony [thous.]	2,458	2,393	2.7%
Internet [thous.]	53	73	(27.3%)
ARPU per total prepaid RGU [PLN]	21.5	20.7	3.8%
MEDIA SEGMENT: TELEVISION AND ONLINE			
Audience share	24.1%	23.3%	0.8 p.p.
Advertising market share	29.5%	28.1%	1.4 p.p.

3.1.1. B2C and B2B services segment

As at March 31, 2021, in the B2C and B2B services segment the total number of services provided by our Group in both the contract and prepaid models amounted to 18,094 thousand (+3.8% YoY). The share of contract services in the total number of services provided reached the level of 84.9% at the end of the first quarter of 2021, remaining stable YoY.

Contract services

The total number of customers to whom we provided contract services as at the end of the first quarter of 2021 was 5,505 thousand (-1.7% YoY). The main reason behind the decline of the contract customer base was the further merging of contracts under one common contract for the household, which is reflected in the growing RGU saturation per customer ratio (increase by 5.7% YoY to 2.79 RGU per customer). In line with our strategic assumptions, we avoid conducting an aggressive sales policy on individual products and focus rather on increasing customer loyalty, in particular through offering a wide portfolio of bundled services, as well as on increasing ARPU per contract customer.

The number of contract services provided by us at the end of the first quarter of 2021 increased by 561 thousand compared to the previous year (+3.8%) YoY, reaching 15,358 thousand as at March 31, 2021. A strong increase of mobile telephony RGUs – by 535 thousand (+6.7%) YoY was the main driver behind this growth. As at the end of the first quarter of 2021 we provided 8.552 thousand mobile telephony services in the contract model. This result was achieved thanks to the successful implementation of our strategy of cross-selling and focusing on customer satisfaction, which translated into a low churn ratio, as well as thanks to high demand among business customers for m2m services.

At the end of March 2021 our customers used 4,986 thousand contract pay TV services. The pay TV RGU base remained stable year on year as a slight decrease in the number of provided satellite TV services was compensated by a higher number of provided Multiplay services and an increasing number of RGUs of TV services provided over the Internet. We continue to view pay TV as an area with potential to build customer value and consequently the scale of our revenues.

In the analyzed period, we recorded better dynamics of dedicated mobile broadband Internet access services provided in the contract model, increasing the number of RGUs in this area by 32 thousand to the level of 1,821 thousand (+1.8% YoY). The increase was mainly due to higher demand for data transmission during lockdowns due to the COVID-19 epidemic, and the resulting necessity to work and learn from home as well as to use available online forms of entertainment. In parallel, the factor which is positively reflected in the scale of our Internet RGU base is the constantly improving quality of our telecommunications network – a consequence of the investments we make, exemplified by the initiation of the rapid roll-out of the 5G network and the provision of fixed-line Internet access under the “Plus” brand.

We observe a steadily increasing saturation of our customer base with integrated services, which is expressed by the growing ratio of contract services per customer. As at March 31, 2021 every customer had on average 2.79 contract services (+5.7% 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.

In line with the assumptions of our long-term strategy, we aim to maximize revenue per contract customer through cross-selling, i.e., selling additional products and services to our customer base within the framework of our bundled services offer. In the first quarter of 2021, average revenue per contract customer increased to PLN 90.5 (+6.0% YoY). The dynamic growth of ARPU per contract customer results, in particular, from the continuous building of customer value. The growth in ARPU in the analyzed period continued to be positively influenced by a temporary factor, namely higher revenue from interconnection settlements, related to increased volumes of voice traffic during the COVID-19 epidemic. In parallel, we believe that our present investments in the 5G network roll-out and growing popularity of tariff plans enabling the use of this technology by our customers will contribute to the further building of customer value, reflected in our ARPU.

Our churn rate remained at a very low level of 6.7% in the twelve-month period ended March 31, 2021 (+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 addition, a more conservative offering policy than in the past of mobile operators translates into a steady decrease of the number of customers migrating between networks, which also impacts our churn rate favorably.

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 very popular and continues to record very good sales results, which has a positive effect on the churn rate, RGU saturation per customer rate and ARPU per contract customer. At the end of

March 2021, 2,077 thousand customers were using our bundled services, which constitutes an increase of 65 thousand (+3.2%) YoY and translates to a 37.7% saturation of our contract customer base with multiplay services. We recorded a strong growth in the number of RGUs used by this group of customers. Over the past 12 months they purchased 285 thousand additional RGUs (+4.7%) YoY, reaching a total of 6,405 thousand RGUs as of the end of March 2021. Bearing in mind the long-term goal of our Group - the maximization of revenue per contract customer through cross-selling - our bundled services offer is perfectly in line with our strategy.

Prepaid services

The number of prepaid services provided by us increased by 97 thousand (+3.7%) YoY and amounted to 2,736 thousand as at March 31, 2021.

The number of prepaid mobile telephony services increased by 65 thousand (+2.7%) YoY, to 2,458 thousand RGUs while the number of prepaid broadband Internet services decreased by 20 thousand YoY. 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 increased by 53 thousand (+30.6%) YoY, to the level of 225 thousand at the end of the first quarter of 2021, driven by our efforts to increase the offer attractiveness of our IPLA platform. In particular, in March 2021 we recorded very high interest among our customers in purchasing sports content.

In the first quarter of 2021, average revenue per prepaid RGU amounted to PLN 21.5 (+3.8% YoY). Revenues from both content and telecommunication services contributed to the increase in prepaid APRU.

3.1.2. Media segment: television and online

We consider audience share by channel, TV advertising market share and technical reach when analyzing and evaluating our television broadcasting and production activities. The following tables set forth these key performance indicators for the relevant periods.

We consider average monthly number of users and average monthly number of page views when analyzing and evaluating our online activities. The following tables set forth these key performance indicators for the relevant periods

Audience shares

Audience share	3 months ended March 31		Change / p.p.
	2021	2020	
Audience share[(1)(2)], including:	**24.06%**	**23.25%**	***0.81***
POLSAT (main channel)	**9.30%**	**9.90%**	***(0.60)***
Other channels	**14.76%**	**13.36%**	***1.40***
TV4	2.88%	3.51%	*(0.63)*
Polsat News	1.53%	1.45%	*0.08*
TV6	1.49%	1.85%	*(0.36)*
Polsat 2	1.38%	1.13%	*0.25*
Super Polsat	1.21%	1.45%	*(0.24)*
Fokus TV[(3)]	1.20%	0.97%	*0.23*
Polsat Film	0.77%	1.13%	*(0.36)*
Polsat Play	0.75%	0.52%	*0.23*
Eska TV	0.62%	0.52%	*0.10*
Polo TV	0.60%	0.63%	*(0.03)*
Polsat Cafe	0.42%	0.36%	*0.06*
Polsat Seriale	0.29%	0.12%	*0.17*
Polsat Sport	0.23%	0.36%	*(0.13)*
Nowa TV[(3)]	0.21%	0.33%	*(0.12)*
Eleven Sports 1	0.21%	0.15%	*0.06*
Disco Polo Music	0.13%	0.11%	*0.02*
Polsat Doku	0.10%	0.11%	*(0.01)*
Polsat Sport Extra	0.10%	0.09%	*0.01*
Polsat Rodzina	0.10%	0.04%	*0.06*
Vox Music TV	0.09%	0.05%	*0.04*
Polsat Games	0.09%	0.11%	*(0.02)*
Eska TV Extra	0.08%	0.05%	*0.03*
Polsat Music HD	0.06%	0.03%	*0.03*
Eleven Sports 2	0.05%	0.04%	*0.01*
Polsat Sport Fight	0.05%	0.05%	-
Polsat News 2	0.04%	0.04%	-
Polsat Sport News HD	0.04%	0.04%	-
Eska Rock TV	0.03%	n/a	*n/a*
Superstacja	0.02%	0.04%	*(0.02)*
Polsat 1[(4)]	n/a	n/a	*n/a*
Polsat Sport Premium 1[(4)]	n/a	n/a	*n/a*
Polsat Sport Premium 2[(4)]	n/a	n/a	*n/a*
Eleven Sports 3[(4)]	n/a	n/a	*n/a*
Eleven Sports 4[(4)]	n/a	n/a	*n/a*
TV Okazje[(4)]	n/a	n/a	*n/a*
Advertising market share [(5)]	**29.5%**	**28.1%**	***1.4 p.p.***

Channels cooperating with Cyfrowy Polsat Group (non-consolidated)			
Audience share	3 months ended March 31		*change [p.p.]*
	2021	2020	
Polsat Comedy Central Extra(6)	0.36%	0.20%	0.16
CI Polsat	0.20%	0.16%	0.04
Polsat JimJam	0.16%	0.16%	0.00
Polsat Viasat History	0.11%	0.10%	0.01
Polsat Viasat Explore	0.11%	0.03%	0.08
Polsat Viasat Nature	0.06%	0.03%	0.03

(1) Nielsen Audience Measurement, All day ages 16-49 audience share, including Live+2 (viewership results include 2 additional days of time-shifted viewing).
(2) When calculating the total audience share of Polsat Group and audience share of thematic channels, we take into account the moment of including the channel in our portfolio.
(3) Channel consolidated into Polsat Group from September 2020.
(4) Channel not included in the telemetric panel.
(5) Our evaluation based on Publicis Group's initial estimates.
(6) Channel included in Polsat Group's portfolio in March 2020, previously the channel was aired under the name Comedy Central Family. Full broadcasting periods are presented.

The audience share in the commercial group (all viewers aged 16-49, including Live+2, i.e. 2 additional days of time-shifted viewing) for the entire Polsat Group amounted to 24.1% in the first quarter of 2021, increasing by 0.8 p.p. versus the prior year. Continuous market fragmentation can be observed on the Polish market, as a result of which audience shares of the main TV channels (Polsat, TVN, TVP1 and TVP2) decrease in favor of the steadily growing audience shares of thematic channels, which is reflected in the increasing viewership of our thematic channels (14.8% in the first quarter of 2021, +1.4% YoY) with a simultaneous decrease in the audience share of our mail channel (9.3%, -0.6 YoY).

News content continues to be of high interest to our viewers since increasing distinctly along with the outbreak of the coronavirus epidemic in March last year. Polsat News recorded audience shares of 1.5% in the first quarter of 2021, which was up by 0.1. p.p. versus the corresponding period of 2020 in which the impact from the epidemic was already visible in the viewership results of the news channels. In March 2020, during which interest in the pandemic was at its highest, the audience share of our news channel reached as much as 2.5%.

During the analyzed period, viewers in the commercial group were attracted by many slots on our main channel's schedule. Premier episodes of the TV series *Pierwsza miłość (First Love)* were constantly popular, gaining an audience share of 12.9%. In turn, Monday's film slot *Mega Hit* had an audience share of 11.2%.

The news program broadcast daily at 6.50 p.m., *Wydarzenia* (*The News*), maintained high viewership figures with an audience share of 14.3%. The morning block of news and information programs, *Nowy Dzień z Polsat News (New Day with Polsat News)*, broadcast daily from Monday to Friday, is worth mentioning. This block had an audience share of 13.5%. The news block by a journalistic series *Gość Wydarzeń (The News' Guest)* at 7.30 p.m. reached a 9.6% audience share.

The viewership results of the first quarter of 2021 were influenced by programs from the spring programming schedule, which, despite the existing restrictions, was planned and is being executed in a relatively standard way and is not affected by the turbulances which took place a year ago during the first phase of the pandemic. Nevertheless, the current epidemic situation continues to determine the format of events which have previously been organized in a wide scale formula with audience and requires their reshaping in such a way so as to respect currently binding restrictions.

A large audience was gathered by the show *Twoja Twarz Brzmi Znajomo (Your Face Sounds Familiar)* had on average a 12.1% audience share. The reality show *Love Island* was watched by 12.4% of the audience. Another scheduling item, the new series *Kowalscy kontra Kowalscy* gathered on average 12.5% of viewers during its premiere episodes. In turn, the entertainment show *Ninja Warrior* show aired in spring of 2021 was watched by 10.6% of the audience. Another novelty of the scheduling, the crime series *Komisarz Mama (Inspector Mum)* reached a 8.7% audience share. As far as series broadcast in season schedulings are concerned, invariably the series *Girlfriends* was very popular with an audience share of 11.0%.

In the first quarter of 2021, a large audience was attracted by entertainment programs. The cabaret cycle *Kabaret na żywo (Cabaret Live)* aired on Sundays had a 12.1% audience share. Two events in particular were widely viewed: the cabaret gala

Świętokrzyska Gala Kabaretowa of January 3, 2021 which reached 12.9% of the audience and *Kabaretowa Moc Przebojów Wracamy (Cabaret Hits We Are Back)* of January 10, 2021 with a 12.8% audience share.

Other programs with high viewership in the first quarter of 2021 included the gala *Gala Mistrzów Sportu (The Sports Champions Gala)* of January 9, 2021 which reached 12.0% of the audience and the beauty contest *Miss Polski 2020 (Miss Poland 2020)* of January 17, 2021 with a 11.3% audience share.

Average monthly number of users

The table below presents the list of websites, whose number of users exceeded 0.5 million in the first quarter of 2021. The Interia.pl portal is presented as a whole, without a breakdown into services.

The average monthly number of users (the 'real users' indicator from the Mediapanel survey) of websites from the Polsat-Interia Group reached 20.18 million in the first quarter of 2021, doubling its result compared to the first quarter of 2020, which was mainly the effect of the acquisition of Interia.pl Group in July 2020.

The horizontal portal Interia.pl recorded the highest number of users, totaling 13.81 million in the first quarter of 2021, which is a similar result compared to the corresponding period of the previous year. In the analyzed period we also recorded a visible increase in the number of users of our news service polsatnews.pl, which follows very positive perception of the level of objectiveness of our TV station Polsat News and also increased interest in news content due to the epidemic. Dynamic growth of the number of users was also recorded by our entertainment websites: the gossip portal "pomponik.pl", ipla. tv and the weather forecast portal "twojapogoda.pl".

Average monthly number of users (1) [million]	For 3 months ended March 31		Change
	2021 (2)	2020 (3)	
Group (4)	**20.18**	**9.83**	**10.35**
Selected websites:			
interia.pl (5)	13.81	13.62	0.19
pomponik.pl (5)	6.01	4.15	1.86
polsatnews.pl	5.18	3.44	1.74
smaker.pl (5)	4.27	3.27	1.00
ipla.tv + mobile app	2.88	1.61	1.27
bryk.pl (5)	2.49	1.73	0.73
twojapogoda.pl	2.19	0.85	1.34
styl.pl (5)	1.98	1.78	0.20
polsatsport.pl	1.73	0.90	0.83
opracowania.pl (5)	1.07	0.75	0.32
deccoria.pl (5)	1.03	0.83	0.20

(1) Real Users indicator.
(2) Data from Mediapanel survey.
(3) Data from Gemius/PBI survey.
(4) Data for Q1 2021 for Polsat-Interia Group, data for Q1 2020 for Cyfrowy Polsat Group, without Interia Group websites.
(5) Data for Q1 2020 for Interia Group websites acquired in July 2020 is not added to the Group's total result.

Average monthly number of page views

The table below presents the list of websites, whose number of users exceeded 0.5 million in the first quarter of 2021. The Interia.pl portal is presented as a whole, without a breakdown into services.

The average monthly number of page views of websites from Polsat-Interia Group reached 1.7 billion in the first quarter of 2021. This represents a result which is eleven time higher than in the first quarter of 2020. Following the acquisition of Interia.pl Group in July 2020 we have become one of the leading Internet publishers in Poland.

In the analyzed period the highest number of page views was generated by the Interia.pl horizontal portal. Its content was visited 958.3 million times in the first quarter of 2021, which is by 97.8 million times more often than a year ago. In addition, the gossip portal "pomponik.pl" recorded a high and dynamically growing number of page views.

Average number of page views (1) [million]	For 3 months ended March 31		Change
	2021 (2)	2020 (3)	
Group (4)	**1 739.0**	**157.0**	**1 582.0**
Selected websites:			
interia.pl (5)	958.3	860.5	97.8
pomponik.pl (5)	88.8	60.1	28.7
maxmodels.pl (5)	43.7	42.2	1.5
ipla.tv + aplikacja mobilna	38.3	38.1	0.2
polsatnews.pl	31.2	21.7	9.5
smaker.pl (5)	26.1	24.3	1.8
twojapogoda.pl	17.9	13.3	4.6
bryk.pl (5)	11.2	7.8	3.4
polsatsport.pl	9.5	7.2	2.3
styl.pl (5)	9,5	9,5	0,0
deccoria.pl (5)	2,7	2,7	0,0
opracowania.pl (5)	2.2	1.5	0.7

(1) Views indicator – includes both views of classical websites and views of pages in mobile applications.
(2) Data from Mediapanel survey.
(3) Data from Gemius/PBI survey.
(4) Data for Q1 2021 for Polsat-Interia Group, data for Q1 2020 for Cyfrowy Polsat Group, without Interia Group websites.
(5) Data for Q1 2020 for Interia Group websites acquired in July 2020 is not added to the Group's total result.

Advertising and sponsoring market share

According to initial estimates of Publicis Group, expenditures on TV advertising and sponsoring in the first quarter of 2021 amounted to approximately PLN 0.9 billion, decreasing year-on-year by 1.3%. Based on these data, we estimate that in the first quarter of 2021 our TV advertising market share amounted to 29.5% and increased by 1.4 percentage points compared to 28.1% in the first quarter of 2020.

If we compare the current portfolio of Polsat Group's channels, we generated 8.4% less GRPs in the first quarter of 2021 compared to the same period of 2020, whereas it should be noted that in the first quarter of 2020 the COVID-19 epidemic had practically no impact on our TV advertising revenue and therefore a high base effect was observed.

Prospects of the online advertising market are also positive. According to the IAB AdEx report, in 2020 online advertising expenditures increased at a rate of 4.9% YoY and reached the value of PLN 5.2 billion. This was principally the result of a good second half of the year in which the market rebounded after the breakdown from the beginning of the pandemic. The two main segments of the online advertising market in which we are present, i.e., display and video, were responsible for nearly 46% of total expenditures on the online advertising market and their total value increased by 3% YoY (+2.7% in display and +3.4% in video). We believe that following the acquisition of Interia Group and thus gaining a leading position on the online advertising market we can benefit from the growth of this promising advertising market segment.

3.2. Review of the Group's financial situation

The following review of results for the three-month period ended March 31, 2021 was prepared based on the condensed consolidated financial statements for the three-month period ended March 31, 2021, prepared in accordance with International Financial Reporting Standards as approved for use by the European Union and based on internal analyses.

It should be noted that the financial data for the three-month periods ended March 31, 2021 and March 31, 2020 are not fully comparable due to the acquisitions and changes to the Group's structure, which are described in detail in item 1.2 - *Composition and structure of Polsat Group – Changes in the organizational structure of Polsat Group and their effects* – of this Report and item 1.2. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2020.

Due to the fact that the results of the companies acquired from January 1, 2020 to March 31, 2021 do not have a material impact on the results of the Group we do not eliminate them when analyzing the Group's financial situation.

Our financial results for the first quarter of 2021 were partly under the influence of the extraordinary situation caused by the coronavirus epidemic (the state of epidemic is in force in Poland since March 20, 2020). This factor has been accounted for in descriptions of the specific income statement, balance sheet and cash flow items presented below.

3.2.1. Income statement analysis

The description of key positions in the consolidated income statement is presented in item 4.3. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for the year 2020.

Results for the first quarter of 2021

[mPLN]	for the 3 month period ended March 31		change	
	2021	2020	[mPLN]	[%]
Revenue	2,987.4	2,848.5	138.9	4.9%
Operating costs	(2,430.9)	(2,392.1)	(38.8)	1.6%
Other operating income, net	5.0	5.8	(0.8)	(13.8%)
Profit from operating activities	**561.5**	**462.2**	**99.3**	**21.5%**
Gain/(loss) on investment activities, net	(22.4)	(74.2)	51.8	(69.8%)
Finance costs, net	(57.1)	(153.8)	96.7	(62.9%)
Share of the profit/(loss) of associates accounted for using the equity method	16.5	16.3	0.2	1.2%
Gross profit for the period	**498.5**	**250.5**	**248.0**	**99.0%**
Income tax	(108.1)	(66.7)	(41.4)	62.1%
Net profit for the period	**390.4**	**183.8**	**206.6**	**>100%**
EBITDA	***1,082.7***	***1,026.7***	***56.0***	***5.5%***
EBITDA margin	***36.2%***	***36.0%***	-	-

Revenue

Our **total revenue** increased by PLN 138.9 million (+4.9%) YoY in the first quarter of 2021.

[mPLN]	for the 3 month period March 31		change	
	2021	2020	[mPLN]	[%]
Retail revenue	1,664.1	1,604.5	59.6	3.7%
Wholesale revenue	880.7	823.7	57.0	6.9%
Sale of equipment	332.7	345.7	(13.0)	(3.8%)
Other revenue	109.9	74.6	35.3	47.3%
Revenue	**2,987.4**	**2,848.5**	**138.9**	**4.9%**

Retail revenue increased by PLN 59.6 million (+3.7%) YoY, mainly as a result of the successful execution of our strategy aimed at building customer value and also due to high sales of our pay TV services, which has been reflected in high dynamics of the ARPU growth from both contract and prepaid customers.

Wholesale revenue increased by PLN 57.0 million (+6.9%) YoY. An increase in advertising revenue, associated mainly with the consolidation of the results of Interia Group from July 2020 and higher revenue from TV advertising and sponsoring, continued to be further supported by higher interconnect revenue, resulting from the growth of voice traffic volumes during the COVID-19 epidemic.

Revenue from the **sale of equipment** decreased by PLN 13.0 million (-3.8%) YoY due to lower volumes of equipment sold, which was caused by the administrative restrictions on trade which were binding in the first quarter of 2021 in connection with the COVID-19 epidemic.

Other revenue increased by PLN 35.3 million (+47.3%) YoY, mostly due to the consolidation of revenues of Esoleo, our subsidiary that sells photovoltaic installations to individual customers and to the B2B sector.

Operating costs

Our **operating costs** increased by PLN 38.8 million (+1.6%) YoY in the first quarter of 2021.

[mPLN]	for the 3 month period ended March 31		change	
	2021	2020	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	624.7	600.8	23.9	4.0%
Depreciation, amortization, impairment and liquidation	521.2	564.5	(43.3)	(7.7%)
Cost of equipment sold	276.7	282.3	(5.6)	(2.0%)
Content costs	419.4	388.8	30.6	7.9%
Distribution, marketing, customer relation management and retention costs	229.0	224.4	4.6	2.0%
Salaries and employee-related costs	236.9	221.9	15.0	6.8%
Cost of debt collection services and bad debt allowance and receivables written off	29.8	44.3	(14.5)	(32.7%)
Other costs	93.2	65.1	28.1	43.2%
Operating costs	**2,430.9**	**2,392.1**	**38.8**	**1.6%**

Technical costs and cost of settlements with telecommunication operators increased by PLN 23.9 million (+4.0%) YoY mainly on the back of the introduction from January 2021 of a new capacity fee, which translates into higher electricity costs as well as due to higher interconnect costs and consolidation of Interia Group and TV Spektrum costs in the first quarter of 2021.

Depreciation, amortization, impairment and liquidation costs decreased by PLN 43.3 million (-7.7%) YoY, mainly due to the ceased recognition of depreciation, starting from March 2021, of assets held for sale in connection with the planned disposal of our subsidiary Polkomtel Infrastruktura.

The **cost of equipment sold** decreased by PLN 5.6 million (-2.0%) YoY as a result of lower volumes of equipment sold following the introduction of administrative restrictions on trade binding in the first quarter of 2021 due to the COVID-19 epidemic.

Content costs increased by PLN 30.6 million (+7.9%) YoY, mainly as a result of higher amortization of sports rights and higher cost of own production due to broadcasting a higher number of sports events than in the corresponding period of 2020.

Distribution, marketing, customer relation management and retention costs increased by PLN 4.6 million (+2.0%) YoY, mostly as a result of more intensive marketing campaigns.

Salaries and employee-related costs increased by PLN 15.0 million (+6.8%) YoY, mainly due to the consolidation of companies acquired during the last 12 months, in particular Interia Group from July 2020 and TV Spektrum from September 2020 and an increase in headcount in Esoleo, which were the main drivers behind the increase at the Group level by 446 FTEs (+6.2%) YoY.

Average employment	for the 3 month period ended March 31		Change	
	2021	2020	[FTEs]	[%]
Permanent workers not engaged in production in Polsat Group(1)	7,654	7,208	446	6.2%

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

Cost of debt collection services and bad debt allowance and receivables written off decreased by PLN 14.5 million (-32.7%) YoY, mostly on the back of higher impairment provisions on receivables in the first quarter of 2020 in connection with the decision made at that time to change the vindication method with regard to overdue receivables, which had resulted from unsatisfactory prices on the debt collection market.

Other costs increased by PLN 28.1 million (+43.2%) YoY, mainly as a result of the recognition of costs associated with operations on the photovoltaic market.

Other operating income, net amounted to PLN 5.0 million in the first quarter of 2021 and was lower by PLN 0.8 million (-13.8%) YoY.

Loss on investment activities, net amounted to PLN 22.4 million in the first quarter of 2021, compared to a gain on investment activities, net of PLN 74.2 million in the first quarter of 2020. This was mainly the effect of recognizing a lower loss on unrealized foreign exchange differences than in the corresponding period of 2020, which were related, among others, to the valuation of UMTS license liabilities and liabilities related to the purchase of selected sports content, which was due to the significantly lower depreciation of the PLN versus the EUR in the first quarter of 2021 than in the corresponding period of 2020.

Finance costs, net decreased by PLN 96.7 million (-62.9%) YoY. This decrease was caused, among others, by lower costs of interest following the reduction of interest rates by the National Bank of Poland in April and May 2020, by 90 bps in total. Moreover, in the first quarter of 2020 we recognized a cost in connection with a change in valuation of hedging instruments (IRS) not used in hedge accounting relating to the reduction of interest rates by 50 bps executed by the National Bank of Poland in March 2020.

Share of the profit of associates accounted for using the equity method amounted to PLN 16.5 million in the first quarter of 2021 compared to PLN 16.3 million in the first quarter of 2020. This was the net effect of the recognition of a share in a higher YoY net profit of Asseco Poland and the recognition of amortization of intangibles during the purchase price allocation process concerning the acquisition of a 22.95% stake in Asseco Poland.

Income tax was higher by PLN 41.4 million (+62.1%) YoY, which corresponds with a 99.0% increase in gross profit to PLN 498.5 million.

As a result of the changes above described, **net profit** for the first quarter of 2021 increased by PLN 206.6 million YoY and amounted to PLN 390.4 million.

EBITDA increased by PLN 56.0 million (+5.5%) YoY to the level of PLN 1,082.7 million in the first quarter of 2021 with EBITDA margin reaching 36.2% (+0.2 p.p. YoY). The increase in EBITDA was driven mainly by the positive revenue growth dynamics supported, among others, by higher retail revenue, higher revenue from TV advertising and sponsoring as well as by the consolidation of positive EBITDA result of Interia.pl Group.

3.2.2. Operating segments

The Group operates in the following two segments:

- the B2C and B2B services segment and
- the media segment: television and online.

The Group conducts its operating activities primarily in Poland.

Services provided in the B2C and B2B customers segment include:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay TV services where revenues are generated mainly from pay TV subscription fees,
- mobile telecommunication services (postpaid and mix) which generate revenues mainly from subscription fees, settlements with mobile network operators and traffic,
- mobile telecommunication prepaid services which generate revenues mainly from traffic and settlements with mobile network operators,
- fixed telecommunication services, which generate revenues mainly from subscription fees, traffic and settlements with network operators,
- providing access to broadband Internet in mobile and fixed-line technologies which generates revenues mainly from traffic and subscription fees,
- telecommunication wholesale services, including international and domestic roaming as well as telecommunication infrastructure sharing services,
- lease of fiber optic lines and infrastructure,
- online TV services (IPLA) available on computers, smartphones, tablets, smart TV sets, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising on the Internet,
- premium rate services based on SMS/IVR/MMS/WAP technologies,
- production of set-top boxes,
- sale of end-user equipment,
- sale of electric energy and other media to retail customers,
- sale of photovoltaic installations.

The media segment consists mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcast on television, radio and Internet channels in Poland. Revenues generated by the media segment relate mainly to advertising and sponsorship revenues, as well as wholesale revenues from the sale of channels and content to cable and satellite operators.

Management evaluates the operating segments' results based on EBITDA. The EBITDA reflects the Group's ability to generate cash in a stable environment. The Group defines EBITDA as profit from operating activities increased by depreciation, amortization, impairment and liquidation. EBITDA is not an EU IFRS measure and thus its calculations may differ among different entities.

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the three-month period ended March 31, 2021:

3-month period ended March 31, 2021 (unaudited) [mPLN]	B2C and B2B services segment	Media segment: television and online	Consolidation adjustments	Total
Revenues from sales to third parties	2,535.9	451.5	-	**2,987.4**
Inter-segment revenues	15.1	55.7	(70.8)	**-**
Revenues	**2,551.0**	**507.2**	**(70.8)**	**2,987.4**
EBITDA (unaudited)	**936.6**	**146.1**	**-**	**1,082.7**
Depreciation, amortization, impairment and liquidation	500.8	20.4	-	**521.2**
Profit from operating activities	**435.8**	**125.7**	**-**	**561.5**
Acquisition of property, plant and equipment and other intangible assets	295.3	40.2	-	**335.5**
Acquisition of reception equipment	34.0	-	-	**34.0**
Balance as at March 31, 2021 (unaudited)				
Assets, including:	27,274.3	5,737.4 [1]	(57.2)	**32,954.5**
Investments in joint venture and associates	1,274.3	5.9	-	**1,280.2**

[1] Includes non-current assets located outside of Poland in the amount of PLN 5.4 million.

All material revenues are generated in Poland.

It should be noted that the financial data for the 3 month periods ended March 31, 2021 and March 31, 2020 allocated to the B2C and B2B services segment and the media segment are not fully comparable due changes in the Group's structure which were presented in detail in item 1.2. - *Composition and structure of Polsat Group – Changes in the organizational structure of Polsat Group and their effects* – of this Report and item 1.2. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2020.

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the three-month period ended March 31, 2020:

3-month period ended March 31, 2020 (unaudited) [mPLN]	B2C and B2B services segment	Media segment: television and online	Consolidation adjustments	Total
Revenues from sales to third parties	2,438.8	409.7	-	**2,848.5**
Inter-segment revenues	14.6	50.9	(65.5)	**-**
Revenues	**2,453.4**	**460.6**	**(65.5)**	**2,848.5**
EBITDA (unaudited)	**879.6**	**147.1**	**-**	**1,026.7**
Depreciation, amortization, impairment and liquidation	549.4	15.1	-	**564.5**
Profit from operating activities	**330.2**	**132.0**	**-**	**462.2**
Acquisition of property, plant and equipment and other intangible assets	283.7	23.7	-	**307.4**
Acquisition of reception equipment	33.6	-	-	**33.6**
Balance as at March 31, 2020 (unaudited)				
Assets, including:	27,196.3	5,532.6 [1]	(70.2)	**32,658.7**
Investments in joint venture and associates	1,291.0	21.0	-	**1,312.0**

[1] Includes non-current assets located outside of Poland in the amount of PLN 10.8 million.

3.2.3. Balance sheet analysis

As at March 31, 2021 our balance sheet amounted to PLN 32,954.5 million and was lower by PLN 160.5 million as compared to its level as at December 31, 2020.

Assets

[mPLN]	March 31, 2021	December 31, 2020	Change [mPLN]	Change [%]
Reception equipment	297.3	293.4	3.9	1.3%
Other property, plant and equipment	2,877.2	5,391.0	(2,513.8)	(46.6%)
Goodwill	11,808.4	11,808.4	-	-
Customer relationships	1,310.9	1,412.7	(101.8)	(7.2%)
Brands	2,023.5	2,031.7	(8.2)	(0.4%)
Other intangible assets	2,503.3	2,616.4	(113.1)	(4.3%)
Right-of-use assets	727.0	1,519.4	(792.4)	(52.2%)
Non-current programming assets	290.5	282.5	8.0	2.8%
Investment property	50.2	50.0	0.2	0.4%
Non-current deferred distribution fees	90.6	93.5	(2.9)	(3.1%)
Non-current trade receivables	797.7	832.0	(34.3)	(4.1%)
Other non-current assets	1,330.6	1,283.6	47.0	3.7%
shares in associates accounted for using the equity method	*1,274.3*	*1,257.8*	*16.5*	*1.3%*
derivative instruments	*2.9*	*0.4*	*2.5*	*>100%*
Deferred tax assets	158.6	223.2	(64.6)	(28.9%)
Total non-current assets	**24,265.8**	**27,837.8**	**(3,572.0)**	**(12.8%)**
Current programming assets	412.7	413.2	(0.5)	(0.1%)
Contract assets	505.6	537.7	(32.1)	(6.0%)
Inventories	359.8	299.4	60.4	20.2%
Trade and other receivables	2,387.4	2,390.4	(3.0)	(0.1%)
Income tax receivables	9.4	9.0	0.4	4.4%
Current deferred distribution fees	222.9	222.4	0.5	0.2%
Other current assets	57.7	39.3	18.4	46.8%
includes derivative instruments	*1.6*	*2.0*	*(0.4)*	*(20.0%)*
Cash and cash equivalents	1,147.6	1,355.4	(207.8)	(15.3%)
Restricted cash	11.2	10.4	0.8	7.7%
Total current assets	**5,114.3**	**5,277.2**	**(162.9)**	**(3.1%)**
Assets held for sale	3,574.4	-	3,574.4	n/a
includes cash and cash equivalents	*108.5*	-	*108.5*	*n/a*
Total assets	**32,954.5**	**33,115.0**	**(160.5)**	**(0.5%)**

Our **non-current assets** decreased in the first quarter of 2021 by PLN 3,572.0 million (-12.8%) and accounted for 73.6% of total assets. The decrease in the value of non-current assets was driven mainly by the transfer into a separate balance sheet item of assets held for sale in connection with the planned disposal of our subsidiary Polkomtel Infrastruktura, which owns the mobile part of Polsat Group's telecommunication network, and was reflected in particular in the "Other non-current assets" and "Right-of-use assets" items. As at March 31, 2021, we also recorded a decrease in the value of customer relationships by PLN 101.8 million (-7.2%) and other intangible assets (mostly telecommunication licenses) by PLN 113.1 million (-4.3%) due to the gradually recognized amortization.

Our **current assets** decreased in the first quarter of 2021 by PLN 162.9 million (-3.1%) and accounted for 15.5% of total assets of the Group. The value of non-current assets was lower mainly due to a decrease in the value of cash and cash equivalents (incl. restricted cash) by PLN 207.0 million (-15.2%), which was, among others, the effect of the transfer into a separate balance sheet item of assets held for sale in connection with the planned disposal of Polkomtel Infrastruktura and the payout of the second tranche of the dividend for 2019. Moreover, at the end of the first quarter of 2021 the value of contract assets, representing the Company's right to future remuneration for the products and services already provided to customers, was lower by PLN 32.1 million (-6.0%) compared to the level as at the end of December 2020.

The value of **cash and cash equivalents** and restricted cash decreased by PLN 207.0 million (-15.2%) compared to its level as at December 31, 2020. The decrease was principally the effect of the payment of the second tranche of the dividend for 2019 executed in January 2021 which was compensated for to a significant extent by a stable stream of generated positive free cash flows. Furthermore, the value of cash and cash equivalents was impacted by the transfer into a separate balance sheet item of PLN 108.5 million representing part of assets which were carved out as assets held for sale in connection with the planned disposal of our subsidiary Polkomtel Infrastruktura.

Equity and liabilities

[mPLN]	March 31, 2021	December 31, 2020	Change	
			[mPLN]	[%]
Share capital	25.6	25.6	-	-
Share premium	7,174.0	7,174.0	-	-
Share of other comprehensive income of associates	21.2	21.2	-	-
Other reserves	(4.3)	99.7	(104.0)	n/a
Retained earnings	7,501.9	7,112.3	389.6	5.5%
Equity attributable to equity holders of the Parent Company	**14,718.4**	**14,432.8**	**285.6**	**2.0%**
Non-controlling interests	647.9	(6.6)	654.5	n/a
Total equity	**15,366.3**	**14,426.2**	**940.1**	**6.5%**
Loans and borrowings	8,701.9	8,887.8	(185.9)	(2.1%)
Issued bonds	1,959.8	1,959.2	0.6	-
Lease liabilities	537.4	1,140.5	(603.1)	(52.9%)
UMTS license liabilities	139.0	136.7	2.3	1.7%
Deferred tax liabilities	857.5	902.1	(44.6)	(4.9%)
Other non-current liabilities and provisions	104.9	388.1	(283.2)	(73.0%)
includes derivative instruments liabilities	*6.7*	*16.8*	*(10.1)*	*(60.1%)*
Total non-current liabilities	**12,300.5**	**13,414.4**	**(1,113.9)**	**(8.3%)**
Loans and borrowings	947.4	753.0	194.4	25.8%
Issued bonds	38.6	38.7	(0.1)	(0.3%)
Lease liabilities	198.7	432.5	(233.8)	(54.1%)
UMTS license liabilities	128.8	126.7	2.1	1.7%
Contract liabilities	663.1	675.6	(12.5)	(1.9%)
Trade and other payables	1,855.9	2,155.3	(299.4)	(13.9%)
includes derivative instruments	*31.3*	*39.2*	*(7.9)*	*(20.2%)*
Liabilities to shareholders of the Parent Company related to dividend for 2019	-	415.7	(415.7)	(100.0%)
Liabilities due to tender offer for shares in Netia S.A.	-	548.0	(548.0)	(100.0%)
Income tax liability	171.0	128.9	42.1	32.7%
Total current liabilities	**4,003.5**	**5,274.4**	**(1,270.9)**	**(24.1%)**
Liabilities held for sale	1,284.2	-	1,284.2	n/a
includes lease liabilities	*803.1*	-	*803.1*	*n/a*
Total liabilities	**17,588.2**	**18,688.8**	**(1,100.6)**	**(5.9%)**
Total equity and liabilities	**32,954.5**	**33,115.0**	**(160.5)**	**(0.5%)**

Equity increased by PLN 940.1 million (+6.5%) to PLN 15,366.3 million as at March 31, 2021. This was the net effect of profit generated in the first quarter of 2021 in the amount of PLN 390.4 million and the reversal of the liability recognized as at December 31, 2020 in relation with the tender offer for shares of Netia S.A., which resulted in re-recognition in equity of the value of non-controlling interest.

Total liabilities decreased by PLN 1,100.6 million (-5,9%) and amounted to 17,588.2 million as at March 31, 2021, out of which current liabilities amounted to PLN 4,003.5 million and non-current liabilities were PLN 12,300.5 million (constituting 22.8% and 69.9% of total liabilities, respectively). When compared to the end of December 2020, the value of our current liabilities decreased by PLN 1,270.9 million (-24.1%) while non-current liabilities decreased by PLN 1,113.9 million (-8.3%), which resulted from the transfer of liabilities held for sale into a separate balance sheet item in connection with the planned disposal of Polkomtel Infrastruktura, the owner of the mobile part of Polsat Group's telecommunication network. Moreover, the settlement of the dividend for 2019 and the completion of the tender offer for shares of Netia S.A. reduced the value of short-term liabilities by a total of PLN 963.7 million.

In connection with the planned disposal of our subsidiary Polkomtel Infrastruktura and the transfer into a separate balance sheet item of liabilities held for sale, which also include lease liabilities, as at March 31, 2021 the value of **lease liabilities** (short- and long-term) was lower by PLN 836.9 million (-53.2%) compared to December 31, 2020.

The value of **trade and other payables** decreased by PLN 299.4 million (-13.9%) as at March 31, 2021 compared to the end of December 2020. This decrease was driven primarily by lower value of trade payables which resulted from the settlement of a part of payments related to investment outlays carried during the fourth quarter for 2020, as well as the transfer of liabilities held for sale into a separate balance sheet item.

As at March 31, 2021, we recorded an increase in **income tax liabilities** by PLN 42.1 million (+32.7%) compared to their level as at December 31, 2020. This increase was mainly due to the statutorily prolonged time limit for settlement of the corporate income tax for 2020 due to the COVID-19 state of epidemic.

Contractual obligations

Commitments to purchase programming assets

As at March 31, 2021 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

[mPLN]	March 31, 2021 (unaudited)	December 31, 2020
within one year	224.7	182.9
between 1 to 5 years	505.8	315.6
more than 5 years	39.4	45.1
Total	**769.9**	**543.6**

The table below presents commitments to purchase programming assets from related parties not included in the consolidated financial statements:

[mPLN]	March 31, 2021 (unaudited)	December 31, 2020
within one year	49.1	22.1
between 1 to 5 years	-	0.2
Total	**49.1**	**22.3**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements for the production and purchases of the property, plant and equipment was PLN 386.7 million as at March 31, 2021 (PLN 313.2 million as at December 31, 2020). The total amount of contractual liabilities resulting from agreements for the purchases of intangible assets was PLN 145.3 million as at March 31, 2021 (PLN 64.9 million as at December 31, 2020).

Future contractual obligations

As at March 31, 2021 and December 31, 2020 the Group had future liabilities due for transponder capacity agreements. The table below presents future payments (total):

[mPLN]	March 31, 2021 (unaudited)	December 31, 2020
within one year	127.2	126.0
between 1 to 5 years	477.1	503.9
more than 5 years	-	-
Total	**604.3**	**629.9**

3.2.4. Cash flow analysis

The table below presents selected data from the consolidated cash flow statement for the three-month periods ended March 31, 2021 and March 31, 2020.

[mPLN]	for three months ended March 31		change	
	2021	2020	[mPLN]	%
Net profit	390.4	183.8	206.6	112.4%
Net cash from operating activities	889.0	778.8	110.2	14.2%
Net cash used in investing activities	(374.2)	(364.0)	(10.2)	2.8%
Capital expenditures	*(335.5)*	*(307.4)*	*(28.1)*	*9.1%*
Net cash from financing activities	(612.0)	(30.0)	(582.0)	(>100%)
Net increase/(decrease) in cash and cash equivalents	(97.2)	384.8	(482.0)	n/a
Cash and cash equivalents at the beginning of the period	1,365.8	753.1	612.7	81.4%
Cash and cash equivalents at the end of the period	1,158.8	1,140.8	18.0	1.6%

Net cash from operating activities

Net cash from operating activities amounted to PLN 889.0 million in the first quarter of 2021 and increased by PLN 110.2 million (+14.2%) YoY. The increase in net cash from operating activities was impacted by higher EBITDA generated in the first quarter of 2021 combined with lower engagement of working capital which resulted, among others, from a lower value of equipment sold to our customers in the analyzed period. The above mentioned factors compensated for the negative impact of higher income tax paid.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 374.2 million in the first quarter of 2021 and increased by PLN 10.2 million (+2.8%) YoY.

Capital expenditures on the purchase of property, plant and equipment, and intangible assets amounted to PLN 335.5 million in the first quarter of 2021 and increased by PLN 28.1 million (+9.1%) YoY. In the first quarter of 2021, capital expenditures included, in particular, the deployment of the 5G network based on the 2600 MHz TDD band, expansion of fiber optic cables, radio links and transmission nodes, and expenditures related to the continued project of complex modernization and exchange of the IT environment of the Group, as well as costs related to the construction of a data center by Netia and the construction of an office building complex at Puławska St. in Warsaw. At the same time we also invested in the development of our media segment, including, among others, Internet projects, set-top boxes and the development of functionalities of applications and streaming platforms (IPLA, Cyfrowy Polsat GO), the purchase of an outside broadcast van, TV studios' equipment, the prolongation of a broadcasting license for our Polo TV station and we also successively exchanged our car fleet and the interior design of our points of sales, and incurred other administrative expenses.

Net cash used in finance activities

Net cash used in financing activities amounted to PLN 612.0 million in the first quarter of 2021, up by PLN 582.0 million YoY. The increase of this item in the first quarter of 2021 was mainly owing to the payout of the second tranche of the dividend for 2019 in the amount of PLN 415.7 million.

3.2.5. 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.

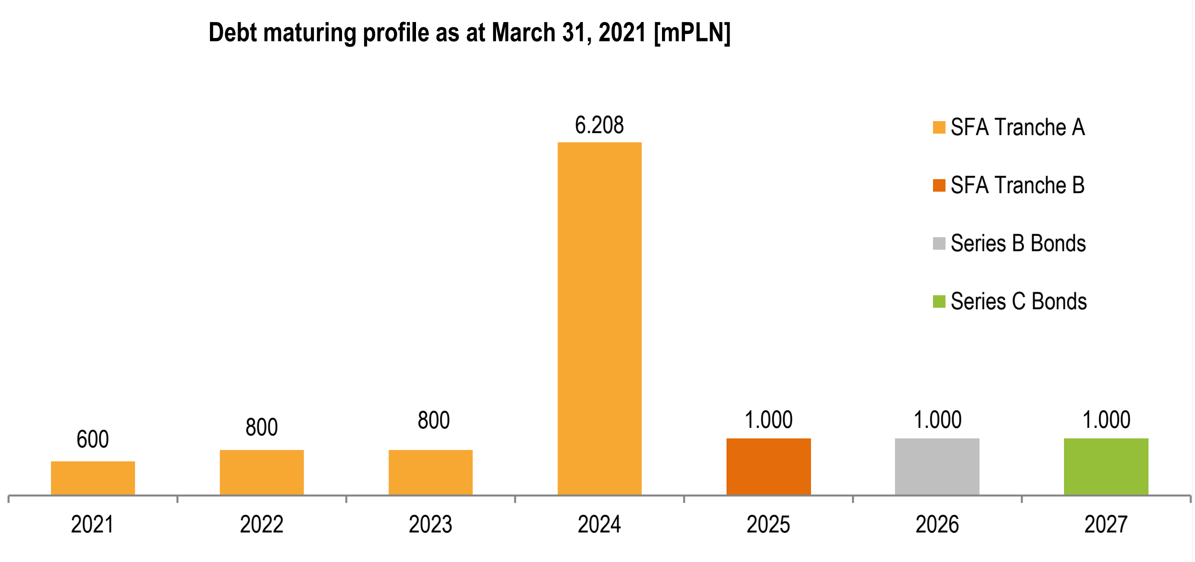
We believe that our cash balances and cash generated from our current operations, as well as funds available under our revolving facilities (described below) should be sufficient to satisfy the future needs related to our operating activities, development of our services, service of our debt as well as for the execution of a majority of investment plans in the field of the Company's activity.

The table below presents a summary of the indebtedness of the Group as at March 31, 2021.

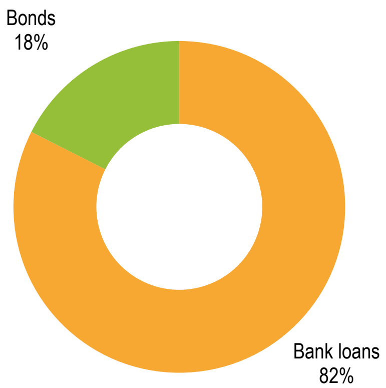
[mPLN]	Balance value as at March 31, 2021	Coupon / interest / discount	Maturity date as at March. 31, 2021
SFA (Tranche A and B)	9,308.8	WIBOR + margin	Tranche A - 2024 Tranche B - 2025
Revolving Credit Facility (RCF)	335.0	WIBOR + margin	-
Series B and C Bonds	1,998.4	Series B - WIBOR + 1.75% Series C - WIBOR + 1.65%	Series B – 2026 Series C – 2027
Leasing and other[1]	1,544.7	-	-
Gross debt	**13,186.9**	-	-
Cash and cash equivalents[2]	(1,267.3)	-	-
Net debt	**11,919.6**	-	-
EBITDA LTM[3]	4,293.8	-	-
Total net debt / EBITDA LTM	**2.78x**	-	-
Weighted average interest cost[4]	-	1.8%	-

(1) This item includes lease liabilities which were recognized separately as part of the liabilities held for sale.
(2) This item comprises cash and cash equivalents, including restricted cash, as well as short-term deposits. Also includes cash and cash equivalents presented in the balance sheet as assets held for sale.
(3) In accordance with the requirement of the SFA, the EBITDA LTM calculation is based on adjusted EBITDA for the second, third and fourth quarter of 2020, i.e., without COVID19 related costs, including donations.
(4) 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 March 31, 2021 assuming WIBOR 1M of 0.18% and WIBOR 6M of 0.25%.

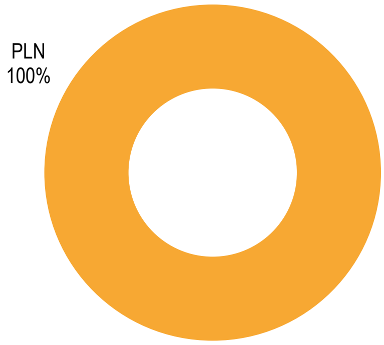
The graphs below present the aging balance of the Group's debt as well as its structure according to instrument type and currency (expressed in nominal values and excluding the indebtedness under the RCF and leasing) as at March 31, 2021.



Debt strucutre by instrument type
as at March 31, 2021



Debt structure by currency
as at March 31, 2021



In order to reduce exposure to interest rate risk related to interest payments on the SFA, as amended, based on a floating rate, we actively apply hedging strategies based on derivative instruments, swaps (IRS) in particular. As at March 31, 2021, transactions hedging the WIBOR interest rate changes, opened by companies from the Group and maturing in different periods in the years 2021-2023, amounted to a maximum of PLN 3,250.0 million.

The description of significant financing agreements executed by the Company and the Group companies, which remain in force as at the date of publication of this Report is presented in item 4.4.5. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2020.

Ratings

The table below presents a summary of ratings assigned to Polsat Group as at the date of publication of this Report.

Rating agency	Rating / perspective	Previous rating / perspective	Rating/outlook date	Last review date
Moody's Investor Service	Ba1 / stable	Ba2 / positive	11.06.2019	10.02.2020
S&P Global Ratings	BB+/ positive	BB+/ stable	18.12.2018	04.03.2021

On March 4, 2021, S&P Global affirmed the Group's rating at BB+ with a positive outlook. In the rationale S&P Global stated that the transaction to sell mobile infrastructure, which was announced on February 26, 2021, created an opportunity to execute on the Company's strategy aimed at reducing net debt/ EBITDA ratio to less than 2.0x by the end of 2024. In parallel, S&P Global pointed out that the final view on the transaction and its impact on the Company's results and credit ratios is not certain and depends on many factors, such as, among others, the use of resources and specific terms of the Master Services Agreement with Cellnex. The agency maintained its opinion that convergent services support higher ARPU levels, which translates into stable growth of revenue and EBITDA. Moreover, the agency underlined in its release that it expects positive impact from the upselling of 5G services, given a delay in the 5G frequency auction.

The positive outlook indicates that the Group's rating could be upgraded over the next few quarters if the transaction to sell mobile infrastructure of the Group would translate into a decline of the adjusted debt to EBITDA ratio below 3.0x (according to S&P's methodology) coupled with free operating cash flow to debt approaching 15%. Rating uplift would also depend on S&P Global's view of the impact on the Company's debt ratio and business risk profile following the transaction. On the other hand, a downward revision of the outlook from positive to stable could occur if the Group's adjusted debt to EBITDA remains above 3.0x (according to S&P's methodology) post transaction closing, which could stem from the significant increase in lease liabilities to more than offsets any potential deleveraging.

On July 8, 2020, Moody's Investors Service issued an update to its credit opinion about the Group, without changes in the rating or the outlook (i.e., the corporate family rating (CFR) at Ba1 with stable outlook). In its justification Moody's stated that the rating of the Group reflects in particular: (1) its market leading positions in pay TV, online video, and fixed and mobile telephony and broadband services; (2) the benefits of being an integrated media and telecommunications group with a fully convergent commercial proposition; (3) its public commitment to reach a net debt/EBITDA leverage of 1.75x over the medium term; and (4) strong and stable free cash flow generation. Moreover, the Group's credit rating also reflects: (1) high leverage following the acquisition of Asseco Poland S.A. and Interia Group; (2) its broadly stable operational performance despite lower-than-expected GDP growth in Poland; (3) Moody's expectation of a 10% decline in the TV advertising market in 2020 as a result of the coronavirus outbreak; and (4) the Group's concentration in Poland, a very competitive market. In Moody's opinion, positive rating pressure is unlikely in the medium term given the Group's small scale relative to similarly-rated peers, its concentration in Poland, and its high, in S&P's opinion, leverage. However, overtime, positive pressure could emerge if the Group demonstrates sustained revenue, EBITDA and margin improvement, and continues reducing debt. On the other hand, negative rating pressure could be exerted as a result of a material weakening of its operating performance or increased debt levels above certain indicators defined by Moody's.

3.2.6. 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 until the date of publication of this Report:

(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, Polkomtel Infrastruktura Sp. z o.o. (formerly PL 2014 Sp. z o.o.) 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 49.48% of the share capital of the company.

(vi) financial and registered pledges on shares in Polkomtel Infrastruktura Sp. z o.o. (formerly PL 2014 Sp. z o.o. with a total nominal value of PLN 29,494,600), 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 approximately 28.50% of the share capital of the company.

(vii) 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, Polkomtel and Polkomtel Infrastruktura Sp. z o.o. (formerly PL 2014 Sp. z o.o)., governed by Polish law.

(viii) 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., Polkomtel Infrastruktura Sp. z o.o. (formerly PL 2014 Sp. z o.o.) and Plus Flota Sp. z o.o., governed by Polish law.

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

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

(xi) 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.

(xii) 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.

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

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

(xv) 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.

(xvi) 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.

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

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

(xix) 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.

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

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

(xxii) statements of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k., Telewizja Polsat, Polkomtel and Polkomtel Infrastruktura Sp. z o.o. (formerly PL 2014 Sp. z o.o.) on the submission to enforcement on the basis of a notarial deed, governed by Polish law, and

(xxiii) 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).

4. Other significant information

4.1. Transactions concluded with related parties on conditions other than market conditions

Transactions with parties related to Polsat Group in the three-month period ended March 31, 2021 have been concluded exclusively on market conditions and are described in Note 19 of the condensed consolidated financial statements for the three-month period ended March 31, 2021.

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

Cyfrowy Polsat Group had not published any financial forecasts.

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

Management believes that the provisions as at March 31, 2021 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

Proceedings before the Office of Competition and Consumer Protection (UOKiK)

On December 30, 2014 the President of UOKiK issued a decision ending investigations related to Polkomtel's alleged practices which infringed upon the collective interests of consumers by not providing its telecommunication clients (which entered into a written agreement) with terms and conditions of the preferential sales offer as well as not informing about the termination of the preferential sales offer. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 6.0 million. The company appealed to SOKiK against the decision. On March 5, 2018, SOKiK issued a decision where the penalty has been annulled and dismissed the appeal in the remaining scope. Both parties appealed to the Court of Appeals in Warsaw. The Court of Appeal annulled in full the verdict of the first instance court and returned the case back to the first instance court. On April 1, 2021 SOKiK dismissed Polkomtel's appeal.

On December 30, 2016, the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel 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 and Polkomtel were charged with a penalty in the amount of PLN 5.3 million and PLN 18.4 million, respectively. The Group appealed to SOKiK against the decision. On June 18, 2019, SOKiK annulled the decision of the President of UOKiK in relation to Polkomtel. The President of UOKiK appealed against the SOKiK verdict. On August 7, 2019, the court dismissed the appeal of Cyfrowy Polsat. The Company appealed against the decision. Pursuant to the Court of Appeals verdict from March 11, 2021, the Company paid a penalty of PLN 5.3 million on March 26, 2021. The Company intends to file a cassation appeal to the Supreme Court.

The legal dispute in respect to the telecommunication concession

There is a pending legal dispute in respect to the telecommunication concession for the 1800 MHz frequency granted in 2007 to Mobyland Sp. z o.o. (currently Aero 2 Sp. z o.o.) and CenterNet S.A. (currently Aero 2 Sp. z o.o.). Proceedings to invalidate the 1800 MHz frequency allocation tender have been instigated by T-Mobile and Orange. Supreme Administrative Court (NSA), in its ruling dated May 8, 2014, sustained the decision of the Court of First Instance and repealed the decision issued by the President of the Office of Electronic Communications (UKE) on September 23, 2011 which partially invalidated the above mentioned tender. Following the decision of the Supreme Administrative Court, UKE informed that "the decisions regarding re-running the tender will be taken by the Office upon careful analysis of the written justification of NSA's rulings and the Court's guidelines regarding further procedure as well as upon analysis of the legal situation". UKE also stated that the 'reservation decisions issued by UKE President remained valid while the operators could continue providing their services while using these frequencies'. On December 23, 2016 President of UKE notified the parties that the tender annulment proceedings relating to the 1800 MHz frequency have been adopted. Pursuant to the decision dated August 4, 2017 President of UKE notified the parties that the tender dated 2007 has been annulled. On October 13, 2017 Aero 2 Sp. z o.o. (a successor of CenterNet S.A. and Mobyland Sp. z o.o.) filed a motion to reconsider the decision of the President of UKE dated August 4, 2017 concerning the annulment of the tender procedure. On January 31, 2018 the President of UKE upheld its decision dated August 4, 2017. On March 7, 2018 Aero2 filed a complaint with the Provincial Administrative Court in Warsaw, on October 4, 2018 complaint was dismissed. On December 27, 2018, Aero2 filed a cassation appeal against judgment. The case is awaiting the appointment by the NSA.

The decision issued by UKE President does not affect reservation decisions issued following the administrative tender. In accordance with President of UKE's press release, these reservation decisions remain valid and telecommunication operators may continue to provide their services based on these reservation decisions. In management's opinion this issue should have no negative impact on the results and financial condition of the Group. Accordingly, no valuation adjustment has been made in these consolidated financial statements.

In the proceedings instigated by T-Mobile Polska, the President of UKE resumed the proceedings which were terminated on April 23, 2009 by the issuance of a final decision by the President of UKE which sustained the decision of the President of UKE dated November 30, 2007 concerning the frequency reservation in the 1710-1730 MHz and 1805-1825 MHz range. Under these proceedings, in the decision dated November 28, 2017 the President of UKE refused, after resuming the proceedings, to annul the reservation decision of the President of UKE dated April 23, 2009. This decision was upheld by the decision of the President of UKE dated June 4, 2018. In connection with complaints filed against this decision, in the ruling of March 11, 2019 the Voivodship Administrative Court in Warsaw annulled the decision of the President of UKE dated June 4, 2018. Aero 2 filed a cassation appeal against the judgment, which is awaiting the consideration by the NSA.

On October 4, 2018, T-Mobile Polska filed a complaint with the Voivodship Administrative Court in Warsaw against the announcement dated September 5, 2018 issued by the President of UKE in respect to the activities necessary to remove the breach constituting the reason for invalidating two frequency reservations (each including 48 duplex radio channels with a duplex spacing of 95 MHz each, ranges 1710-1730 MHz and 1805-1825 MHz). On November 20, 2018, Voivodship Administrative Court in Warsaw rejected the complaint of T-Mobile Polska S.A. On July 4, 2019, the Supreme Administrative Court annulled the decision of the Voivodship Administrative Court in Warsaw dated November 20, 2018, as a result of a cassation appeal filed by T-Mobile Polska. On August 18, 2020, the announcement of the President of UKE dated September 5, 2018 was considered ineffective by the Voivodship Administrative Court in Warsaw. Aero 2 filed a cassation appeal against the judgment, which is awaiting the consideration by the NSA.

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 Cyfrowy Polsat 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.

The Management Boards of Cyfrowy Polsat and Sferia believe that the company has acted in accordance with the regulations, and thus there cannot be any consideration of an illegal state aid. Additional information will be provided in the course of further proceedings.

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 members 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. Other significant proceedings were described in item 5.5. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2020.

4.4. Factors that may impact our operating activities and financial results

4.4.1. Estimated impact of COVID-19 on operations and financial results of the Group

Due to the worldwide COVID-19 coronavirus pandemic, on March 20, 2020 a state of epidemic was introduced in Poland. In the fight against the spreading of the coronavirus, numerous measures adequate to the epidemic situation at the time were being implemented by the Polish government during the past several. These measures included, among others, closure of Polish borders for foreigners in the first half of 2020, restrictions on movement, organizing events and meetings, full or partial closure of education and childcare establishments, limitations with regard to catering, entertainment and functioning of shopping malls and the imposture of a quarantine.

When the state of epidemic was imposed in March 2020, we immediately took actions to assure business continuity and reduce the negative impact of the epidemic on our operations. Priorities included, and continue to include, in particular ensuring the safety of our employees as well as guaranteeing high quality of services provided to our customers.

Pandemic-related restrictions have, and shall continue to have in the future, a profound impact on the way in which societies and economies function worldwide. Based on the turn of events so far, we estimate that Polsat Group's business operations are relatively resistant to the adverse impact of the pandemic. Most of the operating activities of the Group companies rely on a business model involving a large base of contract customers, thanks to which the Group obtains stable and predictable revenue streams from subscription fees that translates into a strong positive cash generation.

The COVID-19 epidemic had a significant impact on our media segment. So far, the most significant negative impact from this factor was visible in the second quarter of 2020, when the TV advertising market recorded a 35% decline year on year. A rebound took place in the second half of 2020 thanks to advertisers returning to media but, nevertheless, its scale did not compensate in full for the previous decline. It should be noted that the resurgence of the epidemic (the so-called second wave) in the autumn has led to successive increasing of restrictions, which remained in force also in the first qarter of 2021 in connection with the emergence of the third wave of infections. In light of the above it can reasonably be expected that the advertising market might be adversely affected in the coming quarters, however, as of the date of publication of this Report, it is not possible to assess to what extent.

Estimated impact of the COVID-19 epidemic on operations in the B2C and B2B services segment

Data transmission and voice calls. Under the circumstances of the coronavirus threat and the resulting recommendations to stay at home and work or learn remotely, the significance of data transmission and voice services grew dramatically. Starting from mid-March 2020 the Group recorded a considerable increase in traffic in the telecommunications networks of its subsidiaries. In the whole year 2020, the customers of Plus and Cyfrowy Polsat transferred 1,518 PB of data in our mobile network, which represent an increase by 36% YoY and the highest result in the Group's history. In the first quarter of 2021 the volume of data transmission increased by 27% YoY reaching the level of 442 PB. Thanks to the efficient telecommunications infrastructure of Polkomtel and Netia as well as the implementation of modern technologies, we are able to provide our customers with full functionality and quality of operations in conditions of increased network traffic.

In our opinion, the coronavirus pandemic has clearly shown the importance of telecommunications services both in business and private lives and accelerated society digitalization trends. In particular, we believe that remote working and learning, entertainment at home (e.g., online video and gaming) and e-commerce will be successively gaining importance in the future, which should lead to increased consumption of telecommunications services, especially Internet access. Sustained high usage of our telecommunications services should impact favorably, in the mid- and long-term, the stream of our retail revenue.

International roaming. Starting from the second quarter of 2020 we recorded a significant decrease in retail revenue from individual and business customers from international roaming, which was related initially to closed borders and in the next months to imposed restrictions in movement. The re-opening of the borders from mid-June 2020 did not result in foreign tourism returning to the same extent as before the coronavirus epidemic. Given the votality of the pandemic worldwide, it seems unlikely that international tourist traffic will return in the nearest quarters to its level from the time before the pandemic, hence it can reasonably be expected that the impact of the epidemic on roaming revenue will remain negative.

Wholesale services. Owing to higher voice traffic levels the Group recorded a significant increase in the scale of interconnect settlements, which was positively reflected in the level of ARPU. On the other hand, materially higher voice traffic also translated into an increase in costs associated with the purchase of traffic from other operators. We expect that the positive influence of higher interconnection traffic will be gradually declining in the coming quarters, along with a steady decrease of voice traffic, to a level similar to that prior to the outbreak of the epidemic.

Net additions and churn. The state of epidemic and related restrictions, especially the closing of shopping malls and social distancing, had a substantial impact on the functioning of our sales network in the spring of 2020. In the first weeks of the epidemic, approximately 65% of the Group's points of sales (POSs) were operational, however customer traffic in the open POSs was significantly lower than in the past. Simultaneously, we made efforts to intensify sales via remote sales channels, which recorded significant growth of customer traffic and sales and partially compensated for the lower number of transactions concluded via the physical points of sale.

In the second quarter of 2020 sales in remote channels did not fully compensate for the lower number of transactions concluded via the physical points of sale, which adversely impacted the levels of new services sold and customer adds as well as the number of customers porting their mobile numbers from other operators (so-called MNP – *mobile number portability*).

On the other hand, the number of resignations from existing customers fell significantly, which had a positive influence on churn. In the third quarter of 2020 trends in physical sales channels returned to the levels recorded prior to the epidemic. Nevertheless, starting from the turn of the third and the fourth quarter, we have been observing a change in the behavior pattern of customers, who visit physical points of sale less often despite full accessibility of our sales network, however with a clear agenda (less window-shoppers), which could have been observed also in the first months of 2021. If the current trend continues, it may translate into lower sales and lower churn in the quarters to come, depending on the scale and the duration of the potential next waves of the epidemic.

Moreover, it can be expected that the continuing state of epidemic may accelerate conversion of sales processes in the sector towards a steadily increasing share of remote channels.

End-user equipment. At the time of partial closure of the physical sales network in spring 2020 we observed a temporary slowdown in equipment sales, smartphones in particular, which was largely offset by high sales levels following the re-opening of the physical points of sales. In the third quarter of 2020 we recorded strong sales of end-user equipment, in accordance with our initial assumptions. However, at the turn of the third and the fourth quarter of 2020, we observed a change in the behavior pattern of customers, who visit physical points of sale less often despite full accessibility of our sales network, however with a clear agenda (less window-shoppers). In turn, in the first months of 2021 restrictions in access to shopping malls were reintroduced. If these restrictions continue, it may translate into lower sales of equipment in the quarters to come. Furthermore, it cannot be excluded that potential weakening of the labor market and related potentially lower consumer demand may in turn reduce the demand for modern end-user equipment.

Estimated impact of the COVID-19 epidemic on operations in the media segment: television and online

The advertising market, including the TV advertising segment, has suffered severely from the coronavirus pandemic. In the second quarter of 2020, during which pressure had been the strongest so far, the TV advertising market shrunk by 35% year on year. Starting from June 2020 an improving market sentiment could be clearly observed, which translated into a slower pace of decline on the advertising market. In the third quarter of 2020 TV advertising revenue decreased by 2.2% quarter on quarter while in the fourth quarter TV ad revenue recorded a 2.4% growth quarter on quarter. According to the initial estimates of Publicis Group, in the first quarter of 2021 the TV advertising market recorded a decrease by 1.3% year on year and it can reasonably be expected that the successively increasing restrictions related to the potential next waves of the epidemic may have a negative impact on the value of the advertising market and consequently on our stream of revenues derived from advertising. If the scale and duration of the next waves of the epidemic are closer to the negative scenarios, a negative impact on the TV advertising market from this factor can be expected also in 2021.

Since the beginning of the epidemic we have recorded an increase in viewership of certain of our television channels, especially our news station, as well as news programs and children programs. In parallel, the overall consumption of television content grew due to the search for pastime at home. According to data of Nielsen Audience Measurement in the first quarter of 2021 the situation returned broadly to normal and the average daily time for watching television in Poland was 4 hours and 35 minutes, which is by approximately 6 minutes shorter compared to the corresponding period of last year.

In the second quarter of 2020 a number of sports events, to which the Group held broadcasting rights, were postponed. After the easing of restrictions, most of them took place, however with limitations which resulted from regulations concerning the safety of sports events. We cannot exclude that the continued pandemic would lead to the re-suspension of certain sports events to which we hold broadcasting rights.

Taking into account the health and safety of artists and employees involved in TV production, in March 2020 Telewizja Polsat decided to withhold production of selected shows, which translated into lower than planned content costs during the preparation of the spring scheduling. After easing off the restrictions, Telewizja Polsat launched content production for the autumn scheduling while implementing all necessary precautions with regard to personal safety of the staff involved. We were able to execute the planned spring scheduling in 2021 without major obstacles. However, we cannot exclude that possible restrictions imposed in connection with potential next waves of the epidemic will interfere with TV Polsat's production plans in the coming quarters.

Estimated impact of the COVID-19 epidemic on liquidity and capital management

In connection with interest rate cuts by a total of 140 basis points, introduced by the National Bank of Poland in 2020, we are achieving significant savings in the area of financial costs. The Group's entire debt is PLN-denominated and based on WIBOR variable interest rates, with the Group companies employing mid-term hedging instruments for up to approximately 30% of the interest rate exposure.

As at the date of publication of this Report, the Group maintains a high level of liquidity and generates high positive cash flows. As a result, the Group is pursuing planned capex projects without any hindrance and exercising dividend payouts as originally planned.

We emphasize that the above factors have been presented according to our best knowledge as at the date of this Report. The impact that the COVID-19 epidemic may have on our operations and financial situation will depend on the duration of the pandemic and its further development, in particular the scale and ultimate impact of the epidemic on the economy, as well as further potential measures that the Polish government may impose.

4.4.2. Factors related to social-economic environment

Economic situation in Poland

Macroeconomic trends in the Polish economy as well as the global market conditions have thus far affected the operations and operating results of Polsat Group, and are expected to continue affecting them in the future. The key factors affecting 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, unemployment rate, dynamics of salaries in real terms, household consumption, and capital expenditure incurred by enterprises.

The dynamics of events related to the coronavirus pandemic makes forecasting of the economic situation in Poland and worldwide highly uncertain. The initial data for 2020 signal a global economic downturn. In case of Poland, the estimated GDP decline ranges from 2.8% (GUS, Statistics Poland) to 3.5% (the OECD), while for 2021 it is forecasted that Polish GDP will return to a clear growth path.

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 a saturated market.

The high level of competition and the dynamically evolving market environment (including consolidation processes on the satellite and cable TV markets 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 loyalty building.

Taking into consideration changes in our market environment and the growing importance of convergence, we offer TV services in fixed-line IPTV technology (a closed network) and OTT (over-the-top, an open network which enables access to television channels via Internet delivered by any service provider). Thus, our customers may use our pay TV services through an optimal - from their point of view - technology of TV signal delivery: via satellite or cable. In case of the OTT television, they also have the possibility to activate and/or change selected programming packages in a flexible way. In addition, our subsidiary Netia offers its customers IPTV services under the "Telewizja Osobista" brand.

We believe that at present our programming packages offer the best value-for-money 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 at an early stage of development 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 broadband links on the market. The launch of services by global players, such as Netflix or Amazon Prime, is proof that Poland is considered an attractive market. During the coronavirus epidemic, due to the closing of cultural and entertainment establishments, some film producers and distributors decided to modify their distribution plans with regard to film premieres and new titles by making them available in the Internet shortly after their movie debut. Therefore, the situation caused by the coronavirus has deepened the existing trend of consuming film content at leisure and on various devices. In our opinion, this trend may be sustained after the end of the epidemic. We systematically develop our services which consist in providing our customers with content on demand – our VOD rental service, the leading online television in Poland, IPLA, as well as our Cyfrowy Polsat GO online service which allows access to content on mobile devices anytime and anywhere. These products are complementary to our core business in the field of pay TV and allow us to broaden our content distribution channels.

We also develop customer equipment for pay TV services, manufactured by us, in order to widen the distribution of our services beyond a traditional model of satellite TV access. Along with the implementation of pay TV services in IPTV technology (in March 2019) and in the OTT open network (in July 2019) we have introduced to the market our own set-top boxes which are dedicated to those services.

Development of the advertising market in Poland

A significant part of our wholesale revenue comes from the sale of advertising airtime and sponsoring slots on our TV channels. Demand for advertising airtime is highly correlated with the macroeconomic situation. Assuming a gradual phasing out of the negative economic effects caused by the COVID-19 pandemic, and thus a return of the Polish economy to positive GDP growth dynamics in the years 2021-2022 (forecasted by the World Bank at 3.3% and 4.2% in respective years), we believe that continued growth of the Polish advertising market can be expected.

In our opinion, television will remain an effective advertising medium, and given the relatively low level of advertising expenditures in Poland as a percentage of GDP and per capita in comparison to other European markets, we believe there is still growth potential for TV advertising in Poland in the long term. Furthermore, the economic growth assumed in the years 2021-2022 is likely to impact positively the scale of advertisement spending in Poland. It is worth noting that despite the growing importance of new media, it is forecasted that television will remain an attractive and popular pastime mainly thanks to new technical opportunities which include an increasing number of HD channels and growing popularity of VOD, as well as thanks to a growing number of smart-TVs.

Prospects of the online advertising market are also positive. According to the IAB AdEx report, in 2020 online advertising expenditures increased at a rate of 4.9% YoY and reached the value of PLN 5.2 billion. This was principally the result of good second half of the year in which the market rebounded after the breakdown from the beginning of the pandemic. The two main segments of the online advertising in which we are present, i.e., display and video, were responsible for nearly 46% of total expenditures on the online advertising market and their total value increased by 3% YoY (+2.7% in display and +3.4$ in video). We believe that following the acquisition of Interia Group and thus gaining a leading position on the online advertising market we can benefit from the growth of this promising advertising market segment.

Growing importance of thematic channels

Main general entertainment channels (FTA) are experiencing a gradual decline in audience shares as a result of the high penetration level of the Polish market by pay TV which provides viewers with an increasingly greater selection of thematic channels, as well as an offer of channels available via digital terrestrial television (DTT). According to data published by Nielsen Audience Measurement, in 2020 the total share of the four leading channels (POLSAT, TVN, TVP1 and TVP2) in the commercial group (16-49 years old) was 31.3%, while in 2019 it was equal to 35.6%.

In turn, the advertising market share of thematic stations and channels broadcast via terrestrial television multiplexes is consistently growing. In order to maintain total audience shares and advertising market shares, we focus on developing our thematic channels portfolio and increasing the attractiveness of the content offered to our viewers. From that point of view, the initiation of cooperation and acquisitions in the field of thematic TV channels, made by the Group from 2017 to 2020, are perfectly in line with the Group's long-term strategy to maintain a strong market presence, measured by viewership results, on an increasingly fragmented market. The channels Eska TV, Eska TV Extra, Eska Rock TV, Polo TV and Vox Music TV, acquired in December 2017, significantly strengthen the music programming in Telewizja Polsat. Moreover, in June 2018 we included Superstacja, a news channel, and in May 2019 TV Okazje, a telesales channel, into our thematic channels portfolio. In September 2020 we increased our capital engagement in Nowa TV and Fokus TV channels, becoming their sole owner and, at the same time, strengthening our position among the channels available via digital terrestrial television.

We pay a lot of attention to creating a strong sports offering for our viewers. An important step in strengthening our position in this field consisted in starting strategic cooperation with Eleven Sports in Poland in May 2018. By taking control over its Polish company, Eleven Sports Network, we included premium sports content of the highest quality in our retail and wholesale offering. This represented yet another strategic investment aimed at consistent creating of the best programming offering for our viewers.

In July 2018, we introduced to our offering the TV package "Polsat Sport Premium", thanks to which football fans are able to enjoy live coverage of all the UEFA Champions League matches as well as watch the UEFA Europa League games for three consecutive seasons (until the 2021/2021 season). The package consists of two Super HD channels, i.e. Polsat Sport Premium 1 and Polsat Sport Premium 2, as well as 4 premium PPV services. In parallel, bearing in mind these football games in particular, Polsat launched the most advanced and the biggest sports studio in Poland, allowing football fans to receive complete setting for the matches, in the highest visual quality and with an excellent journalist and reporter team of Polsat Sport. In March 2021 we extended the rights to air the football games of the UEFA Champions League for another three seasons (2021-2024).

Growing importance of convergent services

Convergence, understood as a combination of at least two services from different base groups of telecommunication 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, finalized by the Group in May 2018, can serve as an example of such a consolidation in Poland. Thanks to this transaction 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. Based on Netia's infrastructure, we introduced to sales a fixed-broadband access service branded as 'Plus Internet Stacjonarny,' which was subsequently expanded with the possibility to provide it on the lines of other operators who grant Netia access to their infrastructure based on wholesale terms. In turn, in the first quarter of 2019 we launched cable TV in IPTV technology, a service available to customers using fixed-line Internet offered by Plus, Netia and Orange networks. The next phase in the Group's development was the implementation, in July 2019, of the OTT television service which can be accessed via the Internet delivered by any service provider.

The introduction of the new Internet television services to our offering represents the next stage of development of our Group as well as our response to the ever changing needs and expectations of our customers, who can now choose themselves the most convenient form of content delivery.

Changes within the area of convergent services also apply to our competitive environment.

Changes in ownerships and partnerships in our competitive environment

Orange Polska. In April 2021, Orange Polska informed that it established a joint venture with APG Group, a Dutch pension fund, in order to develop a fiber optic network reaching approximately 1.7 million households, mostly in the areas with a low or medium level of competition. The network will be constructed by Światłowód Inwestycje, a company controlled jointly by Orange Polska and APG (50/50). Orange Polska will contribute to the company the existing telecommunications links to approximately 0.7 million households and will purchase wholesale access to approximately 160 thousand of its customers present in these areas. The network would be open to all operators while Orange Polska will be providing to Światłowód Inwestycje such services as, among others, management of network roll-out and maintenance as well as lease of network elements to the joint venture.

[We are of the opinion that] The construction of the open fiber optic network by Światłowód Inwestycje may create a chance for certain telecommunication or pay TV operators to strengthen their convergent offers.

T-Mobile Polska. In July 2018, T-Mobile Polska and Orange Polska signed an agreement based on which T-Mobile provides its customers with broadband services through part of Orange's fiber optic network. The offer of convergent services for residential customers which comprises voice service, OTT television services of Netflix and IPLA, and fiber optic Internet access was launched at the end of June 2019.

From 2020 the operator also provides convergent services relying on access to fiber-optic networks of Inea and Nexera.

Play. In July 2019, Play informed about an agreement with Vectra, a cable TV operator, which enabled Play to offer fixed-line broadband Internet access. The service was launched in April 2020. Moreover, Play acquired 3S S.A., an operator who owns a fiber optic network spanning approximately 3.8 thousand kilometers in the region of Upper Silesia and six data center clasters. The transaction supports migration of Play's transmission network, connecting its base stations, to a technology based on fiber-optic communications which, according to the operator, is related to the implementation of the 5G standard. In August 2020, Play finalized the acquisition of Virgin Mobile Polska, a virtual operator (MVNO), who was thus far operating on Play's infrastructure.

In November 2020, Iliad, a French telecom operator, took control over Play. According to Iliad's declarations, the new owner plans to focus on developing convergent services, however a detailed business model of the execution of the above mentioned strategy has not been disclosed yet.

UPC Polska. In July 2019, UPC Polska launched a new MVNO offering and announced the start of the era of convergent services. Besides pay TV, Internet access and fixed-line telephony the operator offers mobile services in an MVNO model to its residential and business customers in cooperation with Play.

From October 2020, UPC Polska provides services based on the fiber-optic networks built by the wholesale operator Nexera within the EU-funded Operational Program Digital Poland (POPC, *Progam Operacyjny Cyfrowa Polska*).

Cable network operators. The fragmented Polish cable network market, which comprises around 300 operators according to PMR estimates, is undergoing consolidation. An example of the process is the acquisition by Vectra, the no. 2 operator in terms of size, of Multimedia Polska which is the no. 3 cable player on the market. In February 2020, Vectra informed of the finalization of this transaction, which will enable it to offer services to 1.7 million subscribers, with as many as ca. 4.4 million households within its network coverage footprint. Both Vectra and Multimedia Polska offer access to television, Internet and telephony services. Since UOKiK issued its consent to the merger conditional on the sale of parts of the network together with the customer base in eight cities where the two companies' shares were the biggest, it can be expected that the transaction will offer an opportunity for other players to acquire parts of the infrastructure with a view to developing their own convergent offers.

Earlier, the Polish cable network market saw similar acquisitions but on a smaller scale, executed by, among others, Orange, Vectra and Netia. In particular, at the turn of 2019 and 2020 Netia acquired two local cable network players. We expect that the consolidation trends on the cable network market will continue in the years to come.

Changes in pricing of mobile services

A significant event on the mobile telephony market in the years 2019 -2020 was the introduction of modifications to the retail pricelists for services which consisted in increasing monthly fees in exchange for higher data transmission packages (the more-for-more pricing strategy), cancelling selected low-end tariff plans or increasing rates for connections made above the packages. These changes were associated, among others, with increased demand for data transfer, a more stable competitive situation on the mobile market and a shift in strategies of certain operators towards greater than in the past focus on building customer value and fostering revenue and profitability, which were related, among others, with the planned investments in 5G network construction.

The gradual launch of 5G networks will also enable operators to apply different prices to offers based on the latest technology, that ensures a definitely higher comfort of using mobile services. 5G technology allows to obtain speeds which ultimately can exceed 1 Gb/s while minimizing latency. At the same time, it will ensure a significantly larger capacity of newly built networks, translating into a higher number of end-user equipment which can simultaneously use data transfer in a comfortable manner. However, intensive usage of 5G technology will require larger data packages, which will be offered in higher-end tariff plan proposals.

In the beginning of 2021 Plus introduced new 5G pricelists, addressed to both individual and business customers, which offer larger data packages than those provided under 4G tariff plans at simultaneously increased prices (the "more-for-more" strategy). Customers are able to choose from among the Internet-and-voice as well as Internet-only subscriptions. The new 5G tariffs assure access to the network with maximum technical speed of 600 Mbps during the entire term of the contract.

We expect that the above mentioned changes, in connection with increasing demand for transfer in mobile devices and growing popularity of remote working and learning, shall translate favorably into the growth of the Polish mobile market in the medium- and long-term.

Demand for data transmission on smartphones

In Poland, the popularity of smartphones has been gradually growing. Currently, smartphones have almost completely replaced traditional handsets in our sales mix. Concurrently, there is an increasing interest in more and more technologically advanced devices, which ensure much higher comfort of using. In particular, in 2020 the first models of smartphones operating in 5G technology entered the Polish market. The prices of such devices, which were originally relatively high, decreased quickly and at present we already offer 5G devices priced at less than PLN 1,000.

The growing popularity of smartphones is reflected in increasing demand for data transfer in the small screen equipment segment. According to the estimates presented in the Ericsson Mobility Report of November 2020, the scale of data transmission in the Central and Eastern Europe region, to which Poland was classified, will increase from 7.5 GB per month in 2020 to 29 GB per month in 2026, driven also by increasing popularity of 5G technology.

We expect that the growing popularity and availability of smartphones which, combined with improving quality parameters of data transmission over our mobile network and the constantly expanded offer of applications and content for customers, shall continue to be the driving factor behind growing demand for data transmission services.

Implementation of 5G networks by mobile operators

In accordance with the European Digital Single Market strategy and guidelines of the European Commission, in 2020 there should have been a fifth generation (5G) telecommunication network operating in at least one city of each EU Member State. 5G is a new standard of mobile communications which is to enable the mobile technology to reach transmission speeds exceeding 1 Gbps while at the same time significantly reducing latency to as little as 1 millisecond. The technology is expected to speed up, among others, the development of the Internet of Things, telemedicine services, autonomous cars and intelligent cities. According to EU expectations, Member States should have wide network coverage in 5G technology by 2025.

The frequencies from the 700 MHz, 3.4-3.8 GHz and 26 GHz bandwidths have been designated for the purposes of development of 5G networks in Europe. At present, the processes of bandwidth allocation, depending on availability, are ongoing in respective European states.

On March 6, 2020, the Polish regulator, UKE, announced an auction for the spectrum reservation from the 3.4-3.8 GHz band thus starting the country's first allocation process in connection with deployment of the 5G network. The auctioned items were four blocks from the 3.6 GHz band with a width of 80 MHz each. The asking price per one block was set at PLN 450 million. Due to the state of epidemic announced on March 20, 2020, the auction process was suspended, with effect from March 31, 2020 until the cancellation of the state of epidemic. In turn, the 'Anti-Crisis Shield 3.0' act adopted by the Parliament on May 14, 2020 included provisions that gave ground to the cancellation of the 5G auction under discussion. The auction was formally cancelled in June 2020 and the reinitiation of the frequencies distribution process of is to be preceded by the development of guidances by the governmental body Cybersecurity Board (*Kolegium ds. Cyberbezpieczeństwa*). As at the date of publication of this Report there have not been any binding decisions with regard to the form, date or conditions, including coverage parameters and price, of distribution of frequencies from the 3.4-3.8 GHz band. From press statements of the President of UKE, who assumed this post in September 2020, it can be concluded that the conditions under the new auction may differ from those of the cancelled auction, in particular in the scope of coverage requirements and more stress on higher geographic diversification and quicker pace of construction.

As for the 700 MHz bandwidth, on October 28, 2019, representatives of Polish mobile operators, Exatel and the Polish Development Fund signed, in the presence of the Minister of Digital Affairs, a memorandum on initiating cooperation for analyzing the business models of implementation of 5G technology based on the 700 MHz bandwidth, for the purpose of constructing a unified infrastructure covering the whole territory of Poland. In accordance with the assumptions adopted for modelling, the unified infrastructure operating in the 700 MHz bandwidth would be owned by #POLSKIE5G, a special purpose vehicle in which the State Treasury, or a company partly owned by the State Treasury, would be the dominant entity. The parties to the memorandum assumed that the State Treasury would provide the 700 MHz bandwidth and access to passive infrastructure on owned real estate, while private entities would provide the passive and active infrastructure (as contribution-in-kind or long-term leases) and, potentially, financial resources. The years 2022-2023 are currently indicated by the authorities as the time for commencing the works on freeing up the 700 MHz frequency band. In July 2020, work on the initial analysis of #POLSKIE5G business model was completed and the study report was forwarded to the prime minister.

Regarding the 26 GHz spectrum, in July 2020 UKE started consultations with market representatives on the utilization of the spectrum from the 26 GHz band as well as of the spectrum from other millimeter frequency bands. According to operators who took part in the consultations, frequency allocations in the 26 GHz band should be made in 2022 or 2023 at the earliest, i.e., when greater availability of end-user equipment operating in this band is expected.

At beginning of 2020 a regulation was issued by the Minister of Health providing for a multifold increase of the national norms for permitted electromagnetic field radiation (PEM) which had been among the most stringent in Europe earlier. Thus one of roadblocks preventing wide scale 5G implementation was removed.

In parallel, all four major mobile operators made respective decisions to start the roll-out of commercial 5G networks in selected Polish cities using owned spectrum resources (in 2600 MHz TDD band in the case of Plus and 2100 MHz band in the case of Play, T-Mobile Polska and Orange Polska).

Plus's intention was to use the MIMO 4x4 and QAM256 technologies, enabling data transfer rates of up to 600 Mbps. The commercial start of Plus 5G network took place on May 11, 2020 and in the beginning of the second quarter of 2021 Plus 5G network already included over 1,500 base stations covering with its reach more than 12 million people (more detailed information is presented in item 2.2. – *Significant events – Business related events*).

Play and T-Mobile Polska informed about the introduction of 5G services to their offers in June 2020 and Orange Polska launched its 5G network in July 2020. It is worth mentioning that the 2100 MHz bandwidth, which serves as the base for providing 5G services by operators who compete with us, is used by them in parallel to provide other services (originally UMTS and later on LTE). These operators apply DSS (Dynamic Spectrum Sharing) technology which causes flexible in time allocation of frequency resources for providing services in various technological generations. This can lead effectively to obtaining visibly lower quality parameters of 5G services provided than in the case of 5G technology based on a dedicated frequency bandwidth and thus can lead to a lower level of customer satisfaction.

Information on seasonality

Our wholesale revenue includes inter alia advertising and sponsoring revenue which tends to be lowest during the third quarter of each calendar year due to the summer holidays period and highest during the second and fourth quarter of each calendar year due to the introduction of a new programming offer. In the year ended December 31, 2019, Telewizja Polsat Group generated approximately 22.1% of its advertising revenue in the first quarter, 26.5% in the second quarter, 20.4% in the third quarter and 31.0% in the fourth quarter. It should be emphasized that in 2020 the seasonality on the advertising market was disrupted by the outbreak of the COVID-19 epidemic in Poland in the second quarter of 2020.

As regards retail revenue, mobile revenue is subject to slight fluctuations during the year. This revenue stream tends to decrease in the first quarter of each year due to a lower number of calendar and business days.

Other revenues are not directly subject to substantial seasonal fluctuations.

4.4.3. Factors related to the operations of the Group

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 striving 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, such as financial and insurance services, gas and electric energy supply or other solutions for the home. 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 that we offer. The loyalty program smartDOM, launched for the first time in 2014, is regularly adjusted to meet the needs and expectations of our customers and yields excellent sales results – at the end of the first quarter of 2021 we had nearly 2.1 million customers using our bundled offer. The possibility of selling additional products and services (cross-selling) to our customer base 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 strive to meet the needs of our customers by offering a broad range of complementary services to every basic service. We combine our traditional pay TV services – which are currently provided in two technologies: satellite and Internet

(OTT, IPTV) – with VOD, PPV, Multiroom, online video services and mobile television. We propose optional value added services (VAS) to our Internet access and mobile telephony services, which include, among others, entertainment, news, localization or insurance services.

Effective use of the potential in the area of provision of integrated 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 reducing the churn ratio.

Strengthening of our market position in integrated services

Thanks to the acquisition of a controlling stake in Netia we have expanded our portfolio with a wide range of fixed-line products and services, in particular with fixed-line broadband Internet offered, among others, in fiber optic technologies. Netia' provides its services via its own access networks with 2.75 million homes passed, out of which, as at the end of March 2021, over 1.76 million were within the reach of broadband Internet with transmission speed of 1 Gbps. Netia's own network covers approximately 180 locations and is supported by an extensive, nationwide backbone infrastructure. Moreover, Netia offers fixed Internet services based on an access to Orange Polska, Nexera and Inea's infrastructures.

Netia's fiber optic, nationwide backbone infrastructure perfectly complements our own infrastructure. It allows for quick and efficient expansion of the capacity of our mobile network, thus strengthening our competitive advantage and improves flexibility in planning the development of our joint telecommunication network. At the same time, the reach of Netia's last mile network which allows for the provision of fixed-line broadband access in the NGA standard, opens a new market for Polsat Group – large cities and urban areas. Thanks to this we gained a new, attractive base of residential customers, thus increasing significantly our potential for cross-selling products and services as part of the integrated offering.

At the same time, we have also substantially improved our position in the business customers segment. The acquisition of Netia, who owns an extensive fixed-line network reaching the majority of the biggest Polish office buildings and has broad competence in serving business customers, enables us to significantly improve our competitive position on this market of convergent services for business customers. In particular, by working together we are be able to develop comprehensive offers tailored to customers' individual requirements while optimizing, or eliminating, additional costs associated with the construction of a dedicated telecommunication infrastructure for such customers, which offers us an opportunity to compete more effectively with other telecommunication operators.

Strengthening of our market position in online advertising

Thanks to the acquisition of Interia Group we significantly strengthened our position on the dynamically growing Internet and online advertising market. The acquisition is of strategic nature, aimed at achieving an important position in the Internet by Polsat Group.

According to the Mediapanel survey, in the first quarter of 2021 the average number of users per month for the combined Polsat-Interia media group amounted to 20.2 million, and the monthly average number of page views was around 1.7 billion.

The Internet portal 'Interia.pl,' which belongs to the Group, is one of the largest horizontal portals in Poland and combines electronic mail, thematic services and mobile apps which generate income from many revenue streams.

Following the acquisition of Interia Group we obtained an additional channel for distribution and monetization of the content produced by Telewizja Polsat's channels. We expect to achieve cost optimization thanks to the insourcing of online marketing campaigns for the brands from Polsat Group's portfolio. Moreover, we look to increase efficiency of sales of advertising space by Interia Group thanks to its integration with the advertising office of our Group.

Entering the photovoltaic market and the purchase of green energy for Polsat Group and its customers

Along with the growing awareness, both globally and in Poland, of a need to preserve natural environment, grows the importance of renewable energy sources which allow to obtain energy while minimizing CO2 emissions. Solutions of this type are promoted, among others, by the European Union which set indicative energy targets for its Member States with respect to the share of green energy in its total consumption. Energy production from renewable energy sources is often subsidized by states and declining installation costs made it a real alternative for traditional energetics which uses highly polluting fossil fuels.

Taking the above trend into consideration and meeting the demand for obtaining energy in an inexpensive way, in July 2020 we started to offer photovoltaic installations to our individual and business customers under a new brand 'ESOLEO'. The installations are sold by Esoleo – a company belonging to Polsat Group, which has extensive experience on the photovoltaic market in Poland. The 'ESOLEO' offer is available across Poland in our points of sale. It was promoted by an extensive marketing campaign aimed at raising awareness of benefits from owning a photovoltaic installation. The offer provides a complete solution and customer care in photovoltaic installations including assembly and technical support. The entire investment is executed under the "turn-key" model, including preparation of all required documents and a notification of the installation filed with the power grid on behalf of the customer. In the scope of the cooperation with 'ESOLEO' the customer may receive a loan for the investment under special offers prepared by banks. In the business sector ESOLEO is pursuing, among others, photovoltaic installations for the store chain of DINO Polska.

In September 2020, ESOLEO signed, as a consortium leader, an agreement with ZE PAK S.A. to build the biggest photovoltaic farm in Poland. The subject of this agreement is the designing, installing and putting into operation of a solar power plant generating 70 MWp along with the necessary technical infrastructure. The Brudzew solar plant will be constructed on a plot covering 100 ha, on reclaimed lands which were previously exploited by the Adamów brown coal mine in the eastern Wielkopolska region.

In March Polkomtel and ZE PAK group concluded a long-term power purchase agreement (the PPA) for green energy produced by a photovoltaic farm Brudzew. Under the PPA, Polsat Group will purchase the entire volume of energy produced and will receive certificates of origin. Assuming the current inflation forecasts, the total value of the 15-year liability of Polkomtel under the PPA will amount to ca. PLN 300 million.

Entering into the PPA results from our interest to secure long-term supplies of electric energy originating from renewable sources for own needs and for the purpose of resale to customers, in particular in the B2B segment, for whom the environmental aspect is becoming increasingly important. This step also supports Polsat Group's ambitions at operate in a sustainable business model by increasing energy efficiency in day-to-day operations and consequently reducing its carbon footprint.

We believe that growing popularity and knowledge about photovoltaic installations among our customers, combined with the renowned solution we offer, could contribute to the generation of a new significant revenue stream for our Group in the coming years and at the same time contribute to a more sustainable energy production model. The transformation of ZE PAK's business model, in which Polsat Group is actively taking part through ESOLEO, fits in perfectly with a wider context pursued by Stowarzyszenie Program Czysta Polska (*Program Clean Poland Association*), which is engaged in natural environment protection and to which all largest companies of Polsat Group, among others, are signatories.

Investments in network roll-out

In the first quarter of 2021, individual customers of Cyfrowy Polsat and Polkomtel transferred ca. 442 PB of data as compared to ca. 350 PB transferred in the corresponding period of 2020, which represents a 27% growth YoY. Striving to maintain a high quality of provided services, we continue to invest in our telecommunications network roll-out. In particular, upon having approached the level of coverage of nearly 100% of the population with our LTE and HSPA/HSPA+ network, we are currently focusing on expanding the capacity of our telecommunication network and extending the coverage footprint of the 5G technology.

In May 2020, we launched the first in Poland 5G network using the spectrum from the 2.6 GHz TDD frequency band from our frequency portfolio. The launch was the first step en route to Plus's nationwide 5G network coverage in Poland. In November 2020, half a year after the launch, as many as 7 million people in Poland lived within the reach of our network. Today Plus's 5G network covers an area which is inhabited by more than 12 million people, while the intensive development of the network continues.

The TDD technology implemented at the current stage of development of our 5G network enables data transmission using one common fragment of spectrum for alternating downlink/uplink transmission. This approach offers balance between data transfer speed (up to 600 Mbps) and coverage (i.e. wide availability), while keeping both parameters at very high quality levels. In the future, as the 5G network develops, the current use of the 2.6 GHz band will guarantee better land mass coverage than when using the 3.4-3.8 GHz bands only and it will enable maintaining a competitive edge during subsequent stages of 5G network roll-out by offering the possibility of 5G frequency band aggregation.

A fully functional 5G network operates based on non-standalone architecture (NSA), integrated with the LTE infrastructure. Polsat Group used existing masts and towers, where 5G transceivers from the existing suppliers of the LTE infrastructure, such as Nokia Solutions and Network and Ericsson, have been installed, to build the next generation network.

We are also working on the development of 5G technology using other radio frequencies and technologies. This will enable us to strengthen the position of Plus as the 5G technology leader in Poland in the future and offer the services to even more customers in more locations.

Conditional sale of Polsat Group's mobile infrastructure

On February 26, 2021 Polsat Group entered into a conditional share sale agreement with Cellnex Poland Sp. z o.o., a subsidiary of Cellnex Telecom S.A., concerning the sale of 99.99% of shares of Polkomtel Infrastruktura for a consideration of ca. PLN 7.1 billion. Polkomtel Infrastruktura owns of the passive and active access layers of the mobile telecommunication infrastructure of Polsat Group, consisting, as at December 31, 2021, of ca. 7 thousand sites, ca. 37 thousand various systems on-air and a transmission network.

The transaction is expected to be concluded in 2021, subject to the fulfilment of the agreed conditions precedent, including, among others, obtaining an antimonopoly clearance and consent of lenders under the SFA (for details see item 2.1. – *Significant events – Corporate events*).

The strategic interest of the partnership is based on a concept of active and passive infrastructure sharing, where the mobile network operator is predominantly interested in product quality and end-user experience, while the infrastructure owner is responsible for delivering ordered network capacity in the most cost-efficient manner. First, this approach will strengthen the investment capacity of Polsat Group, which has already entered a new investment cycle with the rollout of the first 5G network in Poland and will seek additional sites to expand the coverage of the new technology. Second, it is open to cooperation with additional tenants with an intention to achieve higher cost efficiency of network rollout in the future. Third, the partnership will provide a higher customer experience, faster deployment of new technologies and better optimization of existing tower portfolios in Poland.

The closing of the transaction concerning the sale of the mobile infrastructure in the expected timeframe will have a significant impact on Polsat Group's financial results. In particular, as a result of the disposal of capital intensive assets such as the active and passive layers of the mobile infrastructure the scale of investments in mobile network construction, and thereby the Group's capex to revenue ratio, will decrease substantially. Simultaneously, Polsat Group will effect payments to Cellnex for access to the mobile infrastructure on terms specified in the Master Service Agreement (MSA), which will be reflected mainly in an increase in technical costs, thereby translating into a lower EBITDA result of the Group. We would like to underline that the scale of payments which the Group will be making to Cellnex in the future will depend on, among others, the scale of orders for services placed with Cellnex, which in turn will result from the demand for telecommunication services observed among our customers. In parallel, following the transaction closing we expect a decrease of leasing payments, which are currently incurred by the Group in connection with, among others, land leases for elements of the mobile passive infrastructure and lease of lines in the transmission layer, as well as a decrease in the value of related leasing liabilities on the Group's balance sheet.

Development of IPLA

IPLA, the leader on the online video market, strengthens our position as aggregator and distributor of content and ensures an important competitive advantage. We continue to develop the 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 IPLA online television will make an increasingly significant element of our business in the future. Therefore, we pay attention to providing IPLA users with a wide variety of attractive content. In particular, during the coronavirus epidemic the IPLA web entertainment service prepared for its viewers attractive titles which have had their cinema premieres recently, which contributed to higher interest of our customers in IPLA's offering. We also observe a growing interest in IPLA's offer, especially with regard to sports events, film and series content as well as entertainment shows.

Attractive content of our TV channels and monetization of sports rights

We offer the biggest and most versatile portfolio of TV channels on the Polish market, which places us in the leading position in terms of viewership among private television groups in Poland and translates into our share in the advertising market. TV Polsat Group channels' portfolio consists of 36 channels. Moreover, there is a group of 6 cooperating channels which are related with Polsat Group either by capital or joint broadcasting projects. The portfolio of our thematic channels includes general entertainment, music, sports, news, lifestyle, movie and children's channels. Our direct production covers mainly news programs, documentaries, shows and series based on international formats as well as own concepts. Moreover, we have contracts with major film studios which provide access to a wide selection of the most attractive films and series.

An important element that differentiates us on the market is a rich and unique broadcasting offer of the largest and most interesting sports events worldwide. We offer, among others, broadcasts of qualifiers to the UEFA European Championships and the FIFA World Championships, the football Nations League, big volleyball tournaments – the men's and women's World Volleyball Championships, new, attractive games of the volleyball Nations League, the World Cup, the men's and women's Europe Volleyball Championships, the club volleyball competitions of Polish Plus Liga and Turon Liga and, starting from 2020/2021 season, also the volleyball CEV Champions League, boxing and mixed martial arts galas (UFC, KSW, FEN, FFF and Babilon MMA), Wimbledon and ATP 1000 and 500 tournaments, and many others. Additionally, we own rights to the most popular football club competitions – the UEFA Champions League (rights until the end of the 2023/2024 season) and the UEFA Europa League (rights until the end of the 2020/2021 season). Thanks to taking control over the Polish company Eleven Sports Network in May 2018 we gained access to attractive sports rights which are sold as program packages to pay TV operators active on the Polish market as well as directly to customers through OTT applications (among others, ELEVEN SPORTS and IPLA). This premium sports content includes Spanish LaLiga Santander, German Bundesliga (rights until the end of the 2020/2021 season), Italian Serie A TIM, English The Emirates FA Cup, Carabao Cup and Championship, French Ligue 1 Uber Eats, Portuguese Primeira Liga, F1™ and DTM races as well as Polish PGE Ekstraklasa speedway. Unique content represents an important element that builds the value of our pay TV offering.

In parallel, we also seek to monetize TV channels from our portfolio by offering them in a wholesale offer to other entities which provide pay TV services on the Polish market. This translates positively into the level of wholesale revenues we generate in the media: television and online segment.

4.4.4. Factors related to the regulatory environment

Cap interconnect rates for termination of calls in mobile (MTR) and fixed-line (FTR) networks

The provisions of the European Code of Electronic Communication (Directive (EU) of the European Parliament and of the Council 2018/1972 of December 11, 2018) assume further regulation of MTRs and FTRs. According to the above mentioned directive, in 2020 the European Commission issued a delegated act based on which the highest level of MTRs and FTRs that could be applied by operators in the European Union are specified. Ultimately, the cap rates are to amount to 0,2 euro cents/min for MTRs and 0,07 euro cents/min for FTRs. The delegated act adopted by the European Commission provides for a transition period with a time schedule for reducing the rates in order to reach their assumed level in January 2024 for MTEs and January 2022 for FTRs, respectively. The time schedule for reducing the rates will come into force on July 1, 2021 and the cap rates which Polish operators will be allowed to implement will amount to 0,7 euro cents/min for MTRs and 0.5 grosz/min for FTRs (please see the table below for details).

[EUR/PLN per minute of a call]	Cap rates for termination of calls in other operators' networks in the EU (interconnect settlements) from:			
	July 1, 2021 to December 31, 2021	January 1, 2022	January 1, 2023	January 1, 2024
Mobile termination rate (MTR)	EUR 0.007	EUR 0.0055	EUR 0.004	EUR 0.002
Fixed termination rate (FTR)	PLN 0.005		EUR 0.0007	

The gradual reduction of the MTR and FTR rates which was implemented by the EU will impact the results of Polsat Group in the next time periods and years. In particular, the above mentioned regulation will translate into a decrease of wholesale revenue from interconnection settlements, both mobile and fixed-line, and a decrease of interconnection costs which are recognized under our technical costs. We estimate that from July 1, 2021 to December 31, 2021 the negative effect on the Group's revenue from this factor may amount to approximately PLN 150 million and will depend, among others, on the actual traffic outgoing from and incoming to our retail and wholesale customers. We point out that in the years 2022-2024 the pressure on revenue will be steadily growing along with the implementation of subsequent phases of the MTRs and FTRs reduction and due to the fact that the regulation will apply to the entire financial year periods. Due to the fact that the volume levels of the outgoing and incoming traffic in the interconnection settlements are similar we expect the impact of the regulation on Polsat Group's EBITDA result to be relatively neutral.

Implementation of the European Code of Electronic Communication to national legislation

In accordance with the Directive (EU) of the European Parliament and of the Council 2018/1972 (the European Code of Electronic Communication), all EU Member States were obligated to implement the provisions of the above mentioned directive to their national legislation by December 21, 2020. At present, the works are ongoing on preparation of a draft act the 'Electronic Communications Law' which is to implement the European Code of Electronic Communication into the Polish law order and replace the currently binding 'Telecommunications Law' act. In parallel, as part of work on the COVID-19 related Anti-Crisis Shield 3.0, amendments to the Telecommunications Law act were introduced and came into effect from December 21, 2020, part of which constitute the implementation of some of the obligations resulting from the European Code of Electronic Communication.

Obligations arising from the so-called Anti-Crisis Shields

Within the scope of the COVID-19 combating act of March 2, 2020, with amendments (referred to as 'Anti-Crisis Shields'), obligations related directly or indirectly to fighting the epidemic were imposed on telecommunications operators. One of the obligations is to ensure that when a subscriber views web sites belonging to entities from the public finance sector, or other web sites as defined in a list kept by the minister in charge of digitization, then such viewing shall not affect the usage of a data transmission limit within the package chosen by that subscriber, unless the subscriber is abroad and surfs using international roaming. Another obligation is to deliver, at the request of the minister in charge of digitization, information concerning the location of individuals in quarantine, anonymized data on location of all network users as well as billing and location track records from the last two weeks in case of all individuals with a confirmed COVID-19 infection.

Proposal to extend the operation of the currently binding Rome Like at Home (RLAH) regulation by another 10 years

In February 2021 the European Commission published a draft regulation, which assumes the prolongation of the currently binding Roam Like At Home principle (regarding roaming costs while travelling on the territory of the European Union) for another 10 years, i.e. until 2032.

The EU proposal assumes, among others, further reductions of the maximum wholesale rates for interconnection settlements in July 2022 and January 2025. The new price caps would be, respectively:

- 0.022 euro and 0.019 euro per minute of an outbound voice calls;
- 0.004 euro and 0.003 euro per SMS text message;
- 2 euro and 1.5 euro per gigabyte of Internet usage.

In addition, the draft EU regulation imposes obligations on operators with regard to providing connections to emergency numbers and premium rates services as well as quality of services in regulated roaming.

The EU's new proposal still requires acceptance by the EU Council and the European Parliament. The amended regulation is planned to enter into force from July 1, 2022.

More flexible time limits for TV commercials

The government has developed and submitted for consultations the amended Radio and TV Act which will, among others, modify the current time limits for commercials. The proposed amendments are intended to strengthen the TV advertising market, according to the authors of the draft. At present commercials may last up to 12 minutes per hour, while the amended law introduces a division of the day into three parts:

- from 6 a.m. to 6 p.m. commercials may last up to 20% of air-time, i.e. maximum 144 minutes,
- from 6.p.m. to midnight commercials may last up to 20% of air-time, i.e. maximum 72 minutes,
- from midnight to 6 a.m. there are no limits as to the duration of commercials.

The draft amendment maintains the existing regulations with regard to the allowed frequency of interrupting programs with commercials, the regulations which prohibit public broadcasters, i.e., Telewizja Polska and Polskie Radio, to interrupt TV shows, series and movies with commercials as well as the regulations which prohibit any broadcaster to interrupt programs such as news programs, religious programs, journalistic and documentary programs shorter than 30 minutes or children shows with commercials.

Draft amendment to the National Cybersecurity Act

There are ongoing works in Poland to introduce a definition of a high risk telecommunications equipment supplier to the country's legal system within the scope of the amended National Cybersecurity Act of July 5, 2018. The draft amendment was submitted for consultations and assumes that telecommunication operators will not be permitted to buy equipment from any vendors classified as presenting high and moderate risk. Hardware and software purchased from such vendors earlier will have to be removed within 5 years.

With regard to supplies of telecommunication equipment and maintenance of telecommunication infrastructure we rely on services rendered principally by Ericsson, Nokia Solutions and Networks and, to a minimum degree, Huawei. Continued cooperation with some of our external suppliers is important to us in order to maintain our operations without disruption. Should any of the largest telecommunications suppliers be considered a high risk supplier and consequently excluded from the supply chain, market competitiveness may be reduced and prices of the telecommunications equipment may rise. Furthermore, imposing an obligation on telecommunication operators to replace telecommunication equipment delivered by a supplier considered as a high risk vendor may lead to high costs of replacing such network equipment and, as a result, adversely affect the costs and pace of construction and modernization of a given operator's telecommunication network.

Draft act on a tax on advertising revenue

On February 2, 2021, the Ministry of Finance published a draft act concerning a tax to be imposed on advertising revenue. The draft provides that non-Internet media, such as TV and radio broadcasters, cinema and outdoor advertising operators will pay the tax only if advertising revenue in a calendar year exceeds PLN 1 million. In the case of press publishers the threshold is PLN 15 million.

The proposed tax rates for non-Internet media other than the press are 7.5% on revenue of up to PLN 50 million (upon exceeding the PLN 1 million threshold) and 10% on revenue exceeding PLN 50 million. The tax rates will be higher in the case of "qualified" goods (i.e. pharmaceuticals, food supplements, medical products and beverages with high sugar content) which have been indicated as a separate category. According to the initial proposal of the Ministry of Finance the respective rates would be 10% on revenue up to PLN 50 million (no entry threshold) and 15% on revenue exceeding PLN 50 million.

The tax on online advertising revenue would apply to companies that had over EUR 750 million of advertising revenue globally in the preceding calendar year and more than EUR 5 million of advertising revenue obtained in Poland (both of these conditions must be met jointly for the tax to apply). The tax rate will be 5% and will be imposed only on revenue derived from the ads displayed to Internet users in Poland.

In accordance with the initial draft of the new act, the advertising tax would come into force from July 2021. The Ministry of Finance estimates the State budget revenue from that title to be ca. PLN 800 million in 2022. Assuming the tax threshold remains unchanged, the additional burden on Polsat Group's income statement could be significantly in access of PLN 100 million per 12 months.

As at the date of this Report, details concerning potential new proposals with regard to the advertising revenue tax or a possible date of entry into force of a relevant act are not known.

4.4.5. 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, purchase of content and equipment, or international roaming and interconnect agreements.

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.

One of the effects of the coronavirus epidemic was the depreciation of Polish zloty. In case of prolonged duration of such a situation over the next months, it may adversely impact our costs denominated in foreign currencies, in particular in EUR and USD.

Interest rate fluctuations

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

Despite the fact that we intend to maintain certain hedging positions, the goal of which is to hedge against WIBOR fluctuations, there is no certainty that such hedging will still be possible or whether it will be available on acceptable terms. We 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.

Interest rate fluctuations may affect our ability to meet our current liabilities, which may have a material positive or adverse effect on our business, financial condition, results of operations or prospects.

On March 17, April 8 and May 28, 2020 the National Bank of Poland reduced interest rates in Poland by 50 bps, 50 bps and 40 bps, respectively, with an aim to boost the economy remaining under strong pressure from the coronavirus pandemic. As a result of the above, we already realize and expect to continue to realize in the short-term significant savings in the area of financial costs. The Group's entire debt is PLN-denominated and based on WIBOR variable interest rates, with the Group's companies employing mid-term hedging instruments for up to approximately 30% of the interest rate exposure.

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, May 12, 2021

Glossary

Capitalized terms used herein and not defined in this Report shall have the meaning assigned to them below, unless the context requires otherwise.

Glossary of general terms

Term	Definition
Aero 2	Aero 2 spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000305767, subsidiary of Polkomtel.
Asseco	Asseco Poland Spółka Akcyjna entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000033391.
Act of Public Offering	Act of July 29, 2005 on public offering and the conditions of introducing financial instruments to an organized system of trading and on public companies (Journal of Laws of 2019 Item 623)
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.
Catalyst	Trading system of debt instruments operating on markets organized by the WSE and Bondspot, as defined in § 1 of the Catalyst Operating Rules adopted pursuant to resolution no. 59/2010 of the Management Board of WSE on January 27, 2010, as amended.
Coltex	Coltex ST spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000362339.
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 June 30, 2024.
Cyfrowy Polsat, the Company	Cyfrowy Polsat Spółka Akcyjna, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000010078.
EEA, European Economic Area	Internal Market guaranteeing free move of goods, services, capital and persons, comprising EU Member States and Island, Norway and Lichtenstein.
Embud2	Embud2 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna (Limited Liability Company Limited Joint-Stock Partnership) entered in the register of entrepreneurs of the National Court Register under entry No. 0000676753, legal successor of Embud spółka z ograniczoną odpowiedzialnością.
Eleven Sports Network	Eleven Sports Network spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. 0000558277, a producer and distributor of sports content on the territory of Poland.
Esoleo	Esoleo spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000541114, operating previously under the company name Alledo Sp. z o.o.

the Group, Polsat Group, Cyfrowy Polsat Group	Cyfrowy Polsat and the indirect and direct subsidiaries of the Company.
IFRS	The International Accounting Standards, International Financial Reporting Standards and the related Interpretations by the Standing Interpretations Committee and International Financial Reporting Interpretations Committee, adopted pursuant to Commission Regulation (EC) No. 1126/2008 of November 3, 2008, adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council (OJ L 320/1 of November 29, 2008, as amended), as defined in Art. 2 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards (OJ L 243/1 of September 11, 2002, as amended).
Interia, Interia Group	Grupa Interia.pl Sp. z o.o. spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. 0000324955 and Grupa Interia.pl Media Sp. z o.o. Sp.k. spółka z ograniczoną odpowiedzialnością spółka komandytowa entered in the register of entrepreneurs of the National Court Register under entry No. 0000392344 jointly with their subsidiaries.
Karswell	Karswell Limited, a company under Cypriot law with its registered office in Nicosia, Cyprus.
KRRiT	Krajowa Rada Radiofonii i Telewizji, National Broadcasting Council.
NBP	Narodowy Bank Polski, the central bank of the Republic of Poland.
Netia	Netia spółka akcyjna entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000041649, a telecommunications operator providing, among others, online solutions and multimedia entertainment.
Netia Group	Netia and the indirect and direct subsidiaries of Netia.
Orange, Orange Polska	Orange Polska Spółka Akcyjna, entered in the register of entrepreneurs of the National Court register under entry No. KRS 0000010681, previously operating under the name of Telekomunikacja Polska Spółka Akcyjna.
P4	P4 spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000217207, operator of mobile network Play.
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 June 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 June 30, 2024.
Plus Bank	Plus Bank Spółka Akcyjna entered in the register of entrepreneurs of the National Court Register under entry No. 0000096937.
Polkomtel	Polkomtel spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. 0000419430. The company was established following the transformation of Polkomtel Spółka Akcyjna, which was entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000020908.
Polkomtel Group	Polkomtel jointly with its indirect and direct subsidiaries.
Polsat Media Biuro Reklamy	Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k. entered in the register of entrepreneurs of the National Court Register under entry No. 0000467579.
Reddev	Reddev Investments Limited, a company under Cypriot law with its registered office in Nicosia, Cyprus.

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 A Bonds	Dematerialized, interest-bearing, senior and unsecured Series A bearer bonds with the total nominal value of PLN 1 billion, redeemed prematurely on May 17, 2019.
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 No. 01/29/01/2020 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 No. 1/25/03/2019 dated March 25, 2019.
Sferia	Sferia Spółka Akcyjna, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000246663.
SOKiK	The District Court in Warsaw, 17th Department for Competition and Consumer Protection.
Telecommunications Law	Telecommunications Law of July 16, 2004 (Dz. U. of 2004, No. 171, item 1800, as amended).
Telewizja Polsat, TV Polsat	Telewizja Polsat spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000388899. The company was established following the transformation of Telewizja Polsat Spółka Akcyjna, which was entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000046163.
Telewizja Polsat Group, TV Polsat Group	Telewizja Polsat together with its direct and indirect subsidiaries.
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.
T-Mobile, T-Mobile Polska	T-Mobile Polska Spółka Akcyjna, entered in the register of entrepreneurs of the National Court register under entry No. KRS 0000391193, previously operating under the name of Polska Telefonia Cyfrowa Spółka Akcyjna.
UKE	The Office of Electronic Communications (Urząd Komunikacji Elektronicznej).
UOKiK	The Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów).

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.
Add-on sales	Sales technique combining cross-selling and up-selling.
Advertising market share	The Group's revenue from advertising and sponsoring in the overall revenue from TV advertising in Poland (market data according to SMG Poland (previously SMG).

Term	Definition
Audience share	Percentage of TV viewers watching a channel at a given time, expressed as the percentage of all TV viewers at a given time (based on Nielsen Audience Measurement (NAM), in the "from 16 to 49 years old" demographics throughout the day).
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.
CAGR	Compounded Annual Growth Rate – the average annual growth rate calculated for a given value using the following formula: $$\mathrm{CAGR} = \left(\frac{\mathrm{W_{rk}}}{\mathrm{W_{rp}}}\right)^{\left(\frac{1}{\mathrm{rk-rp}}\right)} - 1$$ where: rp – start year, rk – end year, Wrp – value in start year, Wrk – value in end year.
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 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.
Commercial group	Viewership group comprising viewers aged 16-49, including time-shifted viewership Live+2, i.e. for two consecutive days after the original airing date).
Contract ARPU	Average monthly revenue per customer generated in a given settlement period (including interconnect revenue).
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, contract customer	Natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a contract model.
DTH	Satellite pay TV services provided by us in Poland from 2001.
DTT	Digital Terrestrial Television.
DVB-T	Digital Video Broadcasting – Terrestrial technology.
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).
FTE	Headcount expressed in full-time equivalents.
FTR	A wholesale charge for call termination in another operator's fixed-line telecommunications network (Fixed Termination Rate).
GB	Gigabyte – a measure of digital information, comprising one billion bytes, or 1024^3 bytes, depending on the interpretation – decimal or binary, respectively.
GRP	A rating point defined as the overall number of persons viewing a given advertising spot over a specific time, expressed as a percentage share of the target group. In Poland, one GRP equals 0.2 million residents in the primary target group for advertisers aged 16-49 (Gross Rating Point).

Term	Definition
GSM	A standard developed by the European Telecommunications Standards Institute, which designates 2G cellular telecommunications network protocols, in particular regarding access to voice services (Global System for Mobile Communications).
GSM-1800	A standard developed by the European Telecommunications Standards Institute, which designates 2G cellular telecommunications network protocols in the 1800 MHz bands, in particular regarding access to voice services.
GSM-900	A standard developed by the European Telecommunications Standards Institute, which designates 2G cellular telecommunications network protocols in the 900 MHz bands, in particular regarding access to voice services.
HD	Above-standard resolution signal (High 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.
Interconnect revenue	Wholesale revenue for terminating voice and non-voice traffic on Polkomtel's network from other network operators based on interconnect agreements as well as revenue from transit of traffic.
IPLA	Internet platform providing access to online video content belonging to Polsat Group.
IPTV	Technology enabling transfer of a television signal over IP broadband networks (Internet Protocol Television).
LTE	Long Term Evolution - a standard for high-speed, wireless data transmission also referred to as 4G. Based on a carrier bandwidth limited to a maximum of 20MHz it supports data transmission speed of up to 150 Mbps (downlink, using MIMO 2x2 antennas).
LTE Advanced	Subsequence standard for high-speed, wireless data transmission of the fourth generation (4G). Through carrier aggregation from different bandwidths (a total of up to 100 MHz) it allows to significantly increase maximum data transmission speed up to 3 Gbps (downlink, using MIMO 8x8 antennas).
Mbps	A unit of telecommunications channel capacity, being one million or 1024^2 bytes (Megabyte) per second, depending on the interpretation – decimal or binary, respectively.
MIMO	Multiple Input Multiple Output, a method for multiplying the capacity of a wireless network using multiple transmit and receive antennas.
Mobile TV	Our pay mobile TV service rendered in DVB-T technology.
MTR	A wholesale charge for call termination in another operator's mobile telecommunications network (Mobile Termination Rate).
Multiroom	Our service providing access to the same range of TV channels on several television sets in one household for a single subscription fee.
MUX, Multiplex	A package of TV and radio channels and additional services, simultaneously transmitted digitally to the user over a single frequency channel.
MVNO	Mobile Virtual Network Operator.
ODU-IDU	Outdoor Unit Indoor Unit, a proprietary solution of Polsat 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).
Prepaid ARPU	Average monthly revenue per prepaid RGU generated in a given settlement period (including interconnect revenue).
PVR	Electronic commodity hardware for digital recording of TV programs on its hard drive (Personal Video Recorder).
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).

Term	Definition
RGU (Revenue Generating Unit)	Single, active service of pay TV, Internet Access or mobile telephony provided in contract or prepaid model.
SD	Standard-resolution television signal (Standard Definition).
SMS	Service enabling the sending of short text messages over telecommunications networks (Short Message Service).
Site	(or: mast/tower/roof construction) – a single steel construction located in a separated geographical region which allows to install one or a number of base stations in order to provide radio signal to mobile terminals of end-users within that region.
Streaming	A technical process initiated by the user, enabling the replaying (of video or audio/video content) of material available on the Internet on the user's terminal device, without it being necessary to download the entire content. The process involves the sending of digital data streams, being sections of the entire content spread over time, instead of the entire material.
Technical coverage	Percentage of households in Poland capable of receiving the broadcast of a given channel by Telewizja Polsat.
TSV (Time Shifted Viewing)	Shifting in time of the consumption of content broadcast on TV in real time by recording it on a storage medium (e.g. digital video recorder) and replaying it at a later time.
UMTS	Globally-used European 3G telecommunications standard based on GSM, enabling the provision of data transmission services with a maximum speed of 384 kbps (Universal Mobile Telecommunications System).
Usage definition (90-day for prepaid RGU)	Number of reported RGUs of prepaid services of mobile telephony and Internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days. In the case of free of charge Internet access services provided by Aero 2, the Internet prepaid RGUs were calculated based on only those SIM cards, which used data transmission services under paid packages within the last 90 days.
USSD	A protocol used in GSM networks, which enables communication between a mobile phone and a network operator's computer.
Value-added services, VAS	Services offered by telecommunications undertakings and including entertainment, news, location and financial services.
Virtual private network	Network enabling a private connection over a public network (e.g. Internet).
VOD - Home Movie Rental	Our video on demand services.
VoLTE	Technology which ensures immediate call set-up, high quality of voice and the possibility to provide advanced communication services with the guarantee of quality, such as e.g. HD video streaming based on the standard phone number (*Voice over LTE*).
WCDMA	Network access technology developed by 3rd Generation Partnership Project from 1999, and used in UMTS-standard 3G networks (Wideband Code Division Multiple Access).
WiFi	A set of standards for the development of wireless computer networks.

CYFROWY POLSAT S.A. GROUP

Interim Condensed Consolidated Financial Statements
for the 3 months ended 31 March 2021

Prepared in accordance
with International Accounting Standard 34
Interim Financial Reporting

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APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On 12 May 2021, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed consolidated financial statements of Cyfrowy Polsat S.A. Group prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting,* as adopted by the European Union, which include:

Interim Consolidated Income Statement for the period from 1 January 2021 to 31 March 2021 showing a net profit for the period of:	PLN 390.4
Interim Consolidated Statement of Comprehensive Income for the period from 1 January 2021 to 31 March 2021 showing a total comprehensive income for the period of:	PLN 393.1
Interim Consolidated Balance Sheet as at 31 March 2021 showing total assets and total equity and liabilities of:	PLN 32,954.5
Interim Consolidated Cash Flow Statement for the period from 1 January 2021 to 31 March 2021 showing a net decrease in cash and cash equivalents amounting to:	PLN 97.2
Interim Consolidated Statement of Changes in Equity for the period from 1 January 2021 to 31 March 2021 showing an increase in equity of:	PLN 940.1

Notes to the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements have been prepared in million of Polish zloty ('PLN') except where 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		

Warsaw, 12 May 2021

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

Interim Consolidated Income Statement

		for the 3 months ended	
	Note	31 March 2021 unaudited	31 March 2020 unaudited
Continuing operations			
Revenue	8	2,987.4	2,848.5
Operating costs	9	(2,430.9)	(2,392.1)
Other operating income/(cost), net		5.0	5.8
Profit from operating activities		**561.5**	**462.2**
Gain/(loss) on investment activities, net	10	(22.4)	(74.2)
Finance costs, net	11	(57.1)	(153.8)
Share of the profit/(loss) of associates accounted for using the equity method		16.5	16.3
Gross profit for the period		**498.5**	**250.5**
Income tax		(108.1)	(66.7)
Net profit for the period		**390.4**	**183.8**
Net profit attributable to equity holders of the Parent		389.6	182.4
Net profit/(loss) attributable to non-controlling interest		0.8	1.4
Basic and diluted earnings per share (in PLN)		**0.61**	**0.29**

Interim Consolidated Statement of Comprehensive Income

		for the 3 months ended	
	Note	31 March 2021 unaudited	31 March 2020 unaudited
Net profit for the period		**390.4**	**183.8**
Items that may be reclassified subsequently to profit or loss:			
Valuation of hedging instruments	13	2.7	(6.3)
Other comprehensive income/(loss), net of tax		**2.7**	**(6.3)**
Total comprehensive income for the period		**393.1**	**177.5**
Total comprehensive income attributable to equity holders of the Parent		392.3	176.1
Total comprehensive income attributable to non-controlling interest		0.8	1.4

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

Interim Consolidated Balance Sheet - Assets

	Note	31 March 2021 unaudited	31 December 2020
Reception equipment		297.3	293.4
Other property, plant and equipment		2,877.2	5,391.0
Goodwill		11,808.4	11,808.4
Customer relationships		1,310.9	1,412.7
Brands		2,023.5	2,031.7
Other intangible assets		2,503.3	2,616.4
Right-of-use assets		727.0	1,519.4
Non-current programming assets		290.5	282.5
Investment property		50.2	50.0
Non-current deferred distribution fees		90.6	93.5
Non-current trade receivables		797.7	832.0
Other non-current assets, includes:		1,330.6	1,283.6
shares in associates accounted for using the equity method		*1,274.3*	*1,257.8*
derivative instruments		*2.9*	*0.4*
Deferred tax assets		158.6	223.2
Total non-current assets		**24,265.8**	**27,837.8**
Current programming assets		412.7	413.2
Contract assets		505.6	537.7
Inventories		359.8	299.4
Trade and other receivables		2,387.4	2,390.4
Income tax receivable		9.4	9.0
Current deferred distribution fees		222.9	222.4
Other current assets		57.7	39.3
includes derivative instruments		*1.6*	*2.0*
Cash and cash equivalents		1,147.6	1.355.4
Restricted cash		11.2	10.4
Total current assets		**5,114.3**	**5,277.2**
Assets held for sale		3,574.4	-
includes cash and cash equivalents		*108.5*	-
Total assets		**32,954.5**	**33,115.0**

Interim Consolidated Balance Sheet - Equity and Liabilities

	Note	31 March 2021 unaudited	31 December 2020
Share capital	12	25.6	25.6
Share premium	12	7,174.0	7,174.0
Share of other comprehensive income of associates		21.2	21.2
Other reserves		(4.3)	99.7
Retained earnings		7,501.9	7,112.3
Equity attributable to equity holders of the Parent		**14,718.4**	**14,432.8**
Non-controlling interests		647.9	(6.6)
Total equity		**15,366.3**	**14,426.2**
Loans and borrowings	14	8,701.9	8,887.8
Issued bonds	15	1,959.8	1,959.2
Lease liabilities		537.4	1,140.5
UMTS license liabilities		139.0	136.7
Deferred tax liabilities		857.5	902.1
Other non-current liabilities and provisions		104.9	388.1
includes derivative instruments		*6.7*	*16.8*
Total non-current liabilities		**12,300.5**	**13,414.4**
Loans and borrowings	14	947.4	753.0
Issued bonds	15	38.6	38.7
Lease liabilities		198.7	432.5
UMTS license liabilities		128.8	126.7
Contract liabilities		663.1	675.6
Trade and other payables		1,855.9	2,155.3
includes derivative instruments		*31.3*	*39.2*
Liabilities to shareholders of the Parent Company related to dividend for 2019		-	415.7
Liabilities due to tender offer for shares in Netia S.A.*		-	548.0
Income tax liability		171.0	128.9
Total current liabilities		**4,003.5**	**5,274.4**
Liabilities held for sale		1,284.2	-
includes lease liabilities		*803.1*	-
Total liabilities		**17,588.2**	**18,688.8**
Total equity and liabilities		**32,954.5**	**33,115.0**

*The announcement of the tender offer for Netia's shares dated 23 December 2020 resulted in a financial liability for the Group resulting from the put option, defined as the Netia's share price in the tender offer (PLN 4.80 (not in millions)) and the number of shares in the tender offer (114,173,459 shares (not in millions)). Subscriptions for 84,868 shares (not in millions) were accepted in the tender offer until 26 February 2021. As a result, on 8 March 2021, the financial liability in the amount of PLN 547.6 was derecognised from the balance sheet. See note 22.

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

Interim Consolidated Cash Flow Statement

		for the 3 months ended	
	Note	31 March 2021 unaudited	31 March 2020 unaudited
Net profit		**390.4**	**183.8**
Adjustments for:		**603.9**	**677.2**
Depreciation, amortization, impairment and liquidation	9	521.2	564.5
Payments for film licenses and sports rights		(175.1)	(160.5)
Amortization of film licenses and sports rights		136.8	125.1
Interest expense		78.0	111.9
Change in inventories		(5.4)	(85.7)
Change in receivables and other assets		(48.2)	185.1
Change in liabilities and provisions		(2.1)	(138.9)
Change in contract assets		32.1	10.6
Change in contract liabilities		(12.5)	12.0
Foreign exchange (gains)/losses, net		8.3	41.2
Income tax		108.1	66.7
Net additions of reception equipment		(33.9)	(33.1)
Share of the (profit)/loss of associates accounted for using the equity method		(16.5)	(16.3)
Other adjustments		13.1	(5.4)
Cash from operating activities		**994.3**	**861.0**
Income tax paid		(106.0)	(87.1)
Interest received from operating activities		0.7	4.9
Net cash from operating activities		**889.0**	**778.8**
Acquisition of property, plant and equipment		(270.1)	(255.9)
Acquisition of intangible assets		(65.4)	(51.5)
Concessions payments		(21.6)	-
Acquisition of subsidiaries, net of cash acquired		(0.7)	(48.8)
Acquisition of shares in associate		-	(7.4)
Proceeds from sale of property, plant and equipment		3.4	1.7
Investment funds outflows		-	(30.0)
Investment funds inflows		-	30.0
Loans granted		(2.0)	(5.0)
Acquisition of bonds		(27.8)	-
Bonds redemption with interest		8.6	1.4
Other inflows		1.4	1.5
Net cash used in investing activities		**(374.2)**	**(364.0)**

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

Bonds issue (Series C Bonds)	15	-	1,000.0
Loans and borrowings inflows	14	-	35.0
Repayment of loans and borrowings	14	-	(857.2)
Payment of interest on loans, borrowings, bonds and commissions*		(54.8)	(84.6)
Payment of lease liabilities		(119.0)	(106.3)
Payment of interest on lease liabilities		(11.4)	(12.4)
Dividend payment		(415.7)	-
Other outflows		(11.1)	(4.5)
Net cash used in financing activities		**(612.0)**	**(30.0)**
Net increase/(decrease) in cash and cash equivalents		**(97.2)**	**384.8**
Cash and cash equivalents at the beginning of the period		**1,365.8****	**753.1*****
Effect of exchange rate fluctuations on cash and cash equivalents		(1.3)	2.9
Transfer to assets held for sale		(108.5)	-
Cash and cash equivalents at the end of the period		**1,158.8*******	**1,140.8********

* includes impact of derivative instruments and amount paid for costs related to the new financing
** Includes restricted cash amounting to PLN 10.4
*** Includes restricted cash amounting to PLN 9.6
**** includes restricted cash amounting to PLN 11.2
***** includes restricted cash amounting to PLN 10.2

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

Interim Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2021

	Share capital	Share premium	Share of other comprehensive income of associates	Other reserves	Retained earnings*	**Equity attributable to equity holders of the Parent**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2021	**25.6**	**7,174.0**	**21.2**	**99.7**	**7,112.3**	**14,432.8**	**(6.6)**	**14,426.2**
Dividend approved and share of profits	-	-	-	-	-	**-**	(0.6)	**(0.6)**
Put option valuation	-	-	-	(106.7)	-	**(106.7)**	654.7	**548.0**
Acquisition of subsidiary	-	-	-	-	-	**-**	(0.4)	**(0.4)**
Total comprehensive income	-	-	-	2.7	389.6	**392.3**	0.8	**393.1**
Hedge valuation reserve	-	-	-	*2.7*	-	***2.7***	-	***2.7***
Net profit for the period	-	-	-	-	*389.6*	***389.6***	*0.8*	***390.4***
Balance as at 31 March 2021 unaudited	**25.6**	**7,174.0**	**21.2**	**(4.3)**	**7,501.9**	**14,718.4**	**647.9**	**15,366.3**

* 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. As at 31 March 2021 the capital excluded from distribution amounts to PLN 8.5.

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

Interim Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2020

	Share capital	Share premium	Other reserves	Retained earnings*	**Equity attributable to equity holders of the Parent**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2020	**25.6**	**7,174.0**	**1.5**	**6,610.2**	**13,811.3**	**653.2**	**14,464.5**
Acquisition of subsidiary	-	-	-	-	**-**	(2.0)	**(2.0)**
Total comprehensive income	-	-	(6.3)	182.4	**176.1**	1.4	**177.5**
Hedge valuation reserve	-	-	*(6.3)*	-	***(6.3)***	-	***(6.3)***
Net profit for the period	-	-	-	*182.4*	***182.4***	*1.4*	***183.8***
Balance as at 31 March 2020 unaudited	**25.6**	**7,174.0**	**(4.8)**	**6,792.6**	**13,987.4**	**652.6**	**14,640.0**

* 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. As at 31 March 2020 the capital excluded from distribution amounts to PLN 8.5.

Notes to the Interim Condensed Consolidated Financial Statements

General information

1. The Parent Company

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

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

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

These interim condensed consolidated financial statements comprise the Parent and its subsidiaries ('the Group') and joint ventures. The Group operates in two segments: (1) B2C and B2B services which relates to the provision of services to the general public, including digital television transmission signal, Internet access services, mobile TV services, online TV services, mobile services, production of set-top boxes; and (2) media which consist mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcasted on television channels in Poland.

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

- Marek Kapuściński	President 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.

4. Basis of preparation of the interim condensed consolidated financial statements

Statement of compliance

These interim condensed consolidated financial statements for the 3 months ended 31 March 2021 have been prepared in accordance with the International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. These interim condensed consolidated financial statements should be read together with the annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS EU"). These interim condensed consolidated financial statements have been prepared on a going concern basis.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new, amended Standards or Interpretations that apply to the annual reporting periods beginning on or after 1 January 2021.

During the three-month period ended 31 March 2021 the following became effective:

a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments and interpretations that apply for the first time in 2021 do not have a material impact on the interim condensed consolidated financial statements of the Group.

Standards published but not yet 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"
e) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current
f) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
g) Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

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

5. Group structure

These interim condensed consolidated financial statements for the 3 months ended 31 March 2021 include the following entities:

			Share in voting rights (%)	
	Entity's registered office	Activity	31 March 2021	31 December 2020
Parent Company				
Cyfrowy Polsat S.A.	Łubinowa 4a, 03-878 Warsaw	radio, TV and telecommunication activities	n/a	n/a
Subsidiaries accounted for using full method:				
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	television broadcasting and production	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat License Ltd.	Alte Landstrasse 17, 8863 Buttikon, Switzerland	media	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polkomtel Infrastruktura Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	100%	100%
Polsat Brands AG	Alte Landstrasse 17, 8863 Buttikon, Switzerland	media	100%	100%
Polsat Ltd.	238A King Street, W6 0RF London, UK	media	100%	100%
Muzo.fm Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	media	100%	100%
INFO-TV-FM Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	radio and TV activities	100%	100%
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%

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

	Entity's registered office	Activity	Share in voting rights (%) 31 March 2021	31 December 2020
Subsidiaries accounted for using full method (cont.)				
Polkomtel Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	100%	100%
Liberty Poland S.A.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	telecommunication activities	100%	100%
Polkomtel Business Development Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other activities supporting financial services, gaseous fuels trading activities	100%	100%
TM Rental Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	intelectual property rights rental	100%	100%
Orsen Holding Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Orsen Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Dwa Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	holding activities	100%	100%
Interphone Service Sp. z o.o.	Inwestorów 8, 39-300 Mielec	production of set-top boxes	100%	100%
Teleaudio Dwa Sp. z o.o. Sp.k.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	call center and premium rate services	100%	100%
IB 1 FIZAN	Mokotowska 49, 00-542 Warsaw	financial activities	*	*
Aero 2 Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	100%	100%
Sferia S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	51%	51%
Altalog Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software	66%	66%
Plus Flota Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	management and rental services	100%	100%

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

			Share in voting rights (%)	
	Entity's registered office	Activity	31 March 2021	31 December 2020
Subsidiaries accounted for using full method (cont.)				
Music TV Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Lemon Records Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Coltex ST Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	telecommunication activities	100%	100%
Netia S.A. (c)	Poleczki 13, 02-822 Warsaw	telecommunication activities	66%	65.98%
Netia 2 Sp. z o.o. (c)	Taśmowa 7A, 02-677 Warsaw	telecommunication activities	66%	65.98%
TK Telekom Sp. z o.o. (c)	Kijowska 10/12A, 03-743 Warsaw	telecommunication activities	66%	65.98%
Petrotel Sp. z o.o. (c)	Chemików 7, 09-411 Płock	telecommunication activities	66%	65.98%
Eleven Sports Network Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw	media	99.99%	99.99%
Superstacja Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Netshare Media Group Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	advertising activities	100%	100%
TVO Sp. z o.o. (d)	Kielecka 5, 81-303 Gdynia	retail sales	75.96%	75.96%
Pure Omni Wework Sp. z o.o. Sp.k. (d)	Kielecka 5, 81-303 Gdynia	retail sales	-	75.96%
Wework Sp. z o.o.(d)	Kielecka 5, 81-303 Gdynia	administrative services	-	75.96%
MESE Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	movie and TV production	100%	100%
ISTS Sp. z o.o. (c)	Bociana 4a/68a, 31-231 Cracow	wired communication	66%	65.98%
Plus Finanse Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other monetary intermediation	100%	100%
Plus Pay Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	monetary intermediation	100%	100%

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			Share in voting rights (%)	
	Entity's registered office	Activity	31 March 2021	31 December 2020
Subsidiaries accounted for using full method (cont.)				
Esoleo Sp. z o.o.	Al. Wyścigowa 6, 02-681 Warsaw	technical services	51.25%	51.25%
Alledo Express Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	rental services	51.25%	51.25%
Alledo Parts Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	wholesale	26.14%	26.14%
Alledo Parts Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	wholesale	26.40%	26.40%
Alledo Setup Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	technical services	51.25%	51.25%
Alledo Setup Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	technical services	51.25%	51.25%
IST Sp. z o.o. (c)	Księcia Janusza I 3, 18-400 Łomża	wired communication	66%	65.98%
Grupa Interia.pl Sp. z o.o.	Os. Teatralne 9a, 31-946 Cracow	holding activities	100%	100%
Grupa Interia.pl Media Sp. z o.o. Sp. k.	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Grupa Interia.pl Sp. z o. o. Sp.k.	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Mobiem Polska Sp. z o.o.	Fabryczna 5a, 00-446 Warsaw	holding activities	100%	100%
Mobiem Polska Sp. z o.o. Sp.k.	Fabryczna 5a, 00-446 Warsaw	advertising activities	100%	100%
TV Spektrum Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polot Media Sp. z o.o. (formerly Tako Media Sp. z o.o.) (a)	ul. Ludwika Solskiego 55, 52-401 Wrocław	consulting	60%	60%
Polot Media Sp. z o.o. Sp. k. (formerly Tako Media Sp. z o.o. Sp.k.) (b)	ul. Ludwika Solskiego 55, 52-401 Wrocław	movie and TV production	60%	60%
BCAST Sp. z o.o.	ul. Rakowiecka 41/21, 02-521 Warszawa	telecommunication activities	70.02%	70.02%

* Cyfrowy Polsat S.A. indirectly holds 100% of certificates.

(a) On 2 February 2021 company's name change to Polot Media Sp. z o.o. was registered.

(b) On 18 February 2021 company's name change to Polot Media Spółka z ograniczoną odpowiedzialnością Sp. k. was registered.

(c) On 8 March 2021 Cyfrowy Polsat S.A. acquired 0.0253% shares of Netia Consequently, Cyfrowy Polsat holds 66% shares of Netia.

(d) On 19 March 2021 merger of TVO Sp. z o.o. with Pure Omni Wework Sp. z o.o. Sp.k. and Wework Sp. z o.o. was registered.

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Investments accounted for under the equity method:

			Share in voting rights (%)	
	Entity's registered office	**Activity**	**31 March 2021**	**31 December 2020**
Polsat JimJam Ltd.	111 Salusbury Road London NW6 6RG UK	media	50%	50%
Polski Operator Telewizyjny Sp. z o.o.	Wiertnicza 159, 02-952 Warsaw	technical services	50%	50%
Premium Mobile Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	24.47%	24.47%
Vindix S.A.	Rzymowskiego 53, 02-697 Warsaw	other financial services	46.27%	46.27%
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	22.95%	22.95%

Additionally, the following entities were included in these interim condensed consolidated financial statements for the 3 months ended 31 March 2021:

			Share in voting rights (%)	
	Entity's registered office	**Activity**	**31 March 2021**	**31 December 2020**
Karpacka Telewizja Kablowa Sp. z o.o.*	Warszawska 220, 26-600 Radom	dormant	99%	99%
Polskie Badania Internetu Sp. z o.o.	Al. Jerozolimskie 65/79 loc. 11.31, 00-697 Warsaw	web portals activities	21.43%**	21.43%**
InPlus Sp. z o.o.	Wilczyńskiego 25E loc. 216, 10-686 Olsztyn	infrastructure projects advisory	1.5%***	1.5%***
Pluszak Sp. z o.o.	Domaniewska 47, 02-672 Warsaw	retail sales	9%	9%

* Investment accounted for at cost less any accumulated impairment losses.

** Not included in investments accounted for under the equity method due to immateriality

*** Altalog Sp. z o.o. holds 2.3% share in voting rights in InPlus Sp. z o.o.

6. Approval of the Consolidated Financial Statements

These interim condensed consolidated financial statements were approved for publication by the Management Board of Cyfrowy Polsat S.A. on 12 May 2021.

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

Explanatory notes

7. Information on seasonality in the Group's operations

Wholesale revenue includes *inter alia* advertising and sponsoring revenue which tends to be lowest during the third quarter of each calendar year due to the summer holidays period and highest during the second and fourth quarter of each calendar year due to the introduction of a new programming offer.

Within retail revenue category mobile revenue is a subject to slight fluctuations during the year. This revenue stream tends to decrease in the first quarter of each year due to fewer number of calendar and business days.

8. Revenue

	for the 3 months ended	
	31 March 2021 unaudited	**31 March 2020 unaudited**
Retail revenue	1,664.1	1,604.5
Wholesale revenue	880.7	823.7
Sale of equipment	332.7	345.7
Other revenue	109.9	74.6
Total	**2,987.4**	**2,848.5**

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

Wholesale revenue mainly consists of advertising and sponsorship revenue, settlements with mobile network operators, revenue from rental of infrastructure, roaming revenues, revenue from cable and satellite operator fees, sales of broadcasting and signal transmission services and sales of licenses, sublicenses and property rights.

Other revenue mainly consists of revenue from interest on installment plan purchases, revenue from the lease of premises and facilities, revenue from the sale of electric energy and revenue from the sale of photovoltaic installations.

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

9. Operating costs

	Note	for the 3 months ended 31 March 2021 unaudited	for the 3 months ended 31 March 2020 unaudited
Technical costs and cost of settlements with telecommunication operators		624.7	600.8
Depreciation, amortization, impairment and liquidation		521.2	564.5
Cost of equipment sold		276.7	282.3
Content costs		419.4	388.8
Distribution, marketing, customer relation management and retention costs		229.0	224.4
Salaries and employee-related costs	a	236.9	221.9
Cost of debt collection services, bad debt allowance and receivables written off		29.8	44.3
Other costs		93.2	65.1
Total		**2,430.9**	**2,392.1**

a) Salaries and employee-related costs

	for the 3 months ended 31 March 2021 unaudited	for the 3 months ended 31 March 2020 unaudited
Salaries	193.9	181.6
Social security contributions	34.6	32.9
Other employee-related costs	8.4	7.4
Total	**236.9**	**221.9**

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

	for the 3 months ended 31 March 2021 unaudited	for the 3 months ended 31 March 2020 unaudited
Interest on lease liabilities	(11.2)	(12.0)
Interest, net	(0.4)	3.4
Other foreign exchange gains/(losses), net	(8.1)	(62.7)
Other income/costs	(2.7)	(2.9)
Total	**(22.4)**	**(74.2)**

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

11. Finance costs, net

	for the 3 months ended	
	31 March 2021 unaudited	31 March 2020 unaudited
Interest expense on loans and borrowings	51.1	88.7
Interest expense on issued bonds	10.2	12.1
Valuation and realization of hedging instruments	1.3	0.1
Valuation and realization of derivatives not used in hedge accounting – relating to interest	(6.7)	52.3
Guarantee fees, bank and other charges	1.2	0.6
Total	**57.1**	**153.8**

12. Equity

(i) Share capital

Presented below is the structure of the Company's share capital as at 31 March 2021 and 31 December 2020:

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

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

	Number of shares	Nominal value of shares	% of share capital held	Number of votes	% of voting rights
TiVi Foundation [2] , incl. through	306,432,094	12.3	47.91%	466,149,605	56.92%
Reddev Investments Ltd. [1]	306,432,084	*12.3*	*47.91%*	466,149,585	56.92%
Embud 2 Sp. z o.o. S.K.A. [2]	64,011,733	2.6	10.01%	64,011,733	7.82%
Tipeca Consulting Limited [2,3]	2,152,388	0.1	0.34%	2,152,388	0.26%
Others	266,949,801	10.6	41.74%	286,649,791	35.00%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

[1] Reddev Investments Ltd. is an indirect subsidiary of Mr. Zygmunt Solorz.

[2] Entity is controlled by Mr. Zygmunt Solorz.

[3] Entity is under the presumption of the existence of an agreement referred to in article 87 section 1 item 5 Act of the Public Offering Act

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

The shareholders' structure as at 31 December 2020 was as follows:

	Number of shares	Nominal value of shares	% of share capital held	Number of votes	% of voting rights
TiVi Foundation [2] , incl. through	298,080,297	11.9	46.61%	457,797,808	55.90%
Reddev Investments Ltd. [1]	*298,080,287*	*11.9*	*46.61%*	*457,797,788*	*55.90%*
Embud 2 Sp. z o.o. S.K.A. [2]	64,011,733	2.6	10.01%	64,011,733	7.82%
Tipeca Consulting Limited [2,3]	2,152,388	0.1	0.34%	2,152,388	0.26%
Others	275,301,598	11.0	43.05%	295,001,588	36.02%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

[1] Reddev Investments Ltd. is an indirect subsidiary of Mr. Zygmunt Solorz.

[2] Entity is controlled by Mr. Zygmunt Solorz.

[3] Entity is under the presumption of the existence of an agreement referred to in article 87 section 1 item 5 Act of the Public Offering Act

(ii) Share premium

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

13. Hedge valuation reserve

Impact of hedging instruments valuation on other reserves

	2021	2020
Balance as at 1 January	**(8.3)**	**(0.2)**
Valuation of cash flow hedges	3.3	(7.7)
Deferred tax	(0.6)	1.4
Change for the period	**2.7**	**(6.3)**
Balance as at 31 March unaudited	**(5.6)**	**(6.5)**

14. Loans and borrowings

Loans and borrowings	31 March 2021 unaudited	31 December 2020
Short-term liabilities	947.4	753.0
Long-term liabilities	8,701.9	8,887.8
Total	**9,649.3**	**9,640.8**

(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:

	2021	2020
Loans and borrowings as at 1 January	**9,640.8**	**10,509.5**
Loans and borrowings on acquisition of Alledo Sp. z o.o.	-	3.0
Revolving facility loan	-	35.0
Repayment of capital	-	(857.2)
Repayment of interest and commissions	(42.9)	(84.5)
Interest accrued and commissions	51.4	89.2
Loans and borrowings as at 31 March unaudited	**9,649.3**	**9,695.0**

15. Issued bonds

	31 March 2021 unaudited	31 December 2020
Short-term liabilities	38.6	38.7
Long-term liabilities	1,959.8	1,959.2
Total	**1,998.4**	**1,997.9**

Change in issued bonds:

	2021	2020
Issued bonds liabilities as at 1 January	**1,997.9**	**1,004.0**
Bonds issue (Series C Bonds)	-	1,000.0
Repayment of interest and commissions	(9.7)	(0.1)
Interest accrued and commissions	10.2	9.9
Issued bonds liabilities as at 31 March unaudited	**1,998.4**	**2,013.8**

Other notes

16. Acquisition of a subsidiaries

Acquisition of shares in Interia Group – provisional purchase price allocation

On 30 April 2020 Telewizja Polsat (Company's subsidiary) executed with Bauer Media Invest GmbH and Bauer Polen Invest GmbH the Preliminary Share and Rights Purchase Agreement concerning: (i) an acquisition from Bauer Media Invest GmbH of 100 shares in Grupa Interia.pl Sp. z o.o. ("GIGO"), representing 100% of the share capital of GIGO and carrying the right to exercise 100% of the total number of votes at the shareholders' meeting of GIGO; and (ii) an acquisition from Bauer Polen Invest GmbH of all rights and obligations of a limited partner of Grupa Interia.pl Media Sp. z o.o. Sp.k. ("GIKO") (the "Preliminary Agreement").

The closing of the Transaction depended on the satisfaction of a condition precedent that Telewizja Polsat obtains consent of the President of the Office for Competition and Consumer Protection (UOKiK) (the "UOKiK President") for the concentration.

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

On 2 July 2020 Telewizja Polsat received a decision of the UOKiK President granting the unconditional consent for the concentration consisting of the acquisition by Telewizja Polsat the exclusive control over the Interia Group companies: GIGO, GIKO, Grupa Interia.pl Sp. z o.o. Sp.k., Mobiem Polska Sp. z o.o. and Mobiem Polska Sp. z o.o. Sp.k. The above consent concludes the satisfaction of the condition precedent set forth in the Preliminary Agreement.

On 8 July 2020 Telewizja Polsat executed with Bauer Media Invest GmbH and Bauer Polen Invest GmbH Final Share and Rights Purchase Agreement for the amount of PLN 420.

The above acquisition resulted in Telewizja Polsat acquiring exclusive control over Interia Group companies: GIGO, GIKO, Grupa Interia.pl Sp. z o.o. Sp.k., Mobiem Polska Sp. z o.o. and Mobiem Polska Sp z o.o. Sp.k. (jointly the “Interia Group”), and an indirect acquisition of shares representing 16.67% of the share capital of Polskie Badania Internetu Sp. z o.o.

Taking into account the above mentioned circumstances Cyfrowy Polsat obtained control over Interia Group on 8 July 2020.

a) Provisional consideration transferred

	Provisional value of consideration transferred
Consideration	420.5
Provisional value as at 8 July 2020	**420.5**

b) Reconciliation of transactional cash flow

Cash transferred	(420.5)
Cash and cash equivalents received	12.6
Cash decrease in the period of 12 months ended 31 December 2020	**(407.9)**

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

c) Provisional fair value valuation of net assets as at the acquisition date

The table below presents provisional and temporary fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

Provisional and temporary fair value of assets and liabilities as at 8 July 2020:

	Provisional fair value as at the acquisition date (8 July 2020)
Net assets:	
Other property, plant and equipment	11.2
Other intangible assets	6.3
Other non-current assets	0.4
Trade and other receivables	15.8
Other current assets	0.7
Cash and cash equivalents	12.6
Trade and other payables	(12.4)
Provisional value of net assets	**34.6**
Provisional consideration transferred	**420.5**
Provisional goodwill	**385.9**

Goodwill is allocated to the “Media” operating segment.

The revenue and net profit included in the consolidated income statement for the reporting period since 8 July 2020 to 31 December 2020 contributed by Interia Group amounted to PLN 57.5 and PLN 16.6, respectively. Had it been acquired on 1 January 2020 the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2020 would have amounted to PLN 12,011.5 and PLN 1,160.4 respectively.

Acquisition of shares in TV Spektrum Sp. z o.o. – provisional purchase price allocation

On 18 September 2020 Telewizja Polsat (Company’s subsidiary) acquired 50.52% shares in TV Spektrum Sp. z o.o. After this transaction Telewizja Polsat holds 100% shares of TV Spektrum Sp. z o.o.

The consideration for 50.52% shares in TV Spektrum Sp. z o.o. amounted to PLN 19.3.

a) Provisional consideration transferred

	Provisional value of consideration transferred
Consideration	29.7
Provisional value as at 18 September 2020	**29.7**

b) Reconciliation of transactional cash flow

Cash transferred	(19.3)
Cash and cash equivalents received	1.4
Cash decrease in the period of 12 months ended 31 December 2020	**(17.9)**

c) Provisional fair value valuation of net assets as at the acquisition date

The table below presents provisional and temporary fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

Provisional and temporary fair value of assets and liabilities as at 18 September 2020:

	Provisional fair value as at the acquisition date (18 September 2020)
Net assets:	
Other intangible assets	11.4
Programming assets	15.4
Trade and other receivables	10.7
Other current assets	0.1
Cash and cash equivalents	1.4
Loans and borrowings	(33.1)
Trade and other payables	(42.6)
Provisional value of net assets (100%)	**(36.7)**
Provisional consideration transferred	**29.7**
Provisional goodwill	**66.4**

Goodwill is allocated to the “Media” operating segment.

The revenue and net loss included in the consolidated income statement for the reporting period since 18 September 2020 contributed by TV Spektrum amounted to PLN 0.1 and PLN 10.3, respectively. Had it been acquired on 1 January 2020, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2020 would have amounted to PLN 11,959.3 and PLN 1,133.0, respectively.

Acquisition of shares in Polot Media Sp. z o.o. (formerly Tako Media Sp. z o. o.) and joining to Polot Media Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly Tako Media Spółka z ograniczoną odpowiedzialnością Sp. k.) as a limited partner

On 23 December 2020 Telewizja Polsat (Company’s subsidiary) acquired 60% shares in Tako Media Sp. z o. o. for the purchase price of PLN 3,000 (not in million).

On 23 December 2020 Telewizja Polsat (Company’s subsidiary) joined Tako Media Spółka z ograniczoną odpowiedzialnością Sp.k. as a new limited partner. After this transaction, Telewizja Polsat holds directly and indirectly (through Tako Media Sp. z

o. o.) 60% share in the profit of Tako Media Spółka z ograniczoną odpowiedzialnością Sp.k. Cash contribution amounted to PLN 75,000 (not in million).

On 23 December 2020 partners of Tako Media Sp. z o.o. Sp.k. adopted a resolution concerning a new policy of share in profit/loss. According to this resolution, Telewizja Polsat has 58.2% share in profit since 1 December 2020.

On 2 February 2021 company's name change from Tako Media Sp. z o.o. to Polot Media Sp. z o. o. was registered. On 18 February 2021 company's name change from Tako Media Spółka z ograniczoną odpowiedzialnością Sp.k. to Polot Media Spółka z ograniczoną odpowiedzialnością Sp. k. was registered.

Taking into account the above mentioned circumstances Cyfrowy Polsat obtained control over Polot Media Sp. z o.o. and Polot Media Sp. z o.o. Sp.k. on 1 December 2020.

a) Provisional consideration transferred

	Provisional value of consideration transferred
Consideration	0.1
Provisional value as at 23 December 2020	**0.1**

b) Reconciliation of transactional cash flow

Cash transferred	(0.1)
Cash and cash equivalents received	2.5
Cash increase in period of the 12 months ended 31 December 2020	**2.4**

c) Provisional fair value valuation of net assets as at the acquisition date

The table below presents provisional and temporary fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

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

Provisional and temporary fair value of assets and liabilities as at 1 December 2020:

	Provisional fair value as at the acquisition date (1 December 2020)
Net assets:	
Other property, plant and equipment	5.1
Other intangible assets	0.0
Other non-current assets	0.0
Programming assets	9.1
Trade and other receivables	4.9
Other current assets	0.2
Cash and cash equivalents	2.5
Trade and other payables	(9.2)
Contract liabilities	(10.3)
Provisional value of net assets (100%)	**2.3**
Provisional value of net assets attributable to non-controlling interest	**2.3**
Provisional value of net assets attributable to Cyfrowy Polsat Capital Group	**0.0**
Increase in share capital of purchased entities	**(0.1)**
Provisional consideration transferred	**0.1**
Provisional goodwill	**0.0**

Goodwill is allocated to the “Media” operating segment.

The revenue and net loss included in the consolidated income statement for the reporting period since 1 December 2020 contributed by Polot Media Sp. z o. o. and Polot Media Spółka z ograniczoną odpowiedzialnością Sp. k. amounted to PLN 0.4 and PLN 2.3. Had it been acquired on 1 January 2020, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2020 would have amounted to PLN 12,000.5 and PLN 1,150.4, respectively.

Acquisition of shares in BCAST Sp. z o.o. – provisional purchase price allocation

On 25 March 2020 the Company acquired 69.13% shares in BCAST Sp. z o.o. for the purchase price of PLN 7.4. From the date of acquisition of the shares, the Company had a significant influence over BCAST.

On 23 December 2020 the Company acquired additional 0.89% shares in BCAST Sp. z o.o. for the purchase price of PLN 0.1 and obtained control over the entity.

As at 31 December 2020 the Company holds a total of 70.02% of BCAST Sp. z o.o. shares.

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

a) Provisional consideration transferred

	Provisional value of consideration transferred
Consideration	7.3
Provisional value as at 23 December 2020	**7.3**

b) Reconciliation of transactional cash flow

Cash transferred for 69.13% shares	(7.4)
Cash transferred for 0.89% shares	(0.1)
Cash and cash equivalents received	0.5
Cash decrease in period 12 months ended 31 December 2020	**(7.0)**

c) Provisional fair value valuation of net assets as at the acquisition date

The table below presents provisional and temporary fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

Provisional and temporary fair value of assets and liabilities as at 23 December 2020:

	Provisional fair value as at the acquisition date (23 December 2020)
Net assets:	
Other property, plant and equipment	4.4
Right-of-use assets	4.0
Deferred tax assets	0.1
Trade and other receivables	0.7
Cash and cash equivalents	0.5
Loans and borrowings	(3.6)
Lease liabilities	(4.2)
Trade and other payables	(0.8)
Income tax liability	(0.1)
Provisional value of net assets (100%)	**1.0**
Provisional value of net assets attributable to non-controlling interest	**0.3**
Provisional value of net assets attributable to Cyfrowy Polsat Capital Group	**0.7**
Provisional consideration transferred	**7.3**
Provisional goodwill	**6.6**

Goodwill is allocated to the “B2C and B2B services” operating segment.

The revenue and net loss for the reporting period since 23 December 2020 contributed by BCAST amounted to PLN 0.0 and PLN 0.0, respectively. Had it been acquired on 1 January 2020, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2020 would have amounted to PLN 11,968.1 and PLN 1,146.2, respectively.

17. Investment in associates

Acquisition of Asseco Poland S.A. shares

On 18 December 2019 the Company decided to initiate action aimed at acquiring a significant stake of shares in Asseco Poland S.A. (Asseco), in the amount not exceeding 18,221,000 (not in milion) and with aggregate value not exceeding PLN 1,184,365,000 (not in milion), with a potential participation of other entities controlled by Mr. Zygmunt Solorz (the "Acquisition").

In order to complete the Acquisition, the Company announced an invitation to submit offers for the sale of shares in Asseco („Invitation"). The Invitation concerned no more than 18,221,000 (not in million) shares of Asseco, representing 21.95% of the share capital of Asseco and vesting the right to exercise 21.95% of the total number of votes at the general meeting of Asseco. The proposed price for the Asseco shares to be purchased on the basis of the Invitation was PLN 65.00 (not in million) per share.

On 27 December 2019 the Company decided to acquire under the Invitation a total of 18,178,386 (not in million) Asseco shares, representing 21.90% of the Asseco share capital and carrying the right to exercise 21.90% of the total number of votes at the general meeting of Asseco (the „Purchase Shares"), of which 17,994,259 (not in million) Asseco shares, representing 21.68% of the Asseco share capital and carrying the right to exercise 21.68% of the total number of votes at the general meeting of Asseco were acquired directly by the Company, whereas 184,127 (not in million) Asseco shares, representing 0.22% of the Asseco share capital and carrying the right to exercise 0.22% of the total number of votes at the general meeting of Asseco were acquired by Reddev Investments Limited („Reddev"), an entity controlled by Mr. Zygmunt Solorz.

On 27 December 2019 Cyfrowy Polsat concluded with Reddev an agreement in order to enable Reddev to acquire 184,127 (not in million) Asseco shares under the Invitation. The agreement governs the joint acquisition of the Asseco shares under the Invitation and Reddev's exercising of the voting rights attached to the Asseco shares acquired under the Invitation as instructed by the Company (the „Agreement"). Under the Agreement, Reddev is obliged to resell to the Company the above Asseco shares for the price paid by Reddev for the acquired shares under the Invitation. Reddev shall also receive an additional remuneration for the period between the date on which Reddev acquired Asseco shares and the date on which the shares acquired by Reddev under the Invitation will be resold to the Company („Interim Period") in an amount equivalent to the average weighted cost of financing of the Group provided by financial institutions, prorated to the specific portion of the price paid by Reddev for the shares under the Invitation for each day of the Interim Period.

The transfer of ownership of the Purchase Shares was settled through the depositary and settlement system operated by Krajowy Depozyt Papierów Wartościowych S.A. on 30 December 2019.

After settlement of the above acquisition, the Company held a total of 22.73% Asseco shares as at 30 December 2019.

On 31 July 2020 Cyfrowy Polsat purchased from Reddev 184,127 (not in million) Asseco shares for the price of PLN 11.4. Following the transaction, the Company holds a total of 22.95% of Asseco shares.

(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 summary of Asseco's financial data (these are the most current consolidated financial data of Asseco's capital group published before the date of the approval of these Group's interim condensed consolidated financial statements):

	for the 12 months ended
	31 December 2020
Revenue	12,190.3
Profit from operating activities	1,215.4
Net profit	867.9
Other comprehensive income, net	156.7
Total comprehensive income	1,024.6

	31 December 2020
Non-current assets	9,750.3
Current assets	6,954.2
Assets held for sale	-
Total assets	16,704.5
Non-current liabilities	3,127.5
Current liabilities	4,619.7
Total liabilities	7,747.2

Fair value of the investment held in Asseco as at 30 December 2019 amounted to PLN 1,226. Following the completion of the purchase price allocation process for the acquisition of Asseco as at 30 December 2019, the Group identified goodwill in the amount of PLN 644, included in the carrying amount of the investment.

18. Operating segments

The Group operates in the following two segments:

1. B2C and B2B services 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, the online TV services, set-top boxes production and assembly of photovoltaic installations, and
2. Media segment.

The Group conducts its operating activities primarily in Poland.

The activities of the Group are grouped into segment with distinguishable scope of operations where services are rendered and merchandise delivered in a specific economic environment. Activities of defined segments are characterized by different risk levels and different investment returns from those of the Group's other segments. The operating segments also represent reportable segments of the Group.

B2C and B2B services segment includes:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay-TV services and revenues are generated mainly by pay-TV subscription fees,

- mobile telecommunication services (postpaid and mix) which generate revenues mainly from interconnection revenues, settlements with mobile network operators and subscription fees,
- mobile telecommunication prepaid services which generate revenues mainly from interconnection revenues and settlements with mobile network operators,
- fixed telecommunication services, which generate revenues mainly from subscription fees, interconnection and settlements with operators,
- providing access to broadband Internet in mobile and fixed-line technologies which generates revenues mainly from traffic and subscription fees,
- telecommunication wholesale services, including international and domestic roaming as well as telecommunication infrastructure sharing services,
- lease of optical fibers and infrastructure,
- online TV services (IPLA) available on computers, smartphones, tablets, SmartTV, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising on the Internet,
- Premium Rate services based on SMS/IVR/MMS/WAP technology,
- production of set-top boxes,
- sale of telecommunication equipment ,
- sale of electric energy and other utilities to retail customers,
- sale of photovoltaic installations.

Media segment consists mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcasted on television, radio and Internet channels in Poland. The revenues generated by the media segment relate mainly to advertising and sponsorship revenues as well as revenues from cable and satellite operators.

Management evaluates the operating segments' results based on EBITDA. The EBITDA reflects the Group's ability to generate cash in a stable environment. The Group defines EBITDA as profit from operating activities increased by depreciation, amortization, impairment and liquidation. The EBITDA is not an EU IFRS measure and thus its calculations may differ among the entities.

(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 a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the 3 months ended 31 March 2021:

The 3 months ended 31 March 2021 (unaudited)	**B2C and B2B services**	**Media: TV and online**	**Consolidation adjustments**	**Total**
Revenues from sales to third parties	2,535.9	451.5	-	**2,987.4**
Inter-segment revenues	15.1	55.7	(70.8)	**-**
Revenues	**2,551.0**	**507.2**	**(70.8)**	**2,987.4**
EBITDA (unaudited)	**936.6**	**146.1**	**-**	**1,082.7**
Depreciation, amortization, impairment and liquidation	500.8	20.4	-	**521.2**
Profit from operating activities	**435.8**	**125.7**	**-**	**561.5**
Acquisition of property, plant and equipment and other intangible assets	295.3	40.2	-	**335.5**
Acquisition of reception equipment	34.0	-	-	**34.0**
Balance as at 31 March 2021 (unaudited)				
Assets, including:	27,274.3	5,737.4*	(57.2)	**32,954.5**
Investments in joint venture and shares in associates	1,274.3	5.9	-	**1,280.2**

* Includes non-current assets located outside of Poland in the amount of PLN 5.4.

All material revenues are generated in Poland.

It should be noted that the data for 3 months ended 31 March 2021 allocated to the "B2C and B2B services" segment are not comparable to the 3 months ended 31 March 2020 as 100% shares in IST Sp. z o. o. were acquired by Netia S.A. on 14 February 2020, shares of Asseco Poland S.A. were purchased from Reddev Investments Limited on 31 July 2020 (consequently, the Company holds 22.95% shares), additional 0.89% shares in BCAST Sp. z o.o. were acquired on 23 December 2020 (thus increasing shares held to 70.02%) and additional 0.0253% shares of Netia S.A. were purchased on 8 March 2021 (consequently, the Company holds 66% shares).

It should be noted also that the data for 3 months ended 31 March 2021 allocated to the "Media" segment are not comparable to the 3 months ended 31 March 2020 as 100% shares in Grupa Interia.pl Sp. z o.o. and all rights and obligations of limited partner in Grupa Interia.pl Media Sp. z o.o. Sp.k. were acquired on 8 July 2020, additional 50.52% shares in TV Spektrum Sp. z o.o. were acquired on 18 September 2020 (thus increasing shares held to 100%), 60% shares in Polot Media Sp. z o.o. were acquired on 23 December 2020 and 60% shares (directly and indirectly) in Polot Media Sp. z o.o. Sp. k. were acquired on 23 December 2020.

(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 a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the 3 months ended 31 March 2020:

The 3 months ended 31 March 2020 (unaudited)	B2C and B2B services	Media: TV and online	Consolidation adjustments	Total
Revenues from sales to third parties	2,438.8	409.7	-	**2,848.5**
Inter-segment revenues	14.6	50.9	(65.5)	**-**
Revenues	**2,453.4**	**460.6**	**(65.5)**	**2,848.5**
EBITDA (unaudited)	**879.6**	**147.1**	**-**	**1,026.7**
Depreciation, amortization, impairment and liquidation	549.4	15.1	-	**564.5**
Profit from operating activities	**330.2**	**132.0**	**-**	**462.2**
Acquisition of property, plant and equipment, reception equipment and other intangible assets	283.7	23.7	-	**307.4**
Acquisition of reception equipment	33.6	-	-	**33.6**
Balance as at 31 March 2020 (unaudited)				
Assets, including:	27,196.3	5,532.6*	(70.2)	**32,658.7**
Investments in joint venture and share in associates	1,291.0	21.0	-	**1,312.0**

* Includes non-current assets located outside of Poland in the amount of PLN 10.8.

Reconciliation of EBITDA and Net profit for the period:

	for the 3 months ended	
	31 March 2021 unaudited	31 March 2020 unaudited
EBITDA (unaudited)	**1,082.7**	**1,026.7**
Depreciation, amortization, impairment and liquidation (note 9)	(521.2)	(564.5)
Profit from operating activities	**561.5**	**462.2**
Other foreign exchange rate differences, net (note 10)	(8.1)	(62.7)
Interest costs, net (note 10 and 11)	(67.5)	(161.8)
Share of the profit/(loss) of associates accounted for using the equity method	16.5	16.3
Other	(3.9)	(3.5)
Gross profit for the period	**498.5**	**250.5**
Income tax	(108.1)	(66.7)
Net profit for the period	**390.4**	**183.8**

19. Transactions with related parties

Receivables

	31 March 2021 unaudited	31 December 2020
Joint ventures and associates	28.7	17.9
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.	6.2	7.5
Total*	**34.9**	**25.4**

* amounts presented above do not include deposits paid (31 March 2021 – PLN 3.5, 31 December 2020 – PLN 3.5)

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

Receivables due from related parties have not been pledged as security.

Other assets

	31 March 2021 unaudited	31 December 2020
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	2.3	2.3
Total	**2.3**	**2.3**

Liabilities

	31 March 2021 unaudited	31 December 2020
Joint ventures and associates	38.7	77.1
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.	244.0	482.8*
Total	**282.7**	**559.9**

* Includes liabilities related to dividend paid on 11 January 2021 in the amount of PLN 236.8.

Loans granted

	31 March 2021 unaudited	31 December 2020
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.	9.0	6.9
Total	**9.0**	**6.9**

Loans received

	31 March 2021 unaudited	31 December 2020
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.	5.5	5.4
Total	**5.5**	**5.4**

Revenues

	for the 3 months ended	
	31 March 2021 unaudited	31 March 2020 unaudited
Joint ventures and associates	6.8	6.3
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	27.7	6.5
Total	**34.5**	**12.8**

Expenses and purchases of programming assets

	for the 3 months ended	
	31 March 2021 unaudited	31 March 2020 unaudited
Joint ventures and associates	2.6	12.4
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.	56.1	60.9
Total	**58.7**	**73.3**

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

In 3 months ended 31 March 2021 and 31 March 2020 the most significant transactions include cost of electrical energy, advertising services and property rental.

Gain/(loss) on investment activities, net

	for the 3 months ended	
	31 March 2021 unaudited	**31 March 2020 unaudited**
Joint ventures and associates	-	0.7
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.	(1.6)	(0.9)
Total	**(1.6)**	**(0.2)**

Finance costs, net

	for the 3 months ended	
	31 March 2021 unaudited	**31 March 2020 unaudited**
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.	-	-
Total	**-**	**-**

20. Contingent liabilities

Management believes that the provisions as at 31 March 2021 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

Proceedings before the Office of Competition and Consumer („UOKiK")

On 30 December 2014 the President of UOKiK issued a decision ending investigations related to Polkomtel's (Company's subsidiary) alleged practices which infringed upon the collective interests of consumers by not providing its telecommunication clients (which entered into a written agreement) with terms and conditions of the preferential sales offer as well as not informing about the termination of the preferential sales offer. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 6.0. The company appealed to SOKiK against the decision. On 5 March 2018, SOKiK issued a decision where the penalty has been annulled and dismissed the appeal in remaining scope. Both parties appealed to the Court of Appeals in Warsaw. The Court of Appeal annulled in full the verdict of the first instance court and returned the case back to the first instance court. On 1 April 2021 SOKiK dismissed Polkomtel's appeal.

On 30 December 2016 the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel (Company's subsidiary) 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 and Polkomtel were charged with a penalty in the amount of PLN 5.3 and PLN 18.4, respectively. The Group appealed to SOKiK against the decision. On 18 June 2019 SOKiK annulled the decision of the President of UOKiK in relation to Polkomtel. The President of UOKiK appealed against the SOKiK verdict. On 7 August 2019 the court dismissed the appeal of Cyfrowy Polsat. 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. The Company intends to file a cassation appeal to the Supreme Court.

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 members 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. Other significant proceedings described in the consolidated financial statements for the year ended 31 December 2020 remained unchanged.

21. Risk and fair value

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended as at 31 December 2020. There have been no significant changes in any risk management policies since the end of year 2020.

Fair value

The Group 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 March 2021 unaudited		31 December 2020	
	Category according to IFRS 9	The level of the fair value hierarchy	Fair value	Carrying amount	Fair value	Carrying amount
Loans granted	A	2	9.8	9.8	7.8	7.8
Trade and other receivables	A	*	3,086.2	3,086.2	3,121.6	3,121.6
Cash and cash equivalents and short-term deposits	A	*	1,256.1	1,256.1	1,355.4	1,355.4
Restricted cash	A	*	11.2	11.2	10.4	10.4
Loans and borrowings	B	2	(9,777.3)	(9,649.3)	(9,796.2)	(9,640.8)
Issued bonds	B	1	(2,035.8)	(1,998.4)	(2,023.1)	(1,997.9)
UMTS licence liabilities	B	2	(276.3)	(267.8)	(274.2)	(263.4)
Lease liabilities	B	2	(1,539.2)	(1,539.2)	(1,573.0)	(1,573.0)
Accruals	B	*	(872.0)	(872.0)	(970.4)	(970.4)
Liabilities to shareholders of the Parent Company related to dividend for 2019	B	*	-	-	(415.7)	(415.7)
Liabilities due to tender offer for shares in Netia S.A.	B	*	-	-	(548.0)	(548.0)
Trade and other payables and deposits	B	*	(966.9)	(966.9)	(969.9)	(969.9)
Total			**(11,104.2)**	**(10,930.3)**	**(12,075.3)**	**(11,883.9)**
Unrecognized loss				(173.9)		(191.4)

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 lease liabilities, forecasted cash flows from the reporting date to assumed dates of lease agreements termination were analyzed. The discount rate for each payment was calculated as a WIBOR interest rate plus a margin regarding the Group's credit risk.

Trade and other receivables, 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 into account the time value of money, would approximately be equal to their nominal value.

When determining the fair value of UMTS license liability, forecasted cash flows from the reporting date to September 2022 were discounted at EURIBOR market rate.

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 interest rate plus a margin regarding the credit risk.

(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 March 2021 and 31 December 2020 loans and borrowings comprised bank loans and other loans. The discount rate for each payment was calculated as a sum of implied WIBOR interest rate and a margin regarding the credit risk. When determining the fair value of bank loans as at 31 March 2021 and as at 31 December 2020, forecasted cash flows from the reporting date to 30 September 2024 (assumed date of repayment of the loans 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 issued bonds as at 31 March 2021 and 31 December 2020 was estimated as a last purchase price at the balance sheet date according to GPW Catalyst quotations.

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

Assets measured at fair value	**31 March 2021 unaudited**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments not designated as hedging instruments		**-**	**4.5**	**-**
Forward transactions		*-*	*1.3*	*-*
Interest rate swaps		*-*	*3.2*	*-*
Investments in equity instruments		**-**	**0.2**	**-**
Total		**-**	**4.7**	**-**

Liabilities measured at fair value	**31 March 2021 unaudited**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments not designated as hedging instruments		**-**	**(31.1)**	**-**
Interest rate swaps		*-*	*(31.1)*	*-*
Hedging derivative instruments		**-**	**(6.9)**	**-**
Interest rate swaps		*-*	*(6.9)*	*-*
Total		**-**	**(38.0)**	**-**

As at 31 December 2020, the Group held the following financial instruments carried at fair value on the statement of financial position.

Assets measured at fair value	**31 December 2020**	**Level 1**	**Level 2**	**Level 3**
Derivative instruments not designated as hedging instruments		**-**	**2.4**	**-**
Forward transactions		*-*	*2.0*	*-*
Interest rate swaps		*-*	*0.4*	*-*
Investments in equity instruments		**-**	**0.2**	**-**
Total		**-**	**2.6**	**-**

Liabilities measured at fair value

	31 December 2020	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**(45.8)**	**-**
Interest rate swaps		-	*(45.8)*	-
Hedging derivative instruments		**-**	**(10.2)**	**-**
Interest rate swaps		-	*(10.2)*	-
Total		**-**	**(56.0)**	**-**

The fair value of forwards and interest rate swaps is determined using financial instruments valuation models, based on generally published currency exchange rates, interest rates, forward rate curves and volatility curves for foreign currencies taken from active markets. 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.

22. Important agreements and events

A tender offer for shares in Netia S.A.

On 23 December 2020, the Company announced a tender offer for 114,173,459 (not in million) shares issued by Netia S.A. entitling to 114,173,459 (not in million) votes at Netia's general meeting, representing ca. 34.02% of Netia's share capital and ca. 34.02% of the total number of votes at Netia's general meeting. The share price in the tender offer was set at PLN 4.80 (not in million) per Netia’s share.

As a result of the tender offer, on 8 March 2021, the Company acquired 84,868 (not in million) Netia’s shares representing ca. 0.0253% of its share capital and carrying the right to ca. 0.0253% of total votes at Netia’s general meeting. As of 8 March 2021 the Company held 221,489,753 (not in million) Netia’s shares representing ca. 66.0024% of its share capital and carrying the right to ca. 66.0024% of total votes at Netia’s general meeting.

In April 2021, the Company acquired 11,405,739 (not in millions) Netia’s shares representing ca. 3.40% of total votes at Netia’s general meeting. After the change Cyfrowy Polsat holds directly 232,895,492 (not in millions) Netia’s shares representing ca. 69.40% Netia’s share capital and carrying the right to ca. 69.40%% of total votes at Netia’s general meeting.

Execution of a conditional sale agreement for shares in subsidiary

On 26 February 2021 the Parent and its subsidiary Polkomtel Sp. z o. o. (together “Sellers”) concluded a conditional sale agreement (“Sale Agreement”) of shares in Polkomtel Infrastruktura Sp. z o. o. (“Polkomtel Infrastruktura”). According to the Sale Agreement, Sellers agreed to sell shares representing 99.99% of the share capital of Polkomtel Infrastruktura for the total price of PLN 7,070.3 The completion of the transaction is conditional on the fulfillment of the following conditions precedent: the buyer must obtain consent of the President of the Office of Competition and Consumer Protection for the acquisition and the Sellers must obtain consents required under the financing documentation of the Sellers, as well as conditional or unconditional release of security interests encumbering the shares of Polkomtel Infrastruktura. The Sale Agreement will terminate, if the conditions precedent are not fulfilled on or before 31 October 2021. This deadline may be postponed until 31

December 2021 by way of a unilateral declaration of will by any of the parties. After the transaction completion Polkomtel Sp. z o. o. will retain 207 shares of Polkomtel Infrastruktura representing 0.01% of the share capital of Polkomtel Infrastruktura.

Conclusion of a conditional agreement regarding the acquisition of shares

On 31 March 2021 Management Board decided to acquire 10% of the share capital of eobuwie.pl S.A. within the scope of a pre-IPO investment for a consideration of PLN 500. As a result of the above, on 31 March 2021 the Company signed a preliminary agreement regarding acquisition of shares and a shareholders' agreement regulating, among others, the future corporate governance principles of eobuwie.pl S.A. This agreement has a conditional nature, in particular the seller is obliged to obtain relevant consents of banks financing the operating activities of the seller's capital group as well as the consent of the general shareholders meeting of eobuie.pl S.A. for the sale of company's shares.

Estimated impact of COVID-19 coronavirus disease pandemic on the operations and financial prospects of the Group

Immediately upon introducing by the Polish government the state of emergency due to an epidemic, in effect from 13 March 2020, the Group took actions to assure business continuity and reduce the negative impact of the pandemic on its operations. The priorities mainly included ensuring safety of the employees as well as guaranteeing high quality of services provided to the customers of the Group's companies.

In the Management Board's view, the Company and Group's core business is relatively resistant to the adverse impact of the pandemic, maintains a high level of liquidity and generates positive cash flows. Accordingly, no factors indicating impairment of the Group's assets were identified. More information in respect to the estimated impact is presented in the Management Report in note 4.4.1.

The ultimate impact that the COVID-19 coronavirus pandemic may have on the Company's, as well as the entire Group's operations and financial situation is impossible to foresee at present and depends on numerous factors which are beyond the Group's control and which include, among others, the duration of the pandemic and its further development as well as further potential measures that the Polish government may adopt.

23. Events subsequent to the reporting date

Acquisition of shares

On 23 April 2021 the Company acquired 10% of shares in PLCOM Sp. z o.o.

Merger of Liberty and Coltex

On 30 April 2021 a merger of Liberty Poland S.A. (acquiring company) and Coltex ST Sp. z o.o. (company being acquired) was registered by the court.

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24. Other disclosures

Security relating to loans and borrowings

Establishment of security for loan facilities

The Group entered into a series of agreements establishing collateral under the loan agreements. Detailed information in respect to the agreements is presented in the Management Report in note 3.2.6.

Commitments to purchase programming assets

As at 31 March 2021 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

	31 March 2021 unaudited	31 December 2020
within one year	224.7	182.9
between 1 to 5 years	505.8	315.6
more than 5 years	39.4	45.1
Total	**769.9**	**543.6**

The table below presents commitments to purchase programming assets from related parties not included in the consolidated financial statements:

	31 March 2021 unaudited	31 December 2020
within one year	49.1	22.1
between 1 to 5 years	-	0.2
Total	**49.1**	**22.3**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of property, plant and equipment was PLN 386.7 as at 31 March 2021 (PLN 313.2 as at 31 December 2020). Total amount of contractual liabilities resulting from agreements for the purchases of intangible assets was PLN 145.3 as at 31 March 2021 (PLN 64.9 as at 31 December 2020).

Future contractual obligations

As at 31 March 2021 and 31 December 2020 the Group had future liabilities due to transponder capacity agreements. The table below presents future payments (total):

	31 March 2021 unaudited	31 December 2020
within one year	127.2	126.0
between 1 to 5 years	477.1	503.9
Total	**604.3**	**629.9**

25. Judgments, financial estimates and assumptions

The preparation of consolidated 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.

Detailed description of the accounting estimates is presented in the annual consolidated financial statements.

CYFROWY POLSAT S.A.

Interim Condensed Financial Statements
for the 3 months ended 31 March 2021

Prepared in accordance
with International Accounting Standard 34
Interim Financial Reporting

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APPROVAL OF THE INTERIM CONDENSED FINANCIAL STATEMENTS

On 12 May 2021, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed financial statements of Cyfrowy Polsat S.A. prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*, as adopted by the European Union, which include:

Interim Income Statement for the period
from 1 January 2021 to 31 March 2021 showing a net loss for the period of: PLN 14.7

Interim Statement of Comprehensive Income for the period
from 1 January 2021 to 31 March 2021 showing a total comprehensive loss for the period of: PLN 12.0

Interim Balance Sheet as at
31 March 2021 showing total assets and total equity and liabilities of: PLN 15,250.0

Interim Cash Flow Statement for the period
from 1 January 2021 to 31 March 2021 showing a net decrease in cash and cash equivalents amounting to: PLN 366.3

Interim Statement of Changes in Equity for the period
from 1 January 2021 to 31 March 2021 showing an decrease in equity of: PLN 12.0

Notes to the Interim Condensed Financial Statements
The interim condensed 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, 12 May 2021

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

Interim Income Statement

		for the 3 months ended	
	Note	31 March 2021 unaudited	31 March 2020 unaudited
Revenue	7	618.5	589.5
Operating costs	8	(491.8)	(479.7)
Profit from operating activities		**126.7**	**109.8**
Gain on investment activities, net	9	19.5	12.6
Finance costs, net	10	(22.5)	(30.0)
Gross profit for the period		**123.7**	**92.4**
Income tax		(138.4)	(21.8)
Net profit/(loss) for the period		**(14.7)**	**70.6**
Basic and diluted earnings per share (in PLN)		**(0.02)**	**0.11**

Interim Statement of Comprehensive Income

		for the 3 months ended	
	Note	31 March 2021 unaudited	31 March 2020 unaudited
Net profit/(loss) for the period		**(14.7)**	**70.6**
Items that may be reclassified subsequently to profit or loss:			
Valuation of hedging instruments	12	3.3	(7.7)
Income tax relating to hedge valuation	12	(0.6)	1.4
Other comprehensive income/(loss), net of tax		**2.7**	**(6.3)**
Total comprehensive income/(loss) for the period		**(12.0)**	**64.3**

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

Interim Balance Sheet - Assets

	Note	31 March 2021 unaudited	31 December 2020
Reception equipment		348.4	343.1
Other property, plant and equipment		114.6	112.8
Goodwill		197.0	197.0
Brands		7.8	7.8
Other intangible assets		70.4	72.1
Right-of-use assets		22.0	23.0
Investment property		35.9	36.4
Shares in subsidiaries and associates		11,136.1	13,428.8
includes shares in associate		*1,260.2*	*1,260.2*
Non-current deferred distribution fees		25.7	26.5
Other non-current assets		94.0	87.1
Total non-current assets		**12,051.9**	**14,334.6**
Contract assets		153.0	160.2
Inventories		55.6	46.7
Trade and other receivables		145.7	118.7
Current deferred distribution fees		64.7	64.2
Other current assets		16.9	16.1
includes derivative instruments		*1.3*	-
Cash and cash equivalents		469.1	835.4
Total current assets		**905.0**	**1,241.3**
Assets held for sale		**2,293.1**	**-**
Total assets		**15,250.0**	**15,575.9**

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

Interim Balance Sheet - Equity and Liabilities

	Note	31 March 2021 unaudited	31 December 2020
Share capital	11	25.6	25.6
Share premium	11	7,174.0	7,174.0
Other reserves		(5.8)	(8.5)
Retained earnings		3,704.9	3,719.6
Total equity		**10,898.7**	**10,910.7**
Loans and borrowings	13	1,350.7	1,387.1
Issued bonds	14	1,959.8	1,959.2
Lease liabilities		19.0	19.9
Deferred tax liabilities		199.7	84.6
Other non-current liabilities and provisions		3.6	6.3
includes derivative instruments		*2.0*	*4.7*
Total non-current liabilities		**3,532.8**	**3,457.1**
Loans and borrowings	13	178.8	140.9
Issued bonds	14	38.6	38.7
Lease liabilities		3.8	3.7
Contract liabilities		246.7	246.1
Trade and other payables		339.3	353.3
includes derivative instruments		*4.9*	*5.5*
Liabilities to shareholders related to dividend for 2019		-	415.7
Income tax liability		7.9	6.4
Deposits for equipment		3.4	3.3
Total current liabilities		**818.5**	**1,208.1**
Total liabilities		**4,351.3**	**4,665.2**
Total equity and liabilities		**15,250.0**	**15,575.9**

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

Interim Cash Flow Statement

	Note	for the 3 months ended 31 March 2021 unaudited	31 March 2020 unaudited
Net profit/(loss)		**(14.7)**	**70.6**
Adjustments for:		**119.1**	**15.0**
Depreciation, amortization, impairment and liquidation	8	45.2	41.7
Interest expense		19.1	25.7
Change in inventories		(8.9)	(1.0)
Change in receivables and other assets		(12.0)	(7.7)
Change in liabilities and provisions		(16.8)	(10.9)
Change in contract assets		7.2	(3.0)
Change in contract liabilities		0.6	7.5
Income tax		138.4	21.8
Net increase in reception equipment provided		(40.2)	(39.5)
Dividends income and share in the profits of partnerships	9	(15.8)	(12.4)
Other adjustments		2.3	(7.2)
Cash from operating activities		**104.4**	**85.6**
Income tax paid		(22.5)	(20.8)
Interest received from operating activities		-	1.7
Net cash from operating activities		**81.9**	**66.5**
Received dividends and shares in the profits of partnerships		4.2	4.2
Acquisition of shares in subsidiaries and associate		(0.4)	(14.3)
Acquisition of property, plant and equipment		(6.0)	(11.3)
Acquisition of intangible assets		(2.6)	(5.1)
Loans granted		(8.1)	(25.1)
Other inflows		2.0	0.7
Net cash used in investing activities		**(10.9)**	**(50.9)**
Bonds issue		-	1,000.0
Repayment of loans and borrowings		-	(454.4)
Payment of interest on loans, borrowings, bonds and commissions*		(18.4)	(15.4)
Dividend paid		(415.7)	-
Other outflows		(3.2)	(2.9)
Net cash from/(used) in financing activities		**(437.3)**	**527.3**
Net increase/(decrease) in cash and cash equivalents		**(366.3)**	**542.9**
Cash and cash equivalents at the beginning of period		**835.4**	**142.1**
Effect of exchange rate fluctuations on cash and cash equivalents		-	0.1
Cash and cash equivalents at the end of period		**469.1**	**685.1**

* Includes impact of hedging instruments and amount paid for costs related to the new financing

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

Interim Statement of Changes in Equity for the 3 months ended 31 March 2021

	Share capital	Share premium	Other reserves	Retained earnings*	**Total Equity**
Balance as at 1 January 2021	**25.6**	**7,174.0**	**(8.5)**	**3,719.6**	**10,910.7**
Total comprehensive income/(loss)	-	-	2.7	(14.7)	**(12.0)**
Hedge valuation reserve	-	-	*2.7*	-	***2.7***
Net loss for the period	-	-	-	*(14.7)*	***(14.7)***
Balance as at 31 March 2021 unaudited	**25.6**	**7,174.0**	**(5.8)**	**3,704.9**	**10,898.7**

* The capital excluded from distribution amounts to PLN 8.5. 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.

Interim Statement of Changes in Equity for the 3 months ended 31 March 2020

	Share capital	Share premium	Other reserves	Retained earnings*	**Total Equity**
Balance as at 1 January 2020	**25.6**	**7,174.0**	**(0.2)**	**3,954.1**	**11,153.5**
Total comprehensive income	-	-	(6.3)	70.6	**64.3**
Hedge valuation reserve	-	-	*(6.3)*	-	***(6.3)***
Net profit for the period	-	-	-	*70.6*	***70.6***
Balance as at 31 March 2020 unaudited	**25.6**	**7,174.0**	**(6.5)**	**4,024.7**	**11,217.8**

* The capital excluded from distribution amounts to PLN 8.5. 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.

Notes to the Interim Condensed 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 'Cyfrowy Polsat' 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 March 2021, the Group encompasses the Company, Polkomtel Sp. z o.o. and its subsidiaries and joint ventures, Polkomtel Infrastruktura Sp. z o.o., 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, TVO Sp. z o.o., Mese Sp. z o.o., Esoleo Sp. z o.o. and its subsidiaries and BCAST Sp. z o.o.

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

- Marek Kapuściński	President 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.

4. Basis of preparation of the interim condensed financial statements

Statement of compliance

These interim condensed financial statements for the 3 months ended 31 March 2021 have been prepared in accordance with the International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. These interim condensed financial statements should be read together with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS EU"). These interim condensed financial statements have been prepared on a going concern basis.

The Company as the Parent company prepared the interim condensed consolidated financial statements (approved on 12 May 2021). These interim condensed financial statements should be read together with the interim condensed consolidated financial statements.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new, amended Standards or Interpretations that apply to the annual reporting periods beginning on or after 1 January 2021.

During the three-month period ended 31 March 2021 the following became effective:

a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments and interpretations that apply for the first time in 2021 do not have a material impact on the interim condensed financial statements of the Company.

Standards published but not yet 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"
e) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current
f) Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
g) Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

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

5. Approval of the Interim Condensed Financial Statements

These interim condensed financial statements were approved for publication by the Management Board on 12 May 2021.

Explanatory notes

6. Information on seasonality in the Company's operations

Retail revenue is not directly subject to any seasonal trend.

7. Revenue

	for the 3 months ended	
	31 March 2021 unaudited	**31 March 2020 unaudited**
Retail revenue	565.1	545.5
Wholesale revenue	27.2	24.7
Sale of equipment	8.9	2.5
Other revenue	17.3	16.8
Total	**618.5**	**589.5**

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

8. Operating costs

		for the 3 months ended	
	Note	**31 March 2021 unaudited**	**31 March 2020 unaudited**
Content costs		196.9	187.9
Technical costs and costs of settlements with telecommunication operators		114.8	121.3
Distribution, marketing, customer relation management and retention costs		76.2	75.9
Depreciation, amortization, impairment and liquidation		45.2	41.7
Salaries and employee-related costs	a	31.5	29.0
Cost of equipment sold		8.2	2.4
Cost of debt collection services, bad debt allowance and receivables written off		3.4	3.6
Other costs		15.6	17.9
Total		**491.8**	**479.7**

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

a) Salaries and employee-related costs

	for the 3 months ended	
	31 March 2021 unaudited	**31 March 2020 unaudited**
Salaries	25.9	24.1
Social security contributions	4.5	4.2
Other employee-related costs	1.1	0.7
Total	**31.5**	**29.0**

9. Gain on investment activities, net

	for the 3 months ended	
	31 March 2021 unaudited	**31 March 2020 unaudited**
Share in the profits of partnerships	15.8	12.4
Other	3.7	0.2
Total	**19.5**	**12.6**

10. Finance costs, net

	for the 3 months ended	
	31 March 2021 unaudited	**31 March 2020 unaudited**
Interest expense on loans and borrowings	8.5	15.3
Interest expense on issued bonds	10.2	12.1
Valuation and realization of hedging instruments	1.3	0.1
Guarantee fees	1.9	2.3
Bank and other charges	0.6	0.2
Total	**22.5**	**30.0**

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

11. Equity

(i) Share capital

Presented below is the structure of the Company's share capital as at 31 March 2021 and 31 December 2020:

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

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

	Number of shares	Nominal value of shares	% of share capital held	Number of votes	% of voting rights
TiVi Foundation [2], including through:	306,432,094	12.3	47.91%	466,149,605	56.92%
Reddev Investments Ltd. [1]	306,432,084	12.3	47.91%	466,149,585	56.92%
Embud 2 Sp. z o.o. S.K.A. [2]	64,011,733	2.6	10.01%	64,011,733	7.82%
Tipeca Consulting Limited [2,3]	2,152,388	0.1	0.34%	2,152,388	0.26%
Others	266,949,801	10.6	41.74%	286,649,791	35.00%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

[1] Reddev Investments Ltd. is an indirect subsidiary of Mr. Zygmunt Solorz.

[2] Entity is controlled by Mr. Zygmunt Solorz.

[3] the Company under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act

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

The shareholders' structure as at 31 December 2020 was as follows:

	Number of shares	Nominal value of shares	% of share capital held	Number of votes	% of voting rights
TiVi Foundation [2], including through:	298,080,297	11.9	46.61%	457,797,808	55.90%
Reddev Investments Ltd. [1]	*298,080,287*	*11.9*	*46.61%*	*457,797,788*	*55.90%*
Embud 2 Sp. z o.o. S.K.A. [2]	64,011,733	2.6	10.01%	64,011,733	7.82%
Tipeca Consulting Limited [2,3]	2,152,388	0.1	0.34%	2,152,388	0.26%
Others	275,301,598	11.0	43.05%	295,001,588	36.02%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

[1] Reddev Investments Ltd. is an indirect subsidiary of Mr. Zygmunt Solorz.

[2] Entity is controlled by Mr. Zygmunt Solorz.

[3] the Company under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act

(ii) Share premium

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

12. Hedge valuation reserve

Impact of hedging instruments valuation on hedge valuation reserve

	2021	2020
Balance as at 1 January	**(8.3)**	**(0.2)**
Valuation of cash flow hedges	3.3	(7.7)
Deferred tax	(0.6)	1.4
Change for the period	**2.7**	**(6.3)**
Balance as at 31 March unaudited	**(5.6)**	**(6.5)**

13. Loans and borrowings

Loans and borrowings	**31 March 2021 unaudited**	**31 December 2020**
Short-term liabilities	178.8	140.9
Long-term liabilities	1,350.7	1,387.1
Total	**1,529.5**	**1,528.0**

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Change in loans and borrowings liabilities:

	2021	2020
Loans and borrowings as at 1 January	**1,528.0**	**1,993.3**
Repayment of capital	-	(454.4)
Repayment of interest and commissions	(7.0)	(15.3)
Interest accrued	8.5	15.2
Loans and borrowings as at 31 March unaudited	**1,529.5**	**1,538.8**

14. Issued bonds

	31 March 2021 unaudited	31 December 2020
Short-term liabilities	38.6	38.7
Long-term liabilities	1,959.8	1,959.2
Total	**1,998.4**	**1,997.9**

Change in issued bonds:

	2021	2020
Issued bonds payable as at 1 January	**1,997.9**	**1,004.0**
Bonds issue (Series C Bonds)	-	1,000.0
Repayment of interest and commissions	(9.7)	(0.1)
Interest accrued	10.2	9.9
Issued bonds payable as at 31 March unaudited	**1,998.4**	**2,013.8**

15. Transactions with related parties

Receivables

	31 March 2021 unaudited	31 December 2020
Subsidiaries	59.2	46.5
Joint ventures and associates	0.7	0.3
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	0.2	0.5
Total	**60.1**	**47.3**

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

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Other assets

	31 March 2021 unaudited	31 December 2020
Subsidiaries	8.4	8.5
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.	1.0	0.6
Total	**9.4**	**9.1**

Other current assets comprise mainly unbilled revenue from InterPhone Service (sale of set-top box design).

Liabilites

	31 March 2021 unaudited	31 December 2020
Subsidiaries	94.3	97.0
Joint ventures and associates	1.4	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.	19.1	255.6
Total	**114.8**	**354.0**

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

Loans granted

	31 March 2021 unaudited	31 December 2020
Subsidiaries	103.6	94.4
Total	**103.6**	**94.4**

Revenues

	for the 3 months ended	
	31 March 2021 unaudited	31 March 2020 unaudited
Subsidiaries	41.4	29.9
Joint ventures and associates	-	0.8
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.	0.5	0.7
Total	**41.9**	**31.4**

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

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Expenses

	for the 3 months ended	
	31 March 2021 unaudited	**31 March 2020 unaudited**
Subsidiaries	173.0	179.3
Joint ventures and associates	0.3	2.1
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.	5.4	6.1
Total	**178.7**	**187.5**

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 expenses IT services, rental of properties, advertising production and telecommunication services with respect to the Company's customer call center.

Gain/(loss) on investment activities, net

	for the 3 months ended	
	31 March 2021 unaudited	**31 March 2020 unaudited**
Subsidiaries	18.6	14.6
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.	(0.2)	(0.2)
Total	**18.4**	**14.4**

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

Finance costs, net

	for the 3 months ended	
	31 March 2021 unaudited	**31 March 2020 unaudited**
Subsidiaries	1.9	2.3
Total	**1.9**	**2.3**

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

Other notes

16. Litigations

Management believes that the provisions for litigations as at 31 March 2021 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. The Company intends to file a cassation appeal to the Supreme Court.

Significant proceedings described in the financial statements for the year ended 31 December 2020 remained unchanged.

17. Risk and fair value

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, the risk of changes in cash flows related to interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements. These interim condensed financial statements should be read in conjunction with the Company's annual financial statements for the year ended as at 31 December 2020. There have been no significant changes in any risk management policies since the end of year 2020.

Fair value

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.

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

			31 March 2021 unaudited		**31 December 2020**	
	Category according to IFRS 9	**Level of the fair value hierarchy**	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Loans granted	A	2	104.6	104.4	95.9	95.2
Trade and other receivables	A	*	115.6	115.6	105.7	105.7
Cash and cash equivalents	A	*	469.1	469.1	835.4	835.4
Loans and borrowings	B	2	(1,542.0)	(1,529.5)	(1,542.9)	(1,528.0)
Issued bonds	B	1	(2,035.8)	(1,998.4)	(2,023.1)	(1,997.9)
Lease liabilities	B	2	(22.8)	(22.8)	(23.6)	(23.6)
Accruals	B	*	(184.0)	(184.0)	(179.2)	(179.2)
Liabilities to shareholders related to dividend for 2019	B	2	-	-	(415.7)	(415.7)
Trade and other payables and deposits	B	*	(130.3)	(130.3)	(142.0)	(142.0)
Total			**(3,225.6)**	**(3,175.9)**	**(3,289.5)**	**(3,250.1)**
Unrecognized loss				**(49.7)**		**(39.4)**

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 March 2021 and as at 31 December 2020 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 March 2021 and 31 December 2020, 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 March 2021 and 31 December 2020 is calculated based on the last bid price as at the balance sheet date as quoted on the Catalyst market.

As at 31 March 2021, the Company held the following financial instruments measured at fair value:

Assets measured at fair value

	31 March 2021 unaudited	Level 1	Level 2	Level 3
Forward transactions		-	1.3	-
Total		**-**	**1.3**	**-**

Liabilities measured at fair value

	31 March 2021 unaudited	Level 1	Level 2	Level 3
IRS		-	(6.9)	-
Total		**-**	**(6.9)**	**-**

As at 31 December 2020, the Company held the following financial instruments measured at fair value:

Liabilities measured at fair value

	31 December 2020	Level 1	Level 2	Level 3
IRS		-	(10.2)	-
Total		**-**	**(10.2)**	**-**

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.

18. Important agreements and events

A tender offer for shares in Netia S.A.

On 23 December 2020, the Company announced a tender offer for 114,173,459 (not in million) shares issued by Netia S.A., entitling to 114,173,459 (not in million) votes at Netia's general meeting, representing ca. 34.02% of Netia's share capital and ca. 34.02% of the total number of votes at Netia's general meeting. The share price in the tender offer was set at PLN 4.80 (not in million) per Netia's share.

As a result of the tender offer, on 8 March 2021 the Company acquired 84,868 (not in millions) Netia's shares representing ca. 0.0253% of its share capital and carrying the right to ca. 0.0253% of total votes at Netia's general meeting and held, as at that date, in total 221,489,753 (not in million) Netia's shares representing ca. 66.0024% of its share capital and carrying the right to ca. 66.0024% of total votes at Netia's general meeting.

In April 2021, the Company acquired 11,405,739 (not in millions) Netia's shares representing ca. 3.40% of total votes at Netia's general meeting. After the change in share Cyfrowy Polsat holds directly 232,895,492 (not in millions) Netia's shares representing ca. 69.40% of its share capital and carrying the right to ca. 69.40% of total votes at Netia's general meeting.

Execution of a conditional sale agreement for shares in subsidiary

On 26 February 2021 Company and its Subsidiary Polkomtel Sp. z o. o. (together "Sellers") concluded a conditional sale agreement ("Sale Agreement") of shares in Polkomtel Infrastruktura Sp. z o. o. ("Polkomtel Infrastruktura"). According to the Sale Agreement, Company agreed to sell all shares held representing 74.98% of the share capital of Polkomtel Infrastruktura for the price of PLN 5,302.1, while Polkomtel Sp. z o. o. agreed to sell shares representing 25.01% of the share capital for the price of PLN 1,768.2. The completion of the Transaction is conditional on the fulfillment of the following conditions precedent: the buyer must obtain consent of the President of the Office of Competition and Consumer Protection for the and the Sellers must obtain consents required under the financing documentation of the Sellers, as well as conditional or unconditional release of security interests encumbering the Shares. The Sale Agreement will terminate, if the conditions precedent are not fulfilled on or before 31 October 2021. This deadline may be postponed until 31 December 2021 by way of a unilateral declaration of will by any of the parties.

Conclusion of a conditional agreement regarding the acquisition of shares

On 31 March 2021 Management Board decided to acquire 10% of the share capital of eobuwie.pl S.A. within the scope of a pre-IPO investment for a consideration of PLN 500. As a result of the above, on 31 March 2021 the Company signed a preliminary agreement regarding acquisition of shares and a shareholders' agreement regulating, among others, the future corporate governance principles of eobuwie.pl S.A. This agreement has a conditional nature, in particular the seller is obligated to obtain relevant consents of banks financing the operating activities of entities from the seller's capital group as well as the consent of the general shareholders meeting of eobuie.pl S.A. for the sale of company's shares.

Estimated impact of COVID-19 coronavirus disease pandemic on the operations and financial prospects of the Group

Immediately upon the introduction by the Polish government of the state of emergency due to an epidemics, in effect from 13 March 2020, Cyfrowy Polsat Group took actions to assure business continuity and reduce the negative impact of the pandemic on its operations. The priorities mainly included ensuring safety of the employees as well as guaranteeing high quality of services provided to the customers of the Group's companies.

In the Management Board's view, the Company and Group's core business is relatively resistant to the adverse impact of the pandemic, maintains a high level of liquidity and generates positive cash flows. Accordingly, no factors indicating impairment of the Company's assets were identified. More information in respect to the estimated impact is presented in the Management Report in note 4.4.1.

The ultimate impact that the COVID-19 coronavirus pandemic may have on the Company's, as well as the entire Cyfrowy Polsat Group's operations and financial situation is impossible to foresee at present and depends on numerous factors which are beyond the Group's control and which include, among others, the duration of the pandemic and its further development as well as further potential measures that the Polish government may adopt.

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19. Other disclosures

Security relating to loans and borrowings

Establishment of collateral for loan facilities

The Company entered into a series of agreements establishing collateral under the SFA. Detailed information in respect to the agreements is presented in the Management Report in note 3.2.6.

Other securities

The Company provided guarantees 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 Group's Management, such disclosure could have a negative impact on the relations with the third parties.

Contractual liabilities related to purchases of non-current assets

Total amount of capital commitments resulting from agreements on property construction and improvements was PLN 0.2 as at 31 March 2021 (PLN 0.2 as at 31 December 2020). Additionally the amount of deliveries and services committed to under agreements for the purchases of licences and software was PLN 0.3 as at 31 March 2021 (PLN 0.3 as at 31 December 2020).

Future contractual obligations

As at 31 March 2021 and 31 December 2020 the Company had future liabilities due to transponder capacity agreements. The table below presents future payments (total):

	31 March 2021 unaudited	31 December 2020
within one year	123.7	122.5
between 1 to 5 years	463.8	489.9
Total	**587.5**	**612.4**

20. Events subsequent to the reporting date

Acquisition of shares

On 23 April 2021 the Company acquired 10% shares in PLCOM Sp. z o.o.

21. Judgments, financial estimates and assumptions

The preparation of interim condensed 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.

Detailed description of the judgements, accounting estimates and assumptions is presented in the annual financial statements.