

**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 Błaszczuk  
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

## Interim Income Statement

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

## Interim Statement of Comprehensive Income

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

### 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
<i>includes shares in associate</i>		1,260.2	1,260.2
Non-current deferred distribution fees		25.7	26.5
Other non-current assets		94.0	87.1
<b>Total non-current assets</b>		<b>12,051.9</b>	<b>14,334.6</b>
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
<i>includes derivative instruments</i>		1.3	-
Cash and cash equivalents		469.1	835.4
<b>Total current assets</b>		<b>905.0</b>	<b>1,241.3</b>
<b>Assets held for sale</b>		<b>2,293.1</b>	<b>-</b>
<b>Total assets</b>		<b>15,250.0</b>	<b>15,575.9</b>

### 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
<b>Total equity</b>		<b>10,898.7</b>	<b>10,910.7</b>
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
<i>includes derivative instruments</i>		2.0	4.7
<b>Total non-current liabilities</b>		<b>3,532.8</b>	<b>3,457.1</b>
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
<i>includes derivative instruments</i>		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
<b>Total current liabilities</b>		<b>818.5</b>	<b>1,208.1</b>
<b>Total liabilities</b>		<b>4,351.3</b>	<b>4,665.2</b>
<b>Total equity and liabilities</b>		<b>15,250.0</b>	<b>15,575.9</b>

## Interim Cash Flow Statement

		for the 3 months ended	
	Note	31 March 2021 unaudited	31 March 2020 unaudited
<b>Net profit/(loss)</b>		<b>(14.7)</b>	<b>70.6</b>
<b>Adjustments for:</b>		<b>119.1</b>	<b>15.0</b>
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)
<b>Cash from operating activities</b>		<b>104.4</b>	<b>85.6</b>
Income tax paid		(22.5)	(20.8)
Interest received from operating activities		-	1.7
<b>Net cash from operating activities</b>		<b>81.9</b>	<b>66.5</b>
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
<b>Net cash used in investing activities</b>		<b>(10.9)</b>	<b>(50.9)</b>
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)
<b>Net cash from/(used) in financing activities</b>		<b>(437.3)</b>	<b>527.3</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(366.3)</b>	<b>542.9</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>835.4</b>	<b>142.1</b>
Effect of exchange rate fluctuations on cash and cash equivalents		-	0.1
<b>Cash and cash equivalents at the end of period</b>		<b>469.1</b>	<b>685.1</b>

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

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

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

\* 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
<b>Balance as at 1 January 2020</b>	<b>25.6</b>	<b>7,174.0</b>	<b>(0.2)</b>	<b>3,954.1</b>	<b>11,153.5</b>
Total comprehensive income	-	-	(6.3)	70.6	64.3
<i>Hedge valuation reserve</i>	-	-	(6.3)	-	(6.3)
<i>Net profit for the period</i>	-	-	-	70.6	70.6
<b>Balance as at 31 March 2020 unaudited</b>	<b>25.6</b>	<b>7,174.0</b>	<b>(6.5)</b>	<b>4,024.7</b>	<b>11,217.8</b>

\* 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 Myszk	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.

## 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
<b>Total</b>	<b>618.5</b>	<b>589.5</b>

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

	Note	for the 3 months ended	
		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
<b>Total</b>		<b>491.8</b>	<b>479.7</b>

**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
<b>Total</b>	<b>31.5</b>	<b>29.0</b>

**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
<b>Total</b>	<b>19.5</b>	<b>12.6</b>

**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
<b>Total</b>	<b>22.5</b>	<b>30.0</b>

## 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
<b>Total</b>	<b>639,546,016</b>	<b>25.6</b>	

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 <sup>2</sup> , including through:	306,432,094	12.3	47.91%	466,149,605	56.92%
Reddev Investments Ltd. <sup>1</sup>	306,432,084	12.3	47.91%	466,149,585	56.92%
Embud 2 Sp. z o.o. S.K.A. <sup>2</sup>	64,011,733	2.6	10.01%	64,011,733	7.82%
Tipeca Consulting Limited <sup>2,3</sup>	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%
<b>Total</b>	<b>639,546,016</b>	<b>25.6</b>	<b>100%</b>	<b>818,963,517</b>	<b>100%</b>

<sup>1</sup> Reddev Investments Ltd. is an indirect subsidiary of Mr. Zygmunt Solorz.

<sup>2</sup> Entity is controlled by Mr. Zygmunt Solorz.

<sup>3</sup> 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

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 <sup>2</sup> , including through: <i>Reddev Investments Ltd.</i> <sup>1</sup>	298,080,297 298,080,287	11.9 11.9	46.61% 46.61%	457,797,808 457,797,788	55.90% 55.90%
Embud 2 Sp. z o.o. S.K.A. <sup>2</sup>	64,011,733	2.6	10.01%	64,011,733	7.82%
Tipeca Consulting Limited <sup>2,3</sup>	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%
<b>Total</b>	<b>639,546,016</b>	<b>25.6</b>	<b>100%</b>	<b>818,963,517</b>	<b>100%</b>

<sup>1</sup> Reddev Investments Ltd. is an indirect subsidiary of Mr. Zygmunt Solorz.

<sup>2</sup> Entity is controlled by Mr. Zygmunt Solorz.

<sup>3</sup> 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
<b>Balance as at 1 January</b>	<b>(8.3)</b>	<b>(0.2)</b>
Valuation of cash flow hedges	3.3	(7.7)
Deferred tax	(0.6)	1.4
<b>Change for the period</b>	<b>2.7</b>	<b>(6.3)</b>
<b>Balance as at 31 March unaudited</b>	<b>(5.6)</b>	<b>(6.5)</b>

## 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
<b>Total</b>	<b>1,529.5</b>	<b>1,528.0</b>

Change in loans and borrowings liabilities:

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

**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
<b>Total</b>	<b>1,998.4</b>	<b>1,997.9</b>

Change in issued bonds:

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

**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
<b>Total</b>	<b>60.1</b>	<b>47.3</b>

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.

## 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
<b>Total</b>	<b>9.4</b>	<b>9.1</b>

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

## Liabilities

	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
<b>Total</b>	<b>114.8</b>	<b>354.0</b>

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
<b>Total</b>	<b>103.6</b>	<b>94.4</b>

## 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
<b>Total</b>	<b>41.9</b>	<b>31.4</b>

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



**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
<b>Total</b>	<b>178.7</b>	<b>187.5</b>

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)
<b>Total</b>	<b>18.4</b>	<b>14.4</b>

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
<b>Total</b>	<b>1.9</b>	<b>2.3</b>

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.

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

	Category according to IFRS 9	Level of the fair value hierarchy	31 March 2021 unaudited		31 December 2020	
			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)
<b>Total</b>			<b>(3,225.6)</b>	<b>(3,175.9)</b>	<b>(3,289.5)</b>	<b>(3,250.1)</b>
Unrecognized loss				<b>(49.7)</b>		<b>(39.4)</b>

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	-
<b>Total</b>		-	1.3	-

**Liabilities measured at fair value**

	31 March 2021 unaudited	Level 1	Level 2	Level 3
IRS		-	(6.9)	-
<b>Total</b>		-	(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)	-
<b>Total</b>		-	(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 eobuwie.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.

## 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
<b>Total</b>	<b>587.5</b>	<b>612.4</b>

## 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.