

**Report of the Management Board
on the activities
of Cyfrowy Polsat S.A. Capital Group
for the three month period ended
March 31, 2022**

Warsaw, May 11, 2022

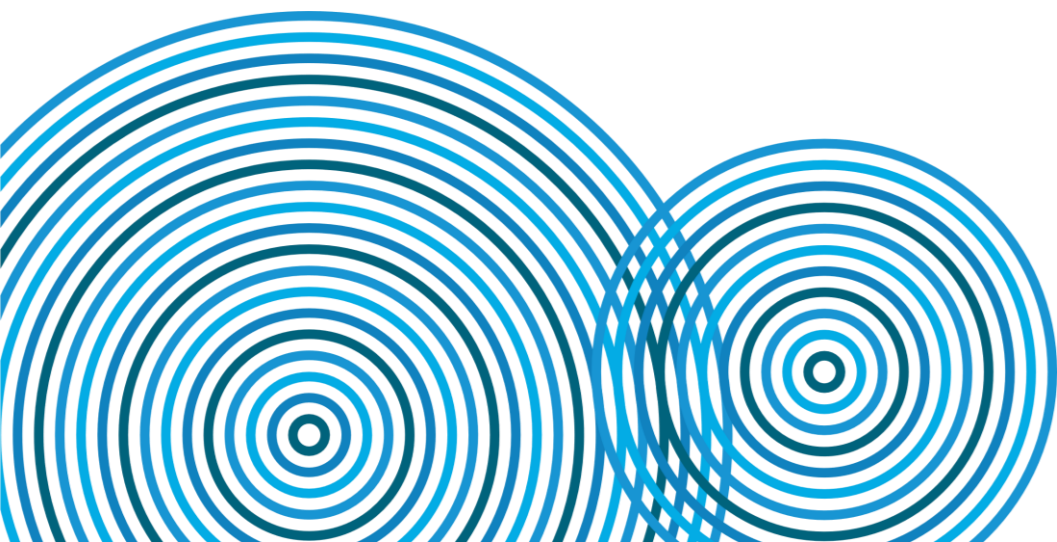


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Polsat Plus Group at a glance

Polsat Plus 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 under the 'Polsat Box' brand by Cyfrowy Polsat – the largest pay TV provider in Poland – and our subsidiary Netia. We offer our customers access to about 150 TV channels broadcast in satellite, terrestrial and Internet (IPTV, OTT) technologies as well as modern OTT services and Multiroom. We also provide online video services through online services 'Polsat Box Go' and 'Polsat Go', the leaders 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 under the 'Plus' brand through Polkomtel – one of Poland's leading telecommunications operators - and fixed-line telecommunication services mainly through Netia,
- mobile broadband Internet, offered mainly under the 'Plus' brand. 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, and concurrently the largest and fastest 5G network in Poland, thanks to which our customers enjoy the best quality of services,
- fixed-line broadband Internet, offered under the 'Netia' and 'Plus' brands based on our nationwide access infrastructure reaching approximately 3.2 million homes passed as well as based on access to networks of other fixed-line operators,
- broadcasting and television production through Telewizja Polsat, the leading commercial TV broadcaster on the Polish market, offering 39 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 a member of our Group, as well as a number of thematic portals,
- 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.

The shares of Cyfrowy Polsat S.A., the dominant entity of Polsat Plus Group, are listed in the Warsaw Stock Exchange on Warsaw since May 6, 2008.

Our mission and main strategic goals

Our strategic motto is offer high quality commodities for a reasonable price to the inhabitants of Poland. For everyone. Everywhere.

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

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

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

PILLAR I - CONNECTIVITY	PILLAR II - CONTENT	PILLAR III – CLEAN ENERGY
High-speed and reliable connectivity is critical to our work, education and entertainment. Easy communication with friends and family	Attractive content and excellent user experience ensure entertainment wherever, whenever and on whatever device you want	Affordable, clean energy is essential to the daily functioning and further development of the Polish society and economy
<ul style="list-style-type: none"> growth of revenue from services provided to individual and business customers through the consistent building of our customer base value by maximizing the number of users of our services as well as the number of services offered to each customer and simultaneously increasing average revenue per user (ARPU) and maintaining a high level of customer satisfaction 		<ul style="list-style-type: none"> building a position on the clean, energy market, in particular from the sun, wind, biomass, thermal waste treatment and building a complete value chain of a hydrogen-based economy, which creates opportunities to build a new stream of revenues for Polsat Plus Group and will bring tangible social benefits in the form of greenhouse gas emissions reduction
<ul style="list-style-type: none"> 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 		<ul style="list-style-type: none"> analysis of additional development opportunities in other prospective directions such as Small Modular Reactors (SMR)
<ul style="list-style-type: none"> use of opportunities arising from the advancing technological changes and market opportunities in order to expand the scope of our products and services 		
<ul style="list-style-type: none"> effective management of the cost base of our integrated capital group by exploiting its inherent synergies and economies of scale 		
<ul style="list-style-type: none"> 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 section 1 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 Polsat Plus Group apply to Cyfrowy Polsat S.A., while all references to the Group or Polsat Plus Group apply to Cyfrowy Polsat S.A. and its consolidated subsidiaries. Expressions such as "we," "us," "our" and similar apply generally to the 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, 2022, prepared in accordance with International Financial Reporting Standards as approved for use in the European Union ("IFRS") and are presented in millions of zlotys. The financial statements attached to this Report have 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, 2022 and March 31, 2021. This information should be read in conjunction with the consolidated financial statements for the three-month period ended March 31, 2022 (including notes thereto) constituting part of this Report and the information included in item 3 of this Report – *Operating and financial review of Polsat Plus Group*.

Selected financial data:

- from the consolidated income statement and the consolidated cash flow statement for the three-month periods ended March 31, 2022 and March 31, 2021 have been converted into euro at a rate of PLN 4.6253 per EUR 1.00 (average exchange rate in the period from January 1, 2022 to March 31, 2022 announced by the NBP)
- from the consolidated balance sheet data as at March 31, 2022 and December 31, 2021 have been converted into euro at a rate of PLN 4.6525 per EUR 1 (average exchange rate on March 31, 2022 published by the NBP).

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

It should be noted that the financial data for the three-month periods ended March 31, 2022 and March 31, 2021 are not fully comparable due to acquisitions and changes to the Group's structure in the period from January 1, 2021 to March 31, 2022, which are described in detail in item 1.2 - *Composition and structure of Polsat Plus Group – Changes in the organizational structure of Polsat Plus Group and their effects*, as well as in item 1.2. of the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the twelve-month period ended December 31, 2021.

Consolidated income statement

	for the three-month period ended March 31			
	2022		2021	
	mPLN	mEUR	mPLN	mEUR
Revenue	2,986.7	645.7	2,987.4	645.9
Retail revenue	1,722.2	372.3	1,664.1	359.8
Wholesale revenue	813.1	175.8	880.7	190.4
Sale of equipment	336.5	72.8	332.7	71.9
Other sales revenue	114.9	24.8	109.9	23.8
Total operating costs	(2,633.7)	(569.4)	(2,430.9)	(525.6)
Technical costs and cost of settlements with telecommunication operators	(809.5)	(175.0)	(624.7)	(135.1)
Depreciation, amortization, impairment and liquidation	(446.3)	(96.5)	(521.2)	(112.7)
Cost of equipment sold	(277.5)	(60.0)	(276.7)	(59.8)

	for the three-month period ended March 31			
	2022		2021	
	mPLN	mEUR	mPLN	mEUR
Content costs	(473.5)	(102.4)	(419.4)	(90.7)
Distribution, marketing, customer relation management and retention costs	(251.1)	(54.3)	(229.0)	(49.5)
Salaries and employee-related costs	(244.6)	(52.9)	(236.9)	(51.2)
Cost of debt collection services and bad debt allowance and receivables written off	(24.8)	(5.3)	(29.8)	(6.4)
Other costs	(106.4)	(23.0)	(93.2)	(20.2)
Other operating income/(cost), net	(32.7)	(7.1)	5.0	1.1
Profit from operating activities	320.3	69.2	561.5	121.4
Gain/(loss) on investment activities, net	6.9	1.5	(22.4)	(4.9)
Finance costs, net	(76.8)	(16.6)	(57.1)	(12.3)
Share of the profit of associates accounted for using the equity method	14.7	3.2	16.5	3.6
Gross profit for the period	265.1	57.3	498.5	107.8
Income tax	(52.3)	(11.3)	(108.1)	(23.4)
Net profit for the period	212.8	46.0	390.4	84.4
Net profit attributable to equity holders of the Parent	214.9	46.5	389.6	84.2
Net profit/(loss) attributable to non-controlling interest	(2.1)	(0.5)	0.8	0.2
Basic and diluted earnings per share in PLN (not in millions)	0.37	0.08	0.61	0.13
Weighted number of issued shares (not in millions)		568,371,890		639,546,016
EBITDA⁽¹⁾	766.6	165.7	1,082.7	234.1
EBITDA margin	25.7%	25.7%	36.2%	36.2%
Costs of supporting Ukraine	(34.1)	(7.4)	-	-
adjusted EBITDA⁽²⁾	800.7	173.1	1,082.7	234.1
adjusted EBITDA margin	26.8%	26.8%	36.2%	36.2%
EBITDA result of Polkomtel Infrastruktura	-	-	175.3	37.9
EBITDA adjusted excluding the result of Polkomtel Infrastruktura	800.7	173.1	907.4	196.2
EBITDA adjusted margin excluding the result of Polkomtel Infrastruktura	26.8%	26.8%	30.4%	30.4%
Operating margin	10.7%	10.7%	18.8%	18.8%

(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.

(2) Adjusted EBITDA excludes the costs of supporting Ukraine incurred in the first quarter of 2022.

Consolidated cash flow statement

	for the three-month period ended March 31			
	2022		2021	
	mPLN	mEUR	mPLN	mEUR
Net cash from operating activities	578.8	125.1	889.0	192.2
Net cash used in investing activities	(534.8)	(115.6)	(374.2)	(80.9)
<i>incl. capital expenditures⁽¹⁾</i>	(324.9)	(70.2)	(335.5)	(72.5)
Net cash used in financing activities	(332.2)	(71.8)	(612.0)	(132.3)
Net increase/(decrease) in cash and cash equivalents	(288.2)	(62.3)	(97.2)	(21.0)

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

Consolidated balance sheet

	March 31, 2022		December 31, 2021	
	mPLN	mEUR	mPLN	mEUR
Cash and cash equivalents ⁽¹⁾	3,353.7	720.8	3,644.3	783.3
Assets	31,895.2	6,855.5	32,237.0	6,929.0
Non-current liabilities	10,739.3	2,308.3	11,226.1	2,412.9
Non-current financial liabilities	9,745.1	2,094.6	10,111.4	2,173.3
Current liabilities	5,549.0	1,192.7	5,626.3	1,209.3
Current financial liabilities	1,520.8	326.9	1,340.2	288.1
Equity	15,606.9	3,354.5	15,384.6	3,306.7
Share capital	25.6	5.5	25.6	5.5

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

1. Characteristics of Polsat Plus Group

1.1. Who we are

Polsat Plus 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 TV 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 transmission 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, which belongs 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 online content, telecommunications products and other services for the home as well as for individual and business customers, using state-of-the-art technologies, to provide top quality multiplay services that match the changing needs of our customers while maintaining the highest possible level of their satisfaction. We are guided by the principle "For everyone. Everywhere" and we aim to satisfy every customer's needs with our products and services accessible at any time and on any device regardless of the method of service provisioning. We are constantly working on expanding our offering and entering new distribution markets. We pay attention to the development of unique content, acquired both internally and externally, as we consider it an important competitive advantage in our operations.

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

In the first quarter of 2022 we operated 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 2022, we had over 6 million B2C contract customers and companies from our Group provided a total of over 20 million active services for our B2C and B2C customers.

Our media segment consists mainly of production, acquisition and broadcasting of information, sports and entertainment programs as well as TV series and feature films broadcasting on television channels mainly in Poland. Furthermore, the segment consists of activities conducted in the Internet, including operations of our thematic portals and on the online advertising market. At the same time, as part of the media segment, we independently sell advertising and sponsorship, mainly on TV channels and in the Internet media.

1.2. Composition and structure of Polsat Plus Group

The following table presents the companies from Polsat Plus Group as at specific dates, indicating the consolidation method.

Company	Registered office	Activity	Share in voting rights (%) as at	
			March 31, 2022	December 31, 2021
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 Business Development Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other activities supporting financial services, gaseous fuels trading activities	100%	100%
Premium Mobile Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	100%	100%
Visignio Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	sales network management	100%	100%
Saveadvisor Sp. z o.o.	Warszawska 18, 35-205 Rzeszów	call center services	100%	100%
Mobi Dealer Sp. z o.o.	Warszawska 18, 35-205 Rzeszów	sales network management	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%
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%
Netia S.A.	Poleczki 13, 02-822 Warsaw	telecommunication activities	99.999%	99.999%
Netia 2 Sp. z o.o.	Poleczki 13, 02-822 Warsaw	telecommunication activities	99.999%	99.999%
TK Telekom Sp. z o.o.	Kijowska 10/12A, 03-743 Warsaw	telecommunication activities	99.999%	99.999%
Petrotel Sp. z o.o.	Chemików 7, 09-411 Płock	telecommunication activities	99.999%	99.999%
ISTS Sp. z o.o.	Bociana 4A / 68A, 31-231 Cracow	wired communication	99.999%	99.999%
IST Sp. z o.o.	Księcia Janusza I 3, 18-400 Łomża	wired communication	-	99.999%
Logitus Sp. z o.o.	Orzechowa 5, 80-175 Gdańsk	wired communication	99.999%	99.999%
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%

Company	Registered office	Activity	Share in voting rights (%) as at	
			March 31, 2022	December 31, 2021
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%
Netshare Media Group Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	advertising activities	100%	100%
BCAST Sp. z o.o.	Rakowiecka 41/21, 02-521 Warsaw	telecommunication activities	70.02%	70.02%
INFO-TV-FM Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	radio and television activities	100%	100%
CKS Ossa Sp z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	hotel activities	100%	100%
Ossa Medical Center Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	hospital activities	100%	100%
Stork 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warszawa	holding activities	100%	100%
Swan 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warszawa	agriculture activities	100%	100%
Vindix S.A. (2)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	(2)
Vindix Investments Sp. z o. o. (2)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	-

Company	Registered office	Activity	Share in voting rights (%) as at	
			March 31, 2022	December 31, 2021
Direct Collection Sp. z o.o. ⁽²⁾	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	-
Vindix Sp. z o.o. ⁽²⁾	Heroiv UPA 73 ż, 79018, Lviv	call center services	100%	-
Vindix NSFIZ ⁽²⁾	Mokotowska 49, 00-542 Warsaw	financial services	(1)	(1)
Mag7soft Sp. z o.o. ⁽²⁾	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software activities	100%	-
Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o.	Zwierzyniecka 18, 60-814 Poznań	real estate market services	100%	-
Subsidiaries consolidated using the equity method				
Vindix S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	-	46.27%
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	22.95%	22.95%
Modivo S.A. (formerly eObuwie.pl S.A.)	Nowy Kisielin-Nowa 9, 66-002 Zielona Góra	retail sales	10%	10%
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 Investments Ltd.	3, Krinou Agios Athanasios, 4103 Limassol, Cyprus	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 61A, 04-028 Warsaw	media	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%
TVO Sp. z o.o.	Kielecka 5, 81-303 Gdynia	retail sales	75.96%	75.96%
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%

Company	Registered office	Activity	Share in voting rights (%) as at	
			March 31, 2022	December 31, 2021
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%
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%
Polsat Talenty Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	cooperation with artists and presenters	100%	100%

Subsidiaries consolidated using the equity method

Polsat JimJam Ltd.	33 Broadwick Street Soho London W1F 0DQ, Great Britain	media	50%	50%
Polski Operator Telewizyjny Sp. z o.o.	Wiertnicza 159, 02-952 Warsaw	technical services	50%	50%
Polsat Boxing Promotion Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	movie and TV production	24%	24%

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

(2) Vindix Group. As at December 31, 2021, Cyfrowy Polsat held 46.27% shares of Vindix S.A., therefore Vindix S.A. and its subsidiaries were consolidated using the equity method.

Additionally, the following entities were included in the consolidated financial statements for for the three-month period ended March 31, 2022:

Company	Registered office	Activity	Share in voting rights (%) as at	
			March 31, 2022	December 31, 2021
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, 00-697 Warsaw	web portals activities	21.43% ⁽²⁾	21.43% ⁽²⁾
Pluszak Sp. z o.o.	Domaniewska 47, 02-672 Warsaw	retail sales	9%	9%
Exion Hydrogen Polskie Elektrolizery Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	production of electrical equipment	10%	10%
Towerlink Poland Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	0.01%	0.01%
MESE Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	movie and TV production	10%	10%

(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.

Changes in the organizational structure of Polsat Plus Group and their effects

From January 1, 2022 until the date of publication of this Report, i.e. May 11, 2022 the following changes were implemented in the structure of Polsat Plus 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.

Furthermore, the Group is acquiring selected assets in order to effectively and dynamically implement its Strategy 2023+ which is focused, in particular, on the Group's development in the area of energy production from low- and zero-emission sources and the acquisition of attractive real estate projects. Part of the acquisitions executed by the Group consists of financial investments which, in our opinion, represent an attractive alternative for allocation of free cash resources.

Date	Description
B2C and B2B services segment	
January 19, 2022	Acquisition of additional 53.73% of shares in Vindix S.A. by Cyfrowy Polsat. As a result of the transaction, Cyfrowy Polsat holds 100% of shares in Vindix S.A. and its subsidiaries.
February 1, 2022	Merger of Netia S.A. (the acquirer) with IST Sp. z o.o. (the acquiree).
March 31, 2022	Acquisition of 100% shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. by Polkomtel.
April 1, 2022	Acquisition of 66.94% of shares in Port Praski Sp. z o.o. by Cyfrowy Polsat.

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 the Company as at the date of publication of this Report, i.e. May 11, 2022.

Shareholder	Number of shares	% of shares	Number of votes	% of votes
Zygmunt Solorz, through:	387.506.625	60.59%	566,924,126	69.22%
TiVi Foundation, including through:	353.348.370	55.25%	532,765,871	65.05%
<i>Reddev Investments Limited, including through:</i>	353.348.360	55.25%	532,765,851	65.05%
<i>Cyfrowy Polsat S.A.⁽¹⁾</i>	71.174.126	11.13%	71,174,126	8.69%
Embud 2 Sp. z o.o. S.K.A.	32.005.867	5.00%	32,005,867	3.91%
Tipeca Consulting Limited ⁽²⁾	2.152.388	0.34%	2,152,388	0.26%
Nationale Nederlanden PTE S.A.	41.066.962	6.42%	41,066,962	5.02%
Others	210.972.429	32.99%	210,972,429	25.76%
Total	639.546.016	100.00%	818,963,517	100.00%

(1) Own shares acquired under the buy-back program announced on November 16, 2021. Pursuant to Art. 364 Item 2 of the Commercial Companies Code, Cyfrowy Polsat S.A. does not exercise voting rights attached to own shares.

(2) 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 Company in the period since the publication of the last periodic report

From the date of publication of the previous interim report, i.e. March 24, 2022 (annual report for 2021), until the date of publication of this Report, i.e. May 11, 2022, 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 11, 2022 as well as at the date of publication of the previous interim report, i.e. March 24, 2022 (annual report for 2021).

Furthermore, 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 11, 2022, along with changes in shareholding from the date of publication of the previous report, i.e. March 24, 2022 (annual report for 2021).

Name and Surname / Function	Holding as at March 24, 2022	Acquisitions	Disposals	Holding as at May 11, 2022
Mr. Zygmunt Solorz ⁽¹⁾ Chairman of the Supervisory Board	387,506,625	-	-	387,506,625
Mr. Marek Kapuściński Deputy Chairman of the Supervisory Board	22,150	-	-	22,150
Mr. Tomasz Szela ⁽²⁾ Member of the Supervisory Board	25,500	-	-	25,500

(1) Zygmunt Solorz has been serving as Chairman of the Company's Supervisory Board from June 24, 2021. Zygmunt Solorz owns the Company's shares through the following companies: TIVI Foundation (the parent of Reddev Investments Limited), Embud 2 Sp. z o.o. S.K.A. and Titeca Consulting Limited.

(2) Tomasz Szela 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 11, 2022, nor at the date of publication of the previous report, i.e. March 24, 2022 (annual report for 2021).

2. Significant investments, agreements and events

Outbreak of armed conflict in Ukraine

On February 24, 2022, the armed forces of the Russian Federation launched an invasion and hostilities on the territory of Ukraine, a country that directly borders the Republic of Poland at a distance of 535 km. The Management Board of Cyfrowy Polsat unequivocally condemns this unjustified aggression and stands in full solidarity with the Ukrainian community in its defensive war.

An analysis of the impact of the war in Ukraine on the Group's current operations and expected results is presented in item 4.4.1. of this Report. Taking into account the lack of significant exposure of operating activities of Polsat Plus Group companies on the territory of Ukraine, Russia or Belarus, in the face of the Russian aggression the priority of Polsat Plus Group was to support refugees from Ukraine. From the first days of the Russian invasion, Polsat Plus Group has been actively involved in providing communication and contact with family to the refugees from Ukraine (i.e., free international calls to Ukrainian networks, delivery and assistance in registration of free starters, waiver of roaming fees). We also provide reliable information in the news channels of Telewizja Polsat - Polsat News and Wydarzenia24, as well as on the news portals Interia.pl and Polsatnews.pl. We also support the Ukrainian media by broadcasting free-to-air news channels Ukraina24 and Freedom on Polsat Box, Polsat Box Go, Netia and Interia.pl. Moreover, Interia.pl launched a news section in Ukrainian and our Polsat Box and Polsat Box Go services made available a promotional free package of eight popular Ukrainian channels.

We also provide active operational and financial support for, among others, a number of activities conducted by the Polsat Foundation under the "Polsat Foundation to Children of Ukraine" campaign.

2.1. Corporate events

Annex to the preliminary agreement on purchasing shares in PAK-Polska Czysta Energia

On March 30, 2022, the Company signed an annex to the preliminary purchase agreement dated December 20, 2021 concerning the purchase by the Company of shares in PAK-PCE Sp. z o.o., on the basis of which the contracting parties agreed to:

- postpone the long-stop date set by the parties for the fulfillment of all conditions precedent set out in the agreement from the originally adopted date, i.e. March 31, 2022, to September 30, 2022. The finalization of the transaction is subject to, among others, obtaining relevant corporate approvals and execution by ZE PAK S.A. of the process of transferring to PAK-PCE part of the assets used for generation of electricity based on zero- and low-emission technologies, in particular from biomass;
- execute a down payment by the Company to ZE PAK against the purchase price of the PAK-PCE shares up to the maximum amount of PLN 800.5 million. The down payment can be disbursed to ZE PAK in a single payment or in installments, upon ZE PAK's written request and within 3 business days of its receipt by the Company. As a precondition for the down payment disbursement, ZE PAK will establish a collateral in the form of an ordinary pledge and registered pledge on PAK-PCE shares representing 67% of the PAK-PCE share capital.

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

2.2. Business related events

Development of renewable energy projects

Our *Strategy 2023+*, announced in December 2021, is based on ambitious goals in the new Clean Energy segment, which comprise in particular a target level of installed capacity from zero- and low-emissions energy sources and the reduction of greenhouse gas emissions. We are of the opinion that the rapid implementation of the assumed strategic goals in this area takes on a completely new dimension in the context of the current macroeconomic and geopolitical challenges, which is why we are already working intensively with ZE PAK to quickly launch the production of clean energy and green hydrogen. In particular, taking into account the ongoing process of the acquisition of 67% of shares of PAK-PCE, we are already today actively supporting the activities of PAK-PCE Group by granting strictly controlled loans for the development of RES projects.

PAK-PCE is currently conducting intensive works on the project to build a photovoltaic farm with a capacity of approx. 180-200 MW in Przykona, on post-mining land owned by PAK-PCE. Along with the already operational photovoltaic farm in Brudzew, this project will significantly accelerate the achievement of our strategic goal in the area of photovoltaics, which is 600 MW of installed capacity.

We are also dynamically developing onshore wind farm projects. At present, three wind farms have been initiated: in Miłosław (9.6 MW), Kazimierz Biskupi (17.5 MW) and Przyrów (42 MW). The first two projects are expected to be completed in the third quarter of 2023, while the latter is scheduled for the third quarter of 2024. Investment works are progressing smoothly and according to our contractors' assurances the above mentioned deadlines are not threatened despite current disruptions in supply chains of raw materials. The completion of the three wind projects described above corresponds to approximately 30% of the 250 MW onshore wind capacity target announced in our *Strategy 2023+*.

In addition to dynamically developing projects oriented towards the production of clean energy from renewable sources, we are also focusing on building the full value chain of the green hydrogen economy. Of particular note, we expect the delivery of our first 2.5 MW electrolyzer, capable of producing 1,000 kg of green hydrogen per day, in the third quarter of 2022. Moreover, the hydrogen bus developed by us and PAK-PCE has received European type-approval and we are working to start construction of a bus factory in Świdnik. Ultimately, we want to produce more than 100 hydrogen buses per year. We are also working to develop a hydrogen distribution network. The first step was to apply for funding to build and launch several hydrogen stations under the National Fund for Environmental Protection and Water Management (NFOŚiGW) program and Poland's hydrogen strategy.

2.3. Events after the balance sheet date

Acquisition of shares in Port Praski

On April 1, 2022, the Company signed, in execution of the preliminary agreement entered into on December 20, 2022, the final share purchase agreement with Embud 2 Sp. z o.o. s.k., whereby the Company purchased 1,070,000 shares in Port Praski Sp. z o.o., representing approximately 66.94% of the share capital of Port Praski Sp. z o.o., for the amount of PLN 553.6 million.

Furthermore, in relation to the ongoing analyses of the ultimate capital structure in which Pantanomo Limited participates, on April 1, 2022, the Company and Tobe Investments Group Limited executed an annex to the preliminary share purchase agreement dated December 20, 2021, concerning the acquisition by the Company of 4,705 shares in Pantanomo, representing approximately 32% of Pantanomo's share capital. In particular, in the annex the parties agreed to postpone the transaction closing date. As amended by the annex, the agreement now provides that the transaction closing date will be agreed in writing by the parties and will

occur no later than on May 31, 2022. If the transaction closing date is not scheduled by the parties for May 31, 2022 at the latest, the agreement will expire.

Port Praski is a company engaging in real property development business through its subsidiaries, and owns assets related to, among others, the Port Praski project located in the Praga-Północ district of Warsaw. Pantanomo engages in the business of, among others, managing its properties and holds a non-controlling interest in Port Praski. The Company's intention is to increase the capital in Port Praski and to buy back the non-controlling interest from Tobe Investments Group.

Acquisition of UPC Polska by the operator of Play network

On April 1, 2022, P4, the company from the French Iliad Group and the operator of Play network, finalized an agreement with Liberty Global regarding the acquisition of 100% of shares of UPC Polska. The acquisition price was ca. PLN 7 billion. P4 Group provides approximately 17 million services to the combined customer bases of the two operators. As announced by P4, the integration of the two companies is intended to create a strong convergent operator in Poland.

3. Operating and financial review of Polsat Plus Group

3.1. Operating review of the Group

When assessing our operating results in the B2C area, we analyze contract services and prepaid services separately. In the case of contract services we consider the number of unique, active services provided in the contract model (RGUs), the number of customers, churn rate and average revenue per customer (ARPU). When analyzing prepaid services we consider the number of unique, active services provided in the prepaid model (prepaid RGUs) as well as average revenue per prepaid RGU. The number of reported RGUs of prepaid services of mobile telephony and internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days.

In turn, the B2B area is analyzed by us across two base dimensions. We focus on maintaining and building the scale of our customer base, expressed as the number of businesses serviced by us, as well as on measuring their value through ARPU. Building the value of our B2B base is founded in a natural way on unique services provided to our business customers. However, due to widely diverse prices of particular services offered in this segment, we think that in the B2B area the number of services is a secondary indicator, the interpretation of which could lead to misleading conclusions.

	for the 3-month period ended March 31		change / %	
	2022	2021	nominal	% / pp
B2C AND B2B SERVICES SEGMENT ¹				
Contract services for B2C customers				
Total number of B2C RGUs⁽²⁾ (EOP) [thous.], incl.	13,379	13,172	207	1.6%
Pay TV	5,177	5,344	(167)	(3.1%)
Mobile telephony	6,205	5,832	373	6.4%
Internet	1,998	1,996	2	0.1%
Number of B2C customers (EOP) [thous.]	6,012	5,962	50	0.8%
ARPU per B2C ⁽³⁾ customer [PLN]	69.8	67.2	2.6	3.9%
Churn in B2C ⁽⁴⁾ subsegment	6.8%	7.1%	-	(0.3 p.p.)
RGU saturation per one B2C customer	2.23	2.21	0.02	0.9%
Prepaid services				
Total number of RGUs (EOP) [thous.], including:	2,832	2,736	96	3.5%
Pay TV	129	225	(96)	(42.6%)
Mobile telephony	2,666	2,458	208	8.5%
Mobile Internet	37	53	(16)	(30.6%)
ARPU per prepaid RGU ⁽⁵⁾ [PLN]	17.2	15.6	1.6	10.3%
Contract services for B2B customers				
Total number of B2B customers (EOP) [thous.]	68.9	68.8	0.1	0.1%
ARPU per B2B ⁽³⁾ customer [PLN]	1,392	1,404	(11.5)	(0.8%)

	for the 3-month period ended March 31		change / %	
	2022	2021	nominal	% / pp
MEDIA SEGMENT: TELEVISION AND ONLINE				
TV channels				
TV audience share (in the 3-month period)	23.2%	24.4%	-	(1.2 p.p.)
Advertising market share (in the 3-month period)	28.4%	28.4%	-	-
Online – internet portals				
Average number of users [millions]	21.2	20.2	1.0	4.9%
Average number of page views [millions]	2,170	1,739	431	24.8%
1) Customer – a natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in the contract model. A customer is identified by a unique national identification number (PESEL), tax identification number (NIP) or national business registry number (REGON). 2) RGU (revenue generating unit) – a single, active and retail revenue generating service of pay TV provided in all types of access technologies, mobile or fixed-line internet access, or mobile telephony provided in the contract or prepaid model. 3) ARPU per B2C/B2B customer - average monthly revenue per customer generated in a given settlement period. 4) Churn - termination of the contract with a B2C customer by means of a termination notice, collections or other activities resulting in the situation that after the termination of the contract the customer does not have any active services provided in the contract model. Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of a termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period. 5) ARPU per prepaid RGU - average monthly revenue per prepaid RGU generated in a given settlement period.				

3.1.1. B2C and B2B services segment

Contract services for B2C customers

The total number of B2C customers to whom we provided contract services as at the end of the first quarter of 2022 was 6,012 thousand (+0.8% YoY). The main reason behind the increase of the contract customer base was the consolidation from July 2021 of the results of Premium Mobile. Simultaneously, the process of further merging of contracts under one common contract for the household continued within our base, which is reflected in the growing RGU saturation per customer ratio (increase by 0.9% YoY to 2.23 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 for B2C customers provided by us at the end of the first quarter of 2022 increased by 207 thousand compared to the previous year (+1.6%) YoY, reaching 13,379 thousand RGUs. The main driver behind this growth was the continued dynamic increase of contract mobile telephony services for B2C customers – by 373 thousand (+6.4%) YoY to the level of 6.205 thousand. This result was achieved thanks to the successful implementation of our strategy of cross-selling, including 5G services, which are available in our offer since May 2020. At the same time, we effectively care about customer satisfaction, which translated into a low churn ratio. An additional factor which contributed to the growth in the analyzed period was the acquisition of Premium Mobile.

At the end of March 2022, our B2C customers used 5,177 thousand contract pay TV services. The number of pay TV RGUs decreased year on year by 167 thousand (-3.1% YoY), mainly due to the repositioning of pricing and change in the strategy of offering our online services, as well as the lower number of provided satellite TV services. This decrease was partially compensated by the increasing number of TV services offered in online technologies (IPTV/OTT).

In the analyzed period, the number of Internet access services provided to B2C customers in the contract model remained at a stable level and amounted to 1,998 thousand as at the end of the first quarter of 2022.

A factor supporting our Internet RGU base is the constantly improving quality of our telecommunications network – a consequence of our investments, exemplified by the rapid roll-out of the 5G network and the gradual modernization of our fixed-line network.

We observe a steadily increasing saturation of our B2C customer base with integrated services, which is reflected in the growing ratio of contract services per customer. As at the end of March 2022, every customer had on average 2.23 contract services (+0.9% 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 B2C 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 2022, average revenue per B2C customer increased to PLN 69.8 (+3.9% YoY). The maintained high pace of growth of ARPU per B2C contract customer results, in particular, from the continuous building of customer value. We believe that our decisions to rapidly roll-out the 5G network and the growing popularity of tariff plans enabling the use of this technology by our customers as well as continued expansion of our content offer will contribute to the further building of customer value, reflected in the level of ARPU.

Our churn rate remained at a very low level and amounted to 6.8% in the twelve-month period ended March 31, 2022 (-0.3 p.p.). 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 popular among our customers and records very good sales results, which has a positive effect on the churn rate, RGU saturation per customer rate and ARPU per contract B2C customer. At the end of March 2022, 2,462 thousand customers were using our bundled services, which constitutes an increase of 73 thousand (+3.1%) YoY and translates to a 41.0% saturation of our contract customer base with multiplay services. This group of customers had 7,355 thousand RGUs as at the end of the first quarter of 2022, up by 237 thousand (+3.3%) YoY. Bearing in mind our strategic goal - the successive build-up of revenue per contract customer through cross-selling of additional products and services - our bundled services offer is perfectly in line with our strategy. Therefore, despite having reached a high level of our multiplay base, we will continue to further popularize this program among our customers.

Prepaid services

The number of prepaid services provided by us increased by 96 thousand (+3.5%) YoY and amounted to 2,832 thousand as at March 31, 2022.

The number of prepaid mobile telephony services increased in the analyzed period by 208 thousand (+8.5%) YoY, to 2,666 thousand RGUs. The hike in the number of provided prepaid mobile telephony services is related to the support action in the form of distribution of free starters enabling free communication for the newly arrived refugees from Ukraine. The scale of our mobile telephony customer base was also favorably impacted in the reported period by the consolidation of the results of Premium Mobile. At the same time, the number of prepaid mobile broadband Internet services remained in a downward trend, decreasing by 18 thousand YoY as at the end of the first quarter of 2022. This change was driven primarily by the increasing popularity of data transmission packages in mobile telephony tariff plans (smartphones) which is associated with diminishing differences between the sizes of data packages offered in both product lines.

The number of prepaid TV services provided by us decreased by 96 thousand, to the level of 129 thousand at the end of March 2022, in particular as a result of a lower volume of one-time sports broadcasts purchased by our customers.

In the first quarter of 2022, average revenue per prepaid RGU amounted to PLN 17.2 (+10.3% YoY). The changes in our mobile offering and TV offering (price repositioning of the Polsat Box Go streaming service) contributed positively to the increase in prepaid APRU. We also observe a growing willingness of our customers to choose bundled solutions instead of offers based on the *pay-as-you-go* model.

Contract services for B2B customers

The total number of B2B customers, to whom we provided contract services as at the end of the first quarter of 2022, was 68.9 thousand (+0.1% YoY). The scale of our B2B customer base remains stable in the long term, proving the high efficiency of our actions directed at fostering high satisfaction of our business customers. At the same time, we maintain a stable level of ARPU from our B2B customers, which reached PLN 1,392 (-0.8% YoY) per month in the first quarter of 2022.

The B2B area continues to be under strong competitive pressure, which translates into pricing levels for traditional telecommunication services. In order to maintain the value of our B2B base, we aim at constantly expanding our offering for business customers by additional services which generate incremental revenue. The continued expansion of data center resources offered to business customers, cybersecurity solutions or cloud computing can serve as an example. In parallel, we seek to provide specialized IT solutions for specific sectors of the economy (finance and banking, real estate, hotels, energy production, etc.). We believe that thanks to a comprehensive telecommunication and IT services offering for our B2B customers we will be in a position to maintain their high level of satisfaction and therefore to secure our revenue in this market segment.

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.
	2022 ⁽¹⁾	2021	
Audience share^{(2) (3)}, including:	23.19%	24.40%	(1.21)
POLSAT (main channel)	8.32%	9.22%	(0.90)
Other channels	14.87%	15.18%	(0.31)
TV4	2.66%	3.23%	(0.57)
Polsat News	2.17%	1.59%	0.58
TV6	1.31%	1.54%	(0.23)
Polsat 2	1.27%	1.35%	(0.08)
Fokus TV	1.27%	1.31%	(0.04)
Super Polsat	1.07%	1.22%	(0.15)
Polsat Film	0.74%	0.76%	(0.02)
Polsat Play	0.65%	0.77%	(0.12)

Audience share	3 months ended March 31		Change / p.p.
	2022 ⁽¹⁾	2021	
Wydarzenia24 ⁽⁴⁾	0.63%	0.02%	0.61
Eska TV	0.43%	0.51%	(0.08)
Polo TV	0.42%	0.56%	(0.14)
Polsat Cafe	0.40%	0.41%	(0.01)
Polsat Seriale	0.33%	0.28%	0.05
Nowa TV	0.30%	0.24%	0.06
Polsat Sport	0.22%	0.28%	(0.06)
Eleven Sports 1	0.17%	0.20%	(0.03)
Disco Polo Music	0.12%	0.12%	-
Polsat Doku	0.12%	0.13%	(0.01)
Polsat Rodzina	0.09%	0.10%	(0.01)
Polsat News 2	0.09%	0.07%	0.02
Polsat Sport Extra	0.07%	0.10%	(0.03)
Polsat Music HD	0.07%	0.05%	0.02
Eska TV Extra	0.06%	0.08%	(0.02)
Vox Music TV	0.05%	0.07%	(0.02)
Polsat Sport News HD	0.04%	0.04%	-
Eleven Sports 2	0.04%	0.05%	(0.01)
Polsat Games	0.04%	0.06%	(0.02)
Polsat Sport Fight	0.03%	0.04%	(0.01)
Eska Rock TV	0.03%	0.02%	(0.01)
Polsat 1 ⁽⁵⁾	n/a	n/a	n/a
Polsat Sport Premium 1 ⁽⁵⁾	n/a	n/a	n/a
Polsat Sport Premium 2 ⁽⁵⁾	n/a	n/a	n/a
Eleven Sports 3 ⁽⁵⁾	n/a	n/a	n/a
Eleven Sports 4 ⁽⁵⁶⁾	n/a	n/a	n/a
TV Okazje ⁽⁵⁾	n/a	n/a	n/a
Polsat Film 2 ⁽⁵⁾	n/a	n/a	n/a
Polsat X ⁽⁵⁾	n/a	n/a	n/a
Polsat Reality ⁽⁵⁾	n/a	n/a	n/a
Advertising market share ⁽⁶⁾	28.4%	28.4%	-

Channels cooperating with Cyfrowy Polsat Group (non-consolidated)

Audience share	3 months ended March 31		Change / p.p.
	2022 ⁽¹⁾	2021	
Polsat Comedy Central Extra	0.29%	0.39%	(0.10)
Polsat Viasat History	0.19%	0.19%	-
CI Polsat	0.17%	0.19%	(0.02)
Polsat Viasat Explore	0.15%	0.18%	(0.03)
Polsat JimJam	0.12%	0.12%	-
Polsat Viasat Nature	0.04%	0.06%	(0.02)

- (1) Starting from September 2021, the viewership data includes the TV audience out of home (OOH – out of home viewing).
(2) Nielsen Media, All day ages 16-59 audience share, including Live+2 (viewership results include 2 additional days of time-shifted viewing) + out of home viewing – OOH).
(3) When calculating the total audience share of Polsat Plus Group and audience share of thematic channels, we take into account the moment of including the channel in our portfolio.
(4) Channel is broadcasting since September 2021, emerged from the transformed Superstacja channel, which ceased to air.
(5) Channel not included in the telemetric panel.
(6) Our evaluation based on Publicis Group's estimates.

Starting from January 2022, our advertising office Biuro Reklamy Polsat Media decided to replace the current age group used for sales settlements, 16-49, with a broader target group, 16-59. This change was justified by the results of published research, which indicates that people from older age groups remain professionally active for longer and are active consumers, which makes them an attractive target group for advertisers. A similar trend, consisting in expanding commercial age groups, is also observed in other European markets. Currently, 16-59 year olds make up 51% of the TV audience in Poland. In our opinion, the inclusion of the age group of 16-59 year olds in the advertising sales calculation may positively affect the value of the advertising market in Poland and, consequently, our advertising revenues.

The audience share in the commercial group (all viewers aged 16-59, including Live+2, i.e. 2 additional days of time-shifted viewing; including from September 2021 the out of home viewing - OOH) for Polsat Plus Group amounted to 23.2% (-1,2 p.p. YoY) in the first quarter of 2022. 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) are decreasing in favor of the growing audience shares of thematic channels. This trend is also reflected in viewership of our thematic channels, which decreased by 0.3 p.p. YoY to 14.9%, while the share of our main Polsat channel fell by 0.9 p.p. YoY to 8.3%.

In the first quarter of 2022 a significant increase in viewership was recorded by news channels, in particular Polsat News, whose share in the commercial group audience increased to 2.17% (+0.6 p.p. YoY). This growth is linked to the outbreak of the armed conflict in Ukraine and the increased interest of viewers in current news.

Average monthly number of users

In the first quarter of 2022 the average monthly number of users (the 'real users' indicator from the Mediapanel survey) of Polsat-Interia Group websites and apps reached 21.2 million, which represents an increase by 1 million users within twelve months (+5.0% YoY).

The table below presents a list of websites, whose number of average users per month exceeded 0.5 million in the first quarter of 2022. The Interia.pl portal is presented as a whole, without a breakdown into services.

Average number of page views ⁽¹⁾ [million]	3 months ended 31 March		Change	
	2022	2021	nominal	%
Group ⁽⁴⁾	21.2	20.2	1.0	5.0%
<i>Selected website:</i>				
interia.pl	15.5	13.8	1.7	12.3%
pomponik.pl	6.7	6.0	0.7	11.7%
polsatnews.pl	4.7	5.2	(0.5)	(9.6%)
smaker.pl	3.7	4.3	(0.6)	(14.0%)
polsatsport.pl	2.5	1.7	0.8	47.1%
twojapogoda.pl	1.5	2.2	(0.7)	(31.8%)
bryk.pl	2.2	2.5	(0.3)	(12.0%)
polsatboxgo.pl ⁽²⁾	1.8	1.6	0.2	12.5%
deccoria.pl	2.8	1.0	1.8	180.0%
polsatgo.pl ⁽³⁾	1.1	0.0	1.1	n/a
ding.pl	0.8	0.9	(0.1)	(11.1%)
opracowania.pl	0.7	1.1	(0.4)	(36.4%)
okazjum.pl	0.8	0.5	0.3	60.0%

(1) Mediapanel survey, Real Users indicator.

(2) Until the end of August 2021 operated as ipla.tv.

(3) The service was launched on august 16, 2021, data for full month periods, i.e., starting from September 2021.

The portal with the highest number of users was the horizontal portal Interia.pl, which recorded 15.5 million users (+12.3% YoY) in the first quarter of 2022. We also recorded noticeable increases in the number of users of some other services. In particular, the website of our new streaming platform Polsat Go attracted 1.1 million users and the deccoria.pl home renovation service was visited by 2.8 million users in the first quarter of 2022, i.e. by 1.8 million users more than a year ago (+180% YoY). In the first quarter of 2022, very good upward dynamics was also recorded by pilsatsport.pl service and by pomponik.pl gossip site, which saw their average monthly number of users increased by 0.8 million (+47.1% YoY) and 0.7 million (+11.7% YoY), respectively. The growth on pilsatsport.pl service is not only the result of the return of the sports world to normal after the earlier pandemic detention, but is also due to the organic growth. On the other hand, one of the biggest decreases was recorded by the weather forecast service twojapogoda.pl (-0.7 million of users, - 31.8% YoY), which can be explained by the change in users' behavior and their increasing search for weather information in default weather apps on smartphones instead of in thematic services.

Average monthly number of views

The average monthly number of page and app views of Polsat-Interia Group websites reached nearly 2.2 billion in the first quarter of 2022. This result is higher by 24.8% than in the corresponding period of 2021. It should be noted that in the second quarter of 2021 Mediapanel expanded the definition of views to include video plays embedded in web pages.

The table below presents the list of websites, whose number of views exceeded 0.5 million in the first quarter of 2022. The Interia.pl portal is presented as a whole, without a breakdown into services.

Average number of views ⁽¹⁾ [million]	3 months ended 31 March			Change
	2022	2021	nominal	%
Group ⁽⁴⁾	2,170.4	1,739.0	431.4	24.8%
<i>Selected websites:</i>				
interia.pl	1,123.1	958.3	164.8	17.2%
pomponik.pl	53.0	88.8	(35.8)	(40.3%)
polsatnews.pl	39.5	31.2	8.3	26.6%
ding.pl	22.0	22.4	(0.4)	(1.8%)
smaker.pl	17.7	26.1	(8.4)	(32.2%)
okazjum.pl	16.6	9.4	7.2	76.6%
twojapogoda.pl	12.8	17.9	(5.1)	(28.5%)
pilsatsport.pl	11.7	9.5	2.2	23.2%
bryk.pl	9.8	11.2	(1.4)	(12.5%)
pilsatboxgo.pl ⁽²⁾	6.4	17.5	(11.1)	(63.4%)
deccoria.pl	6.3	2.7	3.6	133.3%
pilsatgo.pl ⁽³⁾	4.3	-	4.3	n/a
opracowania.pl	1.5	2.2	(0.7)	(31.8%)

(1) Data from Mediapanel survey, Views indicator –views of websites/apps. Starting from the second quarter of 2021, the above indicator measures, in addition to the website views, the plays of embedded video content.

(2) Until the end of August 2021 operated as ipla.tv.

(3) The service was launched on August 16, 2021, data for full month periods, i.e., starting from September 2021.

In the analyzed period the highest number of views was generated by the Interia.pl horizontal portal. Its content was viewed on average 1,123.1 million times per month during the first quarter of 2022 (+17.2% YoY). The second place in terms of the number of views continued to be kept by the gossip site pomponik.pl, with the average monthly number of 53.0 million views in the second quarter of 2022, however this website recorded a decline of 35.8 million views (-40.3%) year-on-year.

A significant increase in the number of page views, by 8.3 million (+26.6% YoY), was noted by [polsatnews.pl](#) which was due to, among others, the high interest of users in news content related to the war in Ukraine. In the analyzed period, dynamic increases in the number of views were also recorded by the promotional service [okazjum.pl](#) (+7.2 million views, +76.6% YoY), the home renovation service [deccoria.pl](#) (+3.6 million views, +133.3% YoY) and our new streaming service [polsatgo.pl](#), which offers free content produced by TV Polsat in the advertising-based model (+4.3 million views). In turn, a change in the strategy of offering our online video services resulted in a reported decrease in the number of views of the streaming service [polsatboxgo.pl](#) by 11.1 million (-63.4% YoY). Its performance was compared to last year's results of [ipla.tv](#), which operated under a different model of access to VOD materials (in addition to access for subscribers only, it also offered access in the advertising-based model).

Advertising and sponsoring market share

According to initial estimates of Publicis Group, expenditures on TV advertising and sponsoring in the first quarter of 2022 amounted to approximately PLN 960 million increasing by 0.5% YoY. Based on these data, we estimate that our TV advertising market share remained on a similar level year on year and amounted to 28.4% in the first quarter of 2022.

If we compare the current portfolio of Polsat Plus Group's channels, we generated around 7% more EqGRPs in the first quarter of 2022 compared to the same period of 2021.

3.2. Review of the Group's financial situation

The following review of results for the three-month period ended March 31, 2022 was prepared based on the condensed consolidated financial statements for the three-month period ended March 31, 2022, 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, 2022 and March 31, 2021 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 Plus Group – Changes in the organizational structure of Polsat Plus Group and their effects* – of this Report and item 1.2. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2021.

In analyzing the financial position of the Group, we do not eliminate the impact of companies acquired or disposed of in the period from January 1, 2021 to March 31, 2022. However, if the impact of an acquisition or a disposal is a significant factor, this is indicated for the item in question.

The comparability of EBITDA results in the analyzed periods was disrupted by two non-recurring events. The first one was the disposal of shares in our subsidiary Polkomtel Infrastruktura, which had a significant impact on the reduction of consolidated EBITDA levels starting from the third quarter of 2021. The second factor was the Group's substantial support to Ukraine in the first quarter of 2022. In order to ensure comparability of EBITDA for the analyzed periods, the Group presents the adjusted EBITDA result, which excludes the above mentioned one-off factors.

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 2021.

Results for the first quarter of 2022

[mPLN]	for the 3-month period ended March 31		change	
	2022	2021	[mPLN]	[% / pp]
Revenue	2,986.7	2,987.4	(0.7)	(0.0%)
Operating costs	(2,633.7)	(2,430.9)	(202.8)	8.3%
Other operating income/(cost), net	(32.7)	5.0	(37.7)	n/a
Profit from operating activities	320.3	561.5	(241.2)	(43.0%)
Gain/(loss) on investment activities, net	6.9	(22.4)	29.3	(131.0%)
Finance costs, net	(76.8)	(57.1)	(19.7)	34.5%
Share of the profit of associates accounted for using the equity method	14.7	16.5	(1.8)	n/a
Gross profit for the period	265.1	498.5	(233.4)	(46.8%)
Income tax	(52.3)	(108.1)	55.8	(51.6%)
Net profit for the period	212.8	390.4	(177.6)	(45.5%)
EBITDA	766.6	1,082.7	(316.1)	(29.2%)
EBITDA margin	25.7%	36.2%	-	(10.5 p.p.)
Costs of supporting Ukraine	(34.1)	-	(34.1)	n/a
EBITDA adjusted	800.7	1,082.7	(282.0)	(26.0%)
EBITDA adjusted margin	26.8%	36.2%	-	(9.4 p.p.)
EBITDA of Polkomtel Infrastruktura	-	175.3	(175.3)	(100%)
EBITDA adjusted excluding EBITDA of Polkomtel Infrastruktura	800.7	907.4	(106.7)	(11.8%)
EBITDA adjusted margin excluding EBITDA of Polkomtel Infrastruktura	26.8%	30.4%	-	(3.6 p.p.)

Revenue

Our **total revenue** remained stable year on year and amounted to PLN 2,986.7 million in the first quarter of 2022.

[mPLN]	for the 3-month period ended March 31		change	
	2022	2021	[mPLN]	[%]
Retail revenue	1,722.2	1,664.1	58.1	3.5%
Wholesale revenue	813.1	880.7	(67.6)	(7.7%)
Sale of equipment	336.5	332.7	3.8	1.1%
Other revenue	114.8	109.9	4.9	4.5%
Revenue	2,986.7	2,987.4	(0.7)	(0.0%)

Retail revenue increased by PLN 58.1 million (+3.5%) YoY, mainly as a result of the successful execution of our strategy aimed at building customer value, which is reflected in high dynamics of ARPU growth, as well as the consolidation of the results of Premium Mobile from July 2021.

Wholesale revenue decreased by PLN 67.6 million (-7.7%) YoY, principally due to the gradual reduction of regulatory MTR and FTR rates for terminating traffic in our network by other operators. Moreover, as a result

of taking control over Premium Mobile in the second half of 2021, wholesale revenue generated on transactions with this company was eliminated on consolidation. Furthermore, owing to the war in Ukraine our revenue from TV advertising and sponsoring did not post the expected growth in the first quarter of 2022.

Revenue from the **sale of equipment** increased by PLN 3.8 million (+1.1%).

Other revenue increased by PLN 4.9 million (+4,5%) YoY. A lower margin on the sale of electricity was fully compensated by higher revenue from the sale of photovoltaic installations.

Operating costs

Our **operating costs** increased by PLN 202.8 million (+8.3%) YoY in the first quarter of 2022 and were primarily impacted by higher technical costs and content costs.

[mPLN]	for the 3-month period ended March 31		change	
	2022	2021	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	809.5	624.7	184.8	29.6%
Depreciation, amortization, impairment and liquidation	446.3	521.2	(74.9)	(14.4%)
Cost of equipment sold	277.5	276.7	0.8	0.3%
Content costs	473.5	419.4	54.1	12.9%
Distribution, marketing, customer relation management and retention costs	251.1	229.0	22.1	9.7%
Salaries and employee-related costs	244.6	236.9	7.7	3.3%
Cost of debt collection services and bad debt allowance and receivables written off	24.8	29.8	(5.0)	(16.8%)
Other costs	106.4	93.2	13.2	14.2%
Operating costs	2,633.7	2,430.9	202.8	8.3%

Technical costs and cost of settlements with telecommunication operators increased by PLN 184.8 million (+29.6%) YoY, mostly due to the recognition of costs resulting from the agreement on using the mobile infrastructure sold to Cellnex Poland as well as higher electricity costs that remain under strong inflationary pressure. The increase in this cost category was partially mitigated by lower costs of interconnection settlements related to the reduction of MTR/FTR rates.

Depreciation, amortization, impairment and liquidation costs decreased by PLN 74.9 million (-14.4%) YoY, mainly due to the discontinuation of depreciation of mobile infrastructure in connection with the disposal of our subsidiary Polkomtel Infrastruktura.

The **cost of equipment sold** remained stable and amounted to PLN 277.5 million in the first quarter of 2022.

Content costs increased by PLN 54.1 million (+12.9%) YoY, mainly as a result of higher costs of internal production, amortization of sports rights and film licenses. Higher costs reflect our decision to allocate larger budgets to increase the attractiveness of our TV channels' programming, as well as an increase in film broadcasting costs.

Distribution, marketing, customer relation management and retention costs increased by PLN 22.1 million (+9.7%) YoY as a result of, among others, higher distribution and logistics costs related to our activities on the photovoltaics market, as well as additional costs of promotional offers for our customers which were based on a cash-back mechanism. Consolidation of Premium Mobile costs since July 2021 was an additional factor contributing to higher costs in this category.

Salaries and employee-related costs increased by PLN 7.7 million (+3.3%) YoY.

Headcount in the Group decreased by 203 FTEs (-2.5%) YoY, which was mainly a net effect of the disposal of shares in Polkomtel Infrastruktura, the consolidation of companies acquired during the last 12 months, in particular Premium Mobile and Vindix, and the development of scale of operations in the photovoltaic market.

Average employment	for the 3-month period ended March 31		Change	
	2022	2021	[FTEs]	[%]
Permanent workers not engaged in production in Polsat Plus Group ⁽¹⁾	7,451	7,654	(203)	(2.7%)

(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 5.0 million (-16.8%) YoY, reflecting good indicators of repayment by our customers.

Other costs increased by PLN 13.2 million (+14.2%) YoY, which was related mainly to higher property maintenance costs, resulting also from higher costs of purchase electricity.

Other operating costs, net amounted to PLN 32.7 million in the first quarter of 2022 as compared to other operating income, net of PLN 5.0 million in the first quarter of 2021. Non-recurring costs resulting from the support provided, in the first quarter of 2022, to Ukraine in the face of war, were recognized in this cost category.

Gain on investment activities, net amounted to PLN 6.9 million in the first quarter of 2022, compared to a net loss of PLN 22.4 million in the first quarter of 2021. To a significant extent this change was due to higher interest income on bank deposits and loans granted, as well as a favorable revaluation of shares held by us in our subsidiary Vindix.

Finance costs, net increased by PLN 19.7 million (+34.5%) YoY. This increase was caused, among others, by higher costs of servicing the Group's debt following the gradual increase of interest rates by the NBP, which was partially mitigated by the favorable revaluation of our hedging instruments (IRS).

Share of the profit of associates accounted for using the equity method amounted to PLN 14.7 million in the first quarter of 2022. This item mainly reflects the recognition of our share in the net profit of Asseco Poland, where we are the largest shareholder.

Income tax was lower by PLN 55.8 million YoY as a result of lower gross profit in the first quarter of 2022.

As a result of the changes described above, **net profit** for the first quarter of 2022 decreased by PLN 177.6 million (-45.5%) YoY and amounted to PLN 212.8 million.

EBITDA decreased by PLN 316.1 million YoY to the level of PLN 766.6 million in the first quarter of 2022 with EBITDA margin reaching 25.7% (-10.5 p.p. YoY), with stable revenues. The main factors behind the decline included the deconsolidation of the sold Polkomtel Infrastruktura, the unexpected elimination of advertising revenue growth as a result of the Russian invasion, the cost of our financial and in-kind support for Ukraine and inflationary pressure translating in particular into higher costs of electricity.

Adjusted EBITDA excluding the costs related to our support for Ukraine and the result of Polkomtel Infrastruktura amounted to PLN 800.7 million in the first quarter of 2022 and was lower by PLN 106.7 million (-11.8%) YoY compared to PLN 907.4 million in the first quarter of 2021, resulting in adjusted EBITDA margin of 26.8% (-3.6 p.p. YoY).

3.2.2. Operating segments

The Group operates in 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 settlements with mobile network operators, traffic and subscription fees,
- 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 (Polsat Box Go) available on computers, smartphones, tablets, smart TV sets, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising in the Internet,
- premium rate services based on SMS/IVR/MMS/WAP technologies,
- production of set-top boxes,
- sale of telecommunication 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 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. 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, 2022.

Three-month period ended March 31, 2022 [mPLN]	B2C and B2B services segment	Media segment	Consolidation adjustments	Total
Revenues from sales to third parties	2,512.2	474.5	-	2,986.7
Inter-segment revenues	13.7	59.0	(72.7)	-
Revenues	2,525.9	533.5	(72.7)	2,986.7
EBITDA adjusted (unaudited)	704.1	96.6	-	800.7
Costs of supporting Ukraine	(33.0)	(1.1)	-	(34.1)
EBITDA (unaudited)	671.1	95.5	-	766.6
Depreciation, Amortization, impairment and liquidation	418.7	27.6	-	446.3
Profit from operating activities	252.4	67.9	-	320.3
Acquisition of property, plant and equipment and other intangible assets	257.9	67.0	-	324.9
Acquisition of reception equipment	37.7	-	-	37.7
Balance as at March 31, 2022 (unaudited)				
Assets, including:	25,407.8	6,544.2 ¹⁾	(56.8)	31,895.2
Investments in joint venture and associates	1,774.8	5.9	-	1,780.7

¹⁾ Includes non-current assets located outside of Poland in the amount of PLN 3.1 million.

All material revenues are generated in Poland.

It should be noted that the financial data for the three-month periods ended March 31, 2022 and March 31, 2021 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 Plus Group – Changes in the organizational structure of Polsat Plus Group and their effects* – of this Report and item 1.2. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2021.

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 financial year ended March 31, 2021.

Three-month period ended March 31, 2021 [mPLN]	B2C and B2B services segment	Media segment	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.

3.2.3. Balance sheet analysis

As at March 31, 2022, our balance sheet amounted to PLN 31,895.2 million and was lower by PLN 341.8 million (-1.1%) compared to its level as at December 31, 2021.

Assets

[mPLN]	March 31 2022	December 31 2021	Change	
			[mPLN]	[%]
Reception equipment	292.7	284.0	8.7	3.1%
Other property, plant and equipment	3,375.4	3,326.9	48.5	1.5%
Goodwill	10,831.9	10,802.0	29.9	0.3%
Customer relationships	903.6	1,005.7	(102.1)	(10.2%)
Brands	2,060.6	2,069.6	(9.0)	(0.4%)
Other intangible assets	2,299.9	2,374.1	(74.2)	(3.1%)
Right-of-use assets	671.8	696.5	(24.7)	(3.5%)
Non-current programming assets	460.9	739.4	(278.5)	(37.7%)
Investment property	28.3	28.4	(0.1)	(0.4%)
Non-current deferred distribution fees	72.6	73.5	(0.9)	(1.2%)
Non-current trade receivables	748.7	777.1	(28.4)	(3.7%)
Other non-current assets. includes	2,037.6	1,902.3	135.3	7.1%
<i>shares in associates accounted for using the equity method</i>	1,774.8	1,764.4	10.4	0.6%
<i>derivative instruments</i>	23.0	23.0	-	-
Deferred tax assets	87.6	80.2	7.4	9.2%
Total non-current assets	23,871.6	24,159.7	(288.1)	(1.2%)
Current programming assets	826.8	630.6	196.2	31.1%
Contract assets	393.8	418.0	(24.2)	(5.8%)
Inventories	597.5	595.7	1.8	0.3%
Trade and other receivables	2,424.3	2,450.3	(26.0)	(1.1%)
Income tax receivables	15.2	4.5	10.7	>100%
Current deferred distribution fees	221.2	226.8	(5.6)	(2.5%)
Other current assets	191.1	107.1	84.0	78.4%
<i>includes derivative instruments</i>	108.8	60.9	47.9	78.7%
Cash and cash equivalents	3,342.9	3,632.4	(289.5)	(8.0%)
Restricted cash	10.8	11.9	(1.1)	(9.2%)
Total current assets	8,023.6	8,077.3	(53.7)	(0.7%)
Total assets	31,895.2	32,237.0	(341.8)	(1.1%)

In the first quarter of 2022, our **non-current assets** decreased by PLN 288.1 million (-1.2%) and accounted for 74.8% of total assets. The decrease in the value of non-current assets was driven mainly by a reduction in the value of **non-current programming assets** by PLN 278.5 million (-37.7%), resulting from a transfer of a significant portion of this item to current assets. Moreover, during the first quarter of 2022, the value of **customer relationships** decreased by PLN 102.1 million (-10.2%) and the value of **other intangible assets** (mostly telecommunication licenses) decreased by PLN 74.2 million (-3.1%) due to the gradual recognition of amortization. Concurrently, in the first quarter of 2022 we recorded an increase in the value of **other non-current assets** by PLN 135.3 million (+7.1%), due to, among others, granting long-term loans in connection

with entering the clean energy generation market. This item also includes the value of our 22.95% stake in Asseco Poland, which we acquired in 2019, and the value of our 10% stake in Modivo, acquired in June 2021.

As at the end of March 2022, our **current assets** remained relatively stable compared to their balance as at the end of 2021 and accounted for 25.2% of the total assets of the Group. In the first quarter of 2022, the value of **cash and cash equivalents decreased** by PLN 289.5 million, which was mainly the effect of the scheduled repayment of the installment under the SFA and outflows related to loans granted for the development of our activities in the RES area. The above mentioned decrease was compensated by an **increase in the value of inventories** by PLN 196.2 million and a higher balance of **other current assets** by PLN 84.0 million, resulting, among others, from an increase in the valuation of hedging instruments.

During the first quarter of 2022 the **value of non-current and current programming assets** decreased by PLN 82.3 million (-6.0%), which was associated mainly with the gradual debiting of costs of previously purchased film licenses and sports rights.

Equity and liabilities

[mPLN]	March 31 2022	December 31 2021	Change	
			[mPLN]	[%]
Share capital	25.6	25.6	-	-
Share premium	7,174.0	7,174.0	-	-
Share of other comprehensive income of associates	32.2	32.1	0.1	0.3%
Other reserves	2,812.1	2,801.3	10.8	0.4%
Retained earnings	8,038.5	7,823.6	214.9	2.7%
Treasury shares	(2,461.0)	(2,461.0)	-	-
Equity attributable to equity holders of the Parent Company	15,621.4	15,395.6	225.8	1.5%
Non-controlling interests	(14.5)	(11.0)	(3.5)	31.8%
Total equity	15,606.9	15,384.6	222.3	1.4%
Loans and borrowings	7,346.2	7,671.8	(325.6)	(4.2%)
Issued bonds	1,931.4	1,942.1	(10.7)	(0.6%)
Lease liabilities	467.5	497.5	(30.0)	(6.0%)
Deferred tax liabilities	721.0	794.9	(73.9)	(9.3%)
Other non-current liabilities and provisions	273.2	319.8	(46.6)	(14.6%)
Total non-current liabilities	10,739.3	11,226.1	(486.8)	(4.3%)
Loans and borrowings	1,219.1	1,072.7	146.4	13.6%
Issued bonds	103.8	66.4	37.4	56.3%
Lease liabilities	197.9	201.1	(3.2)	(1.6%)
UMTS license liabilities	142.4	139.9	2.5	1.8%
Contract liabilities	637.5	650.8	(13.3)	(2.0%)
Trade and other payables	2,241.3	2,531.2	(289.9)	(11.5%)
Income tax liability	1,007.0	964.2	42.8	4.4%
Total current liabilities	5,549.0	5,626.3	(77.3)	(1.4%)
Total liabilities	16,288.3	16,852.4	(564.1)	(3.3%)
Total equity and liabilities	31,895.2	32,237.0	(341.8)	(1.1%)

In the first quarter of 2022, **equity** increased by PLN 222.3 million (+1.4%), to PLN 15,606.9 million as at March 31, 2022 as the result of profit generated in the first quarter of 2022 in the amount of PLN 212.8 million.

Total liabilities decreased by PLN 564.1 million (-3.3%) and amounted to 16,288.3 million as at March 31, 2022. Current liabilities amounted to PLN 5,549.0 million and non-current liabilities amounted to PLN 10,739.3 million (constituting 34.1% and 65.9% of total liabilities, respectively). Compared to the end of December 2021, the **value of current liabilities decreased** by PLN 77.3 million (-1.4%) while **non-current liabilities decreased** by PLN 486.8 million (-4.3%). The main driver behind this change was the decrease of the value of liabilities related to loans and borrowings as well as trade and other payables. As at March 31, 2022, the value of **loans and borrowings (short- and long-term)** was lower by PLN 179.2 million (-2.0%) compared to December 31, 2021, which was the result of the scheduled repayment of the installment under the SFA.

During the first quarter of 2022, the value of **trade and other payables** decreased by PLN 289.9 million (-11.5%). This decrease was driven primarily by a lower value of trade payables, which resulted from the settlement of a part of payments related to capital expenditures incurred in the fourth quarter for 2021, and lower liabilities related to the purchase of programming assets, which is also reflected in the lower value of programming assets.

Contractual obligations

Commitments to purchase programming assets

As at March 31, 2022 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, 2022 (unaudited)	December 31, 2021
within one year	257.1	205.0
between 1 to 5 years	415.3	366.1
more than 5 years	27.6	35.5
Total	700.0	606.6

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

[mPLN]	March 31, 2022 (unaudited)	December 31, 2021
within one year	76.1	9.7
between 1 to 5 years	-	-
Total	76.1	9.7

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 235.8 million as at March 31, 2022 (PLN 243.7 million as at December 31, 2021). The total amount of contractual liabilities resulting from agreements for the purchases of intangible assets was PLN 81.0 million as at March 31, 2022 (PLN 31.0 million as at December 31, 2021).

Future contractual obligations

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

[mPLN]	March 31, 2022 (unaudited)	December 31, 2021
within one year	127.0	125.6
between 1 to 5 years	349.3	376.7
Total	476.3	502.3

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, 2022 and March 31, 2021.

[mPLN]	for the 3-month period ended March 31		Change	
	2022	2021	[mPLN]	[% / p.p.]
Net profit	212.8	390.4	(177.6)	(45.5%)
Net cash from operating activities	578.8	889.0	(310.2)	(34.9%)
Net cash used in investing activities	(534.8)	(374.2)	(160.6)	42.9%
Capital expenditures	(324.9)	(335.5)	10.6	(3.2%)
Capital expenditures /revenue	10.9%	11.2%	n/a	(0.3 p.p.)
Net cash used in financing activities	(332.2)	(612.0)	279.8	(45.7%)
Net increase/(decrease) in cash and cash equivalents	(288.2)	(97.2)	(191.0)	>100%
Cash and cash equivalents at the beginning of the period	3,644.3	1,365.8	2,278.5	>100%
Cash and cash equivalents at the end of the period	3,353.7	1,158.8	2,194.9	>100%

Net cash from operating activities

Net cash received from operating activities amounted to PLN 578.8 million in the first quarter of 2022 and decreased by PLN 310.2 million (-34.9%) YoY. This change was impacted by lower adjusted EBITDA generated in the first quarter of 2022 (mainly as a result of the disposal and deconsolidation of the results of Polkomtel Infrastruktura), incurred costs of supporting Ukraine as well as a higher decrease in liabilities and provisions than in the comparative period.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 534.8 million in the first quarter of 2022 and increased by PLN 160.6 million (+42.9% YoY, primarily as a result of outflows related to loans granted to expand our business in the new strategic area of clean energy and green hydrogen production.

Capital expenditures on the purchase of property, plant and equipment, and intangible assets amounted to PLN 324.9 million in the first quarter of 2022 and decreased by PLN 10.6 million (-3.2%) YoY mainly as the result of a change in the Group's investment profile in connection with the disposal of Polkomtel Infrastruktura, a company engaged in the development and maintenance of our mobile access network. In the first quarter of 2022, our capital expenditures included in particular:

- expenditures related to infrastructure development and maintenance, including: expansion of the core network, fiber optic cables, radio links and transmission nodes to increase capacity for data transmission;
- expenditures related to the continued project of the comprehensive modernization and exchange of the IT environment of the Group;
- expenditures related to the process of successive replacement of the vehicle fleet;
- expenditures related to the development of our content services, including, among others, Internet projects, set-top boxes and the development of functionalities of applications and streaming platforms;

- administrative expenditures, including in particular the development and maintenance of real estate;
- expenditures related to the acquisition of fixed assets for the implementation of strategic investments in the area of clean energy and green hydrogen production.

Net cash used in finance activities

Net cash used in financing activities amounted to PLN 332.2 million in the first quarter of 2022, and was lower by PLN 279,8 million (-45.7%) YoY. In the first quarter of 2022, we made the consecutive quarterly repayment of the installment of the Tranche A of our SFA while in the comparative period we exercised the payout of the second tranche of 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 current activity. At the same time, we underline that the implementation of the assumptions of the announced Strategy 2023+ will most likely involve the need to arrange new sources of financing for our further development.

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

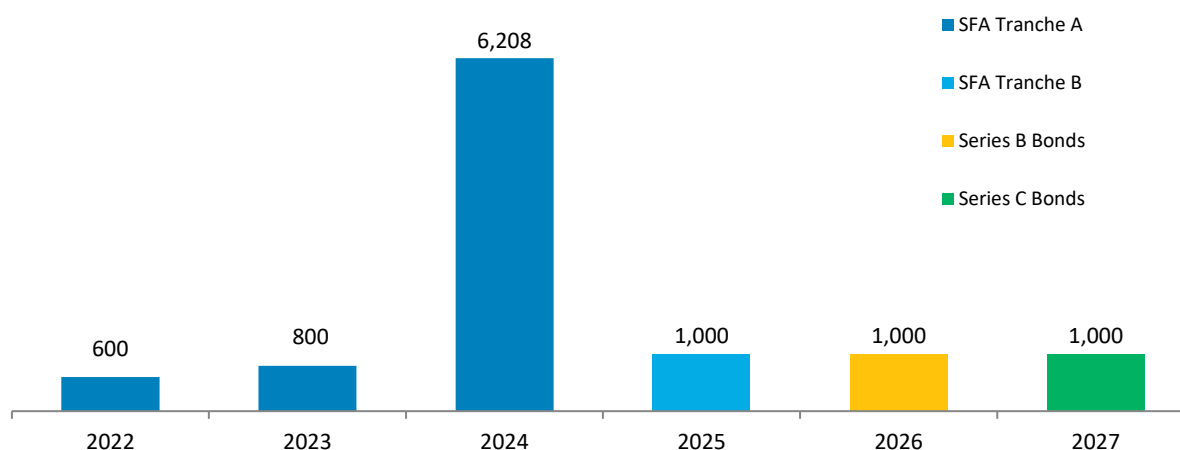
	Balance value as at March 31, 2022 [mPLN]	Coupon / interest / discount	Maturity date
SFA (Tranche A and B)	8,559.5	WIBOR + margin	Tranche A - 2024 Tranche B - 2025
Revolving Credit Facility (RCF)	-	WIBOR + margin	-
Bonds	2,035.2	Series B - WIBOR + 1.75% Series C - WIBOR + 1.65%	Series B – 2026 Series C – 2027
Leasing and other	671.2	-	-
Gross debt	11,265.9	-	-
Cash and cash equivalents ¹	(3,353.7)	-	-
Net debt	7,912.2	-	-
EBITDA LTM	7,383.5	-	-
Total net debt / EBITDA LTM	1.07x	-	-
Weighted average interest cost ²	-	6.8%	-

(1) This item comprises cash and cash equivalents, including restricted cash, as well as short-term deposits.

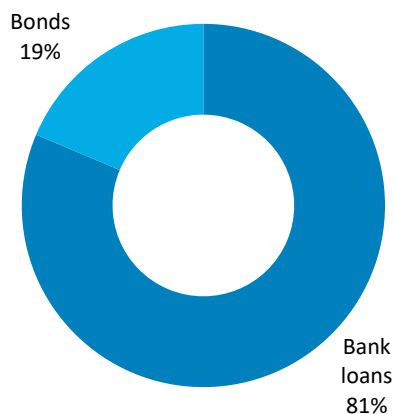
(2) Prospective average weighted interest cost of the SFA (including the Revolving Credit Facility) and the Series B and Series C Bonds, excluding hedging instruments, as at May 6, 2022 assuming WIBOR 1M of 5.34% and WIBOR 6M of 6.55%.

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

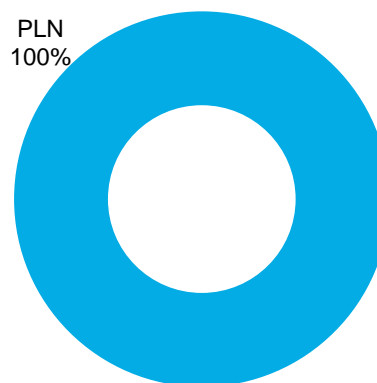
Debt maturing profile as at March 31, 2022 [mPLN]



**Debt structure by instrument type
as at March 31, 2022**



**Debt structure by currency
as at March 31, 2022**



In order to reduce exposure to interest rate risk related to interest payments based on a floating rate, we actively apply hedging strategies based on derivative instruments, swaps (IRS) in particular. As at March 31, 2022, transactions hedging the WIBOR interest rate changes, opened by companies from the Group and maturing in different periods in the years 2022-2024, amounted to a maximum of PLN 3,000.0 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 4.3.5. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2021.

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:

- (i) registered pledges over variable collections of movable property and rights comprised in the enterprises of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, Polkomtel and Plus Flota Sp. z o.o., governed by Polish law.
- (ii) financial and registered pledges on shares in Telewizja Polsat (with an aggregate nominal value of PLN 236,945,700), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company. The pledged shares represent 100% less 10 shares of the share capital of the company and are held by the Company as a long-term capital investment.
- (iii) financial and registered pledges on shares in Polkomtel (with a total nominal value of PLN 2,360,068,800), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company. The pledged shares represent 100% less 10 shares of the share capital of the company and are held by the Company as a long-term capital investment.
- (iv) financial and registered pledges on shares in Netia S.A. (with a total nominal value of PLN 110,702,441), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company, the pledged shares represent 32.99% of the share capital of the company.
- (v) financial and registered pledges on shares in TV Spektrum Sp. z o.o. (with a total nominal value of PLN 2,400,000), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company, the pledged shares represent 49.48% of the share capital of the company.
- (vi) financial and registered pledges on receivables under bank account agreements of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, and Polkomtel, governed by Polish law.
- (vii) powers of attorney to bank accounts of the Company, Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, Polkomtel, Dwa Sp. z o.o., Teleaudio Dwa Spółka z ograniczoną odpowiedzialnością Sp. k., Polsat Media Biuro Reklamy Sp. z o.o., Interphone Service Sp. z o.o., Muzo.fm Sp. z o.o., INFO-TV-FM Sp. z o.o., Polkomtel Business Development Sp. z o.o., TM Rental Sp. z o.o., Liberty Poland S.A. and Plus Flota Sp. z o.o., governed by Polish law.
- (viii) ordinary and registered pledges on protection rights to trademarks vested in Telewizja Polsat and Polsat Investments Ltd. (formerly Polsat Brands AG), governed by Polish law.
- (ix) assignment for security of certain property rights in Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., governed by Polish law.
- (x) contractual joint mortgage under Polish law on the following real properties owned by the Company: (a) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00102149/9, (b) land located in Warsaw, Targówek district, ul. Łubinowa, Title and

Mortgage Register WA3M/00136943/2, (c) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00102615/7, (d) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00101039/8, (e) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00132063/1, (f) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00104992/7, (g) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00100109/3, (h) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00103400/4, (i) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00100110/3, (j) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00131411/9.

- (xi) contractual mortgage governed by Polish law on the land property owned by Polkomtel and located in Warsaw, Ursynów district, in the vicinity of Baletowa street, comprising plots of land no. 131/4 and 132/6, Land and Mortgage Register No. WA5M/00478842/7.
- (xii) assignment for security of receivables under hedge agreements of the Company and Polkomtel, governed by English law.
- (xiii) assignment for security of rights under insurance agreements covering the property referred to in item (i) and item (ix) above.
- (xiv) pledge on shares in Polsat License Ltd. (with an aggregate nominal value of CHF 1,000,000), governed by the Swiss law, the pledged shares represent 100% of the company's share capital and are held by the Company as a long-term capital investment.
- (xv) assignment for security of: (a) receivables due from various debtors, (b) receivables and rights to and in bank accounts. and (c) rights under insurance agreements of Polsat License Ltd., governed by the Swiss law.
- (xvi) assignment for security of rights under a license agreement between Polsat Investments Ltd. (formerly Polsat Brands AG) and Polsat License Ltd. and rights under bank account agreements, governed by the Swiss law.
- (xvii) pledge on bank accounts taken over by Cyfrowy Polsat following the merger with Metelem, governed by Cypriot law.
- (xviii) assignment for security of receivables and rights to and in bank accounts taken over by Cyfrowy Polsat following the merger with Metelem, governed by the Swiss law.
- (xix) pledge on shares in Polsat Investments Ltd. (formerly Polsat Brands AG) (with the total nominal value of CHF 250,074), governed by the Swiss law.
- (xx) pledge on receivables under bank account agreements taken over by Polkomtel following the merger with Litenite, governed by Swiss law.
- (xxi) statements of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k., Telewizja Polsat, Polkomtel, and
- (xxii) statement of Polsat Brands AG on the submission to enforcement on the basis of a notarial deed executed under the Polish law (concerning all property located in Poland or governed by Polish law).

4. Other significant information

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

Transactions with parties related to Polsat Plus Group in the three-month period ended March 31, 2022 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, 2022.

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

Polsat Plus 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 remaining scope. Both parties appealed to the Court of Appeal 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 January 24, 2022, Polkomtel's appeal was dismissed. Polkomtel examines the possibility of bringing a cassation 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 November 24, 2020, the Court of Appeal revoked the SOKiK decision and transferred the case for re-examination. On April 19, 2021, SOKiK dismissed Polkomtel's appeal in its entirety. Polkomtel appealed against the SOKiK decision. On November 10, 2021, the Court of Appeal upheld the penalty originally imposed by UOKiK. Polkomtel submitted a cassation appeal. On August 7, 2019, the court dismissed the appeal of Cyfrowy Polsat. The Company appealed against the decision. Pursuant to the Court of Appeal verdict from March 11, 2021, the Company paid a penalty of PLN 5.3 million on March 26, 2021. On June 24, 2021, the Company filed a cassation appeal to the Supreme Court. On January 12, 2022, the Supreme Court accepted the Company's cassation appeal for consideration. The case will be considered during a closed session on May 11, 2022.

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 sale offers, which in the opinion of the authorities were impossible to conclude. Pursuant to the decision of the President of UOKiK

the Company and Polkomtel were charged with a penalty in the amount of PLN 4.4 million and PLN 12.3 million, respectively. The Group appealed to the Court against the decision. On October 14, 2019, SOKiK dismissed the appeal. The Group appealed against the decision. On December 31, 2021, the Group appeal was dismissed. On January 14, 2021, Cyfrowy Polsat and Polkomtel paid the penalty. The Group submitted a cassation appeal to the Supreme Court. On April 20, 2022, the Supreme Court accepted the Company's cassation appeal for consideration.

On December 19, 2019, the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by hindering access to ZDF and Das Erste channels during the Euro 2016 championship by removing these channels and incomplete and unreliable information to consumers in response to reports regarding unavailability of the above programs. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 34.9 million. The Company appealed against this decision to SOKiK. On February 14, 2022, First Instance Court dismissed the Company's appeal in its entirety. The Company submitted a cassation appeal to the Court of Appeal in Warsaw.

On January 22, 2020, the President of UOKiK issued a decision stating that the operations of Polkomtel were allegedly infringing collective consumer interests by clauses included in the terms and conditions of telecommunications services regarding prepaid services and expiration of the unused value of the subscribers' accounts. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 20.4 million. Polkomtel appealed to SOKiK against the decision. On April 8, 2022, SOKiK dismissed Polkomtel's appeal. After receiving a written judgment justification, an appeal against the SOKiK judgment will be filed.

Other proceedings

On April 28, 2017, Association of Polish Stage Artists ("ZASP") filed a lawsuit against Cyfrowy Polsat for payment of PLN 20.3 million. The Company issued an objection in the writ-of-payment proceedings and filed for its dismissal entirely. On January 10, 2018, the Court issued a decision to refer the case to mediation proceedings. Mediation ended without a settlement. The hearing took place on May 8, 2019. Both parties have submitted an application for re-referral to the mediation proceedings for a period of three months. The court approved application and postponed the hearing without a deadline. Mediation ended without a settlement. On May 6, 2020, the Company received a letter from the Court, included the mediator's position summarizing the course of mediation, with a request to refer to its content. On May 25, 2020, the Company submitted a response informing the Court about the settlement being impossible to reach by the parties. The hearing took place on October 20, 2021. At the end of March 2022 the Company received a letter extending the previous claim by the period from January 1, 2010 to December 31, 2020, thus the value of the lawsuit was increased by over PLN 120 million.

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 Polkomtel Sp. z o.o.) and CenterNet S.A. (currently Polkomtel 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 NSA, 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. currently Polkomtel) 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 the 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. NSA annulled that judgment on December 9, 2021. The case was remanded for re-examination to Voivodship Administrative Court in Warsaw and is awaiting the consideration.

In addition to the matters described above, there are also other proceedings, for which provisions have been made according to the best estimates of the Management Board as to potential future outflows of the economic benefits required for their settlement. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases. Other significant proceedings were described in item 5.4. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2021 remained unchanged.

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

4.4.1. Factors related to social-economic environment

Impact of the military conflict on the territory of Ukraine on Polsat Plus Group's current operations and expected results

In the opinion of the Management Board, despite the lack of significant direct exposure of Polsat Plus Group to the Ukrainian, Russian or Belarusian markets, the war started by the Russian Federation may have a long-lasting effect on the operational and financial results of Polsat Plus Group companies.

In particular, the war has an adverse effect on a number of macroeconomic indicators. Escalating inflation, raised interest rates, forecasted slowdown in economic growth and disruptions in the supply of raw materials and fossil fuels may be reflected in the costs of our current operating activities and the Group's debt service costs to a degree which cannot be quantified at present.

Apart from macroeconomic and geopolitical factors, which are likely to affect every branch of the Polish economy to a varying degree, Polsat Plus Group assesses its operating prospects as relatively stable. At the moment - contrary to the situation at the beginning of the COVID-19 pandemic outbreak - we do not see a strong reduction in advertising campaigns from our advertisers. This does not mean that possible long-term effects of the expected economic slowdown will not affect the prospects of our media segment in the coming quarters and years.

It is estimated that Poland has so far received approximately 2 million refugees from Ukraine, which constitutes approximately 5% of the population of Poland. Sustained consumer demand from this group of people, including for telecommunication services, can be expected to impact future results of the Group.

As part of our assistance to refugees, we register free prepaid starters on behalf of Ukrainian citizens, which translated into the scale of our prepaid customer base reported for the first quarter of 2022.

The Management Board notes that the above factors have been described based on the best knowledge of the Management Board as at the date of publication of this Report. The ultimate impact of the war caused by the Russian Federation on the operational and financial activities of both the Company and Polsat Plus Group cannot be predicted as of today and depends on many factors beyond the Group's control, in particular the duration of the armed activities and their further development, as well as further potential actions that may be taken by the Polish government, the authorities of the European Union and NATO. At the same time, the Management Board continuously analyzes the situation related to the development of the armed conflict and assesses its influence on the Group's activities. In case of identifying new factors, which may have a significant influence on the Group's operations and financial results, the Company will inform the market in an appropriate form.

Economic situation in Poland and in the world

Macroeconomic trends in the Polish economy as well as global market conditions have thus far affected our operations and operating results, and are expected to continue affecting them in the future. The key factors that impact our operations, in particular the demand for advertisements, the level of expenditures for our services as well as demand for end-user devices that we sell, include GDP fluctuations, inflation, unemployment rate, dynamics of salaries in real terms, social transfers, household consumption, and capital expenditure incurred by enterprises.

After the global and domestic economic slowdown in 2020 following the coronavirus pandemic, Poland's GDP returned to considerable growth in 2021 (+5.7% according to the European Commission estimates). The recent World Bank forecasts from April 2022 indicated a continuation of relatively high national GDP growth

rates (+3.9% and +3.6% for 2022 and 2023, respectively), even despite the negative impact of the war in Ukraine.

At the same time, inflationary pressure in Poland has clearly intensified in recent months, with the average inflation rate in 2021 estimated by the Polish Central Statistical Office (GUS) at 5.1% and already at 11% in March 2022. The National Bank of Poland forecasts dated March 2022 indicate that the inflation rate in Poland in 2022-2024 may reach 10.8%, 9.0% and 4.2%, respectively. We would like to point out that as a result of the armed conflict in Ukraine, macroeconomic indicators, including the inflation rate, may be revised. We expect that the persistently high level of inflation may translate in subsequent periods into an increase in the cost of conducting our business, in particular, in the cost of electricity, goods or raw materials as well as costs related to all types of services that we purchase. Additional pressure on energy prices may come from disruptions in oil and natural gas supplies caused by the war in Ukraine and Russia's aggressive stance. We also expect that in the next periods our employee-related costs will remain under inflationary pressure and will be impacted by changes in the Polish tax system introduced at the turn of 2021 and 2022.

Disruptions in global supply chains, a consequence of, among others, the ongoing global COVID-19 pandemic, remains an issue on a worldwide scale. The continuation of this phenomenon and a prolonged reduction in the supply of components in Asian markets could translate into supply delays and higher prices for imported equipment offered to our customers and components used by us in our operations and investment activities.

Situation on the pay TV market in Poland

Our revenue from subscription fees depends on the number of our customers and their loyalty, the pricing of our services and the penetration rate of pay TV in Poland, which we consider to be a saturated market. The high level of competition and the dynamically evolving market environment (including consolidation processes on the cable TV market as well as the continued convergence of mobile and fixed-line services) impact promotional offerings addressed to our new customers. In addition, due to high competition, we continuously invest in customer retention programs and building the loyalty of our customers.

We believe that at present our programming packages constitute an attractive value-for-money offer on the Polish pay TV market. Moreover, we invest in new, attractive and unique content. This gives us a chance to attract a significant portion of migrating customers to our platform. What is more, we offer pay TV services as part of our integrated offer, which has a positive impact of the level of loyalty of our customer base and contributes to maintaining a low churn rate.

Dynamic growth of non-linear distribution of content, delivered by video on demand and OTT (over-the-top) services is a global trend. This market is still underdeveloped in Poland as compared to Western Europe or the United States and in our opinion has significant growth prospects, especially in light of the improving quality of fixed broadband links. The launch of services by global players, such as Netflix, Amazon Prime, NENT or Disney, is proof that Poland is considered an attractive market. The situation caused by the COVID-19 pandemic has deepened the existing trend of consuming film content at leisure and on various devices. In our opinion, this trend will be sustained after the end of the epidemic. In view of the above, we systematically develop our VOD and online television services and applications.

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, which was particularly noticeable during the unexpected slowdown caused by the first phase of the coronavirus pandemic. The national GDP growth rate forecasted by the World Bank for 2022-2023 (+3.9% and +3.6%, respectively) allows expecting further growth of the TV advertising market in Poland.

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. 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 streaming platforms, as well as thanks to a growing number of smart-TVs.

The value of the national advertising market is also affected by improvements in audience measurement processes. Starting from September 1, 2021 market research firm Nielsen started to publish data concerning monitoring television viewership on traditional TV sets expanded with data for out of home (OOH) television viewing. We have started to sell and settle advertising campaigns based on viewership including OOH data since September 2021 through our media house Polsat Media Biuro Reklamy. We are of the opinion that including the out of home viewing data in viewership data for each TV station may translate favorably into the value of the advertising market in Poland and thus on our advertising revenue.

Starting from January 2022, our advertising office Biuro Reklamy Polsat Media decided to replace the current age group used for sales settlements, 16-49, with a broader target group, 16-59. This change was justified by the results of published research, which indicates that people from older age groups remain professionally active for longer and are active consumers, which makes them an attractive target group for advertisers. A similar trend, consisting in expanding commercial age groups, is also observed in other European markets. Currently, 16-59 year olds make up 51% of the TV audience in Poland. In our opinion, the inclusion of the age group of 16-59 year olds in the advertising sales calculation may positively affect the value of the advertising market in Poland and, consequently, our advertising revenues.

Prospects of the online advertising market are also positive. According to the IAB AdEx report for 2021, online advertising expenditures in Poland increased at a rate of 20% YoY and reached the value of PLN 6.2 billion. This is mainly the result of a rebound after the reported pandemic advertising market collapse in 2020. The two main segments of the online advertising market in which we are present, i.e., display and video, were responsible for 47% of total expenditures on the online advertising market and their total value increased by 22% YoY. We believe that following the acquisition of Interia.pl Group and thus gaining a leading position on the online advertising market we will be one of the beneficiaries of the development of these promising segments of the advertising market in the following periods.

Growing importance of convergent services and consolidation trends

Convergence of services is one of the strongest trends both on the Polish media and telecommunications market and worldwide. Operators develop their bundled offerings in response to changing preferences of customers, who seek media and telecommunications services provided at competitive prices by a single operator under a single contract, a single invoice and a single fee. Given the high saturation of the pay TV and mobile telephony markets, bundled services play an increasingly important role in maintaining the existing customer base.

In the wake of the increasing importance of convergence and bearing in mind the significant level of fragmentation of the broadband access market, it can be expected that the future shape of the Polish telecommunications and media market will be substantially impacted by consolidation trends which have been visible for a long time on more developed foreign markets where mobile and fixed-line operators merge with content providers.

The acquisition of a controlling stake in the fixed-line operator Netia by Polsat Plus Group in 2018 can serve as an example of such consolidation in Poland. Thanks to this acquisition we combined within our Group all assets necessary to provide fully convergent services, which facilitates better adjustment of the offering to customers' needs and more effective cost management.

Our immediate competitive environment is also undergoing changes in ownership and partnerships that will shape the markets in which we operate.

Orange Polska. In July 2021, Orange Polska together with Dutch pension fund APG Group established a company Światłowód Inwestycje in order to develop a fiber optic network, mostly in areas with a low or medium level of competition. By the end of 2021, there were approximately 0.8 million households within the reach of Światłowód Inwestycje, and in the coming years the operator intends to expand the reach of its network to a total of 2.4 million households. We are of the opinion that the construction of an open fiber optic network by Światłowód Inwestycje may create a chance for certain telecommunication or pay TV operators to strengthen their convergent offers.

In June 2021, Orange Polska entered into cooperation with Tauron thanks to which it plans to cover ultimately over 200 thousand households in southern Poland with the fiber optic network rolled out by Tauron on the basis of its power line grid. Earlier Orange signed cooperation agreements with other wholesale operators, including Inea and Nexera. Orange informed in June 2021 that its services provided via fiber optic network are now available to over 5 million households, ca. 20% of which constitute networks available to Orange Polska through cooperation with other operators.

T-Mobile Polska. In July 2018, T-Mobile Polska and Orange Polska signed an agreement based on which T-Mobile provides broadband services to its customers through part of Orange's fiber optic network. Through this collaboration T-Mobile rolled out a convergent service offering for residential customers in mid-2019. Since 2020 the operator has also been providing convergent services relying on access to fiber optic networks of Nexera and Inea.

Play. In 2019, Play signed an agreement with Vectra, a cable TV operator, based on which it provides fixed-line broadband Internet access starting from 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 clusters. The transaction supported the migration of Play's transmission network connecting its base stations, to a technology based on fiber optic communications which, according to the operator, was related to the implementation of the 5G standard. In August 2020, Play finalized the acquisition of Virgin Mobile Polska, a virtual operator (MVNO) operating on Play's infrastructure.

In November 2020, Iliad, a French telecommunications group, took control over Play. Iliad declared at that time that it intended to focus on developing convergent services in Poland, which was reflected in an acquisition of the cable operator UPC Polska in April 2022. Both companies provide jointly around 17 million services in Poland.

Cable network operators. The fragmented Polish cable network market, which comprises around 300 operators, is undergoing consolidation. An example of the process is the acquisition by Vectra, the no. 2 operator in terms of size, of Multimedia Polska, the no. 3 cable player on the market in 2020. 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, hence it can be expected that the above mentioned transaction will offer an opportunity for other players to acquire parts of the infrastructure with a view to developing their own convergent offers.

The Polish cable network market saw similar acquisitions but on a smaller scale, executed by, among others, Orange, Vectra and Netia. In particular, in 2019-2021 Netia acquired three 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

An important trend visible since 2019 in the Polish mobile telephony market is the gradual introduction by all major telecommunication operators of modifications to their retail services pricelists which in particular consist

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 package limits. These changes are associated, among others, with increased demand for data transmission, low level of prices of telecommunication services in Poland, inflationary pressure on costs of telecommunication activities and a shift in strategies of certain operators towards greater than in the past focus on building customer value and fostering revenue and profitability connected, among others, with the planned investments in 5G network construction.

The gradual launch of 5G networks enables operators to apply different prices to offers based on the latest technology, which ensures a definitely higher comfort of using mobile services. 5G technology will allow 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 transmission in a comfortable manner. However, intensive usage of 5G technology will require larger data packages, which may be offered in higher-end tariff plan proposals.

In 2021, Plus introduced new 5G pricelists, addressed to both individual and business customers, which offered larger data packages at higher subscription fee thresholds (more-for-more strategy). Changes of a similar nature, aimed at moving customers who use 5G services up the pricing ladder, are also being implemented by other operators. In our view, these changes reflect both the increasing demand for higher data packages and growing customer acceptance for paying more for services offered in the most advanced technological standards.

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 telecommunication market in the medium and long-term.

Demand for data transmission on smartphones

In Poland, the popularity of smartphones has been dynamically growing. Currently, smartphones have almost completely replaced traditional handsets in our sales mix. Concurrently, there is an increasing interest in more technologically advanced devices, which ensure much better user experience. In particular, this is the case for smartphones supporting 5G technology, the price of which has been rapidly reduced from initially high levels and now these devices are available at affordable prices.

The growing popularity of smartphones is reflected in increasing demand for data transmission in the small screen equipment segment. According to estimates presented in the Ericsson Mobility Report of November 2021, the scale of data transmission in the Central and Eastern Europe region, to which Poland is classified, will increase from 9.9 GB per month in 2021 to 32 GB per month in 2027, driven also by the increasing popularity of 5G technology. We expect that the growing popularity, availability and technological advancement of smartphones combined with improving quality parameters of mobile data transmission 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.

Development of 5G technology in Poland

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. 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 spectrum allocation, depending on availability, are ongoing in respective European states.

In Poland, the process of frequency allocation in the 3.6-3.8 GHz band for the construction of 5G networks has been halted. In 2020, the Office of Electronic Communications cancelled the frequency allocation process that had been initiated at that time. As at the date of publication of this Report, no details are known about the form, timing or conditions of distribution, including coverage parameters and price, of frequencies in the 3.4-3.8 GHz band. The detailed conditions of this process will have a significant impact on the financial results, in particular cash flows, and the operating activities of our Group.

Due to the suspension of the process of assigning frequencies in the 3.6-3.8 GHz band, intended ultimately for the construction of 5G networks in Poland, four major mobile operators in Poland made respective decisions to start the roll-out of commercial 5G networks in selected Polish cities using own spectrum resources (a dedicated 2600 MHz TDD band in the case of Plus and 2100 MHz bands in the case of Play, T-Mobile Polska and Orange Polska).

Plus uses the MIMO 4x4 and QAM256 technologies on its band, enabling data transmission speed of up to 600 Mbps. The commercial start of Plus 5G network took place on May 11, 2020 and in the initial phase network roll-out covered major Polish cities. As at the end of 2021, Plus 5G network comprised over 3,000 base stations covering more than 19 million people in over 800 locations which gives us a significant competitive advantage.

Precise information regarding the distribution and use of frequencies in the 700 MHz band is also lacking. In 2019, a concept was developed to implement 5G technology based on the 700 MHz band to build a unified infrastructure that would cover the entire territory of Poland. This concept assumed the cooperation of mobile operators and the State Treasury in the form of a company called #Polskie5G. In 2021, a draft amendment to the Act on the National Security System was published, which, among others, provides for solutions regarding the operator of the strategic security network, the #Polskie5G company, and the distribution of the band from the 700 MHz range. As of the date of publication of this Report, the final conditions or deadlines for the distribution of the 700 MHz band in Poland are not known.

Regarding the 26 GHz spectrum, in July 2020 UKE conducted 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- 2023 at the earliest, i.e., when greater availability of end-user equipment operating in this band is expected. As of the date of publication of this Report, however, no plans are known regarding the timing of distribution of frequencies in the 26 GHz band.

4.4.2. 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. 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.

Thanks to the acquisition of Netia we have strengthened of our market position in integrated services. 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 network with approximately 3.2 million homes passed, out of which, as at the end of March 2022, over 2 million were within the reach of broadband Internet with transmission speed of 1 Gbps. Netia's own network is supported by an extensive, nationwide backbone infrastructure. Thanks to the cooperation with wholesale partners, i.e. Orange Polska, Nexera and Fiberhost, this potential has been further strengthened.

As a result Polsat Plus Group can already offer fixed broadband access services in fiber optic technologies at over 4.8 million address points.

Our bundled services offers, addressed both to our individual and business customers, enable our customers to combine products in a flexible way and benefit from attractive discounts. The possibility of selling additional products and services (cross-selling) to 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 offer a broad range of complementary services to every basic service. We combine our traditional pay TV services provided in the satellite and Internet (OTT, IPTV) technologies with VOD, PPV, Multiroom and online video services. We propose optional value added services (VAS) to our Internet access and mobile telephony services, which include, among others, entertainment, music, news, localization or insurance services.

Effective use of the potential in the area of provision of integrated services and value added services to our customers, both through up-selling of single products and value added services, as well as through the sale of bundled offers and cross-selling, may significantly increase the number of services used by each individual customer, thus increasing average revenue per customer (ARPU) and concurrently maintaining the churn ratio on a low level.

Strengthening of our market position in online advertising

Thanks to the strategic acquisition of Interia.pl Group in July 2020 we significantly strengthened our position on the dynamically growing Internet and online advertising market.

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. The average monthly number of users of the websites and applications of the combined Polsat-Interia media group exceeds 21 million, and the average monthly number of page views reaches over 2 billion.

Following the acquisition of Interia.pl Group we gained an additional channel for distribution and monetization of the content produced by Telewizja Polsat's channels. We achieve cost optimization thanks to the insourcing of online marketing campaigns for the brands from Polsat Plus Group's portfolio. Moreover, we have increased efficiency of sales of advertising space by Interia.pl Group thanks to its integration, from October 2020, with our media house Polsat Media Biuro Reklamy. As a result of these actions, we quickly achieved the synergies we assumed, which translated directly into the financial results obtained by Interia.pl Group.

Entering the market for energy production from low- and zero-emission sources

The Polish energy sector is currently at the threshold of a transformation involving the need to replace coal in the national electricity generation mix with clean, renewable energy sources and building energy independence in view of geopolitical challenges. An important driving force behind the changes in the Polish energy sector is the growing awareness, both in Poland and at a global level, of the need to combat climate change as well as the consistent climate policy of the European Union, which, on the one hand, offers significant support for the development of renewable energy sources, and on the other hand, strongly limits the possibilities of financing investments based on conventional fuels. Geopolitical uncertainty caused by the war in Ukraine and Russia's aggressive energy policy are additional factors justifying the need for Poland to seek alternative energy sources.

We believe that Poland's energy transformation towards clean, zero- and low-emission energy constitutes an excellent moment for new players to enter this promising market and creates new development opportunities for Polsat Plus Group. We believe that solar and wind power plants as well as stable low-emission sources,

such as biomass boilers, will dynamically gain in importance. At the same time we believe that from the perspective of strengthening the energy independence of Europe and Poland a step into the future is already necessary, towards an economy and society based on green hydrogen. In our opinion, hydrogen technology will be important in reducing greenhouse gas emissions on a global scale due to its wide applications in industry, transport and power generation.

In December 2021, we expanded our strategy to include a new business pillar based on clean energy production. Between 2022 and 2026, we want to invest ca. PLN 5 billion to achieve about 1,000 MW of installed clean energy production capacity and ca. PLN 0.5 billion to build the full value chain of the economy based on the fuel of the future, that is hydrogen. In particular, we intend to invest in projects related to the production of energy from photovoltaics, biomass, wind farms and thermal waste treatment. We also want to invest in the future by building a complete value chain of a hydrogen-based economy, which may contribute significantly to the reduction of harmful substance emissions (including CO₂). Furthermore, we want to actively analyze the possibilities of investing in other prospective sources of energy such as off-shore wind farms and Small Modular Reactors (SMR).

According to our estimates, our investment plan will contribute to the reduction of greenhouse gas emissions by over 2 million tons of CO₂ equivalent per year, while creating an additional recurring EBITDA stream of PLN 500-600 million per year by 2026. Furthermore, by operating on the clean energy market, we will be able to manage energy costs, especially in the telecommunication area, in a more optimal way, which is particularly important in light of record high energy prices in Poland.

Entering the B2C and B2B photovoltaic market

Addressing our customers' demand for cheap and clean energy, in July 2020 we started to offer photovoltaic installations to our individual and business customers under the brand 'ESOLEO'. The installations are sold by Esoleo, a company belonging to Polsat Plus Group which has extensive experience on the photovoltaic market in Poland. The 'ESOLEO' offer is available across Poland in our points of sale and provides a complete solution and customer care in photovoltaic installations including assembly and technical support. The entire investment is executed in 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.

ESOLEO is also active in the B2B sector, executing photovoltaic installations for, among others, the chain of stores DINO Polska. As part of its B2B activities, ESOLEO, as consortium leader with ZE PAK S.A., completed the construction of the largest photovoltaic farm in Poland generating 70 MWp of power. The Brudzew solar plant was constructed on a plot covering 100 ha, on reclaimed lands which were previously exploited by the Adamów lignite mine in the eastern Wielkopolska region. The investment was completed in August 2021. The Polsat Plus Group purchased the entire volume of energy produced by the Brudzew farm under the long-term power purchase agreement, which lowers our cost of electricity while reducing the Group's carbon footprint.

We believe that growing popularity and knowledge about photovoltaic installations among our customers, combined with the renowned solution that we offer, will 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.

Sale of Polsat Plus Group's mobile infrastructure

In July 2021, we sold to Cellnex Poland Sp. z o.o. 99.99% of shares of Polkomtel Infrastruktura, the owner of the passive and active access layers of the mobile telecommunication infrastructure of Polsat Plus Group, consisting, as at December 31, 2021, of ca. 7 thousand sites, ca. 37 thousand various systems on-air and a

transmission network (for details of the transaction see item 3.2. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2021).

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 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 Plus Group, which has already entered a new investment cycle with the roll-out 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 roll-out 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 has significantly impacted the Group's financial results and will continue to do so in the coming quarters. 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 our investments in mobile network construction decreased substantially. Simultaneously, Polsat Plus Group effects payments to Cellnex for access to the telecommunication infrastructure on terms specified in the Master Service Agreement (MSA), which are reflected mainly in an increase in technical costs. 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 we recorded a decrease in leasing payments 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 our 5G network

In the first quarter of 2022, our customers transferred ca. 487 PB of data as compared to 442 PB transferred in 2020, which represents a 10% growth YoY. To meet the rapidly growing consumption of data transmission while maintaining the highest quality of our services, we continue to develop our telecommunication network. 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 footprint of the 5G technology, which at the end of 2021 covered over 19 million people in over 800 locations.

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 transmission speed (up to 600 Mbps) and coverage (i.e. wide availability), while maintaining the highest quality of both parameters. 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 us to maintain a competitive edge during subsequent stages of 5G network roll-out by offering the possibility of aggregating 5G frequency bands.

In early 2021, we introduced new 5G tariff plans addressed to both individual and business customers, which offered larger data packages compared to 4G tariff plans at higher prices with a minimum subscription fee threshold set at PLN 60 (premium positioning strategy). In turn, in August 2021, 5G was offered to all Plus new customers or customers extending their existing contract based on new tariff proposals (more-for-more strategy). We believe that the 5G technology is associated with demand for larger data packages and thus supports customer migration to higher tariffs and building customer value.

Development of streaming platforms

Our Internet services and applications Polsat Box Go and Polsat Go strengthen our position as an aggregator and distributor of content and ensure an important competitive advantage. We continue to develop our services using our experience in sales of pay TV, which helps us achieve synergies in terms of costs and revenues. The distinguishing element of our platforms is the unique, local content produced by TV Polsat.

Mobile video traffic is the fastest growing segment of global mobile data traffic. Bearing this in mind, we believe that online television will make an increasingly significant element of our business in the future. Therefore, we pay attention to providing users of our video services with a wide variety of attractive content. In particular, the coronavirus epidemic and the accompanying lockdowns contributed to higher interest of customers in online television offer, especially with regard to sports events, film and series content as well as entertainment shows. We think that such a trend will continue in the future and that we will benefit from it thanks to investments in the development of this segment of our operations.

Investment in increasing the attractiveness of offered content 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 Plus Group channels' portfolio consists of 39 own channels. Moreover, there is a group of 6 cooperating channels which are related with Polsat Plus 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. Our offer is exceptionally attractive for fans of football and volleyball. For football fans we offer, among others, broadcasts of qualifiers to the UEFA European Championships or the FIFA World Championships as well as the football Nations League. Additionally, we own rights to the world's most popular football club competitions – the UEFA Champions League. For volleyball fans we offer the biggest and most prestigious volleyball tournaments – the men's and women's World Volleyball Championships, exciting 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 Tauron Liga and the volleyball CEV Champions League. We also offer boxing and mixed martial arts galas (UFC, FEN and Babilon MMA), Wimbledon and ATP 1000 and 500 tournaments, and many others.

Following the acquisition of a controlling stake in the Polish company Eleven Sports Network in 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 Polsat Box Go). This premium sports content includes Spanish La Liga Santander, Italian Serie A, the English Emirates FA Cup and Carabao Cup, French Ligue 1 Uber Eats, Portuguese Liga Portugal, Formula 1® and speedway races of the Polish PGE Ekstraliga and Swedish Bauhaus-Ligan. Since November 2017 the Eleven Sports 1 channel has been available in 4K technology - viewers can watch selected events in their native UHD quality, e.g. Formula 1® races or selected La Liga Santander matches. 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 segment.

4.4.3. 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 assume further regulation of MTRs and FTRs. In line with the provisions of this directive, in 2020 the European Commission issued a delegated act specifying the highest levels of MTRs and FTRs that can be applied by operators in the European Union. Ultimately, the cap rates are to amount to 0.2 euro cents per minute for MTRs and 0.07 euro cents per minute 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 MTRs and January 2022 for FTRs, respectively. The time schedule for reducing the rates came into force on July 1, 2021 and is presented in the table below.

[EUR or PLN per minute]	Cap rates for termination of calls in other operators' networks in the EU 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	EUR 0.0007	EUR 0.0007

The gradual reduction of the MTR and FTR rates implemented by the EU will impact the results of Polsat Plus Group in the next years. In particular, the above mentioned regulation translates into a decrease of wholesale revenue from interconnection settlements, both mobile and fixed-line, and a decrease of interconnection costs which are recognized in our technical costs. 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. Due to the fact that the levels of outgoing and incoming traffic in interconnection settlements are similar we expect the impact of the regulation on Polsat Plus Group's EBITDA result to remain relatively neutral.

Implementation of the European Code of Electronic Communication to national legislation

In accordance with 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, works are ongoing on the preparation of a draft act "Electronic Communication Code," which is to implement the European Code of Electronic Communication into the Polish law order and replace the currently binding Telecommunications Law act. The implementation of the Electronic Communication Code may potentially have a significant impact on the results of our operations. The scope of the new legislation is currently subject to internal analyses.

Extension of the currently binding Rome Like at Home (RLAH) regulation by another 10 years

In April 2022, the regulation of the European Parliament and of the Council was published which prolonged 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 regulation also introduced further reductions of the maximum wholesale rates for interconnection settlements for voice call and text messages (in July 2022 and January 2025) and for Internet usage (in July 2022 and then every January in the years 2023-2027). The new price caps would be, respectively:

- 0.022 EUR and 0.019 EUR per minute of an outbound voice calls;
- 0.004 EUR and 0.003 EUR per text message;
- 2 EUR, 1.8 EUR, 1.55 EUR, 1.3 EUR, 1.1. EUR and 1 EUR per 1 GB of data transmission.

The regulation also introduces obligations for operators with regard to providing connections to emergency numbers and premium rates services as well as quality of services in regulated roaming.

Draft amendment to the National Cybersecurity Act

On March 15, 2022, a subsequent version of a draft amendment to the National Cybersecurity Act was published. It introduces into the legal order, among others, solutions allowing for an administrative decision to recognize a hardware or software supplier as a high-risk vendor. The draft amendment provides that, i.a., telecommunication companies will not be allowed to implement for use any hardware or software provided by a vendor who has been classified, by means of a relevant decision, as a high risk vendor. The hardware and the software covered by such a decision but implemented prior to the decision's date will have to be phased out within seven years of the decision's publication date, however, if the decision covers any telecommunication hardware or software which supports any functions that are considered critical from the point of view of security of the network and the services (listed in the attachment to the act), then the deadline for phasing out such hardware or software will be five years. The minister responsible for IT will have the authority to issue decisions recognizing a given vendor as a high risk vendor.

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 vendor and consequently excluded from the supply chain, market competitiveness may be reduced and prices of telecommunication equipment may rise. Furthermore, imposing an obligation on telecommunication operators to replace telecommunication equipment or software 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.

Other significant solutions provided for in the draft act include provisions concerning the operator of the strategic security network, the company Polskie5G, distribution of spectrum from the 700 MHz bandwidth, establishing a special purpose fund for the construction of the strategic security network as well as the Cybersecurity Fund, the competences of the Government's Representative for Cybersecurity in the field of issuing warnings and orders on behalf of the minister responsible for information technology, creation of a legal framework for the functioning of the national cybersecurity system certification scheme, as well as numerous changes to the existing cybersecurity system. Moreover, the latest version of the draft act provides for the addition of a new chapter to the National Cybersecurity Act with provisions imposing new obligations on telecommunication companies to ensure the continuity of the provision of electronic communication services or the provision of a telecommunications network, including, for example, the obligation to report to the newly created CSIRT Telco (i.e., Computer Security Incident Response Team) instances of major telecommunications incidents.

The planned amendments may be of material importance from the standpoint of telecommunication operations in Poland since a substantial part of the planned regulations entail new obligations and requirements for telecommunication companies.

4.4.4. 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.

Interest rate fluctuations

Market interest rate fluctuations do not impact our revenue directly, but they affect our cash flows from operating activities through the amount of interest on current bank accounts and deposits, and also cash flows from financing activities through the 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.

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

In 2021, the NBP increased the reference interest rate three times - by 165 basis points in total. Further increases in the reference interest rate occurred in 2022, by 350 basis points in total. The interest rate increases will translate into a significant increase in our interest expenses in the upcoming periods. Due to the persistently high level of inflation, significantly above the NBP's target, further increases in domestic interest rates cannot be ruled out in the coming months.

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

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

Glossary

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

Technical terms

Term	Definition
2G	Second-generation cellular telecommunications networks commercially launched on the GSM standard in Europe.
3G	Third-generation cellular telecommunications networks that allow simultaneous use of voice and data services.
4G	Fourth-generation cellular telecommunications networks.
5G	Fifth-generation cellular telecommunications networks.
ARPU per B2C/B2B customer	Average monthly revenue per B2C/B2B Customer generated in a given settlement period.
ARPU per prepaid RGU	Average monthly revenue per prepaid RGU generated in a given settlement period.
Base transceiver station	(or: relay station / base station / BTS / transmitter / nodeB / eNodeB) – a device equipped with an antenna transceiver which connects a mobile terminal (e.g., mobile phone or mobile router) with a transmission part of a telecommunications network. A base station uses a single technology (2G, 3G or LTE) on a separate carrier (a frequency block from a separate bandwidth). A base station shall not be mistaken with a site.
Catch-up TV	Services providing access to view selected programming content for a certain period after it was broadcast. Cyfrowy Polsat provides such services from 2011.
Churn	Termination of the contract with B2C Customer by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the Customer does not have any active service provided in the contract model. Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of the termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.
Converged (integrated) services	A package of two or more services from our pay TV, mobile telecommunications and broadband Internet access offering, provided under a single contract and for a single subscription fee.
Customer	Natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a contract model. A customer is identified by a unique ID number (PESEL, NIP or REGON).
DTH	Satellite pay TV services provided by us in Poland from 2001.
DTT	Digital Terrestrial Television.
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).
FTR	A wholesale charge for call termination in another operator's fixed-line telecommunications network (Fixed Termination Rate).
GRP	A rating point defined as the overall number of persons viewing a given advertising spot over a specific time, expressed as a percentage share of the target group. In Poland, one GRP equals 0.2 million residents in the primary target group for advertisers aged 16-49 (Gross Rating Point).

Term	Definition
HSPA/HSPA+	Radio data transmission technology for wireless networks, increasing the capacity of the UMTS network (High Speed Packet Access/High Speed Packet Access Plus). It also covers the HSPA+ Dual Carrier technology (Evolved High Speed Packet Access Dual Carrier). It supports transmission speeds of up to 42 Mbps for download and up to 5.7 Mbps for upload.
IPTV	Technology enabling transfer of a television signal over IP broadband networks (Internet Protocol Television).
LTE	Long Term Evolution - a standard for high-speed, wireless data transmission also referred to as 4G. Based on a carrier bandwidth limited to a maximum of 20MHz it supports data transmission speed of up to 150 Mbps (downlink, using MIMO 2x2 antennas).
LTE Advanced	Subsequence standard for high-speed, wireless data transmission of the fourth generation (4G). Through carrier aggregation from different bandwidths (a total of up to 100 MHz) it allows to significantly increase maximum data transmission speed up to 3 Gbps (downlink, using MIMO 8x8 antennas).
MIMO	Multiple Input Multiple Output, a method for multiplying the capacity of a wireless network using multiple transmit and receive antennas.
MTR	A wholesale charge for call termination in another operator's mobile telecommunications network (Mobile Termination Rate).
MUX, Multiplex	A package of TV and radio channels and additional services, simultaneously transmitted digitally to the user over a single frequency channel.
ODU-IDU	Outdoor Unit Indoor Unit, a proprietary solution of Polsat Plus Group based on a set comprising an external LTE modem (ODU) and an indoor WiFi router (IDU), which increases effective coverage and improve the quality of the LTE signal.
PPV	Services providing paid access to selected TV content (pay-per-view).
real users	An estimated number of persons who visit a website or open an Internet application at least once in a given month (Real Users).
RGU (Revenue Generating Unit)	Single, active and generating retail revenue service of pay TV in all types of access technology, mobile and fixed-line Internet Access or mobile telephony provided in contract or prepaid model.
Site	(or: mast/tower/roof construction) – a single steel construction located in a separated geographical region which allows to install one or a number of base stations in order to provide radio signal to mobile terminals of end-users within that region.
Usage definition (90-day for prepaid RGU)	Number of reported RGUs of prepaid services of mobile telephony and Internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days. In the case of free of charge Internet access services provided by Aero 2, the Internet prepaid RGUs were calculated based on only those SIM cards, which used data transmission services under paid packages within the last 90 days.