Cyfrowy Polsat S.A. Capital Group

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

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Letter of the President of the Management Board

Ladies and Gentlemen,

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

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

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

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

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

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

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

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

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

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

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

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

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

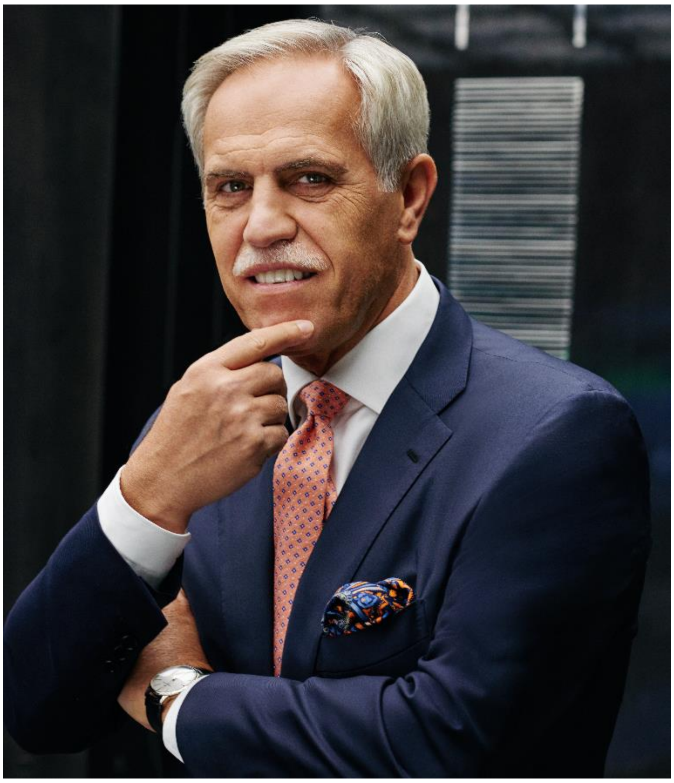
There are many new challenges ahead of us, but I am convinced that they are motivation for our team to make even more efforts to develop Polsat Plus Group in accordance with our goals and to offer clients and viewers content and services that meet their needs in the best way.

Yours faithfully,

Mirosław Błaszczyk

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

Letter of the Chairman of the Supervisory Board



Ladies and Gentlemen,

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

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

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

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

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

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

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

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

Yours faithfully,

Zygmunt Solorz

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

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

Warsaw, April 20, 2023

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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 over 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 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 own 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, 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;

- **activities on the real estate market**, consisting mainly on the implementation of construction projects as well as the sales, rental and management of real estate. Our flagship project being the Port Praski investment located in the strict center of Warsaw.

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

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.

Disclaimers

This constitutes the report of Cyfrowy Polsat Capital Group S.A. (the “Report”) prepared as required by Article 60 sections 1(3) and 2 and Article 70 and 71 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 financial year ended December 31, 2022, prepared in accordance with International Financial Reporting Standards as approved for use in the European Union ("IFRS") and are presented in millions of zlotys. The financial statements attached to this Report have been audited by an independent auditor.

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

Forward-looking statements

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

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

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

Industry and market data

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

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

Financial data overview

The following tables set out selected consolidated financial data for the three- and twelve-month periods ended December 31, 2022 and December 31, 2021. This information should be read in conjunction with the consolidated financial statements for the twelve-month period ended December 31, 2022 (including notes thereto) constituting part of this Report and the information included in item 4 of this Report – *Operating and financial review of Polsat Plus Group*.

Selected financial data:

- from the consolidated income statement for the three-month periods ended December 31, 2022 and December 31, 2021 have been converted into euro at a rate of PLN 4.7291 per EUR 1.00 (average exchange rate in the period from October 1, 2022 to December 31, 2022 announced by the NBP)
- from the consolidated income statement and the consolidated cash flow statement for the twelve-month periods ended December 31, 2022 and December 31, 2021 have been converted into euro at a rate of PLN 4.6869 per EUR 1.00 (average exchange rate in the period from January 1, 2022 to December 31, 2022 announced by the NBP)
- from the consolidated balance sheet data as at December 31, 2022 and December 31, 2021 have been converted into euro at a rate of PLN 4.6899 per EUR 1 (average exchange rate on December 30, 2022 published by the NBP).

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

It should be noted that the financial data for the three- and twelve-month periods ended December 31, 2022 and December 31, 2021 are not fully comparable due to acquisitions and changes to the Group's structure in the period from January 1, 2021 to December 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 December 31				for the twelve-month period ended December 31			
	2022		2021		2022		2021	
	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR
Revenue	**3,429.6**	**725.2**	**3,265.0**	**690.4**	**12,915.3**	**2,755.6**	**12,444.0**	**2,655.0**
Retail revenue	1,750.8	370.2	1,730.7	366.0	6,952.1	1,483.3	6,767.0	1,443.8
Wholesale revenue	997.9	211.0	1,006.8	212.9	3,531.7	753.5	3,678.8	784.9
Sale of equipment	545.4	115.3	408.1	86.3	1,805.1	385.1	1,450.3	309.4
Other sales revenue	135.5	28.7	119.4	25.2	626.4	133.7	547.9	116.9
Total operating costs	**(3,073.4)**	**(649.8)**	**(2,810.6)**	**(594.3)**	**(11,399.8)**	**(2,432.2)**	**(10,305.5)**	**(2,198.8)**
Technical costs and cost of settlements with telecommunication operators	(830.8)	(175.7)	(801.7)	(169.5)	(3,271.5)	(698.0)	(2,849.7)	(608.0)
Depreciation, amortization, impairment and liquidation	(463.1)	(97.9)	(461.2)	(97.5)	(1,829.0)	(390.2)	(1,903.2)	(406.1)
Cost of equipment sold	(429.5)	(90.8)	(337.2)	(71.3)	(1,454.4)	(310.3)	(1,200.7)	(256.2)
Content costs	(555.5)	(117.5)	(531.4)	(112.4)	(2,063.9)	(440.4)	(1,826.9)	(389.8)
Distribution. Marketing. customer relation management and retention costs	(271.1)	(57.3)	(284.8)	(60.2)	(1,035.0)	(220.8)	(1,025.0)	(218.7)
Salaries and employee-related costs	(300.0)	(63.4)	(271.3)	(57.4)	(1,034.0)	(220.6)	(946.9)	(202.0)
Cost of debt collection services and bad debt allowance and receivables written off	(25.1)	(5.3)	(12.5)	(2.6)	(97.8)	(20.9)	(95.4)	(20.3)
Other costs	(198.3)	(41.9)	(110.5)	(23.4)	(614.2)	(131.0)	(457.7)	(97.7)
Gain/(loss) on disposal of a subsidiary and an associate	39.8	8.4	(10.2)	(2.1)	153.2	32.7	3,680.6	785.3
Other operating cost, net	(0.8)	(0.2)	(24.4)	(5.2)	(26.5)	(5.7)	(22.7)	(4.8)
Profit from operating activities	**395.2**	**83.6**	**419.8**	**88.8**	**1,642.2**	**350.4**	**5,796.4**	**1,236.7**
Gain/(loss) on investment activities. net	29.0	6.1	4.2	0.9	23.5	5.0	(26.9)	(5.7)
Finance costs. net	(233.1)	(49.3)	(6.5)	(1.4)	(649.9)	(138.7)	(178.8)	(38.2)
Share of the profit of associates accounted for using the equity method	31.8	6.7	11.4	2.4	94.5	20.2	75.4	16.1
Gross profit for the period	**222.9**	**47.1**	**428.9**	**90.7**	**1,110.3**	**236.9**	**5,666.1**	**1,208.9**
Income tax	(48.4)	(10.2)	(95.2)	(20.1)	(209.2)	(44.6)	(1,251.6)	(267.0)
Net profit for the period	**174.5**	**36.9**	**333.7**	**70.6**	**901.1**	**192.3**	**4,414.5**	**941.9**
Net profit attributable to equity holders of the Parent	159.5	33.7	337.5	71.4	900.0	192.0	4,408.8	940.7
Net profit/(loss) attributable to non-controlling interest	15.0	3.2	(3.8)	(0.8)	1.1	0.2	5.7	1.2

	for the three-month period ended December 31				for the twelve-month period ended December 31			
	2022		2021		2022		2021	
	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR
Basic earnings per share in PLN (not in millions)	**0.32**	**0.07**	**0.54**	**0.11**	**1,62**	**0.35**	**6.95**	**1.48**
Diluted earnings per share in PLN (not in millions)	**0.32**	**0.07**	**0.54**	**0.11**	**1,62**	**0.35**	**6.95**	**1.48**
Weighted number of issued shares (not in millions)	550,703,531		621,258,207		557,758,269		634,936,486	
EBITDA[1]	**858.3**	**181.5**	**881.0**	**186.3**	**3,471.2**	**740.6**	**7,699.6**	**1,642.8**
EBITDA margin	25.0%	25.0%	27.0%	27.0%	26.9%	26.9%	61.9%	61.9%
Gain/(loss) on disposal of a subsidiary and an associate	39.8	8.4	(10.2)	(2.2)	153.2	32.7	3,680.6	785.3
Costs of supporting Ukraine	-	-	-	-	(34.1)	(7.3)	-	-
adjusted EBITDA[2]	**818.5**	**173.1**	**891.2**	**188.5**	**3,352.1**	**715.2**	**4,019.0**	**857.5**
adjusted EBITDA margin	23.9%	23.9%	27.3%	27.3%	26.0%	26.0%	32.3%	32.3%
EBITDA result of Polkomtel Infrastruktura	-	-	-	-	-	-	366.9	78.3
EBITDA adjusted excluding the result of Polkomtel Infrastruktura	**818.4**	**173.1**	**891.2**	**188.5**	**3,352.0**	**715.2**	**3,652.1**	**779.2**
EBITDA adjusted margin excluding the result of Polkomtel Infrastruktura	23.9%	23.9%	27.3%	27.3%	26.0%	26.0%	29.3%	29.3%
Operating margin	11.5%	11.5%	12.9%	12.9%	12.7%	12.7%	46.6%	46.6%

(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 gains on disposal of shares in our subsidiary Polkomtel Infrastruktura Sp. z o.o. in the third quarter of 2021, the disposals of our stakes of shares in Modivo S.A. CKS Ossa Sp. z o.o., and Ossa Medical Center Sp. z o.o. and 50% of our stakes of shares in Port Praski City II sp. z o.o. and Port Praski Medical Center sp. z o.o in 2022 as well as the costs of supporting Ukraine incurred in 2022.

Consolidated cash flow statement

	for the twelve-month period ended December 31			
	2022		2021	
	mPLN	mEUR	mPLN	mEUR
Net cash from operating activities	1,761.7	375.9	3,234.3	690.1
Net cash used in investing activities	(1,876.6)	(400.4)	4,327.9	923.4
Incl. capital expenditures[1]	*(1,114.4)*	*(237.8)*	*(1,158.8)*	*(247.2)*
Net cash used in financing activities	(2,705.7)	(577.3)	(5,282.9)	(1127.2)
Net increase/(decrease) in cash and cash equivalents	(2,820.6)	(601.8)	2,279.3	486.3

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

Consolidated balance sheet

	December 31, 2022		December 31, 2021	
	mPLN	mEUR	mPLN	mEUR
Cash and cash equivalents[1]	817.8	174.4	3,644.3	777.1
Assets	32,306.6	6,888.5	32,237.0	6,873.7
Non-current liabilities	10,180.4	2,170.7	11,226.1	2,393.7
Non-current financial liabilities[2]	8,870.8	1,891.5	10,111.4	2,156.0
Current liabilities	6,315.4	1,346.6	5,626.3	1,199.7
Current financial liabilities[2]	1,867.2	398.1	1,340.2	285.8
Equity	15,810.8	3,371.2	15,384.6	3,280.4
Share capital	25.6	5.5	25.6	5.5

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

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

1. Characteristics of 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 largest content producers and hold a leading position among 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, LTE Advanced and 5G mobile technologies 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 through the portal Interia.pl, which 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.

In 2022, we began operations in the real estate market, where we are active in the areas of construction, sale, rental and management of real estate. Our flagship investment is the development project Port Praski located in the strict center of Warsaw.

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. Starting from the second quarter of 2022, our operations additionally include a third business segment: the real estate segment. For a detailed description of the business conducted by each segment, please refer to item 4.3.2 - *Operating segments*.

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	
			December 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%
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	100%	99.999%
Netia 2 Sp. z o.o.	Poleczki 13, 02-822 Warsaw	telecommunication activities	100%	99.999%
TK Telekom Sp. z o.o.	Kijowska 10/12A, 03-743 Warsaw	telecommunication activities	100%	99.999%
Petrotel Sp. z o.o.	Chemików 7, 09-411 Płock	telecommunication activities	100%	99.999%
Logitus Sp. z o.o.	Orzechowa 5, 80-175 Gdańsk	wired communication	100%	99.999%
ISTS Sp. z o.o.	Bociana 4A / 68A, 31-231 Cracow	wired communication	-	99.999%
IST Sp. z o.o.	Księcia Janusza I 3, 18-400 Łomża	wired communication	-	99.999%
Enterpol Sp. z o.o.	Braci Wieniawskich 5, 20-844 Lublin	telecommunication activities	100%	-
Oktawave S.A.	Poleczki 13, 02-822 Warsaw	website management	100%	-

Company	Registered office	Activity	Share in voting rights (%) as at December 31, 2022	Share in voting rights (%) as at December 31, 2021
Plus Finanse Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other monetary intermediation	100%	100%
Plus Pay Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	monetary intermediation	100%	100%
Esoleo Sp. z o.o.	Al. Wyścigowa 6, 02-681 Warsaw	technical services	51.25%	51.25%
Alledo Express Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	rental services	51.25%	51.25%
Alledo Parts Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	wholesale	51.25%	26.14%
Alledo Parts Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	wholesale	51.25%	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%
Ossa Medical Center Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	hospital activities	-	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)

Company	Registered office	Activity	Share in voting rights (%) as at December 31, 2022	Share in voting rights (%) as at December 31, 2021
Vindix Investments Sp. z o. o.(2)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	-
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)	-
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				
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	22.95%	22.95%
Vindix S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	(2)	46.27%
Modivo S.A.	Nowy Kisielin-Nowa 9, 66-002 Zielona Góra	retail sales	-	10%
PAK-Polska Czysta Energia Sp. z o. o.	Kazimierska 45, 62-510 Konin	holding activity	40.41%	-
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 Sp. z o.o. Sp. k. (formerly Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.)(3)	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%
Polo TV 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%

Company	Registered office	Activity	Share in voting rights (%) as at December 31, 2022	Share in voting rights (%) as at December 31, 2021
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%
Interia.pl Sp. z o.o. (formerly Grupa Interia.pl Media Sp. z o.o. Sp.k.)	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Grupa Interia.pl Sp. z o. o. Sp.k.	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Mobiem Polska Sp. z o.o.	Fabryczna 5a, 00-446 Warsaw	holding activities	100%	100%
Mobiem Polska Sp. z o.o. Sp.k.	Fabryczna 5a, 00-446 Warsaw	advertising activities	100%	100%
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%
Antyweb Sp. z o.o.	Sarmacka 12C/14, 02-972 Warsaw	web portals activities	70%	-
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 166, 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%
Real Estate segment				
Subsidiaries consolidated using the full consolidation method				
Port Praski Sp. z o.o.[4]	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Inwestycje Sp. z o.o.[4]	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Nowe Inwestycje Sp. z o.o.[4]	Krowia 6, 03-711 Warsaw	real estate management	66.94%	-
Port Praski Sp. z o.o. Białystok Sp. k.[4]	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Office Park Sp. z o.o.[4]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City Sp. z o.o.[4]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City III Sp. z o.o.[4]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City IV Sp. z o.o.[4]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Sp. z o.o. S.K.A.[4]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-

Company	Registered office	Activity	Share in voting rights (%) as at December 31, 2022	Share in voting rights (%) as at December 31, 2021
Port Praski Education Sp. z o.o.[(4)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Doki Sp. z o.o.[(4)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Doki II Sp. z o.o.[(4)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Media Park Sp. z o.o.[(4)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski II Sp. z o.o.[(4)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Hotel Sp. z o.o.[(4)]	Krowia 6, 03-711 Warsaw	hotel services	45.52%	-
Pantanomo Limited[(4)]	3 KRINOU, Limassol 4103, Cypr	holding activities	45.52%	-
Laris Investments Sp. z o.o.[(4)]	Pańska 77/79, 00-834 Warsaw	real estate rental	66.94%	-
Laris Development Sp. z o.o.[(4)]	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	66.94%	-
Laris Technologies Sp. z o.o.[(4)]	Pańska 77/79, 00-834 Warsaw	property rental and management	66.94%	-
SPV Baletowa Sp. z o.o.[(4)]	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	66.94%	-
Megadex Development Sp. z o.o.[(4)]	Gdańska 14/1 01-691 Warsaw	property rental and management	66.94%	-
Megadex Expo Sp. z o.o.[(4)]	Adama Mickiewicza 63, 01-625 Warsaw	property rental and management	66.94%	-
Centrum Zdrowia i Relaksu Verano Sp. z o.o.[(4)]	Sikorskiego 8, 78-100 Kołobrzeg	hotel services	66.94%	-
Turystyka Zdrowotna Verano Plus Sp. z o.o.[(4)]	Gen. Wł. Sikorskiego 8 A, 78-100 Kołobrzeg	catering services	66.94%	-
Subsidiaries consolidated using the equity method				
Pollytag S.A. [(4)]	Wielopole 6, 80-556 Gdańsk	sale of wood and construction materials	31.12%	-
Port Praski Medical Center Sp. z o.o.[(4)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	22.76%	-
Port Praski City II Sp. z o.o.[(4)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	22.76%	-

(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. On January 19, 2022 Cyfrowy Polsat acquired 53.73% shares of Vindix S.A. and holds 100% shares of Vindix S.A. and its subsidiaries.
(3) The company was established as a result of the transformation from Polsat Media Biuro Reklamy Sp. z o.o. Sp. k. On January 2, 2023 the court entered the transformed company into the register.
(4) Port Praski Group. As a result of the acquisition of 66.94% shares of Port Praski Sp. z o.o. on April 1, 2022, Cyfrowy Polsat acquired control over the Port Praski Sp. z o.o. and its subsidiaries.

Additionally, the following entities were included in the consolidated financial statements for 2022:

Company	Registered office	Activity	Share in voting rights (%) as at	
			December 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.	Ku Ujściu 19, 80-701 Gdańsk	production of electrical equipment	10%	10%
Towerlink Poland Sp. z o.o.	Marcina Kasprzaka 4, 01-211 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%
Megadex SPV Sp. z o.o. (3)	Adama Mickiewicza 63, 01-625 Warsaw	other financial services	7.02%	-
Megadex Księży Młyn Sp. z o.o. (3)	Adama Mickiewicza 63, 01-625 Warsaw	implementation of construction projects	7.02%	-
Stocznia Remontowa Nauta S.A.	Budowniczych 10, 81-336 Gdynia	repair and maintenance of ships and boats	0.03%	-

(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.
(3) On April 1, 2022 Cyfrowy Polsat acquired 66,94% shares of Port Praski Sp. z o.o. which indirectly holds shares in the company.

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. March 30, 2023, changes presented in the table below 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 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.
May 12, 2022	Acquisition of 49% of shares in PAK-PCE Biopaliwa i Wodór Sp. z o.o. by Cyfrowy Polsat.

June 7, 2022	Acquisition of 100% of shares in Enterpol Sp. z o.o. by Netia.
June 7, 2022	Merger of Netia S.A. (the acquirer) with ISTS Sp. z o.o. (the acquiree).
June 21, 2022	Acquisition of 100% of shares in Oktawave S.A. by Netia.
July 27, 2022	Registration of a share capital increase in PAK-Polska Czysta Energia Sp. z o.o., which resulted in Cyfrowy Polsat holding a 40,41% stake in this company.
August 4, 2022	Acquisition of additional 49% of shares in Alledo Parts Sp. z o.o. by Esoleo.
August 4, 2022	Acquisition of 48% of the total rights and obligations of a limited partner in Alledo Parts Sp. z o.o. Sp.k. by Esoleo.
September 28, 2022	Disposal of ca. 10% of shares in Modivo S.A. by Cyfrowy Polsat.
September 28, 2022	Disposal of 100% of shares in CKS Ossa Sp. z o.o. by Polkomtel.
September 28, 2022	Disposal of 100% of shares in Ossa Medical Center Sp. z o.o. by Polkomtel.
December 1, 2022	Merger of Saveadvisor Sp. z o.o. (the acquirer) with Mobi Dealer Sp. z o.o. (the acquiree).
January 2, 2023	Merger of Netia S.A. (the acquirer) with Logitus Sp. z o.o. (the acquiree).
Media segment	
September 26, 2022	Acquisition of 70% of shares in Antyweb Sp. z o.o. by Grupa Interia.pl.
January 2, 2023	Entry into the court register of Polsat Media Sp. z o.o., which was established as a result of the transformation from Polsat Media Biuro Reklamy Sp. z o.o. Sp.k.
January 2, 2023	Registration in the court register of Interia.pl Sp. z o.o., which was created as a result of the transformation from Grupa Interia.pl Media Sp. z o.o. Sp.k.
April 1, 2022	Acquisition of 66.94% of shares in Port Praski Sp. z o.o. by Cyfrowy Polsat.
August 9, 2022	Acquisition of additional 0.09% of shares in Laris Investments Sp. z o.o. by Port Praski. As a result of the transaction, Cyfrowy Polsat holds 66.94% of shares in Vindix S.A. and its subsidiaries.
August, 2022	Acquisition of 0,026% of shares in Stocznia Remontowa Nauta S.A. by Megadex Expo Sp. z o.o.
October 24, 2022	Disposal of a total of 50% of shares in Port Praski City II Sp. z o.o. by Port Praski City III Sp. z o.o. and Pantanomo Limited.
October 24, 2022	Disposal of 50% of shares in Port Praski Medical Center Sp. z o.o. by Pantanomo Limited.

1.3. B2C and B2B services segment

Pay TV

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

We provide pay TV services in various technologies under the ‘Polsat Box’ brand, in IPTV technology under the “Netia’ brand and in the form of online video under the ‘Polsat Box Go’ brand. As at December 31, 2022, we provided 5.1 million pay TV services to B2C customers in both the contract and prepaid model.

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

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

Online video

Our VOD and online television services and apps – Polsat Box Go and Polsat Go – offer viewers a wide selection of online content accessible at any time, wherever viewers are and on a device of their choice. As of September 2021, our popular web services IPLA and Cyfrowy Polsat Go were replaced by Polsat Box Go. Moreover, we simultaneously launched a new service called Polsat Go.

Polsat Box Go offers content of the Group as well as external producers, distributors and broadcasters, including up to 130 TV channels, sports, movies, series, entertainment, news and cartoons, also in a subscription-based model without commercials. In turn, Polsat Go offers its viewers free of charge content from various Telewizja Polsat and the Group channels, including among others popular series, entertainment and news shows, and generates income from commercials.

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

Mobile and fixed-line telephony

We provide mobile telephony services mainly through our subsidiary Polkomtel, Plus network operator. Polkomtel is one of the leading Polish mobile telecommunications network operators. As at December 31, 2022 we provided ca. 8.8 million mobile telephony services to B2C customers in both the contract and prepaid model.

We offer a comprehensive array of mobile telecommunications services under the established umbrella brand 'Plus' and our additional brand 'Plush,' as well as under the brands belonging to Premium Mobile and Netia. Our offer includes retail services, comprising contract and prepaid voice services, as well as data transmission services encompassing basic mobile broadband services, MMS, value added services such as entertainment, information and comprehensive convergent telecommunications services for large businesses. Additionally, our mobile telephony offer is complemented with a wide portfolio of handsets and smartphones, including devices which support LTE, LTE Advanced and 5G technologies. Our retail mobile telephony offering is addressed to individual and business customers, including major corporate accounts, small and medium-sized enterprises, and the SOHO (Small Office/Home Office) segment.

We provide fixed-line telecommunications services under the 'Netia' and 'Plus' brands based mainly on the landline infrastructure of our subsidiary Netia. The dedicated retail offering of fixed-line telephony includes both business customers, including institutions, medium and large enterprises and small companies, as well as individual customers.

Mobile broadband Internet

In 2011, we were the first commercial service provider in Poland to launch an LTE-based broadband Internet access service. At present, our LTE Internet and HSPA/HSPA+ Internet cover practically the entire population of Poland. Since 2016 we have been offering our customers services in the LTE Advanced technology.

In May 2020, we launched the first commercial 5G network in Poland using the spectrum from the 2.6 GHz TDD frequency band. In March 2023 the Plus's 5G network covered more than 20 million inhabitants of Poland in almost 1000 locations with the total number of 5G base stations reaching nearly 3,500. Thanks to that already more than half of the inhabitants of Poland live within the coverage of our 5G network.

We provide a comprehensive array of mobile broadband Internet access services to both individual and business customers under the brands: 'Plus,' 'Premium Mobile' and 'Netia.' We offer mobile broadband Internet in both the contract and the prepaid model. Moreover, thanks to our LTE Internet access service combined with the set Home LTE Internet we can offer customers a product based on wireless technology that constitutes a substitute for fixed-line Internet. Additionally, pursuant to the provisions of the concession related to the purchase of the 2600 MHz TDD band, we provide free of charge Internet access services, however with limited parameters (BDI offer).

Our offering is complemented by a portfolio of dedicated devices (modems, routers, tablets, laptops, Home LTE Internet sets, etc.), that support LTE, LTE Advanced and 5G technologies. Such a wide offering allows us to address the needs of customers who are interested in using mobile broadband Internet for its mobility as well as those customers who want to substitute fixed-line Internet access at home or in the office.

Fixed-line broadband Internet

Through our subsidiaries Netia and Polkomtel we provide fixed-line broadband Internet services, among others in fiber optic technologies. Fixed-line services are being rendered via own access networks with approximately 3.2 million homes passed. Moreover, we offer fixed-line Internet services based on wholesale access to networks of Orange Polska, Nexera, Fiberhost and Tauron. In total, there are currently ca. 6.1 million homes passed within the reach of our fixed broadband Internet access services offered over both our own network and access to fiber optic networks of other operators.

Internet services to individual customers are sold mainly in bundles with TV and voice services, including a mobile offering. The offer is supplemented by a number of value added services which support ARPU levels and the loyalty of our customers.

Broadband Internet access services for business customers are offered in fiber optic, Ethernet, xDSL and HFC technologies. They are part of a wide range of services, including traditional fixed-line telephony solutions (analogue and ISDN access), the latest IP telephony services with hosted PABX (*Next Generation Network* – NGN technology), Unified Communications services, video communications (video conference services in HD quality), wholesale messaging, lease of digital lines, VPN and Ethernet networks, and data center services which are addressed to companies using Internet in business solutions, running portals and news services.

Bundled services

The bundling of services is one of the strongest trends on both the Polish media and telecommunications market. In keeping with the rapidly changing market environment and consumer expectations, we consistently implement our multiplay strategy by offering our customers a complete and unique service package based on pay TV, including IPTV and OTT, telephony and broadband Internet access offered both in mobile and fixed-line technologies, complemented by additional services, which can be combined freely by customers on an as-needed basis. Our broad range of bundled services is offered through a diverse array of digital entertainment and communication platforms, such as television sets, mobile handsets, computers and tablets.

As part of our strategy of integrating products and services, Polsat Plus Group promotes its unique loyalty programs - smartDOM and smartFIRMA - which enable profitable bundling of modern services for the home or company. Our bundled services offer is based on a simple and flexible mechanism - a customer subscribed to one service receives an attractive discount for the entire term of the contract for every additional product or service purchased from the Group's portfolio.

Wholesale business

As part of our wholesale business we provide services to other telecommunication operators. These services include voice network interconnection, texting (SMS) and MMS traffic routing, international roaming, services to MVNOs, shared access to network assets and lease of network infrastructure.

Network interconnection

Our telecommunications infrastructure used in interconnection cooperation enables us to effectively manage telecommunications traffic routing from/to Polkomtel's customers to/from all operators domestically and abroad.

Shared access to network assets and lease of telecommunications infrastructure

As a consequence of significant capital expenditures and acquisitions carried out in the past, our Group has an extensive and modern telecommunications infrastructure, which allows us to handle constantly increasing usage of telecommunications products and services. In order to optimize costs of maintenance of our infrastructure, we take in parallel steps to share access to network assets and lease components of our network infrastructure from and/or to other telecommunications providers on the Polish market as reflected by the completion of the sale of a part of our mobile infrastructure to Cellnex Group in July 2021. In parallel, within the Group we execute projects which utilize telecommunications infrastructure owned by our entities, especially in the area of backbone and transport networks and IT infrastructure, thus gaining synergies by the replacement, where it is economically justified, of the infrastructure leased from the third parties with assets possessed by the Group companies.

International roaming

Within our wholesale business we provide international roaming services to foreign mobile operators that allow customers of foreign mobile telecommunications network operators to use mobile telecommunications services (voice calls, texting and multimedia messages (SMSs and MMSs) and data transmission) when logged to our network and outside their home network. We also enter into international roaming wholesale agreements in order to provide, both to our own customers and the customers of MVNOs' partners operating on our network, international roaming services in the networks of our roaming partners.

Virtual operators (MVNOs)

We provide operators present in Poland with wholesale access to our mobile telecommunications network based on different models of technical and business cooperation.

Mobile Virtual Network Operators (MVNOs) are operators who provide mobile telephony and data transmission services, as well as fixed-lined telephony services based on Polkomtel's network in a model in which Polkomtel provides access to its mobile network, exchange of interconnection traffic to/from MVNOs' customers and other possible forms of wholesale support to operations of MVNOs. As a rule, this type of cooperation is used by operators who do not own complete technical infrastructure required to provide telecommunications services (including frequency allocations). Such cooperation allows operators to take advantage of each party's strengths: Polkomtel's high quality nationwide network and its support in servicing telecommunications aspects of MVNO operations and dedicated offerings, marketing and sales under own brand of the MVNO wholesale partners.

As part of the cooperation with MVNOs, we provide wholesale services including voice calls, text messaging (SMS) and data transmission (including MMS services), premium rate services, value-added services, international roaming, services provided to specific governmental authorities and agencies, hosting services on our billing platform, MVNO customer support, handling claims of MVNOs' customers, access to SIM cards, telephone devices and Plus's telephone card recharging sales channels as well as other services, depending on the needs and selected technical model of cooperation. Thanks to the API interface, MVNO operators can manage services for their customers themselves, freely design tariffs, activate services and use their own CRM system to manage services for their customers.

Polkomtel was the first mobile operator in Poland to open its network to MVNOs in 2006 and since then it sustains the leading position in this telecommunications market segment.

1.4. Media segment: television and online

Broadcasting and television production

Our activities in broadcasting and television production include primarily production, acquisition and broadcasting of information, sports and entertainment programs as well as TV series and feature films broadcast on television channels. Our portfolio comprises 39 own channels including our flagship channel POLSAT. Moreover there is a group of 6 cooperating channels which are related with Polsat Plus Group either by capital links or joint broadcasting projects.

The Group's channels are delivered both over multiplexes in the terrestrial network (free of charge) and over cable, satellite or IP network (paid).

Channel	Description
POLSAT	The main channel, broadcast since December 5, 1992, was the first commercial channel in Poland to obtain a nationwide license for analogue broadcasting. POLSAT is one of the leading Polish TV channels in terms of shares in the commercial audience group. POLSAT broadcasts daily, 24/7. The channel is available via digital terrestrial TV on the second multiplex (MUX-2) and on local multiplexes (MUX-L4 and MUX-TVS). Apart from terrestrial signal, POLSAT is also available in SD and HD formats in most cable networks and satellite platforms. The channel features a broad selection of films, entertainment shows, news and commentaries, Polish and foreign TV series, as well as popular sporting events.
General interest	
Super Polsat	Channel offering entertainment and information programs, movies, series and live sports coverage. Available in digital terrestrial television.
Polsat 1	Channel addressed to Poles living abroad, broadcasts various productions from the libraries of the channels: Polsat, TV4, Polsat Cafe and Polsat Play.
Polsat 2	Channel broadcasting reruns of programs that premiered on our other channels.
TV4	Nationwide entertainment channel, the programming offer of which includes feature movies, series, entertainment and popular science programs and sports. Available in digital terrestrial television.
TV6	Nationwide entertainment channel broadcasting popular foreign formats, as well as series, entertainment programs and feature movies from Polsat's library. Available in digital terrestrial television.
Nowa TV	Universal TV channel airing lifestyle programs, series, news, journalistic shows and cabaret skits. Available in digital terrestrial television.
Polsat X	Universal TV channel. Its diversified programming offer includes movies and documentaries as well as entertainment shows. Around 75% of airing time is occupied by program reruns. The channel started broadcasting in April 2021.
Polsat Reality	Universal TV channel. Its diversified programming offer includes movies and documentaries as well as entertainment shows. Around 75% of airing time is occupied by program reruns. The channel started broadcasting in April 2021.

Sports	
Polsat Sport	The first sports channel of Polsat Plus Group broadcasting major sports events in Poland and worldwide (volleyball, athletics, football, world class boxing and MMA contests), which include live broadcasts.
Polsat Sport Extra	Sports channel broadcasting premium sport events, primarily the largest international tennis tournaments such as Wimbledon.
Polsat Sport News	Sports channel dedicated to sports news.
Polsat Sport Fight	Channel dedicated to martial arts, broadcasting, among others, professional boxing galas and mixed martial arts, as well as coverages of Polsat Boxing Night.
Eleven Sports 1 **Eleven Sports 1 4K**	Sports channel dedicated solely to football. The most interesting live events, matches from the best European leagues, championships and qualifying games. Eleven Sports 1 HD broadcasts 24 hours a day, in HD quality and with Polish commentary. Since November 2017 the channel is also available in 4K technology.
Eleven Sports 2	Channel that broadcasts large sports events and offers sports fans premium quality entertainment. The channel broadcasts 24 hours a day, in HD quality and with Polish commentary.
Eleven Sports 3	Channel offering the most important European football live matches. In addition, the channel presents documentary films about sports and reruns of the most interesting events broadcasted by the Eleven Sports 1 and Eleven Sports 2 channels.
Eleven Sports 4	Channel broadcasting large sports events, documentary films about sports and reruns of the most interesting events broadcasted by the Eleven Sports 1, Eleven Sports 2 and Eleven Sports 3 channels.
Polsat Sport Premium 1	Premium sports channel. Launched in August 2018 in connection with the Group's acquisition of rights to the UEFA Champions League. The channel is offered in a package with four Polsat Sport Premium PPV services aired during matches. Broadcasts without ads, in Super HD quality.
Polsat Sport Premium 2	Premium sports channel. Launched in August 2018 in connection with the Group's acquisition of rights to the UEFA Champions League. The channel is offered in a package with four Polsat Sport Premium PPV services aired during \ matches. Broadcasts without ads, in Super HD quality.
Movies	
Polsat Film	Movie channel broadcasting movie hits from the libraries of major US movie studios as well as non-mainstream movies.
Polsat Film 2	Movie channel, an extension to Polsat Film's programming offer airing movies, documentaries, cartoons and series. Around 65% of airing time is occupied by program reruns. The channel started broadcasting movies and series in April 2021.
Polsat Seriale	Channel created for and dedicated to women. The programming offer includes feature movies as well as popular Polish and foreign series.
Music	
Eska TV	Music and entertainment channel broadcasting the latest music clips, exclusive interviews, gossip about show biz stars and information about musical events. Available in digital terrestrial television.
Eska TV Extra	Channel broadcasting recent hits and the greatest pop music hits of the last 20 years.
Eska Rock TV	Channel offering music defined as mainstream pop-rock, classic rock and alternative rock.
Polo TV	Channel broadcasting the greatest hits of disco polo and dance, coverage of the most famous festivals of disco dance, concerts and euro disco hits, italo disco and dance music from the 80s and the 90s. Available in digital terrestrial television.
Polsat Music	Channel broadcasting rock and pop music as well as the best video clips, both classics and novelties.
Vox Music TV	Music and entertainment channel broadcasting disco hits from the 80s and the 90s, italo disco, euro dance and disco polo. The channel's programming offer also includes programs devoted to pop stars and hit lists.
Disco Polo Music	Music channel broadcasting disco polo, dance and festive music.
News	
Polsat News	24-hour news channel broadcasting live shows and covering primarily news from Poland and key international events.

Polsat News 2	News channel offering debates on politics, business and world economy, as well as programs on culture, society, current and international affairs.
Wydarzenia24	News channel broadcasting since September 1, 2021, produced in cooperation with Polsat News, *'Wydarzenia'* news service and Interia.pl portal. Provides the most up-to-date information about events in Poland and abroad. The channel replaced the 'Superstacja' channel.
Lifestyle	
Polsat Cafe	Channel dedicated to women, focusing on lifestyle, fashion and gossip as well as talk-shows.
Polsat Play	Channel dedicated to men, focusing on consumer gadgets, the automotive industry, angling and cult TV series.
Polsat Games	Channel dedicated to gamers. Addressed not only to fans of computer games or e-sports, but also to enthusiasts of new technologies and animation. The channel's programming includes original gaming programs, coverage from e-sports tournaments, Japanese animated series and documentaries.
Polsat Rodzina	Family channel for three generations: from children, via parents, to grandparents, and living anywhere in Poland. The channel helps to deal with challenges of the modern world. Its programing includes informative programs, educational cartoons, series and Christian matters programs.
TV Okazje	Channel broadcasting 24 hours a day, dedicated to teleshopping and broadcasting solely spots that encourage shopping.
Popular science	
Fokus TV	Thematic channel of an educational and cognitive character, addressed to the entire family. Main thematic sections are knowledge, documentary and entertainment. Fokus TV's mission is to convey knowledge through fun and in an accessible way. The channel is broadcast in DTT technology.
Polsat Doku	Documentary channel broadcasting historical and scientific programs, addressed to viewers interested in the problems of today's world, travel and nature.

Channels cooperating with Cyfrowy Polsat Plus Group (non-consolidated)	
Polsat Jim Jam	Children's channel based exclusively on programs by Hit Entertainment, the channel is a joint venture launched by Grupa Polsat Plus and AMC Networks International – Zone.
CI Polsat	Criminal channel that takes its viewers to the world of crime providing insight into criminal laboratories, police archives and courtrooms. The channel is a joint project of Polsat Plus Group and A+E Networks UK.
Polsat Viasat Explore	Channel dedicated to men, simple-unusual people, who work hard and have fun while making extraordinary dreams come true. Polsat Viasat Explore operates based on cooperation with Viasat Broadcasting.
Polsat Viasat Nature	Nature channel targeting the entire family, which allows viewers to accompany wildlife researchers, veterinary doctors and celebrities in their journeys and develop knowledge on dangerous predators, domestic pets and wild animals from around the world. Polsat Viasat Nature operates based on cooperation with Viasat Broadcasting.
Polsat Viasat History	Channel offering viewers a journey to the past through high-quality programs, that entertain and educate at the same time. The content features historical events that influenced world history. Polsat Viasat History operates based on cooperation with Viasat Broadcasting.
Polsat Comedy Central Extra	Channel broadcasting Polish and foreign comedy series and cabaret programs, launched in March 2020 as a result of cooperation between TV Polsat and ViacomCBS (currently Paramount). Previously the channel was aired under the name Comedy Central Family.

Sales of TV channel advertising airtime and sponsoring

Within our wholesale business we sell advertising and sponsoring time on our own channels as well as third-party channels.

The key factor impacting our revenue from advertising and sponsoring time sale is our share in total audience. Airtime on our channels is more attractive, if the demographic profile of the audience meets advertisers' requirements. In order to make our airtime more attractive, our programming offering is carefully selected and broadcast in specific parts of the day.

Sale of channel broadcasting rights

A significant part of revenue of the media segment is generated by wholesale of TV channels from Polsat Plus Group's portfolio. Our channels are distributed by the majority of Polish cable networks, including such operators as Vectra, UPC, Inea, Toya and by all major satellite platforms (with the exception of selected sports channels, which are exclusive to the Polsat Box platform), as well as using the IPTV technology (Polsat Box, Orange Polska, Netia) and selected OTT platforms. Our agreements with third-parties provide for a non-exclusive license of a specific duration to distribute our channels. The agreements also provide for monthly licensing fees, charged as the product of the contractual rate and the number of customers, or as fixed fees.

Internet media

We develop thematic web portals which leverage on the unique content produced by our TV channels and dedicated editorial teams. Among portals established by us the most important role is played by the portals 'PolsatNews.pl' and 'PolsatSport.pl'. In turn, Interia.pl Group, acquired by us in July 2020, is a leading player on the Polish market of new generation media.

The portal 'Interia.pl', which belongs to the Group, is one of the three largest horizontal portals in Poland. It provides with a vast selection of the highest quality information, entertainment, social and communication services. In addition, Interia Group includes a number of non-domain thematic websites, such as 'Pomponik.pl,' 'Smaker.pl' and 'Deccoria.pl,' as well as one of country's first mail services with approximately 2.7 million users per month. In parallel, thanks to the 'Pogoda.Interia.pl' weather forecast service, which is one of the leaders in its category, we became one of top online weather forecast services in Poland.

Since the acquisition of Interia.pl Group, the monthly average number of page and app users for the combined Polsat-Interia media group increased from 18 million in the third quarter of 2020 to over 21 million in the fourth quarter of 2022. In the same period, the average monthly number of page and app views increased from about 1.5 billion to over 2.0 billion (data for the third quarter of 2020 according to the Gremius/PBI study; data for the fourth quarter of 2022 according to the Mediapanel study). We intend to continue to strengthen our position on the Polish Internet and online advertising market.

The largest of Polsat–Interia Group's monetized portals, websites and services are presented in the table below.

Internet portal	Description
General interest	
Interia.pl	One of the largest Polish horizontal portals, including many thematic services.
VOD	
Polsat Box Go (formerly ipla.tv)	A TV Everywhere-type service offering access to streaming of linear channels as well as to a variety of VOD materials. Available also through a mobile app and Smart TV solely in a paid model.
Polsat Go	VOD service offering access to VOD materials produced by Telewizja Polsat and certain partners and to two of our linear channels: Polsat and TV4. All materials are available in a VOD model (with commercials). Available also through a mobile app and Smart TV.
Sports	
Polsatsport.pl	A portal constituting a unique combination of a news and journalistic service and a video platform specializing solely in sports, in particular football, volleyball, boxing, MMA, basketball, tennis and e-sports. Available also through a mobile app.
Sport.interia.pl	Versatile sports news service, devoted especially to football, martial arts, volleyball, speedway, tennis, basketball and winter sports. Available also through a mobile app.

Weather	
Twojapogoda.pl	Portal with weather forecasts: daily, long-term and for a specific time and location. Beside information on the weather, it provides meteorological and scientific curiosities related to changes of weather conditions. Available also through a mobile app.
Pogoda.interia.pl	One of Poland's most popular weather forecast services with comprehensive forecasts and maps of air quality. It presents hourly, long-term and local forecasts.
Mail	
Poczta.interia.pl	Mail service launched as one of the first mail services in the country, with approximately 2.5 million users per month at present. Available also through a mobile app.
Popular science	
Geekweek.interia.pl	Popular science and technology service of Interia for novelty fans. It presents information about the latest technical achievements, medical innovations and recent scientific discoveries, which are described in an interesting and accessible way.
Opracownia.pl	Service for elementary and high school students, containing helpful descriptions and elaborations of readings, exam topics, as well as sought information and explanations on issues from many popular school subjects
Bryk.pl	Must-have for students on all educational levels and source of knowledge from various fields, with accessible descriptions, essays, cheat sheets and learning materials.
News	
Polsatnews.pl	One of the top news portals in Poland, with latest news about the economy, sports, science, business as well as domestic and international events. The informative part is complemented with journalistic content. Available also through a mobile app.
Wydarzenia.interia.pl	Interia's news service with news, events, facts and expert opinions. Available also through a mobile app.
Business	
Biznes.interia.pl	Versatile service for those who keep an eye on finance. It describes current issues from international and local markets, the economic situation, provides stock and currency quotations and numerous opinions and statements from experts.
Lifestyle	
Pomponik.pl	Interia's entertainment service which presents popular and up-to-date information from the show-biz world. Available also through a mobile app.
Styl.interia.pl	Interia's top service which presents news and recent trends in fashion, beauty, beauty care, cuisine, diets and many other popular topics from daily life.
Deccoria.pl	Almanac of interior inspirations, ideas for interior design in small and large apartments, houses and residences. A source of ideas for home renovation or design lifting.
Kobieta.interia.pl	A comprehensive source of knowledge about women's world in the broad sense: passion, hobbies, cosmetics, fashion and tips required by all Internet surfing ladies.
Porady.interia.pl	Service with advice for all who need help. Simple and brief tips from various fields.
Zdrowie.interia.pl	Health service answering questions about how to live in a healthy way, use diets, prevent illnesses and take care of your body.
Entertainment	
Gry.interia.pl	Source of knowledge for gamers-users of all platforms, who are hungry for novelties and special offers. Rankings, opinions, reviews and tips for gamers.
Motoryzacja.interia.pl	Versatile service dedicated to the motor industry. It presents a rich offer of valuable editorials, expert video materials, car reviews and tests as well as photo galleries, event reports and all types of novelties about cars.
Muzyka.interia.pl	One of the most popular Polish Internet services dedicated to modern music: top hits, music events, authors and bands. The service allows to broaden one's knowledge about specific music genres, includes interesting editorial reviews and a gallery of video clips.
Teksciory.interia.pl	Service for music fans which includes lyrics of popular songs and popularity rankings.
Swiatseriali.interia.pl	Thematic service for fans of series and actors starring in them. It includes information about ca. 650 popular series, photo galleries, numerous video materials and quizzes.

Film.interia.pl	Broad source of knowledge about historical and contemporary films, interesting facts from film sets, reviews, trailers and recommendations.
Social	
Smaker.pl	One of the most popular social cooking services in Poland featuring thousands of user recipes. It offers free cooking books and many editorials concerning culinary art and famous chefs. Available also through a mobile app.
Commercials	
Ding.pl	Service with store fliers and catalogues of stores and large shopping chains. Thanks to geolocation users can receive offers mainly from stores in their neighborhood.
Okazjum.pl	Service with store fliers and catalogues of stores and large shopping chains by cities in which the stores are located.

1.5. Strategy of Polsat Plus Group

1.5.1. Our Strategy 2023+

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

An effective combination of telecommunication and content products provides new opportunities for distribution of content. Thanks to this combination, attractive content and a wide range of our services can be delivered through a variety of reliable distribution channels – via satellite (DTH), digital terrestrial television

(DVB-T), Internet television (OTT), Internet platforms, applications and portals (video online), mobile (LTE and 5G) and fixed-line (IPTV) technologies – to all consumer devices from TV sets through PCs and tablets to smartphones.

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

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

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

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

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

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

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

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

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

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

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

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

1.5.2. Our ESG strategy

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

We take responsibility for preventing further climate changes and actively undertake steps to improve air quality in Poland.		
E (Environmental)	•	New investments – by producing over 2 TWh of green energy per year we will contribute to the reduction of CO_2 emissions in Poland by more than 2 million tons yearly.
	•	Renewable energy sources – we use energy solely from low or zero emission sources[(1)].
	•	Car Fleet – we successively increase the share of low-emission vehicles in the car fleet of Polsat Plus Group (currently 6% share).
	•	Circular economy – set-top boxes used by our customers, are coming back to the market after they are returned and refurbished while other equipment is being recycled.
	(1)	Applies at least to main operations operating companies of Polsat Plus Group: Cyfrowy Polsat, Telewizja Polsat, Polkomtel and Netia.

We are an active member of local society and – at the same time – we stimulate Poland's economic and social development through our investments in digitization.	
S (*Social*)	• Counteracting digital divide – broadest reach of modern, fast 5G Internet from Plus.
	• Polsat Foundation – we are a key partner of the Foundation which during over 25 years has helped to finance medical treatment and rehabilitation for 42 thousand suffering children.
	• Responsible employer – we ensure friendly and safe working environment as well as equality and diversity to all our employees.
	• Protection and safety of children – safety is DNA of our operations, therefore we take care of safety of the children and youth (among others, safety in the network and television content).

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

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

The document presents our sustainability strategy plan and especially the environmental focal points of our business plan, in particular around our ambition to fight against climate change and improve air quality in Poland by taking actions and making investments to help accelerate Poland's transition towards green energy. Moreover, by incorporating sustainability-linked instruments in our funding policy, we aim at broadening our commitment to drive the effort to fight global warming. To showcase the central role in the transition towards a sustainable economy, we have the ambition and commitment to use this Framework to issue debt instruments in sustainability-linked format across both loans and bonds. The first such issue of Series D Bonds took place in January 2023.

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

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

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

1.6. Competitive advantages

We are the leading integrated media and telecommunications group in the region

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

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

Additionally, our advantage is that we have an extensive nationwide distribution network through which we sell most of the services offered by our Group. We simultaneously offer our services in alternative telemarketing channel as well as online in our own online stores. Furthermore, both Polkomtel and Netia have their own separate B2B sales and service channels and, additionally, Polkomtel has an extensive prepaid distribution network.

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

Our core brands – ‘Plus,’ ‘Polsat,’ and ‘Polsat Box’ – are well recognized by Polish consumers and we believe they are associated with high quality and value-for-money services addressed to the entire family.

We believe that our position as the largest pay TV operator in Poland and good relations with programming licenses providers give us a competitive advantage in obtaining high quality content on attractive market terms. Therefore, we are able to offer attractive programming packages at competitive prices which translates favorably into viewers' opinions on us. At the same time, through investing in the latest technologies which allow to offer high quality telecommunication services, we constantly increase attractiveness of our services which contributes to high satisfaction levels among our customers. We also enjoy the viewers' trust in the objectivity of the information we provide, and the programs of Telewizja Polsat have been recognized for many years as one of the most reliable and unbiased sources of information among the main TV stations in Poland.

We own the largest advertising office in Poland

Polsat Media, our advertising sales office, is currently the largest broker on the television market with 78 TV channels in its portfolio, including a large nationwide TV station and a wide package of thematic channels belonging to Polsat Plus Group and other Polish and foreign broadcasters. Polsat Media is currently the largest advertising office not only in terms of the number of channels served, but also in terms of audience share (35% in a target group aged 16-59 years) and its share in the TV advertising market (46% egGRP in 2022).

Polsat Media is responsible for all advertising services and sales of advertising space in website services of Interia.pl Group.

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

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

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

We offer a unique combination of integrated services

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

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

We are the country's leader in development of 5G technology

We develop our telecommunication network on an ongoing basis in order to provide the most technologically advanced services to our customers. We were the first operator in Poland to implement LTE technology, which enabled our customers to benefit from its advantages already in 2011. In turn, in 2020 we offered Poland's first commercial 5G network.

The network went operational in May 2020 and then our first customers in selected cities were able to start using the 5G technology in the 2.6 GHz TDD bandwidth. Thanks to intensive work, in March 2023 the footprint of our 5G network covered over 20 million of people, i.e. more than half of the population of Poland, and the total number of base stations increased to almost 3,500.

The 5G technology is currently at an early stage of development in Europe whereas, in our opinion, it will gradually gain popularity. According to the estimates presented in the *Ericsson Mobility Report* of November 2022, the scale of penetration with this technology among users of mobile devices in the Central and Eastern Europe region will reach approximately 43% in 2028. Thus Ericsson expects that the 5G technology will be gaining popularity significantly faster than the LTE technology at the time of its implementation a decade ago. Simultaneously, by 2028 data transmission in 5G technology is expected to outrank the total data transmission in networks built in 2G/3G/4G technologies. Rapidly increasing usage of data in smartphones is to be the main driver for data transmission growth in mobile networks, with forecasted growth rate of 18% CAGR in 2022-2028 in Central and Eastern Europe and expected target level of 35 GB per month (compared to 13 GB in 2022). We want to actively benefit from this increasing demand by leveraging on our investment in 5G technology.

For the purpose of our 5G network we are presently using the unique 2.6 GHz TDD bandwidth, which ensures a significant advantage over other operators in our country. 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. Thus it offers balance between data transmission speed (up to 600 Mbps) and coverage (wide availability) while maintaining the highest quality of both parameters. In the future, as the 5G network develops, 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 further stages of 5G network roll out by offering the possibility of aggregating 5G frequency bands.

We are also working on the development of the 5G technology using other radio frequencies and technologies. For example, in December 2021, we successfully tested the 5G technology in the Standalone standard. This will enable us to strengthen our position as the 5G technology leader in Poland in the future and offer the services to even more customers in even a bigger number of locations.

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

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

Polsat Box Go 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.

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

We own the biggest portfolio of TV channels in Poland, offering attractive programming content for each family member

We offer the largest and most diversified portfolio of channels on the Polish market, which gives us a leading position in terms of audience share among television groups in Poland and advertising market share. Polsat Plus Group portfolio consists of 39 own channels. Moreover, there is a group of 6 cooperating channels which are related with the Group either by equity links 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 is focused on news, documentary and entertainment programs, series based on international formats and own concepts.

We have contracts with major film studios, such as Columbia Pictures Corp. Ltd. being part of Sony Pictures Entertainment Inc., The Walt Disney Company and its part 20th Century Fox International Television, Inc., Paramount Pictures International Limited or NBCUniversal International. This guarantees access to a wide selection of the most attractive films and series.

We believe that our rich portfolio of Polish language TV channels and our assets, which enable us to produce diversified and attractive Polish language video content dedicated to Polish viewers, constitute our key competitive differentiators and will allow us to successfully build our revenue on many fields of exploitation. Thereby, Polsat Plus Group is in a position to successfully compete not only with companies which offer media or communication services in Poland, but also with the competitive pressure emerging from global content producers operating in the OTT model.

We successfully monetize a rich portfolio of sports rights

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. We offer football fans broadcasts of qualifiers to the UEFA European Championships and 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. As for volleyball, 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 men's and women's Europe Volleyball Championships, the club volleyball competitions of Polish Plus Liga and Tauron Liga and also the volleyball matches of CEV Champions League. We also offer boxing and mixed martial arts galas (UFC, Cage Warriors, FEN, 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 May 2018 we gained access to attractive sports rights which are sold as program packages to pay TV operators active on the Polish market as well as directly to customers through OTT applications (among others, ELEVEN SPORTS and Polsat Box Go). This premium sports content includes Spanish La Liga Santander and Supercopa, Italian Serie A, English The Emirates FA Cup, French Ligue 1 Uber Eats, German DFB-Pokal, Portuguese Liga Portugal, Belgian Jupiler Pro League and speedway races of the Polish PGE Ekstraliga. Since November 2017 the Eleven Sports 1 channel is available also in 4K technology - viewers can watch selected events in their native UHD quality, e.g. selected matches of La Liga Santander or Series A. Unique sports content represents an important element that builds the value of our pay TV offering.

We believe that attractive content, including exclusive content that is not available in the offer of other pay TV operators, is a significant competitive advantage over other pay TV operators in Poland.

Concurrently, we seek to monetize TV channels from our portfolio, also 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.

We have a high quality telecommunication infrastructure and broad portfolio of frequency bands

We provide telecommunication services including voice, data transmission and wholesale services, as well as a broad array of added services based on the integrated 2G/3G/4G/5G mobile network. These services are provided based on frequencies and core network owned by us, while our partner in the maintenance and expansion of the mobile access network is Towerlink Poland, a specialized company from Cellnex Group.

The network used by our customers supports the following technologies: GSM/GPRS/EDGE (2G), UMTS/HSPA/HSPA+/HSPA Dual Carrier (3G), LTE/LTE Advanced (4G) and 5G. We own spectrum reservations in an extensive portfolio of telecommunication frequencies, including 420 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2600 MHz FDD and 2600 MHz TDD bands. Our rich frequency resources not only guarantee flexibility in bandwidth management, but also open up many possibilities for network reconfiguration in the future. In particular, in 2011, as the first operator in Poland, we introduced services based on LTE and LTE Advanced technologies and in May 2020 we offered our customers Poland’s first commercial 5G network. Currently, practically the entire population of Poland is within the coverage of our 2G/3G/4G mobile services while the coverage of our 5G network already reaches over 20 million of Poles.

As the only operator in Poland we provide 5G services based on the unique 2.6 GHz TDD band, which ensures visibly better technical parameters of the offered technology than in the case of other mobile operators in the country. At present, other mobile operators offer 5G services using the 2100 MHz band, which is used simultaneously to provide services in the LTE technology. These operators apply the DSS (Dynamic Spectrum Sharing) technology which causes variable in time allocation of frequency resources for providing services in various technological generations. This can lead effectively to visibly lower quality parameters of 5G services provided as compared to services provided in 5G based on a dedicated frequency bandwidth and, in consequence, can lead to a lower level of customer satisfaction.

Thanks to the extensive footprint of the mobile network that we use, we are able to reach with our telecommunication services customers who live in less populated suburban and rural areas of Poland, while incurring substantially lower costs than cable TV or fixed-line operators. This enables us to build a strong position in smaller cities and less urbanized areas of Poland and provide telecommunication services – in a cost-effective way – to the existing customers of Cyfrowy Polsat, who are located mainly in the aforementioned areas. Due to the high cost of network roll-out, starting of operations and regulatory barriers related to obtaining access to frequencies, we will continue to profit from our strong market position.

New entrants must overcome significant regulatory and operational barriers and acquire access to radio spectrum or incur very significant investment outlays to compete effectively in the markets in which we operate

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

On the other hand, entry to the telecommunication market requires obtaining direct access to telecommunication frequencies and very expensive and time-consuming investments into telecommunication network or obtaining paid access to radio frequencies via one of the four mobile operators. However, at present the majority of radio spectrum allocated to mobile technologies is nearly fully distributed among the current market players and a scenario assuming the emergence of a new infrastructure operator seems unlikely. Operators who provide mobile services based only on paid access to the existing mobile networks so far have failed to achieve a scale of business in Poland which could create a significant competitive threat to us. As for fixed-line telecommunications services, in particular broadband Internet access, entry barriers include time- and capital-consuming outlays which new players would need to incur to develop their network infrastructure.

We have strong, stable and diversified cash flows

In 2022 we generated revenue through three business segments: the B2C and B2B services segment, the media segment: TV and online and the real estate segment. In the B2C and B2B services segment our large retail customer base, stable monthly subscription revenue and low churn rates provide us with significant predictability of future revenue and strong recurring cash flows, which have historically proven to be resilient, even during periods of challenging economic conditions, such as the COVID-19 pandemic.

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

We have experienced managing staff

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

1.7. Market opportunities

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

Growing importance of bundled services

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

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

The acquisition of the fixed-line operator Netia by Polsat Plus group in May 2018 can serve as an example of such consolidation in Poland. Thanks to this transaction we combined all assets necessary to provide fully convergent services within our Group. As a result we can adjust our offering to better match customers' needs and we manage costs more effectively. Based on Netia's infrastructure, we launched the fixed-line broadband Internet access offer under the 'Plus' brand. This offer was further expanded when we gained the possibility to provide services using networks of other operators who grant Netia access on wholesale terms. In turn, in the first quarter of 2019 we introduced the cable TV service in IPTV technology, which is available to customers of fixed-line Internet services offered by Plus, Netia and Orange. As a next step, in July 2019, we implemented our OTT television service, which can be accessed via the Internet delivered by any service provider.

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

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

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

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

Development of the Internet access market in Poland

Based on data published by the European Commission in the Digital Scoreboard, in 2021 the penetration rate of fixed-line broadband access among Polish households was 89.7%. For 27 member states the average penetration was 97.9% of households. The lower penetration rate in Poland results from, among others, the fact that according to the General Statistical Office 40% of Poles reside in rural areas and small towns of up to 20 thousand inhabitants. These areas represent low profitability areas from the perspective of the cost of construction of a fixed line to the end user due to the low land development density in Poland. Low saturation with fixed broadband Internet access in Poland combined with the progressing development of mobile technologies, including the emergence of 5G, make the Polish broadband access market a continuously growing segment of the telecommunication market.

According to PMR estimates, in 2021 there were approximately 16.2 million users of broadband Internet, out of which 47% used mobile connections. PMR forecasts that by 2027 the total number of broadband users, of both dedicated mobile access through a modem/SIM card and fixed-line, is expected to grow annually by ca. 1.6% on average.

The main growth drivers of the mobile Internet segment in the long term will include: increased speeds of data transmission, accelerated by the implementation of the 5G technology, growing popularity of mobile devices (laptops, smartphones, tablets), as well as a relatively low cost of rolling-out mobile infrastructure in low urbanized areas. The driver behind the growth of fixed-line broadband will be the modernization and roll-out of existing infrastructure, as well as growing popularity of the open access model in wholesale networks. In the area of fixed-line broadband access fiber optic technology (FTTx) is going to rapidly gain importance, which is successively replacing obsolete copper infrastructure as a result of large scale investments of fixed-line operators (including the investments executed under the POPC program *(Program Operacyjny Polska Cyfrowa)* subsidized by the EU). The significant popularization of remote work and learning.

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

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

Changes in pricing of mobile services

A significant event on the mobile telephony market in the years 2019-2022 was the gradual introduction of modifications to the retail pricelists for services, which consisted in increasing monthly fees in exchange for higher data transmission packages (the more-for-more pricing strategy), cancelling selected low-end tariff plans or increasing rates for connections made above package limits. These changes were associated, among others, with increased demand for data transmission, a more stable competitive situation on the mobile market and a shift in strategies of certain operators towards greater focus than in the past on building customer value and fostering revenue and profitability, which were related, among others, with the investments in 5G network construction. In addition, in order to mitigate inflationary cost pressures observed in 2022 and expected in 2023, telecom operators are continuing to modify their retail service price lists in line with the more-for-more strategy.

The gradual launch of 5G networks has also enabled operators to apply different prices to offers based on the latest technology as it 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 can be offered in higher-end tariff plans.

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

Demand for data transmission on smartphones

In Poland, the popularity and sales of smartphones are gradually growing. Currently, smartphones have almost completely replaced traditional handsets in our sales mix. Concurrently, there is an increasing interest in more and more technologically advanced devices, which ensure much higher comfort of using. In particular, models of smartphones operating in 5G technology are gaining popularity. The prices of such devices, which were originally relatively high, decreased quickly and at present models of 5G devices priced 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 2022, the scale of data transmission in Central and Eastern Europe, which Poland is a part of, will increase from 13 GB per month in 2022 to 35 GB per month in 2028, driven also by increasing popularity of 5G technology.

We expect that the growing popularity and availability of smartphones which, combined with improving quality parameters of provided 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 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. We expect that the development of the TV advertising market in the coming quarters and years will be influenced by the decelerating national GDP growth rate, which, according to OECD forecasts, may remain under pressure in 2023 (+0.9% YoY) as a result of, among others, the armed conflict in Ukraine, high uncertainly and lower domestic demand. In turn, In turn, for 2024, the OECD expects economic recovery (+2.4% YoY) thanks to lower inflation and tighter monetary policy.

In our opinion, television will remain an effective advertising medium and we believe there is still growth potential for TV advertising in Poland in the long term given the relatively low level of advertising expenditures in Poland as a percentage of GDP and per capita in comparison to other European markets. It is worth noting that despite the growing importance of new media, it is forecasted that television will remain an attractive and popular pastime thanks to, among others, new technical opportunities and given that television remains a widely available and affordable source of entertainment for the whole family.

In turn, prospects of the online advertising market are positive. According to the IAB AdEx report for three quarters of 2022, online advertising expenditures in Poland increased at a rate of 9% YoY and reached the value of PLN 4.7 billion. The two main segments of the online advertising market in which we are present, i.e., display and video, were responsible for 43% of total expenditures on the online advertising market and their total value increased by 5% YoY. We believe that following the acquisition of Interia.pl Group and thus gaining a leading position on the online advertising market we are one of the beneficiaries of the development of these promising segments of the advertising market in the following periods.

Growing importance of thematic channels

Main general entertainment channels (FTA) are experiencing a gradual decline in audience shares as a result of the high penetration level of the Polish market by pay TV which provides viewers with an increasingly greater selection of thematic channels, as well as an offer of channels available via digital terrestrial television (DTT). In turn, the advertising market share of thematic stations and channels broadcast via terrestrial television multiplexes is consistently growing.

According to data published by Nielsen Media, in 2022 the total share of the four leading channels (POLSAT, TVN, TVP1 and TVP2) in the 16-59 age group, taking into account viewership from the day of broadcast and from 2 consecutive days (Time Shifted Viewing Live+2) and OOH viewership, was 28.0%, while in 2021 it was equal to 30.5%. In the 16-59 age group, the above share was 30.5% compared to 31.4% in 2020.

In order to maintain total audience shares and advertising market shares, we focus on developing our thematic channels portfolio and increasing the attractiveness of content offered to our viewers. From that point of view, the initiation of cooperation and acquisitions in the field of thematic TV channels, made by the Group from 2017 to 2020, are perfectly in line with the Group's long-term strategy to maintain a strong market presence, measured by viewership results, on an increasingly fragmented market. The channels Eska TV, Eska TV Extra, Eska Rock TV, Polo TV and Vox Music TV, acquired in December 2017, significantly strengthened the music programming of Telewizja Polsat. Moreover, in June 2018 we included Superstacja (currently Wydarzenia24), a news channel, and in May 2019 TV Okazje, a telesales channel, into our thematic channels portfolio. In turn, in September 2020 we increased our capital engagement in Nowa TV and Fokus TV channels, becoming their sole owner and, at the same time, strengthening our position among channels available via digital terrestrial television.

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

In July 2018, we introduced the TV package “Polsat Sport Premium” to our offering. Thanks to it football fans are able to enjoy live coverage of all the UEFA Champions League matches. The package consists of two Super HD channels, i.e. Polsat Sport Premium 1 and Polsat Sport Premium 2, as well as 4 premium PPV services. Bearing in mind these football games in particular, Polsat launched the most advanced and the biggest sports studio in Poland, allowing football fans to receive complete setting for the matches, in the highest visual quality and with an excellent journalist and reporter team of Polsat Sport.

Necessity of an energy transformation in Poland towards production of clean energy

The Polish energy sector is currently at the threshold of a transformation that consists in the need to replace coal in the national electricity generation mix with clean, renewable energy sources and in building energy independence. An important driving force behind the changes in the Polish energy sector is 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.

At present, the share of hard coal and lignite in energy generation in Poland remains high at over 70%, which translates into greenhouse gas emissions at a constant level of over 400 million tons of CO_2 equivalent yearly. Taking into account the rapidly increasing costs of CO_2 emissions resulting, *inter alia*, from EU regulations, as well as the high cost of mining domestic coal, the energy mix based on coal reduces the competitiveness of electricity production in Poland. As a result, electricity prices in Poland are currently experiencing a strong increase.

At the same time, the huge development potential of renewable energy sources in Poland is worth noting. According to estimates of the Energy Development Agency, in 2020 the share of renewable energy sources in energy production in Poland reached 21%, while the target in this scope set in the European Union climate strategy is 32% for Poland in 2030.

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 in order to strengthen 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 technologies will play an important role in reducing greenhouse gas emissions on a global scale due to their wide applications in industry, transport and power generation.

We believe that investments in the development of clean, renewable energy sources put the concept of ESG into practice and can bring real economic and social benefits to the Group, to our stakeholders and the local society, in particular in the form of a significant reduction in greenhouse gas emissions. Therefore, 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 about PLN 5 billion to install about 1,000 MW of clean energy production capacity and about PLN 0.5 billion to build the full value chain of a hydrogen-based economy. According to our estimates, our investment plan will contribute to the reduction of greenhouse gas emissions by over 2 million tons of CO_2 equivalent per year, while creating an additional recurring EBITDA stream of PLN 500-600 million per year by in 2026.

1.8. Development prospects

Development prospects in the B2C and B2B services segment

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

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

We are a leader in 5G development in Poland. At the beginning of 2020 we began the construction of Poland's first commercial 5G network based on the unique 2.6 GHz TDD band that we own. Our 5G network became operational in May 2020 and in March 2023 it already covered over 20 million people, i.e., more than half of the population of Poland, and the total number of active based stations increased to almost 3,500.

Simultaneously, we are working on the development of our 5G network using other radio frequencies and technologies. This will enable us to maintain our competitive edge in the next phases of 5G development due our ability to combine various bandwidths and, therefore, strengthen Plus's position as the technology leader in Poland.

We invest in the development of new generation fixed broadband Internet. We currently reach over 3.2 million households in Poland with our own fixed-line access infrastructure, out of which, as at the end of December 2022, over 2.2 million were within the reach of broadband Internet with transmission speed of 1 Gbps. The saturation of Netia's access infrastructure with services for B2C customers continues to stand on a relatively low level of approximately 16%, which gives us wide opportunities for development. We believe that thanks to the modernization of Netia's access network combined with a convergent offering for Netia's customers that includes attractive video content from the Group's portfolio we will successively increase the scale of commercialization of Netia's existing access network. In addition, we are gradually transferring Netia's fixed-line customers to whom the services are provided over the leased infrastructure onto our own infrastructure and we contemplate possibilities for expanding the reach of our fixed-line network not excluding selective acquisitions in this regard.

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

We consistently strive to strengthen our position as the aggregator and distributor of content. We believe that as a Group we have a unique, hard to duplicate and at the same time highly attractive programing offer. Currently, the attractive content and wide range of Polsat Plus Group's services are delivered through a variety of reliable distribution channels – via satellite (DTH), digital terrestrial television (DVB-T2), LTE and 5G mobile technologies and fixed-line technologies (FTTH, HFC, ETTH, xDSL, OTT, IPTV) – to all consumer devices, from TV sets and PCs to tablets and smartphones. We closely study the evolution of our customers' expectations and work to satisfy their growing needs. We believe that the introduction of our IPTV and OTT television offers in 2019 represents a significant step in Polsat Plus Group's continued development on the pay TV market. The services live up to customers' expectations by offering an access to a wide range of the unique content in flexible tariff plans and short subscription periods.

Development prospects in the media segment

We are the leading group on the Polish TV broadcasting market in terms of audience shares, advertising revenue and advertising market share, which oscillates at slightly below 30%. At the same time, Polsat Media advertising sales office is currently the largest broker on the television market with 78 TV channels in its portfolio and full advertising service of Interia.pl Group web services.

The audience shares of thematic channels are growing continuously as the process of fragmentation of the Polish television market continues to progress. We believe that we can profit from this fragmentation by strengthening our wide portfolio of channels targeted at the entire family, and by extending and strengthening our distribution network on cable and satellite platforms, including also through our B2C and B2B services segment within which we own the largest pay TV customer base in Poland. We believe that our presence on all significant satellite platforms and distribution by cable TV operators will result in maintaining high audience shares of our channels, and, consequently, give us the opportunity to grow at least in line with the TV advertising market, and increase revenues from cable and satellite operators

Our strategy is aimed at the widest possible distribution of content using the latest devices and technologies. That is why we monetize our content also through distribution via our Polsat Box Go and Polsat Go online video services which are leading streaming platforms in Poland, as well as through Internet portals belonging to the Group, in particular those associated with Interia.pl. In parallel, we are open to partnerships and cooperation with other entities distributing TV channels either in the traditional or online pay TV models. Therefore, Polsat Plus Group's TV channels can be found in the offers of the majority of cable, satellite or IPTV operators in Poland. In addition, access to our Polsat Box Go service, which offers TV Polsat channels, can also be found in the offer of selected telecommunication operators who prefer to build their content offerings in the OTT application model. The wholesale sales of content produced by Telewizja Polsat's channels represents a significant and, at the same time, increasing revenue stream of the media segment.

We invest in the attractiveness of our TV channels by continuously building our viewer's profile. We place great weight on offering content in Telewizja Polsat's channels that meets preferences of viewers from our target groups. We constantly invest in producing the most attractive entertainment, film or news content and, simultaneously, we closely monitor the market of sports rights and film licenses. These actions are aimed at maintaining high viewership of our channels while building an attractive, from the advertisers' perspective, profile of our viewers. We also believe that thanks to possible synergies within the largest integrated media and telecommunication group in Poland in fields such as purchase of content, distribution, sales and marketing, we are able to strengthen our position on the broadcasting and television production market.

We expand our presence on the media market beyond the TV segment. We expand thematic portals which use the unique content produced by our TV channels and dedicated editorial offices. We invest in the development of our portals, especially "Polsatnews.pl" and "Polsatsport.pl". In turn, Interia.pl Group, acquired by us in July 2020, is the leading player on the Polish online media market. Following the acquisition of Interia we became one of the key entities on the Polish online and television advertising market, offering unique marketing and cross-media solutions. In parallel, we believe that strengthening the cooperation between Telewizja Polsat - a top video content producer, Interia.pl Group - a leading entity on the online media market in the country and Polsat Media – the largest broker on the Polish advertising market, will bring additional synergies solidifying our position on the perspective online advertising market.

Development prospects in the energy segment

We expect demand for clean energy in Poland to show a strong upward trend in the coming years. This development will be supported by a number of factors, in particular a consistent regulatory policy at the European Union level aimed at achieving climate neutrality by 2050, the changing geopolitical situation, as well as growing demand for electricity resulting from the economic development of our country.

We believe that Poland's energy transition towards clean, zero- and low-emission energy is an excellent time for new players to enter this promising market and creates new growth opportunities for Polsat Plus Group. In an effort to strengthen our unique offering of bundled services, we have decided to build a new, third strategic pillar based on clean energy.

In order to build and successively strengthen our position on the clean energy market in Poland we intend to invest in projects focused on energy production from photovoltaics, biomass, onshore wind farms or thermal waste treatment. We also want to invest in the future. We want to build a complete value chain of a hydrogen-based economy, which can significantly contribute to the reduction of emissions of harmful substances (including CO_2).

According to the assumption of our Strategy 2023+, announced in December 2021, in the years 2022-2026 we plan to invest ca. PLN 5 billion in the development of zero- and low-emission energy sources with a view to achieving ca. 1,000 MW of installed production capacity from biomass, solar and wind farms, and thermal waste processing. We estimate that the implementation of our investment plans may translate into annual incremental EBITDA of ca. PLN 500-600 million by 2026, while contributing to the reduction of greenhouse gas emissions by over 2 million tons of CO_2 equivalent yearly.

2. Business overview of Polsat Plus Group

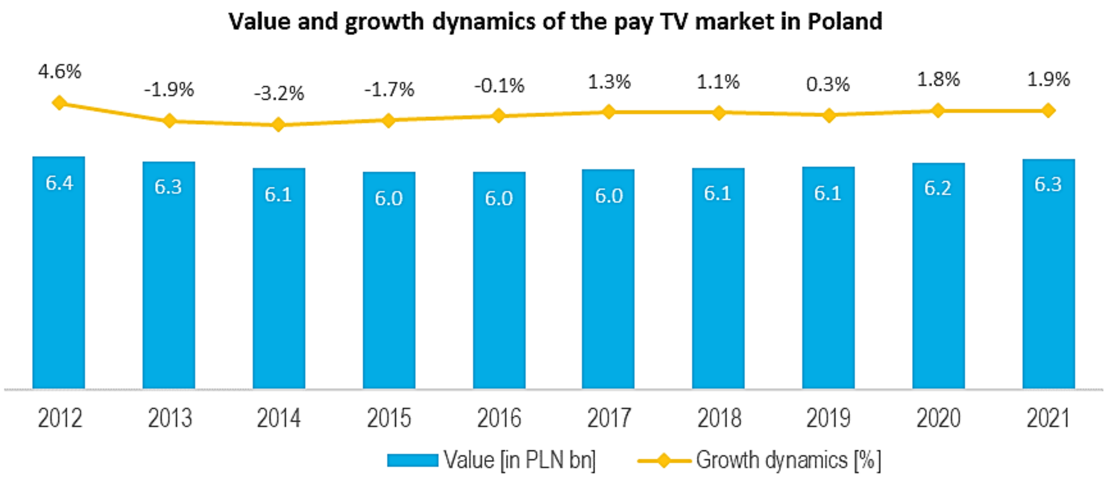
2.1. Activities on the pay TV market

2.1.1. Pay TV market in Poland

Market value and growth dynamics

The Polish pay TV market is a mature market characterized by a high degree of penetration. On the one hand, a high level of market penetration with pay TV services (estimated by PMR at ca. 70% of households with at least one person aged between 16 and 74 years old) leads to a low growth potential. On the other hand, pay TV operators actively increase the loyalty of their subscriber bases, mainly through service packaging, i.e. by combining pay TV with telecommunication services (Internet, phone), or developing and offering to customers their own online video services, enabling users to consume content on demand on a wide range of mobile devices. This trend leads to an increasingly strong interpenetration of pay TV and telecommunication markets.

Both in terms of the number of subscribers and value, the situation on the Polish pay TV market is stable. According to PMR estimates, in 2020 the market was worth PLN 6.2 billion (+1.2% YoY), with a stable customer base at the level of approximately 10 million subscribers. At the same time ARPU from pay TV services in Poland continues to be among the lowest in Europe. In this context the strategy of competing for customers with the merit and quality of the offered content rather than with price is one of the key trends affecting the value of the pay TV market. Operators expand their offers by adding premium packages and proposing attractive film or sports content, which leads to higher ARPU from a stable base. Also the dynamically growing IPTV segment, and the systematically increasing penetration of customer base with multiroom services, are the factors influencing the value of pay TV market.



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

Competitive environment

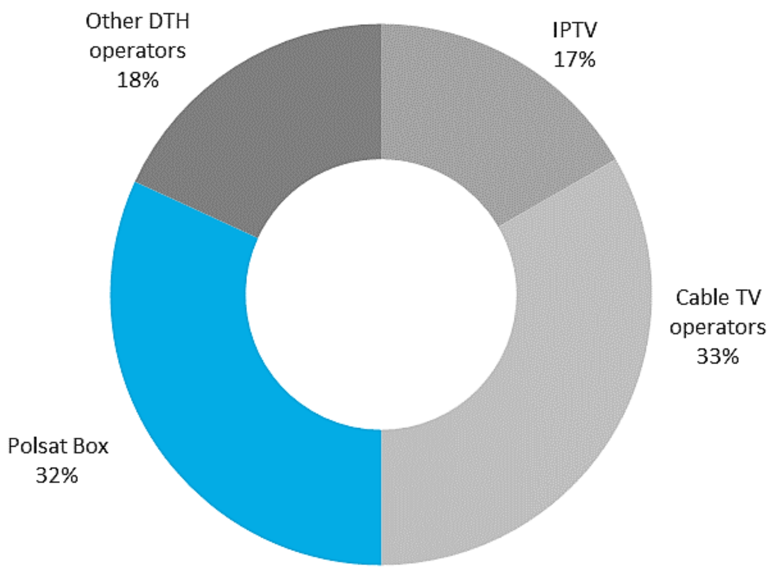
Pay TV services in Poland are offered by satellite platform operators (DTH), cable TV operators as well as by IPTV providers. According to our estimates, sector data and PMR forecasts, in 2021 operators of satellite TV platforms had the dominant share, both in terms of the number of subscribers and revenue, on the pay TV market – approximately 50% in terms of subscriber base, followed by digital cable TV operators with approximately 33%. IPTV is the pay TV market segment which demonstrates the strongest growth and its market share increased to 17% in 2021.

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

DTH operators. According to our estimates and PMR forecasts, the subscriber base of the DTH market in Poland remains under moderate pressure and in 2021 was amounted to around 5.0 million (-6% YoY). DTH platforms are losing users in favor of the more advanced technologically IPTV offers, especially in areas with access to high quality broadband infrastructure.

Three DTH platforms operate in Poland: Polsat Box (until August 2021 it operated under the Cyfrowy Polsat brand), Canal+ (operating until September 2019 under the nc+ brand) and Orange, while the market is practically divided between the first two. Orange does not offer pay TV as a standalone service but only as an add-on to its integrated offer.

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



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

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

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

In less populated rural and suburban areas, where cable and broadband infrastructure is underdeveloped, digital terrestrial TV with around 30 channels aired in the DVB-T standard until June 2022 and from June 2022 also in DVB-T2/HEVC standard, presents a real alternative to satellite pay TV services. Rapid growth of interest in this form of access to television occurred in 2013, as the process of digitization of terrestrial TV in Poland reached its completion, and remains stable since. According to PMR estimates, in 2021 a little under 31% of households in Poland used the free-to-air terrestrial television only, while in 2027 this share is expected to be kept, according to PMR forecasts. However, it is worth noting that the pay TV offer surpasses alternative solutions, such as digital terrestrial TV, in terms of the quality of the programming offer. Dedicated and premium content, exclusive content available only from a given operator, live programs, or coverage of attractive sports events remain the key distinctive features.

Cable TV operators. The Polish cable TV market is strongly fragmented, with over 280 companies operating on it, according to UKE. The three dominating players, however, are: Vectra Group, UPC and Inea. PMR estimates that in 2021 the combined share held in the Polish cable TV market by these three operators amounted to 82% in terms of the number of subscribers.

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

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

Digital television through the IP protocol (IPTV). The leading IPTV providers in Poland are Orange Polska and Netia, a company belonging to Polsat Plus Group. The remaining part of the IPTV market is fragmented between Vectra Group and local Internet service providers (ISPs). The predominant model of sale of IPTV services on the market relies on bundling of the service, especially with broadband Internet access. In 2020, Cyfrowy Polsat also introduced an IPTV offer to the market – the offer is available through broadband Internet access offered by Plus, Netia or Orange.

IPTV is the most rapidly growing segment of the pay TV market, among others due to the improving quality of broadband connections, fiber optic networks in particular, following infrastructural investments. In spite of the high growth dynamics, IPTV market still encounters barriers, mainly due to technological obstacles which result from still restricted coverage of advanced infrastructure capable of offering sufficient data throughputs for providing IPTV services, especially outside big cities.

IPTV development enhances competition between IPTV operators and cable TV operators, especially in big cities where high quality broadband infrastructure exists, including fiber optic links. In less populated areas, on which DTH operators focus their activities, the influence of the expansion of IPTV is less pronounced due to the underdeveloped infrastructure for broadband Internet access. At present, it is difficult to estimate whether and when operators will be able to develop, to a substantial degree, their IPTV offer in rural, suburban areas and small and medium sized towns, and the impact of such a development on the operations of DTH providers. At the same time it is worth stressing that the effect of outflow of DTH and cable TV subscribers is to some extent compensated for by the migration of these customers to the IPTV standard, as a result of which the total pay TV subscriber base in Poland remains stable.

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

Video on demand

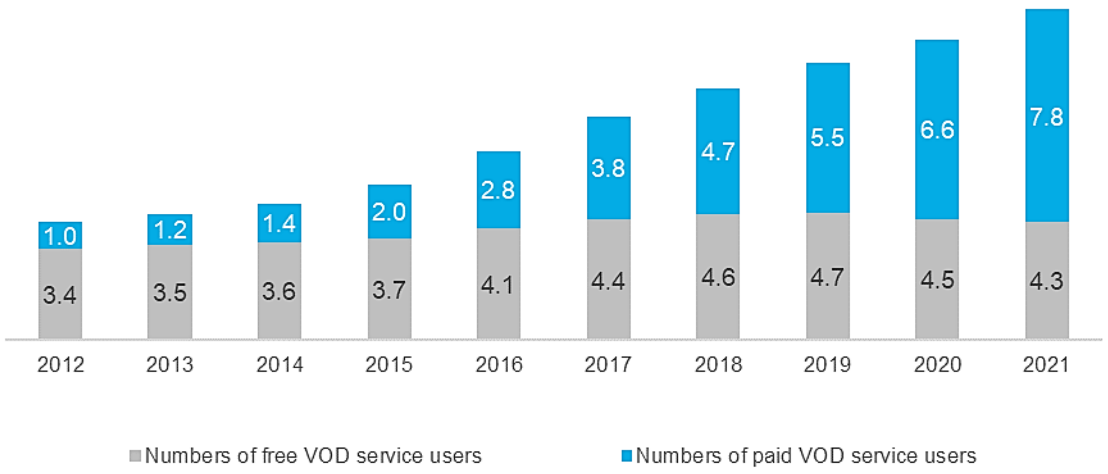
Poland has also seen the successive development of the video-on-demand market – VOD (*video on demand) and* OTT (*over the top*). Video content is supplied to customers directly as a stand-alone service, offered via Internet connection, or as an element of pay TV packages. Progressing improvement of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

The Polish VOD market is highly fragmented. Several dozen online services operate on the market, including those offered by TV broadcasters, DTH satellite platform operators, cable TV networks or telecommunication operators as well as by global players (like US giants Netflix or Amazon Prime Video). In terms of the number of users, the most popular online services include Netflix, player.pl, Polsat Box Go, cda premium, HBO Max and Canal+. At the same time new players are successively entering the market – Viaplay started its operations in 2021, HBO Max and Disney+ in 2022, and SkyShowtime launched the offer in February 2023.

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

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

VOD market evolution in terms of the number of users (in millions)



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

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

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

Development forecasts for the pay TV market

According to PMR forecasts, in the years 2022-2027 the pay TV market in Poland will remain stable (CAGR of 0.0%), with average yearly dynamics for the number of subscribers not exceeding -1%. The market should remain under the influence of three major trends: high market penetration of pay TV services, dynamic growth of IPTV technology and limited competition from free-to-air terrestrial TV and VOD services.

According to PMR, in the years 2022-2027 satellite platforms will remain the biggest segment of the pay TV market in Poland, reaching market share of ca. 39% in terms of subscriber numbers at the end of the forecast period. Cable TV operators will remain the second major segment, with a market share of approximately 32% at the end of the forecast period. Thanks to the highest growth dynamics IPTV services will systematically gain importance, on the back of the dynamic development of broadband Internet access networks, including fiber optic networks. According to PMR by the end of 2027 IPTV operators will have a market share of around 29% in terms of the number of subscribers, however growth of the market share measured in terms of market value will be slower.

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

State-of-the-art technologies will continue to gain in importance at a fast pace as they enable operators to provide personalized content (such as content on demand) via the Internet, to mobile devices in particular. Substitution pressure from independent providers of OTT and VOD services present on the market (e.g., Netflix, CDA, HBO MAX or Amazon Prime) will still continue to be limited in Poland. Moreover, pay TV providers will compete with the offers of the above mentioned services by developing their own VOD platforms, which are complementary to traditional TV services, and by introducing mobile solutions. We think that in upcoming years VOD services will supplement and extend the offers available on the market instead of substituting linear TV. According to PMR estimates, the number of VOD service users will stabilize at the level of ca. 17 million in 2027, whereas the pace of growth of this segment will successively decelerate due to the high level of market saturation with pay TV services.

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

2.1.2. Our pay TV offer

We build customer loyalty by offering a wide array of channels, attractive additional services, state-of-the-art set-top boxes and a variety of ways to deliver TV services - in line with our principle: "For everyone. Everywhere". In order to meet the changing trends in television content consumption, we provide our customers with TV services in satellite technology (DTH), Internet technologies (IPTV and OTT) and terrestrially (in DVB-T2 HEVC standard). We make sure that our pay TV packages offer good value for money. Our customers have access to over 160 TV channels which focus on diverse topics: general, sports, movie, lifestyle, education, music, information and children's channels. Currently, 8 DTH channels and 6 IPTV/OTT channels are broadcast in 4K quality. Premium content is an important element that builds the value of our pay TV offer, and this is one of the reasons why we have introduced sports and film TV packages to our offer, such as Polsat Sport Premium, Eleven Sports, Canal+ Sports 3 and 4, HBO with HBO Max service and FilmBox with HBO Max service.

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

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

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

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

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

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

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

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

2.1.3. Offer of the Polsat Box Go and Polsat Go entertainment services

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

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

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

Thanks to the www.polsatboxgo.pl website and dedicated applications the content of Polsat Box Go is available on a wide array of consumer devices, including the most popular Internet browsers on computers and mobile devices as well as in native mobile apps powered by iOS, Android, on TV sets with Internet connections and via set-top boxes.

In 2021, Telewizja Polsat launched the new **online entertainment service Polsat Go** with the best series, entertainment programs and other content known from Telewizja Polsat channels. The content is available in one service on various devices - computers, smartphones, tablets and TV sets – in an advertising model, in which the content is available free of charge while revenue is generated from ads aired on the service.

Polsat Go is available in applications on mobile devices (Android, HMS and iOS) as well as Smart TVs, Android TVs and Apple TVs.

2.1.4. Technology and infrastructure pay TV services

Conditional access system

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

Moreover, we cooperate with another provider of a conditional access system - the company Irdeto B.V. Beside securing digital content transmitted using DVB-T2 technology, the Irdeto system also provides security of the satellite system (DHT) and IPTV. Furthermore, Irdeto provides us with specialized and complete monitoring of the Internet enabling the collection and analysis of occurrences that may infringe copyrights of entities in our Group.

Satellite

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

Broadcasting center

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

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

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

Compression and TV signal multiplexing systems

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

Services for television and radio broadcasters

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

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

Services provided in DVB-T2 technology

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

Set-top boxes

In order to reduce costs we manufacture our own set-top boxes through our subsidiary Interphone Service Sp. z o.o. Interphone Service's portfolio includes telecommunications equipment designed for data transmission in LTE technology and consumer electronic equipment, such as set-top boxes, measuring devices, samples, electronic components and others. The manufacturing plant is located in the EURO-PARK MIELEC Special Economic Zone.

In-house manufacturing of set-top boxes has allowed us to reduce both unit production costs compared to the purchase of equipment from foreign suppliers as well as the costs of servicing the equipment. Given full control over the software and interface of the set-top boxes, we can maintain the logic of navigation in all our solutions, which is convenient for our customers if they switch between set-top box models and gives us greater flexibility in adapting the software to customer needs.

Applying the *"smart followers"* approach to the modern technologies used in the products of world-class providers, we have developed a new line of set-top boxes in which we have introduced hybrid solutions that allow switching between different alternative methods of TV signal delivery. These technologies provide the basis for value-added services and products that expand the Group's service portfolio.

The vast majority of set-top boxes provided to customers are manufactured by us. We cooperate with external partners, mainly Samsung, ADB and Sagem, Teleste, Edgeware, Vector, Dell to develop our solutions. We work with leading TV manufacturers to enable reception of our satellite signal. We also provide services to other operators interested in modern, functional devices at attractive prices.

Internet content distribution

In 2021, our IPLA online television was merged with the Cyfrowy Polsat Go service to form a completely new, modern streaming platform Polsat Box Go, whose applications were built using modern UX/UI (User Experience and User Interface) trends. Polsat Box Go uses our own platform adapted to the most important operating systems and a wide range of consumer devices. We have developed unique technological competences in encoding and streaming audiovisual content on the Internet, as well as optimizing distribution of this type of signal. Unlike our competitors, we apply proprietary solutions, which enable us to provide services optimally adjusted to the limitations of Internet infrastructure in Poland and the capacities of external systems with which our applications are integrated. We use our own servers and our own CDN (Content Distribution Network) infrastructure. Additionally, we use technologies that make us independent in the choice of any distribution system.

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

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

2.2. Operations on the telecommunications market

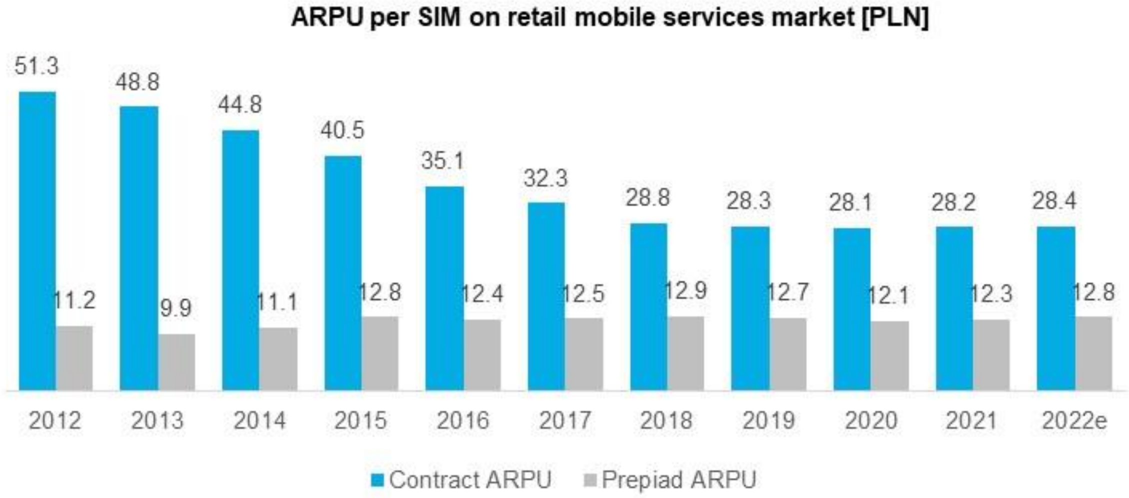
2.2.1. Mobile telephony market in Poland

Market value and growth dynamics

The Polish mobile telephony market is a mature market characterized by a high level of saturation with services and competition. Based on the estimates published by PMR, the number of mobile telephony SIM cards per capita amounts statistically to over 1.5. Over the past years, the reported rate of penetration with SIM cards in Poland has decreased considerably. This was the result of gradual realigning of the number of reported SIM cards by operators in order to reflect only those SIM cards which are active and generate revenues, as well as of the introduced requirement to have all prepaid SIM cards registered by February 1, 2017. Starting from 2017, the level of SIM card penetration is in a visible upward trend and, at the same time, the share of postpaid SIM cards in the structure of the Polish mobile market has been clearly growing and at the end of 2021 it exceeded 71%. The trend is, among others, supported by the operators pursuit of a strategy which involves bundling of services. Furthermore, the high saturation with mobile services is driven by the SIM cards used in the m2m segment (machine-to-machine communication) and by the segment of dedicated mobile Internet services.

Mobile telephony remains the largest segment of the Polish telecommunications market, with a share in the total market revenue of 58% in 2021 (including revenue from mobile Internet access). According to PMR, the estimated value of the mobile telephony market in Poland in 2021, expressed as the sum of operators' retail and wholesale revenues (including revenue from sales of equipment and other revenue) was PLN 26.6 billion (+1% YoY).

In recent years average revenue per SIM in mobile voice services (ARPU per SIM) decreased systematically as a result of competitive pressure stimulated by regulatory reductions of wholesale voice and SMS termination rates (MTR) and the regulations relating to international roaming. According to PMR, in 2022 the average revenue per contract SIM on retail market amounted to PLN 28.4, which is one of the lowest levels recorded among EU Member States. However, it should be noted that according to PMR, in 2021 the ARPU level per contract SIM showed a slight upward trend for the first time in many years, which was continued in 2022.



Source: Own estimates based on PMR, Telecommunication market in Poland in 2022

The breaking of the long-term downward trend in ARPU levels is due to changes in the offering tactics of individual MNOs noted in recent years. Adjustment of price lists, done in-line with the *more-for-more* strategy, was one of the most important events on the Polish mobile telephony market in the years 2019-2021. For many years telecoms have carried on an aggressive price war, which resulted in the current level of prices for telecommunication services, which is the lowest in Europe. Current strategies of main mobile telecommunication operators are evolving towards building value and increasing revenue and profitability, which is related to a large degree to extensive infrastructure investments into frequencies as well as LTE and 5G networks. In our opinion, this is a very positive change which should have a positive impact on the value of the mobile telephony market in the years to come, thus enabling the continuation of the investments aimed at expanding mobile network coverage and data throughputs to cope with the growing demand for data transmission. The impact of these changes on price levels was visible already at the end of 2020 when PMR estimated that the value of the mobile telephony market reached PLN 16.7 billion, up by 6% YoY.

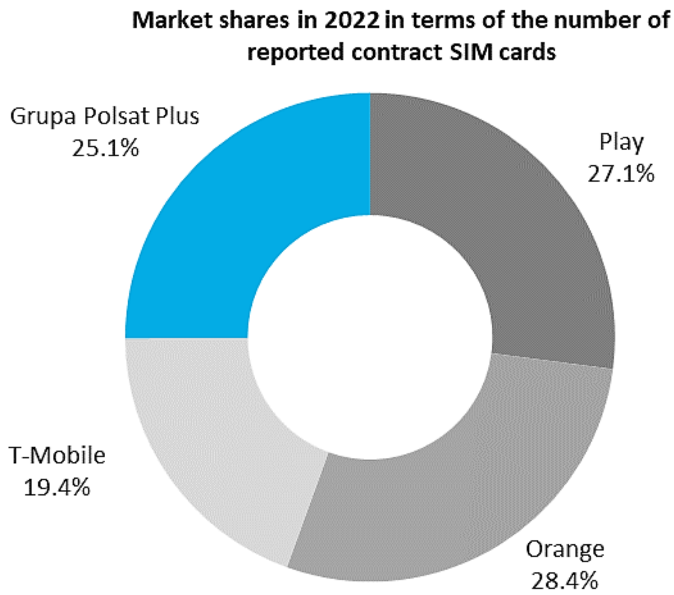
Growing revenues from postpaid services are one of the key trends that are visible on the market. According to PMR, customers using contract services generated over 85% of retail revenues from mobile telephony services in 2021. The operators' focus on the contract service customers helps, on the one hand, to reduce customer base turnover, and on the other it supports stabilization of revenue streams in the mid-term. Bundling of voice services with non-mobile services, like pay TV (VOD) or broadband Internet access via fixed-line connections, usually on the basis of wholesale agreements, is an equally important trend.

Dynamic growth of use of mobile Internet access on smartphones is becoming an increasingly important market trend. According to PMR, mobile data transmission increased by nearly 24% YoY in 2021 and reached 7.0 billion GB. This means that in 2021 a mobile network customer consumed an average of 10.7 GB of data monthly, or by 1.3 GB more than in 2020, by 4.1 GB more than in 2019 and over two times more than in 2018. Mobile data consumption also increased significantly during 2020, which resulted from growing popularity of remote work and learning, caused by the restrictions that were introduced as a result of the COVID-19 pandemic and continues its upward trend.

Competitive environment

The Polish mobile telephony market is relatively polarized and highly competitive. Four leading infrastructural operators operate on the Polish market: Polkomtel (Plus network) which is part of Polsat Plus Group, Orange Polska (Orange network), T-Mobile Polska (T-Mobile network) and P4 (Play network). According to UKE's report, at the end of 2021 there were also 120 mobile virtual network operators (MVNOs), but their market share in terms of revenue and customer base is relatively low (while excluding MVNOs belonging to Polsat Plus Group, according to PMR the remaining virtual operators held jointly ca. 1.2 million SIM cards at the end of 2021).

The graph below presents market shares of the major MNOs in terms of the number of contract SIM cards at the end of 2022.



Source: Own estimates based on data published by operators, excluding M2M cards

Mobile Network Operators (MNO). Four MNOs operate commercially in Poland based on allocated frequency bands and the infrastructure necessary to provide mobile telephony services on their own, that is Polkomtel, Orange, T-Mobile and P4.

According to our estimates, Polkomtel, Orange, T-Mobile and P4 together accounted for approximately 97% of total revenue generated on the Polish mobile telephony market in 2022. Polkomtel operates under the umbrella Plus brand and also owns an alternative Plush brand. Since 2014 it has been a member of Polsat Plus Group. In 2021 Polkomtel merged with Aero 2, taking over an obligation to provide, in line with its license obligations, free-of-charge broadband Internet access and retail services in the prepaid model based on "wRodzinie" brand.

Orange Polska operates under Orange umbrella brand and also has Orange Flex and nju.mobile sub-brands. Apart from the operations on the mobile market, Orange Polska is also the leading Polish fixed-line telephony operator, currently focusing its strategy on the development of broadband access services based on the fiber optic infrastructure delivered to retail and wholesale clients.

P4 operates under Play umbrella brand and also owns several additional sub-brands, i.e. Play na Kartę, Fakt Mobile and Virgin Mobile. In 2020 the French group Iliad acquired in total 100% of shares of Play Communications, a company which controls P4. Iliad simultaneously announced that it planned to revise the strategy of P4, which has so far focused on mobile services, by adding operations on the convergent services market, including fixed-line broadband services. The next step in the execution of the announced strategy was the acquisition of the cable operator UPC Polska in April 2022. In addition, P4 has entered into wholesale agreements enabling it to provide fixed-line broadband services based on the infrastructure of Orange Polska and Światłowód Inwestycje.

T-Mobile operates under the T-Mobile umbrella brand and also uses additional brands such as Heyah and tuBiedronka. T-Mobile currently provides fixed-line telephony services addressed to business customers based on the infrastructure of GTS Poland, a company it acquired in 2014. At present, based on the cooperation with Orange Polska, Światłowód Inwestycje, Nexera and Fiberhost, T-Mobile offers access to a fiber optic network for its individual customers.

Frequency allocations. The following table presents key information on the frequencies allocated to MNOs.

MNO	Frequency band	Size of allocated band	Allocation decision expiry date
Polkomtel	900 MHz	2x5 MHz	December 31, 2023
		2x9 MHz	February 24, 2026
	1800 MHz	2x9.6 MHz	September 14, 2029
		2x19.6 MHz + 2x0.2 MHz	December 31, 2037
	2100 MHz	2x14.8 MHz + 4x0.1 MHz	December 31, 2037
	2600 MHz	1x50 MHz	December 31, 2024
		2x20 MHz	January 25, 2031
	420 MHz	2x2.5 MHz	December 31, 2035
Orange	800 MHz	2x10 MHz	January 25, 2031
	900 MHz	2x6.8 MHz	July 6, 2029
	1800 MHz	2x9.6 MHz + 2x0.4 MHz	August 22, 2027
	2100 MHz	2x14.8 MHz + 4x0.1 MHz	December 31, 2037
	2600 MHz	2x15 MHz	January 25, 2031
T-Mobile	800 MHz	2x10 MHz	June 23, 2031
	900 MHz	2x9 MHz	February 28, 2026
	1800 MHz	2x10 MHz	December 31, 2027
		2x9.6 MHz + 4x0.2 MHz	August 12, 2029
	2100 MHz	2x14.8 MHz + 4x0.1 MHz	December 31, 2037
	2600 MHz	2x15 MHz	January 25, 2031
P4	800 MHz	2x5 MHz	June 23, 2031
	900 MHz	2x5 MHz	December 31, 2023

MNO	Frequency band	Size of allocated band	Allocation decision expiry date
	1800 MHz	2x15 MHz	December 31, 2027
	2100 MHz	2x14.8 MHz + 4x0.1 MHz	December 31, 2037
	2600 MHz	2x20 MHz	January 25, 2031

Source: Own analysis based on UKE's summary dated January 4, 2023.

Mobile infrastructure. In recent years the worldwide trend of separation and monetization of mobile infrastructure has intensified, among others due to operators' expectations that the development of state-of-the-art 5G technology will entail a need of intensive roll-out of the mobile network, thus requiring considerable capital expenditures. The cooperation of mobile operators and possible involvement of independent infrastructure operators may help to significantly decrease costs related to the development of mobile technology, most of all as a result of infrastructure sharing and its optimum roll out.

In Poland, the first example of the above mentioned trend was the infrastructural cooperation established between two MNO operators. For the purpose of planning, building and maintaining a mobile telecommunications network, and participating in related tenders, Orange Poland and T-Mobile formed a joint venture in 2011 under the name NetWorks! The agreement, related to sharing of RAN resources, was signed for a period of 15 years with an option for further extension. In the following year these operators extended their cooperation enabling Orange to provide LTE services using the 1800 MHz spectrum owned by T-Mobile. In 2016, both operators signed an agreement under which they undertook to develop their own LTE networks based on the 800 MHz band, jointly using the network of NetWorks! transmitters, however without sharing the owned RAN resources. In May 2018, both operators signed an annex to the agreement based on which they terminated cooperation with regard to sharing frequencies in the 900 MHz and 1800 MHz bands.

Recently, the global telecommunication market, to a larger degree than before, moved towards involvement of specialized, independent infrastructure operators for cooperation in order to optimize and develop mobile telecommunication infrastructure. In Poland, Cellnex Telecom is successfully building the position of an independent infrastructure operator. In March 2021, Cellnex acquired from Play a 60% stake in On Tower Poland which controls the passive mobile infrastructure built by Play (ca. 7.4 thousand sites). Furthermore, in July 2021 Cellnex acquired mobile infrastructure in passive and active layers (ca. 7 thousand sites) from Polsat Plus Group. It is expected that the cooperation between mobile operators and independent infrastructure operators should contribute to increasing the pace of 5G network roll-out in a cost-effective way.

Mobile virtual network operators (MVNOs) are the operators who provide mobile telephony and/or mobile data transmission services but do not hold any frequency allocations on their own and do not need to have their own infrastructure to provide such services. Under the MVNO business model existing infrastructural operators provide frequency resources and the necessary infrastructure to MVNOs. According to the UKE report, 120 operators provided mobile services under the MVNO model in 2021, whereas in 2017 operations of this type were declared by 31 entities. A fourfold growth of the number of MVNO operators is due to the appearance on the market of companies that have agreements with a mobile operator (MNO) and re-sell services to other smaller operators.

Despite a substantial number of MVNOs operating on the Polish market, none of them has significant market power. According to the UKE report, in 2021 the joint share of all MVNOs in the mobile market was 418% in terms of the number of users, whereas total revenue of all MVNOs accounted for a mere 2.4% of the total value of the Polish mobile telephony market in 2021.

At the same time, it should be noted that some MVNOs build the scale of their operations with the intention of re-selling their businesses to MNOs. Such decisions may be made in particular when, despite a relative market success, MVNOs are not able to ensure satisfying profitability of their business. This phenomenon was apparent when P4 took control over Virgin Mobile in 2020, or when Polkomtel took control over Premium Mobile in 2021.

Development forecasts for the mobile telephony market

The upward repositioning of prices, initiated in mid-2019, will continue to be a key factor setting the direction of further development of the mobile market in Poland in the years to come. This trend is likely to be supported by the implementation and commercial launch of 5G services. What is also important is the extension of mobile operators' activities to new areas, including sale of dedicated equipment and bundling of voice services with TV or fixed-line Internet access services. Also, the macroeconomic situation, especially a possible further increase in inflationary pressures, will affect the development of the mobile market.

At the same time, until the end of 2024, revenues of telecommunication operators will remain under regulatory pressure resulting from a successive reduction of maximum MTR and FTR rates, in accordance with the EU regulation on uniform wholesale charges. What is important, this factor will have a limited impact on the level of profitability of telecommunication operators, in particular mobile operators.

PMR forecasts that the mobile market measured by operators' total revenue, including revenue from sale of equipment and other revenues, will be growing at an average yearly rate of 2.5% (CAGR 2022-2027) until 2026 when its value will reach PLN 30.8 billion. The growth drivers over the next years will be data transmission and growing revenues from sale of equipment, whereas revenue from voice calls will continue to show negative growth dynamics, and wholesale revenues will continue to decrease until 2024. Growth of roaming revenue in the subsequent years and migration from prepaid to postpaid offers should be additional positive factors. However, looking at the retail mobile services market only (excluding wholesale revenue and revenue from the sale of equipment) PMR expects clear, positive dynamics in the years 2022-2027 (CAGR +3.0%), which is derived from the mobile services pricing increases initiated in the years 2019-2022, as well as migration of users to more expensive 5G tariffs.

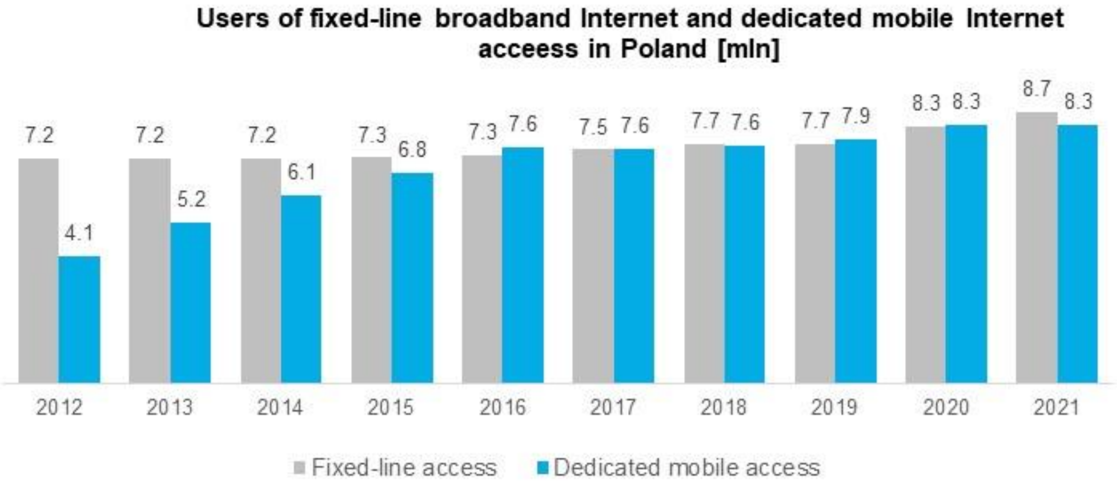
According to PMR estimates, the SIM card base in Poland will grow organically in the years 2022-2027, and in the long term the market will stabilize (annual volume growth rates at the level of approx. 3%). In PMR's opinion, growth will be generated mainly by the business segment, *machine-to-machine* cards and, to some extent, also by the data transmission segment. The share of the prepaid segment in volumes of SIMs reported by operators will continue to decline and the increase in prepaid SIM cards seen in 2022 due to the influx of refugees from Ukraine will be a short-term factor, according to PMR.

Due to the high level of competition on the market and high penetration with services, taking over customers from competitors will be the main factor driving the growth of mobile customer bases, in PMR's opinion. Number porting between networks is possible since 2009. According to the data published by UKE, 1.4 million users changed operators in 2022. It should be noted that, following a few years of downward trend observed on the MNP market, in the years 2021-2022 the volume of phone numbers ported between networks stabilized. In our opinion, it is proof of market maturity and equalization of price levels between individual operators' offers, as well as of the increasing loyalty of customers bases to their operator, resulting from, among others, the popularization of bundled offers.

2.2.2. Broadband Internet access market in Poland

Broadband Internet access services can be provided through a wide range of different solutions based on fixed-line technologies, including, among others, xDSL, cable modems, LAN-Ethernet, fiber optic links and WLAN, or mobile technologies such as mobile modems or routers operating, for example, in the LTE, 5G or satellite technologies. In Poland broadband Internet access is provided through fixed-line and wireless networks.

Based on the estimates found in the PMR report, there were 8.7 million active lines of fixed-line broadband Internet access in Poland in 2021 (+5.7% YoY) while 8.3 million customers used dedicated mobile Internet through a dedicated mobile data transmission card (excluding data transmission in smartphones made under voice tariff plans). According to PMR, penetration of dedicated mobile Internet access, excluding data transmission in smartphones, reached 52% in 2021, however when data transmission offered as part of voice tariff plans was included, mobile Internet penetration increased to 87%.



Source: Own estimates based on PMR, Mobile Internet and VAS market in Poland 2022, Telecommunication market in Poland in 2022

A visible slowdown in the growth dynamics of the dedicated mobile Internet access is related to the growing popularity of data transmission in voice tariff plans, driven by the growing sizes of data packs offered to customers as well as higher penetration of these offers. Approximately ¾ of smartphone users actively use mobile data transmission. PMR estimates the number of mobile Internet users using mobile data transmission in 2021 at 24.7 million (+4% YoY).

Despite increasing popularity of data transmission service in smartphones, dedicated wireless access will remain, in our view, a meaningful segment of the Internet market due to the fact that it is widely used in Poland in the mobile-for-fixed model. This is caused by Poland’s low urbanization level and relatively underdeveloped fixed-line infrastructure, which means in practice that in many locations wireless Internet is the only available option of access. For the same reason, dedicated mobile access and fixed-line access are rather complementary than substitutional services in Poland.

PMR estimates that the value of fixed-line Internet access market was PLN 4.6 billion in 2021, demonstrating a record growth rate of 8.7% compared to 2020. The main driver behind this growth was the increasing number of Internet users resulting from COVID-19 pandemic and substantially higher need to ensure access to high speed links in the conditions of remote work and education. At the same time market value growth was driven by higher service prices which were among others associated with higher throughput of lines offered to customers thanks to the popularization of fiber optic solutions, as well as the price increases implemented by mobile operators in connection with the “more-for-more” strategy. The above factors resulted in high growth dynamics of ARPU from fixed-line Internet access (+2% YoY) which, according to PMR, amounted to PLN 46 in 2021. In turn, the value of dedicated mobile Internet access market (excluding data transmission using voice tariffs on smartphones) was PLN 2.3 billion (+6% YoY) in 2021.

Fixed broadband Internet access

In Poland, availability of fixed-line broadband Internet access services is limited mainly to urban areas. Outside urban areas, fixed-line broadband services are offered only to a limited extent, which is due to historical underinvestment resulting primarily from the high cost of build-out of local loops and the strategies adopted by leading fixed-line operators.

The technology that is gaining popularity the fastest and in 2021 became for the first time the most popular fixed access technology was fiber optic access (FTTx), with a 36% market share in the fixed-line Internet access according to PMR's estimates.

The reason for the increasing popularity of fiber optic lines is the highest data throughput ensured currently by this technology, offering data transmission speed of up to 1 Gbps (Netia, Orange Polska) or even as much as 10 Gbps (Inea), as well as the operators' sales strategies which are focused on promoting fiber optic Internet access, also as part of their multiplay offers. At present fiber optic technology is the investment priority for a majoroty of telecommunication operators. Orange Polska, the dominant market player on the fixed-line Internet access market, owns currently the most extensive fiber optic infrastructure which was reaching 7.1 million of households as of end of 2022 (including paid access provided to Orange by third parties). Netia is successively executing its investment plan consisting in a comprehensive modernization of its access network, which currently covers approximately 3.2 million households and is dominated by the fiber optic technology.

The factor which stimulates investments in fiber optic technologies are projects implemented as part of the government's "Digital Poland Operating Program" (*Program Operacyjny Polska Cyfrowa – POPC*), an initiative which is subsidized from European Union funds. The main goal of the program is to strengthen the digital foundations for social and economic development of the country, such as broadband Internet access, effective and user-friendly public e-services and constantly growing level of the society's digital competence. One of the priorities is to eliminate differences in access to fast broadband networks between rural and urban areas, resulting in all Polish households gaining access to fast broadband connections. Most of the investments covered by this program assume providing access to the broadband network with at least 30 Mbps throughput capacity. Orange Polska, Fiberhost (Inea's infrastructural unit), Nexera and Tauron are among the players carrying out investments in broadband networks under the POPC program.

As indicated in PMR's report, the market of Internet access relying on fiber optic technology is currently significantly fragmented, which is demonstrated by the fact that the four largest providers who operate on this market (Orange, Inea, Netia and Multimedia Polska) control only about 47% of the market in 2021. Hence, telecommunication operators are currently seeking possibilities of acquisition of smaller local companies. At the same time, models of commercial cooperation between operators in the field of use of existing fiber optic network resources are sought. Granting wholesale access to fiber optic infrastructure to mobile operators, whose strategies are based on convergence, constitutes an increasingly visible trend on the Polish market. At present, wholesale access services are provided by Orange (to T-Mobile and Netia), Inea (to Orange, T-Mobile, UPC and Netia), Netia (to Polkomtel) and Vectra (to Play). Also Nexera and Tauron, who operate solely in the wholesale model, grant access to their fiber optic networks to MNOs.

At the same time, it is worth mentioning that thanks to recent substantial investments in fiber optic infrastructure roll-out and the popularization of this type of infrastructure in times of the COVID-19 pandemic, Poland has been closing the gap to European Union countries. According to the ranking published by the FTTH Council Europe, Poland is among the European leaders in terms of fiber optic networks roll out, with penetration of 47.4% as of September 2022, compared to the average penetration for the 27 EU states and the United Kingdom of 48.5%. In the most advanced European countries (Latvia, Spain) penetration with FTTH reached 89%.

The second most popular fixed-line access technology in 2021 was Cable technology (CATV) remains the most popular fixed-line access technology (ca. 34% of market share in 2021, on a market defined as comprising solely fixed technologies). UPC Polska and Vectra - Multimedia Group.

The xDSL technology continues to be a popular fixed-line access type in Poland, with a share on the fixed-line Internet market estimated by PMR at 17% in 2021. Orange is the dominant player operating in this technology. Simultaneously, Orange consistently pursues the strategy of developing its fiber optic networks. The second largest xDSL operator is Netia, a Polsat Plus Group company.

Mobile broadband Internet access

The market of broadband Internet access based on mobile technologies (defined as access via modems or dedicated SIM cards integrated with laptop computers or tablets) is dominated by the four mobile MNO operators: Orange, Polkomtel, P4 and T-Mobile. According to PMR estimates, in 2021 these four operators jointly held ca. 90% of the market in terms of quantity while the remaining 10% was divided among MVNO operators.

A clearly visible trend on the market is the dynamic growth of users of mobile Internet access on mobile phones under voice tariff plans, at the expense of dedicated mobile Internet access (via a modem or a SIM card). According to PMR estimates, the number of users of mobile Internet on smartphones exceeded 24.7 million in 2021, with the growth rate of over 4% YoY, generating nearly 65% of the value of the mobile market in Poland. The dynamic growth of this market segment is driven mainly by the popularization of smartphones and increasingly bigger data packs offered in voice tariffs, supported by the “more-for-more” strategy, which has been pursued by mobile operators since 2019, growing demand for data transmission on mobile devices as well as investments carried out by mobile operators with the view to increasing quality parameters of their networks, including the roll out of 5G networks. COVID-19, and the associated increase in the importance of data services on phones, formed an additional factor which has had positive influence on the growth of this market segment.

Compared with other EU Member States, the Polish mobile broadband market is quite extensive. This is related to a relatively low quality of the existing fixed-line infrastructure in Poland, which makes mobile broadband technology more attractive to numerous Internet users as it offers better quality parameters in their respective areas of residence. Moreover, Poland's low urbanization level often makes mobile access the only technology available in a given location. Therefore, in our opinion, dedicated mobile Internet access will remain an important segment of the Internet access market in Poland. Especially as in 2020 the MNO operators started preparations and commenced construction of the first 5G networks in Poland. Due to the cancellation of the auction for the spectrum from the 3.6-3.8 GHz band in 2020, mobile operators decided to commence construction of their commercial 5G networks based on frequency resources they already had (2600 MHz TDD in case of Polkomtel and 2100 MHz co-shared with LTE technology in case of P4, Orange and T-Mobile).

As forecasted by PMR, the years 2022-2027 will see strong growth of the segment of Internet access and value added services on mobile phones (CAGR 2022-2027 at the level of 8.0% in terms of value growth), At the same time PMR expects data transmission traffic in mobile networks to grow in the years 2022-2027 – from ca. 7 EB in 2021 to ca. 18 EB. The forecasted strong traffic growth, in combination the growing mobile ARPU (the more-for-more strategy), will translate into growth of mobile operators’ revenues in further years.

Development forecasts for the broadband Internet access market

According to PMR forecasts, the current 50:50 ratio between the number of subscribers of fixed Internet access and dedicated mobile access will gradually turn in favor of fixed access. PMR forecasts that in 2027 around 10.1 million Internet users will be using fixed-line access while mobile access technologies will be used by ca. 8.8 million users. Further investments in the roll-out of the last mile, by both mobile and fixed-line operators, in particular investments in developing fiber optic networks as well as further development of the LTE and 5G technologies, will be the most significant factors. According to PMR forecasts, in 2022-2027 the value of the fixed-line broadband market will demonstrate continuous positive average annual dynamics of ca. 5.4% (CAGR 2022-2027), reaching the level of PLN 6.4 billion in 2027. In case of dedicated mobile Internet access (excluding data transmission in voice tariff plans), PMR forecasts that the market will grow at 4.3% per year on average (CAGR 2022-2027) and it will reach the value of PLN 3.0 billion in 2027.

In the area of fixed-line broadband access, fiber optic technology (FTTx) is going to gain importance rapidly. It will replace the obsolete copper infrastructure to a significant extent as a result of large scale investments of fixed-line operators. In our opinion, in the coming years these investments will lead to a gradual growth of the number of users of fixed links with higher quality parameters. PMR estimates that the share of fiber optic technologies in the total number of fixed lines will amount to 57% in 2027, compared to 25% in 2019. The second most popular technology will be lines offered by cable TV operators, reaching a market share of ca. 31% in 2027.

2.2.3. Offer of telecommunication services

We offer a wide range of telecommunication services addressed to both individual and business customers, including mobile and fixed-line Internet access services, mobile and fixed-line telephony services ICT services and IoT solutions.

We provide mobile services through, among others, the 5G network based on the dedicated 2600 MHz band in TDD technology. Polkomtel, the operator of Plus network, is the only operator on the Polish market to dedicate a separate band to 5G. This solution allowed for the implementation of 5G without the accelerated shutdown of older technologies (mainly 3G), giving the possibility of uninterrupted use of Internet access to customers who use existing data transmission technologies. 5G in the additional 2600 MHz band guarantees the customers of Plus network the highest speed parameters confirmed in independent tests. In a summary of rankings conducted in 2022 by SpeedTest.pl, Plus's 5G network had the highest average download speed, and its score far exceeded the average download speeds of other operators' 5G networks as well as via older LTE technology.

To provide fixed-line Internet access services, we also use the broadband fixed-line infrastructure of our subsidiary Netia and wholesale access to fixed-line networks of other operators.

Solutions for individual customers

We provide **mobile and fixed-line voice services** to individual customers through our subsidiaries Polkomtel, Netia and Premium Mobile. Our contract offer for individual customers is standardized and includes a variety of contract plans. Our mobile services are also available in the prepaid model as well as in the mix offer (a combination of prepaid and contract offers). Contract mobile voice services may be combined by our customers with other services of Polsat Plus Group as part of the SmartDOM loyalty program.

Our mobile voice offer is marketed under our main brand Plus and sub-brand Plush, as well as under the Premium Mobile, a2mobile and Netia brands. Our fixed-line voice offer is marketed under the Netia brand.

Mobile voice services. Our mobile voice contract offer is based on a monthly subscription fee which includes minutes for voice calls and other services such as text and multimedia messaging, data packages, packages of minutes and data in roaming, online video services available on the handset, such as Polsat Box Go or Polsat Go, or finally Internet protection, device repair and other value added services. Similarly to other offers available on the Polish market, our offer is currently based on unlimited tariffs which allow the customer to make unlimited calls in both mobile and fixed networks and send unlimited text messages and multimedia messages (MMS). We also offer our customers data packages within a subscription fee, the size of which depends on the value of the commitment. As a rule, the higher the fee, the larger the data package available without additional costs. Customers who choose to pay a lower subscription fee can purchase additional services not included in the subscription such as additional data packages or roaming packages. Our offer also includes a solution dedicated to families with an additional discount.

In January 2021, for the first time, we offered 5G tariffs under the Plus brand, and then in August 2021 we included the 5G technology in all Plus tariffs. Successively, 5G was also added to the offer of other brands in our portfolio.

Contracts are concluded for a fixed term - typically 24 months, while in our sub-brands Plush and Premium Mobile contracts can be concluded for an indefinite period of time. Customers can select a tariff without a handset or choose from a broad selection of handsets offered in the installment plan model. At present monthly subscription fees for one SIM card range from PLN 39 to PLN 99.

Prepaid offers allow customers to gain access to our mobile network upon the purchase and registration of a starter pack (SIM card with a fixed amount of credits to be used for mobile services). Prepaid offers do not entail fixed monthly subscription fees and customers are obligated to make a top-up only when they wish to use our services. Prepaid voice services are offered both under our key brand Plus and our sub-brands Plush and a2mobile. In June 2021, we introduced to our *Plus na kartę* prepaid voice offer a new *Bez limitu (Unlimited)* package dedicated to 5G technology with a 20GB data package for PLN 40/30 days. In March 2022, and later in February 2023, we modified our prepaid offers by raising, among others, domestic call minute charges to PLN 0.39 and PLN 0.49, respectively, and SMS charges to PLN 0.25 and PLN 0.29, respectively.

Fixed-line voice services. Netia offers contract fixed-line voice services, including unlimited calls to fixed and mobile phones in Poland and international calls to selected countries, in particular to the USA and Canada.

We provide **mobile and fixed-line Internet access services** to individual customers through our subsidiaries Polkomtel, Netia and Premium Mobile. Cyfrowy Polsat also has mobile Internet customers, however in 2021 we stopped selling this service under the Cyfrowy Polsat brand and are gradually migrating the existing customer base to the Plus brand.

Our broadband Internet offering is universal and provides broadband Internet access via all supported mobile and fixed-line technology platforms for a single monthly fee. Currently, 100% of Poles are within the reach of our LTE Internet network, nearly 97% within our LTE Plus Advanced Internet service and over 50% are within the coverage of our 5G network. Currently around 40% of inhabitants of Poland are within the reach of our fixed broadband Internet offered based both on Netia's extensive, nationwide fixed-line infrastructure and fiber optic broadband networks of other operators.

We offer several data plans with different allowances and price tiers, tailored to customers' individual needs. Customers who decide to use our data services may choose between dedicated contract plans, prepaid plans and promotions, as well as data packages offered as an addition to voice tariffs. Contract Internet access services may be combined with other services of Polsat Plus Group as part of the SmartDOM loyalty program.

Mobile Internet access in the contract model. Dedicated contract tariff plans offer basic mobile broadband Internet access. These contract plans are based on a monthly subscription and allow for a defined data transmission limit or, as an additional service, unlimited data transmission. Under our contract plans customers may purchase or lease Internet access devices (including dongle modems, fixed and mobile routers, Home Internet Sets). In addition, our offer includes tablets laptops and other devices, which can be purchased in an installment plan, as well as tariffs without equipment.

Our offer includes data packages ranging from 50 GB to 1000 GB. Monthly subscription fees range from PLN 39 for a 50 GB package in the SIM-only model to PLN 129 for a 1000 GB package. Contracts are usually concluded for a fixed term of 24 months.

Mobile Internet access in the prepaid model. Customers who prefer prepaid services can choose a prepaid tariff plans which allow customers to receive a data package, whose size and period of validity are determined by the value of the top-up. The top-ups range from PLN 5 to PLN 200 and include a bonus from 2 GB to 100 GB and an account validity period from 5 to 180 days. For the top-up money the customer can buy additional packages priced up to PLN 40, which offer, depending on the selected package, unlimited calls, text and multimedia messages, as well as additional data packs. 5G has additionally been made available on actively sold tariffs.

Home Internet Set. We have created a unique Home Internet Set, thanks to which we can offer our customers a product that constitutes a substitute for fixed-line Internet. The Home Internet Set works perfectly in non-typical locations where the signal strength is low, as well as in all the places where no fixed-line access to the Internet is offered via cable connection.

Based on a special technical solution ODU-IDU (Outdoor Unit Indoor Unit), the Home Internet Set consists of an external modem (ODU) and a Wi-Fi router (IDU). ODU/IDU devices can be installed separately, or they can be integrated with the existing satellite or terrestrial TV antenna systems, thus reducing the amount of cabling fed into a home. The signal is transmitted from the ODU modem to a Wi-Fi IDU router over a concentric cable. The router, in turn, distributes the signal to all the rooms ensuring wireless access to the Internet. This solution provides better network coverage and, as a result, higher transfer quality than traditional modems and routers. The offer includes sets operating on 5G and LTE technologies.

When choosing the Home Internet Set, the customer buys an ODU-IDU device in the installment plan and selects the Internet package. The tariff plans available for the Home Internet Set offer start from PLN 39 for 50 GB per month and reach PLN 129 for 1000 GB. The standard offer is accompanied by various types of bonuses, depending on the value of the subscription fee.

Fixed-line Internet access. The fixed-line Internet offer promoted under the Netia and Plus brands includes access to high speed Internet, provided mostly in fiber optic technologies. The service is provided based on Netia's extensive, nationwide fixed-line infrastructure, which comprises both a backbone network and an access network. This network currently reaches approximately 3.2 million households across the country, and over 800 largest office buildings. In addition, we have agreements for wholesale access to fixed-line networks with Orange Polska, Światłowód Inwestycje, Nexera, Tauron and Fiberhost, which further extends the range of our fixed-line Internet access service. Currently, we are able to reach 6.1 million households with our fixed-line Internet access offer.

The service is provided in four technologies depending on the available infrastructure: copper (CU), Ethernet (ETTH), cable (HFC) and fiber optic (PON). The offering includes four subscriptions plans to select from, depending on the Internet speed offered: up to 150 Mbps at the price of PLN 39, up to 300 Mbps at the price of PLN 49, up to 600 Mbps at the price of PLN 59 and up to 1 Gbps at the price of PLN 69. The subscription fee covers a Wi-Fi router and an additional SIM card for mobile Internet service with the data package of 5 GB. The offering is concluded for a 24-month period, including dedicated promotional offers.

Solutions for business customers

We offer business customers comprehensive solutions including telecommunication services, high quality data transmission services, information services, mobile solutions, location-based solutions, electricity offer, photovoltaics and many other modern solutions tailored to the needs of each industry. We also offer equipment (phones, routers and other devices) in cooperation with a number of well-known and reputable suppliers. We work individually with each customer, providing professional support by dedicated business advisers with broad interpersonal and product competences.

Within our Group, there is synergy of actions targeted to meet customers' expectations and expand the portfolio of services. Our resources and potential allow to prepare cutting-edge telecommunication and ICT solutions that respond to the needs of the most demanding business partners. Competent, efficient and dedicated sales teams, dispersed all over the country, are a strong link that allows to collect information about the expectations of the business market and directions of its development.

The B2B portfolio includes a wide range of services that ensure reliable connectivity (voice services, data transmission, text and multimedia messages) and quick access to the Internet. We focus on security by implementing solutions for *Mobile Device Management* and *KNOX* solutions inn our customers' companies, network services guaranteeing the stability of links *(SDI - Serial Digital Interface)* with private APNs *(Access Point Names*) for the protection of corporate data or by offering *Data Centers* with extensive security certificates. Thanks to the *AntyDDoS* service, we protect customers' servers against cyber-attacks. As part of individual projects, we use 5G technology to build campus and industrial networks. We also provide hardware maintenance services enhancing the user experience and security of phones. We introduce eSIM (embedded-SIM) as well as new connectivity technologies such as VoLTE (Voice over LTE) and WiFi Calling (phone calls over WiFi networks).

We systematical expanding the Group's product offer in the area of M2M and IoT, including for particularly demanding utilities-type sectors. We launched a dedicated nationwide NBIoT (Narrow Band IoT) radio network which provides the ability to ensure connectivity with sensors in hard-to-reach places and long-lasting operation of devices on battery power. We are careful to ensure the coverage of networks operating in all technologies.

We also pay a lot of attention to solutions dedicated to the banking and insurance sectors, systematically modernizing the offer of communication registration services, in accordance with the applicable regulations and requirements of these institutions.

Netia, with its wide portfolio of convergent, cybersecurity, IT outsourcing and IoT services and solutions based on data analysis (big data, business intelligence), is a strong partner of Plus in expanding ICT services for business customers.

International roaming

As part of retail services, we provide our customers with international roaming services, thanks to which our customers can use telecommunications services while abroad and logged into foreign networks.

While developing the scope of international roaming services, above all we focused on the activation of access for the Group's customers and customers of MVNOs using our mobile network to ultrahigh speed 5G and LTE Internet in European Union countries most willingly visited by our customers. As regards the remaining roaming services (voice calls and text messages), our priority is to expand the reach of roaming services so that the customers can use our services in any place in the world. Simultaneously, we took steps aimed at promoting our Plus network as the first choice network for roaming customers visiting Poland.

In 2022, Polkomtel was one of the first operators in Poland to launch VoLTE Roaming in Finland and the US, enabling international voice roaming calls in those countries using LTE technology.

2.2.4. End-user devices offer

The year 2022 was characterized by limitations in the availability of components for building electronic devices, and consequently limited availability of some devices for customers. Limited supply, inflation and uncertainty in the markets drove up equipment prices in almost all product categories. We focused our efforts on ensuring the continuous availability of equipment of all product categories with a special emphasis on building a competitive advantage in 5G-supporting devices.

Handsets

Most of the handsets sold by Plus in 2022 were 5G devices. For another year in a row, we achieved the highest share of smartphone sales supporting this standard among operators. The 5G devices on offer come both from our regular partners like Samsung, Apple, Motorola and Oppo, as well as from other manufacturers visible in the market: Xiaomi, Realme and Vivo. In May 2022, we started selling iPhones based on a direct agreement with Apple.

Internet equipment

In order to popularize 5G services as widely as possible, we have introduced affordable 5G routers from Oppo, Huawei and ZTE. At the end of 2022, ZTE's Home Internet Set ODU-IDU 5G set was added to the offer. For customers who are not yet covered by 5G, we offer traditional solutions based on LTE-Advanced technology. Two mobile routers and two home routers in Plus offer allow download speeds of up to 300Mbps. The Group's proprietary product, the ODU-IDU 300, designed and manufactured by one of the Group's companies, also remained on offer throughout 2022.

Laptops

We continuously update our range of laptops for the individual and business markets. We offer attractive devices for learning, work, entertainment, gaming or universal in a wide price range. Our offer includes devices from well-known and proven brands (Lenovo, HP, Acer, Huawei) as well as domestic production (Techbite). Laptops offered by us are equipped with the latest technological solutions, rotating and touch screens, the latest processors, graphics cards or very efficient cooling systems enclosed in increasingly slim cases.

Other device categories

We intensively develop our range of wearable devices (wireless headphones, smart bands and watches), which is growing in popularity. At the same time, we have revamped the offer of smartphone accessories available for sale in our network, from protective phone glasses, transparent cases and leather cases, to additional accessories such as cables, AC and induction power supplies. In the TV category, we offered SMART TV devices ranging in size from 43 to 55 inches with LED and QLED matrices. For gaming fans, we offer Playstation 5 and Microsoft Xbox consoles, dedicated gaming laptops and phones, as well as accessories.

End-user equipment is offered both under an installment model and in full price retail sales. Modems and set-top boxes are also available to rent. On the B2B market segment we use subsidized sales.

2.2.5. Technology and infrastructure of telecommunication services

Mobile Network

Our mobile telecommunication network enables nationwide access to a number of various technologies, including GSM/GPRS/EDGE (2G technologies), UMTS/HSPA +/HSPA + Dual Carrier (3G technologies), LTE/LTE Advanced (4G technologies) and the most modern 5G technology. We provide these services on the basis of frequency bands and a core network owned by our subsidiary Polkomtel, while in the radio and transmission area we closely cooperate with Towerlink Poland, a member of the Spanish Cellnex Group.

The strategic interest of the partnership with Cellnex is based on a concept of active and passive infrastructure sharing, where the mobile network operator is predominantly interested in end-user experience, while the infrastructure owner is responsible for delivering ordered network capacity in the most cost-efficient manner. Based on this concept, in July 2021 Polsat Plus Group finalized the sale of 99.99% of shares of its subsidiary Polkomtel Infrastruktura to Cellnex Group. The assets of the sold company included in particular the passive and active layers of the mobile infrastructure of Polsat Plus Group.

We believe that our partnership with Cellnex will enable us to launch modern communications services, particularly in 5G technology, even faster and more cost-effectively. Moreover, we believe that the open model of cooperation with more tenants in the area of network sharing will contribute to cheaper and more optimal development of telecommunication networks in Poland in the future.

The Master Services Agreement signed by us was concluded for 25 years, with an option of extension for additional 15-year periods. Under the terms of the agreement, our mobile telecommunications network is developed in the radio and transmission areas using services provided by Towerlink Poland. These services provide access to infrastructure enabling our customers to use all currently available technologies (2G, 3G, 4G and 5G) on the basis of all frequency bands held by Polsat Plus Group. Towerlink Poland's monthly remuneration is dependent mainly on the number of sites and active infrastructure systems ordered and used within the active layer of the infrastructure. In parallel to the service agreement, a detailed Service Level Agreement has been concluded, which ensures the highest quality both in terms of implementing new network projects and maintaining the existing services provided to Polsat Plus Group. Effective enforcement of the quality parameters required by the SLA is possible at the level of the systems monitoring the condition of the network on an ongoing basis contained in our core network, which remains the property of Polsat Plus Group. This allows us to continuously provide our customers with the highest quality of service.

The table below shows the number of emission services provided by Towerlink Poland to our customers at the end of December 2022:

Technology	Number of systems on-air as at December 31, 2022	Change YoY
2G technology. including:	**7.735**	
GSM 900	7.168	52
GSM 1800	567	-1
3G technology. including:	**11.191**	
WCDMA 2100	3.933	19
WCDMA 900	7.258	58
4G technology. including:	**18.991**	
LTE 1800	7.242	103
LTE 2600 TDD	348	14
LTE 2600 FDD	2.875	106
LTE 2100	1.141	19
LTE 900	7.385	69
5G technology. including:		
2600 TDD	3.380	378

Our core network ensures central handling of customer services, integrating them for the 2G/3G/4G/5G technologies (Single Core). In this way, we are able to provide customers with access to our services irrespective of the radio technology applied, enabling an evolutionary transition of voice services from 2G (GSM), through 3G (including higher quality voice services), to 4G (with voice services based on CSFB or VoLTE) and 5G. The same strategy is used for data transmission services, enabling customers to use the broadband Internet access both in the 3G (HSPA+, HSPA+ Dual Carrier) as well as the 4G (LTE/LTE

Advanced) and 5G (2600 MHz TDD) networks. The core network architecture facilitates effective and easy capacity expansion to match the growth of the customer base and increased service demand.

Fixed-line network

Our fixed-line network is based on DWDM transport, which in its backbone layer contains 260 nodes, including 190 nodes with automatic GMPLS protection/restoration, thus guarantying very high network reliability. The maximum throughput of a single DWDM span is 34TB.

The modern DWDM network is characterized by higher channel throughout and band capacity which ensures links with speeds of 100G/200G/400G and ultra-low latency. service channels, and can carry 1TB channels. The network is equipped with automatic fault location diagnostics (GPS coordinates) with integrated OTDR components, which enables significant reduction of fault clearing time.

There are over 700 DWDM/CWDM access nodes enabling connections to end users in metropolitan networks and to B2B customers in operation.

As part of the DWDM transmission network, international links to Frankfurt, Berlin, Prague and Lviv were launched, and DWDM access to the main data centers in Poland was provided.

Additionally, our transmission network has the possibility of encrypting client connections and establishing virtual transport networks for other operators.

The IP layer of our network is based on 8 backbone nodes which provide interconnection points to Tier1 operators, XSP operators, IP traffic exchange points, content providers and Cloud infrastructure. The IP backbone aggregates Carrier Ethernet traffic, B2C customer traffic and its own CDN for the purposes of the IPTV services provided by the Polsat Plus Group.

The Carrier Ethernet layer, based on IP MPLS technology, consists of 220 distribution routers connected by 100G lines and over 2,500 access switches with 10G ports. This allows us to reach customers throughout the country and abroad with our services. Within the Carrier Ethernet network we provide services compliant with MEF CE 2.0 certification/standard.

We provide Internet access services for B2C customers via an access network comprising 1,400 DSLAM access nodes (in xDSL and SuperVector technologies), two metropolitan areas with the cable HFC network (DOCSIS 3.x), nearly 10,000 access switches performing ETTH access and 820 FTTH nodes.

Currently, we are in the process of upgrading our access network based on two main fiber optic technologies: FTTH (Fiber to the Home, i.e. fiber optic access to every apartment) using GPON (passive optical network) technology and FTTB (Fiber to the Building), in which fiber reaches every building and subscriber access is provided using Gigabit Ethernet technology. Together with a modern, constantly developed HFC DOCSIS 3.x network in Warsaw and Kraków, this will enable the provision of services with a capacity of 1 Gbps to all customers being within the reach of these networks.

Frequency reservations for the purpose of provision of telecommunication services

Currently, there is no regulatory requirement to hold a license to provide mobile telecommunications services and the right to use frequencies results from issued frequency allocation decisions and can be extended for further periods by the President of the Office of Electronic Communications (UKE). At present, based on frequency allocations issued by the President of UKE Polkomtel is entitled to use frequencies in the 900 MHz band until February 24, 2026, in the 1800 MHz band until September 14, 2029, in the 2100 MHz band until Dedember 31, 2037 and in the 2600 MHz band until January 25, 2031 (see chapter 2.2.1. – *Business overview of Polsat Plus Group – Mobile telephony market in Poland*). Furthermore, as a result of the merger with Nordisk Polska, Polkomtel is entitled to use the frequency in 420 MHz band (until December 31, 2035) and as a result of the merger with Aero 2, Polkomtel is entitled to use frequencies in the 900 MHz band (until December 31, 2023), in the 1800 MHz band (until December 31, 2037) and in the 2600 MHz TDD band (until December 31, 2024), based on the reservation decisions issued by the President of UKE initially to those entities.

All frequency allocations are technology neutral and can also be used to provide services in each of the technologies currently in use (2G, 3G, 4G or 5G).

Development of the 5G technology

Compared to earlier generation technologies, 5G is characterized by much lower latency and has the capacity to support a significantly greater number of users. The potential of the 5G technology is based on greater capacity and transmission speed with lower latency, which enables its users to enjoy such capabilities as a significantly higher download speed, smooth streaming in ultrahigh image resolution or comfortable usage of services based on the VR and AR technologies.

In May 2020 we launched the first in Poland 5G network under the Plus brand using spectrum from the 2.6 GHz TDD frequency band. The TDD technology implemented at the current stage of development of our 5G network enables data transmission while using one common block of spectrum for alternating downlink/uplink transmission. It therefore offers balance between data transmission speed (up to 600 Mbps) and coverage (i.e. wide availability), while maintaining the highest quality of both parameters.

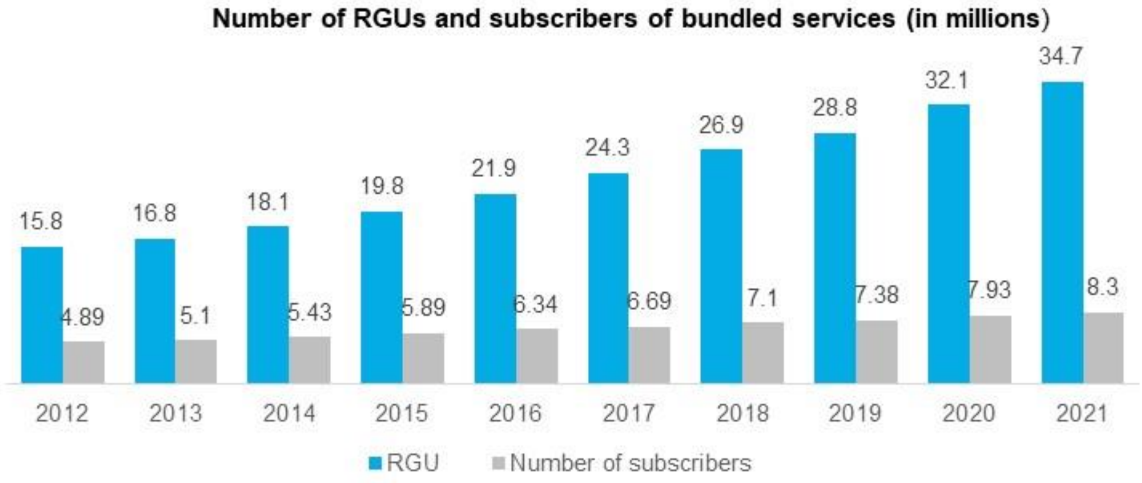
In the future, as the 5G network develops, current use of the 2.6 GHz band will guarantee better land mass coverage than when using the 3.4-3.8 GHz bands only, and it will enable us to maintain a competitive edge during further stages of 5G network roll out by offering the possibility of aggregating 5G frequency bands. In March 2023, more than 20 million people, that is over half of Poland's population, were already within range of our 5G network. We are also working on the development of 5G technology using further radio frequencies and technologies. This will enable us to strengthen our position as the 5G technology leader in Poland in the future and offer services to even more customers in more locations.

2.3. Activities on the bundled services market

2.3.1. Bundled services market in Poland

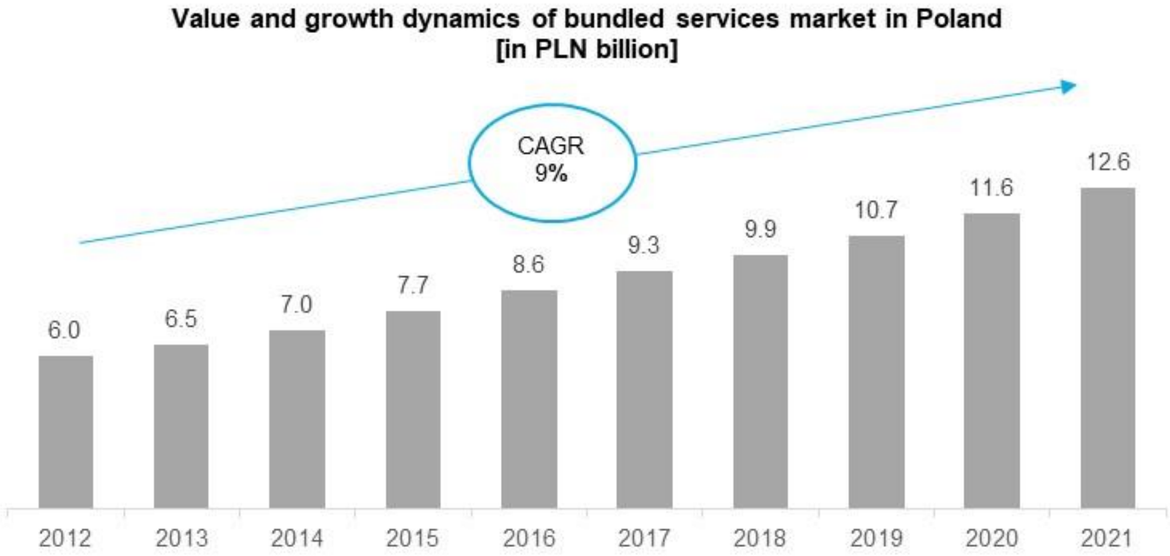
Bundling of services is one of the strongest trends on Polish media and telecommunications market. Operators develop their offers of bundled services in response to the changing preferences of customers, who seek media and telecommunications services from one provider at affordable prices, under one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

The Polish multi-play services market has been growing systematically and recorded an average annual growth rate of ca. 9% in terms of the number of services sold in packages in the years 2012-2021. According to PMR estimates, at the end of 2021 the number of services sold in bundles increased to nearly 35 million, while the total number of subscribers (both individual and business) using bundled services amounted to approximately 13.6 million. As a result, at the end of 2021 the number of services per subscriber was 2.6.



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

Similarly to growth in quantitative terms, the bundled services market in Poland has been also demonstrating consistent growth in terms of value. According to PMR estimates, in 2021 the value of the bundled services' market in Poland grew at the pace of ca. 9% year-on-year, and reached PLN 12.6 billion. Service bundling is a strong tool supporting increase of the customer base's loyalty and customer value building. This is confirmed by the ARPU figures which continued on an upward trend and exceeded PLN 95 at the end of 2021 (CAGR 2012-2021 +2.4% YoY).



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

Bundled services in Poland are provided primarily by cable TV operators and telecommunications service providers. According to PMR, at the end of 2019 three quarters of the bundled services market, in terms of the number of subscribers, was held by four major players – Polsat Plus Group, Play-UPC partnership, Orange and T-Mobile. With respect to the number of subscribers, the share that Polsat Plus Group held on the bundled services market in Poland at the end of 2021 was approximately 25%, according to PMR estimates.

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

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

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

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

Development forecasts for the bundled services market

According to PMR forecasts, the bundled services market will consistently grow in subsequent years, both in terms of the number of subscribers and value, which results from the fact that service bundling has become a strategic goal for telecommunication and pay TV operators. According to PMR expectations, the growth rate of the bundled services market in Poland will slow down in coming years and the expected average annual compound growth rate will be 2.6% in 2021-2027. A factor supporting further growth of the bundled services market will be an increase in the quality of services stimulated by the development of fiber optic networks and the expansion of 5G networks.

In subsequent years, the development of the Polish market of bundled services will be influenced not only by the low level of saturation of this market with services but also by the systematic roll out of fixed-line infrastructure and improving quality of network access, in particular higher throughput. COVID-19 pandemic is an important factor which, in our opinion, will have a positive influence on the bundled services market. As a result of a substantial part of the society migrating to a remote work and learning model, in the years 2020-2021 we observed significant growth of demand for higher speed Internet connections, which continues to create a bigger potential for upselling additional services as an element of service bundles. For example, the prospect of offering video-on-demand content is improving.

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

2.3.2. Bundled services offer

Our bundled services offer is an important tool, which strategically helps us to retain existing customers and expand our customer base, while simultaneously increasing customer satisfaction and loyalty. In day-to-day business the multi-play offer enables us to increase ARPU and further reduce our churn rate.

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

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

2.4. Sales and marketing

Marketing and branding

Company image and brand recognition have a significant impact on purchasing decisions of most of our customers. We strive to continuously improve our customers' satisfaction, particularly in terms of products and services available, the quality, usability and accessibility of our customer service department and the usability of automated information and self-service channels. We continuously expand our brand portfolio and build products tailored to customer needs. The year 2022 in Polsat Plus Group was marked by consistent implementation of the harmonization strategy introduced in 2021 for our key brands - Polsat, Polsat Plus and Polsat Box.

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

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

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

We want to reach a wide range of customers with our offer, therefore we are also investing in additional brands. We run independent marketing campaigns for Netia, a brand strongly associated with fiber optic Internet access, IPTV and a broad B2B offer. We established a dedicated brand Plush addressed to a younger target group, which complements our offer in the prepaid and postpaid segment. In 2021, we acquired the company and brand Premium Mobile, whose offer is targeted primarily at price-sensitive customers. Moreover, we have created and we are developing a completely new brand – Esoleo – for the purposes of our operations on the photovoltaic market.

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

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

Retail sales channels

We sell our services through a number of diversified channels.

Physical sales network. As at December 31, 2022, the sales network of the Group covered 948 physical points of sale nationwide. These points of sales offer pay TV, mobile telephony and mobile and fixed broadband access services, as well as a number of other products and services which play an important role in the household and in the company. Our points of sale offer products under key brands of our Group.

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

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

Within the Group we have approximately 1,650 operator stands as well as approximately 920 back-office stands which handle written and electronic requests (including technical requests). Our call center services are available to our present and potential customers 24 hours a day, seven days a week, and are responsible for providing comprehensive and professional customer service. The call center operators provide information on our services, enter into service agreements with customers, accept customer complaints and provide information on payments, technical support and other support for customers.

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

Online communication. In the digital era, online sales channels play an increasingly important role in the commercial area, ranging from the presentation of a rich offer to the possibility of conducting the full purchase process and after-sales service on-line. Online communication provides users with a quick and easy opportunity to familiarize themselves with the programming, multimedia and telecommunication offers of Polsat Plus Group, order services or selected equipment together with a package of their choice without leaving their home or finding the nearest point of sale.

Our commercial websites contain detailed information on respective products and services offered by companies and brands belonging to Polsat Plus Group. On our website www.polsatbox.pl customers can find information about the current pay TV offer, the Group's bundled offer and additional TV services, such as, for example, VOD, Disney+ or Polsat Box Go online service. The websites www.plus.pl, www.plushbezlimitu.pl and www.premiummobile.pl are devoted to the Group's telecommunication offer. They also contain a versatile offer of devices for end users, such as telephones and Internet equipment (tablets, laptops, routers, consoles) and information on additional services.

On the website www.netia.pl we present the offer of products and services promoted under the Netia brand, including telecommunication and television services. Netia's website also includes an extensive section addressed to B2B customers, where topics related to the broadly understood business of the future are discussed, including cybersecurity, artificial intelligence (AI), Internet of things (IoT), cloud solutions or blockchain.

Sales of prepaid telecommunication services take place through other channels of distribution. As at December 31, 2022, we had 30 active agreements with non-exclusive independent dealers of our prepaid services, with a total of approximately 60 thousand outlets selling starter kits and scratch cards and approximately 150 thousand outlets selling electronic top-ups. Prepaid top-ups are also executed online via our own websites: www.doladuj.plus.pl and www.doladuj.plushbezlimitu.pl, via the dedicated websites of our partners and via Internet banking services.

2.5. Customer relations and retention management

Customer relations management

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

We use an advanced customer relationship management IT system developed by our specialists based on an integrated platform handling telephone, e-mail, SMS, TTS (text to speech) communications and mail. Our customer relationship management system makes it possible to comprehensively document and handle all requests placed by customers in a timely and effective manner.

The core of the Group’s customer service is the customer service call center. This system comprises eight separate call centers integrated through an intelligent call routing system. It guarantees reliability and an uninterrupted twenty-four hour, seven-day a week phone service. The intelligent distribution system handles calls depending on the subject matter and forwards the call to appropriate agents, which reduces customer service time. We actively develop alternative forms of contact through social media, chat and web forums. The post-sale telephone customer service also involves active up-selling of products and increasing customer loyalty.

We also provide customer service using advanced self-service solutions to manage subscriber accounts. These solutions are offered in a form of such online services and mobile applications as iPolsatBox (dedicated to customers of our TV services), iPlus (dedicated to customers of telecommunication services) and Netia Online (dedicated to Netia customers), while the functionalities available within each service and application vary slightly. These tools include, among others, constant and free-of-charge access to up-to-date information on billing, current offers, current usage, they allow to purchase additional packages and services, effect online payments and modify contact details. Moreover, our services include a technical support section including, among others, technical specifications and user manuals for the equipment, automatic diagnosis and repair of technical issues, FAQs, an online contact form based on the mechanism that ensures automated analysis of customers' queries and automatic response sent to the customer prior to forwarding the question to an agent, and an online communication channel offering customer support via electronic mail and Live Chat.

Since 2000, Polkomtel has an implemented and consistently improved quality management system and since 2012 - an environmental management system. To confirm the above, Polkomtel obtained international certification ISO 9001:2015 and ISO 14001:2015 issued by DEKRA Certification Sp. z o.o. The scope of the certificates comprises sales of telecommunication products and services, sales of electric energy and customer management and retention. In September 2022, Polkomtel was successfully audited by DEKRA Certification Sp. z o.o. for compliance of quality management and environmental management systems. In June 2022, the information security management system in place at Polkomtel was confirmed by obtaining the international ISO 27001:2017 certificate, also issued by DEKRA Certification Sp. z o.o.

Customer retention management

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

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

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

In particular, we pay attention to the customers' growing needs for Internet services. We put great emphasis on popularizing 5G technology by giving the opportunity to increase Internet packages at any time. In the process of maintenance, we give the opportunity to take advantage of 5G tariffs in each subscription and offer a rich portfolio of phones and routers supporting this technology. Since May 2022, our customers can buy iPhones under a maintenance offer. The customer can choose any subscription offer along with an Apple smartphone for 36 installments. After paying off the first 24 installments, they can return the device and purchase another one with a new subscription contract, and we will cancel the 12 remaining installments. Depending on the needs, our customers also have the opportunity to migrate the service from mobile Internet to fixed Internet.

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

2.6. Wholesale business

As part of our wholesale business we offer network interconnection, international and national roaming, services to MVNOs, shared access to network assets, lease of network infrastructure, as well as other telecommunications services provided to other telecommunications companies in Poland and abroad.

Exchange of traffic between operators (network interconnection)

Our telecommunications infrastructure used in interconnection cooperation enables us to effectively manage telecommunications traffic routing from and to networks of all operators domestically and abroad. As at December 31, 2022, Polkomtel was party to 23 interconnection agreements with national and foreign operators with respect to voice calls. Such a number of interconnection relations allows for reducing our costs of call termination in the networks of other operators, while maintaining the highest quality of telecommunication services for our end-users with respect to traffic, both initiated and terminated in our network.

In 2022, we implemented new terms of wholesale settlements in all our interconnection relations following the implementation of uniform maximum Union-wide mobile voice termination rates (MTR) and a single maximum Union-wide fixed voice termination rates (FTR). In parallel, just as in previous years, active steps were taken in relations with domestic and foreign operators in order to reduce the costs of wholesale termination of voice calls and text messages incurred by us.

In 2022, we continued the project of migrating Polkomtel’s points of interconnection with other operators to IP technology using the SIP (Session Initiation Protocol) signaling protocol which enables the internetwork provision of voice calls in HD quality. At present, SIP technology is used by Polkomtel to carry the telecommunication traffic in relations with all domestic mobile operators, the majority of fixed-line operators in Poland and with the largest international carriers.

As a result of Russia's aggression against Ukraine, at the turn of February and March 2022 we recorded a 14-fold increase in voice traffic from Polkomtel network to Ukraine, which was carried by Ukrainian refugees using both roaming and free starters offered by us. Thanks to the cooperation and involvement of Ukrainian and Polish operators, we made rapid reconstruction of the interconnection points increasing their capacity for voice calls in the Ukrainian direction. In addition, jointly with major Ukrainian mobile operators , we mutually reduced wholesale MTRs for terminating voice calls between our networks.

In 2022, Polkomtel continued to develop interconnect services in the area of SMS and MMS text-multimedia communications, including person-to-person (P2P) and application-to-person (A2P) messaging, both for domestic and international services, being a party to 105 wholesale agreements.

International roaming

In 2022, we continued our policy of reducing the wholesale roaming costs in the networks of foreign operators, among others by focusing on the reduction of costs of voice and data transmission services, while at the same time increasing wholesale revenues from the sale of inbound roaming service in our network to current or newly-acquired partner foreign networks.

The COVID-19 pandemic impact international roaming traffic levels in 2022 to an increasingly lesser extent. While voice and data roaming traffic completed by our network customers in EU countries increased significantly compared to 2021, the volumes of roaming traffic in non-EU still did not return to 2019 levels.

In 2022, the downward trend in roaming traffic of both our UK customers and customers of UK operators' networks in Poland continued, which was the cumulative result of the COVID-19 pandemic and Brexit.

In the case of sales of wholesale roaming services in our network to foreign networks from EU countries, the situation improved significantly. During 2022, voice and data traffic from these customers increased significantly year-on-year, indicating a slow recovery from previous trends. However, traffic from customers from outside the EU countries still remains at low levels, which is largely due to the situation in Ukraine.

A new trend in the roaming market is the extinction of 2G and 3G networks by our roaming partners. In the future, it could result in limitations in the quality of service for our roaming customers and, in some cases, the prevention of the use of voice services while roaming. This is the case in the U.S., where the AT&T network turned off 2G and 3G technologies on its transmitters, making it impossible for users roaming on that network to make traditional voice calls. In 2021, we began deploying the VoLTE roaming service, which enables voice calls over LTE technology without the need to use legacy 2G and 3G technologies. The first commercial launches of the Roaming VoLTE service took place in 2022 in relations with AT&T (USA) and Elisa (Finland). As a result of the opening of VoLTE roaming, our network customers can make traditional voice calls while roaming internationally in the US using AT&T's network, as long as a customer's phone is LTE-enabled and has the VoLTE Roaming feature. In addition, our customers will have a better roaming service in the future on foreign networks that have switched off 3G technologies. We will continue this trend by opening more VoLTE Roaming relationships in 2023. Thus, we want to guarantee the continuity of roaming services to our customers and the customers of MVNO operators. The launch of VoLTE roaming will also enable us to offer VoLTE voice call services in wholesale international roaming agreements to customers of foreign networks who use Plus network while staying in Poland.

We offer our individual and business customers the most competitive and safe roaming data packs on the Polish market, that is the “Atlantic” pack which includes 35 European countries as well as Andorra, USA and Turkey, and the “Oriental” pack which includes 101 most popular, in terms of travel destinations of Poles, countries in the world outside Europe. We systematically reduce the costs of roaming in exotic countries thanks to the active policy of acquisition of new roaming partners in discount agreements, mainly outside the EAA, i.e. in areas where costs of wholesale international roaming have been high so far. As a result our customers can use our services in these countries at lower prices.

As at December 31, 2022, we offered international roaming services for voice calls in 681 networks in 228 countries and designated areas. In addition, our international roaming service offers roaming data transmission packages in 619 networks in 207 countries and designated areas. Access in LTE technology is possible in 334 networks in 154 countries and designated areas, while access in 3G was offered in 485 networks in 194 countries and designated areas.

In 2020, as the first operator in Poland we launched commercial 5G roaming for our customers , in the first EU countries as part of our strategy of providing Polish customers with access to the best 5G network in Poland. In 2022, we have significantly increased the availability of roaming in the 5G standard. Currently, 5G roaming is available to our customers and customers of MVNO partners in 115 foreign networks in 63 countries. These networks are available to our customers unattended - it is sufficient to possess a proper hand-set in order to use 5G technology for international roaming. Moreover, we make roaming available in the 5G technology to foreigners logging in our network, thus building the position of Plus as a leader of the 5G technology in Poland also among foreign customers and operators.

From February 2022, in aid of Ukraine fighting Russian aggression and Ukrainian refugees residing in Poland, we offered Ukrainian operators free voice calls and data roaming on Plus network, which enabled Ukrainian operators to provide their users residing in Poland with free roaming services. Ukrainian operators responded by offering symmetrical roaming terms in Ukraine for Polkomtel.

The situation in Ukraine has caused a huge increase in roaming traffic carried out by Ukrainian refugees on Plus network, especially in the border areas with Ukraine and at reception points. In total, during the first months of the war in Ukraine, 480,000 users per day used Polkomtel network at peak times. We recorded a year-on-year increase of more than thirty times in roaming voice traffic and a fifty-fold increase in data traffic carried by Ukrainian users roaming on Plus network.

Virtual operators (MVNOs)

In 2022, we continued to dynamically strengthen our position on the wholesale MVNO market. Polkomtel is the market leader in both the number of MVNOs served and mobile services provided through these operators.

The best 5G network on the Polish market was made available to all our MVNO partners in 2021. The customers of MVNO partners operating on our network are able to use the 5G networks of roaming partners with whom we have agreements already in 108 foreign networks in 60 countries.

In 2022, additional MVNO wholesale partners deployed eSIM service - very promising due to lower logistics costs (no shipping or storing of physical SIM cards), facilitation of the service activation process for the customer and perception of the MVNO partner brand as technologically modern and environmentally friendly.

Our broad scope of services and creation of dedicated solutions for the needs of our wholesale partners allow us to cooperate under various wholesale business models, from technologically advanced models for partners who have their own telecommunications infrastructure (for instance, their own points of interconnection with operators and IT platforms), through interim models to models that require only marketing and sales channels from MVNO partners while technical implementation is limited to an absolute minimum. We actively develop our wholesale product in order meet the requirements of our MVNO partners and quickly respond to the dynamically changing business conditions.

2.7. Media segment: television and online

2.7.1. Market overview

The Polish **TV broadcasting market** consists of state-owned and private commercial broadcasters airing both at the regional and national levels. A significant number of stations are offered through paid channels, such as cable networks and DTH platforms.

In 2013, the process of implementing digital terrestrial television (DTT – Digital Terrestrial Television) had ended. Currently, DTT offers free access to 30 channels and the outreach of the multiplexes exceeds 99% of Poland’s population.

The Polish TV broadcasting market is supervised by the National Broadcasting Council (KRRiT) which grants broadcasting licenses and supervises the operations of Polish TV broadcasters (such as checking compliance with license terms for specific channels).

The Polish **online market** consists of a mix of various entities, starting from large international corporations, through large Polish media groups and smaller publishers, to small websites owned by companies and private individuals.

The online market is not regulated, any company or a physical person can create an own website and the only requirement is that a website address which is currently not in use must be registered in a proper domain. NASK (Research and Academic Computer Network) is the body which serves in Poland as a register for the ‘pl’ Internet domain.

Polish advertising market. According to the estimates of GroupM media agency, in 2022 Poland was the second largest advertising market in Central-Eastern Europe (after Turkey) with total net advertising expenditure exceeding PLN 2.7 billion (after discounts) growing by 3.4% compared to 2021.

In 2022, TV was the second largest advertising medium in Poland with a 37% share in total advertising expenditure. According to GroupM forecasts, this share is expected to remain at similar level in upcoming years with a slight downward tendency as the COVID-19 pandemic accelerated the increase of the share of Internet as an advertising medium at the expense of other media, cinema and press in particular.

Advertising expenditure by medium from 2017 to 2024f:

	2017	2018	2019	2020	2021	2022	2023f	2024f
TV	42%	43%	42%	41%	38%	37%	36%	37%
Internet	39%	40%	42%	46%	49%	50%	51%	50%
Radio	7%	7%	6%	6%	6%	6%	6%	6%
Outdoor	6%	5%	5%	4%	4%	4%	4%	4%
Press	5%	4%	3%	3%	3%	3%	3%	2%
Cinema	1%	1%	1%	0,3%	0,4%	1%	1%	1%

Source: GroupM, *"This Year – Next Year Report 2022".*

The Polish TV ad market is characterized by a continuously high level of TV consumption. In 2022, the average daily TV viewing time among the surveyed population remained at a very high level, estimated at 250 minutes. Considering such a high average TV viewing time, it is justified to assume that the TV market will continue to be an attractive communications platform for advertisers.

Key TV channels

The Polish TV market remains dominated by the four largest terrestrial channels: POLSAT, TVN, TVP1 and TVP2. In parallel, in 2022 further significant fragmentation of the TV market was observed. The importance of smaller broadcasters available on multiplexes was growing, mainly at the expense of the abovementioned four largest TV channels. According to Nielsen Media data, in 2022 the collective audience share in the 16-59 age group for the four leading channels totaled 28.0%, compared to 30.5% in 2021.

In 2022, our main channel POLSAT had an all-day audience share of 7.9% in the 16-59 age group. Average annual technical coverage was 97.6%. Other channels of the Polsat Group had a 14.7% combined audience share. The channels of Polsat Group, apart from the main channel, include 38 channels with competitive offers on various market segments (including sports, channels dedicated to female and male audiences, information, music, games, e-sport). They include channels distributed by cable and satellite networks, as well as eight channels available through DTT (digital terrestrial television).

In 2022, POLSAT's main competitor, TVN achieved an 8.0% all-day audience share in the 16-59 age group and had 98.0% average annual technical coverage. TVN channel, launched in 1997, currently belongs to Warner Bros. Discovery Group. TVN Warner Bros. Discovery Group's thematic channels achieved a 15.8% combined all-day audience share in 2022.

TVP Group broadcasts 16 channels, including TVP1 and TVP2, and is also one of the main players on the Polish TV advertising market. In 2022, the main channels of TVP Group had 6.5% (TVP1) and 5.7% (TVP2) all-day audience shares in the 16-59 age group. The technical coverage of both channels reached 100% of households in Poland. In 2022, TVP's thematic channels had a 9.8% audience share. Except advertising revenue, as the national state-owned broadcaster, TVP receives additional revenue from license fees mandatorily charged to Polish TV viewers under the License Fees Act of April 21, 2005, as well as compensation granted by the National Broadcasting Council. Revenue from license fees and compensation from the National Broadcasting Council constituted 62% of total revenue of TVP group in 2021.

Digital Terrestrial TV

Starting from July 2013, terrestrial television is broadcast digitally in the Digital Video Broadcasting – Terrestrial (DVB-T) technology and from 2022 also in DVB-T2/HEVC standard. Digital TV systems use an electronic program guide, which enables viewers to compile their own sets of favorite programs and exercise parental control and allow broadcasters to offer new multimedia services such as adding additional soundtracks for individual channels (e.g. additional narration for the visually impaired – audio description, or the original soundtrack) or the possibility to add subtitles for people with hearing disabilities.

A multiplex, or MUX, is a term used to describe the package of radio and TV channels, possibly enriched by additional services, transmitted digitally on a specific band. Currently, digital television is offered in Poland on five free multiplexes (MUX-1, MUX-2, MUX-3, MUX-8 and MUX-6 launched on February 1, 2023) and one paid multiplex (MUX-4), dedicated for TV reception on mobile devices, as well as on several local multiplexes. The DTT offer includes free-of-charge access to 30 channels, with multiplex coverage exceeding 99% of Poland's population. It is expected that ultimately six multiplexes may function on the Polish market.

During 2022, commercial broadcasters were required to switch to the new standard of terrestrial TV broadcasting (DVB-T2/HEVC, where HEVC stands for the new standard of TV signal compression). Simultaneously, by an administrative decision, the public broadcaster was allowed to continue broadcasting the signal of TVP channels in the old standard (DVB-T) until the end of 2023. DVB-T2 is a standard that offers better efficiency in the use of the available frequency band, allowing, among others, for broadcasting more TV programs in higher quality (HD or Ultra HD). Nevertheless, the ability to receive terrestrial TV in the new standard requires a TV set with appropriate parameters. Owners of older-type TV sets, i.e. nearly 1 million viewers in Poland according to the survey of Krajowy Instytut Mediów from September 2022, will be able to use terrestrial TV, only after replacing the receiver or purchasing a new set-top box. In the case of Polsat Plus Group, channels with limited access to digital terrestrial television include Polsat, TV4, TV6, Super Polsat, Eska TV, Polo TV and Fokus TV. The above described decisions have been adversely affecting our Group's market share.

Key players on Polish online market

Key players on Polish online market include two types of entities: international technological giants, who offer their products and services globally and dominate the world's online market (including, among others, Google, YouTube and Facebook and large local media groups.

Polsat-Interia Group is among the leading online media groups defined as Internet publishers producing editorial content.

No.	Media Group	Number of real users	Coverage	Page views	Average time per user	Average time per visit
1	Grupa Wirtualna Polska	23 128 902	70,36%	3 741 759 561	2h 56m 30s	4m 16s
2	Grupa RAS Polska	22 092 912	67,20%	2 571 827 101	2h 23m 13s	5m 01s
3	Grupa Polsat-Interia	21 192 354	64,46%	1 949 226 034	1h 59m 03s	7m 15s
4	Grupa Polska Press	19 008 594	57,82%	890 286 293	14m 58s	1m 34s
5	Grupa Agora	18 733 842	56,99%	667 638 677	48m 16s	2m 39s
6	Grupa ZPR Media	16 978 734	51,65%	349 818 909	47m 38s	7m 25s
7	Grupa Burda Media Polska	13 760 280	41,86%	163 577 715	30m 24s	3m 48s
8	Grupa TVN	13 438 386	40,88%	250 266 857	59m 13s	8m 31s
9	Grupa TVP	11 451 132	34,83%	190 216 899	1h 56m 09s	23m 27s
10	Grupa RMF	10 445 598	31,77%	96 701 236	3h 04m 40s	44m 53s

Source: Mediapanel, December 2022

2.7.2. Offer

Channels

We have a portfolio of channels that appeal to important audience segments, we maintain a strong position in the news television segment and a leading position in sports programming. At the end of December 2022 the Group's portfolio comprised 39 own channels and 6 cooperating channels. With a view to maintaining our overall audience and advertising market share, we focus on developing our portfolio of thematic channels and increasing the appeal of the content we offer to our viewers.

Channels portfolio of Cyfrowy Polsat Group

Channel	First broadcasting	Thematic group	Signal distribution	Availability	Technical reach [(1)]
POLSAT	December 5, 1992	general interest	terrestrial/cable/ satellite	FTA	97.6%
Super Polsat	January 2, 2017	general interest	terrestrial/cable/ satellite	FTA	95.6%
Polsat 2	March 1, 1997	general interest	cable/satellite	non-FTA	65.5%
Polsat 1	December 18, 2015	general interest	satellite	non-FTA	n/a
TV4	April 1, 2000	general interest	terrestrial/cable/ satellite	FTA	98.0%
TV6	May 30, 2011	general interest	terrestrial/cable/ satellite	FTA	95.5%
Nowa TV	November 9, 2016	general interest	terrestrial/cable/ satellite	FTA	92.1%
Polsat X	April 1, 2021	general interest	satellite	non-FTA	n/a
Polsat Reality	April 1, 2021	general interest	satellite	non-FTA	n/a
Polsat Sport	August 11, 2000	sport	cable/satellite	non-FTA	49.0%
Polsat Sport Extra	October 15, 2005	sport	cable/satellite	non-FTA	41.4%
Polsat Sport News	June 1, 2011	sport	cable/satellite	non-FTA	35.1%
Polsat Sport Fight	August 1, 2016	sport	satellite	non-FTA	25.2%
Eleven Sports 1	August 2, 2015	sport	cable/satellite	non-FTA	17.7%
Eleven Sports 2	August 22, 2015	sport	cable/satellite	non-FTA	17.8%
Eleven Sports 3	September 12, 2016	sport	cable/satellite	non-FTA	n/a
Eleven Sports 4	November 20, 2017	sport	cable/satellite	non-FTA	n/a
Polsat Sport Premium 1	August 21, 2018	sport	satellite	non-FTA	n/a
Polsat Sport Premium 2	August 21, 2018	sport	satellite	non-FTA	n/a
Polsat Film	October 2, 2009	movie	cable/satellite	non-FTA	57.6%
Polsat Film 2	April 1, 2021	movie	satellite	non-FTA	n/a
Polsat Seriale	September 1, 2013	movie	cable/satellite	non-FTA	52.3%
Eska TV	August 8, 2008	music	terrestrial/cable/ satellite	FTA	96.8%
Eska TV Extra	June 16, 2017	music	cable/satellite	non-FTA	64.6%
Eska Rock TV	September 1, 2017	music	cable/satellite	non-FTA	52.5%
Polo TV	May 7, 2011	music	terrestrial/cable/ satellite	FTA	97.0%
Polsat Music	September 26, 2014	music	cable/satellite	non-FTA	52.8%
VOX Music TV	April 28, 2014	music	cable/satellite	non-FTA	62.2%
Disco Polo Music	May 1, 2014	music	cable/satellite	non-FTA	53.9%
Polsat News	June 7, 2008	news	cable/satellite	non-FTA	62.5%

Channel	First broadcasting	Thematic group	Signal distribution	Availability	Technical reach (1)
Polsat News 2	February 8, 2007	news	cable/satellite	non-FTA	58.6%
Wydarzenia24	October 2, 2006	news	terrestrial/cable/ satellite	FTA	75.6%
Polsat Cafe	October 6, 2008	lifestyle	cable/satellite	non-FTA	58.2%
Polsat Play	October 6, 2008	lifestyle	cable/satellite	non-FTA	53.4%
Polsat Games	October 15, 2018	lifestyle	cable/satellite	non-FTA	45.5%
Polsat Rodzina	October 16, 2018	lifestyle	cable/satellite	non-FTA	34.8%
TV Okazje	October 2, 2017	lifestyle	cable/satellite	non-FTA	n/a
Fokus TV	April 28, 2014	educational	terrestrial/cable/ satellite	FTA	96.9%
Polsat Doku	February 10, 2017	educational	cable/satellite	non-FTA	39.4%

Channels cooperating with Cyfrowy Polsat Group (non-consolidated)

Channel	Start date	Thematic group	Signal distribution	Availability	Household coverage (1)
Polsat Jim Jam	August 2, 2010	children	cable/satellite	non-FTA	47.7%
CI Polsat	November 24, 2011	criminal	cable/satellite	non-FTA	52.2%
Polsat Viasat Explore	March 1, 2013	lifestyle	cable/satellite	non-FTA	45.6%
Polsat Viasat Nature	March 1, 2013	nature	cable/satellite	non-FTA	47.2%
Polsat Viasat History	March 1, 2013	history	cable/satellite	non-FTA	53.6%
Polsat Comedy Central Extra	March 3, 2020	series & entertainment	cable/satellite	non-FTA	58.1%

(1) Nielsen Media, average TV household coverage, arithmetic average of monthly coverage in 2022.

Audience share for our channels for 2020-2022[1]

Channel	Audience share (SHR % A 16-59)		
	2020	2021	2022
POLSAT	9.39%	8.95%	7.85%
TV4	3.81%	3.28%	2.82%
TV6	1.78%	1.52%	1.18%
Polsat 2	1.33%	1.37%	1.27%
Polsat News	1.84%	1.57%	1.7%
Polsat Sport	0.21%	0.41%	0.42%
Polsat Film	0.77%	0.76%	0.68%
Polsat Play	0.64%	0.74%	0.67%
Polsat Cafe	0.38%	0.43%	0.4%
Polsat Sport Extra	0.07%	0.1%	0.11%
Polsat Sport News	0.03%	0.05%	0.05%
Polsat News 2	0.06%	0.08%	0.09%
Polsat Seriale	0.23%	0.26%	0.4%
Disco Polo Music	0.14%	0.13%	0.16%
Polsat Music	0.05%	0.06%	0.06%
Polsat 1[2]	n/a	n/a	n/a
Polsat Sport Fight	0.04%	0.03%	0.03%
Super Polsat	1.25%	1.28%	1.02%
Polsat Doku	0.12%	0.13%	0.13%

Eska TV	0.5%	0.52%	0.4%
Eska Rock TV	0.02%	0.03%	0.02%
Eska TV Extra	0.08%	0.07%	0.07%
Polo TV	0.6%	0.66%	0.45%
VOX Music TV	0.09%	0.07%	0.05%
Wydarzenia24(3)	0.03%	0.12%	0.63%
Eleven Sports 1(	0.18%	0.19%	0.21%
Eleven Sports 2	0.04%	0.05%	0.04%
Eleven Sports 3(2)	n/a	n/a	n/a
Eleven Sports 4(2)	n/a	n/a	n/a
Polsat Sport Premium 1(2)	n/a	n/a	n/a
Polsat Sport Premium 2(2)	n/a	n/a	n/a
Polsat Games	0.04%	0.04%	0.05%
Polsat Rodzina TV	0.06%	0.08%	0.09%
TV Okazje(2)	n/a	n/a	n/a
Fokus TV	1.19%	1.29%	1.11%
Nowa TV	0.3%	0.29%	0.38%
Polsat X(2)	n/a	n/a	n/a
Polsat Reality(2)	n/a	n/a	n/a
Polsat Film 2(2)	n/a	n/a	n/a

Source: Nielsen Media, target group: all aged 16-59, all day

(1) Data accounts from Time Shift Viewing live+2, starting from September 2021 includes also In-Home Consolidated +2d plus OOH Live.

(2) Channel not included in the telemetric panel.

(3) Channel included in Polsat Group's portfolio since September 1, 2021, replaced Superstacja channel.

Channels cooperating with Cyfrowy Polsat Group (non-consolidated)(1)

Channel	Audience share (SHR % A 16-59)		
	2020	2021	2022
Polsat JimJam	0.14%	0.12%	0.14%
CI Polsat	0.16%	0.18%	0.19%
Polsat Viasat Explore	0.16%	0.18%	0.15%
Polsat Viasat History	0.20%	0.18%	0.2%
Polsat Viasat Nature	0.04%	0.05%	0.06%
Polsat Comedy Central Extra (2)	0.29%	0.39%	0.32%

Source: Nielsen Media, target group: all aged 16-59, all day

(1) Data accounts from Time Shift Viewing live+2, starting from September 2021 includes also In-Home Consolidated +2d plus OOH Live.

(2) Channel in Polsat Group's portfolio since March 2020, previously aired as Comedy Central Family mily.

Scheduling

We tailor our programs and programming schedules to the interests of the group, that considering its demographic characteristics, we believe is most attractive to advertisers. We analyze data relating to our audience share in detail, and, by identifying audience interests and general market trends, we attempt to ensure that our programming remains responsive to the expectations of the target audience and advertisers.

Our scheduling is based on two schedules that are key from the point of view of generating advertising revenue: the spring (March-May) and autumn (September-November) schedules. That is when we broadcast premieres. In the summer and winter, we schedule mainly re-runs of the content premiering in the high season, although recently it has become a custom to introduce premieres into the programming offer also outside the regular season scheduling.

Our programming schedule is designed to maintain viewer loyalty so that the attractive programming keeps the viewer watching the specific channel. It is especially important in the time slot between early afternoon and 'prime time'. To achieve this goal, each day (from Monday to Friday) we plan stable slots so that the viewer can remember the programming scheme of the channel. This strategy is implemented between 3pm and 8pm. From 8pm, the channel proposes a strong offer including movies (i.e. Monday, Tuesday and Saturday), reality-show, talent shows (Tuesday, Wednesday, Friday and Sunday) and popular series (Thursday).

Sources of Polish programming

We aim to diversify sources of Polish content, enabling us to efficiently manage production costs. Thanks to that we are able to choose those offers from a wide range of proposals which are both attractive and cost-effective in order to ensure successful scheduling. In case of formats owned by us, we conduct talks in order to select the most cost-effective producers that ensure high quality. Polish programs are primarily commissioned to independent external producers. However, we also create programs in-house. Approximately 60% of our programming hours consist of Polish content.

Commissioned programs are sub-contracted, when justifiable, to third-party production companies to provide us with additional production capacity, thereby reducing overhead costs related to production employees, facilities and equipment. Our external producers include approximately 50 Polish and foreign producers. To provide content for Polsat Play, Polsat Cafe, Super Polsat, Polsat Rodzina and Polsat Games, we use the services of smaller local production companies. Polsat News relies mainly on Polsat Plus Group's own production resources. Sport channels rely mainly on broadcasts of sports events to which we have acquired broadcasting rights and are supported by in-house production.

In most cases we use a standard template for all production contracts we enter into. When the production of TV programs is commissioned to external producers, the contracts generally provide that the producer transfers to us all the copyrights and related intellectual property rights of the covered programs with the exclusive right to exercise the derivative copyright. The producer's fees include production fees as well as fees for the transfer of copyrights, related intellectual property rights to the program (or, alternatively, for granting the license) and for granted authorizations and consents. All production and license agreements have definite terms, the number of reruns within the Group, typically covering the time of production with the possibility for extensions.

Programs supported by in-house production include sports, news ad journalistic programs as well as special events.

Sources of foreign programming

We purchase programming licenses from foreign providers primarily for films, series and sports.

Our key partners for movie and series licenses are major movie studios such as Sony Pictures TV International, The Walt Disney Company which currently also owns 20th Century Fox TV, Paramount Pictures International Ltd. which is part of Paramount Global (formerly ViacomCBS), NBC Universal LLC, whose catalog includes DreamWorks Animation studio productions, and Warner Bros International TV Distribution. Usually, these contracts have terms of two to three years and are denominated in U.S. dollars or euro. We acquire broadcasting rights under one of two types of contractual arrangements. The first are the so called volume contracts, which involve the acquisition of a specified volume of films or series, while the second constitute spot contracts, which involve the acquisition of the right to broadcast individual series or films.

Purchase of sports broadcasting rights

Important sports licenses purchased by Polsat Group include broadcasting rights to the FIVB Volleyball competitions (Men's and Women's Nations League, World Cup, World Championships) as well as competitions of Infront/CEV (European Championships in Volleyball, Champions League in Volleyball). The duration of these contracts usually relates to playing seasons for each event. Typically, they are denominated in euro. Once we obtain the required programming licenses for certain sports events, we provide our viewers with locally-customized programming either in the form of complete productions or studio commentary.

In 2020, despite the unusual market situation due to the COVID-19 pandemic, Telewizja Polsat signed a new agreement with Infront/CEV for a number of volleyball events, including the volleyball Champions League and two editions of European Championships.

Under the existing agreement with the International Volleyball Federation FIVB in the upcoming ten years we will broadcast the most important events in the world and national team volleyball. The package of acquired rights includes the Volleyball Nations League (260 matches in total during the season and qualifying tournaments to the Volleyball Nations League), Challenger Cup, qualifying tournaments to the 2024 Olympic Games and men's and women's World Championship.

Furthermore, we have been holding broadcasting rights purchased from PLPS (Polish Professional Volleyball League) to Plus League and Tauron League matches already for a decade. In 2020, we extended this contract for another four seasons until 2027/2028.

Polsat Plus Group also offers its viewers and subscribers the matches of the most prestigious football club games - the UEFA Champions League for all channels of distribution, including television, the Internet, and mobile devices. The games are broadcast in dedicated to them channels Polsat Sport Premium. Currently, we hold broadcasting rights to the UEFA Champions League until the season 2023/2024.

Sale of advertising and sponsoring on the TV market

There are two main forms of advertising on the TV market: advertisements broadcast in advertising breaks and sponsoring broadcast alongside trailers of the sponsored program, before and after the sponsored program and during advertising breaks in-between the sponsored program.

Advertising time is sold by broadcasters in two forms: GRP sales and monthly rate-card sales. GRP sales are based on delivering a specified audience to the advertiser based on viewership results. The valuation of the service is based on fixed price per one rating point. Rate-card sales are based on a broadcaster's official rate-card for individual advertising breaks. Customers purchase specific advertising breaks at a price determined by the given rate-card.

GRP prices for specific months and rate-card discounts applied, as well as annual minimum purchase commitments are set out in annual contracts negotiated with media agencies and customers. Pricing and discounts depend on the level of the annual minimum purchase commitment.

Sponsor projects are sold throughout the year on the basis of a project created together with a client. Prices and discount conditions are negotiated individually for each customer and each sponsor campaign.

Pricing of commercials is based on maximizing revenue from the commercial time that is available to us according to the law and on the estimated level of attractiveness of specific programming content next to which the advertising breaks are located. Forecasts of advertising break audience are prepared for each month based on the overall TV audience, the channel's share in the overall audience and seasonality (prices of commercials are highest from October to November, before Christmas season, and lowest from January to February and from July to August).

In order to provide flexibility to advertising customers, we offer advertising priced either on a rate card basis or per GRP point.

Rate-card prices of commercials are set and published each month by our advertising sales team at Polsat Media. Advertisers select commercial breaks based on their assessment of which programs target the audience demographic they wish to reach (the channel is not accountable for the audience actually generated by the program).

GRP prices are established for specific channels each month during a calendar year by Polsat Media advertising sales team and GRP delivery is guaranteed. Advertising sold on a cost per GRP basis is scheduled on the basis of available resources after the booking of sales based on rate-cards. According to the team managing trading policy at the advertising office, this sales model is the most profitable way to sell our advertising breaks. In 2022, rate-card sales accounted for 74% of all advertising sales on our main channel, POLSAT.

Pricing of sponsoring of specific programs is set with the objective of maximizing our revenue taking into account the programming offer and legal regulations regarding sponsoring limits. Our pricing is based on the relevance of the subject matter of the program to the sponsor's needs and the target group, the quality of our programs, recognition of brands and the attractiveness of the broadcast slot. In order to provide flexibility to advertising customers, we negotiate sponsoring contracts on a case-by-case basis, taking into account all the factors mentioned above.

Sponsoring revenue is primarily dependent on programming quality and marketing attractiveness for the product and its target audience. As a result, sponsoring is not as dependent on the strength of the economy as advertising.

Sale of advertising in the Internet

There are several basic forms of online advertising which are offered by Polsat Media advertising office.

Display advertising – graphical elements of various size and shape are displayed in a defined place on a website. These formats can be floating (moving along when scrolling a website and thus always staying in the same place of a screen) or unwinding (changing their size when hovered with a mouse). Display advertising includes various types of invasive advertising shown, for example, as a new layer totally covering a webpage which is being viewed.

Video advertising – in the form of spots similar to advertising spots broadcast on TV, which are played before, during and/or after a video content.

Email marketing - a form designed to advertise a specific product by disseminating emails with an advertising message to users of email services.

Online advertising is also found in untypical forms, such as **sponsored articles** – commissioned materials which, beside their merit value, include an advertising message, and **influencer marketing** – a form of advertising used in social media by product placement made in posts and video reports by famous and influencing individuals.

There **are two basic models of selling advertising space.** In the **direct model** Polsat Media sells advertising space to an advertiser directly, and in the **programmatic model** advertising space is put up for auction in which a given advertisement can be purchased by any advertiser (open market) or by selected advertisers only (private marketplace).

Polsat Media sells display advertisements and video advertisements in two payment settlement models. In the **page view model**, a customer purchases a defined number of advertisement issues or buys constant presence of the advertisement in a certain place of a website for a defined period of time. In the **efficiency model**, an advertiser pays only for specified actions of a user, e.g., clicking an advertisement, filling in a form, making a payment etc., regardless of the number of advertisements displayed in total to achieve this target. In case of non-standard formats, the prices are set individually.

2.7.3. Sales

Sale of TV/online advertising and sponsorship

The key source of revenue in our media segment is advertising and sponsorship revenue (approximately 63% in 2022). Almost all of our advertising revenue is collected through our media house Polsat Media, which acts as our advertising agent (sales house). Polsat Media is responsible for the sale of all forms of advertising: spot advertisements, online advertising, sponsoring services and contracts connected therewith.

In 2022, Polsat Media carried out the sale of advertising time on our TV channels and 49 channels of other broadcasters outside our Group. Polsat Media often works with international media houses that operate as intermediaries, negotiating purchase conditions and conducting campaigns for their customers. The sale of advertising time is carried out both through annual contracts entered into with media houses, as well as individual direct customers. In 2022, ten largest media houses collectively accounted for approximately 64% of net advertising and sponsorship revenue of Polsat Media. Similarly to other nationwide broadcasters in Poland, Polsat Media has a stable group of advertisers that it works with.

Polsat Media also offers a comprehensive array of non-TV products, including: Polsat Media Online (video and display advertising) including comprehensive advertising services to Interia.pl Group, Polsat Media AdScreen (digital OOH media), Polsat Media AdTube (a platform which group popular Internet authors) and Polsat Media Digital Audio (audio advertising in the Internet).

In connection with acquisition of Interia.pl Group companies by Polsat Plus Group, from October 1, 2020 Polsat Media executes a full scope of advertising services and all orders for purchasing advertising space on portals that which belong to Interia.pl Group.

Starting from January 2021, Polsat Media is the sole sales representative of Telewizja Puls with regard to sale of advertising spots. Telewizja Puls is the third largest commercial TV in Poland, broadcasting two nationwide TV channels: TV Puls and PULS 2, with a total share in viewership in the A16-59 group at the level of 5.0%. Following the addition of Telewizja Puls channels to Polsat Media's portfolio we are the largest TV broker on the market, with the largest share in viewership (35.5% in the A16-59 group) and the largest share in the TV advertising market (46%).

Sale of broadcasting rights to Polsat Plus Group's channels

The second largest source of revenue in our media segment are agreements with cable TV networks and satellite TV operators to broadcast our channels, which comprised 27% of total revenue in this business segment in 2022. Our agreements with cable TV networks and satellite TV operators are generally non-exclusive licenses for the broadcasting of our channels. Under typical licenses, operators agree to pay us a monthly license fee, the amount of which generally depends on the number of customers who receive our programs and set rates for a package or channel.

Distribution of content online

Sales of content online, through our services Polsat Box Go and Polsat Go, is another source of revenue of Polsat Plus Group. Online access to our services' programming is based on two settlement models. Polsat Box Go is intended only for subscribers. Polsat Box subscribers and users who purchase access to Polsat Box Go via the Internet have access to a wide VOD offer and a number of linear TV channels completely without advertising. In turn, Polsat Go is based entirely on the advertising model in which users have access to VOD materials for free, but advertisements are broadcast before, during and after the material.

Sales team

Polsat Media is responsible for sales of our advertising time, sponsorship, campaign planning, after-sales analysis, market research and analysis, development of new products and, most importantly, enhancing relationships with existing and potential advertisers. In addition to providing advice on the scheduling of advertisements on our channels, Polsat Media sales force cooperates closely with advertisers to design special campaigns, such as sponsorship campaigns and related cross-promotional opportunities. Together with the programming department, Polsat Media advertising sales department obtains TV audience ratings data from the Nielsen Media telemetric panel on a daily basis, which is supplemented from September 2021 by out-of-home viewership figures from the Mediapanel survey provided by Gemius. They analyze this data and compare it with audience ratings of our competitors to determine the most effective strategy for scheduling advertising slots to reach advertiser's preferred audience in the most efficient manner. The department is also responsible for ensuring that advertising slots are allocated in accordance with client specifications regarding context and timing.

Since 2009, Polsat Media uses the Provys Sales system, sales and optimization software compatible with our fully-integrated ERP system, Provys Office, used by the Group to manage i.a. program broadcasting. Provys Sales enables to simultaneously sell airtime on 79 channels serviced by Polsat Media in 2021 with fully automated broadcasts of commercial airtime, as well as campaign results verification based on daily uploaded data.

In 2017, the Provys Sales system was integrated with the platform Polsat Media AdFlow, which allows advertisers and media agencies for the transfer and management of advertising materials. Thanks to this Polsat Media customers have direct contact and technical support of a team dedicated to service the flow of broadcasted materials. This integration enables the automatization of a majority of processes related to billing and sending electronic invoices to users of the platform.

In 2022, the Provys Sales system was integrated with the Polsat Media AdSign platform, which enables media agencies to commission campaigns, sign orders and download e-invoices. It enables Polsat Media customers to quickly and independently commission a campaign in any medium from the Polsat Media portfolio, as well as to eliminate paper workflow. This integration automates selected processes concerning sales and invoicing of Polsat Media services.

In addition, Polsat Media advertising sales department conducts a wide range of market analyses based on external independent industry reports, including research conducted by Publicis. Polsat Media also uses data from TGI consumer research held by KANTAR, Mediapanel which provides information on the behavior of Internet users in Poland and other dedicated tools provided by Gemius group (AdReal, Prism, AdOcean).

Polsat Media is a member of EGTA (international trade association of TV and radio sales houses), which gives us the opportunity to interact and cooperate with sales houses from most European countries.

2.7.4. Technology and infrastructure

Broadcasting of TV channels

We broadcast TV channels through digital terrestrial television, cable TV and digital satellite platforms. Certain channels are available as online streams on our platform Polsat Box Go.

Terrestrial transmission. POLSAT, our main channel, and the channels Super Polsat, TV4 and TV6 are broadcast via a nationwide network of digital terrestrial transmitters within the MUX-2 and on local multiplexes: MUX-L4 and MUX-TVS. Polsat Plus Group's other channels - Eska TV, Polo TV and Fokus TV - are available on MUX-1 while the channel Eska TV Extra is broadcast on local multiplexes MUX-L1, MUX-L2, MUX-L3, MUX-L4. In addition, our channel Nowa TV is broadcast on the nationwide MUX-8. Moreover, MUX-4 is reserved for INFO-TV-FM (owned by Polsat Plus Group), which broadcasts TV to mobile devices. Since the beginning of September 2021, our new news channel - Wydarzenia24 - has been test broadcast on the MUX-4 multiplex using the HEVC codec. The remaining channels of Telewizja Polsat are broadcast via digital satellite platforms, cable TV networks and IPTV distributors.

Satellite transmission. As a Group we have several agreements for the use of transponders belonging to Eutelsat S.A. (see chapter 2.1.4 - *Business overview of Polsat Plus Group - Technology and infrastructure pay TV services* – Satellite. Through Cyfrowy Polsat, TV Polsat has access to seven Eutelsat transponders.

Technology and infrastructure

As the leading commercial broadcaster and producer of TV content, TV Polsat uses state-of-the-art technologies and relies on latest equipment. The main picture format is the High Definition 1080i50 standard. The key components of our technical resources include:

- four TV studios, all of which are equipped with cutting-edge, new or recently modernized HD equipment, including a fully automated news production studio working for the channel Wydarzenia24,
- a versatile Podcast studio used for the production of small journalistic forms, recording online interviews with guests, making live entries to programs hosted in other studios,
- two production halls of 1,200m^2 and 1,600m^2 dedicated to the production of medium to large entertainment shows or TV game shows,
- three production halls: 2 x 500m^2 and 700m^2 for the production of journalistic, entertainment, sports and e-sports programs, including two production control rooms in HD technology with advanced multimedia elements of scene design and use of VR and AR technologies as well as virtual studio,
- six fully digital outside broadcast HD vans,
- a 14-camera UHD truck made with state-of-the-art IP technology and compliant with SMPTE ST-2110 standards
- a 2-camera Slow Motion HD van for replays during sports events,
- 13 digital satellite news trucks ensuring on-site signal feed in HD standard,
- mobile kits for producing simple sports commentary and journalism, which enable both working on-site with transmissions of final signal over IP or remote production from Telewizja Polsat's office,
- a multi-channel automatic TV broadcasting system for broadcasting our channels,
- a multiplex system ensuring the effective transmission of the signal to viewers,

- a digital switching system for TV signals in the hub,
- IT systems and networks designed to handle technological tasks in the fields of production of news and sports programs, auto-promotional materials and postproduction,
- data centers (the main and a backup ones) with virtualization platforms for servers and client stations,
- digital program archive with a modern Media Asset Management system for content management,
- HD editing systems connected via IT and SDI networks,
- virtual journalistic and assembly stations for the information channels' needs, enabling remote access,
- more than 80 HD cameras for reporters,
- technological systems for signal exchange between head office and between the station and production halls and regional offices across the country,
- a twin-engine EC-135 helicopter with a gyro-stabilized camera, used for realization of programs and offering the possibility transmitting HD signal up to 100 km.

2.7.5. Broadcasting licenses

In our media segment we currently dispose of broadcasting licenses for 36 channels, including 6 universal broadcasting licenses and 30 broadcasting licenses for thematic TV channels. 4 broadcasting licenses are for terrestrial broadcasting only (POLSAT, TV4, Nowa TV and Fokus TV channels), 4 broadcasting licenses are for terrestrial broadcasting DTT and satellite broadcasting (Super Polsat, TV6, Polo TV and Eska TV channels) and 28 broadcasting licenses are for satellite broadcasting only. Our current broadcasting licenses were granted by the National Broadcasting Council (KRRiT).

The table below sets out the broadcasting licenses currently held by the Group:

Channel	License holder	Type of broadcasting license	Date of expiration
POLSAT	TV Polsat	Terrestrial (analogue/digital)	2 March 2024
Polsat Seriale	TV Polsat	Satellite	15 October 2023 15 October 2033
Polsat Sport Fight	TV Polsat	Satellite	15 October 2023 15 October 2033
Polsat 2	TV Polsat	Satellite	18 January 2024
Polsat Sport	TV Polsat	Satellite	18 January 2024
Polsat Film 2	TV Polsat	Satellite	24 April 2024
Disco Polo Music	TV Polsat	Satellite	24 April 2024
Polsat Music	TV Polsat	Satellite	24 April 2024
Polsat Café	TV Polsat	Satellite	28 July 2024
Polsat News 2	TV Polsat	Satellite	5 October 2024
Polsat 1	TV Polsat	Satellite	11 May 2025
Polsat Sport Extra	TV Polsat	Satellite	26 October 2025
Polsat Play	TV Polsat	Satellite	15 November 2025
Polsat Sport Premium 1	TV Polsat	Satellite	6 March 2026
Polsat Doku	TV Polsat	Satellite	6 March 2026

Channel	License holder	Type of broadcasting license	Date of expiration
Polsat Sport Premium 2	TV Polsat	Satellite	6 March 2026
Polsat Reality	TV Polsat	Satellite	6 March 2026
Polsat X	TV Polsat	Satellite	6 March 2026
Polsat Sport News	TV Polsat	Satellite	20 December 2026
Polsat News	TV Polsat	Satellite	18 May 2028
Polsat Games	TV Polsat	Satellite	16 September 2028
Polsat Rodzina	TV Polsat	Satellite	16 September 2028
smart DOM	TV Polsat	Satellite	16 September 2028
TV4	TV Polsat	Terrestrial (digital)	2 February 2029
Polsat Film	TV Polsat	Satellite	4 June 2029
TV6	TV Polsat	Satellite /Terrestrial (digital)	22 July 2030
Super Polsat	TV Polsat	Satellite /Terrestrial (digital)	29 August 2030
ESKA TV	Music TV Sp. z o.o.	Satellite /Terrestrial (digital)	26 May 2029
ESKA ROCK TV	Music TV Sp. z o.o.	Satellite	16 March 2026
Eska TV EXTRA	Music TV Sp. z o.o.	Satellite	1 August 2026
Wydarzenia24	Superstacja Sp. z o.o	Satellite	1 August 2026
NOWA TV	TV Spektrum sp. z o.o.	Satellite	1 August 2026
NOWA TV	TV Spektrum sp. z o.o.	Terrestrial (analogue/digital)	6 January 2026
Fokus TV	TV Spektrum sp. z o.o.	Terrestrial (digital)	21 November 2023
VOX Music TV	Polo TV sp. z o.o.	Satellite	29 April 2024
POLO TV	Polo TV sp. z o.o.	Satellite	23 February 2031

2.7.6. Restrictions on programming and advertising

In addition to regulating broadcasting time and the content of programming aired by Polish TV broadcasters, the Broadcasting Act also imposes certain restrictions on advertising. All of these restrictions are usually described in detail in the broadcasting licenses granted by the KRRiT. Each of our broadcasting licenses is subject to restrictions related to:

- minimum daily TV program broadcasting time;
- minimum percentage share of individual categories of programs in the monthly and daily broadcasting time;
- minimum requirements for the broadcast of programming originally produced in the Polish language and programming of European origin and the requirement to ensure that at least 10% of the broadcaster's programming is obtained from independent producers;
- the maximum percentage share of the daily and weekly broadcasting time of shows and other transmissions produced exclusively by the broadcaster or ordered from independent producers; and
- the obligations to ensure that minor viewers do not have access to transmissions containing acts of violence and to encrypt programs broadcast at specified times or to ensure that previews of transmissions containing erotic content will not be broadcast during certain hours.

Additionally, the Broadcasting Act imposes strict advertising requirements including the following:

- advertising and teleshopping spots must be readily recognizable and distinguishable from editorial content;
- broadcasts of commercials and teleshopping spots shall be inserted between programs, however it is permitted to interrupt the following types of programs to broadcast commercials and teleshopping spots:
  - films produced for TV (excluding series, serials and documentaries) as well as cinematographic films – only once for very full 45 minutes program;
  - other programs (except for broadcasts of sports events which contain natural breaks resulting from their rules as well as broadcasts of other events containing breaks during which commercials and teleshopping spots can be aired and, in addition, it is permitted to interrupt the broadcast of sports competitions to broadcast a single commercial) if the time between consecutive breaks in a TV program is at least 20 minutes;
  - news, current affairs programs and documentaries with a duration shorter than 30 minutes, religious programs and programs for children may not be interrupted to broadcast commercials or telesales spots (it is permitted to interrupt for the purpose of advertising a film that is a children's program lasting more than an hour);
- spots exclusively dedicated to teleshopping must contain explicit visual and audio disclaimers and must be broadcast continuously for at least 15 minutes; and
- product-specific advertising restrictions including restrictions related to:
- – alcohol, which is prohibited with the exception of beer, the advertising of which is allowed between 8 p.m. and 6 a.m.;
- – tobacco, tobacco accessories and products imitating tobacco products as well as gambling, the advertising of which is prohibited at all times;
- – pharmaceutical products, the advertising of which is prohibited save for non-prescription pharmaceuticals (the so-called OTC pharmaceuticals), the advertising of which must meet certain strict legal requirements;
- – health care services, as defined in the regulations on medical activity, available exclusively on the basis of a referral, the advertising of which is prohibited;
- – psychotropic substances and/or intoxicating substances, the advertising of which is prohibited;
- – baby formulas, the advertising of which is prohibited.

Total broadcast time for advertising and telesales:

- from 6 a.m. to 6 p.m. the total time for airing commercials and telesales may not exceed 144 minutes,
- from 6.p.m. to midnight the total time for airing commercials and telesales may not exceed 72 minutes,
- from midnight to 6 a.m. there are no time limits as to airing commercials.

Moreover, the amendment imposes on broadcasters the duty to ensure that their media services are accessible to people with visual or hearing disabilities, in particular, by introducing appropriate amenities (such as audio description, subtitles for the hearing-impaired and sign language translation), so that at least 10% of the quarterly broadcasting time (excluding advertising and teleshopping spots) contained such amenities.

2.8. Other aspects of our business

Significant investments in minority interests

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

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

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

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

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

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

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

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

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

In particular, PAK-PCE Biopaliwa i Wodór Sp. z o.o. (PP BiW), a subsidiary of PAK-PCE, owns all power sector activities of Konin Power Plant, including, in particular, biomass generated electricity business. The Company holds 49% of shares of PP BiW.

Research and development - new services and implementations

In 2022, we continued our efforts in the field of implementation of state-of-the-art technologies and latest technical solutions which offer superior quality and enhanced functionality of services to our customers and enable us to expand our offer by adding new services and products.

The hydrogen bus NesoBus. In May 2022, the official launch of the Polish hydrogen bus from Polsat Plus Group and ZE PAK took place. NesoBus is an innovative eco-friendly hydrogen-cell-powered city bus that was developed from the ground up by engineers from Poland in cooperation with partners from Europe and around the world. The hydrogen bus brand "Neso" stands for the Polish phrase ”Nie Emituje Spalin i Oczyszcza” which means “Does Not Emit Exhaust Fumes and Purifies the Air”. The NesoBus' most important competitive advantage is a very low level of CO_2 emissions compared to combustion and electric buses.

NesoBus' range is approximately 500 km and its refueling takes only 15 minutes. The design of the bus is modular, so it can be tailored to the needs of individual cities and carriers.

The NesoBus holds an European type-approval, which means that it can be sold and operated throughout the European Union. During 2022, the NesoBus was tested on a number of cities' bus routes with passengers by municipal transportation companies. Moreover, in 2022, construction began on a hydrogen bus factory in Swidnik, which is scheduled to be operational in 2023, and where we ultimately want to produce more than 100 hydrogen buses per year.

5G Standalone tests. Since the launch of Poland's first commercial 5G network, we have been constantly working on the development of this technology. We want our 5G to be a real answer to the changes taking place in our environment and the resulting needs of our customers. Together with Ericsson and OPPO, we conduct intensive tests of 5G in the Standalone technology. These tests represent the next step of the process thanks to which Polsat Plus Group customers can benefit from the latest global technological solutions.

The Non-Standalone (NSA) technology, used currently in operational 5G networks, requires the integration of 5G and 4G infrastructures, while 5G Standalone (SA) operates independently of previous network generations. This will translate into even better data transmission parameters, higher capacity and reduced latency. In addition, 5G SA allows to implement new business solutions based on so-called network slicing. It is also worth noting that 5G SA is the most energy-efficient generation of mobile networks.

Successful laboratory tests of 5G Standalone network using the 2.6 GHz TDD band owned by Plus allowed us to move to the next phase of tests, this time in a commercial network. The Ericsson 5G SA solution tested by Plus consists of two elements: the radio access network (RAN) - Ericsson Radio System - and the backbone network - Ericsson 5G Core. OPPO smartphones that support 5G SA are used in the tests.

IT systems

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

In the B2C and B2B services segment we use IT systems facilitating effective and efficient management of our customer base. These systems include, among others, a customer relationship management system, sales support system, online customer accounts and a transaction support system. With regard to customer service and billing, we use systems that allow for flexible billing for different contract and prepaid plans. Our customer service systems enable us to address the needs of our customers through different communication channels (such as call centers, e-mail, Interactive Voice Response, SMS, points of sales and Internet). Moreover, we use a wide range of applications that support customer segmentation, product definition and the selection of sales channel and communication method.

With respect to systems designed for set-top boxes, we use applications and software enabling us to offer our products as efficiently as possible. As the owner of the systems and holder of intellectual property rights related to them, we are able to respond quickly and successfully to all the needs of our customers.

In the B2C and B2B services segment we use systems licensed from third parties, such as a conditional access system securing access to channels offered in our paid DTH packages. At the same time, while looking for cost optimization in the area of small volume development in the high-end line, we cooperate with experienced suppliers, as in the case of the EVOBOX and Polsat Box set-top boxes, which are integrated hybrid solutions with PVR enabling access to content in 4K resolution.

In our media segment we rely on numerous IT systems which support management of production of programs, data storage, creation of graphical elements, management of our program library, as well as license management. All the systems related to these areas are provided by external providers.

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

IT systems are critical to our operations in the field of telecommunication. In network management, we control all network infrastructure elements with respect to their availability, performance and security to control traffic and plan capacity of the network in line with expected business needs.

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

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

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

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

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

Insurance agreements

We maintain insurance coverage for our companies and their operations, substantially against all risks and with sums insured at levels typical of pay TV providers, telecommunication operators and TV broadcasters operating in Poland.

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

In 2022, Polsat Plus Group was party to the insurance agreements described below.

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

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

In 2022, our subsidiary Polkomtel continued a general fleet motor insurance agreement with STU Ergo Hestia S.A. (theft insurance, accident insurance and assistance) which extends to the entire motor fleet of Polsat Plus Group.

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

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

Business Contingency Plan

As a Group we have over 10 years of experience in business continuity. The Business Contingency Plan of Polkomtel was established in 2010 on the basis of the then norm BS 25999. The current Business Contingency Plan, built in compliance with the norm PN-EN ISO 22301:2020-04, covers processes and critical services executed and provided by Polkomtel and Cyfrowy Polsat. The periodic conduction of the Business Impact Analysis is the key element of the Business Contingency Plan and includes an update of the list of processes and critical services which is approved by resolution of management boards of Polkomtel and Cyfrowy Polsat. The latest update of the Business Contingency Plan was accepted on October 19, 2022. Within the current and periodic (once every two years) update of the Business Contingency Plan we examine threats and vulnerabilities in critical processes and services, and perform risk analysis aimed at identifying main threats and defining recommendations with respect to groups of resources, such as locations, human resources, external and internal service providers, office infrastructure, data stored in both an electronic and paper form, the technical and IT infrastructure.

Within the Business Contingency Plan we maintain a dedicated structure - the Crisis Management Centre – which is targeted to prevent crisis situations in the Group thanks to reacting to incidents which exceed the competences of individual managers running separate organizational units as well as coordinating all emergency and restoration actions of the organization in the crisis mode. The practical test of the Business Contingency Plan's implementation by the Group was our effective and quick reaction to the threat which emerged in the beginning of 2020 in connection with the coronavirus pandemic and smooth transition of the majority of employees to remote, rotation or shift mode of working. The prepared Survival Strategy and alternative operating methods as well as periodic testing of essential elements of the Plan and ongoing training of new staff and crisis team members ensure business continuity of critical processes and services covered by the Business Contingency Plan.

Charity and sponsorship activities

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

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

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

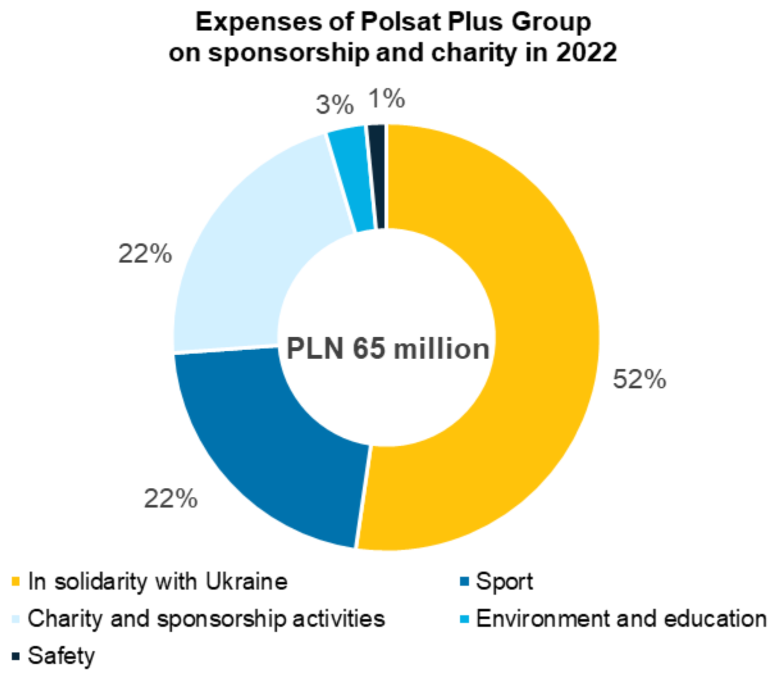
In order to **promote sports** and physical activity we produce and air thousands of hours of sports coverage yearly on channels of TV Polsat, we support amateur and professional sports events, we educate viewers in the area of healthy lifestyle and our Plus mobile network is a long-standing sponsor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

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

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

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

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



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

3. Significant investments, agreements and events

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 5.10.1. 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 is to support refugees from Ukraine, which we have been actively providing since the first days of the Russian invasion. Detailed information on the actions taken by the Group in connection with the war in Ukraine is presented in the Reports of the Management Board on the activities of the Group for the first quarter and the first half of 2022.

3.1. Corporate events

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

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

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

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

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

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

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

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

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

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

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

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

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

Acquisition of shares in Port Praski

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

Execution of the share buyback program

Acting by virtue of the authorization granted by the Extraordinary General Meeting of the Company on November 16, 2021, on May 16, 2022 the Management Board of the Company decided to proceed with the buyback of the Company's own shares by way of an announcement by the Company together with Reddev and Tobe of an invitation to submit offers to sell the Company's shares. Moreover, acting within the above mentioned authorization, on May 25, 2022 the Company's Management Board decided that the Company will acquire 13,067,138 ordinary bearer shares, which represent approx. 2.04% of the Company's share capital and approx. 1.60% of the total number of votes at the Company's general meeting from Embud 2 Sp. z o.o. As a result of the settlement of the above mentioned transactions, on May 25 and 26, 2022 the Company acquired in total 17,668,359 own shares, representing 2.76% of the Company's share capital and carrying the right to 17,668,359 votes at the Company's General Meeting, representing 2.16% of the total number of votes at the Company's general meeting at a purchase price of PLN 22.28 per share.

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

Dividend payout for the financial year 2021

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

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

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

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

Joint venture agreement with HB Reavis to develop Port Praski project

On July 21, 2022, the Company's subsidiaries engaged in the development of the Port Praski project executed the following agreements with HB Reavis Holding Cz a.s. with its registered office in Prague, Czech Republic:

- a joint venture agreement concerning the construction and development of a property located in Warsaw, including a joint construction of high-end office buildings, with additional retail space –

the agreement was signed by Port Praski City II Sp. z o.o., Port Praski Medical Center sp. z o.o. and Pantanomo Limited; and

- a share purchase agreement for shares in Port Praski City II Sp. z o.o., Port Praski Medical Center sp. z o.o. – the agreement was signed by Pantanomo Limited and Port Praski City III Sp z. o.o.

Under the share purchase agreement, its parties agreed, subject to the conditions precedent specified therein, to execute an agreement under which HB Reavis was to acquire: (i) 50% of shares in Port Praski City II in total from Port Praski City III and Pantanomo; and (ii) 50% of shares in Port Praski City Medical Center from Pantanomo. The aggregate purchase price of EUR 24.3 million was to be adjusted for (i) the amount of working capital of Port Praski City II and Port Praski Medical Center at the transaction closing date, and (ii) the total office and retail usable floor area actually constructed on the property as part of the project.

The acquisition of shares by HB Reavis was subject to the satisfaction of, among others, conditions precedent, including in particular a clearance of the Office of Competition and Consumer Protection (UOKiK) to establish a joint venture. The agreements under which HB Reavis acquired 50% of the shares in Port Praski City II and Port Praski Medical Center were concluded on October 24, 2022 following the satisfaction of all conditions precedent.

As the next step, the parties to the joint venture intend to apply for the relevant administrative decisions aimed at obtaining a construction permit, after which they will proceed to determine the precise cost and timing of the project's implementation.

Agreement to dispose shares in Modivo S.A.

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

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

Polsat Plus Group credit ratings downgraded

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

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

Detailed justifications for the above-mentioned rating actions are presented in Section 4.3.5 - *Liquidity and Capital Resources* - of this Report.

Adoption and announcement of the Sustainability-Linked Financing Framework of Polsat Plus Group

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

Bond Issuance Program

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

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

Issuance of Series D Bonds linked with the sustainable growth objectives

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

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

The funds from the issuance of the Series D Bonds will be used to support the implementation of Strategy 2023+, in particular the planned construction of 1,000 MW of installed low- and zero-emission clean electricity generation capacity and the full value chain of the green hydrogen economy, which will ultimately contribute to the reduction of CO_2 in the Polish economy of approximately 2 million tons per year. Polsat Plus Group also made a commitment to bondholders to gradually migrate to zero-emission sources of electricity used for own purposes.

Part of the funds raised in the Series D Bond issue were used to repurchase for redemption 691,952 Series B Bonds and 835,991 Series C Bonds. A detailed description of their terms is presented in Section 4.3.5 - *Liquidity and Capital Resources* - of this Report.

Renewal of frequency reservations

On October 21, 2022, Polkomtel received the decision of the President of UKE renewing the frequency reservation in the 2100 MHz band for the next 15 years - until December 31, 2037. Pursuant to this decision, Polkomtel paid a fee for the reservation in the amount of PLN 351.6 million to the State Treasury on November 4, 2022.

On December 20, 2022, Polkomtel received decisions of the President of UKE renewing the frequency reservations in the 1800 MHz band for the next 15 years - until December 31, 2037. Pursuant to these decisions, Polkomtel paid fees for the reservations to the State Treasury in the total amount of PLN 847.0 million on January 3, 2023.

3.2. Business related events

Consultation of the auction for frequency reservations in the 3.6 GHz band

In the period from December 20, 2022 to January 31, 2023, the Office of Electronic Communications (UKE) conducted a process of public consultation of auction documentation for four frequency reservations in the 3.6 GHz band. The subject of the planned distribution in the auction was 4 blocks of 80 MHz each and the minimum price per block was set at PLN 450 million.

On April 6, 2023, the President of UKE announced the subsequent consultation of the revised auction documentation for four frequency reservations in the 3.6 GHz band. The consultations will last until May 12, 2023. According to the consulted documentation, the current subject of the auction are to be 4 blocks of 100 MHz each. The starting price per block has not changed and remains at PLN 450 million.

The conditions presented in the consulted documentation for participating in the auction include again the necessity to document telecommunications investment expenditures of at least PLN 1 billion between 2016 and 2021 and the possession of a nationwide frequency reservation, but this time in all the indicated bands: 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz.

The new auction documentation specifies basically the same quantitative, coverage and qualitative commitments for network development. The quantitative commitments, as in the first consultations, consist in the launch of at least 3,800 base stations by the operators who will be allocated the band within 36 months from the date of delivery of the decision. In terms of coverage and quantitive commitments, the quality requirements were applied again which constitute a new element of the frequency distribution process in Poland. The required coverage of the country's territory defined also the quality parameters of services to be provided in terms of minimum throughput and maximum latency. In addition, the commitments apply not only to coverage of the country's territory and population, but explicitly define the requirement for service coverage of national and provincial roads, railroads and round-the-clock border crossings.

Development of renewable energy projects

The Group’s *Strategy 2023+,* announced in December 2021, is based on ambitious goals in the new area - Clean Energy, 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 actively supporting the activities of PAK-PCE Group by granting strictly controlled guarantees and loans for the development of renewable energy projects.

We are dynamically developing onshore wind farm projects. At present, six wind farms are under construction: in Miłosław (9.6 MW), Kazimierz Biskupi (17.5 MW), Przyrów (50 MW), Człuchów (73 MW), Drzeżewo (139 MW) and Dobra (7.8 MW). The first two projects are expected to be completed in the third quarter of 2023, while the following two are scheduled for the second and third quarter of 2024. Completion of work on the Drzeżewo and Dobra projects is scheduled for 2025. With the implementation of the projects described above, the installed capacity of onshore wind farms will exceed 296 MW in 2025.

PAK-PCE is also currently conducting preparatory work for a project to build a photovoltaic farm with a capacity of about 180-200 MW in Przykona, on post-mining land owned by PAK-PCE. At the same time, we have started work on the 12.4 MW Cambria farm, which is being built next to the Brudzew farm already in operation and will be a natural extension of it.

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, the installation of the first 2.5 MW electrolyzer, which will be capable of producing 1,000 kg of green hydrogen per day, is currently underway.

Moreover, the hydrogen bus designed by us and PAK-PCE has received European type-approval, which means that it can be sold and operated throughout the EU. The “NesoBus” (where “Neso” stands for the Polish phrase ”Nie Emituje Spalin i Oczyszcza” which means “Does Not Emit Exhaust Fumes and Purifies the Air”) had its premiere in May 2022. Currently, construction of a bus factory in Świdnik is underway. The bus factory is expected to become operational in the third quarter of 2023 and, ultimately, we want to produce more than 100 hydrogen buses per year. In December 2022, an agreement was signed with the National Fund for Environmental Protection and Water Management (NFOŚiGW) to subsidize the above project with a preferential loan of up to PLN 50 million. In March 2023, we signed a contract with the city of Rybnik for the delivery of 20 NesoBus hydrogen buses, from which the first will hit the city's streets this fall.

We are also working to develop a hydrogen distribution network. Design work is currently underway for the construction and commissioning of stationary hydrogen refueling stations in 6 cities in Poland. In February 2023, PAK-PCE's subsidiary entered into an agreement with the National Fund for Environmental Protection and Water Management, according to which the NFOŚiGW will provide a grant of PLN 20 million for the construction of a network of publicly accessible hydrogen refueling stations in five cities in Poland. In addition, contracts have been concluded for the supply of 4 mobile hydrogen stations and 7 hydrogen trailers with completion dates falling in 2023.

In March 2022, the city of Rybnik signed a letter of intent with ZE PAK, according to which we plan to invest about PLN 500 million in the construction of a modern waste management center in Rybnik, including a sorting and composting plant as well as installations for processing biodegradable, bulky, construction waste. Construction by 2026 of a thermal waste conversion plant, which will manage waste in an environmentally friendly and safe way, resulting in the production of heat, electricity and hydrogen, is to be the main investment.

In June 2022, the Clean Poland Program Association, whose signatories include the Group's companies, and the Local Government Movement Association YES! For Poland signed an agreement on cooperation in areas related to Poland's energy transformation. The cooperation of the two associations will support, among others, the promotion and creation of sources of green and clean energy, zero-emission urban transportation, including hydrogen technologies or energy storage, and the improvement of energy efficiency in local governments.

Extension of cooperation with Volleyball World by the next 10 years

In May 2022, Telewizja Polsat and Volleyball World, a commercial entity which has been created by the International Volleyball Federation (FIVB) and CVC Capital Partners investment fund, extended their existing cooperation over the next 10 years, i.e., until 2032. The agreement covers television broadcasting rights to women’s and men’s international tournaments, in particular the world championships. In the case of matches played in Poland, Telewizja Polsat will be the producer of the TV signal and its worldwide distributor.

Disney+ productions in the offer of Polsat Plus Group

Polsat Plus Group is the only operator of pay TV and telecommunication services in Poland to offer Disney+ starting from the day of its domestic launch, that is from June this year.

TV packages including the Disney+ offer are available from Polsat Box in satellite and cable IPTV technologies from PLN 35 per month. Disney+ will be available free of charge for one year in all subscription offers from Plus and Netia with a 24-month contract, and at a market price after the promotional period. The

Polsat Box Go streaming service was expanded with a new package that includes all content from the Polsat Box Go Premium package, enhanced with access to Disney+, for PLN 50/month.

3.3. Events after the balance sheet date

Introducing new subscription plans for telecommunications services

In March 2023, Plus introduced new subscription plans for B2C and B2B customers using its mobile voice services and 5G/LTE and fiber Internet access. The new plans include larger data bundles than those offered previously with a simultaneously increased subscription fees (the more-for-more strategy). As part of the promotion, Plus gave customers free access to the Disney+ streaming service for one year and made 5G technology available to all its customers: users of post-paid, prepaid and mobile Internet offers.

In the headline tariff for B2C customers, four monthly subscription variants are available: PLN 39/ 6 GB, PLN 59/ 50 GB, 79 PLN/120 GB and PLN 99/250 GB. The offer for business customers includes six variants of monthly subscriptions ranging from PLN 49/30 GB PLN 119 zł/600 GB each at a net price (excluding VAT). Plus also introduced special family subscriptions priced from PLN 29/ 50 GB to PLN 69/ 250 GB. The new 5G/LTE mobile Internet offer consists of seven subscription options priced from PLN 39/50 GB to PLN 129/1000 GB. Customers using Internet services bundled with TV or voice service will be eligible for discounts and/or doubled data packages.

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

In March 2023, Cyfrowy Polsat S.A. entered into so-called financial PPA (Power Purchase Agreement) agreements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-VOLT S.A. The company committed in the financial PPA agreements to make financial settlements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-VOLT S.A. in order to ensure a fixed price for the sale or purchase of electricity (so-called contract on difference). The settlement price in the financial PPA agreements was established for the first year of the term and will be indexed in subsequent years by the inflation rate, subject to applicable legal regulations specifying the maximum sales price of electricity produced from renewable sources. The financial PPA agreements were concluded for a period of 15 years, with the possibility of termination in certain situations and is effective since April 2023.

4. Operating and financial review of Polsat Plus Group

4.1. 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.

Due to ongoing analysis and work on the assumptions for the development of a new real estate segment, as of the date of this Report the Company has not determined key performance indicators for this business segment. Once the work on strategic assumptions for the segment is completed, the Company will select and present key operating indicators for this area of operations.

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

	for the 3-month period ended December 31		change / %	
	2022	2021	nominal	% / p.p.
MEDIA SEGMENT: TELEVISION AND ONLINE				
TV channels				
TV audience share (in the 3-month period)	21.6%	24.0%	-	(2.4 p.p.)
Advertising market share (in the 3-month period)	28.4%	27.7%	-	0.7 p.p.
TV audience share (YTD)	22.5%	24.6%	-	(2.1 p.p.)
Advertising market share (YTD)	28.7%	28.0%	-	0.7 p.p.
Online – internet portals				
Average number of users [millions]	21.2	20.5	0.7	3.4%
Average number of page views [millions]	2.016	1.963	53	2.7%

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.

4.1.1. 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 fourth quarter of 2022 was 5,934 thousand (-1.9% YoY). The main reason behind the decrease of the contract customer base was the continued process of further merging of contracts under one common contract for the household within our base, which is reflected in the growing RGU saturation per customer ratio (increase by 0.4% YoY to 2.24 RGU per customer) and the declining popularity of the satellite technology. In line with our strategic assumptions, we avoid conducting an aggressive sales policy on individual products and focus on increasing customer loyalty, in particular through offering a wide portfolio of bundled services, as well as on increasing ARPU per contract customer.

At the same time, we effectively care about customer satisfaction, which translated into a low churn ratio. The churn rate for our B2C customers amounted to only 7.0% in the twelve-month period ended December 31, 2022 (+0.1 p.p. YoY). Low churn is primarily the effect of a high level of loyalty of our customers of bundled services, which results from the successful implementation of our multiplay strategy, as well as our actions aimed at fostering high customer satisfaction.

In line with the assumptions of our long-term strategy, we aim to maximize revenue per contract B2C customer through cross-selling, i.e., selling additional products and services to our customer base within the framework of our bundled services offer, and offering enhanced television and telecommunications packages (the more-for-more strategy). In the fourth quarter of 2022, average revenue per B2C customer increased to PLN 71.7 (+3.8% YoY) while in the year 2022 it reached the level of PLN 70.8 (+3.8%). The maintained high pace of growth of ARPU per B2C contract customer results, in particular, from the continuous building of customer value. We believe that our decisions to rapidly roll-out the 5G network and the growing popularity of tariff plans enabling the use of this technology by our customers as well as continued expansion of our content offer will contribute to the further building of customer value, reflected in the level of ARPU.

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

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

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

We observe a steadily increasing saturation of our B2C customer base with integrated services, which is reflected in the growing ratio of contract services per customer. As at the end of December 2022, every customer had on average 2.24 contract services (+0.4% YoY). We believe that further saturation of our customer base with integrated services, including our flagship product smartDOM to which we systematically add new products, will positively influence the growth of the number of contract RGUs provided by us in the future and will support keeping the churn rate at a low level.

Our bundled services offer, based on a mechanism of offering attractive discounts on every additional product or service purchased from the Group's portfolio, remains popular among our customers and has a positive effect on the churn rate, RGU saturation per customer rate and ARPU per contract B2C customer. At the end of December 2022, the number of customers using our bundled services remained stable year on year and amounted to 2,462 thousand , which translates to a 41.5% saturation of our contract customer base with multiplay services. This group of customers had 7,413 thousand RGUs as at the end of the fourth quarter of 2022, up by 75 thousand (+1.0%) YoY. Bearing in mind our strategic goal - the successive build-up of revenue per contract customer through cross-selling of additional products and services - our bundled services offer is perfectly in line with our strategy. Therefore, despite having reached a high level of our multiplay base, we will continue to further popularize this program among our customers.

Prepaid services

The number of prepaid services provided by us increased by 25 thousand (+0.9%) YoY and amounted to 2,691 thousand as at December 31, 2022.

In the analyzed period, the main driver behind the growth of our prepaid services base was the increase in the number of prepaid mobile telephony services by 41 thousand (+1.6%) YoY, to 2,578 thousand RGUs. The year on year growth in the number of provided prepaid mobile telephony services is related to the support action in the form of distribution of free starters enabling free communication for the newly arrived refugees from Ukraine. At the same time, the number of prepaid mobile broadband Internet services remained in a downward trend, decreasing by 8 thousand YoY as at the end of the fourth quarter of 2022. This change was driven primarily by the increasing popularity of data transmission packages in mobile telephony tariff plans (smartphones) which is associated with diminishing differences between the sizes of data packages offered in both product lines.

The number of prepaid TV services provided by us decreased by 8 thousand, to the level of 82 thousand at the end of December 2022.

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

Contract services for B2B customers

The total number of B2B customers to whom we provided contract services as at the end of the fourth quarter of 2022 was 69.1 thousand (+0.3% YoY). The scale of our B2B customer base remains stable in the long term, proving the high efficiency of our actions directed at fostering high satisfaction of our business customers. At the same time, we maintain a high level of ARPU from our B2B customers, which increased to PLN 1,427 (+1.7% YoY) per month in the fourth quarter of 2022 and PLN 1.406 (+1.2% YoY) per month in 2022.

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

4.1.2. Media segment: television and online

We consider predominantly audience share by channel and TV advertising market share when analyzing and evaluating our television broadcasting and production activities. We consider the 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 December 31		Change / p.p.	12 months ended December 31		Change / p.p.
	2022[1]	2021[1]		2022[1]	2021[1]	
Audience share[2] [3], including:	**21.63%**	**24.02%**	***(2.39)***	**22.53%**	**24.57%**	***(2.04)***
POLSAT (main channel)	**7.81%**	**8.89%**	***(1.08)***	**7.85%**	**8.95%**	***(1.10)***
Other channels	**13.82%**	**15.12%**	***(1.30)***	**14.68%**	**15.63%**	***(0.95)***
TV4	3.08%	3.36%	*(0.28)*	2.82%	3.28%	*(0.46)*
Polsat News	1.33%	1.42%	*(0.09)*	1.70%	1.57%	*0.13*
Polsat 2	1.23%	1.26%	*(0.03)*	1.27%	1.37%	*(0.10)*
TV6	1.01%	1.37%	*(0.36)*	1.18%	1.52%	*(0.34)*
Super Polsat	0.95%	1.12%	*(0.17)*	1.02%	1.28%	*(0.26)*
Fokus TV	0.92%	1.27%	*(0.35)*	1.11%	1.29%	*(0.18)*
Polsat Play	0.72%	0.73%	*(0.01)*	0.67%	0.74%	*(0.07)*
Polsat Film	0.65%	0.67%	*(0.02)*	0.68%	0.76%	*(0.08)*
Wydarzenia24[4]	0.61%	0.32%	*0.29*	0.63%	0.12%	*0.51*
Polsat Seriale	0.45%	0.28%	*0.17*	0.40%	0.26%	*0.14*
Polo TV	0.42%	0.66%	*(0.24)*	0.45%	0.66%	*(0.21)*
Polsat Cafe	0.37%	0.42%	*(0.05)*	0.40%	0.43%	*(0.03)*
Nowa TV	0.37%	0.31%	*0.06*	0.38%	0.29%	*0.09*
Polsat Sport	0.33%	0.27%	*0.06*	0.42%	0.41%	*0.01*
Eska TV	0.29%	0.52%	*(0.23)*	0.40%	0.52%	*(0.12)*
Eleven Sports 1	0.19%	0.17%	*0.02*	0.21%	0.19%	*0.02*
Disco Polo Music	0.15%	0.14%	*0.01*	0.16%	0.13%	*0.03*
Polsat Doku	0.12%	0.13%	*(0.01)*	0.13%	0.13%	-
Polsat Sport Extra	0.10%	0.11%	*(0.01)*	0.11%	0.10%	*0.01*
Polsat News 2	0.09%	0.08%	*0.01*	0.09%	0.08%	*0.01*
Polsat Rodzina	0.08%	0.10%	*(0.02)*	0.09%	0.08%	*0.01*
Eska TV Extra	0.07%	0.08%	*(0.01)*	0.07%	0.07%	-
Polsat Music HD	0.06%	0.08%	*(0.02)*	0.06%	0.06%	-
Polsat Games	0.05%	0.03%	*0.02*	0.05%	0.04%	*0.01*
Vox Music TV	0.04%	0.05%	*(0.01)*	0.05%	0.07%	*(0.02)*
Polsat Sport News HD	0.04%	0.05%	*(0.01)*	0.05%	0.05%	-
Eleven Sports 2	0.04%	0.05%	*(0.01)*	0.04%	0.05%	*(0.01)*
Polsat Sport Fight	0.02%	0.04%	*(0.02)*	0.03%	0.03%	-
Eska Rock TV	0.02%	0.04%	*(0.02)*	0.02%	0.03%	*(0.01)*
Polsat 1[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Sport Premium 1[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Sport Premium 2[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Eleven Sports 3[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Eleven Sports 4[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
TV Okazje[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Film 2[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat X[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Reality[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Advertising market share[6]	**28.4%**	**27.7%**	***0.7 p.p.***	**28.7%**	**28.0%**	***0.7 p.p.***

(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.

Channels cooperating with Polsat Plus Group (non-consolidated)

Audience share	3 months ended December 31		Change / p.p.	12 months ended December 31		Change / p.p.
	2022(1)	2021(1)		2022(1)	2021(1)	
Polsat Comedy Central Extra	0.30%	0.34%	*(0.04)*	0.32%	0.39%	*(0.07)*
CI Polsat	0.21%	0.14%	*0.07*	0.19%	0.18%	*0.01*
Polsat Viasat History	0.21%	0.18%	*0.03*	0.20%	0.18%	*0.02*
Polsat Viasat Explore	0.16%	0.17%	*(0.01)*	0.15%	0.18%	*(0.03)*
Polsat JimJam	0.12%	0.12%	-	0.14%	0.12%	*0.02*
Polsat Viasat Nature	0.07%	0.05%	*0.02*	0.06%	0.05%	*0.01*

(1) Starting from September 2021, the viewership data includes the TV audience out of home (OOH – out of home viewing).

Starting from January 2022, our advertising office 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. The 16-59 year olds make up approximately 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 out of home viewing, i.e. OOH, from September 2021) for Polsat Plus Group amounted to 21.6% (-2.4 p.p. YoY) in the fourth quarter of 2022 and 22.5% in twelve months of 2022 (-2.0 p.p. YoY). The Group's channels audience shares were adversely affected by the refarming from the DVB-T to DVB-T2 standard, completed on June 27, 2022, in which commercial broadcasters were treated unequally by favoring the public broadcaster, who was allowed by an administrative decision to continue broadcasting TVP channels in the old standard until the end of 2023. As a result of the refarming process, which was carried out in stages, terrestrial TV viewers equipped with older-generation TV sets were deprived of access to the commercial broadcasters' offer until they purchased a new set-top box or TV set.

In parallel, 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 and other video content displayed on TV sets. This phenomenon also affects the audience of our main Polsat channel which fell by 1.1 p.p. YoY to 7.8% in the fourth quarter of 2022 and by 1.1 p.p. YoY to 7.9% in twelve months of 2022.

Another factor influencing the audience levels of the Group's channels is the growing audience of non-linear video content (including OTT services) and unmonitored TV channels displayed on TV sets, referred to by Nielsen Media as the "others" category. In January 2022, Nielsen broadened the definition of content eligible for this node, and as a result, we are observing sustained growth of "others" audience shares. It is worth noting that a significant portion of the "others" category does not compete with traditional TV channels for TV advertising revenue. Thus, the changes introduced by Nielsen Media may permanently reduce the audience shares of traditional TV channels, with far less impact on their position in the TV advertising and sponsorship market.

Simultaneously, a significant increase in viewership was recorded by news channels, in particular Polsat News, whose share in the commercial group audience increased to 1.8% (+0.2 p.p. YoY) in nine months of 2022. The behavior of the audience was linked to the outbreak of the armed conflict in Ukraine and the increased interest of viewers in current news. This factor gradually lessened in the third quarter of 2022.

2022 saw high viewership volatility of news channels, in particular Polsat News. This was related to the outbreak of the armed conflict in Ukraine. Polsat News posted record shares in March 2022 (SHR 3.14%), which was the result of increased viewer interest in current news. This phenomenon gradually faded over the course of the year, and as a result, the station's average annual audience share was 1.70%.

Distribution and technical reach of TV channels

Technical reach [1]	12 months ended December 31		Change / pp
	2022	2021	
TV4	97.96%	99.90%	*(1.94)*
Polsat	97.61%	99.90%	*(2.29)*
Polo TV	97.00%	99.10%	*(2.10)*
Fokus TV[2]	96.90%	99.00%	*(2.10)*
Eska TV	96.76%	99.10%	*(2.34)*
Super Polsat	96.49%	98.60%	*(2.11)*
TV6	95.46%	95.60%	*(0.14)*
Nowa TV[2]	92.07%	89.40%	*2.67*
Wydarzenia24	75.55%	58.10%	*17.45*
Polsat 2	65.46%	60.90%	*4.56*
Eska TV Extra	64.63%	62.00%	*2.63*
Polsat News	62.51%	65.20%	*(2.69)*
Vox Music TV	62.25%	58.20%	*4.05*
Polsat News 2	58.58%	55.60%	*2.98*
Polsat Cafe	58.21%	54.20%	*4.01*
Polsat Film	57.62%	53.20%	*4.42*
Disco Polo Music	53.86%	50.60%	*3.26*
Polsat Play	53.43%	52.00%	*1.43*
Polsat Music HD	52.84%	50.60%	*2.24*
Eska Rock TV	52.51%	49.10%	*3.41*
Polsat Seriale[3]	52.30%	48.60%	*3.70*
Polsat Sport	48.97%	45.20%	*3.77*
Polsat Games	45.50%	34.30%	*11.20*
Polsat Sport Extra	41.36%	37.70%	*3.66*
Polsat Doku	39.44%	38.10%	*1.34*
Polsat Sport News HD	35.11%	31.20%	*3.91*
Polsat Rodzina	34.82%	31.50%	*3.32*
Polsat Sport Fight	25.20%	21.70%	*3.50*
Eleven Sports 2	17.76%	16.20%	*1.56*
Eleven Sports 1	17.67%	16.10%	*1.57*
Polsat 1[2]	n/a	n/a	*n/a*
Eleven Sports 3[3]	n/a	n/a	*n/a*

Technical reach [(1)]	12 months ended December 31		Change / pp
	2022	2021	
Eleven Sports 4[(3)]	n/a	n/a	*n/a*
Polsat Sport Premium 1[(3)]	n/a	n/a	*n/a*
Polsat Sport Premium 2[(3)]	n/a	n/a	*n/a*
TV Okazje[(3)]	n/a	n/a	*n/a*

Channels cooperating with Cyfrowy Polsat Group (non-consolidated)

Technical reach [(1)]	12 months ended December 31		Change / pp
	2022	2021	
Polsat Viasat History	58.13%	51.10%	*2,98*
Polsat Comedy Central Extra	53.58%	50.60%	*7,03*
CI Polsat	52.19%	44.40%	7,79
Polsat JimJam	47.72%	44.60%	*3,12*
Polsat Viasat Nature	47.15%	44.10%	*3,05*
Polsat Viasat Explore	45.56%	43.70%	*1,86*

(1) Nielsen Media, percentage of TV households able to receive a given channel; arithmetical average of monthly technical reach.

(2) Channel broadcast outside of Poland, not included in the telemetric survey.

(3) Channel not included in the telemetric survey.

TV advertising and sponsoring mairket share

Publicis Group estimated that in the fourth quarter of 2022 expenditures on TV advertising and sponsoring amounted to approximately PLN 1.4 billion, decreasing by 0.3% YoY and our TV advertising market share increased by 0.7 p.p. YoY to 28.4% from 27.7% in the comparative period.

According to initial estimates of Publicis Group, expenditures on TV advertising and sponsoring in 2022 amounted to approximately PLN 4.5 billion, decreasing by 1.1% YoY. Based on these data, we estimate that our TV advertising market share increased by 0.7 p.p. YoY to the level of 28.7% in 2022.

If we compare the current portfolio of Polsat Plus Group's channels, we generated around 13% less EqGRPs in 2022 compared to 2021.

Average monthly number of Internet users

In the fourth 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 0.7 million users within twelve months (+3.4% YoY), and in 2022 it amounted to 20.9 million, which also represents an increase by 0.7 million users within twelve months (+3.5% YoY).

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

Average number of users [(1)] [million]	3 months ended 31 December		Change		12 months ended 31 December		Change	
	2022	2021	nominal	%	2022	2021	nominal	%
Group	**21.2**	**20.5**	**0.7**	**3.4%**	**20.9**	**20.2**	**0.7**	**3.5%**
Selected websites:								
interia.pl	15.7	14.0	1.7	12.1%	15.6	14.0	1.6	11.4%
pomponik.pl	6.5	6.6	(0.1)	(1.5%)	6.5	6.5	0.0	0.0%

polsatnews.pl	5.6	4.7	0.9	19.1%	4.4	4.7	(0.3)	(6.4%)
smaker.pl	4.7	4.1	0.6	14.6%	4.0	3.9	0.1	2.6%
deccoria.pl	4.0	2.5	1.5	60.0%	3.3	1.4	1.9	135.7%
polsatsport.pl	3.4	2.3	1.1	47.8%	2.8	2.3	0.5	21.7%
bryk.pl	2.9	2.1	0.8	38.1%	2.0	1.8	0.2	11.1%
twojapogoda.pl	1.7	1.5	0.2	13.3%	1.8	1.9	(0.1)	(5.3%)
polsatboxgo.pl (2)	1.6	1.6	0.0	0.0%	1.5	1.5	0.0	0.0%
polsatgo.pl (3)	1.0	1.0	0.0	0.0%	0.9	0.9	0.0	0.0%
okazjum.pl	0.9	0.8	0.1	12.5%	0.8	0.6	0.2	33.3%
opracowania.pl	0.7	0.6	0.1	16.7%	0.5	0.7	(0.2)	(28.6%)
ding.pl	0.6	0.9	(0.3)	(33.3%)	0.6	0.9	(0.3)	(33.3%)

(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 15.7 million users (+12.1% YoY) in the fourth quarter of 2022 and 15.6 million users (+11.4% YoY) in the year 2022. We also recorded noticeable increases in the number of users of some other services. The deccoria.pl home renovation service was visited in the fourth quarter of 2022 and in the year 2022 by 4.0 million users and 3.3 million users, respectively, i.e. by 1.5 million users and 1.9 million users more than a year ago (+60.0% YoY and 135.7% YoY). Very good upward dynamics was recorded by polsatsport.pl sports service, with an increase in the average monthly number of users by 1.1 million (+47.8% YoY) in the fourth quarter of 2022 and by 0.5 million (+21.7% YoY) after four quarters. In addition, a large group among the other services also achieved good results in the fourth quarter of 2022, presenting growth rates of more than 10%. Our two VOD services, Polsat Box Go and Polsat Go, remained unchanged in terms of the number of users, both in the fourth quarter and throughout 2022. The largest decline, by 0.3 million users (-33.3% YoY) in both the fourth quarter and the entire year 2022, was recorded by ding.pl, which presents promotional newsletters.

Average monthly number of Internet views

The average monthly number of page and app views of Polsat-Interia Group websites reached 2.0 billion in both the fourth quarter of 2022 (+2.7% YoY) and in the year 2022 (+5.9%). 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 fourth 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 December		Change		12 months ended 31 December		Change	
	2022	2021	nominal	%	2022	2021	nominal	%
Group	**2.016.3**	**1.963.3**	**53.0**	**2.7%**	**2.044.9**	**1.931.5**	**113.4**	**5.9%**
Selected websites:								
interia.pl	1.006.1	960.9	45.2	4.7%	1.042.8	990.3	52.5	5.3%
pomponik.pl	47.5	62.3	(14.8)	(23.8%)	48.9	76.1	(27.2)	(35.7%)
polsatnews.pl	31.4	30.3	1.1	3.6%	30.6	29.7	0.9	3.0%
smaker.pl	23.2	23.2	0.0	0.0%	18.6	21.5	(2.9)	(13.5%)
deccoria.pl	9.3	5.3	4.0	75.5%	7.9	3.3	4.6	139.4%
polsatsport.pl	15.7	10.7	5.0	46.7%	15.2	12.0	3.2	26.7%
bryk.pl	12.6	9.9	2.7	27.3%	8.6	7.9	0.7	8.9%

twojapogoda.pl	12.3	12.7	(0.4)	(3.1%)	15.2	16.5	(1.3)	(7.9%)
polsatboxgo.pl (2)	6.3	7.7	(1.4)	(18.2%)	7.3	13.0	(5.7)	(43.8%)
polsatgo.pl (3)	3.6	3.3	0.3	9.1%	3.8	3.0	0.8	26.7%
okazjum.pl	28.6	15.4	13.2	85.7%	21.4	10.8	10.6	98.1%
opracowania.pl	1.8	1.4	0.4	28.6%	1.2	1.4	(0.2)	(14.3%)
ding.pl	8.2	24.2	(16.0)	(66.1%)	13.8	22.2	(8.4)	(37.8%)

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 1,006.1 million times per month during the fourth quarter of 2022 (+4.7% YoY) and 1,042.8 million times per month in 2022 (+5.3% YoY). The second place in terms of the number of views was invariably held by the gossip site pomponik.pl, with an average monthly number of 47.5 million views in the fourth quarter of 2022 and 48.9 million views in 2022, however this website recorded a decline of 14.8 million views (-23.8% YoY) and 27.2 million views (-35.7% YoY), respectively, compared to last year’s results.

Significant increase in the number of page views was recorded by our home renovation service deccoria.pl (+4.0 million views, +75.5% YoY in the fourth quarter of 2022 and +4.6 million views, +139% YoY in 2022). Very good results were also achieved by the promotional service okazjum.pl (+13.2 million views, +85.7% YoY in the fourth quarter of 2022 and +10.6 million views, +98.1% YoY in 2022) while its sister service on the same topic, ding.pl, saw a decline in page views (-16.0 million views, -66.1% YoY in Q4 2022 and -8.4 million page views, -37.8% YoY in 2022). 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 -5.7 million (-43.8% YoY) in three quarters of 2022. Its performance was partly 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).

4.2. Key positions in the consolidated income statement

Revenue

Revenue is derived from retail revenue, wholesale revenue, sale of equipment and other revenue sources.

Retail revenue consists primarily of:

(i) monthly subscription fees paid by our satellite and Internet pay television contract customers for programming packages,

(ii) subscription fees paid by our contract customers for telecommunication services,

(iii) fees for telecommunication services provided to our contract customers, which are not included in the subscription fee,

(iv) payments for telecommunication services paid by our prepaid and mix customers,

(v) fees for the lease of set-top boxes,

(vi) activation fees,

(vii) penalties, and

(viii) fees for additional services.

Total revenue from pay television and telecommunication subscription fees depends on the number of customers and the number of services provided to them, as well as on the amount of monthly subscription fees paid for our programming and telecommunication packages and the amount of additional services provided to our customers in the given period. Revenues from prepaid mobile telephone services are recognized in the profit and loss statement once the prepaid credit is utilized or forfeited. Activation fees are collected at the moment of activation and amortized over the life of the contract.

Our **wholesale revenue** comprises:

(i) advertising and sponsorship revenue,

(ii) revenue from cable and satellite operator fees,

(iii) revenue from the lease of infrastructure,

(iv) interconnect revenue,

(v) revenue from roaming,

(vi) revenue from the sale of broadcasting and signal transmission services,

(vii) revenue from the sale of licenses, sublicenses and property rights, and

(viii) revenue from the wholesale of Premium rate services.

Sale of equipment consists mostly of revenue from sales of smartphones, set-top boxes, STB hard disk drives, antennas, Internet modems, tablets, laptops, routers, mobile handsets, TV sets, accessories and other devices.

Other revenue includes, among others, revenue from the rental of premises and equipment, revenue from interest on installment sales, revenue from the sale of electricity, revenue from the sale of photovoltaic installations, revenue from the sale of real estate and other sales revenue.

Operating costs

Operating costs consist of:

(i) content costs,

(ii) distribution, marketing, customer relation management and retention costs,

(iii) depreciation, amortization, impairment and liquidation,

(iv) technical costs and cost of settlements with mobile network operators,

(v) salaries and employee-related costs,

(vi) cost of equipment sold,

(vii) cost of debt collection services and bad debt allowance and receivables written off, and

(viii) other costs.

Content costs consist of:

(i) programming license costs,

(ii) amortization of purchased film licenses,

(iii) costs of internal and external production and amortization of sport rights, and

(iv) other content costs.

Programming license costs include monthly license fees due to television broadcasters and distributors, license fees for materials broadcast on VOD and royalties due to collective copyright management organizations and the Polish Film Institute.

Amortization of purchased film licenses includes amortization of rights to TV programming content produced by third parties and licensed to us. Amortization is based on the estimated number of showings and the type of programming content.

Costs of internal and external production and amortization of sport rights include production costs for TV programs specifically produced by or for us, either under licenses from third parties or under our own licenses, as well as film production. These costs also include amortization of sport broadcasting rights. Amortization of TV production is based on the estimated number of showings and type of programming content. Amortization of sport broadcasting rights is recognized in 100% on the first broadcast or on a straight-line basis over the seasons or competitions.

Distribution, marketing, customer relation management and retention costs consist of:

(i) marketing costs,

(ii) customer relation management and retention costs,

(iii) commissions due to authorized retail points of sale as remuneration for concluded agreements with our customers for pay television and telecommunication services,

(iv) costs of courier services, distribution of reception equipment, storage costs and costs associated with services of our regional agents,

(v) costs of warranty service, and

(vi) costs of maintenance of points of sales.

Marketing expenses consist of expenses on TV and radio commercials, press, online and outdoor advertising, promotional activities and materials, as well as other expenses incurred to increase sales and brand recognition.

Customer relation management and retention costs consist of mailing costs, call center costs and other customer relation management costs.

Depreciation, amortization, impairment and liquidation costs primarily consist of:

(i) depreciation of network systems components and telecommunication network equipment (core network equipment, network management systems and software, fiber optic cables, etc.),

(ii) amortization of costs of telecommunications concessions,

(iii) depreciation of set-top boxes and other equipment leased to our customers,

(iv) depreciation of plant and equipment, TV and broadcasting equipment,

(v) amortization of intangible assets, including customer relationships, trademarks and IT programs,

(vi) non-current assets impairment allowance, and

(vii) net value of disposed property, plant and equipment as well as intangible assets, no longer suitable for use.

Technical costs and cost of settlements with telecommunication operators comprise:

(i) telecommunications and IT infrastructure lease costs,

(ii) electric energy costs connected with the functioning of our telecommunications network,

(iii) telecommunication network maintenance costs and fees,

(iv) IT systems maintenance costs,

(v) costs of using satellite transponders,

(vi) payments for the use of conditional access system based on the number of access cards,

(vii) TV broadcasting costs (digital terrestrial transmission and DVB-T),

(viii) interconnection and roaming charges, and

(ix) other costs.

Salaries and employee-related expenses consist of salaries paid to employees under employment contracts (excluding salaries and social security contributions of factory employees, which are included in the costs of manufacturing of reception equipment, salaries and social security contributions relating to employees directly involved in the production of TV programs, which are presented as part of the costs of internal TV production and salaries and social security contributions relating to employees directly involved in the production of IT software, which are capitalized on intangible assets) or project-specific contracts, managerial contracts, remuneration of our Supervisory Board members, social security costs and other employee benefits.

Cost of equipment sold relates mostly to mobile handsets, smartphones, set-top boxes, STB hard disk drives, antennas, Internet modems, routers, tablets, laptops, TV sets, accessories and other equipment that we sell to our customers.

Cost of debt collection services and bad debt allowance and receivables written off comprises:

(i) bad debt recovery fees,

(ii) bad debt allowance and the cost of receivables written off, and

(iii) gains and losses from the sales of debts.

Key items of **other costs** include:

(i) the cost of SMART and SIM cards provided to customers,

(ii) the cost of licenses and other current assets sold,

(iii) legal, advisory and consulting costs,

(iv) property maintenance costs,

(v) taxes and other charges,

(vi) technical and production costs, such as costs of costumes, set design, staging services, other cost which cannot be directly attributable to production,

(vii) costs of photovoltaic installations sold,

(viii) costs of apartments sold and

(ix) other costs.

Other operating income/costs, net consist of:

(i) inventory impairment write-downs/reversals, and

(ii) other operating revenue/costs, not derived in the ordinary course of business.

Gains and losses on investment activities, net include interest income on funds invested, interest expenses (including interest on leasing liabilities but other than interest expenses on borrowings), dividends income, fair value gains/losses on financial instruments at fair value through profit or loss, net foreign currency gains/losses, and results on forward exchange contracts and call options, impairment losses recognized on financial assets, unwinding of the discount on provisions.

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

4.3. Review of the Group's financial situation

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

It should be noted that the financial data for the three- and twelve-month periods ended December 31, 2022 and December 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 December 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 the following events that were material in terms of value, i.e., (1) the disposal of shares in our subsidiary Polkomtel Infrastruktura finalized in the third quarter of 2021, (2) the Group's substantial support to Ukraine in the first quarter of 2022 and (3) the disposal of shares in Modivo S.A., CKS Ossa Sp. z o.o. and Ossa Medical Center Sp. z o.o. as well as the disposal of 50% of stakes in Port Praski City II Sp. z o.o. and Port Praski Medical Center Sp. z o.o. in 2022. In order to ensure comparability of EBITDA for the analyzed periods, the Group presents the adjusted EBITDA result, which excludes the above mentioned factors.

4.3.1. Income statement analysis

Results for the fourth quarter of 2022

[mPLN]	for the 3-month period ended December 31		change	
	2022	2021	[mPLN]	[% / p.p.]
Revenue	3,429.6	3,265.0	164.6	5.0%
Operating costs	(3,073.4)	(2,810.6)	(262.8)	9.4%
Gain/(loss) on disposal of a subsidiary and an associate	39.8	(10.2)	50.0	n/a
Other operating cost, net	(0.8)	(24.4)	23.6	(96.7%)
Profit from operating activities	**395.2**	**419.8**	**(24.6)**	**(5.9%)**
Gain on investment activities, net	29.0	4.2	24.8	>100%
Finance costs, net	(233.1)	(6.5)	(226.6)	>100%
Share of the profit of associates accounted for using the equity method	31.8	11.4	20.4	>100%
Gross profit for the period	**222.9**	**428.9**	**(206.0)**	**(48.0%)**
Income tax	(48.4)	(95.2)	46.8	(49.2%)
Net profit for the period	**174.5**	**333.7**	**(159.2)**	**(47.7%)**
EBITDA	***858.3***	***881.0***	***(22.7)***	***(2.6%)***
EBITDA margin	***25.0%***	***27.0%***	***-***	***(2.0 p,p,)***
Gain/(loss) on disposal of a subsidiary and an associate	39.8	(10.2)	50.0	n/a
EBITDA adjusted	***818.5***	***891.2***	***(72.7)***	***(8.2%)***
EBITDA adjusted margin	***23.9%***	***27.3%***	***-***	***(3.4 p.p.)***

Revenue

Our **total revenue** increased by PLN 164.6 million (+5.0% YoY) in the fourth quarter of 2022.

[mPLN]	for the 3-month period ended December 31		change	
	2022	2021	[mPLN]	[%]
Retail revenue	1,750.8	1,730.7	20.1	1.2%
Wholesale revenue	997.9	1,006.8	(8.9)	(0.9%)
Sale of equipment	545.4	408.1	137.3	33.6%
Other revenue	135.5	119.4	16.1	13.5%
Revenue	**3,429.6**	**3,265.0**	**164.6**	**5.0%**

Retail revenue increased by PLN 20.1 million (+1.2%) 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 from both contract B2C and B2B customers as well as prepaid customers.

Wholesale revenue decreased by PLN 8.9 million (-0.9%) YoY. This was a net effect of the downward pressure on interconnect revenue losses resulting from gradual regulatory reduction of MTR and FTR rates and the recognition of higher advertising and sponsorship revenue and revenue from cable TV and satellite TV operators, as well as from the sale of licenses, sublicenses and property rights.

Revenue from the **sale of equipment** increased by PLN 137.3 million (+33.6%) YoY, mainly as a result of greater propensity of customers to choose more expensive smartphone models with a simultaneous year-on-year decrease in the volume of equipment sold.

Other revenue increased by PLN 16.1 million (+13.5%) YoY, primarily due to the recognition of higher revenue from the sale and rent of premises in our real estate segment (no corresponding revenues in the comparative period).

Operating costs

Our **operating costs** increased by PLN 262.8 million (+9.4%) YoY in the fourth quarter of 2022 and were primarily impacted by higher cost of equipment sold and general inflationary pressure, especially on electricity costs.

[mPLN]	for the 3-month period ended December 31		change	
	2022	2021	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	830.8	801.7	29.1	3.6%
Depreciation, amortization, impairment and liquidation	463.1	461.2	1.9	0.4%
Cost of equipment sold	429.5	337.2	92.3	27.4%
Content costs	555.5	531.4	24.1	4.5%
Distribution, marketing, customer relation management and retention costs	271.1	284.8	(13.7)	(4.8%)
Salaries and employee-related costs	300.0	271.3	28.7	10.6%
Cost of debt collection services and bad debt allowance and receivables written off	25.1	12.5	12.6	100.8%
Other costs	198.3	110.5	87.8	79.5%
Operating costs	**3,073.4**	**2,810.6**	**262.8**	**9.4%**

Technical costs and cost of settlements with telecommunication operators increased by PLN 29.1 million (+3.6%) YoY, mostly due to the significantly higher electricity costs.

Depreciation, amortization, impairment and liquidation costs remained stable, increasing by PLN 1.9 million (+0.4%) YoY.

The **cost of equipment sold** increased by PLN 92.3 million (+27.4%) YoY, mainly as a result of a higher share of more expensive models of smartphones in the sales mix, which corresponds with higher revenue from the sale of equipment.

Content costs increased by PLN 24.1 million (+4.5%) YoY, which is mainly due to investments aimed at increasing the attractiveness of the program offerings of our TV channels in order to improve the viewer profile.

Distribution, marketing, customer relation management and retention costs decreased by PLN 13.7 million (-4.8%) YoY as a result of a high reference point in the comparative period when rebranding of our Group's key brands was underway.

Salaries and employee-related costs increased by PLN 28.7 million (+10.6%) YoY, mainly as a result of changes in the Group structure during the last 12 months and continuing inflationary pressure.

Average headcount in the Group increased by 351 FTEs (+4.8%) YoY, which was the effect of changes in the Group structure, in particular the consolidation of Port Praski and its subsidiaries, and Vindix capital group.

Average employment	for the 3-month period ended December 31		Change	
	2022	2021	[FTEs]	[%]
Permanent workers not engaged in production[(1)]	7,708	7,357	351	4.8%

(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 increased by PLN 12.6 million (+100.8%) YoY, which is mainly due to the low reference point in the comparison period.

Other costs increased by PLN 87.8 million (+79.5%) YoY, which was related, among others, to the recognition of higher cost of apartments sold in our real estate segment in the fourth quarter of 2022 (no corresponding costs in the comparative period), higher property maintenance costs, which were due to significantly higher electricity costs and inflationary pressure on rental fees, and the recognition of higher costs of operations on the photovoltaic market.

In the fourth quarter of 2022, we recognized a **gain on the disposal of a subsidiary and an associate** of PLN 39.8 million as a result of recognizing a gain on the disposal of 50% shares in Port Praski's subsidiaries to HB Reavis while in the in the fourth quarter of 2021 we recognized additional one-off project costs related to the disposal of a subsidiary in the amount of PLN 10.2 million.

Other operating cost, net amounted to PLN 0.8 million in the fourth quarter of 2022 and decreased by PLN 23.6 million (-96.7%) YoY as a result of establishing higher provisions in the comparative period for the necessity to incur potential costs of penalties imposed on selected Group companies by the Office of Competition and Consumer Protection in the past.

Gain on investment activities, net amounted to PLN 29.0 million in the fourth quarter of 2022 and was higher by PLN 24.8 million YoY, which was mainly a result of favorable foreign exchange rate differences due to the appreciation of PLN in the fourth quarter of 2022 and the recognition of higher interest income on bank deposits and loans granted.

Finance costs, net increased by PLN 226.6 million YoY, primarily on the back of higher costs of servicing the Group's debt following the gradual increase of interest rates by the NBP.

Share of the profit of associates accounted for using the equity method amounted to PLN 31.8 million in the fourth 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 46.8 million YoY, following the lower by 55% YoY gross profit in the fourth quarter of 2022.

Net profit for the fourth quarter of 2022 decreased by 47.7% YoY to PLN 174.5 million, primarily due to the increasing pressure from operating and financial costs.

EBITDA amounted to PLN 858.3 million (-2.6%) YoY in the fourth quarter of 2022 with EBITDA margin reaching 25.0% and positive revenue growth dynamics. The main factors behind the decline included the general inflationary pressure on costs and significantly higher costs of purchasing electricity.

Adjusted EBITDA excluding the gain on disposal of the subsidiary and associate companies amounted to PLN 818.5 million in the fourth quarter of 2022 and was lower by PLN 72.7 million (-8.2%) YoY compared to PLN 891.2 million in the fourth quarter of 2021, resulting in adjusted EBITDA margin of 23.9% (-3.4 p.p. YoY).

Results for the financial year 2022

[mPLN]	for the 12-month period ended December 31		change	
	2022	2021	[mPLN]	[% / p.p.]
Revenue	12,915.3	12,444.0	471.3	3.8%
Operating costs	(11,399.8)	(10,305.5)	(1,094.3)	10.6%
Gain on disposal of a subsidiary and an associate	153.2	3,680.6	(3,527.4)	(95.8%)
Other operating cost, net	(26.5)	(22.7)	(3.8)	16.7%
Profit from operating activities	**1,642.2**	**5,796.4**	**(4,154.2)**	**(71.7%)**
Gain/(loss) on investment activities, net	23.5	(26.9)	50.4	n/a
Finance costs, net	(649.9)	(178.8)	(471.1)	>100%
Share of the profit of associates accounted for using the equity method	94.5	75.4	19.1	25.3%
Gross profit for the period	**1,110.3**	**5,666.1**	**(4,555.8)**	**(80.4%)**
Income tax	(209.2)	(1,251.6)	1,042.4	(83.3%)
Net profit for the period	**901.1**	**4,414.5**	**(3,513.4)**	**(79.6%)**
EBITDA	***3,471.2***	***7,699.6***	***(4,228.4)***	***(54.9%)***
EBITDA margin	***26.9%***	***61.9%***	-	***(35.0 p,p,)***
Gain on disposal of a subsidiary and an associate	153.2	3,680.6	(3,527.4)	(95.8%)
Costs of supporting Ukraine	(34.1)	-	(34.1)	n/a
EBITDA adjusted	***3,352.1***	***4,019.0***	***(666.9)***	***(16.6%)***
EBITDA margin adjusted	***26.0%***	***32.3%***	-	***(6.3 p,p,)***
EBITDA of Polkomtel Infrastruktura	-	366.9	(366.9)	(100%)
EBITDA adjusted excluding EBITDA of Polkomtel Infrastruktura	***3.352.1***	***3,652.1***	**(300.0)**	**(8.2%)**
EBITDA adjusted margin excluding EBITDA of Polkomtel Infrastruktura	***26.0%***	***29.3%***	-	***(3.3 p,p,)***

Revenue

Our **total revenue** increased by PLN 471.3 million (+3.8% YoY) in 2022.

[mPLN]	for the 12-month period ended December 31		change	
	2022	2021	[mPLN]	[%]
Retail revenue	6,952.1	6,767.0	185.1	2.7%
Wholesale revenue	3,531.7	3,678.8	(147.1)	(4.0%)
Sale of equipment	1,805.1	1,450.3	354.8	24.5%
Other revenue	626.4	547.9	78.5	14.3%
Revenue	**12,915.3**	**12,444.0**	**471.3**	**3.8%**

Retail revenue increased by PLN 185.1 million (+2.7%) YoY, as a result of the successful execution of our strategy aimed at building customer value, which is reflected in high dynamics of ARPU growth from both contract B2C and B2B as well as prepaid customers.

Wholesale revenue decreased by PLN 147.1 million (-4.0%) YoY, principally due to the gradual regulatory reduction of MTR and FTR rates for terminating traffic in our network by other operators. This decrease was partly compensated by higher revenue from the sale of licenses, sublicenses and property rights as well as higher advertising and sponsorship revenue.

Revenue from the **sale of equipment** increased by PLN 354.8 million (+24.5%) as a result of greater propensity of customers to choose more expensive smartphone models.

Other revenue increased by PLN 78.5 million (+14.3%) YoY. This was the net effect of recognizing higher revenue from the sale and rent of premises, mainly due to the consolidation of operations of Port Praski and its subsidiaries, the consolidation of the results of the debt collection activities conducted by Vindix group, over which we took control in January 2022, and lower revenues from operations on the photovoltaic market due to the recognition in the comparative period of revenues related to the construction of the solar power plant in Brudzew.

Operating costs

Our **operating costs** increased by PLN 1,094.3 million (+10.6%) YoY in 2022 and were primarily impacted by higher technical costs, cost, of sold equipment, content costs and overall inflationary pressure.

[mPLN]	for the 12-month period ended December 31		change	
	2022	2021	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	3,271.5	2,849.7	421.8	14.8%
Depreciation, amortization, impairment and liquidation	1,829.0	1,903.2	(74.2)	(3.9%)
Cost of equipment sold	1,454.4	1,200.7	253.7	21.1%
Content costs	2,063.9	1,826.9	237.0	13.0%
Distribution, marketing, customer relation management and retention costs	1,035.0	1,025.0	10.0	1.0%
Salaries and employee-related costs	1,034.0	946.9	87.1	9.2%
Cost of debt collection services and bad debt allowance and receivables written off	97.8	95.4	2.4	2.5%
Other costs	614.2	457.7	156.5	34.2%
Operating costs	**11,399.8**	**10,305.5**	**1,094.3**	**10.6%**

Technical costs and cost of settlements with telecommunication operators increased by PLN 421.8 million (+14.8%) YoY, mostly due to the recognition of costs resulting from the agreement on using the mobile infrastructure sold to Cellnex Poland as well as significantly higher electricity costs. The increase in this cost category was partially mitigated by lower costs of interconnection settlements related to the regulatory reduction of MTR/FTR rates.

Depreciation, amortization, impairment and liquidation costs decreased by PLN 74.2 million (-3.9%) YoY, which was the net effect of the discontinuation of depreciation of mobile infrastructure in the second quarter of 2021 in connection with the disposal of our subsidiary Polkomtel Infrastruktura.

The **cost of equipment sold** increased by PLN 253.7 million (+21.1%) YoY as a result of an increased share of more expensive models of smartphones in the sales mix, which corresponds with increased revenue from the sale of equipment.

Content costs increased by PLN 237.0 million (+13.0%) 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. At the same time, the level of content costs in 2022 was significantly affected by a one-time event, associated with Telewizja Polsat's full-scale production of the Men's Volleyball World Championship in the third quarter of 2022, which was relocated from Russia to Poland and Slovenia as a function of the geopolitical situation.

Distribution, marketing, customer relation management and retention costs increased by PLN 10.0 million (+1.0%) YoY as a result of inflationary pressure, particularly in the areas of distribution and logistics costs. This increase was partially offset by a decrease in marketing costs, resulting from a high reference point in the comparative period in which the process of rebranding the Group's key brands was underway.

Salaries and employee-related costs increased by PLN 87.1 million (+9.2%) YoY, mainly due to the changes in the Group structure in the last 12 months and continuing inflationary pressure.

Average headcount in the Group increased by 150 FTEs (+2.0%) YoY, which was an effect of the changes in the Group structure, in particular the disposal of shares in Polkomtel Infrastruktura, the consolidation of Port Praski and its subsidiaries and Vindix group.

Average employment	for the 12-month period ended December 31		Change	
	2022	2021	[FTEs]	[%]
Permanent workers not engaged in production(1)	7,648	7,498	150	2.0%

(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 increased by PLN 2.4 million (+2.5%) YoY.

Other costs increased by PLN 156.5 million (+34.2%) YoY, which was related, among others, to the recognition of higher cost of apartments sold in our real estate segment in 2022 (no corresponding costs in the comparative period), higher property maintenance costs, which were due to significantly higher electricity costs and inflationary pressure on rental fees, higher advisory and consulting costs related to the strategic project carried out in 2022 and the recognition of a tax on civil law transactions in connection with the acquisition of shares in Port Praski.

In 2022, we recognized a **gain on the disposal of a subsidiary and an associate** of PLN 153.2 million, related to the recognition of a gain on the disposal of shares in CKS Ossa Sp. z o.o., Ossa Medical Center Sp. z o.o. and Modivo S.A. and the disposal of 50% of shares in Port Praski's subsidiaries to HB Reavis. In the comparative period we recognized a gain of PLN 3,680.6 million, which was associated with the disposal of shares in Polkomtel Infrastruktura.

Other operating cost, net amounted to PLN 26.5 million in 2022 as compared to other operating cost, net of PLN 22.7 million in 2021. Non-recurring costs in the amount of PLN 34.1 million resulting from the support provided in the first quarter of 2022 to Ukraine in the face of war were recognized in this cost category, whereas in the comparative period it included higher provisions for the necessity to incur potential costs of penalties imposed on selected Group companies by the Office of Competition and Consumer Protection in the past.

Gain on investment activities, net amounted to PLN 23.5 million in 2022 compared to a net loss of PLN 26.9 million in 2021. This increase was mainly an effect of higher interest income on bank deposits and loans granted due to higher interest rates and was partially offset by the recognition of negative foreign exchange rate differences due to the depreciation of PLN in 2022.

Finance costs, net increased by PLN 471.1 million (+263.5%) YoY, primarily on the back of higher costs of servicing the Group's debt following the gradual increase of interest rates by the NBP in 2022, which was partially offset by the recognition of a gain of PLN 92.5 million on the favorable change in valuation of hedging instruments (IRS).

The **share of the profit of associates accounted for using the equity method** amounted to PLN 94.5 million in 2022 compared to PLN 75.4 million in 2021. 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 1,042.4 million (-83.3%) YoY, mainly as a result of the recognition of income tax on the gain on disposal of Polkomtel Infrastruktura in 2021.

Net profit for 2022 amounted to PLN 901.1 million. This is 79.6% lower than a year ago, primarily due to the recognition of a gain on the sale of Polkomtel Infrastruktura in the comparative period and increasing pressure from operating and financial costs in 2022.

EBITDA reached PLN 3,471.2 million (-54.9%) YoY in 2022, resulting with EBITDA margin reaching 26.9% (-35.0 p.p. YoY), with positive revenue growth. The main factors behind the decline included in particular the high reference point in the comparative period due to the sale of Polkomtel Infrastruktura in the third quarter of 2021 and related recognition of a gain on its disposal, as well as significantly higher costs of purchasing electricity, inflationary pressure on operating costs and the cost of our financial and in-kind support for Ukraine.

Adjusted EBITDA excluding the gain on disposal of the subsidiary and associate companies, our support for Ukraine and the result of Polkomtel Infrastruktura amounted to PLN 3,352.1 million in 2022 and was lower by PLN 300.0 million (-8.2%) YoY compared to PLN 3,652.1 million in 2021, resulting in adjusted EBITDA margin of 26.0% (-3.3 p.p. YoY). In 2022 the adjusted EBITDA was under the pressure from, primarily, higher content costs, significantly higher cost of purchasing electricity and general inflationary pressure on costs.

4.3.2. Operating segments

The Group operates in the following three segments:

- B2C and B2B services segment which relates to the provision of services to the general public, including digital television transmission signal, mobile services, the Internet access services, the mobile TV services, the online TV services, set-top boxes production and assembly of photovoltaic installations,
- media segment and
- real estate segment (starting from April 1, 2022).

The Group conducts its operating activities primarily in Poland.

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

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 and subscription fees,
- production of set-top boxes,
- sale of telecommunication equipment,
- sale of electric energy and other utilities 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.

The real estate segment includes mainly the implementation of construction projects as well as sales, rental and management of owned or leased real estate.

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 twelve-month period ended December 31, 2022.

Financial year ended December 31, 2022 [mPLN]	B2C and B2B services segment	Media segment	Real estate segment	Consolidation adjustments	Total
Revenues from sales to third parties	10,622.2	2,186.4	106.7	-	**12,915.3**
Inter-segment revenues	59.4	237.8	76.7	(373.9)	**-**
Revenues	10,681.6	2,424.2	183.4	(373.9)	**12,915.3**
EBITDA adjusted (unaudited)	**2,834.0**	**506.0**	**17.2**	**(5.1)**	**3,352.1**
Gain/(loss) on disposal of a subsidiary	113.4	-	39.8	-	**153.2**
Costs of supporting Ukraine	(33.0)	(1.1)	-	-	**(34.1)**
EBITDA (unaudited)	**2,914.4**	**504.9**	**57.0**	**(5.1)**	**3,471.2**
Depreciation, Amortization, impairment and liquidation	1,703.6	109.7	15.7	-	**1,829.0**
Profit from operating activities	**1,210.8**	**395.2**	**41.3**	**(5.1)**	**1,642.2**
Acquisition of property, plant and equipment and other intangible assets	964.2	117.0	33.2	-	**1,114.4**
Acquisition of reception equipment	113.6	-	-	-	**113.6**
Balance as at December 31, 2022					
Assets, including:	24,485.9	6,465.6[(1)]	1,596.3	(241.2)	**32,306.6**
Investments in joint venture and associates	1,801.6	5.9	82.6	-	**1,890.1**

1) Includes non-current assets located outside of Poland in the amount of PLN 5.9 million.

All material revenues are generated in Poland.

It should be noted that the financial data for the twelve-month periods ended December 31, 2022 and December 31, 2021 allocated to the B2C and B2B services segment, the media segment and the real estate segment are not fully comparable due changes in the Group's structure which were described 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 December 31, 2021.

Financial year ended December 31, 2021 [mPLN]	B2C and B2B services segment	Media segment	Consolidation adjustments	Total
Revenues from sales to third parties	10,396.3	2,047.7	-	12,444.0
Inter-segment revenues	58.4	216.4	(274.8)	-
Revenues	**10,454.7**	**2,264.1**	**(274.8)**	**12,444.0**
EBITDA adjusted (unaudited)	**3,389.7**	**629.3**	**-**	**4,019.0**
Gain on disposal of a subsidiary	3,680.6	-	-	3,680.6
EBITDA (unaudited)	**7,070.3**	**629.3**	**-**	**7,699.6**
Depreciation, amortization, impairment and liquidation	1,787.5	115.7	-	1,903.2
Profit from operating activities	**5,282.8**	**513.6**	**-**	**5,796.4**
Acquisition of property, plant and equipment and other intangible assets	1,049.3	109.5	-	1,158.8
Acquisition of reception equipment	110.0	-	-	110.0
Balance as at December 31, 2021				
Assets, including:	25,633.1	6,713.7[1]	(109.8)	32,237.0
Investments in joint venture and associates	1,764.4	5.9	-	1,770.3

1) Includes non-current assets located outside of Poland in the amount of PLN 8.7 million.

4.3.3. Balance sheet analysis

As at December 31, 2022, our balance sheet amounted to PLN 32,306.6 million and was higher by PLN 69.6 million (+0.2%) compared to its level as at December 31, 2021.

Assets

[mPLN]	December 31 2022	December 31 2021	Change [mPLN]	Change [%]
Reception equipment	282.0	284.0	(2.0)	(0.7%)
Other property, plant and equipment	3,600.9	3,326.9	274.0	8.2%
Goodwill	10,818.1	10,802.0	16.1	0.1%
Customer relationships	643.7	1,005.7	(362.0)	(36.0%)
Brands	2,060.9	2,069.6	(8.7)	(0.4%)
Other intangible assets	3,340.6	2,374.1	966.5	40.7%
Right-of-use assets	527.0	696.5	(169.5)	(24.3%)
Non-current programming assets	501.8	739.4	(237.6)	(32.1%)
Investment property	647.0	28.4	618.6	>100%
Non-current deferred distribution fees	79.8	73.5	6.3	8.6%
Non-current trade receivables	930.0	777.1	152.9	19.7%
Non-current loans granted	325.6	57.1	268.5	470.2%
Other non-current assets. includes	1,918.0	1,845.2	72.8	3.9%
shares in associates and joint ventures accounted for using the equity method	*1,884.2*	*1,764.4*	*119.8*	*6.8%*
derivative instruments	*17.4*	*23.0*	*(5.6)*	*(24.3%)*
Deferred tax assets	99.9	80.2	19.7	24.6%
Total non-current assets	**25,775.3**	**24,159.7**	**1,615.6**	**6.7%**
Current programming assets	699.2	630.6	68.6	10.9%

[mPLN]	December 31 2022	December 31 2021	Change	
			[mPLN]	[%]
Contract assets	362.9	418.0	(55.1)	(13.2%)
Inventories	1,162.4	595.7	566.7	95.1%
Trade and other receivables	2,751.3	2,435.0	316.3	13.0%
Current loans granted	250.5	15.3	235.2	>100%
Income tax receivable	5.0	4.5	0.5	11.1%
Current deferred distribution fees	217.3	226.8	(9.5)	(4.2%)
Other current assets	137.2	107.1	30.1	28.1%
includes derivative instruments	*63.9*	*60.9*	*3.0*	*4.9%*
Cash and cash equivalents	808.5	3,632.4	(2,823.9)	(77.7%)
Restricted cash	9.3	11.9	(2.6)	(21.8%)
Total current assets	**6,403.6**	**8,077.3**	**(1,673.7)**	**(20.7%)**
Assets held for sale	127.7	-	127.7	n/a
Total assets	**32,306.6**	**32,237.0**	**69.6**	**0.2%**

In 2022, **non-current assets** increased by PLN 1,615.6 million (+6.7%) and accounted for 79.8% of total assets. The consolidation of Port Praski and its subsidiaries from April 1, 2022 was the main reason behind the increase in the value of **Investment property** by PLN 618.6 million and **Other property, plant and equipment** by PLN 274.0 million (+8.2%), as well as the lower **Right-of-use assets**, which is related to the fact that the Group leases some of its assets in use from Port Praski group. In turn, the value of **other non-current assets** increased by PLN 72.8 million (+3.9%) as a result of the recognition of our minority share in PAK Polska Czysta Energia Sp. z o.o., which was acquired in 2022. This increase was substantially offset by the sale of the block of 10% shares of Modivo S.A. The value of **non-current loans granted** increased by PLN 268,5 million (+470.2%) and comprised mainly the loans granted to PAK-PCE Group companies for the construction of clean energy and green hydrogen production assets. **Other intangible assets** increased by PLN 966.5 million (+40.7%) in connection with the renewal of frequency reservations in the 2100 MHz and 1800 MHz bands in the fourth quarter of 2022. Concurrently, during 2022 the value of **customer relationships** decreased by PLN 362.0 million (-36.0%) due to the gradual recognition of amortization.

As at the end of December 2022, **current assets** decreased by PLN 1,673.7 million (-20.7%) compared to their balance as at the end of 2021 and accounted for 19.8% of the total assets of the Group. The decrease in **cash and cash equivalents** by PLN 2,823.9 million (-77.7%) was the main driver behind this decrease. The most significant cash outflows in 2022 included dividend payout for 2021 in the amount of PLN 660.8 million, the acquisition of a 66.94% stake in Port Praski for PLN 553.7 million, the acquisition of a 40.41% stake in PAK-PCE for PLN 478.7 million, the scheduled repayment of installments under the SFA in the amount of PLN 800.0 million plus interest, the acquisition of treasury shares for PLN 393.9 million, payment of tax on profit from sale of shares in our subsidiary Polkomtel Infrastruktura in the amount of PLN 867.9 million, payment for renewal of frequency reservation in the 2100 MHz band in the amount of PLN 351.6 million and the granting of loans for the development of our renewable energy business. The above mentioned outflows were partially offset cash inflows from, among others, the sale of our 10% block of shares in Modivo S.A. for PLN 600.0 million, blocks of shares in CKS Ossa Sp. z o.o. and Ossa Medical Center Sp. z o.o. in the total amount of PLN 121.2 million (including loan repayment) and 50% of shares held in Port Praski City II Sp. z o.o. and Port Praski Medical Center Sp. z o.o. for PLN 114.1 million.

An **increase in the value of trade and other receivables** by PLN 316.3 million (+13.0%) was primarily due to higher installment receivables associated with very good sales of equipment to our customers. In turn, an increase in receivables related to the **current loans granted** by PLN 235.2 million was associated primarily with the development of our renewable energy business. The decrease in the value of current assets was also partly compensated by an **increase in the value of inventories** by PLN 566.7 million (+95.1%), resulting primarily from the recognition of the value of the inventory of apartments ready for sale within the Port Praski investment, higher value of stock associated with our operations on the photovoltaic market and stock of new 4K decoders.

During 2022 the **value of non-current and current programming assets** decreased by PLN 169.0 million (-12.3%), which was associated mainly with the gradual debiting of costs of previously purchased film licenses and sports rights.

Moreover, as at December 31, 2022 the Company recognized the value of **assets held for sale** in the amount of PLN 127.7 million in connection with the planned disposal of selected properties.

Equity and liabilities

[mPLN]	December 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	51.9	32.1	19.8	61.7%
Other reserves	2,815.9	2,801.3	14.6	0.5%
Retained earnings	8,057.6	7,823.6	234.0	3.0%
Treasury shares	(2,854.7)	(2,461.0)	(393.7)	16.0%
Equity attributable to equity holders of the Parent Company	**15,270.3**	**15,395.6**	**(125.3)**	**(0.8%)**
Non-controlling interests	540.5	(11.0)	551.5	n/a
Total equity	**15,810.8**	**15,384.6**	**426.2**	**2.8%**
Loans and borrowings	6,624.8	7,671.8	(1,047.0)	(13.6%)
Issued bonds	1,900.4	1,942.1	(41.7)	(2.1%)
Lease liabilities	345.6	497.5	(151.9)	(30.5%)
Deferred tax liabilities	978.7	794.9	183.8	23.1%
Other non-current liabilities and provisions	330.9	319.8	11.1	3.5%
includes derivative instruments	*4.3*	-	*4.3*	*n/a*
Total non-current liabilities	**10,180.4**	**11,226.1**	**(1,045.7)**	**(9.3%)**
Loans and borrowings	1,512.6	1,072.7	439.9	41.0%
Issued bonds	176.0	66.4	109.6	165.1%
Lease liabilities	178.6	201.1	(22.5)	(11.2%)
UMTS license liabilities	-	139.9	(139.9)	(100.0%)
Contract liabilities	606.8	650.8	(44.0)	(6.8%)
Trade and other payables	3,767.1	2,531.2	1,235.9	48.8%
includes derivative instruments	*2.1*	-	*2.1*	*n/a*
Income tax liability	74.3	964.2	(889.9)	(92.3%)
Total current liabilities	**6,315.4**	**5,626.3**	**689.1**	**12.2%**
Total liabilities	**16,495.8**	**16,852.4**	**(356.6)**	**(2.1%)**
Total equity and liabilities	**32,306.6**	**32,237.0**	**69.6**	**0.2%**

In 2022, **equity increased** by PLN 426.2 million (+2.8%), to PLN 15,810.8 million as at December 31, 2022. The increase in the value of equity resulted mainly from the net profit generated in 2022 in the amount of PLN 901.1 million and the recognition on the balance sheet of the value of non-controlling interests in connection with the acquisition of a 66.94% stake in Port Praski. The above mentioned increase was offset to a significant extent by the recognition of the value of additional treasury shares acquired in May 2022 under the Share Buy-back Program and due to value of dividends for 2021.

Total liabilities decreased by PLN 356.6 million (-2.1%) and amounted to 16,495.8 million as at December 31, 2022. Current liabilities amounted to PLN 6,315.4 million and non-current liabilities amounted to PLN 10,180.4 million, constituting 38.3% and 61.7% of total liabilities, respectively. Compared to the end of December 2021, the **value of current liabilities increased** by PLN 689.1 million (+12.2%), which was mainly the result of an **increase in trade and other payables** by PLN 1,235.9 million (+48.8%) due primarily to the recognition as at December 31, 2022 of a liability for the renewal of frequency reservations in the 1800 MHz band in the amount of PLN 847.1 million (the payment was made on January 3, 2023) and higher accruals, as well as a **higher balance of short-term loans, borrowings and bonds.** The aforementioned increase was offset in part by a **decrease of the income tax liability** by PLN 889.9 million in connection with the settlement of tax on the gain from the sale of shares in our subsidiary Polkomtel Infrastruktura in the third quarter of 2021 and **the repayment in full of the UMTS license liability.** The value of **non-current liabilities decreased** by PLN 1,045.7 million (-9.3%). The main driver behind this change was **the decrease of the value of long-term liabilities related to loans and borrowings** as well as **lower lease liabilities** related to the consolidation of Port Praski and its subsidiaries from which Polsat Plus Group leases part of the assets in use.

As at December 31, 2022, the value of **loans and borrowings (short- and long-term)** was lower by PLN 607.1 million (-6.9%) compared to December 31, 2021, which was mainly the result of the scheduled repayment of installments under the SFA.

Contractual obligations

Commitments to purchase programming assets

As at December 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]	December 31, 2022	December 31, 2021
within one year	251.6	205.0
between 1 to 5 years	258.1	366.1
more than 5 years	13.3	35.5
Total	**523.0**	**606.6**

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

[mPLN]	December 31, 2022	December 31, 2021
within one year	20.0	9.7
Total	**20.0**	**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 138.2 million as at December 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 73.4 million as at December 31, 2022 (PLN 31.0 million as at December 31, 2021).

Future contractual obligations

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

[mPLN]	December 31, 2022	December 31, 2021
within one year	125.3	125.6
between 1 to 5 years	250.5	376.7
Total	**375.8**	**502.3**

4.3.4. Cash flow analysis

The table below presents selected data from the consolidated cash flow statement for the years 2022 and 2021.

[mPLN]	for the 12-month period ended December 31		Change	
	2022	2021	[mPLN]	[% / p.p.]
Net profit	901.1	4,414.5	(3,513.4)	(79.6%)
Net cash from operating activities	**1,761.7**	**3,234.3**	**(1,472.6)**	**(45.5%)**
Net cash used in investing activities, incl.	**(1,876.6)**	**4,327.9**	**(6,204.5)**	**n/a**
Capital expenditures	*(1.114.4)*	*(1.158.8)*	*44.4*	*(3.8%)*
Capital expenditures / revenue	*8.6%*	*9.3%*	n/a	*0.7 p,p,*
Net cash used in financing activities	**(2,705.7)**	**(5,282.9)**	**2,577.2**	**(48.8%)**
Net increase/(decrease) in cash and cash equivalents	(2,820.6)	2,279.3	(5,099.9)	n/a
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	**817.8**	**3,644.3**	**(2,826.5)**	**(77.6%)**

Net cash from operating activities

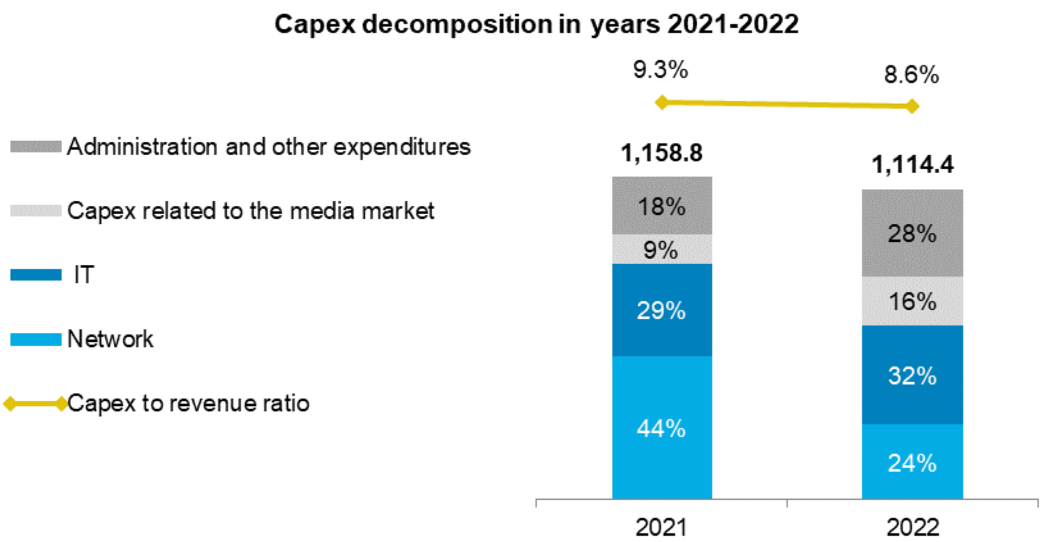
Net cash received from operating activities amounted to PLN 1,761.7 million in 2022 and decreased by PLN 1,472.6 million (-45.5%) YoY due to, among others, a one-time factor related to the payment of tax in the amount of PLN 867.9 million on the gain from the sale of our mobile infrastructure in 2021. Concurrently, in 2022, cash inflow from operating activities was under the pressure from a lower EBITDA result and higher working capital additionally employed, which was mainly the result of increasing installment receivables, associated with high revenue generated from the sale of equipment to retail customers, and higher inventory levels. In parallel, in the analyzed period we recorded an increase of PLN 59.0 million YoY of cash inflows from interest related to operating activities.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 1,876.6 million in 2022 and decreased by PLN 6,204.5 million YoY. The main reason for this decrease was the recognition of the inflow of proceeds from the disposal of shares of our subsidiary Polkomtel Infrastruktura in 2021 in the amount of PLN 7,111.9 million while in 2022 the Group recorded proceeds from the disposal of subsidiaries and associates of PLN 757.4 million (the disposal of 10% block of shares of Modivo S.A., the disposal of shares of CKS Ossa Sp. z o.o. and Ossa Medical Center Sp. z o.o. as well as the disposal of 50% of shares held in Port Praski City II Sp. z o.o. and Port Praski Medical Center sp. z o.o.). At the same time, in 2022, the Group completed a number of acquisitions for a total net amount of PLN 745.2 million, including in particular the acquisition of 40.41% of shares in PAK-Polska Czysta Energia Sp. z o.o., 66.67% of shares in Port Praski Sp. z o.o. as well as the blocks of shares in Oktawave S.A., Vindix S.A. Enterpol Sp. z o.o., Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. and Antyweb Sp. z o.o. In addition, during the reporting period, the Group granted loans in the net amount of PLN 414.4 million, mainly for developing operations in the new strategic area of clean energy and green hydrogen production, and renewed its frequency reservation in the 2100 MHz band for PLN 351.6 million. The increase in outflows related to investment activities in 2022 was partially offset by PLN 200.2 million higher proceeds from the disposal of non-financial assets due to the Group's decision to dispose of selected properties.

Capital expenditures on the purchase of property, plant and equipment, and intangible assets amounted to PLN 1.114.4 million in 2022 and decreased by PLN 44.4 million (-3.8%) YoY. In 2022, the ratio of capital expenditures to revenue amounted to 8.6%. In 2022 the most substantial capital expenditures included:

- expenditures related to the project of the comprehensive modernization and exchange of the IT environment of the Group;
- expenditures related to infrastructure development and maintenance, including: expansion of the core network, fiber optic cables and radio links to increase capacity for data transmission;
- 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 process of successive replacement of the vehicle fleet, including the acquisition of hydrogen cars;
- 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 2,705.7 million in 2022, and was lower by PLN 2,577.2 million (-48.8%) YoY. This decrease was associated with a lower by PLN 2,070.1 million outflow for share buy-backs, which amounted to PLN 660.8 million in 2022 while in the comparative period the Group exercised the payout of dividend for 2022 in the amount of PLN 767.5 million and the second tranche of dividend for 2019 in the amount of PLN 415.7 million. At the same time, repayments of lease obligations and interest on lease were lower by PLN 151.2 million YoY in 2022 due to the disposal of the mobile infrastructure in the second half of 2021, and we recognized a positive impact from the exercise of hedging instruments of PLN 109.4 million.

The decrease in the net cash balance used in financing activities was partially offset by the scheduled repayment of installments of the Tranche A of our SFA, the repayment of debt of newly acquired companies, in particular Port Praski, and the payment of higher interest on the Group's debt due to the increase in interest rates.

4.3.5. 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 should be sufficient to satisfy the future needs related to our operating activities, development of our services, service of our debt as well as for the execution of a majority of investment plans in the field of the Company's current activity. At the same time, we underline that the implementation of the assumptions of the announced Strategy 2023+ will involve the need to arrange new sources of financing for further development of the Group in the area of clean energy.

Indebtedness of Polsat Plus Group

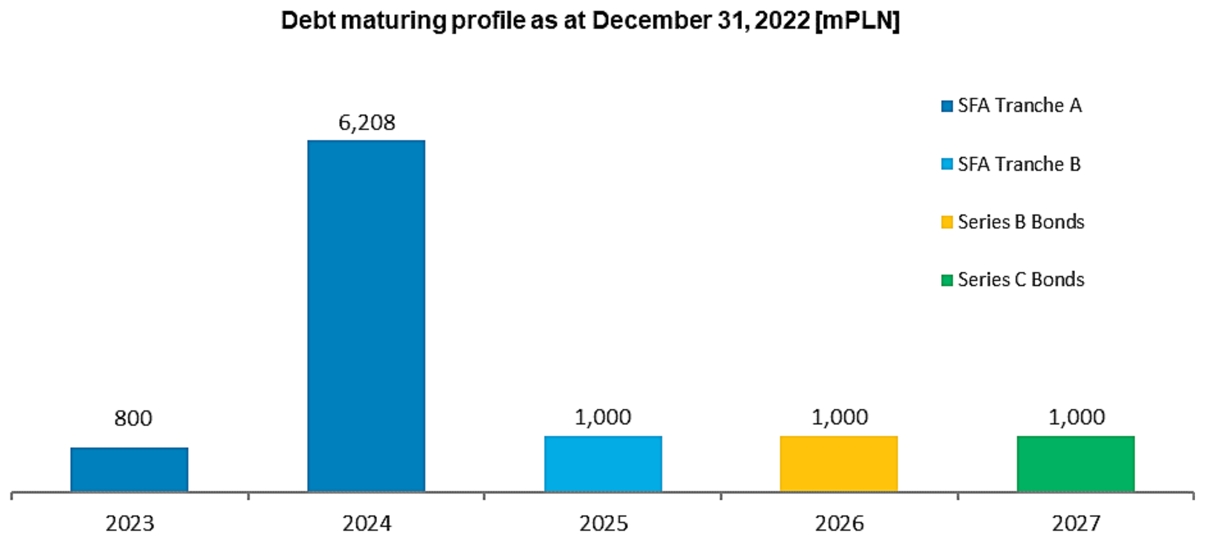
The table below presents a summary of the indebtedness of the Group as at December 31, 2022.

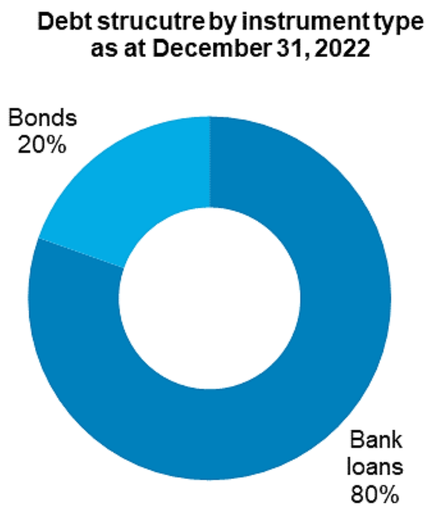
	Balance value as at December 31, 2022 [mPLN]	Coupon / interest / discount	Maturity date
SFA (Tranche A and B)	7,996.7	WIBOR + margin	Tranche A - 2024 Tranche B - 2025
Revolving Credit Facility (RCF)	134.1	WIBOR + margin	-
Bonds	2,076.4	Series B - WIBOR + 1.75% Series C - WIBOR + 1.65%	Series B – 2026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

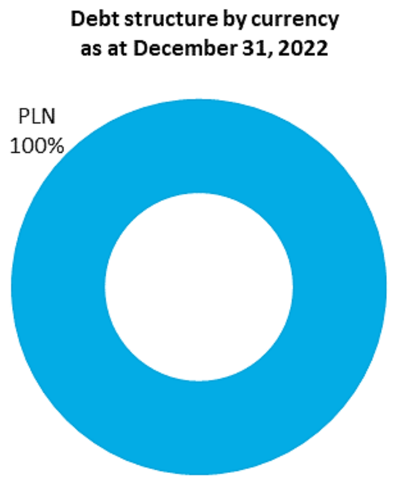
(1) This item comprises cash and cash equivalents.

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

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





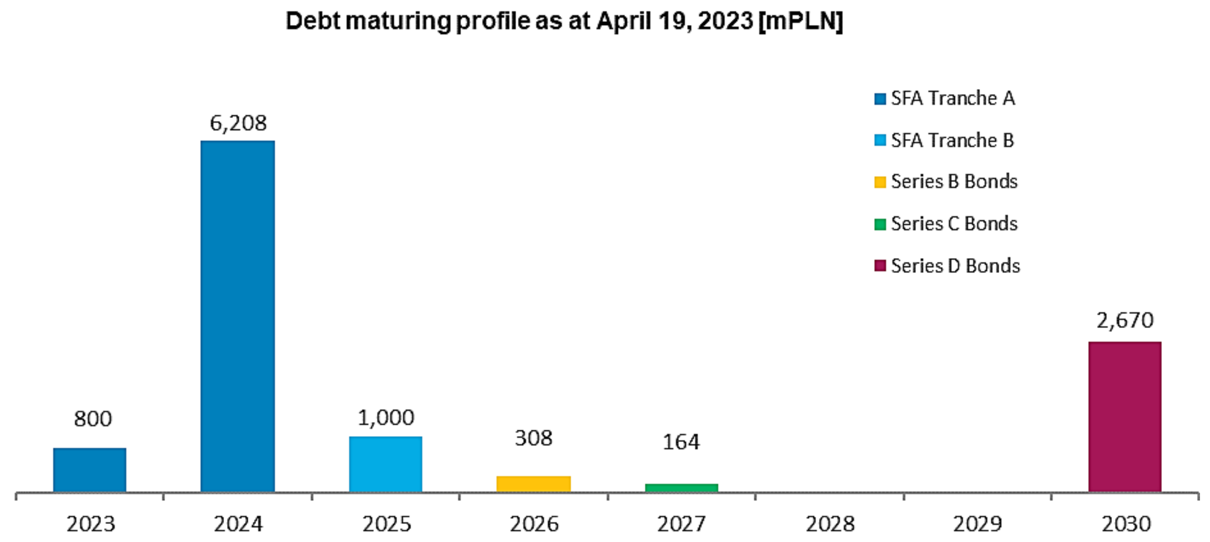


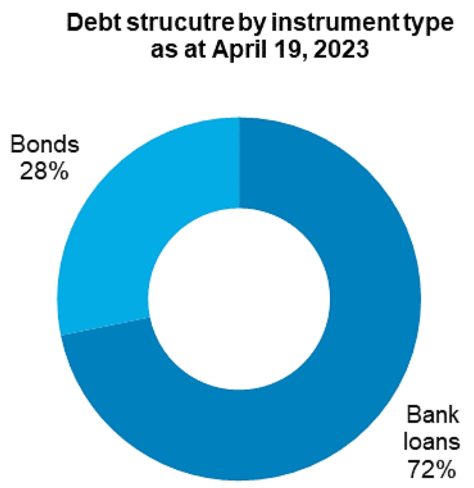
In order to reduce exposure to interest rate risk related to interest payments based on a floating rate, we actively apply hedging strategies based on derivative instruments, swaps (IRS) in particular. As at December 31, 2022, transactions hedging the WIBOR interest rate changes, opened by companies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

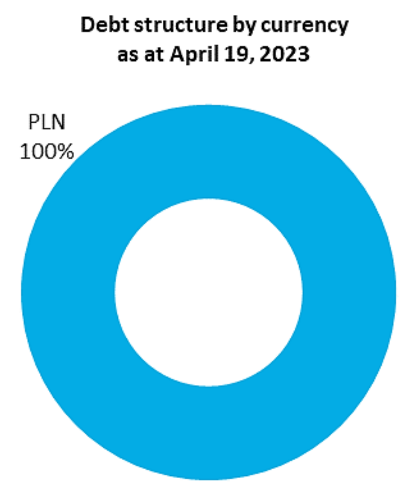
After the balance sheet date, on January 11, 2023, the Company issued 2,670,000 unsecured Series D bearer bonds with the nominal value of PLN 1,000 each and the aggregate nominal value of PLN 2,670.0 million, maturing on January 11, 2030. The interest rate on the Series D bonds is variable, based on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

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

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







Significant financing agreements

Below we present information on significant financing agreements executed by the Company and the Group companies, which remain in force as at the date of approval of this Report.

Senior Facilities Agreement

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

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

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

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

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

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

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

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

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

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

Pursuant to the SFA the Company and its Group companies establish, in specified cases, certain collaterals for the credit facilities granted thereunder. In particular, these collaterals include registered pledges on collections of movables and economic interests of variable composition comprised in the enterprise of the Company and its selected subsidiaries, registered and financial pledges on shares in the Company's subsidiaries, registered and financial pledges on receivables related to bank accounts kept for the Company or its selected subsidiaries, ordinary and registered pledges on selected trademarks, assignments of rights for security, mortgages, notarial submissions to enforcement and similar collaterals on shares or assets of the Company's subsidiaries, to be governed by foreign laws. A detailed description of established securities is presented in item 4.3.6. of this Report.

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

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

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

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

(ii) a payment of amounts due under the SFA and other finance documents executed in relation thereto, and

(iii) an indemnification of the financing parties referred to above against any liabilities, costs and losses that such financing parties may incur in relation to unenforceability, ineffectiveness or unlawfulness of any obligation secured by these guarantees. The period of the guarantees has not been specified. The guarantors will be remunerated at arm's length for granting the guarantees.

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

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

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

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

Series B Bonds

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

The interest rate on the Series B Bonds is floating and based on the WIBOR rate for six-month deposits denominated in PLN, increased by a margin whose value depends on the value of the Leverage Ratio (defined in the Series B Bonds Terms as the ratio of the net financial indebtedness to EBITDA):

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

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

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

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

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

In case if the early redemption, performed as a result of exercising an issuer's right to early redemption by the Company, occurs:

(i) before one year from the issuance date, the premium shall be equal to 3% of the nominal value of the Series B Bonds subject to the early redemption,

(ii) before two years from the issuance date but after one year from the issuance date, the premium shall be equal to 1.5% of the nominal value of the Series B Bonds subject to the early redemption,

(iii) before three years from the issuance date but after two years from the issuance date, the premium shall be equal to 0.75% of the nominal value of the Series B Bonds subject to the early redemption,

(iv) before four years from the issuance date but after three years from the issuance date, the premium shall be equal to 0.5% of the nominal value of the Series B Bonds subject to the early redemption,

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

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

Additionally, pursuant to the Series B Bonds Terms, the Company and its subsidiaries are obliged to maintain required levels of certain financial ratios and are subject to restrictions, with respect to (but not limited to):

(i) acquisition or taking up of shares in other companies,

(ii) extending guarantees or granting sureties, accession to debt or release from liability,

(iii) granting loans,

(iv) disposing of assets,

(v) payment of dividends or advance dividends, payment of the price for own shares, or returns of additional payment to shareholders,

(vi) incurring of financial indebtedness and

(vii) entering into potential composition agreements with creditors which are regulated by the Restructuring Act or another regulation which could replace this law.

In the event of a breach of restrictions specified in the Series B Bonds Terms, Bondholders are entitled to demand an early redemption of Series B Bonds held by those Bondholders with the consent of the Meeting of Bondholders.

In the event of change of control, as defined in the Series B Bonds Terms, cessation of business activity or insolvency by the Company, i.a. by declaring bankruptcy or liquidation of the Company, Bondholders are entitled to demand an early redemption of Series B Bonds held by those Bondholders.

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

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

Series C Bonds

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

The interest rate on the Series C Bonds is floating and based on the WIBOR rate for six-month deposits denominated in PLN, increased by a margin whose value depends on the value of the Leverage Ratio (defined in the Series C Bonds Terms as the ratio of the net financial indebtedness to EBITDA):

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

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

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

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

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

In case if the early redemption, performed as a result of exercising an issuer’s right to early redemption by the Company, occurs:

(i) before one year from the issuance date, the premium shall be equal to 3% of the nominal value of the Series C Bonds subject to the early redemption,

(ii) before two years from the issuance date but after one year from the issuance date, the premium shall be equal to 1.5% of the nominal value of the Series C Bonds subject to the early redemption,

(iii) before three years from the issuance date but after two years from the issuance date, the premium shall be equal to 0.75% of the nominal value of the Series C Bonds subject to the early redemption,

(iv) before four years from the issuance date but after three years from the issuance date, the premium shall be equal to 0.5% of the nominal value of the Series C Bonds subject to the early redemption,

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

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

Additionally, pursuant to the Series C Bonds Terms, the Company and its subsidiaries are obliged to maintain required levels of certain financial ratios and are subject to restrictions, with respect to (but not limited to):

(i) acquisition or taking up of shares in other companies,

(ii) extending guarantees or granting sureties, accession to debt or release from liability,

(iii) granting loans,

(iv) disposing of assets,

(v) payment of dividends or advance dividends, payment of the price for own shares, or returns of additional payment to shareholders,

(vi) incurring of financial indebtedness, and

(vii) entering into potential composition agreements with creditors which are regulated by the Restructuring Act or another regulation which could replace this law.

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

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

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

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

In the event of a breach of restrictions specified in the Series C Bonds Terms, Bondholders are entitled to demand an early redemption of Series C Bonds held by those Bondholders with the consent of the Meeting of Bondholders.

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

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

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

Series D Bonds

Pursuant to the resolution of the Management Board adopted on December 16, 2022, Cyfrowy Polsat issued on January 11, 2023 2,670,000 unsecured series D bearer bonds with a nominal value of PLN 1,000.0 each and a total nominal value of PLN 2,670.0 million, maturing on January 11, 2030. The purpose of the issuance was not specified. Part of the proceeds from the Series D Bonds issue was used to refinance the debt under the Series B Bonds and the Series D Bonds. The Series D Bonds were issued by way of a public offering addressed to professional clients. Detailed terms and conditions of the Series D Bonds’ issuance, redemption and payment of interest are specified in the Series D Bonds Terms.

The interest rate on the Series D Bonds is variable and depends on both financial indicators and a sustainability-linked KPI, i.e., the share of electric energy produced from zero-emissions sources in the total electric energy usage for own needs of the four main operating companies of Polsat Plus Group (Cyfrowy Polsat, Telewizja Polsat, Polkomtel and Netia).

The interest rate on the Series D Bonds is based on the WIBOR rate for six-month deposits denominated in PLN, increased by a margin whose value depends on the value of the Leverage Ratio (defined in the Series D Bonds Terms as the ratio of the net financial indebtedness to EBITDA) and on the value of the sustainability-linked KPI:

(i) the margin amounts to 335 bps if the Leverage Ratio in the given period is less than or equal to 3.5:1,

(ii) the margin amounts to 385 bps if the Leverage Ratio in the given period is greater than 3.5:1 but less than or equal to 4.5:1,

(iii) the margin amounts to 435 bps if the Leverage Ratio in the given period is greater than 4.5:1.

(iv) if the value of the sustainability-linked KPI for 2026 is below 30% or the Company fails to provide a settlement of the value of the sustainability-linked KPI as part of the first Compliance Certificate made available after the end of 2026, the interest rate will be permanently increased by 25 bps.

The coupon on Series D bonds is paid biannually on January 11 and July 11.

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

In case if the early redemption, performed as a result of exercising an issuer's right to early redemption by the Company, occurs:

(i) before one year from the issuance date, the premium shall be equal to 3% of the nominal value of the Series D Bonds subject to the early redemption,

(ii) before two years from the issuance date but after one year from the issuance date, the premium shall be equal to 1.5% of the nominal value of the Series D Bonds subject to the early redemption,

(iii) before three years from the issuance date but after two years from the issuance date, the premium shall be equal to 0.75% of the nominal value of the Series D Bonds subject to the early redemption,

(iv) before four years from the issuance date but after three years from the issuance date, the premium shall be equal to 0.5% of the nominal value of the Series D Bonds subject to the early redemption,

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

(vi) in each case the premium shall be increased by 0.25% p.a. for the period between the early redemption date and the redemption date in the event that the SPT is not satisfied or the SPT settlement is not submitted as part of the first Compliance Certificate after the end of 2026, if the early redemption date falls after the date on which the Compliance Certificate for 2026 was delivered or was to be delivered.

Additionally, pursuant to the Series D Bonds Terms, the Company and its subsidiaries are obliged to maintain required levels of certain financial ratios and are subject to restrictions, with respect to (but not limited to):

(i) acquisition or taking up of shares in other companies,

(ii) extending guarantees or granting sureties, accession to debt or release from liability,

(iii) granting loans,

(iv) disposing of assets,

(v) payment of dividends or advance dividends, payment of the price for own shares, or returns of additional payment to shareholders,

(vi) incurring of financial indebtedness, and

(vii) entering into potential composition agreements with creditors which are regulated by the Restructuring Act or another regulation which could replace this law.

In the event of a breach of restrictions specified in the Series D Bonds Terms, Bondholders are entitled to demand an early redemption of Series D Bonds held by those Bondholders with the consent of the Meeting of Bondholders.

In the event of change of control, as defined in the Series D Bonds Terms, cessation of business activity or insolvency by the Company, i.a. by declaring bankruptcy or liquidation of the Company, culpable delay in payment of benefits under the Series D Bonds, withdrawal of all the Company's shares from trading on the regulated market operated by the WSE, or failure to convene the Bondholders' Meeting, Bondholders are entitled to demand an early redemption of Series D Bonds held by those Bondholders.

The Series D Bonds have been traded since January 20, 2023 under the abbreviated name “CPS0130” in the continuous trading system called the Alternative Trading System, operated by the Warsaw Stock Exchange within the Catalyst market.

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

Ratings

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

Rating agency	Rating / outlook	Previous rating / outlook	Rating / outlook date	Last review date
Moody's Investor Service	Ba3 / negative	Ba1 / on review for downgrade	05.10.2022	05.10.2022
S&P Global Ratings	BB/ stable	BB+/ negative	21.12.2022	21.12.2022

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

S&P Global Ratings. On December 21, 2022 S&P downgraded the issuer credit rating of the Company from BB+ to BB, revising the rating outlook from negative to stable. In its justification, S&P underlined that the downward revision reflects in particular its expectation that S&P-adjusted net leverage of the Group will increase to about 4.0x EBITDA and remain on elevated levels in 2024, due to the investments in the new green energy business line. Moreover, S&P expects the Group to report negative free operating cash flow (FOCF) in 2023 as a result of high capital expenditure needs for the energy business. Additionally, S&P takes into account higher interest rates and refinancing risk on the Company's Polish zloty debt maturing in September 2024, simultaneously recognizing the Company's demonstrated ability to raise debt with the recent PLN 2.7 billion bond issuance. S&P also recognizes the relatively long period until the maturity of the Company's bank debt (2024). The stable outlook reflects S&P's expectation that the Group's revenue will expand 5-7% in the next 12 months while EBITDA margin will remain subdued at 26-27% amid high energy prices. S&P is of the opinion that the Group's diversification into the energy business could have a positive impact on the Group's condition in the long term. In parallel, S&P noted certain short-term execution risks associated with diversifying toward a brand-new industry, underlining that execution in achieving operational and financial goals will be key in the coming years.

S&P may raise the rating of the Group if S&P-adjusted leverage decreases to below 3.5x and FOCF to debt sustainably increases to above 5%, coupled with a successful refinancing of the Group's debt due in September 2024. On the other hand, a downward revision of the rating could take place, if S&P-adjusted leverage increases to 4.5x or above, or if S&P expects FOCF to debt to remain negative while FOCF to debt in TMT business turns well below 5%, or if S&P sees heightened refinancing risk for debt coming due in September 2024, leading to a material liquidity deterioration.

4.3.6. 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 16.11% of the share capital of the company.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. Other significant information

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

Transactions with parties related to Polsat Plus Group in 2022 have been concluded exclusively on market conditions and are described in Note 45 of the consolidated financial statements for the financial year ended December 31, 2022.

5.2. Information on loans granted

Information on loans granted is presented in Note 41 of the consolidated financial statements for the financial year ended December 31, 2022.

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

Polsat Plus Group had not published any financial forecasts.

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

Management believes that the provisions as at December 31, 2022 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

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

On February 24, 2011, the President of UOKiK imposed penalty on Polkomtel (Company's subsidiary) in the amount of PLN 130.7 million for the alleged lack of cooperation during an inspection carried out by UOKiK in Polkomtel. Polkomtel appealed against the decision of the President of UOKiK to the Consumer and Competition Protection Court ("SOKiK"). According to management, during the inspection the company had fully and at all times cooperated with UOKiK within the scope provided by the law. On June 18, 2014, the decision of the President of UOKiK has been changed by SOKiK, reducing the penalty to PLN 4.0 million (i.e. EUR 1.0 million). On October 20, 2015 SOKiK's verdict has been revoked and the case has been transferred for re-examination. On April 28, 2017, the decision of the President of UOKiK has been changed by SOKiK, reducing the penalty to PLN 1.3 million. Polkomtel and President of UOKiK appealed against the verdict. On April 3, 2020, both Polkomtel's and the President's of UOKiK appeals have been dismissed. The Court of Appeal upheld the SOKiK's decision. On April 20, 2020, Polkomtel made a payment in the amount of PLN 1.3 million. Polkomtel and the President of UOKiK filed cassation appeals against the Court of Appeal's verdict. On September 28, 2022, the cassation appeal of the President of the UOKiK was dismissed, the appeal of Polkomtel was accepted in the scope dismissing the plaintiff's appeal, and the appealed judgment of the Court of Appeal in Warsaw dated April 3, 2020 was revoked and referred – in accordance with the Polkomtel's cassation appeal - to be reconsidered.

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. On February 7, 2022, Polkomtel paid the penalty in the amount of PLN 6.0 million. Polkomtel filed a cassation appeal against the judgment of the Court of 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. On November 24, 2021 Polkomtel paid a penalty of PLN 18.4 million. Polkomtel submitted a cassation appeal. On 7 September 2022, the Supreme Court dismissed Polkomtel's 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. On May 31, 2022, Company's cassation appeal was dismissed.

On December 30, 2016, the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel were allegedly infringing collective consumer interests by presenting promotional offers, which in the opinion of the authorities were impossible to conclude. Pursuant to the decision of the President of UOKiK the Company 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, 2020, 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. The date of hearing the case by the Supreme Court has not been set.

On April 29, 2019 the President of UOKiK issued a decision stating that the operations of Polkomtel were allegedly infringing collective consumer interests by charging for activating the services to consumers, despite not obtaining an explicit approval of the additional payment associated with these services. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 39.5 million. Polkomtel appealed to SOKiK against the decision. On May 26, 2021 SOKiK dismissed Polkomtel's appeal. Polkomtel appealed against the SOKiK judgment. On November 8, 2022, the Court of Appeal dismissed the appeal. On November 22, 2022, Polkomtel paid a penalty of PLN 39.5 million. Polkomtel is examining the possibility of submitting a cassation appeal.

On December 19, 2019, the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by hindering access to ZDF and Das Erste channels during the Euro 2016 championship by removing these channels and incomplete and unreliable information to consumers in response to claims regarding unavailability of the above programs. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 34.9 million. The Company appealed against this decision to SOKiK. On February 14, 2022, First Instance Court dismissed the Company's appeal in its entirety. The Company submitted a cassation appeal to the Court of Appeal in Warsaw. The appeal hearing took place on October 21, 2022. On November 21, 2022, the Court of Appeal in Warsaw repealed the appealed judgment in its entirety and referred the case to the Regional Court in Warsaw for examination and resolution.

On December 31, 2019 the President of UOKiK issued a decision stating that the operations of Polkomtel were allegedly infringing collective consumer interests by charging additional fees for data transmission using the RSTP protocol, despite the subscribers having internet packages or unlimited LTE Internet services. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 50.6 million. Polkomtel appealed to SOKiK against the decision. On December 15, 2021, SOKiK announced decision in which it dismissed Polkomtel's appeal in its entirety. Polkomtel submitted an appeal against the SOKiK verdict. On July 21, 2022, the Court of Appeal partially revoked the President of UOKiK's decision and reduced a penalty to PLN 16.8 million. On August 4, 2022, Polkomtel paid the penalty in the amount of PLN 16.8 million. Both Polkomtel and President of UOKiK filed cassation appeals. On January 26, 2023, the Supreme Court refused cassation appeals.

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. On May 31, 2022, Polkomtel submitted appeal against the SOKiK verdict. On March 28, 2023 the Court of Appeal dismissed the appeal. After receiving justification of the judgment of the Court of Appeal, Polkomtel will consider filing a cassation appeal. On April 11, 2023 Polkomtel paid a penalty of PLN 20.4 million.

Other proceedings

In September 2015, Polkomtel received a claim from P4 Sp. z o.o., in which the company demands compensation of PLN 316.0 million (including interest of PLN 85.0 million), for the alleged actions relating to the pricing of the mobile services rendered between July 2009 and March 2012. The claim assumes payment of the above amount jointly by Orange Poland S.A., Polkomtel and T-Mobile Poland S.A. On December 27, 2018, Court dismissed the entire claim. P4 Sp. z o.o. appealed against the decision. On December 28, 2020, the Court of Appeal referred the case to the District Court for reconsideration, Polkomtel appealed to the Supreme Court against this decision. On November 13, 2020, the P4 sp. z o.o. claim for payment of PLN 313 million, including interest of PLN 85 million, was delivered by the court. This lawsuit constitutes an "extension" of P4 Sp. z o.o claim dated September 2015 and concerns a further period of the acts alleged against the defendants, i.e. from April 2012 to December 2014.

Management believes that the claim is unfounded, as Polkomtel's conduct alone or with other tort entities was not wrongful, in particular relating to the pricing of retail mobile services directed to the telecommunications network of P4 Sp. z o.o. In management's opinion, there is no legal basis for the overall assessment of the alleged actions of each of the operators on the telecommunications market, which is fully a competitive market, and each of the operators has its own business and pricing strategy. The claim of P4 Sp. z o.o. indicates neither nature (premises liability) nor the amount.

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.

By lawsuit, delivered to the Company on December 16, 2019, the Association of Performing Artists (SAWP) filed two claims against the Company: information claim and claim for payment. The information claim relates to television programs rebroadcasted by the Company in the period from August 20, 2009 to August 20, 2019. In the claim for payment, SAWP claims PLN 153.3 million for the alleged violation of related rights to artistic performances of musical and verbal - musical works through their non-contractual cable rebroadcast. The Company filed for the dismissal entirely. The last hearing took place on March 16, 2022, the hearing was postponed without a deadline.

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 Supreme Administrative Court, UKE informed that “the decisions regarding re-running the tender will be taken by the Office upon careful analysis of the written justification of NSA’s rulings and the Court’s guidelines regarding further procedure as well as upon analysis of the legal situation”. UKE also stated that the “reservation decisions issued by UKE President remained valid while the operators could continue providing their services while using these frequencies.” In correspondence dated December 23, 2016, the President of UKE informed the parties involved that proceedings to invalidate the tender for the 1800 MHz frequency band have been ex officio opened. On August 4, 2017, the President of UKE issued a decision annulling the tender dated 2007. On October 13, 2017, Aero 2 Sp. z o.o. (being the legal successor of CenterNet S.A. and Mobyland Sp. z o.o.) filed a motion for reconsideration of the case concluded by the decision of the President of UKE of August 4, 2017 on the cancellation of the 2007 tender procedure. Following the decision of January 31, 2018, the President of UKE upheld the decision of 4 August 2017. Against this decision, Aero 2 filed a complaint to the Provincial Administrative Court in Warsaw, which was dismissed by a ruling of October 4, 2018. On December 27, 2018 Aero 2 has filed for a cassation from the above mentioned ruling, On December 27, 2018, Aero 2 filed a cassation appeal against judgment, which was dismissed by a judgment of the Supreme Administrative Court dated November 25, 2022.

The decision issued by the President of UKE does not affect reservation decisions issued in an administrative procedure separate from the tender. In accordance with the press release published by the President of UKE, these reservation decisions remain valid and telecommunication operators may continue to provide their services based on these reservation decisions. The Management Board is of the opinion that the above issue is unlikely to have a negative impact on the Group's results and financial position. Accordingly, the Group's consolidated financial statements do not include any adjustments related to the valuation of frequency reservations.

In proceedings initiated upon request of T-Mobile Polska S.A. the President of UKE reopened proceedings concluded earlier on April 23, 2009 with a final decision issued by the President of UKE upholding the decision of the President of UKE dated 30 November 2007 awarding frequency reservation in the bands 1710-1730 MHz i 1805-1825 MHz. In these proceedings, in its decision of November 28, 2017 the President of UKE refused to repeal - after the reopening of the proceedings - of the reservation decision of the President of UKE dated April 23, 2009. This decision was upheld in the decision of the President of UKE dated June 4, 2018. Following the complaints filed against the aforementioned decision, in a judgment of March 11, 2019 the

Provincial Administrative Court in Warsaw repealed the decision of the President of UKE dated June 4, 2018. Aero 2 filed a cassation appeal against this judgment with the Supreme Administrative Court.

On October 4, 2018, T-Mobile Polska filed a complaint with the Provincial Administrative Court in Warsaw against the announcement of the President of UKE of September 5, 2018 on the results of the actions necessary to remove the violations constituting the reason for cancelling the tender for two frequency reservations, each of which includes 48 duplex radio channels with a duplex spacing of 95 MHz, from the 1710-1730 MHz and 1805-1825 MHz bands. In a decision of November 20, 2018, the Provincial Administrative Court in Warsaw rejected T-Mobile Polska S.A.'s complaint. In a decision of July 4, 2019, the Supreme Administrative Court, as a result of a cassation appeal filed by T-Mobile Polska S.A., reversed the decision of the Provincial Administrative Court in Warsaw of November 20, 2018. In a judgment of August 18, 2020, the Provincial Administrative Court in Warsaw declared the announcement of the President of UKE of September 5, 2018 ineffective. This judgment was subsequently overturned by the Supreme Administrative Court in a judgment of December 9, 2021, and the case was referred for reconsideration to the Provincial Administrative Court in Warsaw. On October 25, 2022, the Voivodship Administrative Court in Warsaw dismissed the complaint of T-Mobile Polska, the judgment is not final and is subject to a cassation appeal to the Supreme Administrative Court.

In addition to the matters described above, there are also other proceedings, for which provisions have been made according to the best estimates of the Management Board as to potential future outflows of the economic benefits required for their settlement. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases.

The initiation by the European Commission of the procedure based on Art. 108 sec. 2 of the European Union Treaty

In the beginning of October 2020, Cyfrowy Polsat and Sferia S.A. (Sferia), a company owned by Polsat Plus Group in 51% since February 29, 2016, received from the Ministry of Digital Affairs a copy of the European Commission’s decision dated September 21, 2020 regarding the initiation of the formal investigation procedure against the Republic of Poland concerning the alleged illegal state aid provided to Sferia. The alleged illegal state aid relates to granting in 2013 to Sferia the right to use a frequency block of 800 MHz range in place of the frequency 850 MHz range previously held by Sferia. According to the decision, the European Commission intends to investigate, whether the state aid was granted, and if so, whether it can be considered compatible with the internal market. On February 4, 2022, the European Commission began consultations on this matter and Cyfrowy Polsat and Sferia submitted their comments. Both companies believe that no illegal state aid was granted. In addition to the matters described above, there are also other proceedings, for which provisions have been made according to the best estimates of the Management Board as to potential future outflows of the economic benefits required for their settlement. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases.

5.5. Changes to the principle rules of management of our Company and the Capital Group

There were no changes to the principle rules of management of our Company and the Capital Group in the year 2022.

5.6. Information on seasonality

Our wholesale revenue includes, inter alia, advertising and sponsoring revenue which tends to be lower during the first and the third quarter of each calendar year due to the winter and summer holidays and no seasonal programming and higher during the second and fourth quarter of each calendar year due to the introduction of new TV schedulings. In the year ended December 31, 2022, Telewizja Polsat Group generated approximately 21.2% of its advertising revenue in the first quarter, 25.6% in the second quarter, 21.3% in the third quarter and 31.9% in the fourth quarter.

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

Other revenues are not directly subject to substantial seasonal fluctuations.

5.7. Sales markets and dependence on the supplier and customer markets

All our services are offered in Poland. The share of any of our suppliers or customers does not exceed 10% of our operating revenues.

5.8. Trade unions

There is *Niezależny Samorządny Związek Zawodowy Solidarność* (the Solidarity Independent Self-Governing Trade Union) at Polkomtel. Trade union organisations are also operating in Netia Group. As at December 31, 2022 ca. 5% of the total workforce of Polsat Plus Group were trade union members.

5.9. Disclosure of non-financial information

Concurrently with this Report, we published the "Sustainability Report of Polsat Plus Group for 2022," which comprehensively addresses key non-financial issues pertaining to our Group and demonstrates how we aim to achieve our strategic goals in a sustainable and responsible manner. The publication complies with the Global Initiative Reporting Standard, in the Core option, as well as Article 49b items 2-8 of the Accounting Act. The report contains detailed information relating to environmental matters, social and employee-related matters, respect for human rights, anti-corruption and bribery matters with respect to both Polsat Plus Group and Cyfrowy Polsat as the parent company of the Group.

The "Sustainability Report of Polsat Plus Group for 2022" is available on Polsat Plus Group's corporate website at http://www.grupapolsat.pl/en/investor-relations in the tab Results centre/ESG reports.

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

5.10.1. 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, gradually raised interest rates, expected slowdown in economic growth and disruptions in the supply of raw materials and fossil fuels are reflected in the increasing costs of our current operating activities and the significantly higher debt service costs of the Group.

Apart from macroeconomic and geopolitical factors, which affect virtually 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.

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

The Management Board notes that the above factors have been described based on the best knowledge of the Management Board as at the date of publication of this Report. The full impact of the war caused by the Russian Federation on the operational and financial activities of 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 OECD forecasts from November 2022 indicated a decelerating national GDP growth rate in 2023 which may remain under pressure (+0.9% YoY) as a result of the armed conflict in Ukraine, high uncertainty and declining consumer demand, among other factors. For 2024, on the other hand, the OECD forecasts economic recovery (+2.4% YoY) on the back of lower inflation and tighter monetary policy.

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

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

Situation on the pay TV market in Poland

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

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

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

At the same time, in recent months, there has been a very noticeable trend in Poland to increase prices for pay-TV services, which is a natural consequence of the distinctly rising costs of purchasing and producing in-house content. Retail price increases apply to basically all technologies - from traditional satellite platforms and cable offerings, through IPTV offerings, to VOD and OTT platforms. This trend may translate favorably into ARPU growth, while at the same time, in the face of the coming recession, it may cause a part of customers to be inclined to limit their parallel use of more forms of access to paid content.

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. We expect that the development of the TV advertising market in the coming quarters and years will be influenced by the decelerating national GDP growth rate, which, according to OECD forecasts, may remain under pressure in 2022-2023 as a result of, among others, the armed conflict in Ukraine, high inflation translating into an impoverishment of the society and the persisting COVID-19 pandemic.

In our opinion, television will remain an effective advertising medium and we believe there is still growth potential for TV advertising in Poland in the long term given the relatively low level of advertising expenditures in Poland as a percentage of GDP and per capita in comparison to other European markets. It is worth noting that despite the growing importance of new media, it is forecasted that television will remain an attractive and popular pastime thanks to, among others, new technical opportunities and given that television remains a widely available and affordable source of entertainment for the whole family.

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. 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 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. The 16-59 year olds make up ca. 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.

At the same time, it should be noted that the value of the TV advertising market will be temporarily negatively affected by the refarming of the 700 MHz bandwidth finalized in the second quarter of 2022, which resulted in a change in the frequency and broadcasting standard of terrestrial TV stations from DVB-T to DVB-T2. The ability to receive terrestrial TV in the new standard requires a TV set with appropriate parameters. Owners of older-type TV sets, i.e. nearly 1 million viewers in Poland according to the survey of Krajowy Instytut Mediów from September 2022, will be able to use terrestrial TV, and thus will be a potential target group for advertisers, only after replacing the receiver or purchasing a new set-top box. As a result of an administrative decision, in the refarming process unequal treatment was given to commercial broadcasters, who had to switch to the new DVB-T2 broadcasting standard countrywide by the end of June 2022, and public broadcaster TVP, who can broadcast in the old DVB-T standard until the end of 2023. In the case of Polsat Plus Group, channels with limited access to digital terrestrial television include Polsat, TV4, TV6, Super Polsat, Eska TV, Polo TV and Fokus TV. The above described decisions have been adversely affecting the viewership results of our TV channels.

The Group intends to oppose these measures, which in our view treat all commercial broadcasters in a discriminatory manner, and to demand adequate compensation and the earliest possible switchover of TVP channels to the broadcasting standard applicable to the other broadcasters.

Prospects of the online advertising market are positive. According to the IAB AdEx report for three quarters of 2022, online advertising expenditures in Poland increased at a rate of 9% YoY and reached the value of PLN 4.7 billion. The two main segments of the online advertising market in which we are present, i.e., display and video, were responsible for 43% of total expenditures on the online advertising market and their total value increased by 5% YoY. We believe that following the acquisition of Interia.pl Group and thus gaining a leading position on the online advertising market we are 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 2022, there were over 1 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 that as at the end of 2022 its services provided via fiber optic network were available to ca. 7 million households, including both services offered via the operator's own networks as well as the 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.

P4. In 2019, P4, the operator of Play network, signed an agreement with Vectra, a cable TV operator, based on which it provides fixed-line broadband Internet access starting from April 2020. Moreover, P4 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, P4 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 P4. Iliad declared at that time that it intended to focus on developing convergent services in Poland, which was reflected in the acquisition of the cable operator UPC Polska in April 2022. Both companies provide jointly around 17 million services in Poland.

In June 2022, P4 entered into a preliminary agreement with French fund InfraVia Capital Partners, under which the fund was to acquire a 50% stake in P4's subsidiary operating as FibreForce. In September 2022, the European Commission approved the acquisition of joint control of FibreForce by the above entities and the transaction was finalized in March 2023. P4 transferred to FibreForce the broadband infrastructure of UPC Polska, covering more than 3.7 million households. In addition, FibreForce intends to build more than 2 million new fiber connections. According to P4's announcement, FibreForce will make its network infrastructure available to other telecom operators under an open and non-discriminatory access model.

In October 2022, P4 signed wholesale agreements with Orange Polska and Światłowód Inwestycje, with the aim of expanding its fixed-line broadband coverage by about 3.4 million households by 2025.

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 2019-2022 Netia acquired four 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.

In parallel, the strong inflationary pressure that is being experienced in the Polish market in 2022 is reflected in the observed adjustments of price lists introduced by telecom operators, including, among others, the implementation of inflation clauses into customer contracts, increasing subscription fees after the basic 24-month contract period, withdrawing the cheapest tariffs from the offer or raising subscription thresholds in line with the more-for-more strategy. In March 2023, Plus introduced new offers for voice, 5G/LTE Internet and fiber optic subscriptions for retail and business customers, offering larger data bundles for a higher monthly subscription, in line with its more-for-more strategy.

We expect that the above mentioned changes, in connection with increasing demand for transfer in mobile devices and persisting 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 2022, the scale of data transmission in the Central and Eastern Europe region, to which Poland is classified, will increase from 13 GB per month in 2022 to 35 GB per month in 2028, 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 was halted in 2020 by the Office of Electronic Communications, which cancelled the frequency allocation process that had been initiated at that time. On December 20, 2022, the Office of Electronic Communications reopened the consultations for a new auction concerning the reservation of frequencies in the 3.6 -3.8 GHz band, which ended on January 31, 2023. Next, on April 6, 2023, the President of UKE announced the subsequent consultation of the revised auction documentation which will last until May 12, 2023 (see item 3.2. of this Report for details). As of the date of approval of this report, no decisions have been made by the President of UKE as to the final requirements or schedule for the distribution of frequencies in the 3.6 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 in 2020 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. In March 2023 Plus 5G network comprised nearly 3,500 base stations covering already more than 20 million people in almost 1000 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. 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.

5.10.2. 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 and strive to meet their growing needs by combining our pay TV, broadband access and mobile telephony services into attractive packages, complementing them with products and services outside our core activity. We are aspiring that our services meet the needs of every customer and are available everywhere. That is why we constantly work on expanding our offering and enter new distribution markets for our services.

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 December 2022, over 2.2 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, Światłowód Inwestycje, Nexera, Fiberhost and Tauron 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 6 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 amounts to 21 million, and the average monthly number of page views reaches 2 billion.

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

In December 2021, we expanded our strategy to include a new business pillar based on clean energy production. Between 2022 and 2026, we want to invest ca. PLN 5 billion to achieve about 1,000 MW of installed clean energy production capacity and ca. PLN 0.5 billion to build the full value chain of the economy based on the fuel of the future, that is hydrogen. In particular, we intend to invest in projects related to the production of energy from photovoltaics, biomass, wind farms and thermal waste treatment as well as in building a complete value chain of a green hydrogen-based economy.

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

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.

Demand for data transmission and 5G services

In 2022, our customers transferred over 2 EB of data as compared to 1.8 EB transferred in 2021, which represents a 14% 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, having reached the level of coverage of 100% of the population with our LTE and HSPA/HSPA+ network, we focused on expanding the capacity of our telecommunication network and extending the footprint of the 5G technology, which covered over 20 million people in almost 1000 locations in March 2023.

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). Next, in March 2023, we introduced new subscription plans which include larger data bundles than those offered previously with a simultaneously increased subscription fees enabling 5G technology to all our customers. 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, Polsat Go and Netia 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. In June 2022, we entered into cooperation with Disney+ and were the only pay-TV and telecommunication service provider in Poland to include Disney+ productions in our packages when it entered the Polish market.

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. We offer football fans broadcasts of qualifiers to the UEFA European Championships and 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. As for volleyball, 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 men's and women's Europe Volleyball Championships, the club volleyball competitions of Polish Plus Liga and Tauron Liga and also the volleyball matches of CEV Champions League. We also offer boxing and mixed martial arts galas (UFC, Cage Warriors, FEN, 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 May 2018 we gained access to attractive sports rights which are sold as program packages to pay TV operators active on the Polish market as well as directly to customers through OTT applications (among others, ELEVEN SPORTS and Polsat Box Go). This premium sports content includes Spanish La Liga Santander and Supercopa, Italian Serie A, English The Emirates FA Cup, French Ligue 1 Uber Eats, German DFB-Pokal, Portuguese Liga Portugal, Belgian Jupiler Pro League and speedway races of the Polish PGE Ekstraliga. Since November 2017 the Eleven Sports 1 channel is available also in 4K technology - viewers can watch selected events in their native UHD quality, e.g. selected matches of La Liga Santander or Series A. Unique sports 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.

5.10.3. 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. 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, legislative works are ongoing on the preparation of a draft act Electronic Communication Code and a draft act Regulations introducing the act Electronic Communication Code, which together are 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 are, 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

The government is conducting legislative work on a draft amendment to the National Cybersecurity Act which 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 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 draft act provides for the addition of a 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.

Draft law on combating abuse of electronic communications

In June 2022, the government began legislative work on a draft act on combating abuse of electronic communications. The draft law defines and prohibits abuse of electronic communications, penalizing activities such as the generation of artificial traffic, smishing, CLI spoofing and unauthorized change of address information. The intention of the bill drafters is to create a legal environment in which it will be possible for state authorities and services to prosecute perpetrators of abuse, while at the same time giving telecommunications companies a legal basis for combating abuse in electronic communications. On the other hand, the proposed act imposes an obligation on telecommunications entrepreneurs to take proportionate technical and organizational measures to prevent and combat abuse of electronic communications, including an obligation to block smishing messages that fall into the pattern developed by NASK's CSIRT and an obligation to combat CLI spoofing, including an obligation to block calls initiated using a number included in the list of numbers used exclusively to receive calls, maintained by the President of UKE. Some of the obligations to be imposed on telecommunications companies will be implemented under the threat of a fine from the UKE President.

The proposed regulations may be of material importance from the standpoint of telecommunication operations in Poland since they entail new obligations and requirements for telecommunication companies.

Draft law on protecting minors from accessing inappropriate content on the Internet

In October 2022, legislative work began on a draft law on the protection of minors from access to inappropriate content on the Internet. The draft law requires Internet providers to ensure that subscribers can use a service to restrict access to pornographic content on the Internet (without defining pornographic content), with such a service to be free, effective and easy for the subscriber to use. In addition, the proposed law imposes an obligation on Internet providers to propose and promote the free service to subscribers, disclosure obligations related to posting a series of information on the website, and an obligation to submit an annual report to the minister responsible for digitization on the activities undertaken in connection with the provision of the service limiting access to pornographic content on the Internet and activities promoting its use. The proposed regulations give the minister in charge of digitization the ability to impose administrative fines on Internet providers for failure to comply with their obligations under the law, in an amount of up to 3% of revenue.

The proposed regulations may be of material importance from the standpoint of telecommunication operations in Poland since they entail new obligations and requirements for Internet providers.

5.10.4. 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, Series C Bonds Terms and Series D Bonds Terms are calculated based on variable WIBOR interest rates subject to periodical changes, increased by a relevant margin.

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

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

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

5.11. Key market trends

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

- high level of market penetration with services provided by us as well as a high level of competitiveness of the markets in which we operate;
- bundling of media and telecommunications services, as well as services from other sectors, such as electric energy or other products and services for the home;
- stable competitive situation on the mobile telephony market, reflected in a decreasing volume of numbers ported by customers between networks;
- growing demand for data transmission and high-speed broadband connectivity driven by changing consumer preferences and continued remote work and study and the resulting growing complexity of data transmission-based services;
- growing penetration of smartphones among customers of mobile networks, which entails the development of the mobile data transmission market;
- increasing customer expectations with regard to the level of advancement of end-user equipment, reflected in the growing demand for more advanced smartphones;
- increasing prices of mobile services in exchange for larger data packages ("more for more" strategy), resulting from the increase in demand for data transmission in smartphones and investments in the 5G standard;
- development of 5G networks, related with intensified expenditures and additional revenue from offering more expensive tariff plans which guarantee higher quality parameters and larger data packages;
- development of state-of-the-art fixed broadband networks, fiber optic in particular (FTTH), coupled with increasing openness of owners of such assets to resell them in a wholesale model;
- dynamic development of non-linear video content, distributed via VOD and OTT services, accompanied by growing online ad spending;
- steady increase in users' willingness to pay for video content online, in particular in the subscription model, which is associated, among others, with the production of high quality exclusive content for individual VOD services;
- entry of a number of global VOD and OTT players to the Polish market, as well as investments of operators already present on the market in content in order to adjust it to the preferences of local viewers;
- increased TV content production costs, resulting both from more intense competition for access to attractive content and from the increasing costs of day-to-day content production;

- increasing sales of smart-TVs;
- technological changes in provisioning pay TV services, resulting, among others, from increased consumer demand for non-linear content delivery;
- ongoing consolidation in the Internet and pay TV markets, particularly in the cable TV segment;
- consolidation of the local telecommunication market, reflected in acquisitions of fixed-line operators by larger telecommunications groups in order to strengthen convergent offerings;
- ownership changes in the TV production and broadcasting market;
- potential changes of ownership in the European telecommunication market, resulting from the desire of large telecommunication groups for greater business consolidation in individual local markets;
- economic and demographic effects of the military conflict in Ukraine.

6. Risk factors

6.1. Risk factors related to our business and the sector in which we operate

The results of our operations in the telecommunications sector depend on the ability to effectively encourage the existing customers to use a wider range of our services, to win customers from competitive telecommunication operators, as well as the ability to reduce churn

It is expected that further growth of our operations on the mature Polish telecommunication market will chiefly depend on the ability to effectively encourage the existing customers to use a wider range of services offered by us, to win customers from competitive mobile and fixed-line operators, as well as the ability to reduce the churn rate. We cannot give any assurance that the measures it is undertaking will encourage its existing customers to use a wider range of services or attract customers from competitive operators, or that the measures we are undertaking to increase customer loyalty will reduce the rate of churn or allow us to maintain the satisfactory churn rate. If we are unable to effectively manage the churn rate, we may be forced to significantly reduce our costs to maintain satisfactory profit margins, or to take alternative steps, which could in turn result in higher costs of customer acquisition and retention.

In addition, the telecommunication industry is characterized by frequent developments in product offerings, as well as by advances in network and end-user device technology. If we are unable to follow technological development and provide customers with an attractive, modern portfolio of products and services, we may not be able to retain customers or the customers' retention cost may increase.

Additionally, competing telecommunication operators may improve their attractiveness for the customers, e.g. by offering their products or services at lower prices, which could make it more difficult for us to retain the current customer base, and the cost of retaining and acquiring new customers could increase.

All such events could have a material adverse effect on the results of our operations, financial condition and prospects.

The performance of our pay TV and broadcasting and television production operations depends on our customers' satisfaction, the acceptance of our programming content by viewers, as well as our ability to generate profit from our own productions or from acquired broadcasting rights

We operate on markets where commercial success primarily depends on customer satisfaction and acceptance of programming content which are often difficult to predict. We strive to acquire and retain pay TV customers by providing them with access to a broad range of channels, including sports, music, entertainment, news, children's, educational and film channels, all main terrestrial television channels available in Poland, as well as HD and free-to-air TV and radio channels. Whether customers are satisfied with our programming is vital for our ability to acquire and retain pay TV customers, as well as to generate and increase customer revenue.

Our ability to generate advertising revenue in the media segment depends almost entirely on viewers' demand for our programs. Audience shares achieved by programs we broadcast directly affect both the attractiveness of our television channels to existing and potential advertisers and rates we are able to charge for advertising time. In the media segment we also generate revenue from production and sale of television programs to third parties operating in Poland and, to a lesser extent, abroad. Prices which we are able to receive from potential buyers of our own productions are directly linked to the audience for those programs, as third-party buyers, interested in generating advertising revenue, look for programming contents with the highest viewership number.

Demand for TV programs and programming preferences change frequently, irrespective of the media on which they are carried. We might not be able to attract customers to or retain customers for our pay TV services and advertisers, if we are not able to effectively predict the demand for programs or changes in audience tastes, or if our competitors prove better at such predictions. This may bring about an increase in customer churn, while in the media segment it may result in decreasing audiences for our programs and subsequent difficulties in acquiring advertisers.

To some extent, the profitability of our operations depends on our ability to produce or obtain broadcasting rights to the most attractive programs in a cost-effective manner. While costs of in-house productions of television content are usually higher than the costs of purchasing third-party programs, we believe that a larger number of Polish programs broadcast on our channels will increase viewers' demand and consequently increase demand from advertisers. However, there can be no assurance that financial outlays we have made or will make in the future on Polish programming production will be fully recovered or that we will be able to generate revenue high enough to offset those costs.

Consequently, if customers do not accept our programming offer or we are unable to produce programs or acquire broadcasting rights in a profitable manner, it may have a material adverse effect on the results of our operations, financial condition and prospects.

We may be unable to attract or retain customers and advertisers if we fail to conclude or extend the license agreements under which we distribute key programs

Our performance depends on our ability to acquire attractive television programs. Our pay TV customers' access to television channels depends on our purchase of licenses from TV broadcasters. In the media segment, we independently produce certain TV programs, while other TV programs and content are broadcast under license agreements. Our license agreements are usually concluded for definite periods, usually two to three years for films and TV series, and three to ten years for sports programs. Under certain circumstances, a licensor may terminate a license agreement before it expires without our consent. This is particularly likely if we fail to fulfil our obligations, including the obligation to pay license fees. In order to acquire and retain customers and advertisers, it is necessary to maintain an attractive selection of TV programs. There can be no assurance that our license agreements will be extended on equally favorable terms or that they will be extended at all, nor can we exclude the possibility that a licensor will terminate the license agreement before its agreed expiry date. In addition, we have no influence on delays in the realisation of our rights under certain concluded license agreements, which may occur due to extraordinary events of a similar nature such as the COVID-19 pandemic or the war in Ukraine.

Our inability to obtain, maintain, or extend important program licenses, as well as delays in the execution of our license rights may make it difficult for us to provide and offer new attractive channels and programs, which may result in losing our ability to acquire and retain customers and advertisers. This in turn may have a material adverse effect on the results of our operations, financial condition and prospects.

In the real estate segment, we are exposed to risks associated with a decrease in demand for the properties we offer, undiscovered defects and the impact of external factors, climate change or warranty claims

Our financial results in the real estate segment directly depend on the level of sales and rental prices of real estate in Poland, which is influenced, among other things, by changes in demand for the premises offered. Market volatility and deterioration of the macroeconomic situation, outflow of foreign investors from the markets of Central and Eastern Europe, limited availability of sources of financing for customers, especially mortgage loans, an increase in the supply of premises in a specific area and a change in purchasers' expectations regarding the standard, location or furnishing of premises may result in a reduction of the demand for the properties we offer or a decrease in their value.

The development projects we carry out may suffer damage due to undiscovered faults or due to the impact of external factors (e.g. floods, landslides, earthquakes or mining damage). In particular, our key investment in the real estate segment - Port Praski - is located in the immediate vicinity of the Vistula River, which may expose it in particular to the risk of flooding. The occurrence of such events may entail the need to carry out the associated maintenance and repair work without the possibility of transferring the costs thereof to third parties.

Climate change, which has been observed with increasing intensity in recent years, such as global temperature increase, weather anomalies or increase in greenhouse gas concentrations, can have a negative impact on our development activities at every stage, from design to construction and maintenance of buildings, exposing us to additional costs associated with the need to adapt properties to dynamic climate change.

In addition, the construction, lease and sale of the property may involve claims for defective construction work repair or otherwise. We are liable to purchasers of premises under the warranty for physical and legal defects of the buildings and the land on which the buildings are built, as well as for defects in the individual premises. Possible claims of this type may have an adverse effect on the perception of the Group's business, properties and projects by target customers, tenants or investors.

The occurrence of damage due to undiscovered defects and external factors, climate change or warranty claims may have an adverse effect on the Group's reputation which, together with a decline in demand for the properties we offer, could have a material adverse effect on the results of our operations, financial condition and prospects.

Our ability to increase sales of our services depends on the effectiveness of our sales network

We operate an organized and specialized Poland-wide sales network, which distributes the products and services we offer. Because of strong competition with other pay TV providers and telecommunications services providers, as well asincrease in wages observed on the domestic labor market we might have to raise fees paid to our distributors which may result in higher operating costs and probably lead to lower profit from operating activities.

Furthermore, if we decide that our distribution network requires extensive reorganization or reconstruction, we may face the need to incur substantial financial outlays. Moreover, our sales network may be subject to operational downtime in the event of extraordinary events, which could result in a reduction of our revenues. For example, in 2020, as a result of the COVID outbreak, restrictions were imposed as a result of which part of our sales network remained closed periodically or experienced a significantly lower volume of visits by existing and potential customers, which negatively impacted our sales during this period. The occurrence of future extraordinary events with similar effects may translate into a decline in sales of services and equipment, as well as the number of churn rates, and may require us to incur additional costs to reorganise our sales channels to adapt them to permanently changing customer preferences.

Any failure to maintain, expand or modify our sales and distribution network, as well as the reduced efficiency of its operation as a result of extraordinary events, may make it much harder to acquire and retain customers of our services, which may have a material adverse effect on the results of our operations, financial condition and prospects.

In our business, we depend on third-party providers for certain services, infrastructure or equipment. If these are delivered late or if they are not delivered at all our services may be delayed or even suspended

Our ability to grow our customer base depends on our ability to provide high-quality, reliable services and products. In offering products and services, we rely on a number of third-party providers of network, services, equipment and content over whom we have no control.

We collaborate with a number of third parties in providing our pay TV, broadband Internet access and mobile telephony and landline services and the ability to deliver services to our customers depends on the correct operation of the infrastructure and equipment belonging to the entities with which we collaborate.

The access layer of the mobile network infrastructure used by our customers as of July 2021 belongs to the Cellnex Group. Any long-term problems in the cooperation with the Cellnex Group or the failure of the Cellnex Group to comply with the arrangements contained in our signed Service Level Agreement, resulting in our inability to provide high quality services, could lead us to exercise the option contained in the Buyback Agreement, which provides an entitlement (but not an obligation) for Polkomtel to repurchase shares in Towerlink Poland for a price reflecting the fair value of the shares to be repurchased, taking into account the discount agreed between the parties. We have no assurance that the repurchase process would not negatively impact the continuity of our service provision or the satisfaction of our customers with the services we provide. We also cannot ensurethat the Polsat Plus Group, if required to exercise the repurchase option, would have adequate financial resources or would be able to arrange additional financing of sufficient scale and on acceptable terms, and thus we have no certainty that the exercise of the repurchase option would be effectively possible.

Our customers’ pay TV antennas are usually adapted to receiving signals delivered through transponders leased from Eutelsat S.A. In order to switch the satellite operator in the event of our failure to extend a contract, or in the event of contract termination by Eutelsat S.A., or for other reasons, we would be forced to find an alternative provider of satellite transmission capacities and potentially reposition our customers' satellite antennas, which would be a cost- and time-consuming process considering the size of our customer base.

To broadcast our terrestrial channels, we use the services provided by Emitel S.A. We also rely on other third-party contractors, Nagravision and Irdeto, which provide us with a conditional access systems to secure our networks against unauthorized access. Our broadcasting services also rely on a number of third-party contractors, and we outsource a number of non-core activities (including certain IT functions) not related to our broadcasting business. These, and other services, are often central to our operating activities.

The provision of our services may be disrupted or interrupted if any of our contractor (or its subcontractor) is unable to, or refuses to, perform their contracted services or provide access to infrastructure or equipment in a timely manner, on acceptable terms or at all. These and other disruptions or interruptions may have a material adverse effect on our business, financial condition, results of operations or prospects.

A possibility of provision of telecommunications services depend to a large degree on our ability to interconnect with the telecommunications networks and services of other telecommunications operators, including those our direct competitors. In particular, part of our services are provided based on regulated access to Orange Polska’s infrastructure or wholesale access to the networks of other wireline operators. We also rely on third-party operators for the provision of international roaming services to our customers. While we have interconnection, infrastructure access and roaming agreements in place with these operators, we do not have direct control over the quality of their networks and the interconnections and roaming services they provide, due to the fact that we do not have direct control over availability or quality of networks of these operators or interconnect and roaming services, there can be no assurance that availability and quality of services provided by such other operators will be in accordance with contract. Any difficulties or delays in interconnecting with other networks and services, the failure of any operator to provide reliable interconnections, regulated access or roaming services on a consistent basis or early termination of any of material interconnection, regulated access or roaming agreements could result in an inability or limited ability to provide services to our customers or in a deterioration of quality of the services, which in turn can lead to loss of customers or decreased usage of our services, and consequently have a material adverse effect on our performance, financial condition and growth prospects.

Continued cooperation with some of them is important for us to maintain our operations without disruption. In particual, we are in the gradual process of implementing a new, integrated IT environment supporting sales and customer care as well as a convergent billing system for our products and services. The purpose of the implementation is to redefine and standardize the sales processes and the offers across the Polsat Plus Group as well as to provide a single, consistent and effective tool which will enable management of sales and customer relations in all possible spheres. The project is implemented in cooperation with Asseco Poland S.A. who provides IT systems and, as the main integrator of the system is responisble for effecting the implementation. We cannot exclude that the process of replacing the above IT systems will not have a temporary negative impact on the level of sales realised by the Group.

In Poland, work is currently underway to introduce into the legal order solutions that would allow, by administrative decision, to recognise a hardware or software supplier (including a supplier of hardware or software for telecommunication entrepreneurs) as a high-risk supplier. Ongoing cooperation with some of the external suppliers is important for the ability to conduct uninterrupted operational activities. In the event that any of the major suppliers of telecommunication equipment to be considered a high-risk supplier and excluded from the supply chain, the competitiveness of the market may be reduced and the price of telecommunication equipment may increase. In addition, imposing an obligation on telecommunication operators to replace hardware or software supplied by a supplier deemed to be a high-risk supplier may entail additional high costs for the replacement of such network equipment and, as a result, adversely affect the pace of construction and modernisation of the telecommunication network of the operator concerned. We cannot exclude the possibility that this fact may have a negative impact on the cost and pace of construction and modernisation of the telecommunication network used by our customers.

We also rely on agreements with external suppliers of handsets and modems (including Samsung, Oppo, Motorola, Xiaomi, Apple and Realme), external suppliers of components necessary for the production of end devices in our factory in Mielec and external providers of IT services. We do not have any control over our key suppliers and have limited influence on the manner in which these key suppliers perform their obligations under concluded contracts. There can be no assurance that these providers will not terminate their contracts with us, extend them upon expiry, extend them on the same or more favorable terms, or that we will be able to acquire the necessary equipment and services in the future from these or other suppliers, in required amounts and at the right time, or at all. In particular, it cannot be ruled out that in the event of a permanent reduction in the supply of components on the Asian markets, there may be disruptions in the supply chain for imported equipment offered to our customers. Accordingly, due to dependence on third-party suppliers, we are exposed to the risk of delayed provision of necessary services or equipment or lack of such provision.

If such third-party providers do not perform their contractual obligations towards us or do not adjust to changes in requirements of the Group’s companies, or are unable or refuse to provide services or deliver infrastructure or equipment, on which the possibility of timely and economically justified provision of certain services and products to our customers depends, our customers may experience service interruptions, which could adversely affect the perceived quality of our services and products, therefore, adversely impact the brand and reputation of the Group’s companies, thus affecting the results of our operations, financial condition and prospects.

We may be unable to keep pace with new technologies used on markets, on which we operate

The technologies used in broadcasting and delivering pay TV, mobile and fixed-line telephony and broadband Internet access develop extremely quickly, which is why there can be no assurance that we will be able to introduce new and/or enhanced technologies, services and products in a fast and efficient enough way.

Compression, signal encoding and customer management systems vital to the correct functioning of our satellite center, software of set-top boxes manufactured by us, as well as other software and technologies used by us and our suppliers, must be constantly updated and replaced to match the latest technological developments. Our inability to replace obsolete technological solutions may result in disruption of our pay TV services, which may in turn cause an outflow of customers to competitors who have brought their technologies up to date.

Technological progress requires us to modify our content distribution and TV programming methods to keep pace with the changing market. New technologies – including new video formats, IPTV, Internet streaming and downloading services, video on demand (VOD), migration towards the DVB-T2/HEVC standard, set-top boxes with recording capability, as well as other devices and technologies – introduce new media and entertainment options and change the way customers receive content. This allows them to enjoy television outdoors or at any chosen time, without commercials and to a custom schedule. Such technologies are growing in popularity and are becoming easier to use, yet the resulting fragmentation of TV viewers may cause a general decline in TV advertising revenues.

It is expected that certain communications technologies that are currently under development, including 5G, as well as fiber optics technology allowing for faster data transmission at lower unit costs, to become increasingly important in the markets in which we operate. Technological developments may also shorten product life cycles and facilitate convergence of various segments in the telecommunications industry. We cannot currently predict how emerging and future technological changes will affect our operations, nor can we predict whether new technologies required to support our planned services will be available when expected, if at all.

Furthermore, fixed-line broadband services are associated with a need for investments in modernization of access networks. Some market players are currently conducting large investments programs which allow to significantly increase throughput provided to end-users. In particular, Orange Polska has formed a joint venture with APG Group, a Dutch pension fund company to expand the reach of the access fibre network, and P4/UPC has entered into a partnership with InfraVia Capital Partners for the expansion and wholesale access to the fixed access network in HFC and FTTx technologies. In addition, a parallel governmental program supporting the construction of broadband fiber optic networks is being conducted using subsidies from the European Union funds (OPDP – Operational Programme Digital Poland).

Therefore, we are not able to guarantee that the demand for our fixed-line broadband services will be sufficient to reach our revenue targets. Neither can we guarantee that the growing coverage of the less developed areas of Poland with optic fiber technologies giving the end users broader access to video content, will not adversely affect the demand for our pay TV satellite access services or wireless Internet.

Given the fast pace of technological change and customers' growing expectations, and considering the risk that our competitors may offer telecommunications products and services that are based on new technologies which are more advanced, less costly or otherwise more attractive to customers than those provided by us, we may be required to rapidly deploy new technologies, products or services. The rapid evolution of technology in the markets in which we operate and the complexity of our information technology systems, as well as a number of other factors, including economic ones, may affect our ability to timely launch new technologies, products or services. We cannot guarantee that we will correctly predict the development of new technologies, products or/and the demand for products and, therefore, that we will at an appropriate moment engage appropriate amounts of capital and resources to develop the necessary technologies, products or services that will satisfy existing customers and attract new customers. If we fail to implement new technologies, products or services or implement such new technologies, products or services too late, it may render our technologies, products or services less profitable or less attractive than those offered by its competitors. In addition, new or enhanced technologies, services or products we introduce may fail to achieve sufficient market acceptance or experience technical difficulties. We may also be unable to recover the investments it has made or may make to deploy these technologies, services and products and therefore no assurance can be given that we will be able to do so in a cost-efficient manner, which would also reduce our profitability. Moreover, we may not be able to obtain funding, in sufficient amounts on reasonable terms, in order to finance capital expenditures necessary to keep pace with technological developments and with the competitors.

Failure on our part to adapt our products and services to the changing lifestyles and preferences of our customers, or to make sufficient use of new technologies in our activities, may have a material adverse effect on the results of our operations, financial condition and prospects.

We are exposed to the risk of fraudulent activities by customers

Given the nature of the telecommunications market stemming from the manner of making interconnect settlements related to the exchange of domestic and international telecommunications traffic, incurring wholesale costs related to traffic generated by our customers when using telecommunications networks of foreign operators (roaming) and fees for sold premium services, some of our customers use telecommunications services in a way that differs from the standard method of their use by the end user, e.g. by terminating mass traffic in the network of another operator while bypassing wholesale interconnect settlements. We prevent such behavior by analyzing any abnormal traffic patterns on individual SIM cards. If such traffic patterns are identified, the card can be immediately deactivated, in accordance with the service provision regulations. However, there can be no assurance that we will be sufficiently effective in preventing this type of fraud. If we do not identify a fraud or identifies a fraud with a delay, we may be exposed to additional costs or lose some revenue due to us, which can have a negative effect on the results of our operations, financial condition and prospects.

We might be unable to maintain good name of the major brands in our portfolio

The good name of the major brands in our portfolio, including “Polsat Box” (formerly “Cyfrowy Polsat”), “Plus”, “Polsat”, “Polsat Box Go”, “Netia”, and “Interia.pl” is a significant component of Group's value. Maintaining their good name is fundamental for acquiring new and retaining existing customers and advertisers. Our reputation may also suffer if we are unable to provide existing products and services or implement new products and services due to technical faults, a lack of necessary equipment, or other circumstances. Also, the quality of our products and services depends on the quality of third-party infrastructure and services, over which we have little control. If our partners fail to observe relevant performance standards or supply faulty products or services, the quality of our products and services, as well as our good name may suffer. There can be no assurance that these or other risks, which would compromise the good name of our most important brands, will not materialize in the future. Any damage to our good name may have a material adverse effect on the results of our operations, financial condition and prospects.

Goodwill and brand values may be impaired

Following the acquisitions made in the past, in particular of Telewizja Polsat, Polkomtel, Netia, Aero 2 and Interia.pl we have carried considerable amounts of goodwill and intangible assets, representing brand value, on our balance sheet. We test the goodwill and brand value allocated to our business segments for impairment on an annual basis, by measuring the recoverable amounts of cash-generating units, based on value in use. Any adverse changes to the key assumptions we apply in impairment testing may have a material adverse effect on the results of our operations, financial condition and prospects.

We may lose our management staff and key employees

Our performance, as well as successful implementation of our strategy, depend on the experience of our management staff and the commitment of our key employees. Whether we are successful in the future will depend partly on our ability to retain the Management Board members who have made considerable contributions to the development of our Group, as well as to acquire and retain qualified employees who will ensure effective operation of our business segments. In the media and telecommunication sectors, both in Poland and worldwide, there is strong competition for highly qualified employees. Therefore, no assurance can be given that in the future we will be able to acquire or retain Management Board members or qualified employees. Loss of our key managers or our inability to acquire, properly train, motivate and retain key employees may have a material adverse effect on the results of our operations, financial condition and prospects.

Disruptions to set-top box production may adversely affect our reputation and increase customer churn

To reduce acquisition costs of pay TV reception equipment and to be able to offer our customers the option to lease set-top boxes at lower prices, we are currently producing most of the set-top boxes we offer and deliver to our customers at our manufacturing plant in Mielec. Should any batch of the set-top boxes we have manufactured prove defective and need to be withdrawn from the market, we are under the obligation to replace the set-top boxes we have made available to our customers. Any disruption of services provided to our customers may trigger our obligation to refund subscription fees due to the inability to use the pay TV services that should be delivered using the defective set-top boxes, and to pay the stipulated damages. Furthermore, the withdrawal of reception equipment due to a confirmed epidemic defect could be harmful to our reputation.

Any problems with production of set-top boxes would force us to acquire larger numbers of set-top boxes from third-party suppliers. There can be no assurance that we will be able to purchase a sufficient number of set-top boxes from third-party suppliers when required. Furthermore, the cost of acquiring from third-party suppliers of the vast majority of set-top box models we offer could be much higher than the cost of manufacturing them at our own plant. If we were unable to obtain set-top boxes from third-party suppliers on satisfactory pricing terms, we might have to raise the prices for our customers to cover our increased expenses. Moreover, if the deliveries of set-top boxes we managed to procure were insufficient to meet the demand, our reputation among our current and potential customers would suffer. As our production of set-top boxes is based on components purchased from third-party contractors, there is a risk that we lose access to such components, for instance due to problems with the availibility of these components, discontinuation of their production or changes in technologies or products. Losing access to certain components would force us to redesign our set-top boxes, which could affect continuity of their production and supplies to our customers.

Any difficulties in the production of most of our set-top boxes at our own production plant could lead to a loss of our current customers or adversely affect our ability to acquire new customers for our pay TV services. Any disruption to our set-top box production and subsequent necessity to procure more set-top boxes from third-party suppliers could adversely affect our reputation, which could have a material adverse effect on the results of our operations, financial condition and prospects.

Network infrastructure, including information and telecommunications technology systems, may be vulnerable to circumstances beyond the Group control that may disrupt service provision

The mobile telecommunications business depends on providing customers with reliable service. The services we provide may encounter disruptions from many sources, including power outages, acts of terrorism and vandalism and human error, as well as fire, flood, or other natural disasters.

Due to the fact that the access layer of the mobile network infrastructure used by the Group's customers is owned by a third party – the company Towerlink Poland, potential disputes between this entity and Group companies, the failure of Towerlink Poland to comply with the agreements (in particular with the detailed provisions of the Service Level Agreement), delays in concluding new orders or failure to execute orders concluded with Towerlink Poland on time, as well as a number of other events and factors may cause part of our network infrastructure to be inaccessible, which could adversely affect our ability to efficiently provide services, maintain and upgrade network infrastructure through wchich we provide services to our customers.

In addition, we could experience interruptions of our services due to, among other things, software bugs, computer virus attacks, or unauthorized access. Any interruptions in our ability to provide services could seriously harm our reputation and reduce customer confidence, which could materially impair our ability to attract and retain customers in both the retail and wholesale segments. Such interruptions could also result in an obligation to pay contractual penalties or cause our customers to terminate their agreements or the imposition of regulatory penalties due to violations of the terms of frequency allocation. They might also result in a need to incur significant expenditure to restore the functionality of the telecommunication network and guarantee reliable services to customers.

In order to provide pay TV services to our customers, we rely primarily on our satellite center, as well as satellite transponders, customer management system, reporting systems, sales support system, and customer relationship management system. Any failure of the individual components of our satellite center, including failure of satellite transponders or any intermediate link, may result in serious disruption or even suspension of our activities for a certain period. In the media segment, the IT systems are used primarily for management of advertising scheduling, program broadcasting, and maintaining relations with advertisers. Failure of any of our IT systems may prevent us from carrying out our operations successfully, while restoring them to full working condition may require significant financial outlays.

Such events may have a material adverse effect on the results of our operations, financial condition and prospects.

We could become a party to labor disputes or experience growth of employment costs

In spite of correct relations with our employees, we may not rule out the risk of occurrence work disruptions, disputes with employees, strikes or significant growth of labor costs in one or many of our companies. Each of the above events could prevent our ability to satisfy customer needs or lead to growth of labor costs which would reduce our profitability. In addition, any employee-related problems affecting external companies providing services or technologies to us could also have adverse impact on us if they hinder our ability to obtain the required services or technologies on time or the ability to offer the expected quality. All disruptions of this type may have a material adverse effect on the results of our operations, financial condition and prospects.

At Polkomtel, Niezależny Samorządny Związek Zawodowy Solidarność (the Solidarity Independent Self-Governing Trade Union) trade union is active. Trade unions are active also at Netia Group. As at December 31, 2022, ca. 5% of the total workforce of Polsat Plus Group were trade union members. Involvement in lengthy negotiations with the trade unions or in collective disputes cannot be ruled out; strikes, work interruptions or other industrial action (triggered, for example, by an attempt to optimize the employment level or labor costs or the need to restructure the workforce), as well as employees' pay rise demands may also be experienced. The occurrence of strikes, significant disputes with the trade unions active at Polkomtel or the Netia Group, or increase in employment costs may disrupt our operations, preventing it from timely or cost-effective provision of services to its customers, which can have a material adverse effect on the results of our operations, financial condition and prospects.

The administrative and court proceedings in which we are involved may result in unfavorable rulings

We were, and currently are, party to a number of past or pending administrative and court proceedings in connection with our business. Therefore, there is a risk of new proceedings being instituted against us in the future, outcomes of which may prove unfavorable (including those instituted in connection with claims made by organizations for collective administration of copyrights). Under Polish copyright law, we are required to pay fees for collective administration of copyrights to organizations that collect royalties on behalf of authors of copyright-protected works we broadcast or distribute as part of our operations. Such fees are charged in accordance with license agreements signed with these organizations. Although relevant agreements are in place with several organizations for collective administration of copyrights, there is a risk that claims will be brought against us by other such entities. We are in turn a party to administrative and court proceedings, including the ones which have been initiated by regulators, competition and consumer protection office, tax authorities as well as disputes and court proceedings involving third party entities.

Any unsuccessful court, arbitration and administrative proceedings may have an adverse effect on the results of our operations, financial condition and prospects.

Should any claims related to the infringement of third-party intellectual property rights be brought against us, we may be forced to incur substantial expenses to defend against those claims, to acquire a license for a third-party technology, or to redefine our business methods to eliminate the infringement

Our business success depends largely on third-party intellectual property rights, particularly rights in advanced technologies, software, and programming content. No assurance can be given that we have not, or that we will not in the future, infringe any third-party intellectual property rights. Any such infringement may result in claims for damages being brought against us by third parties. We may also be placed under an obligation to obtain a license or acquire new products which would enable us to conduct our business in a non-infringing way, or we may have to expend time, human and financial resources to defend against claims of infringement. Expenditure on defending against intellectual property infringement claims or obtaining necessary licenses, and the need to employ time and human resources, including the management staff, to handle issues related to absence or infringement of intellectual property rights, may have a material adverse effect on the results of our operations, financial condition and prospects.

Our own intellectual property rights and other means of protection may not adequately protect our business, and insufficient protection of our programming content, proprietary technologies and know-how may cause profit erosion and customer churn

A large proportion of our products make use of proprietary or licensed content, delivered to the customers and the viewers through our broadcast channels, interactive TV services, and pay TV. We establish and protect our property rights on distributed content relying on trademarks, copyrights, and other intellectual property rights, but no assurance can be given that these rights will not be challenged, revoked or disregarded.

Even if our intellectual property rights remain in full effect, no assurance can be given that our protection and anti-piracy measures will successfully prevent unauthorized access to our services and theft of our programming content. Furthermore, our proprietary content and the content we use under licenses may be accessed, copied or otherwise used by unauthorized persons. The risk of piracy is particularly harmful to our segments of media and the distribution of paid content. Media piracy is a problem well known in many geographies, including Poland. Technological advancements and digital conversion of multimedia content are powerful incentives for pirating, as they enable the production and distribution of high-quality unauthorized copies, recorded on various carriers, of pay-per-view programs delivered via set-top boxes, license-free or free-to-air transmissions on television or the Internet. This is further exacerbated by the difficult enforcement of the laws governing copyright and trade-mark infringements on the Internet, which compromises the protection of our intellectual property rights in that medium. Unauthorized use of our intellectual property may adversely affect our operations, harming our reputation and undermining our trading partners' confidence in our ability to properly protect our proprietary and licensed content, which in turn may have a material adverse effect on the results of our operations, financial condition and prospects.

Our broadcasting licenses may be revoked or may not be renewed

Our business operations in the media segment require that we obtain licenses issued by the National Broadcasting Council (KRRiT). These licenses may be revoked or may not be renewed.

To keep our TV broadcasting licenses, we must comply with the applicable laws and the terms and conditions of the licenses. Failure to comply with the applicable laws or breach of the terms and conditions of a broadcasting license, especially with respect to the period within which we must commence broadcasting of a channel, could lead to the license being revoked or a fine being imposed on us. Our broadcasting licenses may also be revoked if we are found to be conducting activities in violation of the applicable laws or the terms and conditions of our broadcasting licenses, or we fail to remedy such violation within the applicable grace period. In addition to license revocation, there is also a risk that licenses granted by KRRiT will not be renewed.

If any of our broadcasting licenses are not extended, are revoked or extended on unfavorable conditions, the Group may be forced to suspend the provision of some services temporarily or permanently, may be unable to offer services based on a particular technology or may have to incur substantial expenditure, all of which may have a material adverse effect on the results of our operations, financial condition and prospects.

Our current frequency allocations may be revoked or may not be renewed on acceptable terms or at all

We base our business activities in mobile telecommunication services, on acquired radio frequency reservations. All frequency allocations (including those for the media segment) have been issued to us for a definite term. There can be no assurance that our frequency allocations will be extended prior to their expiry. In particular, pursuant to the Telecommunications Law, the President of UKE may refuse to extended or revoked frequency allocations if he decides that the terms of use of the allocated frequencies has been repeatedly breached, used ineffectively, or if particular circumstances occur which jeopardize the state defense abilities, state security or public order, or if revocation of the frequency allocations follows from the necessity to ensure equal and effective competition or substantially better use of frequencies, especially if the extension of the allocation would lead to excessive frequency concentration at the given capital group.

To maintain our frequency allocations, we must comply with the terms of the allocation, as well as relevant laws and regulations. Any breach of those terms, laws or regulations, including in particular failure to pay frequency allocation fees, may cause the allocation to be revoked and penalties to be imposed on the given allocation owner. In particular, given that the regulations and laws governing the Polish telecommunications industry are very complex and often change, there can be no assurance that we will not breach any laws or regulations related to frequency allocation or any terms of such allocation.

If any of our frequency allocations is not extended, is revoked or extended on unfavorable conditions, we may be forced to suspend the provision of some services temporarily or permanently, may be unable to offer services based on a particular technology or may have to incur substantial expenditure in order to be able to provide services to customers based on frequencies from other bandwidths, all of which may have a material adverse effect on the results of our operations, financial condition and prospects.

In particular, we currently hold frequency allocations in the 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz bandwidths. These allocations are fundamental for the roll-out of our mobile telecommunications network.

Our competitors have taken a number of steps, some of which may still lead to various consequences; among others in respect of rights of disposal of frequencies granted in the past to companies belonging to the Group, including the 1800 MHz band frequency allocations.

In this respect, no assurance can be given that as a result of the pending proceedings or proceedings the instigation of which cannot be excluded, as events lying outside the control of reservation decisions beneficiaries, our 1800 MHz band reservation decision could be contested, which could have a material effect on the Group's ability to provide tellecomunication services. Proceedings to invalidate the 1800 MHz frequency allocation tender have been instigated by T-Mobile and Orange.

Supreme Administrative Court (NSA), in its ruling dated May 8, 2014, sustained the decision of the Court of First Instance and repealed the decision issued by the President of the Office of Electronic Communications (UKE) on September 23, 2011 which partially invalidated the above-mentioned tender. Following the decision of the Supreme Administrative Court, UKE informed that "the decisions regarding re-running the tender will be taken by the Office upon careful analysis of the written justification of NSA's rulings and the Court's guidelines regarding further procedure as well as upon analysis of the legal situation". UKE also stated that the "reservation decisions issued by UKE President remained valid while the operators could continue providing their services while using these frequencies." In correspondence dated December 23, 2016, the President of UKE informed the parties involved that proceedings to invalidate the tender for the 1800 MHz frequency band have been ex officio opened. On August 4, 2017, the President of UKE issued a decision annulling the tender dated 2007. On October 13, 2017, Aero 2 Sp. z o.o. (being the legal successor of CenterNet S.A. and Mobyland Sp. z o.o.) filed a motion for reconsideration of the case concluded by the decision of the President of UKE of August 4, 2017 on the cancellation of the 2007 tender procedure. Following the decision of January 31, 2018, the President of UKE upheld the decision of 4 August 2017. Against this decision, Aero 2 filed a complaint to the Provincial Administrative Court in Warsaw, which was dismissed by a ruling of October 4, 2018. On December 27, 2018 Aero 2 has filed for a cassation from the above mentioned ruling, On December 27, 2018, Aero 2 filed a cassation appeal against judgment, which was dismissed by a judgment of the Supreme Administrative Court dated November 25, 2022.

The decision issued by the President of UKE does not affect reservation decisions issued in an administrative procedure separate from the tender. In accordance with the press release published by the President of UKE, these reservation decisions remain valid and telecommunication operators may continue to provide their services based on these reservation decisions. The Management Board is of the opinion that the above issue is unlikely to have a negative impact on the Group's results and financial position. Accordingly, the Group's consolidated financial statements do not include any adjustments related to the valuation of frequency reservations.

In proceedings initiated upon request of T-Mobile Polska S.A. the President of UKE reopened proceedings concluded earlier on April 23, 2009 with a final decision issued by the President of UKE upholding the decision of the President of UKE dated 30 November 2007 awarding frequency reservation in the bands 1710-1730 MHz i 1805-1825 MHz. In these proceedings, in its decision of November 28, 2017 the President of UKE refused to repeal - after the reopening of the proceedings - of the reservation decision of the President of UKE dated April 23, 2009. This decision was upheld in the decision of the President of UKE dated June 4, 2018. Following the complaints filed against the aformentioned decision, in a judgment of March 11, 2019 the Provincial Administrative Court in Warsaw repealed the decision of the President of UKE dated June 4, 2018. Aero 2 filed a cassation appeal against this judgment with the Supreme Administrative Court.

On October 4, 2018, T-Mobile Polska filed a complaint with the Provincial Administrative Court in Warsaw against the announcement of the President of UKE of September 5, 2018 on the results of the actions necessary to remove the violations constituting the reason for cancelling the tender for two frequency reservations, each of which includes 48 duplex radio channels with a duplex spacing of 95 MHz, from the 1710-1730 MHz and 1805-1825 MHz bands. In a decision of November 20, 2018, the Provincial Administrative Court in Warsaw rejected T-Mobile Polska S.A.'s complaint. In a decision of July 4, 2019, the

Supreme Administrative Court, as a result of a cassation appeal filed by T-Mobile Polska S.A., reversed the decision of the Provincial Administrative Court in Warsaw of November 20, 2018. In a judgment of August 18, 2020, the Provincial Administrative Court in Warsaw declared the announcement of the President of UKE of September 5, 2018 ineffective. This judgment was subsequently overturned by the Supreme Administrative Court in a judgment of December 9, 2021, and the case was referred for reconsideration to the Provincial Administrative Court in Warsaw. On October 25, 2022, the Voivodship Administrative Court in Warsaw dismissed the complaint of T-Mobile Polska, the judgment is not final and is subject to a cassation appeal to the Supreme Administrative Court.

No assurance can be given that if we lost certain frequency allocations on the basis of which we provide telecommunication services, we would be able to gain access to sufficient alternative frequency band resources on satisfactory terms or at all, and failure to obtain access to such resources could have a negative impact on the implementation of business strategies and consequently a material adverse effect on the results of our operations, financial condition and prospects.

The spectrum of radio frequencies available to the mobile phone industry is limited and therefore we may not be able to obtain new frequency allocations

The ability to maintain existing and implement new or improved mobile technologies and our ability to successfully compete on the telecommunications services market partly depends on our ability to obtain further radio frequency resources. The size of the spectrum of radio frequencies available for allocation in Poland is limited, and the process of obtaining allocations is long and very competitive.

In May 2017 the European Parliament and the Council issued a Decision on the use of the 470-790 MHz frequency band in the European Union under which EU Member States were required to make the 700 MHz band available for broadband services by 30 June 2020 or in justified cases by June 30, 2022 at the latest. The then Ministry of Digitalisation has decided to take advantage of the possibility of postponement. At the same time, TV broadcasters who were forced to release the 694-790 MHz band as a result of the decision, and to use the 470-694 MHz band only, have been given the guarantee of maintaining the latter frequency band, i.e. 470-694 MHz, at least till the year 2030. According to the schedule of Emitel S.A., which is implementing the technical layer of the refarming process in the 700 MHz band involving the release of this band by TV broadcasters for the development of 5G technology, this process was completed in Poland in June 2022, with the decision of the Office of Electronic Communications granting public TV TVP an extension to use the 700 MHz band until the end of 2023.

In 2019 representatives of Polish mobile operators, Exatel S.A. and the Polish Development Fund signed a memorandum on the terms of mutual cooperation in conducting a business study of 5G implementation models based on 700MHz band, with a view to developing a uniform, nationwide infrastructure in the territory of Poland. According to the assumptions of those models, the 700MHz uniform infrastructure would be owned by an SPV styled #Polskie5G with the State Treasury or a State Streasury-owned company as the dominant shareholder. An assumption adopted by all parties to the memorandum is that the State Treasury would provide the 700MHz band availability and, potentially, access to passive infrastructure on its own properties, whereas the private partners would provide passive and active infrastructure as well as funding, if necessary. In July 2020, the work on the preliminary analysis of the business model for the #Polskie5G company, and the analysis report was submitted to the Prime Minister. Whereas, in draft amendment to the National Cyber Security Law (CSS) included provisions on the establishment of a a state-owned operator performing tasks for defence, state security and public security and order in the area of telecommunications, which would be allocated part of the 700 MHz band. In order to fulfil the statutory tasks, the above operator would create a capital company to act as a wholesale operator of 5G networks in the 700 MHz band. A 52% majority stake in the aforementioned capital company would belong to State Treasury companies, with the remaining 48% held by commercial operators or their consortia. The latest version of the draft amendment to the CSS, dated January 17, 2023, no longer contains provisions on the #Polskie5G company, while the draft law act still provides for the creation of a strategic safety network. As of the date of this document, the final conditions or deadlines for the distribution of the 700 MHz band in Poland are not known.In the period from December 20, 2022 to January 31, 2023, the Office of Electronic Communications (UKE) conducted a process of public consultation of auction documentation for four frequency reservations in the 3.6 GHz band. The subject of the auction shall be 4 blocks of 80 MHz each. The minimum price per block has been set at PLN 450 million. The conditions presented in the consulted documentation for participating in the auction include the necessity to document telecommunications investment expenditures of at least PLN 1 billion between 2016 and 2021 and the possession of a nationwide frequency reservation from at least one of the following bands: 800 MHz, 900 MHz, 1800 MHz, 2100 MHz or 2600 MHz.

The auction documentation also specifies quantitative, coverage and qualitative commitments for network development. The quantitative commitments consist in the launch of at least 3,800 base stations by the operators who will be allocated the band within 36 months from the date of delivery of the decision. In terms of coverage and quantitative comittments, the quality requirements constitute a new element of the frequency distribution process in Poland. The required coverage of the country's territory defines the quality parameters of services to be provided in terms of minimum throughput and maximum latency. In addition, the commitments apply not only to coverage of the country's territory and population, but for the first time explicitly define the requirement for service coverage of national and provincial roads and railroads.

As of the date of approval of this Report, the President of UKE is still analyzing the comments submitted in the consultations, and no decisions have been made by the President of UKE as to the final requirements or schedule for the distribution of frequencies in the 3.6 GHz band.

The Group’s inability, or limited ability, to obtain access to frequency bands important for further development of our operations (on favorable terms or at all), including maintaining the existing or implementing new or improved mobile technologies, or obtaining such access by competitors, including new participants of the national mobile telecommunication market, if any, can have a material adverse effect the results of our operations, financial condition and prospects.

We may not be able to reap the expected benefits of the past or future Group’s acquisitions and strategic alliances

Whether the Group will be able to reap all expected benefits from past or future acquisitions or strategic alliances may depend on various factors, including our ability to implement our strategy of integrating business processes leading to noticeable income and cost synergies on acquisitions or strategic alliances. Through acquisitions or strategic alliances, the scale of our business continues to grow and we make efforts on a day to day basis to integrate the business processes of the target companies within the Group structure, as well as other actions aimed at consummating the benefits of strategic alliances. If we are unable to attain all or some of our goals, the benefits from past or future acquisitions or strategic alliances, including the estimated income or cost synergies, may deviate from the plans or may fail to be obtained in full or at all, or obtaining them may take longer than anticipated.

It cannot be ruled out that the process of integration of business processes after past or future acquisitions, or the implementation of past or future strategic alliances may result in losing key employees, disruptions to our day-to-day business in some business areas and incoherencies in standards, procedures or policies, which might adversely affect our ability to maintain the existing relations with third parties and employees or our ability to obtain the expected benefits from past or future acquisitions or strategic alliances. In particular, in order to achieve all expected benefits from our past or future acquisitions or strategic alliances, we need to identify and optimize some areas of our business and assets across the whole organization. Our inability to achieve all or any expected benefits from our past or future acquisitions or strategic alliances, as well as any delays in the integration processes related to past or future strategic alliances may have an adverse effect on us. Furthermore, the integration may require additional, unanticipated costs and the benefits of acquisitions or strategic alliances may never the consummated.

All these factors may have a material adverse effect on the results of our operations, financial condition and prospects.

6.2. Risk factors associated with the Group's financial profile

The servicing of our debt is very cash-intensive, and our debt servicing liabilities may impair our ability to finance the Group's business operations

Our Group uses large financial leverage. In the past, debt servicing and other cash requirements were financed with cash flows from operating activities and revolving credit facilities. Our debt liabilities increased significantly following the past acquisitions, in particular the acquisition of Telewizja Polsat,Polkomtel or Netia and completion of the related financial transactions.

Our ability to service and repay debt depends on future results of our operations and our ability to generate sufficient cash flows to pay these and other liabilities, which in turn depends, to a significant extent, on the general economic situation, financing terms, monetary and fiscal policy of the Polish government, market competition, acts of law and secondary legislation, and a number of other factors which are often outside of our control. If our future operating cash flows and other capital resources prove insufficient to repay our liabilities as they fall due or cover our liquidity requirements, we may lose our property, plant and equipment which serve as security for the repayment of our debts, or we may be forced to restrict or postpone certain business and investment projects; dispose of assets; incur more debt or raise new capital; or restructure or refinance our debts, in part or in full, at or prior to their maturity. The terms and conditions of our debts limit our ability to take the above measures. Therefore, we cannot guarantee that they will be taken on commercially reasonable terms, or at all, if need arises.

Also, the refinancing of our debt on unfavorable market terms would require us to pay higher interest margins or observe more stringent covenants, which could further restrict our business activity. If our debt financing increased, the related risks would also increase. Moreover, any significant adverse change in financial market liquidity, resulting in tighter lending terms and debt or equity financing constraints, may restrict our access to financing sources and increase our borrowing costs, which could significantly affect our ability to achieve and manage liquidity, raise additional capital, or restructure or refinance our existing debt.

The SFA, Series B Bonds Terms, Series C Bonds Terms and Series D Bonds Terms provide for a number of restrictions and obligations (including maintaining specified financial ratios), limiting the Group's ability to incur new debt for financing future operations or to pursue business opportunities and activities that may be in our interest.

If our debts are not repaid in accordance with the underlying debt agreements or terms of debt instruments, then those debts, as well as other liabilities incurred under other agreements or debt instruments, which include cross-default or cross-acceleration clauses, may become immediately payable, and we may not have sufficient funds to repay all our liabilities. Our inability to generate sufficient cash flows to service our debt, or to restructure or refinance it on commercially reasonable terms (or at all), may have a material adverse effect on our business, financial condition, results of operations or prospects.

We may need to incur a significant amount of new debt in the future. In particular, the terms and conditions of the SFA, Series B Bonds Terms, Series C Bonds Terms and Series D Bonds Terms impose certain limitations on, but do not prohibit us from, incurring new debt or other liabilities. In particular, a high level of debt may (i) limit our ability to repay our liabilities under the SFA, or other liabilities; (ii) require us to apply a considerable portion of operating cash flows towards debt repayment, restricting the availability of cash used to finance our investment activities, working capital, and other corporate needs and business opportunities; (iii) reduce our competitiveness relative to other market players with lower debt levels; (iv) affect our flexibility in business planning or responding to the overall unfavorable economic conditions or to specific adverse developments in our sector; and (v) impair our ability to borrow new funds, increase our borrowing costs and/or affect our equity financing capacity. In consequence, any additional debt would further reduce our ability to secure external financing for our operations, which may have a material adverse effect on the results of our operations, financial condition and prospects.

We might be unable to refinance our existing debt, secure favorable refinancing terms, or raise capital to finance new projects

We are exposed to risks related to debt financing, including the risk that the debt will not be repaid, extended, or refinanced at maturity, or that the terms of such extension or refinancing will be less favorable. In the future, we may need to increase our share capital if our operating cash flows are insufficient to ensure financial liquidity or fund new projects. Depending on our capital requirements, market conditions, and other factors, we may be forced to seek additional sources of financing, such as debt instruments or a share offering. If we are unable to refinance our debts on reasonable terms, or at all, we may be forced to sell certain assets on unfavorable terms, or to restrict or suspend certain activities, which could have a material adverse effect on our financial condition and performance. Our inability to secure external financing could force us to abandon new projects, which could have a material adverse effect on the results of our operations, financial condition and prospects.

We might be unable to repay our debts if control of the Company changes

In the event of a change of control of the Company within the meaning of the SFA we are under the obligation to repay our liabilities. Moreover, if a change of control takes place, our ability to repay our debt will be limited by the level of available funds at the time. There can be no assurance that those funds will be sufficient to repay outstanding debts. In view of the above, we believe that in the case of change of control over the Company, we would require additional external financing in order to repay the debt.

Limitations arising from our contract obligations could make it impossible for us to repay the credit facilities or secure external financing if events constituting a change of control actually occur. Any breach of those limitations may lead to a default under other contracts and acceleration of other debts, which could have a material adverse effect on the results of our operations, financial condition and prospects.

6.3. Risk factors associated with the market environment and economic situation

We are exposed to the effects of the regional or global economic slowdown being felt on the Polish advertising market and affecting consumer spending in Poland

We derive almost all our revenues from telecommunication services customers, pay TV customers and TV advertisers in Poland. Our revenue depends on the amount of cash our existing and potential customers can spend on entertainment, communication services and telecommunications equipment. If the economic conditions in Poland deteriorate or there is prolonged inflationary pressure of a supply-side nature, consumers may be willing to spend less on entertainment, communication servives and telecommunications equipment, which may have an adverse effect on the number of our customers or on our customers' spending on our services and products. Lower consumer spending caused by economic recession or increase in inflation may also lead existing and potential customers to choose cheaper versions of our service packages or to discontinue using the services and the equipment we offer, which in turn may have a material adverse effect on results of our operations, financial condition, and growth prospects.

At the same time, continued inflationary pressure may result in an increase in the costs of our operations, in particular in an increase in electricity costs relating to our telecommunications business. We can not also exclude, that in the event of a lasting reduction in the supply of components in Asian markets, there may be disruptions in the supply chain for imported equipment offered to our customers. In addition, Russian aggresion on Ukraine translates into reduced availability and increased prices of raw materials, including oil, gas, natural gas and other fossil fuels, as well as steel and biomass, which could have a significant negative impact on the cost of conducting our current operations, as well as our ability to carry out some of our planned investments.

Lower advertising spending in Poland may have a material adverse effect on our revenue and the growth prospects of our business in the media segment. Slower GDP growth in Poland usually negatively impacts advertising spending. Moreover, as many of our advertisers are global companies, the global economic downturn, even if it has no direct effect on Poland or its effect on the Polish economy is not as significant as in other countries, as well as economic slowdown in Poland, may force customers to cut their advertising budgets in Poland, which will have a negative impact on the demand for advertising services in Poland. A decrease in our advertising revenue may force us to adjust the level of our costs to lower revenues. As adjustments of the cost base to market conditions are not generally sufficient to fully offset the effect of lower revenue, the consequences of such risk factors may include a reduced EBITDA margin, lower quality of our programs, or limited number of programs broadcast by us, both our own productions and content purchased from third parties. Any constraints on the quality or quantity of our programming may result in the loss of audience share both to our competitors and to alternative forms of entertainment, which in turn may affect the attractiveness of our offering to potential advertisers and sponsors.

The results of our operations in the real estate segment are also dependent on the current economic situation in Poland. In the event of an economic downturn, consumers may postpone decisions to buy or lease real estate, or may not be able to obtain the financing necessary to purchase or lease real estate. As a result, we may see a reduction in the ability to sell real estate and a decrease in the rents earned from rental properties. This, in effect may reduce our revenues derived from the real estate segment's operations or lead to the need to revaluate our real estate assets.

Moreover, the worsening of the macroeconomic conditions across the world, as well as possible uncertainty regarding the future economic situation, may have, among others a negative impact on the Group’s ability to acquire sufficient financing on the global capital markets or the cost of obtaining and servicing such financing. In view of the above, the worsening of macroeconomic conditions in Poland or across the world may, as a result, have a considerably adverse impact on the financial situation, results of our operations and growth prospects of the Group.

We are exposed to the effects of extraordinary events such as a pandemic, epidemic or war

Our operations may be reduced as a result of extraordinary events, such as the announcement of a state of epidemic or pandemic or the start of an armed conflict in our region. In order to combat an epidemic or pandemic a number of restrictions may be taken by the authorities, such as restrictions on movement, organization of events and meetings, entertainment activities, operation of shopping malls or quarantine obligations. Such restrictions may lead to a significant reduction in the functioning of the economy and, as a result, entail negative effects like an economic slowdown or recession, which could negatively affect our operating activities and financial results. We are unable to predict the direction of the still prevailingCOVID-19 pandemic or the occurrence of another epidemic or pandemic in the future, nor the scope of possible actions that the government may take to counteract the negative effects of these phenomena.

A military conflict in Ukraine could have a significant and long-lasting impact on the global, European and Polish macroeconomic environment. In particular, as a result of a sudden reduction in the availability of raw materials, oil, steel, gas or biomass and fossil fuels, we can expect both a sudden economic slowdown and deepened inflationary pressures. These phenomena may translate adversely into demand for our services, the cost of conducting current operations, as well as the possibility of carrying out certain investments. At the same time, intensifying inflationary pressures may cause the monetary authorities to further tighten monetary policy, which may affect the cost of servicing our debt or the ability to raise additional financing. The severity of these effects depends primarily on the length of the military operations in Ukraine, as well as their intensity. We are not able to predict development of events in Ukraine or their long-term impact on the global and regional economy and, consequently, on our operations and financial results.

Deterioration of the national and global economy as a result of the epidemic or the war in Ukraine may negatively affect the advertising market, and thus the level of our advertising revenues and the growth prospects of our business in the media segment. Moreover, restrictions that may be imposed could limit or prevent us from making some or all of our own television productions, which may further translate into a lower attractiveness of our program for advertisers. In addition, as a result of restrictions on operations on a global scale, as was the case in the COVID-19 pandemic, sport events for which we hold broadcasting rights may be suspended. As a result, we are at the risk of postponing revenue included in our budget to the moment of resumption of sport events, or even at the risk of loss in case these sport events are cancelled.

If the relevant authorities introduce recommendations to stay at home and work and study remotely, there could be a significant increase in traffic in telecommunications networks. Any strong growth in voice traffic could translate into higher costs associated with buying traffic from other operators. At the same time any restrictions on border closures and lower ability of movement of people may result in lower traffic volumes for international roaming service. Both of the above factors can lead to a reduction in the margins we earn on our telecommunications business.

In turn, when malls are closed and social distance is applied, we may have to periodically close some of the stationary outlets and face relatively less customer traffic at the open outlets. This could adversely affect the number of new customer and service accessions and equipment sold. Moreover, given the closure of part of the fixed sales network and the potentially lower propensity of customers, under conditions of uncertainty, to purchase more expensive models of subscriber devices, we cannot rule out a decline in the value of the of equipment sold, particularly smartphones or photovoltaic installations. The above factors may result in a reduction in the level of our sales revenues.

In view of the above, the occurrence of extraordinary events such as a pandemic, epidemic or war and the introduction of related restrictions on the functioning of society and the economy may have a significant adverse impact on our financial position, results of operations and development prospects.

The Polish telecommunications industry is highly competitive

We face strong competition in all of its core business areas, especially from telecommunication operators, in particular: Orange Polska, T-Mobile Polska and Play/UPC. There can be no assurance that our current customers will not find the offerings of those operators more attractive.

A shift in the business model of mobile telecommunications network operators in Poland, whereby competing providers of telecommunications services would form joint ventures or strategic alliances, or launch of new types of services, products and technologies may additionally intensify competition on the telecommunications services market. The situation on the telecommunications market in Poland may also change significantly as a result of potential acquisitions or intensify if new mobile telecommunications operators enter the market or if broadband Internet access services are offered by entities other than mobile telecommunications operators.

We face growing competition from entities offering non-traditional voice and data transmission services which rely on the VoIP technology, such as Skype, WhatsApp or Viber, or video conferencing solutions, such as Zoom or Teams, through which customers who use only mobile data transmission can be provided with mobile voice and video services, and users with fixed broadband access can be provided with voice and video services over fixed-line networks, usually at prices lower than traditional voice and data transmission services. To this end, such entities use, among other things, the possibility to provide services via existing infrastructure, belonging to telecommunication operators, so as to avoid having to implement capital-intensive business model themselves. Continued growing popularity of these services may lead to a decrease in ARPU per customer and the customer base of telecommunications operators, including the Group's one. It can be expected that in the future the Group will also have to compete with providers of services supported by communication technologies which as at the date of the Risk Factors are at an early stage of development or which will be developed in the future. The Group's existing competitors as well as new players on the Polish market may introduce different new services or telecommunications services based on better technologies than those currently used by the Group before such services are introduced by the Group, or may offer such services at more competitive prices. Mobile virtual network operators (MVNO) also compete with traditional mobile telecommunications network operators.

The Group's ability to effectively develop its operations on the Polish telecommunications services market may be also adversely affected by the imposition of new regulatory requirements or new fees or payments on entities operating in Poland, further legal changes, or the regulator's policy designed to increase the competitiveness of the telecommunications services market.

Moreover, the high rate of mobile voice penetration and the highly consolidated nature of the Polish mobile telephony market may result in increased pricing pressure and our ability to compete effectively will depend on our ability to introduce new technologies, convergent services and attractive bundled products at competitive prices. It cannot be ruled out that we will be forced to reduce prices for certain products and services in response to the pricing policies of our major competitors, which may have an adverse effect on our future revenue and profitability.

Group's reduced competitiveness and increased pricing pressures could have a material adverse effect on the financial situation, results of our operations and growth prospects of the Group in the future.

Due to the strong competition in the television market, we cannot guarantee that in the future customers using our services and advertisers will use our offer and not the services offered by our competitors

The Polish television market is characterised by strong competition and we are therefore unable to guarantee that in the future we will achieve satisfactory revenues from pay TV subscriptions and television advertising in comparison to our competitors. Our current and potential competitors may have greater financial and marketing resources that will enable them to more effectively attract customers and advertisers for their services.

Our main competitor in the satellite TV market is the Canal+ platform. We also compete with broadcasters using other transmission technologies, such as terrestrial television, cable television and internet television. We also expect increasing competition from joint ventures and strategic alliances entered into by satellite TV providers, cable TV providers and telecommunications operators. We are also competing with local and foreign competitors entering the Polish market in the form of OTT services and applications based on providing all types of content, especially video.

As a result of the completion of the digitalisation of terrestrial television in Poland in July 2013, there are now 29 monitored TV channels in terrestrial distribution. According to Nielsen Media data, in 2022 the audience shares of of all channels available on DTT in the 16-59 age group was 56.6%, compared to 61.7% in 2021. The audience shares of the four leading channels (POLSAT, TVN, TVP1 and TVP2) totalled 28.0% in 2022 vs. compared to 30.4% in 2021. The audience shares of the other channels available on DTT totalled 28.5% in 2022 compared to 31.3% in 2021, in connection with the refarming conducted in 2022.

Our main competitors in the TV advertising market are other broadcasters such as TVN (Warner Bros. Discovery Group) - the leading commercial broadcaster in Poland, and TVP - a broadcaster financed to a significant extent from public funds, which by definition fulfils the mission of public television. In relation to the fulfilment of the public television mission, TVP has restrictions on interrupting individual programmes and films with advertisements. Any changes to TVP's restrictions on the transmission of advertising may intensify competition from TVP and reduce our advertising revenues. In addition, we will be forced to compete with existing TV broadcasters and potential new entrants for the the granting of licenses for terrestrial and satellite television broadcasting in Poland. The loss of customers and advertisers to our competitors could have a material adverse effect on results of our operations, financial condition and prospects.

We face competition from entities offering alternative forms of entertainment and leisure

Technological progress, as well as a number of various other factors expose our operations to growing competition for the time and form of customers' leisure and entertainment activities. In particular, we compete with entities offering such alternative forms of leisure and entertainment as cinema, radio, home video, printed media, as well as other non-media forms of leisure, including live events. Moreover, new technologies, such as video on demand (VoD), Internet streaming and downloading, have broadened and may continue to broaden the selection of entertainment options available to existing and potential users of our services. In particular, increasing activity of foreign players operating in the OTT model, e.g. Netflix, Amazon Prime, Apple TV, Viaplay or Disney+. The growing variety of leisure and entertainment options offered by our current and future competitors may bring about a decrease in demand for our products and services, and weaken the effect of television as an advertising medium. This may have a material adverse effect on the financial situation, results of our operations and growth prospects of the Group in the future.

Our operating results in media segment depend on the importance of television and Internet as advertising media

In 2022, ca. 63% of the revenue generated by our media segment came from sale of advertising time and sponsored time slots on our TV channels and Internet media. The Polish advertising market sees television competing with other advertising media, such as the Internet, newspapers, magazines, radio, and outdoor advertising. In view of the continuing growth in the importance of online advertising in Poland, we are consistently developing our online advertising channels, however, the vast majority of our advertising revenues come from TV operations. There can be no guarantee that TV commercials will maintain their position on the Polish advertising market, or that changes in the regulatory regime will not favor other advertising media or other broadcasters. The growing competitive pressure among advertising media, significantly higher spending on thematic channels, and the development of new forms of advertising may have an adverse effect on TV advertising revenue generated by our media segment, and thus on our operations, financial condition, performance, and cash flows.

Our potential advertising revenue depends on several factors, including the demand for and prices of advertising time. No assurance can be given that we will be able to respond successfully to the changing preferences of our viewers, which means that our audience share may decrease, which may adversely affect demand for our advertising time and our advertising revenue.

The diminishing appeal of TV as a whole, and our own channels in particular, attributable both to higher interest in other forms of entertainment and to the declining importance of television as an advertising medium, may have an adverse effect on the results of our operations, financial condition and prospects.

6.4. Factors relating to market risks

When conducting its business operations, the Group is exposed to a number of financial risk factors, including:

- credit risk,
- liquidity risk,
- market risk, including currency risk and interest rate risk.

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

The Management Board is responsible for oversight and management of each of the risk factors that the Group is subjected to in its activities. Therefore, the Management Board has established an overall risk management framework as well as specific risk management policies with respect to market, credit and liquidity risks.

Detailed information about the Group's exposure to each of the above risk factors, the Group's objectives, policies and processes for measuring and managing risk were presented in Note 41 to the Company's consolidated financial statements for the financial year ended December 31, 2022.

Market risk management

We employ an active approach to managing a market risk exposure. The objectives of market risk management are to: (i) limit fluctuations in profit/loss before tax; (ii) increase the probability of meeting budget assumptions; (iii) maintain a healthy financial condition; and (iv) support the process of undertaking strategic decisions relating to investing activity, with attention to sources of capital for this activity.

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

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

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

We are permitted to use the following types of instruments: swaps (IRS/CIRS), forwards and futures and options.

Currency risk

One of the main risks to which we are exposed is the currency risk resulting from fluctuations in exchange rate of the Polish zloty against other currencies. Revenues we generate are denominated primarily in the Polish zloty, while a portion of operating costs and capital expenditures are incurred in foreign currencies. The Company's currency risk is associated mainly to royalties to TV and radio broadcasters (USD and EUR), transponder capacity usage agreements (EUR), fees for conditional access system (EUR and USD) and purchases of reception equipment and accessories for reception equipment (USD and EUR). After the purchase of Telewizja Polsat and the significant expansion of its offer by sport content which require the acquisition of certain licenses, the currency risk exposure is also associated to purchases of foreign programming licenses. After the purchase of Polkomtel the currency risk exposure is also associated to agreements with suppliers of stock, mainly mobile phones, and suppliers of telecommunication network equipment (EUR and USD), roaming and interconnect agreements and rental of office space (various currencies).

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

We do not hold for trading any material assets denominated in foreign currencies.

We have no means to influence the foreign exchange rates fluctuations and any adverse change of foreign exchange rates to PLN may translated to a significant increase of our costs expressed in PLN, and that may have a material, adverse effect on our performance, financial condition and prospects.

Interest rate risk

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

We regularly analyse a level of interest rate risk exposure, including refinancing and risk minimising scenarios. Based on these analyses, we estimate the effects of changes in interest rates on its profit and loss.

In order to reduce interest rate risk exposure resulting from interest payments on the floating rate senior facility, the Group stipulated interest rate swaps for which hedge accounting was adopted. In order to reduce interest rate risk exposure resulting from Polkomtel Group's floating rate senior facilities, the Group also uses interest rate swaps, and for these the hedge accounting was not adopted.

Interest rates fluctuations may affect our ability to repay current liabilities and have a material adverse effect on our performance, financial condition and prospects.

6.5. Risk factors associated with the legal and regulatory environment

The complexity, lack of clarity, and frequent amendments of Polish tax laws may lead to disputes with tax authorities

Tax laws in Poland are complex, unclear and subject to frequent and unpredictable changes. Frequent amendments in the tax laws and contradicting legal interpretations among the tax authorities result in uncertainties and lack of consistency in the tax ordinance, which in fact lead to difficulties in the judgement of the tax consequences in the foreseeable future. In consequence, the application of tax law in practice is accompanied by controversies and interpretation disputes which usually need to be resolved by administrative courts, and even their judicial practice is notoriously inconsistent. The Polish tax laws also includes the so-called General Anti-Avoidance Rule ("**GAAR**"), intended to prevent artificial legal arrangements designed mainly to obtain tax benefits, and a number of detailed regulations intended to combat tax evasion which are often formulated using non-defined or inaccurate notions or criteria.

Given the frequency of changes in the Polish tax laws and the fact that such changes can be retroactively applied in practice, as well as the existence of inconsistencies and lack of uniform interpretation, and considering the relatively long limitation periods applying to tax liabilities, the risk of misapplication of tax laws in Poland may be greater than in the legal systems of more developed markets. Accordingly, there is a risk that we may fail to bring certain areas of our activity in compliance with the frequently amended tax laws and the ever-changing practice of their application.

Therefore, no assurance can be given that there will be no disputes with tax authorities or that the tax authorities will not see the tax consequences of the Group's business transactions differently than the Group, and, consequently, that tax authorities will not question the correctness of the Group companies' tax settlements on non-statute-barred tax liabilities (including conformity with the taxpayer's obligations), and will not determine the existence of tax arrears of such Group companies. Any unfavorable decisions, interpretations (including changes to any interpretations obtained by the Group companies) or rulings by tax authorities may have a material adverse effect on the results of our operations, financial condition and prospects.

Tax authorities may question the accuracy of intra-Group and related-party settlements under applicable transfer pricing regulations

In the course of their business, the Group companies enter into transactions with their related parties within the meaning of the Corporate Income Tax Act. Related-party transactions, which guarantee that the Group's business is run efficiently, include inter-company rendering of services and sale of goods. When entering into and performing related-party transactions, the Group companies take steps to ensure that terms and conditions of such transactions are consistent with the applicable transfer pricing regulations. At the same time, no assurance can be given that the Group companies will not be subjected to audits and other inspections by tax authorities with respect to the foregoing. The nature and diversity of transactions with related-parties, the complexity and ambiguity of the regulations governing methods of verifying the prices applied, dynamic changes in market conditions affecting the calculation of prices applied in such transactions, as well as the difficulty in identifying comparable transactions, the risk that the methodology used to determine arm's-length terms for the purpose of such transactions is questioned by tax authorities cannot be excluded, and therefore tax authorities may question the accuracy of settlements between the Group companies and their related parties under applicable transfer pricing regulations, which may have material adverse effect on the results of our operations, financial condition and prospects.

Assessment of tax effects of the Group's restructuring activities by tax authorities may differ from assessment of such activities by the Group

The current composition of the Group is a result of consolidation, restructuring and other transactions involving assets of considerable value, implemented over the recent years by and between the Group's companies. Those activities had an effect on the tax settlements not only of the companies directly involved in such consolidation, restructuring and other transactions involving assets of considerable value, but also of their respective members or shareholders.

Despite monitoring the risk in individual business areas, with respect to completed and planned restructuring activities, no assurance can be given that the tax authorities will not have a different assessment of tax effects of individual restructuring events and transactions, both completed and planned, in particular with respect to the possibility, manner, and timing of the recognition of income and tax-deductible expenses by entities participating in such events and transactions, or that financial terms of such activities will not be questioned, which may have a material adverse effect on the results of our operations, financial condition and prospects.

The tax regime applicable to our operations and the sectors in which we operate create numerous uncertainties

The tax regime applicable to transactions and events typical for our operations and the sectors in which we operate are a source of numerous interpretation uncertainties. In particular, there is uncertainty as to the interpretation of income tax laws with respect to the possibility, manner, and timing of recognition of income and tax-deductible expenses on individual transactions and events and the requirements for their documentation, or the rules of calculation, withholding and remittance of the withholding tax. Also, VAT legislation is characterized by vague and complex regulations, particularly where it concerns goods and services subject to the tax, the tax rate, tax base or time at which the tax liability arises with respect to transactions subject to VAT. Further, Polish tax legislation does not provide unequivocal rules regarding imposition of other taxes, including property tax (in particular with respect to the determination of tax base and taxable property) and custom duties.

Given that Polish tax laws are frequently amended, inconsistent, and lack uniform interpretation, and considering the relatively long limitation periods on tax liabilities, there is a risk that our selected operations may not be harmonized with the changing legal (including tax) regulations and their changing application.

Despite monitoring the risk in individual business areas, there can be no guarantee that disputes with tax authorities regarding assessment of tax effects of individual events and transactions typical for our operations and the sector in which we operate will not occur, and consequently that the tax authorities will not question the correctness of tax settlements on non-statute-barred tax liabilities of Polsat Plus Group entities (including conformity with the taxpayer's obligations), and will not determine the existence of tax arrears of these entities. There is also a risk that tax authorities may question financial terms of individual events and transactions. This may have a material adverse effect on the results of our operations, financial condition and prospects.

The Group’s companies are subject to legal regulations (including tax legislation) in force in different jurisdictions

Given the international structure of the Group, its companies are governed by legal regulations (including tax legislation) in force in different jurisdictions. Therefore, in view of such dissimilar legal frameworks, there is a risk that the Group will interpret local legal regulations (including tax legislation) in a way which is divergent from their construction by the tax authorities of the countries where the Group conducted, conducts and will conduct business. The diversity of legal regulations by which individual companies are bound may give rise to internal problems within the Group, including problems with respect to the law governing legal relations between the Group's entities. Another aspect of the relationship between the Group companies which may raise doubts is the application and interpretation of double-tax treaties concluded between countries in which the companies conducted, conduct or will conduct business. An additional risk factor are the regulations introduced in 2021 for hybrid structures (ATAD 2 Directive). The lack of clarity on the interpretation of the regulations and the breadth and multidimensionality of the operations carried out by the Polsat Plus Group may result in a different tax interpretation of the arrangements and events reported by the individual Group’s companies to the relevant tax jurisdictions.

At the same time, in many cases the legal regulations (including tax legislation) in countries where the Group conducted, conducts and will conduct its business are frequently ambiguous and there is no single or uniform interpretation or practice followed by local tax authorities. Additionally, the tax legislation (including the provisions of applicable double-tax treaties) in the countries where the Group companies conducted, conducts and will conduct business, may be subject to change. The practice adopted by the local tax authorities in respect of particular tax regulations may change as well, even retroactively.

Therefore, no assurance can be given that there will be no disputes with tax authorities in countries where the Group conducted, conducts and will conduct its business, and consequently that the tax authorities will not question the correctness of the Group companies' tax settlements on non-statute-barred tax liabilities, and will not determine the existence of tax arrears of such Group companies, which may have an adverse effect on the results of our operations, financial condition and prospects.

Pending or future tax inspections, tax and customs inspections, tax proceedings and other reviews of the Group companies to which Group companies are parties conducted by Polish tax authorities or local tax authorities abroad may result in additional tax liabilities in the countries where the Group conducted, conducts and will conduct its business (in particular in Poland)

The Group companies are and may again be in the future subject to tax inspections, tax and customs inspections, tax proceedings or other verifications conducted by Polish tax authorities or local tax authorities in the jurisdictions where the Group conducted, conducts or will conduct its business. Such pending or future tax inspections, tax and customs inspections, tax proceedings or other reviews of Group companies, to which Group companies are parties conducted by Polish tax authorities or local tax authorities in the jurisdictions where the Group conducted, conducts or will conduct its business (in particular in Poland) may result in the tax authorities challenging the correctness of the Group companies' settlements of outstanding tax liabilities (including, in the jurisdictions where this is applicable, the proper performance of the Group's obligations as a tax remitter) and in assessing tax arrears for these companies.

In particular, as at the date of this Report, the Company is party to certain tax proceedings before Polish tax authorities as well as administrative court proceedings concerning the Company's tax liabilities, in which the authorities challenged the Company's right to apply the exempt from the obligation to collect the withholding CIT mainly on certain interest payments.

Due to the foregoing, it should be assumed all future tax inspections and other reviews conducted against Group companies or tax proceedings to which Group companies are parties conducted by Polish tax authorities or local tax authorities in the jurisdictions where the Group conducted, conducts or will conduct its business, may result in additional tax liabilities in the jurisdictions where the Group conducted, conducts or will conduct its business (in particular in Poland). The costs related to such tax inspections, reviews or tax proceedings as well as any additional payments on account of taxes, may have a significant, adverse effect on revenues, performance, business, condition or development prospects of the Group, and thereby have a significant, adverse effect on our business performance, financial condition and prospects.

We are exposed to changes of Polish law which may adversely affect labor costs

The regulations relevant to the determination of the level of remunerations and labor costs have been recently undergoing profound changes which will affect the level of our costs of employment as well as our ability to employ employees in the future. In particular, on September 13, 2022 the Council of Ministers adopted a regulation on the minimum salary in 2023, setting it at PLN 3,490 as of January 1, 2023 and PLN 3,600 as of July 1, 2023.

Additionally, starting from 2019 selected Polish enterprises (including the Polsat Plus Group) have been obliged to launch Employee Capital Plans, a form of pension schemes which envisage additional financial contributions from the employer. In addition, starting from January 2022, the Polish tax system has undergone comprehensive changes including, among other things, an increase in the health contribution without the ability to its deduction from the tax base, which can effectively result in the amount of actual net remuneration received by part of our employees.

All changes affecting the remunerations and costs of labor will have an effect on our ability to employ new employers, the level of remuneration costs incurred as well as the level of external services provided by external providers procured outside the Group, which may have a material, adverse effect on our business performance, financial condition and prospects.

There can be no assurance that in the competition and consumer protection authorities will not deem – despite our different assessment – the practices we use as limiting competition or violating the Polish consumer protection laws

Our operations are reviewed by institutions of competition and consumer protection: the President of the Polish Office of Competition and Consumer Protection (UOKiK) and, with respect to any anti-competitive practices which may affect trade among Member States - the European Commission, to ensure that we comply with Polish and European laws prohibiting practices that limit competition or Polish regulations prohibiting infringements of collective interests of consumers, such as for example providing inaccurate information to customers, dishonest market practices or use of abusive contract clauses. As a general rule, our operations are subject to the assessment of the President of the Polish Office of Competition and Consumer Protection (UOKiK). If the regulator finds any of our practices or contract clauses to be in conflict with Polish or European competition and consumer protection laws, we may be subject to fines and our reputation could be harmed. In addition, if such practices or clauses are considered abusive, the President of UOKiK prohibits their application, may impose a fine and define the measures to remedy the subsisting effects of breaching the prohibition and compel us to take actions in order to amend the contracts already concluded with consumers.

In addition to the prohibition of particular practices, the President of UOKiK could impose on us a cash fine of up to 10% of our revenue generated in the financial year immediately preceding the year in which the fine is imposed. Agreements or other legal actions which implement anti-competitive practices are invalid by operation of law in full or in part. Similar regulations, including the European Commission’s right to impose a fine up to 10% of the annual revenue, apply to infringements of the European competition protection regulations. The President of UOKiK may also compel us to pay public compensation to consumers, who were affected by the practices in question or apply other measures. Fines of up to PLN 2 million may also be imposed on our managing persons, if through their actions or omissions, they permitted a breach of the prohibition from entering into agreements limiting competition. Moreover, if we, even unintentionally, fail to provide the President of UOKiK with the required information or provide misleading information, a fine of up to EUR 50 million may be imposed on us.

Any decisions by the President of UOKiK or by appeals bodies confirming our infringement could also result in claims for damages by consumers, contractors and competitors. The potential amount of such claims is difficult to assess but may be significant. If any of our practices or contract terms are deemed to be in conflict with Polish consumer protection laws, the Company may be subject to fines and its reputation could be harmed, which could have a material adverse effect on our business performance, financial condition and prospects.

In addition, expansion of consumer protection legislation or case law in this field, could increase the scope or scale of our potential liability or the scope of consumer rights. Such events may have a material adverse effect on the results of our operations, financial condition and prospects.

We may violate the acts of law and regulations governing our satellite TV distribution business as well as telecommunications, TV broadcasting, advertising and sponsoring activities, which are subject to periodic amendments

We are required to comply with Polish and EU laws, which impose limitations on the conduct of our business. Our operations are extensively regulated by government authorities and market regulators, especially the President of the Office of Electronic Communications (UKE) and the National Broadcasting Council (KRRiT), the bodies responsible for overseeing compliance with the Polish Act on Television and Radio Broadcasting, the Telecommunications Law, and the terms of our broadcasting licenses. Decisions by the President of UKE, the Chairperson of KRRiT, or other regulators may place certain restrictions on the way in which our business can be run.

The President of UKE supervises our telecommunications operations, as well as TV broadcasting and production. As part of our telecommunications services, we mainly provide mobile voice services, broadband Internet access as well as certain wholesale services to other operators. Telecommunications enterprises operating in Poland are subject to a number of legal and administrative requirements having a direct impact on their business, both in relations with individual and business customers (for instance, by specifying the scope of customers' rights or the content of standard terms and conditions for the provision of telecommunications services, setting rules for settlements in international roaming services, caps for pricing of international services or restricting the maximum time for which contracts can be concluded with customers) and wholesale customers (for instance, by imposing MTR and FTR caps or defining caps for rates used in roaming traffic settlements). Media segment is in turn overseen by the President of UKE for compliance with the terms of licenses and frequency allocations assigned by the President of UKE for the purposes of TV broadcasting services. We cannot give any assurance that we will be able to meet the numerous requirements imposed on us by the Polish Telecommunications Law. In the event of our non-compliance with any provisions of the Telecommunications Law, companies from the Group may face a fine from the President of UKE of up to 3% of revenue generated in the year preceding the year in which such fine is imposed.

The KRRiT regulations primarily affect our operations in the media segment. As a TV broadcaster operating in Poland, we have to observe a number of legal and administrative requirements related to such matters as broadcasting time, programming content, and advertisements. Furthermore, KRRiT undertakes regular checks to ensure that our operations conform to the terms of our broadcasting licenses, provisions of the Polish Act on Television and Radio Broadcasting, and its own internal guidelines. There can be no assurance that we will be able to satisfy numerous regulatory requirements imposed on our media segment under the relevant licenses. In the event of our non-compliance with any applicable regulations, we may face a fine from KRRiT of up to 50% of the annual fee for the right to use the frequency designated for broadcasting the program.

The regulatory regime for the broadcasting industry is subject to frequent changes, and so there can be no assurance that such future changes will not have an adverse effect on our channel mix, ability to attract advertisers or the way in which our business is run.

In future, our pay TV business may be subject to zoning, environmental or other regulations that will place restrictions on where satellite antennas may be deployed. We may also have to deal with pressures from local communities regarding deployment of our satellite antennas. Any such legal restrictions or conflicts with local communities related to the deployment of our satellite antennas may render our pay TV services less attractive, leading to a fall in customer numbers.

Non-compliance with valid law or with the regulations issued by regulatory bodies may have material adverse effect on the results of our operations, financial condition and prospects.

Operations of companies belonging to Polsat Plus Group are subject to a number of legal regulations and requirements of awarded frequency allocations which could be amended in the future

As a mobile and fixed telecommunications network operator, we are subject to a number of laws and regulations, in particular those regulating maximum rates charged for specific telecommunications services, those related to ensuring effective competition, non-discrimination, transparency in telecommunication services prices, reporting, data protection and national security. Any potential breach of the applicable laws or terms of frequency allocations may in certain cases result in penalties imposed on us, loss of reputation, inability to obtain new frequency allocations or even loss of current frequency allocations. Furthermore, future changes in our Group's regulatory environment may be disadvantageous to our business, for instance by increasing its costs.

An important and active role in ensuring the observance of telecommunications laws and regulations by entities operating in the telecommunications market in Poland is played by the regulators of the Polish telecommunications market, including in particular the President of the Office of Electronic Communications (UKE). The President of UKE has a number of regulatory and supervisory powers, including those with respect to provision of electronic communications services and managing radio frequency and orbital slot resources. If the President of UKE determines that a relevant market is not sufficiently competitive, the President may designate one or more telecommunications providers as a provider with significant market power (SMP) in such market and impose on such provider(s) certain regulatory obligations, such as an obligation to accept requests from other telecommunications providers for the provision of telecommunications access and the obligation to prepare and submit a draft framework offer for telecommunications access to serve as a basis for cooperation between a provider with SMP and its competitors. Polkomtel has been designated as holding SMP in certain relevant markets at the wholesale level. As a result, Polkomtel is required to meet strict regulatory obligations on the wholesale markets of call termination to a public mobile telecommunications network and of call termination to a public fixed line network. As part of its continued provision of telecommunications services in Poland, Polkomtel is also regularly reviewed by the President of UKE to ensure that it has complied with the terms of the licenses and frequency allocations granted by the President of UKE. If the President of UKE was to declare that Polkomtel breached a provision of the Telecommunications Law, the company could be forced to pay a fine of up to 3% of the revenue it generated in the year prior to the imposition of the fine and it could be prohibited from providing further telecommunications services in Poland.

The President of UKE may also designate one or more network operators to guarantee the provision of universal services (including voice and broadband access, and customer network access) which may then apply to the President of UKE to be compensated by the other telecommunications operators, on the justified net costs basis.

Group’s operations are also supervised by the President of the Office of Competition and Consumer Protection, the Personal Data Protection Office, and other agencies.

No assurance can be given that Polkomtel will be able to meet all the requirements that have been or might be imposed on it under the Polish or EU laws or regulations, the terms and conditions of the frequency allocations granted to Polkomtel, or that it will be able to comply with all the laws or terms of frequency allocations applicable to its business, and that it will not be exposed to costs, penalties, sanctions or claims as a result of potential violation of such requirements or laws that, in turn, could have a material adverse effect on the results of our operations, financial condition and prospects.

Risks related to administrative proceedings in the scope of real estate development and construction law

Our investment activities in the real estate segment involve the need to obtain numerous decisions and administrative permits. For almost every investment undertaken, in the first stage we need to obtain an environmental decision, upon receipt of which we apply for decisions on development conditions. This often requires obtaining additional opinions and documents. The need to obtain development conditions only occurs in the case of properties not covered by the local zoning plan. Only after the completion of this stage we move on to the design and then construction phase.

Also, in the course of carrying out the investment there is a risk of suspension of its implementation by the competent authorities, in particular as a result of protests by holders of neighboring properties or for other reasons provided by law. After the completion of the construction process, generally, it is necessary to obtain an occupancy permit. Sometimes during the investment process, it is also necessary to obtain a decision on the division of real estate. In addition, in each case of the trading of constructed residential units, it is necessary to obtain certificates of independence of the premises.

Obtaining the relevant administrative acts is often associated with lengthy administrative proceedings, which creates the risk that we will not be able to complete the particular phases of the investment within the assumed deadlines. In particular, there is often a delay in issuing an environmental decision or refusal to issue such a decision by the relevant authorities, which causes additional administrative and court proceedings to be initiated. This has a negative impact on the economics of such an investment. Accumulation of this could have an adverse effect on the results of our operations, financial position or prospects.

No assurance can be given that we will not breach any personal data protection laws or regulations, or that we will not fail to meet requirements imposed by the President of the Personal Data Protection Office and we may incur pecuniary penalties for non-compliance with GDPR

In the course of its business the Group companies gather, keep and use customer data which are protected by personal data protection regulations. Therefore, since May 25, 2018, the companies, as personal data processors, are required to comply with the Regulation of the European Parliament and of the Council (EU) 2016/679 of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC ("GDPR").

GDPR has elevated the standards required of personal data administrators and the entities processing personal data on their behalf, and authorized the competent authorities to impose pecuniary penalties of up to EUR 20 million or 4% of total global turnover for the past year on personal data administrator and entities processing personal data on their behalf. It has also authorized the competent authorities to temporarily or indefinitely impose a complete ban on personal data processing.

If the solutions that we implement in order to protect personal data prove ineffective, it may result, for instance, in a disclosure of customer personal data either as a result of a human error, willful, unlawful misconduct by third parties or failure of IT systems, or it result in inappropriate use of such data in other ways. A breach of the personal data regulations and the Polish Personal Data Protection Office may result in imposing pecuniary penalties on us, as well as a loss of customer confidence and thus have a material adverse effect on our business, financial condition or development prospects.

We also use external providers, cooperate with external partners, agents, suppliers and other external entities, therefore we are unable to entirely rile out the risk of a malfunction of the systems involved in the processing or transmission of restricted information in these entities. A breach of the personal data regulations by us or by those entities may result in imposing pecuniary penalties, as well as in a loss of reputation and loss of customers and in consequence have a material adverse effect on the results of our operations, financial condition and prospects.

6.6. Risk factors associated with energy sector operations

Execution by the Company of a preliminary share purchase agreement for the sale of shares in PAK- *Polska Czysta Energia sp. z o.o. and the exposure to risk related to operations in the energy sector*

On December 20, 2021 the Company entered into a preliminary share purchase agreement with ZE PAK S.A., with its registered office in Konin, for the sale of shares in PAK-Polska Czysta Energia sp. z o.o (the "PAK-PCE") (the "Preliminary Agreement"), a holding company, around which there is being constructed a structure of subsidiaries operating in the field of the development of projects in renewable energy sources and the production and use of green hydrogen. The preliminary agreement concerns the acquisition by the Company of shares representing 67% of the share capital in PAK-PCE (the "Transaction"). The execution of the Preliminary Agreement relates to the Group's new strategy announced in December 2021, which includes establishing the Group's position in the market for the production of clean energy, particularly from the sun, wind, biomass and thermal treatment of waste (the "Strategy").

The Preliminary Agreement was amended by the parties by Annex No. 1 dated March 30, 2022, Annex No. 2 dated June 29, 2022, Annex No. 3 dated September 26, 2022 and Annex No. 4 dated December 19, 2022 (the "Annexes"). As a result of a number of actions carried out by the parties since the date of the Preliminary Agreement, related to the reorganization of the ZE PAK S.A. group and the execution of the Annexes, the subject of the final agreement will be the shares in PAK-PCE representing approximately 26.6% of the additional share capital of PAK-PCE. Taking into account the shares previously acquired and taken up, upon execution of the final agreement, the Company will ultimately hold approximately 67% of PAK-PCE shares, as originally intended in the Preliminary Agreement. Pursuant to Annex No. 3, closing of the Transaction and acquisition by the Company of the entire 67% stake in the share capital of PAK-PCE is scheduled to be completed by July 3, 2023.

Total expenditures incurred by the Company in connection with the acquisition of 67% of the share capital of PAK-PCE together with the transfer of ownership of all energy activities carried out at Konin Power Plant (*Elektrownia Konin*), consisting in particular in the generation of electricity from biomass which forms an organised part of the enterprise (the "OPE Konin Power Plant"), to PAK-PCE's subsidiary, i.e. PAK-PCE Biopaliwa i Wodór Sp. z o.o. with its registered office in Konin and with the acquisition of the OPE Konin Power Plant (in the absence of leakage) will amount to approximately PLN 807.6 million, taking into account the adjustment resulting from the amount of working capital of the OPE Konin Power Plant. The Company announced the conclusion of the Preliminary Agreement and Annexes in current reports No. 38/2021 of December 20, 2021, No. 2/2022 of March 30, 2022, No. 17/2022 of June 27, 2022, No. 21/2022 of September 26, 2022 and No. 36/2022 of December 19, 2022.

PAK-PCE, as an entity focused on developing projects in the area of renewable energy sources and hydrogen generation and use, operates in a regulatory environment that is subject to constant change, also through the impact of EU law on national law. The national regulations to which PAK-PCE is subject transpose into the Polish legal system directives and regulations of the European Commission and international conventions. Tax law, interpretations and recommendations, particularly those issued by the Energy Regulatory Office, as well as local regulations, such as the planned regulation on emergency measures to limit the amount of electricity prices and support certain consumers in 2023, should also be taken into account. Thus, the execution of the Transaction involves additional business and regulatory risks that may have a material adverse effect on the Group's business, financial condition and operating results.

Risks associated with the regulatory environment regarding energy generation from renewable energy sources

In Poland, the market for solar and wind power, as well as power generation systems, is heavily influenced by the laws governing the energy industry, including the photovoltaic and wind industries. Regulations often refer to electricity prices and technical interconnections of electricity generation owned by customers and may deter further investment in research and development of alternative energy sources, as well as affect customers' willingness to purchase such energy, which could result in a significant reduction in demand for Group's biomass, photovoltaic and wind products. The basic legal acts applicable to entities engaged in electricity generation and trading in Poland, are the Energy Law and the Renewable Energy Sources Act. According to the Energy Law, the generation and trading of electricity, subject to the exceptions indicated therein, requires obtaining an appropriate license issued by the President of the Energy Regulatory Office. Licenses are issued for a fixed period, not shorter than 10 years and no longer than 50 years. In certain situations, the President of the Energy Regulatory Office revokes the license, in particular, in a situation, when the energy company grossly violates the conditions specified in the license or other conditions for performing licensed activities. In addition, the President of the Energy Regulatory Office may revoke a license or change its scope due to, among other things, a threat to the defense or security of the state or the safety of citizens, in the event of the division of an energy company or its merger with other entities, as well as in the event of failure to fulfill certain obligations arising from the Energy Law. Revoking or changing the scope of the license under which Group entities will operate, could materially adversely affect the Group's operations and financial results.

In connection with the execution of the transaction relating to the acquisition of shares in PAK-PCE, the activities of the Group entities, in particular the investment process involving the creation of new photovoltaic and wind power facilities, will be subject to the general regulations relating to the investment and construction process, as well as the specific provisions of the Law on Investments in Wind Power Plants. Therefore, in the course of this process, Group entities will be required to obtain, among other things, decisions on environmental conditions, decisions on development conditions, water permits, construction permits and occupancy permits. In certain situations, the construction of new photovoltaic and wind power installations may require either the enactment of local zoning plans or an amendment to already existing local zoning plans to accommodate the planning requirements for this type of investments. In certain situations, a Group entity may not obtain the required administrative decisions (due to possible protests by the local community or legal restrictions) or the administrative proceedings in this matter may be prolonged, which may have a negative impact on the further development of the Group's operations and financial performance. The implementation of investments in renewable energy sources is also associated with the need to conclude a series of agreements securing legal title to the land on which such an installation is to be realized, which means having to meet the financial expectations of many property owners and take into account potential non-market expectations.

Entities producing energy in renewable energy source installations may participate in auctions conducted by the President of the Energy Regulatory Office for the sale of electricity. Producers of electricity from renewable energy sources that intend to join the auction are subject to a formal assessment procedure of their preparation to produce electricity at the respective installation. The amount of electricity to be purchased in the auction in a given year is determined anew in each subsequent year, so the values determined in particular years may differ significantly. It also cannot be excluded that for a given type of installation the specified minimum value of electricity to be purchased in a given year will be "0", so the auction for this type of installations will not take place at all. The sales price of electricity produced from renewable energy sources, stated in the bids of auction participants whose bids ultimately won the auction, is subject to annual adjustment with the average annual index of prices of total consumer goods and services from the previous calendar year. In addition, certain obligations described in detail in the Renewable Energy Sources Act are imposed on auction winners, which include, among others the maximum timeframe within which energy production at a given installation is to take place after winning the auction and the obligation of the auction winner to sell the electricity. In particular, if the price offered by the entity participating in the auction at which it will sell electricity will be lower than the market price of electricity under the so-called "positive balance coverage" mechanism, it will be obliged to pay to the renewable energy settlement operator the difference between the price at which it sold electricity on the market and the price specified in the bid, which may have an adverse effect on the Group's financial performance.

At present, investors in this type of project are also facing potential delays in the execution of a contracts for construction works and contracts for the delivery of individual components, which are related, among other things, to the effects of the COVID-19 pandemic and the war activities in Ukraine. Also, economic circumstances, including inflation and increases in the prices of construction materials result in numerous claims by contractors to increase the agreed remuneration under the implementing agreements or to extend the time of investment implementation, which may also, especially in the context of rules related to the RES auctions, negatively affect the Company's and the Group's operations and the timely realization of the Strategy. The complex situation in the construction market may also adversely affect the financial and operational condition of the contractors with whom the Group companies will sign implementing agreements, which may result in the inability to fulfill certain obligations on their part, which, in turn, may have an unfavorable impact on the completion dates of individual investments included in the Strategy.

The realization of the above situations may adversely affect the Group's operations, which may have a material adverse effect on the Group's financial results.

Risks associated with environmental regulations

Producers of electricity from renewable energy sources are required to comply with the relevant legislation (including European Union law) concerning environmental protection, in Poland and abroad. These regulations govern, among other things, emissions of pollutants, wastewater, soil and groundwater protection, and the health and safety of humans and wildlife. In the event of non-compliance with laws, regulations and other environmental acts, Group companies may be forced to pay significant fines or even to cease operations. Some equipment used on photovoltaic and wind farms, such as transformers, contain substances that can cause environmental pollution in the event of a malfunction or accident.

Compliance with applicable laws and regulations is associated with bearing of certain costs, and a possible violations of such laws and regulations and, as a result, the possible imposition of penalties by the relevant public administration authorities may adversely affect the business, financial condition and operating results of the Company and Group companies.

Competition risks in the segment of electricity generation from renewable energy sources

The market for photovoltaic and wind farms, due to its potential and possible returns on investment, is attracting investors who may be competitors to the Group. Intensification of this competition and increasing investment in this sector by existing operators as well as entities commencing their activities may cause demand to exceed supply for photovoltaic and wind farm projects, and thus have a negative impact on the level of sales prices of projects.

Due to the war in Ukraine induced problems with the availability of raw materials and fossil fuels, and the systematic increase in demand for energy produced from renewable sources resulting from the current regulations, as well as the relatively low supply of this type of energy (in the long term) and the increase in its prices, the attractiveness of investments in production of energy from renewable energy sources is high. Therefore, increase in competition in this market segment is expected. PAK-PCE operates photovoltaic and wind farms and is in the process of developing more photovoltaic and wind farms. It cannot be ruled out that investments in the construction of photovoltaic farms and wind farms, as well as the acquisition of existing projects may attract foreign entities with experience in this field gained in other European and global markets.

Increased activity by other entities in the renewable energy market may make it more difficult for PAK-PCE to access attractive locations and increase the cost of acquiring them. The above factors may have a material adverse effect on the business, financial condition and operating results of the Group.

6.7. Risk factors associated with the Series B, C and D Bonds

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

6.8. Risk factors associated with climate

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

7. Cyfrowy Polsat on the capital market

7.1. Shares of Cyfrowy Polsat

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

Series	Number of shares	Type of shares	Number of votes at the General Meeting	Face value [PLN]
A	2,500,000	Preferred shares (2 voting rights)	5,000,000	100,000.0
B	2,500,000	Preferred shares (2 voting rights)	5,000,000	100,000.0
C	7,500,000	Preferred shares (2 voting rights)	15,000,000	300,000.0
D	166,917,501	Preferred shares (2 voting rights)	333,835,002	6,676,700.0
D	8,082,499	Ordinary shares, introduced to trading	8,082,499	323,300.0
E	75,000,000	Ordinary shares, introduced to trading	75,000,000	3,000,000.0
F	5,825,000	Ordinary shares, introduced to trading	5,825,000	233,000.0
H	80,027,836	Ordinary shares, introduced to trading	80,027,836	3,201,113.4
I	47,260,690	Ordinary shares, introduced to trading	47,260,690	1,890,427.6
J	243,932,490	Ordinary shares, introduced to trading	243,932,490	9,757,299.6
Total	**639,546,016**		**818,963,517**	**25,581,840.6**
including:	179,417,501	not traded	358,835,002	7,176,700.0
	460,128,515	traded	460,128,515	18,405,140,6

The share capital of the Company is PLN 25,581,840.64, divided into 639,546,016 shares. The total number of votes at the General Meeting is 818,963,517.

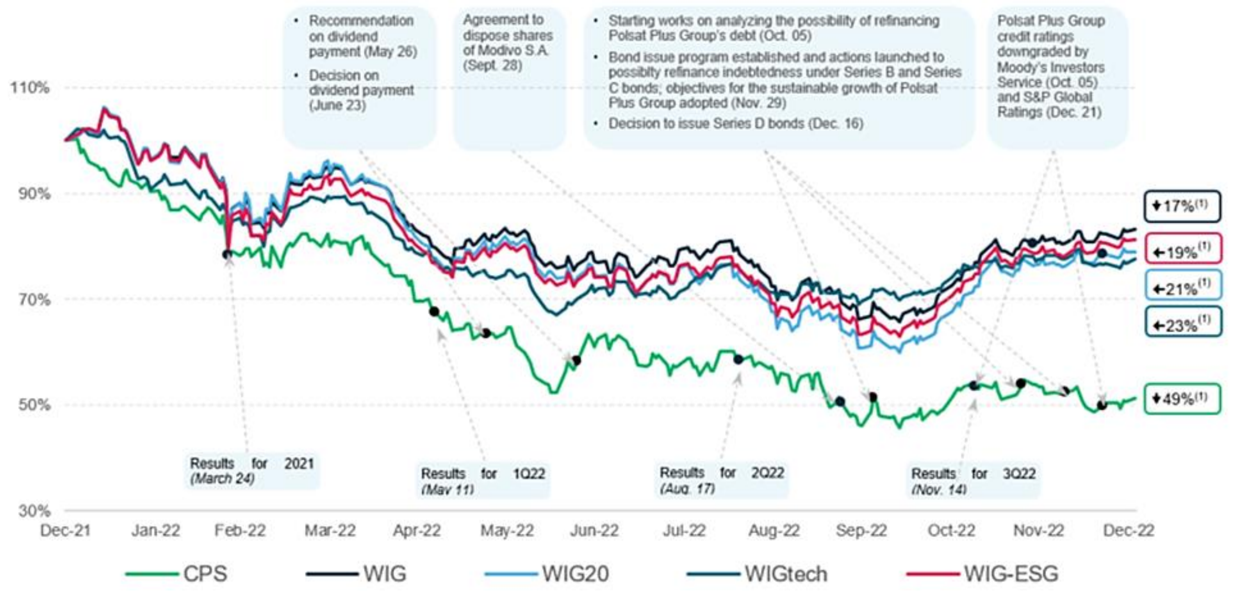
As at 31 December 2022, 88,842,485 ordinary shares, representing 13.89% of the capital, were held by Cyfrowy Polsat as a result of the acquisition of treasury shares initiated by Resolution No. 7 of the Extraordinary General Meeting of Shareholders of November 16, 2021. Pursuant to Article 364(2) of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

Basic data on Cyfrowy Polsat shares in trading

Date of first quotation	May 6, 2008
Component of indices	WIG, WIG20, WIG30, WIG-ESG, WIGtech
Macrosector	Technology
Market	main
Quotation system	continuous
International Securities Identification Number (ISIN)	PLCFRPT00013 (shares admitted and introduced to trading) PLCFRPT00062 (shares with preferential voting rights)
Cyfrowy Polsat's identification codes	• WSE: CPS • Reuters: CYFWF.PK • Bloomberg: CPS:PW

7.2. Shares quotes

Performance of Cyfrowy Polsat shares in 2022

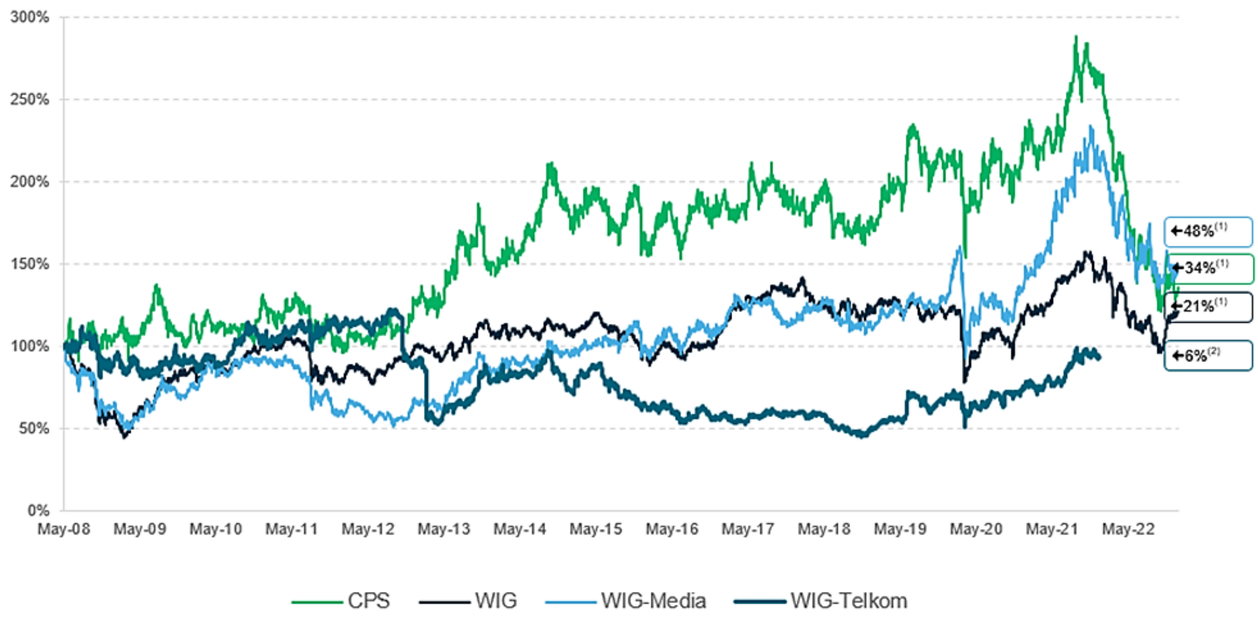


(1) Change December 30, 2022 vs December 31, 2021

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

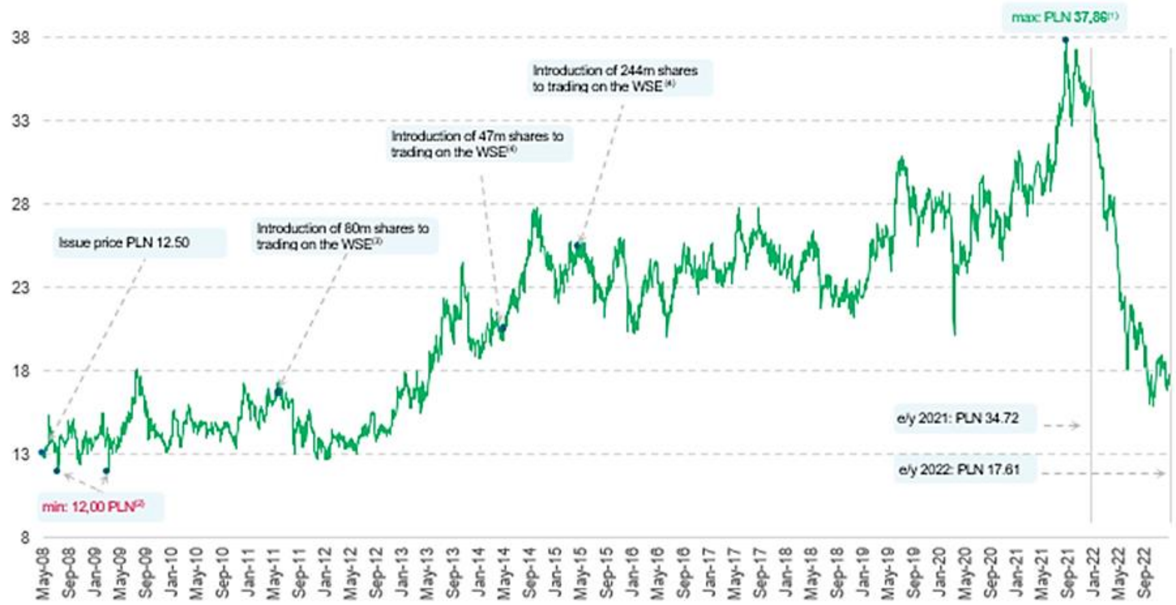
Performance of Cyfrowy Polsat shares since the debut on the WSE in May 2008 until the end of 2022 compared to selected WSE indexes

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



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

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



(1) Share price on August 30, 2021

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

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

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

Cyfrowy Polsat shares on the stock exchange in 2022

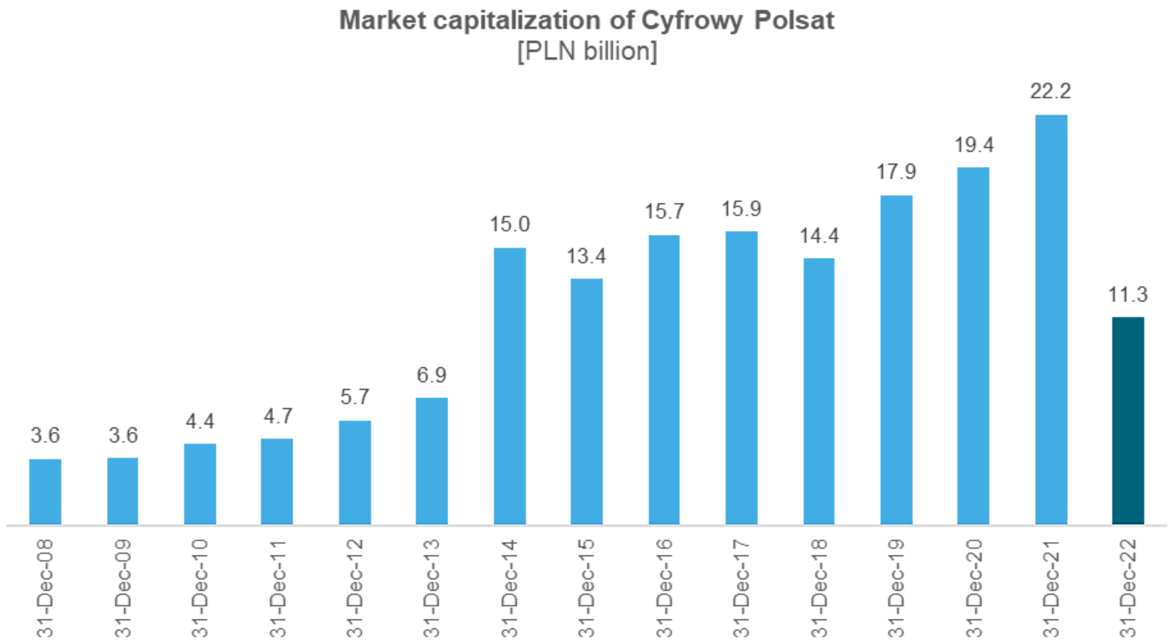
		2022	2021
Year-end price	PLN	17.61	34.72
High for the year	PLN	34.82	37.86
Low for the year	PLN	15.90	27.28
Average for the year	PLN	22.56	32.13
Average daily turnover	PLN '000	13,020	15,878
Average daily trading volume	shares	596,114	496,766
Number of shares (as at year-end)	shares	639,546,016(1)	639,546,016(2)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

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

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

Market capitalization of Cyfrowy Polsat since its debut on the WSE

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



7.3. Analysts' recommendations

Brokers covering the Company:

Local

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

International

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

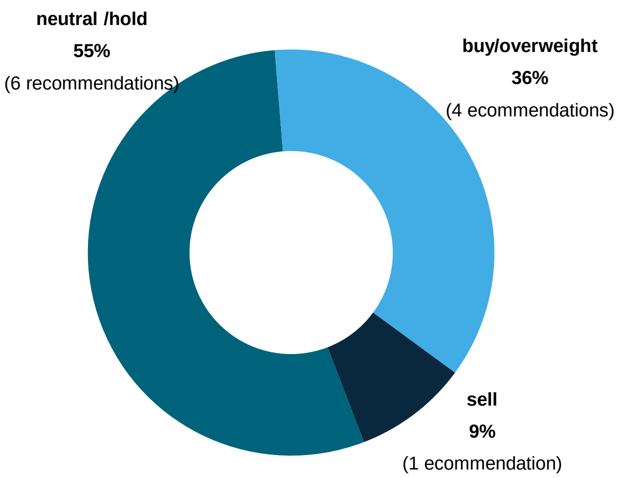
Recommendations for the shares of Cyfrowy Polsat issued in 2022

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

Recommendations for the shares of Cyfrowy Polsat issued in 2023

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

Structure of recommendations as at April 18, 2023



Target price as at April 18, 2023 [PLN]

minimal	15.5
maximal	35.0
average	22.4

Close dialogue with the capital market

The goal of our corporate strategy is to create sustainable value of the Company. We support this strategy through regular and open communication with all capital market participants.

In order to ensure current access to information we participate in conferences with investors, we organize numerous individual meetings and roadshows both in Europe and in the United States. Moreover, every quarter, after the publication of our financial results, we organize periodical meetings with investors and sell-side analysts with Members of the Company's Management Board. Both are open events. In 2022, we held meetings with approximately 200 representatives of the capital market, including approx. 15 conferences, both face-to-face and online.

When communicating with the capital market we are guided by the main principle of transparency and equal access to information. Following this principle, we introduced the rule of limited communication before the publication of our financial results. Under this rule the representatives of the Company avoid discussions or meetings with analysts and investors two weeks prior to the publication of the quarterly results. This rule is meant to increase transparency and ensure equal access to information about the Company before the publication of our financial results.

To ensure proper fulfillment of the information obligations imposed by the relevant regulations, including the MAR Regulation, we have implemented, at the Group level, detailed internal rules which define, among others, the principles of analysis and identification of events occurring within our organization, the procedures to be followed upon obtaining any information which is subject to reporting as well as the deadlines for fulfillment of information disclosure requirements. We have also adopted an Individual Reporting Standard which supports the identification and classification of events as inside information.

In order to reach a wide audience we also use modern tools to communicate with capital market representatives, such as a website dedicated to investors (http://www.grupapolsat.pl/en/investor-relations), a reliable and practical source of information about Polsat Plus Group, electronic newsletters, selected social media, periodic newsletters including both information on current events in Polsat Plus Group and latest market developments (press review), as well as reminders of the most important events in the Company. Since the outbreak of the COVID-19 pandemic, we have been using online meeting tools to enable all interested investors and analysts to actively participate in the Company's events.

7.4. Dividend policy

On December 20, 2021, the Management Board of the Company adopted a new dividend policy of the Company for the years 2022-2024.

The main goal of the strategy of the Group is the permanent growth of the value of the Company for its Shareholders. We intend to achieve this goal by implementing the major elements of our operational strategy which include:

- growth of revenue from services provided to individual and business customers through the consistent building of our customer base value by maximizing the number of users of our services as well as the number of services offered to each customer and simultaneously increasing average revenue per user (ARPU) and maintaining a high level of customer satisfaction;
- growth of revenue from produced and purchased video content by expanding its distribution, including a search for new channels of exploitation of rights, maintaining the audience shares of channels produced by us;
- use of opportunities arising from the advancing technological changes and market opportunities in order to expand the scope of our products and services;
- building a position on the clean, renewable energy market, in particular from the sun, wind, biomass, thermal waste treatment and building a complete value chain of a hydrogen-based economy, which creates opportunities to build a new stream of revenues for Polsat Plus Group and will bring tangible social benefits in the form of greenhouse gas emissions reduction;
- effective management of the cost base of our integrated capital group by exploiting its inherent synergies and economies of scale, and
- effective management of the Group's finances, including its capital resources.

Predictable dividend payouts to Shareholders is one of the main goals underlying the capital resources management policy of the Company. At the same time, bearing in mind the goal to achieve and maintain a low level of indebtedness, designated by the General Meeting of Shareholders in the Articles of Association of the Company (the "Target Leverage Ratio"), the Management Board of the Company is obligated to formulate the financial policy of Polsat Plus Group in such a way, so as to meet the expected Target Leverage Ratio. In view of the above, the Management Board of the Company intends to present a proposal concerning dividend payout together with the Management Board's recommendation to the General Meeting annually, subject to the observance of the following general principles:

- the amount of a dividend paid out every year shall guarantee an attractive return on invested capital to the Company's Shareholders;
- the level of the obtained return shall be shaped in relation to the commonly available on the Polish market forms of safe investing of funds, in particular in relation to the level of bank deposits rates, while taking into account a risk premium associated with floating of Cyfrowy Polsat's share prices on the Warsaw Stock Exchange;
- the annually submitted proposal for distribution of the Company's net profit for the previous financial year should allow for the continuation of gradual reduction of the net debt of Polsat Plus Group in order to achieve the Target Leverage Ratio.

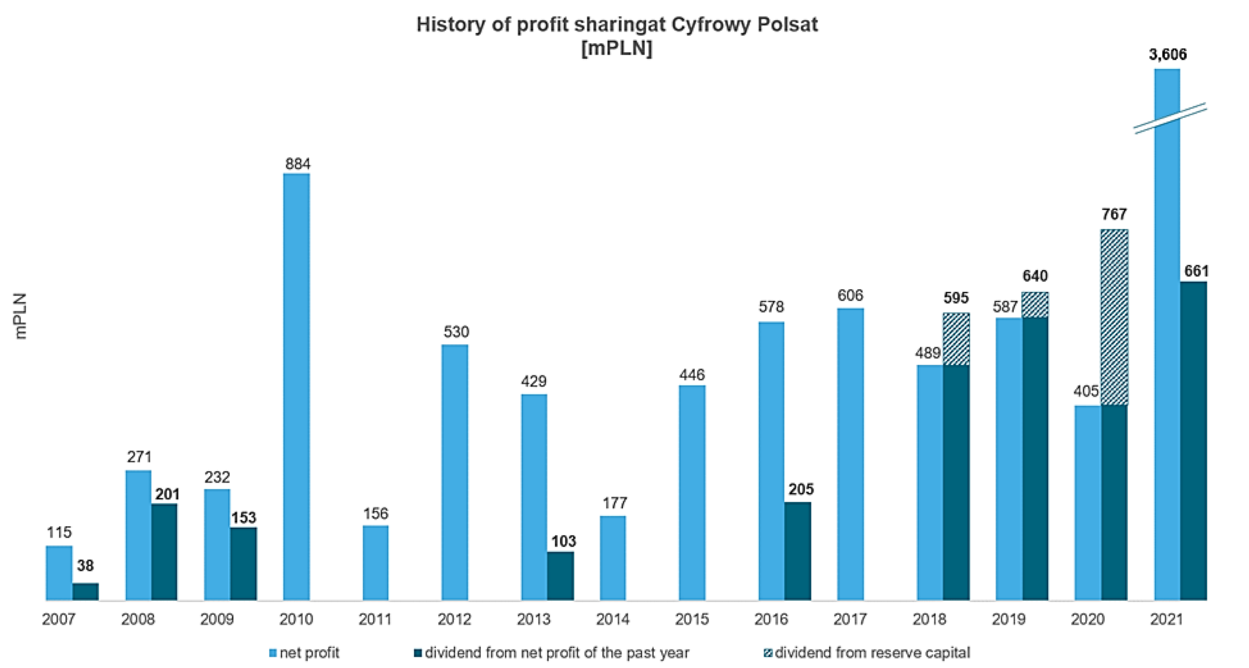
In regard to the above, after having reviewed the investment plans of Polsat Plus Group and evaluated the possibilities of allocating the expected cash resources of the Group with an aim to pay out dividends to the Shareholders of the Company, in the years 2022-2024 the Management Board of the Company intends to recommend to the General Meeting dividend payout in the total amount of not less than PLN 3.00 per share in three installments as follows:

- at least PLN 1.00 per share to be paid out from net profit generated in 2021;
- at least PLN 1.00 per share to be paid out from net profit generated in 2022;
- at least PLN 1.00 per share to be paid out from net profit generated in 2023.

Simultaneously, the Management Board underscores that every time when presenting a proposal for distribution of the profit for the previous year it will take into account the Group's net profit, financial standing and liquidity, existing and future liabilities (including potential restrictions related to facility agreements and other financial documents), the assessment of the Group's prospects in specific market and macroeconomic conditions, potential necessity of spending funds for the Group's development, in particular through acquisitions and embarking on new projects within the framework of the Group's strategy, one-off items, as well as valid legal regulations. The dividend policy will be subject to regular verification by the Company's Management Board. The new dividend policy will take effect from January 1, 2022.

Distribution of net profit of Cyfrowy Polsat for 2021

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



8. Corporate governance Statement

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

As at December 31, 2022, Cyfrowy Polsat S.A. (the "Company") was subject to corporate governance principles outlined in the "Best Practices of WSE Listed Companies in 2021" ("**Best Practices 2021**"), constituting an appendix to resolution No. 13/1834/2021 of the Council of WSE of March 29, 2021 (this document is available on the official website of the Warsaw Stock Exchange dedicated to the issues of the corporate governance of listed companies - https://www.gpw.pl/dobre-praktyki2021).

Application of principles outlined in the Best Practices 2021

The Management Board of the Company adopted the recommendations and principles specified in the Best Practices 2021. In 2022, the Company did not comply with principles set out in items 1.4., 1.4.1., 2.1., 2.2., 3.2., 3.6., 3.7., 3.9., 3.10., 4.1. and 4.9.1.

Below, the Company presents explanations regarding non-compliance or partial application of:

- ***Principle 1.4.*** *regarding the ensuring of quality communications with stakeholders, as a part of the business strategy, companies publish on their website information concerning the framework of the strategy, measurable goals, including in particular long-term goals, planned activities and their status, defined by measures, both financial and non-financial.*

  The above principle was partly fulfilled in previous years. The assumptions of the business strategy, along with the description of non-measurable and selected measurable goals, as well as the information on achieved results and the accomplishment of the strategic goals are published by the Company on its website as well as in the annual reports on the activities of the management board and in Polsat Plus Group's sustainability reports. However, due to the fact that the Company did not formulate long-term measurable financial and non-financial goals in previous years, hence such goals were not published by the Company on its website, as required by the principle 1.4.

  At the same time, we would like to point out that in connection with the publication of its new strategy in December 2021, the Company's Management Board formulated and published on the Group's corporate website measurable long-term strategic goals, both financial and operational, as well as non-financial, particularly related to the expected reduction of greenhouse gas emissions. In addition, in November 2022, the Company formulated and published additional key performance indicators and quantified sustainability performance targets relating specifically to environmental issues in Polsat Plus Group's Sustainability-Linked Financing Framework, a document that had undergone an independent expert review.

  The Company describes its planned and undertaken activities and progress in achieving its ESG goals in the annual reports of the Management Board on its activities and Polsat Plus Group's sustainability reports, available on the Company's corporate website.

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

- ***Principle 1.4.1.*** *stating that information concerning the ESG strategy should explain, among others, how the decision-making processes of the company and its group members integrate climate change, including the resulting risks.*

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

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

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

- ***Principle 2.1.*** *stating that companies should have in place a diversity policy applicable to the management board and the supervisory board, approved by the supervisory board and the general meeting, respectively. The diversity policy defines diversity goals and criteria, among others including gender, education, expertise, age, professional experience, and specifies the target dates and the monitoring systems for such goals. With regard to gender diversity of corporate bodies, the participation of the minority group in each body should be at least 30%.*

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

  The Company notes that a high degree of diversity is assured in the Management Board and the Supervisory Board in areas such as age, education, competence and professional experience. Moreover, in spite of the lack of a defined goal, the Management Board fulfills the diversity principle related to gender as women make up 50% of the Management Board.

  The diversity policy adopted by the Company and member companies of the Group prohibits discrimination of any kind related to employment, direct or indirect, especially in respect of gender, age, sexual orientation, competence, experience, potential disability, nationality, ethnic and social origin, skin color, language, parental status, religion, denomination or lack of denomination, political views as well as in respect of the location of the place of performing work, form of employment, trade union membership, or any other dimension of diversity as defined by valid law. The diversity policy does not define the minimum goal for diversity in terms of gender of the employees, hence the Company does not apply principle 2.1.

- ***Principle 2.2.*** *stating that decisions to elect members of the management board or the supervisory board of companies should ensure that the composition of those bodies is diverse by appointing persons ensuring diversity, among others in order to achieve the target minimum participation of the minority group of at least 30% according to the goals of the established diversity policy referred to in principle 2.1.*

The provisions of the Group's diversity policy apply to all of the Group's employees, including also the Management Board and the Supervisory Board members. The Company's goal is to assure diversity, including diversity in terms of gender, for higher ranking positions, nevertheless the persons who make decisions while selecting Management Board and Supervisory Board members are above all guided by the candidates' competences, their professional experience and education.

- ***Principle 3.2.*** *stating that the companies' organization includes units responsible for the tasks of individual systems and functions unless it is not reasonable due to the size of the company or the type of its activity.*

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

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

  The Supervisory Board, and the Supervisory Board's Audit Committee in particular, monitors and assesses the effectiveness of functioning of the internal processes of operational and financial risk management, including the process of drafting of financial statements on the basis of the documents and reports presented by the Management Board and by the person responsible for internal audit as well as on the basis of other information obtained in the course of the Supervisory Board's on-going activity.

- ***Principle 3.6.*** *stating that the head of internal audit reports organizationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee.*

  In accordance with the organizational structure adopted in the Company, the internal auditor reports directly to the Management Board Member responsible for Finance – based on IIA (The Institute of Internal Auditors) standards. The internal auditor functionally reports to the Chairman of the Audit Committee. In the opinion of the Company's Management Board, the internal audit function in the Company operates in an effective and independent manner.

- ***Principle 3.7.*** *stating that principles 3.4 to 3.6 (concerning, the linking of the remuneration of persons responsible for risk and compliance management and of the head of internal audit with the performance of delegated tasks rather than short-term results of the company, the direct reporting of persons responsible for risk and compliance management report to the president or other member of the management board and the direct reporting of the head of internal audit reports organizationally to the president of the management board and functionally to the chair of the audit committee or the chair of the supervisory board if the supervisory board performs the functions of the audit committee, respectively) apply also to members of the company's group which are material to its activity if they appoint persons to perform such tasks.*

The principles are applied partially by the Company. Principles 3.4. and 3.5. also apply to those members of Polsat Plus Group who are material to the Group's operations. Principle 3.6, in turn, does not apply to companies which are material to the Group since in selected companies of the Group the internal audit function is fulfilled by the same internal audit and control unit as in the Company itself. In face of the above, the person managing the internal audit function in selected companies that are material to the Group reports directly to the Management Board Member responsible for financial matters in the Company, as stipulated by the IIA (The Institute of Internal Auditors) standards.

- ***Principle 3.9.*** *stating that the supervisory board monitors the efficiency of the systems and functions referred to in principle 3.1 among others on the basis of reports provided periodically by the persons responsible for the functions and the company's management board, and makes annual assessment of the efficiency of such systems and functions according to principle 2.11.3. Where the company has an audit committee, the audit committee monitors the efficiency of the systems and functions referred to in principle 3.1, which however does not release the supervisory board from the annual assessment of the efficiency of such systems and functions.*

  The Supervisory Board of the Company operates according to the Anglo-Saxon model, i.e., in addition to carrying out its duties under the Polish law, members of the Supervisory Board (excluding independent members and members of the Audit Committee) simultaneously perform the role of Non-executive Directors. The Supervisory Board has a wide range of competencies and a high degree of authority set in the Company's corporate documents, which in practice means that the Board is very close to the decision-making process and is well positioned to effectively monitor and evaluate the internal control, risk management and compliance systems, as well as the internal audit function.

  The Supervisory Board, and the Supervisory Board's Audit Committee in particular, monitors and assesses the effectiveness of functioning of the internal processes of operational and financial risk management, including the process of drafting of financial statements, on the basis of the documents and reports presented by the Management Board and by the person responsible for internal audit as well as on the basis of other information obtained in the course of the Supervisory Board's on-going activities.

  Risk assessment and mapping is conducted at both Management and Supervisory Boards levels. Risks specific to each business area are identified, monitored, mitigated/managed at the level of: (a) the members of the Management Board responsible for the business area concerned based on internal processes and procedures, (b) the relevant committees (e.g. CAPEX), and if necessary (c) the members of the Management Board with the involvement of individual members of the Supervisory Board. In addition, the Supervisory Board as a whole reviews risks on a regular basis, focusing on key challenges.

- ***Principle 3.10.*** *stating that companies participating in the WIG20, mWIG40 or sWIG80 index have the internal audit function reviewed at least once every five years by an independent auditor appointed with the participation of the audit committee.*

  The Supervisory Board, the Audit Committee specifically, monitors and assesses the efficiency of internal processes, which includes on-going monitoring of the efficiency of the internal audit function.

- ***Principle 4.1.*** *stating that companies should enable their shareholders to participate in a general meeting by means of electronic communication (e-meeting) if justified by the expectations of shareholders notified to the company, provided that the company is in a position to provide the technical infrastructure necessary for such general meeting to proceed.*

Neither Polish, nor foreign shareholders have so far notified the Company of an interest in or the need for organizing general meetings in such a form. The Management Board, in turn, considers assuring efficient course of debates of general meetings of the Company as well as correctness of adoption of resolutions by general meetings of the Company a priority. The adopted practice of holding general meetings is intended to reduce the risk of occurrence of any organizational and technical problems during the meetings, potentially causing disruption of the efficient course of the general meetings, as well as the legal risks, especially the ones which could potentially result in the resolutions adopted by a general meeting being questioned due possible transmission delays, technical faults, both on the Company's end as well as in the locations of the shareholders who participate remotely in the meetings.

- ***Principle 4.9.1.*** *stating that candidates for members of the supervisory board should be nominated with a notice necessary for shareholders present at the general meeting to make an informed decision and in any case no later than three days before the general meeting; the names of candidates and all related documents should be immediately published on the company's website.*

  The Company encourages its shareholders to put forward their candidates at within the timeframe indicated in principle 4.9.1, i.a. by publishing the relevant information in notices on convening the general meetings. However, due to the fact that the Company's internal regulations do not provide for any mode of appointing the Supervisory Board members other than stipulated by the generally valid legal regulations, especially in terms of restricting the time during which the candidates for supervisory board members may be put forward, and considering that the to-date practice of putting forward candidates for Supervisory Board members differed from the requirements of principle 4.9.1, hence the Company may not assure that the principle will be applied in the future.

8.2. Internal control systems and risk management applied with respect to the process of preparing financial statements

The Management Board is responsible for internal control system in Polsat Plus Group and its effectiveness in the process of preparing financial statements and interim reports prepared and published in accordance with the provisions of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information to be submitted by issuers of securities, and the conditions for recognizing equivalence of information required under non-member states regulations.

We draw on our employees' extensive experience in the identification, documentation, recording and controlling of economic operations, including numerous control procedures supported by modern information technologies used for recording, processing and presentation of operational and financial data.

In order to ensure the accuracy and reliability of the accounts of the parent and subsidiary companies, we apply accounting policies for Polsat Plus Group and various internal procedures relating to transaction control systems and processes resulting from the activities of the Company and the Group.

We keep our accounts in IT systems integrated with the underlying source systems and auxiliary books. We ensure data security through the use of access rights aligned with the needs and requirements of granted to authorized users. Systems operations are assured by the specialists with extended experience in this field. In addition, the system security is ensured by applying the appropriate solutions for physical security of the equipment. We have a complete IT system documentation in all its areas. In accordance with Article 10 of the Accounting Act of September 29, 1994, the accounting information systems documentation is periodically reviewed and updated upon approval by heads of units.

An important element of risk management, in relation to the financial reporting process, is ongoing internal control exercised by the Finance and Controlling Department. The Internal Audit Department conducts an independent verification of functioning of the internal control system and, as such, complements its efficient operation.

The Internal Audit functions on the basis of the Audit Charter adopted by the Management Board and the Audit Committee of the Supervisory Board. Its primary task is to test and evaluate controls for the reliability and consistency of financial data underlying the preparation of financial statements and management information.

The Controlling department functions on the basis of financial controlling system and business controlling system, and exercises control over both the current processes and the implementation of financial and operating plans, and preparation of financial statements and reports.

An important element of quality control and data review is the use of a management reporting system on a standalone and consolidated basis, as well as regular monthly analyses by the Management Board of financial and operational performance, and other key indicators. The monthly results analysis is carried out in relation to both the current financial and operating plan and the prior period results.

The budgetary control system is based on monthly and annual financial and operating plans and long-term business projections. Achieved financial and operating results are monitored regularly in relation to the financial and operating plans. During the year, we perform additional reviews of the financial and operating plans for the year if the need arises. The financial and operating plans are adopted by the Management Board and presented to the Supervisory Board.

One of the basic elements of control in the process of preparation of financial statements of the Company and the Group is the verification carried out by independent auditors. An auditor is chosen from a group of reputable firms, which guarantee a high standard of service and independence. The Supervisory Board of the Company chooses the Company's auditor. In the subsidiaries, the auditor is chosen by either the supervisory board, the general meeting or the meeting of shareholders. The tasks of the independent auditor include, in particular: a review of semi-annual standalone and consolidated financial statements and audit of annual standalone and consolidated financial statements. The auditor's independence is fundamental to ensure the accuracy of the audit.

The Audit Committee, appointed within the Company's Supervisory Board, supervises the financial reporting process in the Company. The Audit Committee oversees the financial reporting process, in order to ensure sustainability, transparency and integrity of financial information. As at the date of approval of this Report, two out of three Members of the Audit Committee meet the requirements listed in article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight (as amended).

Moreover, under article 4a of the Accounting Act of September 29, 1994, the duties of the Supervisory Board include ensuring that the financial statements and the report on activities meet the requirements of the law. The Supervisory Board carries out this duty using its competences under applicable law and the Articles of Association of the Company. This is yet another level of control exercised by an independent body to ensure the accuracy and reliability of the information presented in the standalone and consolidated financial statements.

8.3. Share capital and shareholding structure of Cyfrowy Polsat

8.3.1. Shareholders with qualifying holdings of shares of Cyfrowy Polsat

The table below presents Shareholders of Cyfrowy Polsat S.A. holding at least 5% of votes at the General Meeting of the Company as at the date of approval of this Report, i.e. March 29, 2023.

Shareholder	Number of shares	% of shares	Number of votes	% of votes
Zygmunt Solorz, through:	**396,802,022**	**62.04%**	**576,219,523**	70.36%
TiVi Foundation, including through:	386,745,257	60.47%	566,162,758	69.13%
Reddev Investments Limited, including through:	*386,745,247*	*60.47%*	*566,162,738*	*69.13%*
Cyfrowy Polsat S.A.(1)	*88,842,485*	*13.89%*	*88,842,485*	*10.85%*
Tobias Solorz(2), including through:	10,056,765	1.57%	10,056,765	1.23%
ToBe Investments Group Limited	*4,449,156*	*0.70%*	*4,449,156*	*0.54%*
Nationale Nederlanden PTE S.A.	**41,066,962**	**6.42%**	**41,066,962**	**5.02%**
Others	**201,677,032**	**31.53%**	**201,677,032**	**24.63%**
Total	**639,546,016**	**100%**	**818,963,517**	**100%**

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

(2) Person under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies.

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

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

8.3.2. Information on material agreements, which can result in a change in the proportion of shares held by hitherto shareholders in the future

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

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

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

The table below presents the number of shares of Cyfrowy Polsat which, according to the Company's best knowledge, were held, directly or indirectly, by Members of the Company's Supervisory Board as at the date of approval of this Report, i.e. March 29, 2023, along with changes in shareholding from the date of publication of the previous report, November 14, 2022 (report for the third quarter of 2022).

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

(1) Mr. Zygmunt Solorz holds the Company's shares through the following companies: TiVi Foundation (the parent of Reddev Investments Limited, which in turn is the parent of Cyfrowy Polsat S.A.). Within the block of shares held by Mr. Zygmunt Solorz, 10,056,765 shares held indirectly and directly by Mr. Tobias Solorz were disclosed.

(2) Person under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies. Mr. Tobias Solorz holds shares directly and indirectly through ToBe Investments Group Limited.

(3) The disclosed shares were acquired by Ms. Ewa Birka, a person closely related to Mr. Józef Birka, a person discharging managerial responsibilities within the meaning of Article 19 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

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

To the Company's best knowledge the remaining Members of the Supervisory Board did not hold any shares of the Company, directly and indirectly, as at the date of approval of this Report, i.e. April 19, 2023, nor at the date of publication of the previous report, i.e. November 14, 2022 (report for the third quarter of 2022).

8.3.4. Securities with special controlling rights

Current shareholders do not have any rights in the General Meeting of the Company other than those resulting from holding the Company's shares. As at December 31, 2022 the shares of the A through D series are preferred shares as to the voting rights in the way that:

- Series A shares totaling 2,500,000 have preferential voting rights entitling their holder to two votes per share;
- Series B shares totaling 2,500,000 have preferential voting rights entitling their holder to two votes per share;
- Series C shares totaling 7,500,000 have preferential voting rights entitling their holder to two votes per share;
- Series D shares totaling 166,917,501 numbered 1-166,917,501 have preferential voting rights entitling their holder to two votes per share.

8,082,499 D Series shares, numbered 166,917,502 - 175,000,000; 75,000,000 E Series shares; 5,825,000 F Series shares, 80,027,836 H Series shares, 47,260,690 I Series shares and 243,932,490 J Series shares are ordinary bearer shares.

8.3.5. Limitations related to shares

As at the date of approval of this Report, i.e. on March 29, 2023, the Company held 88,842,485 of its own ordinary shares constituting 13.89% of the share capital of the Company and entitling to 88,842,485 votes at the General Meeting of the Company, representing 10.85% of the total number of votes at the General Meeting of the Company. The above mentioned shares were purchased under the own shares buyback program announced on November 16, 2021. Pursuant to Art. 364 Section 2 of the Code of Commercial Companies the Company does not exercise voting rights attached to the held treasury shares.

Except for the mentioned above limitations and the limitations regarding our securities ownership rights transfer resulting from the general provisions of the law there are no other limitations, in particular contractual limitations, regarding our securities ownership rights transfer.

8.4. Rules of amending the Articles of Association of the Company

An amendment to the Articles of Association of the Company requires a resolution of the General Shareholders' Meeting and a registry in the Court register. The general provisions of law, the Articles of Association and the Bylaws of the General Shareholders' Meeting govern the procedure for adopting resolutions regarding amendments to the Articles of Association.

Pursuant to the provisions of the Articles of Association and taking into account the provisions of art. 417 § 4 of the Commercial Companies Code, an amendment to the Articles of Association may take place without a share buyback.

8.5. General Shareholders' Meeting

The General Shareholders' Meeting acts pursuant to the provisions of the Commercial Companies' Code, the Articles of Association, and the Bylaws of General Shareholders' Meeting adopted by Resolution 6 of the Extraordinary Shareholders' Meeting dated December 4, 2007 and amended by Resolution 29 of the Extraordinary Shareholders' Meeting dated April 23, 2009.

The General Shareholders' Meeting adopts resolutions regarding, in particular, the following issues:

a) reviewing and approving the Management Board's Report and the report of the Supervisory Board as well as the financial statements of the Company for the preceding accounting year and the consolidated financial statements,

b) decisions on dividing the profit or on the manner of covering the losses,

c) acknowledgement of the fulfilment of duties by the Supervisory Board Members and Management Board Members,

d) establishing the remuneration of Supervisory Board Members, subject to the provision of Article 18 sec. 3 c) of the Articles of Association, i.e., determining the amount of remuneration of Supervisory Board Members delegated to perform temporarily the tasks of a Management Board Member,

e) amending the Articles of Association,

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

g) increasing or decreasing share capital,

h) merging, dividing, or transforming the Company,

i) winding up and liquidating the Company,

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

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

l) granting consent to any acquisition and sale of real property, perpetual usufruct right or interest in real property, as well as granting consent to establishing a limited right *in rem* on real property, perpetual usufruct right or interest in real property with a value exceeding the 0.2% ratio of the Company's unit EBITDA for the preceding accounting year as stipulated in Article sec. 3.19 of the Articles of Association,

m) any and all issues connected with claims for remedying a loss caused upon the formation of the Company or in the course of its management or supervision.

As of January 1, 2025, the General Shareholders Meeting shall not be entitled to grant consent to the Company to incur any liability whatsoever if incurring it may result in the debt ratio, expressed as the ratio of the Group's net debt to EBITDA, exceeding a threshold of 2.0x.

The General Meeting shall be attended by persons who are shareholders of the Company sixteen days prior to the date of the General Meeting (the day of registration for participation in the General Meeting). The date of registration for participation in the General Meeting is consistent for bearer shares and preferred shares holders. Pledgees and usufructuaries who are entitled to vote, have the right to participate in the General Meeting if establishment of a limited right on their behalf is registered on a securities account on the day of registration for participation in the General Meeting.

A shareholder, being a natural person, is entitled to participation in the General Shareholders' Meeting and execution of voting rights in person, or through a proxy. A shareholder, being a legal entity, is entitled to participation in the General Shareholders' Meeting and execution of voting rights through a person authorized to make representations of intent on its behalf, or through a proxy.

The power of attorney to attend the General Meeting and exercise voting rights requires a written or electronic form. The shareholder must notify the Company about electronically granting the power of attorney by providing information specifying the Shareholder and the Shareholder's proxy, including the name and surname or company (the name) and address (seat), and indicating the number of shares and votes, of which the proxy is authorized to exercise to the address: akcjonariusze@cyfrowypolsat.pl.

The General Meeting should be attended by Members of the Management Board and Supervisory Board - in the composition which allows for substantive answers to the questions posed during the General Meeting.

The General Meeting shall be opened by the Chairperson or, in his/her absence, the Deputy Chairperson of the Supervisory Board (if appointed). In their absence, the General Meeting shall be opened by the President of the Management Board or a person nominated by the President. Next, the General Meeting shall appoint the Chairperson of the Meeting from among persons authorised to participate in the General Meeting.

Each participant in the General Meeting is entitled to be elected the Chairman of the General Meeting, and also nominate one person as candidate to the position of Chairman of the General Meeting. Decisions shall not be made until Chairman of the General Meeting is elected.

The Chairman of the General Meeting directs proceedings in accordance with the agreed agenda, provisions of law, the Articles of Association and the Bylaws, and in particular: gives the floor to speakers, orders voting and announces the results thereof. The Chairman ensures efficient proceedings and respecting of the rights and interests of all Shareholders. The Chairman may decide on procedural matters.

After the drawing up and signing of the attendance list the Chairman determines that the Shareholders' Meeting has been convened in a proper manner and is authorized to adopt resolutions; presents the agenda and orders the selection of the Ballot Committee.

The General Meeting may pass a motion regarding nonfeasance of voting over an item on the agenda, and also on adjourning the order of issues on the agenda. However, removing an item from the agenda, or its adjourning upon the request of shareholders, requires prior consent of all the shareholders present who have forwarded such a motion, supported by a majority of votes of the General Meeting. Motions regarding the aforementioned issues shall be justified in detail.

The Chairman, after opening an item on the agenda, may give the floor in order of application to speakers. In the event of a significant number of applications the Chairman may set a time limit or limit the number of speakers. The floor may be taken regarding items on the agenda and currently under discussion only. The Chairman may give the floor outside of the order of application to the Members of the Management Board or Supervisory Board, and also to the Company experts called by them.

The Meeting may not adopt resolutions regarding items that are not on the agenda unless all the share capital is represented in the General Meeting and none of the present in the Meeting raises any objections as to the adoption of a resolution.

Voting shall proceed in a manner adopted by the General Meeting using a computerized system of casting and counting votes, ensuring that votes are cast in the number corresponding to the number of shares held and - in case of a secret ballot - allowing to eliminate the possibility of detecting the manner of voting by individual shareholders.

Subject to mandatory provisions of law, the General Meeting shall be valid, if attended by shareholders representing jointly more than 50% of the total number of votes in the Company. The resolutions of the General Meeting shall be adopted by an absolute majority of votes cast, unless the provisions of the Commercial Companies' Code or the provisions of Company's Articles of Association provide for a greater majority.

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

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

8.6. Management Board of the Company

8.6.1. Rules regarding appointment and dismissal of the management

Pursuant to article 14 of the Articles of Association of the Company the Management Board consist of one or more members, including the President of the Management Board. The President of the Management Board shall be appointed and dismissed by TiVi Foundation with its registered office in Vaduz, Liechtenstein as a personal right vested in that shareholder. The remaining Management Board Members shall be appointed and dismissed by the Supervisory Board. The number of Management Board Members in any given term of office shall be determined by the Supervisory Board. The term of office of the Management Board is joint and lasts three years.

The Management Board of the Company shall consist in their majority of persons holding Polish citizenship. Prior to their appointment, the Company's Management Board Members are required to submit a written statement that they have familiarized themselves with the Company's Articles of Association, the Bylaws of the Management Board, the Bylaws of the Supervisory Board, the Company's Organizational Regulations, Work Regulations and Employee Remuneration Rules, and that they undertake to strictly observe and apply them.

8.6.2. Composition of the Management Board

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.6.3. Competences and Bylaws of the Management Board

In accordance with the Company's Articles of Association, the Management Board conducts the business of the Company and represents it in external relations.

The following are entitled to submit statements on our behalf:

- in the case of one person Management Board – the President of the Management Board acting together with a commercial proxy, and
- in the case of a more numerous Management Board – the President of the Management Board, a Management Board Member, and the commercial proxy acting jointly.

The Management Board operates under legal regulations in force, the Company's Articles of Association, the Bylaws of the Management Board, the Bylaws of the Supervisory Board, the Company's Organizational Regulations, Work Regulations, and Employee Remuneration Rules as well as under the resolutions of the General Meeting of Shareholders.

The Management Board performs its obligations collectively whereas each of its members manages specific areas of the Company's operations within the division of tasks, in accordance with the descriptions included in item 8.6.2.

All issues related to our management, not restricted by the provisions of the law or the Articles of Association to the competence of the Supervisory Board or the General Meeting, are within the scope of competence of the Management Board.

Decisions regarding an issue or buyback of the Company's shares are within the competence of the General Shareholders' Meeting. The competences of the Board in respect to the above are limited to the execution of any resolutions adopted by the General Shareholders' Meeting.

In accordance with the provisions of Art. 13 of the Company's Articles of Association, as of January 1, 2025, the Company's Management Board is obliged to manage the business of the Group in such a way that the debt ratio, calculated as the quotient of the Group's net financial debt and EBITDA, never exceeds 2.0x. In the period until December 31, 2024, the Company's Management Board shall be obligated to manage the business of the Group in such a way that a debt ratio not exceeding 2.0x is achieved by December 31, 2024 at the latest. The value of the Group's debt ratio as at December 31, 2024 shall ensue upon the Company's Management Board and the Company's Supervisory Board approving the consolidated financial statements for the accounting year ended on December 31, 2024.

Members of the Management Board may attend the sessions of the Supervisory Board. Furthermore, Members of the Management Board may participate in the sessions of any General Meeting. They provide substantive answers to questions asked during the General Meeting in accordance with the binding laws.

The Management Board conducts the Company's business on the basis of adopted resolutions.

The resolutions of the Management Board are adopted during Management Board's meetings. In extraordinary cases, the resolutions of the Management Board may be adopted without holding a meeting either in writing or using means of distance communication. Management Board resolutions adopted at a Management Board meeting are passed by an absolute majority of votes. If the votes are distributed equally, the President of the Management Board has a casting vote. Management Board resolutions may only be adopted, if all Management Board Members have been duly notified of a Management Board meeting and if the meeting is attended by more than half of the Management Board Members.

Management Board resolutions may be adopted in writing or using means of distance communication, if the draft of the resolution has been effectively served to all Management Board Members and the Chairperson of the Supervisory Board, if all Management Board Members take part in the vote, and if an absolute majority of Management Board Members consent to the resolution. Immediately after a resolution is adopted, the President of the Management Board is obliged to deliver it to the Chairperson of the Supervisory Board in the adopted wording together with information on the result of the vote.

Management Board meetings may be attended by the Chairperson of the Supervisory Board and a Supervisory Board Member or Supervisory Board Members appointed by the Chairperson of the Supervisory Board in writing. The President of the Management Board is obliged to notify the Chairperson of the Supervisory Board in writing of the date and agenda of Management Board meetings. The aforementioned notification shall be served at least 72 hours prior to the appointed time of the meeting. In extraordinary cases, said notification may be served within a shorter time-limit upon the written consent of the Chairperson of the Supervisory Board. Management Board meetings may also be attended by the Company's commercial proxy. The Company's Management Board notifies the commercial proxy of the date and agenda of the meeting.

The Company's Management Board is obliged to maintain the continuity of the commercial power of attorney; in particular, if the commercial power of attorney expires for any reason whatsoever, the Company's Management Board shall be obliged to appoint another commercial proxy immediately. Granting a commercial power of attorney requires the consent of all Management Board Members, subject to the stipulation that it shall only be permitted to grant a commercial power of attorney obliging the commercial proxy to perform transactions jointly with the President of the Management Board and a Management Board Member. A commercial power of attorney may only be granted by the Company's Management Board to candidates approved by the Supervisory Board. A commercial power of attorney can be revoked by any Management Board Member.

8.6.4. Remuneration of the Members of the Management Board

Rules for remuneration of Members of the Management Board are regulated by the Remuneration Policy for the Management Board and Supervisory Board Members. Information regarding remuneration of Members of the Management Board in 2022 is included in Note 47 of the financial statements for the financial year ended December 31, 2022.

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

The Company has concluded managerial contracts with the following Members of the Management Board: Aneta Jaskólska, Agnieszka Odorowicz and Katarzyna Ostap-Tomann. These contracts do not provide for the payment of severance packages as a result of the resignation of the mentioned above Members of the Management Board or their dismissal from the position without a material cause, or in the case when their resignation or dismissal results from a merger by acquisition of the Company.

8.7. Supervisory Board of the Company

8.7.1. Rules regarding appointment and dismissal of the Supervisory Board

In accordance with Art. 19 of the Company's Articles of Association, the Supervisory Board consists of five to nine members, including the Chairperson of the Supervisory Board. A Supervisory Board Member may be appointed Deputy Chairperson of the Supervisory Board by resolution of the General Shareholders Meeting. The Chairperson of the Supervisory Board is appointed and dismissed by TiVi Foundation with its registered office in Vaduz, Liechtenstein as a personal right vested in that shareholder. The remaining Members of the Supervisory Board are appointed and dismissed by the General Shareholders Meeting.

The Supervisory Board is appointed for a joint five-year term of office. The number of Supervisory Board Members in any given term of office shall be determined by the General Shareholders Meeting.

The Supervisory Board of the Company shall consist in their majority of persons holding Polish citizenship. Prior to their appointment, the Company's Supervisory Board Members are required to submit a written statement that they have familiarized themselves with the Company's Articles of Association, the Bylaws of the Management Board, the Bylaws of the Supervisory Board, the Company's Organizational Regulations, Work Regulations, and Employee Remuneration Rules, and that they undertake to strictly observe and apply them.

The Supervisory Board consists of two Members meeting the criteria of an independent Member of the Supervisory Board as set out in article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight which fulfills the principle 2.3. of the Best Practices 2021. A Supervisory Board Member is required to submit a statement to the Management and Supervisory Boards of the Company on his or her compliance with the independence criteria.

8.7.2. Composition of the Supervisory Board

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

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

(1) conforms with the independence criteria listed article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and in principle 2.3. of the Best Practices 2021.

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

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

Name and surname	Function	First appointment	Appointment for current term	Expiry of term
Zygmunt Solorz	Chairman of the Supervisory Board	2008	2021	2026
Marek Kapuściński	Vice-Chairman of the Supervisory Board Member of the Remuneration Committee	2016	2021	2026
Józef Birka	Member of the Supervisory Board	2015	2021	2026
Jarosław Grzesiak	Member of the Supervisory Board	2021	2021	2026
Marek Grzybowski	Independent(1) Member of the Supervisory Board Chairman of the Audit Committee	2020	2021	2026
Alojzy Nowak	Independent(1) Member of the Supervisory Board Member of the Audit Committee	2021	2021	2026
Tobias Solorz	Member of the Supervisory Board	2021	2021	2026
Tomasz Szeląg	Member of the Supervisory Board Chairman of the Remuneration Committee Member of the Audit Committee	2016	2021	2026
Piotr Żak	Member of the Supervisory Board	2018	2021	2026

(1) conforms with the independence criteria listed article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and in principle 2.3. of the Best Practices 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.7.3. Competences and Bylaws of the Supervisory Board

The Supervisory Board acts pursuant to the Commercial Companies Code and also pursuant to the Articles of Association of the Company and the Bylaws of the Supervisory Board.

Pursuant to the Articles of Association of the Company, the Supervisory Board performs ongoing supervision of the Company's operations in all its fields. In order to exercise supervision in the scope and under the terms stipulated in the Articles of Association, the Supervisory Board is entitled to review any documents of the Company, request reports and explanations from the Management Board, and review the status of the Company's assets. The Supervisory Board performs its obligations collectively but may also delegate its members to perform specific supervisory activities independently. The Supervisory Board is entitled to establish committees in circumstances provided for under applicable law. The Supervisory Board is also be entitled to appoint other committees and determine the scope and terms of their operation.

The Chairperson of the Supervisory Board is authorized to perform individually supervisory tasks with regard to the manner of performing obligations by the Management Board stipulated under Article 13 sec. 1.3 of the Articles of Association as well as to the activity of the Management Board with respect to agreements, revenue, costs, and expenses.

The competences of the Supervisory Board include matters restricted by the Commercial Companies Code and provisions of the Company's Articles of Association, in particular:

a) reviewing the annual financial statements of the Company and the consolidated financial statements with respect to their consistency with both the books and documents and the facts; reviewing the annual Management Board Report on the Company's operations and the assessment of the Management Board's work, reviewing the Management Board's motions with respect to distributing profits or covering losses, and submitting a written report on the results of the aforementioned reviews to the Annual Shareholders Meeting,

b) drafting a report on the activities of the Supervisory Board, the assessment of the Company's standing, the assessment of the manner of performing the information obligations by the Company, the assessment of the rationality of the policy pursued by the Company, including but not limited to the price policy, and the assessment of the internal control system and the system for managing significant risks for the Company, in each case in accordance with the terms of corporate governance adopted by the Company, and presenting them to the Annual Shareholders Meeting,

c) delegating Supervisory Board Members to perform temporarily the tasks of a Management Board Member who has been revoked, has resigned or is unable to perform his/her duties for other reasons, for a period not longer than three months,

d) determining the remuneration of Management Board Members,

e) appointing a statutory auditor to audit the financial statements of the Company,

f) granting consent to the payment of an advance towards the predicted dividend to the shareholders,

g) approving the terms, plans and prices of acquisition or sale of goods and services by the Company in the scope stipulated under the Bylaws of the Management Board or a resolution of the Supervisory Board.

Moreover, the competences of the Supervisory Board include:

a) reviewing and issuing opinions on issues that shall constitute the object of the resolutions of the General Shareholders Meeting,

b) approving quarterly, annual, and multi-year plans for the Company's operations drafted by the Management Board and monitoring their performance on an ongoing basis,

c) determining the amount of remuneration of Supervisory Board Members delegated to perform temporarily the tasks of a Management Board Member,

d) granting consent to the appointment and dismissal of supervisory board members of the following companies: Telewizja Polsat sp. z o.o. with its registered office in Warsaw, Polkomtel sp. z o.o. with its registered office in Warsaw, Netia S.A. with its registered office in Warsaw, and every company from the Group if that company's EBITDA in the preceding 12 months exceeded 5% of the Group's consolidated EBITDA, excluding supervisory board members of the above mentioned companies who are appointed and dismissed on the basis of personal rights granted to a partner or a shareholder of these companies,

e) granting consent to the performance by the Company of any legal transaction that does or can result in the disposal in favor of or liability on any account towards a single entity in the value exceeding 0.2% of the Company's standalone EBITDA in the previous accounting year,

f) approving the selection of bidders in the procurement proceedings held by the Company and approving bids submitted by the Company in procurement proceedings,

g) granting consent to any acquisition and sale of real property, perpetual usufruct right or interest in real property, as well as to establishing a limited right in rem on real property, perpetual usufruct right or interest in real property with a value up to the 0.2% ratio of the Company's standalone EBITDA for the preceding accounting year,

h) granting consent to hiring for the positions of director, deputy director, expert or consultant, irrespective of the basis for such employment, including in particular on the basis of employment relationship and other legal relationships. Modification and termination of the aforementioned employment shall also require the consent of the Supervisory Board.

i) approving the Work Regulations and Employee Remuneration Rules,

j) granting consent to the application for, modification or waiver of any license or permit stipulated under Article 6 sec. 2 of the Articles of Association, as well as to transferring or granting access to them to third parties,

k) granting consent to the conclusion of any agreement on consultancy services by the Management Board,

l) granting consent to the issue of bonds by the Company other than bonds convertible to shares or senior bonds,

m) granting consent to any acquisition, sale, assumption or encumbrance of shares and stock in companies as well as any participation titles in entities and organizations other than companies,

n) approving plans for merging or dividing the Company before they are passed and any plans for the reorganization of the Company.

As from January 1, 2025, the Company's Supervisory Board shall not be entitled to grant consent to the Company to incur any liability whatsoever if incurring it may result in the debt ratio, expressed as the ratio of the Group's net debt to EBITDA, exceeding a threshold of 2.0x.

The detailed terms of activity and operation of the Supervisory Board, including but not limited to the terms of operation of its respective committees, are determined in the Supervisory Board Regulations approved by the General Shareholders Meeting. Any amendment to the Supervisory Board Regulations shall require a resolution of the General Shareholders Meeting.

Supervisory Board meetings are convened by the Chairperson of the Supervisory Board. In the absence of the Chairperson, a Supervisory Board meeting shall be convened by the Deputy Chairperson of the Supervisory Board (if appointed) or, if no Deputy Chairperson has been appointed, the meeting is convened by a Supervisory Board Member so nominated in writing by the Chairperson. Supervisory Board meetings are convened ex officio upon the motion of the Management Board or at least two Supervisory Board Members. Supervisory Board meetings are chaired by the Chairperson of the Supervisory Board or, in the Chairperson's absence, by the Deputy Chairperson (if appointed) or, if no Deputy Chairperson has been appointed, by a Supervisory Board member nominated by the Chairperson. Apart from Supervisory Board Members, Supervisory Board meetings may be attended by Management Board Members, the commercial proxy, and invited guests. The person chairing a Supervisory Board meeting is entitled to order persons other than Supervisory Board Members to leave the room where the meeting is held.

Supervisory Board resolutions shall be by two-thirds of cast votes. All Supervisory Board Members must be invited to a Supervisory Board meeting and more than 50% of Supervisory Board Members must attend the meeting for the Supervisory Board resolutions to be binding. Supervisory Board Members shall be entitled to participate in adopting Supervisory Board resolutions by casting their vote in writing through the agency of another Supervisory Board Member. Casting a vote in writing shall not apply to issues added to the agenda at the meeting of the Supervisory Board.

The resolutions of the Company's Supervisory Board may be adopted without holding a meeting either in writing or using means of distant communication. Resolutions adopted in writing or using means of distant communication as well as electronically are passed, if the draft resolution has been effectively served to all Supervisory Board Members, if all Supervisory Board Members take part in the vote, and if at least two-thirds of Supervisory Board Members vote for the resolution. Resolutions may also be adopted electronically. An electronic vote shall be ordered by the Chairperson of the Supervisory Board. In the absence of the Chairperson, an electronic vote shall be ordered by the Deputy Chairperson of the Supervisory Board (if appointed) or, if no Deputy Chairperson has been appointed, by a Supervisory Board Member nominated by the Chairperson.

In 2022, the Supervisory Board's resolutions were adopted in accordance with Article 21 item 4 of the Company's Articles of Association and Article 5 item 4 of the Bylaws of the Supervisory Board, i.e., in writing or using means of direct remote communication.

The table below presents the attendance of the Supervisory Board Members in the votes held in 2022.

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

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

8.7.4. Committees of the Supervisory Board

Pursuant to the Bylaws of the Supervisory Board, the Supervisory Board may appoint permanent committees, in particular an Audit Committee, a Remuneration Committee, or a Strategic Committee, as well as ad hoc committees to investigate certain issues remaining in the competence of the Supervisory Board or acting as advisory and opinion bodies of the Supervisory Board.

The functioning of the Audit Committee is regulated by the Bylaws of the Audit Committee. The provisions of the Bylaws of the Supervisory Board apply to meetings, resolutions, and minutes of remaining committees of the Supervisory Board.

The aforesaid committees may be appointed by the Supervisory Board from among its Members by means of a resolution. The committee appoints, by means of a resolution, the Chairman of the particular committee from among its Members. The mandate of a Member of a particular committee expires upon expiry of the mandate of the Member of the Supervisory Board. The Supervisory Board may, by means of a resolution, resolve to dismiss a Member from the composition of a particular committee before the expiry of the mandate of the Member of the Supervisory Board. Dismissal from membership in a committee is not tantamount to dismissal from the Supervisory Board.

The first meeting of a committee is convened by the Chairman of the Supervisory Board or another Member of the Supervisory Board indicated by him or her. Meetings of the committees are convened as the need arises, ensuring thorough delivery of duties assigned to a particular committee. Minutes of committee's meetings and adopted resolutions are made available to the Members of the Supervisory Board that are not Members of the committee. The Chairman of a given committee chairs its proceedings. The Chairman also performs supervision over the preparation of the agenda, distribution of documents, and preparation of minutes of the meetings of the committee.

Pursuant to article 128 item 1 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight, an Audit Committee functions in the Company.

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

Name and surname	Function
Marek Grzybowski	Chairman of the Audit Committee Independent Member of the Supervisory Board
Alojzy Nowak	Independent Member of the Supervisory Board
Tomasz Szeląg	Member of the Supervisory Board

The composition of the Audit Committee meets the requirements listed in article 128 item 1 and article 129 item 3 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight.

During 2022 the composition of the Audit Committee remained unchanged.

In 2022, the Audit Committee held 4 remote meetings at which resolutions were adopted using means of direct remote communication.

The table below presents the attendance of the Audit Committee Members at meetings held in 2022.

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

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

Name and surname	Function
Tomasz Szeląg	Chairman of the Remuneration Committee Member of the Supervisory Board
Marek Kapuściński	Vice Chairman of the Supervisory Board

During 2022 the composition of the Remuneration Committee remained unchanged.

Audit Committee

In accordance with the Bylaws of the Audit Committee, the Committee consists of at least three Members, appointed for the term of office of the Supervisory Board. The Chairman of the Committee is appointed by the Company's Supervisory Board. Most Members of the Committee, including its Chairman, are independent from the Company that is they meet the independence criteria set out in Article 129 item 2 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight.

Among the Members of the Audit Committee, the statutory independence criteria are met by Mr. Marek Grzybowski and Mr. Alojzy Nowak

The independence of the indicated Members of the Supervisory Board has been verified by the Supervisory Board on the basis of statements submitted by them confirming that they meet the independence criteria set forth in Article 129 item 2 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight and, moreover, based on information gathered by the Company and sourced in the Company concerning the relations of the persons in question with the Company and other companies from Polsat Plus Group, in particular the capital structure and the composition of governing bodies of Polsat Plus Group and legal relations between the persons in question and the Company and the companies from Polsat Plus Group.

Members of the Audit Committee: Mr. Marek Grzybowski, Mr. Alojzy Nowak and Mr. Tomasz Szeląg, possess knowledge and skills in accounting and/or auditing financial statements which were obtained during studies, scientific career and/or extensive professional practice.

Furthermore, Mr. Tomasz Szeląg possesses knowledge and skills with regard to the sectors in which the Group operates, gained during many years of professional career on key managerial positions within Polsat Plus Group, among others, as Member of the Management Board responsible for finance in Cyfrowy Polsat.

Regulations of the Audit Committee apply to the meetings, resolutions and minutes of meetings of the Audit Committee.

Meetings of the Audit Committee are convened by the Chairman of the Audit Committee or a Member of the Audit Committee authorized by the Chairman and are held at least once a quarter, at dates determined by the Chairman of the Audit Committee. Additional meetings of the Audit Committee may be convened by the

Chairman of the Audit Committee at the request of a Member of the Audit Committee, Chairman of the Supervisory Board or another Supervisory Board Member, as well as at the request of the Management Board.

The Audit Committee passes resolutions, if at least half of its Members are present at the meeting and all Members were properly invited. Resolutions are passed by an absolute majority of votes and in the case of an equal number of votes, the Chairman of the Audit Committee shall have a casting vote. Members of the Audit Committee may participate in the Committee's meetings and vote in person, or by means of distant communication.

The work of the Audit Committee is managed by its Chairman who is responsible for preparing an agenda of each meeting or may appoint a Secretary of the Audit Committee whose tasks include in particular the preparation of an agenda of each meeting and organization of the distribution of documents for the Committee's meetings. A notification of the meeting, including its agenda together with all required materials, must be delivered to the Members of the Audit Committee at least 7 days before the meeting and in extraordinary circumstances a Committee's meeting may be convened at a shorter notice than the above mentioned deadline.

The Chairman of the Audit Committee may ask a relevant Management Board Member to prepare appropriate materials.

Minutes are taken of every meeting of the Audit Committee and are then signed by all Members who participated in a given meeting. Minutes of the Audit Committee meetings, including conclusions, instructions, opinions and recommendations are presented to the Supervisory Board at its next meeting as well as to the Management Board.

Members of the Supervisory Board who are not part of the Audit Committee may, at their own initiative, participate in the Committee's meeting, however without a voting right. The Chairman of the Audit Committee may invite Members of the Supervisory Board, auditors, employees of the Company and other persons as experts.

The tasks of the Audit Committee include in particular monitoring of the financial reporting process, efficiency of internal control systems and risk management systems as well as internal audit and performing financial revision activities, in particular carrying out audits by an audit company.

Pursuant to the Audit Charter, the Internal Audit Director meets directly the Audit Committee. In addition, at the request of the Audit Committee he or she joins its sessions and presents additional/supplementary information.

The Audit Committee evaluates, controls and monitors independence of a certified auditor and audit company, in particular in the case when the audit company provides the Company with services other than auditing of financial documents in the Company. The Audit Committee grants consent to provision of such services by the audit company. The Audit Committee notifies the Company's Supervisory Board about the results of audit and the role of the Committee in the auditing process as well as explains how this audit contributed to the reliability of financial reporting in the Company.

The tasks of the Audit Committee also include developing a policy of selection of an audit company to carry out the audit as well as developing a policy of provision by the selected audit company, its affiliated entities and members of the audit company's network of permitted services which are not part of the audit.

Main assumptions underlying the selection of an auditor in Cyfrowy Polsat

- In accordance with the Company's Articles of Association, the Company's Supervisory Board is the body selecting the auditing company (in the Company's Articles of Association referred to as the chartered accountant) for carrying out the statutory audit, while the General Meeting of the Company is the body approving the Company's financial statement.

- The first contract with the auditing company for carrying out the statutory audit of financial statements is concluded by the Company for the period of 2 years, extendable for successive two- or three-year periods, with the reservation that the total period of the statutory audit may not exceed ten years and the key auditor may not conduct the statutory audit for more than five years. Termination of the contract with the auditing company is possible, if justified grounds to do so emerge.
- The Audit Committee develops the policy for the selection of the auditing company and determines the procedure of selection of the auditor for performing the statutory audit. The auditor selection procedure is determined at the Audit Committee's discretion. The Audit Committee may instruct the Company's Management Board or employees of the Company selected by it to carry out the selection procedure.
- If an auditor for statutory audit is selected, the selection procedure must meet the following criteria:
  - the auditor on its own, or as part of a chain of companies operating on the territory of the European Union, has not conducted statutory audits for the Company for a period of at least past 10 consecutive years, or of if such a company did conduct a statutory audit for the Company for a continuous period of 10 consecutive years in the past, then a period of at least 4 years has already elapsed since the last of such audits,
  - the organization of the tender process does not exclude from the selection process companies which have obtained less than 15% of their total remuneration on account of auditing public interest units in the Republic of Poland during the past calendar year, which are found on the list of auditors published on the website of the Audit Oversight Committee (Komisja Nadzoru Audytowego) (a sub-page of www.mf.gov.pl).
  - in the event that the selection of the auditing company is carried out during the year covered by the audit in question, neither the auditor, nor any member of the chain, of which the auditor is a member, has provided, either directly or indirectly to the Company or to its subsidiaries, any prohibited services, as defined by article 136 of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight, during the current financial year, as well as any services related to the development and implementation of internal control procedures or risk management procedures associated with the development or control of financial information, or the development and implementation of any technological systems concerning financial information during the preceding year.

Major assumptions of the policy of provision to Cyfrowy Polsat of permitted services which are not audit services by the selected auditor, its related companies or members of the chain of which the auditor is a member

- The Company shall not conclude, with the auditor, its related companies or the members of the chain of which the auditor is a member, any agreements for the provision of prohibited services, as defined in Article 5, section 1, paragraph 2 of the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC.
- Prior to contracting any work, being permitted services and not being an audit, the Audit Committee performs an assessment of the threats and safeguards related impartiality, mentioned in Articles 69-73 of the Act on Statutory Auditors, Audit Firms and Public Oversight. The Audit Committee also oversees compliance of the performed work with the valid law.

- Permitted services include:
  - services involving due diligence procedures related to the Company's economic-and-financial standing;
  - issuing comfort letters in connection with prospectuses issued by the audited entity, carried out in accordance with the national standard for related services and consisting of performance of agreed procedures;
  - assurance services related to pro forma financial information, forecasts of results or estimated results which are included in the audited unit's prospectus;
  - audit of historical financial information to be included in the prospectus which is mentioned in the Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
  - verification of consolidation packages;
  - confirmation of fulfillment of the terms of facility agreements concluded by the Company based on the financial information coming from the financial statements examined by a given auditor;
  - assurance services in the scope related to reporting on corporate governance, risk management and corporate social responsibility;
  - services involving assessment of the compliance of the disclosures made by financial institutions and investment firms with the requirements related to disclosure of information concerning capital adequacy and variable components of remuneration;
  - assurance concerning financial statements or other financial information intended for the supervisory authority, the supervisory board or any other supervising body of the company, or the owners whose scope exceeds the scope of the statutory audit and which are intended to assist these authorities in the fulfillment of their statutory duties.

The Audit Committee provides the Supervisory Board with a recommendation regarding the selection of audit company.

In the financial year 2018 the Audit Committee recommended to the Supervisory Board to appoint Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, to audit the financial statements of the Company and the consolidated financial statements of the Company's capital group for the years 2018 and 2019. The recommendation fulfilled the criteria set in the adopted policy of selection of an audit company and followed the selection procedure organized by the Company which met the binding criteria. The recommendation was accepted by the Supervisory Board.

Additionally, the Audit Committee presents recommendations to the Company's Management Board aimed at ensuring the reliability of financial reporting in the Company.

8.7.5. Agreements with the entity certified to perform an audit of the financial statements

On July 6, 2018, the Company entered into an agreement with Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with registered office in Warsaw, for the performance of the audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of the Company's capital group for the financial years ended December 31, 2018 and December 31, 2019.

On February 26, 2020, the Company's Supervisory Board consented to extend the agreement and choose Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, for the performance of the audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of Polsat Plus Group for the financial years ended December 31, 2020, December 31, 2021 and December 31, 2022.

The following summary presents a list of services provided by the certified auditor and remuneration for the services in the twelve month period ended on December 31, 2022 and December 31, 2021.

[mPLN]	For the year ended December 31	
	2022	2021
Review of interim financial statements	0.6	0.7
Audit of financial statements for the year and other services	3.0	2.2
Total	**3.6**	**2.9**

In the financial year 2022, Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k. provided the following permitted services other than audit services: (i) the review of financial statements, (ii) the execution of agreed procedures with regard to verification of the fulfillment of conditions of concluded credit agreements, based on the analysis of the financial information from the audited consolidated financial statements of Cyfrowy Polsat Group and (iii) the audit of the reports on remuneration of the Members of the Management Board and the Supervisory Board of the Company, after being granted consent from the Audit Committee.

8.7.6. Remuneration of the Members of the Supervisory Board

Rules for remuneration of Members of the Supervisory Board are regulated by the Remuneration Policy for the Management Board and Supervisory Board Members. Information regarding remuneration of Members of the Supervisory Board in 2022 is included in Note 48 of the financial statements for the financial year ended December 31, 2022.

8.8. Information on remuneration policy of Cyfrowy Polsat S.A.

On July 23, 2020, the Annual General Meeting adopted, based on a draft resolution proposed by the Company's Management Board and taking into account the opinion of the Supervisory Board's Remuneration Committee, the Remuneration Policy for the Management Board and Supervisory Board Members of Cyfrowy Polsat S.A. The full wording of the policy is publically available at the following address:

https://grupapolsat.pl/sites/default/files/remuneration_policy_for_mb_and_sb_20200723.pdf

The adopted policy aims to ensure sustained growth of the Company's value, the achievement of which by the Management Board and the Supervisory Board requires, among others, setting up of a relevant structure of remuneration of the members of the Management Board and the Supervisory Board on account of their overall duties. This aim is accomplished by restricting the remuneration of these individuals to a fixed part, allowing them to perform their duties concerning the overall operations of the Company without focusing on the pursuit of selected specific goals only.

The Remuneration Policy for the Management Board and Supervisory Board Members of Cyfrowy Polsat S.A. is based on a general assumption that market volatility, the social and economic situation as well as the need for a flexible response to the emerging risks and business opportunities provide no justification for setting fixed goals. The required flexible response to the changing situation and to the emerging challenges is assured – in the case of Management Board Members – by potential bonuses that can be awarded to them. Such a solution offers flexibility in terms of assuring stable operations of the Company and pursuing its long-term interests.

The remuneration of Management Board Members consists of a fixed part, having the form of a base salary. Management Board Members may have the title to a bonus on the terms defined in the deed establishing their corporate relation or their employment relation. Subject to the terms set by the Supervisory Board in the deed establishing a corporate relation or an employment relation, the Management Board Members may be also covered by additional pension schemes.

In addition, Management Board Members may be entitled to additional benefits of permanent or periodic nature. These include in particular healthcare services for a Management Board Member or for the members of his/her family, right to use the elements of the Company's property, and life insurance and D&O insurance.

Moreover, Management Board Members employed under an employment contract are entitled to the same rights as all other employees of the Company by virtue of the Labor Code regulations, as defined by Article 9 of the Labor Code. Remuneration and other benefits also include benefits on account of the Management Board's activities in the Company's subsidiaries.

The Supervisory Board, based on the recommendation issued by the Supervisory Board's Remuneration Committee, is entitled to determine the amount of the base salary, the conditions for acquiring the right to a bonus as well as other components of the remuneration and benefits in the resolution serving as the basis for entering by a Management Board Member into a corporate relation or into an employment relation, and depending on the nature of the duties of a given Management Board Member as well as the conditions of his/her employment.

Supervisory Board Members receive fixed remuneration on account of the function performed on the basis of a corporate relation. The remuneration may differ depending on the function in the Supervisory Board, especially in connection with participation in the work of respective Supervisory Board committees. In justified cases a Supervisory Board Member may receive additional remuneration. The amount of the remuneration of the Supervisory Board members is determined by the General Meeting.

There were no changes to the Remuneration Policy since the date of its adoption. In parallel, the Remuneration Policy stipulates that it will be adopted by the General Meeting not less frequently than once every four years.

The shape of the Remuneration Policy as proposed by the Management Board and adopted by the General Meeting derives from the many years of remuneration practice developed within Polsat Plus Group and, given the Company's proven track record of achieving long-term value growth for its Shareholders as well as the Group's stable functioning, is evaluated as an effective tool for remunerating and motivating the Company's Management Board and Supervisory Board Members.

Reports on the remuneration of the Management Board and the Supervisory Board Members of Cyfrowy Polsat S.A. are publically available at the Polsat Plus Group's website.

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

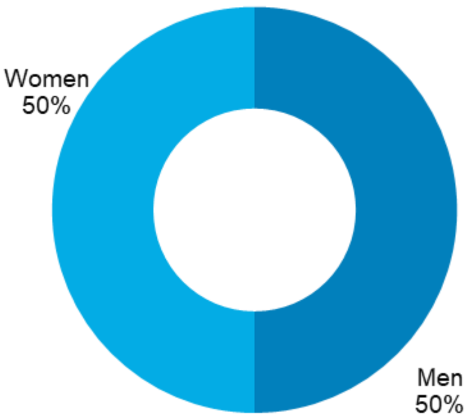
Polsat Plus Group adopted the Diversity and Human Rights Policy which has the purpose of supporting the pursuit of the Group's business goals. The policy enables the Group to respond in a better way to the employees' expectations, make full use of their potential and at the same time help the companies who are part of the Group to adjust to the changes occurring on the labor market. We trust that diversity is one of the sources of our competitive advantage, and competing views, opinions, work styles, skills and experience generate new quality and enable companies to achieve better business results.

The basic principles of Polsat Plus Group's Diversity Policy include respect for human rights and prohibition of any discrimination due to gender, age, sexual orientation, competence, experience, potential degree of disability, nationality, ethnic and social origin, color of skin, language, parental status, religion, confession or lack of any confession, political views, or any other dimensions of diversity which are defined by valid law.

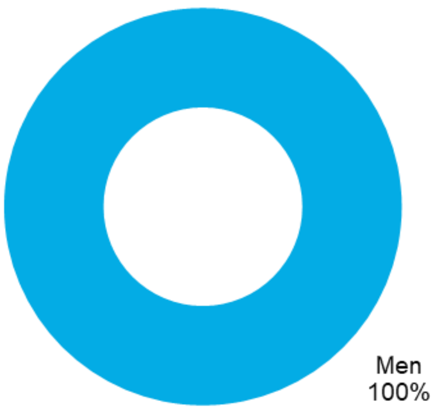
Within the empowerment of these principles, we have developed separate documents which protect diversity and indicate the basic ethical rules. These include, among others, the following policies: Human Resources Policy, Anti-Mobbing Policy, Code of Ethics, Work Regulations, Remuneration Regulations or working time register. The Diversity Policy is implemented, among others, by including diversity-related issues in HR processes and tools, such as organization of training and staff development sessions and recruitment. We expect our leaders to have skills that allow for managing diversified teams and benefit from their diversity in order to fully leverage the potential of employees that make up those teams. An Ethics Officer has been appointed in the Group whose tasks include, among others, the prevention of discrimination and mobbing.

The provisions of Polsat Plus Group's Diversity Policy apply to all employees, including Management Board Members and Supervisory Board Members. While our aim is to promote gender equality among top managerial positions, our policy is above all to appoint persons with appropriate competences, professional experience and education to the Management and Supervisory Boards of the Company. The diagrams below present the gender and age structures of the Members of the Management and Supervisory Boards of Cyfrowy Polsat.

Structure of the Management Board and the Supervisory Board with respect to gender in 2022



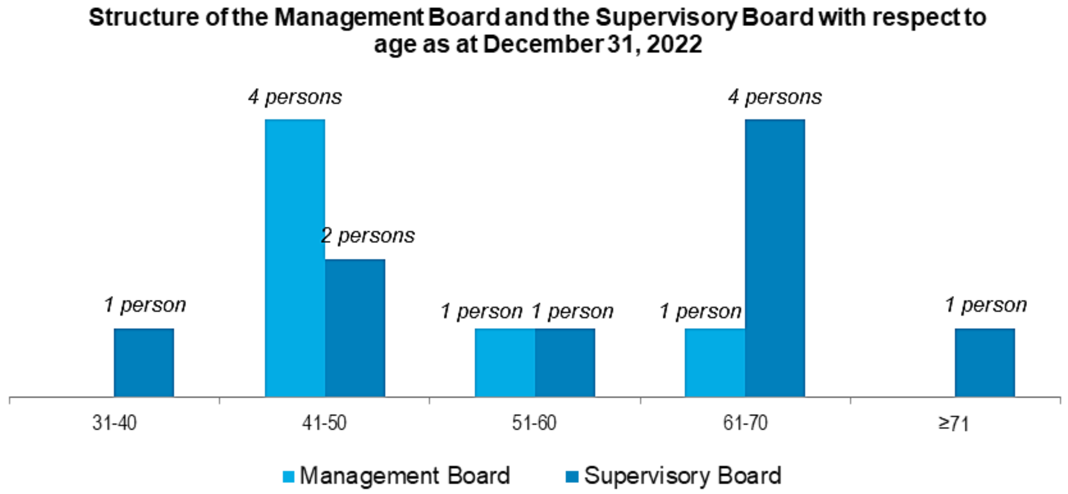
Management Board



Supervisory Board

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

Members of the Management Board and the Supervisory Board have education in fields such as management and marketing, law, economy, finance, or technical education as well as rich and diverse professional experience.



Mirosław Błaszczyk
President of the Management Board

Katarzyna Ostap-Tomann
Member of the Management Board

Maciej Stec
Vice President of the Management Board

Jacek Felczykowski
Member of the Management Board

Aneta Jaskólska
Member of the Management Board

Agnieszka Odorowicz
Member of the Management Board

Warsaw, April 19, 2023

Glossary

Term	Definition
Amendment, Restatement and Consolidation Deed	Agreement concluded on September 21, 2015 between the Company, Polkomtel, Telewizja Polsat, Cyfrowy Polsat Trade Marks, Polsat License Ltd. and Polsat Media Biuro Reklamy, Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental, Plus TM Group and a consortium of Polish and foreign financing institutions, amending and consolidating the CP SFA and the PLK SFA.
B2B	Business to Business, a transaction between businesses.
B2C	Business to Consumer, a transaction between a business and a consumer.
CP Revolving Facility Loan	The revolving facility loan of up to PLN 300 million, issued under the CP Senior Facilities Agreement, with the maturity date of September 30, 2024.
CP Senior Facilities Agreement, CP SFA	The Senior Facilities Agreement of September 21, 2015 between the Company, Telewizja Polsat, CPTM, Polsat License Ltd. and Polsat Media Biuro Reklamy, and a syndicate of Polish and foreign banks, covering the CP Term Facility Loan and the CP Revolving Facility Loan.
CP Term Facility Loan	The term facility loan of up to PLN 1.2 billion, issued under the CP Senior Facilities Agreement of September 21, 2015, with the maturity date of September 30, 2024.
PLK Revolving Facility Loan	The revolving facility loan of up to PLN 700 million, issued under the PLK Senior Facilities Agreement of September 21, 2015, with the maturity date of September 30, 2024.
PLK Senior Facilities Agreement, PLK SFA	The Senior Facilities Agreement of September 21, 2015 between Polkomtel, Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental and Plus TM Group and a syndicate of Polish and foreign financial institutions, covering the PLK Term Facility Loan and the PLK Revolving Facility Loan.
PLK Term Facility Loan	The term facility loan of up to PLN 10,300 million, issued under the PLK Senior Facilities Agreement of September 21, 2015, with the maturity date of September 30, 2024.
Second Amendment and Restatement Deed	Agreement concluded on March 2, 2018 between the Company and UniCredit Bank AG, London Branch, amending and consolidating the CP SFA and the PLK SFA and amending the Amendment, Restatement and Consolidation Deed.
Senior Facilities Agreement, SFA	CP SFA of September 21, 2015 as amended by the Amendment, Restatement and Consolidation Deed of September 21, 2015, the Second Amendment and Restatement Deed of March 2, 2018 and the Third Amendment and Restatement Deed of April 27, 2020.
Series B Bonds	Dematerialized, interest-bearing, senior and unsecured Series B bearer bonds with the total nominal value of PLN 1 billion and the nominal value of PLN 1,000 each, issued pursuant to the Resolution of the Management Board of the Company 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.
DVB-T2	Digital Video Broadcasting – Terrestrial Second Generation.
ERP	A family of IT systems supporting enterprise management or shared operation of a group of collaborating enterprises through data collection and enabling transactions on the collected data (enterprise resource planning).
FTR	A wholesale charge for call termination in another operator's fixed-line telecommunications network (Fixed Termination Rate).
GRP	A rating point defined as the overall number of persons viewing a given advertising spot over a specific time, expressed as a percentage share of the target group. In Poland, one GRP equals 0.2 million residents in the primary target group for advertisers aged 16-49 (Gross Rating Point).

Term	Definition
HSPA/HSPA+	Radio data transmission technology for wireless networks, increasing the capacity of the UMTS network (High Speed Packet Access/High Speed Packet Access Plus). It also covers the HSPA+ Dual Carrier technology (Evolved High Speed Packet Access Dual Carrier). It supports transmission speeds of up to 42 Mbps for download and up to 5.7 Mbps for upload.
IPTV	Technology enabling transfer of a television signal over IP broadband networks (Internet Protocol Television).
LTE	Long Term Evolution - a standard for high-speed, wireless data transmission also referred to as 4G. Based on a carrier bandwidth limited to a maximum of 20MHz it supports data transmission speed of up to 150 Mbps (downlink, using MIMO 2x2 antennas).
LTE Advanced	Subsequence standard for high-speed, wireless data transmission of the fourth generation (4G). Through carrier aggregation from different bandwidths (a total of up to 100 MHz) it allows to significantly increase maximum data transmission speed up to 3 Gbps (downlink, using MIMO 8x8 antennas).
MIMO	Multiple Input Multiple Output, a method for multiplying the capacity of a wireless network using multiple transmit and receive antennas.
MTR	A wholesale charge for call termination in another operator's mobile telecommunications network (Mobile Termination Rate).
MUX, Multiplex	A package of TV and radio channels and additional services, simultaneously transmitted digitally to the user over a single frequency channel.
ODU-IDU	Outdoor Unit Indoor Unit, a proprietary solution of Polsat Plus Group based on a set comprising an external LTE modem (ODU) and an indoor WiFi router (IDU), which increases effective coverage and improve the quality of the LTE signal.
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.

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

Cyfrowy Polsat S.A. Capital Group

Consolidated Financial Statements
for the year ended 31 December 2022

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

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Approval of the Consolidated Financial Statements

On 19 April 2023, the Management Board of Cyfrowy Polsat S.A. approved the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which include:

Consolidated Income Statement for the period

from 1 January 2022 to 31 December 2022 showing a net profit for the period of: PLN 901.1

Consolidated Statement of Comprehensive Income for the period

from 1 January 2022 to 31 December 2022 showing a total comprehensive income for the period of: PLN 936.9

Consolidated Balance Sheet as at

31 December 2022 showing total assets and total equity and liabilities of: PLN 32,306.6

Consolidated Cash Flow Statement for the period

from 1 January 2022 to 31 December 2022 showing a net decrease in cash and cash equivalents amounting to: PLN 2,820.6

Consolidated Statement of Changes in Equity for the period

from 1 January 2022 to 31 December 2022 showing an increase in equity of: PLN 426.2

Notes to the Consolidated Financial Statements

The consolidated financial statements have been prepared in million of Polish zloty ('PLN') except where otherwise indicated.

Mirosław Błaszczyk
President of the Management Board

Maciej Stec
Vice-President of the Management Board

Jacek Felczykowski
Member of the Management Board

Aneta Jaskólska
Member of the Management Board

Agnieszka Odorowicz
Member of the Management Board

Katarzyna Ostap-Tomann
Member of the Management Board

Warsaw, 19 April 2023

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

Consolidated Income Statement

		for the year ended	
	Note	31 December 2022	31 December 2021
Continuing operations			
Revenue	9	12,915.3	12,444.0
Operating costs	10	(11,399.8)	(10,305.5)
Gain on disposal of a subsidiary and an associate		153.2	3,680.6
Other operating income/(cost), net		(26.5)	(22.7)
Profit from operating activities		**1,642.2**	**5,796.4**
Gain/(loss) on investment activities, net	11	23.5	(26.9)
Finance costs, net	12	(649.9)	(178.8)
Share of the profit/(loss) of associates accounted for using the equity method		94.5	75.4
Gross profit for the period		**1,110.3**	**5,666.1**
Income tax	13	(209.2)	(1,251.6)
Net profit for the period		**901.1**	**4,414.5**
Net profit attributable to equity holders of the Parent		900.0	4,408.8
Net profit attributable to non-controlling interest		1.1	5.7
Basic earnings per share (in PLN)	15	**1.62**	**6.95**
Diluted earnings per share (in PLN)	15	**1.62**	**6.95**

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

Consolidated Statement of Comprehensive Income

	for the year ended	
	31 December 2022	31 December 2021
Net profit for the period	**901.1**	**4,414.5**
Items that may not be reclassified subsequently to profit or loss:		
Actuarial (loss)/gain	2.9	2.3
Items that may be reclassified subsequently to profit or loss:		
Valuation of hedging instruments	9.2	17.3
Share of other comprehensive income of subsidiaries and associates	23.7	10.9
Other comprehensive income, net of tax	**35.8**	**30.5**
Total comprehensive income for the period	**936.9**	**4,445.0**
Total comprehensive income attributable to equity holders of the Parent	934.6	4,439.3
Total comprehensive income attributable to non-controlling interest	2.3	5.7

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

Consolidated Balance Sheet - Assets

	Note	31 December 2022	31 December 2021
Reception equipment	16	282.0	284.0
Other property, plant and equipment	16	3,600.9	3,326.9
Goodwill	17	10,818.1	10,802.0
Customer relationships	20	643.7	1,005.7
Brands	18	2,060.9	2,069.6
Other intangible assets	20	3,340.6	2,374.1
Right-of-use assets	21	527.0	696.5
Non-current programming assets	22	501.8	739.4
Investment property	23	647.0	28.4
Non-current deferred distribution fees	24	79.8	73.5
Non-current trade receivables	25	930.0	777.1
Non-current loans granted	25	325.6	57.1
Other non-current assets, includes:	25	1,918.0	1,845.2
shares in associates accounted for using the equity method		*1,884.2*	*1,764.4*
derivative instruments	41	*17.4*	*23.0*
Deferred tax assets	13	99.9	80.2
Total non-current assets		**25,775.3**	**24,159.7**
Current programming assets	22	699.2	630.6
Contract assets		362.9	418.0
Inventories	26	1,162.4	595.7
Trade and other receivables	27	2,751.3	2,435.0
Current loans granted	25	250.5	15.3
Income tax receivable		5.0	4.5
Current deferred distribution fees	24	217.3	226.8
Other current assets, includes:	28	137.2	107.1
derivative instruments	41	*63.9*	*60.9*
Cash and cash equivalents	29	808.5	3,632.4
Restricted cash	29	9.3	11.9
Total current assets		**6,403.6**	**8,077.3**
Assets held for sale	49	**127.7**	**-**
Total assets		**32,306.6**	**32,237.0**

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

Consolidated Balance Sheet - Equity and Liabilities

	Note	31 December 2022	31 December 2021
Share capital	30	25.6	25.6
Share premium	30	7,174.0	7,174.0
Share of other comprehensive income of associates		51.9	32.1
Other reserves	30	2,815.9	2,801.3
Retained earnings		8,057.6	7,823.6
Treasury shares	30	(2,854.7)	(2,461.0)
Equity attributable to equity holders of the Parent		**15,270.3**	**15,395.6**
Non-controlling interests	30	540.5	(11.0)
Total equity		**15,810.8**	**15,384.6**
Loans and borrowings	32	6,624.8	7,671.8
Issued bonds	33	1,900.4	1,942.1
Lease liabilities	34	345.6	497.5
Deferred tax liabilities	13	978.7	794.9
Other non-current liabilities and provisions, includes:	37	330.9	319.8
derivative instruments	41	*4.3*	-
Total non-current liabilities		**10,180.4**	**11,226.1**
Loans and borrowings	32	1,512.6	1,072.7
Issued bonds	33	176.0	66.4
Lease liabilities	34	178.6	201.1
UMTS license liabilities	36	-	139.9
Contract liabilities		606.8	650.8
Trade and other payables, includes:	38	3,767.1	2,531.2
derivative instruments	41	*2.1*	-
Income tax liability		74.3	964.2
Total current liabilities		**6,315.4**	**5,626.3**
Total liabilities		**16,495.8**	**16,852.4**
Total equity and liabilities		**32,306.6**	**32,237.0**

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

Consolidated Cash Flow Statement

	Note	for the year ended 31 December 2022	31 December 2021
Net profit		**901.1**	**4,414.5**
Adjustments for:		**2,072.4**	**(724.8)**
Depreciation, amortization, impairment and liquidation	10	1,829.0	1,903.2
Payments for film licenses and sports rights		(587.1)	(645.0)
Amortization of film licenses and sports rights		668.6	558.8
Interest expense		660.6	299.4
Change in inventories		(82.5)	(295.4)
Change in receivables and other assets		(0.9)	(25.7)
Change in liabilities and provisions		(218.6)	(55.0)
Change in contract assets		55.1	119.7
Change in contract liabilities		(48.1)	(30.6)
Foreign exchange (gains)/losses, net		14.6	(1.9)
Income tax		209.2	1,251.6
Net additions of reception equipment		(113.1)	(110.0)
Share of the profit of associates accounted for using the equity method		(94.5)	(75.4)
Gain on disposal of a subsidiary and an associate		(153.2)	(3,680.6)
Other adjustments		(66.7)	62.1
Cash from operating activities		**2,973.5**	**3,689.7**
Income tax paid		(1,278.4)	(463.0)
Interest received from operating activities		66.6	7.6
Net cash from operating activities		**1,761.7**	**3,234.3**
Acquisition of property, plant and equipment		(776.9)	(924.1)
Acquisition of intangible assets		(337.5)	(234.7)
Concessions payments		(514.0)	(159.4)
Acquisition of subsidiaries, net of cash acquired	39	(266.5)	(946.4)
Acquisition of shares in associates	40	(4.9)	(500.0)
Capital increase in an associate	49	(473.8)	-
Proceeds from disposal of a subsidiary and an associate		757.4	7,111.9
Proceeds from sale of property, plant and equipment		78.2	5.7
Loans granted		(686.9)	(64.9)
Repayment of loans granted		272.5	1.0
Acquisition of bonds		-	(27.8)
Bonds redemption with interest		-	8.6
Dividends received from associate		64.0	59.2
Other inflows/(outflows)		11.8	(1.2)
Net cash from/(used in) investing activities		**(1,876.6)**	**4,327.9**

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

		for the year ended	
	Note	31 December 2022	31 December 2021
Loans and borrowings inflows	32	141.2	1,665.0
Repayment of loans and borrowings	32	(1,045.1)	(2,682.8)
Payment of interest on loans, borrowings, bonds, and commissions		(616.9)	(208.2)
Payment of lease liabilities	34	(196.4)	(335.4)
Payment of interest on lease liabilities	34	(20.2)	(32.4)
Dividend payment of the Parent Company		(660.8)	(1,186.2)
Hedging instrument effect		109.4	(37.4)
Acquisition of treasury shares [1]	49	(393.9)	(2,464.0)
Other outflows		(23.0)	(1.5)
Net cash used in financing activities		**(2,705.7)**	**(5,282.9)**
Net increase/(decrease) in cash and cash equivalents		**(2,820.6)**	**2,279.3**
Cash and cash equivalents at the beginning of the period		**3,644.3**[2]	**1,365.8**[3]
Effect of exchange rate fluctuations on cash and cash equivalents		(5.9)	(0.8)
Cash and cash equivalents at the end of the period		**817.8**[4]	**3,644.3**[2]

[1] Includes amount paid for costs related to acquisition of treasury shares
[2] Includes restricted cash amounting to PLN 11.9
[3] Includes restricted cash amounting to PLN 10.4
[4] Includes restricted cash amounting to PLN 9.3

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

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

	Share capital	Share premium	Share of other comprehensive income of associates	Other reserves	Retained earnings[1]	Treasury shares	**Equity attributable to equity holders of the Parent**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2022	**25.6**	**7,174.0**	**32.1**	**2,801.3**	**7,823.6**	**(2,461.0)**	**15,395.6**	**(11.0)**	**15,384.6**
Dividend approved and share of profits	-	-	-	-	(660.8)	-	(660.8)	(4.4)	**(665.2)**
Acquisition of treasury shares	-	-	-	(0.2)	-	(393.7)	(393.9)	-	**(393.9)**
Acquisition of subsidiaries (see note 39)	-	-	-	-	(5.2)	-	(5.2)	553.6	**548.4**
Total comprehensive income	-	-	19.8	14.8	900.0	-	934.6	2.3	**936.9**
Hedge valuation reserve	-	-	-	*9.2*	-	-	*9.2*	-	***9.2***
Share of other comprehensive income of subsidiaries and associates	-	-	*19.8*	*2.7*	-	-	*22.5*	*1.2*	***23.7***
Actuarial profits/(losses)	-	-	-	*2.9*	-	-	*2.9*	-	***2.9***
Net profit for the period	-	-	-	-	*900.0*	-	*900.0*	*1.1*	***901.1***
Balance as at 31 December 2022	**25.6**	**7,174.0**	**51.9**	**2,815.9**	**8,057.6**	**(2,854.7)**	**15,270.3**	**540.5**	**15,810.8**

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

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

Consolidated Statement of Changes in Equity for the year ended 31 December 2021

	Share capital	Share premium	Share of other comprehensive income of associates	Other reserves	Retained earnings[1]	Treasury shares	**Equity attributable to equity holders of the Parent**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2021	**25.6**	**7,174.0**	**21.2**	**99.7**	**7,112.3**	**-**	**14,432.8**	**(6.6)**	**14,426.2**
Dividend approved and share of profits	-	-	-	-	(767.5)	-	(767.5)	(6.0)	**(773.5)**
Acquisition of treasury shares	-	-	-	(15.0)	-	(2,461.0)	(2,476.0)	-	**(2,476.0)**
Reserve capital for treasury shares purchase program	-	-	-	2,930.0	(2,930.0)	-	-	-	**-**
Put option valuation	-	-	-	(106.7)	-	-	(106.7)	654.7	**548.0**
Acquisition of subsidiary	-	-	-	(126.3)	-	-	(126.3)	(658.8)	**(785.1)**
Total comprehensive income	-	-	10.9	19.6	4,408.8	-	4,439.3	5.7	**4,445.0**
Hedge valuation reserve	-	-	-	*17.3*	-	-	*17.3*	-	***17.3***
Share of other comprehensive income of subsidiaries and associates	-	-	*10.9*	-	-	-	*10.9*	-	***10.9***
Actuarial profits/(losses)	-	-	-	*2.3*	-	-	*2.3*	-	***2.3***
Net profit for the period	-	-	-	-	*4,408.8*	-	*4,408.8*	*5.7*	***4,414.5***
Balance as at 31 December 2021	**25.6**	**7,174.0**	**32.1**	**2,801.3**	**7,823.6**	**(2,461.0)**	**15,395.6**	**(11.0)**	**15,384.6**

[1] In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital. As at 31 December 2021 the capital excluded from distribution amounts to PLN 8.5.

Notes to the Consolidated Financial Statements for the year ended 31 December 2022

General information

Name of reporting entity or other means of identification:	Cyfrowy Polsat S.A.
Domicile of entity:	Poland
Legal form of entity:	joint stock company
Country of incorporation:	Poland
Address of entity's registered office:	Łubinowa 4a, 03-878 Warsaw
Principal place of business:	Poland

1. The Parent Company

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

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

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

These consolidated financial statements comprise the Parent and its subsidiaries ('the Group') and joint ventures. The Group operates in three segments:

- B2C and B2B services which relates mainly to the provision of services to the general public, including digital television transmission signal, Internet access services, mobile TV services, online TV services, mobile services, production of set-top boxes,
- media which consist mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcasted on television channels in Poland,
- real estate segment, which mainly includes the implementation of construction projects as well as the sale, rental and management of own or leased real estate.

2. Composition of the Management Board of the Company

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

3. Composition of the Supervisory Board of the Company

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

4. Basis of preparation of the consolidated financial statements

Statement of compliance

These consolidated financial statements for the year ended 31 December 2022 have been prepared in accordance with the International Financial Reporting Standards as adopted by the EU (IFRS EU). The Group applied the same accounting policies in the preparation of the financial data for the year ended 31 December 2022 and the consolidated financial statements for the year 2021, presented in the consolidated annual report, except for the EU-endorsed standards and interpretations which are effective for the reporting periods beginning on or after 1 January 2022.

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

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

Amendments and interpretations that apply for the first time in 2022 do not have a material impact on the consolidated financial statements of the Group.

Standards published but not yet effective:

- IFRS 17 Insurance Contracts and Amendments to IFRS 17,
- Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information,
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current,
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Board guidelines: Disclosure of Accounting policies,
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates,
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.

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

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

The Group is currently analyzing the impact of the published standards that have not entered into force and believes that, apart from additional disclosures, they should not have a significant impact on the consolidated financial statements.

5. Group structure

These consolidated financial statements for the year ended 31 December 2022 include the following entities:

			Share in voting rights (%)*	
	Entity's registered office	Activity	31 December 2022	31 December 2021
Parent Company:				
Cyfrowy Polsat S.A.	Łubinowa 4a, 03-878 Warsaw	radio, TV and telecommunication activities	n/a	n/a
Subsidiaries accounted for using full method:				
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	television broadcasting and production	100%	100%
Polsat Media Sp. z o.o. (formerly Polsat Media Biuro Reklamy Sp. z o.o. Sp.k.)(p)	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat License Ltd.	Alte Landstrasse 17, 8863 Buttikon, Switzerland	media	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat Investments Ltd.	3, Krinou Agios Athanasios, 4103 Limassol, Cyprus	media	100%	100%
Polsat Ltd.	238A King Street, W6 0RF London, United Kingdom	media	100%	100%
Muzo.fm Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	media	100%	100%
INFO-TV-FM Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	radio and TV activities	100%	100%
CPSPV1 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	100%	100%

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

			Share in voting rights (%)*	
	Entity's registered office	Activity	31 December 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
CPSPV2 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	100%	100%
Polkomtel Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	100%	100%
Liberty Poland S.A.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	telecommunication activities	100%	100%
Polkomtel Business Development Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other activities supporting financial services, gaseous fuels trading activities	100%	100%
TM Rental Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	intelectual property rights rental	100%	100%
Orsen Holding Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Orsen Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Dwa Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	holding activities	100%	100%
Interphone Service Sp. z o.o.	Inwestorów 8, 39-300 Mielec	production of set-top boxes	100%	100%
Teleaudio Dwa Sp. z o.o. Sp.k.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	call center and premium rate services	100%	100%
IB 1 FIZAN	Mokotowska 49, 00-542 Warsaw	financial activities	**	**
Sferia S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	51%	51%
Altalog Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software	66%	66%
Plus Flota Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	management and rental services	100%	100%

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

			Share in voting rights (%)*	
	Entity's registered office	Activity	31 December 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
Music TV Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polo TV Sp. z o.o. (formerly Lemon Records Sp. z o.o.) (e)	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Netia S.A. (b)(f)(g)(h)	Poleczki 13, 02-822 Warsaw	telecommunication activities	100%	99.999%
Netia 2 Sp. z o.o.	Poleczki 13, 02-822 Warsaw	telecommunication activities	100%	99.999%
TK Telekom Sp. z o.o.	Kijowska 10/12A, 03-743 Warsaw	telecommunication activities	100%	99.999%
Petrotel Sp. z o.o.	Chemików 7, 09-411 Płock	telecommunication activities	100%	99.999%
Eleven Sports Network Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw	media	99.99%	99.99%
Superstacja Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Netshare Media Group Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	advertising activities	100%	100%
TVO Sp. z o.o.	Kielecka 5, 81-303 Gdynia	retail sales	75.96%	75.96%
ISTS Sp. z o.o.(g)	Bociana 4a/68a, 31-231 Cracow	wired communication	-	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%
Esoleo Sp. z o.o. (i)(j)	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.(i)	Broniwoja 3/85, 02-655 Warsaw	wholesale	51.25%	26.14%
Alledo Parts Sp. z o.o. Sp.k. (j)	Broniwoja 3/85, 02-655 Warsaw	wholesale	51.25%	26.40%
Alledo Setup Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	technical services	51.25%	51.25%

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

	Entity's registered office	Activity	Share in voting rights (%)* 31 December 2022	Share in voting rights (%)* 31 December 2021
Subsidiaries accounted for using full method (cont.):				
Alledo Setup Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	technical services	51.25%	51.25%
IST Sp. z o.o.[(b)]	Księcia Janusza I 3, 18-400 Łomża	wired communication	-	99.999%
Grupa Interia.pl Sp. z o.o.	Os. Teatralne 9a, 31-946 Cracow	holding activities	100%	100%
Interia.pl Sp. z o.o. (formerly Grupa Interia.pl Media Sp. z o.o. Sp.k.)[(q)]	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Grupa Interia.pl Sp. z o.o. Sp.k. [(l)]	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Mobiem Polska Sp. z o.o.	Fabryczna 5a, 00-446 Warsaw	holding activities	100%	100%
Mobiem Polska Sp. z o.o. Sp.k.	Fabryczna 5a, 00-446 Warsaw	advertising activities	100%	100%
TV Spektrum Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polot Media Sp. z o.o.	Ludwika Solskiego 55, 52-401 Wroclaw	consulting	60%	60%
Polot Media Sp. z o.o. Sp.k.	Ludwika Solskiego 55, 52-401 Wroclaw	movie and TV production	60%	60%
BCAST Sp. z o.o.	Rakowiecka 41/21, 02-521 Warsaw	telecommunication activities	70.02%	70.02%
Polsat Talenty Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	cooperation with artists and presenters	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%

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

			Share in voting rights (%)*	
	Entity's registered office	Activity	31 December 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
Saveadvisor Sp. z o.o. (o)	Warszawska 18, 35-205 Rzeszów	call center services	100%	100%
Mobi Dealer Sp. z o.o. (o)	Warszawska 18, 35-205 Rzeszów	sales network management	-	100%
CKS Ossa Sp. z o.o.(m)	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	hotel services	(m)	100%
Ossa Medical Center Sp. z o.o.(n)	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	medical services	(n)	100%
Logitus Sp. z o.o.	Orzechowa 5, 80-175 Gdańsk	wired communication	100%	99.999%
Stork 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warsaw	holding activities	100%	100%
Swan 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warsaw	agricultural activities	100%	100%
Vindix S.A.(a)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	(a)
Vindix Investments Sp. z o.o. (a)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	-
Direct Collection Sp. z o.o. (a)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	-
Vindix Sp. z o.o. (a)	Heroiv UPA 73 ż, 79018, Lviv	call center services	100%	-
Vindix NSFIZ (a)	Mokotowska 49, 00-542 Warsaw	financial services	**	-
Mag7soft Sp. z o.o. (a)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software activities	100%	-
Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. (c)	Zwierzyniecka 18, 60-814 Poznań	real estate services	100%	-
Port Praski Sp. z o.o. (d)(k)	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Inwestycje Sp. z o.o. (d)	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-

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

	Entity's registered office	Activity	Share in voting rights (%)* 31 December 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
Port Praski Nowe Inwestycje Sp. z o.o. [(d)]	Krowia 6, 03-711 Warsaw	real estate management	66.94%	-
Port Praski Sp. z o.o. Białystok Sp.k. [(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Office Park Sp. z o.o. [(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City Sp. z o.o. [(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City III Sp. z o.o. [(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City IV Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Sp. z o.o. S.K.A.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Education Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Doki Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Doki II Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Media Park Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski II Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-

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

			Share in voting rights (%)*	
	Entity's registered office	Activity	31 December 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
Port Praski Hotel Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	hotel services	45.52%	-
Pantanomo Limited[(d)]	3 KRINOU, Limassol 4103, Cyprus	holding activities	45.52%	-
Laris Investments Sp. z o.o. [(d)(k)]	Pańska 77/79, 00-834 Warsaw	real estate rental	66.94%	-
Laris Development Sp. z o.o. [(d)(k)]	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	66.94%	-
Laris Technologies Sp. z o.o. [(d)(k)]	Pańska 77/79, 00-834 Warsaw	property rental and management	66.94%	-
SPV Baletowa Sp. z o.o.[(d)(k)]	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	66.94%	-
Megadex Development Sp. z o.o.[(d)(k)]	Gdańska 14/1, 01-691 Warsaw	property rental and management	66.94%	-
Megadex Expo Sp. z o.o.[(d)(k)]	Adama Mickiewicza 63, 01-625 Warsaw	property rental and management	66.94%	-
Centrum Zdrowia i Relaksu Verano Sp. z o.o.[(d)(k)]	Sikorskiego 8, 78-100 Kołobrzeg	hotel services	66.94%	-
Turystyka Zdrowotna Verano Plus Sp. z o.o.[(d)(k)]	Sikorskiego 8A, 78-100 Kołobrzeg	catering services	66.94%	-
Enterpol Sp. z o.o.[(f)]	Braci Wieniawskich 5, 20-844 Lublin	telecommunication activities	100%	-
Oktawave S.A.[(h)]	ul. Poleczki 13, 02-822 Warsaw	website management	100%	-
Antyweb Sp. z o.o.[(l)]	Sarmacka 12C/14, 02-972 Warsaw	web portal activities	70%	-

* including direct and indirect shares
**Cyfrowy Polsat S.A. indirectly holds 100% of certificates.
[(a)] As at 31 December 2021, Cyfrowy Polsat held 46.27% shares of Vindix S.A., therefore Vindix S.A. and its subsidiaries were consolidated using the equity method. On 19 January 2022 Cyfrowy Polsat acquired 53.73% shares of Vindix S.A. Consequently, Cyfrowy Polsat holds 100% shares of Vindix S.A. and its subsidiaries (jointly the "Vindix Group").
[(b)] On 1 February 2022 merger of Netia S.A. with IST Sp. z o.o. was registered.
[(c)] On 31 March 2022 Polkomtel acquired 100% shares of Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o.
[(d)] On 1 April 2022 Cyfrowy Polsat acquired 66.94% shares of Port Praski Sp. z o.o. As a result of the transaction, Cyfrowy Polsat acquired control over Port Praski Sp. z o.o. and its subsidiaries.
[(e)] On 14 April 2022 company's name change from Lemon Records Sp. z o.o. to Polo TV Sp. z o.o. was registered.
[(f)] On 7 June 2022 Netia S.A. acquired 100% shares of Enterpol Sp. z o.o.
[(g)] On 7 June 2022 merger of Netia S.A. with ISTS Sp. z o.o. was registered.
[(h)] On 21 June 2022 Netia S.A. acquired 100% shares of Oktawave S.A.

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(i) On 4 August 2022 Esoleo Sp. z o.o acquired 49% shares of Alledo Parts Sp. z o.o. Consequently, Esoleo Sp. z o.o. holds 100% shares of Alledo Parts Sp. z o.o.
(j) On 4 August 2022 Esoleo Sp. z o.o acquired 48% of all rights and obligations of a limited partner of Alledo Parts Sp. z o.o. Sp.k. Consequently Esoleo Sp. z o.o. and its subsidiaries hold 100% shares of Alledo Parts Sp. z o.o. Sp.k.
(k) On 9 August 2022 Port Praski Sp. z o.o acquired 0.09% shares of Laris Investments Sp. z o.o. Consequently, Port Praski Sp. z o.o holds 100% shares of Laris Investments Sp. z o.o.
(l) On 26 September 2022 Grupa Interia.pl Sp. z o.o Sp.k. acquired 70% shares of Antyweb Sp. z o.o.
(m) On 28 September 2022 Polkomtel Sp. z o.o sold 100% shares of CKS Ossa Sp. z o.o. to Embud 2 Sp. z o.o. S.K.A
(n) On 28 September 2022 Polkomtel Sp. z o.o sold 100% shares of Ossa Medical Center Sp. z o.o. to Embud 2 Sp. z o.o. S.K.A
(o) On 1 December 2022 merger of Saveadvisor Sp. z o.o. (acquiring company) with Mobi Dealer Sp. z o.o. (acquired company) was registered.
(p) On 2 January 2023, Polsat Media Sp. z o.o. was registered. The Company was established as a result of the transformation from Polsat Media Biuro Reklamy Sp. z o. o. Sp.k.
(q) On 2 January 2023, Interia.pl Sp. z o.o. was registered. The Company was established as a result of transformation from Grupa Interia.pl Media Sp. z o.o. Sp.k.

Investments accounted for under the equity method:

			Share in voting rights (%)*	
	Entity's registered office	Activity	31 December 2022	31 December 2021
Polsat JimJam Ltd.	33 Broadwick Street Soho London W1F 0DQ, United Kingdom	media	50%	50%
Polski Operator Telewizyjny Sp. z o.o.	Wiertnicza 166, 02-952 Warsaw	technical services	50%	50%
Vindix S.A. (a)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	(a)	46.27%
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	22.95%	22.95%
Modivo S.A. (b)(e)	Nowy Kisielin-Nowa 9, 66-002 Zielona Góra	retail sales	(e)	10%
Polsat Boxing Promotion Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	movie and TV production	24%	24%
Pollytag S.A. (c)	Wielopole 6, 80-556 Gdańsk	sale of wood and construction materials	31.12%	-
PAK-Polska Czysta Energia Sp. z o.o. (d)	Kazimierska 45, 62-510 Konin	holding activity	40.41%	-
Port Praski Medical Center Sp. z o.o.(f)	Krowia 6, 03-711 Warsaw	implementation of construction projects	22.76%	-
Port Praski City II Sp. z o.o.(f)	Krowia 6, 03-711 Warsaw	implementation of construction projects	22.76%	-

* including direct and indirect shares
(a) On 19 January 2022 Cyfrowy Polsat acquired 53.73% shares of Vindix S.A. Consequently, Cyfrowy Polsat holds 100% shares of Vindix S.A. and its subsidiaries.
(b) On 21 January 2022 company's name change from eObuwie.pl S.A. to Modivo S.A. was registered.
(c) On 1 April 2022 Cyfrowy Polsat acquired 66.94% shares of Port Praski Sp. z o.o. which indirectly holds shares in Pollytag S.A.

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

[d] On 27 July 2022 share capital increase in PAK-Polska Czysta Energia Sp. z o.o. was registred by the court. Consequently, Cyfrowy Polsat holds 40.41% shares of PAK-Polska Czysta Energia Sp. z o.o.
[e] On 28 September 2022 Cyfrowy Polsat sold 9.96% shares of Modivo S.A. to Embud 2 Sp. z o.o. S.K.A.
[f] On 24 October 2022 HB Reavis Holding Cz a.s. acquired 50% shares of Port Praski City II Sp. z o.o. from Port Praski City III Sp. z o.o. and Pantanomo Limited and acquired 50% shares of Port Praski Medical Center Sp. z o.o. from Pantanomo Limited.

Additionally, the following entities were included in these consolidated financial statements for the year ended 31 December 2022:

			Share in voting rights (%)	
	Entity's registered office	Activity	31 December 2022	31 December 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.	Ku Ujściu 19, 80-701 Gdańsk	production of electrical equipment	10%	10%
Towerlink Poland Sp. z o.o.	Marcina Kasprzaka 4, 01-211 Warsaw	telecommunication activities	0.01%	0.01%
MESE Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	movie and TV production	10%	10%
Megadex SPV Sp. z o.o. [3]	Adama Mickiewicza 63, 01-625 Warsaw	other financial services	7.02%	-
Megadex Księży Młyn Sp. z o.o. [3]	Adama Mickiewicza 63, 01-625 Warsaw	implementation of construction projects	7.02%	-
Stocznia Remontowa NAUTA S.A.	Budowniczych 10, 81-336 Gdynia	repair and maintenance of ships and boats	0.03%	-

[1] Investment accounted for at cost less any accumulated impairment losses.
[2] Not included in investments accounted for under the equity method due to immateriality.
[3] On 1 April 2022 Cyfrowy Polsat acquired 66.94% shares of Port Praski Sp. z o.o. which indirectly holds shares in the company.

6. Accounting and consolidation policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements by all entities within the Group.

a) Basis of measurement

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

b) Going concern

These consolidated financial statements have been prepared assuming that the Group's entities will continue as a going concern in the foreseeable future, not shorter than 12 months from 31 December 2022.

c) Functional and presentation currency

These consolidated financial statements are presented in the Polish zloty, rounded to million, the Group's functional currency.

d) Use of estimates and judgments

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about critical estimates and judgments in applying accounting policies is included in note 52.

e) Comparative financial information

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

f) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Parent. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of subsidiaries are prepared for the same period as the financial statements of the Company and using the accounting policies that are consistent with those of the Company for like transactions and events.

Equity transactions between a parent entity and the non-controlling interests are treated as transactions between shareholders, provided that the transactions do not result in a change of control. No gains or losses are recognised in consolidated profit or loss for transactions between the parent entity and the non-controlling interest, unless control is lost. Transactions where control is not lost are recorded within equity.

Put options granted in business combinations to holders of non-controlling interest in the subsidiary (ie. obligating the Group to acquire non-controlling interests in particular circumstances in the future for a particular price) give rise to a financial liability recognised in the consolidated balance sheet.

While such put option remains unexercised, at the end of each reporting period the Group determines the amount of non-controlling interest (including share of profit/losses attributable to the non-controlling interest), de-recognises the controlling interest as if was acquired at that balance sheet date and recognises a financial liability measured at present value of the redemption amount. The difference is accounted for as a transaction between a parent entity and the non-controlling interests as described above.

On expiry of an unexercised put option the Group derecognises the financial liability in full and recognises non-controlling interest as if the put option was never granted.

Associates and Joint arrangements

Associates are all entities over which the Group has significant influence but not control or joint control, over the financial and operating policies. This is generally the case where the Group hold between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method.

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in an equity-accounted investment equals or exceeds its interests in the entity (which includes any long term interests that, in substance, form part of the Group's net investment), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

g) Foreign currency transactions

Foreign currency transactions

Transactions in foreign currencies are translated to the Polish zloty at exchange rates in effect one day prior to the recording of these transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Polish zloty at the average exchange rate quoted by the National Bank of Poland ("NBP") for that date. The foreign currency exchange differences arising on translation of transactions denominated in foreign currencies and from the reporting date retranslation of monetary assets and liabilities denominated in foreign currencies are recognized in profit and loss. Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the average NBP exchange rate in effect at the date of the initial recognition. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the average NBP foreign exchange rate in effect at the date the fair value was determined.

h) Financial instruments

Non-derivative financial instruments

Financial assets

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

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

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

Financial assets measured at amortised cost

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

Financial asset measured at fair value through other comprehensive income

Financial asset measured at fair value through other comprehensive income include investments in equity instruments for which at initial recognition Group make an irrevocable election to present in other comprehensive income subsequent changes in their fair value. Gains and losses on these financial assets are never recycled to profit or loss.

Financial assets measured at fair value through profit or loss

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

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

Financial liabilities

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

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

Financial liabilities measured at amortised cost

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

Financial liabilities measured at fair value through profit or loss

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

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

Accounting policies related to gains and losses on investment activities and finance costs are presented in 6u.

Derivative financial instruments

Hedge accounting

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

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

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

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

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

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

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

i) Equity

Ordinary shares

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

Preference share capital

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

Costs attributable to issue and public offering of shares

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

Share premium

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

Retained earnings

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

j) Property, plant and equipment and investment property

Property, plant and equipment owned by the Group

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

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

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

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

Investment property

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

Investment property is measured initially at cost.

Once recognized all investment property held by the Group are measured using the cost model as set out in IAS 16. This means that the assets are recognized at cost model as presented in Property, plant and equipment owned by the Group above.

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

Subsequent costs

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

Depreciation

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

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

Land is not depreciated.

The following are estimated useful lives of respective group of property, plant and equipment:

Reception equipment	2 or 3 or 5	years
Buildings and structures	2-61	years
Technical equipment and machinery	2-30	years
Vehicles	2-10	years
Other	2-26	years

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

Leased assets

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

Set-top boxes, modems and routers that are provided to customers under operating lease agreements are recognized within non-current assets (Reception equipment in the balance sheet) and depreciated as described in Depreciation above. The set-top boxes are depreciated over a period that exceeds the period the lease agreements are entered into.

Carrying amounts of reception equipment and other items of property, plant and equipment as well as right-of-use assets may be reduced by impairment losses whenever there is any indication that an asset may be impaired and there is uncertainty as to those assets' revenue generating potential or their future use in the Group's operations. The accounting policies relating to impairment are presented in note 6n.

Detailed accounting policies related to lease contracts are described in point 6v.

k) Intangible assets

Goodwill

Goodwill represents the excess of the sum of consideration transferred and payable, the amount of non-controlling interest in the acquiree and the fair value as at the date of acquisition of any previously held equity interest in the acquiree over the fair value of the identifiable net assets acquired.

Goodwill is presented at purchase price less accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if possible impairment is indicated. Goodwill is allocated to acquirer's cash-generating units for the purpose of testing for impairment. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Customer relationships

Customer relationships acquired as a result of the acquisition of subsidiaries are amortized on a straight-line basis over their useful lives.

Brands

Brands acquired as a result of the acquisition of subsidiaries are amortized on a straight-line basis over their useful lives, except where an indefinite period of use is justified. Brands with an indefinite useful life are tested annually for impairment or more frequently if impairment indicators exist. The estimated useful lives for respective brands are as follows:

- Polsat, TV4, TV6 and Polo TV brands: indefinite useful life,
- Plus brand: 51 lat years (i.e. 2065),
- Netia brand: 10 lat years (i.e. 2028),
- Eleven Sports brand: 15 years (i.e. 2035),
- Interia brand: 30 years (i.e. 2050),
- Premium Mobile brand: 30 years (i.e. 2051).

Other intangible assets

The Group capitalises costs of IT software internally generated, including employee-related expenses, directly resulting from generating and preparing an asset to be capable of operating, if the Group is able to measure reliably the expenditure attributable to such development and when it can reliably establish the commencement as well as the completion date of the software development activities.

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

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

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

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The recoverable amounts of intangible assets which are not yet available for use are measured as at each balance sheet date.

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

- Computer software: 2-15 years,
- Customer relationships: 3-13 years,
- Concessions: period resulting from an administrative decision,
- Other: 2-7 years.

l) Programming assets

Programming assets comprise acquired formats, licences and copyrights for broadcasting feature films, series, news and shows, capitalized costs of commissioned external productions ordered by the Group, capitalized sports rights and advance payments made (including advance payments for sports rights).

Initial recognition

Programming rights, other than sports rights, are recognized at cost as programming assets when the legally enforceable licence period begins and all of the following conditions have been met:

- the cost of each program is known or reasonably determinable,
- the program material has been accepted by the licensee in accordance with the conditions of the licence agreement,
- the program is available for its first showing.

Capitalized costs of productions include costs of programs ordered by the Group, including productions made based on licences purchased from third parties. Capitalized costs of productions are measured individually for each program at their respective production or acquisition costs, not to exceed their recoverable amounts.

Sports broadcasting rights are recognized at purchased price at the time of TV transmission. Broadcasting rights to seasonal sport events, acquired under long-term contracts (frequently multi-seasonal), are recognized at the relative value determined by internal experts and allocated to each of the sport events' season as part of the purchased programming package. The Group's method of recognition of sports broadcasting rights is dependent on the type of sports channel on which the use of these rights is planned:

- sports broadcasting rights for premium sports channels are recognized in relation to all seasons contracted by the Group at the start of the first of them,
- sports broadcasting rights for other channels are recognized separately for each season at the start of each of them.

Advance payments for acquired programming assets, prior to licence begin date, are recognized as prepayments for programming assets.

Signed and binding contracts for purchase of programming, which do not meet recognition criteria for programming assets are not recognized in the balance sheet and are instead disclosed as contractual commitments in the amount of the outstanding contract liability at the reporting date.

Programming assets are classified as non-current or current based on the estimate timing of the broadcast. A programming asset is recognized as current when the expected broadcast falls within 1 year from the reporting date. Sport rights and prepayments for sport rights are classified as current or non-current based on dates of related sport events.

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

Amortization

Programming assets are amortized using the method reflecting the manner of consuming the economic benefits embodied in the licenses acquired within their estimated useful lives limited by the term of the respective license agreements.

- Feature films and series – amortization starts at the first broadcast. For some assets introduced until 2019, consumption of the economic benefits is measured using a declining balance method according to a standardized rate matrix and depends on the number of showings permitted or planned, primarily as described below:

	Feature films				
Number of depreciable runs	**Rate per run**				
	I	II	III	IV	V
1	100%				
2	60%	40%			
3	40%	30%	30%		
4	35%	25%	25%	15%	
5 and more	30%	20%	20%	15%	15%

	TV series	
Number of depreciable runs	**Rate per run**	
	I	II
1	100%	
2	80%	20%

In other cases, films and series are amortized on a straight-line based on the number of runs and licence term.

- Feature films and series broadcasted on thematic channels are mainly amortized in four or five runs using the rates of 25% and 20% respectively.
- Sports broadcasting rights - 100% of the right's value is recognized as an expense in the income statement at the time of the first broadcast, however acquired rights to game seasons or rights to many seasons or a series of competitions are amortized on a straight-line basis over the period between the beginning of the first season and the end of the last season in respect to sports broadcasting rights primarily intended for premium sports channels or over the duration of the season or series of competitions in respect to sports broadcasting rights intended for other channels.
- Commissioned external productions intended for only one run are fully amortized on their first broadcast.
- News programming is fully amortized at its first broadcast.
- General entertainment shows are fully amortized at their first broadcast.

Amortization of programming assets is presented in Content costs line in the operating costs of the income statement.

Impairment

Programming assets are reviewed for impairment at least annually and whenever there is any indication that the carrying amount may not be recoverable. Impairment losses are recognized on each license in case of withdrawal from broadcasting an item in the expected future (resulting from changes in strategic program scheduling, changing audience tastes, media law restrictions on the usability of films) or expected future losses anticipated on disposal of the rights.

Impairment write downs on programming assets are recognized as part of the content costs. Impairment of programming assets is reversed if the reason for the original impairment ceases to exist. The reversals are recorded as content cost reductions.

m) Inventories

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

The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in making them available for use or sale. In case of finished products and work in progress, cost includes an appropriate share of production overheads determined based on normal operating capacity.

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

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

Inventories also include real estate built for sale (work in progress) and ready-to-sell properties (finished products) as part of development activities. Capitalised expenditures include, but are not limited to, construction planning and design costs, costs of land acquisition or perpetual usufruct of land for construction, remuneration payable to contractors and construction financing costs.

n) Impairment of assets

Financial assets measured at amortised cost

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

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

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

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

Non-financial assets

The carrying amounts of non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated by the Group. The recoverable amount of intangible assets which are not yet available for use as well as of goodwill and brands with indefinite useful life is estimated at each reporting date.

An impairment loss is recognized when the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit represents the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of thereof. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a cash-generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of units), and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

The recoverable amount of an asset or a cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In the case of assets that do not generate independent cash inflows, the value in use is estimated for the smallest identifiable cash-generating unit to which the asset belongs.

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

o) Employee benefits

Defined contribution plan

All Group entities that act as employers have an obligation, under applicable legislation, to collect and remit contributions to the state pension fund. According to IAS 19 Employee Benefits such benefits represent state plans that are classified as defined contribution plans. Therefore, the Group's obligations for a given period are estimated as the amount of contributions to be remitted for that period.

Defined benefit plan – retirement benefits

The Group entities have an obligation, under applicable legislation, to pay retirement benefits calculated in accordance with the relevant provisions of the Polish labor code. The minimum retirement benefit is as per the labor code provisions at the moment of payment.

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

Changes in the amount of the retirement benefits liability are recognized in the income statement. Actuarial gains and losses are recognized in the equity, in other comprehensive income in full in the period they originated.

Short-term employee benefits

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

A liability is recognized for the amount expected to be paid under short-term bonus, if the Group has a present legal or constructive obligation to make such payments as a result of past services provided by the employees and the obligation can be estimated reliably.

p) Provisions

A provision is recognized if, as a result of past event, the Group has a present obligation, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. When the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

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

Warranties

A provision for warranties is recognized when the underlying products or goods are sold. The amount of the provision is based on historical warranty data and a weighting of all possible outflows against their associated probabilities.

Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of fulfilling the contract. Before a provision is established, the Group recognizes any impairment loss on the assets dedicated to that contract.

q) Contingent liabilities

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

The Group does not recognize a contingent liability, except for contingent liability assumed in a business combination.

Unless the possibility of any outflow of resources embodying economic benefits is remote, the Group discloses for each class of contingent liability at the end of the reporting period a brief description of the nature of the contingent liability and, where practicable:

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

r) Revenue

Revenue is measured at the transaction price representing the gross inflow of economic benefit from Group's operating activities, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists that recovery of the consideration is probable, the associated costs can be estimated reliably and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then such discounts are recognized as a reduction of revenue when it is recognized.

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

- Retail revenue consists primarily of monthly subscription fees for digital television programming packages, subscription fees for telecommunication services, fees for telecommunication services not included in the subscription fee, fees for telecommunication services for prepaid and mix customers, fees for the lease of set-top boxes, activation fees, penalties, and fees for additional services.

  Services revenues are recognized in profit and loss in the period when related services are rendered.

Revenues from prepaid mobile telephone services are recognized in profit or loss once the prepaid credit is utilized or expired.

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

- Wholesale revenue comprises advertising and sponsorship revenue, revenue from cable and satellite operator fees, revenue from the lease of infrastructure, interconnect revenue, revenue from roaming, revenue from the sale of broadcasting and signal transmission services and revenue from the sale of licenses, sublicenses and property rights and revenue from premium rate services.

  Advertising and sponsorship revenue is derived primarily from broadcasting of advertising content and is recognized in the period when the advertising is broadcast. Revenue is recognized in profit or loss in the amount due from customers net of value added tax, taxes on revenue from advertising of alcohol beverages and any rebates granted. Advertising and sponsorship revenue also comprises revenue on commissions on sales of commercial airtime when the Group acts as an agent on behalf of third parties. The commissions are recognized at amounts due from the buyers of advertising airtime or sponsorship services, less of any amounts due to television broadcasters. Revenue from commissions on sales of commercial airtime and from sponsorship is recognized in the consolidated income statement when these services are rendered.

  Revenue from services provided to cable and satellite operators includes fees from cable and satellite operators for reemission (rebroadcasting) of programs produced by the Group. Revenue is recognized when the related programs are broadcast.

  Services revenues are recognized in profit and loss in the period when related services are rendered, net of any discount given.

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

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

  Other revenue includes, among others revenue from the rental of premises and equipment, revenue from interest on installment sales, revenue from the sale of electricity, revenue from the sale of real estate and other sales revenue. Revenues from the sale of real estate (apartments, commercial, office space) are recognized when the performance obligation is met, in which the customer obtains control over the promised good. Based on the Group's assessment, the client obtains control over the property upon signing the notarial deed. In practice, the date of the notarial deed is usually after the date of handing over the property to the client.

The Group's process for revenue recognition from multi-element contracts (eg. mobile contract and handset) consists of:

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

s) Distribution fees

Commissions payable to distributors for acquiring new subscribers and for retention of existing subscribers are recognized over the minimum base period of the subscription agreement and presented in Income Statement in Distribution, marketing, customer relation management and retention costs.

Commissions for distributors which will be settled within 12 months of the reporting date are classified as other current assets, while the commissions, which will be settled more than 12-months after the reporting date, are classified as non-current assets.

t) Barter revenue and cost

Barter revenue for dissimilar services or goods is recognized when the services are rendered or goods delivered. Programming licences, products and services received are expensed or capitalized when received or used. The Group recognizes barter transactions at the estimated fair value of the programming licences, products or services received. When products or services are received before related advertising is broadcast, a liability is recognized by the Group. Conversely, when advertising is broadcast before products or services are received, a receivable is recognized by the Group.

u) Gains and losses on investment activities and finance costs

Gains and losses on investment activities include interest income on funds invested, interest expenses (including lease liabilities interests but other than interest expenses on borrowings), dividends income, gains/losses on financial instruments at fair value through profit or loss, net foreign exchange gains/losses, and results on completed forward exchange contracts and call options, impairment losses recognized on financial assets, unwinding of the discount on provisions.

Interest income and expense (other than interest expense on borrowings) is recognized as it accrues in profit or loss using the effective interest rate's method. Dividends income is recognized in profit or loss on the date that the Group's right to receive payment is established.

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

v) Lease payments

Group as a lessor

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

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

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

For operating lease, Group recognize revenue in profit and loss statement on a straight line basis over the lease term.

Group as lessee

Assets

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

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

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

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

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

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

- technical infrastructure - premises for telecommunications equipment installations: 2-24 years,
- telecommunications infrastructure, including links ("dark fibers"): 2-13 years,
- office space, other premises and perpetual usufruct: 1,5-100 years,
- point of sales premises: 2-7 years,
- vehicles: 3-5 years.

Right-of-use assets are subject to impairment based on the accounting policies as presented in note 6n.

Liabilities

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- payments of penalties for terminating the lease (understood as any economic factors discouraging the Group from terminating the contract), if the lease term reflects that the lessee will exercise the option to terminate the lease,
- amounts expected to be payable by the lessee under residual value guarantees.

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

After the commencement date, the Group shall measure the lease liability by:

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

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

w) Income tax

Income tax expense/benefit comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income.

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

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

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized. An amount of deferred tax assets is reduced to the extent that it is no longer probable that the related tax benefit will be partly or wholly realized. When not recognized deferred tax asset becomes recoverable, it is recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered. The Group recognizes a deferred tax asset used to carry over unused tax losses to the extent that it is probable that the future taxable profits will be available and unused tax losses may be utilized. While assessing whether the future taxable profits available will be sufficient, the Group takes into account inter alia forecasted future tax revenues.

Deferred tax assets and liabilities are offset by the Group companies.

x) Non-current assets held for sale

The Group classifies non-current assets (or disposal group of assets) as held for sale when their carrying value will be recovered principally through a sale transaction rather than through continuing use. In such case the asset must be available for immediate sale in its present condition and its sale must be highly probable. The fact of classifying an asset as held for sale means that the Group's management intends to complete the sale transaction within 12 months from the date of such classification.

Non-current assets that have been classified as held for sale are measured at the lower of (i) their carrying value and (ii) their fair value less costs to sell.

Non-current assets that are classified as held for sale are not depreciated.

y) Earnings per share

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

z) Segment reporting

An operating segment is a component of the Group:

- that is engaged in business activities from which it may earn revenues and incur expenses (including revenues and expenses that relate to transactions with other components of the same unit),
- whose operating results are reviewed on regular basis by the main responsible authority for making operational decisions in the unit and using those results when making decisions on the resources allocated to the segment and when assessing the results of the segment's activities,
- when separate financial information are available.

The Group presents operating segments according to its internal management accounting principles applied in the preparation of periodical management reports. These reports are analyzed on regular basis by the Management Board of Cyfrowy Polsat S.A., which was identified as the chief operating decision maker.

zz) Cash flows statement

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

Purchases of set-top boxes to be provided to customers under operating lease contracts are classified in the cash flows statement within operating activities. The purchases and disposals of these set-top boxes are classified in the cash flows statement within operating activities and presented as “Net disposals/(additions) of reception equipment provided under operating lease”.

Acquisition of items of property, plant and equipment or intangible assets are presented in their net amount (net of related value added tax).

Payments for film licences and sport rights are presented on a net basis (net of related value added tax) within operating activities. Expenditures on the acquisition of programming assets also include the amount of withholding tax paid to the relevant tax authorities.

7. Determination of fair values

A number of accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The methods for determining fair values are described below. When applicable further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Derivatives

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

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

Non-derivative financial assets

The fair value of non-derivative financial asset for disclosure purposes is estimated as the present value of future cash flows discounted using the market interest rate as at the balance sheet date.

Non-derivative financial liabilities

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

8. Approval of the Consolidated Financial Statements

These consolidated financial statements were approved for publication by the Management Board of Cyfrowy Polsat S.A. on 19 April 2023.

Explanatory notes

9. Revenue

	for the year ended	
	31 December 2022	**31 December 2021**
Retail revenue	6,952.1	6,767.0
Wholesale revenue	3,531.7	3,678.8
Sale of equipment	1,805.1	1,450.3
Other revenue	626.4	547.9
Total	**12,915.3**	**12,444.0**

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

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

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

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

10. Operating costs

		for the year ended	
	Note	**31 December 2022**	**31 December 2021**
Technical costs and cost of settlements with telecommunication operators		3,271.5	2,849.7
Depreciation, amortization, impairment and liquidation		1,829.0	1,903.2
Cost of equipment sold		1,454.4	1,200.7
Content costs		2,063.9	1,826.9
Distribution, marketing, customer relation management and retention costs		1,035.0	1,025.0
Salaries and employee-related costs	a)	1,034.0	946.9
Cost of debt collection services, bad debt allowance and receivables written off		97.8	95.4
Other costs		614.2	457.7
Total		**11,399.8**	**10,305.5**

a) Salaries and employee-related costs

	for the year ended	
	31 December 2022	**31 December 2021**
Salaries	857.1	790.5
Social security contributions	136.3	118.9
Other employee-related costs	40.6	37.5
Total	**1,034.0**	**946.9**

Average headcount of non-production employees *

	for the year ended	
	31 December 2022	**31 December 2021**
Employment contracts (full-time equivalents)	7,648	7,498

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

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

	for the year ended	
	31 December 2022	**31 December 2021**
Interest on lease liabilities	(19.9)	(32.0)
Interest, net	77.4	3.2
Other foreign exchange gains/(losses), net	(41.6)	(5.2)
Other income/(costs)	7.6	7.1
Total	**23.5**	**(26.9)**

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

12. Finance costs, net

	for the year ended	
	31 December 2022	31 December 2021
Interest expense on loans and borrowings	582.0	202.9
Interest expense on issued bonds	155.6	49.6
Valuation and realization of hedging instruments	(19.8)	5.1
Valuation and realization of derivatives not used in hedge accounting – relating to interest	(72.7)	(83.7)
Guarantee fess, bank and other charges	4.8	4.9
Total	**649.9**	**178.8**

13. Income tax

Income tax expense

	for the year ended	
	31 December 2022	31 December 2021
Current tax expense	395.4	1,303.1
Change in deferred tax	(161.9)	(55.3)
Other	(24.3)	3.7
Income tax expense in the income statement	**209.2**	**1,251.6**

Change in deferred income tax

	for the year ended	
	31 December 2022	31 December 2021
Tax losses carried forward	10.1	(9.3)
Receivables and other assets	(5.4)	(12.2)
Liabilities	(68.2)	23.6
Other property, plant and equipment and intangible assets	(105.6)	(71.0)
Other	7.2	13.6
Change in deferred tax recognized in income statement – total	**(161.9)**	**(55.3)**

Income tax recognized in the statement of other comprehensive income

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

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

Effective tax rate reconciliation

	for the year ended	
	31 December 2022	31 December 2021
Gross profit	1,110.3	5,666.1
Income tax at applicable statutory tax rate of 19%	**211.0**	**1,076.6**
Other	(1.8)	175.0
Tax expense for the year	**209.2**	**1,251.6**
Effective tax rate	**18.8%**	**22.1%**

Deferred tax assets

	31 December 2022	31 December 2021
Tax losses carried forward	15.1	22.9
Liabilities	391.9	341.4
Tangible and intangible assets	22.4	22.9
Receivables and other assets	111.5	87.9
Other	3.7	1.7
Total deferred tax assets	**544.6**	**476.8**
Set off of deferred tax assets and liabilities	(444.7)	(396.6)
Deferred tax assets in the balance sheet	**99.9**	**80.2**

Tax loss

	31 December 2022	31 December 2021
2022 tax loss carried forward	27.9	-
2021 tax loss carried forward	61.8	56.1
2020 tax loss carried forward	50.3	60.7
2019 tax loss carried forward	70.2	68.9
2018 tax loss carried forward	51.7	90.4
2017 tax loss carried forward	12.3	35.1
2016 tax loss carried forward	-	31.0
Tax losses carried forward – total	**274.2**	**342.2**

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

Tax losses recognized

	31 December 2022	31 December 2021
2022 tax loss carried forward	2.8	-
2021 tax loss carried forward	19.3	52.0
2020 tax loss carried forward	1.4	-
2019 tax loss carried forward	30.5	28.7
2018 tax loss carried forward	19.1	26.4
2017 tax loss carried forward	7.1	13.3
Tax losses carried forward – total	**80.2**	**120.4**

As at 31 December 2022 the Group recognized deferred tax asset on tax losses to the extent that it was probable that they would be utilized in the future.

According to Art. 7 of the Polish Corporate Income Tax Act dated 15 February 1992, tax losses incurred in a given financial year can be utilized in the subsequent five fiscal years. However, no more than 50% of a tax loss for any given year can be utilized in a single subsequent fiscal year.

Deferred tax liabilities

	31 December 2022	31 December 2021
Receivables and other assets	485.5	190.0
Liabilities	21.5	43.1
Tangible and intangible assets	867.8	920.7
Other	48.6	37.7
Total deferred tax liabilities	**1,423.4**	**1,191.5**
Set off of deferred tax assets and liabilities	(444.7)	(396.6)
Deferred tax liabilities in the balance sheet	**978.7**	**794.9**

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

14. EBITDA (unaudited)

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

	for the year ended	
	31 December 2022	31 December 2021
Net profit for the period	901.1	4,414.5
Income tax	209.2	1,251.6
(Gain)/loss on investment activities, net	(23.5)	26.9
Finance costs	649.9	178.8
Share of the (profit)/loss of associates accounted for using the equity method	(94.5)	(75.4)
Depreciation, amortization, impairment and liquidation*	1,829.0	1,903.2
EBITDA (unaudited)	**3,471.2**	**7,699.6**
Profit from the sale of a subsidiary and an associate	(153.2)	(3,680.6)
Costs of support for Ukraine**	34.1	-
EBITDA adjusted (unaudited)	**3,352.1**	**4,019.0**

* depreciation, amortization, impairment and liquidation comprise depreciation and impairment of property, plant and equipment, intangible assets and right-of-use and net book value of disposed property, plant, equipment and intangible assets (excluding amortization of programming assets)
** includes mainly cash donations for supporting Ukraine

15. Basic and diluted earnings per share

At the reporting date, the Company did not have any financial instruments that could have a dilutive effect, therefore the diluted earnings per share are equal to basic earnings per share.

	for the year ended	
	31 December 2022	31 December 2021
Net profit	901.1	4,414.5
Weighted average number of ordinary and preference shares in the period	557,758,269	634,936,486
Earnings per share in PLN (not in millions)	**1.62**	**6.95**

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

16. Property, plant and equipment

	Reception equipment	Land	Buildings and structures	Technical equipment and machinery	Vehicles	Other	Tangible assets under construction	**Other property, plant and equipment**
Cost as at 1 January 2022	**1,275.7**	**79.7**	**573.2**	**2,561.0**	**138.6**	**248.2**	**454.6**	**4,055.3**
Acquisition of subsidiaries (see note 39)	**-**	67.8	54.5	3.4	0.1	1.7	20.0	**147.5**
Additions	**113.6**	0.4	58.4	108.3	81.4	24.6	652.7	**925.8**
Transfer between groups	**-**	4.5	-	(0.3)	-	2.8	31.8	**38.8**
Transfer to assets held for sale	**-**	-	-	-	-	-	(127.7)	**(127.7)**
Transfer from assets under construction	**-**	-	40.8	250.2	17.5	19.0	(327.5)	**-**
Disposals	**(138.1)**	-	(41.6)	(49.3)	(42.0)	(9.4)	(51.3)	**(193.6)**
Disposal of a subsidiary	**-**	(3.8)	(112.6)	(3.0)	-	(2.5)	(0.2)	**(122.1)**
Cost as at 31 December 2022	**1,251.2**	**148.6**	**572.7**	**2,870.3**	**195.6**	**284.4**	**652,4**	**4,724.0**
Accumulated impairment losses as at 1 January 2022	**3.8**	**-**	**0.1**	**1.6**	**-**	**-**	**18.4**	**20.1**
Recognition	**0.7**	-	-	-	-	-	0.5	**0.5**
Reversal	**(0.5)**	-	-	(0.5)	-	-	(0.7)	**(1.2)**
Accumulated impairment losses as at 31 December 2022	**4.0**	**-**	**0.1**	**1.1**	**-**	**-**	**18.2**	**19.4**
Accumulated depreciation as at 1 January 2022	**987.9**	**-**	**115.8**	**410.4**	**42.8**	**139.3**	**-**	**708.3**
Additions	**113.9**	-	27.1	383.5	19.8	29.7	-	**460.1**
Disposals	**(136.6)**	-	(2.9)	(37.6)	(11.3)	(6.7)	-	**(58.5)**
Disposal of a subsidiary	**-**	-	(4.8)	(0.7)	-	(0.7)	-	**(6.2)**
Accumulated depreciation as at 31 December 2022	**965.2**	**-**	**135.2**	**755,6**	**51.3**	**161.6**	**-**	**1,103.7**
Carrying amount as at 1 January 2022	**284.0**	**79.7**	**457.3**	**2,149.0**	**95.8**	**108.9**	**436.2**	**3,326.9**
Carrying amount as at 31 December 2022	**282.0**	**148.6**	**437.4**	**2,113.6**	**144.3**	**122.8**	**634.2**	**3,600.9**

The Group recognized an impairment loss on items of property, plant and equipment whose carrying amounts exceeded their recoverable amounts. The impairment allowance is recognized in ‘depreciation, amortization, impairment and liquidation’. Property, plant and equipment are subject of collateral described in detail in the Management Report in note 4.3.5.

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

	Reception equipment	Land	Buildings and structures	Technical equipment and machinery	Vehicles	Other	Tangible assets under construction	**Other property, plant and equipment**
Cost as at 1 January 2021	**1,298.5**	**58.2**	**434.2**	**7,747.2**	**110.2**	**216.5**	**583.9**	**9,150.2**
Acquisition of subsidiaries	**-**	21.5	113.5	5.1	-	2.5	0.3	**142.9**
Additions	**110.0**	-	9.5	197.2	34.4	32.8	600.6	**874.5**
Transfer between groups	**-**	-	0.5	0.2	-	(3.3)	(15.8)	**(18.4)**
Transfer from assets under construction	**-**	0.4	45.9	438.9	0.8	12.7	(498.7)	**-**
Disposals	**(132.8)**	-	(2.5)	(96.1)	(6.5)	(12.0)	(9.3)	**(126.4)**
Disposal of a subsidiary	**-**	(0.4)	(27.9)	(5,731.5)	(0.3)	(1.0)	(206.4)	**(5,967.5)**
Cost as at 31 December 2021	**1,275.7**	**79.7**	**573.2**	**2,561.0**	**138.6**	**248.2**	**454.6**	**4,055.3**
Accumulated impairment losses as at 1 January 2021	**3.7**	**-**	**-**	**2.2**	**-**	**0.2**	**20.5**	**22.9**
Recognition	**0.1**	-	0.1	0.8	-	-	1.0	**1.9**
Reversal	**-**	-	-	(1.4)	-	(0.2)	(3.0)	**(4.6)**
Utilisation	**-**	-	-	-	-	-	(0.1)	**(0.1)**
Accumulated impairment losses as at 31 December 2021	**3.8**	**-**	**0.1**	**1.6**	**-**	**-**	**18.4**	**20.1**
Accumulated depreciation as at 1 January 2021	**1,001.4**	**-**	**100.8**	**3,483.5**	**31.7**	**120.3**	**-**	**3,736.3**
Additions	**118.8**	-	26.8	428.5	15.6	27.3	-	**498.2**
Transfer between groups	**-**	-	-	0.1	-	(0.1)	-	**-**
Disposals	**(132.3)**	-	(0.5)	(85.7)	(4.3)	(7.5)	-	**(98.0)**
Disposal of a subsidiary	**-**	-	(11.3)	(3,416.0)	(0.2)	(0.7)	-	**(3,428.2)**
Accumulated depreciation as at 31 December 2021	**987.9**	**-**	**115.8**	**410.4**	**42.8**	**139.3**	**-**	**708.3**
Carrying amount as at 1 January 2021	**293.4**	**58.2**	**333.4**	**4,261.5**	**78.5**	**96.0**	**563.4**	**5,391.0**
Carrying amount as at 31 December 2021	**284.0**	**79.7**	**457.3**	**2,149.0**	**95.8**	**108.9**	**436.2**	**3,326.9**

The Group recognized an impairment loss on items of property, plant and equipment whose carrying amounts exceeded their recoverable amounts. The impairment allowance is recognized in 'depreciation, amortization, impairment and liquidation'. Property, plant and equipment are subject of collateral described in detail in the Management Report in note 4.3.5.

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17. Goodwill

	2022	2021
Balance as at 1 January	**10,802.0**	**11,808.4**
Acquisition of 53.73% shares of Vindix S.A. (see note 39)	32.4	-
Acquisition of 66.94% shares of Port Praski Sp. z o.o. (see note 39)	17.4	-
Acquisition of 100% shares of Oktawave S.A. (see note 39)	12.4	-
Acquisition of 100% shares of Enterpol Sp. z o.o. (see note 39)	11.5	-
Acquisition of 70% shares of Antyweb Sp. z o.o. (see note 39)	9.3	-
Acquisition of 69 Specialist Sales and Customer Service Points (see note 39)	7.3	-
Acquisition of 100% shares of Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. (see note 39)	-	-
Acquisition of 100% shares of Premium Mobile Sp. z o.o. (see note 39)(1)	(67.5)	131.9
Acquisition of 100% shares of CKS Ossa Sp. z o.o. (2)	(6.3)	6.3
Acquisition of 100% shares of Logitus Sp. z o.o.	-	5.5
Acquisition of 100% shares of Ossa Medical Center Sp. z o.o.(2)	(0.4)	0.4
Impairment of goodwill of TVO Sp. z o.o.	-	(7.0)
Acquisition of 100% shares of Interia Group	-	(125.8)
Disposal of 99.99% shares of Polkomtel Infrastruktura Sp. z o.o.	-	(1,017.7)
Balance as at 31 December	**10,818.1**	**10,802.0**

(1) Goodwill has been adjusted to reflect the effect of the final purchase price allocation and the fair value assessment of identified net assets.
(2) On 28 September 2022, Polkomtel Sp. z o.o. sold 100% shares in the Company.

Impairment tests performed on goodwill balances as at 31 December 2022 did not indicate impairment (see note 19 for impairment test assumptions).

18. Brands

	2022	2021
Balance as at 1 January	**2,069.6**	**2,031.7**
Acquisition of Premium Mobile brand (see note 39)	28.7	-
Acquisition of Interia brand	-	82.7
Amortization of Plus brand	(24.1)	(24.1)
Amortization of Netia brand	(8.8)	(8.8)
Amortization of Eleven Sports brand	(0.1)	(0.1)
Amortization of Interia brand	(3.0)	(4.0)
Impairment of IPLA brand	-	(7.8)
Amortization of Premium Mobile brand	(1.4)	-
Balance as at 31 December	**2,060.9**	**2,069.6**

Plus

Following the acquisition of Metelem Holding Company Ltd. in 2014, the Group recognized a value of the Plus brand. The brand is amortized over the useful life of 51 years (until the year 2065). The carrying amount of the brand was allocated to ”B2C and B2B services” cash-generating unit.

Polsat

The value of the Polsat brand is recognized following the acquisition of Telewizja Polsat S.A. (currently Telewizja Polsat Sp. z o.o.) in 2011.

The Polsat brand is not amortized as it is considered to have an indefinite useful life. The carrying amount of the brand was allocated to “Media: television and online” cash-generating unit for the impairment testing purposes (see note 19).

Impairment test performed on Polsat brand balance as at 31 December 2022 did not indicate impairment (see note 19 for impairment test assumptions).

IPLA

In the consolidated financial statements, as a result of acquisition of entities comprising IPLA platform, the Group has recognized in 2012 among others goodwill and IPLA brand. The carrying amount of the brand was allocated to ”B2C and B2B services” cash-generating unit for the impairment testing purposes. The Group recognized impairment of IPLA brand as at 31 December 2021 as the IPLA brand was replaced by Polsat Box Go brand.

TV4 and TV6

In the consolidated financial statements, as a result of acquisition of Polskie Media S.A., the Group has recognized in 2013 among others goodwill and TV4 and TV6 brands.

The TV4 and TV6 brands are not amortized as they are considered to have an indefinite useful life. The carrying amount of the brand was allocated to ”Media: television and online” cash-generating unit for the impairment testing purposes (see note 19).

Impairment test performed on TV4 and TV6 brands balance as at 31 December 2022 did not indicate impairment (see note 19 for impairment test assumptions).

Polo TV

The value of the Polo TV brand is recognized following the acquisition of Lemon Records Sp. z o.o. on 4 December 2017.

The Polo TV brand is not amortized as it is considered to have an indefinite useful life. The carrying amount of the brand was allocated to ”Media: television and online” cash-generating unit.

Impairment test performed on Polo TV brand balance as at 31 December 2022 did not indicate impairment (see note 19 for impairment test assumptions).

Netia

The value of the Netia brand is recognized following obtaining control by the Group over Netia S.A. on 22 May 2018. The value of Netia brand recognized in the consolidated financial statements amounted to PLN 88.5.

The brand is amortized over the useful life of 10 years (until the year 2028). The carrying amount of the brand was allocated to ”B2C and B2B services” cash-generating unit.

Interia

The value of the Interia brand is recognized following obtaining in 2020 control by the Group over Interia Group, i.e. Grupa Interia.pl Sp. z o.o., Grupa Interia.pl Sp. z o.o. Sp.k., Grupa Interia.pl Media Sp. z o.o. Sp.k., Mobiem Polska Sp. z o.o. and Mobiem Polska Sp. z o.o. Sp.k. In 2021 the Group finalized the purchase price allocation and recognized among others Interia brand in the amount of PLN 82.7.

The brand is amortized over the useful life of 30 years (until the year 2050). The carrying amount of the brand was allocated to ”Media: television and online” cash-generating unit.

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Premium Mobile

The value of the Premium Mobile brand is recognized following obtaining in 2021 control by the Group over Premium Mobile Group, i.e. Premium Mobile Sp. z o.o., Visignio Sp. z o.o., Saveadvisor Sp. z o.o. and Mobi Dealer Sp. z o.o.. In 2022 the Group finalized the purchase price allocation and recognized among others Premium Mobile brand in the amount of PLN 28.7. The brand is amortized over the useful life of 30 years (until the year 2051).

The carrying amount of the brand was allocated to " B2C and B2B services" cash-generating unit.

19. Impairment test (including goodwill and intangible assets with indefinite useful life)

The Group recognized goodwill and brands with indefinite useful life in the consolidated financial statements. Their carrying amounts were allocated to the cash-generating units which also represent the Group's operating segments.

Goodwill and brands with indefinite useful life are tested for impairment annually or more frequently if possible impairment is indicated. Goodwill and brands are allocated to the below cash-generating units for the purpose of testing for impairment. The allocation was made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose and the brands were identified.

The Group tests the total carrying amount of the cash-generating units and any impairment identified is recognized in the profit or loss immediately with respect to goodwill first and is not subsequently reversed. If goodwill is fully impaired the remaining amount of the impairment loss is allocated to the brands and other assets of the cash-generating unit on a pro rata basis.

	2022
"B2C and B2B services" cash-generating unit	
Cash-generating unit as at 1 January	7,836.9
Goodwill recognized on the acquisition of Vindix S.A.	32.4
Goodwill recognized on the acquisition of Oktawave S.A.	12.4
Goodwill recognized on the acquisition of Enterpol Sp. z o.o.	11.5
Goodwill recognized on the acquisition of 69 Specialist Sales and Customer Service Points in the form of an organized part of the enterprise	7.3
Allocated goodwill on disposal of 100% of shares in CKS Ossa Sp. z o.o.	(6.3)
Allocated goodwill on disposal of 100% of shares in Ossa Mediaca Center Sp. z o.o.	(0.4)
Adjusted goodwill recognized on the acquisition of Premium Mobile Sp. z o.o.*	(67.5)
Cash-generating unit as at 31 December	7,826.3
"Media: television and online" cash-generating unit	
Cash-generating unit as at 1 January	3,852.8
Goodwill recognized on the acquisition of Antyweb Sp. z o.o.	9,3
Cash-generating unit as at 31 December	3,862.1
"Real Estate" cash-generating unit	
Cash-generating unit as at 1 January	-
Goodwill recognized on the acquisition of Port Praski Sp. z o.o.	17.4
Cash-generating unit as at 31 December	17.4

*Goodwill has been adjusted to reflect the effect of the final purchase price allocation and the fair value assessment of identified net assets.

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The recoverable amounts of all the cash generating units have been determined based on the value-in-use calculations. These calculations were based on discounted free cash flows and involved the use of estimates related to cash flow before tax projections based on actual financial business plans covering the 5-year period until 2027, taking into account the benefits and factors (including transfers between individual CGUs) that a rational market participant would take into account. Cash flow projections after 5-year forecast period are estimated using the terminal growth. Terminal growth rate does not exceed the long-term average growth rate for the country in which the Group operates.

The key financial assumptions used in the value-in-use calculations

The most sensitive key financial assumptions used in the value-in-use calculations of "Media: television and online" cash-generating unit, "B2C and B2B Services" cash-generating unit and Real Estate cash-generating unit were as follows:

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

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

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

The key financial assumptions used for value-in-use calculations in 2022 and 2021 are as follows:

	Media: television and online		B2C and B2B services		Real Estate
	2022	2021	2022	2021	2022
Terminal growth	2.5%	3.0%	2.0%	3.0%	2.0%
Discount rate before tax	14.9%	11.2%	11.2%	7.8%	13.5%

The impairment tests for goodwill and brands allocated to "Media: television and online", "B2C and B2B services" and Real Estate cash-generating units did not indicate impairment as at 31 December 2022.

The Group believes that the key assumptions made in testing for impairment of the "Media: television and online", "B2C and B2B services" and Real Estate cash-generating units as at 31 December 2022 are reasonable and are based on our experience and market forecasts that are published by the industry experts.

Sensitivity analysis of key financial assumptions in the "Media: television and online" and "B2C and B2B services"

Media segment

The CGU's value-in-use amounted to PLN 4,981.2 as at 31 December 2022 and exceeded its carrying amount by PLN 24.3, therefore no impairment of the CGU and the goodwill assigned to it were identified.

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Had any of the key assumptions changes as follows, the CGU's value-in-use would equal its carrying amount as at 31 December 2022:

- decrease in the cash flows after the 5-year forecast period by 0.7%; or

- decrease in the terminal growth rate by 0.1 p.p.; or

- increase of the discount rate by 0.06 p.p.

Unfavorable exemplary changes in the key assumptions adopted in the test (without changing its other parameters) would result in recognizing impairment of assets assigned to the CGU by:

- PLN 366.2, had the discount rate (before tax) increased by 1 p.p.; or

- PLN 301.2, had the terminal growth rate decreased by 1 p.p.; or

- PLN 305.2, had the cash flows after the 5-year forecast period decreased by 10%.

B2C and B2B services segment

The CGU's value-in-use amounted to PLN 19,683.3 as at 31 December 2022 and exceeded its carrying amount by PLN 146.6, therefore no impairment of the CGU and the goodwill assigned to it were identified.

Had any of the key assumptions changes as follows, the CGU's value-in-use would equal its carrying amount as at 31 December 2022:

- decrease in the cash flows after the 5-year forecast period by 1.08%; or

- decrease in the terminal growth rate by 0.07 p.p.; or

- increase of the discount rate by 0.07 p.p.

Unfavorable exemplary changes in the key assumptions adopted in the test (without changing its other parameters) would result in recognizing impairment of assets assigned to the CGU by:

- PLN 102.4, had the discount rate (before tax) increased by 0.1 p.p.; or

- PLN 758.1, had the terminal growth rate decreased by 0.5 p.p.; or

- PLN 126.1, had the cash flows after the 5-year forecast period decreased by 2%.

20. Customer relationships and other intangible assets

	31 December 2022	31 December 2021
Customer relationships	643.7	1,005.7
Customer relationships total	**643.7**	**1,005.7**
Software and licenses	598.6	622.9
Concessions	1,919.8	1,070.6
Other	54.7	50.7
Other intangible assets under development	767.5	629.9
Other intangible assets total	**3,340.6**	**2,374.1**

The customer relationships and telecommunication concessions (900 MHz, 1800 MHz and 2100 MHz) were recognized in the balance sheet following the acquisition of Metelem Holding Company Limited based on the Group's acquisition accounting. The carrying amount of the customer relationships and concessions was allocated to ”B2C and B2B services” cash-generating unit.

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The telecommunication concessions (800 MHz, 900 MHz, 1800 MHz and 2600 MHz) were recognized in the balance sheet following the acquisition of Midas S.A. based on the Group’s acquisition accounting. The carrying amount of the customer relationships and concessions was allocated to ”B2C and B2B services” cash-generating unit.

Customer relationships as at 31 December 2022 include the following:

	Amortization period
Customer relationships with retail clients	8 or 10 years
Customer relationships – roaming	13 years

Concessions as at 31 December 2022 include the following:

	Expiry date
License for frequencies in the 900 MHz band	24.02.2026
License for frequencies in the 1800 MHz band	14.09.2029
License for frequencies in the 2600 MHz FDD band	25.01.2031
License for frequencies in the 2100 MHz band	01.01.2023
License for frequencies in the 420 MHz band	31.12.2035
License for frequencies in the 900 MHz band	31.12.2023
License for frequencies in the 1800 MHz band	31.12.2022
License for frequencies in the 1800 MHz band	31.12.2022
License for frequencies in the 2600 MHz TDD band	31.12.2024

Additionally, in 2022 the following license decisions were issued, the period of which is after 31 December 2022:

	Expiry date
License for frequencies in the 1800 MHz band	31.12.2037
License for frequencies in the 2100 MHz band	31.12.2037

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

	Customer relationships	Software and licenses	Concessions	Other	Other intangible assets under development	Other intangible assets
Cost						
Cost as at 1 January 2022	**4,728.6**	**1,868.9**	**3,734.0**	**104.1**	**632.7**	**6,339.7**
Additions	**-**	12.2	1,199.0	2.6	323.1	**1,536.9**
Acquisition of subsidiaries (see note 39)	**66.0**	0.9	-	5.6	0.9	**7.4**
Transfer from intangible assets under development	**-**	178.9	-	5.2	(184.1)	**-**
Disposals	**-**	(11.2)	(1.6)	(10.0)	(0.7)	**(23.5)**
Transfer between groups	**-**	-	-	10.6	(3.6)	**7.0**
Disposal of a subsidiary	**-**	(0.2)	-	-	-	**(0.2)**
Cost as at 31 December 2022	**4,794.6**	**2,049.5**	**4,931.4**	**118.1**	**768.3**	**7,867.3**
Accumulated impairment losses						
Accumulated impairment losses as at 1 January 2022	**-**	**1.6**	**-**	**-**	**2.8**	**4.4**
Recognition/(reversal)	**-**	0.5	-	0.5	(2.0)	**(1.0)**
Accumulated impairment losses as at 31 December 2022	**-**	**2.1**	**-**	**0.5**	**0.8**	**3.4**
Accumulated amortization						
Accumulated amortization as at 1 January 2022	**3,722.9**	**1,244.4**	**2,663.4**	**53.4**	**-**	**3,961.2**
Additions	**428.0**	215.8	349.8	10.5	-	**576.1**
Disposals	**-**	(11.2)	(1.6)	(1.0)	-	**(13.8)**
Disposal of a subsidiary	**-**	(0.2)	-	-	-	**(0.2)**
Accumulated amortization as at 31 December 2022	**4,150.9**	**1,448.8**	**3,011.6**	**62.9**	**-**	**4,523.3**
Carrying amounts						
Carrying amount as at 1 January 2022	**1,005.7**	**622.9**	**1,070.6**	**50.7**	**629.9**	**2,374.1**
Carrying amount as at 31 December 2022	**643.7**	**598.6**	**1,919.8**	**54.7**	**767.5**	**3,340.6**

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

	Customer relationships	Software and licenses	Concessions	Other	Other intangible assets under development	Other intangible assets
Cost						
Cost as at 1 January 2021	**4,722.4**	**1,559.3**	**3,709.2**	**74.8**	**741.6**	**6,084.9**
Additions	-	19.9	14.0	5.9	216.2	**256.0**
Acquisition of subsidiaries	**6.2**	71.4	-	(4.4)	0.1	**67.1**
Transfer from intangible assets under development	-	309.5	21.6	7.1	(338.2)	-
Disposals	-	(11.3)	(10.8)	(0.2)	(0.4)	**(22.7)**
Transfer between groups	-	0.7	-	21.1	17.7	**39.5**
Disposal of a subsidiary	-	(80.6)	-	(0.2)	(4.3)	**(85.1)**
Cost as at 31 December 2021	**4,728.6**	**1,868.9**	**3,734.0**	**104.1**	**632.7**	**6,339.7**
Accumulated impairment losses						
Accumulated impairment losses as at 1 January 2021	-	**1.6**	-	-	**2.8**	**4.4**
Accumulated impairment losses as at 31 December 2021	-	**1.6**	-	-	**2.8**	**4.4**
Accumulated amortization						
Accumulated amortization as at 1 January 2021	**3,309.7**	**1,094.4**	**2,324.2**	**45.5**	-	**3,464.1**
Additions	**413.2**	212.1	350.0	8.1	-	**570,2**
Disposals	-	(10.8)	(10.8)	(0.2)	-	**(21.8)**
Disposal of a subsidiary	-	(51.3)	-	-	-	**(51.3)**
Accumulated amortization as at 31 December 2021	**3,722.9**	**1,244.4**	**2,663.4**	**53.4**	-	**3,961.2**
Carrying amounts						
Carrying amounts as at 1 January 2021	**1,412.7**	**463.3**	**1,385.0**	**29.3**	**738.8**	**2,616.4**
Carrying amounts as at 31 December 2021	**1,005.7**	**622.9**	**1,070.6**	**50.7**	**629.9**	**2,374.1**

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21. Right-of-use assets

	Technical infrastructure	Dark fibers	Vehicles	Points of sale premises	Office space and other premises	Right-of-use assets
Cost						
Cost as at 1 January 2022	**264.7**	**180.7**	**28.5**	**264.9**	**545.6**	**1,284.4**
Acquisition of subsidiary (see note 39)	-	-	-	-	13.9	**13.9**
Additions	39.8	23.5	6.3	52.6	29.4	**151.6**
Disposals	(24.3)	(12.0)	(8.8)	(18.0)	(34.0)	**(97.1)**
Disposal of a subsidiary	-	-	-	-	(145.1)	**(145.1)**
Cost as at 31 December 2022	**280.2**	**192.2**	**26.0**	**299.5**	**409.8**	**1,207.7**
Accumulated impairment losses						
Accumulated impairment losses as at 1 January 2022	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated impairment losses as at 31 December 2022	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation						
Accumulated depreciation as at 1 January 2022	**130.4**	**98.4**	**11.7**	**147.5**	**199.9**	**587.9**
Additions	41.3	32.1	4.7	51.5	61.1	**190.7**
Disposals	(11.6)	(7.4)	(5.1)	(12.2)	(30.5)	**(66.8)**
Disposal of a subsidiary	-	-	-	-	(31.1)	**(31.1)**
Accumulated depreciation as at 31 December 2022	**160.1**	**123.1**	**11.3**	**186.8**	**199.4**	**680.7**
Carrying amount						
Carrying amount as at 1 January 2022	**134.3**	**82.3**	**16.8**	**117.4**	**345.7**	**696.5**
Carrying amount as at 31 December 2022	**120.1**	**69.1**	**14.7**	**112.7**	**210.4**	**527.0**

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

	Technical infrastructure	Dark fibers	Vehicles	Points of sale premises	Office space and other premises	**Right-of-use assets**
Cost						
Cost as at 1 January 2021	**1,423.2**	**156.6**	**33.3**	**239.7**	**530.0**	**2,382.8**
Acquisition of subsidiary	-	-	-	-	2.1	**2.1**
Additions	141.9	40.7	1.7	42.8	47.9	**275.0**
Disposals	(40.4)	(7.2)	(6.5)	(17.6)	(10.5)	**(82.2)**
Disposal of a subsidiary	(1,260.0)	(9.4)	-	-	(23.9)	**(1,293.3)**
Cost as at 31 December 2021	**264.7**	**180.7**	**28.5**	**264.9**	**545.6**	**1,284.4**
Accumulated impairment losses						
Accumulated impairment losses as at 1 January 2021	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated impairment losses as at 31 December 2021	**-**	**-**	**-**	**-**	**-**	**-**
Accumulated depreciation						
Accumulated depreciation as at 1 January 2021	**536.4**	**70.7**	**10.4**	**105.4**	**140.5**	**863.4**
Additions	82.4	32.6	4.6	54.9	68.7	**243.2**
Disposals	(16.0)	(1.9)	(3.3)	(12.8)	(2.9)	**(36.9)**
Disposal of a subsidiary	(472.4)	(3.0)	-	-	(6.4)	**(481.8)**
Accumulated depreciation as at 31 December 2021	**130.4**	**98.4**	**11.7**	**147.5**	**199.9**	**587.9**
Carrying amount						
Carrying amount as at 1 January 2021	**886.8**	**85.9**	**22.9**	**134.3**	**389.5**	**1,519.4**
Carrying amount as at 31 December 2021	**134.3**	**82.3**	**16.8**	**117.4**	**345.7**	**696.5**

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

22. Programming assets

	31 December 2022	31 December 2021
Acquired film licenses	300.8	358.3
Capitalised cost of external production and sports rights	766.1	907.7
Co-productions	4.6	7.6
Prepayments	129.5	96.4
Total	**1,201.0**	**1,370.0**
Of which: Current	*699.2*	*630.6*
Non-current	*501.8*	*739.4*

Change in programming assets

	2022	2021
Net carrying amount as at 1 January	**1,370.0**	**695.7**
Increase*	418.7	1,200.9
Change in impairment losses:	5.4	(3.4)
Film licenses	*5.4*	*(3.4)*
Change in internal production *	85.0	41.3
Amortization of film licenses and sports rights	(668.6)	(558.8)
Disposals:	(8.9)	(5.7)
Sale of film licenses	*(8.9)*	*(5.7)*
Other decrease	(0.6)	-
Net carrying amount as at 31 December	**1,201.0**	**1,370.0**

* includes change in prepayments

Commitments related to acquisition of programming assets by the Group are presented in note 51.

23. Investment property

	2022	2021
Cost as at 1 January	**39.4**	**60.5**
Acquisition of subsidiaries (see note 39)	761.8	-
Additions	85.8	-
Transfer between groups	(45.8)	(21.1)
Disposal of a subsidiary	(150.4)	-
Cost as at 31 December	**690.8**	**39.4**
Accumulated depreciation as at 1 January	**11.0**	**10.5**
Additions	33.5	0.5
Disposals	(0.7)	-
Accumulated depreciation as at 31 December	**43.8**	**11.0**
Carrying amount as at 1 January	**28.4**	**50.0**
Carrying amount as at 31 December	**647.0**	**28.4**

24. Deferred distribution fees

	31 December 2022	31 December 2021
Deferred distribution fees	**297.1**	**300.3**
Of which: Current	*217.3*	*226.8*
Non-current	*79.8*	*73.5*

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

As at 31 December 2022, the balance of distribution fees relating to agreements whose basic period as at the date of signing was more than 12 months amounted to PLN 297.1 (as at 31 December 2021: PLN 300.3).

25. Non-current trade receivables and other non-current assets

	31 December 2022	31 December 2021
Non-current trade receivables	930.0	777.1
Non-current trade receivables total	**930.0**	**777.1**
Shares in associates and joint ventures accounted for using the equity method	1,884.2	1,764.4
Bonds	-	39.3
Deferred costs	4.6	8.8
Investment in joint ventures	5.9	5.9
Deposits paid	3.0	2.0
Other shares	2.9	1.8
Derivative instruments IRS (note 41)	17.4	23.0
Total	**1,918.0**	**1,902.3**

As at 31 December 2022 and 31 December 2021 Non-current trade receivables include receivables from installment plan purchases. Non-current trade receivables are denominated in PLN.

- Shares in associates accounted for using the equity method – Asseco Poland S.A.

On 31 July 2020 Cyfrowy Polsat purchased from Reddev 184,127 (not in millions) Asseco shares for the price of PLN 11.4. Following the transaction, the Company holds a total of 22.95% of Asseco shares (note 40).

- Shares in associates accounted for using the equity method – PAK-Polska Czysta Energia Sp. z o.o.

On 27 July 2022 Cyfrowy Polsat acquired 40.41% shares in PAK-Polska Czysta Energia Sp. z o.o. More details are presented in note 49.

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

Loans granted	31 December 2022	31 December 2021
Current loans granted	250.5	15.3
Non-current loans granted	325.6	57.1
Total	**576.1**	**72.4**

Loans granted as at 31 December 2022 include mainly loans to PAK-Polska Czysta Energia Sp. z o.o. with repayment due date in 2023-2025.

26. Inventories

Types of inventories	31 December 2022	31 December 2021
Mobile phones	148.3	186.5
Laptops, tablets and modems	37.3	41.9
Set-top boxes and disc drives	114.8	46.4
Apartments	455.7	-
Other inventories	406.3	320.9
Total net book value	**1,162.4**	**595.7**

Other inventories comprise primarily of raw materials used in the production of set-top boxes and components of photovoltaic installations.

Write-downs of inventories	2022	2021
Opening balance	**11.9**	**16.4**
Increase	8.0	4.8
Utilisation	(6.4)	(8.2)
Decrease	(7.5)	(1.1)
Closing balance	**6.0**	**11.9**

27. Trade and other receivables

	31 December 2022	31 December 2021
Trade receivables from related parties	12.4	6.6
Trade receivables from third parties	2,516.6	2,268.4
Tax and social security receivables	137.7	94.1
Other receivables	84.6	65.9
Total	**2,751.3**	**2,435.0**

Trade receivables from third parties include primarily receivables from individual customers, media houses and distributors.

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

Trade receivables by currency

Currency	31 December 2022	31 December 2021
PLN	2,412.6	2,168.1
EUR	92.5	89.3
USD	18.5	15.3
Other	5.4	2.3
Total	**2,529.0**	**2,275.0**

Movements in the allowance for impairment of accounts receivable (trade and other receivables)

	2022	2021
Opening balance	**182.2**	**187.8**
Increase	103.0	100.5
Reversal	(9.7)	(5.4)
Utilisation	(93.1)	(100.7)
Closing balance	**182.4**	**182.2**
Of which: Short-term	*125.7*	*139.3*
Long-term	*56.7*	*42.9*

28. Other current assets

	31 December 2022	31 December 2021
Derivative instruments IRS (note 41)	63.9	60.9
Unbilled revenue	7.7	3.1
Other deferred costs	41.8	43.1
Other	23.8	-
Total	**137.2**	**107.1**

29. Cash and cash equivalents

	31 December 2022	31 December 2021
Cash on hand	1.3	1.0
Current accounts	290.9	641.1
Cash in transit	0.5	-
Deposits*	515.8	2,990.3
Total	**808.5**	**3,632.4**

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

The Group places its cash and cash equivalents in banks and financial institutions with reliability proven by ratings awarded by widely recognized agencies Moody's or Fitch, and in Plus Bank and EFG Bank as required by the loan agreement and policies adopted therein. As at 31 December 2022 cash and cash equivalents were placed primarily with institutions rated A1-A3 by Moody's Investors Service Ltd.

Currency	31 December 2022	31 December 2021
PLN	745.4	3,554.0
EUR	58.5	55.2
USD	4.4	21.8
CHF	0.2	1.4
Total	**808.5**	**3,632.4**

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

Restricted cash in the amount of PLN 9.3 includes mainly guarantee deposits.

30. Equity

Share capital

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

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

* not in millions

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

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

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

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

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

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

Share premium

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

Retained earnings

On 23 June 2022 the Annual General Meeting of the Company adopted a resolution on the distribution of the Company's net profit for the financial year 2021. In accordance with the provisions of the resolution, the dividend amounted to PLN 660.8 and the remaining part of the net profit in the amount of PLN 2,945.1 was allocated to supplementary capital. The dividend day was scheduled for 20 September 2022 and the dividend payout was scheduled for 15 December 2022.

Other reserves

Other reserves include mainly the reserve capital created for the purposes of the share buyback program in the amount of PLN 2,914.8. More information about the purchase of treasury shares is described in note 49.

Treasury shares

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

Treasury shares as at 31 December 2021 included a total of 71,174,126 (not in millions) own shares, representing in total 11.13% of the share capital of the Company and entitling to exercise 71,174,126 (not in millions) votes at the general meeting of the Company, constituting 8.69% of the total number of votes at the general meeting of the Company. More information about the purchase of treasury shares is described in note 49.

Non-controlling interests

Non-controlling interests relate primarily to interests attributable to non-controlling shareholders of Port Praski Sp. z o.o. and its subsidiaries and as at 31 December 2022 amounted to PLN 560.9. Port Praski Sp. z o.o. and its subsidiaries are included in Real Estate segments (see note 43).

31. Hedge valuation reserve

The Company concluded the following interest rate swap transactions, which consisted in exchange of interest payments based on a floating rate WIBOR 3M into interest payments based on a fixed interest rate:

Conclusion date	Contractor	Nominal amount secured	Hedge start date	Hedge end date	Fixed interest rate
11.02.2020	PKO Bank Polski S.A.	125.0	31.12.2020	31.03.2023	1.6170%
28.02.2020	BNP Paribas	125.0	30.09.2020	31.03.2023	1.1600%
6.03.2020	Santander Bank Polska S.A.	125.0	30.09.2020	31.03.2023	1.0625%
26.11.2021	Santander Bank Polska S.A.	125.0	31.03.2022	31.12.2024	3.0925%
18.02.2022	BNP Paribas	125.0	30.09.2022	31.12.2024	4.1550%
25.03.2022	PKO Bank Polski S.A.	125.0	30.09.2022	31.12.2024	5.7200%
29.04.2022	Santander Bank Polska S.A.	125.0	31.03.2023	31.03.2025	6.5750%
19.05.2022	Santander Bank Polska S.A.	125.0	31.03.2023	31.03.2025	6.2450%
22.07.2022	BNP Paribas	125.0	31.03.2023	30.06.2025	6.0600%

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

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

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

Impact of hedging instruments valuation on assets and liabilities as at 31 December 2021

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

Impact of hedging instruments valuation on hedge valuation reserve

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

32. Loans and borrowings

	31 December 2022	31 December 2021
Short-term liabilities	1,512.6	1,072.7
Long-term liabilities	6,624.8	7,671.8
Total	**8,137.4**	**8,744.5**

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

Change in loans and borrowings liabilities:

	2022	2021
Balance as at 1 January	**8,744.5**	**9,640.8**
Loans and borrowings on acquisition of CKS Ossa Sp. z o.o.	-	72.4
Loans and borrowings on acquisition of Stork 5 Sp. z o.o.	-	10.4
Loans and borrowings on acquisition of Port Praski Sp. z o.o. (see note 39)	238.3	-
Loans and borrowings inflows	141.2	1,665.0
Repayment of capital	(1,045.1)	(2,682.8)
Repayment of interest and commissions	(525.7)	(165.2)
Interest accrued and commissions	582.7	203.9
Foreign exchange	1.5	-
Balance as at 31 December	**8,137.4**	**8,744.5**

33. Issued bonds

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

Change in issued bonds:

	2022	2021
Balance as at 1 January	**2,008.5**	**1,997.9**
Issued bonds on acquisition of Vindix S.A. (see note 39)	28.0	-
Effect of gaining control over Vindix S.A. and consolidation	(19.3)	-
Bonds repayment	(8.3)	-
Repayment of interest and commission	(88.1)	(39.0)
Interest accrued and commissions	155.6	49.6
Balance as at 31 December	**2,076.4**	**2,008.5**

34. Lease liabilities

	31 December 2022	31 December 2021
Short-term liabilities	178.6	201.1
Long-term liabilities	345.6	497.5
Total	**524.2**	**698.6**

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

Change in lease liabilities:

	2022	2021
Balance as at 1 January	**698.6**	**1,573.0**
Acquisition of a subsidiary (see note 39)	16.5	2.1
Disposal of a subsidiary	-	(769.8)
Effect of gaining control and consolidation	(110.9)	-
Changes	114.7	232.2
Interest accrued	19.9	32.0
Repayment of capital and interest	(216.6)	(367.8)
Foreign exchange differences	2.0	(3.1)
Balance as at 31 December	**524.2**	**698.6**

35. Group as a lessor

Operating lease

The Group entered into contracts with third parties, which are classified as operating leases based on their economic substance. The contracts relate to the rental of reception equipment and lease of office and other premises. Assets connected with such contracts are presented as either reception equipment or other property, plant and equipment.

Lease contracts for set-top boxes were concluded for a base contractual period ranging from 12 to 29 months. After each base period, the contracts are converted into contracts with indefinite term, unless terminated by the subscribers or new contracts are signed.

Future minimum lease payments with respect to operating lease are as follows.

	31 December 2022	31 December 2021
less than 1 year	201.4	188.1
between 1 and 5 years	134.8	55.2
more than 5 years	44.6	-
Total	**380.8**	**243.3**

The Group generated revenues from operating leasing agreements in the amount of PLN 339.3 in 2022 and in the amount of PLN 258.4 in 2021.

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

36. UMTS license liabilities

Future payments	31 December 2022	31 December 2021
30 September 2022	-	142.6
Total payments	**-**	**142.6**
Amounts representing discount	-	(2.7)
Discounted minimum payments	**-**	**139.9**
Of which:		
Short-term	-	*139.9*

UMTS license liability was denominated in EUR. The value of the liability was subject to annual reduction due to subsequent installments paid to the regulator. UMTS license liability was due in 2022.

37. Other non-current liabilities and provisions

	31 December 2022	31 December 2021
Payables relating to purchase of programming rights	217.4	251.0
Provisions	56.9	14.5
Other	56.6	54.3
includes: derivative instruments	*4.3*	-
Total	**330.9**	**319.8**

38. Trade and other payables

	31 December 2022	31 December 2021
Trade payables to related parties	44.9	27.4
Trade payables to third parties	494.1	456.3
Taxation and social security payables	238.5	164.7
Payables relating to purchase of programming rights to related parties	1.4	2.9
Payables relating to purchase of programming rights to third parties	448.2	567.8
Payables relating to purchases of tangible and intangible assets*	967.5	159.8
Accruals	1,220.5	919.6
Short-term provisions	74.3	123.4
Derivative instruments (IRS) liabilities (note 41)	2.1	-
Other	275.6	109.3
Total	**3,767.1**	**2,531.2**

* includes the liability for frequency reservation in the 1800 MHz band in the amount of PLN 847.0

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

Accruals

	31 December 2022	31 December 2021
Salaries	165.1	75.2
License fees and royalties for copyright management organizations	113.1	89.3
Distribution costs	54.5	66.5
Costs of settlements with telecommunication operators	102.7	75.1
Network maintenance costs	187.6	135.1
Investment purchases	229.3	131.7
Other	368.2	346.7
Total	**1,220.5**	**919.6**

Short-term and long-term provisions

	2022	2021
Balance as at 1 January	**137.9**	**410.2**
Increases	75.1	51.4
Reversal	(17.1)	(37.9)
Utilisation	(64.7)	(42.4)
Disposal of a subsidiary	-	(243.4)
Balance as at 31 December	**131.2**	**137.9**
Of which:		
Short-term	*74.3*	*123.4*
Long-term	*56.9*	*14.5*

Provisions comprise *inter alia* of provision for license fees, litigation and disputes and retirement.

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

Currency	31 December 2022	31 December 2021
PLN	1,554.4	553.1
EUR	320.8	562.2
USD	77.3	94.8
Other	3.6	4.1
Total	**1,956.1**	**1,214.2**

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

Accruals by currency

Currency	31 December 2022	31 December 2021
PLN	1,111.3	822.3
EUR	70.9	57.9
USD	11.1	14.4
Other	27.2	25.0
Total	**1,220.5**	**919.6**

Other notes

39. Acquisition of subsidiaries

Acquisition of shares in Premium Mobile Sp. z o.o. – final purchase price allocation

On 2 July 2021 Polkomtel Sp. z o.o. (Company's subsidiary) acquired 28.01% shares in Premium Mobile Sp. z o.o. for the purchase price of PLN 35.5.

On 9 July 2021 Polkomtel Sp. z o.o. acquired additional 53.69% shares in Premium Mobile Sp. z o.o. for the purchase price of PLN 68.1.

As a result of the above-mentioned transactions, the Group holds a total of 100.0% shares in Premium Mobile Sp. z o.o. and obtained control over the Premium Mobile Group entities i.e. Premium Mobile Sp. z o.o., Visignio Sp. z o.o., Saveadvisor Sp. z o.o. and Mobi Dealer Sp. z o.o. (jointly the "Premium Mobile Group").

Consideration transferred

	Final value of consideration transferred
Consideration	125.1
Final value as at 9 July 2021	**125.1**

Reconciliation of transactional cash flow

Cash transferred for 28.01% shares	(35.5)
Cash transferred for 53.69% shares	(68.1)
Cash and cash equivalents received	8.6
Cash decrease in the period of 12 months ended 31 December 2021	**(95.0)**

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

FINAL FAIR VALUE VALUATION OF NET ASSETS AS AT THE ACQUISITION DATE

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

Final fair value of assets and liabilities as at 9 July 2021:

	Fair value as at the acquisition date (9 July 2021)
Net assets:	
Other property, plant and equipment	0.2
Customer relationships	46.7
Brands	28.7
Other intangible assets	0.1
Right-of-use assets	2.1
Deferred tax assets	7.5
Inventories	0.1
Trade and other receivables	5.0
Other current assets	0.5
Cash and cash equivalents	8.6
Lease liabilities	(2.1)
Deferred tax liabilities	(14.3)
Contract liabilities	(4.4)
Trade and other payables	(18.0)
Value of net assets	**60.7**
Consideration transferred	**125.1**
Goodwill	**64.4**

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

Following the completion of the purchase price allocation the fair value of identified assets and liabilities has been adjusted to reflect the final valuation. The adjustment includes, among others, identification of umbrella brands 'Premium Mobile' and ‘a2mobile’ and relationships with postpaid and prepaid customers.

The Group has not restated the amortization and income tax in the comparable income statement as the impact would have been immaterial.

During the purchase price allocation the Group identified the umbrella brands 'Premium Mobile' and ‘a2mobile’. The total fair value of the brands in the amount of PLN 28.7 as at the acquisition date was estimated on the basis of relief from royalty method (income approach). Management estimates that the brands 'Premium Mobile' and ‘a2mobile’ have a definite useful life and thus the brands are amortized over 30 years, i.e. until 2051.

The fair value of the customer relationships in the amount of PLN 46.7 as at the acquisition date was estimated using the multi-period excess earnings method (MEEM).

The revenue and net profit for the reporting period since 9 July 2021 to 31 December 2021 contributed by Premium Mobile Group amounted to PLN 47.6 and PLN 11.2, respectively. Had it been acquired on 1 January 2021, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2021 would have amounted to PLN 12,487.6 and PLN 4,415.7, respectively.

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

Acquisition of shares in Logitus Sp. z o.o. – final purchase price allocation

On 29 July 2021 Netia S.A. (Company's subsidiary) acquired 100% shares in Logitus Sp. z o.o. ("Logitus").

The consideration for 100% shares of Logitus Sp. z o.o. amounted to PLN 12.9.

Logitus held 100% of shares in Market Software Sp. z o.o. On 2 December 2021, Logitus merged with its subsidiary Market Software Sp. z o.o. by transferring all assets to Logitus.

Consideration transferred

	Final value of consideration transferred
Cash transferred for the 100% shares of Logitus	12.2
Liability due pursuant to the purchase agreement	0.7
Final value as at 29 July 2021	**12.9**

Reconciliation of transactional cash flow

Cash transferred	(12.2)
Cash and cash equivalents received	0.1
Cash decrease in the period of 12 months ended 31 December 2021	**(12.1)**

Final fair value valuation of net assets as at the acquisition date

The table below presents final fair value of identified assets and liabilities of the acquired company, as at the acquisition date, and goodwill accounted for an acquisition.

Final fair value of assets and liabilities as at 29 July 2021:

	Fair value as at the acquisition date (29 July 2021)
Net assets:	
Customer relationships	6.2
Other property, plant and equipment	2.3
Trade and other receivables	0.1
Cash and cash equivalents	0.1
Trade and other payables	(0.1)
Deferred tax liabilities	(1.2)
Value of net assets	**7.4**
Consideration transferred	**12.9**
Goodwill	**5.5**

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

The revenue and net profit included in the consolidated income statement for the reporting period since 29 July 2021 to 31 December 2021 contributed by Logitus amounted to PLN 1.5 and PLN 0.4, respectively. Had it been acquired on 1 January 2021 the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2021 would have amounted to PLN 12,446.1 and PLN 4,414.0, respectively.

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

Acquisition of shares in CKS Ossa Sp. z o.o. (formerly TMS Ossa Sp. z o.o.) – final purchase price allocation

On 6 August 2021 Polkomtel Sp. z o.o. (Company's subsidiary) acquired 100% shares in TMS Ossa Sp. z o.o.

The consideration for 100% shares in TMS Ossa Sp. z o.o. amounted to PLN 47.0.

On 15 December 2021 company's name change from TMS Ossa Sp. z o.o. to CKS Ossa Sp. z o.o. was registered.

Consideration transferred

	Final value of consideration transferred
Consideration	47.0
Final value as at 6 August 2021	**47.0**

Reconciliation of transactional cash flow

Cash transferred	(47.0)
Cash and cash equivalents received	2.9
Cash decrease in the period of 12 months ended 31 December 2021	**(44.1)**

Final fair value valuation of net assets as at the acquisition date

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

Final fair value of assets and liabilities as at 6 August 2021:

	Fair value as at the acquisition date (6 August 2021)
Net assets:	
Other property, plant and equipment	120.5
Other intangible assets	0.2
Inventories	0.1
Trade and other receivables	0.7
Other current assets	0.4
Cash and cash equivalents	2.9
Deferred tax liabilities	(3.4)
Other non-current liabilities and provisions	(0.1)
Loans and borrowings	(72.4)
Contract liabilities	(1.4)
Trade and other payables	(6.8)
Value of net assets	**40.7**
Consideration transferred	**47.0**
Goodwill	**6.3**

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

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

The revenue and net loss included in the consolidated income statement for the reporting period since 6 August 2021 to 31 December 2021 contributed by CKS Ossa Sp. z o.o. amounted to PLN 2.7 and PLN 4.2, respectively. Had it been acquired on 1 January 2021, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2021 would have amounted to PLN 12,444.5 and PLN 4,407.0 respectively.

Acquisition of shares in Ossa Medical Center Sp. z o.o. (formerly Horest, Hotel pod Żaglami Sp. z o.o.) – final purchase price allocation

On 6 August 2021 Polkomtel Sp. z o.o. (Company's subsidiary) acquired 100% shares in Horest, Hotel pod Żaglami Sp. z o.o.

The consideration for 100% shares in Horest, Hotel pod Żaglami Sp. z o.o. amounted to PLN 2.2.

On 17 December 2021 company's name change from Horest, Hotel pod Żaglami Sp. z o.o. to Ossa Medical Center Sp. z o.o. was registered.

Consideration transferred

	Final value of consideration transferred
Consideration	2.2
Final value as at 6 August 2021	**2.2**

Reconciliation of transactional cash flow

Cash transferred	(2.2)
Cash and cash equivalents received	0.6
Cash decrease in the period of 12 months ended 31 December 2021	**(1.6)**

Final fair value valuation of net assets as at the acquisition date

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

Final fair value of assets and liabilities as at 6 August 2021:

	Fair value as at the acquisition date (6 August 2021)
Net assets:	
Other property, plant and equipment	0.9
Trade and other receivables	0.3
Cash and cash equivalents	0.6
Value of net assets	**1.8**
Consideration transferred	**2.2**
Goodwill	**0.4**

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

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

The revenue and net loss included in the consolidated income statement for the reporting period since 6 August 2021 to 31 December 2021 contributed by Ossa Medical Center Sp. z o.o. amounted to PLN 0.0 and PLN 0.3, respectively Had it been acquired on 1 January 2021, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2021 would have amounted to PLN 12,444.0 and PLN 4,414.5 respectively.

Acquisition of shares in Vindix S.A. – final purchase price allocation

On 13 June 2019 the Company acquired 40.76% shares in Vindix S.A. for the purchase price of PLN 14.7. On 1 July 2019 share capital increase in Vindix S.A. was registered by the court thus increasing the number of shares held by the Company to 46.27%.

On 19 January 2022 Company acquired 53.73% shares in Vindix S.A for the amount of PLN 24.0.

After this transaction the Group holds 100% shares of Vindix S.A. and obtained control over Vindix Group companies: Vindix S.A., Vindix Investments Sp. z o.o., Direct Collection Sp. z o.o., Vindix Sp. z o.o., Mag7soft Sp. z o.o. and Vindix Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (jointly the “Vindix Group”).

CONSIDERATION TRANSFERRED

	Final value of consideration transferred
Consideration	44.6
Final value as at 19 January 2022	**44.6**

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred for 53.73% shares	(24.0)
Cash and cash equivalents received	8.0
Cash decrease in the period of 12 months ended 31 December 2022	**(16.0)**

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

FINAL FAIR VALUE VALUATION OF NET ASSETS AS AT THE ACQUISITION DATE

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

Final fair value of assets and liabilities as at 19 January 2022:

	Fair value as at the acquisition date (19 January 2022)
Net assets:	
Other property, plant and equipment	0.3
Other intangible assets	0.8
Right-of-use assets	3.3
Deferred tax assets	3.2
Trade and other receivables	1.6
Other current assets	29.1
Cash and cash equivalents	8.0
Issued bonds	(28.0)
Lease liabilities	(3.3)
Deferred tax liabilities	(1.5)
Trade and other payables	(1.3)
Value of net assets	**12.2**
Consideration transferred	**44.6**
Goodwill	**32.4**

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

The revenue and net loss included in the consolidated income statement for the reporting period since 19 January 2022 contributed by Vindix Group amounted to PLN 22.9 and PLN 11.6, respectively Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2022 would have amounted to PLN 12,917.0 and PLN 900.4 respectively.

Acquisition of shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. – final purchase price allocation

On 31 March 2022 Polkomtel Sp. z o.o. (Company’s subsidiary) acquired 100% shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o.

The consideration for 100% shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. amounted to PLN 4.0.

CONSIDERATION TRANSFERRED

	Final value of consideration transferred
Consideration	4.0
Final value as at 31 March 2022	**4.0**

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

Reconciliation of transactional cash flow

Cash transferred	(4.0)
Cash and cash equivalents received	3.2
Cash decrease in the period of 12 months ended 31 December 2022	**(0.8)**

Final fair value valuation of net assets as at the acquisition date

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

Final fair value of assets and liabilities as at 31 March 2022:

	Fair value as at the acquisition date (31 March 2022)
Net assets:	
Other property, plant and equipment	5.0
Trade and other receivables	0.5
Cash and cash equivalents	3.2
Trade and other payables	(4.7)
Value of net assets	**4.0**
Consideration transferred	**4.0**
Goodwill	**-**

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

The revenue and net loss included in the consolidated income statement for the reporting period since 31 March 2022 contributed by Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. amounted to PLN 2.3 and PLN 0.1, respectively. Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2022 would have amounted to PLN 12,916.1 and PLN 901.1 respectively.

Acquisition of shares in Port Praski Sp. z o.o. – final purchase price allocation

On 1 April 2022 Cyfrowy Polsat S.A. acquired 66.94% shares in Port Praski Sp. z o.o. for the purchase price of PLN 553.7.

As a result of the above-mentioned transaction, the Company obtained control over the Port Praski and its subsidiaries (jointly the “Port Praski Group”).

The conditions for the acquisition of shares in Port Praski Sp. z o.o. are described in note 49.

Consideration transferred

	Final value of consideration transferred
Consideration	553.7
Final value as at 1 April 2022	**553.7**

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

Reconciliation of transactional cash flow

Cash transferred for 66.94% shares	(553.7)
Cash and cash equivalents received	366.7
Cash decrease in the period of 12 months ended 31 December 2022	**(187.0)**

Final fair value valuation of net assets as at the acquisition date

The table below presents final fair value of identified assets and liabilities of the acquired company, fair value of the consideration transferred and value of net assets attributable to non-controlling interest and the resulting goodwill. The Group assessed that it acquired control over significant processes including the development of construction projects as well as the sale, rental and management of owned or leased properties. Moreover, the expenditures and processes significantly lead to Port Praski Group's ability to generate results.

Final fair value assets and liabilities as at 1 April 2022:

	Fair values as at the acquisition date (1 April 2022)
Net assets:	
Other property, plant and equipment	141.3
Other intangible assets	0.1
Right-of-use assets	8.7
Investment property	761.8
Other non-current assets	10.7
Deferred tax assets	8.1
Inventories	484.2
Trade and other receivables	16.2
Income tax receivable/ payables	6.1
Other current assets	4.1
Cash and cash equivalents	366.7
Loans and borrowings	(238.3)
Lease liabilities	(11.9)
Deferred tax liabilities	(353.4)
Other non-current liabilities and provisions	(63.5)
Contract liabilities	(4.6)
Trade and other payables	(48.2)
Value of net assets	**1,088.1**
Value of net assets attributable to non-controlling interest	**551.8**
Consideration transferred	**553.7**
Goodwill	**17.4**

Goodwill is allocated to the "Real Estate" operating segment.

Following the completion of the purchase price allocation the fair value of identified assets and liabilities has been adjusted to reflect the final valuation. The adjustment includes, among others, valuation of other property, plant and equipment, investment property and inventories as well as recognition of deferred tax liability.

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

The revenue and net profit for the reporting period since 1 April 2022 to 31 December 2022 contributed by Port Praski Group amounted to PLN 106.7 and PLN 2.3, respectively. Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2022 would have amounted to PLN 12,999.1 and PLN 914.6 respectively.

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

On 7 June 2022 Netia S.A. (Company's subsidiary) acquired 100% shares in Enterpol Sp. z o.o. ("Enterpol").

The consideration for 100% shares of Enterpol Sp. z o.o. amounted to PLN 15.0.

PROVISIONAL CONSIDERATION TRANSFERRED

	Provisional value of consideration transferred
Cash transferred for the 100% shares of Enterpol	14.4
Liability due pursuant to the purchase agreement	0.6
Provisional value as at 7 June 2022	**15.0**

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred	(14.4)
Cash and cash equivalents received	0.2
Cash decrease in the period of 12 months ended 31 December 2022	**(14.2)**

PROVISIONAL FAIR VALUE VALUATION OF NET ASSETS AS AT THE ACQUISITION DATE

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

Provisional and temporary fair value of assets and liabilities as at 7 June 2022:

	Provisional fair value as at the acquisition date (7 June 2022)
Net assets:	
Customer relationships	4.0
Other property, plant and equipment	0.1
Right-of-use assets	0.4
Trade and other receivables	0.1
Cash and cash equivalents	0.2
Lease liabilities	(0.3)
Trade and other payables	(0.3)
Deferred tax liabilities	(0.7)
Provisional value of net assets	**3.5**
Provisional consideration transferred	**15.0**
Provisional goodwill	**11.5**

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

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

The revenue and net loss included in the consolidated income statement for the reporting period since 7 June 2022 to 31 December 2022 contributed by Enterpol amounted to PLN 2.4 and PLN 0.0, respectively. Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2022 would have amounted to PLN 12,916.3 and PLN 900.9 respectively.

Acquisition of shares in Oktawave S.A. – provisional purchase price allocation

On 21 June 2022 Netia S.A. (Company's subsidiary) acquired 100% shares in Oktawave S.A. ("Oktawave").

The consideration for 100% shares of Oktawave S.A. amounted to PLN 34.3.

Provisional consideration transferred

	Provisional value of consideration transferred
Consideration	34.3
Provisional value as at 21 June 2022	**34.3**

Reconciliation of transactional cash flow

Cash transferred	(34.3)
Cash and cash equivalents received	1.6
Cash decrease in the period of 12 months ended 31 December 2022	**(32.7)**

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

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

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

Provisional and temporary fair value of assets and liabilities as at 21 June 2022:

	Provisional fair value as at the acquisition date (21 June 2022)
Net assets:	
Customer relationships	15.3
Other intangible assets	6.5
Other property, plant and equipment	0.8
Right-of-use assets	1.5
Deferred tax assets	0.9
Trade and other receivables	2.9
Other current assets	0.1
Cash and cash equivalents	1.6
Lease liabilities	(1.0)
Trade and other payables	(2.4)
Contract liabilities	(0.8)
Deferred tax liabilities	(3.5)
Provisional value of net assets	**21.9**
Provisional consideration transferred	**34.3**
Provisional goodwill	**12.4**

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

The revenue and net loss included in the consolidated income statement for the reporting period since 21 June 2022 to 31 December 2022 contributed by Oktawave amounted to PLN 10.9 and PLN 1.1, respectively. Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2022 would have amounted to PLN 12,925.6 and PLN 899.3 respectively.

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

On 26 September 2022 Grupa Interia.pl Sp. z o.o. Sp. k. (Company’s subsidiary) acquired 70% shares in Antyweb Sp. z o.o. for the purchase price of PLN 10.1.

Consequently, the Group obtained control over Antyweb Sp. z o.o.

Provisional consideration transferred

	Provisional value of consideration transferred
Consideration	10.1
Provisional value as at 26 September 2022	**10.1**

Reconciliation of transactional cash flow

Cash transferred for 70%	(10.1)
Cash and cash equivalents received	0.7
Cash decrease in the period of 12 months ended 31 December 2022	**(9.4)**

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

PROVISIONAL FAIR VALUE VALUATION OF NET ASSETS AS AT THE ACQUISITION DATE

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

Provisional and temporary fair value of assets and liabilities as at 26 September 2022:

	Provisional fair value as at the acquisition date (26 September 2022)
Net assets:	
Other property, plant and equipment	0.0
Other intangible assets	0.0
Trade and other receivables	0.6
Other current assets	0.0
Cash and cash equivalents	0.7
Trade and other payables	(0.1)
Provisional value of net assets	**1.2**
Provisional value of net assets attributable to non-controlling interest	**0.4**
Provisional value of net assets attributable to the Group	**0.8**
Provisional consideration transferred	**10.1**
Provisional goodwill	**9.3**

Goodwill is allocated to the “Media” operating segment.

The revenue and net profit included in the consolidated income statement for the period since 26 September 2022 to 31 December 2022 contributed by Antyweb Sp. z o.o. amounted to PLN 1.0 and PLN 0.4, respectively. Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2022 would have amounted to PLN 12,916.3 and PLN 901.5 respectively.

Acquisition of 69 Specialist Sales and Customer Service Points in the form of an organized part of the enterprise – provisional purchase price allocation

On 1 December 2022 Liberty Poland Sp. z o.o. (Company’s subsidiary) acquired 69 Specialist Sales and Customer Service Points in the form of an organized part of the enterprise for the purchase prices of PLN 6.4.

PROVISIONAL CONSIDERATION TRANSFERRED

	Provisional value of consideration transferred
Cash transferred for the organized part of the enterprise	6.4
Provisional value as at 1 December 2022	**6.4**

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred	(6.4)
Cash decrease in the period of 12 months ended 31 December 2022	**(6.4)**

PROVISIONAL FAIR VALUE VALUATION OF NET ASSETS AND GOODWILL AS AT THE ACQUISITION DATE

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

Provisional and temporary fair value of assets and liabilities as at 1 December 2022:

	Provisional fair value as at the acquisition date (1 December 2022)
Net assets:	
Other property, plant and equipment	0.0
Deferred tax assets	0.2
Trade and other payables	(1.1)
Provisional value of net assets	**(0.9)**
Provisional consideration transferred	**6.4**
Provisional goodwill	**7.3**

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

40. Investment in associates

Acquisition of Asseco Poland S.A. shares

The transfer of ownership of the Asseco Poland S.A. (Asseco) shares was settled through the depositary and settlement system operated by Krajowy Depozyt Papierów Wartościowych S.A. on 30 December 2019.

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

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

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

The table below presents summary of Asseco's financial data as at 31 December 2022:

	for the 12 months ended 31 December 2022
Revenue	17,370.1
Profit from operating activities	1,815.2
Net profit	1,358.7
Other comprehensive income, net	23.8
Total comprehensive income	**1,382.5**

	31 December 2022
Non-current assets	10,760.3
Current assets	9,328.5
Assets held for sale	42.5
Total assets	**20,131.3**
Non-current liabilities	3,621.9
Current liabilities	6,295.9
Total liabilities	**9,917.8**

Fair value of the investment held in Asseco as at 30 December 2019 amounted to PLN 1,226. Following the completion of the purchase price allocation process for the acquisition of Asseco as at 30 December 2019, the Group identified goodwill in the amount of PLN 644, included in the carrying amount of the investment. The impairment test performed as at 31 December 2022 did not indicate impairment.

Acquisition of shares in Modivo S.A.

The Company completed transaction of acquisition of 10% of the shares in eObuwie.pl S.A. on 22 June 2021 for the amount of PLN 500.

Fair value of the investment held in eObuwie.pl S.A. as at 22 June 2021 amounted to PLN 500. Following the completion of the purchase price allocation process for the acquisition of eObuwie.pl S.A. as at 22 June 2021, the Group identified goodwill in the amount of PLN 245.6, included in the carrying amount of the investment.

On 21 January 2022 company's name change to Modivo S.A. was registered.

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

Acquisition of shares in PAK-Polska Czysta Energia Sp. z o.o.

On 27 July 2022, in connection with the contribution to PAK-PCE shares held by the Company in PAK-PCE Biopaliwa i Wodór Sp. z o.o., Cyfrowy Polsat acquired 40.41% shares in PAK-Polska Czysta Energia Sp. z o.o. More details are presented in note 49.

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

41. Financial instruments

Overview

Cyfrowy Polsat S.A. Capital Group has exposure to the following risks from its use of financial instruments:

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

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

The Management Board has overall responsibility for the oversight and management of the risks that the Group is subjected to in its activities. Therefore, the Management Board has established an overall risk management framework as well as specific risk management policies with respect to market, credit and liquidity risks.

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

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

FINANCIAL ASSETS	Carrying amount	
	31 December 2022	31 December 2021
Financial assets measured at amortized cost	**4,916.0**	**6,834.2**
Loans granted	576.1	72.4
Trade and other receivables from related parties	18.9	10.3
Trade and other receivables from third parties	3,503.2	3,107.2
Cash and cash equivalents	808.5	3,632.4
Restricted cash	9.3	11.9
Financial assets measured at fair value through profit or loss	**23.8**	**-**
Other assets	23.8	-
Financial assets measured at fair value through other comprehensive income	**1.6**	**0.6**
Investments in equity instruments	1.6	0.6
Hedging derivative instruments	**23.1**	**13.4**
Interest rate swaps	23.1	13.4
Derivative instruments not designated as hedging instruments	**58.2**	**70.5**
Interest rate swaps	58.2	70.5

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

FINANCIAL LIABILITIES	Carrying amount	
	31 December 2022	31 December 2021
Financial liabilities measured at amortized cost	**14,329.8**	**14,138.8**
Lease liabilities	524.2	698.6
Loans and borrowings	8,137.4	8,744.5
Bonds	2,076.4	2,008.5
UMTS license liabilities	-	139.9
Trade and other payables to third parties and deposits	2,318.3	1,564.2
Trade and other payables to related parties	53.0	63.5
Accruals	1,220.5	919.6
Hedging derivative instruments	**0.7**	**-**
Interest rate swaps	0.7	-
Derivative instruments not designated as hedging instruments	**5.7**	**-**
Forward transactions	1.0	-
Interest rate swaps	4.7	-

Credit risk

Credit risk is defined as the risk that counterparties of the Group will not be able to meet their contractual obligations. Exposure to credit risk is related to three main areas:

- the creditworthiness of the customers with whom physical sale transactions are undertaken,
- the creditworthiness of the financial institutions (banks/brokers) with whom, or through whom, hedging or other derivative transactions are undertaken,
- the creditworthiness of the entities in which investments are made, or whose securities are purchased.

The Group's exposure to credit risk is associated primarily with trade receivables and contract assets. The Parent's customer base includes a large number of individual subscribers who are dispersed geographically over the entire country, and who are required to prepay their subscription fees. Receivables from Parent's sales network are covered with commission liabilities or deposits. Receivables from subscribers are continuously monitored and recovery actions are taken, including blocking the signal transferred to subscribers or termination of services to mobile and Internet subscribers. Telewizja Polsat and its subsidiaries provide services with deferred payment which may cause the risk of delays. Assessment of the creditworthiness of the counterparties is regularly carried out and in principle the company does not require security in relation to the financial assets. Polkomtel's customer base is dispersed geographically over the entire country. In case of key postpaid clients services are rendered following positive credit approval while in case of individual retail clients the verification process is automatized and based on IT-supported customer relationship management system and features of the billing systems. Receivables from Polkomtel's sales network are continuously monitored, sales limits and utilization limits are used.

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

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

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

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

Maximum exposure to credit risk

	Carrying amount	
	31 December 2022	31 December 2021
Loans granted	576.1	72.4
Trade and other receivables from related parties	18.9	10.3
Trade and other receivables from third parties	3,503.2	3,107.2
Contract assets	362.9	418.0
Cash and cash equivalents	808.5	3,632.4
Restricted cash	9.3	11.9
Hedging derivative instruments	**23.1**	**13.4**
Interest rate swaps	23.1	13.4
Derivative instruments not designated as hedging instruments	**58.2**	**70.5**
Interest rate swaps	58.2	70.5
Total	**5,360.2**	**7,336.1**

The concentration of credit risk for trade and other receivables, loans granted and contract assets is presented in the tables below:

	Carrying amount	
	31 December 2022	31 December 2021
Receivables from subscribers	2,808.1	2,582.2
Receivables from media companies	383.0	346.3
Receivables from satellite and cable operators	44.5	37.2
Roaming and interconnect receivables	374.5	317.8
Receivables from distributors	75.0	77.1
Receivables and loans granted to related parties	487.2	43.4
Other receivables and loans granted to third parties	288.8	203.9
Total	**4,461.1**	**3,607.9**

	Carrying amount	
	31 December 2022	31 December 2021
Company A	60.6	63.3
Company B	57.7	62.3
Company C	38.1	32.5
Company D	29.7	31.5
Company E	28.9	22.5
Other	4,246.1	3,395.8
Total	**4,461.1**	**3,607.9**

Note: for each year 5 largest debtors are presented, not necessarily the same entities in both periods.

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

	31 December 2022			31 December 2021		
	Gross	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Not past due	3,794.3	45.8	3,748.5	2,801.5	43.3	2,758.2
Past due 1-30 days	245.3	9.7	235.6	130.5	10.0	120.5
Past due 31-60 days	53.7	9.8	43.9	187.8	10.7	177.1
Past due more than 60 days	245.0	174.8	70.2	284.3	150.2	134.1
Total	**4,338.3**	**240.1**	**4,098.2**	**3,404.1**	**214.2**	**3,189.9**
Contract assets	377.1	14.2	362.9	432.2	14.2	418.0
Total	**4,715.4**	**254.3**	**4,461.1**	**3,836.3**	**228.4**	**3,607.9**

Liquidity risk

The Group's objective in liquidity management is to ensure that it always has sufficient funds to meet its liabilities when due. Any surplus cash is invested mainly into bank deposits.

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

The following are the contractual maturities of the Group's financial liabilities, that will be settled net in the appropriate age ranges, based on the remaining period until the contractual maturity date as at the balance sheet date.

	31 December 2022						
	Carrying amount	Contractual cash flows	6 months and less	6-12 months	1-2 years	2-5 years	Over 5 years
Loans and borrowings	8,137.4	9,312.2	866.2	717.8	6,678.8	1,038.8	10.6
Bonds	2,076.4	2,731.0	91.8	91.4	183.8	2,364.0	-
Lease liabilities	524.2	641.2	99.9	98.0	146.2	164.7	132.4
Trade and other payables to third parties and deposits	2,318.3	2,318.3	2,318.3	-	-	-	-
Trade and other payables to related parties	53.0	53.0	53.0	-	-	-	-
Accruals	1,220.5	1,220.5	1,220.5	-	-	-	-
Hedging derivative instruments:							
IRS[1]	0.7	0.8	-	-	0.2	0.6	-
Derivative instruments not designated as hedging instruments:							
IRS[1]	4.7	6.9	0.8	0.2	1.7	4.2	-
Forward transactions	1.0						
- inflows		(44.1)	(44.1)	-	-	-	-
- outflows		45.4	45.4	-	-	-	-
	14,336.2	**16,285.2**	**4,651.8**	**907.4**	**7,010.7**	**3,572.3**	**143.0**

[1] According to the agreements cash flows will be in net amount

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Undiscounted future cash flows related to lease agreements for an indefinite period equal PLN 142.5 as at 31 December 2022.

	31 December 2021						
	Carrying amount	Contractual cash flows	6 months and less	6-12 months	1-2 years	2-5 years	Over 5 years
Loans and borrowings	8,744.5	9,615.8	547.8	551.8	1,024.1	7,483.7	8.4
Bonds	2,008.5	2,430.9	22.8	45.3	90.8	1,249.6	1,022.4
UMTS license liabilities	139.9	142.6	-	142.6	-	-	-
Lease liabilities	698.6	789.3	108.1	105.7	188.2	233.7	153.6
Trade and other payables to third parties and deposits	1,564.2	1,564.2	1,564.2	-	-	-	-
Trade and other payables to related parties	63.5	63.5	63.5	-	-	-	-
Accruals	919.6	919.6	919.6	-	-	-	-
	14,138.8	**15,525.9**	**3,226.0**	**845.4**	**1,303.1**	**8,967.0**	**1,184.4**

Undiscounted future cash flows related to lease agreements for an indefinite period equal PLN 159.5 as at 31 December 2021.

Market risk

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

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

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

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

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

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It is permitted to use the following types of instruments:

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

Currency risk

One of the main risks that the Group is exposed to is currency risk resulting from fluctuations in exchange rate of the Polish zloty against other currencies. Revenues generated by the Group are denominated primarily in the Polish zloty, while a portion of operating costs and capital expenditures are incurred in foreign currencies. The Parent's currency risk is associated mainly to royalties to TV broadcasters (USD and EUR), transponder capacity agreements (EUR), fees for conditional access system (EUR and USD) and purchases of reception equipment and accessories for reception equipment (USD and EUR). After the purchase of Telewizja Polsat Sp. z o.o. currency risk exposure is also associated to purchases of foreign programming licences (EUR and USD). After the purchase of Metelem Holding Company Ltd. currency risk exposure is also associated to agreements with suppliers of stock, mainly mobile phones, and suppliers of telecommunication network equipment (EUR and USD), roaming and interconnect agreements and rental of office space (various currencies).

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

The Group does not hold any assets held for trading denominated in foreign currencies.

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

	31 December 2022		
	EUR	USD	XDR
Loans granted	65.9	-	-
Trade receivables	19.7	4.2	0.9
Cash and cash equivalents	12.5	1.0	-
Lease liabilities	(31.3)	(0.5)	-
Trade payables	(114.8)	(17.5)	(0.4)
Accruals	(15.1)	(2.5)	(4.6)
Gross balance sheet exposure	**(63.1)**	**(15.3)**	**(4.1)**
Forward transactions	8.0	1.5	-
Net exposure	**(55.1)**	**(13.8)**	**(4.1)**

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	31 December 2021			
	EUR	USD	CHF	XDR
Trade receivables	19.4	3.8	-	0.4
Cash and cash equivalents	12.0	5.4	0.3	-
UMTS license liabilities	(30.4)	-	-	-
Lease liabilities	(37.0)	(0.7)	-	-
Trade payables	(176.8)	(23.3)	-	(0.5)
Accruals	(12.6)	(3.5)	-	(4.2)
Gross balance sheet exposure	**(225.4)**	**(18.3)**	**0.3**	**(4.3)**
Forward transactions	6.0	-	-	-
Net exposure	**(219.4)**	**(18.3)**	**0.3**	**(4.3)**

The following foreign exchange rates were applied in the presented periods:

	Average rate		Rates at the reporting date	
(in PLN)	2022	2021	31 December 2022	31 December 2021
1 EUR	4.6869	4.5674	4.6899	4.5994
1 USD	4.4607	3.8629	4.4018	4.0600
1 CHF	4.6693	4.2252	4.7679	4.4484
1 XDR	5.9606	5.5009	5.8760	5.6917

For the purposes of the exchange rate sensitivity analysis as at 31 December 2022 and 31 December 2021, exchange rate volatility in the +/- 5% range was assumed as probable. This analysis assumes that all other variables, in particular interest rates, remain constant.

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

	2022					2021				
	As at 31 December 2022		Estimated change in exchange rate	Estimated change in profit	Estimated change in other comprehensive income	As at 31 December 2021		Estimated change in exchange rate	Estimated change in profit	Estimated change in other comprehensive income
	in currency	in PLN	in %	in PLN	in PLN	in currency	in PLN	in %	in PLN	in PLN
Loans granted										
EUR	65.9	309.1	5%	15.4	-	-	-	5%	-	-
Trade receivables										
EUR	19.7	92.5	5%	4.5	-	19.4	89.3	5%	4.4	-
USD	4.2	18.5	5%	0.9	-	3.8	15.3	5%	0.9	-
XDR	0.9	5.3	5%	0.3	-	0.4	2.3	5%	0.1	-
Cash and cash equivalents										
EUR	12.5	58.5	5%	3.1	-	12.0	55.2	5%	2.8	-
USD	1.0	4.4	5%	0.2	-	5.4	21.8	5%	1.2	-
CHF	-	0.2	5%	-	-	0.3	1.4	5%	-	-
UMTS license liabilities										
EUR	-	-	5%	-	-	(30.4)	(139.9)	5%	(6.9)	-
Lease liabilities										
EUR	(31.3)	(146.8)	5%	(7.3)	-	(37.0)	(170.2)	5%	(8.5)	-
USD	(0.5)	(2.2)	5%	(0.1)	-	(0.7)	(2.8)	5%	(0.2)	-
Trade payables										
EUR	(114.8)	(538.4)	5%	(26.9)	-	(176.8)	(813.2)	5%	(40.6)	-
USD	(17.5)	(77.0)	5%	(3.9)	-	(23.3)	(94.8)	5%	(4.5)	-
XDR	(0.4)	(2.4)	5%	(0.1)	-	(0.5)	(2.8)	5%	(0.2)	-

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

cont.										
Accruals										
EUR	(15.1)	(70.9)	5%	(3.5)	-	(12.6)	(57.9)	5%	(3.0)	-
USD	(2.5)	(11.1)	5%	(0.5)	-	(3.5)	(14.4)	5%	(0.5)	-
XDR	(4.6)	(27.0)	5%	(1.4)	-	(4.2)	(23.9)	5%	(1.2)	-
Change in operating profit				**(19.3)**	**-**				**(56.2)**	**-**
Forwards										
EUR	8.0	37.5	5%	1.9	-	6.0	27.6	5%	1.4	-
USD	1.5	6.6	5%	0.3	-	-	-	5%	-	-
Income tax				3.2	-				10.4	-
Change in net profit				**(13.9)**	**-**				**(44.4)**	**-**

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	2022					2021				
	As at 31 December 2022		Estimated change in exchange rate	Estimated change in profit	Estimated change in other comprehensive income	As at 31 December 2021		Estimated change in exchange rate	Estimated change in profit	Estimated change in other comprehensive income
	in currency	in PLN	in %	in PLN	in PLN	in currency	in PLN	in %	in PLN	in PLN
Loans granted										
EUR	65.9	309.1	-5%	(15.4)	-	-	-	-5%	-	-
Trade receivables										
EUR	19.7	92.5	-5%	(4.5)	-	19.4	89.3	-5%	(4.4)	-
USD	4.2	18.5	-5%	(0.9)	-	3.8	15.3	-5%	(0.9)	-
XDR	0.9	5.3	-5%	(0.3)	-	0.4	2.3	-5%	(0.1)	-
Cash and cash equivalents										
EUR	12.5	58.5	-5%	(3.1)	-	12.0	55.2	-5%	(2.8)	-
USD	1.0	4.4	-5%	(0.2)	-	5.4	21.8	-5%	(1.2)	-
CHF	-	0.2	-5%	-	-	0.3	1.4	-5%	-	-
UMTS license liabilities										
EUR	-	-	-5%	-	-	(30.4)	(139.9)	-5%	6.9	-
Lease liabilities										
EUR	(31.3)	(146.8)	-5%	7.3	-	(37.0)	(170.2)	-5%	8.5	-
USD	(0.5)	(2.2)	-5%	0.1	-	(0.7)	(2.8)	-5%	0.2	-
Trade payables										
EUR	(114.8)	(538.4)	-5%	26.9	-	(176.8)	(813.2)	-5%	40.6	-
USD	(17.5)	(77.0)	-5%	3.9	-	(23.3)	(94.8)	-5%	4.5	-
XDR	(0.4)	(2.4)	-5%	0.1	-	(0.5)	(2.8)	-5%	0.2	-

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

cont.										
Accruals										
EUR	(15.1)	(70.9)	-5%	3.5	-	(12.6)	(57.9)	-5%	3.0	-
USD	(2.5)	(11.1)	-5%	0.5	-	(3.5)	(14.4)	-5%	0.5	-
XDR	(4.6)	(27.0)	-5%	1.4	-	(4.2)	(23.9)	-5%	1.2	-
Change in operating profit				**19.3**	**-**				**56.2**	**-**
Forwards										
EUR	8.0	37.5	-5%	(1.9)	-	6.0	27.6	-5%	(1.4)	-
USD	1.5	6.6	-5%	(0.3)	-					
Income tax				(3.2)					(10.4)	-
Change in net profit				**13.9**					**44.4**	**-**

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

	2022		2021	
	Estimated change in profit in PLN	Estimated change in other comprehensive income in PLN	Estimated change in profit in PLN	Estimated change in other comprehensive income in PLN
Estimated change in exchange rate by 5 %				
EUR	(10.4)	-	(40.8)	-
USD	(2.5)	-	(2.5)	-
XDR	(1.0)	-	(1.1)	-
Estimated change in exchange rate by -5 %				
EUR	10.4	-	40.8	-
USD	2.5	-	2.5	-
XDR	1.0	-	1.1	-

Had Polish zloty strengthened 5% against the basket of currencies as at 31 December 2022 and 31 December 2021, the Group's net profit would have decreased by PLN 13.9 and decreased by PLN 44.4, respectively and other comprehensive income would have been unchanged in 2022 and would have been unchanged in 2021. Had the Polish zloty appreciated 5%, the Group's net profit would have correspondingly increased by PLN 13.9 in 2022 and increased by PLN 44.4 in 2021, assuming that all other variables remain constant. Estimated future revenue and costs denominated in foreign currencies are not taken into consideration.

Interest rate risk

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

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

In order to reduce interest rate risk exposure resulting from Parent's interest payments on floating rate senior facility, the Group stipulated interest rate swaps for which hedge accounting was adopted (see note 31). In order to reduce interest rate risk exposure resulting from Metelem Holding Company Ltd. group (currently Polkomtel Sp. z o.o. group) interest payments on floating rate senior facilities, the Group also uses interest rate swaps and for them hedge accounting was not adopted.

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

	Carrying amount	
	31 December 2022	31 December 2021
Fixed rate instruments		
Financial assets	74.5	41.6
Variable rate instruments		
Financial assets *	1,133.6	3,219.2
Financial liabilities *	(10,789.2)	(11,602.4)
Net interest exposure	**(9,655.6)**	**(8,383.2)**

* nominal debt

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The Group classifies CP Term Loan and PLK Term Loan as variable rate instruments. Changes in the interest rate components do not result in a change in the carrying amount of the loan liability. The changes are reflected prospectively in the interest expense on loans and borrowings.

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

	Income statement		Other comprehensive income		Equity	
	Increase by 100 bp	Decrease by 100 bp	Increase by 100 bp	Decrease by 100 bp	Increase by 100 bp	Decrease by 100 bp
31 December 2022						
Variable rate instruments *	(73.5)	73.5	15.0	(15.0)	(58.5)	58.5
Cash flow sensitivity (net)	**(73.5)**	**73.5**	**15.0**	**(15.0)**	**(58.5)**	**58.5**
31 December 2021						
Variable rate instruments *	(61.6)	61.6	7.8	(7.8)	(53.8)	53.8
Cash flow sensitivity (net)	**(61.6)**	**61.6**	**7.8**	**(7.8)**	**(53.8)**	**53.8**

* include sensitivity in fair value changes of hedging instruments (interest rate swaps) due to changes in interest rates

For some instruments the Group applies cash flow hedge model under IAS 39 for interest rate exposure from floating rate interest payments in PLN on senior facility hedged by interest rate swap.

Fair value vs. carrying amount

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

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

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

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

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

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

			31 December 2022		31 December 2021	
	Category according to IFRS 9	The level of the fair value hierarchy	Fair value	Carrying amount	Fair value	Carrying amount
Loans granted	A	2	570.6	576.1	72.1	72.4
Trade and other receivables	A	*	3,522.1	3,522.1	3,117.5	3,117.5
Cash and cash equivalents and short-term deposits	A	*	808.5	808.5	3,632.4	3,632.4
Restricted cash	A	*	9.3	9.3	11.9	11.9
Loans and borrowings	B	2	(8,232.7)	(8,137.4)	(8,656.2)	(8,744.5)
Issued bonds	B	1	(1,982.1)	(2,076.4)	(2,045.5)	(2,008.5)
UMTS licence liabilities	B	2	-	-	(143.2)	(139.9)
Lease liabilities	B	2	(524.2)	(524.2)	(698.6)	(698.6)
Accruals	B	*	(1,220.5)	(1,220.5)	(919.6)	(919.6)
Trade and other payables and deposits	B	*	(2,371.3)	(2,371.3)	(1,627.7)	(1,627.7)
Total			**(9,420.3)**	**(9,413.8)**	**(7,256.9)**	**(7,304.6)**
Unrecognized gain/(loss)				(6.5)		47.7

A – assets measured at amortised costs

B – liabilities measured at amortised costs

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

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

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

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

As at 31 December 2022 and 31 December 2021 loans and borrowings comprised bank loans and other loans. The discount rate for each payment was calculated as a sum of implied WIBOR interest rate and a margin regarding the Group's credit risk. When determining the fair value of bank loans as at 31 December 2022 and 31 December 2021, forecasted cash flows from the reporting date to 30 September 2024 (assumed date of repayment of the loans obtained in 2015, changed in 2018 and changed in 2020) and to 31 March 2025 (assumed date of repayment of the additional loan obtained in 2019 and changed in 2020) were analyzed.

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The fair value of issued bonds as at 31 December 2022 and 31 December 2021 was estimated as a last purchase price at the balance sheet date according to GPW Catalyst quotations.

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

Assets measured at fair value

	31 December 2022	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**58.2**	**-**
Interest rate swaps		-	58.2	-
Hedging derivative instruments		**-**	**23.1**	**-**
Interest rate swaps		-	23.1	-
Other		**-**	**23.8**	**-**
Investments in equity instruments		**-**	**1.6**	**-**
Total		**-**	**106.7**	**-**

Liabilities measured at fair value

	31 December 2022	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**(5.7)**	**-**
Interest rate swaps		-	(4.7)	-
Forward		-	(1.0)	-
Hedging derivative instruments		**-**	**(0.7)**	**-**
Interest rate swaps		-	(0.7)	-
Total		**-**	**(6.4)**	**-**

As at 31 December 2021, the Group held the following financial instruments measured at fair value:

Assets measured at fair value

	31 December 2021	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**70.5**	**-**
Interest rate swaps		-	70.5	-
Hedging derivative instruments		**-**	**13.4**	**-**
Interest rate swaps		-	13.4	-
Investments in equity instruments		**-**	**0.6**	**-**
Total		**-**	**84.5**	**-**

The fair value of forwards and interest rate swaps is determined using financial instruments valuation models, based on generally published currency exchange rates, interest rates, forward rate curves and volatility curves for foreign currencies taken from active markets. Fair value of derivatives is determined based on the discounted future cash flows from transactions, calculated based on the difference between the forward price and the transaction price.

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

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

For the period from 1 January 2022 to 31 December 2022	Loans and borrowings	Bonds	Hedging instruments	Derivative instruments not designated as hedging instruments	**Total**
Interest expense on loans and borrowings	(582.0)	-	19.8	72.7	(489.5)
Interest expense on bonds	-	(155.6)	-	-	(155.6)
Total finance costs	(582.0)	(155.6)	19.8	72.7	(645.1)
Total gross profit/(loss)	**(582.0)**	**(155.6)**	**19.8**	**72.7**	**(645.1)**
Hedge valuation reserve	-	**-**	**11.4**	**-**	**11.4**

For the period from 1 January 2021 to 31 December 2021	Loans and borrowings	Bonds	Hedging instruments	Derivative instruments not designated as hedging instruments	**Total**
Interest expense on loans and borrowings	(202.9)	-	(5.1)	83.7	**(124.3)**
Interest expense on bonds	-	(49.6)	-	-	**(49.6)**
Total finance costs	(202.9)	(49.6)	(5.1)	83.7	**(173.9)**
Total gross profit/(loss)	**(202.9)**	**(49.6)**	**(5.1)**	**83.7**	**(173.9)**
Hedge valuation reserve	**-**	**-**	**21.4**	-	**21.4**

Hedge accounting and derivatives

Cash Flow Hedge of interest rate risk of interest payments

As at 31 December 2022, the Group held a number of interest rate swaps not designated as hedges in order to reduce the risk of floating interest payments on senior facilities denominated in PLN.

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

The table below presents the basic parameters of IRS not designated as hedging instruments, including the periods in which cash flows occur, periods they will affect the financial results and their fair value in PLN as at the balance sheet date.

	31 December 2022	31 December 2021
Type of instrument	Interest rate swap	Interest rate swap
Exposure	Floating rate interest payments in PLN	Floating rate interest payments in PLN
Hedged risk	Interest rate risk	Interest rate risk
Notional value of hedging instrument	3,000.0	3,000.0
Fair value of hedging instruments	53.5	70.5
Hedge accounting approach	Hedge accounting not adopted	Hedge accounting not adopted
Expected period the hedge item affect income statement	Until 30 June 2025	Until 30 September 2024

As at 31 December 2022, the Group held a number of interest rate swaps designated as hedges of floating interest payments on senior facility denominated in PLN. The interest rate swaps are being used to hedge the interest rate risk of the Group's floating rate financing in PLN.

The terms of the interest rate swaps have been negotiated to match the terms of the floating rate financing in PLN. The hedge ineffectiveness identified during the reporting period was recognized in the income statement.

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

	31 December 2022	31 December 2021
Type of instrument	Interest rate swap	Interest rate swap
Exposure	Floating rate interest payments in PLN	Floating rate interest payments in PLN
Hedged risk	Interest rate risk	Interest rate risk
Notional value of hedging instrument	1,125.0	500.0
Fair value of hedging instruments	22.4	13.4
Hedge accounting approach	Cash Flow Hedge	Cash Flow Hedge
Expected period the hedge item affect income statement	Until 30 June 2025	Until 31 December 2024

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

	2022	2021
Opening Balance	**13.4**	**(10.2)**
Effective part of gains or losses on the hedging instrument	26.3	20.8
Amounts recognized in equity transferred to the profit and loss statement, of which:	(17.3)	2.8
• adjustment of interest costs	(19.8)	5.1
• recognition of inefficiencies	2.5	(2.3)
Closing Balance	**22.4**	**13.4**

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

Cash Flow Hedge of foreign exchange risk of operational payments

As at 31 December 2022 the Group held a number of forwards not designated as hedges in order to reduce the risk of operational payments in EUR.

The table below presents the basic parameters of forwards not designated as hedging instruments, including the periods in which cash flows occurred, periods they affected the financial results and their fair value in PLN as at the balance sheet date.

	31 December 2022	31 December 2021
Type of instrument	Forward	Forward
Exposure	Operational payments in euro	Operational payments in euro
Hedged risk	Foreign exchange risk	Foreign exchange risk
Notional value of hedging instrument (EUR)	8.0	6.0
Fair value of hedging instruments	(0.7)	-
Hedge accounting approach	Hedge accounting not adopted	Hedge accounting not adopted
Expected period the hedge item affect income statement	Until 24 March 2023	Until 21 January 2022

As at 31 December 2022 the Group held a number of forwards not designated as hedges in order to reduce the risk of operational payments in USD.

The table below presents the basic parameters of forwards not designated as hedging instruments, including the periods in which cash flows occurred, periods they affected the financial results and their fair value in PLN as at the balance sheet date.

	31 December 2022	31 December 2021
Type of instrument	Forward	-
Exposure	Operational payments in USD	-
Hedged risk	Foreign exchange risk	-
Notional value of hedging instrument (EUR)	1.5	-
Fair value of hedging instruments	(0.3)	-
Hedge accounting approach	Hedge accounting not adopted	-
Expected period the hedge item affect income statement	Until 31 March 2023	-

42. Capital management

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

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

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

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

	Carrying amount	
	31 December 2022	31 December 2021
Loans and borrowings	8,137.4	8,744.5
Bonds	2,076.4	2,008.5
Cash and cash equivalents and restricted cash	(817.8)	(3,644.3)
Net debt	**9,396.0**	**7,108.7**
Equity	15,810.8	15,384.6
Equity and net debt	**25,206.8**	**22,493.3**
Leverage ratio	**0.37**	**0.32**

43. Operating segments

The Group operates in the following three segments:

- B2C and B2B services segment which relates to the provision of services to the general public, including digital television transmission signal, mobile services, the Internet access services, the mobile TV services, the online TV services, set-top boxes production and assembly of photovoltaic installations,
- Media segment,
- Real Estate segment (starting from 1 April 2022)

The Group conducts its operating activities primarily in Poland.

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

B2C and B2B services segment includes:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay-TV services and revenues are generated mainly by pay-TV subscription fees,
- mobile telecommunication services (postpaid and mix) which generate revenues mainly from interconnect revenues, traffic revenues and subscription fees,
- mobile telecommunication prepaid services which generate revenues mainly from interconnect and traffic revenues,
- fixed telecommunication services, which generate revenues mainly from subscription fees, traffic and interconnect revenues,
- providing access to broadband Internet in mobile and fixed-line technologies which generates revenues mainly from traffic and subscription fees,
- telecommunication wholesale services, including international and domestic roaming as well as telecommunication infrastructure sharing services,

- lease of optical fibers and infrastructure,
- online TV services (Polsat Box Go, formerly IPLA) available on computers, smartphones, tablets, SmartTV, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising on the Internet,
- Premium Rate services based on SMS/IVR/MMS/WAP technology and subscription fees,
- production of set-top boxes,
- sale of telecommunication equipment,
- sale of electric energy and other utilities to retail customers,
- sale of photovoltaic installations.

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

Real Estate segment consists mainly of implementation of construction projects as well as sale, rental and management of own or leased real estate.

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

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

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the year ended 31 December 2022:

The year ended 31 December 2022	B2C and B2B services	Media: TV and online	Real Estate	Consolidation adjustments	Total
Revenues from sales to third parties	10,622.2	2,186.4	106.7	-	**12,915.3**
Inter-segment revenues	59.4	237.8	76.7	(373.9)	**-**
Revenues	10,681.6	2,424.2	183.4	(373.9)	**12,915.3**
EBITDA adjusted (unaudited)	**2,834.0**	**506.0**	**17.2**	**(5.1)**	**3,352.1**
Gain on disposal of a subsidiary and an associate	113.4	-	39.8	-	**153.2**
Costs of support for Ukraine	(33.0)	(1.1)	-	-	**(34.1)**
EBITDA (unaudited)	**2,914.4**	**504.9**	**57.0**	**(5.1)**	**3,471.2**
Depreciation, amortization, impairment and liquidation	1,703.6	109.7	15.7	-	**1,829.0**
Profit from operating activities	**1,210.8**	**395.2**	**41.3**	**(5.1)**	**1,642.2**
Acquisition of property, plant and equipment and other intangible assets	964.2	117.0	33.2	-	**1,114.4**
Acquisition of reception equipment	113.6	-	-	-	**113.6**
Balance as at 31 December 2022					
Assets, including:	24,485.9	6,465.6*	1,596.3	(241.2)	**32,306.6**
Investments in joint venture and shares in associates	1,801.6	5.9	82.6	-	**1,890.1**

* includes non-current assets located outside of Poland in the amount of PLN 5.9

All material revenues are generated in Poland.

It should be noted that the data for 12 months ended 31 December 2022 allocated to the "B2C and B2B services" segment, "Media" segment and "Real Estate" segment are not comparable to the data for 12 months ended 31 December 2021 due to changes in the Group's structure described in notes 5, 39, 40 and 49.

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

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

The year ended 31 December 2021	B2C and B2B services	Media: TV and online	Consolidation adjustments	Total
Revenues from sales to third parties	10,396.3	2,047.7	-	**12,444.0**
Inter-segment revenues	58.4	216.4	(274.8)	**-**
Revenues	10,454.7	2,264.1	(274.8)	**12,444.0**
EBITDA adjusted (unaudited)	**3,389.7**	**629.3**	**-**	**4,019.0**
Gain on disposal of a subsidiary	3,680.6	-	-	**3,680.6**
EBITDA (unaudited)	**7,070.3**	**629.3**	**-**	**7,699.6**
Depreciation, amortization, impairment and liquidation	1,787.5	115.7	-	**1,903.2**
Profit from operating activities	**5,282.8**	**513.6**	-	**5,796.4**
Acquisition of property, plant and equipment and other intangible assets	1,049.3	109.5	**-**	**1,158.8**
Acquisition of reception equipment	110.0	-	-	**110.0**
Balance as at 31 December 2021				
Assets, including:	25,633.1	6,713.7*	(109.8)	**32,237.0**
Investments in joint venture and shares in associates	1,764.4	5.9	-	**1,770.3**

* includes non-current assets located outside of Poland in the amount of PLN 8.7

Reconciliation of EBITDA and Net profit for the period:

	for the year ended	
	31 December 2022	31 December 2021
EBITDA adjusted (unaudited)	**3,352.1**	**4,019.0**
Gain on disposal of a subsidiary and an associate	153.2	3,680.6
Costs of support for Ukraine*	(34.1)	-
EBITDA (unaudited)	**3,471.2**	**7,699.6**
Depreciation, amortization, impairment and liquidation (note 10)	(1,829.0)	(1,903.2)
Profit from operating activities	**1,642.2**	**5,796.4**
Other foreign exchange rate differences, net (note 11)	(41.6)	(5.2)
Interest costs, net (note 11 and 12)	(587.6)	(202.7)
Share of the profit/(loss) of associates accounted for using the equity method	94.5	75.4
Other	2.8	2.2
Gross profit for the period	**1,110.3**	**5,666.1**
Income tax	(209.2)	(1,251.6)
Net profit for the period	**901.1**	**4,414.5**

* includes mainly cash donations for supporting Ukraine

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44. Barter transactions

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

	for the year ended	
	31 December 2022	31 December 2021
Revenues from barter transactions	77.1	41.3
Cost of barter transactions	88.9	40.1

	31 December 2022	31 December 2021
Barter receivables	80.3	12.9
Barter payables	83.5	6.2

45. Transactions with related parties

Receivables

	31 December 2022	31 December 2021
Joint ventures and associates	4.9	0.7
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	14.6	9.6
Total*	**19.5**	**10.3**

* amounts presented above do not include deposits paid (31 December 2022 – PLN 3.5, 31 December 2021 – PLN 3.5)

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

Other assets

	31 December 2022	31 December 2021
Joint ventures and associates	1.5	-
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	7.6	1.2
Total	**9.1**	**1.2**

Liabilities

	31 December 2022	31 December 2021
Joint ventures and associates	81.0	83.8
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	194.4	195.1
Total	**275.4**	**278.9**

Liabilities relate mainly to liabilities for the advance payment for the sale of real estate by Polkomtel as well as lease of premises and facilities.

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

Loans granted

	31 December 2022	31 December 2021
Associates	456.2	-
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	12.2	33.1
Total	**468.4**	**33.1**

Loans granted as at 31 December 2022 include mainly loans to PAK-Polska Czysta Energia Sp. z o.o. and Pak-Volt S.A.

Loans received

	31 December 2022	31 December 2021
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	6.6	5.6
Total	**6.6**	**5.6**

Revenues

	for the year ended	
	31 December 2022	31 December 2021
Subsidiaries*	-	12.7
Joint ventures and associates	7.2	4.3
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	751.0	120.3
Total	**758.2**	**137.3**

* Applies to transactions with subsidiaries concluded before taking over control.

In the period of 12 months ended 31 December 2021 the most significant transactions include photovoltaic installations.

In the period of 12 months ended 31 December 2022 the most significant transactions relate to income from disposal of Modivo S.A. shares (see not 49).

Expenses and purchases of programming assets

	for the year ended	
	31 December 2022	31 December 2021
Subsidiaries*	0.1	0.2
Joint ventures and associates	191.7	11.4
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	296.6	307.7
Total	**488.4**	**319.3**

* Applies to transactions with subsidiaries concluded before taking over control.

In the period of 12 months ended 31 December 2022 and 12 months ended 31 December 2021 the most significant transactions include *inter alia* cost of electrical energy, property rental and advertising services.

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

Gain/(loss) on investment activities, net

	for the year ended	
	31 December 2022	31 December 2021
Joint ventures and associates	20.4	59.2
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	5.3	(7.0)
Total	**25.7**	**52.2**

Finance costs, net

	for the year ended	
	31 December 2022	31 December 2021
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	1.1	0.2
Total	**1.1**	**0.2**

Transactions with related parties are also described in note 49.

46. Contingent liabilities

Management believes that the provisions as at 31 December 2022 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

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

On 24 February 2011 the President of UOKiK imposed penalty on Polkomtel (Company's subsidiary) in the amount of PLN 130.7 for the alleged lack of cooperation during an inspection carried out by UOKiK in Polkomtel. Polkomtel appealed against the decision of the President of UOKiK to the Consumer and Competition Protection Court ("SOKiK"). According to management, during the inspection the company had fully and at all times cooperated with UOKiK within the scope provided by the law. On 18 June 2014 the decision of the President of UOKiK has been changed by SOKiK, reducing the penalty to PLN 4.0 (i.e. EUR 1.0). On 20 October 2015 SOKiK's verdict has been revoked and the case has been transferred for re-examination. On 28 April 2017 the decision of the President of UOKiK has been changed by SOKiK, reducing the penalty to PLN 1.3. Polkomtel and President of UOKiK appealed against the verdict. On 3 April 2020 both Polkomtel's and the President's of UOKiK appeals have been dismissed. The Court of Appeal upheld the SOKiK's decision. On 20 April 2020 Polkomtel made a payment in the amount of PLN 1.3. Polkomtel and the President of UOKiK filed cassation appeals against the Court of Appeal's verdict. On 28 September 2022 the cassation appeal of the President of the UOKiK was dismissed, the appeal of Polkomtel was accepted in the scope dismissing the plaintiff's appeal, and the appealed judgment of the Court of Appeal in Warsaw dated 3 April 2020 was revoked and referred - in accordance with the Polkomtel's cassation appeal - to be reconsidered.

On 30 December 2014 the President of UOKiK issued a decision ending investigations related to Polkomtel's (Company's subsidiary) alleged practices which infringed upon the collective interests of consumers by not providing its telecommunication clients (which entered into a written agreement) with terms and conditions of the preferential sales offer as well as not informing about the termination of the preferential sales offer. Pursuant to the decision of the President of UOKiK, Polkomtel was charged with a penalty in the amount of PLN 6.0. The company appealed to SOKiK against the decision. On 5 March 2018, SOKiK issued a decision where the penalty has been annulled and dismissed the appeal in remaining scope. Both parties appealed to the Court of 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 1 April 2021 SOKiK dismissed Polkomtel's appeal. On 24 January 2022 Polkomtel's appeal was dismissed. On 7 February 2022 Polkomtel paid the penalty in the amount of PLN 6.0. Polkomtel filed a cassation appeal against the judgment of the Court of Appeal.

On 30 December 2016 the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by presenting advertising slogans, which in the opinion of the authorities were misleading and suggested that the LTE data transmission will not be limited. Pursuant to the decision of the President of UOKiK the Company and Polkomtel were charged with a penalty in the amount of PLN 5.3 and PLN 18.4, respectively. The Group appealed to SOKiK against the decision. On 18 June 2019 SOKiK annulled the decision of the President of UOKiK in relation to Polkomtel. The President of UOKiK appealed against the SOKiK verdict. On 24 November 2020, the Court of Appeal revoked the SOKiK decision and transferred the case for re-examination. On 19 April 2021, SOKiK dismissed Polkomtel's appeal in its entirety. Polkomtel appealed against the SOKiK decision. On 10 November 2021, the Court of Appeal upheld the penalty originally imposed by UOKiK. On 24 November 2021 Polkomtel paid a penalty of PLN 18,4. Polkomtel submited a cassation appeal. On 7 September 2022, the Supreme Court dismissed Polkomtel's cassation appeal. On 7 August 2019 the court dismissed the appeal of Cyfrowy Polsat. The Company appealed against the decision. Pursuant to the Court of Appeal verdict from 11 March 2021, the Company paid a penalty of PLN 5.3 on 26 March 2021. On 24 June 2021 the Company filed a cassation appeal to the Supreme Court. On 12 January 2022, the Supreme Court accepted the Company's cassation appeal for consideration. On 31 May 2022 Company's cassation appeal was dismissed.

On 30 December 2016 the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by presenting promotional offers, which in the opinion of the authorities were impossible to conclude. Pursuant to the decision of the President of UOKiK the Company and Polkomtel were charged with a penalty in the amount of PLN 4.4 and PLN 12.3, respectively. The Group appealed to the Court against the decision. On 14 October 2019 SOKiK dismissed the appeal. The Group appealed against the decision. On 31 December 2020 the Group's appeal was dismissed. On 14 January 2021 Cyfrowy Polsat and Polkomtel paid the penalty. The Group submitted a cassation appeal to the Supreme Court. On 20 April 2022, the Supreme Court accepted the Company's cassation appeal for consideration. The date of hearing the case by the Supreme Court has not been set.

On 29 April 2019 the President of UOKiK issued a decision stating that the operations of Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by charging for activating the services to consumers, despite not obtaining an explicit approval of the additional payment associated with these services. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 39.5. Polkomtel appealed to SOKiK against the decision. On 26 May 2021 SOKiK dismissed Polkomtel's appeal. Polkomtel appealed against the SOKiK judgment. On 8 November 2022, the Court of Appeal dismissed the appeal. On 22 November 2022, Polkomtel paid a penalty of PLN 39.5. Polkomtel examines the possibility of submitting a cassation appeal.

On 19 December 2019 the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by hindering access to ZDF and Das Erste channels during the Euro 2016 championship by removing these channels and incomplete and unreliable information to consumers in response to claims regarding unavailability of the above programs. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 34.9. The Company appealed against this decision to SOKiK. On 14 February 2022 First Instance Court dismissed the Company's appeal in its entirety. The Company submitted a cassation appeal to the Court of Appeal in Warsaw. The appeal hearing took place on 21 October 2022. On 21 November

2022, the Court of Appeal in Warsaw repealed the appealed judgment in its entirety and referred the case to the Regional Court in Warsaw for examination and resolution.

On 31 December 2019 the President of UOKiK issued a decision stating that the operations of Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by charging additional fees for data transmission using the RSTP protocol, despite the subscribers having internet packages or unlimited LTE Internet services. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 50.6. Polkomtel appealed to SOKiK against the decision. On 15 December 2021, SOKiK announced decision in which it dismissed Polkomtel's appeal in its entirety. Polkomtel submitted an appeal against the SOKiK verdict. On 21 July 2022 the Court of Appeal partially revoked the President of UOKiK's decision and reduced a penalty to PLN 16.8. On 4 August 2022, Polkomtel paid the penalty in the amount of PLN 16.8. Both Polkomtel and President of UOKiK filed a cassation appeals. On 26 January 2023, the Supreme Court refused cassation appeals.

On 22 January 2020 the President of UOKiK issued a decision stating that the operations of Polkomtel (Company's subsidiary) 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. Polkomtel appealed to SOKiK against the decision. On 8 April 2022, SOKIK dismissed Polkomtel's appeal. On 31 May 2022 Polkomtel submitted appeal against the SOKiK verdict. On 28 March 2023 the Court of Appeal dismissed the appeal. After receiving justification of the judgment of the Court of Appeal, Polkomtel will consider filing a cassation appeal. On 11 April 2023 Polkomtel paid a penalty of PLN 20.4.

Other proceedings

In September 2015, Polkomtel (Company's subsidiary) received a claim from P4 Sp. z o.o., in which the company demands compensation of PLN 316.0 (including interest of PLN 85.0), for the alleged actions relating to the pricing of the mobile services rendered between July 2009 and March 2012. The claim assumes payment of the above amount jointly by Orange Poland S.A., Polkomtel and T-Mobile Poland S.A. On 27 December 2018 Court dismissed the entire claim. P4 Sp. z o.o. appealed against the decision. On 28 December 2020, the Court of Appeal referred the case to the District Court for reconsideration, Polkomtel appealed to the Supreme Court against this decision. On 13 November 2020, the P4 sp. z o.o. claim for payment of PLN 313.0, including interest of PLN 85.0, was delivered by the court. This lawsuit constitutes an "extension" of P4 Sp. z o.o claim dated September 2015 and concerns a further period of the acts alleged against the defendants, i.e. from April 2012 to December 2014.

Management believes that the claim is unfounded, as Polkomtel's conduct alone or with other tort entities was not wrongful, in particular relating to the pricing of retail mobile services directed to the telecommunications network of P4 Sp. z o.o. In management's opinion, there is no legal basis for the overall assessment of the alleged actions of each of the operators on the telecommunications market, which is fully a competitive market, and each of the operators has its own business and pricing strategy. The claim of P4 Sp. z o.o. indicates neither nature (premises liability) nor the amount.

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

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

By lawsuit, delivered to the Company on 16 December 2019, the Association of Performing Artists (SAWP) filed two claims against the Company: information claim and claim for payment. The information claim relates to television programs rebroadcasted by the Company in the period from 20 August 2009 to 20 August 2019. In the claim for payment, SAWP claims PLN 153.3 for the alleged violation of related rights to artistic performances of musical and verbal - musical works through their non-contractual cable rebroadcast. The Company filed for the dismissal entirely. The last hearing took place on 16 March 2022, the hearing was postponed without a deadline.

In addition to the matters described above, there are also other proceedings, for which provisions have been made according to the best estimates of the management board members as to potential future outflows of the economic benefits required for their settlement. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases.

47. Remuneration of the Management Board

The table below presents the Management Board’s remuneration.

Name	Function	2022	2021
Mirosław Błaszczyk	President of the Management Board	1.0	1.0
Maciej Stec	Vice-President of the Management Board	0.6	0.8
Jacek Felczykowski	Member of the Management Board	1.0	1.0
Aneta Jaskólska	Member of the Management Board	0.9	0.9
Agnieszka Odorowicz	Member of the Management Board	0.6	0.6
Katarzyna Ostap-Tomann	Member of the Management Board	1.0	1.0
Total		**5.1**	**5.3**

The amounts of bonuses and other remuneration payable to each member of the Management Board for 2022 and 2021 are presented below:

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

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

48. Remuneration of the Supervisory Board

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

Presented below is the total remuneration payable to the Supervisory Board members in 2022 and 2021:

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

49. Important agreements and events

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 1 April 2022 the Company entered into the final share purchase agreement with Embud 2 Sp. z o.o. S.K.A., whereby the Company acquired 1,070,000 (not in millions) shares in Port Praski Sp. z o.o., representing approximately 66.94% of the share capital and carrying 66.94% of the votes at the shareholders' meeting of Port Praski Sp. z o.o. The purchase price for the shares in Port Praski Sp. z o.o. was set at PLN 553.7. The Port Praski Group's activities include the development of construction projects as well as the sale, rental and management of owned or leased properties.

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

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

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

Renewal of the frequency reservations

Frequency reservations allocated in both the 2100 MHz band held by Polkomtel Sp. z o.o. and 1800 MHz band held by Aero 2 Sp. z o.o expired at the end of 2022. On 30 November 2021 Polkomtel and Aero 2 were merged, consequently Polkomtel entered into the rights and obligations of Aero 2 and thus taking over the right to Aero 2 frequencies. In December 2021 Polkomtel Sp. z o.o. applied to UKE President for the reservation of frequencies allocated in the 2100 MHz band and 1800 MHz band for the next period.

On 21 October 2022 Polkomtel received the decision of the President of UKE, which reserved Polkomtel frequencies in the 2100 MHz band for the next 15 years - until 31 December 2037. Pursuant to this decision, Polkomtel was obliged to pay a fee in the amount of PLN 351.6 to the State Treasury for above reservation. The payment of PLN 351.6 was made on 4 November 2022.

On 20 December 2022, Polkomtel received the decisions of the President of UKE granting Polkomtel a frequency reservation in the 1800 MHz band for the next 15 years - until 31 December 2037. Pursuant to these decisions, Polkomtel was obliged to pay fees to the State Treasury in the total amount of PLN 847.0 for making these reservations. The payment in the amount of PLN 847.0 was made on 3 January 2023.

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 8 May 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 23 September 2011 which partially invalidated the above mentioned tender. Following the decision of the Supreme Administrative Court, UKE informed that "the decisions regarding re-running the tender will be taken by the Office upon careful analysis of the written justification of NSA's rulings and the Court's guidelines regarding further procedure as well as upon analysis of the legal situation". UKE also stated that the "reservation decisions issued by UKE President remained valid while the operators could continue providing their services while using these frequencies". On 23 December 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 4 August 2017 President of UKE notified the parties that the tender dated 2007 has been annulled. On 13 October 2017 Aero 2 Sp. z o.o. (a successor of CenterNet S.A. and Mobyland Sp. z o.o., currently Polkomtel Sp. z o.o.) filed a motion to reconsider the decision of the President of UKE dated 4 August 2017 concerning the annulment of the tender procedure. On 31 January 2018 the President of UKE upheld its decision dated 4 August 2017. On 7 March 2018 Aero2 (currently Polkomtel Sp. z o.o.) filed a complaint with the Provincial Administrative Court in Warsaw, on 4 October 2018 complaint was dismissed. On 27 December 2018, Aero2 (currently Polkomtel Sp. z o.o.) filed a cassation appeal against judgment, which was dismissed by the Supreme Administrative Court on 25 November 2022.

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 S.A., the President of UKE resumed the proceedings which were terminated on 23 April 2009 by the issuance of a final decision by the President of UKE which sustained the decision of the President of UKE dated 30 November 2007 concerning the frequency reservation in the 1710-1730 MHz and 1805-1825 MHz range. Under these proceedings, in the decision dated 28 November 2017 the President of UKE refused, after resuming the proceedings, to annul the reservation decision of the President of UKE dated 23 April 2009. This decision was upheld by the decision of the President of UKE dated 4 June 2018. In connection with complaints filed against this decision, in the ruling of 11 March 2019 the Voivodship Administrative Court in Warsaw annulled the decision of the President of UKE dated 4 June 2018. Aero2 Sp. z o.o. (currently Polkomtel Sp. z o.o.) filed a cassation appeal against the judgment, which is awaiting the consideration by the NSA.

On 4 October 2018, T-Mobile Polska S.A. filed a complaint with the Voivodship Administrative Court in Warsaw against the announcement dated 5 September 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 20 November 2018, Voivodship Administrative Court in Warsaw rejected the complaint of T-Mobile Polska S.A. On 4 July 2019, the Supreme Administrative Court annulled the decision of the Voivodship Administrative Court in Warsaw dated 20 November 2018, as a result of a cassation appeal filed by T-Mobile Polska S.A. On 18 August 2020, the announcement of the President of UKE dated 5 September 2018 was considered ineffective by the Voivodship Administrative Court in Warsaw. NSA annulled that judgment on 9 December 2021 (act sign II GSK 584/21). The case was remanded for re-examination to Voivodship Administrative Court in Warsaw. On 25 October 2022, the Voivodship Administrative Court in Warsaw dismissed the complaint of T-Mobile Polska S.A., the judgment is not final and is subject to a cassation appeal to the Supreme Administrative Court.

The initiation by the European Commission of the procedure based on Art. 108 sec. 2 of the European Union Treaty

In the beginning of October 2020, Cyfrowy Polsat S.A. and Sferia S.A. (Sferia), a company owned by the Cyfrowy Polsat Group in 51% since 29 February 2016, received from the Ministry of Digital Affairs a copy of the European Commission's decision dated 21 September 2020 regarding the initiation of the formal investigation procedure against the Republic of Poland concerning the alleged illegal state aid provided to Sferia. The alleged illegal state aid relates to granting in 2013 to Sferia the right to use a frequency block of 800 MHz range in place of the frequency 850 MHz range previously held by Sferia. According to the decision, the European Commission intends to investigate, whether the state aid was granted, and if so, whether it can be considered compatible with the internal market. On 4 February 2022, the European Commission began consultations on this matter and Cyfrowy Polsat and Sferia submitted their comments. Both companies believe that no illegal state aid was granted.

Auction for spectrum reservation from the 3.6 GHz band

On December 2022, the President of UKE announced consultations regarding the auction for four frequency licenses in the 3.6 GHz band. The subject of the auction will be 4 blocks with a width of 80 MHz each from the 3.6 GHz band. The minimum price for a block has been set at PLN 450.0.

In accordance with the auction documentation, each of the auction winners will be subject to identical network development obligations consisting in launching in the indicated areas by each operator at least 3,800 (not in millions) base stations using allocated frequencies within 36 months from the date of delivery of the reservation decision. In addition, auction winners will be required to ensure capacity (using any frequency range) of 100Mbps for 99% of households throughout the country within 60 months, for 95% of the country within 84 months, for all national roads within 60 months, for 100% of provincial roads within 84 months, for the indicated railway routes within 60 months from the date of delivery of the reservation decision.

The deadline for submitting consultation positions was 31 January 2023. The date for the allocation of the 3.6 GHz band, as expected by the President of UKE, is August 2023.

Acquisition of the Company's own treasury shares

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

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

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

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

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

Sale of shares in Modivo S.A.

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

Sale of shares in CKS Ossa Sp. z o.o. and Ossa Medical Center Sp. z o.o.

On 28 September 2022 Polkomtel Sp. z o.o. sold 100% of shares in CKS Ossa Sp. z o.o. to Embud 2 Sp. z o.o. S.K.A. (Company's related entity). The total sale price amounted to PLN 48.8.

On 28 September 2022 Polkomtel Sp. z o.o. sold 100% of shares in Ossa Medical Center Sp. z o.o. to Embud 2 Sp. z o.o. S.K.A. (Company's related entity). The total sale price amounted to PLN 1.2.

Execution of a joint venture agreement with HB Reavis Holding Cz a.s. by subsidiaries of Cyfrowy Polsat S.A. and a share purchase agreement for 50% of shares in Port Praski City II Sp. z o.o. and Port Praski Medical Center Sp. z o.o.

On 21 July 2022 the Company's subsidiaries executed:

- a joint venture agreement ("Joint Venture Agreement") by Port Praski City II Sp. z o.o., Port Praski Medical Center Sp. z o.o. and Pantanomo Limited, of the one part, and HB Reavis Holding Cz a.s., of the other part; and
- a share purchase agreement for shares in Port Praski City II Sp. z o.o. and Port Praski Medical Center Sp. z o.o. ("Joint Venture Companies") by Pantanomo Limited and Port Praski City III Sp. z o.o., of the one part, and HB Reavis Holding Cz a.s., of the other part.

The joint venture will be implemented by the Joint Venture Companies and will involve the construction and development of a property located in Warsaw, including a joint construction of high-end office buildings, with additional retail space ("Project").

The Joint Venture Agreement governs the rules of operation of the Joint Ventures Companies that will implement the Project, including, in particular, the rules of corporate governance, financing operations as well as implementation and commercialization of the Project.

The Joint Venture Companies will be jointly controlled by Pantanomo Limited and HB Reavis Holding Cz a.s. ("Shareholders"). Pursuant to the Joint Venture Agreement, each Shareholder will directly hold 50% of shares in the Joint Venture Companies. The Shareholders have agreed to finance capital and operating expenditures of the Joint Venture Companies and other Project-related expenses within the time limits and in the amounts specified in the development plan and business plan to be adopted for the Project. The Shareholders will provide financing to the Joint Venture Companies on a 50:50 basis, in the form of share capital increases and shareholder loans.

The acquisition of shares in the Joint Venture Companies by HB Reavis Holding Cz a.s. was subject to the satisfaction of, among other, conditions precedent such as:

- an approval of the Office of Competition and Consumer Protection for HB Reavis Holding Cz a.s. and Pantanomo Limited to establish a joint venture, and
- an in-kind contribution of the property by Port Praski City III Sp. z o.o. to Port Praski City II Sp. z o.o.to cover the shares in an increased share capital of this company.

On 24 October 2022 agreements were concluded pursuant to which HB Reavis Holding Cz a.s. acquired:

- 50% of shares in Port Praski City II Sp. z o.o. in total from Port Praski City III Sp. z o.o. and Pantanomo Limited; and
- 50% of shares in Port Praski Medical Center Sp. z o.o. from Pantanomo Limited

for the aggregate purchase price of mEUR 24.3 (not in million), that shall be adjusted for the amount of working capital of the Joint Venture Companies at the Transaction closing date, and the total office and retail usable floor area actually constructed on the property as part of the Project.

The agreements were executed following the satisfaction of all conditions precedent, including in particular approval by the Office of Competition and Consumer Protection to establish a joint venture.

As the next step, the Shareholders intend to apply for the relevant administrative decisions aimed at obtaining a construction permit, after which they will proceed to determine the precise cost and timing of the project's implementation.

Power purchase agreements for green energy

Until 31 December 2022, Polkomtel (Company's subsidiary) has entered into two agreements for the purchase of the total volume of green energy produced by the photovoltaic farm Brudzew and the Kazimierz Biskupi wind farm. The power purchase agreements (the "PPA") were concluded for a 15-year period with a purchase price which will be adjusted by the inflation rate. Under the PPA, Polkomtel will purchase the entire volume of energy produced along with certificates of origin.

Preliminary property sale agreement

On 28 December 2022, Polkomtel Sp. z o.o. (Company's subsidiary) entered with Embud 2 Sp. z o.o. S.K.A. (Company's related entity) into a preliminary agreement for the sale of property ("Agreement") located in Warsaw at Modlińska Street ("Property"), in which Polkomtel Sp. z o.o. undertook to conclude a sale agreement ("Promised Agreement") based on which Polkomtel Sp. z o.o. will sell the Property to Embud 2 Sp. z o.o. S.K.A. Pursuant to the Agreement, the Promised Agreement will be concluded within 3 months from the date of entry in the land and mortgage register kept for the Property, Polkomtel Sp. z o.o. as the owner of the Property. Consequently, the value of the Property in the amount of PLN 127.7 is presented as "Assets held for sale" in these consolidated financial statements as at 31 December 2022.

Decision of the Head of the Małopolska Tax Office in Cracow

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

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

On 10 July 2018 the Tax Office upheld the previous decision dated 15 February 2018. The Company does not agree with the decision of the Tax Office in question and appealed against it to the Voivodship Administrative Court in Cracow. The Voivodship Administrative Court in Cracow dismissed the complaint in the ruling as of 21 February 2019. The Company does not agree with this decision and filled a cassation complaint to the Supreme Administrative Court in Warsaw. The Supreme Administrative Court upheld the complaint and transferred the case to the Voivodship Administrative Court for re-examination in its decision on 17 August 2022. The Company is waiting for the date of hearing to be set.

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

The Head of the Małopolska Tax Office in Cracow issued a decision on 19 July 2019 in respect to the year 2013. The decision assessed the Company's tax liability from uncollected withholding corporate income tax in 2013 in the amount of PLN 25.1 increased by interest on tax arrears. The Company appealed against the decision, but on 14 February 2020 the Tax Authority maintained its position. The Company filed a complaint against the decision to the Administrative Court. On 15 October 2020, the Voivodship Administrative Court in Cracow dismissed the complaint. The Company, based on the opinions of reputable advisers, does not agree with the court's decision and filed a cassation appeal to the Supreme Administrative Court in Warsaw. The date of the hearing has not been set. The Company has not created any provisions encumbering its financial results.

The Head of the Małopolska Tax Office in Cracow issued a decision on 20 September 2019 in respect to the year 2014. The decision assessed the Company's tax liability from uncollected withholding corporate income tax in 2014 in the amount of PLN 1.7 increased by interest on tax arrears. The Company appealed against the decision of the Tax Authority. In a second instance decision issued on 8 June 2020, the Tax Authority fully maintained its position. The Company filed a complaint against the decision to the Administrative Court. On 20 October 2020, the Voivodship Administrative Court in Cracow dismissed the complaint. The Company, based on the opinions of reputable advisers, does not agree with the court's decision and filed a cassation appeal to the Supreme Administrative Court in Warsaw. The date of the hearing has not been set. The Company has not created any provisions encumbering its financial results.

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

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

50. Events subsequent to the reporting date

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

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

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

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

- issuance of no more than 2,670,000 (not in millions) unsecured Series D bearer bonds with the nominal value of PLN 1,000 each and the total nominal value of no more than PLN 2,670.0 ("Series D Bonds"),
- acquire by the Company from the bondholders of the Series B Bonds and Series C Bonds issued by the Company, some or all of the Series B Bonds and Series C Bonds for the purpose of their redemption, based on sale and set-off agreements to be entered into by the Company with those of the Series B Bonds and Series C Bonds bondholders who declare their intention to sell such bonds and have their receivables for the Series B Bonds and Series C Bonds sale credited against the purchase price of the Series D Bonds.

On 11 January 2023, the issue of 2,670,000 (not in millions) Series D Bonds, with the total nominal value of PLN 2,670 was completed.

At the same time, on 11 January 2023, Cyfrowy Polsat S.A. repurchased for redemption 691,952 (not in millions) series B bearer bonds with the total nominal value of PLN 692.0 issued by the Company on 26 April 2019 with the redemption date set for 24 April 2026 and 835,991 (not in millions) series C bearer bonds with the total nominal value of PLN 836.0 issued by the Company on 14 February 2020, with the redemption date set for 12 February 2027 (collectively "Bonds Repurchased for Redemption") from investors holding rights to the Bonds Repurchased for Redemption who paid the issue price of the Series D Bonds, registered on 11 January 2023 with the securities depository, by setting off the amounts due to the Company from the issuance of the Series D Bonds against the amounts due to the relevant investors in respect of the sale of the Bonds Repurchased for Redemption to the Company.

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

After the redemption of the Bonds Repurchased for Redemption, 308,048 (not in millions) series B bonds and 164,009 (not in millions) series C bonds remain listed on Catalyst market in the Alternative Trading System operated by the Warsaw Stock Exchange. The Management Board has not decided on the early redemption of the remaining outstanding series B bonds and series C bonds.

The first trading day for the Series D Bonds in the Alternative Trading System as part of the Catalyst market (in the continuous trading system) was set for 20 January 2023. The maturity date of the Series D Bonds is 11 January 2030.

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

In March 2023, Cyfrowy Polsat S.A. entered into so-called financial PPA (Power Purchase Agreement) agreements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-VOLT S.A. The company committed in the financial PPA agreements to make financial settlements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-VOLT S.A. in order to ensure a fixed price for the sale or purchase of electricity (so-called contract on difference). The settlement price in the financial PPA agreements was established for the first year of the term and will be indexed in subsequent years by the inflation rate, subject to applicable legal regulations specifying the maximum sales price of electricity produced from renewable sources. The financial PPA agreements were concluded for a period of 15 years, with the possibility of termination in certain situations and is effective since April 2023.

51. Other disclosures

Security relating to loans and borrowings

The Group entered into a series of agreements establishing collateral under the loan agreements. Detailed information in respect to the agreements is presented in the Management Report in note 4.3.6.

Other securities

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

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

Commitments to purchase programming assets

As at 31 December 2022 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

	31 December 2022	31 December 2021
within one year	251.6	205.0
between 1 to 5 years	258.1	366.1
more than 5 years	13.3	35.5
Total	**523.0**	**606.6**

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

	31 December 2022	31 December 2021
within one year	20.0	9.7
Total	**20.0**	**9.7**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of property, plant and equipment was PLN 138.2 as at 31 December 2022 (PLN 243.7 as at 31 December 2021). Total amount of contractual liabilities resulting from agreements for the purchases of intangible assets was PLN 73.4 as at 31 December 2022 (PLN 31.0 as at 31 December 2021).

Future contractual obligations

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

The table below presents future payments (total):

	31 December 2022	31 December 2021
within one year	125.3	125.6
between 1 to 5 years	250.5	376.7
Total	**375.8**	**502.3**

52. Judgments, financial estimates and assumptions

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

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

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

- Classification of lease agreements

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

The Group entered into leases of office and other premises which are classified as operating leases. For more information see note 34.

- Lease term

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

- premises for technical infrastructure – estimated lease term is 2-10 years,
- dark fibers – estimated lease term is 2-10 years,
- points of sale premises – estimated lease term is 2 years.

- Discount rate used by the lessee

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

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

Depreciation rates are based on the expected economic useful lives of property, plant and equipment (including reception equipment provided to customers under lease agreements), investment property and intangible assets (including customer relationships and Plus, Netia, Interia and Premium Mobile brands). The expected economic useful lives are reviewed on an annual basis based on the experience of the entity.

The economic useful lives of the set-top boxes rented to customers under operating lease agreements are estimated for 5 years, modems and routers 3 years. For information on the useful lives of property, plant and equipment, investment property and other intangible assets with definite useful lives see notes 6j and 6k. For information on the depreciation charge for the period by the category of property, plant and equipment and intangible assets with definite useful lives see notes 16, 20 and 23.

- Economic useful lives and amortization method of programming assets

Economic useful life of programming assets is based on the shorter of the expected consumption of future economic benefits from the underlying asset and the license period. Amortisation method of programming assets reflects how these economic benefits are consumed. The estimation of the useful life and the amortization method requires assessment of the timing during which the Group is expecting to obtain the income from the acquired programming assets and the percentage apportionment of this income in the given period. For more information about the amortization method and amortization charge for the period by programming assets' category see notes 6l and 22.

- Indefinite useful life of Polsat, TV4, TV6 and Polo TV brands

As at the reporting date, the Group has reviewed whether relevant factors continue to indicate indefinite useful life of Polsat, TV4, TV6 and Polo TV brands recognised in 2011-2017 on the acquisition of Telewizja Polsat S.A., Polskie Media S.A. and Lemon Records Sp. z o.o.

The Group has reviewed the following factors which are essential for estimating the economic useful life of the Polsat, TV4, TV6 and Polo TV brands:

- The expected usage of the asset by the entity and whether the asset could be managed more efficiently,
- Technical, technological, commercial or other types of obsolescence,
- The stability of the industry in which the asset operates and changes in the market demand for media services,
- Expected actions by competitors or potential competitors,
- The level of maintenance expenditure required to obtain the expected future economic benefits from the asset,
- Whether the useful life of the asset is dependent on the useful life of other asset of the entity.

Having analyzed the above factors, the Group has concluded that there is no foreseeable limit to the period over which the Polsat, TV4, TV6 and Polo TV (Lemon Records) brands are expected to generate net cash inflows for the Group and thus the indefinite useful life was assumed. This means that the above brands are not subject to amortization but rather are tested for impairment on annual basis. The Management believes that Polsat, TV4, TV6 and Polo TV (Lemon Records) brands have a positive impact on the revenues from advertising and sponsorship. Furthermore, the Polsat brand is widely recognized by media and is highly appreciated in numerous rankings. Numerous awards for employees, individuals associated with the brand as well as high Power Ratio index also indicate a strong position of the brand.

As at the balance sheet date the Management states there are no plans to cease using or significantly modify Polsat, TV4, TV6 or Polo TV (Lemon Records) brands. The value assigned to the brands relate to the name "Polsat", "TV4", "TV6" and "Polo TV" respectively and the related logotypes both of which are reserved trademarks. In case the Group decides about discontinuance of use or significant modification of the name or logotype the Management would review whether events and circumstances continue to support an indefinite useful life assessment of the Polsat, TV4, TV6 and Polo TV brands and assess whether there are indicators of possible impairment.

- Fair value of assets and liabilities of Premium Mobile Group, Logitus Sp. z o.o., CKS Ossa Sp. z o.o., Ossa Medical Center Sp. z o.o., Vindix Group, Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. and Port Praski Group

The Group identified assets and liabilities and estimated their fair value under the purchase price allocation process relating to the acquisition of Premium Mobile Group, Logitus Sp. z o.o., CKS Ossa Sp. z o.o., Ossa Medical Center Sp. z o.o., Vindix Group, Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. and Port Praski Group. For more information see note 39.

- Provisional fair value of assets and liabilities of Enterpol Sp. z o.o., Oktawave S.A, Antyweb Sp. z o.o. and Specialist Sales and Customer Service Points

The Group identified assets and liabilities and initially estimated their fair value under the purchase price allocation process relating to the acquisition of Enterpol Sp. z o.o., Oktawave S.A, Antyweb Sp. z o.o. and Specialist Sales and Customer Service Points. For more information see note 39.

- The impairment of goodwill and intangible assets with indefinite useful lives

The Group performed impairment test of a goodwill and of the intangible assets with indefinite useful lives (Polsat brand, TV4 and TV6 brands and Polo TV brand). The impairment test was based on the value-in-use calculations of the cash-generating unit to which the goodwill and brands have been allocated on the initial recognition. Goodwill and brands with indefinite useful lives have been allocated to the following cash-generating units, which also represent the Group's business segments:

- "B2C and B2B services" - goodwill recognized on the acquisition of M.Punkt Holdings Ltd., goodwill recognized on the acquisition of INFO-TV-FM Sp. z o.o., the goodwill recognized on the acquisition of entities comprising the IPLA platform, the goodwill recognized on the acquisition of Metelem Holding Company Ltd., the goodwill recognized on the acquisition of Orsen Holding Ltd., the goodwill recognized on the acquisition of Litenite Ltd., the goodwill recognized on the acquisition of IT Polpager S.A., the goodwill recognized on the acquisition of 65.98% shares of Netia S.A., the goodwill recognized on the acquisition of Coltex ST Sp. z o.o., the goodwill recognized on the acquisition of Netshare Media Group Sp. z o.o., the goodwill recognized on the acquisition of 51.22% shares of TVO Sp. z o.o., the goodwill recognized on the acquisition of ISTS Sp. z o.o., the goodwill recognized on the acquisition of 51.25% shares of Esoleo Sp. z o.o., the goodwill recognized on the acquisition of IST Sp. z o.o., the goodwill recognized on the acquisition of data center in the form of an organised part of the enterprise, the goodwill recognized on the acquisition of 70.02% shares of BCAST Sp. z o.o., the goodwill recognized on the acquisition of Premium Mobile Sp. z o.o., the goodwill recognized on the acquisition of Logitus Sp. z o.o., the goodwill recognized on the acquisition of CKS Ossa Sp. z o.o., the goodwill recognized on the acquisition of Ossa Medical Center Sp. z o.o., the goodwill recognized on the acquisition of Stork 5 Sp. z o.o., the goodwill recognized on the acquisition of Vindix S.A., the goodwill recognized on the acquisition of Enterpol Sp. z o.o. and the goodwill recognized on the acquisition of Oktawave S.A.
- "Media: television and online" - goodwill and Polsat brand recognized on the acquisition of Telewizja Polsat S.A., goodwill and TV4 and TV6 brands recognized on the acquisition of Polskie Media S.A., goodwill recognized on the acquisition of Radio PIN S.A., goodwill recognized on the acquisition of ESKA TV S.A., goodwill recognized on the acquisition of Lemon Records Sp. z o.o., the goodwill recognized on the acquisition 99,99% share of Eleven Sports Network Sp. z o.o., the goodwill recognized on the acquisition of Superstacja Sp. z o.o., the goodwill recognized on the acquisition of TV Spektrum Sp. z o.o., the goodwill recognized on the acquisition of 60% shares of Polot Media Sp. z o.o. and Polot Media Sp. z o.o. Sp. k. as well as the goodwill recognized on the acquisition of 70% shares of Antyweb Sp. z o.o.

- "Real Estate" - goodwill recognized on the acquisition of 66.94% shares of Port Praski Sp. z o.o.

The value-in-use calculations included estimation of discounted cash flows for the given cash-generating unit and the relevant discount rate. The value of goodwill and brands tested at each cash-generating unit, the key assumptions used in the value-in-used calculations for each cash-generating unit, impairment test results and sensitivity analysis of reasonably possible changes in the key assumptions are presented in note 19.

- The impairment of non-financial non-current assets

As at the reporting date the Group has assessed whether there are any indications that intangible, tangible assets or right-of-use assets with definite useful lives may be impaired. The impairment loss recognised equals the difference between net book value and recoverable amount. The impairment values are presented in note 16, 20 and 21.

- Impairment of receivables

The value of receivables is updated taking into account the expected credit losses for trade receivables and contract assets in the amount corresponding to the expected credit losses throughout the life of the instrument. The amount of expected losses is calculated on the basis of historical data regarding the repayment of receivables and the effectiveness of debt collection, taking into account current expectations regarding the future values of these parameters. For more information see notes 6n, 27 and 41.

- Impairment of inventories

The Group provides for slow-moving or obsolete inventories based on inventory turnover ratios and current marketing plans. The purchase cost or production cost is determined based on weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. For more information see notes 6m and 26.

- Provisions for pending litigation

During the normal course of its operations the Group participates in several court proceedings, usually typical and repeatable and which, on an individual basis, are not material for the Group, its financial standing and operations. The provisions are estimated based on the court documentation and the expertise of the Group's lawyers who participate in the current litigations and who estimate Group's possible future obligations taking the progress of litigation proceedings into account. The Group also recognizes provisions for potential unreported claims resulting from past events, should the Management Board find that the resulting outflow of economic benefits is likely. Provisions regarding probable claims are recognized as a result of Management Board's estimates based on accessible information regarding market rates for similar claims. Management believes that the provisions as at 31 December 2022 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

- Deferred tax

Deferred taxes are recognised for all temporary differences, as well as for unused tax losses. The key assumption in relation to deferred tax accounting is the assessment of the expected timing and manner of realization or settlement of the carrying amounts of assets and liabilities held at the reporting date. In particular, assessment is required of whether it is probable that there will be suitable future taxable profits against which any deductible temporary differences can be utilized. At the end of the reporting period unrecognised deferred tax assets are re-assessed. A previously unrecognised deferred tax asset is recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. For further details refer to note 6w and 13.

- Fair value of financial instruments

Fair value of financial instruments for which there is no active market is estimated using appropriate techniques of measurements. The techniques are chosen based on the professional judgment. For more information about the method of establishing the fair value of financial instruments and key assumption made see note 6h.

- Loan liabilities measured at amortised cost

The CP Term Facility, the PLK Term Facility, the CP Revolving Facility and the PLK Revolving Facility bear interest at a variable rate equal to WIBOR for the relevant interest period plus margin. The margin on the CP Term Facility, the PLK Term Facility, the CP Revolving Facility and the PLK Revolving Facility depends on the ratio of net consolidated indebtedness to consolidated EBITDA. Accordingly, the Company's management classifies loan liabilities as variable rate instruments.

- Presentation of the result from disposal of shares in associates accounted for using the equity method

Management Board considered facts and circumstances related to investments accounted for using the equity method. In Management Board's opinion, disposal of the shares in Modivo S.A. does not have any characteristics of an one-off transaction. Consequently, the result of this transaction is presented as operational activity.

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

Financial results for the 3 months ended 31 December 2022 and 31 December 2021

53. Consolidated Income Statement

	for the 3 months ended	
	31 December 2022 unaudited	31 December 2021 unaudited
Continuing operations		
Revenue	3,429.6	3,265.0
Operating costs	(3,073.4)	(2,810.6)
Gain on disposal of a subsidiary and an associate	39.8	(10.2)
Other operating income/(costs), net	(0.8)	(24.4)
Profit from operating activities	**395.2**	**419.8**
Gain/(loss) on investment activities, net	29.0	4.2
Finance costs, net	(233.1)	(6.5)
Share of the profit/(loss) of associates accounted for using the equity method	31.8	11.4
Gross profit for the period	**222.9**	**428.9**
Income tax	(48.4)	(95.2)
Net profit for the period	**174.5**	**333.7**
Net profit attributable to equity holders of the Parent	159.5	337.5
Net profit/(loss) attributable to non-controlling interest	15.0	(3.8)
Basic and diluted earnings per share (in PLN)	**0.32**	**0.54**

54. Consolidated Statement of Comprehensive Income

	for the 3 months ended	
	31 December 2022 unaudited	31 December 2021 unaudited
Net profit for the period	**174.5**	**333.7**
Items that may not be reclassified subsequently to profit or loss :		
Actuarial (loss)/gain	2.9	2.3
Items that may be reclassified subsequently to profit or loss :		
Valuation of hedging instruments	(13.0)	10.3
Share of other comprehensive income of subsidiaries and associates	(6.2)	10.7
Other comprehensive income/(loss), net of tax	**(16.3)**	**23.3**
Total comprehensive income for the period	**158.2**	**357.0**
Total comprehensive income attributable to equity holders of the Parent	143.6	360.8
Total comprehensive income/(loss) attributable to non-controlling interest	14.6	(3.8)

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

55. Revenue

	for the 3 months ended	
	31 December 2022 unaudited	31 December 2021 unaudited
Retail revenue	1,750.8	1,730.7
Wholesale revenue	997.9	1,006.8
Sale of equipment	545.4	408.1
Other revenue	135.5	119.4
Total	**3,429.6**	**3,265.0**

56. Operating costs

		for the 3 months ended	
	Note	31 December 2022 unaudited	31 December 2021 unaudited
Technical costs and cost of settlements with telecommunication operators		830.8	801.7
Depreciation, amortization, impairment and liquidation		463.1	461.2
Cost of equipment sold		429.5	337.2
Content costs		555.5	531.4
Distribution, marketing, customer relation management and retention costs		271.1	284.8
Salaries and employee-related costs	a)	300.0	271.3
Cost of debt collection services, bad debt allowance and receivables written off		25.1	12.5
Other costs		198.3	110.5
Total		**3,073.4**	**2,810.6**

a) Salaries and employee-related costs

	for the 3 months ended	
	31 December 2022 unaudited	31 December 2021 unaudited
Salaries	254.0	234.6
Social security contributions	34.5	26.4
Other employee-related costs	11.5	10.3
Total	**300.0**	**271.3**

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

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

	for the 3 months ended	
	31 December 2022 unaudited	31 December 2021 unaudited
Interest on lease liabilities	(5.2)	(4.9)
Interest, net	24.6	2.1
Other foreign exchange gains/(losses), net	16.1	5.4
Other income/(costs)	(6.5)	1.6
Total	**29.0**	**4.2**

58. Finance costs, net

	for the 3 months ended	
	31 December 2022 unaudited	31 December 2021 unaudited
Interest expense on loans and borrowings	181.4	52.6
Interest expense on issued bonds	44.6	18.7
Valuation and realization of hedging instruments	(8.3)	1.0
Valuation and realization of derivatives not used in hedge accounting – relating to interest	13.9	(67.1)
Guarantee fess, bank and other charges	1.5	1.3
Total	**233.1**	**6.5**

Statement of the Management Board

Pursuant to the requirements of the Regulation of the Minister of Finance of March 29, 2018, on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognized as equivalent the Management Board of Cyfrowy Polsat S.A. in the persons of:

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

hereby makes the following statement:

a) to the best knowledge of the Management Board, the annual consolidated financial statements and the comparable data have been prepared in accordance with the applicable accounting principles and reflect in a true, reliable and clear manner the economic and financial position of Cyfrowy Polsat S.A. Capital Group and its financial results;

b) the Management Board's report on the operations of Cyfrowy Polsat S.A. Capital Group contains a true picture of the development and achievements of Cyfrowy Polsat S.A. Capital Group and its situation, including a description of key risks and threats.

At the same time, in view of the fact that on February 26, 2020 the Supervisory Board of Cyfrowy Polsat S.A. consented to extend the agreement and choose Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, for the performance of the audit of standalone financial statements of the Company and consolidated financial statements of Cyfrowy Polsat Capital Group for the financial years ended December 31, 2020, December 31, 2021 and December 31, 2022, the Management Board of Cyfrowy Polsat S.A., on the basis of the statement of the Supervisory Board of Cyfrowy Polsat S.A., informs that:

a) both the audit firm and the audit team members met the conditions to develop an impartial and independent report on the audit of annual consolidated financial statements in line with the mandatory legal provisions, standards of profession and rules of professional ethics;

b) Cyfrowy Polsat S.A. complies with the provisions on the rotation of the audit firm and the key auditor as well as mandatory cooling-off periods;

c) Cyfrowy Polsat S.A. has adopted a policy of selection of an audit company and the policy of provision to the issuer by an audit company, entities affiliated with that audit company or a member of their networks, of authorized non-audit services, including services exempted conditionally from the ban on provision of services by an audit company.

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

Warsaw, April 19, 2023

Statement of the Supervisory Board

Pursuant to the requirements of the Regulation of the Minister of Finance of March 29, 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognized as equivalent the Supervisory Board of Cyfrowy Polsat S.A. comprised of:

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

hereby makes the following representations:

I. Statement on the policy of selection of an auditing company

The Supervisory Board hereby states the following:

1) on February 26, 2020 it consented to extend the agreement and choose Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością Sp. k., with its registered office in Warsaw, for the performance of the audit of standalone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of Cyfrowy Polsat Group for the financial years ended December 31, 2020, December 31, 2021 and December 31, 2022, in compliance with the applicable regulations,
2) both the audit firm and the audit team members met the conditions to develop an impartial and independent report on the audit of annual financial statements in line with the mandatory legal provisions, standards of profession and rules of professional ethics,
3) Cyfrowy Polsat S.A. complies with the provisions on the rotation of the audit firm and the key auditor as well as mandatory cooling-off periods,
4) Cyfrowy Polsat S.A. has adopted a policy of selection of an audit company and the policy of provision to the issuer by an audit company, entities affiliated with that audit company or a member of their networks, of authorized non-audit services, including services exempted conditionally from the ban on provision of services by an audit company,
5) the requirements relating to the establishment, composition and functioning of the Audit Committee, including those relating to independence of the majority of its members as well as to knowledge and skills in the sector in which Cyfrowy Polsat S.A. operates as well as in accounting or auditing are fulfilled,
6) the Audit Committee has performed the tasks set forth in the mandatory legal provisions.

II. Assessment of the financial statements of Cyfrowy Polsat S.A., the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group, the report of the Management Board on the activities of Cyfrowy Polsat S.A. and the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2022

The Supervisory Board has examined and assessed the following documents:

1) the financial statements of Cyfrowy Polsat S.A. for the financial year ended December 31, 2022 prepared in accordance with International Financial Reporting Standards, including:

   a) the balance sheet as at December 31, 2022, showing total assets and total equity and liabilities of PLN 15,658.3 million,

   b) the income statement for the financial year ended December 31, 2022, showing net profit of PLN 1,248.6 million,

   c) the statement of comprehensive income for the financial year ended December 31, 2022, showing a total comprehensive income of PLN 1,258.5 million,

   d) the statement of changes in equity for the financial year ended December 31, 2022, showing an increase in equity of PLN 203.8 million,

   e) the cash flow statement for the financial year ended December 31, 2022, showing a net decrease in cash and cash equivalents amounting to PLN 1,814.1 million,

   f) notes to financial statements.

2) the report of the Management Board on the activities of Cyfrowy Polsat S.A. in the financial year 2022,

3) the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year ended December 31, 2022 prepared in accordance with International Financial reporting Standards, including:

   a) the consolidated balance sheet as at December 31, 2022, showing the balance sheet total of PLN 32,306.6 million,

   b) the consolidated income statement for the financial year ended December 31, 2022, showing net profit of PLN 901.1 million,

   c) the consolidated statement of comprehensive income for the financial year ended December 31, 2022, showing a total comprehensive income of PLN 936.9 million,

   d) consolidated statement of changes in equity for the financial year ended December 31, 2022, showing an increase in equity of PLN 426.2 million,

   e) consolidated cash flow statement for the financial year ended December 31, 2022, showing a net decrease in cash and cash equivalents amounting to PLN 2.820,6 million,

   f) notes to consolidated financial statements.

4) the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in the financial year ended December 31, 2022.

Having analyzed the above-mentioned documents and the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year ended December 31, 2022, and having acquainted itself with the information of the Audit Committee on the course and results of the examination of fairness of financial reporting in Cyfrowy Polsat S.A. Capital Group, the Supervisory Board hereby states that the information presented in the above mentioned statements reflects in an accurate and proper manner the operational and financial standing of Cyfrowy Polsat S.A. and Cyfrowy Polsat S.A. Capital Group.

Considering the above, the Supervisory Board hereby represents that:

- the financial statements of Cyfrowy Polsat S.A. for the financial year 2022,
- the report of the Management Board on the activities of Cyfrowy Polsat S.A. in the financial year 2022,
- the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year 2022,
- the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2022

have been drawn up in accordance with the books and documents as well as with the factual status and mandatory legal provisions.

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

Warsaw, April 19, 2023

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INDEPENDENT AUDITOR'S REPORT ON THE AUDIT

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

Audit report on the annual consolidated financial statements

Opinion

We have audited the annual consolidated financial statements of Cyfrowy Polsat S.A. Group (the 'Group'),for which the parent company is Cyfrowy Polsat S.A. (the 'Parent Company') located in Warsaw at Łubinowa 4A, which comprise the consolidated balance sheet as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity for the period from 1 January 2022 to 31 December 2022 and notes to the consolidated financial statements, including a summary of significant accounting policies (the 'consolidated financial statements').

In our opinion, the consolidated financial statements:

- give a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and its consolidated financial performance and its consolidated cash flows for the period from 1 January 2022 to 31 December 2022 in accordance with required applicable rules of International Financial Reporting Standards approved by the European Union and the adopted accounting policies,
- comply in respect of the form and content with laws applicable to the Group and the Parent Company's Statute.

The opinion is consistent with the additional report to the Audit Committee issued on 19 April 2023.

Basis for opinion

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

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

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

Key audit matters

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

Key audit matter	How our audit responded to this matter
<u>Revenue recognition and accounting</u> Revenues from sales of the Group for the year ended 31 December 2022 amounted to PLN 12,915.3 million. Revenue recognition was assessed as a key audit matter due to the fact that the accuracy of the revenue recognition is an inherent industry risk. This is because of the complexity of the billing and other IT systems, that process large volumes of data, combination of different products and services offered, including bundled offers. The Group also enters into significant agreements with other telecommunication companies as far as access to telecommunication network and wholesale is concerned. This requires specific attention due to complexity of contractual provisions and is interpreted for the purpose of revenue recognition as well as due to its value. Furthermore, the application of International Financial Reporting Standard *15 'Revenue from contracts with customers'* ('IFRS 15'), involves a number of key judgements and estimates, that are related among others to identification of the performance obligations, determination of the transaction price or identification of material rights. Taking into account the above, we considered revenue recognition and accounting as a key audit matter. *Reference to related disclosures in the consolidated financial statements* Disclosure related to applied accounting policies and key judgements related to revenue recognition are included in note 6 'Accounting	In the course of performed audit procedures, we have documented our assessment of Group's accounting policies in regards to revenue recognition and accounting in accordance with IFRS 15 and related key judgements and estimates applied by the Company's Management. Additionally, our procedures included, among others: • understanding of the processes of revenue recognition, as well as identification and assessment of key controls mechanisms; • testing of controls over revenue related processes; • evaluation of relevant IT systems, including testing of controls in place, engaging our IT audit experts, which included manage changes as well as logical access controls in IT systems used in the revenue recognition processes; • analysis of contractual provisions terms and understanding of the nature and key contractual terms of concluded contracts; • analytical procedures, including analysis of monthly trends and data for significant revenue streams versus budgets and forecasts; • reconciliation of balances of contract assets, contract costs and contract liabilities to source documentation; • substantive testing on sample of agreements and invoices for customers in respect of revenue recognition and verification of payments received. We also assessed the adequacy of the Company's disclosures in respect of the revenue recognition and accounting in the consolidated financial statements.

and consolidation policies' to the consolidated financial statements.

Disclosures on revenue are included in note 9 'Revenue' to the consolidated financial statements. Disclosure on contract cost is included in note 24 'Deferred distribution fees' to the consolidated financial statements.

<u>Non-current assets (including goodwill) impairment analysis</u>

As at 31 December 2022 the Group presents non-current assets in the amount of PLN 25,775.3 million, including goodwill of PLN 10,818.1 million, which constitute 79.8% and 33,5% of total assets respectively.

Under requirements of International Accounting Standard 36 *'Impairment of assets'* ('IAS 36'), the Group tested the amount of non current assets, including goodwill.

For the purpose of impairment tests the Company's Management used certain judgements and assumptions in determining the recoverable amount such as:

- identification of cash generating units ('CGU') and allocation of goodwill to these cash generating units;
- continuance of current and expected market and economics conditions;
- expected revenue and costs levels;
- planned CAPEX;
- discount rate;
- terminal growth rate used for estimating the cash flows beyond the period of financial plans.

This matter was considered key audit matter from the consolidated financial statements perspective, due to the following:

- significance of the non-current assets;
- intangible nature of significant part of the these assets;
- significance of the impact of Company's Management judgement necessary to establish the carrying amounts of non-current assets based on discounted cash flows, which are generally uncertain.

Reference to related disclosures in the consolidated financial statements

Our audit procedures in relation to the described key audit matter, included among others:

- understanding and assessment of the accounting policies and procedures applied (including internal control environment) in the area of assessment of impairment indicators, identification of the events indicating the impairment as well as impairment tests;
- understanding and assessment of the judgements and estimates used by the Company's Management in relation to grouping the assets within CGUs and goodwill allocation;
- assessment, with involvement of the valuation specialists, of assumptions and estimates made by the Company's Management and used for the purposes of defining the recoverable amount, including:
  - applied future key macroeconomic assumptions (including: discount rate, forecasted growth rate) by benchmarking to market data and observable external data,
  - assumptions applied to determine the cash flows;
  - assumptions applied for establishing terminal values i.e. cash flows and interest rate after the forecast period;
- verification of mathematical accuracy of the model to determine the residual value;
- analysis and inquiries of the financial personnel and Company's Management about historical accuracy of assumptions made, including validity and applicability of these key assumptions;
- analysis of information from external sources such as industry press in reference to potential risks related to realization of the assumptions made by the Company's Management;

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Disclosure related to applied accounting policies and key judgements related to the impairment of assets are included in note 6 'Accounting and consolidation policies' to the consolidated financial statements.

Disclosures related to key estimates and assumptions, including sensitivity analysis as well as results of impairments tests of assets, goodwill and intangible assets with indefinite useful life, which were prepared by the Company's Management, are included in note 19 'Impairment test (including goodwill and intangible assets with indefinite useful life)' and in the note 52 'Judgments, financial estimates and assumptions' to the consolidated financial statements.

- reconciliation of the source data being the basis for the impairment test models and assessment of impairment indicators based on forecasts and budgets;
- assessing the sensitivity analysis of the models prepared by the Company's Management to changes in significant assumptions.

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

Settlement of the acquisition of the subsidiary Port Praski Sp. z o.o. ("Port Praski")

As described in note 39. 'Acquisition of subsidiaries' to the consolidated financial statements, on 1 April 2022 the Group acquired 66.94% of shares in the Port Praski entity, taking control over this entity. The remuneration for the acquired shares amounted to PLN 553.7 million. The Port Praski is important from the point of view of the Real Estate segment, and the settlement of the acquisition required the Management Board of the Parent Company to apply judgment regarding the acquisition of a business, not a group of assets, and consequently to make estimates regarding the identification and determination of the fair value of the acquired assets and liabilities at the time of acquisition and judgments related to deferred tax.

As a result of the identification and measurement of acquired assets and liabilities, the major net assets recognized by the Group as at 1 April 2022 are investment property in the amount of PLN 761.8 million, inventories in the amount of PLN 484.2 million and deferred tax liabilities in the amount of PLN 353.4 million.

We considered the acquisition of Port Praski to be a key audit matter due to the materiality of the assets reported in this respect for the Real Estate segment as at 31 December 2022, as well as the element of judgment related to the determination of the acquisition of the business and estimates related to the valuation of the acquired assets and liabilities.

As part of the audit of the Group's consolidated financial statements, with respect to the settlement of acquisitions, we performed, among others, the following procedures:

- understanding the business aspects of the transaction through discussions with the Management Board of the Parent Company and analysis of the share purchase agreement;
- discussion with the Management Board of the Parent Company of the requirements of International Financial Reporting Standard 3 'Business Combinations' ('IFRS 3'), including judgments made as to the acquisition of a business rather than a group of assets, as well as judgments regarding the determination of deferred tax in connection with the investment in Port Praski;
- obtaining and analysing the report of an advisor supporting the Management Board of the Parent Company in the process of settling the acquisition of the business, including identification and valuation of assets;
- understanding the process of identifying assets and liabilities and the key assumptions used to determine the fair value of these assets at the transaction date identified as part of the settlement of the acquisition;
- engaging our in-house valuation specialists to review the methodology for the valuation of assets of Port Praski;

The disclosure regarding the settlement of the acquisition is included in note 39. 'Acquisition of subsidiaries' to the consolidated financial statements.

- assessment of the recognition of the transaction as at the date of its execution and for the period from the date of the transaction to 31 December 2022 including the recognition of the net asset value attributable to non-controlling shareholders and the result attributable to them in the consolidated financial statements.

We also assessed the completeness and adequacy of the disclosures made in accordance with the requirements set out in IFRS 3 in connection with the acquisition of the Port Praski.

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

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

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

The Company's Management and the members of the Company's Supervisory Board are required to ensure that the consolidated financial statements meet the requirements of the Accounting Act dated 29 September 1994 (the 'Accounting Act'). The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the consolidated financial statements

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

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

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

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

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

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

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

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

Other information, including the Directors' Report

The other information comprises the consolidated management report of the Group for the period from 1 January 2022 to 31 December 2022 („Directors' Report") together with the consolidated statement on corporate governance, which is a separate section of the Directors' Report and other elements of the consolidated annual report for the year ended 31 December 2022, other than the consolidated financial statements and the auditor's reports thereon (together "Other information").

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

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

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

Auditor's responsibilities

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

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

Opinion on the Directors' Report

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

- has been prepared in accordance with the article 49 of the Accounting Act and paragraph 71 of the Decree of the Minister of Finance dated 29 March 2018 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (the 'Decree on current and periodic information'),
- is consistent with the information contained in the consolidated financial statements.

Opinion on the corporate governance statement

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

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

Information on non-financial information

In accordance with the requirements of the Act on Statutory Auditors, we inform that the Parent Company has included in Directors' Report information on the preparation of a separate consolidated report on non-financial information, referred to in art. 55 par. 2c of the Accounting Act and that the Parent Company has prepared the separate report.

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

Statement on Other information

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

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

Report on other legal and regulatory requirements

Opinion on the compliance of marking up of the consolidated financial statements prepared in the single electronic reporting format with the requirements of the regulation on technical standards on the specification of a single electronic reporting format

As part of our audit of the consolidated financial statements we were engaged to perform a reasonable assurance engagement to express an opinion on whether the consolidated financial statements of the Group as at and for the year ended 31 December 2022, prepared in the single electronic reporting format, included in the file named „GK CP skonsolidowane SF FY2022_PL.zip" ('consolidated financial statements in ESEF format'), was marked up in accordance with the requirements stipulated in the Commission Delegated Regulation (EU) of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the 'ESEF Regulations').

Identification of the applicable criteria and description of the subject matter

The consolidated financial statements in ESEF format were prepared by the Company's Management in order to meet the tagging requirements and technical requirements of a single electronic reporting format which are specified in the ESEF Regulations.

The subject matter of our assurance engagement is the compliance of marking up of consolidated financial statements in ESEF format with the requirements of the ESEF Regulations, while the requirements specified in these regulations represent, in our opinion, applicable criteria for us to express an opinion.

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

The Company's Management is responsible for the preparation of the consolidated financial statements in ESEF format in accordance with the tagging requirements and technical requirements of a single electronic reporting format which are specified in the ESEF Regulations. Such responsibility includes the selection and application of appropriate XBRL tags using the taxonomy specified in these regulations.

The responsibility of Management also includes the design, implementation and maintenance of such internal control as Management determines is necessary to enable the preparation of the consolidated financial statements in ESEF format that are free from any material incompliances with the ESEF Regulations.

The members of the Company's Supervisory Board are responsible for overseeing the Company's financial reporting process, which include also the preparation of financial statements in the format required by applicable regulations.

Auditor's responsibilities

Our objective is to express an opinion, based on the performed reasonable assurance engagement, that the consolidated financial statements in ESEF format have been tagged in accordance with ESEF Regulations.

We have performed our assurance engagement in accordance with the National Standard on Assurance Engagements Other than Audit and Review 3001 PL on audit of financial statement prepared in the single electronic reporting format ('NSAE 3001PL') and when applicable in accordance with National Standard on Assurance Engagements Other than Audit and Review 3000

(R) in the form of the International Standard on Assurance Engagements 3000 (revised) – 'Assurance Engagements Other than Audits or Reviews of Historical Financial Information' ('NSAE 3000 (R)').

The standard requires us to design and perform procedures to obtain reasonable assurance that the consolidated financial statements in ESEF format have been prepared in accordance with the applicable criteria.

Reasonable assurance is a high level of assurance, but it is not a guarantee that the assurance engagement conducted in accordance with NSAE 3001PL and, when appropriate, in accordance with NSAE 3000 (R), will always detect material misstatement when it exists.

The selection of procedures depends on the auditor's professional judgment, including the auditor's assessment of risks of material misstatements, whether due to fraud or error. When performing risk assessment the auditor takes account of internal controls related to preparation of the consolidated financial statements in ESEF format, to design procedures responsive to those risks in order to obtain evidence that is sufficient and appropriate. The assessment of internal control was not performed for the purpose of expressing an opinion on its operational effectiveness.

Summary of work performed

Procedures that were designed and performed by us included among others:

- obtaining an understanding of the process of preparation of the consolidated financial statements in ESEF format, including the process of selection and application of XBRL markups and maintaining compliance with the ESEF Regulations;
- reconciling the tagged information in consolidated financial statements in ESEF format to the audited consolidated financial statements;
- assessment of the compliance with the technical standards on the specification of a single electronic reporting format with the use of specialistic IT tools;
- assessment of the completeness of tagging of information in the consolidated financial statements in ESEF format with XBRL tags with the use of specialistic IT tools;
- assessment whether XBRL tags from the taxonomy specified by the ESEF Regulations have been applied appropriately and whether extension taxonomy elements have been used when there are no appropriate elements in the core taxonomy specified in the ESEF Regulations;
- evaluating of the anchoring of the extension taxonomy elements to the core taxonomy elements specified by the ESEF Regulations.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the compliance of marking up with ESEF Regulations.

Ethical requirements, including independence

While performing the assurance engagement, the key statutory auditor and the audit firm have complied with the independence and other ethical requirements as specified by the IESBA Code. The IESBA Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. We have also complied with other independence and ethical requirements applicable to this assurance engagement in Poland.

Quality control requirements

The audit firm applies national quality control standards in the form of International Standard on Quality Control 1 – 'Quality Control for Firms that Perform Audits and Reviews of Financial Statements and other Assurance and Related Services Engagements' as adopted by a resolution of the National Council of Certified Auditors ('NSQC').

In accordance with NSQC, the audit firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Opinion on compliance with the ESEF Regulations

Our opinion has been formed on the basis of the matters outlined in this report and therefore should be read in conjunction with these matters.

In our opinion, the consolidated financial statements in ESEF format have been marked up, in all material respects, in accordance with the requirements of the ESEF Regulations.

Statement on the provision of non-audit services

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

Appointment of the audit firm

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

Warsaw, 19 April 2023

Key Certified Auditor

Anna Sirocka

certified auditor

no in the register: 9626

on behalf of:

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

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