



**Report of the Management Board
on the activities
of Cyfrowy Polsat S.A. Capital Group
for the three-month period ended
September 30, 2021**

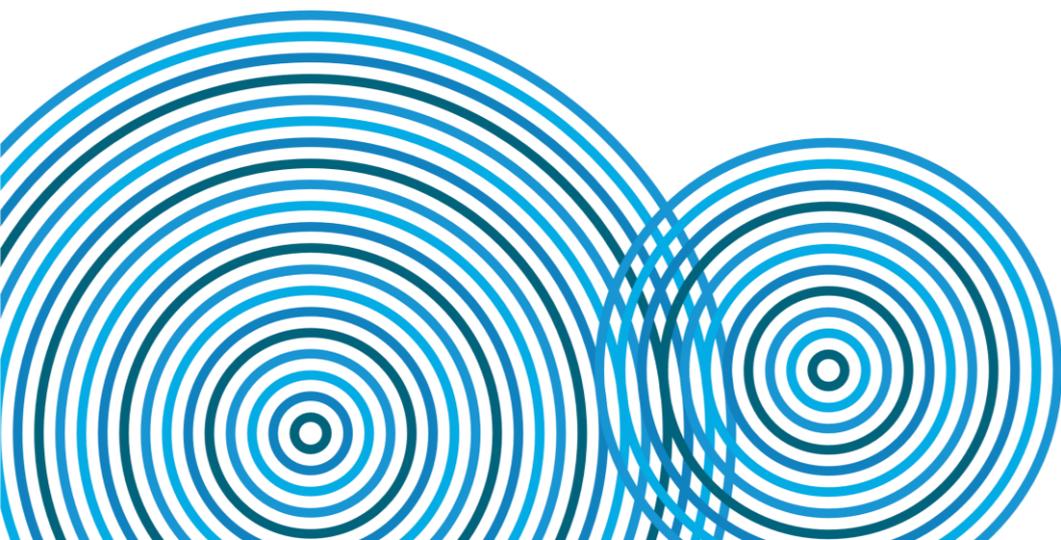


Table of Contents

Polsat Plus Group at a glance	3
Our mission and main strategic goals	4
Disclaimers	5
Financial data overview	6
1. Characteristics of Polsat Plus Group	10
1.1. Who we are	10
1.2. Composition and structure of Polsat Plus Group	11
1.3. B2C and B2B services segment	16
1.4. Media segment: television and online	20
1.5. Shareholders with qualifying holdings of shares of Cyfrowy Polsat	26
1.6. Shares of Cyfrowy Polsat held by Members of the Management Board and the Supervisory Board	28
2. Significant events	29
2.1. Corporate events	29
2.2. Business related events	32
3. Operating and financial review of Polsat Plus Group	37
3.1. Operating review of the Group	37
3.1.1. B2C and B2B services segment	39
3.1.2. Media segment: television and online	41
3.2. Review of the Group's financial situation	46
3.2.1. Income statement analysis	47
3.2.2. Operating segments	55
3.2.3. Balance sheet analysis	58
3.2.4. Cash flow analysis	62
3.2.5. Liquidity and capital resources	64
3.2.6. Information on guarantees granted by the Company or subsidiaries	67
4. Other significant information	70
4.1. Transactions concluded with related parties on conditions other than market conditions	70
4.2. Discussion of the difference of the Company's results to published forecasts	70
4.3. Material proceedings at the court, arbitration body or public authorities	70
4.4. Factors that may impact our operating activities and financial results	73
4.4.1. Estimated impact of COVID-19 on operations and financial results of the Group	73
4.4.2. Factors related to social-economic environment	74
4.4.3. Factors related to the operations of the Group	81
4.4.4. Factors related to the regulatory environment	86
4.4.5. Financial factors	89
Glossary	91

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 one of the leading satellite platforms in Europe – and our subsidiary Netia. We offer our customers access to about 150 TV channels broadcast in satellite, terrestrial and internet (IPTV, OTT) technologies as well as additional 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 our subsidiary Polkomtel – one of Poland's leading telecommunications operators, and fixed-line telecommunication services mainly through our subsidiary Netia;
- mobile broadband internet, offered mainly under the Plus brand. We provide these services in the state-of-the-art LTE, LTE Advanced and 5G technologies. We offer the largest LTE coverage and the first commercial, and concurrently the largest and fastest 5G network in Poland, thanks to which our customers enjoy the best quality of services;
- fixed-line broadband internet, offered under Netia and Plus brands based on the infrastructure of our subsidiary Netia whose own access networks reach approximately 2.8 million homes passed in ca. 180 Polish locations as well as based on access to networks of other fixed-line operators.
- broadcasting and television production through Telewizja Polsat, the leading commercial TV broadcaster on the Polish market, offering 39 popular TV channels, including our main channel POLSAT, one of the leading FTA channels in Poland;
- internet media through the portal Interia.pl, one of the three largest horizontal portals in Poland and a member of our Group, as well as a number of thematic portals;
- wholesale services to other operators, including, i.a., network interconnection, IP and voice traffic transit, lease of lines, and national and international roaming services.

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

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

Our mission and main strategic goals

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

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

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

- growth of revenue from services provided to individual and business customers through consistent building of our customer base value by maximizing the number of users of our services as well as the number of services offered to each customer, while simultaneously increasing average revenue per user (ARPU) and maintaining high levels of customer satisfaction,
- use of opportunities arising from the advancing technological changes and market opportunities in order to expand the scope of our products and services,
- growth of revenue from produced and purchased video content by expanding its distribution, including a search for new channels of exploitation of rights, maintaining the audience shares of channels produced by us and steady building of our viewer profile,
- effective management of the cost base of our integrated media and telecommunications group by exploiting its inherent synergies and economies of scale, and
- effective management of the Group's finances, including its capital resources.

Disclaimers

This constitutes the report of Cyfrowy Polsat Capital Group S.A. (the "Report") prepared as required by Article 60 sections 1 and 2 and Article 66 of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information to be submitted by issuers of securities, and the conditions for recognizing equivalence of information required under non-member states regulations.

Presentation of financial data and other information

References to the Company or Cyfrowy Polsat contained in this Management Board's report on the activities of Polsat Plus Group (hereafter "Report") apply to Cyfrowy Polsat S.A., while all references to the Group, Polsat Plus Group or the Capital Group apply to Cyfrowy Polsat S.A. and its consolidated subsidiaries. Expressions such as "we," "us," "our" and similar apply generally to the Group, unless it is clear from the context that they apply only to the Company. A glossary of terms used in this document is presented at the end of this Report.

This Report contains financial statements and financial information relating to the Company and the Group. In particular, this Report contains our condensed financial statements for the nine-month period ended September 30, 2021, prepared in accordance with International Financial Reporting Standards as approved for use in the European Union ("IFRS") and are presented in millions of zlotys. The financial statements attached to this Report have not been audited by an independent auditor.

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

Forward-looking statements

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

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

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

Industry and market data

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

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

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

Financial data overview

The following tables set out selected consolidated financial data for the three- and nine-month periods ended September 30, 2021 and September 30, 2020. This information should be read in conjunction with the consolidated financial statements for the nine-month period ended September 30, 2021 (including notes thereto) constituting part of this Report and the information included in item 3 of this Report – *Operating and financial review of Polsat Plus Group*.

Selected financial data:

- from the consolidated income statement for the three-month periods ended September 30, 2021 and September 30, 2020 have been converted into euro at a rate of PLN 4.5665 per EUR 1, (average exchange rate in the third quarter of 2021 announced by the National Bank of Poland - NBP);
- from the consolidated income statement and the consolidated cash flow statement for the nine-month periods ended September 30, 2021 and September 30, 2020 have been converted into euro at a rate of PLN 4.5495 per EUR 1.00, (average exchange rate in the period from January 1, 2021 to September 30, 2021 announced by the NBP);
- from the consolidated balance sheet data as at September 30, 2021 and December 31, 2020 have been converted into euro at a rate of PLN 4.6329 per EUR 1 (average exchange rate on September 30, 2021 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 nine-month periods ended September 30, 2021 and September 30, 2020 are not fully comparable due to acquisitions and changes to the Group's structure in the period from January 1, 2020 to September 30, 2021, 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 in item 1.2 of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2020.

Consolidated income statement

	for the three-month period ended September 30				for the nine-month period ended September 30			
	2021		2020		2021		2020	
	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR
Revenue	3,031.9	663.9	3,003.5	657.7	9,179.0	2,017.6	8,714.7	1,915.5
Retail revenue	1,707.4	373.9	1,623.8	355.5	5,036.3	1,107.0	4,820.3	1,059.5
Wholesale revenue	827.1	181.1	856.6	187.6	2,672.0	587.3	2,482.8	545.7
Sale of equipment	359.1	78.6	433.7	95.0	1,042.2	229.1	1,172.3	257.7
Other sales revenue	138.3	30.3	89.4	19.6	428.5	94.2	239.3	52.6
Total operating cost	(2,595.9)	(568.4)	(2,494.8)	(546.3)	(7,494.9)	(1,647.4)	(7,342.5)	(1,613.9)
Technical costs and cost of settlements with telecommunication operators	(790.3)	(173.1)	(609.0)	(133.3)	(2,048.0)	(450.1)	(1,845.9)	(405.7)
Depreciation, amortization, impairment and liquidation	(463.6)	(101.5)	(573.0)	(125.5)	(1,442.0)	(317.0)	(1,703.4)	(374.4)
Cost of equipment sold	(297.6)	(65.2)	(361.6)	(79.2)	(863.5)	(189.8)	(978.7)	(215.1)
Content costs	(426.9)	(93.5)	(396.7)	(86.9)	(1,295.5)	(284.8)	(1,154.4)	(253.8)
Distribution, marketing, customer relation management and retention costs	(280.6)	(61.4)	(247.4)	(54.2)	(740.2)	(162.7)	(703.8)	(154.7)
Salaries and employee-related costs	(210.8)	(46.2)	(208.0)	(45.5)	(675.6)	(148.5)	(640.1)	(140.7)
Cost of debt collection services and bad debt allowance and receivables written off	(30.4)	(6.6)	(22.8)	(5.0)	(82.9)	(18.2)	(103.7)	(22.8)
Other costs	(95.7)	(20.9)	(76.3)	(16.7)	(347.2)	(76.3)	(212.5)	(46.7)
Gain on disposal of a subsidiary	3,690.8	808.2	-	-	3,690.8	811.3	-	-
Other operating income/(cost), net	4.6	1.0	(2.8)	(0.6)	1.7	0.3	(10.0)	(2.2)
Profit from operating activities	4,131.4	904.7	505.9	110.8	5,376.6	1,181.8	1,362.2	299.4
Loss on investment activities, net	(16.5)	(3.6)	(26.2)	(5.7)	(31.1)	(6.8)	(101.6)	(22.3)
Financial costs, net	(54.7)	(12.0)	(66.6)	(14.6)	(172.3)	(37.9)	(268.1)	(58.9)
Share of the profit of associates accounted for using the equity method	22.5	4.9	13.5	2.9	64.0	14.1	47.6	10.4
Gross profit for the period	4,082.7	894.0	426.6	93.4	5,237.2	1,151.2	1,040.1	228.6
Income tax	(934.0)	(204.5)	(81.6)	(17.9)	(1,156.4)	(254.2)	(220.6)	(48.5)
Net profit for the period	3,148.7	689.5	345.0	75.5	4,080.8	897.0	819.5	180.1
Net profit attributable to equity holders of the Parent	3,142.4	688.1	345.9	75.7	4,071.3	894.9	816.7	179.5

	for the three-month period ended September 30				for the nine-month period ended September 30			
	2021		2020		2021		2020	
	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR
Net profit/(loss) attributable to non-controlling interest	6.3	1.4	(0.9)	(0.2)	9.5	2.1	2.8	0.6
Basic and diluted earnings per share in PLN (not in millions)	4.92	1.08	0.54	0.12	6.38	1.40	1.28	0.28
Weighted number of issued shares (not in millions)	639,546,016		639,546,016		639,546,016		639,546,016	
EBITDA⁽¹⁾	4,595.0	1,006.2	1,078.9	236.3	6,818.6	1,498.8	3,065.6	673.8
EBITDA margin	151.6%	151.6%	35.9%	35.9%	74.3%	74.3%	35.2%	35.2%
COVID-related costs (incl. donations)	-	-	(3.3)	(0.7)	-	-	(44.8)	(9.9)
One-off gain on disposal of Polkomtel Infrastruktura	3,690.8	808.2	-	-	3,690.8	811.3	-	-
adjusted EBITDA⁽²⁾	904.2	198.0	1,082.2	237.0	3,127.8	687.5	3,110.4	683.7
adjusted EBITDA margin	29.8%	29.8%	36.0%	36.0%	34.1%	34.1%	35.7%	35.7%
EBITDA result of Polkomtel Infrastruktura	-	-	170.4	37.3	366.9	80.6	494.8	108.8
EBITDA adjusted excluding the result of Polkomtel Infrastruktura	904.2	198.0	911.8	199.7	2,760.9	606.9	2,615.6	574.9
EBITDA adjusted margin excluding the result of Polkomtel Infrastruktura	29.8%	29.8%	30.4%	30.4%	30.1%	30.1%	30.0%	30.0%
Operating margin	136.3%	136.3%	16.8%	16.8%	58.6%	58.6%	15.6%	15.6%

(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 one-off gain on disposal of shares in our subsidiary Polkomtel Infrastruktura Sp. z o.o. (currently Towerlink Poland Sp. z o.o.) in Q3 2021 as well as costs related to the COVID-19 epidemic, including donations, incurred in 2020.

Consolidated cash flow statement

	for the nine-month period ended September 30			
	2021		2021	
	mPLN	mEUR	mPLN	mEUR
Net cash from operating activities	2,442.7	536.9	2,223.1	488.6
Net cash used in investing activities	4,646.0	1,021.2	(1,361.0)	(299.2)
<i>incl. capital expenditures⁽¹⁾</i>	<i>(901.8)</i>	<i>(198.2)</i>	<i>(787.7)</i>	<i>(173.1)</i>
Net cash used in financing activities	(981.5)	(215.7)	(453.3)	(99.6)
Net increase/(decrease) in cash and cash equivalents	6,107.2	1,342.4	408.8	89.8

- (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

	September 30, 2021		December 31, 2020	
	mPLN	mEUR	mPLN	mEUR
Cash and cash equivalents ⁽¹⁾	7,472.3	1,612.9	1,365.8	294.8
Assets	35,967.4	7,763.5	33,115.0	7,147.8
Non-current liabilities	11,660.0	2,516.8	13,414.4	2,895.5
Non-current financial liabilities	10,461.0	2,258.0	11,987.5	2,587.5
Current liabilities	6,803.2	1,468.5	5,274.4	1,138.5
Current financial liabilities	2,160.5	466.3	1,224.2	264.2
Equity	17,504.2	3,778.2	14,426.2	3,113.9
Share capital	25.6	5.5	25.6	5.5

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

1. Characteristics of Polsat Plus Group

1.1. Who we are

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

Our mission is to create and deliver the most attractive TV and internet content, telecommunications products and other services for the home as well as for individual and business customers, using state-of-the-art technologies, to provide top quality multiplay services that match the changing needs of our customers while maintaining the highest possible level of their satisfaction. We are guided by the principle "For everyone. Everywhere" and we aim to satisfy every customer's needs with our products and services 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.

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

In the B2C and B2B services segment we provide the following services: satellite and internet television, mobile and fixed-line internet access, video online, mobile and fixed-line telephony services, wholesale services for other telecommunications operators as well as sales of telecommunications equipment and production of set-top boxes and sales of photovoltaic installations. At the end of September 2021 we had ca. 6.1 million B2B and B2C contract customers and companies from our Group provided a total of over 20 million active services.

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

1.2. Composition and structure of Polsat Plus Group

The following table presents the organizational structure of Polsat Plus Group as at September 30, 2021 and December 31, 2020, indicating the consolidation method.

Company	Registered office	Activity	Share in voting rights (%) as at	
			September 30, 2021	December 31, 2020
B2C and B2B services segment				
Parent Company				
Cyfrowy Polsat S.A.	Łubinowa 4a, 03-878 Warsaw	radio, TV and telecommunication activities	n/a	n/a
Subsidiaries consolidated using the full consolidation method				
Polkomtel Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	100%	100%
Towerlink Poland Sp. z o.o. (formerly Polkomtel Infrastruktura Sp. z o.o.)	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	-	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%	-
Visignio Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	sales network management	100%	-
Saveadvisor Sp. z o.o.	Warszawska 18, 35-205 Rzeszów	call center services	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%
Aero 2 Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	100%	100%
Sferia S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	51%	51%
Teleaudio Dwa Sp. z o.o. Sp.k.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	call center and premium-rate services	100%	100%
Coltex ST Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	telecommunication activities	-	100%
Netia S.A.	Poleczki 13, 02-822 Warsaw	telecommunication activities	99.999%	65.98%
Netia 2 Sp. z o.o.	Poleczki 13, 02-822 Warsaw	telecommunication activities	99.999%	65.98%
TK Telekom Sp. z o.o.	Kijowska 10/12A, 03-743 Warsaw	telecommunication activities	99.999%	65.98%
Petrotel Sp. z o.o.	Chemików 7, 09-411 Płock	telecommunication activities	99.999%	65.98%
ISTS Sp. z o.o.	Bociana 4A / 68A, 31-231 Cracow	wired communication	99.999%	65.98%

Company	Registered office	Activity	Share in voting rights (%) as at	
			September 30, 2021	December 31, 2020
IST Sp. z o.o.	Księcia Janusza I 3, 18-400 Łomża	wired communication	99.999%	65.98%
Logitus Sp. z o.o.	Orzechowa 5, 80-175 Gdańsk	wired communication	99.999%	-
Market Software Sp. z o.o.	Startowa 11D, 80-461 Gdańsk	wired communication	99.999%	-
TVO Sp. z o.o.	Kielecka 5, 81-303 Gdynia	retail sales	75.96%	75.96%
Pure Omni Wework Sp. z o.o. S.k.	Kielecka 5, 81-303 Gdynia	retail sales	-	75.96%
Wework Sp. z o.o.	Kielecka 5, 81-303 Gdynia	administrative services	-	75.96%
Plus Finanse Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other monetary intermediation	100%	100%
Plus Pay Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	monetary intermediation	100%	100%
Esoleo Sp. z o.o.	Al. Wyścigowa 6, 02-681 Warsaw	technical services	51.25%	51.25%
Alledo Express Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	rental services	51.25%	51.25%
Alledo Parts Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	wholesale	26.14%	26.14%
Alledo Parts Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	wholesale	26.40%	26.40%
Alledo Setup Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	technical services	51.25%	51.25%
Alledo Setup Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	technical services	51.25%	51.25%
CPSPV1 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	100%	100%
CPSPV2 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	100%	100%
TM Rental Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	intellectual property rights rental	100%	100%
Orsen Holding Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Orsen Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Dwa Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	holding activities	100%	100%
IB 1 FIZAN	Mokotowska 49, 00-542 Warsaw	finance activities	(1)	(1)
Altalog Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software	66%	66%
Plus Flota Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	management and rental services	100%	100%
MESE Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	movie and TV production	100%	100%

Company	Registered office	Activity	Share in voting rights (%) as at	
			September 30, 2021	December 31, 2020
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%
TMS Ossa Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	Hotel activities	100%	-
Horest, Hotel pod Żaglami Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	Tourism activities	100%	-
Subsidiaries consolidated using the equity method				
Premium Mobile Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	-	24.47%
Vindix S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	46.27%	46.27%
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	22.95%	22.95%
eObuwie.pl S.A.	Nowy Kisielin-Nowa 9, 66-002 Zielona Góra	retail sales	10%	-
Media segment: television and online				
Subsidiaries consolidated using the full consolidation method				
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	television broadcasting and production	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat License Ltd.	Alte Landstrasse 17, 8863 Buttikon, Switzerland	media	100%	100%
Polsat Investments Ltd. (formerly Polsat Brands AG)	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 61 A, 04-028 Warsaw	media	100%	100%
Music TV Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Lemon Records Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Eleven Sports Network Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw	media	99.99%	99.99%
Superstacja Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
TV Spektrum Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Grupa Interia.pl Sp. z o.o.	Os. Teatralne 9a, 31-946 Cracow	holding activities	100%	100%

Company	Registered office	Activity	Share in voting rights (%) as at	
			September 30, 2021	December 31, 2020
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 Wrocław	cooperation with artists and presenters	100%	-

Subsidiaries consolidated using the equity method

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

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

Additionally, the following entities were included in the consolidated financial statements for the nine-month period ended September 30, 2021:

Company	Registered office	Activity	Share in voting rights (%) as at	
			September 30, 2021	December 31, 2020
Karpacka Telewizja Kablowa Sp. z o.o. ⁽¹⁾	Warszawska 220, 26-600 Radom	dormant	99%	99%
Polskie Badania internetu Sp. z o.o.	Al. Jerozolimskie 65/79, 00-697 Warsaw	web portals activities	21.43% ⁽²⁾	21.43% ⁽²⁾
InPlus Sp. z o.o.	Wilczyńskiego 5E lok. 216, 10-686 Olsztyn	complex servicing of investment process	-	1.5%
Pluszak Sp. z o.o.	Domaniewska 47, 02-672 Warsaw	retail sales	9%	9%
Exion Hydrogen Polskie Elektrolizery Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	production of electrical equipment	10%	-
Towerlink Poland Sp. z o.o. (formerly Polkomtel Infrastruktura Sp. z o.o.)	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	0.01%	-

(1) Investment accounted for at cost less any accumulated impairment losses.

(2) Not material and therefore not included into the valuation using the equity method.

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

From January 1, 2021 until the date of publication of this Report, i.e. November 9, 2021 the following changes were implemented in the structure of Polsat Plus Group. These changes are the effect of acquisitions and the systematically executed process of steady optimization of the capital structure of the Group. The changes in the Group's structure entail, among other things, improved efficiency of financial management on the consolidated level through the simplification and streamlining of intragroup financial flows and the elimination of redundant costs.

Date	Description
B2C and B2B services segment	
March 8, 2021	Acquisition of additional 0.03% of shares in Netia S.A. following the tender offer.
March 19, 2021	Merger of TVO Sp. z o.o. (the acquirer) with Pure Omni Wework Sp. z o.o. S.k. and Wework Sp. z o.o. (the acquirees).
April 15-20, 2021	Acquisition of additional 3.40% of shares in Netia S.A.
April 23, 2021	Acquisition of 10% of shares in PLCOM Sp. z o.o.
April 30, 2021	Merger of Liberty Poland S.A. (the acquirer) with Coltex ST Sp. z o.o. (the acquiree).
May 19, 2021	Acquisition of additional 0.02% of shares in Netia S.A.
May 31, 2021	Registration of a change of the company name from PLCOM So. z o.o. to Exion Hydrogen Polskie Elektrolizery Sp. z o.o.
June 22, 2021	Acquisition of 10% of shares in eObuwie.pl S.A.
June 23, 2021	Acquisition of additional 4.87% of shares in Netia.
July 2, 2021	Acquisition of additional 28.01% of shares in Premium Mobile by Polkomtel.
July 6, 2021	Acquisition of additional 23.54% of shares in Netia.
July 8, 2021	Disposal of 99.99% of shares in Polkomtel Infrastruktura.Sp. z o.o.
July 9, 2021	Acquisition of additional 53.69% of shares in Premium Mobile by Polkomtel.
July 29, 2021	Acquisition of 100% of shares in Logitus Sp. z o.o. by Netia.
August 6, 2021	Acquisition of 2.18% of shares in Netia S.A. following a compulsory buyout.
August 6, 2021	Acquisition of 100% of shares in TMS Ossa Sp. z o.o. by Polkomtel.
August 6, 2021	Acquisition of 100% of shares in Horest, Hotel pod Żaglami Sp. z o.o. by Polkomtel.
August 11, 2021	Sale of all shares held by Altalog in InPlus Sp. z o.o.
Media segment: television and online	
April 20, 2021	Acquisition of 24% of shares in Polsat Boxing Promotion Sp. z o.o. by Telewizja Polsat.
May 18, 2021	Establishment of Polsat Talenty Sp. z o.o.
June 9, 2021	Registration of a change of the company name from Polsat Brands AG. to Polsat Investments Ltd.

1.3. B2C and B2B services segment

Pay TV

We are the largest pay TV provider in Poland and one of the leading satellite platforms in Europe in terms of the number of customers. Since 2006, we are the leader on the Polish market in terms of the number of active services, as well as market share. We actively expand our pay TV offer by adding both new forms of service provisioning (IPTV and OTT) and additional services which build customer value, such as Multiroom, VOD or paid video online subscriptions. As at September 30, 2021, we provided 5.4 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 under the Polsat Box brand. 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 150 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 online 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.

Furthermore, our subsidiary Netia provides IPTV services under its own brand. Currently, Netia's offering includes approximately 220 channels and the number of customers of Netia's TV services exceeds currently 300 thousand.

Online video

Our VOD and online television services and apps – Polsat Box Go and Polsat Go – offer viewers an extensive selection of online content which can be accessed in one place, at any time and on a device of their choice. Starting from September 2021, Polsat Box Go substituted our popular services IPLA and Cyfrowy Polsat Go. In turn, Polsat Go is a new service operating since August 2021.

Polsat Box Go offers content produced by the Group and external broadcasters, including over 100 TV channels, sports, movies, series, entertainment, news and cartoons, in a subscription-based model without commercials. In turn, Polsat Go offers its viewers free of charge content from various Telewizja Polsat channels, including among others popular films, series and entertainment 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 September 30, 2021 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 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. This technology is being successively developed, as demonstrated by our launch of the QAM 256 and MIMO 4x4 modulation, which allows for increased transmission speed while using the same radio band. We are also pursuing aggregation of bands in two, three and, selectively, four frequencies which further contributes to increasing the capacity of our network, thus making our mobile internet faster and more stable.

In May 2020, we launched the first commercial 5G network in Poland using the spectrum from the 2.6 GHz TDD frequency band, which in October 2021 spanned already more than 17 million inhabitants of Poland in over 700 locations with the total number of 5G base stations exceeding 2,700. In that already some 45% of Poles live within the coverage of our 5G network.

As at September 30, 2021, we provided over 2 million internet access services to B2C customers in both the contract and prepaid model.

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 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 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, ODU-IDU 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 2.8 million homes passed, out of which, as at end of September 2021, approximately 1.94 million were within the reach of broadband internet with transmission speed of 1 Gbps. Netia's own network reaches approximately 180 locations and is supported by an extensive, nationwide backbone infrastructure. Moreover, we offer fixed-line internet services based on wholesale access to Orange Polska's, Nexera's and Inea's networks. In total, there are currently ca. 7 million homes passed within the reach of our fixed broadband internet access services offered over both our own network and access to networks of other operators.

We provide fixed-line broadband internet services to both individual and business customers.

Services to individual customers are sold mainly in bundles with TV and voice services, including a mobile offering. The service offering 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, such as financial and insurance services or sale of electric energy and gas. These services 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 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 to 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 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, thus gaining synergies by the replacement 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 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 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 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 networks 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 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, 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.

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 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 or satellite (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-TV5). 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 2	Channel broadcasting reruns of programs that premiered on our other channels.
Polsat 1	Channel addressed to Poles living abroad, broadcasts various productions from the libraries of the channels: Polsat, TV4, Polsat Cafe and Polsat Play.
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 most interesting 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.

Channel	Description
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 and the UEFA Europa League. The channel is offered in a package with four Polsat Sport Premium's PPV services airing during the matches. Broadcasts without ads, in Super HD quality. Available in Cyfrowy Polsat, Netia, Canal+, UPC and IPLA.
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 and the UEFA Europa League. The channel is offered in a package with four Polsat Sport Premium's PPV services airing during the matches. Broadcasts without ads, in Super HD quality. Available in Cyfrowy Polsat, Netia, Canal+, UPC and IPLA.
Movies	
Polsat Film	Movie channel broadcasting movie hits, top box office productions 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 feast 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. Provides the most up-to-date information about events in Poland and abroad. The channel replaced the 'Superstacja' channel.

Channel	Description
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 programming 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 DDT 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 TV Polsat and ChelloZone.
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 on March 3, 2020 as a result of cooperation between TV Polsat and ViacomCBS. 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. Based on Publicis Group initial estimates we evaluate that in the nine-month period ended September 30, 2021 Polsat Plus Group channels captured 28.8% of the Polish TV advertising market worth approximately PLN 3 billion in that period, while in the third quarter of 2021 alone the share of the Group's channels reached 28.8% in the market valued at PLN 0.9 billion in that period.

The key factor with a bearing on 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 UPC Polska Sp. z o.o., Multimedia Polska S.A. and Vectra S.A., 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 it is particularly worth mentioning the portals 'Polsatnews.pl' and 'Polsatsport.pl'. In turn, Interia Group, acquired by us in July 2020, is a leading player on the Polish market of new generation media.

The internet portal 'Interia.pl', which belongs to the Group, is one of the three largest horizontal portals in Poland and reaches 42% of Poles, whom 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 2.3 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.

According to the Mediapanel survey, in the nine-month period ended September 30, 2021 the monthly average number of page and app users for the combined Polsat-Interia media group reached 20.1 million, and the monthly average number of views was around 1.9 billion. In the third quarter of 2021 alone, the average number of users per month for the combined Polsat-Interia media group reached approximately 19.9 million, and the monthly average number of page and app views was around 2.0 billion.

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

Internet portal ⁽¹⁾	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. Exclusively for subscribers.
Polsat Go	Telewizja Polsat’s VOD service offering access to VOD materials produced by Telewizja Polsat and certain partners and to two linear channels: Polsat and TV4. All materials are available in an AVOD 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	Convenient and intuitive portal with both daily and long-term weather forecasts as well as with forecasts 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 2.3 million users per month. 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.
Zielona.interia.pl	Ecology service with interesting articles and tips about environmental protection, discussing also the most important political events and technological changes in this area.
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 the latest information and 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.

Internet portal ⁽¹⁾	Description
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 vortal which presents news and recent trends in fashion, concept of 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 decoration, 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 advices for all who need help. Simple and brief tips from various fields.
Zdrowie.interia.pl	Health service answering questions about how to live healthy, use diets, prevent from illnesses and take care of a 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 playing in them. It includes information about around 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.
Forum.interia.pl	Service aimed at exchanging opinions between internet users on various subjects
Commercials	
Ding	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) Includes websites with over half a million of users in the third quarter of 2021.

1.5. Shareholders with qualifying holdings of shares of Cyfrowy Polsat

The table below presents Shareholders of Cyfrowy Polsat S.A. holding at least 5% of votes at the General Meeting of Cyfrowy Polsat S.A. as at the date of publication of this Report, i.e. November 9, 2021. Data included in the table is based on information received from shareholders on September 17, 2021 pursuant to Art. 69 of the Public Offering Act.

Shareholder	Number of shares	% of shares	Number of votes	% of votes
Zygmunt Solorz, through:	375,738,365	58.75%	540,515,920	66.00%
TiVi Foundation, including through:	309,574,244	48.41%	474,351,799	57.92%
<i>Reddev Investments Limited</i>	309,574,234	48.41%	474,351,779	57.92%
Embud 2 Sp. z o.o. S.K.A.	64,011,733	10.01%	64,011,733	7.82%
Tipeca Consulting Limited ⁽¹⁾	2,152,388	0.34%	2,152,388	0.26%
Others	263,807,651	41.25%	278,447,597	34.00%
Total	639,546,016	100.00%	818,963,517	100.00%

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

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

From the date of publication of the previous interim report, i.e. August 18, 2021 (report for the first half of 2021), until the date of publication of this Report, i.e. November 9, 2021, the Company received notifications concerning changes in the structure of ownership of significant blocks of Cyfrowy Polsat shares based on information pursuant to Art. 69 of the Public Offering Act from Reddev Investments Limited, TiVi Foundation and Mr. Zygmunt Solorz.

In accordance with the received notifications, there were changes of shares in the total number of votes at the Company's general meeting held indirectly by Mr. Solorz and TiVi Foundation and directly by Reddev. The change in the shareholding structure was due to the acquisition by Reddev of 3,142,150 ordinary bearer shares of the Company, constituting 0.49% of the share capital of the Company and entitling to 0.38% of votes at the Company's general meeting, in transactions executed on the Warsaw Stock Exchange's regulated market between March 11, 2021 and August 20, 2021 and, subsequently, the sale of 5,060,044 ordinary bearer shares of the Company, constituting 0.79% of the share capital of the Company and entitling to 0.62% of votes at the Company's general meeting, and the acquisition of 5,060,044 privileged shares of the Company, constituting 0.79% of the share capital of the Company and entitling to 1.24% of votes at the Company's general meeting, in transactions effected outside of the regulated market on September 16, 2021.

Prior to the above mentioned transactions Mr. Zygmunt Solorz held indirectly 372,595,215 shares of the Company, constituting 58.26% of the share capital of the Company and carrying the right to exercise 532,313,726 votes at the Company's general meeting, representing 65.00% of the total number of votes at the Company's general meeting, in such a way that:

(i) TiVi Foundation held:

- directly, 10 registered, privileged shares of the Company, constituting 0.0000016% of the share capital of the Company and carrying the right to 20 votes at the General Meeting of the Company, representing 0.0000024% of the total number of votes at the General Meeting of the Company;

- indirectly, through Reddev, 306,432,084 shares of the Company, constituting 47.91% of the share capital of the Company and carrying the right to 466,149,585 votes at the General Meeting of the Company, representing 56.92% of the total number of votes at the General Meeting of the Company. The above shares consist of:
 - 159,717,501 registered privileged shares of the Company, constituting 24.97% of the share capital of the Company and carrying the right to 319,435,002 votes at the General Meeting of the Company, representing 39.00% of the total number of votes at the General Meeting of the Company, and
 - 146,714,583 ordinary bearer shares of the Company, constituting 22.94% of the share capital of the Company and carrying the right to 146,714,583 votes at the General Meeting of the Company, representing 17.91% of the total number of votes at the General Meeting of the Company;
- (ii) Embud 2 Sp. z o.o. S.K.A. held directly 64,011,733 ordinary bearer shares of the Company, constituting 10.01% of the share capital of the Company, carrying the right to exercise 64,011,733 votes at the Company's general meeting, representing 7.82% of the total number of votes at the Company's general meeting;

and accounting for the shares held directly by Tipeca Consulting Limited which, pursuant to Art. 87 Section 4 Item 1 of the Public Offering Act, is under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act, and which holds 2,152,388 ordinary bearer shares of the Company, constituting 0.34% of the share capital of the Company, carrying the right to exercise 2,152,388 votes at the Company's general meeting, representing 0.26% of the total number of votes at the Company's general meeting.

Following the abovementioned transactions, Mr. Zygmunt Solorz holds indirectly 375,738,365 shares of the Company, constituting 58.75% of the share capital of the Company and carrying the right to exercise 540,515,920 votes at the Company's general meeting, representing 66.00% of the total number of votes at the Company's general meeting, in such a way that:

- (i) TiVi Foundation holds:
 - directly, 10 registered, privileged shares of the Company, constituting 0.0000016% of the share capital of the Company and carrying the right to 20 votes at the General Meeting of the Company, representing 0.0000024% of the total number of votes at the General Meeting of the Company;
 - indirectly, through Reddev, 309,574,234 shares of the Company, constituting 48.41% of the share capital of the Company and carrying the right to 474,351,779 votes at the General Meeting of the Company, representing 57.92% of the total number of votes at the General Meeting of the Company. The above shares consist of:
 - 164,777,545 registered privileged shares of the Company, constituting 25.76% of the share capital of the Company and carrying the right to 329,555,090 votes at the General Meeting of the Company, representing 40.24% of the total number of votes at the General Meeting of the Company, and
 - 144,796,689 ordinary bearer shares of the Company, constituting 22.64% of the share capital of the Company and carrying the right to 144,796,689 votes at the General Meeting of the Company, representing 17.68% of the total number of votes at the General Meeting of the Company;
- (ii) Embud 2 Sp. z o.o. S.K.A. holds directly 64,011,733 ordinary bearer shares of the Company, constituting 10.01% of the share capital of the Company, carrying the right to exercise

64,011,733 votes at the Company's general meeting, representing 7.82% of the total number of votes at the Company's general meeting;

and accounting for the shares held directly by Tipeca Consulting Limited which, pursuant to Art. 87 Section 4 Item 1 of the Public Offering Act, is under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act, and which holds 2,152,388 ordinary bearer shares of the Company, constituting 0.34% of the share capital of the Company, carrying the right to exercise 2,152,388 votes at the Company's general meeting, representing 0.26% of the total number of votes at the Company's general meeting.

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

To the Company's best knowledge Members of the Management Board did not hold any shares of the Company, directly or indirectly, as at the date of publication of this Report, i.e. November 9, 2021 as well as at the date of publication of the previous report, i.e. August 18, 2021 (report for the first half of 2021).

Furthermore, the table below presents the number of shares of Cyfrowy Polsat which, according to the Company's best knowledge, were held, directly or indirectly, by Members of the Company's Supervisory Board as at the date of publication of this Report, i.e. November 9, 2021, along with changes in shareholding from the date of publication of the previous report, i.e. August 18, 2021 (report for the first half of 2021).

Name and Surname	Function	Holding as at August 18, 2021	Increases	Decreases	Holding as at November 9, 2021
Mr. Zygmunt Solorz ⁽¹⁾	Chairman of the Supervisory Board	374,783,215	955,150	-	375,738,365
Mr. Marek Kapuściński	Deputy Chairman of the Supervisory Board	22,150	-	-	22,150
Mr. Tomasz Szeląg ⁽²⁾	Member of the Supervisory Board	25,500	-	-	25,500

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

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

To the Company's best knowledge the remaining Members of the Supervisory Board did not hold any shares of the Company, directly and indirectly, as at the date of publication of this Report, i.e. November 9, 2021, nor at the date of publication of the previous report, i.e. August 18, 2021 (report for the first half of 2021).

2. Significant events

2.1. Corporate events

Increasing capital engagement of Cyfrowy Polsat in Netia

On April 15, 2021, the Company decided to continue acquiring shares of Netia by means of transactions concluded on the regulated market of the Warsaw Stock Exchange or outside the regulated market. This decision confirmed the Company's declaration that it did not exclude the potential further increase of its holding in the total number of votes at the general meeting of Netia, as expressed in the tender offer of December 23, 2020 to place subscriptions to sell shares of Netia.

Subsequently, on April 30, 2021, the Company decided to increase the amount dedicated to acquiring shares of Netia in such a way that the purchase price of one Netia share should not exceed PLN 7.00 and the total purchase price of all Netia shares remaining in the holding of minority shareholders of Netia should not exceed PLN 604.1 million. Moreover, the Company's decision of September 30, 2021 stipulated that the acquiring of Netia shares might be effected within 12 months from the date of adoption of the resolution by the Company's Management Board.

As a result of the above mentioned decisions in the period from April 2021 until July 2021 the Company increased its shareholding in Netia to 328,275,387 shares representing 97.82% of its share capital and carrying the right to 97.82% of total votes at Netia's General Meeting. In consequence, on July 30, 2021, Cyfrowy Polsat announced a compulsory buyout of the remaining Netia shares.

On August 6, 2021, the Company acquired a total of 2.18% of Netia shares following transactions concluded outside the regulated market as a result of the compulsory buyout of Netia shares. In consequence, as at the date of this Report the Company holds 335,574,367 Netia shares representing 99.999% of Netia's share capital and carrying the right to 99.999% of total votes at Netia's General Meeting. Furthermore, the Company applied to the Management Board of Netia for the registration in the name of Cyfrowy Polsat of 3,977 ordinary bearer shares of Netia, which were not dematerialized and the binding force of which expired by law on March 1, 2021. As a result of the executed compulsory buyout Cyfrowy Polsat became the sole shareholder of Netia.

On September 8, 2021 Netia's General Meeting resolved to withdraw its shares from trading on the WSE.

Distribution of profit for the financial year 2020

On May 27, 2021, the Management Board of the Company adopted a resolution concerning the distribution of the Company's profit for the financial year 2020. The Management Board's recommendation, on which the Company's Supervisory Board issued a positive opinion, assumed:

- to allocate the entire net profit earned by the Company in the financial year 2020, amounting to PLN 405.0 million, for distribution as dividends to the shareholders of the Company, and
- to allocate the amount of PLN 362.4 million from the reserve capital for distribution as dividends to the shareholders of the Company. As at December 31, 2020, the amount of the reserve capital available for distribution was approximately PLN 3.3 billion.

The total amount of the recommended dividend to the shareholders of the Company amounted to PLN 767.4 million, i.e., PLN 1.20 per share.

Furthermore, the Management Board of the Company recommended that the dividend day be scheduled for September 15, 2021, and the dividend payout be made in two tranches as follows:

- the first tranche in the amount of PLN 255.8 million, i.e., PLN 0.40 per share – on September 28, 2021, and
- the second tranche in the amount of PLN 511.6 million, i.e., PLN 0.80 per share – on December 10, 2021.

In the opinion of the Management Board of the Company, the proposed profit distribution is consistent with the dividend policy of the Group adopted on March 15, 2019.

On June 24, 2021, the Annual General Meeting of Cyfrowy Polsat resolved a dividend payout for the year 2020 in the total amount of PLN 767.4 million, i.e., PLN 1.20 per share, in accordance with the above mentioned recommendation of the Company's Management Board.

Statement of Mr. Zygmunt Solorz regarding Polsat Plus Group

On September 27, 2021, Mr. Zygmunt Solorz, the founder and main shareholder of the Company, published a statement regarding Polsat Plus Group.

Mr. Solorz presented the path which the Group has followed so far - from one TV channel of Telewizja Polsat to the largest media and telecommunications group in Poland, fully prepared to effectively operate on the media and telecommunications markets in the future, including further, cost-effective roll-out of its 5G network based on the partnership with Cellnex Telecom. Mr. Solorz concluded that the vision he had assumed is being realized successfully and is yielding the planned and desired effects. The execution of the strategy of the Group as well as the operating and financial results it achieves constitute also, in Mr. Solorz's opinion, a fulfillment of the obligation towards shareholders, who decided to invest in Cyfrowy Polsat in 2008. Since the debut of our Group on the Warsaw Stock Exchange the price of our shares has tripled and the capitalization of the Group has increased six-fold. What is more, over this period of time shareholders of the Group received a total of PLN 2.7 billion in dividends.

Furthermore, Mr. Solorz stated that at present Polsat Plus Group is at a very important point in time. As the Group's customers are facing new challenges, which in the opinion of the main shareholder create new opportunities, he intends to encourage the Group to respond to these challenges by opening up to new areas of business. In parallel, Mr. Solorz declared that his vision of the Group's future development is aimed solely at further strengthening its position and building value for its shareholders in the years to come and that operations on the media and telecommunications markets will remain crucial and the key focus of the Group.

Realizing that part of the current shareholders may not intend to remain investors of the Group given the above developments, Mr. Solorz announced that he will present a proposal which enables the sale of shares of the Company at a fair price.

Tender offer to subscribe for the sale of shares in Cyfrowy Polsat

On September 28, 2021, Cyfrowy Polsat, Reddev Investments Limited and Mr. Zygmunt Solorz announced a tender offer for the sale of 263,807,651 shares of the Company at PLN 35.00 per share.

Reddev and the Company are the entities acquiring the shares under the tender offer, whereas the Company intends to acquire in the tender offer no more than 82,904,517 own shares. In parallel, due to restrictions applicable to the Company under the Commercial Companies Code, Reddev acts as another entity acquiring the shares in the Company in the tender offer. Reddev has no intention to acquire any shares in the tender offer, however it has decided to cooperate with the

Company and support it in conducting the tender offer due to the statutory provisions which prohibit the Company from conducting the tender offer on its own.

Subscriptions for the sale of shares are taken from October 18, 2021 to November 16, 2021. The expected date of the share purchase transactions on the WSE is November 19, 2021 and the expected settlement of the share purchase transactions is November 24, 2021.

The shares will be acquired under the tender offer under the condition that the Company's general meeting convened on November 16, 2021 adopts a resolution authorizing the Management Board to acquire own shares and create a capital reserve for the purpose of the own shares buy-back program in an amount of at least PLN 2.91 billion.

Detailed information regarding the tender offer is presented in the Company's current report No. 22/2021 dated September 27, 2021.

Proposed draft resolution for the Extraordinary General Meeting convened on November 16, 2021

The agenda of the Extraordinary General Meeting convened on November 16, 2021 includes an item regarding the adoption of a resolution to authorize the Management Board to acquire own shares and create a capital reserve for the purposes of the own shares buy-back program.

The above mentioned draft resolution provides, among others, that:

- the Company may acquire up to 83,250,000 fully covered own shares, i.e., the own shares with a total nominal value not exceeding 20% of the share capital of the Company, including the nominal value of the remaining shares of the Company which are held by the Company;
- the Company may acquire the own shares in any form, including their direct acquisition by the Company, the acquisition through the intermediary of an investment firm, the acquisition of the own shares under the tender offer to subscribe for the sale of shares or by any other manner stipulated in law provisions;
- the purchase price of the own shares may not be lower than PLN 0.04 and may not be higher than PLN 35.00 per one own share;
- the total maximum price for purchasing all own shares increased by the cost of their acquisition shall not exceed PLN 2.93;
- the authorization for the Management Board to acquire the own shares shall be valid for a period of five years starting from the date of the adoption of the resolution, however not longer than until the funds allocated for the acquisition of the own shares are exhausted;
- the own shares acquired by the Company under the own shares buy-back program may be redeemed by the Company under a separate procedure or disposed of by the Management Board of the Company in another manner, taking into account the needs arising from the operations conducted by the Company;
- the acquisition of the own shares pursuant to this resolution does not exclude the acquisition of the Company's own shares by the Company in cases where law provisions allow so.

Furthermore, the draft resolution provides that in order to finance the own shares buy-back program a capital reserve in the amount of PLN 2.93 billion will be created by transferring the above mentioned amount from the Company's supplementary capital.

2.2. Business related events

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

In May 2020, we launched the first commercial 5G network in Poland under the Plus brand using spectrum from the 2.6 GHz TDD frequency band. By the end of 2020 we put into operation a total of over 1,000 5G base stations with over 7 million people within the network's coverage. Our initial plan for 2021 assumed extending the coverage of the 5G network to an area inhabited by more than 11 million people. Seeing the growing interest among our customers we have accelerated network roll-out and we reached and exceeded our target for 2021 already in April. At present our 5G network reaches over 17 million people from over 700 locations, and the total number of our 5G base stations is over 2,700. In that already some 45% of Poles live within the coverage of our 5G network. We continue to work intensively on further development of the network by both successively enhancing the 5G coverage in places where the 5G network already operates and also by launching 5G in new locations.

Along with the expansion of the 5G network coverage, we also extend the portfolio of 5G equipment offered to our customers. As at the date of this Report our offer includes more than 40 smartphones and routers with access to 5G technology.

Sale of 99.99% shares of Polkomtel Infrastruktura (currently Towerlink Poland)

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

The value of the transaction amounted to approximately PLN 7.1 billion and the transaction was concluded on July 8, 2021 following the fulfilment of the agreed conditions precedent, in particular upon obtaining an antimonopoly clearance and consent of lenders under the SFA. After the transaction closing, Polkomtel's core network and all frequencies crucial for providing first-to-market real 5G as well as 2G/3G/LTE services continue to remain in Polsat Plus Group's possession. Thereby we intend to continuously deliver state-of-the-art communication and content services to our retail, business and wholesale customers.

Furthermore, on July 8, 2021 the parties signed a Master Services Agreement obliging Towerlink Poland to provide specified services to Polsat Plus Group for 25 years (subject to renewal for subsequent 15-year terms). The cooperation will be based on a monthly remuneration dependent on the number of sites and active infrastructure systems used and additionally ordered in the future by the Group. Under the contractual obligations, the Group is committed to order a certain number of incremental sites and additional emission systems under specified timeframes. The Master Service Agreement involved a detailed Service Level Agreement, while the way the contracts are constructed guarantees the alignment of interests of all parties.

The strategic interest of the partnership with Cellnex is based on a concept of active and passive infrastructure sharing, where the mobile network operator is predominantly interested in end-user experience, while the infrastructure owner is responsible for delivering ordered network capacity in the most cost-efficient manner. First, this approach will strengthen the investment capacity of Polsat Plus Group, which has entered a new investment cycle with the roll-out of the first 5G network in Poland and seeks additional sites to expand the coverage of the new technology. Second, it is open to cooperation with additional tenants with an intention to achieve higher cost efficiency of

network roll-out in the future. Third, the partnership will provide a higher customer experience, faster deployment of new technologies and better optimization of existing tower portfolios in Poland.

Detailed information on the transaction's structure was presented in the Company's current report No. 2/2021 dated February 26, 2021. On July 12, 2021 Polkomtel Infrastruktura Sp. z o.o. changed its name to Towerlink Poland Sp. z o.o.

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

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

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

Joint venture of Orange Polska and APG Group to continue fiber optic network roll-out

In April 2021, Orange Polska informed that it established a joint venture with APG Group, Dutch pension investors, in order to develop a fiber optic network reaching approximately 1.7 million households, mostly in the areas with low or medium level of competition. The network will be constructed by Światłowód Inwestycje, a company controlled jointly by Orange Polska and APG (50/50). In July 2021, Orange Polska contributed to the company the existing telecommunications links to approximately 0.7 million households thus granting Światłowód Inwestycje wholesale access to over 170 thousand of Orange's active customers to whom services are provided over this network. The network is to be open to all operators while Orange Polska will provide to Światłowód Inwestycje services such as, among others, management of network roll-out and maintenance as well as lease of network elements to the joint venture.

Acquisition of 10% of the share capital of eObuwie.pl S.A.

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

Following the conducted due diligence, on March 31, 2021 the Company signed with CCC S.A. a preliminary agreement for the sale of shares of eObuwie.pl and with CCC S.A. and another investor a shareholders' agreement regulating, among others, the future corporate governance principles of eObuwie.pl. The settlement of the investment took place on June 22, 2021 following the fulfillment of the conditions precedent, including obtaining relevant consents of banks financing the operating activities of entities from CCC's capital group as well as the consent of the general shareholders meeting of eObuwie.pl for the sale of shares in eObuwie.pl.

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

Implementation of 5G subscription tariff plans

In January 2021, Plus introduced to its offer new 5G tariff plans addressed to both individual and business customers, which offered larger data packages compared to 4G tariff plans at simultaneously increased prices (the “more-for-more” strategy). In August 2021, following the rapid development of the 5G network and the extension of its reach to over 15 million people, Plus expanded the availability of 5G services onto all offered tariff plans while increasing slightly a monthly fee in the headline tariff plan.

Plus has prepared four options of 5G tariffs for individual customers, which are priced at PLN 35/month (with a 4GB data pack), PLN 55/month (30 GB), PLN 65/month (60 GB) and PLN 85/month (120 GB), respectively. The 5G offering for business customers includes five options priced (net of VAT) at PLN 35/month (7GB), PLN 45/month (24 GB), PLN 55/month (40 GB), PLN 65/month (70 GB) and PLN 85/month (120 GB), respectively. All packages include unlimited calls, MMSs and SMSs. Furthermore, individual and business customers using other options than the lowest tariff plan will be granted additional benefits, such as, among others, an unlimited data transfer with the speed of 1 Mb/s after using their base packages.

We expect the increasing popularity of 5G to translate favorably into our customers’ satisfaction as well as into the growth of our customers base reflected by ARPU.

Long-term power purchase agreement for green energy

On March 12, 2021, Polkomtel and ZE PAK group concluded an agreement for the purchase of the total volume of green energy produced by the photovoltaic farm Brudzew which was constructed by a consortium of companies that included ESOLEO, a company from Polsat Plus Group.

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

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

The construction of the photovoltaic farm Brudzew, the biggest in Poland with ca. 155 thousand PV modules installed with total power of 70 MW, was completed in August 2021 and in October 2021 started producing clean, zero-emission energy for the needs of Polsat Plus Group and its customers.

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

Acquisition of UPC Polska by P4 (Iliad Group)

In September 2021 P4, the operator of Play, signed an agreement with Liberty Global regarding acquisition of 100% of shares of UPC Polska. The acquisition price is ca. PLN 7 billion. The combined customer base of the two operators is 17 million. As announced by Play, integration of

the two companies is intended to create a strong convergent operator in Poland. Finalization of the transaction is subject to obtaining the approvals from the anti-monopoly office and it is expected in the first half of 2022.

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

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

Taking full control over Polish MVNO Premium Mobile

On May 28, 2021, our subsidiary Polkomtel signed a letter of intent with PM 1 Mobile Holdings Limited and WBN Holding Limited concerning the determination of initial conditions of a transaction which was targeted at taking sole control over Premium Mobile sp. z o. o., a company which is the most dynamically developing domestic MVNO in Poland. The transaction was completed in July 2021 after obtaining a relevant antimonopoly consent. The shareholders of PM 1 Mobile Holdings Limited received a consideration of ca. PLN 35.5 million for their 28.01% stake in the share capital of Premium Mobile. Furthermore, in accordance with the provision of the letter of intent, Polkomtel acquired the remaining 53.69% stake of shares in Premium Mobile from WBN Holding Limited at the price implied by the settlement with PM 1 Mobile Holdings Limited. The transaction was financed from Polkomtel's own resources.

Polsat Plus Group invested for the first time in Premium Mobile in 2018, mainly with a view to securing its wholesale revenue. Our recent decision to take full control over this company is based on Premium Mobile's excellent results in building its customer base, contract customer base in particular. After five years since its commercial launch, Premium Mobile is a leader in mobile number portability among MVNOs. The scale of revenue generated by this company reached PLN 125 million in 2020 (including retail revenue and interconnect revenue), increasing dynamically at a rate of +37% YoY.

New Polsat Plus Group brands

In June 2021, we initiated evolutionary changes in the portfolio of brands of our Group and the strategy of their communication. In the first step, new logotypes for the Plus and Polsat brands were introduced. These two brands are of strategic importance and stand, respectively, for our telecommunication services of the highest quality, and for the most attractive content.

In the next step, at the end of July 2021 we presented new logotypes for the remaining main brands of the Group. The Cyfrowy Polsat brand changed to the new Polsat Box brand. Ipla and Cyfrowy Polsat Go evolved into a single service called Polsat Box Go. Moreover, a new service called Polsat Go, offering Polsat TV content, was created.

Simultaneously, we presented a new main slogan for brands of Polsat Plus Group: "Choose your everything". What unites all the brands is the possibilities they offer to each and every customer and viewer, i.e. the possibility of choosing attractively priced services, products and content that match one's individual needs in any way one likes and at the time and place of one's convenience.

The new logotypes have been designed in such a way to ensure their clarity and ease of reception by our viewers and customers: on the one hand, making sure that they are visually associated with the Group, and on the other - that they retain their individual values. In addition, in our corporate communication we have started using a new name of the Group, a name that underscores the relationship and cooperation between the areas of services offered under the brands of Plus (telecommunication) and Polsat (content): Polsat Plus Group.

The branding changes of the Group's companies are going to be gradual and are planned and scheduled to take place in several phases. Cyfrowy Polsat S.A. will continue to be the provider of the services offered by Polsat Box and Polsat Box Go, which replaced Cyfrowy Polsat, Ipla and Cyfrowy Polsat GO brands. Plus is the brand of Polkomtel Sp. z o.o., while Polsat and Polsat Go are the brands of Telewizja Polsat Sp. z o.o.



Plus has a new logo



Polsat has a new logo



Polsat Box replaces Cyfrowy Polsat brand



Polsat Box Go replaces Ipla and Cyfrowy Polsat Go



Polsat Go is a new free-of-charge service

Polsat Plus Group will invest in the development of a post-COVID rehabilitation center

Zygmunt Solorz and Polsat Plus Group have so far spent 50 million zloty for supporting the society and the healthcare system in the struggle against the corona virus pandemics. Polsat Plus Group has been involved in numerous pro-social activities by being involved in such efforts as, e.g., providing support for the healthcare institutions, education, digitally-excluded children, senior citizens, development of various solutions for its customers as well as by supporting its employees and their families.

At present the Group is coming forward with a new initiative of creating a modern post-COVID rehabilitation center for the people from all over Poland who recovered from COVID disease.

Specialists estimate that at least one out of three patients who suffered from the disease have complications caused by the corona virus. The problems they face most often concern breathing problems, lower overall physical fitness, muscle and joint pains, anxiety disorders and depression. Hence our decision to create, in the next stage of our support for the society, a rehabilitation center that will help people cope not only with the pandemics itself but above all with all its negative effects.

3. Operating and financial review of Polsat Plus Group

3.1. Operating review of the Group

Due to the continued development of Polsat Plus Group, in particular due to the increased capital engagement in our subsidiary Netia in the third quarter of 2021 and the resulting initiated delisting of Netia shares from trading on the Warsaw Stock Exchange, we decided, starting from this Report, to modify key performance indicators (KPIs) which describe current operating results of our strategy. In particular, the modifications of KPIs are intended to provide better dimensioning of our specific operations which have gained a significantly stronger position on the B2B market following the acquisition of Netia. It should also be noted that as a general rule B2B customers are characterized by visibly different demand patterns for our services than B2C customers and therefore we believe that reporting current operating results of the B2C and B2B areas separately will ensure better understanding of the results that we achieve.

In parallel, due to the implementation of the regulation imposing cap MTR and FTR interconnection rates since the beginning of July 2021 (see chapter 4.4 - *Other significant information - Factors that may impact our operating activities and financial results*) we reached the conclusion that it is justified to exclude revenue from these settlements from ARPU calculation in the reported areas. Our decision is based on the fact that a several-years-long path of gradual reductions of cap rates applicable in interconnection settlements would translate negatively into the pace of building our customers' value in the next years, which could mislead with regard to the assessment of the effectiveness of the strategy that we are executing.

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

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

	for the 3-month period ended September 30		change / %	
	2021	2020	nominal	%
B2C AND B2B SERVICES SEGMENT¹				
Contract services for B2C customers				
Total number of B2C RGUs⁽²⁾ (EOP) [thous.], incl.	13,494	13,084	410	3.1%
Pay TV	5,306	5,340	(34)	(0.6%)
Mobile telephony	6,182	5,761	421	7.3%
internet	2,006	1,984	22	1.1%
Number of B2C customers (EOP) [thous.]	6,069	6,018	51	0.8%
ARPU per B2C ⁽³⁾ customer [PLN]	68.6	64.9	3.7	5.7%
ARPU per B2C ⁽³⁾ customer (YTD) [PLN]	67.9	63.9	4.0	6.3%
Churn in B2C ⁽⁴⁾ subsegment	6.9%	6.7%	0.2 p.p.	-
RGU saturation per one B2C customer	2.22	2.17	0.05	2.3%
Prepaid services				
Total number of RGUs (EOP) [thous.], including:	2,773	2,671	102	3.8%
Pay TV	145	158	(13)	(8.3%)
Mobile telephony	2,584	2,449	135	5.5%
internet	44	64	(20)	(31.3%)
ARPU per prepaid RGU ⁽⁵⁾ [PLN]	16.4	15.9	0.5	3.1%
ARPU per prepaid RGU ⁽⁵⁾ (YTD) [PLN]	16.0	15.4	0.6	3.9%
Contract services for B2B customers				
Total number of B2B customers (EOP) [thous.]	68.8	68.9	(0.1)	(0.1%)
ARPU per B2B ⁽³⁾ customer [PLN]	1,367	1,369	(1.5)	(0.1%)
ARPU per B2B ⁽³⁾ customer (YTD) [PLN]	1,386	1,379	6.8	0.5%
MEDIA SEGMENT: TELEVISION AND ONLINE				
TV channels				
TV audience share (in the 3-month period)	24.3%	24.6%	(0.3 p.p.)	-
Advertising market share (in the 3-month period)	28.8%	28.2%	0.6 p.p.	-
Audience share (YTD)	24.2%	23.6%	0.6 p.p.	-
Advertising market share (YTD)	28.8%	27.9%	0.9 p.p.	-
Online – internet portals				
Average number of users [millions]	19.9	18.5	1.4	7.5%
Average number of page views [millions]	1,995	1,489	506	34.0%

- (1) Customer – a natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in the contract model. A customer is identified by a unique national identification number (PESEL), tax identification number (NIP) or national business registry number (REGON).
- (2) RGU (revenue generating unit) – a single, active and retail revenue generating service of pay TV provided in all types of access technologies, mobile or fixed-line internet access, or mobile telephony provided in the contract or prepaid model.
- (3) ARPU per B2C/B2B customer - average monthly revenue per customer generated in a given settlement period.
- (4) Churn - termination of the contract with a B2C customer by means of a termination notice, collections or other activities resulting in the situation that after the termination of the contract the customer does not have any active services provided in the contract model. Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of a termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.
- (5) ARPU per prepaid RGU - average monthly revenue per prepaid RGU generated in a given settlement period.

3.1.1. B2C and B2B services segment

Contract services for B2C customers

The total number of B2C customers to whom we provided contract services as at the end of the third quarter of 2021 was 6,069 thousand (+0.8% YoY). The main reason behind the increase of the contract customer base was the consolidation of the results of Premium Mobile, a company acquired in the beginning of July 2021. Simultaneously, the process of further merging of contracts under one common contract for the household continued, which is reflected in the growing RGU saturation per customer ratio (increase by 2.3% YoY to 2.22 RGU per customer). In line with our strategic assumptions, we avoid conducting an aggressive sales policy on individual products and focus rather on increasing customer loyalty, in particular through offering a wide portfolio of bundled services, as well as on increasing ARPU per contract customer.

The number of contract services for B2C customers provided by us at the end of the third quarter of 2021 increased by 410 thousand compared to the previous year (+3.1%) YoY, reaching 13,494 thousand as at September 30, 2021. A strong increase of provided mobile telephony RGUs – by 421 thousand (+7.3%) YoY was the main driver behind this growth. As at the end of the third quarter of 2021 we provided 6.182 thousand mobile telephony services to B2C customers. This result was achieved mainly thanks to the successful implementation of our strategy of cross-selling, including 5G services, which are in our offer since May 2020, and focus on customer satisfaction, which translated into a low churn ratio. An additional factor contributing to the growth in the analyzed period was the acquisition of Premium Mobile, an MVNO which - as opposed to the majorities of other MVNOs active on the Polish market - is focused on providing services in the contract model.

At the end of September 2021 our B2C customers used 5,306 thousand contract pay TV services. The pay TV RGU base was under slight pressure in the twelve-month period ended September 30, 2021 recording a decrease by 34 thousand (-0.6% YoY), mainly due to the lower number of provided satellite TV services which, in turn, was successfully compensated by the increasing number of services offered in fixed-line technologies (IPTV/OTT).

In the analyzed period, we recorded an increase in the number of internet access services provided to B2C customers in the contract model by 22 thousand (+1.1% YoY) to the level of 2,006 thousand. This increase was mainly due to higher demand for data transmission during lockdowns caused by the COVID-19 epidemic, and the resulting necessity to work and learn from home as well as to use available online forms of entertainment. In parallel, the factor which is positively reflected in the scale of our internet RGU base is the constantly improving quality of our telecommunications network – a consequence of the investments we made, exemplified by the initiation of the rapid roll-out of the 5G network.

We observe a steadily increasing saturation of our B2C customer base with integrated services, which is expressed by the growing ratio of contract services per customer. As at September 30, 2021 every customer had on average 2.22 contract services (+2.3% YoY). We believe that further saturation of our customer base with integrated services, including our flagship product smartDOM to which we systematically add new products, will positively influence the growth of the number of contract RGUs provided by us in the future.

In line with the assumptions of our long-term strategy, we aim to maximize revenue per contract B2C customer through cross-selling, i.e., selling additional products and services to our customer base within the framework of our bundled services offer. In nine months of 2021, average revenue per B2C customer increased to PLN 67.9 (+6.3% YoY). In the third quarter of 2021 alone, average revenue per B2C customer increased to PLN 68.6 (+5.7% YoY). The dynamic growth of ARPU per B2C contract customer results, in particular, from the continuous building of customer value. We believe that our decisions to accelerate the 5G network roll-out and growing popularity of tariff plans

enabling the use of this technology by our customers will contribute to the further building of customer value, reflected in the level of ARPU.

Our churn rate remained at a low level of 6.9% in the twelve-month period ended September 30, 2021 (+0.2 p.p. YoY). Low churn is primarily the effect of a high level of loyalty of our customers of bundled services, which results from the successful implementation of our multiplay strategy, as well as our actions aimed at fostering high customer satisfaction. In addition, a more conservative offering policy than in the past of mobile operators translates into a steady decrease of the number of customers migrating between networks, which also impacts our churn rate favorably.

Our bundled services offer, based on a mechanism of offering attractive discounts on every additional product or service purchased from the Group's portfolio, remains very popular and continues to record very good sales results, which has a positive effect on the churn rate, RGU saturation per customer rate and ARPU per contract B2C customer. At the end of September 2021, 2,445 thousand customers were using our bundled services, which constitutes an increase of 105 thousand (+4.5%) YoY and translates to a 40.3% saturation of our contract customer base with multiplay services. We recorded a strong growth in the number of RGUs used by this group of customers. Over the past 12 months they purchased 344 thousand additional RGUs (+5.0%) YoY, reaching a total of 7,289 thousand RGUs as of the end of September 2021. Bearing in mind the long-term goal of our Group - the maximization of revenue per contract customer through cross-selling - our bundled services offer is perfectly in line with our strategy.

Prepaid services

The number of prepaid services provided by us increased by 102 thousand (+3.8%) YoY and amounted to 2,773 thousand as at September 30, 2021.

The number of prepaid mobile telephony services increased in the analyzed period by 135 thousand (+5.5%) YoY, to 2,584 thousand RGUs while the number of prepaid broadband internet services decreased by 20 thousand YoY. This change was driven primarily by the increasing popularity of data transmission packages in mobile telephony tariff plans (smartphones) which is associated with diminishing differences between the sizes of data packages offered in both product lines. At the same time, the scale of our mobile telephony customer base was favorably impacted in the reported period by the consolidation of the results of Premium Mobile. The number of prepaid TV services provided by us decreased by 13 thousand (-8.3%) YoY, to the level of 145 thousand at the end of the third quarter of 2021, as a result of a lower volume of one-time sports broadcasts purchased by our customers.

In three quarters of 2021, average revenue per prepaid RGU amounted to PLN 16.0 (+3.9% YoY). In the third quarter of 2021, average revenue per prepaid RGU amounted to PLN 16.4 (+3.1% YoY). Revenues from both content and telecommunication services contributed to the increase in prepaid APRU.

Contract services for B2B customers

The total number of B2B customers to whom we provided contract services as at the end of the third quarter of 2021 was 68.8 thousand (-0.1% YoY). The scale of our B2B customer base remains stable in the long term, proving high efficiency of our actions directed at fostering high satisfaction of our business customers. At the same time, we maintain a stable level of ARPU from B2B customers, which reached PLN 1,386 per month on average in the nine-month period ended September 30, 2021.

The B2B area continues to be under strong competitive pressure, which translates into pricing levels for traditional telecommunication services. In order to maintain the value of our B2B base, we aim at constantly expanding our offering for business customers by additional services which

generate incremental revenue, as exemplified by the continued expansion of Polsat Plus Group's data center resources, cybersecurity solutions or cloud computing. In parallel, we seek to provide specialized IT solutions for specific sectors of the economy (finance and banking, real estate, hotels, energy production, etc.). We believe that thanks to a comprehensive telecommunication and IT services offering for our B2B customers we will be in a position to maintain their high level of satisfaction and therefore to secure our revenue in this market segment.

3.1.2. Media segment: television and online

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

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

Audience shares

Audience share	3 months ended September 30		Change / p.p.	9 months ended September 30		Change / p.p.
	2021 ⁽¹⁾	2020		2021 ⁽¹⁾	2020	
Audience share^{(2) (3)}, including:	24.27%	24.61%	(0.34)	24.24%	23.57%	0.67
POLSAT (main channel)	8.69%	9.38%	(0.69)	8.98%	9.50%	(0.52)
Other channels	15.58%	15.23%	0.35	15.26%	14.07%	1.19
TV4	2.84%	3.58%	(0.74)	2.90%	3.43%	(0.53)
Polsat News	1.53%	1.84%	(0.31)	1.53%	1.72%	(0.19)
Super Polsat	1.49%	1.13%	0.36	1.37%	1.30%	0.07
Polsat 2	1.48%	1.71%	(0.23)	1.47%	1.36%	0.11
TV6	1.48%	1.67%	(0.19)	1.49%	1.70%	(0.21)
Fokus TV ⁽⁴⁾	1.19%	1.05%	0.14	1.18%	1.04%	0.14
Polo TV	0.92%	0.67%	0.25	0.70%	0.63%	0.07
Polsat Film	0.75%	0.72%	0.03	0.77%	0.79%	(0.02)
Polsat Play	0.68%	0.60%	0.08	0.72%	0.59%	0.13
Eska TV	0.63%	0.76%	(0.13)	0.63%	0.62%	0.01
Polsat Cafe	0.47%	0.49%	(0.02)	0.46%	0.41%	0.05
Polsat Sport	0.43%	0.27%	0.16	0.37%	0.17%	0.20
Nowa TV ⁽⁴⁾	0.27%	0.23%	0.04	0.25%	0.29%	(0.04)
Polsat Seriele	0.21%	0.25%	(0.04)	0.24%	0.20%	0.04
Eleven Sports 1	0.17%	0.33%	(0.16)	0.21%	0.19%	0.02
Disco Polo Music	0.15%	0.18%	(0.03)	0.14%	0.15%	(0.01)
Polsat Doku	0.10%	0.10%	-	0.11%	0.11%	-
Polsat Music HD	0.10%	0.06%	0.04	0.08%	0.05%	0.03
Eska TV Extra	0.09%	0.10%	(0.01)	0.08%	0.10%	(0.02)
Wydarzenia24 ⁽⁵⁾	0.09%	0.02%	0.07	0.03%	0.03%	-
Vox Music TV	0.08%	0.13%	(0.05)	0.09%	0.11%	(0.02)
Polsat Sport Extra	0.08%	0.08%	-	0.09%	0.06%	0.03
Polsat Rodzina	0.06%	0.06%	-	0.08%	0.05%	0.03

Audience share	3 months ended September 30		Change / p.p.	9 months ended September 30		Change / p.p.
	2021 ⁽¹⁾	2020		2021 ⁽¹⁾	2020	
Polsat Games	0.06%	0.05%	0.01	0.07%	0.05%	0.02
Polsat News 2	0.06%	0.06%	-	0.05%	0.05%	-
Polsat Sport News HD	0.05%	0.04%	0.01	0.05%	0.03%	0.02
Eleven Sports 2	0.05%	0.03%	0.02	0.05%	0.03%	0.02
Eska Rock TV	0.04%	0.03%	0.01	0.03%	0.03%	-
Polsat Sport Fight	0.02%	0.05%	(0.03)	0.04%	0.05%	(0.01)
Polsat 1 ⁽⁶⁾	n/a	n/a	n/a	n/a	n/a	n/a
Polsat Sport Premium 1 ⁽⁶⁾	n/a	n/a	n/a	n/a	n/a	n/a
Polsat Sport Premium 2 ⁽⁶⁾	n/a	n/a	n/a	n/a	n/a	n/a
Eleven Sports 3 ⁽⁶⁾	n/a	n/a	n/a	n/a	n/a	n/a
Eleven Sports 4 ⁽⁶⁾	n/a	n/a	n/a	n/a	n/a	n/a
TV Okazje ⁽⁶⁾	n/a	n/a	n/a	n/a	n/a	n/a
Polsat Film 2 ⁽⁷⁾	n/a	n/a	n/a	n/a	n/a	n/a
Polsat X ⁽⁷⁾	n/a	n/a	n/a	n/a	n/a	n/a
Polsat Reality ⁽⁷⁾	n/a	n/a	n/a	n/a	n/a	n/a
Advertising market share⁽⁸⁾	28.8%	28.2%	0.6 p.p.	28.8%	27.9%	0.9 p.p.

Channels cooperating with Polsat Plus Group (non-consolidated)

Audience share	3 months ended September 30		Change / p.p.	9 months ended September 30		Change / p.p.
	2021 ⁽¹⁾	2020		2021 ⁽¹⁾	2020	
Polsat Comedy Central Extra ⁽⁹⁾	0.39%	0.34%	0.05	0.39%	0.29%	0.10
Polsat JimJam	0.18%	0.18%	-	0.15%	0.18%	(0.03)
CI Polsat	0.14%	0.12%	0.02	0.18%	0.13%	0.05
Polsat Viasat History	0.11%	0.14%	(0.03)	0.12%	0.14%	(0.02)
Polsat Viasat Explore	0.10%	0.14%	(0.04)	0.11%	0.12%	(0.01)
Polsat Viasat Nature	0.03%	0.04%	(0.01)	0.05%	0.04%	0.01

- (1) Starting from September 2021 the viewership data includes the TV audience out of home (OOH – out of home viewing).
- (2) Nielsen Audience Measurement, All day ages 16-49 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 consolidated from September 2020.
- (5) Channel is broadcasting since September 2021, emerged from the transformed Superstacja channel, which ceased to air.
- (6) Channel not included in the telemetric panel.
- (7) Channel airing since April 2021.
- (8) Our evaluation based on Publicis Group's initial estimates.
- (9) Channel included in Polsat Plus Group's portfolio in March 2020, previously the channel was aired under the name Comedy Central Family. Full broadcasting periods are presented.

The audience share in the commercial group (all viewers aged 16-49, including Live+2, i.e. 2 additional days of time-shifted viewing; including from September 2021 the out of home viewing - OOH) for Polsat Plus Group amounted to 24.3% (-0.3 p.p. YoY) in the third quarter of 2021 and 24.2% (+0.7 p.p. YoY) in three quarters of 2021. 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 steadily growing audience shares of thematic channels, which is reflected in the increasing viewership of our thematic channels (15.6% in the third quarter of 2021 (+0.4% YoY) and 15.3% in January-September 2021 (+1.2% YoY)) with a simultaneous decrease in the audience share of our main channel (8.7% (-0.7 p.p. YoY) and 9.0% (-0.5 p.p. YoY), respectively).

During the analyzed period, viewers in the commercial group were attracted by many slots on our main channel's scheduling. Given that our media house -Polsat Media Biuro Reklamy - takes into account the out of home viewership (OOH) in settlements for spot broadcasting starting from September 2021, the autumn scheduling items were presented, where possible, also including this parameter.

Premier episodes of the TV series *Pierwsza miłość* (*First Love*) were constantly popular, gaining an audience share of 13.4% in the third quarter and 13.5% in nine months of 2021. The news program broadcast daily at 6.50 p.m., *Wydarzenia* (*The News*), maintained high viewership figures with an audience share of 14.4% in the third quarter and 13.9% in three quarters of 2021. The morning block of news and information programs, *Nowy Dzień z Polsat News* (*New Day with Polsat News*), broadcast daily from Monday to Friday, is worth mentioning. This block had an audience share of 12.2% in the third quarter and 12.8% in three quarters of 2021. The journalistic series *Gość Wydarzeń* (*The News' Guest*) aired at 7.30 p.m. reached a 9.2% audience share in the third quarter and 9.0% in three quarters of 2021.

The viewership results of the third quarter and nine months of 2021 were influenced by programs from the seasonal programming schedulings, which were planned and executed in a relatively standard way. Nevertheless, the current, not fully stable epidemic situation impacted the quantity of events organized in a wide scale formula with audiences, resulting in a lower number of such events this year.

A significant alteration in the autumn scheduling was the replacement of Monday's film slot *Mega Hit* had with an entertainment show *Dancing with the stars – Taniec z gwiazdami*, which gained an audience share of 8.3%. A large audience was gathered by the Friday show *Twoja Twarz Brzmi Znajomo* (*Your Face Sounds Familiar*), which had on average a 11.1% audience share in the third quarter and 11.8% in three quarters of 2021. The reality show *Love Island*, aired in both the autumn and spring scheduling, was watched by 11.0% of the audience in the third quarter of 2021 and 11.5% in three quarters of 2021. Another scheduling item, the new series *Kuchnia* (*The Kitchen*), gathered on average 7.3% of viewers during its premiere episodes in the third quarter. In turn, the entertainment show *Ninja Warrior* aired in both schedulings was watched by 11.2% of the audience in the third quarter and 11.0% in three quarters of 2021. In turn, the crime series *Komisarz Mama* (*Inspector Mum*) reached an 6.1% audience share in the third quarter and 7.6% in three quarters of 2021. As far as series broadcast in season schedulings are concerned, invariably the series *Girlfriends* was very popular with an audience share of 10.0% in the third quarter and 10.8% in three quarters of 2021.

In the analyzed nine months, a large audience was attracted by entertainment programs. The success of *Polsat Superhit Festival* is worth underscoring. It was aired on June 25-26 and reached a 17.9% audience share. High viewership figures were also reached by the concert *Przebój lata RMF FM i Telewizji Polsat* (*Summer Hits of RMF FM and Telewizja Polsat*) of August 28, 2021 with a 13.7% audience share and the cabaret gala *Świątokrzyska Gala Kabaretowa* of August 29, 2021 with 17.6% of the audience. Other programs with high viewership in three quarters of 2021 included

the cabarets *XXVI Festiwal Kabaretu w Koszalinie (XXVI Cabaret Festival in Koszalin)* of July 31, 2021 which reached 16.7% of the audience and *Kabaret na Żywo Młodzi i Moralni (The Cabaret Live Young and Moral)* of September 12, 2021 with an 15.6% audience share.

Average monthly number of users

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

The average monthly number of users (the 'real users' indicator from the Mediapanel survey) of Polsat-Interia Group websites reached 19.86 million in the third quarter (+7.5% YoY) and 20.13 million in the three quarters of 2021 (+54.3% YoY). A significant increase in the number of users compared to three quarters of 2020 is due to the acquisition of Interia.pl Group in July 2020.

The horizontal portal Interia.pl recorded the highest number of users, totaling 13.95 million in the third quarter and 14.04 million in the three quarters of 2021, which represents the increases by 3.2% YoY and 2.1% YoY, respectively. In the analyzed periods we also recorded a noticeable increase in the number of users of our gossip portal "pomponik.pl" by over 60% and over 50%, respectively, compared to the corresponding periods of the previous year. Dynamic growth of the number of users was also recorded by "polsatsport.pl" and "twojapogoda.pl", our sports and weather services. Upward dynamics was also recorded by Polsat Box Go, which replaced IPLA in September 2021. In turn, in the third quarter of 2021 we recorded a decrease of the number of users of "bryk.pl" knowledge service for students.

Average monthly number of users ⁽¹⁾ [in millions]	3 months ended September 30		Change	9 months ended September 30		Change
	2021 ⁽²⁾	2020 ⁽³⁾		2021 ⁽²⁾	2020 ⁽³⁾	
Group ⁽⁴⁾	19.86	18.48	1.38	20.13	13.05	7.08
<i>Selected websites:</i>						
interia.pl ⁽⁵⁾	13.95	13.52	0.43	14.04	13.75	0.29
pomponik.pl ⁽⁵⁾	6.98	4.25	2.73	6.43	4.16	2.27
polsatnews.pl	4.75	4.62	0.13	4.77	4.41	0.36
smaker.pl ⁽⁵⁾	3.39	2.99	0.40	3.78	3.17	0.61
polsatsport.pl	2.91	1.15	1.76	2.28	0.84	1.44
twojapogoda.pl	2.06	1.49	0.57	1.98	1.26	0.72
polsatboxgo.pl ⁽⁶⁾	1.41	1.15	0.26	1.49	1.24	0.25
polsatgo.pl ⁽⁷⁾	1.23	-	n/a	1.23	-	n/a
deccoria.pl ⁽⁵⁾	1.08	0.89	0.19	1.08	0.84	0.24
ding.pl ⁽⁵⁾	0.81	0.41	0.40	0.84	0.37	0.47
bryk.pl ⁽⁵⁾	0.67	0.77	(0.10)	1.63	1.54	0.09
okazjum.pl ⁽⁵⁾	0.54	0.54	0.00	0.54	0.56	(0.02)

(1) Real Users indicator.

(2) Data from Mediapanel survey.

(3) Data from Gemius/PBI survey.

(4) Data for the periods prior to the acquisition of Interia Group in July 2020 for Polsat Group standalone. Data for the periods after the acquisition of Interia Group for Polsat-Interia Group.

(5) Data for the periods prior to the acquisition of Interia Group in July 2020 is not added to the Group's total result.

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

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

Average monthly number of page views

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

The average monthly number of page views of Polsat-Interia Group websites reached 2.0 billion in the third quarter of 2021 and 1.9 billion in the three quarters of 2021. These results are higher by 34.0% and 216.3%, respectively, than in the corresponding periods of 2020. Following the acquisition of Interia.pl Group in July 2020 we have become one of the leading internet publishers in Poland.

In the analyzed period the highest number of page views was generated by the Interia.pl horizontal portal. Its content was visited on average 992.8 million times per month during the third quarter and 1,000.1 million of times in the period January-September 2021, which is 193.8 million and 136.6 million, respectively, more often than a year ago. A high and dynamically growing number of page views was recorded by the gossip portal "pomponik.pl". It was viewed 85.7 million times in the third quarter and 80.6 million times in the three quarters of 2021, which represents an increase by 16.7 million and 16.4 million, respectively, compared to last year. Moreover, the sports service "polsatsport.pl" recorded high growth dynamics, with 15.6 million views in the third quarter and 12.4 million views in the three quarters of 2021, which is by 113.7% and 90.8%, respectively, more than a year ago, in connection with former epidemic restrictions in case of sports events.

Average number of page views ⁽¹⁾ [million]	3 months ended September 30		Change	9 months ended September 30		Change
	2021 ⁽²⁾	2020 ⁽³⁾		2021 ⁽²⁾	2020 ⁽³⁾	
Group ⁽⁴⁾	1,995.5	1,489.2	506.3	1,920.9	607.3	1,313.6
<i>Selected websites:</i>						
interia.pl ⁽⁵⁾	992.8	799.0	193.8	1,000.1	863.5	136.6
pomponik.pl ⁽⁵⁾	85.7	69.0	16.7	80.6	64.2	16.4
polsatnews.pl	29.1	29.2	(0.1)	29.5	29.1	0.4
smaker.pl ⁽⁵⁾	17.7	19.1	(1.4)	21.0	22.1	(1.1)
polsatsport.pl	15.6	7.3	8.3	12.4	6.5	5.9
wojapogoda.pl	17.5	17.2	0.3	17.7	16.3	1.4
polsatboxgo.pl ⁽⁶⁾	10.3	14.8	(4.5)	14.8	16.2	(1.4)
polsatgo.pl ⁽⁷⁾	4.2	-	n/a	4.2	-	n/a
deccoria.pl ⁽⁵⁾	2.4	2.1	0.3	2.6	2.4	0.2
ding.pl ⁽⁵⁾	19.8	11.1	8.7	21.5	10.6	10.9
bryk.pl ⁽⁵⁾	2.7	2.8	(0.1)	7.3	6.3	1.0
okazjum.pl ⁽⁵⁾	8.5	8.6	(0.1)	9.3	6.8	2.5

(1) Views indicator – includes both views of classical websites and views of pages in mobile applications.

(2) Data from Mediapanel survey.

(3) Data from Gemius/PBI survey.

(4) Data for the periods prior to the acquisition of Interia Group in July 2020 for Polsat Group standalone. Data for the periods after the acquisition of Interia Group for Polsat-Interia Group

(5) Data for the periods prior to the acquisition of Interia Group in July 2020 is not added to the Group's total result.

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

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

Advertising and sponsoring market share

According to preliminary estimates of Publicis Group, expenditures on TV advertising and sponsoring in three quarters of 2021 amounted to approximately PLN 3 billion, increasing year-on-year by 15.7%. Based on these data, we estimate that in three quarters of 2021 our TV advertising market share amounted to 28.8% and increased by 0.9 percentage points compared to 27.9% in the same period of 2020. In the third quarter of 2021 the expenditures on TV advertising and sponsoring amounted to approximately PLN 0.9 billion and our TV advertising market share increased by 0.6 percentage point to 28.8% from 28.2% in the corresponding period of 2020.

If we compare the current portfolio of Polsat Plus Group's channels, we generated 0.15% more GRPs in three quarters of 2021 compared to the same period of 2020.

Prospects of the online advertising market are also positive. According to the IAB AdEx report, in the first quarter of 2021 online advertising expenditures increased at a rate of 16.7% YoY and reached the value of PLN 1.3 billion. This was principally the result of a rebound after last year's breakdown due to the pandemic. The two main segments of the online advertising market in which we are present, i.e., display and video, were responsible for nearly 45% of total expenditures on the online advertising market and their total value increased by 18% YoY (+21.1% in display and +10.2% in video). We believe that following the acquisition of Interia.pl Group and thus gaining a leading position on the online advertising market we can benefit from the growth of this promising advertising market segment in the future.

3.2. Review of the Group's financial situation

The following review of results for the three- and nine-month periods ended September 30, 2021 was prepared based on the condensed consolidated financial statements for the nine-month period ended September 30, 2021, prepared in accordance with International Financial Reporting Standards as approved for use by the European Union and based on internal analyses.

It should be noted that the financial data for the three- and nine-month periods ended September 30, 2021 and September 30, 2020 are not fully comparable due to the acquisitions and changes to the Group's structure, which are described in detail in item 1.2 - *Composition and structure of Polsat 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 2020.

Due to the fact that the results of the companies acquired from January 1, 2020 to September 30, 2021 do not have a material impact on the results of the Group we do not eliminate them when analyzing the Group's financial situation.

Furthermore, we have presented the adjusted EBITDA result, which excludes the one-off gain on the sale of shares in our subsidiary Polkomtel Infrastruktura Sp. z o.o. (currently Towerlink Poland Sp. z o.o.), which is responsible for part of our technical network infrastructure, recognized in the third quarter of 2021, the EBITDA of Polkomtel Infrastruktura as well as costs related to the COVID-19 epidemic, including donations, incurred in 2020.

3.2.1. Income statement analysis

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

Results for the third quarter of 2021

[mPLN]	for the 3 month period ended September 30		change	
	2021	2020	[mPLN]	[%]
Revenue	3,031.9	3,003.5	28.4	0.9%
Operating costs	(2,595.9)	(2,494.8)	(101.1)	4.1%
Gain on disposal of a subsidiary	3,690.8	-	3,690.8	n/a
Other operating costs, net	4.6	(2.8)	7.4	n/a
Profit from operating activities	4,131.4	505.9	3,625.5	>100%
Loss on investment activities, net	(16.5)	(26.2)	9.7	(37.0%)
Finance costs, net	(54.7)	(66.6)	11.9	(17.9%)
Share of the profit of associates accounted for using the equity method	22.5	13.5	9.0	n/a
Gross profit for the period	4,082.7	426.6	3,656.1	>100%
Income tax	(934.0)	(81.6)	(852.4)	>100%
Net profit for the period	3,148.7	345.0	2,803.7	>100%
EBITDA	4,595.0	1,078.9	3,516.1	>100%
EBITDA margin	151.6%	35.9%	-	-
Costs related to COVID (incl. donations)	-	(3.3)	3.3	(100%)
One-off gain on the disposal of Polkomtel Infrastruktura	3,690.8	-	3,690.8	n/a
EBITDA adjusted	904.2	1,082.2	(178.0)	(16.4%)
EBITDA adjusted margin	29.8%	36.0%	-	-
EBITDA of Polkomtel Infrastruktura	-	170.4	(170.4)	(100%)
EBITDA adjusted excluding EBITDA of Polkomtel Infrastruktura	904.2	911.8	(7.6)	(0.8%)
EBITDA adjusted margin excluding EBITDA of Polkomtel Infrastruktura	29.8%	30.4%	-	-

Revenue

Our **total revenue** increased by PLN 28.4 million (+0.9%) YoY in the third quarter of 2021. The decrease in the dynamics of revenue growth was impacted, among, others by the EU regulation on MTR and FTR rates, introduced from July 1, 2021, which translates into a lower revenue stream from interconnection settlements.

[mPLN]	for the 3 month period ended September 30		change	
	2021	2020	[mPLN]	[%]
Retail revenue	1,707.4	1,623.8	83.6	5.1%
Wholesale revenue	827.1	856.6	(29.5)	(3.4%)
Sale of equipment	359.1	433.7	(74.6)	(17.2%)
Other revenue	138.3	89.4	48.9	54.7%
Revenue	3,031.9	3,003.5	28.4	0.9%

Retail revenue increased by PLN 83.6 million (+5.1%) 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 prepaid customers, as well as the consolidation of the results of Premium Mobile from July 2021.

Wholesale revenue decreased by PLN 29.5 million (-3.4%) YoY. An increase in advertising and sponsorship revenue was offset by the reduction of MTR and FTR rates for terminating traffic in our network by other operators, which was due to the new EU regulation coming into force. Moreover, as a result of taking control over Premium Mobile, wholesale revenue generated on transactions with this company was eliminated on consolidation.

Revenue from the **sale of equipment** decreased by PLN 74.6 million (-17.2%) YoY due to lower volumes of equipment sold. Despite the lifting of administrative restrictions on trade which had been introduced in connection with the COVID-19 epidemic, we continue to observe lower customer traffic in our points of sales.

Other revenue increased by PLN 48.9 million (+54.7%) YoY, mostly due to the consolidation of revenues of Esoleo, our subsidiary that sells photovoltaic installations to individual customers and to the B2B sector.

Operating costs

Our **operating costs** increased by PLN 101.0 million (+4.1%) YoY in the third quarter of 2021.

[mPLN]	for the 3 month period ended September 30		change	
	2021	2020	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	790.3	609.0	181.3	29.8%
Depreciation, amortization, impairment and liquidation	463.6	573.0	(109.4)	(19.1%)
Cost of equipment sold	297.6	361.6	(64.0)	(17.7%)
Content costs	426.9	396.7	30.2	7.6%
Distribution, marketing, customer relation management and retention costs	280.6	247.4	33.2	13.4%
Salaries and employee-related costs	210.8	208.0	2.8	1.3%
Cost of debt collection services and bad debt allowance and receivables written off	30.4	22.8	7.6	33.3%
Other costs	95.7	76.3	19.4	25.4%
Operating costs	2,595.9	2,494.8	101.1	4.1%

Technical costs and cost of settlements with telecommunication operators increased by PLN 181.3 million (+29.8%) YoY, mostly due to the recognition of costs resulting from the agreement on using the mobile infrastructure sold to Cellnex Poland. The above mentioned factor was partially mitigated by lower costs of interconnection settlements related to the reduction of MTR/FTR rates.

Depreciation, amortization, impairment and liquidation costs decreased by PLN 109.4 million (-19.1%) YoY, mainly due to the disposal of our subsidiary Polkomtel Infrastruktura (currently Towerlink Poland).

The **cost of equipment sold** decreased by PLN 64.0 million (-17.7%) YoY as a result of lower volumes of equipment sold, which corresponds with lower revenue from the sale of equipment.

Content costs increased by PLN 30.2 million (+7.6%) YoY, mainly as a result of higher costs of internal production and film licenses, reflecting our decision to allocate more resources in the budget in order to increase the attractiveness of our TV channels. In addition, we recorded higher programming license costs, which is an effect of our customers choosing higher pay TV packages.

Distribution, marketing, customer relation management and retention costs increased by PLN 33.2 million (+13.4%) YoY in connection with intensified marketing activities related to changes of our Group's key brands.

Salaries and employee-related costs increased by PLN 2.8 million (+1.3%) YoY.

Headcount in the Group decreased by 233 FTEs (-3.1%) YoY, which was a net effect of the disposal of shares in Polkomtel Infrastruktura to Cellnex Poland and the consolidation of companies acquired during the last 12 months.

Average employment	for the 3 month period ended September 30			Change	
	2021	2020	[FTEs]	[%]	
Permanent workers not engaged in production in Polsat Plus Group ⁽¹⁾	7,335	7,568	(233)	(3.1%)	

(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 7.6 million (+33.3%) YoY.

Other costs increased by PLN 19.4 million (+25.4%) YoY, mainly as a result of the recognition of costs associated with operations on the photovoltaic market.

In connection with the disposal of shares in Polkomtel Infrastruktura in the third quarter of 2021 we recognized a one-off **gain on disposal of a subsidiary** in the amount of PLN 3,690.8 million.

Other operating income, net amounted to PLN 4.6 million in the third quarter of 2021 as compared to other operating costs, net of PLN 2.8 million in the third quarter of 2020.

Loss on investment activities, net amounted to PLN 16.5 million in the third quarter of 2021, compared to a loss on investment activities, net of PLN 26.2 million in the third quarter of 2020. The YoY lower loss on investment activities, net was the net effect of the recognition of a higher loss on unrealized foreign exchange differences than in the comparative period, which was due to strong depreciation of PLN against EUR in the third quarter of 2021, and the recognition of a gain on the valuation of previously held shares in Premium Mobile against their fair value resulting from the share purchase price allocation of this subsidiary.

Finance costs, net decreased by PLN 11.9 million (-17.9%) YoY. This decrease was caused mostly by lower costs of servicing our debt following the return to scheduled installment repayments of Tranche A of the SFA in 2021 and reduced margin on term loans.

Share of the profit of associates accounted for using the equity method amounted to PLN 22.5 million in the third quarter of 2021 compared to PLN 13.5 million in the third quarter of 2020. This item mainly reflects the recognition of our share in net profit of Asseco Poland, where we are the largest shareholder holding a 22.95% stake.

Income tax was higher by PLN 852.4 million YoY mainly as a result of the recognition of income tax on the one-off gain on disposal of Polkomtel Infrastruktura in the third quarter of 2021, which is subject to settlement in the first half of 2022.

As a result of the changes above described, **net profit** for the third quarter of 2021 increased by PLN 2,803.7 million YoY and amounted to PLN 3,148.7 million.

EBITDA increased by PLN 3,516.1 million YoY to the level of PLN 4,595.0 million in the third quarter of 2021 with EBITDA margin reaching 151.6% (+115.7 p.p. YoY). The increase in EBITDA was driven mainly by the one-off gain on disposal of Polkomtel Infrastruktura in the third quarter of 2021 in the amount of PLN 3,690.8 million.

Adjusted EBITDA excluding the result of Polkomtel Infrastruktura amounted to PLN 904.2 million in the third quarter of 2021 and was lower by PLN 7.6 million (-0.8%) YoY compared to PLN 911.8 million in the third quarter of 2020, resulting in EBITDA margin of 29.8% (-0.6 p.p. YoY).

Results for three quarters of 2021

[mPLN]	for the 9 month period ended September 30		Change	
	2021	2020	[mPLN]	[%]
Revenue	9,179.0	8,714.7	464.3	5.3%
Operating costs	(7,494.9)	(7,342.5)	(152.4)	2.1%
Gain on disposal of a subsidiary	3,690.8	-	3,690.8	n/a
Other operating costs, net	1.7	(10.0)	11.7	n/a
Profit from operating activities	5,376.6	1,362.2	4,014.4	>100%
Loss on investment activities, net	(31.1)	(101.6)	70.5	(69.4%)
Finance costs, net	(172.3)	(268.1)	95.8	(35.7%)
Share of the profit of associates accounted for using the equity method	64.0	47.6	16.4	34.5%
Gross profit for the period	5,237.2	1,040.1	4,197.1	>100%
Income tax	(1,156.4)	(220.6)	(935.8)	>100%
Net profit for the period	4,080.8	819.5	3,261.3	>100%
EBITDA	6,818.6	3,065.6	3,753.0	>100%
EBITDA margin	74.3%	35.2%	-	-
Costs related to COVID (incl. donations)	-	(44.8)	44.8	(100%)
One-off gain on disposal of Polkomtel Infrastruktura	3,690.8	-	3,690.8	n/a
EBITDA adjusted	3,127.8	3,110.4	17.4	0.6%
EBITDA adjusted margin	34.1%	35.7%	-	-
EBITDA of Polkomtel Infrastruktura	366.9	494.8	(127.9)	(25.8%)
EBITDA adjusted excluding EBITDA of Polkomtel Infrastruktura	2,760.9	2,615.6	145.3	5.6%
EBITDA adjusted margin excluding EBITDA of Polkomtel Infrastruktura	30.1%	30.0%	-	-

Revenue

Our **total revenue** increased by PLN 464.3 million (+5.3%) YoY in the nine-month period ended September 30, 2021.

[mPLN]	for the 9 month period ended September 30		Change	
	2021	2020	[mPLN]	[%]
Retail revenue	5,036.3	4,820.3	216.0	4.5%
Wholesale revenue	2,672.0	2,482.8	189.2	7.6%
Sale of equipment	1,042.2	1,172.3	(130.1)	(11.1%)
Other revenue	428.5	239.3	189.2	79.1%
Revenue	9,179.0	8,714.7	464.3	5.3%

Retail revenue increased by PLN 216.0 million (+4.5%) YoY, mainly as a result of the successful execution of our strategy aimed at building customer value, which is reflected in high dynamics of the ARPU growth from both contract B2C and prepaid customers.

Wholesale revenue increased by PLN 189.2 million (+7.6%) YoY. A significant increase in advertising and sponsorship revenue following its decrease in the previous year due to the outbreak of the COVID-19 epidemic and the effect of consolidation of the results of Interia Group from July 2020 fully compensated for a decrease in revenue from interconnection settlements, which resulted from lower rates for terminating traffic in our network by other operators in connection with the new EU regulation's coming into force on July 1, 2021.

Revenue from the **sale of equipment** decreased by PLN 130.1 million (-11.1%) YoY due to lower volumes of equipment sold which was caused by the administrative restrictions on trade related to the COVID-19 epidemic and binding in the first months of 2021, as well as the observed lower customer traffic in points of sale after the removal of the restrictions.

Other revenue increased by PLN 189.2 million (+79.1%) YoY, mostly due to the consolidation of revenues of Esoleo, our subsidiary that sells photovoltaic installations to individual customers and to the B2B sector.

Operating costs

Our **operating costs** increased by PLN 152.4 million (+2.1%) YoY in the nine-month period ended September 30, 2021.

[mPLN]	for the 9 month period ended September 30		Change	
	2021	2020	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	2,048.0	1,845.9	202.1	10.9%
Depreciation, amortization, impairment and liquidation	1,442.0	1,703.4	(261.4)	(15.3%)
Cost of equipment sold	863.5	978.7	(115.2)	(11.8%)
Content costs	1,295.5	1,154.4	141.1	12.2%
Distribution, marketing, customer relation management and retention costs	740.2	703.8	36.4	5.2%
Salaries and employee-related costs	675.6	640.1	35.5	5.5%
Cost of debt collection services and bad debt allowance and receivables written off	82.9	103.7	(20.8)	(20.1%)
Other costs	347.2	212.5	134.7	63.4%
Operating costs	7,494.9	7,342.5	152.4	2.1%

Technical costs and cost of settlements with telecommunication operators increased by PLN 202.1 million (+10.9%) YoY, mainly as a result of the recognition in the third quarter of 2021 of costs resulting from the agreement on using the mobile infrastructure sold to Cellnex Poland. The above mentioned factor was partly offset by a decrease of interconnection costs, associated with the reduction of MTR/FTR rates.

Depreciation, amortization, impairment and liquidation costs decreased by PLN 261.4 million (-15.3%) YoY, mainly due to the ceased recognition of depreciation, starting from March 2021, of assets held for sale in connection with the disposal of our subsidiary Polkomtel Infrastruktura (currently Towerlink Poland), completed as at the balance date.

The **cost of equipment sold** decreased by PLN 115.2 million (-11.8%) YoY as a result of lower volumes of equipment sold, which corresponds with lower revenue from the sale of equipment.

Content costs increased by PLN 141.1 million (+12.2%) YoY, mainly as a result of higher costs of internal production and due to, among others, the higher number of sports events and films being broadcast than in the corresponding period of 2020, when the outbreak of the COVID-19 epidemic occurred. In addition, we recorded higher programming license costs, which is an effect of our customers choosing higher pay TV packages.

Distribution, marketing, customer relation management and retention costs increased by PLN 36.4 million (+5.2%) YoY mainly due to intensified marketing activities, related in particular to the changes of the Group's key brands.

Salaries and employee-related costs increased by PLN 35.5 million (+5.5%) YoY, mainly due to the consolidation of companies acquired during the last 12 months, in particular Interia Group from July 2020, TV Spektrum from September 2020 and Premium Mobile from July 2021, as well as an increase in headcount in Esoleo, which were partly offset by a decrease in headcount related to

the sale of shares in Polkomtel Infrastruktura to Cellnex Poland. The above mentioned factors were the main drivers behind the increase of average employment at the Group level by 224 FTEs (+3.1%) YoY.

Average employment	for the 9 month period ended September 30		Change	
	2020	2019	[FTEs]	[%]
Permanent workers not engaged in production in Polsat Plus Group ⁽¹⁾	7,545	7,321	224	3.1%

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

Cost of debt collection services and bad debt allowance and receivables written off decreased by PLN 20.8 million (-20.1%) YoY, mostly on the back of higher impairment provisions on receivables in the three quarters of 2020 in connection with the decision made at that time to change the vindication method with regard to overdue receivables, which had resulted from the then unsatisfactory prices on the debt collection market.

Other costs increased by PLN 134.7 million (+63.4%) YoY, mainly as a result of the recognition of costs associated with operations on the photovoltaic market.

In connection with the disposal of shares in Polkomtel Infrastruktura, in the nine-month period ended September 30, 2021 we recognized a one-off **gain on disposal of a subsidiary** in the amount of PLN 3,690.8 million.

Other operating income, net amounted to PLN 1.7 million as compared to other operating costs, net of PLN 10.8 million in the nine-month period ended September 30, 2020. The change was mainly due to the recognition in the second and third quarters of 2020 of costs and donations related to combating the effects of the COVID19 pandemic, which were not incurred in the nine-month period ended September 30, 2021.

Loss on investment activities, net amounted to PLN 31.1 million in the nine-month period ended September 30, 2021, compared to a loss on investment activities, net of PLN 101.6 million in the nine-month period ended September 30, 2020. This was mainly the effect of the recognition of a lower loss than in the corresponding period on unrealized exchange rate differences related, among others, to the valuation of UMTS license liabilities and liabilities related to the purchase of certain sports content, which was due to lower depreciation of the PLN versus the EUR in three quarters of 2021 than in the corresponding period.

Finance costs, net decreased by PLN 95.8 million (-35.7%) YoY. This decrease was caused, among others, by lower costs of servicing debt following the reduction of interest rates by the National Bank of Poland during 2020 as well as the return in 2021 to scheduled installment repayments of Tranche A of the SFA and reduced margin on term loans. Moreover, in the nine-month period ended September 30, 2020 we recognized a significant cost in connection with the change in valuation of hedging instruments (IRS) not used in hedge accounting following the reduction of interest rates executed by the National Bank of Poland.

Share of the profit of associates accounted for using the equity method amounted to PLN 64.0 million compared to PLN 47.6 million in the nine-month period ended September 30, 2020. This item mainly reflects the recognition of our share in net profit of Asseco Poland, where we are the largest shareholder holding a 22.95% stake.

Income tax was higher by PLN 935.8 million mainly as a result of the recognition of income tax on the one-off gain on disposal of Polkomtel Infrastruktura in the third quarter of 2021, which is subject to settlement in the first half of 2022.

As a result of the changes described above, **net profit** for the nine-month period ended September 30, 2021 increased by PLN 3,261.3 million YoY and amounted to PLN 4,080.8 million.

EBITDA increased by PLN 3,753.0 million YoY to the level of PLN 6,818.6 million in the nine-month period ended September 30, 2021 with EBITDA margin reaching 74.3% (+39.1 p.p. YoY). The increase in EBITDA was driven mainly by the recognition of the one-off gain on disposal of Polkomtel Infrastruktura to Cellnex Poland in the third quarter of 2021 in the amount of PLN 3,690.8 million.

Adjusted EBITDA excluding the result of Polkomtel Infrastruktura amounted to PLN 2,760.9 million in the nine-month period ended September 30, 2021 and was higher by PLN 145.3 million (+5.6%) YoY compared to PLN 2,615.6 million in the corresponding period of 2020, resulting in EBITDA margin of 30.1% (+0.1 p.p. YoY).

3.2.2. Operating segments

The Group operates in the following two segments:

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

The Group conducts its operating activities primarily in Poland.

Services provided in the B2C and B2B customers segment include:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay TV services where revenues are generated mainly from pay TV subscription fees,
- mobile telecommunication services (postpaid and mix) which generate revenues mainly from 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, formerly IPLA) available on computers, smartphones, tablets, smart TV sets, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising on the internet,
- premium rate services based on SMS/IVR/MMS/WAP technologies,
- production of set-top boxes,
- sale of telecommunication equipment,
- sale of electric energy and other media to retail customers,
- sale of photovoltaic installations.

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

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

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the nine-month period ended September 30, 2021:

9-month period ended September 30, 2021 (unaudited) [mPLN]	B2C and B2B services segment	Media segment: television and online	Consolidation adjustments	Total
Revenues from sales to third parties	7,759.3	1,419.7	-	9,179.0
Inter-segment revenues	44.7	157.0	(201.7)	-
Revenues	7,804.0	1,576.7	(201.7)	9,179.0
EBITDA (unaudited)	2,674.7	453.1	-	3,127.8
Gain on disposal of a subsidiary	3,690.8	-	-	3,690.8
EBITDA adjusted (unaudited)	6,365.5	453.1	-	6,818.6
Depreciation, amortization, impairment and liquidation	1,353.5	88.5	-	1,442.0
Profit from operating activities	5,012.0	364.6	-	5,376.6
Acquisition of property, plant and equipment and other intangible assets	816.0	85.8	-	901.8
Acquisition of reception equipment	78.2	-	-	78.2
Balance as at September 30, 2021 (unaudited)				
Assets, including:	29,418.6	6,623.8 ¹⁾	(75.0)	35,967.4
Investments in joint venture and associates	1,752.6	5.9	-	1,758.5

¹⁾ Includes non-current assets located outside of Poland in the amount of PLN 4.0 million.

All material revenues are generated in Poland.

It should be noted that the financial data for the nine-month periods ended September 30, 2021 and September 30, 2020 allocated to the B2C and B2B services segment and the media segment are not fully comparable due changes in the Group's structure which were presented in detail in item 1.2. - *Composition and structure of Polsat 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 2020.

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the nine-month period ended September 30, 2020:

9-month period ended September 30, 2020 (unaudited) [mPLN]	B2C and B2B services segment	Media segment: television and online	Consolidation adjustments	Total
Revenues from sales to third parties	7,517.4	1,197.3	-	8,714.7
Inter-segment revenues	44.8	157.4	(202.2)	-
Revenues	7,562.2	1,354.7	(202.2)	8,714.7
adjusted EBITDA (unaudited)	2,705.8	404.6	-	3,110.4
Costs related to COVID-19 (including donations)	41.0	3.8	-	44.8
EBITDA (unaudited)	2,664.8	400.8	-	3,065.6
Depreciation, amortization, impairment and liquidation	1,655.8	47.6	-	1,703.4
Profit from operating activities	1,009.0	353.2	-	1,362.2
Acquisition of property, plant and equipment and other intangible assets	730.0	57.8	-	787.8
Acquisition of reception equipment	112.5	-	-	112.5
Balance as at September 30, 2020 (unaudited)				
Assets, including:	27,305.0	5,567.6 ¹⁾	(58.5)	32,814.1
Investments in joint venture and associates	1,298.2	5.9	-	1,304.1

¹⁾ Includes non-current assets located outside of Poland in the amount of PLN 9.0 million.

3.2.3. Balance sheet analysis

As at September 30, 2021 our balance sheet amounted to PLN 35,967.4 million and was higher by PLN 2,852.4million compared to its level as at December 31, 2020.

Assets

[mPLN]	September 30 2021	December 31 2020	Change	
			[mPLN]	[%]
Reception equipment	279.9	293.4	(13.5)	(4.6%)
Other property, plant and equipment	3,206.2	5,391.0	(2,184.8)	(40.5%)
Goodwill	10,809.0	11,808.4	(999.4)	(8.5%)
Customer relationships	1,110.0	1,412.7	(302.7)	(21.4%)
Brands	2,078.5	2,031.7	46.8	2.3%
Other intangible assets	2,400.1	2,616.4	(216.3)	(8.3%)
Right-of-use assets	685.2	1,519.4	(834.2)	(54.9%)
Non-current programming assets	542.3	282.5	259.8	92.0%
Investment property	49.7	50.0	(0.3)	(0.6%)
Non-current deferred distribution fees	77.1	93.5	(16.4)	(17.5%)
Non-current trade receivables	751.8	832.0	(80.2)	(9.6%)
Other non-current assets, includes	1,820.5	1,283.6	536.9	41.8%
<i>shares in associates accounted for using the equity method</i>	1,752.6	1,257.8	494.8	39.3%
<i>derivative instruments</i>	6.5	0.4	6.1	(>100%)
Deferred tax assets	119.2	223.2	(104.0)	(46.6%)
Total non-current assets	23,929.5	27,837.8	(3,908.3)	(14.0%)
Current programming assets	925.1	413.2	511.9	>100%
Contract assets	438.7	537.7	(99.0)	(18.4%)
Inventories	515.0	299.4	215.6	72.0%
Trade and other receivables	2,413.9	2,390.4	23.5	1.0%
Income tax receivables	4.6	9.0	(4.4)	(48.9%)
Current deferred distribution fees	223.8	222.4	1.4	0.6%
Other current assets	44.5	39.3	5.2	13.2%
<i>includes derivative instruments</i>	3.6	2.0	1.6	80.0%
Cash and cash equivalents	7,462.8	1,355.4	6,107.4	>100%
Restricted cash	9.5	10.4	(0.9)	(8.7%)
Total current assets	12,037.9	5,277.2	6,760.7	>100%
Total assets	35,967.4	33,115.0	2,852.4	8.6%

In the nine-month period ended September 30, 2021, our **non-current assets** decreased by PLN 3,908.3 million (-14.0%) and accounted for 66.5% of total assets compared to 84.1% at the end of 2020. The decrease in the value of non-current assets was driven mainly by the completion in the third quarter of 2021 of the disposal of our subsidiary Polkomtel Infrastruktura (currently Towerlink Poland), which owns the mobile part of Polsat Plus Group's telecommunication network, and was reflected in particular in the "Other non-current assets" and "Right-of-use assets" items. In turn, as at September 30, 2021, we recorded an increase in the value of other non-current assets by PLN 536.9 million (+41.8%). This item included mainly the value of our 22.95% stake in Asseco Poland S.A., which we acquired in 2019, and the value of our 10.0% stake in eObuwie S.A., acquired in June 2021 for the amount of PLN 500.0 million. Moreover, during three quarters of 2021, the value of customer relationships decreased by PLN 302.7 million (-21.4%) and the value of other intangible assets (mostly telecommunication licenses) decreased by PLN 216.3 million (-8.3%) due to the gradually recognized amortization. In turn, a decrease of the value of goodwill by PLN 999.4 million (-8.5%) resulted mainly from the allocation of approximately PLN 1.0 billion of goodwill to Polkomtel Infrastruktura assets that were disposed.

In the nine-month period ended September 30, 2021, our **current assets** increased by PLN 6,760.7 million and accounted for 33.5% of total assets of the Group. The value of non-current assets was higher mainly due to an increase in cash and cash equivalents by PLN 6,107.4 million, which was the effect of the finalized settlement of the disposal of Polkomtel Infrastruktura (currently Towerlink Poland). Furthermore, in the nine-month period ended September 30, 2021 we recorded an increase in the value of current programming assets by PLN 511.9 million (+123.9%), which was associated with the purchase of additional sports rights, and in the value of inventories by PLN 215.6 million (+72.0%), due to our entry into the photovoltaic market and a decision to increase purchases of telecommunication equipment owing to global problems with maintaining the continuity of the supply chain.

Equity and liabilities

[mPLN]	September 30	December 31	Change	
	2021	2020	[mPLN]	[%]
Share capital	25.6	25.6	-	-
Share premium	7,174.0	7,174.0	-	-
Share of other comprehensive income of associates	21.4	21.2	0.2	0.5%
Other reserves	(126.3)	99.7	(226.0)	n/a
Retained earnings	10,416.1	7,112.3	3,303.8	46.5%
Equity attributable to equity holders of the Parent Company	17,510.8	14,432.8	3,078.0	21.3%
Non-controlling interests	(6.6)	(6.6)	-	-
Total equity	17,504.2	14,426.2	3,078.0	21.3%
Loans and borrowings	8,005.1	8,887.8	(882.7)	(9.9%)
Issued bonds	1,960.6	1,959.2	1.4	0.1%
Lease liabilities	495.3	1,140.5	(645.2)	(56.6%)
UMTS license liabilities	-	136.7	(136.7)	(100.0%)
Deferred tax liabilities	853.2	902.1	(48.9)	(5.4%)
Other non-current liabilities and provisions	345.8	388.1	(42.3)	(10.9%)
<i>includes derivative instruments</i>	-	16.8	(16.8)	(100.0%)
Total non-current liabilities	11,660.0	13,414.4	(1,754.4)	(13.1%)
Loans and borrowings	1,924.5	753.0	1,171.5	>100%
Issued bonds	39.2	38.7	0.5	1.3%
Lease liabilities	196.8	432.5	(235.7)	(54.5%)
UMTS license liabilities	140.0	126.7	13.3	10.5%
Contract liabilities	668.3	675.6	(7.3)	(1.1%)
Trade and other payables	2,368.1	2,155.3	212.8	9.9%
<i>includes derivative instruments</i>	14.2	39.2	(25.0)	(63.8%)
Liabilities to shareholders of the Parent Company related to dividend	511.7	415.7	96.0	23.1%
Liabilities due to tender offer for shares in Netia S.A.	-	548.0	(548.0)	(100.0%)
Income tax liability	954.6	128.9	825.7	>100%
Total current liabilities	6,803.2	5,274.4	1,528.8	29.0%
Total liabilities	18,463.2	18,688.8	(225.6)	(1.2%)
Total equity and liabilities	35,967.4	33,115.0	2,852.4	8.6%

During the nine-month period ended September 30, 2021 **equity** increased by PLN 3,078.0 million (+21.3%) to PLN 17,504.2 million as at September 30, 2021. This was the result of profit generated in three quarters of 2021 in the amount of PLN 4,080.8 million. Simultaneously, equity was reduced by the recognized and partly settled liability related to the dividend in the amount of PLN 767.5 million.

Total liabilities decreased by PLN 225.6 million (-1.2%) and amounted to 18,463.2 million as at September 30, 2021, out of which current liabilities amounted to PLN 6,803.2 million and non-current liabilities were PLN 11,660.0 million (constituting 36.8% and 63.2% of total liabilities, respectively). Compared to the end of December 2020, the value of current liabilities increased by PLN 1,528.8 million (+29.0%) while non-current liabilities decreased by PLN 1,754.4 million (-13.1%). The main factors driving the decrease of the value of non-current liabilities were the recognition of lower by PLN 645.2 million lease liabilities in connection with the disposal of Polkomtel Infrastruktura (currently Towerlink Poland), the owner of the mobile part of Polsat Plus Group's telecommunication network, the subsequent installment payment for our UMTS license and scheduled installment repayments of Tranche A of the SFA. In turn, the increase in the value of current liabilities was impacted in particular by higher by PLN 825.7 million **income tax liabilities**, mainly due to the completed disposal of Polkomtel Infrastruktura. In parallel, the completion of the tender offer for shares of Netia S.A. in February 2021 decreased the value of current liabilities by PLN 548.0 million compared to their level as at the end of December 2020.

In connection with the completed disposal of our subsidiary Polkomtel Infrastruktura, as at September 30, 2021 the value of **lease liabilities (short- and long-term)** was lower by PLN 880.9 million (-56.0%) compared to December 31, 2020.

The value of **loans and borrowings (short- and long-term)** was higher by PLN 288.8 million (+3.0%) as at September 30, 2021, which was net the result of the scheduled repayment of installments under the SFA and temporarily increased debt drawn under the Revolving Facility Loan.

The value of **trade and other payables** increased by PLN 212.8 million (+9.9%) as at September 30, 2021 compared to the end of December 2020, mainly due to higher liabilities related to the purchases of programming assets, which is also reflected in higher value of programming assets.

The value of **UMTS license liabilities (short- and long-term)** decreased by PLN 123.4 million (-46.8%) YoY as a result of the subsequent payment for the UMTS license executed in September 2021.

Contractual obligations

Commitments to purchase programming assets

As at September 30, 2021 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

[mPLN]	September 30, 2021 (unaudited)	December 31, 2020
within one year	281.2	182.9
between 1 to 5 years	474.5	315.6
more than 5 years	35.5	45.1
Total	791.2	543.6

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

[mPLN]	September 30, 2021 (unaudited)	December 31, 2020
within one year	28.0	22.1
between 1 to 5 years	-	0.2
Total	28.0	22.3

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements for the production and purchases of the property, plant and equipment was PLN 215.1 million as at September 30, 2021 (PLN 313.2 million as at December 30, 2020). The total amount of contractual liabilities resulting from agreements for the purchases of intangible assets was PLN 87.1 million as at September 30, 2021 (PLN 64.9 million as at December 30, 2020).

Future contractual obligations

As at September 30, 2021 and December 31, 2020 the Group had future liabilities due for transponder capacity agreements. The table below presents future payments (total):

[mPLN]	September 30, 2021 (unaudited)	December 31, 2020
within one year	126.5	126.0
between 1 to 5 years	411.1	503.9
Total	537.6	629.9

3.2.4. Cash flow analysis

The table below presents selected data from the consolidated cash flow statement for the nine-month periods ended September 30, 2021 and September 30, 2020.

[mPLN]	for nine months ended September 30		Change	
	2021	2020	[mPLN]	[%]
Net profit	4,080.8	819.5	3,261.3	>100%
Net cash from operating activities	2,442.7	2,223.1	219.6	9.9%
Net cash used in investing activities	4,646.0	(1,361.0)	6,007.0	n/a
<i>Capital expenditures</i>	<i>(901.8)</i>	<i>(787.7)</i>	<i>(114.1)</i>	<i>14.5%</i>
<i>Capital expenditures /revenue</i>	<i>9.8%</i>	<i>9.0%</i>	<i>n/a</i>	<i>0.8 p.p.</i>
Net cash from financing activities	(981.5)	(453.3)	(528.2)	(>100%)
Net increase/(decrease) in cash and cash equivalents	6,107.2	408.8	5,698.4	>100%
Cash and cash equivalents at the beginning of the period	1,365.8	753.1	612.7	81.4%
Cash and cash equivalents at the end of the period	7,472.3	1,164.2	6,308.1	>100%

Net cash from operating activities

Net cash received from operating activities amounted to PLN 2,442.7 million in the nine-month period ended September 30, 2021 and increased by PLN 219.6 million (+9.9%) YoY. The increase in net cash from operating activities was impacted mainly by higher adjusted EBITDA generated in three quarters of 2021 combined with lower decrease of liabilities and provisions than in the corresponding period, which allowed to compensate for higher payments for film licenses and sports rights and higher inventories, which were increased in connection with the recently noticeable problems with the continuity of supply chains in the world economy.

Net cash from investing activities

Net cash received from investing activities amounted to PLN 4,646.0 million in the nine-month period ended September 30, 2021 compared to PLN 1,361.0 million of net cash used in investing activities in the corresponding period of 2020. This change was mainly caused by the inflow of proceeds from the disposal of shares of our subsidiary Polkomtel Infrastruktura (currently Towerlink Poland) which offset in full a cash outflow related to the purchase a 10% stake in eObuwie.pl S.A., the continued increase of our capital engagement in the ownership of our subsidiary Netia and other acquisition projects.

In turn, capital expenditures on the purchase of property, plant and equipment, and intangible assets amounted to PLN 901.8 million in the nine-month period ended September 30, 2021 and increased by PLN 114.1 million (+14.5%) YoY. In three quarters of 2021, capital expenditures included, in particular, the deployment of the 5G network based on the 2600 MHz TDD band (impact from this factor was visible only in the first half of 2021, i.e., until the disposal of Polkomtel Infrastruktura), expansion of fiber optic cables, radio links and transmission nodes, and expenditures related to the continued project of complex modernization and exchange of the IT environment of the Group, as well as costs related to the construction of a data center by Netia and the construction of an office building complex at Puławska St. in Warsaw. At the same time we also invested in the development of our content services, including, among others, internet projects, set-top boxes and the development of functionalities of applications and streaming platforms (Polsat Box GO – formerly IPLA and Cyfrowy Polsat GO), the purchase of an additional broadcasting van, TV studios' equipment, and we also successively exchanged our car fleet and the interior design of our points of sales, and incurred other administrative expenses.

Net cash used in finance activities

Net cash used in financing activities amounted to PLN 981.5 million in the nine-month period ended September 30, 2021, up by PLN 528.2 million YoY. The increase of this item in the three quarters of 2021 was among others due to the payout of the second tranche of dividend for 2019 in the amount of PLN 415.7 million and the first out of two tranches of dividend for 2020 in the amount of PLN 255.8 million as well as the return to regular quarterly repayments of Tranche A of our Senior Credit Facility.

3.2.5. Liquidity and capital resources

We maintain cash to fund the day-to-day requirements of our business. Our objective is to ensure cost-efficient access to various financing sources, including bank loans, bonds and other borrowings.

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

The table below presents a summary of the indebtedness of the Group as at September 30, 2021.

	Balance value as at September 30, 2021 [mPLN]	Coupon / interest / discount	Maturity date
SFA (Tranche A and B)	8,924.0	WIBOR + margin	Tranche A - 2024 Tranche B - 2025
Revolving Credit Facility (RCF)	1,000.0	WIBOR + margin	-
Series B and C Bonds	1,999.8	Series B - WIBOR + 1.75% Series C - WIBOR + 1.65%	Series B - 2026 Series C - 2027
Leasing and other	697.7	-	-
Gross debt	12,621.5	-	-
Cash and cash equivalents ¹	(7,472.3)	-	-
Net debt	5,149.2	-	-
EBITDA LTM ²	7,945.9	-	-
Total net debt / EBITDA LTM	0.65x	-	-
Weighted average interest cost ³	-	2.6%	-

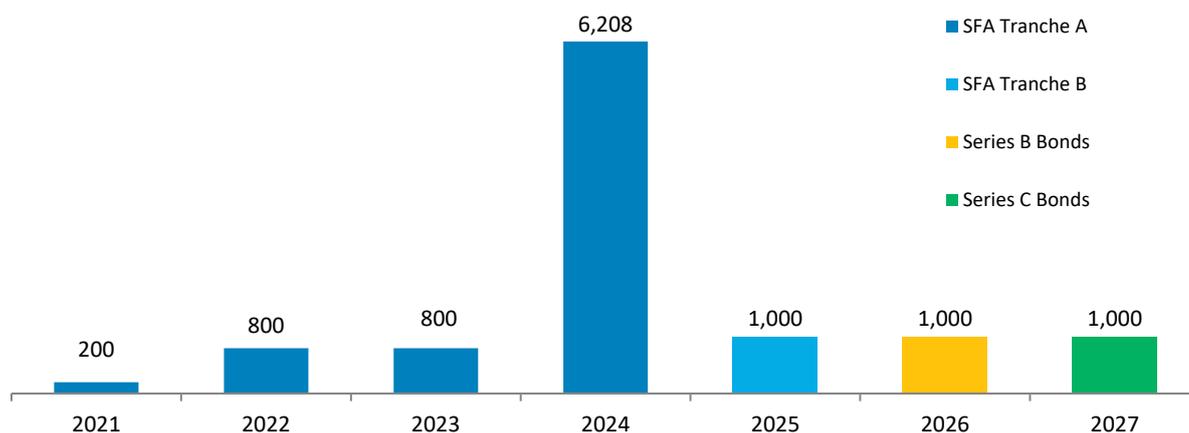
(1) This item comprises cash and cash equivalents, including restricted cash, as well as short-term deposits.

(2) In accordance with the requirement of the SFA, the EBITDA LTM calculation is based on adjusted EBITDA, i.e., without COVID-19 related costs, including donations.

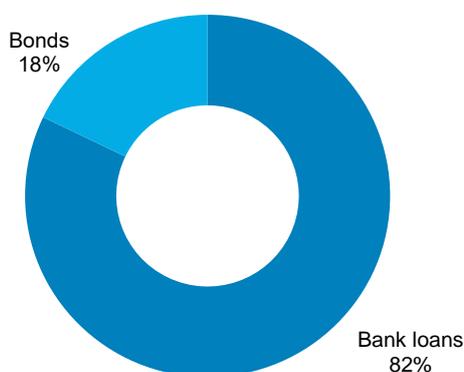
(3) Prospective average weighted interest cost of the SFA (including the Revolving Credit Facility) and the Series B and Series C Bonds, excluding hedging instruments, as at November 5, 2021 assuming WIBOR 1M of 1.32% and WIBOR 6M of 1.87%.

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 September 30, 2021.

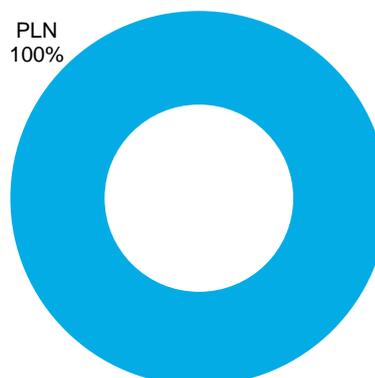
Debt maturing profile as at September 30, 2021 [mPLN]



**Debt structure by instrument type
as at September 30, 2021**



**Debt structure by currency
as at September 30, 2021**



In order to reduce exposure to interest rate risk related to interest payments on the SFA, as amended, based on a floating rate, we actively apply hedging strategies based on derivative instruments, swaps (IRS) in particular. As at September 30, 2021, transactions hedging the WIBOR interest rate changes, opened by companies from the Group and maturing in different periods in the years 2021-2023, amounted to a maximum of PLN 2,625.0 million.

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

Ratings

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

Rating agency	Rating / perspective	Previous rating / perspective	Rating/outlook date	Last review date
Moody's Investor Service	Ba1 / stable	Ba2 / positive	11.06.2019	4.11.2021
S&P Global Ratings	BB+ / positive	BB+ / stable	18.12.2018	04.03.2021

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

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

On July 19, 2021, Moody's Investors Service issued an update to its credit opinion about the Group, without changes in the rating or the outlook, i.e., the corporate family rating (CFR) was maintained at Ba1 with stable outlook. When updating its credit opinion, Moody's tightened the credit metrics required for the Ba1 rating level in order to reflect the operational liability arising from the long-term agreement between the Group and Cellnex Telecom. In parallel, Moody's stated that the rating of Polsat Plus Group reflects in particular: (1) its market leading positions in pay TV, online video, and fixed and mobile telephony and broadband services; (2) the benefits of being an integrated media and telecommunications group with a fully convergent commercial proposition; (3) its public commitment to reach a net debt/EBITDA leverage of 2.0x over the medium term; (4) its stable free cash flow generation; and (5) the high level of cash following the sale of Polkomtel Infrastruktura, which will enhance liquidity significantly and reduce net leverage. In Moody's opinion, positive rating pressure is unlikely in the medium term given the Group's small scale relative to similarly-rated peers, its concentration in Poland, and its high, in Moody's opinion, leverage. However, overtime, positive pressure could emerge if the Group demonstrates sustained revenue, EBITDA and margin improvement, and continues reducing debt. On the other hand, negative rating pressure could be exerted as a result of a significant weakening of its operating performance or a material increase in shareholder distributions, not offset by a debt reduction, resulting in increased debt levels above certain indicators defined by Moody's.

3.2.6. Information on guarantees granted by the Company or subsidiaries

Securities related to the Senior Facilities Agreement

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

- (i) registered pledges over variable collections of movable property and rights comprised in the enterprises of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, Polkomtel, Polkomtel Infrastruktura Sp. z o.o. (formerly PL 2014 Sp. z o.o.; the security was released as a result of the transaction of sale of Polkomtel Infrastruktura shares on July 8, 2021) and Plus Flota Sp. z o.o., governed by Polish law.
- (ii) financial and registered pledges on shares in Telewizja Polsat (with an aggregate nominal value of PLN 236,945,700), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company. The pledged shares represent 100% less 10 shares of the share capital of the company and are held by the Company as a long-term capital investment.
- (iii) financial and registered pledges on shares in Polkomtel (with a total nominal value of PLN 2,360,068,800), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company. The pledged shares represent 100% less 10 shares of the share capital of the company and are held by the Company as a long-term capital investment.
- (iv) financial and registered pledges on shares in Netia S.A. (with a total nominal value of PLN 110,702,441), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company, the pledged shares represent 32.99% of the share capital of the company.
- (v) financial and registered pledges on shares in TV Spektrum Sp. z o.o. (with a total nominal value of PLN 2,400,000), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company, the pledged shares represent 49.48% of the share capital of the company.
- (vi) financial and registered pledges on shares in Polkomtel Infrastruktura Sp. z o.o. (formerly PL 2014 Sp. z o.o. with a total nominal value of PLN 29,494,600), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company, the pledged shares represent approximately 28.50% of the share capital of the company (the security was released as a result of the transaction of sale of Polkomtel Infrastruktura shares on July 8, 2021).
- (vii) financial and registered pledges on receivables under bank account agreements of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, Polkomtel and Polkomtel Infrastruktura Sp. z o.o. (formerly PL 2014 Sp. z o.o.; the security was released as a result of the transaction of sale of Polkomtel Infrastruktura shares on July 8, 2021), governed by Polish law.
- (viii) powers of attorney to bank accounts of the Company, Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, Polkomtel, Dwa Sp. z o.o., Teleaudio Dwa Spółka z ograniczoną odpowiedzialnością Sp. k., Polsat Media Biuro Reklamy Sp. z o.o., Interphone Service Sp. z o.o., Muzo.fm Sp. z o.o., INFO-TV-FM Sp. z o.o., Polkomtel Business Development Sp. z o.o., TM Rental Sp. z o.o., Liberty Poland S.A., Polkomtel Infrastruktura Sp. z o.o. (formerly PL 2014 Sp.

z o.o.; the security was released as a result of the transaction of sale of Polkomtel Infrastruktura shares on July 8, 2021) and Plus Flota Sp. z o.o., governed by Polish law.

- (ix) ordinary and registered pledges on protection rights to trademarks vested in Telewizja Polsat and Polsat Investments Ltd. (formerly Polsat Brands AG), governed by Polish law.
- (x) assignment for security of certain property rights in Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., governed by Polish law.
- (xi) contractual joint mortgage under Polish law on the following real properties owned by the Company: (a) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00102149/9, (b) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00136943/2, (c) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00102615/7, (d) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00101039/8, (e) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00132063/1, (f) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00104992/7, (g) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00100109/3, (h) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00103400/4, (i) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00100110/3, (j) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00131411/9.
- (xii) contractual mortgage governed by Polish law on the land property owned by Polkomtel and located in Warsaw, Ursynów district, in the vicinity of Baletowa street, comprising plots of land no. 131/4 and 132/6, Land and Mortgage Register No. WA5M/00478842/7.
- (xiii) assignment for security of receivables under hedge agreements of the Company and Polkomtel, governed by English law.
- (xiv) assignment for security of rights under insurance agreements covering the property referred to in item (i) and item (ix) above.
- (xv) pledge on shares in Polsat License Ltd. (with an aggregate nominal value of CHF 1,000,000), governed by the Swiss law, the pledged shares represent 100% of the company's share capital and are held by the Company as a long-term capital investment.
- (xvi) assignment for security of: (a) receivables due from various debtors, (b) receivables and rights to and in bank accounts. and (c) rights under insurance agreements of Polsat License Ltd., governed by the Swiss law.
- (xvii) assignment for security of rights under a license agreement between Polsat Investments Ltd. (formerly Polsat Brands AG) and Polsat License Ltd. and rights under bank account agreements, governed by the Swiss law.
- (xviii) pledge on bank accounts taken over by Cyfrowy Polsat following the merger with Metelem, governed by Cypriot law.
- (xix) assignment for security of receivables and rights to and in bank accounts taken over by Cyfrowy Polsat following the merger with Metelem, governed by the Swiss law.
- (xx) pledge on shares in Polsat Investments Ltd. (formerly Polsat Brands AG) (with the total nominal value of CHF 250,074), governed by the Swiss law.

- (xxi) pledge on receivables under bank account agreements taken over by Polkomtel following the merger with Litenite, governed by Swiss law.
- (xxii) statements of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k., Telewizja Polsat, Polkomtel and Polkomtel Infrastruktura Sp. z o.o. (formerly PL 2014 Sp. z o.o.; the security was released as a result of the transaction of sale of Polkomtel Infrastruktura shares on July 8, 2021) on the submission to enforcement on the basis of a notarial deed, governed by Polish law, and
- (xxiii) statement of Polsat Brands AG on the submission to enforcement on the basis of a notarial deed executed under the Polish law (concerning all property located in Poland or governed by Polish law).

4. Other significant information

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

Transactions with parties related to Polsat Plus Group in the nine-month period ended September 30, 2021 have been concluded exclusively on market conditions and are described in Note 19 of the condensed consolidated financial statements for the nine-month period ended September 30, 2021.

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

Polsat Plus Group had not published any financial forecasts.

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

Management believes that the provisions as at September 30, 2021 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

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

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

On December 30, 2016, the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel were allegedly infringing collective consumer interests by presenting advertising slogans, which in the opinion of the authorities were misleading and suggested that the LTE data transmission will not be limited. Pursuant to the decision of the President of UOKiK the Company and Polkomtel were charged with a penalty in the amount of PLN 5.3 million and PLN 18.4 million, respectively. The Group appealed to SOKiK against the decision. On June 18, 2019, SOKiK annulled the decision of the President of UOKiK in relation to Polkomtel. The President of UOKiK appealed against the SOKiK verdict. On August 7, 2019, the court dismissed the appeal of Cyfrowy Polsat. The Company appealed against the decision. Pursuant to the Court of Appeals verdict from March 11, 2021, the Company paid a penalty of PLN 5.3 million on March 26, 2021. On June 24, 2021, the Company filed a cassation appeal to the Supreme Court.

On December 30, 2016, the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel were allegedly infringing collective consumer interests by presenting sale offers, which in the opinion of the authorities were impossible to conclude. Pursuant to the decision of the President of UOKiK the Company and Polkomtel were charged with a penalty in the amount of PLN 4.4 million and PLN 12.3 million, respectively. The Group appealed to SOKiK 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 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. The company plans to appeal against the SOKiK judgment.

Other proceedings

On April 28, 2017, Association of Polish Stage Artists ("ZASP") filed a lawsuit against Cyfrowy Polsat for payment of PLN 20.3 million. The Company issued an objection in the writ-of-payment proceedings and filed for its dismissal entirely. On January 10, 2018, the Court issued a decision to refer the case to mediation proceedings. Mediation ended without a settlement. The hearing took place on May 8, 2019. Both parties have submitted an application for re-referral to the mediation proceedings for a period of three months. The court approved application and postponed the hearing without a deadline. Mediation ended without a settlement. On May 6, 2020, the Company received a letter from the Court, included the mediator's position summarizing the course of mediation, with a request to refer to its content. On May 25, 2020, the Company submitted a response informing the Court about the settlement being impossible to reach by the parties. The hearing took place on October 20, 2021. The next hearing is scheduled for May 11, 2022.

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 date of next hearing is scheduled for March 16, 2022.

The legal dispute in respect to the telecommunication concession

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

August 4, 2017. On March 7, 2018, Aero2 filed a complaint with the Provincial Administrative Court in Warsaw, on October 4, 2018 the complaint was dismissed. On December 27, 2018, Aero2 filed a cassation appeal against judgment. The case is awaiting the appointment by the NSA.

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

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

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

The initiation by the European Commission of the procedure based on Art. 108 sec. 2 of the European Union Treaty

In the beginning of October 2020, Cyfrowy Polsat and Sferia S.A. (Sferia), a company owned by Cyfrowy Polsat 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.

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

In addition to the matters described above, there are also other proceedings, for which provisions have been made according to the best estimates of the management board members as to potential future outflows of the economic benefits required for their settlement. Information

regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases. Other significant proceedings were described in item 5.5. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2020.

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

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

Due to the worldwide COVID-19 coronavirus pandemic, in 2020 and 2021 numerous restrictions were introduced both in Poland and worldwide which are adjusted on an as-needed basis to the current epidemic situation. Pandemic-related restrictions and changes taking place in societies' lifestyle have, and shall continue to have in the future, a profound impact on the way in which societies and economies function worldwide.

Based on the turn of events so far, we estimate that Polsat Plus Group's business operations are relatively resistant to the adverse impact of the pandemic. Most of the operating activities of the Group companies rely on a business model involving a large base of contract customers, thanks to which the Group obtains stable and predictable revenue streams from subscription fees that translate into a strong positive cash generation.

Our **media segment** is more prone to the COVID-19 coronavirus epidemic and it recorded a significant decrease of revenue in spring 2020, when the first lockdown was imposed in Poland and translated into a high economic uncertainty. It can reasonably be expected that the implementation of further restrictions in connection with the potential next waves of the epidemic as well as potential negative economic consequences of such decisions for certain sectors of the economy may have a negative impact on the value of the advertising market and, consequently, on our stream of revenues derived from advertising, however, it is not possible to assess the probability of occurrence nor the scale of such an impact on our future revenue.

As for our **B2C and B2B services segment**, the COVID-19 epidemic continues to have an impact translating into lower revenues from international roaming. Given the volatility of the pandemic situation worldwide, it seems unlikely that international tourist traffic will return in full to its pre-pandemic levels in the nearest quarters, hence it can reasonably be expected that the impact of the epidemic on roaming revenue will remain negative.

The state of epidemic and related restrictions, especially the closing of shopping malls and social distancing, also had a substantial impact on the functioning of our sales network. Starting from 2020, we have been observing a change in the behavior pattern of customers, who visit physical points of sale less often even at the time of full accessibility of our sales network. If the current phenomenon continues, it may translate into lower sales and lower churn in the quarters to come, depending on the scale and the duration of the potential next waves of the epidemic. In particular, it may also translate into lower sales of equipment.

In parallel, it can be expected that the continuing state of epidemic may accelerate conversion of sales processes in the sector towards a steadily increasing share of remote channels. We are constantly implementing solutions aimed at intensifying sales via remote sales channels, which record significant growth of customer traffic and sales.

In our opinion, the coronavirus pandemic has clearly shown the importance of telecommunications services both in business and in private lives, and accelerated society digitalization trends. In particular, we believe that remote working and learning became an important element of daily life of a significant part of our customers, which will lead to increased consumption of

telecommunications services, especially internet access. Sustained high usage of our telecommunications services should impact favorably, in the mid and long-term, the stream of our retail revenue.

4.4.2. Factors related to social-economic environment

Economic situation in Poland

Macroeconomic trends in the Polish economy as well as global market conditions have thus far affected the operations and operating results of Polsat Plus Group, 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, unemployment rate, dynamics of salaries in real terms, social transfers, household consumption, and capital expenditure incurred by enterprises. Furthermore, we expect that the recently persisting inflationary pressure, associated with economic recovery both domestically, and worldwide, may translate into increased costs of our operations in the quarters to come, especially with regard to the cost of energy related to our telecommunication activities. Also, it cannot be excluded that in case of permanent limitations in supplies of components on the Asian markets, some disturbances in supply chain of imported equipment may take place.

The dynamics of events related to the coronavirus pandemic makes forecasting of the economic situation in Poland and worldwide highly uncertain. According to the World Bank, global economic downturn reached ca. 4.3% in 2020. In case of Poland, the GDP decline was 2.5% (GUS, Statistics Poland), while for 2021 it is forecasted that Polish GDP will return to a clear growth path (from 3.7% according to the OECD to 5.7% according to Fitch). According to GUS, in August and September 2021 the year-on-year consumer inflation in Poland amounted to 5.5% and 5.8%, respectively, while initial estimates for October 2021 signal it at a level of as much as 6.8%. Aiming to reduce inflation in mid-term, the National Bank of Poland raised the reference interest rate twice - by 40 bps on October 6, 2021 and by another 75 bps on November 4, 2021, from the level of 0.1% to ultimately 1.25% which, when combined with the continued high inflation, may impact the demand for services and products we offer.

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 satellite and cable TV markets as well as the continued convergence of mobile and fixed-line services) impact promotional offerings addressed to our new customers. In addition, due to high competition, we continuously invest in customer retention programs and loyalty building.

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

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

Dynamic growth of non-linear distribution of content, delivered by video on demand and OTT (over-the-top) services is a global trend. This market is still 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 broadband links on the market. The launch of services by global players, such as Netflix, Amazon Prime or NENT, is proof that Poland is considered an attractive market. The situation caused by the COVID-19 pandemic has deepened the existing trend of consuming film content at leisure and on various devices. In our opinion, this trend will be sustained after the end of the epidemic. We systematically develop our services which consist in providing our customers with VOD and online television services and apps which allow access to content anytime and anywhere – Polsat Box Go which offers a wide selection of content in a paid subscription model without advertisements and Polsat Go which offers the best content of Telewizja Polsat free of charge with advertisements – These products are complementary to our core business in the field of pay TV and allow us to broaden our content distribution channels. We also develop customer equipment for pay TV services, manufactured by us, in order to widen the distribution of our services beyond a traditional model of satellite TV access. Along with the implementation of pay TV services in IPTV technology and in the OTT open network in 2019 we have introduced to the market our own set-top boxes which are dedicated to those services. In turn, in 2021 we offered customers our own set-top box in the 4K technology, which allows to change the signal source freely and watch both satellite TV and IPTV.

Development of the advertising market in Poland

A significant part of our wholesale revenue comes from the sale of advertising airtime and sponsoring slots on our TV channels. Demand for advertising airtime is highly correlated with the macroeconomic situation. Assuming a gradual phasing out of the negative economic effects caused by the COVID-19 pandemic, and thus a return of the Polish economy to positive GDP growth dynamics in the years 2021-2022 (forecasted by the OECD at 3.7% and 4.7% in respective years), we believe that continued growth of the Polish advertising market can be expected.

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

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. The new research is based on merged data of Nielsen's telemetric panel and Gremius' Mediapanel survey. We have started to sell and settle advertising campaigns based on viewership including OOH data since September 2021 through our media house Polsat Media Biuro Reklamy (for our own channels and the channels serviced by Polsat Media Biuro Reklamy). In the next step, the same approach was adopted by the media houses of the public broadcaster (TVP) and TVN 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.

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

Growing importance of thematic channels

Main general entertainment channels (FTA) are experiencing a gradual decline in audience shares as a result of the high penetration level of the Polish market by pay TV which provides viewers with an increasingly greater selection of thematic channels, as well as an offer of channels available via digital terrestrial television (DTT). According to data published by Nielsen Audience Measurement, in the first half of 2021 the total share of the four leading channels (POLSAT, TVN, TVP1 and TVP2) in the commercial group (16-49 years old), including TSV (Time Shifted Viewing) Live+2 and OOH viewing, was 30.2%, while in the three quarters of 2020 it was equal to 31.2%.

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

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

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

Growing importance of convergent services

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

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

The acquisition of a controlling stake in the fixed-line operator Netia, finalized by the Polsat Plus Group in May 2018, can serve as an example of such a consolidation in Poland. Thanks to this transaction we combined within our Group all assets necessary to provide fully convergent services, which facilitates better adjustment of the offering to customers' needs and more effective cost management. Based on Netia's infrastructure, we introduced to sales a fixed-broadband access service branded as 'Plus internet Stacjonarny,' which was subsequently expanded with the possibility to provide it on the lines of other operators who grant Netia access to their infrastructure based on wholesale terms. In turn, in the first quarter of 2019 we launched cable TV in the IPTV technology, a service available to customers using fixed-line internet offered by Plus, Netia and Orange networks. The next phase in the Group's development was the implementation, in July 2019, of the OTT television service which can be accessed via internet delivered by any service provider.

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

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

Changes in ownerships and partnerships in our competitive environment

Orange Polska. In April 2021, Orange Polska informed that it established a joint venture with APG Group, a Dutch pension fund, in order to develop a fiber optic network reaching approximately 1.7 million households, mostly in the areas with a low or medium level of competition. The network will be constructed by Światłowód Inwestycje, a company controlled jointly by Orange Polska and APG (50/50). In July 2021, Orange Polska contributed to the company the existing telecommunications links to approximately 0.7 million households thus granting Światłowód Inwestycje wholesale access to over 170 thousand of Orange's active customers who are provided services over this network. The network will be open to all operators while Orange Polska will provide to Światłowód Inwestycje services such as, among others, management of network roll-out and maintenance as well as lease of network elements to the joint venture.

We are of the opinion that the construction of 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 informed about entering into cooperation with Tauron, an electricity supplier, thanks to which it plans to cover over 200 thousand households in southern Poland with the fiber-optic network rolled out by Tauron, on the basis of its power line grid. Earlier Orange

signed cooperation agreements with other wholesale operators, including Inea and Nexera. Orange informed in June 2021 that its services provided via fiber-optic network are now available to over 5 million households, ca. 20% of which constitute networks available 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 its customers with broadband services through part of Orange's fiber optic network. The offer of convergent services for residential customers which comprises voice service, OTT television services of Netflix and Polsat Box Go, and fiber optic internet access was launched at the end of June 2019.

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

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

In November 2020, Iliad, a French telecom operator, took control over Play. Iliad declared at that time that it intended to focus on developing convergent services, which was reflected by signing by P4, the operator of Play, an agreement with Liberty Global regarding the acquisition of 100% of shares of UPC Polska for the amount of PLN 7 billion. The combined customer base of the two operators is 17 million. As announced by Play, integration of the two companies is intended to create a strong convergent operator in Poland. The finalization of the transaction is subject to approval by the anti-monopoly office and is expected in the first half of 2022.

In June 2021, Play extended its national roaming agreement with Orange Polska until the end of 2025. On the basis of this agreement, Play customers who are not within the home network coverage area will be able to use the services in 2G, 3G and 4G technologies via Orange's network.

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

Earlier, the Polish cable network market saw similar acquisitions but on a smaller scale, executed by, among others, Orange, Vectra and Netia. In particular, between 2019 and 2021 Netia acquired three local cable network players. We expect that the consolidation trends on the cable network market will continue in the years to come.

Changes in pricing of mobile services

A significant event on the mobile telephony market was the gradual introduction in the years 2019-2021 by all major telecommunication operators of modifications to the retail pricelists for services which consisted in increasing monthly fees in exchange for higher data transmission packages (the more-for-more pricing strategy), cancelling selected low-end tariff plans or increasing rates for connections made above the packages. These changes were associated, among others, with increased demand for data transfer, a more stable competitive situation on the mobile market and a shift in strategies of certain operators towards greater than in the past focus on building customer value and fostering revenue and profitability, which were related, among others, with the planned investments in 5G network construction.

The gradual launch of 5G networks enables operators to apply different prices to offers based on the latest technology, that 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 transfer in a comfortable manner. However, intensive usage of 5G technology will require larger data packages, which will be offered in higher-end tariff plan proposals.

In the beginning of 2021 Plus introduced new 5G pricelists, addressed to both individual and business customers, which offered larger data packages than those provided under 4G tariff plans with the lowest subscription fee set at PLN 60 (the premium positioning strategy). In turn, in August 2021 the 5G technology was offered to all Plus customers deciding to sign or prolong their contracts based on new tariff plans (the more-for-more strategy). The 5G tariffs assure access to the network with maximum technical speed of 600 Mbps during the entire term of the contract. Changes of similar nature, aimed at moving customers who use 5G services up on the pricing ladder, are also being implemented by other operators. In our view, these changes reflect both the increasing demand for higher data packages and growing customer acceptance for paying more for services offered in the most advanced technological standards. We expect that the above mentioned changes, in connection with increasing demand for transfer in mobile devices and growing popularity of remote working and learning, shall translate favorably into the growth of the Polish mobile market in the medium- and long-term.

Demand for data transmission on smartphones

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

The growing popularity of smartphones is reflected in increasing demand for data transfer in the small screen equipment segment. According to estimates presented in the Ericsson Mobility Report of June 2021, the scale of data transmission in the Central and Eastern Europe region, to which Poland is classified, will increase from 7.5 GB per month in 2020 to 29 GB per month in 2026, driven also by increasing popularity of 5G technology.

We expect that the growing popularity, 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.

Implementation of 5G networks by mobile operators

In accordance with the European Digital Single Market strategy and guidelines of the European Commission, in 2020 there should have been a fifth generation (5G) telecommunication network operating in at least one city of each EU Member State. The technology is expected to speed up, among others, the development of the Internet of Things, telemedicine services, autonomous cars and intelligent cities. According to EU expectations, Member States should have wide network coverage in 5G technology by 2025.

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

On March 6, 2020, the Polish regulator, UKE, announced an auction for the spectrum reservation from the 3.4-3.8 GHz band thus starting the country's first allocation process in connection with deployment of the 5G network. The auctioned items were four blocks from the 3.6 GHz band with a width of 80 MHz each. The asking price per one block was set at PLN 450 million. Due to the state of epidemic announced on March 20, 2020, the auction process was at first suspended in March 2020 and then cancelled in June 2020. As at the date of publication of this Report there have not been any binding decisions with regard to the form, date or conditions, including coverage parameters and price, of distribution of frequencies from the 3.4-3.8 GHz band.

As for the frequencies from the 700 MHz bandwidth, on October 28, 2019, representatives of Polish mobile operators, Exatel and the Polish Development Fund signed, in the presence of the Minister of Digital Affairs, a memorandum on initiating cooperation for analyzing the business models of implementation of 5G technology based on the 700 MHz bandwidth, for the purpose of constructing a unified infrastructure covering the whole territory of Poland. In accordance with the assumptions adopted for modelling, the unified infrastructure operating in the 700 MHz bandwidth would be owned by #POLSKIE5G, a special purpose vehicle in which the State Treasury, or a company partly owned by the State Treasury, would be the dominant entity. The parties to the memorandum assumed that the State Treasury would provide the 700 MHz bandwidth and access to passive infrastructure on owned real estate, while private entities would provide the passive and active infrastructure (as contribution-in-kind or long-term leases) and, potentially, financial resources. In July 2020, work on the initial analysis of #POLSKIE5G business model was completed and the study report was forwarded to the Prime Minister. In October 2021, the Prime Minister's Office published a draft amendment of the Act on the National Cybersecurity System (dated October 12, 2021), which contains, among others, the concept of establishing the strategic security network operator who would have the task of establishing the Polskie 5G company.

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

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

Plus's intention was to use the MIMO 4x4 and QAM256 technologies, enabling data transfer rates of up to 600 Mbps. The commercial start of Plus 5G network took place on May 11, 2020 and the network roll-out covered major Polish cities, including Warsaw, Gdańsk, Katowice, Łódź, Poznań, Szczecin and Wrocław. At the date of this report Plus 5G network already included over 2,700

base stations covering with its reach more than 17 million people in over 700 locations (more detailed information is presented in item 2.2. – *Significant events – Business related events*).

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

Information on seasonality

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

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

Other revenues are not directly subject to substantial seasonal fluctuations.

4.4.3. Factors related to the operations of the Group

Growing importance of integrated services

Growing interest in integrated services, observed among our customers, provides us with the possibility to generate growth of average revenue per customer. We carefully follow the evolution of consumption patterns and our customers' expectations striving to meet their growing needs by combining our pay TV, broadband access and mobile telephony services into attractive packages, complementing them with products and services outside our core activity, such as financial and insurance services, gas and electric energy supply, sales of photovoltaic installations or other solutions for the home. We are aspiring that our services meet the needs of every customer and are available everywhere. That is why we constantly work on expanding our offering and enter new distribution markets for our services.

Our bundled services offers, addressed both to our individual and business customers, enable our customers to combine products in a flexible way and benefit from attractive discounts that we offer. The loyalty program smartDOM, launched for the first time in 2014, is regularly adjusted to meet the needs and expectations of our customers and yields excellent sales results – at the end of the third quarter of 2021 we had over 2.4 million customers using our bundled offer. The possibility of selling additional products and services (cross-selling) to our customer base has a positive impact both on our stream of revenue and the level of ARPU per contract customer, and contributes to increasing the loyalty of customers, who use our bundled services.

Furthermore, we strive to meet the needs of our customers by offering a broad range of complementary services to every basic service. We combine our traditional pay TV services – which are currently provided in two technologies: satellite and internet (OTT, IPTV) – with VOD, PPV, Multiroom, online video services and mobile television. We propose optional value added services (VAS) to our internet access and mobile telephony services, which include, among others, entertainment, news, localization or insurance services.

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

Strengthening of our market position in integrated services

Thanks to the acquisition of Netia we have expanded our portfolio with a wide range of fixed-line products and services, in particular with fixed-line broadband internet offered, among others, in fiber optic technologies. Netia provides its services via its own access networks with approximately 2.8 million homes passed, out of which, as at the end of September 2021, approximately 1.94 million were within the reach of broadband internet with transmission speed of 1 Gbps. Netia's own network covers approximately 180 locations and is supported by an extensive, nationwide backbone infrastructure. Moreover, Netia offers fixed internet services based on an access to Orange Polska, Nexera and Inea's infrastructures.

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

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

Strengthening of our market position in online advertising

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

According to the Mediapanel survey, in nine months of 2021 the average number of pages and apps users per month for the combined Polsat-Interia media group amounted to 20.1 million, and the monthly average number of views was around 1.9 billion.

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

Following the acquisition of Interia Group we 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 Group thanks to its integration, from October 2020, with our media house Polsat Media Biuro Reklamy.

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

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

Taking the above trend into consideration and meeting the demand for obtaining energy in an inexpensive way, in July 2020 we started to offer photovoltaic installations to our individual and business customers under a new brand 'ESOLEO'. The installations are sold by Esoleo – a company belonging to Polsat Plus Group, which has extensive experience on the photovoltaic market in Poland. The 'ESOLEO' offer is available across Poland in our points of sale. It was promoted by an extensive marketing campaign aimed at raising awareness of benefits from owning a photovoltaic installation. The offer provides a complete solution and customer care in photovoltaic installations including assembly and technical support. The entire investment is executed under the "turn-key" model, including preparation of all required documents and a notification of the installation filed with the power grid on behalf of the customer. In the scope of the cooperation with 'ESOLEO' the customer may receive a loan for the investment under special offers prepared by banks. ESOLEO is also active in the B2B sector, among others, by installing photovoltaic panels for the store chain of DINO Polska.

In September 2020, ESOLEO signed, as a consortium leader, an agreement with ZE PAK S.A. to build the biggest photovoltaic farm in Poland. The subject of this agreement was the designing, installing and putting into operation of a solar power plant generating 70 MWp along with the necessary technical infrastructure. The investment was completed in August 2021. 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.

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

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

On October 29, 2021, ZE PAK informed about the commencement of energy production by the photovoltaic farm Brudzew in execution of its agreement with Polkomtel. Thus, Polsat Plus Group gained a new source of green energy for its own needs and the needs of its customers, reducing therefore its cost of purchasing electricity while reducing in parallel its carbon footprint.

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

Investments in network roll-out

In three quarters of 2021, individual customers of Cyfrowy Polsat and Polkomtel transferred ca. 1,303 PB of data as compared to 1,093 PB transferred in the corresponding period of 2020, which represents a 19% growth YoY. Striving to maintain a high quality of provided services, we continue to invest in our telecommunications network roll-out. In particular, upon having approached the level of coverage of nearly 100% of the population with our LTE and HSPA/HSPA+ network, we are currently focusing on expanding the capacity of our telecommunication network and extending the coverage footprint of the 5G technology, which at the end of the third quarter of 2021 covered with its reach over 17 million people in over 700 locations.

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

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

Sale of Polsat Plus Group's mobile infrastructure

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

The transaction was concluded on July 8, 2021 following the fulfilment of the agreed conditions precedent, including, among others, obtaining an antimonopoly clearance and consent of lenders under the SFA. The transaction settlement price exceeded PLN 7 billion (for details see item 2.1. – *Significant events – Corporate events*).

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

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

Development of Polsat Box Go and Polsat Go

Polsat Box Go (formerly IPLA and Cyfrowy Polsat Go) and Polsat Go, our internet services and applications available to all customers and viewers, strengthen our position as an aggregator and distributor of content and ensure an important competitive advantage. We continue to develop these services using our experience in sales of pay TV, which helps us achieve synergies in terms of costs and revenues.

Mobile video traffic is the fastest growing segment of global mobile data traffic. Bearing this in mind, we believe that online television will make an increasingly significant element of our business in the future. Therefore, we pay attention to providing users of our video services with a wide variety of attractive content. In particular, the coronavirus epidemic with the lockdown periods contributed to higher interest of our customers in our 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.

Attractive content of our TV channels and monetization of sports rights

We offer the biggest and most versatile portfolio of TV channels on the Polish market, which places us in the leading position in terms of viewership among private television groups in Poland and translates into our share in the advertising market. TV Polsat Plus Group channels' portfolio consists of 39 channels. Moreover, there is a group of 6 cooperating channels which are related with Polsat Plus Group either by capital or joint broadcasting projects. The portfolio of our thematic channels includes general entertainment, music, sports, news, lifestyle, movie and children's channels. Our direct production covers mainly news programs, documentaries, shows and series based on international formats as well as own concepts. Moreover, we have contracts with major film studios which provide access to a wide selection of the most attractive films and series.

An important element that differentiates us on the market is a rich and unique broadcasting offer of the largest and most interesting sports events worldwide. Our offer is exceptionally attractive for fans of football and volleyball. For football fans we offer, among others, broadcasts of qualifiers to the UEFA European Championships 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 (rights until the end of the 2023/2024 season). For volleyball fans we offer big and the most prestigious volleyball tournaments – the men's and women's World Volleyball Championships, exciting games of the volleyball Nations League, the World Cup, the men's and women's Europe Volleyball Championships, the club volleyball competitions of Polish Plus Liga and Tauron Liga and, starting from 2020/2021 season, also the volleyball CEV Champions League. We also offer boxing and mixed martial arts galas (UFC, KSW, FEN, FFF and Babilon MMA), Wimbledon and ATP 1000 and 500 tournaments, and many others. Thanks to taking control over the Polish company Eleven Sports Network in May 2018 we gained access to attractive sports rights which are sold as program packages to pay TV operators active on the Polish market as well as directly to customers through OTT applications (among others, ELEVEN SPORTS and Polsat Box Go (formerly IPLA)). This premium sports content includes Spanish La Liga Santander, Italian Serie A, English The Emirates FA Cup, Carabao Cup and Championship, French Ligue 1 Uber Eats, Portuguese Liga Portugal, Formula 1® and speedway races of the Polish PGE Ekstraliga and Swedish Bauhaus-Ligan. Since November 2017 the Eleven Sports 1 channel is available also in 4K technology - viewers can watch selected events in their native UHD quality, e.g. Formula 1® races or selected La Liga Santander matches. Unique content represents an important element that builds the value of our pay TV offering.

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

4.4.4. Factors related to the regulatory environment

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

The provisions of the European Code of Electronic Communication (Directive (EU) of the European Parliament and of the Council 2018/1972 of December 11, 2018) assume further regulation of MTRs and FTRs. According to the above mentioned directive, in 2020 the European Commission issued a delegated act based on which the highest level of MTRs and FTRs that could be applied by operators in the European Union are specified. Ultimately, the cap rates are to amount to 0.2 euro cents/min for MTRs and 0.07 euro cents/min for FTRs. The delegated act adopted by the European Commission provides for a transition period with a time schedule for reducing the rates in order to reach their assumed level in January 2024 for MTRs and January 2022 for FTRs, respectively. The time schedule for reducing the rates came into force on July 1, 2021 and the cap

rates which Polish operators are allowed to implement amount to 0.7 euro cents/min for MTRs and PLN 0.005/min for FTRs (please see the table below for details).

[EUR/PLN per minute of a call]	Cap rates for termination of calls in other operators' networks in the EU (interconnect settlements) from:			
	July 1, 2021 to December 31, 2021	January 1, 2022	January 1, 2023	January 1, 2024
Mobile termination rate (MTR)	EUR 0.007	EUR 0.0055	EUR 0,004	EUR 0,002
Fixed termination rate (FTR)	PLN 0.005			EUR 0.0007

The gradual reduction of the MTR and FTR rates which was implemented by the EU will impact the results of Polsat Plus Group in the next periods and years. In particular, the above mentioned regulation will translate into a decrease of wholesale revenue from interconnection settlements, both mobile and fixed-line, and a decrease of interconnection costs which are recognized in our technical costs. We point out that in the years 2022-2024 the pressure on revenue will be steadily growing along with the implementation of subsequent phases of the MTRs and FTRs reduction and due to the fact that the regulation will apply to the entire financial year. 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 be relatively neutral.

Implementation of the European Code of Electronic Communication to national legislation

In accordance with the Directive (EU) of the European Parliament and of the Council 2018/1972 (the European Code of Electronic Communication), all EU Member States were obligated to implement the provisions of the above mentioned directive to their national legislation by December 21, 2020. At present, works are ongoing on preparation of a draft act 'Electronic Communication Code' (PKE) which is to implement the European Code of Electronic Communication into the Polish law order and replace the currently binding 'Telecommunications Law' act. The implementation of PKE may potentially have a significant impact on results of our operations, with its scope being now a subject of internal analysis.

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

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

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

- 0.027 euro and 0.019 euro per minute of an outbound voice calls;
- 0.007 euro and 0.003 euro per SMS text message;
- 2 euro, 1.8 euro and 1.5 euro per gigabyte of internet usage.

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

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

More flexible time limits for TV commercials

The amended Radio and TV Act which modifies the time limits for commercials entered into force on November 1, 2021. The proposed amendments are intended to strengthen the TV advertising market, according to the authors of the act. The former time limit for broadcasting commercials and telesales of 12 minutes per hour was lifted and replaced with a division of the day into three parts:

- 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.

The amendment allows to interrupt broadcasting sports events with a single commercial even at the time other than a break resulting from rules of a specific sports discipline. The above concerns natural breaks in games (other than those resulting from rules of a specific sports discipline) or interruptions placed during the broadcast by an entity from whom a broadcaster purchased broadcasting rights.

It is allowed to interrupt with commercials a film being a children's program which lasts longer than an hour. Such films could be interrupted once per every 45 minutes provided that they last longer than an hour.

Draft amendment to the National Cybersecurity Act

There are ongoing works in Poland to introduce to the country's legal system solutions allowing to consider a hardware or a software vendor (including suppliers of hardware and software designed for telecommunication companies) as a high risk vendor. Such solutions are expected to be implemented into the National Cybersecurity Act of July 5, 2018 by adopting the draft act on amending the existing act on the national cybersecurity system and certain other acts of law. The draft act provides that, among others, telecommunication companies (which are obligated to have valid and agreed emergency response plans in place) 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 which was 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 the telecommunications 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.

In October 2021, the Prime Minister's Office published the draft amendment of the act on the national cybersecurity system (dated October 12, 2021). Most important solutions found in the draft act, apart from the above-described mechanism of recognizing a given party as a high risk vendor,

include regulations concerning the operator of the strategic security network, the Polskie 5G company, distribution of spectrum from the 700 MHz bandwidth, establishing a special purpose fund for the construction of a the strategic security network as well as the Cybersecurity Fund, the competencies of the Government's Representative for Cybersecurity in the field of issuing of 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. The planned amendments may be of material importance for the telecommunication operations in Poland since a substantial part of the planned regulations entail new obligations and requirements for telecommunication companies.

4.4.5. Financial factors

Exchange rates fluctuations

The Polish zloty (PLN) is our functional and reporting currency. Our revenue is primarily denominated in PLN, whereas a portion of our expenses and capital expenditures is denominated in foreign currencies.

Foreign exchange rate fluctuations have historically affected the level of our operating costs, finance costs, as well as the profit or loss on investing activities, and are expected to do so in the future. In particular, our exposure to foreign exchange rate fluctuations stems from our foreign currency payments made in different areas of our operations. These include, among others, payments for license fees, transponder capacity, purchase of content and equipment, or international roaming and interconnect agreements.

We have no control over how exchange rates change in the future, and consequently foreign exchange rate fluctuations will continue to affect (positively or negatively) our operations and financial results. Considering our open exposure to currency exchange risk, we have in place a market risk management policy and use, *inter alia*, natural hedging and hedging transactions.

In recent months the depreciation of Polish zloty could be observed. In case of prolonged duration of such a situation over the next time periods, it may adversely impact our costs denominated in foreign currencies, in particular in EUR and USD.

Interest rate fluctuations

Market interest rate fluctuations do not impact our revenue directly, but they do affect our cash flows from operating activities through the amount of interest on current bank accounts and deposits, and also cash flows from financing activities through the Group's costs of servicing debt. In particular, our liabilities under the SFA and our liabilities under the Series B Bonds Terms and the Series C Bonds Terms are calculated based on variable WIBOR, EURIBOR or LIBOR interest rates subject to periodical changes, increased by a relevant margin.

Despite the fact that we intend to maintain certain hedging positions, the goal of which is to hedge against WIBOR fluctuations, there is no certainty that such hedging will still be possible or whether it will be available on acceptable terms. We analyze interest rate risk on an on-going basis, including refinancing and risk hedging scenarios, which are used to estimate the impact of specific interest rate fluctuations on our financial result.

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

In October and again in November 2021 the National Bank of Poland raised the reference interest rate by 40 bps and 75 bps, respectively, bearing in mind the increasing inflation pressure. In our opinion there is a risk that interest rates could be raised further in the quarters to come. The Group's entire debt is PLN-denominated and based on WIBOR variable interest rates, with the Group's companies employing mid-term hedging instruments for up to approximately 30% of the interest rate exposure.

Mirosław Błaszczak
*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, November 9, 2021

Glossary

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

Glossary of general terms

Term	Definition
Aero 2	Aero 2 spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000305767, subsidiary of Polkomtel.
Asseco	Asseco Poland Spółka Akcyjna entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000033391.
Act of Public Offering	Act of July 29, 2005 on public offering and the conditions of introducing financial instruments to an organized system of trading and on public companies (Journal of Laws of 2019 Item 623)
Amendment, Restatement and Consolidation Deed	Agreement concluded on September 21, 2015 between the Company, Polkomtel, Telewizja Polsat, Cyfrowy Polsat Trade Marks, Polsat License Ltd. and Polsat Media Biuro Reklamy, Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental, Plus TM Group and a consortium of Polish and foreign financing institutions, amending and consolidating the CP SFA and the PLK SFA.
B2B	Business to Business, a transaction between businesses.
B2C	Business to Consumer, a transaction between a business and a consumer.
Catalyst	Trading system of debt instruments operating on markets organized by the WSE and Bondspot, as defined in § 1 of the Catalyst Operating Rules adopted pursuant to resolution no. 59/2010 of the Management Board of WSE on January 27, 2010, as amended.
Cellnex Poland	Cellnex Poland spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court register under entry No. 0000819558, a subsidiary of Cellnex Telecom, S.A.
Cellnex Telekom	Cellnex Telecom, S.A. with its registered office in Madrid, Spain. A parent company for Cellnex Poland.
Coltex	Coltex ST spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000362339, merged on April 30, 2021 (as an acquirer) with Liberty Poland S.A.
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.
Cyfrowy Polsat, the Company	Cyfrowy Polsat Spółka Akcyjna, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000010078.
EEA, European Economic Area	Internal Market guaranteeing free move of goods, services, capital and persons, comprising EU Member States and Island, Norway and Lichtenstein.

Term	Definition
Embud2	Embud2 spółka z ograniczoną odpowiedzialnością spółka komandytowo-akcyjna (Limited Liability Company Limited Joint-Stock Partnership) entered in the register of entrepreneurs of the National Court Register under entry No. 0000676753, legal successor of Embud spółka z ograniczoną odpowiedzialnością.
Eleven Sports Network	Eleven Sports Network spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. 0000558277, a producer and distributor of sports content on the territory of Poland.
Esoleo	Esoleo spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000541114, operating previously under the company name Alledo Sp. z o.o.
the Group, Polsat Plus Group, Cyfrowy Polsat Plus Group	Cyfrowy Polsat and the indirect and direct subsidiaries of the Company.
IFRS	The International Accounting Standards, International Financial Reporting Standards and the related Interpretations by the Standing Interpretations Committee and International Financial Reporting Interpretations Committee, adopted pursuant to Commission Regulation (EC) No. 1126/2008 of November 3, 2008, adopting certain international accounting standards in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council (OJ L 320/1 of November 29, 2008, as amended), as defined in Art. 2 of Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards (OJ L 243/1 of September 11, 2002, as amended).
Interia, Interia Group	Grupa Interia.pl Sp. z o.o. spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court Register under entry No. 0000324955 and Grupa Interia.pl Media Sp. z o.o. Sp.k. spółka z ograniczoną odpowiedzialnością spółka komandytowa entered in the register of entrepreneurs of the National Court Register under entry No. 0000392344 jointly with their subsidiaries.
Karswell	Karswell Limited, a company under Cypriot law with its registered office in Nicosia, Cyprus.
KRRiT	Krajowa Rada Radiofonii i Telewizji, National Broadcasting Council.
NBP	Narodowy Bank Polski, the central bank of the Republic of Poland.
Netia	Netia spółka akcyjna entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000041649, a telecommunications operator providing, among others, online solutions and multimedia entertainment.
Netia Group	Netia and the indirect and direct subsidiaries of Netia.
Orange, Orange Polska	Orange Polska Spółka Akcyjna, entered in the register of entrepreneurs of the National Court register under entry No. KRS 0000010681, previously operating under the name of Telekomunikacja Polska Spółka Akcyjna.
P4	P4 spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000217207, operator of mobile network Play.
PLK Revolving Facility Loan	The revolving facility loan of up to PLN 700 million, issued under the PLK Senior Facilities Agreement of September 21, 2015, with the maturity date of September 30, 2024.

Term	Definition
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.
Plus Bank	Plus Bank Spółka Akcyjna entered in the register of entrepreneurs of the National Court Register under entry No. 0000096937.
Polkomtel	Polkomtel spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. 0000419430. The company was established following the transformation of Polkomtel Spółka Akcyjna, which was entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000020908.
Polkomtel Group	Polkomtel jointly with its indirect and direct subsidiaries.
Polsat Media Biuro Reklamy	Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością sp.k. entered in the register of entrepreneurs of the National Court Register under entry No. 0000467579.
Reddev	Reddev Investments Limited, a company under Cypriot law with its registered office in Nicosia, Cyprus.
Second Amendment and Restatement Deed	Agreement concluded on March 2, 2018 between the Company and UniCredit Bank AG, London Branch, amending and consolidating the CP SFA and the PLK SFA and amending the Amendment, Restatement and Consolidation Deed.
Senior Facilities Agreement, SFA	CP SFA of September 21, 2015 as amended by the Amendment, Restatement and Consolidation Deed of September 21, 2015, the Second Amendment and Restatement Deed of March 2, 2018 and the Third Amendment and Restatement Deed of April 27, 2020.
Series B Bonds	Dematerialized, interest-bearing, senior and unsecured Series B bearer bonds with the total nominal value of PLN 1 billion and the nominal value of PLN 1,000 each, issued pursuant to the Resolution of the Management Board of the Company No. 01/29/01/2020 dated January 29, 2020.
Series C Bonds	Dematerialized, interest-bearing, senior and unsecured Series C bearer bonds with the total nominal value of PLN 1 billion and the nominal value of PLN 1,000 each, issued pursuant to the Resolution of the Management Board of the Company No. 1/25/03/2019 dated March 25, 2019.
Sferia	Sferia Spółka Akcyjna, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000246663.
SOKiK	The District Court in Warsaw, 17th Department for Competition and Consumer Protection.
Telecommunications Law	Telecommunications Law of July 16, 2004 (Dz. U. of 2004, No. 171, item 1800, as amended).
Telewizja Polsat, TV Polsat	Telewizja Polsat spółka z ograniczoną odpowiedzialnością, entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000388899. The company was established following the transformation of Telewizja Polsat Spółka Akcyjna, which was entered in the register of entrepreneurs of the National Court Register under entry No. KRS 0000046163.
Telewizja Polsat Plus Group, TV Polsat Plus Group	Telewizja Polsat together with its direct and indirect subsidiaries.

Term	Definition
Third Amendment and Restatement Deed	Agreement concluded on April 27, 2020 between the Company and UniCredit Bank AG, London Branch, amending the SFA along with the Amendment, Restatement and Consolidation Deed and the Second Amendment, Restatement and Consolidation Deed.
T-Mobile, T-Mobile Polska	T-Mobile Polska Spółka Akcyjna, entered in the register of entrepreneurs of the National Court register under entry No. KRS 0000391193, previously operating under the name of Polska Telefonía Cyfrowa Spółka Akcyjna.
Towerlink Poland sp. z o.o. (formerly Polkomtel Infrastruktura Sp. z o.o.)	Towerlink Poland spółka z ograniczoną odpowiedzialnością entered in the register of entrepreneurs of the National Court register under entry No. 0000476879, starting from July 2021 controlled by Cellnex group of Spain.
UKE	The Office of Electronic Communications (Urząd Komunikacji Elektronicznej).
UOKiK	The Office of Competition and Consumer Protection (Urząd Ochrony Konkurencji i Konsumentów).

Technical terms

Term	Definition
2G	Second-generation cellular telecommunications networks commercially launched on the GSM standard in Europe.
3G	Third-generation cellular telecommunications networks that allow simultaneous use of voice and data services.
4G	Fourth-generation cellular telecommunications networks.
Add-on sales	Sales technique combining cross-selling and up-selling.
Advertising market share	The Group's revenue from advertising and sponsoring in the overall revenue from TV advertising in Poland (market data according to SMG Poland (previously SMG).
ARPU per B2C customer	Average monthly revenue per Customer generated in a given settlement period.
ARPU per prepaid RGU	Average monthly revenue per prepaid RGU generated in a given settlement period.
Audience share	Percentage of TV viewers watching a channel at a given time, expressed as the percentage of all TV viewers at a given time (based on Nielsen Audience Measurement (NAM), in the "from 16 to 49 years old" demographics throughout the day).
Base transceiver station	(or: relay station / base station / BTS / transmitter / nodeB / eNodeB) – a device equipped with an antenna transceiver which connects a mobile terminal (e.g., mobile phone or mobile router) with a transmission part of a telecommunications network. A base station uses a single technology (2G, 3G or LTE) on a separate carrier (a frequency block from a separate bandwidth). A base station shall not be mistaken with a site.

Term	Definition
CAGR	<p>Compounded Annual Growth Rate – the average annual growth rate calculated for a given value using the following formula:</p> $CAGR = \left(\frac{W_{rk}}{W_{rp}} \right)^{\left(\frac{1}{rk-rp} \right)} - 1$ <p>where: rp – start year, rk – end year, Wrp – value in start year, Wrk – value in end year.</p>
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	<p>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.</p> <p>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.</p>
Commercial group	Viewership group comprising viewers aged 16-49, including time-shifted viewership Live+2, i.e. for two consecutive days after the original airing date).
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 or REGON).
DTH	Satellite pay TV services provided by us in Poland from 2001.
DTT	Digital Terrestrial Television.
DVB-T	Digital Video Broadcasting – Terrestrial technology.
ERP	A family of IT systems supporting enterprise management or shared operation of a group of collaborating enterprises through data collection and enabling transactions on the collected data (enterprise resource planning).
FTE	Headcount expressed in full-time equivalents.
FTR	A wholesale charge for call termination in another operator's fixed-line telecommunications network (Fixed Termination Rate).
GB	Gigabyte – a measure of digital information, comprising one billion bytes, or 1024 ³ bytes, depending on the interpretation – decimal or binary, respectively.
GRP	A rating point defined as the overall number of persons viewing a given advertising spot over a specific time, expressed as a percentage share of the target group. In Poland, one GRP equals 0.2 million residents in the primary target group for advertisers aged 16-49 (Gross Rating Point).
GSM	A standard developed by the European Telecommunications Standards Institute, which designates 2G cellular telecommunications network protocols, in particular regarding access to voice services (Global System for Mobile Communications).

Term	Definition
GSM-1800	A standard developed by the European Telecommunications Standards Institute, which designates 2G cellular telecommunications network protocols in the 1800 MHz bands, in particular regarding access to voice services.
GSM-900	A standard developed by the European Telecommunications Standards Institute, which designates 2G cellular telecommunications network protocols in the 900 MHz bands, in particular regarding access to voice services.
HD	Above-standard resolution signal (High Definition).
HSPA/HSPA+	Radio data transmission technology for wireless networks, increasing the capacity of the UMTS network (High Speed Packet Access/High Speed Packet Access Plus). It also covers the HSPA+ Dual Carrier technology (Evolved High Speed Packet Access Dual Carrier). It supports transmission speeds of up to 42 Mbps for download and up to 5.7 Mbps for upload.
Interconnect revenue	Wholesale revenue for terminating voice and non-voice traffic on Polkomtel's network from other network operators based on interconnect agreements as well as revenue from transit of traffic.
IPLA	internet platform providing access to online video content belonging to Polsat Plus Group.
IPTV	Technology enabling transfer of a television signal over IP broadband networks (internet Protocol Television).
LTE	Long Term Evolution - a standard for high-speed, wireless data transmission also referred to as 4G. Based on a carrier bandwidth limited to a maximum of 20MHz it supports data transmission speed of up to 150 Mbps (downlink, using MIMO 2x2 antennas).
LTE Advanced	Subsequence standard for high-speed, wireless data transmission of the fourth generation (4G). Through carrier aggregation from different bandwidths (a total of up to 100 MHz) it allows to significantly increase maximum data transmission speed up to 3 Gbps (downlink, using MIMO 8x8 antennas).
Mbps	A unit of telecommunications channel capacity, being one million or 1024 ² bytes (Megabyte) per second, depending on the interpretation – decimal or binary, respectively.
MIMO	Multiple Input Multiple Output, a method for multiplying the capacity of a wireless network using multiple transmit and receive antennas.
Mobile TV	Our pay mobile TV service rendered in DVB-T technology.
MTR	A wholesale charge for call termination in another operator's mobile telecommunications network (Mobile Termination Rate).
Multiroom	Our service providing access to the same range of TV channels on several television sets in one household for a single subscription fee.
MUX, Multiplex	A package of TV and radio channels and additional services, simultaneously transmitted digitally to the user over a single frequency channel.
MVNO	Mobile Virtual Network Operator.
ODU-IDU	Outdoor Unit Indoor Unit, a proprietary solution of Polsat 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).
PVR	Electronic commodity hardware for digital recording of TV programs on its hard drive (Personal Video Recorder).

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

Term	Definition
3G	Third-generation cellular telecommunications networks that allow simultaneous use of voice and data services.