



CYFROWY POLSAT S.A.

**Report of the Supervisory Board
for the period
from January 1, 2019
to December 31, 2019**

Warsaw, June 25, 2020



Fulfilling its obligations under the Commercial Companies Code (the “CCC”), the Best Practices of WSE Listed Companies 2016 (“**Best Practices 2016**”) as well as the Articles of Association and the By-Laws of the Supervisory Board of Cyfrowy Polsat S.A., the Supervisory Board of Cyfrowy Polsat S.A. (hereinafter the “**Company**” or “**Cyfrowy Polsat**”) presents to the Annual General Meeting of the Company’s Shareholders a report for the period from January 1, 2019 to December 31, 2019 which includes:

- I. the Supervisory Board’s report on its activities in the financial year 2019 (II.Z.10.2. Best Practices 2016), including:
 - an assessment of the existence of any relations or circumstances which could affect the ability of a given Supervisory Board Member to meet the criteria of independence (II.Z.6 Best Practices 2016)
 - an assessment of the Company’s standing, including an assessment of the internal control, risk management and compliance systems, and the internal audit function (II.Z.10.1. Best Practices 2016),
 - an assessment of the Company’s compliance with information disclosure obligations regarding the observance of corporate governance principles defined in the Warsaw Stock Exchange Rules and in the regulations governing the provision of current and periodical information by issuers of securities (II.Z.10.3. Best Practices 2016),
 - an assessment of the rationality of the Company’s policy in the areas of sponsoring, charity and other activities of similar nature (II.Z.10.4. Best Practices 2016);
- II. the report on the results of the assessment of the Company’s financial statements for the financial year 2019, the Management Board’s report on the Company’s activities in the financial year 2019, as well as the motion of the Company’s Management Board regarding the distribution of the Company’s net profit for the financial year 2019 (art. 382 § 3 CCC).

I. REPORT OF THE SUPERVISORY BOARD ON ITS ACTIVITIES IN THE FINANCIAL YEAR 2019

1. Composition of the Supervisory Board

From January 1, 2019 to December 31, 2019 the Supervisory Board comprised the following members:

- Mr. Marek Kapuściński – Chairman of the Supervisory Board,
- Mr. Józef Birka - Member of the Supervisory Board,
- Mr. Robert Gwiazdowski – Independent Member of the Supervisory Board,
- Mr. Aleksander Myszka – Member of the Supervisory Board,
- Mr. Leszek Reksa – Independent Member of the Supervisory Board,
- Mr. Tomasz Szeląg – Member of the Supervisory Board,
- Mr. Piotr Żak. – Member of the Supervisory Board.

Assessment of the existence of any relations or circumstances which could affect a given Supervisory Board Member’s ability to meet the criteria of independence

Based on submitted declarations, the Supervisory Board confirmed that the below listed Supervisory Board Members meet the criteria of independence:

- Mr. Robert Gwiazdowski,
- Mr. Leszek Reksa.

The above constitutes the fulfillment of principle II.Z.3 of the Best Practices 2016, according to which at least two Members of the Supervisory Board meet the criteria of independence from the Company as well as from entities that are substantially related to the Company.

In the Supervisory Board’s opinion, Mr. Robert Gwiazdowski and Mr. Leszek Reksa meet the criteria of independence mentioned in Annex II to the European Commission Recommendation 2005/162/WE dated February 15, 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board. Moreover, according to the information obtained by the Supervisory Board, neither Mr. Robert Gwiazdowski, nor Mr. Leszek Reksa are

employed by the Company, or by any of its subsidiaries or related parties, and they are not bound by any agreements of similar nature with any of these parties. According to the Supervisory Board's knowledge, Mr. Robert Gwiazdowski or Mr. Leszek Reksa have no actual or significant relations with any shareholder of the Company who is entitled to at least 5% of the total number of votes in the Company.

In the face of the above, the Supervisory Board has concluded that as at the date of approval of this report there exist no relations or circumstances which could affect the fulfillment of the criteria of independence by the abovementioned Supervisory Board Members. Nevertheless, the Supervisory Board notes that as of July 4, 2020 both aforesaid Supervisory Board Members shall complete a 12-year period of serving and, as a result, they shall lose the attribute of independence. Therefore, the Supervisory Board recommends that the Management Board takes appropriate steps to guarantee the continued fulfillment of the II.Z.3 Best Practices 2016 principle.

2. Composition of the Supervisory Board Committees

In 2019, the Audit Committee and the Remuneration Committee functioned as part of the Supervisory Board.

In the period from January 1, 2019 to December 31, 2019, the composition of the Audit Committee was as follows:

- Mr. Robert Gwiazdowski – Chairman of the Audit Committee,
- Mr. Leszek Reksa – Audit Committee Member,
- Mr. Tomasz Szelaĝ – Audit Committee Member.

In the period from January 1, 2019 to December 31, 2019, the composition of the Remuneration Committee was as follows:

- Mr. Marek Kapuściński – Chairman of the Remuneration Committee,
- Mr. Tomasz Szelaĝ – Member of the Remuneration Committee.

3. Scope of activities of the Supervisory Board and the Supervisory Board Committees

In 2019, the Supervisory Board acted on the basis of the Commercial Companies Code as well as the Company's Articles of Association and the Supervisory Board By-Laws dated March 16, 2018.

In 2019, the Supervisory Board held five meetings and in addition adopted resolutions in the mode stipulated by art. 22, section 3 of the Company's Articles of Association and § 5 section 4 of the Supervisory Board By-Laws, i.e. by means of direct remote communication. At the Supervisory Board's invitation, the meetings were attended by Management Board Members who presented issues related to the Company's current business as well as organizational and legal matters.

In 2019, the Supervisory Board exercised permanent supervision over the Company's operations in all areas of its activities.

Acting pursuant to art. 19 section 2 letter c) of the Company's Articles of Association, the Supervisory Board:

- appointed Mr. Mirosław Błaszczuk as President of the Company's Management Board, effective April 1, 2019,
- appointed Mr. Maciej Stec as Vice-President of the Company's Management Board, effective April 1, 2019,
- appointed Mr. Jacek Felczykowski as Member of the Company's Management Board, effective April 1, 2019.

Due to the expiry of the Management Board's term of office, effective June 25, 2019 the Supervisory Board nominated the following persons to the Management Board of the new term:

- Mr. Mirosław Błaszczuk as President of the Company's Management Board,
- Mr. Maciej Stec as Vice-President of the Company's Management Board,
- Ms. Katarzyna Ostap-Tomann as Member of the Company's Management Board,
- Mr. Jacek Felczykowski as Member of the Company's Management Board,
- Ms. Aneta Jaskólska as Member of the Company's Management Board,
- Ms. Agnieszka Odorowicz as Member of the Company's Management Board.

Acting pursuant to art. 19 section 3 letter h) of the Company's Articles of Association, the Supervisory Board expressed its consent to incur financial liability in connection with the issuance of bonds under the new bond issuance program of the Company and the refinancing of the Company's indebtedness under bonds issued by the Company, and the subsequent issuance by the Company, under the established program, of up to 1,000,000 (one million) unsecured bearer series B bonds with the nominal value of PLN 1,000 (one thousand) each and the total nominal value of up to PLN 1,000,000,000 (one billion). The series B bonds were issued on April 26, 2019.

Moreover, in connection with the above mentioned issuance of bonds, the Supervisory Board consented to incur liability within the framework agreement with the European Bank for Reconstruction and Development for effecting the investment expenditures by the Company and its affiliates aimed at increasing Poland's energy efficiency.

Acting pursuant to art. 19 section 3 letter h) of the Company's Articles of Association, the Supervisory Board repeatedly expressed its consent for the Company to incur liabilities with a value exceeding PLN 10,000,000 (ten million), for, among others, the following purposes:

- placing orders for the purchase of services required for the Company's operations, in particular with its strategic partners such as providers of conditional access or satellite capacity services,
- concluding contracts for airing commercials and for sponsoring activities,
- entering into or amending conditions of license agreements related to broadcasting of programs constituting part of Cyfrowy Polsat's offer,
- purchasing equipment for end-users,
- disposing of a package of liabilities,
- concluding an agreement with Polkomtel Sp. z o.o. on transferring to Polkomtel Sp. z o.o. the property rights to IT solutions and providing by Polkomtel Sp. z o.o. to the Company non-standard services concerning maintenance and administration of IT systems and infrastructure, maintenance of applications and design works, and
- entering into an agreement for a bank guarantee facility.

Furthermore, the Supervisory Board expressed its consent for the Company to establish a joint venture with Discovery Communications Europe Limited involving the establishment of a special purpose vehicle to launch an OTT streaming platform, the acquisition and taking up shares in the special purpose vehicle by the Company, the conclusion of a joint venture agreement and the incurrance of liability in connection with the abovementioned joint venture.

Acting pursuant to art. 19 section 3 letter h) of the Company's Articles of Association, the Supervisory Board granted its consent to incur additional indebtedness, up to the maximum amount of PLN 1,000,000,000 (one billion), within the framework of the existing Senior Facilities Agreement dated September 21, 2015 and to establish and/or change the collateral in connection with the incurring of the additional credit facility.

The Supervisory Board expressed its consent to the purchase, among others, of shares of TVO Sp. z o.o., Vindix S.A. and Asseco Poland S.A. as well as to the establishment of Plus Pay Sp. z o.o. and Plus Finance Sp. z o.o. companies.

Acting pursuant to art. 19 section 2 letter g) of the Company's Articles of Association, the Company's Supervisory Board determined the remuneration of the Management Board Members appointed in 2019.

Acting pursuant to art. 19 section 3 letter f) of the Company's Articles of Association, the Supervisory Board expressed its consent several times regarding the appointment or dismissal of members of corporate authorities of the Company's subsidiaries.

Acting pursuant to art. 14 section 4 of the Company's Articles of Association, the Supervisory Board determined the division of responsibilities between the Members of the Company's Management Board.

Acting pursuant to art. 382 § 3 of the Commercial Companies Code, art. 19 section 2 letters a) and b) of the Company's Articles of Association and the principle contained in point II.Z.10 of the Best Practices 2016, the Supervisory Board approved the report on its activities in the financial year 2018, which included in particular the results of the assessment of the Management Board's report on the Company's operations in the financial year 2018, the Company's financial statements for the financial year 2018, and the Management Board's motion concerning the distribution of the profit generated by the Company in the financial year 2018.

In 2019, the Supervisory Board recommended that the Annual General Meeting approve the financial statements for the financial year 2018 and grant a vote of approval for the performance of their duties in 2018 to the Members of the Management Board.

Following an analysis, the Supervisory Board issued a positive opinion on the Management Board's motion regarding the distribution of net profit earned by the Company in the financial year 2018 in the amount of PLN 488,520,113.73 (say: four hundred eighty eight million five hundred twenty thousand one hundred thirteen zlotys and seventy three grosze), by allocating it in its entirety for distribution as dividends to the shareholders and allocating the amount of PLN 106,257,681.15 (say: one hundred six million two hundred fifty seven thousand six hundred eighty one zlotys and fifteen grosze) from the reserve capital for distribution as dividends to the shareholders.

Acting pursuant art. 19, section 3, letter b) o the Company's Articles of Association, upon having acquainted itself with the draft resolutions of the Annual General Meeting for 2019, the Company's Supervisory Board expressed its positive opinion on the drafts and recommended them for adoption by the General Meeting.

In 2019, the Supervisory Board conducted no controls or investigations and did not suspend any Members of the Management Board of the Company.

Activities of the Audit Committee

The basic tasks of the Audit Committee include supporting the Supervisory Board in the fulfillment of its duties, in particular in the field of correctness and efficiency of functioning of internal controls in the Company as well as supervising the integrity of financial information presented by the Company. In 2019, the Audit Committee held 5 meetings with the participation of the Management Board Member responsible for finance (CFO) and the Director of the Audit and Internal Control Division. In the course of its work in 2019, the Audit Committee:

- reviewed both, the Company's and Cyfrowy Polsat Group's interim reports, as well as positively assessed the correctness and the compliance of the accounting principles followed by the Company,
- got acquainted with the assessment of the internal control and risk management systems as well as the internal audit function in the Company and with the opinion concerning the effectiveness of the aforesaid systems and the internal audit function,
- pursuant to art. 130 section 1 items 2) and 4) of the Act of May 11, 2017 on statutory auditors, audit firms and public supervision, the Audit Committee granted consent for the audit firm Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp.k. to perform the agreed procedures concerning the verification of fulfillment of the conditions stipulated in the concluded credit facility agreements based on the analysis of financial data from the audited consolidated financial statements of Cyfrowy Polsat S.A. Group for the years ended December 31, 2018 and December 31, 2019.

Activities of the Remuneration Committee

The Remuneration Committee advises the Supervisory Board on the overall remuneration policy in Cyfrowy Polsat Group and provides recommendations regarding the appointment of Management Board Members, the terms and conditions of remuneration and the amounts of bonuses for Management Board Members. In 2019, the Remuneration Committee prepared the recommendation for the Supervisory Board regarding the remuneration of the Management Board Members appointed in 2019.

Bearing in mind the above, in the opinion of the Supervisory Board, during the reporting period the Supervisory Board fulfilled, properly and efficiently, its statutory obligations involving constant supervision of overall operations of the Company. The Supervisory Board also confirms that its Members fulfilled their roles in a professional and reliable manner, while acting with due diligence, including by being actively involved in the works of the Supervisory Board and of its standing Committees.

Assessment of the Company's standing, including the assessment of its internal control, risk management and compliance systems as well as its internal audit function

Assessment of the standing of the Company and of Cyfrowy Polsat Capital Group

The Supervisory Board became acquainted with and analyzed in detail all the major operating indicators, as well as the financial results achieved by the Company and by Cyfrowy Polsat Group in 2019. The Supervisory Board concluded that in 2019 the

Company and its subsidiaries consistently pursued the adopted strategy, with its superior goal of permanent growth of the value of Cyfrowy Polsat for its Shareholders and its strategic idea of striving to satisfy every customer's needs with products and services provided by Cyfrowy Polsat and its subsidiaries that are accessible at any time and on any device regardless of the method of service provisioning. (the principle "For everyone. Everywhere").

In the segment of services provided to individual and business customers the total number of active revenue generating units (RGUs) amounted to nearly 17.4¹ million at the end of 2019. The share of contract services in the total number of services provided by the Group has been growing systematically and at the end of the fourth quarter of 2019 it reached the level of 85%, which guarantees higher stability of revenues in the future as well as higher customer loyalty. The Group's integrated offer, i.e. the smartDOM program which enjoys high interest among customers and is being successively developed, is yet another factor strengthening customer loyalty and positively contributing to average revenue per customer. At the end of 2019, there were already 2 million members of the program who used a total of 6 million services.

In 2019, the broadcasting and TV production segment recorded very good operating results. The segment was characterized by a growing audience share of Cyfrowy Polsat Group's channels, which were the leading channels on the market, accompanied by higher than the market average growth of advertising revenue. Rich content offer, including numerous own productions matched to the profile of the Polish viewer, consistently growing advertising revenue and a strong position in terms of exclusive sports broadcasting rights contributed to strengthening Cyfrowy Polsat Group's position on the TV broadcasting and production market, on which it reached a 24.3% audience share and a 28.0% TV advertising share in 2019.

Solid operational performance translated into very good financial results: stable and diversified revenue, mainly generated from recurrent contract services, and very high EBITDA margin, distinctly above the market average. In 2019, Cyfrowy Polsat Group recorded PLN 11.7 billion in revenue, which when coupled with effective cost control enabled the Company to maintain its EBITDA at a high level of PLN 4.2 billion. In 2019, Cyfrowy Polsat Group generated free cash flow at the level of PLN 1.3 billion and paid out PLN 0.6 billion in dividends for shareholders.

In the opinion of the Supervisory Board, the acquisition of a stake of shares in Asseco Poland S.A., finalized in 2019, perfectly complements the strategy of Cyfrowy Polsat Group, which assumes delivering the most attractive products and services for the home as well as residential and business customers using the state-of-the-art technologies. It is a strategic alliance of two Polish TMT sector leaders, who cooperated in the past on, among others, the implementation of Cyfrowy Polsat Group's new IT environment. Given the fact that Cyfrowy Polsat Group is focusing its operations on the core business, i.e., media and telecommunications, strengthening the existing cooperation with Asseco Poland S.A. through capital engagement shall enable to obtain gains in the form of: (i) further efficiency growth of Group IT area, (ii) even better service of existing and acquisition of new customers, and (iii) development of new products and services.

In light of the above, the Supervisory Board positively assessed the standing of the Company and of Cyfrowy Polsat Group, both from operating and financial points of view as well as the prospects for development in the coming quarters.

Assessment of the Company's internal control, risk management and compliance systems as well as its internal audit function

An internal control system operates in the Company, the effectiveness of which is the responsibility of the Management Board. The internal control system covers the Company's major operational processes which require control mechanisms for monitoring and mitigating risks which are material for the Company, including the process of preparing the financial statements and interim and current reports prepared and published based on the Regulation (EU) No. 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC, Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organized Trading, and Public Companies as well as the Ordinance of the Minister of Finance of March 29, 2018, regarding current and periodic information published by issuers of securities and the conditions for recognizing equivalence of information required under non-member states regulations.

The basic task of the internal control system is to assure the accomplishment of business goals by the Company. The Company has an organizational structure, which is updated on an on-going basis. The reporting paths, the responsibilities and the levels of authorization (the rights) are clearly defined in that structure, which constitutes an additional tool for the neutralization of

¹ Please note that the operational indicators do not include operational results of Netia Group over which Cyfrowy Polsat Group took control effective May 22, 2018. Due to the fact that Netia S.A. is a company listed publicly on the Warsaw Stock Exchange in Warsaw, its detailed operational and financial results are continuously available at inwestor.netia.pl.

material risks associated with the conducted business activities. In the Supervisory Board's opinion, the internal control system and critical risk management, as well as the internal audit function are of satisfactory quality.

Just like in the past years, the Company's Audit and Internal Control Division, in cooperation with the audit firm performing statutory audits, carried out an overall audit of the functioning of the key components of the internal control system present in the Company. The results of this audit were presented to the Management Board and to the Audit Committee. Upon becoming acquainted with the report prepared by the Director of Audit and Internal Control Division and by the Management Board, as well as upon having read the Audit Committee's opinion, which assessed the functioning of internal control and risk management systems and the internal audit function, the Supervisory Board issued a positive opinion on the effectiveness of functioning of the above systems and functions.

A centralized compliance system does not function in the Company. Nonetheless, the Supervisory Board is of the opinion that there exists satisfactory control of compliance of the Company's operations in various fields with the valid law, including the Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation), which is in force since May 25, 2018. The above mentioned compliance control is regulated by the Company's internal regulations and is effectuated at the level of individual organizational units responsible for respective areas of operations.

4. Assessment of the Company's compliance with information disclosure obligations related to implementation of corporate governance principles defined in the WSE Rules, as well as in other regulations concerning current and periodic information disclosure by issuers of securities

In the Supervisory Board's opinion, in 2019 the Company demonstrated reliable and due compliance with information disclosure obligations related to the implementation of the principles of corporate governance as defined in the WSE Rules, as well as in other regulations concerning current and periodic information disclosure by issuers of securities.

In particular, pursuant to § 70, item 6. 5) of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information published by issuers of securities and the conditions for recognizing equivalence of information required under non-member states regulations, the report on the activities of the Company in the financial year ended December 31, 2019 contains a statement confirming the observance of corporate governance rules, which forms a separate section of the report. In the Supervisory Board's opinion, the disclosures found in the statement are complete and exhaustive and they reflect the actual state of affairs.

Furthermore, pursuant to § 49b of the Accounting Act of September 29, 1994 (as amended), the Company has published the non-financial report of Cyfrowy Polsat S.A. Capital Group, describing activities in 2019. The publication has been prepared based on the international Global Reporting Initiative standard in Core option.

5. Assessment of the rationality of the Company's policy in the areas of sponsoring, charity or other similar activities

The Company has not adopted an official policy governing sponsoring and charity activities. Nonetheless, both the Company, and members of Cyfrowy Polsat Group embark on numerous activities of this nature, mainly in three areas: protection of the health and life of children, ensuring safety, and support and promotion of sports.

The activities which the Company and its subsidiaries conducted in 2019 included the following:

- involvement in numerous initiatives aimed at the protection of the life and health of children as well as support for people in need who face the risk of marginalization (social or economic), carried out in cooperation with public benefit organizations, mainly Polsat Foundation,
- charity projects implemented as part of corporate volunteering activities, targeted on providing material and financial support to people in need, executed in cooperation with, among others, Polsat Foundation and Polki Moga Wszystko (*Polish Women Can*) Foundation,
- involvement in actions promoting safety by providing financial support for rescue units (TOPR, GOPR, WOPR and MOPR – mountain rescue units and lifeguard service) and cooperation with such units as a technological partner in educational projects and in projects promoting safety (emergency numbers, "Help" application),

- support and promotion of Polish sport, i.e., sponsoring activities targeted on support for athletes and continuing successful cooperation of Polkomtel Sp. o.o., the Company's subsidiary, with the Polish Volleyball Association and the Polish Volleyball League as well as presenting to Polish fans sport events of the highest global level in Polsat channels, which hold leading positions in the rankings of most frequently watched sports programs,
- educational and technological projects executed in cooperation with Copernicus Science Center in Warsaw – since autumn 2017 Polkomtel Sp. z o.o., the Company's subsidiary, has ensured Wi-Fi connectivity in the building and in the Discovery Park and in 2019 organized, among others, the "After Hours Sightseeing Tour in Copernicus Science Center" for several hundred subscribers of its Plus network,
- promotion of pro-ecological attitude in the closest vicinity – a special edition of a free magazine for customers "Brawo TY" ("Bravo YOU") was displayed in points of sales of the Company's capital group, and was aimed at familiarizing the Group's customers with natural environment protection aspects, both global (e.g., air warming, melting glaciers, droughts and water shortages) and local ones, which are directly linked with the situation in Poland (i.e., air pollution and smog).

The Supervisory Board views the charity and sponsoring activities conducted by the Company and its subsidiaries in 2019 as rational and beneficial for society. These activities offer direct financial or material support for persons, especially ill and disabled children and children in need. Through sponsoring and promotion of sport the Group disseminates good attitudes and promotes healthy life style and spending free time with the family, while cooperation with rescue units provides them with technological support and translates into improved safety of Poles, among others during holidays in the mountains and by the water. In the opinion of the Supervisory Board, such an attitude strengthens positive relations between the organization and its customers, partners, suppliers and social environment.

II. ASSESSMENT OF THE COMPANY'S FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019, THE REPORT OF THE MANAGEMENT BOARD ON THE COMPANY'S ACTIVITIES IN THE YEAR 2019 AS WELL AS THE MANAGEMENT BOARD'S MOTION REGARDING THE DISTRIBUTION OF PROFIT GENERATED BY THE COMPANY IN THE FINANCIAL YEAR 2019

Acting by virtue of art. 382 §3 CCC and art. 19 section 2 letter a) of the Company's Articles of Association, in connection with art. 395 §2 CCC, the Company's Supervisory Board has assessed:

- the stand-alone financial statements of Cyfrowy Polsat S.A. for the financial year ended December 31, 2019,
- the Management Board's Report on the activities Cyfrowy Polsat S.A. in the financial year ended December 31, 2019,
- the motion of the Company's Management Board regarding the distribution of profit generated by the Company in the financial year ended December 31, 2019.

Upon having analyzed the auditor's report of the audit of the Company's financial statements for the financial year 2019, the opinion of the Audit Committee, as well as upon having assessed the auditor's report, the Supervisory Board has concluded that the Company's financial statements for the financial year 2019 have been prepared on the basis of properly kept accounts and that they comply, in terms of form and content, with valid regulations, presenting a true and fair view of all information essential from the point of view of assessment of the profitability and the financial results for the period subject to audit, as well as of the Company's property and financial standing as at December 31, 2019. Moreover, the Supervisory Board has stated that the Company's financial statements for the financial year 2019 comply with the accounts and the Company's documents as well as the factual circumstances. In the face of the above, the Supervisory Board has positively assessed the Company's financial statements for the financial year 2019.

Based on the presented financial statements, the Company's financial results were as follows:

- net profit in the income statement for the period from January 1, 2019 to December 31, 2019: **PLN 586.8 million**,
- total comprehensive income shown in the total comprehensive income statement for the period from January 1, 2019 to December 31, 2019: **PLN 587.2 million**,
- total assets and total equity and liabilities in the balance sheet as at December 31, 2019: **PLN 14,941.3 million**,
- net decrease in cash and cash equivalents in the cash flow statement for the period from January 1, 2019 to December 31, 2019: **PLN 116.1 million**,
- decrease in equity in the statement of changes in equity for the period from January 1, 2019 to December 31, 2019: **PLN 7.6 million**.

Upon having analyzed and assessed the Management Board's report on the Company's activities in 2019, the Supervisory Board states that the above mentioned report is consistent with the Company's accounts and documents and with the factual circumstances. In the Supervisory Board's opinion, information presented in the above mentioned document presents a true and reliable view of the Company's operating results and its property and financial standing. In the face of the above, the Supervisory Board has positively assessed and accepted the Management Board's report on the Company's activities in the year 2019.

The Supervisory Board familiarized itself with the Management Board's motion regarding the distribution of the Company's net profit for the financial year 2019 which assumed the allocation of the entire net profit earned by the Company in the financial year ended December 31, 2019, amounting to PLN 586,802,125.73 (say: five hundred eighty six million eight hundred and two thousand one hundred twenty five zlotys and seventy three grosze), for distribution as dividends to the shareholders of the Company, and the allocation of the amount of PLN 52,743,890.27 (say: fifty two million seven hundred forty three thousand eight hundred ninety zlotys and twenty seven grosze) from the reserve capital for distribution as dividends to the shareholders of the Company. As at December 31, 2019, the amount of the reserve capital available for distribution was almost PLN 3.4 billion.

The total amount of the recommended dividends to the shareholders of the Company amounts to PLN 639,546,016.00 (say: six hundred thirty nine million five hundred forty six thousand sixteen zlotys), i.e., PLN 1.00 (say: one zloty) per share.

Furthermore, the Management Board of the Company recommends, in accordance with the provisions of article 348 § 4 of the Commercial Companies Code, that the dividend day be scheduled for October 15, 2020, and the dividend payout be made in two tranches as follows:

- the first tranche in the amount of PLN 223,841,105.60 (say: two hundred twenty three million eight hundred forty one thousand one hundred five zlotys and sixty grosze), i.e., PLN 0.35 (say: thirty five grosze) per share – on October 22, 2020, and
- the second tranche in the amount of PLN 415,704,910.40 (say: four hundred fifteen million seven hundred four thousand nine hundred ten zlotys and forty grosze), i.e., PLN 0.65 (say: sixty five grosze) per share – on January 11, 2021.

The Supervisory Board has assessed that the aforesaid motion is compliant with the dividend policy adopted by the Company and shall not interrupt the development concept of the Company and its capital group, enabling at the same time its further deleveraging and, therefore, has issued a positive opinion on it.

The Supervisory Board recommends that the General Meeting:

- approves the stand-alone financial statements of Cyfrowy Polsat S.A. for the financial year ended December 31, 2019 and the Management Board's report on the activities of Cyfrowy Polsat S.A. for the financial year ended December 31, 2019,
- adopts a resolution regarding the distribution of the Company's net profit for the financial year ended December 31, 2019 in line with the motion of the Company's Management Board,
- grants votes of approval to the following Management Board Members on account of performance of their duties in the year ended 31 December 2019:
 - Mr. Tobias Solorz, President of the Management Board in the period from January 1, 2019 to March 31, 2019,
 - Mr. Mirosław Błaszczuk, President of the Management Board in the period from April 1, 2019 to December 31, 2019,
 - Mr. Maciej Stec, Management Board Member in the period from January 1, 2019 to March 31, 2019 and Vice-President of the Management Board in the period from April 1, 2019 to December 31, 2019,
 - Mr. Dariusz Działkowski, Management Board Member in the period from January 1, 2019 to March 31, 2019,
 - Mr. Tomasz Gillner-Gorywoda, Management Board Member in the period from January 1, 2019 to March 31, 2019,

- Mr. Jacek Felczykowski, Management Board Member in the period from April 1, 2019 to December 31, 2019,
- Ms. Aneta Jaskólska, Management Board Member in the year 2019,
- Ms. Agnieszka Odorowicz, Management Board Member in the year 2019,
- Ms. Katarzyna Ostap-Tomann, Management Board Member in the year 2019.

Concurrently, the Supervisory Board of Cyfrowy Polsat S.A. would like to ask the Company's General Meeting to approve the Supervisory Board's report on its activities in the period from January 1, 2019 to December 31, 2019 and to grant all Supervisory Board Members a vote of approval on account of performance of their duties in the year 2019.

Marek Kapuściński
Supervisory Board Chairman

Józef Birka
Supervisory Board Member

Robert Gwiazdowski
Supervisory Board Member

Aleksander Myszka
Supervisory Board Member

Leszek Reksa
Supervisory Board Member

Tomasz Szelağ
Supervisory Board Member

Piotr Żak
Supervisory Board Member

Warsaw, June 25, 2020