Cyfrowy Polsat S.A. Capital Group

Interim Consolidated Report for the six month period ended June 30, 2022

Warsaw, August 17, 2022

Table of Contents

Report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group for the six month period ended June 30, 2022

Warsaw, August 17, 2022

Table of contents

Polsat Plus Group at a glance

Polsat Plus Group is Poland's largest media and telecommunications group and the leader on the Polish entertainment and telecommunications markets. Within the scope of our activities we provide a comprehensive array of integrated services in the following areas:

- pay TV services offered under the 'Polsat Box' brand by Cyfrowy Polsat – the largest pay TV provider in Poland – and our subsidiary Netia. We offer our customers access to over 150 TV channels broadcast in satellite, terrestrial and Internet (IPTV, OTT) technologies as well as modern OTT services and Multiroom. We also provide online video services through online services 'Polsat Box Go' and 'Polsat Go', the leaders on Poland's online video market;
- telecommunication services, including voice and data transmission services, as well as various added services (VAS). We provide mobile telecommunication services under the 'Plus' brand through Polkomtel – one of Poland's leading telecommunications operators - and fixed-line telecommunication services mainly through Netia;
- mobile broadband Internet, offered mainly under the 'Plus' brand. We provide these services in the state-of-the-art LTE, LTE Advanced and 5G technologies. We offer the largest LTE coverage and the first commercial, and concurrently the largest and fastest 5G network in Poland, thanks to which our customers enjoy the best quality of services;
- fixed-line broadband Internet, offered under the 'Netia' and 'Plus' brands based on our nationwide access infrastructure reaching approximately 3.2 million homes passed as well as based on access to networks of other fixed-line operators;
- broadcasting and television production through Telewizja Polsat, the leading commercial TV broadcaster on the Polish market, offering 39 popular TV channels, including our main channel POLSAT, one of the leading FTA channels in Poland;
- Internet media through the portal Interia.pl, one of the three largest horizontal portals in Poland and a member of our Group, as well as a number of thematic portals;
- wholesale services to other operators, including, i.a., network interconnection, IP and voice traffic transit, lease of lines, and national and international roaming services;
- activities on the real estate market, consisting mainly on the implementation of construction projects as well as the sales, rental and management of real estate, with our flagship project being the Port Praski investment located in the strict center of Warsaw.

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

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

Our mission and main strategic goals

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

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

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

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

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

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 Articles 68 and 69 of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information to be submitted by issuers of securities, and the conditions for recognizing equivalence of information required under non-member states regulations.

Presentation of financial data and other information

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

This Report contains financial statements and financial information relating to the Company and the Group. In particular, this Report contains our condensed financial statements for the six-month period ended June 30, 2022, prepared in accordance with International Financial Reporting Standards as approved for use in the European Union ("IFRS") and are presented in millions of zlotys. The financial statements attached to this Report have been reviewed 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 six-month periods ended June 30, 2022 and June 30, 2021. This information should be read in conjunction with the consolidated financial statements for the six-month period ended June 30, 2022 (including notes thereto) constituting part of this Report and the information included in item 3 of this Report – *Operating and financial review of Polsat Plus Group*.

Selected financial data:

- from the consolidated income statement for the three-month periods ended June 30, 2022 and June 30, 2021 have been converted into euro at a rate of PLN 4.6475 per EUR 1.00 (average exchange rate in the period from April 1, 2022 to June 30, 2022 announced by the NBP)
- from the consolidated income statement and the consolidated cash flow statement for the six-month periods ended June 30, 2022 and June 30, 2021 have been converted into euro at a rate of PLN 4.6365 per EUR 1.00 (average exchange rate in the period from January 1, 2022 to June 30, 2022 announced by the NBP)
- from the consolidated balance sheet data as at June 30, 2022 and December 31, 2021 have been converted into euro at a rate of PLN 4.6806 per EUR 1 (average exchange rate on June 30, 2022 published by the NBP).

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

It should be noted that the financial data for the three- and six-month periods ended June 30, 2022 and June 30, 2021 are not fully comparable due to acquisitions and changes to the Group's structure in the period from January 1, 2021 to June 30, 2022, which are described in detail in item 1.2 - *Composition and structure of Polsat Plus Group – Changes in the organizational structure of Polsat Plus Group and their effects*, as well as in item 1.2. of the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the twelve-month period ended December 31, 2021.

Consolidated income statement

	for the three-month period ended June 30				for the six-month period ended June 30			
	2022		2021		2022		2021	
	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR
Revenue	**3,228.1**	**694.6**	**3,159.7**	**679.9**	**6,214.8**	**1,340.4**	**6,147.1**	**1,325.8**
Retail revenue	1,725.8	371.4	1,664.8	358.2	3,448.0	743.7	3,328.9	718.0
Wholesale revenue	879.8	189.3	964.2	207.5	1,692.9	365.1	1,844.9	397.9
Sale of equipment	450.5	96.9	350.4	75.4	787.0	169.7	683.1	147.3
Other sales revenue	172.0	37.0	180.3	38.8	286.9	61.9	290.2	62.6
Total operating costs	**(2,815.4)**	**(605.8)**	**(2,468.1)**	**(531.1)**	**(5,449.1)**	**(1,175.3)**	**(4,899.0)**	**(1,056.6)**

	for the three-month period ended June 30				for the six-month period ended June 30			
	2022		2021		2022		2021	
	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR
Technical costs and cost of settlements with telecommunication operators	(808.0)	(173.9)	(633.0)	(136.2)	(1,617.5)	(348.9)	(1,257.7)	(271.3)
Depreciation. amortization. impairment and liquidation	(467.5)	(100.6)	(457.2)	(98.4)	(913.8)	(197.1)	(978.4)	(211.0)
Cost of equipment sold	(382.0)	(82.2)	(289.2)	(62.2)	(659.5)	(142.2)	(565.9)	(122.1)
Content costs	(504.9)	(108.6)	(449.2)	(96.7)	(978.4)	(211.0)	(868.6)	(187.3)
Distribution, Marketing, customer relation management and retention costs	(256.2)	(55.1)	(230.6)	(49.6)	(507.3)	(109.4)	(459.6)	(99.1)
Salaries and employee-related costs	(247.1)	(53.2)	(227.9)	(49.0)	(491.7)	(106.0)	(464.8)	(100.2)
Cost of debt collection services and bad debt allowance and receivables written off	(22.3)	(4.8)	(22.7)	(4.9)	(47.1)	(10.2)	(52.5)	(11.3)
Other costs	(127.4)	(27.4)	(158.3)	(34.1)	(233.8)	(50.4)	(251.5)	(54.2)
Other operating income/(cost). net	**13.1**	**2.8**	**(7.9)**	**(1.7)**	**(19.6)**	**(4.2)**	**(2.9)**	**(0.6)**
Profit from operating activities	**425.8**	**91.6**	**683.7**	**147.1**	**746.1**	**160.9**	**1,245.2**	**268.6**
Gain/(loss) on investment activities, net	5.7	1.2	7.8	1.7	12.6	2.7	(14.6)	(3.1)
Finance costs, net	(130.7)	(28.1)	(60.5)	(13.0)	(207.5)	(44.8)	(117.6)	(25.4)
Share of the profit of associates accounted for using the equity method	24.2	5.2	25.0	5.4	38.9	8.4	41.5	9.0
Gross profit for the period	**325.0**	**69.9**	**656.0**	**141.2**	**590.1**	**127.3**	**1,154.5**	**249.0**
Income tax	(42.3)	(9.1)	(114.3)	(24.6)	(94.6)	(20.4)	(222.4)	(48.0)
Net profit for the period	**282.7**	**60.8**	**541.7**	**116.6**	**495.5**	**106.9**	**932.1**	**201.0**
Net profit attributable to equity holders of the Parent	288.9	62.1	539.3	116.0	503.8	108.7	928.9	200.3
Net profit/(loss) attributable to non-controlling interest	(6.2)	(1.3)	2.4	0.5	(8.3)	(1.8)	3.2	0.7
Basic and diluted earnings per share in PLN (not in millions)	**0.50**	**0.11**	**0.85**	**0.18**	**0.88**	**0.19**	**1.46**	**0.31**
Weighted number of issued shares (not in millions)	561,525,804		639,546,016		564,929,935		639,546,016	
EBITDA[(1)]	**893.3**	**192.2**	**1,140.9**	**245.5**	**1,659.9**	**358.0**	**2,223.6**	**479.6**
EBITDA margin	27.7%	27.7%	36.1%	36.1%	26.7%	26.7%	36.2%	36.2%
Costs of supporting Ukraine	-	-	-	-	(34.1)	(7.4)	-	-
adjusted EBITDA[(2)]	**893.3**	**192.2**	**1,140.9**	**245.5**	**1,694.0**	**365.4**	**2,223.6**	**479.6**
adjusted EBITDA margin	27.7%	27.7%	36.1%	36.1%	27.3%	27.3%	36.2%	36.2%

	for the three-month period ended June 30				for the six-month period ended June 30			
	2022		2021		2022		2021	
	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR	mPLN	mEUR
EBITDA result of Polkomtel Infrastruktura	-	-	191.6	41.2	-	-	366.9	79.1
EBITDA adjusted excluding the result of Polkomtel Infrastruktura	**893.3**	**192.2**	**949.3**	**204.3**	**1,694.0**	**365.4**	**1,856.7**	**400.5**
EBITDA adjusted margin excluding the result of Polkomtel Infrastruktura	27.7%	27.7%	30.0%	30.0%	27.3%	27.3%	30.2%	30.2%
Operating margin	13.2%	13.2%	21.6%	21.6%	12.0%	12.0%	20.3%	20.3%

(1) We define EBITDA as net profit/(loss), as determined in accordance with IFRS, before depreciation and amortization (other than for programming rights), impairment charges and reversals on property, plant and equipment and intangible assets, net value of disposed property, plant and equipment and intangible assets, revenue obtained from interest, finance costs, positive/(negative) exchange rate differences, income taxes and share of net results of joint ventures. The reconciling item between EBITDA and reported operating profit/ (loss) is depreciation and amortization expense and impairment charges and reversals on property, plant and equipment and intangible assets and net value of disposed property, plant and equipment and intangible assets.

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

Consolidated cash flow statement

	for the six-month period ended June 30			
	2022		2021	
	mPLN	mEUR	mPLN	mEUR
Net cash from operating activities	445.8	96.2	1,618.7	349.1
Net cash used in investing activities	(1,682.6)	(362.9)	(1,339.2)	(288.8)
incl. capital expenditures[(1)]	*(586.9)*	*(126.6)*	*(670.0)*	*(144.5)*
Net cash used in financing activities	(1,340.8)	(289.2)	(879.3)	(189.6)
Net increase/(decrease) in cash and cash equivalents	(2,577.6)	(555.9)	(599.8)	(129.4)

(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

	June 30, 2022		December 31, 2021	
	mPLN	mEUR	mPLN	mEUR
Cash and cash equivalents[(1)]	1,062.0	226.9	3,644.3	778.6
Assets	31,814.0	6,797.0	32,237.0	6,887.4
Non-current liabilities	10,706.7	2,287.5	11,226.1	2,398.4
Non-current financial liabilities	9,279.4	1,982.5	10,111.4	2,160.3
Current liabilities	5,682.5	1,214.1	5,626.3	1,202.0
Current financial liabilities	1,692.9	361.7	1,340.2	286.3
Equity	15,424.8	3,295.5	15,384.6	3,286.9
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 TV broadcasters in terms of both audience and advertising market shares. We offer a complete package of multimedia services designed for the entire family: pay TV via satellite, terrestrial and online (IPTV and OTT) broadcasting, mobile and fixed-line telephony, data transmission services and broadband Internet access, mainly in LTE, LTE Advanced and 5G mobile technologies and also through fixed-line networks, including fiber-optic. Additionally, we provide a wide array of wholesale services to other telecommunications operators, television operators and broadcasters. Moreover, we are a leading player on the Internet media market through the portal Interia.pl, which is one of the three largest horizontal portals in Poland. We also operate on the Polish online advertising market offering modern marketing and promotional solutions.

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

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

In the first quarter of 2022 we operated in two business segments: the B2C and B2B services segment, and the media segment: television and online. In the second quarter of 2022 we extended our operating activities by the third business segment related to our activities on the real estate market.

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

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

The real estate segment includes primarily activities in real estate construction, sales, rental and management. The largest investment under construction within this segment is the Praski Port investment located in the strict center of Warsaw.

1.2. Composition and structure of Polsat Plus Group

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

Company	Registered office	Activity	Share in voting rights (%) as at	
			June 30, 2022	December 31, 2021
B2C and B2B services segment				
Parent Company				
Cyfrowy Polsat S.A.	Łubinowa 4a, 03-878 Warsaw	radio, TV and telecommunication activities	n/a	n/a
Subsidiaries consolidated using the full consolidation method				
Polkomtel Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	100%	100%
Polkomtel Business Development Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other activities supporting financial services, gaseous fuels trading activities	100%	100%
Premium Mobile Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	100%	100%
Visignio Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	sales network management	100%	100%
Saveadvisor Sp. z o.o.	Warszawska 18, 35-205 Rzeszów	call center services	100%	100%
Mobi Dealer Sp. z o.o.	Warszawska 18, 35-205 Rzeszów	sales network management	100%	100%
Liberty Poland S.A.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	telecommunication activities	100%	100%
Interphone Service Sp. z o.o.	Inwestorów 8, 39-300 Mielec	production of set-top boxes	100%	100%
Sferia S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	51%	51%
Teleaudio Dwa Sp. z o.o. Sp.k.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	call center and premium-rate services	100%	100%
Netia S.A.	Poleczki 13, 02-822 Warsaw	telecommunication activities	99.999%	99.999%
Netia 2 Sp. z o.o.	Poleczki 13, 02-822 Warsaw	telecommunication activities	99.999%	99.999%
TK Telekom Sp. z o.o.	Kijowska 10/12A, 03-743 Warsaw	telecommunication activities	99.999%	99.999%
Petrotel Sp. z o.o.	Chemików 7, 09-411 Płock	telecommunication activities	99.999%	99.999%
Logitus Sp. z o.o.	Orzechowa 5, 80-175 Gdańsk	wired communication	99.999%	99.999%
ISTS Sp. z o.o.	Bociana 4A / 68A, 31-231 Cracow	wired communication	-	99.999%

Company	Registered office	Activity	Share in voting rights (%) as at	
			June 30, 2022	December 31, 2021
IST Sp. z o.o.	Księcia Janusza I 3, 18-400 Łomża	wired communication	-	99.999%
Enterpol Sp. z o.o.	Braci Wieniawskich 5, 20-844 Lublin	telecommunication activities	99.999%	-
Oktawave S.A.	Domaniewska 44A, 02-672 Warszawa	website management	99.999%	-
Plus Finanse Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other monetary intermediation	100%	100%
Plus Pay Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	monetary intermediation	100%	100%
Esoleo Sp. z o.o.	Al. Wyścigowa 6, 02-681 Warsaw	technical services	51.25%	51.25%
Alledo Express Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	rental services	51.25%	51.25%
Alledo Parts Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	wholesale	26.14%	26.14%
Alledo Parts Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	wholesale	26.40%	26.40%
Alledo Setup Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	technical services	51.25%	51.25%
Alledo Setup Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	technical services	51.25%	51.25%
CPSPV1 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	100%	100%
CPSPV2 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	100%	100%
TM Rental Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	intellectual property rights rental	100%	100%
Orsen Holding Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Orsen Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Dwa Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	holding activities	100%	100%
IB 1 FIZAN	Mokotowska 49, 00-542 Warsaw	finance activities	(1)	(1)
Altalog Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software	66%	66%
Plus Flota Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	management and rental services	100%	100%
Netshare Media Group Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	advertising activities	100%	100%
BCAST Sp. z o.o.	Rakowiecka 41/21, 02-521 Warsaw	telecommunication activities	70.02%	70.02%
INFO-TV-FM Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	radio and television activities	100%	100%
CKS Ossa Sp z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	hotel activities	100%	100%
Ossa Medical Center Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	hospital activities	100%	100%

Company	Registered office	Activity	Share in voting rights (%) as at June 30, 2022	Share in voting rights (%) as at December 31, 2021
Stork 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warszawa	holding activities	100%	100%
Swan 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warszawa	agriculture activities	100%	100%
Vindix S.A.(2)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	(2)
Vindix Investments Sp. z o. o.(2)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	-
Direct Collection Sp. z o.o.(2)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	-
Vindix Sp. z o.o.(2)	Heroiv UPA 73 ż, 79018, Lviv	call center services	100%	-
Vindix NSFIZ(2)	Mokotowska 49, 00-542 Warsaw	financial services	(1)	-
Mag7soft Sp. z o.o.(2)	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software activities	100%	-
Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o.	Zwierzyniecka 18, 60-814 Poznań	real estate market services	100%	-
Subsidiaries consolidated using the equity method				
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	22.95%	22.95%
Vindix S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	(2)	46.27%
Modivo S.A.	Nowy Kisielin-Nowa 9, 66-002 Zielona Góra	retail sales	10%	10%
PAK-PCE Biopaliwa i Wodór Sp. z o.o.	Przemysłowa 158, 62-510 Konin	electricity production	49%	-
Media segment: television and online				
Subsidiaries consolidated using the full consolidation method				
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	television broadcasting and production	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat License Ltd.	Alte Landstrasse 17, 8863 Buttikon, Switzerland	media	100%	100%
Polsat Investments Ltd.	3, Krinou Agios Athanasios, 4103 Limassol, Cyprus	media	100%	100%
Polsat Ltd.	238A King Street, W6 0RF London, Great Britain	media	100%	100%
Muzo.fm Sp. z o.o.	Al. Stanów Zjednoczonych 61 A, 04-028 Warsaw	media	100%	100%
Music TV Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polo TV Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Eleven Sports Network Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw	media	99.99%	99.99%

Company	Registered office	Activity	Share in voting rights (%) as at June 30, 2022	Share in voting rights (%) as at December 31, 2021
Superstacja Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
TV Spektrum Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
TVO Sp. z o.o.	Kielecka 5, 81-303 Gdynia	retail sales	75.96%	75.96%
Grupa Interia.pl Sp. z o.o.	Os. Teatralne 9a, 31-946 Cracow	holding activities	100%	100%
Grupa Interia.pl Media Sp. z o.o. Sp.k.	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Grupa Interia.pl Sp. z o. o. Sp.k.	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Mobiem Polska Sp. z o.o.	Fabryczna 5a, 00-446 Warsaw	holding activities	100%	100%
Mobiem Polska Sp. z o.o. Sp.k.	Fabryczna 5a, 00-446 Warsaw	advertising activities	100%	100%
Polot Media Sp. z o.o.	Solskiego 55, 52-401 Wrocław	consulting	60%	60%
Polot Media Sp. z o.o. Sp.k.	Solskiego 55, 52-401 Wrocław	movie and TV production	60%	60%
Polsat Talenty Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	cooperation with artists and presenters	100%	100%
Subsidiaries consolidated using the equity method				
Polsat JimJam Ltd.	33 Broadwick Street Soho London W1F 0DQ, Great Britain	media	50%	50%
Polski Operator Telewizyjny Sp. z o.o.	Wiertnicza 159, 02-952 Warsaw	technical services	50%	50%
Polsat Boxing Promotion Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	movie and TV production	24%	24%
Real Estate segment				
Subsidiaries consolidated using the full consolidation method				
Port Praski Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Inwestycje Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Nowe Inwestycje Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	real estate management	66.94%	-
Port Praski Sp. z o.o. Białystok Sp. k.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Office Park Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Medical Center Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City II Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City III Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-

Company	Registered office	Activity	Share in voting rights (%) as at June 30, 2022	Share in voting rights (%) as at December 31, 2021
Port Praski City IV Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Sp. z o.o. S.K.A.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Education Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Doki Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Doki II Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Media Park Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski II Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Hotel Sp. z o.o.(3)	Krowia 6, 03-711 Warsaw	hotel services	45.52%	-
Pantanomo Limited(3)	3 KRINOU, Limassol 4103, Cypr	holding activities	45.52%	-
Laris Investments Sp. z o.o.(3)	Pańska 77/79, 00-834 Warsaw	real estate rental	66.88%	-
Laris Development Sp. z o.o.(3)	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	66.88%	-
Laris Technologies Sp. z o.o.(3)	Pańska 77/79, 00-834 Warsaw	property rental and management	66.88%	-
SPV Baletowa Sp. z o.o.(3)	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	66.88%	-
Megadex Development Sp. z o.o.(3)	Gdańska 14/1 01-691 Warsaw	property rental and management	66.88%	-
Megadex Expo Sp. z o.o.(3)	Adama Mickiewicza 63, 01-625 Warsaw	property rental and management	66.88%	-
Centrum Zdrowia i Relaksu Verano Sp. z o.o.(3)	Sikorskiego 8, 78-100 Kołobrzeg	hotel services	66.88%	-
Turystyka Zdrowotna Verano Plus Sp. z o.o.(3)	Gen. Wł. Sikorskiego 8 A, 78-100 Kołobrzeg	catering services	66.88%	-
Subsidiaries consolidated using the equity method				
Pollytag S.A. (3)	Wielopole 6, 80-556 Gdańsk	sale of wood and construction materials	31.12%	-

(1) Cyfrowy Polsat indirectly holds 100% of certificates.
(2) Vindix Group. As at December 31, 2021, Cyfrowy Polsat held 46.27% shares of Vindix S.A., therefore Vindix S.A. and its subsidiaries were consolidated using the equity method. On January 19, 2022 Cyfrowy Polsat acquired 53.73% shares of Vindix S.A. and holds 100% shares of Vindix S.A. and its subsidiaries.
(3) Port Praski Group. As a result of the acquisition of 66.94% shares of Port Praski Sp. z o.o., Cyfrowy Polsat acquired control over the Port Praski Sp. z o.o. and its subsidiaries.

Additionally, the following entities were included in the consolidated financial statements for for the six-month period ended June 30, 2022:

Company	Registered office	Activity	Share in voting rights (%) as at	
			June 30, 2022	December 31, 2021
Karpacka Telewizja Kablowa Sp. z o.o.(1)	Warszawska 220, 26-600 Radom	dormant	99%	99%
Polskie Badania Internetu Sp. z o.o.	Al. Jerozolimskie 65/79, 00-697 Warsaw	web portals activities	21.43%(2)	21.43%(2)
Pluszak Sp. z o.o.	Domaniewska 47, 02-672 Warsaw	retail sales	9%	9%
Exion Hydrogen Polskie Elektrolizery Sp. z o.o.	Ku Ujściu 19, 80-701 Gdańsk	production of electrical equipment	10%	10%
Towerlink Poland Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	0.01%	0.01%
MESE Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	movie and TV production	10%	10%
Megadex SPV Sp. z o.o. (3)	Adama Mickiewicza 63, 01-625 Warsaw	other financial services	7.02%	-
Megadex Księży Młyn Sp. z o.o. (3)	Adama Mickiewicza 63, 01-625 Warsaw	implementation of construction projects	7.02%	-

(1) Investment accounted for at cost less any accumulated impairment losses.
(2) Not material and therefore not included into the valuation using the equity method.
(3) On April 1, 2022 Cyfrowy Polsat acquired 66,94% shares of Port Praski Sp. z o.o. which indirectly holds shares in the company.

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

From January 1, 2022 until the date of publication of this Report, i.e. August 17, 2022, changes presented in the table below were implemented in the structure of Polsat Plus Group.

These changes are the effect of acquisitions and the systematically executed process of steady optimization of the capital structure of the Group. The changes in the Group's structure entail, among other things, improved efficiency of financial management on the consolidated level through the simplification and streamlining of intragroup financial flows and the elimination of redundant costs.

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

Date	Description
B2C and B2B services segment	
January 19, 2022	Acquisition of additional 53.73% of shares in Vindix S.A. by Cyfrowy Polsat. As a result of the transaction, Cyfrowy Polsat holds 100% of shares in Vindix S.A. and its subsidiaries.
February 1, 2022	Merger of Netia S.A. (the acquirer) with IST Sp. z o.o. (the acquiree).
March 31, 2022	Acquisition of 100% shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. by Polkomtel.
May 12, 2022	Acquisition of 49% of shares in PAK-PCE Biopaliwa i Wodór Sp. z o.o. by Cyfrowy Polsat.
June 7, 2022	Acquisition of 100% of shares in Enterpol Sp. z o.o. by Netia.

Date	Description
June 7, 2022	Merger of Netia S.A. (the acquirer) with ISTS Sp. z o.o. (the acquiree).
June 21, 2022	Acquisition of 100% of shares in Oktawave S.A. by Netia.
July 27, 2022	Registration of a share capital increase in PAK-Polska Czysta Energia Sp. z o.o., which resulted in Cyfrowy Polsat holding a 40,41% stake in this company.
Real Estate segment	
April 1, 2022	Acquisition of 66.94% of shares in Port Praski Sp. z o.o. by Cyfrowy Polsat.

1.3. Shareholders with qualifying holdings of shares of Cyfrowy Polsat

The table below presents Shareholders of Cyfrowy Polsat S.A. holding at least 5% of votes at the General Meeting of the Company as at the date of publication of this Report, i.e. August 17, 2022.

Shareholder	Number of shares	% of shares	Number of votes	% of votes
Zygmunt Solorz, through:	**396,802,022**	**62.04%**	**576,219,523**	70.36%
TiVi Foundation, including through:	386,745,257	60.47%	566,162,758	69.13%
Reddev Investments Limited, including through:	*386,745,247*	*60.47%*	*566,162,738*	*69.13%*
Cyfrowy Polsat S.A.(1)	*88,842,485*	*13.89%*	*88,842,485*	*10.85%*
Tobias Solorz(2)	5,607,609	0.88%	5,607,609	0.68%
Tobe Investments Group Limited	4,449,156	0.70%	4,449,156	0.54%
Nationale Nederlanden PTE S.A.	**41,066,962**	**6.42%**	**41,066,962**	**5.02%**
Others	**201,677,032**	**31.53%**	**201,677,032**	**24.63%**
Total	**639,546,016**	**100%**	**818,963,517**	**100%**

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

(2) Person under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the 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. May 11, 2022 (report for the first quarter of 2022), until the date of publication of this Report, i.e. August 17, 2022, the structure of ownership of significant blocks of shares of the Company changed as described below.

The shares in the total number of votes at the Company's general meeting, held indirectly by Mr. Zygmunt Solorz and TiVi Foundation, and directly by Reddev Investments Limited ("Reddev"), the Company, Mr. Tobias Solorz, Tobe Investments Group Limited ("Tobe") and Embud 2 Sp. z o.o. S.K.A. ("Embud 2") changed as a result of transactions concluded on May 25, 26 and 27, 2022, which included the settlement of the invitation to submit offers to sell the Company's shares, announced on May 16, 2022 by the Company together with Reddev and Tobe, the subject of which was not more than 35,000,000 dematerialized ordinary bearer shares of the Company representing 5.47% of the Company's share capital. The change took place following:

1. the direct acquisition by Reddev of 13,576,140 ordinary shares constituting 2.12% of the share capital of the Company and entitling to 13,576,140 votes at the general meeting of the Company, representing 1.66% of the total number of votes at the general meeting of the Company;
2. the acquisition by the Company of a total of 17,668,359 ordinary treasury shares constituting 2.76% of the share capital of the Company and entitling to 17,668,359 votes at the general meeting of the Company, representing 2.16% of the total number of votes at the general meeting of the Company;
3. the acquisition by Mr. Tobias Solorz of a total of 5,607,609 ordinary shares constituting 0.88% of the share capital of the Company and entitling to 5,607,609 votes at the general meeting of the Company, representing 0.68% of the total number of votes at the general meeting of the Company;
4. the acquisition by Tobe of a total of 4,449,156 ordinary shares constituting 0.70% of the share capital of the Company and entitling to 4,449,156 votes at the general meeting of the Company, representing 0.54% of the total number of votes at the general meeting of the Company;
5. the disposal by Embud 2 of a total of 32,005,867 ordinary shares constituting 5.00% of the share capital of the Company and entitling to 32,005,867 votes at the general meeting of the Company, representing 3.91% of the total number of votes at the general meeting of the Company.

Subsequently, the shares in the total number of votes at the Company's general meeting, held indirectly by TiVi Foundation and directly by Reddev and Tipeca Consulting Limited ("Tipeca") changed as a result of transactions concluded on July 19, 2022. The change took place following:

1. the direct acquisition by Reddev of 2,152,388 ordinary shares constituting 0.34% of the share capital of the Company and entitling to 2,152,388 votes at the general meeting of the Company, representing 0.26% of the total number of votes at the general meeting of the Company;
2. the disposal by Tipeca of a total of 2,152,388 ordinary treasury shares constituting 0.34% of the share capital of the Company and entitling to 2,152,388 votes at the general meeting of the Company, representing 0.26% of the total number of votes at the general meeting of the Company;

Reddev is a subsidiary of TiVi Foundation, an entity controlled by Mr. Zygmunt Solorz. The Company is a direct subsidiary of Reddev. Tobe is a subsidiary of Tobe Foundation, an entity controlled by Mr. Zygmunt Solorz. Furthermore, Mr. Tobias Solorz and Tipeca Consulting Limited are under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act.

The table below summarizes the above mentioned changes in the structure of ownership of significant blocks of the Company's shares.

Shareholder	Holding as at May 11, 2022	Acquisitions	Disposals	Holding as at August 17, 2022
Zygmunt Solorz, through:	**387,506,625**	**43,453,652**	**(34,158,255)**	**396,802,022**
TiVi Foundation, including through:	353,348,370	33,396,887	-	386,745,257
Reddev Investments Limited, including through:	*353,348,360*	*33,396,887*	-	*386,745,247*
Cyfrowy Polsat S.A.	*71,174,126*	*17,668,359*	-	*88,842,485*
Tobias Solorz	-	5,607,609	-	5,607,609
Tobe Investments Group Limited	-	4,449,156	-	4,449,156
Tipeca Consulting Limited	2,152,388	-	(2,152,388)	-
Embud 2 Sp. z o.o. S.K.A.	32,005,867	-	(32,005,867)	-

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

To the Company's best knowledge Members of the Management Board of Cyfrowy Polsat did not hold any shares of the Company, directly or indirectly, as at the date of publication of this Report, i.e. August 17, 2022 as well as at the date of publication of the previous interim report, i.e. May 11, 2022 (report for the first quarter of 2022).

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. August 17, 2022, along with changes in shareholding from the date of publication of the previous report, i.e. May 11, 2022 (report for the first quarter of 2022).

Name and Surname / Function	Holding as at May 11, 2022	Acquisitions	Disposals	Holding as at August 17, 2022
Mr. Zygmunt Solorz(1) Chairman of the Supervisory Board	387,506,625	41,301,264	(32,005,86)	396,802,022
Mr. Tobias Solorz(2) Member of the Supervisory Board	-	5,607,609	-	5,607,609
Mr. Marek Kapuściński Deputy Chairman of the Supervisory Board	22,150	-	-	22,150
Mr. Tomasz Szeląg(3) Member of the Supervisory Board	25,500	-	-	25,500

(1) Zygmunt Solorz holds the Company's shares through the following companies: TiVi Foundation (the parent of Reddev Investments Limited, which in turn is the parent of Cyfrowy Polsat S.A.), Tobe Investments Group Limited and Tipeca Consulting Limited, as well as through Mr. Tobias Solorz. Within the block of shares held by Zygmunt Solorz, 5,607,609 shares held by Tobias Solorz were disclosed.

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

(3) 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. August 17, 2022, nor at the date of publication of the previous report, i.e. May 11, 2022 (report for the first quarter of 2022).

2. Significant investments, agreements and events

Outbreak of armed conflict in Ukraine

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

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

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

2.1. Corporate events

Acqusition of shares in Port Praski

On April 1, 2022, the Company signed the final share purchase agreement with Embud 2 Sp. z o.o. S.K.A., whereby the Company purchased 1,070,000 shares in Port Praski Sp. z o.o., representing approximately 66.94% of the share capital of Port Praski Sp. z o.o., for the amount of PLN 553.7 million.

Furthermore, on April 1, 2022, the Company and Tobe Investments Group Limited ("Tobe") executed an annex to the preliminary share purchase agreement dated December 20, 2021, concerning the acquisition by the Company of 4,705 shares in Pantanomo, representing approximately 32% of Pantanomo's share capital. In particular, in the annex the parties agreed to postpone the transaction closing date. In accordance with the new wording of the agreement, the transaction should have occurred no later than on May 31, 2022. Due to the fact that the parties did not schedule the transaction closing date according to the provisions of the agreement, the agreement expired.

Port Praski Sp. z o.o. is an entity which conducts, through its subsidiaries, real estate development activities and owns assets related to, among others, the Port Praski project located in the strict center of Warsaw. Pantanomo's operating activities include, among others, the management of its real estate holdings and it owns a non-controlling stake in Port Praski. The Company's intention is to increase the capital in Port Praski and, in the future, to repurchase the non-controlling stake from Tobe.

Execution of the share buyback program

Acting by virtue of the authorization granted by the Extraordinary General Meeting of the Company on November 16, 2021, on May 16, 2022 the Management Board of the Company decided to proceed with the buyback of the Company's own shares by way of an announcement by the Company together with Reddev and Tobe of an invitation to submit offers to sell the Company's shares. Moreover, acting within the above mentioned authorization, on May 25, 2022 the Company's Management Board decided that the Company will acquire 13,067,138 ordinary bearer shares, which represent approx. 2.04% of the Company's share capital and approx. 1.60% of the total number of votes at the Company's general meeting from Embud 2 Sp. z o.o.

As a result of the settlement of the above mentioned transactions, on May 25 and 26, 2022 the Company acquired in total 17,668,359 own shares, representing 2.76% of the Company's share capital and carrying the right to 17,668,359 votes at the Company's General Meeting, representing 2.16% of the total number of votes at the Company's general meeting at a purchase price of PLN 22.28 per share.

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

Distribution of profit for the financial year 2021

On June 23, 2022, the Annual General Meeting of the Company adopted a resolution concerning the distribution of the Company's profit for the financial year 2021, in the amount of PLN 3,605.8 million, as follows:

- part of the net profit, amounting to PLN 660.8 million, was allocated for distribution as dividends to the shareholders of the Company in the amount of PLN 1.20 per one share participating in the dividend payout (i.e. excluding treasury shares), and
- remaining amount of the net profit, in the amount of PLN 2,945.0 million, was allocated to the reserve capital.

The Annual General Meeting of the Company scheduled the dividend day for September 20, 2022, and the dividend payout day for December 15, 2022.

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

Based on resolutions adopted on June 23, 2022, the Supervisory Board of the Company nominated the Management Board members for a new term of office entrusting the position of Vice President of the Management Board to Mr. Maciej Stec and the positions of Members of the Management Board to Mr. Jacek Felczykowski, Ms. Aneta Jaskólska, Ms. Agnieszka Odorowicz and Ms. Katarzyna Ostap-Tomann.

Concurrently, pursuant to article 19 item 2 if the Company's Articles of Association, on June 23, 2022 TiVi Foundation, a shareholder of the Company, appointed Mr. Mirosław Błaszczyk to the position of President of the Management Board.

Members of the Management Board were appointed for a common three-year term of office.

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

In view of the fact that the Company is a party to the preliminary agreement dated December 20, 2021 (as amended) concerning the Company's purchase of shares in PAK-Polska Czysta Energia sp. z o.o. ("PAK-

PCE”), the Company decided to grant sureties or guarantees and a number of loans in order to support PAK-PCE in the execution, among others, of the following investment projects:

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

The total amount of loans granted by Polsat Plus Group in the period from January 1 to June 30, 2022 reached PLN 426.0 million.

Execution of Annex 2 to the preliminary share purchase agreement concerning the acquisition of shares in PAK-PCE by the Company

On June 29, 2022, the Company entered with ZE PAK S.A. into an annex 2 to the preliminary purchase agreement dated December 20, 2021, concerning the acquisition by the Company of shares in the share capital of PAK-PCE, which represent 67% of share capital in PAK PCE.

The parties have decided, among others, to change the procedure and time for the transfer of all power sector activities of Konin Power Plant, including, in particular, biomass-generated electricity business, constituting an organized part of the enterprise (“ZCP Elektrownia Konin”), to PAK-PCE’s subsidiary operating under the name PAK-PCE Biopaliwa i Wodór sp. z o.o., (“PP BiW”). The transfer of the ownership took place on July 1, 2022.

From April to May 2022, several legal transactions were effected and as a result the Company acquired the ownership of 49% of shares in the share capital of PP BiW. This involved an outflow of a total amount of PLN 478.7 million. In particular, the ownership change in PP BiW was accompanied by its share capital increase. Proceeds from the share capital increase are allocated to the acquisition of ZCP Elektrownia Konin from ZE PAK.

Under the agreement amended by annex 2 the Company and ZE PAK will be obliged to execute the final agreement provided that: (i) the ZCP Elektrownia Konin ownership transfer is completed and (ii) all shares in the share capital of PP BiW held by the parties as at June 27, 2022 are contributed to cover the increase in the share capital of PAK-PCE.

Shares in PAK-PCE representing approx. 26.6% of the share capital of PAK-PCE will be the subject matter of the final agreement. With the shares previously acquired and subscribed (including the contribution of shares held by the Company in PP BiW to PAK-PCE), following the performance of the final agreement, the Company will hold approx. 67% of shares in the share capital of PAK-PCE, as originally intended in the preliminary agreement of December 20, 2021, and ZCP Elektrownia Konin will be wholly-owned by the PAK-PCE Group. The final agreement is to be executed by the parties by September 30, 2022. Total expenditures incurred by the Company to acquire 67% of the share capital of PAK-PCE together with ZCP Elektrownia Konin (in the absence of non-permitted leakages) will amount to PLN 807.6 million, including the adjustment for the working capital of ZCP Elektrownia Konin.

2.2. Business related events

Development of renewable energy projects

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

We are dynamically developing onshore wind farm projects. At present, four wind farms are under construction: in Miłosław (9.6 MW), Kazimierz Biskupi (17.5 MW), Przyrów (42 MW) and Człuchów (73 MW). The first two projects are expected to be completed in the third quarter of 2023, while the following two are scheduled for the third quarter of 2024. According to assurances of suppliers of the turbines and companies conducting the costruction works, the above mentioned deadlines are not threatened despite current disruptions in supply chains of raw materials. The completion of the four wind projects described above corresponds to approximately 57% of the 250 MW onshore wind capacity target announced in our Strategy 2023+.

PAK-PCE is also currently pursuing a project to build a photovoltaic farm with a capacity of about 180-200 MW in Przykona, on post-mining land owned by PAK-PCE. Together with the already operating photovoltaic farm in Brudzew – the largest in Poland – this project will significantly accelerate the achievement of our strategic target of 600 MW of installed photovoltaic capacity.

In addition to dynamically developing projects oriented towards the production of clean energy from renewable sources, we are also focusing on building the full value chain of the green hydrogen economy. Of particular note, we expect the delivery of our first 2.5 MW electrolyzer, capable of producing 1,000 kg of green hydrogen per day, in the third quarter of 2022.

Moreover, the hydrogen bus developed by us and PAK-PCE has received European type-approval, which means that it can be sold and operated throughout the EU. The "NesoBus" (where "Neso" stands for the Polish phrase "Nie Emituje Spalin i Oczyszcza" which means "Does Not Emit Exhaust Fumes and Purifies the Air") had its premiere in May 2022. The NesoBus' most important competitive advantage is a very low level of CO_2 emissions compared to combustion and electric buses (given the share of coal in electricity production in Poland at approximately 70%). Moreover, NesoBus' range is approximately 500 km and its refueling takes only 15 minutes. Currently, the NesoBus is being tested at public transport facilities in selected Polish cities and, in parallel, construction of a bus factory in Świdnik is underway. The bus factory is expected to become operational in 2023 and, ultimately, we want to produce more than 100 hydrogen buses per year. We are also working to develop a hydrogen distribution network.

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

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

Extension of cooperation with Volleyball World by the next 10 years

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

Telewizja Polsat's new contract with Volleyball World includes the coverage of:

- three FIVB Women's and Men's World Championship events in the years 2022, 2026 and 2030, with the games in 2022 taking place in Poland;
- FIVB Volleyball Nations League matches until 2032, including fourteen qualification tournaments and two final tournaments which will be played in Poland;
- Beach Volleyball World Championships and the Beach Pro Tour series;
- FIVB Volleyball Club World Championships;
- a new tournament for national teams planned for the years 2025 and 2029.

Disney+ productions in the offer of Polsat Plus Group

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

TV packages including the Disney+ offer are available from Polsat Box in satellite and cable IPTV technologies from PLN 35 per month. Disney+ will be available free of charge for one year in all subscription offers from Plus and Netia with a 24-month contract, and at a market price after the promotional period. The Polsat Box Go streaming service was expanded with a new package that includes all content from the Polsat Box Go Premium package, enhanced with access to Disney+, for PLN 50/month.

Acquisition of UPC Polska by P4

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

In June 2022, P4 signed an agreement with the French capital fund InfraVia Capital Partners for the sale of 50% of shares in its subsidiary FiberForce Sp. z o.o. for a price of ca. PLN 1.8 billion. By the end of 2022, P4 plans to transfer to FiberForce a part of UPC Polska's business including in particular access network assets in the form of ca. 3.7 million network connections in HFC and FTTx technologies. Moreover, the operator informed that FiberForce wants to build over 2 million additional fiber connections. As announced, FiberForce will make its network infrastructure available to other telecommunications operators in an open wholesale access model. The closing of the transaction requires the consent of the competent antitrust authorities and is tentatively planned for the first quarter of 2023.

Wholesale broadband Internet access networks are already operated in Poland by Nexera (a joint venture of Infracapital fund and Nokia), Fiberhost (part of the former Inea, owned by the Australian fund Macquire) and Światłowód Inwestycje (a joint venture between Orange Polska and Dutch investment group APG), and the cable TV company Vectra plans to attract an infrastructure investor.

2.3. Events after the balance sheet date

New terrestrial television offer on Polsat Box

In July 2022, we introduced a new terrestrial TV offer to our Polsat Box platform. The new *Sports and News* package, priced at PLN 30 per month, includes 10 sports, current news, journalism and entertainment channel, among them: Polsat Sport, Polsat Sport Extra, Eleven Sports 1, Eleven Sports 2, Eurosport 1, Eurosport 2, Polsat News, TVN 24, TVN Turbo and TVN Style. A news station Wydarzenia 24 is included in the package on a promotional basis, and the customer also receives access to 17 radio stations as part of the offer.

Along with the *Sports and News* package, a DVB-T2 set-top box is made available for PLN 1, providing, among others, HD reception and the ability to receive all 28 free-to-air terrestrial digital TV channels.

Joint venture agreement with HB Reavis to develop Port Praski project

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

- a joint venture agreement concerning the construction and development of a property located in Warsaw, including a joint construction of high-end office buildings, with additional retail space – the agreement was signed by Port Praski City II Sp. z o.o., Port Praski Medical Center sp. z o.o. and Pantanomo Limited; and
- a share purchase agreement for shares in Port Praski City II Sp. z o.o., Port Praski Medical Center sp. z o.o. – the agreement was signed by Pantanomo Limited and Port Praski City III Sp z. o.o.

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

The acquisition of shares by HB Reavis will be subject to the satisfaction of, among others, conditions precedent such as: (i) a clearance of the Office of Competition and Consumer Protection (UOKiK) for HB Reavis and Pantanomo to establish a joint venture, and (ii) an in-kind contribution of the property by Port Praski City III to Port Praski City II to cover the shares in an increased share capital of this company.

The commencement of the project, in addition to the conditions precedent being satisfied, will require, as a next step, relevant building permits. Therefore, the exact milestones and costs of the project implementation will be specified by the shareholders in the business plan at a later date.

Registration of capital increase in PAK-Polska Czysta Energia Sp. z o.o.

On July 27, 2022 a share capital increase was registered in PAK-Polska Czysta Energia Sp. z o.o. and, as a result, Cyfrowy Polsat currently holds 40.41% shares in PAK-Polska Czysta Energia Sp. z o.o.

3. Operating and financial review of Polsat Plus Group

3.1. Operating review of the Group

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

In turn, the B2B area is analyzed by us across two base dimensions. We focus on maintaining and building the scale of our customer base, expressed as the number of businesses serviced by us, as well as on measuring their value through ARPU. Building the value of our B2B base in 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.

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

	for the 3-month period ended June 30		change / %	
	2022	2021	nominal	% / p.p.
B2C AND B2B SERVICES SEGMENT [1]				
Contract services for B2C customers				
Total number of B2C RGUs[2] (EOP) [thous.], incl.:	**13,349**	**13,188**	**161**	**1.2%**
Pay TV	5,117	5,332	(215)	(4.0%)
Mobile telephony	6,230	5,864	366	6.2%
Internet	2,002	1,992	10	0.5%
Number of B2C customers (EOP) [thous.]	**5,990**	**5,932**	**58**	**1.0%**
ARPU per B2C [3] customer [PLN]	70.2	67.8	2.4	3.5%
ARPU per B2C [3] customer (YTD) [PLN]	70.0	67.5	2.5	3.7%
Churn in B2C [4] subsegment	6.8%	7.3%		(0.5 p.p.)
RGU saturation per one B2C customer	2.23	2.22	0.01	0.5%
Prepaid services				
Total number of RGUs (EOP) [thous.], incl.:	**2,772**	**2,596**	**176**	**6.8%**
Pay TV	81	135	(54)	(40.0%)
Mobile telephony	2,655	2,414	241	10.0%
Mobile Internet	36	47	(11)	(23.4%)
ARPU per prepaid RGU [5] [PLN]	17.4	16.0	1.4	8.7%
ARPU per prepaid RGU [5] (YTD) [PLN]	17.3	15.8	1.5	9.5%

	for the 3-month period ended June 30		change / %	
	2022	2021	nominal	% / p.p.
Contract services for B2B customers				
Total number of B2B customers (EOP) [thous.]	**68.8**	**68.3**	**0.5**	**0.7%**
ARPU per B2B [3] customer [PLN]	1,378	1,387	(9)	(0.6%)
ARPU per B2B [3] customer (YTD) [PLN]	1,385	1,396	(11)	(0.8%)
MEDIA SEGMENT: TELEVISION AND ONLINE				
TV channels				
TV audience share (in the 3-month period)	22.8%	25.1%	-	(2.3 p.p.)
Advertising market share (in the 3-month period)	28.6%	27.7%	-	0.9 p.p.
TV audience share (YTD)	23.0%	24.7%	-	(1.7 p.p.)
Advertising market share (YTD)	28.5%	28.0%	-	0.5 p.p.
Online – internet portals				
Average number of users [millions]	20.8	20.3	0.5	2.5%
Average number of page views [millions]	2,023	2,028	(5.0)	(0.3%)

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 second quarter of 2022 was 5,990 thousand (+1.0% YoY). The main reason behind the increase of the contract customer base was the consolidation from July 2021 of the results of Premium Mobile. Simultaneously, the process of further merging of contracts under one common contract for the household continued within our base, which is reflected in the growing RGU saturation per customer ratio (increase by 0.5% YoY to 2.23 RGU per customer). In line with our strategic assumptions, we avoid conducting an aggressive sales policy on individual products and focus rather on increasing customer loyalty, in particular through offering a wide portfolio of bundled services, as well as on increasing ARPU per contract customer.

The number of contract services for B2C customers provided by us at the end of the second quarter of 2022 increased by 161 thousand compared to the previous year (+1.2%) YoY, reaching 13,349 thousand RGUs. The main driver behind this growth was the continued dynamic increase of contract mobile telephony services for B2C customers – by 366 thousand (+6.2%) YoY to the level of 6,230 thousand. This result was achieved thanks to the successful implementation of our strategy of cross-selling, including 5G services, which are available in our offer since May 2020. At the same time, we effectively care about customer satisfaction, which translated into a low churn ratio. An additional factor which contributed to the growth in the analyzed period was the acquisition of Premium Mobile.

At the end of June 2022, our B2C customers used 5,117 thousand contract pay TV services. The number of pay TV RGUs decreased year on year by 215 thousand (-4.0% YoY), mainly due to the price repositioning and change in the strategy of offering our video online services, the lower number of provided satellite TV services as well as the decision to discontinue the Mobile TV service. This decrease was partially compensated by the increasing number of TV services offered in online technologies (IPTV/OTT).

In the analyzed period, the number of Internet access services provided to B2C customers in the contract model remained at a stable level and amounted to 2,002 thousand as at the end of the second quarter of 2022. A factor supporting our Internet RGU base is the constantly improving quality of our telecommunications network – a consequence of our investments, exemplified by the rapid roll-out of the 5G network and the gradual modernization of our fixed-line network.

We observe a steadily increasing saturation of our B2C customer base with integrated services, which is reflected in the growing ratio of contract services per customer. As at the end of June 2022, every customer had on average 2.23 contract services (+0.5% 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, and offering enhanced television and telecommunications packages (the more-for-more strategy). In the second quarter of 2022, average revenue per B2C customer increased to PLN 70.2 (+3.5% YoY) while in the first half of 2022 it reached the level of PLN 70.0 (+3.7%). The maintained high pace of growth of ARPU per B2C contract customer results, in particular, from the continuous building of customer value. We believe that our decisions to rapidly roll-out the 5G network and the growing popularity of tariff plans enabling the use of this technology by our customers as well as continued expansion of our content offer will contribute to the further building of customer value, reflected in the level of ARPU.

Our churn rate remained at a very low level and amounted to 6.8% in the twelve-month period ended June 30, 2022 (-0.5 p.p.). Low churn is primarily the effect of a high level of loyalty of our customers of bundled services, which results from the successful implementation of our multiplay strategy, as well as our actions aimed at fostering high customer satisfaction. In addition, a more conservative offering policy than in the past of mobile operators translates into a steady decrease of the number of customers migrating between networks, which also impacts our churn rate favorably.

Our bundled services offer, based on a mechanism of offering attractive discounts on every additional product or service purchased from the Group's portfolio, remains popular among our customers and records very good sales results, which has a positive effect on the churn rate, RGU saturation per customer rate and ARPU per contract B2C customer. At the end of June 2022, 2,460 thousand customers were using our bundled services, which constitutes an increase by 45 thousand (+1.8%) YoY and translates to a 41.1% saturation of our contract customer base with multiplay services. This group of customers had 7,375 thousand RGUs as at the end of the second quarter of 2022, up by 177 thousand (+2.5%) YoY. Bearing in mind our strategic goal - the successive build-up of revenue per contract customer through cross-selling of additional products and services - our bundled services offer is perfectly in line with our strategy. Therefore, despite having reached a high level of our multiplay base, we will continue to further popularize this program among our customers.

Prepaid services

The number of prepaid services provided by us increased by 176 thousand (+6.8%) YoY and amounted to 2,772 thousand as at June 30, 2022.

The number of prepaid mobile telephony services increased in the analyzed period by 241 thousand (+10.0%) YoY, to 2,654 thousand RGUs. The hike in the number of provided prepaid mobile telephony services is related to the support action in the form of distribution of free starters enabling free communication for the newly arrived refugees from Ukraine. The scale of our mobile telephony customer base was also favorably impacted in the reported period by the consolidation of the results of Premium Mobile. At the same time, the number of prepaid mobile broadband Internet services remained in a downward trend, decreasing by 11 thousand YoY as at the end of the second quarter of 2022. This change was driven primarily by the increasing popularity of data transmission packages in mobile telephony tariff plans (smartphones) which is associated with diminishing differences between the sizes of data packages offered in both product lines.

The number of prepaid TV services provided by us decreased by 54 thousand, to the level of 81 thousand at the end of June 2022, in particular as a result of price repositioning and strategy changes in offering our video online services.

In the second quarter of 2022, average revenue per prepaid RGU amounted to PLN 17.4 (+8.7% YoY) while in the first half of 2022 it reached PLN 17.3 (+9.5%). The changes in our mobile offering and TV offering (price repositioning of the Polsat Box Go streaming service) are among the factors which contributed positively to the increase in prepaid APRU in both analyzed periods. We also observe a growing willingness of our mobile telephony customers to choose bundled solutions instead of offers based on the *pay-as-you-go* model.

Contract services for B2B customers

The total number of B2B customers to whom we provided contract services as at the end of the second quarter of 2022 was 68.8 thousand (+0.7% YoY). The scale of our B2B customer base remains stable in the long term, proving the high efficiency of our actions directed at fostering high satisfaction of our business customers. At the same time, we maintain a stable level of ARPU from our B2B customers, which reached PLN 1,378 (-0.6% YoY) per month in the second quarter of 2022 and PLN 1.385 (-0.8% YoY) per month in the first half of 2022.

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

3.1.2. Media segment: television and online

We consider predominantly audience share by channel and TV advertising market share 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 June 30		Change / p.p.	6 months ended June 30		Change / p.p.
	2022[1]	2021		2022[1]	2021	
Audience share[2] [3], including:	**22.81%**	**25.09%**	***(2.28)***	**23.02%**	**24.72%**	***(1.70)***
POLSAT (main channel)	**7.69%**	**8.95%**	***(1.26)***	**8.03%**	**9.09%**	***(1.06)***
Other channels	**15.12%**	**16.14%**	***(1.02)***	**14.99%**	**15.63%**	***(0.64)***
TV4	2.88%	3.39%	*(0.51)*	2.76%	3.30%	*(0.54)*
Polsat News	1.71%	1.62%	*0.09*	1.96%	1.60%	*0.36*
Polsat 2	1.26%	1.49%	*(0.23)*	1.26%	1.42%	*(0.16)*
TV6	1.26%	1.61%	*(0.35)*	1.29%	1.58%	*(0.29)*
Fokus TV	1.20%	1.26%	*(0.06)*	1.24%	1.29%	*(0.05)*
Super Polsat	1.07%	1.35%	*(0.28)*	1.07%	1.28%	*(0.21)*
Polsat Film	0.69%	0.83%	*(0.14)*	0.72%	0.80%	*(0.08)*
Polsat Play	0.66%	0.73%	*(0.07)*	0.66%	0.75%	*(0.09)*
Wydarzenia24[4]	0.63%	0.02%	*0.61*	0.63%	0.02%	*0.61*
Eska TV	0.47%	0.53%	*(0.06)*	0.45%	0.52%	*(0.07)*
Polsat Sport	0.45%	0.58%	*(0.13)*	0.33%	0.42%	*(0.09)*
Polo TV	0.44%	0.60%	*(0.16)*	0.43%	0.58%	*(0.15)*
Polsat Cafe	0.39%	0.45%	*(0.06)*	0.40%	0.43%	*(0.03)*
Nowa TV	0.38%	0.29%	*0.09*	0.34%	0.27%	*0.07*
Polsat Seriale	0.38%	0.22%	*0.16*	0.35%	0.26%	*0.09*
Eleven Sports 1	0.25%	0.23%	*0.02*	0.21%	0.21%	-
Disco Polo Music	0.18%	0.13%	*0.05*	0.15%	0.12%	*0.03*
Polsat Sport Extra	0.13%	0.11%	*0.02*	0.10%	0.11%	*(0.01)*
Polsat Doku	0.12%	0.15%	*(0.03)*	0.12%	0.14%	*(0.02)*
Polsat News 2	0.09%	0.07%	*0.02*	0.09%	0.07%	*0.02*
Polsat Rodzina	0.08%	0.08%	-	0.09%	0.09%	-
Vox Music TV	0.07%	0.09%	*(0.02)*	0.06%	0.08%	*(0.02)*
Polsat Music HD	0.07%	0.06%	*0.01*	0.07%	0.05%	*0.02*
Eska TV Extra	0.06%	0.06%	-	0.06%	0.07%	*(0.01)*
Polsat Sport News HD	0.06%	0.06%	-	0.05%	0.05%	-
Polsat Games	0.04%	0.04%	-	0.04%	0.05%	*(0.01)*
Eleven Sports 2	0.04%	0.05%	*(0.01)*	0.04%	0.05%	*(0.01)*
Polsat Sport Fight	0.03%	0.03%	-	0.03%	0.03%	-
Eska Rock TV	0.02%	0.03%	*(0.01)*	0.02%	0.03%	*(0.01)*
Polsat 1[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Sport Premium 1[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Sport Premium 2[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Eleven Sports 3[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Eleven Sports 4[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
TV Okazje[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Film 2[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat X[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Reality[5]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Advertising market share[6]	**28.6%**	**27.7%**	***0.9 p.p.***	**28.5%**	**28.0%**	***0.5 p.p.***

Channels cooperating with Polsat Plus Group (non-consolidated)						
Audience share	3 months ended June 30		Change / p.p.	6 months ended June 30		Change / p.p.
	2022(1)	2021		2022(1)	2021	
Polsat Comedy Central Extra	0.32%	0.44%	*(0.12)*	0.31%	0.41%	*(0.10)*
CI Polsat	0.19%	0.22%	*(0.03)*	0.19%	0.19%	-
Polsat Viasat History	0.20%	0.20%	-	0.19%	0.19%	-
Polsat JimJam	0.15%	0.10%	*0.05*	0.13%	0.11%	*0.02*
Polsat Viasat Explore	0.15%	0.17%	*(0.02)*	0.15%	0.17%	*(0.02)*
Polsat Viasat Nature	0.05%	0.05%	-	0.04%	0.06%	*(0.02)*

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

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

The audience share in the commercial group (all viewers aged 16-59, including Live+2, i.e. 2 additional days of time-shifted viewing; including out of home viewing - OOH from September 2021) for Polsat Plus Group amounted to 22.8% (-2.3 p.p. YoY) in the second quarter of 2022 and 23.0% in the first half of 2022 (-1.7 p.p. YoY).

Continuous market fragmentation can be observed on the Polish market, as a result of which audience shares of the main TV channels (Polsat, TVN, TVP1 and TVP2) are decreasing in favor of the growing audience shares of thematic channels and other video content displayed on TV sets. This phenomenon also affects the audience of our main Polsat channel which fell by 1.3 p.p. YoY to 7.7% in the second quarter of 2022 and by 1.0 p.p. YoY to 8.0% in the first half of 2022.

In addition, throughout the second quarter of 2022, the Group's channels audience shares were adversely affected by the refarming from the DVB-T to DVB-T2 standard, completed on June 27, 2022, in which commercial broadcasters were treated unequally by favoring the public broadcaster, who was allowed by an administrative decision to continue broadcasting TVP channels in the old standard. As a result of the refarming process, which was carried out in stages, terrestrial TV viewers equipped with older-generation TV sets were deprived of access to the commercial broadcasters' offer until they purchased a new set-top box or TV set.

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

Simultaneously, in the analyzed period of 2022 a significant increase in viewership was recorded by news channels, in particular Polsat News, whose share in the commercial group audience increased to 2.0% (+0.4 p.p. YoY) in the first half of 2022 and stabilized at the level of 1.7% (+0.1 p.p. YoY) in the second quarter of 2022. This growth was linked to the outbreak of the armed conflict in Ukraine and the increased interest of viewers in current news.

TV advertising and sponsoring market share

According to initial estimates of Publicis Group, expenditures on TV advertising and sponsoring in the first half of 2022 amounted to approximately PLN 2.1 billion, decreasing by 1.6% YoY. Based on these data, we estimate that our TV advertising market share increased by 0.5 p.p. YoY to the level of 28.5% in the first half of 2022. Publicis Group estimated that in the second quarter of 2022 expenditures on TV advertising and sponsoring amounted to approximately PLN 1.1 billion, decreasing by 3.3% YoY and our TV advertising market share increased by 0.9 p.p. YoY to 28.6% from 27.7% in the comparative period.

If we compare the current portfolio of Polsat Plus Group's channels, we generated around 10% less EqGRPs in the first half of 2022 compared to the same period of 2021.

Average monthly number of Internet users

In the second quarter of 2022 the average monthly number of users (the 'real users' indicator from the Mediapanel survey) of Polsat-Interia Group websites and apps reached 20.8 million, which represents an increase by 0.5 million users within twelve months (+2.5% YoY), and in the first half of 2022 it amounted to 21.0 million, which represents an increase by 0.7 million users within twelve months (+3.4% YoY).

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

Average number of users [(1)] [million]	3 months ended 30 June		Change		6 months ended 30 June		Change	
	2022	2021	nominal	%	2022	2021	nominal	%
Group	**20.8**	**20.3**	**0.5**	**2.5%**	**21.0**	**20.3**	**0.7**	**3.4%**
Selected websites:								
interia.pl	15.6	14.4	1.2	8.3%	15.5	14.1	1.4	9.9%
pomponik.pl	6.5	6.3	0.2	3.2%	6.6	6.2	0.4	6.5%
smaker.pl	3.4	3.7	(0.3)	(8.1%)	3.5	4.0	(0.5)	(12.5%)
deccoria.pl	3.1	1.1	2.0	181.8%	3.0	1.1	1.9	172.7%
polsatnews.pl	3.1	4.4	(1.3)	(29.5%)	3.9	4.8	(0.9)	(18.8%)
polsatsport.pl	2.4	2.2	0.2	9.1%	2.4	2.0	0.4	20.0%
bryk.pl	1.9	1.8	0.1	5.6%	2.0	2.1	(0.1)	(4.8%)
twojapogoda.pl	1.7	1.7	-	-	1.6	1.9	(0.3)	(15.8%)
polsatboxgo.pl [(2)]	1.4	1.5	(0.1)	(6.7%)	1.6	1.5	0.1	6.7%
okazjum.pl	0.9	0.6	0.3	50.0%	0.9	0.5	0.4	80.0%
polsatgo.pl [(3)]	0.9	-	n/a	n/a	1.0	-	n/a	n/a
ding.pl	0.7	0.8	(0.1)	(12.5%)	0.8	0.9	(0.1)	(11.1%)

(1) Mediapanel survey, Real Users indicator.
(2) Until the end of August 2021 operated as ipla.tv.
(3) The service was launched on august 16, 2021, data for full month periods, i.e., starting from September 2021.

The portal with the highest number of users was the horizontal portal Interia.pl, which recorded 15.6 million users (+8.3% YoY) in the second quarter of 2022 and 15.5 million users (+9.9% YoY) in the first half of 2022. We also recorded noticeable increases in the number of users of some other services. In particular, the website of our new streaming platform Polsat Go attracted 0.9 million users in the second quarter of 2022 and 1.0 million users in the first half of 2022. The deccoria.pl home renovation service was visited in the same periods by 3.1 million users and 3.0 million users, respectively, i.e. by 2.0 million users and 1.9 million users more than a year ago (+182% YoY and 173% YoY). In the first half of 2022, very good upward dynamics was recorded by polsatsport.pl sports service and by pomponik.pl gossip site, which saw their average monthly number of users increased by 0.4 million each (+20.0% YoY and +6.5% YoY, respectively). The growth dynamics of the above mentioned two portals in the second quarter of 2022 was also strong and amounted to 0.2 million users each (+9.1% YoY and +3.2% YoY, respectively).

The biggest decreases was recorded by the news service polsatnews.pl (-1.3 million of users, - 29.5% YoY in the second quarter of 2022 and -0.9 million of users, - 18.8% YoY in the first half of 2022), which can be explained by a decline in user interest in news content with the end of the pandemic, which was not even compensated for by a temporary resurgence of news interest in connection with the war in Ukraine.

Average monthly number of Internet views

The average monthly number of page and app views of Polsat-Interia Group websites reached 2.0 billion in the second quarter of 2022 (-0.3% YoY) and 2.1 billion in the first half of 2022 (+11.3%). It should be noted that in the second quarter of 2021 Mediapanel expanded the definition of views to include video plays embedded in web pages.

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

Average number of views (1) [million]	3 months ended 30 June		Change		6 months ended 30 June		Change	
	2022	2021	nominal	%	2022	2021	nominal	%
Group	**2,022.8**	**2,028.1**	**(5.3)**	**(0.3%)**	**2,096.6**	**1,883.6**	**213.0**	**11.3%**
Selected websites:								
interia.pl	1,045.1	1,049.2	(4.1)	(0.4%)	1,084.1	1,003.8	80.3	8.0%
pomponik.pl	49.0	67.4	(18.4)	(27.3%)	51.0	78.1	(27.1)	(34.7%)
polsatnews.pl	25.4	28.2	(2.8)	(9.9%)	32.5	29.7	2.8	9.4%
okazjum.pl	18.9	10.1	8.8	87.1%	17.8	9.7	8.1	83.5%
ding.pl	18.8	22.3	(3.5)	(15.7%)	20.4	22.3	(1.9)	(8.5%)
twojapogoda.pl	16.4	17.8	(1.4)	(7.9%)	14.6	17.8	(3.2)	(18.0%)
polsatsport.pl	15.3	12.1	3.2	26.4%	13.5	10.8	2.7	25.0%
smaker.pl	15.0	19.2	(4.2)	(21.9%)	16.3	22.7	(6.4)	(28.2%)
deccoria.pl	8.4	2.6	5.8	223.1%	7.4	2.7	4.7	174.1%
bryk.pl	8.4	8.0	0.4	5.0%	9.1	9.6	(0.5)	(5.2%)
polsatboxgo.pl (2)	5.9	16.7	(10.8)	(64.7%)	6.1	17.1	(11.0)	(64.3%)
polsatgo.pl (3)	2.6	-	n/a	n/a	3.4	-	n/a	n/a

1) Data from Mediapanel survey, Views indicator –views of websites/apps. Starting from the second quarter of 2021, the above indicator measures, in addition to the website views, the plays of embedded video content.
(2) Until the end of August 2021 operated as ipla.tv.
(3) The service was launched on August 16, 2021, data for full month periods, i.e., starting from September 2021.

In the analyzed period the highest number of views was generated by the Interia.pl horizontal portal. Its content was viewed on average 1,045.1 million times per month during the second quarter of 2022 (-0.4%

YoY) and 1.084,1 million times per month during the first half of 2022 (+8.0% YoY). The second place in terms of the number of views continued to be kept by the gossip site pomponik.pl, with the average monthly number of 49.0 million views in the second quarter of 2022 and 51.0 million views in the first half of 2022, however this website recorded a decline of 18.4 million views (-27.3% YoY) and 27.1 million views (-34.7% YoY), respectively, compared to the last year's results.

Significant increases in the number of page views were recorded by our home renovation service deccoria.pl (+5.8 million views, +223% YoY in the second quarter of 2022 and +4.7 million views, +174% YoY in the first half of 2022) and the promotional service okazjum.pl (+8.8 million views, +87.1% YoY in the second quarter of 2022 and +8.1 million views, +83.5% YoY in the first half of 2022). In turn, a change in the strategy of offering our online video services resulted in a reported decrease in the number of views of the streaming service polsatboxgo.pl by 10.8 million (-64.7% YoY) in the second quarter of 2022 and -11.0 million (-64.3% YoY) in the first half of 2022. Its performance was compared to last year's results of ipla.tv, which operated under a different model of access to VOD materials (in addition to access for subscribers only, it also offered access in the advertising-based model).

3.2. Review of the Group's financial situation

The following review of results for the three- and six-month periods ended June 30, 2022 was prepared based on the condensed consolidated financial statements for the three- and six-month period ended June 30, 2022, prepared in accordance with International Financial Reporting Standards as approved for use by the European Union and based on internal analyses.

It should be noted that the financial data for the three- and six-month periods ended June 30, 2022 and June 30, 2021 are not fully comparable due to the acquisitions and changes to the Group's structure, which are described in detail in item 1.2 - *Composition and structure of Polsat Plus Group – Changes in the organizational structure of Polsat Plus Group and their effects* – of this Report and item 1.2. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2021.

In analyzing the financial position of the Group, we do not eliminate the impact of companies acquired or disposed of in the period from January 1, 2021 to June 30, 2022. However, if the impact of an acquisition or a disposal is a significant factor, this is indicated for the item in question.

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

3.2.1. Income statement analysis

The description of key positions in the consolidated income statement is presented in item 4.3. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for the year 2021 and Note 25 to the interim condensed consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the 6 months ended 30 June 2022.

Results for the second quarter of 2022

[mPLN]	for the 3-month period ended June 30		change	
	2022	2021	[mPLN]	[% / p.p.]
Revenue	3,228.1	3,159.7	68.4	2.2%
Operating costs	(2,815.4)	(2,468.1)	(347.3)	14.1%
Other operating income/(cost), net	13.1	(7.9)	21.0	n/a
Profit from operating activities	**425.8**	**683.7**	**(257.9)**	**(37.7%)**
Gain on investment activities, net	5.7	7.8	(2.1)	(26.9%)
Finance costs, net	(130.7)	(60.5)	(70.2)	116.0%
Share of the profit of associates accounted for using the equity method	24.2	25.0	(0.8)	(3.2%)
Gross profit for the period	**325.0**	**656.0**	**(331.0)**	**(50.5%)**
Income tax	(42.3)	(114.3)	72.0	(63.0%)
Net profit for the period	**282.7**	**541.7**	**(259.0)**	**(47.8%)**
EBITDA	***893.3***	***1,140.9***	***(247.6)***	***(21.7%)***
EBITDA margin	***27.7%***	***36.1%***	***-***	***(8.4 p.p.)***
EBITDA of Polkomtel Infrastruktura	-	191.6	(191.6)	(100.0%)
EBITDA adjusted excluding EBITDA of Polkomtel Infrastruktura	***893.3***	***949.3***	***(56.0)***	***(5.9%)***
EBITDA adjusted margin excluding EBITDA of Polkomtel Infrastruktura	***27.7%***	***30.0%***	***-***	***(2.3 p.p.)***

Revenue

Our **total revenue** increased by PLN 68.4 million (+2.2% YoY) in the second quarter of 2022.

[mPLN]	for the 3-month period ended June 30		change	
	2022	2021	[mPLN]	[%]
Retail revenue	1,725.8	1,664.8	61.0	3.7%
Wholesale revenue	879.8	964.2	(84.4)	(8.8%)
Sale of equipment	450.5	350.4	100.1	28.6%
Other revenue	172.0	180.3	(8.3)	(4.6%)
Revenue	**3,228.1**	**3,159.7**	**68.4**	**2.2%**

Retail revenue increased by PLN 61.0 million (+3.7%) YoY, mainly as a result of the successful execution of our strategy aimed at building customer value, which is reflected in high dynamics of ARPU growth, as well as the consolidation of the results of Premium Mobile from July 2021.

Wholesale revenue decreased by PLN 84.4 million (-8.8%) YoY, principally due to the gradual regulatory reduction of MTR and FTR rates for terminating traffic in our network by other operators. Moreover, as a result of taking control over Premium Mobile in the second half of 2021, wholesale revenue generated on transactions with this company was eliminated on consolidation.

Revenue from the **sale of equipment** increased by PLN 100.1 million (+28.6%) as a result of both higher volumes of equipment sold and greater propensity of customers to choose more expensive smartphone models.

Other revenue decreased by PLN 8.3 million (-4.6%) YoY. The decrease in revenue from operations on the photovoltaic market, resulting primarily from a high reference point in the comparative period due to the then ongoing construction of the Brudzew solar power plant, was offset to a significant extent by higher revenue from the sale and rent of premises, mainly due to the consolidation of operations of Port Praski, and the recognition in the second quarter of 2022 of debt collection activities carried out by the newly acquired Vindix S.A. group.

Operating costs

Our **operating costs** increased by PLN 347.3 million (+14.1%) YoY in the second quarter of 2022 and were primarily impacted by higher technical costs, cost of equipment sold and content costs.

[mPLN]	for the 3-month period ended June 30		change	
	2022	2021	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	808.0	633.0	175.0	27.6%
Depreciation, amortization, impairment and liquidation	467.5	457.2	10.3	2.3%
Cost of equipment sold	382.0	289.2	92.8	32.1%
Content costs	504.9	449.2	55.7	12.4%
Distribution, marketing, customer relation management and retention costs	256.2	230.6	25.6	11.1%
Salaries and employee-related costs	247.1	227.9	19.2	8.4%
Cost of debt collection services and bad debt allowance and receivables written off	22.3	22.7	(0.4)	(1.8%)
Other costs	127.4	158.3	(30.9)	(19.5%)
Operating costs	**2,815.4**	**2,468.1**	**347.3**	**14.1%**

Technical costs and cost of settlements with telecommunication operators increased by PLN 175.0 million (+27.6%) YoY, mostly due to the recognition of costs resulting from the agreement on using the mobile infrastructure sold to Cellnex Poland as well as significantly higher electricity costs. The increase in this cost category was partially mitigated by lower costs of interconnection settlements related to the regulatory reduction of MTR/FTR rates.

Depreciation, amortization, impairment and liquidation costs increased by PLN 10.3 million (+2.3%) YoY, mainly due to intensified investment expenditures and concluded acquisitions.

The **cost of equipment sold** increased by PLN 92.8 million (+32.1%) YoY as a result of higher volumes of equipment sold and an increased share of more expensive models of smartphones in the sales mix, which corresponds with higher revenue from the sale of equipment.

Content costs increased by PLN 55.7 million (+12.4%) YoY, mainly as a result of higher costs of internal production and amortization of sports rights. Higher costs reflect our decision to allocate larger budgets to increase the attractiveness of our TV channels' programming.

Distribution, marketing, customer relation management and retention costs increased by PLN 25.6 million (+11.1%) YoY as a result of intensified marketing activities and higher sales commissions. Consolidation of Premium Mobile costs since July 2021 was an additional factor contributing to higher costs in this category.

Salaries and employee-related costs increased by PLN 19.2 million (+8.4%) YoY, mainly due to the consolidation of companies acquired during the last 12 months.

Average headcount in the Group decreased by 25 FTEs (-0.3%) YoY, which was mainly the net effect of the disposal of shares in Polkomtel Infrastruktura and the consolidation of companies acquired during the last 12 months, in particular Port Praski and its subsidiaries, and Vindix as well as the growing scale of operations in the Internet and photovoltaic markets.

Average employment	for the 3-month period ended June 30		Change	
	2022	2021	[FTEs]	[%]
Permanent workers not engaged in production in Polsat Plus Group(1)	7,621	7,646	(25)	(0.3%)

(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 remained stable YoY and amounted to PLN 22.3 million.

Other costs decreased by PLN 30.9 million (-19.5%) YoY, which was related mainly to a high reference point in the second quarter of 2021, which was due to the recognition of costs related to the construction of Brudzew solar power plant. This decrease was partially offset by cost of apartments sold and higher property maintenance costs, primarily associated with the consolidation of Port Praski and its subsidiaries and significantly higher costs of electricity.

Other operating costs, net amounted to PLN 13.1 million in the second quarter of 2022 as compared to other operating costs, net of PLN 7.9 million in the second quarter of 2021.

Gain on investment activities, net amounted to PLN 5.7 million in the second quarter of 2022 and was lower by PLN 2.1 million (-26.9%) YoY. This decrease was the net effect of the recognition of negative foreign exchange rate differences due to the weakening of PLN in the second quarter of 2022 and, in parallel, the recognition of higher interest income on bank deposits and loans granted.

Finance costs, net increased by PLN 70.2 million (+116.0%) YoY, primarily on the back of higher costs of servicing the Group's debt following the gradual increase of interest rates by the NBP, which was partially mitigated by the favorable revaluation of our hedging instruments (IRS).

Share of the profit of associates accounted for using the equity method amounted to PLN 24.2 million in the second quarter of 2022. This item mainly reflects the recognition of our share in the net profit of Asseco Poland, where we are the largest shareholder.

Income tax was lower by PLN 72.0 million YoY as a result of lower gross profit in the second quarter of 2022.

As a result of the changes described above, **net profit** for the second quarter of 2022 decreased by PLN 259.0 million (-47.8%) YoY and amounted to PLN 282.7 million.

EBITDA decreased by PLN 247.6 million YoY to the level of PLN 893.3 million in the second quarter of 2022 with EBITDA margin reaching 27.7% (-8.4 p.p. YoY), with positive revenue growth. The main factors behind the decline included the deconsolidation of the sold Polkomtel Infrastruktura and significantly higher costs of purchasing electricity.

Adjusted EBITDA excluding the result of Polkomtel Infrastruktura amounted to PLN 893.3 million in the second quarter of 2022 and was lower by PLN 56.0 million (-5.9%) YoY compared to PLN 949.3 million in the second quarter of 2021, resulting in adjusted EBITDA margin of 27.7% (-2.3 p.p. YoY).

Results for the first half of 2022

[mPLN]	for the 6-month period ended June 30		change	
	2022	2021	[mPLN]	[% / p.p.]
Revenue	6,214.8	6,147.1	67.7	1.1%
Operating costs	(5,449.1)	(4,899.0)	(550.1)	11.2%
Other operating cost, net	(19.6)	(2.9)	(16.7)	>100%
Profit from operating activities	**746.1**	**1,245.2**	**(499.1)**	**(40.1%)**
Gain/(loss) on investment activities, net	12.6	(14.6)	27.2	n/a
Finance costs, net	(207.5)	(117.6)	(89.9)	76.4%
Share of the profit of associates accounted for using the equity method	38.9	41.5	(2.6)	(6.3%)
Gross profit for the period	**590.1**	**1,154.5**	**(564.4)**	**(48.9%)**
Income tax	(94.6)	(222.4)	127.8	(57.5%)
Net profit for the period	**495.5**	**932.1**	**(436.6)**	**(46.8%)**
EBITDA	***1,659.9***	***2,223.6***	***(563.7)***	***(25.4%)***
EBITDA margin	***26.7%***	***36.2%***	***-***	***(9.5 p.p.)***
Costs of supporting Ukraine	(34.1)	-	(34.1)	n/a
EBITDA	***1,694.0***	***2,223.6***	***(529.6)***	***(23.8%)***
EBITDA margin	***27.3%***	***36.2%***	***-***	***(8.9 p.p.)***
EBITDA of Polkomtel Infrastruktura	-	366.9	(366.9)	(100.0%)
EBITDA adjusted excl. EBITDA of Polkomtel Infrastruktura	***1,694.0***	***1,856.7***	***(162.7)***	***(8.8%)***
EBITDA adjusted margin excl. EBITDA of Polkomtel Infrastruktura	***27.3%***	***30.2%***	***-***	***(2.9 p.p.)***

Revenue

Our **total revenue** increased by PLN 67.7 million (+1.1% YoY) in the first half of 2022.

[mPLN]	for the 6-month period ended June 30		change	
	2022	2021	[mPLN]	[%]
Retail revenue	3,448.0	3,328.9	119.1	3.6%
Wholesale revenue	1,692.9	1,844.9	(152.0)	(8.2%)
Sale of equipment	787.0	683.1	103.9	15.2%
Other revenue	286.9	290.2	(3.3)	(1.1%)
Revenue	**6,214.8**	**6,147.1**	**67.7**	**1.1%**

Retail revenue increased by PLN 119.1 million (+3.6%) YoY, as a result of the successful execution of our strategy aimed at building customer value, which is reflected in high dynamics of ARPU growth, as well as the consolidation of the results of Premium Mobile from July 2021.

Wholesale revenue decreased by PLN 152.0 million (-8.2%) YoY, principally due to the gradual regulatory reduction of MTR and FTR rates for terminating traffic in our network by other operators. Moreover, as a result of taking control over Premium Mobile in the second half of 2021, wholesale revenue generated on transactions with this company was eliminated on consolidation.

Revenue from the **sale of equipment** increased by PLN 103.9 million (+15.2%) as a result of both higher volumes of equipment sold and greater propensity of customers to choose more expensive smartphone models.

Other revenue decreased by PLN 3.3 million (-1.1%) YoY. The decrease in revenue from operations on the photovoltaic market, resulting primarily from a high reference point in the comparative period due to the then ongoing construction of Brudzew solar power plant, was offset to a significant extent by higher revenue from the sale and rent of premises, mainly due to the consolidation of operations of Port Praski, and the recognition in the first half of 2022 of debt collection activities carried out by the newly acquired Vindix S.A. group.

Operating costs

Our **operating costs** increased by PLN 550.1 million (+11.2%) YoY in the first half of 2022 and were primarily impacted by higher technical costs, cost of equipment sold and content costs.

[mPLN]	for the 6-month period ended June 30		change	
	2022	2021	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	1,617.5	1,257.7	359.8	28.6%
Depreciation, amortization, impairment and liquidation	913.8	978.4	(64.6)	(6.6%)
Cost of equipment sold	659.5	565.9	93.6	16.5%
Content costs	978.4	868.6	109.8	12.6%
Distribution, marketing, customer relation management and retention costs	507.3	459.6	47.7	10.4%
Salaries and employee-related costs	491.7	464.8	26.9	5.8%
Cost of debt collection services and bad debt allowance and receivables written off	47.1	52.5	(5.4)	(10.3%)
Other costs	233.8	251.5	(17.7)	(7.0%)
Operating costs	**5,449.1**	**4,899.0**	**550.1**	**11.2%**

Technical costs and cost of settlements with telecommunication operators increased by PLN 359.8 million (+28.6%) YoY, mostly due to the recognition of costs resulting from the agreement on using the mobile infrastructure sold to Cellnex Poland as well as significantly higher electricity costs. The increase in this cost category was partially mitigated by lower costs of interconnection settlements related to the regulatory reduction of MTR/FTR rates.

Depreciation, amortization, impairment and liquidation costs decreased by PLN 64.6 million (-6.6%) YoY, which was a net effect of the discontinuation of depreciation of mobile infrastructure in connection with the disposal of our subsidiary Polkomtel Infrastruktura as well as intensified investment expenditures and acquisitions concluded in the last 12 months.

The **cost of equipment sold** increased by PLN 93.6 million (+16.5) YoY as a result of higher volumes of equipment sold and an increased share of more1 expensive models of smartphones in the sales mix, which corresponds with increased revenue from the sale of equipment.

Content costs increased by PLN 109.8 million (+12.6%) YoY, mainly as a result of higher costs of internal production, amortization of sports rights and film licenses. Higher costs reflect our decision to allocate larger budgets to increase the attractiveness of our TV channels' programming, as well as an increase in film broadcasting costs.

Distribution, marketing, customer relation management and retention costs increased by PLN 47.7 million (+10.4%) YoY as a result of intensified marketing activities and higher distribution and logistics costs which included sales commissions. Consolidation of Premium Mobile costs since July 2021 was an additional factor contributing to higher costs in this category.

Salaries and employee-related costs increased by PLN 26.9 million (+5.8%) YoY, mainly due to the consolidation of companies acquired during the last 12 months.

Average headcount in the Group decreased by 114 FTEs (-1.5%) YoY, which was mainly a net effect of the disposal of shares in Polkomtel Infrastruktura and the consolidation of companies acquired during the last 12 months, in particular Port Praski and its subsidiaries, and Vindix as well as the growing scale of operations in the Internet and photovoltaic markets.

Average employment	for the 6-month period ended June 30		Change	
	2022	2021	[FTEs]	[%]
Permanent workers not engaged in production in Polsat Plus Group[(1)]	7,536	7,650	(114)	(1.5%)

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

Cost of debt collection services and bad debt allowance and receivables written off decreased by PLN 5.4 million (-10.3%) YoY.

Other costs decreased by PLN 17.7 million (-7.0%) YoY, which was related mainly to a high reference point in the first half of 2021, which was due to the recognition of costs related to the construction of Brudzew solar power plant. This decrease was partially offset by the recognition in the second quarter of 2022 of the cost of apartments sold, higher property maintenance costs in connection with the consolidation of Port Praski and its subsidiaries and significantly higher costs of electricity.

Other operating costs, net amounted to PLN 19.6 million in the first half of 2022 as compared to other operating costs, net of PLN 2.9 million in the first half of 2021. Non-recurring costs in the amount of PLN 34.1 million resulting from the support provided in the first quarter of 2022 to Ukraine in the face of war were recognized in this cost category.

Gain on investment activities, net amounted to PLN 12.6 million in the first half of 2022 compared to a net loss of PLN 14.6 million in the first half of 2021. This change was a net effect of higher interest income on bank deposits and loans granted as well as a favorable revaluation of shares held by us in our subsidiary Vindix and the recognition of negative foreign exchange rate differences due to the weakening of PLN in the first half of 2022.

Finance costs, net increased by PLN 89.9 million (+76.4%) YoY, primarily on the back of higher costs of servicing the Group's debt following the gradual increase of interest rates by the NBP, which was partially mitigated by the favorable revaluation of our hedging instruments (IRS).

Share of the profit of associates accounted for using the equity method amounted to PLN 38.9 million in the first half of 2022 compared to PLN 41.5 million in the first half of 2021. This item mainly reflects the recognition of our share in the net profit of Asseco Poland, where we are the largest shareholder.

Income tax was lower by PLN 127.8 million YoY as a result of lower gross profit in the first half of 2022.

As a result of the changes described above, **net profit** for the first half of 2022 decreased by PLN 436.6 million (-46.8%) YoY and amounted to PLN 495.5 million.

EBITDA decreased by PLN 563.7 million YoY to the level of PLN 1,659.9 million in the first half of 2022 with EBITDA margin reaching 26.7% (-9.5 p.p. YoY), with positive revenue growth. The main factors behind the decline included the deconsolidation of the sold Polkomtel Infrastruktura, a lower result in the media segment, significantly higher costs of electricity and the cost of our financial and in-kind support for Ukraine.

Adjusted EBITDA excluding the cost of our support for Ukraine and the result of Polkomtel Infrastruktura amounted to PLN 1,694.0 million in the first half of 2022 and was lower by PLN 162.7 million (-8.8%) YoY compared to PLN 1,856.7 million in the first half of 2021, resulting in adjusted EBITDA margin of 27.3% (-2.9 p.p. YoY).

3.2.2. Operating segments

The Group operates in three segments: the B2C and B2B services segment, the media segment: television and online and the real estate segment.

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 traffic, settlements with mobile network operators and subscription fees,
- mobile telecommunication prepaid services which generate revenues mainly from traffic and settlements with mobile network operators,
- fixed telecommunication services, which generate revenues mainly from subscription fees, traffic and settlements with network operators,
- providing access to broadband Internet in mobile and fixed-line technologies which generates revenues mainly from traffic and subscription fees,
- telecommunication wholesale services, including international and domestic roaming as well as telecommunication infrastructure sharing services,
- lease of fiber optic lines and infrastructure,
- online TV services (Polsat Box Go) available on computers, smartphones, tablets, smart TV sets, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising in the Internet,
- premium rate services based on SMS/IVR/MMS/WAP technologies,
- production of set-top boxes,
- sale of telecommunication equipment,
- sale of electric energy and other media to retail customers,
- sale of photovoltaic installations.

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

The real estate segment includes mainly the implementation of construction projects as well as sales, rental and management of owned or leased real estate.

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

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the 6-month period ended June 30, 2022.

six-month period ended June 30, 2022 [mPLN]	B2C and B2B services segment	Media segment	Real estate segment	Consolidation adjustments	Total
Revenues from sales to third parties	5,169.0	1,022.7	23.1	-	**6,214.8**
Inter-segment revenues	27.8	117.3	21.2	(166.3)	**-**
Revenues	**5,196.8**	**1,140.0**	**44.3**	**(166.3)**	**6,214.8**
EBITDA adjusted (unaudited)	**1,453.5**	**239.0**	**3.7**	**(2.2)**	**1,694.0**
Costs of supporting Ukraine	33.0	1.1	-	-	**34.1**
EBITDA (unaudited)	**1,420.5**	**237.9**	**3.7**	**(2.2)**	**1,659.9**
Depreciation, Amortization, impairment and liquidation	855.0	55.2	3.6	-	**913.8**
Profit from operating activities	**565.5**	**182.7**	**0.1**	**(2.2)**	**746.1**
Acquisition of property, plant and equipment and other intangible assets	497.2	81.7	8.0	-	**586.9**
Acquisition of reception equipment	66.8	-	-	-	**66.8**
Balance as at June 30, 2022 (unaudited)					
Assets, including:	23,937.4	6,679.3[1)]	1,622.0	(424.7)	**31,814.0**
Investments in joint venture and associates	2,223.2	5.9	9.5	-	**2,238.6**

1) Includes non-current assets located outside of Poland in the amount of PLN 6.7 million.

All material revenues are generated in Poland.

It should be noted that the financial data for the six-month periods ended June 30, 2022 and June 30, 2021 allocated to the B2C and B2B services segment, the media segment and the real estate segment are not fully comparable due changes in the Group's structure which were presented in detail in item 1.2. - *Composition and structure of Polsat Plus Group – Changes in the organizational structure of Polsat Plus Group and their effects* – of this Report and item 1.2. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2021.

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

Six-month period ended June 30, 2021 [mPLN]	B2C and B2B services segment	Media segment	Consolidation adjustments	Total
Revenues from sales to third parties	5,180.3	966.8	-	**6,147.1**
Inter-segment revenues	31.4	110.4	(141.8)	-
Revenues	**5,211.7**	**1,077.2**	**(141.8)**	**6,147.1**
EBITDA (unaudited)	**1,888.4**	**335.2**	**-**	**2,223.6**
Depreciation, amortization, impairment and liquidation	916.7	61.7	-	**978.4**
Profit from operating activities	**971.7**	**273.5**	**-**	**1,245.2**
Acquisition of property, plant and equipment and other intangible assets	610.9	59.1	-	**670.0**
Acquisition of reception equipment	55.6	-	-	**55.6**
Balance as at June 30, 2021 (unaudited)				
Assets, including:	27,203.9	5,778.7[1)]	(60.3)	**32,922.3**
Investments in joint venture and associates	1,740.2	5.9	-	**1,746.1**

1) Includes non-current assets located outside of Poland in the amount of PLN 9.2 million.

3.2.3. Balance sheet analysis

As at June 30, 2022, our balance sheet amounted to PLN 31,814.0 million and was lower by PLN 423.0 million (-1.3%) compared to its level as at December 31, 2021.

Assets

[mPLN]	June 30 2022	December 31 2021	Change [mPLN]	Change [%]
Reception equipment	288.8	284.0	4.8	1.7%
Other property, plant and equipment	3,566.7	3,326.9	239.8	7.2%
Goodwill	10,788.0	10,802.0	(14.0)	(0.1%)
Customer relationships	858.2	1,005.7	(147.5)	(14.7%)
Brands	2,079.2	2,069.6	9.6	0.5%
Other intangible assets	2,228.9	2,374.1	(145.2)	(6.1%)
Right-of-use assets	545.8	696.5	(150.7)	(21.6%)
Non-current programming assets	606.0	739.4	(133.4)	(18.0%)
Investment property	1,103.5	28.4	1,075.1	>100%
Non-current deferred distribution fees	75.0	73.5	1.5	2.0%
Non-current trade receivables	775.8	777.1	(1.3)	(0.2%)
Other non-current assets. includes	2,659.2	1,902.3	756.9	39.8%
shares in associates accounted for using the equity method	*2,232.7*	*1,764.4*	468.3	26.5%
derivative instruments	*36.9*	*23.0*	*13.9*	*60.4%*
Deferred tax assets	104.2	80.2	24.0	29.9%
Total non-current assets	**25,679.3**	**24,159.7**	**1,519.6**	**6.3%**
Current programming assets	678.2	630.6	47.6	7.5%
Contract assets	374.1	418.0	(43.9)	(10.5%)
Inventories	935.5	595.7	339.8	57.0%
Trade and other receivables	2,623.1	2,450.3	172.8	7.1%

[mPLN]	June 30 2022	December 31 2021	Change	
			[mPLN]	[%]
Income tax receivables	16.6	4.5	12.1	>100%
Current deferred distribution fees	220.0	226.8	(6.8)	(3.0%)
Other current assets	225.2	107.1	118.1	>100%
includes derivative instruments	*138.8*	*60.9*	*77.9*	*>100%*
Cash and cash equivalents	1,053.0	3,632.4	(2,579.4)	(71.0%)
Restricted cash	9.0	11.9	(2.9)	(24.4%)
Total current assets	**6,134.7**	**8,077.3**	**(1,942.6)**	**(24.1%)**
Total assets	**31,814.0**	**32,237.0**	**(423.0)**	**(1.3%)**

In the first half of 2022, **non-current assets** increased by PLN 1,519.6 million (+6.3%) and accounted for 80.7% of total assets. The increase in the value of non-current assets was driven mainly by the consolidation of assets acquired in the analyzed period. The consolidation of Port Praski and its subsidiaries from April 1, 2022 was the main reason behind the increase in the value of the items **Investment property** by PLN 1,075.1 million and **Other property, plant and equipment** by PLN 239.8 million (+7.2%). In turn, the value of **other non-current assets** increased by PLN 756.9 million (+39.8%) as a result of the recognition of our minority share in PAK-PCE Biopaliwa i Wodór sp. z o.o., which was acquired in the second quarter of 2022. This item also includes the value of our 22.95% stake in Asseco Poland, which we acquired in 2019, and the value of our 10% stake in Modivo, acquired in June 2021. Concurrently, in the first half of 2022 the value of **customer relationships** decreased by PLN 147.5 million (-14.7%) and the value of **other intangible assets** (mostly telecommunication licenses) decreased by PLN 145.2 million (-6.1%) due to the gradual recognition of amortization.

As at the end of June 2022, **current assets** decreased by PLN 1,942.6 million (-24.1%) compared to their balance as at the end of 2021 and accounted for 19.3% of the total assets of the Group. The decrease in **cash and cash equivalents** by PLN 2,579.4 million (-71.0%) was the main driver behind this change. The most significant cash outflows in the first half of 2022 included the acquisition of ca. 67% stake in Port Praski for ca. PLN 553.7 million, the acquisition of a 49% stake in PAK-PCE Biopaliwa i Wodór for ca. PLN 478.7 million, the scheduled repayment of installments under the SFA in the amount of PLN 400.0 million, the acquisition of treasury shares for PLN 393.9 million and the granting of loans for the development of our renewable energy business. Receivables related to the above mentioned loans along with higher installment receivables associated with very good sales of equipment to our customers contributed to an **increase in the value of trade and other receivables** by PLN 172.8 million (+7.1%). The decrease in the value of non-current assets was also partly compensated by an **increase in the value of inventories** by PLN 339.8 million (+57,0%) resulting primarily from building up stock necessary for the development of our activities in the field of renewable energy as well as the recognition of the value of the inventory of apartments ready for sale within the Port Praski investment. In turn, a higher balance of **other current assets** by PLN 118.1 million (+110.3%), resulted mainly from the favorable valuation of hedging instruments.

During the first half of 2022 the **value of non-current and current programming assets** decreased by PLN 85.8 million (-6.3%), which was associated mainly with the gradual debiting of costs of previously purchased film licenses and sports rights.

Equity and liabilities

[mPLN]	June 30 2022	December 31 2021	Change [mPLN]	Change [%]
Share capital	25.6	25.6	-	-
Share premium	7,174.0	7,174.0	-	-
Share of other comprehensive income of associates	41.7	32.1	9.6	29.9%
Other reserves	2,827.1	2,801.3	25.8	0.9%
Retained earnings	7,671.0	7,823.6	(152.6)	(2.0%)
Treasury shares	(2,854.7)	(2,461.0)	(393.7)	16.0%
Equity attributable to equity holders of the Parent Company	**14,884.7**	**15,395.6**	**(510.9)**	**(3.3%)**
Non-controlling interests	540.1	(11.0)	551.1	n/a
Total equity	**15,424.8**	**15,384.6**	**40.2**	**0.3%**
Loans and borrowings	7,025.1	7,671.8	(646.7)	(8.4%)
Issued bonds	1,905.2	1,942.1	(36.9)	(1.9%)
Lease liabilities	349.1	497.5	(148.4)	(29.8%)
Deferred tax liabilities	1,044.2	794.9	249.3	31.4%
Other non-current liabilities and provisions	383.1	319.8	63.3	19.8%
Total non-current liabilities	**10,706.7**	**11,226.1**	**(519.4)**	**(4.6%)**
Loans and borrowings	1,357.2	1,072.7	284.5	26.5%
Issued bonds	149.0	66.4	82.6	124.4%
Lease liabilities	186.7	201.1	(14.4)	(7.2%)
UMTS license liabilities	144.2	139.9	4.3	3.1%
Contract liabilities	631.8	650.8	(19.0)	(2.9%)
Trade and other payables	2,461.3	2,531.2	(69.9)	(2.8%)
Liabilities to shareholders of the Parent Company related to dividend	660.8	-	660.8	n/a
Income tax liability	91.5	964.2	(872.7)	(90.5%)
Total current liabilities	**5,682.5**	**5,626.3**	**56.2**	**1.0%**
Total liabilities	**16,389.2**	**16,852.4**	**(463.2)**	**(2.7%)**
Total equity and liabilities	**31,814.0**	**32,237.0**	**(423.0)**	**(1.3%)**

In the first half of 2022, **equity increased** by PLN 40.2 million (+0.3%), to PLN 15,424.8 million as at June 30, 2022. The increase in the value of equity resulted from the profit generated in the first half of 2022 in the amount of PLN 495.5 million and the recognition on the balance sheet of the value of non-controlling interests in connection with the acquisition of a 66.94% stake in Port Praski. The above mentioned increase was offset to a significant extent by the recognition of the value of additional treasury shares acquired in May 2022 under the Share Buy-back Program and due to the Company's General Meeting's resolution to pay dividends.

Total liabilities decreased by PLN 463.2 million (-2.7%) and amounted to 16,389.2 million as at June 30, 2022. Current liabilities amounted to PLN 5.682.5 million and non-current liabilities amounted to PLN 10,706.7 million, constituting 34.7% and 65.3% of total liabilities, respectively. Compared to the end of December 2021, the **value of current liabilities increased** by PLN 56.2 million (+1.0%), which was mainly the net result of the **recognition of a liability to the shareholders of the Company's related to dividend** in the amount of PLN 660.8 million and a **decrease of the income tax liability** by PLN 872.7 million in connection with the settlement of tax on the gain from the sale of shares in our subsidiary Polkomtel Infrastruktura in the third quarter of 2021 and the **lower value of trade and other payables**. The value of **non-current liabilities decreased** by PLN 519.4 million (-4.6%). The main driver behind this change was the decrease of the value of liabilities related to loans and borrowings as well as lower lease liabilities related to the consolidation of Port Praski and its subsidiaries from which Polsat Plus Group leases part of the assets in use.

As at June 30, 2022, the value of **loans and borrowings (short- and long-term)** was lower by PLN 362.2 million (-4.1%) compared to December 31, 2021, which was the result of the scheduled repayment of installments under the SFA.

During the first half of 2022, the value of **trade and other payables** decreased by PLN 69.9 million (-2.8%). This decrease was driven primarily by a lower value of payables due to the purchase of fixed and intangible assets, which resulted from the settlement of a part of payments related to capital expenditures incurred in the end of 2021, and lower liabilities related to the purchase of programming assets, which is also reflected in the lower value of programming assets and accruals.

Contractual obligations

Commitments to purchase programming assets

As at June 30, 2022 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

[mPLN]	June 30, 2022 (unaudited)	December 31, 2021
within one year	245.9	205.0
between 1 to 5 years	338.0	366.1
more than 5 years	23.2	35.5
Total	**607.1**	**606.6**

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

[mPLN]	June 30, 2022 (unaudited)	December 31, 2021
within one year	37.0	9.7
between 1 to 5 years	-	-
Total	**37.0**	**9.7**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements for the production and purchases of the property, plant and equipment was PLN 177.6 million as at June 30, 2022 (PLN 243.7 million as at December 31, 2021). The total amount of contractual liabilities resulting from agreements for the purchases of intangible assets was PLN 39.5 million as at June 30, 2022 (PLN 31.0 million as at December 31, 2021).

Future contractual obligations

As at June 30, 2022 and December 31, 2021 the Group had future liabilities due for transponder capacity agreements. The table below presents future payments (total):

[mPLN]	June 30, 2022 (unaudited)	December 31, 2021
within one year	127.8	125.6
between 1 to 5 years	319.5	376.7
Total	**447.3**	**502.3**

3.2.4. Cash flow analysis

The table below presents selected data from the consolidated cash flow statement for the six-month periods ended June 30, 2022 and June 30, 2021.

[mPLN]	for the 6-month period ended June 30		Change	
	2022	2021	[mPLN]	[% / p.p.]
Net profit	495.5	932.1	(436.6)	(46.8%)
Net cash from operating activities	**445.8**	**1,618.7**	**(1,172.9)**	**(72.5%)**
Net cash used in investing activities, incl.	**(1,682.6)**	**(1,339.2)**	**(343.4)**	**25.6%**
Capital expenditures	(586.9)	(670.0)	83.1	(12.4%)
Capital expenditures / revenue	*9.4%*	*10.9%*	-	*(1.5 p.p.)*
Net cash used in financing activities	**(1,340.8)**	**(879.3)**	**(461.5)**	**52.5%**
Net increase/(decrease) in cash and cash equivalents	(2,577.6)	(599.8)	(1,977.8)	>100%
Cash and cash equivalents at the beginning of the period	3,644.3	1,365.8	2,278.5	>100%
Cash and cash equivalents at the end of the period	**1,062.0**	**668.5**	**393.5**	**58.9%**

Net cash from operating activities

Net cash received from operating activities amounted to PLN 445.8 million in the first half of 2022 and decreased by PLN 1,172.9 million (-72.5%) YoY. This decrease was primarily impacted by a one-time factor related to the payment of tax in the amount of PLN 867.9 million on the gain from the sale of our mobile infrastructure in 2021. Concurrently, cash inflow from operating activities was under the pressure of a lower EBITDA result and higher working capital additionally employed, which was mainly a result of increasing installment receivables, associated with high revenue from the sale of equipment to retail customers, and higher inventory levels, particularly in relation to our photovoltaic operations. In parallel, in the first half of 2022 we recorded an increase of PLN 29.7 million YoY of cash inflows from interest related to operating activities.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 1,682.6 million in the first half of 2022 and increased by PLN 343.4 million (+25.6%) YoY, primarily as a result of outflows related to loans granted to expand our business in the new strategic area of clean energy and green hydrogen production in the net amount of PLN 426.0 million. At the same time, in the first half of 2022, the Group completed a number of acquisitions for a total net amount of PLN 729.8 million, including in particular the acquisition of shares and a share capital increase in PAK Biopaliwa i Wodór Sp. z o.o. for a total amount of PLN 478.7 million and the acquisition of shares in companies: Port Praski Sp. z o.o. for a net amount of PLN 187.0 million, Oktawave S.A. for a net amount of PLN 32.9 million, Vindix S.A. for a net amount of PLN 16.0 million and Enterpol Sp. z o.o. for a net amount of PLN 14.2 million. The increase in outflows related to investment activities in the first half of 2022 was partially offset by a higher dividend received from Asseco Poland S.A., in the amount of PLN 64.0 million, and lower capex incurred in our telecommunication and media activities.

Capital expenditures on the purchase of property, plant and equipment, and intangible assets amounted to PLN 586.9 million in the first half of 2022 and decreased by PLN 83.1 million (-12.4%) YoY mainly as the result of a change in the Group's investment profile in connection with the disposal of Polkomtel Infrastruktura, a company engaged in the development and maintenance of our mobile access network. In the first half of 2022, our capital expenditures included in particular:

- expenditures related to infrastructure development and maintenance, including: expansion of the core network, fiber optic cables and radio links to increase capacity for data transmission;
- expenditures related to the continued project of the comprehensive modernization and exchange of the IT environment of the Group;
- expenditures related to the process of successive replacement of the vehicle fleet;
- expenditures related to the development of our content services, including, among others, Internet projects, set-top boxes and the development of functionalities of applications and streaming platforms;
- administrative expenditures, including in particular the development and maintenance of real estate;
- expenditures related to the acquisition of fixed assets for the implementation of strategic investments in the area of clean energy and green hydrogen production.

Net cash used in finance activities

Net cash used in financing activities amounted to PLN 1,340.8 million in the first half of 2022, and was higher by PLN 461.5 million (+52.5%) YoY, mainly due to the scheduled repayment of installments of the Tranche A of our SFA and the repayment of debt of newly acquired companies, in particular of Port Praski, the payment of higher interest on the Group's debt, which resulted from an increase in interest rates, and an outflow of PLN 393.9 million for share buy-backs. The increase in outflows related to financing activities in the first half of 2022 was partially offset by lower repayments of lease obligations and lower interest on lease, due to the disposal of mobile infrastructure in the second half of 2021 and a positive impact from the exercise of hedging instruments of PLN 53.1 million. In turn, in the comparative period, we exercised the payout of the second of two tranches of dividend for 2019 in the amount of PLN 415.7 million.

3.2.5. Liquidity and capital resources

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

We believe that our cash balances and cash generated from our current operations, as well as funds available under our revolving facilities (described below) should be sufficient to satisfy the future needs related to our operating activities, development of our services, service of our debt as well as for the execution of a majority of investment plans in the field of the Company’s current activity. At the same time, we underline that the implementation of the assumptions of the announced Strategy 2023+ will most likely involve the need to arrange new sources of financing for our further development.

The table below presents a summary of the indebtedness of the Group as at June 30, 2022.

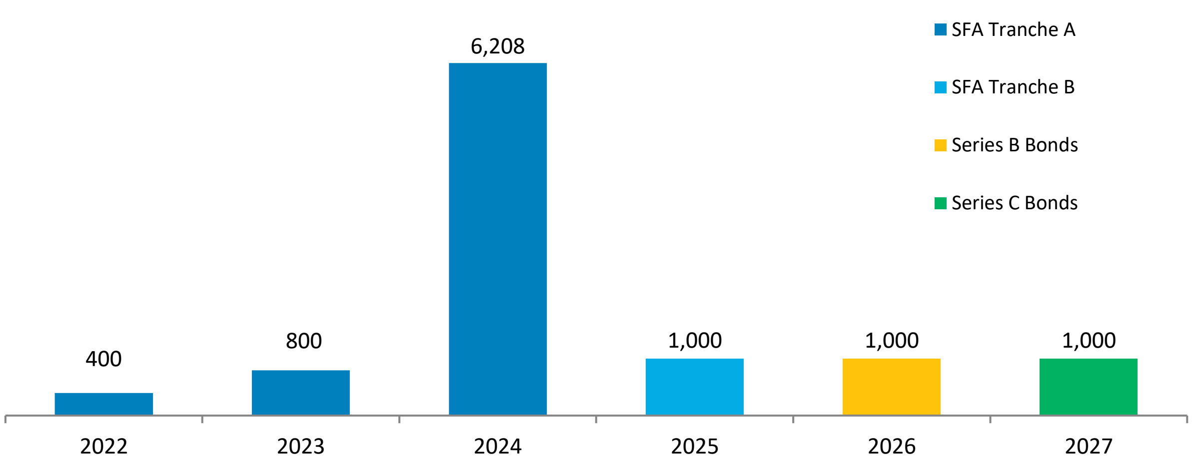
	Balance value as at June 30, 2022 [mPLN]	Coupon / interest / discount	Maturity date
SFA (Tranche A and B)	8,375.8	WIBOR + margin	Tranche A - 2024 Tranche B - 2025
Revolving Credit Facility (RCF)	-	WIBOR + margin	-
Bonds	2,054.2	Series B - WIBOR + 1.75% Series C - WIBOR + 1.65%	Series B – 2026 Series C – 2027
Leasing and other	541.6	-	-
Gross debt	**10,971.6**	-	-
Cash and cash equivalents[1]	(1,062.0)	-	-
Net debt	**9,909.6**	-	-
EBITDA LTM	7,135.9	-	-
Total net debt / EBITDA LTM	**1.39x**	-	-
Weighted average interest cost[2]	-	8.1%	-

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

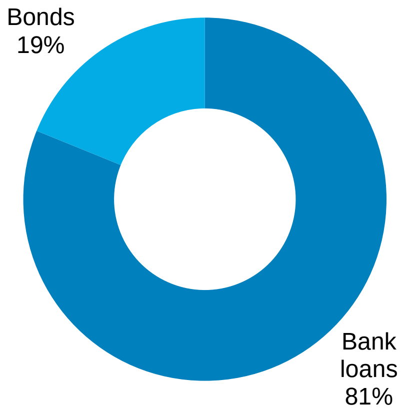
(2) Prospective average weighted interest cost of the SFA (including the Revolving Credit Facility) and the Series B and Series C Bonds, excluding hedging instruments, as at August 11, 2022 assuming WIBOR 1M of 6.83% and WIBOR 6M of 7.30%.

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 June 30, 2022.

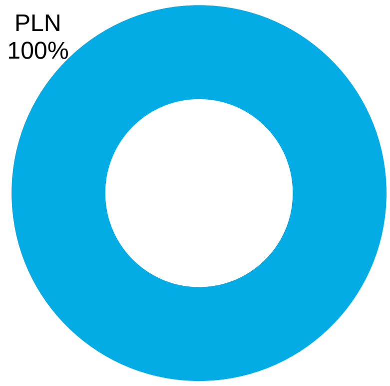
Debt maturing profile as at June 30, 2022 [mPLN]



Debt strucutre by instrument type as at June 30, 2022



Debt structure by currency as at June 30, 2022



In order to reduce exposure to interest rate risk related to interest payments based on a floating rate, we actively apply hedging strategies based on derivative instruments, swaps (IRS) in particular. As at June 30, 2022, transactions hedging the WIBOR interest rate changes, opened by companies from the Group and maturing in different periods in the years 2022-2025, amounted to a maximum of PLN 3,000.0 million.

The description of significant financing agreements executed by the Company and the Group companies, which remain in force as at the date of publication of this Report is presented in item 4.3.5. of the consolidated annual report of Cyfrowy Polsat S.A. Capital Group for 2021.

3.2.6. Information on guarantees granted by the Company or subsidiaries

Securities related to the Senior Facilities Agreement

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

(i) registered pledges over variable collections of movable property and rights comprised in the enterprises of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, Polkomtel and Plus Flota Sp. z o.o., governed by Polish law.

(ii) financial and registered pledges on shares in Telewizja Polsat (with an aggregate nominal value of PLN 236,945,700), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company. The pledged shares represent 100% less 10 shares of the share capital of the company and are held by the Company as a long-term capital investment.

(iii) financial and registered pledges on shares in Polkomtel (with a total nominal value of PLN 2,360,068,800), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company. The pledged shares represent 100% less 10 shares of the share capital of the company and are held by the Company as a long-term capital investment.

(iv) financial and registered pledges on shares in Netia S.A. (with a total nominal value of PLN 110,702,441), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company, the pledged shares represent 32.99% of the share capital of the company.

(v) financial and registered pledges on shares in TV Spektrum Sp. z o.o. (with a total nominal value of PLN 2,400,000), governed by Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the said company, the pledged shares represent 16.11% of the share capital of the company.

(vi) financial and registered pledges on receivables under bank account agreements of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, and Polkomtel, governed by Polish law.

(vii) powers of attorney to bank accounts of the Company, Polsat Media Biuro Reklamy spółka z ograniczoną odpowiedzialnością Sp.k., Telewizja Polsat, Polkomtel, Dwa Sp. z o.o., Teleaudio Dwa Spółka z ograniczoną odpowiedzialnością Sp. k., Polsat Media Biuro Reklamy Sp. z o.o., Interphone Service Sp. z o.o., Muzo.fm Sp. z o.o., INFO-TV-FM Sp. z o.o., Polkomtel Business Development Sp. z o.o., TM Rental Sp. z o.o., Liberty Poland S.A. and Plus Flota Sp. z o.o., governed by Polish law.

(viii) ordinary and registered pledges on protection rights to trademarks vested in Telewizja Polsat and Polsat Investments Ltd. (formerly Polsat Brands AG), governed by Polish law.

(ix) assignment for security of certain property rights in Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością Sp.k., governed by Polish law.

(x) contractual joint mortgage under Polish law on the following real properties owned by the Company: (a) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00102149/9, (b) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00136943/2, (c) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00102615/7, (d) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00101039/8, (e) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00132063/1, (f) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00104992/7, (g) land located in Warsaw, Targówek district, vicinity of ul. Łubinowa, Title and Mortgage Register WA3M/00100109/3, (h) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00103400/4, (i) land located in Warsaw, Targówek district, vicinity of ul.Łubinowa, Title and Mortgage Register WA3M/00100110/3, (j) land located in Warsaw, Targówek district, ul. Łubinowa, Title and Mortgage Register WA3M/00131411/9.

(xi) contractual mortgage governed by Polish law on the land property owned by Polkomtel and located in Warsaw, Ursynów district, in the vicinity of Baletowa street, comprising plots of land no. 131/4 and 132/6, Land and Mortgage Register No. WA5M/00478842/7.

(xii) assignment for security of receivables under hedge agreements of the Company and Polkomtel, governed by English law.

(xiii) assignment for security of rights under insurance agreements covering the property referred to in item (i) and item (ix) above.

(xiv) pledge on shares in Polsat License Ltd. (with an aggregate nominal value of CHF 1,000,000), governed by the Swiss law, the pledged shares represent 100% of the company's share capital and are held by the Company as a long-term capital investment.

(xv) assignment for security of: (a) receivables due from various debtors, (b) receivables and rights to and in bank accounts. and (c) rights under insurance agreements of Polsat License Ltd., governed by the Swiss law.

(xvi) assignment for security of rights under a license agreement between Polsat Investments Ltd. (formerly Polsat Brands AG) and Polsat License Ltd. and rights under bank account agreements, governed by the Swiss law.

(xvii) pledge on bank accounts taken over by Cyfrowy Polsat following the merger with Metelem, governed by Cypriot law.

(xviii) assignment for security of receivables and rights to and in bank accounts taken over by Cyfrowy Polsat following the merger with Metelem, governed by the Swiss law.

(xix) pledge on shares in Polsat Investments Ltd. (formerly Polsat Brands AG) (with the total nominal value of CHF 250,074), governed by the Swiss law.

(xx) pledge on receivables under bank account agreements taken over by Polkomtel following the merger with Litenite, governed by Swiss law.

(xxi) statements of the Company, Polsat Media Biuro Reklamy Spółka z ograniczoną odpowiedzialnością sp.k., Telewizja Polsat, Polkomtel, and

(xxii) statement of Polsat Brands AG on the submission to enforcement on the basis of a notarial deed executed under the Polish law (concerning all property located in Poland or governed by Polish law).

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 first half of 2022 have been concluded exclusively on market conditions and are described in Note 19 of the condensed consolidated financial statements for the six-month period ended June 30, 2022.

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

Polsat Plus Group had not published any financial forecasts.

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

Management believes that the provisions as at June 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 remaining scope. Both parties appealed to the Court of Appeal in Warsaw. The Court of Appeal annulled in full the verdict of the first instance court and returned the case back to the first instance court. On April 1, 2021, SOKiK dismissed Polkomtel's appeal. On January 24, 2022, Polkomtel's appeal was dismissed. On February 7, 2022, Polkomtel paid the penalty in the amount of PLN 6.0 million. Polkomtel examines the possibility of bringing a cassation appeal.

On December 30, 2016, the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel were allegedly infringing collective consumer interests by presenting advertising slogans, which in the opinion of the authorities were misleading and suggested that the LTE data transmission will not be limited. Pursuant to the decision of the President of UOKiK the Company and Polkomtel were charged with a penalty in the amount of PLN 5.3 million and PLN 18.4 million, respectively. The Group appealed to SOKiK against the decision. On June 18, 2019, SOKiK annulled the decision of the President of UOKiK in relation to Polkomtel. The President of UOKiK appealed against the SOKiK verdict. On November 24, 2020, the Court of Appeal revoked the SOKiK decision and transferred the case for re-examination. On April 19, 2021, SOKiK dismissed Polkomtel's appeal in its entirety. Polkomtel appealed against the SOKiK decision. On November 10, 2021, the Court of Appeal upheld the penalty originally imposed by UOKiK. Polkomtel submitted a cassation appeal. On August 7, 2019, the court dismissed the appeal of Cyfrowy Polsat. The Company appealed against the decision. Pursuant to the Court of Appeal verdict from March 11, 2021, the Company paid a penalty of PLN 5.3 million on March 26, 2021. On June 24, 2021, the Company filed a cassation appeal to the Supreme Court. On January 12, 2022, the Supreme Court accepted the Company's cassation appeal for consideration. On May 31, 2022, Company's cassation appeal was dismissed.

On December 30, 2016, the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel were allegedly infringing collective consumer interests by presenting promotional offers, which in the opinion of the authorities were impossible to conclude. Pursuant to the decision of the President of

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

On December 19, 2019, the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by hindering access to ZDF and Das Erste channels during the Euro 2016 championship by removing these channels and incomplete and unreliable information to consumers in response to claims regarding unavailability of the above programs. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 34.9 million. The Company appealed against this decision to SOKiK. On February 14, 2022, First Instance Court dismissed the Company's appeal in its entirety. The Company submitted a cassation appeal to the Court of Appeal in Warsaw. The Court of Appeal in Warsaw has set the appeal hearing for September 21, 2022.

On December 31, 2019 the President of UOKiK issued a decision stating that the operations of Polkomtel were allegedly infringing collective consumer interests by charging additional fees for data transmission using the RSTP protocol, despite the subscribers having internet packages or unlimited LTE Internet services. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 50.6 million. Polkomtel appealed to SOKiK against the decision. On December 15, 2021, SOKiK announced decision in which it dismissed Polkomtel's appeal in its entirety. Polkomtel submitted an appeal against the SOKiK verdict. The Court of Appeal reduced a penalty to PLN 16.8 million. On August 4, 2022, Polkomtel paid the penalty in the amount of PLN 16.8 million.

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

Other proceedings

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

By lawsuit, delivered to the Company on December 16, 2019, the Association of Performing Artists (SAWP) filed two claims against the Company: information claim and claim for payment. The information claim relates to television programs rebroadcasted by the Company in the period from August 20, 2009 to August 20, 2019. In the claim for payment, SAWP claims PLN 153.3 million for the alleged violation of related rights to artistic performances of musical and verbal - musical works through their non-contractual cable rebroadcast. The

Company filed for the dismissal entirely. The last hearing took place on March 16, 2022, the hearing was postponed without a deadline.

The legal dispute in respect to the telecommunication concession

There is a pending legal dispute in respect to the telecommunication concession for the 1800 MHz frequency granted in 2007 to Mobyland Sp. z o.o. (currently Polkomtel Sp. z o.o.) and CenterNet S.A. (currently Polkomtel Sp. z o.o.). Proceedings to invalidate the 1800 MHz frequency allocation tender have been instigated by T-Mobile and Orange. Supreme Administrative Court (NSA), in its ruling dated May 8, 2014, sustained the decision of the Court of First Instance and repealed the decision issued by the President of the Office of Electronic Communications (UKE) on September 23, 2011 which partially invalidated the above mentioned tender. Following the decision of the NSA, UKE informed that “the decisions regarding re-running the tender will be taken by the Office upon careful analysis of the written justification of NSA’s rulings and the Court’s guidelines regarding further procedure as well as upon analysis of the legal situation”. UKE also stated that the ‘reservation decisions issued by UKE President remained valid while the operators could continue providing their services while using these frequencies’. On December 23, 2016, President of UKE notified the parties that the tender annulment proceedings relating to the 1800 MHz frequency have been adopted. Pursuant to the decision dated August 4, 2017 President of UKE notified the parties that the tender dated 2007 has been annulled. On October 13, 2017, Aero 2 Sp. z o.o. (a successor of CenterNet S.A. and Mobyland Sp. z o.o. currently Polkomtel) filed a motion to reconsider the decision of the President of UKE dated August 4, 2017 concerning the annulment of the tender procedure. On January 31, 2018, the President of UKE upheld its decision dated August 4, 2017. On March 7, 2018, Aero2 filed a complaint with the Provincial Administrative Court in Warsaw, on October 4, 2018 the complaint was dismissed. On December 27, 2018, Aero2 filed a cassation appeal against judgment. The case is awaiting the appointment by the NSA.

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

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

On October 4, 2018, T-Mobile Polska filed a complaint with the Voivodship Administrative Court in Warsaw against the announcement dated September 5, 2018 issued by the President of UKE in respect to the activities necessary to remove the breach constituting the reason for invalidating two frequency reservations (each including 48 duplex radio channels with a duplex spacing of 95 MHz each, ranges 1710-1730 MHz and 1805-1825 MHz). On November 20, 2018, Voivodship Administrative Court in Warsaw rejected the complaint of T-Mobile Polska S.A. On July 4, 2019, the Supreme Administrative Court annulled the decision of the Voivodship Administrative Court in Warsaw dated November 20, 2018, as a result of a cassation appeal filed by T-Mobile Polska. On August 18, 2020, the announcement of the President of UKE dated September 5, 2018 was considered ineffective by the Voivodship Administrative Court in Warsaw. NSA annulled that judgment on December 9, 2021. The case was remanded for re-examination to Voivodship Administrative Court in Warsaw and is awaiting the consideration.

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

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

4.4.1. Factors related to social-economic environment

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

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

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

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

Poland has received a significant number of refugees from Ukraine. Sustained consumer demand from this group of people, including for telecommunication services, can be expected to impact future results of the Group.

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

Economic situation in Poland and in the world

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

After the global and domestic economic slowdown in 2020 following the coronavirus pandemic, Poland's GDP returned to considerable growth in 2021 (+5.7% according to the European Commission estimates). The recent OECD forecasts from June 2022 indicated a continuation of relatively high national GDP growth rate in 2022 (+4.4%) and then its slowdown in 2023 (+1.8%), as a result of the war in Ukraine and its effects on the European economy.

At the same time, inflationary pressure in Poland has clearly intensified in recent months, with the average inflation rate in 2021 estimated by the Polish Central Statistical Office (GUS) at 5.1% and already at 16% in June 2022. We would like to point out that as a result of the armed conflict in Ukraine, macroeconomic indicators, including the inflation rate, may be revised. We expect that the persistently high level of inflation will translate in subsequent periods into an increase in the cost of conducting our business, in particular, in the cost of electricity, goods or raw materials as well as costs related to all types of services that we purchase. Additional pressure on energy prices may come from disruptions in oil and natural gas supplies caused by the war in Ukraine and Russia's aggressive stance. We also expect that in the next periods our employee-related costs will remain under inflationary pressure and will be impacted by changes in the Polish tax system introduced at the turn of 2021 and 2022.

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

Situation on the pay TV market in Poland

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

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

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

Development of the advertising market in Poland

A significant part of our wholesale revenue comes from the sale of advertising airtime and sponsoring slots on our TV channels. Demand for advertising airtime is highly correlated with the macroeconomic situation, which was particularly noticeable during the unexpected slowdown caused by the first phase of the coronavirus pandemic. We expect that the development of the TV advertising market in the coming quarters and years will be influenced by the decelerating national GDP growth rate, which, according to OECD forecasts, may remain under pressure in 2022-2023 as a result of, among others, the armed conflict in Ukraine, high inflation translating into an impoverishment of the society and the persisting COVID-19 pandemic.

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

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

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

At the same time, it should be noted that the value of the TV advertising market will be temporarily negatively affected by the refarming of the 700 MHz bandwidth finalized in the second quarter of 2022, which resulted in a change in the frequency and broadcasting standard of terrestrial TV stations from DVB-T to DVB-T2. The ability to receive terrestrial TV in the new standard requires a TV set with appropriate parameters. Owners of older-type TV sets, i.e. about 2.5 million viewers in Poland, will be able to use terrestrial TV, and thus will be a potential target group for advertisers, only after replacing the receiver or purchasing a new set-top box. As a result of an administrative decision, in the refarming process unequal treatment was given to commercial broadcasters, who had to switch to the new DVB-T2 broadcasting standard countrywide by the end of June 2022, and public broadcaster TVP, who can broadcast in the old DVB-T standard until the end of 2023. In the case of Polsat Plus Group, channels with limited access to digital terrestrial television include Polsat, TV4, TV6, Super Polsat, Eska TV, Polo TV and Fokus TV. The above described decisions adversely affected our Group's market share, both in the second quarter and the first half of 2022.

The Group intends to oppose these measures, which in our view treat all commercial broadcasters in a discriminatory manner, and to demand adequate compensation and the earliest possible switchover of TVP channels to the broadcasting standard applicable to the other broadcasters.

Prospects of the online advertising market are positive. According to the IAB AdEx report for 2021, online advertising expenditures in Poland increased at a rate of 20% YoY and reached the value of PLN 6.2 billion. This is mainly the result of a rebound after the reported pandemic advertising market collapse in 2020. The two main segments of the online advertising market in which we are present, i.e., display and video, were responsible for 47% of total expenditures on the online advertising market and their total value increased by

22% YoY. We believe that following the acquisition of Interia.pl Group and thus gaining a leading position on the online advertising market we will be one of the beneficiaries of the development of these promising segments of the advertising market in the following periods.

Growing importance of convergent services and consolidation trends

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

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

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

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

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

In June 2021, Orange Polska entered into cooperation with Tauron thanks to which it plans to cover ultimately over 200 thousand households in southern Poland with the fiber optic network rolled out by Tauron on the basis of its power line grid. Earlier Orange signed cooperation agreements with other wholesale operators, including Inea and Nexera. Orange informed that as at the end of the second quarter of 2022 its services provided via fiber optic network were available to ca. 6.5 million households, including both services offered via the operator's own networks as well as the networks available to Orange Polska through cooperation with other operators.

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

P4. In 2019, P4, the operator of Play network, signed an agreement with Vectra, a cable TV operator, based on which it provides fixed-line broadband Internet access starting from April 2020. Moreover, P4 acquired 3S S.A., an operator who owns a fiber optic network spanning approximately 3.8 thousand kilometers in the region of Upper Silesia and six data center clusters. The transaction supported the migration of Play's transmission network connecting its base stations, to a technology based on fiber optic communications which, according to the operator, was related to the implementation of the 5G standard. In August 2020, P4 finalized the acquisition of Virgin Mobile Polska, a virtual operator (MVNO) operating on Play's infrastructure.

In November 2020, Iliad, a French telecommunications group, took control over P4. Iliad declared at that time that it intended to focus on developing convergent services in Poland, which was reflected in the acquisition of the cable operator UPC Polska in April 2022. Both companies provide jointly around 17 million services in Poland.

In June 2022, P4 entered into a preliminary agreement with French fund InfraVia Capital Partners, under which the fund is to acquire a 50% stake in P4's subsidiary operating as FibreForce. By the end of 2022, P4 plans to transfer to FibreForce the broadband infrastructure of UPC Polska, covering more than 3.7 million households. In addition, FibreForce intends to build more than 2 million new fiber connections. According to P4's announcement, FibreForce will make its network infrastructure available to other telecom operators under an open and non-discriminatory access model.

Cable network operators. The fragmented Polish cable network market, which comprises around 300 operators, is undergoing consolidation. An example of the process is the acquisition by Vectra, the no. 2 operator in terms of size, of Multimedia Polska, the no. 3 cable player on the market in 2020. UOKiK issued its consent to the merger conditional on the sale of parts of the network together with the customer base in eight cities, where the two companies' shares were the biggest, hence it can be expected that the above mentioned transaction will offer an opportunity for other players to acquire parts of the infrastructure with a view to developing their own convergent offers.

The Polish cable network market saw similar acquisitions but on a smaller scale, executed by, among others, Orange, Vectra and Netia. In particular, in 2019-2022 Netia acquired four local cable network players. We expect that the consolidation trends on the cable network market will continue in the years to come.

Changes in pricing of mobile services

An important trend visible since 2019 in the Polish mobile telephony market is the gradual introduction by all major telecommunication operators of modifications to their retail services pricelists which in particular consist in increasing monthly fees in exchange for higher data transmission packages (the more-for-more pricing strategy), cancelling selected low-end tariff plans or increasing rates for connections made above package limits. These changes are associated, among others, with increased demand for data transmission, low level of prices of telecommunication services in Poland, inflationary pressure on costs of telecommunication activities and a shift in strategies of certain operators towards greater than in the past focus on building customer value and fostering revenue and profitability connected, among others, with the planned investments in 5G network construction.

The gradual launch of 5G networks enables operators to apply different prices to offers based on the latest technology, which ensures a definitely higher comfort of using mobile services. 5G technology will allow to obtain speeds which ultimately can exceed 1 Gb/s while minimizing latency. At the same time, it will ensure a significantly larger capacity of newly built networks, translating into a higher number of end-user equipment which can simultaneously use data transmission in a comfortable manner. However, intensive usage of 5G technology will require larger data packages, which may be offered in higher-end tariff plan proposals.

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

In addition, Orange Polska and T-Mobile Polska have recently announced that they have begun to apply indexation clauses in their contracts with customers, which will allow service prices to be raised in the future due to increasing inflation.

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

Demand for data transmission on smartphones

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

The growing popularity of smartphones is reflected in increasing demand for data transmission in the small screen equipment segment. According to estimates presented in the Ericsson Mobility Report of June 2021, the scale of data transmission in the Central and Eastern Europe region, to which Poland is classified, will increase from 10 GB per month in 2021 to 32 GB per month in 2027, driven also by the increasing popularity of 5G technology. We expect that the growing popularity, availability and technological advancement of smartphones combined with improving quality parameters of mobile data transmission and the constantly expanded offer of applications and content for customers shall continue to be the driving factor behind growing demand for data transmission services.

Development of 5G technology in Poland

In accordance with the European Digital Single Market strategy and guidelines of the European Commission, in 2020 there should have been a fifth generation (5G) telecommunication network operating in at least one city of each EU Member State. According to EU expectations, Member States should have wide network coverage in 5G technology by 2025.

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

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

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

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

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

Regarding the 26 GHz spectrum, in July 2020 UKE conducted consultations with market representatives on the utilization of the spectrum from the 26 GHz band as well as of the spectrum from other millimeter frequency bands. According to operators, who took part in the consultations, frequency allocations in the 26 GHz band should be made in 2022- 2023 at the earliest, i.e., when greater availability of end-user equipment operating in this band is expected. As of the date of publication of this Report, however, no plans are known regarding the timing of distribution of frequencies in the 26 GHz band.

4.4.2. Factors related to the operations of the Group

Growing importance of integrated services

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

Thanks to the acquisition of Netia we have strengthened of our market position in integrated services. We have expanded our portfolio with a wide range of fixed-line products and services, in particular with fixed-line broadband Internet offered, among others, in fiber optic technologies. Netia provides its services via its own access network with approximately 3.2 million homes passed, out of which, as at the end of June 2022, over 2 million were within the reach of broadband Internet with transmission speed of 1 Gbps. Netia's own network is supported by an extensive, nationwide backbone infrastructure. Thanks to the cooperation with wholesale partners, i.e. Orange Polska, Nexera, Fiberhost and Tauron this potential has been further strengthened. As a result Polsat Plus Group can already offer fixed broadband access services in fiber optic technologies at over 5.1 million address points.

Our bundled services offers, addressed both to our individual and business customers, enable our customers to combine products in a flexible way and benefit from attractive discounts. The possibility of selling additional products and services (cross-selling) to our customer base has a positive impact both on our stream of revenue and the level of ARPU per contract customer, and contributes to increasing the loyalty of customers, who use our bundled services.

Furthermore, we offer a broad range of complementary services to every basic service. We combine our traditional pay TV services provided in the satellite and Internet (OTT, IPTV) technologies with VOD, PPV, Multiroom and online video services. We propose optional value added services (VAS) to our Internet access and mobile telephony services, which include, among others, entertainment, music, news, localization or insurance services.

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

Strengthening of our market position in online advertising

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

The Internet portal 'Interia.pl,' which belongs to the Group, is one of the largest horizontal portals in Poland and combines electronic mail, thematic services and mobile apps which generate income from many revenue streams. The average monthly number of users of the websites and applications of the combined Polsat-Interia media group amounts to 21 million, and the average monthly number of page views reaches over 2 billion.

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

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

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

We believe that Poland's energy transformation towards clean, zero- and low-emission energy constitutes an excellent moment for new players to enter this promising market and creates new development opportunities for Polsat Plus Group. We believe that solar and wind power plants as well as stable low-emission sources, such as biomass boilers, will dynamically gain in importance. At the same time we believe that from the perspective of strengthening the energy independence of Europe and Poland a step into the future is already necessary, towards an economy and society based on green hydrogen. In our opinion, hydrogen technology will be important in reducing greenhouse gas emissions on a global scale due to its wide applications in industry, transport and power generation.

In December 2021, we expanded our strategy to include a new business pillar based on clean energy production. Between 2022 and 2026, we want to invest ca. PLN 5 billion to achieve about 1,000 MW of installed clean energy production capacity and ca. PLN 0.5 billion to build the full value chain of the economy based on the fuel of the future, that is hydrogen. In particular, we intend to invest in projects related to the production of energy from photovoltaics, biomass, wind farms and thermal waste treatment. We also want to invest in the future by building a complete value chain of a green hydrogen-based economy, which may contribute significantly to the reduction of harmful substance emissions (including CO_2). Furthermore, we want to actively analyze the possibilities of investing in other prospective sources of energy such as off-shore wind farms and Small Modular Reactors (SMR).

According to our estimates, our investment plan will contribute to the reduction of greenhouse gas emissions by over 2 million tons of CO_2 equivalent per year, while creating an additional recurring EBITDA stream of PLN 500-600 million per year by 2026. Furthermore, by operating on the clean energy market, we will be able to manage energy costs, especially in the telecommunication area, in a more optimal way, which is particularly important in light of record high energy prices in Poland.

Entering the B2C and B2B photovoltaic market

Addressing our customers' demand for cheap and clean energy, in July 2020 we started to offer photovoltaic installations to our individual and business customers under the brand 'ESOLEO'. The installations are sold by Esoleo, a company belonging to Polsat Plus Group which has extensive experience on the photovoltaic market in Poland. The 'ESOLEO' offer is available across Poland in our points of sale and provides a complete solution and customer care in photovoltaic installations including assembly and technical support. The entire investment is executed in the "turn-key" model, including preparation of all required documents and a notification of the installation filed with the power grid on behalf of the customer. In the scope of the cooperation with 'ESOLEO' the customer may receive a loan for the investment under special offers prepared by banks.

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

We believe that growing popularity and knowledge about photovoltaic installations among our customers, combined with the renowned solution that we offer, will contribute to the generation of a new significant revenue stream for our Group in the coming years and at the same time contribute to a more sustainable energy production model.

Demand for data transmission and 5G services

In the first half of 2022, our customers transferred ca. 966 PB of data as compared to 873 PB transferred in 2020, which represents a 11% growth YoY. To meet the rapidly growing consumption of data transmission while maintaining the highest quality of our services, we continue to develop our telecommunication network. In particular, upon having approached the level of coverage of nearly 100% of the population with our LTE and HSPA/HSPA+ network, we are currently focusing on expanding the capacity of our telecommunication network and extending the footprint of the 5G technology, which at the end of 2021 covered over 19 million people in over 800 locations.

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

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

Development of streaming platforms

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

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

Investment in increasing the attractiveness of offered content and monetization of sports rights

We offer the biggest and most versatile portfolio of TV channels on the Polish market, which places us in the leading position in terms of viewership among private television groups in Poland and translates into our share in the advertising market. TV Polsat Plus Group channels' portfolio consists of 39 own channels. Moreover, there is a group of 6 cooperating channels which are related with Polsat Plus Group either by capital or joint broadcasting projects. The portfolio of our thematic channels includes general entertainment, music, sports, news, lifestyle, movie and children's channels. Our direct production covers mainly news programs, documentaries, shows and series based on international formats as well as own concepts. Moreover, we have contracts with major film studios which provide access to a wide selection of the most attractive films and series. In June 2022, we entered into cooperation with Disney+ and were the only pay-TV and telecommunication service provider in Poland to include Disney+ productions in our packages when it entered the Polish market.

An important element that differentiates us on the market is a rich and unique broadcasting offer of the largest and most interesting sports events worldwide. Our offer is exceptionally attractive for fans of football and volleyball. For football fans we offer, among others, broadcasts of qualifiers to the UEFA European Championships or the FIFA World Championships as well as the football Nations League. Additionally, we own rights to the world's most popular football club competitions – the UEFA Champions League. For volleyball fans we offer the biggest and most prestigious volleyball tournaments – the men's and women's World Volleyball Championships, exciting games of the volleyball Nations League, the World Cup, the men's and women's Europe Volleyball Championships, the club volleyball competitions of Polish Plus Liga and Tauron Liga and the volleyball CEV Champions League. We also offer boxing and mixed martial arts galas (UFC, FEN and Babilon MMA), Wimbledon and ATP 1000 and 500 tournaments, and many others.

Following the acquisition of a controlling stake in the Polish company Eleven Sports Network in 2018, we gained access to attractive sports rights which are sold as program packages to pay TV operators active on the Polish market, as well as directly to customers through OTT applications (among others, ELEVEN SPORTS and Polsat Box Go). This premium sports content includes Spanish La Liga Santander, Italian Serie A, the English Emirates FA Cup, French Ligue 1 Uber Eats, German DFB-Pokal, Portuguese Liga Portugal, Belgian Jupiler Pro League, Formula 1® and speedway races of the Polish PGE Ekstraliga and Swedish Bauhaus-Ligan. Since November 2017, the Eleven Sports 1 channel has been available in 4K technology - viewers can watch selected events in their native UHD quality, e.g. Formula 1® races or selected La Liga Santander matches. Unique content represents an important element that builds the value of our pay TV offering.

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

4.4.3. Factors related to the regulatory environment

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

The provisions of the European Code of Electronic Communication assume further regulation of MTRs and FTRs. In line with the provisions of this directive, in 2020 the European Commission issued a delegated act specifying the highest levels of MTRs and FTRs that can be applied by operators in the European Union. Ultimately, the cap rates are to amount to 0.2 euro cents per minute for MTRs and 0.07 euro cents per minute for FTRs. The delegated act adopted by the European Commission provides for a transition period with a time schedule for reducing the rates in order to reach their assumed level in January 2024 for MTRs and January 2022 for FTRs, respectively. The time schedule for reducing the rates came into force on July 1, 2021 and is presented in the table below.

[EUR or PLN per minute]	Cap rates for termination of calls in other operators' networks in the EU from:			
	July 1, 2021 to December 31, 2021	January 1, 2022	January 1, 2023	January 1, 2024
Mobile termination rate (MTR)	EUR 0.007	EUR 0.0055	EUR 0.004	EUR 0.002
Fixed termination rate (FTR)	PLN 0.005	EUR 0.0007	EUR 0.0007	EUR 0.0007

The gradual reduction of the MTR and FTR rates implemented by the EU will impact the results of Polsat Plus Group in the next years. In particular, the above mentioned regulation translates into a decrease of wholesale revenue from interconnection settlements, both mobile and fixed-line, and a decrease of interconnection costs which are recognized in our technical costs. We point out that in the years 2022-2024 the pressure on revenue will be steadily growing along with the implementation of subsequent phases of the MTRs and FTRs reduction. Due to the fact that the levels of outgoing and incoming traffic in interconnection settlements are similar we expect the impact of the regulation on Polsat Plus Group's EBITDA result to remain relatively neutral.

Implementation of the European Code of Electronic Communication to national legislation

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

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

In April 2022, the regulation of the European Parliament and of the Council was published which prolonged the currently binding Roam Like At Home principle (regarding roaming costs while travelling on the territory of the European Union) for another 10 years, i.e. until 2032.

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

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

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

Draft amendment to the National Cybersecurity Act

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

Continued cooperation with some of our external suppliers is important to us in order to maintain our operations without disruption. Should any of the largest telecommunications suppliers be considered a high risk vendor and consequently excluded from the supply chain, market competitiveness may be reduced and prices of telecommunication equipment may rise. Furthermore, imposing an obligation on telecommunication operators to replace telecommunication equipment or software delivered by a supplier considered as a high risk vendor may lead to high costs of replacing such network equipment and, as a result, adversely affect the costs and pace of construction and modernization of a given operator's telecommunication network.

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

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

Draft law on combating abuse of electronic communications

In June 2022, the government began legislative work on a draft act on combating abuse of electronic communications. The draft law defines and prohibits abuse of electronic communications, penalizing activities such as the generation of artificial traffic, smishing and CLI spoofing. The intention of the bill drafters is to create a legal environment in which it will be possible for state authorities and services to prosecute perpetrators of abuse, while at the same time giving telecommunications companies a legal basis for combating abuse in electronic communications. On the other hand, the proposed act imposes an obligation on telecommunications entrepreneurs to take proportionate technical and organizational measures to prevent and combat abuse of electronic communications, including an obligation to block smishing messages that fall into the pattern developed by NASK's CSIRT and an obligation to combat CLI spoofing, including an obligation to block calls initiated using a number included in the list of numbers used exclusively to receive calls, maintained by the President of UKE. Some of the obligations to be imposed on telecommunications companies will be implemented under the threat of a fine from the UKE President.

The proposed regulations may be of material importance from the standpoint of telecommunication operations in Poland since they entail new obligations and requirements for telecommunication companies.

4.4.4. Financial factors

Exchange rates fluctuations

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

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

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

Interest rate fluctuations

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

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

Since the beginning of 2022, the NBP has been steadily raising the reference interest rate in the face of persistently high inflation.The interest rate increases will translate into a significant increase in our interest expenses in the upcoming periods.

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

5. Risk factors

5.1. Risk factors related to our business and the sector in which we operate

The results of our operations in the telecommunications sector depend on the ability to effectively encourage the existing customers to use a wider range of our services, to win customers from competitive telecommunication operators, as well as the ability to reduce churn

It is expected that further growth of our operations on the mature Polish telecommunication market will chiefly depend on the ability to effectively encourage the existing customers to use a wider range of services offered by us, to win customers from competitive operators, as well as the ability to reduce the churn rate. The Group cannot give any assurance that the measures it is undertaking will encourage its existing customers to use a wider range of services or attract customers from competitive mobile and fixed-line operators, or that the measures we are undertaking to increase customer loyalty will reduce the rate of churn or allow us to maintain the churn rate on a satisfactory level. If we are unable to effectively manage the churn rate, we may be forced to significantly reduce our costs to maintain satisfactory profit margins, or to take alternative steps, which could in turn result in higher costs of customer acquisition and retention.

In addition, the telecommunication industry is characterized by frequent developments in product offerings, as well as by advances in network and end-user device technology. If we are unable to keep pace with technological development and provide customers with an attractive, modern portfolio of products and services, we may not be able to retain customers or the customers' retention cost may increase.

Additionally, competing telecommunication operators may improve their attractiveness for the customers, e.g. by offering their products or services at lower prices, which could make it more difficult for us to retain the current customer base, and the cost of retaining and acquiring new customers could increase.

All such events could have a material adverse effect on the results of our operations, financial condition and prospects.

The performance of our pay TV and broadcasting and television production operations depends on our customers' satisfaction, the acceptance of our programming content by viewers, as well as our ability to generate profit from our own productions or from acquired broadcasting rights

We operate on markets where commercial success primarily depends on customer satisfaction and acceptance of programming content which are often difficult to predict. We strive to acquire and retain pay TV customers by providing them with access to a broad range of channels, including sports, music, entertainment, news, children's, educational and film channels, all main terrestrial television channels available in Poland, as well as HD and free-to-air TV and radio channels. Whether customers are satisfied with our programming is vital for our ability to acquire and retain pay TV customers, as well as to generate and increase customer revenue.

Our ability to generate advertising revenue in the media segment depends almost entirely on viewers' demand for our programs. Audience shares achieved by programs we broadcast directly affect both the attractiveness of our television channels to existing and potential advertisers and rates we are able to charge for advertising time. In the media segment we also generate revenue from production and sale of television programs to third parties operating in Poland and, to a lesser extent, abroad. Prices which we are able to receive from potential buyers of our own productions are directly linked to the audience for those programs, as third-party buyers, interested in generating advertising revenue, look for programming content with the highest viewership figures.

Demand for TV programs and programming preferences change frequently, irrespective of the media on which they are carried. We might not be able to attract or retain customers of our pay TV services and advertisers, if we are not able to effectively predict the demand for programs or changes in audience tastes, or if our competitors prove better at such predictions. This may bring about an increase in customer churn, while in the media segment it may result in decreasing audiences of our programs and subsequent difficulties in acquiring advertisers.

To some extent, the profitability of our operations depends on our ability to produce or obtain broadcasting rights to the most attractive programs in a cost-effective manner. While costs of in-house productions of television content are usually higher than the costs of purchasing third-party programs, we believe that a larger number of Polish programs broadcast on our channels will increase viewers' demand and consequently increase demand from advertisers. However, there can be no assurance that financial outlays we have made or will make in the future on Polish programming production will be fully recovered or that we will be able to generate revenue high enough to offset those costs.

Consequently, if customers do not accept our programming offer or we are unable to produce programs or acquire broadcasting rights in a profitable manner, it may have a material adverse effect on the results of our operations, financial condition and prospects.

We may be unable to attract or retain customers and advertisers, if we fail to conclude or extend the license agreements under which we distribute key programs

Our performance depends on our ability to acquire attractive television programs. Our pay TV customers' access to television channels depends on our purchase of licenses from TV broadcasters. In the media segment, we independently produce certain TV programs, while other TV programs and content are broadcast under license agreements. Our license agreements are usually concluded for definite periods, usually two to three years for films and TV series, and three to ten years for sports programs. Under certain circumstances, a licensor may terminate a license agreement before it expires without our consent. This is particularly likely, if we fail to fulfil our obligations, including the obligation to pay license fees. In order to acquire and retain customers and advertisers, it is necessary to maintain an attractive selection of TV programs. There can be no assurance that our license agreements will be extended on equally favorable terms or that they will be extended at all, nor can we exclude the possibility that a licensor will terminate the license agreement before its agreed expiry date. Moreover, we have no influence on delays in exercising our rights from certain license agreements, which may occurre in connection with the extraordinary events of a similar nature as the COVID-19 pandemic or the military confilct in Ukraine.

Our inability to obtain, maintain, or extend important program licenses as well as delays in execution of our license rights, may make it difficult for us to provide and offer new attractive channels and programs, which may result in losing our ability to acquire and retain customers and advertisers. This in turn may have a material adverse effect on the results of our operations, financial condition and prospects.

In the real estate segment, we are exposed to risks related to reduced demand for the properties we offer, undiscovered defects and external influences, climate change, or warranty claims

Our financial results in the real estate segment are directly dependent on the level of sales and rental prices of real estate in Poland, which is influenced, among others, by changes in demand for the offered premises. Market volatility and deterioration of the macroeconomic situation, the outflow of foreign investors from the markets of Central and Eastern Europe, reduced availability of sources of financing for customers, especially mortgages, an increase in the supply of premises in a specific area and a change in buyers' expectations regarding the standard, location or equipment of premises may result in a reduced demand for the properties we offer or a decrease in their value.

Our development projects may suffer damage due to undiscovered defects or due to the impact of external factors (e.g., floods, landslides, earthquakes or mining damage). In particular, our key investment in the real estate segment - Port Praski - is located in close proximity to the Vistula River, which may expose it to the risk of flooding in particular. The occurrence of such events may necessitate related maintenance and repair work without the possibility of transferring the costs thereof to third parties.

Climate change, which has been observed with increasing intensity in recent years, such as global temperature increases, weather anomalies or increases in greenhouse gas concentrations, may adversely affect our development activities at every stage, from design to construction and maintenance of buildings, exposing us to additional costs associated with the need to adapt properties to dynamic climate change.

Furthermore, the construction, lease and sale of properties may involve claims for defective construction, repair or other works. We are liable to purchasers of premises under warranty for physical and legal defects in the buildings and land on which the buildings are constructed, as well as for defects in individual premises. Potential claims of this type may adversely affect the perception of the Group's business, properties and projects by target customers, tenants or investors.

The occurrence of damages due to undiscovered defects and external factors, climate change or warranty claims could have a negative impact on the Group's image, which in turn, together with a reduction in demand for the properties we offer, could have a material adverse effect on our results of operations, financial condition and development prospects.

Our ability to increase sales of our services depends on the effectiveness of our sales network

We operate an organized and specialized nationwide sales network, which distributes the products and services offered by us. Because of strong competition with other pay TV providers and telecommunication services providers, as well as increase in wages observed on the domestic labor market we might have to raise fees paid to our distributors. Any potential increase in fees paid to distributors who operate within our sales and distribution network may result in higher operating costs and probably lead to lower profit from operating activities.

Furthermore, if we decide that our distribution network requires extensive reorganization or reconstruction, we may face the need to incur substantial financial outlays. Moreover, our sales network may be exposed to downtime in case of an occurrence of extraordinary events, which may result in the reduction of our revenue. For example, in 2020 as an effect of the COVID epidemic outbreak, restrictions were imposed resulting either in the temporary closure of a part of our sales network or in a reduced scale of visits of existing or prospective customers, which adversely impacted our levels of sales during that period. Future occurrence of extraordinary phenomena with similar effects may translate into lower sales of services and equipment and higher churn levels, and it may also require us to incur additional costs in order to reorganize our sales channels to adjust them to the permanently changing preferences of customers.

Any failure to maintain, expand or modify our sales and distribution network, as well as its reduced efficiency as a result of extraordinary events, may make it much harder to acquire and retain customers of our services, which may have a material adverse effect on the results of our operations, financial condition and prospects.

In our business, we depend on third-party providers for certain services, infrastructure or equipment. If these are delivered late or if they are not delivered at all our services may be delayed or even suspended

Our ability to grow our customer base depends on our ability to provide high-quality, reliable services and products. In offering products and services, we rely on a number of third-party providers of network, services, equipment and content over whom we have no control.

We collaborate with a number of third parties in providing our pay TV, broadband Internet access as well as mobile and fixed-line telephony services and our ability to deliver services to the customers depends on the correct operation of the infrastructure and equipment belonging to the entities with which we collaborate. For instance, starting from July 2021 the access layer of mobile network infrastructure used by our customers belongs to Cellnex Group and our pay TV customers' antennas are usually adapted to receive the signal delivered through transponders of Eutelsat S.A.

Any potential persistent problems in cooperation with Cellnex Group or its failure to fulfill the provisions of the service level agreement signed by us, which could lead to the lack of possibility of providing high quality services to our customers, could dispose us to exercise an option included in the buyback agreement which envisages that Polkomtel will have the right (but not an obligation) to buy back the shares of Towerlink Poland for a price reflecting the fair market value of the shares being bought back, taking into account a discount agreed among the parties. There is no assurance that the buyback process would not adversely affect the continuity of services provided by us or our customers’ satisfaction from the provided services. In addition, we cannot guarantee that Polsat Plus Group, in case of a necessity to exercise the buyback option, would possess adequate financial resources or would be able to acquire additional financing of appropriate scale and on acceptable terms. Therefore, we cannot assure that exercising the buyback option would be effectively possible.

In order to switch the satellite operator in the event of our failure to extend a contract, or in the event of contract termination by Eutelsat S.A., or for other reasons, we would be forced to find an alternative provider of satellite transmission capacities and potentially reposition our customers' satellite antennas, which would be a cost- and time-consuming process considering the size of our customer base.

To broadcast our terrestrial channels, we use the services provided by Emitel S.A. We also rely on another third-party contractors, Nagravision S.A. and Irdeto, which provide to us conditional access systems to secure our networks against unauthorized access by pirates and hackers. Our broadcasting services also rely on a number of third-party contractors and we outsource a number of non-core activities (including certain IT functions) not related to our broadcasting business. These, and other services, are often central to our operating activities.

The provision of our services may be disrupted or interrupted, if any of our partners (or potentially their subcontractors) is unable to, or refuses to, perform their contracted services or provide access to infrastructure or equipment in a timely manner, on acceptable terms or at all. These and other disruptions or interruptions may have a material adverse effect on our operations, financial condition and prospects.

The possibility of provision of telecommunications services depends to a large degree on our ability to interconnect with the telecommunications networks and services of other telecommunications operators, including those of our direct competitors. In particular, part of the services that we offer are provided based on regulated access to Orange Polska’s or other fixed-line operators’ infrastructure. We also rely on third-party operators for the provision of international roaming services to our customers. While we have interconnection, infrastructure access and roaming agreements in place with these operators, we do not have direct control over the quality of their networks and the interconnections and roaming services they provide and therefore we cannot guarantee that the availability and quality of services provided by such operators will be in accordance with contract. Any difficulties or delays in interconnecting with other networks and services, the failure of any operator to provide reliable interconnections, regulated access or roaming services on a consistent basis or early termination of any of material interconnection, regulated access or roaming agreements could result in our inability or limited ability to provide services to our customers or in a deterioration of quality of the services, which in turn can lead to a loss of customers or decreased usage of our services, and consequently have a material adverse effect on our performance, financial condition and prospects.

Continued cooperation with certain external vendors is important for us to maintain our operations without disruption. In particular, we are in the process of gradually implementing a new, integrated IT environment supporting sales and customer care and a convergent billing system for our products and services. The purpose of the implementation is to redefine and standardize the sales processes and the offers across Polsat Plus Group as well as to provide a single, consistent and effective tool which will enable the management of sales and customer relations in all possible spheres. The project is implemented in cooperation with Asseco Poland who is responsible for the supply of IT systems and, as the integrator of the system, for effecting the implementation. We cannot rule out that the replacement of the above mentioned IT systems may temporarily adversely affect the Group's sales levels.

There are ongoing works in Poland to introduce to the country's legal system solutions allowing to consider a hardware or software vendor (including suppliers of hardware and software designed for telecommunication companies) 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 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. We cannot exclude that such a fact may adversely affect the costs and pace of construction and modernization of the telecommunications network used by our customers.

We also rely on agreements with external suppliers of handsets and modems (including Samsung, Lenovo, Xiaomi, Oppo, Realme, Apple and Huawei), external suppliers of components necessary for the manufacturing of end-user devices in our plant in Mielec, and providers of IT services. We do not have any control over our key suppliers and have limited influence on the manner in which these key suppliers perform their obligations under concluded contracts. There can be no assurance that these providers will not terminate their contracts with us, extend them upon expiry, extend them on the same or more favorable terms, or that we will be able to acquire the necessary equipment and services in the future from these or other suppliers, in required amounts and at the right time, or at all. In particular, it cannot be ruled out that in the event of a permanent reduction in the supply of components on Asian markets, some disruptions may occur in the supply chain in terms of imported equipment offered to our customers. Accordingly, due to dependence on third-party suppliers, we are exposed to the risk of delayed provision of necessary services or equipment or lack of such provision.

If third-party providers do not perform their contractual obligations towards us, or do not adjust to changes in requirements of the Group's companies, or are unable or refuse to provide services or deliver infrastructure or equipment, on which the possibility of timely and economically justified provision of certain services and products to our customers depends, our customers may experience service interruptions, which could adversely affect the perceived quality of our services and products, therefore, adversely impact the brand and reputation of the Group's companies, thus affecting the results of our operations, financial condition and prospects.

We may be unable to keep pace with new technologies used on markets on which we operate

The technologies used in broadcasting and delivering pay TV, mobile and fixed-line telephony and broadband Internet access develop extremely quickly, which is why there can be no assurance that we will be able to introduce new and/or enhanced technologies, services and products in a fast and efficient enough way.

Compression, signal encoding and customer management systems vital to the correct functioning of our satellite center, software of set-top boxes manufactured by us, as well as other software and technologies used by us and our suppliers must be constantly updated and replaced to match the latest technological developments. Our inability to replace obsolete technological solutions may result in the disruption of our pay TV services, which may in turn cause an outflow of customers to competitors who have brought their technologies up to date.

Technological progress requires us to modify our content distribution and TV programming methods to keep pace with the changing market. New technologies – including new video formats, IPTV, Internet streaming and downloading services, video on demand (VOD), migration towards the DVBT-2/HEVC standard, set-top boxes with recording capability, as well as other devices and technologies – introduce new media and entertainment options and change the way customers receive content. This allows them to enjoy television outdoors or at any chosen time, without commercials and according to a customized schedule. Such technologies are growing in popularity and are becoming easier to use, yet the resulting fragmentation of TV viewers may cause a general decline in TV advertising revenues.

It is expected that certain communications technologies that are currently under development, including 5G, as well as fiber optic technology allowing for faster data transmission at lower unit costs, will become increasingly important in the markets in which we operate. Technological developments may also shorten product life cycles and facilitate convergence of various segments in the telecommunications industry. We cannot currently predict how emerging and future technological changes will affect our operations, nor can we predict whether new technologies required to support our planned services will be available when expected, if at all.

Furthermore, fixed-line broadband services are associated with a need for investments in the modernization of access networks. Some market players are currently conducting large investments programs which allow to significantly increase throughput provided to end-users. In particular, Orange Polska established a joint venture with APG Group, Dutch pension fund, to expand its fiber optic access network and P4/UPC entered into a partnership with InfraVia Capital Partners for the expansion and wholesale access to the fixed access network in HFC and FTTx technologies. In parallel, a governmental program of construction of broadband fiber optic networks using subsidies from the European Union funds (POPC – Operating Program Digital Poland) is underway.

Thereby, we are not able to guarantee that the demand for our broadband services will be sufficient to reach our revenue targets. Neither can we guarantee that the growing coverage of the less developed areas of Poland with fiber optic technologies, giving the end users broader access to video content, will not adversely affect the demand for our pay TV satellite access services.

Given the fast pace of technological change and customers' growing expectations, and considering the risk that our competitors may offer telecommunications products and services that are based on new technologies which are more advanced, less costly or otherwise more attractive to customers than those provided by us, we may be required to rapidly deploy new technologies, products or services. The rapid evolution of technology in the markets in which we operate and the complexity of our information technology systems, as well as a number of other factors, including economic ones, may affect our ability to timely launch new technologies, products or services. We cannot guarantee that we will correctly predict the development of new technologies, products or/and the demand for products and, therefore, that we will at an appropriate moment engage appropriate amounts of capital and resources to develop the necessary technologies, products or services that will satisfy existing customers and attract new customers. If we fail to implement new technologies, products or services or implement such new technologies, products or services too late, it may render our technologies, products or services less profitable or less attractive than those offered by its competitors. In addition, new or enhanced technologies, services or products we introduce may fail to achieve sufficient market acceptance or experience technical difficulties. We may also be unable to recover the investments that we made or may make to deploy these technologies, services and products. Therefore, no assurance can be given that we will be able to conduct such activities in a cost-efficient manner, which would also reduce our profitability. Moreover, we may not be able to obtain funding in sufficient amounts or on reasonable terms in order to finance capital expenditures necessary to keep pace with technological developments and with the competitors.

Failure on our part to adapt our products and services to the changing lifestyles and preferences of our customers, or to make sufficient use of new technologies in our activities, may have a material adverse effect on the results of our operations, financial condition and prospects.

We are exposed to the risk of fraudulent activities by customers

Given the nature of the telecommunications market stemming from the manner of making interconnect settlements related to the exchange of domestic and international telecommunications traffic, incurring wholesale costs related to traffic generated by our customers when using telecommunications networks of foreign operators (roaming) and fees for sold premium services, some of our customers use telecommunications services in a way that differs from the standard method of their use by the end user, e.g. by terminating mass traffic in the network of another operator while bypassing wholesale interconnect settlements. We prevent such behavior by analyzing any abnormal traffic patterns on individual SIM cards. If such traffic patterns are identified, the card can be immediately deactivated, in accordance with the service provision regulations. However, there can be no assurance that we will be sufficiently effective in preventing this type of fraud. If we do not identify a fraud or identifies a fraud with a delay, we may be exposed to additional costs or lose some revenue due to us, which can have an adverse effect on the results of our operations, financial condition and prospects.

We might be unable to maintain good name of the major brands in our portfolio

The good name of the major brands in our portfolio, including ‘Polsat Box’ (formerly ‘Cyfrowy Polsat’), ‘Plus,’ ‘Polsat,’ ‘Polsat Box Go’, ‘Netia’ and ‘Interia.pl’ ‘brands is a significant component of Group's value. Maintaining their good name is fundamental for acquiring new and retaining existing customers and advertisers. Our reputation may also suffer if we are unable to provide existing products and services or implement new products and services due to technical faults, a lack of necessary equipment, or other circumstances. Also, the quality of our products and services depends on the quality of third-party infrastructure and services, over which we have little control. If our partners fail to observe relevant performance standards or supply faulty products or services, the quality of our products and services, as well as our good name may suffer. There can be no assurance that these or other risks, which would compromise the good name of our most important brands, will not materialize in the future. Any damage to our good name may have a material adverse effect on the results of our operations, financial condition and prospects.

Goodwill and brand values may be impaired

Following the acquisitions made in the past, in particular of Telewizja Polsat, Polkomtel, Netia, Aero 2 and Interia.pl we have carried considerable amounts of goodwill and intangible assets, representing brand value, on our balance sheet. We test the goodwill and brand value allocated to our business segments for impairment on an annual basis, by measuring the recoverable amounts of cash-generating units, based on value in use. Any adverse changes to the key assumptions we apply in impairment testing may have a material adverse effect on the results of our operations, financial condition and prospects.

We may lose our management staff and key employees

Our performance, as well as successful implementation of our strategy, depend on the experience of our management staff and the commitment of our key employees. Whether we are successful in the future will depend partly on our ability to retain Management Board members who have made considerable contributions to the development of our Group, as well as to acquire and retain qualified employees who will ensure effective operation of our business segments. In the television and telecommunication sectors, both in Poland and worldwide, there is strong competition for highly qualified employees. Therefore, no assurance can be given that in the future we will be able to acquire or retain Management Board members or qualified employees. Loss of our key managers or our inability to acquire, properly train, motivate and retain key employees may have a material adverse effect on the results of our operations, financial condition and prospects.

Disruptions to set-top box production may adversely affect our reputation and increase customer churn

To reduce acquisition costs of pay TV reception equipment and to be able to offer our customers the option to or lease set-top boxes at lower prices, we are currently producing most of the set-top boxes we offer and deliver to our customers at our manufacturing plant in Mielec. Should any batch of the set-top boxes we have manufactured prove defective and need to be withdrawn from the market, we are under the obligation to replace the set-top boxes we have made available to our customers. Any disruption of services provided to our customers may trigger our obligation to refund subscription fees due to the inability to use the pay TV services that should be delivered using the defective set-top boxes, and to pay the stipulated damages. Furthermore, the withdrawal of reception equipment due to a confirmed epidemic defect could be harmful to our reputation.

Any problems with production of set-top boxes would force us to acquire larger numbers of set-top boxes from third-party suppliers. There can be no assurance that we will be able to purchase a sufficient number of set-top boxes from third-party suppliers when required. Furthermore, the cost of acquiring from third-party suppliers of the vast majority of set-top box models we offer could be higher than the cost of manufacturing them at our own plant. If we were unable to obtain set-top boxes from third-party suppliers on satisfactory pricing terms, we might have to raise the prices for our customers to cover our increased expenses. Moreover, if the deliveries of set-top boxes we managed to procure were insufficient to meet the demand, our reputation among our current and potential customers would suffer. As our production of set-top boxes is based on components purchased from third-party contractors, there is a risk that we lose access to such components, for instance due to problems with availability of such components, discontinuation of their production or changes in technologies or products. Losing access to certain components would force us to redesign our set-top boxes, which could affect continuity of their production and supplies to our customers.

Any difficulties in the production of most of our set-top boxes at our own production plant could lead to a loss of our current customers or adversely affect our ability to acquire new customers for our pay TV services. Any disruption to our set-top box production and subsequent necessity to procure more set-top boxes from third-party suppliers could adversely affect our reputation, which could have a material adverse effect on the results of our operations, financial condition and prospects.

Network infrastructure, including information and telecommunications technology systems, may be vulnerable to circumstances beyond the Group control that may disrupt service provision

The mobile telecommunications business depends on providing customers with reliable services. The services we provide may encounter disruptions from many sources, including power outages, acts of terrorism and vandalism and human error, as well as fire, flood, or other natural disasters.

Due to the fact that the access layer of the mobile network infrastructure used by customers of the Group is owned by Towerlink Poland, a third party, any potential disputes between this entity and the Group companies, failure of Towerlink Poland to properly perform their contractual obligations (in particular, the respective provisions of the service level agreement), delays in entering into new orders or the lack of execution of existing orders concluded with Towerlink Poland in a timely manner, as well as a number of other factors and events may cause part of our network infrastructure to be inaccessible, which could adversely affect our ability to efficiently operate, maintain and upgrade the network infrastructure used by us for the provision of services to our customers.

In addition, we could experience interruptions of our services due to, among other things, software bugs, computer virus attacks, or unauthorized access. Any interruptions in our ability to provide services could seriously harm our reputation and reduce customer confidence, which could materially impair our ability to attract and retain customers in both the retail and wholesale segments. Such interruptions could also result in an obligation to pay contractual penalties or cause our customers to terminate their agreements or the imposition of regulatory penalties due to violations of the terms of frequency allocation. They might also result in a need to incur significant expenditure to restore the functionality of the telecommunications network and guarantee reliable services to customers.

In order to provide pay TV services to our customers, we rely primarily on our satellite center, as well as satellite transponders, customer management system, reporting systems, sales support system, and customer relationship management system. Any failure of the individual components of our satellite center, including failure of satellite transponders or any intermediate link, may result in serious disruption or even suspension of our activities for a certain period. In the media segment, IT systems are used primarily for management of advertising scheduling, program broadcasting, and maintaining relations with advertisers. Failure of any of our IT systems may prevent us from carrying out our operations successfully, while restoring them to full working condition may require significant financial outlays.

Such events may have a material adverse effect on the results of our operations, financial condition and prospects.

We could become a party to labor disputes or experience growth of employment costs

In spite of correct relations with our employees, we cannot rule out the risk of occurrence work disruptions, disputes with employees, strikes or significant growth of labor costs in one or many of our companies. Each of the above events could prevent our ability to satisfy customer needs or lead to growth of labor costs, which would reduce our profitability. In addition, any employee-related problems affecting external companies providing services or technologies to us could also have adverse impact on us, if they hinder our ability to obtain the required services or technologies on time or the ability to offer the expected quality. All disruptions of this type may have a material adverse effect on the results of our operations, financial condition and prospects.

Two trade unions are active at Polkomtel: Niezależny Samorządny Związek Zawodowy Solidarność (the Solidarity Independent Self-Governing Trade Union) and Ogólnopolskie Porozumienie Związków Zawodowych (All-Poland Alliance of Trade Unions). Trade union organizations are also active in Netia Group. As at December 31, 2021, ca. 6% of the total workforce of Polsat Plus Group were trade union members. Involvement in lengthy negotiations with the trade unions or in collective disputes cannot be ruled out; strikes, work interruptions or other industrial action (triggered, for example, by an attempt to optimize the employment level or labor costs, or the need to restructure the workforce), as well as employees' pay rise demands may also be experienced. The occurrence of strikes, significant disputes with the trade unions active at Polkomtel or Netia Group, or increase in employment costs may disrupt our operations, preventing it from timely or cost-effective provision of services to its customers, which can have a material adverse effect on the results of our operations, financial condition and prospects.

The administrative and court proceedings in which we are involved may result in unfavorable rulings

We were, and currently are, party to a number of past or pending administrative and court proceedings in connection with our business. Therefore, there is a risk of new proceedings being instituted against us in the future, outcomes of which may prove unfavorable (including those instituted in connection with claims made by organizations for collective administration of copyrights). Under Polish copyright law, we are required to pay fees for collective administration of copyrights to organizations that collect royalties on behalf of authors of copyright-protected works we broadcast or distribute as part of our operations. Such fees are charged in accordance with license agreements signed with these organizations. Although relevant agreements are in place with several organizations for collective administration of copyrights, there is a risk that claims will be brought against us by other such entities. We are in turn a party to administrative and court proceedings, including those initiated by regulators, competition and consumer protection office, tax authorities as well as disputes and court proceedings involving third party entities.

Any unsuccessful court, arbitration and administrative proceedings may have an adverse effect on the results of our operations, financial condition and prospects.

Should any claims related to the infringement of third-party intellectual property rights be brought against us, we may be forced to incur substantial expenses to defend against those claims, to acquire a license for a third-party technology, or to redefine our business methods to eliminate the infringement

Our business success depends largely on third-party intellectual property rights, particularly rights in advanced technologies, software, and programming content. No assurance can be given that we have not, or that we will not in the future, infringe any third-party intellectual property rights. Any such infringement may result in claims for damages being brought against us by third parties. We may also be placed under an obligation to obtain a license or acquire new products which would enable us to conduct our business in a non-infringing way, or we may have to expend time, human and financial resources to defend against claims of infringement. Expenditure on defending against intellectual property infringement claims or obtaining necessary licenses, and the need to employ time and human resources, including the management staff, to handle issues related to absence or infringement of intellectual property rights, may have a material adverse effect on the results of our operations, financial condition and prospects.

Our own intellectual property rights and other means of protection may not adequately protect our business, and insufficient protection of our programming content, proprietary technologies and know-how may cause profit erosion and customer churn

A large proportion of our products make use of proprietary or licensed content, delivered to customers and viewers through our TV channels, interactive TV services, and pay TV. We establish and protect our property rights to distributed content relying on trademarks, copyrights, and other intellectual property rights, but no assurance can be given that these rights will not be challenged, revoked or disregarded.

Even if our intellectual property rights remain in full effect, no assurance can be given that our protection and anti-piracy measures will successfully prevent unauthorized access to our services and theft of our programming content. Furthermore, our proprietary content and the content we use under licenses may be accessed, copied or otherwise used by unauthorized persons. The risk of piracy is particularly harmful to our media segment and in the area of distribution of paid content. Media piracy is a problem well known in many geographies, including Poland. Technological advancements and digital conversion of multimedia content are powerful incentives for pirating, as they enable the production and distribution of high-quality unauthorized copies, recorded on various carriers, of pay-per-view programs delivered via set-top boxes, license-free or free-to-air transmissions on television or the Internet. This is further exacerbated by the difficult enforcement of the laws governing copyright and trade-mark infringements on the Internet, which compromises the protection of our intellectual property rights in that medium. Unauthorized use of our intellectual property may adversely affect our operations, harming our reputation and undermining our trading partners' confidence in our ability to properly protect our proprietary and licensed content, which in turn may have a material adverse effect on the results of our operations, financial condition and prospects.

Our broadcasting licenses may be revoked or may not be renewed

Our business operations in the media segment require that we obtain licenses issued by the National Broadcasting Council (KRRiT). These licenses may be revoked or may not be renewed.

To keep our TV broadcasting licenses, we must comply with the applicable laws and the terms and conditions of the licenses. Failure to comply with the applicable laws or breach of the terms and conditions of a broadcasting license, especially with respect to the period within which we must commence broadcasting of a channel, could lead to the license being revoked or a fine being imposed on us. Our broadcasting licenses may also be revoked if we are found to be conducting activities in violation of the applicable laws or the terms and conditions of our broadcasting licenses, or we fail to remedy such violation within the applicable grace period. In addition to license revocation, there is also a risk that licenses granted by KRRiT will not be renewed.

If any of our broadcasting licenses are not extended, are revoked or extended on unfavorable conditions, the Group may be forced to suspend the provision of some services temporarily or permanently, may be unable to offer services based on a particular technology or may have to incur substantial expenditure, all of which may have a material adverse effect on the results of our operations, financial condition and prospects.

Our current frequency allocations may be revoked or may not be renewed on acceptable terms or at all

We base our business activities with respect to mobile telecommunication services, on acquired radio frequency reservations. All frequency allocations (including those for the media segment) have been issued to us for a definite term. There can be no assurance that our frequency allocations will be extended prior to their expiry. In particular, pursuant to the Telecommunications Law, the President of UKE may refuse to extend or revoke frequency allocations if he decides that a certain company repeatedly breaches the terms of use of the allocated frequencies, use them ineffectively, or if particular circumstances occur which jeopardize the state defense abilities, state security or public order, or if revocation of the frequency allocations follows from the necessity to ensure equal and effective competition or substantially better use of frequencies, especially if the extension of the allocation would lead to excessive frequency concentration at a given capital group.

To maintain the frequency allocations, we must comply with the terms of the allocation, as well as relevant laws and regulations. Any breach of those terms, laws or regulations, including in particular failure to pay frequency allocation fees, may cause the allocation to be revoked and penalties to be imposed on the frequency allocation owner. In particular, given that the regulations and laws governing the Polish telecommunications industry are very complex and often change, there can be no assurance that we will not breach any laws or regulations related to frequency allocation or any terms of such allocation.

If any of our frequency allocations is not extended, is revoked or extended on unfavorable conditions, Polsat Plus Group may be forced to suspend the provision of some services temporarily or permanently, may be unable to offer services based on a particular technology or may have to incur substantial expenditure in order to be able to provide services to customers based on frequencies from other bandwidths, all of which may have a material adverse effect on the results of our operations, financial condition and prospects.

In particular, we hold frequency allocations in the 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz bandwidths. These allocations are fundamental for the roll-out of our mobile telecommunications network. Our competitors have taken a number of steps, some of which may still lead to various consequences. among others in respect of rights of disposal of frequencies granted in the past to companies belonging to our Group, including the 1800 MHz band frequency allocations.

In this respect, no assurance can be given that as a result of the pending proceedings or proceedings the instigation of which cannot be excluded, as events lying outside the control of reservation decisions beneficiaries, our 1800 MHz band reservation decision could be contested, which could have a material effect on the Group's ability to provide telecommunication services. Proceedings to invalidate the 1800 MHz frequency allocation tender have been instigated by T-Mobile and Orange.

Supreme Administrative Court (NSA), in its ruling dated May 8, 2014, sustained the decision of the Court of First Instance and repealed the decision issued by the President of the Office of Electronic Communications (UKE) on September 23, 2011 which partially invalidated the above mentioned tender. Following the decision of the Supreme Administrative Court, UKE informed that "the decisions regarding re-running the tender will be taken by the Office upon careful analysis of the written justification of NSA's rulings and the Court's guidelines regarding further procedure as well as upon analysis of the legal situation". UKE also stated that the 'reservation decisions issued by UKE President remained valid while the operators could continue providing their services while using these frequencies'. 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 complaint was dismissed. On December 27, 2018, Aero2 filed a cassation appeal against judgment.

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. This judgment was then waived by the Supreme Administrative Court by a judgment of December 9, 2021, and the case was remitted to the Voivodship Administrative Court in Warsaw. The case is awaiting a hearing date to be set before the Voivodship Administrative Court in Warsaw

No assurance can be given that if we lost certain frequency allocations on the basis of which we provide telecommunication services, we would be able to gain access to sufficient alternative frequency band resources on satisfactory terms or at all, and failure to obtain access to such resources could have a negative impact on the implementation of business strategies and consequently a material adverse effect on the results of our operations, financial condition and prospects.

The spectrum of radio frequencies available to the mobile phone industry is limited and therefore we may not be able to obtain new frequency allocations

The ability to maintain existing and implement new or improved mobile technologies and our ability to successfully compete on the telecommunications services market partly depends on our ability to obtain further radio frequency resources. The size of the spectrum of radio frequencies available for allocation in Poland is limited, and the process of obtaining allocations is long and very competitive.

In May 2017, the European Parliament and the Council issued a Decision on the use of the 470-790 MHz frequency band in the European Union, under which EU Member States were required to make the 700 MHz band available for broadband services by 30 June 2020 or, where justified, by 30 June 2022 at the latest The then Ministry of Digitization decided to use the possibility of postponing the deadline. At the same time, TV broadcasters forced to release the 694-790 MHz band as a result of the decision, and to use the 470-694 MHz band only, have been given the guarantee of maintaining the latter frequency band, i.e. 470-694 MHz, at least till the year 2030. According to the schedule of Emitel, which implements the technical layer of the refarming process in the 700 MHz band, consisting in releasing this band by TV broadcasters for the purposes of developing 5G technology, this process was completed in Poland in June 2022 while by a decision of the Office of Electronic Communications broadcaster TVP was granted an extension to use the 700 MHz band until the end of 2023.

In 2019 representatives of Polish mobile operators, Exatel and the Polish Development Fund, signed a memorandum on the terms of mutual cooperation in conducting a business study of 5G implementation models based on 700 MHz band, with a view to developing a uniform, nationwide infrastructure in the territory of Poland. According to the assumptions of those models, the 700 MHz uniform infrastructure would be owned by an SPV styled #POLSKIE5G with the State Treasury or a State Streasury-owned company as the dominant shareholder. An assumption adopted by all parties to the memorandum is that the State Treasury would provide the 700 MHz band availability and, potentially, access to passive infrastructure on its own properties, whereas the private partners would provide passive and active infrastructure as well as funding, if necessary. In July 2020 the works on the initial analysis of #Polskie5G business model were completed and the study report was forwarded to the prime minister. In turn, the draft amendment to the act on the national security system (KSC) includes provisions on the appointment of a state operator to perform tasks for defense, state security and public safety and order in the field of telecommunication, which would get part of the 700 MHz band. In order to implement the statutory tasks, the above operator would create a capital company acting as a wholesale operator of the 5G network in the 700 MHz band. A majority stake of 52% of shares in the aforementioned capital company would belong to the State Treasury companies and the remaining 48% to commercial operators or their consortia. As at the date of approval of this Report, no final conditions or a time schedule with regard to the distribution of the 700 MHz band in Poland were known.

On March 6, 2020, UKE announced an auction concerning the reservation of frequencies in the band of 3.4 - 3.8 GHz dedicated to the 5G development in Poland. The regulator decided that the band subject to dsitrubtion should be divided into four blocks, each 80 MHz wide, with the nationwide reservations being valid until June 30, 2035. The asking price for each block was PLN 450 million. The aforesaid frequencies allocation process was cancelled in May 2020. As of the date of approval of this Report no final decisions were made with respect to the form or timeline of allocation of the spectrum from the 3.4 - 3.8 GHz band for the purpose of the 5G network development in Poland.

The Group's inability, or limited ability, to obtain access to frequency bands important for further development of our operations (on favorable terms or at all), including maintaining the existing or implementing new or improved mobile technologies, or obtaining such access by competitors, including new participants of the national mobile telecommunication market, if any, can have a material adverse effect the results of our operations, financial condition and prospects.

We may not be able to reap the expected benefits of the past or future Group's acquisitions and strategic alliances

Whether the Group will be able to reap all expected benefits from past or future acquisitions or strategic alliances may depend on various factors, including our ability to implement our strategy of integrating business processes leading to noticeable income and cost synergies on acquisitions or strategic alliances. Through acquisitions or strategic alliances, the scale of our business continues to grow and we make efforts on a day to day basis to integrate the business processes of the target companies within the Group, as well as other actions aimed at consummating the benefits of strategic alliances. If we are unable to attain all or some of our goals, the benefits from past or future acquisitions or strategic alliances, including the estimated income or cost synergies, may deviate from the plans or may fail to be obtained in full or at all, or obtaining them may take longer than anticipated.

It cannot be ruled out that the process of integration of business processes after past or future acquisitions, or the implementation of past or future strategic alliances may result in losing key employees, disruptions to our day-to-day business in some business areas and incoherencies in standards, procedures or policies, which might adversely affect our ability to maintain the existing relations with third parties and employees or our ability to obtain the expected benefits from past or future acquisitions or strategic alliances. In particular, in order to achieve all expected benefits from our past or future acquisitions or strategic alliances, we need to identify and optimize some areas of our business and assets across the whole organization. Our inability to achieve all or any expected benefits from our past or future acquisitions or strategic alliances, as well as any delays in the integration processes related to past or future strategic alliances may have an adverse effect on us. Furthermore, the integration may require additional, unanticipated costs and the benefits of acquisitions or strategic alliances may never the consummated.

All these factors may have a material adverse effect on the results of our operations, financial condition and prospects.

5.2. Risk factors associated with the Group's financial profile

The servicing of our debt is very cash-intensive, and our debt servicing liabilities may impair our ability to finance the Group's business operations

Our Group uses large financial leverage. In the past, debt servicing and other cash requirements were financed with cash flows from operating activities and revolving credit facilities. Our debt liabilities increased significantly following the acquisitions we made in the past, in particular due to the acquisiiton of Telewizja Polsat and Polkomtel and completion of the related financial transactions.

Our ability to service and repay debt depends on future results of our operations and our ability to generate sufficient cash flows to pay these and other liabilities, which in turn depends, to a significant extent, on the general economic climate, financing terms, market competition, acts of law and secondary legislation, and a number of other factors which are often outside of our control. If our future operating cash flows and other capital resources prove insufficient to repay our liabilities as they fall due or cover our liquidity requirements, we may lose our property, plant and equipment which serve as security for the repayment of our debts, or we may be forced to restrict or postpone certain business and investment projects. dispose of assets. incur more debt or raise new capital. or restructure or refinance our debts, in part or in full, at or prior to their maturity.

The terms and conditions of our debts limit our ability to take the above measures. Therefore, we cannot guarantee that they will be taken on commercially reasonable terms, or at all, if need arises.

Also, the refinancing of our debt on unfavorable market terms would require us to pay higher interest margins or observe more stringent covenants, which could further restrict our business activity. If our debt financing increased, the related risks would also increase. Moreover, any significant adverse change in financial market liquidity, resulting in tighter lending terms and debt or equity financing constraints, may restrict our access to financing sources and increase our borrowing costs, which could significantly affect our ability to achieve and manage liquidity, raise additional capital, or restructure or refinance our existing debt.

The SFA, Series B Bonds Terms and Series C Bonds Terms provide for a number of restrictions and obligations (including maintaining specified financial ratios), limiting the Group's ability to incur new debt for financing future operations or to pursue business opportunities and activities that may be in our interest.

If our debts are not repaid in accordance with the underlying debt agreements or terms of debt instruments, then those debts, as well as other liabilities incurred under other agreements or debt instruments, which include cross-default or cross-acceleration clauses, may become immediately payable, and we may not have sufficient funds to repay all our liabilities. Our inability to generate sufficient cash flows to service our debt, or to restructure or refinance it on commercially reasonable terms (or at all), may have a material adverse effect on our business, financial condition, results of operations or prospects.

We may need to incur a significant amount of new debt in the future. In particular, the terms and conditions of the SFA,, Series B Bonds Terms as well as the Series C Bonds Terms impose certain limitations on, but do not prohibit us from, incurring new debt or other liabilities. In particular, a high level of debt may (i) limit our ability to repay our liabilities under the SFA, or other liabilities. (ii) require us to apply a considerable portion of operating cash flows towards debt repayment, restricting the availability of cash used to finance our investment activities, working capital, and other corporate needs and business opportunities. (iii) reduce our competitiveness relative to other market players with lower debt levels. (iv) affect our flexibility in business planning or responding to the overall unfavorable economic conditions or to specific adverse developments in our sector. and (v) impair our ability to borrow new funds, increase our borrowing costs and/or affect our equity financing capacity. In consequence, any additional debt would further reduce our ability to secure external financing for our operations, which may have a material adverse effect on the results of our operations, financial condition and prospects.

We might be unable to refinance our existing debt, secure favorable refinancing terms, or raise capital to finance new projects

We are exposed to risks related to debt financing, including the risk that the debt will not be repaid, extended, or refinanced at maturity, or that the terms of such extension or refinancing will be less favorable. In the future, we may need to increase our share capital if our operating cash flows are insufficient to ensure financial liquidity or fund new projects. Depending on our capital requirements, market conditions, and other factors, we may be forced to seek additional sources of financing, such as debt instruments or a share offering. If we are unable to refinance our debts on reasonable terms, or at all, we may be forced to sell our assets on unfavorable terms, or to restrict or suspend certain activities, which could have a material adverse effect on our financial condition and performance. Our inability to secure external financing could force us to abandon new projects, which could have a material adverse effect on the results of our operations, financial condition and prospects.

We might be unable to repay our debts if control of the Company changes

In the event of a change of control of the Company within the meaning of the SFA we are under the obligation to repay our liabilities. Moreover, if a change of control takes place, our ability to repay our debt will be limited by the level of available funds at the time. There can be no assurance that those funds will be sufficient to repay outstanding debts. In view of the above, we believe that in the case of change of control over the Company, we would require additional external financing in order to repay the debt.

Limitations arising from our contract obligations could make it impossible for us to repay the credit facilities or secure external financing if events constituting a change of control actually occur. Any breach of those limitations may lead to a default under other contracts and acceleration of other debts, which could have a material adverse effect on the results of our operations, financial condition and prospects.

5.3. Risk factors associated with the market environment and economic situation

We are exposed to the effects of the regional or global economic slowdown and supply shocks being felt on the Polish advertising market and affecting consumer spending in Poland

We derive almost all our revenues from telecommunication services customers, pay-TV customers and TV advertisers in Poland. Our revenue depends on the amount of cash our existing and potential customers can spend on entertainment, telecommunications services and equipment. If the economic conditions in Poland deteriorate or if persisting supply-related inflationary pressure occures, consumers may be willing to spend less on entertainment and telecommunications services or equipment, which may have an adverse effect on the number of our customers or on our customers' spending on our services and products. Lower consumer spending caused by economic recession or or an increase in inflation may also lead existing and potential customers to choose cheaper versions of our service packages or to discontinue using the services, which in turn may have a material adverse effect on results of our operations, financial condition, and growth prospects.

Simultaneously, the persisting inflationary pressure may translate into increased costs of our operations, 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. Furthermore, Russian aggression in Ukraine translates into reduced availability and increased prices of raw materials, oil, steel, biomass and fossil fuels, which may have a material adverse effect on costs of our current operations and our ability to complete part of our planned investments.

Lower advertising spending in Poland may have a material adverse effect on our revenue and the growth prospects of our media segment. Slower GDP growth in Poland usually negatively impacts advertising spending. Moreover, as many of our advertisers are global companies, the global economic downturn, even if it has no direct effect on Poland or its effect on the Polish economy is not as significant as in other countries, as well as economic slowdown in Poland, may force customers to cut their advertising budgets in Poland, which will have a negative impact on the demand for advertising services in Poland. A decrease in our advertising revenue may force us to adjust the level of our costs to lower revenues. As adjustments of the cost base to market conditions are not generally sufficient to fully offset the effect of lower revenue, the consequences of such risk factors may include a reduced EBITDA result, lower quality of our programs, or limited number of programs broadcast by us, both our own productions and content purchased from third parties. Any constraints on the quality or quantity of our programming may result in the loss of audience share both to our competitors and to alternative forms of entertainment, which in turn may affect the attractiveness of our offering to potential advertisers and sponsors.

The performance of our real estate segment is also dependent on the prevailing economic situation in Poland. In the event of an economic downturn, consumers may postpone decisions to purchase or lease real estate, or may not be able to obtain the financing necessary to purchase or lease real estate. As a result, there may be a reduction in the ability to sell real estate and a decline in the rents received from real estate rentals, which may reduce the revenue stream derived from the real estate segment or lead to the need to revaluate our real estate assets.

Moreover, the worsening of the macroeconomic conditions across the world, as well as possible uncertainty regarding the future economic situation, may have, among others a negative impact on the Group's ability to acquire sufficient financing on the global capital markets.

In view of the above, the worsening of macroeconomic conditions in Poland or across the world may, as a result, have a considerably adverse impact on the financial situation, results of our operations and growth prospects of the Group.

We are exposed to the effects of the occurrence of extraordinary events such as a pandemic, epidemic or war

Our operations may be limited due to the occurance of extraordinary events such as the imposure of the state of epidemic or pandemic, or a military conflict in our region. In the fight against the epidemic or pandemic, a number of measures may be implemented by the authorities, including restrictions on movement, organizing events and meetings, entertainment, functioning of shopping malls or a compulsory quarantine. Such restrictions may lead to significant limitations in the functioning of the economy and, as a result, bring negative consequences such as the economy slowdown or recession, which may adversely affect our operations and financial results. We are not able to foresee the direction of the present COVID-19 pandemic, or the occurrence of another epidemic or pandemic in the future, or the scope of potential measures which the government may take in order to counter fight the negative consequences of these phenomena.

The armed conflict in Ukraine may have a significant and long-lasting effect on the global, European and Polish macroeconomic environment. In particular, as a result of sudden reduction in availability of raw materials, oil, steel, gas or biomass and fossil fuels, we may expect both a sudden economic slowdown as well as deepened inflationary pressure. These phenomena may adversely affect the demand for our services, costs of current operations as well as the possibility of execution of certain investments. At the same time, intensifying inflationary pressure may persuade the monetary authorities to tighten their monetary policy, which may affect the cost of servicing our debt or the ability to arrange additional financing. The severity of these effects depends primarily on the length of the military action in Ukraine, as well as its intensity. We are unable to predict future developments in Ukraine or their long-term impact on the global and regional economies and, consequently, on the our operations and financial performance.

The deterioration of the national and global economic situation in consequence of an epidemic or the war in Ukraine may adversely impact the advertising market and thus our advertising revenue and the development prospects of our media segment. Moreover, restrictions may be imposed limiting or preventing the execution of part or the whole of our internal production, which may further translate into lower attractiveness of our program scheduling for advertisers. In addition, as a result of the global implementation of restrictions in functioning, as it was the case with the COVID-19 pandemic, sports events to which we own broadcasting rights may be suspended, which may lead to postponement, until the sports events are restarted, of budgeted revenue or their loss in case of the cancellation of these events.

In the event of the government issuing a recommendation to stay at home and work and learn online, traffic in telecommunications networks may increase significantly. A potential strong increase in voice traffic may result in higher costs associated with purchasing traffic from other operators while restrictions with regard to border closures and movement of individuals may lead to lower traffic volumes for international roaming services. Both factors mentioned above may result in a decrease of the margin on our telecommunications activities.

In turn, in case of the closure of shopping malls and social distancing we may be forced to temporarily close part of our physical points of sale and experience relatively lower customer traffic in the points of sale which remain open. This may negatively influence the number of new services sold and customer acquisition. Moreover, taking into consideration the partial closure of the physical sales network and potentially lower customer propensity, in the conditions of uncertainty, to buy more expensive models of end-user equipment, we cannot exclude a decrease of the value of equipment sales, smartphones or photovoltaic installations in particular. The aforesaid factors may lead to a decrease of our revenue from sales.

Due to the above, the occurrence of such extraordinary events as a pandemic, epidemic or war, followed by the implementation of related restrictions in functioning of the society and the economy may have a considerably adverse impact on our financial situation, results of our operations and growth prospects.

The Polish telecommunication services market is highly competitive

We face strong competition in all of its core business areas, especially from telecommunication operators, in particular: Orange Polska, T-Mobile Polska and Play/UPC. There can be no assurance that our current customers will not find the offerings of those operators more attractive.

A shift in the business model of mobile telecommunications network operators in Poland, whereby competing providers of telecommunications services would form joint ventures or strategic alliances, or launch of new types of services, products and technologies may additionally intensify competition on the telecommunications services market. The situation on the telecommunications market in Poland may also change significantly as a result of potential acquisitions or intensify if new mobile telecommunications operators enter the market or if broadband Internet access services are offered by entities other than mobile telecommunications operators.

We face growing competition from entities offering non-traditional voice and data transmission services which rely on the VoIP technology, such as Skype, WhatsApp and Viber or videoconferencing solutions such as Zoom or Teams which a gaining popularity during the pandemic, through which customers who use only mobile data transmission can be provided with mobile voice and video services, and users with fixed broadband access can be provided with voice and video services over fixed-line networks, usually at prices lower than traditional voice and data transmission services. To this end, such entities use, among other things, the possibility to provide services via existing infrastructure, belonging to telecommunication operators, so as to avoid having to implement capital-intensive business model themselves. Continued growing popularity of these services may lead to a decrease in ARPU per customer and the customer base of telecommunications operators, including the Group’s one. It can be expected that in the future the Group will also have to compete with providers of services supported by communication technologies which as at the date of this Report are at an early stage of development or which will be developed in the future. The Group's existing competitors as well as new players on the Polish market may introduce different new services or telecommunications services based on better technologies than those currently used by the Group before such services are introduced by the Group, or may offer such services at more competitive prices. Mobile virtual network operators (MVNO) also compete with traditional mobile telecommunications network operators.

The Group’s ability to effectively develop its operations on the Polish telecommunications services market may be also adversely affected by the imposition of new regulatory requirements or new fees or payments on entities operating in Poland, further legal changes, or the regulator's policy designed to increase the competitiveness of the telecommunications services market.

Moreover, the high rate of mobile voice penetration and the highly consolidated nature of the Polish mobile telephony market may result in increased pricing pressure and our ability to compete effectively will depend on our ability to introduce new technologies, convergent services and attractive bundled products at competitive prices. It cannot be ruled out that we will be forced to reduce prices for certain products and services in response to the pricing policies of our major competitors, which may have an adverse effect on our future revenue and profitability.

Group's reduced competitiveness and increased pricing pressures could have a material adverse effect on the financial situation, results of our operations and growth prospects of the Group in the future.

We face competition from entities offering alternative forms of entertainment and leisure

Technological progress, as well as a number of various other factors expose our operations to growing competition for the time and form of customers' leisure and entertainment activities. In particular, we compete with entities offering such alternative forms of leisure and entertainment as cinema, radio, home video, printed media, as well as other non-media forms of leisure, including live events. Moreover, new technologies, such as video on demand (VoD), Internet streaming and downloading, have broadened and may continue to broaden the selection of entertainment options available to existing and potential users of our services. In particular, increasing activity of foreign players operating in the OTT model (Netflix, Amazon Prime, Apple TV, Viaplay or Disney+) can be observed on the Polish market recently. The growing variety of leisure and entertainment options offered by our current and future competitors may bring about a decrease in demand for our products and services, and weaken the effect of television as an advertising medium. This may have a material adverse effect on the financial situation, results of our operations and growth prospects of the Group in the future.

Operating results of our media segment depend on the importance of television and the Internet as advertising media

In 2021, ca. 66% of the revenue generated by our media segment came from sale of advertising time and sponsored time slots on our TV channels and Internet media. The Polish advertising market sees television competing with other advertising media, such as the Internet, newspapers, magazines, radio, and outdoor advertising. Bearing in mind the constant increase in the importance of Internet advertising in Poland, we consistently develop our online advertising channels, however, the vast majority of our advertising revenues still comes from television related activities.There can be no guarantee that TV commercials will maintain their position on the Polish advertising market, or that changes in the regulatory regime will not favor other advertising media or other broadcasters. The growing competitive pressure among advertising media, significantly higher spending on thematic channels, and the development of new forms of advertising may have an adverse effect on TV advertising revenue generated by our media segment, and thus on our operations, financial condition, performance, and cash flows.

Our potential advertising revenue depends on several factors, including the demand for and prices of advertising time. No assurance can be given that we will be able to respond successfully to the changing preferences of our viewers, which means that our audience share may decrease, which may adversely affect demand for our advertising time and our advertising revenue.

The diminishing appeal of TV as a whole, and our own channels in particular, attributable both to higher interest in other forms of entertainment and to the declining importance of television as an advertising medium, may have an adverse effect on the results of our operations, financial condition and prospects.

Given the intense competition across all market segments in which we operate, there can be no assurance that in the future our customers and advertisers will use our services rather than those of our competitors

Because the Polish TV market is highly competitive, there can be no assurance that our revenue from pay TV subscriptions and advertising will be satisfactory compared to that of our competitors. Our current and future competitors may outmatch us in terms of financial and marketing resources, which may allow them to attract customers and advertisers more effectively.

Our main competitor on satellite TV market is the Canal+ platform. We also compete with broadcasters using other technologies, such as terrestrial, cable and Internet television. Furthermore, we expect growing competition from joint ventures and strategic alliances between providers of cable and satellite TV and telecommunications operators. We also have to face foreign competitors entering the Polish market through services and OTT apps.

Following completion of the terrestrial television digital switchover process in Poland in July 2013, there are currently 28 TV channels broadcasted terrestrially. According to Nielsen Audience Measurement, in 2021 the audience shares of all DTT channels in the 16-49 age group reached 60.9% (compared to 63.2% in 2020). The aggregate audience share in this age group of the main four channels (POLSAT, TVN, TVP1 and TVP2) was 30.4% in 2021 compared to 31.3% in 2020. The aggregate audience share of the other DTT channels was 30.5% in 2021 vs. 31.9% in 2020, which reflects the growing market fragmentation, to a large extent at the expense of the leading TV channels, including POLSAT.

Our main competitors on the TV advertising markets are other broadcasters, such as TVN (Warner Bros. Discovery Group) − a leading commercial broadcaster, and TVP – the broadcaster financed to a significant degree from public funds, which provides public service. Because TVP is the public broadcaster, it has restrictions on interrupting programs and films with commercial breaks. Any changes in this respect may contribute to the strengthening of TVP's competitive position, reducing our advertising revenue. Furthermore, we will be forced to compete with current and future market participants for terrestrial and satellite broadcasting licenses in Poland. Losing customers and advertisers to our competitors may have a material adverse effect on the results of our operations, financial condition and prospects.

5.4. Factors relating to market risks

When conducting its business operations, the Group is exposed to a number of financial risk factors, including:

- credit risk,
- liquidity risk,
- market risk, including currency risk and interest rate risk.

The Group’s risk management policies are designed to reduce the impact of adverse conditions on the Group’s results.

The Management Board is responsible for oversight and management of each of the risk factors that the Group is subjected to in its activities. Therefore, the Management Board has established an overall risk management framework as well as specific risk management policies with respect to market, credit and liquidity risks.

Detailed information about the Group’s exposure to each of the above risk factors, the Group’s objectives, policies and processes for measuring and managing risk were presented in Note 40 to the Company’s consolidated financial statements for the financial year ended December 31, 2021.

Market risk management

We employ an active approach to managing a market risk exposure. The objectives of market risk management are to: (i) limit fluctuations in profit/loss before tax; (ii) increase the probability of meeting budget assumptions; (iii) maintain a healthy financial condition; and (iv) support the process of undertaking strategic decisions relating to investing activity, with attention to sources of capital for this activity.

All the market risk management objectives should be considered as a whole, while their realization is dependent primarily upon the internal situation and market conditions.

We apply an integrated approach to market risk management. This means a comprehensive approach to the whole spectrum of identified market risks, rather than to each of them individually. The primary technique for market risk management is the use in the Group of hedging strategies involving derivatives. Apart from this, we also use natural hedging to the extent available.

All of the potential hedging strategies and the selection of those preferred reflect the following factors: the nature of identified market risk exposures, the suitability of instruments to be applied and the cost of hedging, current and forecasted market conditions. In order to mitigate market risk, derivatives are primarily used. We transact only those derivatives for which we have the ability to assess their value internally, using standard pricing models appropriate for a particular type of derivative, and also these which can be traded without significant loss of value with a counterparty other than the one with whom the transaction was initially entered into. In evaluating the market value of a given instrument, we rely on information obtained from particular market leading banks, brokers and information services.

We are permitted to use the following types of instruments: swaps (IRS/CIRS), forwards and futures and options.

Currency risk

One of the main risks to which we are exposed is the currency risk resulting from fluctuations in exchange rate of the Polish zloty against other currencies. Revenues we generate are denominated primarily in the Polish zloty, while a portion of operating costs and capital expenditures are incurred in foreign currencies. The Parent’s currency risk is associated mainly to royalties to TV and radio broadcasters (USD and EUR), transponder capacity agreements (EUR), fees for conditional access system (EUR and USD) and purchases of reception equipment and accessories for reception equipment (USD and EUR). After the acquisition of Telewizja Polsat currency risk exposure is also associated to purchases of foreign programming licenses (EUR and USD). After the acquisition of Polkomtel currency risk exposure is also associated to UMTS license liabilities (EUR), agreements with suppliers of stock, mainly mobile phones, and suppliers of telecommunication network equipment (EUR and USD), roaming and interconnect agreements and rental of office space (various currencies).

In respect of license fees and transponder capacity agreements, the Group partly reduces its currency risk exposure by means of an economic hedge as it denominates receivables from signal broadcast, the wholesale sale of access to our TV channels to other operators and marketing services in foreign currencies.

We do not hold for trading any significant assets denominated in foreign currencies.

We have no means to influence the foreign exchange rates fluctuations and any adverse change of foreign exchange rates to PLN may translated to a significant increase of our costs expressed in PLN, and that may have a material, adverse effect on our performance, financial condition and prospects.

Interest rate risk

Changes in market interest rates have no direct effect our revenues, however they do have an effect on net cash from operating activities due to interest earned on overnight bank deposits and current accounts, and on net cash from financing activities due to interest charged on bank loans and bonds.

We regularly analyse a level of interest rate risk exposure, including refinancing and risk minimising scenarios. Based on these analyses, we estimate the effects of changes in interest rates on our profit and loss.

In order to reduce interest rate risk exposure resulting from floating rate interest payments on the drawn credit facility, the Group stipulated interest rate swaps for which hedge accounting was adopted. In order to reduce interest rate risk exposure resulting from Polkomtel Group interest payments on floating rate senior facilities, the Group also uses interest rate swaps and for them hedge accounting was not adopted.

Interest rates fluctuations may affect our ability to repay current liabilities and have a material adverse effect on our performance, financial condition and prospects.

5.5. Risk factors associated with the legal and regulatory environment

The complexity, lack of clarity, and frequent amendments of Polish tax laws may lead to disputes with tax authorities

Tax laws in Poland are complex, unclear and subject to frequent and unpredictable changes. Frequent amendments These elements combined with the differences in interpretations among the tax authorities result in uncertainties and lack of consistency in the tax ordinance, which in fact lead to difficulties in the judgement of the tax consequences in the foreseeable future. In consequence, the application of tax law in practice is accompanied by controversies and interpretation disputes which usually need to be resolved by administrative courts, and even their judicial practice is notoriously inconsistent. Moreover, additional problems are caused by the existence in the Polish tax law system of the so called General Anti-Avoidance Rule ("GAAR'), intended to prevent artificial legal arrangements designed mainly to obtain tax benefits, and a number of detailed regulations intended to combat tax evasion which are often formulated using non-defined or inaccurate notions or criteria.

Given the frequency of changes in the Polish tax laws and the fact that such changes can be retroactively applied in practice, as well as the existence of inconsistencies and lack of uniform interpretation, and considering the relatively long limitation periods applying to tax liabilities, the risk of misapplication of tax laws in Poland may be greater than in the legal systems of more developed markets. Accordingly, there is a risk that we may fail to bring certain areas of our activity in compliance with the frequently amended tax laws and the ever-changing practice of their application.

Therefore, no assurance can be given that there will be no disputes with tax authorities or that the tax authorities will not see the tax consequences of the Group's business transactions differently than the Group, and, consequently, that tax authorities will not question the correctness of the Group companies' tax settlements on non-statute-barred tax liabilities (including conformity with the taxpayer's obligations), and will not determine the existence of tax arrears of such Group companies. Any unfavorable decisions, interpretations (including changes to any interpretations obtained by the Group companies) or rulings by tax authorities may have a material adverse effect on the results of our operations, financial condition and prospects.

Tax authorities may question the accuracy of intra-Group and related-party settlements under applicable transfer pricing regulations

In the course of their business, the Group companies enter into transactions with their related parties within the meaning of the Corporate Income Tax Act. Related-party transactions, which guarantee that the Group's business is run efficiently, include inter-company rendering of services and sale of goods. When entering into and performing related-party transactions, the Group companies take steps to ensure that terms and conditions of such transactions are consistent with the applicable transfer pricing regulations. At the same time, no assurance can be given that the Group companies will not be subjected to audits and other inspections by tax authorities with respect to the foregoing. The nature and diversity of transactions with related-parties, the complexity and ambiguity of the regulations governing methods of verifying the prices applied, dynamic changes in market conditions affecting the calculation of prices applied in such transactions, as well as the difficulty in identifying comparable transactions, the risk that the methodology used to determine arm's-length terms for the purpose of such transactions is questioned by tax authorities cannot be excluded, and therefore tax authorities may question the accuracy of settlements between the Group companies and their related parties under applicable transfer pricing regulations, which may have material adverse effect on the results of our operations, financial condition and prospects.

Assessment of tax effects of the Group's restructuring activities by tax authorities may differ from assessment of such activities by the Group

The current composition of the Group is a result of consolidation and other transactions involving assets of considerable value, implemented over the recent years by and between the Group's companies. Those activities had an effect on the tax settlements not only of the companies directly involved in such consolidation and other transactions involving assets of considerable value, but also of their respective members or shareholders.

Despite monitoring the risk in individual business areas, with respect to completed and planned structure changes, no assurance can be given that the Polish tax authorities will not have a different assessment of tax effects of individual events, both completed and planned, in particular with respect to the possibility, manner, and timing of the recognition of income and tax-deductible expenses by entities participating in such events and transactions, or that financial terms of such activities will not be questioned, which may have a material adverse effect on the results of our operations, financial condition and prospects.

The tax regime applicable to our operations and the sector in which we operate create numerous uncertainties

The tax regime applicable to transactions and events typical for our operations and the sector in which we operate are a source of numerous interpretation uncertainties. In particular, there is uncertainty as to the interpretation of income tax laws with respect to the possibility, manner, and timing of recognition of income and tax-deductible expenses on individual transactions and events and the requirements for their documentation, or the rules of calculation, withholding and remittance of the withholding tax. Also, VAT legislation is characterized by vague and complex regulations, particularly where it concerns goods and services subject to the tax, the tax rate, tax base or time at which the tax liability arises with respect to transactions subject to VAT. Further, Polish tax legislation does not provide unequivocal rules regarding imposition of other taxes, including property tax (in particular with respect to the determination of tax base and taxable property) and custom duties.

Given that Polish tax laws are frequently amended, inconsistent, and lack uniform interpretation, and considering the relatively long limitation periods on tax liabilities, there is a risk that our selected operations may not be harmonized with the changing legal (including tax) regulations and their changing application.

Despite monitoring the risk in individual business areas, there can be no guarantee that disputes with tax authorities regarding assessment of tax effects of individual events and transactions typical for our operations and the sector in which we operate will not occur, and consequently that the tax authorities will not question the correctness of tax settlements on non-statute-barred tax liabilities of Polsat Plus Group entities (including conformity with the taxpayer's obligations), and will not determine the existence of tax arrears of these entities. There is also a risk that tax authorities may question financial terms of individual events and transactions. This may have a material adverse effect on the results of our operations, financial condition and prospects.

The Group's companies are subject to legal regulations (including tax legislation) in force in different jurisdictions

Given the international structure of the Group, its companies are governed by legal regulations (including tax legislation) in force in different jurisdictions. Therefore, in view of such dissimilar legal frameworks, there is a risk that the Group will interpret local legal regulations (including tax legislation) in a way which is divergent from their construction by the tax authorities of the countries where the Group conducted, conducts and will conduct business. The diversity of legal regulations by which individual companies are bound may give rise to internal problems within the Group, including problems with respect to the law governing legal relations between the Group's entities. Another aspect of the relationship between Polsat Plus Group companies which may raise doubts is the application and interpretation of double-tax treaties concluded between countries in which the companies conducted, conduct or will conduct business. Additional risk factors are the regulations introduced in 2021 regarding hybrid structures (ATAD 2 Directive). The lack of clarity as to the interpretation of regulations and the extensive and multidimensional nature of operations carried out by the Polsat Plus Group may result in a different tax interpretation of the arrangements made and events reported by the individual companies comprising the Group to the appropriate tax jurisdictions.

At the same time, in many cases the legal regulations (including tax legislation) in countries where the Group conducted, conducts and will conduct its business are frequently ambiguous and there is no single or uniform interpretation or practice followed by local tax authorities. Additionally, the tax legislation (including the provisions of applicable double-tax treaties) in the countries where the Group companies conducted, conducts and will conduct business, may be subject to change. The practice adopted by the local tax authorities in respect of particular tax regulations may change as well, even retroactively.

Therefore, no assurance can be given that there will be no disputes with tax authorities in countries where the Group conducted, conducts and will conduct its business, and consequently that the tax authorities will not question the correctness of the Group companies' tax settlements on non-statute-barred tax liabilities, and will not determine the existence of tax arrears of such Group companies, which may have an adverse effect on the results of our operations, financial condition and prospects.

Pending or future tax inspections, tax and customs inspections, tax proceedings and other reviews of the Group companies to which Group companies are parties conducted by Polish tax authorities or local tax authorities abroad may result in additional tax liabilities in the countries where the Group conducted, conducts and will conduct its business (in particular in Poland)

The Group companies are and may again be in the future subject to tax inspections, tax and customs inspections, tax proceedings or other verifications conducted by Polish tax authorities or local tax authorities in the jurisdictions where the Group conducted, conducts or will conduct its business. Such pending or future tax inspections, tax and customs inspections, tax proceedings or other reviews of Group companies, to which Group companies are parties conducted by Polish tax authorities or local tax authorities in the jurisdictions where the Group conducted, conducts or will conduct its business (in particular in Poland) may result in the tax authorities challenging the correctness of the Group companies’ settlements of outstanding tax liabilities (including, in the jurisdictions where this is applicable, the proper performance of the Group’s obligations as a tax remitter) and in assessing tax arrears for these companies.

In particular, as at the date of this Report, the Company is party to certain tax proceedings before Polish tax authorities as well as administrative court proceedings concerning the Company’s tax liabilities in which the tax authorities challenged the Company’s right to apply the exempt from the obligation to collect the withholding CIT mainly on certain interest payments.

Due to the foregoing, it should be assumed all future tax inspections and other reviews conducted against Group companies or tax proceedings to which Group companies are parties conducted by Polish tax authorities or local tax authorities in the jurisdictions where the Group conducted, conducts or will conduct its business, may result in additional tax liabilities in the jurisdictions where the Group conducted, conducts or will conduct its business (in particular in Poland). The costs related to such tax inspections, reviews or tax proceedings as well as any additional payments on account of taxes, may have a significant, adverse effect on revenues, performance, business, condition or development prospects of the Group, and thereby have a significant, adverse effect on our business performance, financial condition and prospects.

We are exposed to changes of Polish law which may adversely affect labor costs

The regulations relevant to the determination of the level of remunerations and labor costs have been recently undergoing profound changes which will affect the level of our costs of employment as well as our ability to employ employees in the future. In particular, on September 14, 2021 the Council of Ministers adopted an ordinance on the minimum salary in 2022, setting it at PLN 3,010, PLN 210 higher than the 2021 level. The minimum salary is expected to grow successively in 2023 to reach PLN 3,450.

Additionally, starting from 2019 selected Polish enterprises (including the Polsat Plus Group) have been obliged to launch Employee Capital Plans, a form of pension schemes which envisage additional financial contributions from the employer. Furthermore, since January 2022 the Polish tax system has undergone comprehensive changes, including, among others, an increase in health insurance contributions without a possibility of their deduction from the tax base, which may effectively impact the level of a real net income obtained by a part of our employees.

All changes affecting the remunerations and costs of labor will have an effect on our ability to employ new employers, the level of remuneration costs incurred as well as the level of external services provided by external providers procured outside the Group, which may have a material, adverse effect on our business performance, financial condition and prospects.

There can be no assurance that in the competition and consumer protection authorities will not deem – despite our different assessment – the practices we use as limiting competition or violating the Polish consumer protection laws

Our operations are reviewed by institutions of competition and consumer protection: the President of the Polish Office of Competition and Consumer Protection (UOKiK) and, with respect to any anti-competitive practices which may affect trade among Member States – the European Commission, to ensure that we comply with Polish and European laws prohibiting practices that limit competition or Polish regulations prohibiting infringements of collective interests of consumers, such as for example providing inaccurate information to customers, dishonest market practices or use of abusive contract clauses. As a general rule, our operations are subject to the assessment of the President of the Polish Office of Competition and Consumer Protection (UOKiK). If the regulator finds any of our practices or contract clauses to be in conflict with Polish or European competition and consumer protection laws, we may be subject to fines and our reputation could be harmed. In addition, if such practices or clauses are considered abusive, the President of UOKiK prohibits their application, may impose a fine and define the measures to remedy the subsisting effects of breaching the prohibition and compel us to take actions in order to amend the contracts already concluded with consumers.

In addition to the prohibition of particular practices, the President of UOKiK could impose on us a cash fine of up to 10% of our turnover generated in the financial year immediately preceding the year in which the fine is imposed. Agreements or other legal actions which implement anti-competitive practices are invalid by operation of law in full or in part. Similar regulations, including the European Commission’s right to impose a fine up to 10% of the annual revenue, apply to infringements of the European competition protection regulations. The President of UOKiK may also compel us to pay public compensation to consumers, who were affected by the practices in question or apply other measures. Fines of up to PLN 2 million may also be imposed on our managing persons, if through their actions or omissions, they permitted a breach of the prohibition from entering into agreements limiting competition or practices that violate collective consumer interests. Moreover, if we, even unintentionally, fail to provide the President of UOKiK with the required information or provide misleading information, a fine of up to EUR 50 million may be imposed on us.

Any decisions by the President of UOKiK or by appeals bodies confirming our infringement could also result in claims for damages by consumers, contractors and competitors. The potential amount of such claims is difficult to assess but may be significant. If any of our practices or contract terms are deemed to be in conflict with Polish consumer protection laws, the Company may be subject to fines and its reputation could be harmed, which could have a material adverse effect on our business performance, financial condition and prospects.

In addition, expansion of consumer protection legislation or case law in this field, could increase the scope or scale of our potential liability or the scope of consumer rights. Such events may have a material adverse effect on the results of our operations, financial condition and prospects.

We may violate the acts of law and regulations governing our satellite TV distribution business as well as telecommunications, TV broadcasting, advertising and sponsoring activities, which are subject to periodic amendments

We are required to comply with Polish and EU laws, which impose limitations on the conduct of our business. Our operations are extensively regulated by government authorities and market regulators, especially the President of the Office of Electronic Communications (UKE) and the National Broadcasting Council (KRRiT), the bodies responsible for overseeing compliance with the Polish Act on Television and Radio Broadcasting, the Telecommunications Law, and the terms of our broadcasting licenses. Decisions by the President of UKE, the Chairperson of KRRiT, or other regulators may place certain restrictions on the way in which our business can be run.

The President of UKE supervises our telecommunications operations, as well as TV broadcasting and production. As part of our telecommunications services, we mainly provide mobile voice services, broadband Internet access as well as certain wholesale services to other operators. Telecommunications enterprises operating in Poland are subject to a number of legal and administrative requirements having a direct impact on their business, both in relations with individual and business customers (for instance, by specifying the scope of customers' rights or the content of standard terms and conditions for the provision of telecommunications services, setting rules for settlements in international roaming services, caps for pricing of international services or restricting the maximum time for which contracts can be concluded with customers) and wholesale customers (for instance, by imposing MTR and FTR caps or defining caps for rates used in roaming traffic settlements). Our media segment is in turn overseen by the President of UKE for compliance with the terms of licenses and frequency allocations assigned by the President of UKE for the purposes of TV broadcasting services. Despite our best efforts and commitment to the performance of obligations under the law and administrative decisions, we cannot rule out that the President of UKE will find in our activities a breach of one of the numerous and not always precisely defined obligations. In the event of our non-compliance with any provisions of the Telecommunications Law, companies from the Group may face a fine from the President of UKE of up to 3% of revenue generated in the year preceding the year in which such fine is imposed.

The regulations governing telecommunication activities are subject to frequent changes, which is a risk factor significantly affecting our business. Legislative work is currently underway on a new act - Electronic Communication Code, which is to implement the European Union's regulations into the domestic legal order and which is to replace the current 'Telecommunications Law' act. The draft act contains many differences in relation to the current Telecommunications Law act and, as of the date of this Report, neither the final content of the document nor the date of entry into force of the new regulations is known.

The KRRiT regulations predominantly impact our operations in the media segment. As a TV broadcaster operating in Poland, we have to observe a number of legal and administrative requirements related to such matters as broadcasting time, programming content, and advertisements. Furthermore, KRRiT undertakes regular checks to ensure that our operations conform to the terms of our broadcasting licenses, provisions of the Polish Act on Television and Radio Broadcasting, and its own internal guidelines. There can be no assurance that we will be able to satisfy numerous regulatory requirements imposed on our media segment under the relevant licenses. In the event of our non-compliance with any applicable regulations, we may face a fine from KRRiT of up to 50% of the annual fee for the right to use the frequency designated for broadcasting the program.

The regulatory regime for the broadcasting industry is subject to frequent changes, and so there can be no assurance that such future changes will not have an adverse effect on our channel mix, ability to attract advertisers or the way in which our business is run.

In future, our pay TV business may be subject to zoning, environmental or other regulations that will place restrictions on where satellite antennas may be deployed. We may also have to deal with pressures from local communities regarding deployment of our satellite antennas. Any such legal restrictions or conflicts with local communities related to the deployment of our satellite antennas may render our pay TV services less attractive, leading to a fall in customer numbers.

Non-compliance with valid law or with the regulations issued by regulatory bodies may have material adverse effect on the results of our operations, financial condition and prospects.

Operations of companies belonging to Polsat Plus Group are subject to a number of legal regulations and requirements of awarded frequency allocations which could be amended in the future

As a mobile and fixed-line telecommunications network operator, we are subject to a number of laws and regulations, in particular those regulating maximum rates charged for specific telecommunications services, those related to ensuring effective competition, non-discrimination, transparency in telecommunication services prices, reporting, data protection and national security. Any potential breach of the applicable laws or terms of frequency allocations may in certain cases result in imposition of penalties, loss of reputation, inability to obtain new frequency allocations or even loss of current frequency allocations. Furthermore, future changes in our Group’s regulatory environment may be disadvantageous to our business, for instance by increasing its costs.

An important and active role in ensuring the observance of telecommunications laws and regulations by entities operating in the telecommunications market in Poland is played by the regulators of the Polish telecommunications market, including in particular the President of the Office of Electronic Communications (UKE). The President of UKE has a number of regulatory and supervisory powers, including those with respect to provision of electronic communications services and managing radio frequency and orbital slot resources. If the President of UKE determines that a relevant market is not sufficiently competitive, the President may designate one or more telecommunications providers as a provider with significant market power (SMP) in such market and impose on such provider(s) certain regulatory obligations, such as an obligation to accept requests from other telecommunications providers for the provision of telecommunications access and the obligation to prepare and submit a draft framework offer for telecommunications access to serve as a basis for cooperation between a provider with SMP and its competitors. Polkomtel has been designated as holding SMP in certain relevant markets at the wholesale level. As a result, Polkomtel is required to meet strict regulatory obligations on the wholesale markets of call termination to a public mobile telecommunications network and of call termination to a public fixed line network. As part of its continued provision of telecommunications services in Poland, Polkomtel is also regularly reviewed by the President of UKE to ensure that it has complied with the terms of the licenses and frequency allocations granted by the President of UKE. If the President of UKE was to declare that Polkomtel breached a provision of the Telecommunications Law, the company could be forced to pay a fine of up to 3% of the revenue it generated in the year prior to the imposition of the fine and it could be prohibited from providing further telecommunications services in Poland.

The President of UKE may also designate one or more network operators to guarantee the provision of universal services (including voice and broadband access, and customer network access) which may then apply to the President of UKE to be compensated by the other telecommunications operators on the justified net costs basis.

The Group's operations are also supervised by the President of the Office of Competition and Consumer Protection, The Personal Data Protection Office, and other agencies.

No assurance can be given that we will be able to meet all the requirements that have been or might be imposed on us under the Polish or EU laws or regulations, or all the terms and conditions of the frequency allocations granted to our Group, or that we will be able to comply with all the laws or terms of frequency allocations applicable to our business, and that we will not be exposed to costs, penalties, sanctions or claims as a result of potential violation of such requirements or laws that, in turn, could have a material adverse effect on the results of our operations, financial condition and prospects.

Risks related to administrative proceedings in the scope of real estate development and construction law

Our investment activities in the real estate segment involve the need to obtain numerous administrative decisions and permits. In the case of almost every investment we undertake, in the first stage we have to obtain environmental approval, after which we apply for decisions on development conditions. Often this requires obtaining additional opinions and documents. Such a situation occurs in the case of properties not covered by the local urban development plan. Only after this stage is completed do we proceed to the design phase and then construction.

Also during the course of the development, there is a risk that the project may be halted by the competent authorities, in particular as a result of protests by neighboring property owners or for other reasons provided for by law. Once the construction process is completed, it is necessary to obtain an occupancy permit. Sometimes in the course of the investment process it is also necessary to obtain a decision on the division of real estate, while in any case of trading in constructed residential units it is necessary to obtain certificates of independence of the units.

Obtaining the relevant administrative acts is often associated with lengthy administrative proceedings, which creates the risk of the impossibility of completing the various phases of the investment within the planned deadlines. In particular, there is often a delay in the issuance of environmental approval or refusal to issue such a decision, which gives rise to the need to launch additional administrative and judicial proceedings. This has a negative impact on the economics of such an investment, and the accumulation of this phenomenon may have an adverse effect on our results of operations, financial position or development prospects.

No assurance can be given that we will not breach any personal data protection laws or regulations, or that we will not fail to meet requirements imposed by the President of the Personal Data Protection Office and we may incur pecuniary penalties for non-compliance with GDPR

In the course of its business the Group companies gather, keep and use customer data which are protected by personal data protection regulations. Therefore, since 25 May 2018, the companies, as personal data processors, are required to comply with the Regulation of the European Parliament and of the Council (EU) 2016/679 of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC.

GDPR has elevated the standards required of personal data administrators and the entities processing personal data on their behalf, and authorized the competent authorities to impose pecuniary penalties of up to EUR 20 million or 4% of total global turnover for the past year on personal data administrator and entities processing personal data on their behalf. It has also authorized the competent authorities to temporarily or indefinitely impose a complete ban on personal data processing.

If the solutions that we implement in order to protect personal data prove ineffective, it may result, for instance, in a disclosure of customer personal data either as a result of a human error, willful, unlawful misconduct by third parties or failure of IT systems, or it result in inappropriate use of such data in other ways. A breach of the personal data regulations and the Polish Personal Data Protection Office may result in imposing pecuniary penalties on us, as well as a loss of customer confidence and thus have a material adverse effect on our business, financial condition or development prospects.

We also use external providers, cooperate with external partners, agents, suppliers and other external entities, therefore we are unable to entirely rile out the risk of a malfunction of the systems involved in the processing or transmission of restricted information in these entities. A breach of the personal data regulations by us or by those entities may result in imposing pecuniary penalties, as well as in a loss of reputation and loss of customers and in consequence have a material adverse effect on the results of our operations, financial condition and prospects.

5.6. Risk factors associated with the Series B and C Bonds

Risk factors associated with the Series B and C Bonds have been described in detail in the Information Note on the issuance of Series B Bonds dated May 24, 2019 and the Information Note on the issuance of Series C Bonds dated January 31, 2020 which are available in Polish on the Polsat Plus Group corporate website.

5.7. Risk factors associated with climate

Climate-related risk factors addressing the guidelines of the TCFD ("Task Force on Climate-related Financial Disclosures") recommendations are described in the "Sustainability Report of Polsat Plus Group for 2021", which is available on the Polsat Plus Group corporate website.

Mirosław Błaszczyk
President of the Management Board

Maciej Stec
Vice President of the Management Board

Jacek Felczykowski
Member of the Management Board

Aneta Jaskólska
Member of the Management Board

Agnieszka Odorowicz
Member of the Management Board

Katarzyna Ostap-Tomann
Member of the Management Board

Warsaw, August 17, 2022

Glossary

Term	Definition
Amendment, Restatement and Consolidation Deed	Agreement concluded on September 21, 2015 between the Company, Polkomtel, Telewizja Polsat, Cyfrowy Polsat Trade Marks, Polsat License Ltd. and Polsat Media Biuro Reklamy, Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental, Plus TM Group and a consortium of Polish and foreign financing institutions, amending and consolidating the CP SFA and the PLK SFA.
B2B	Business to Business, a transaction between businesses.
B2C	Business to Consumer, a transaction between a business and a consumer.
CP Revolving Facility Loan	The revolving facility loan of up to PLN 300 million, issued under the CP Senior Facilities Agreement, with the maturity date of September 30, 2024.
CP Senior Facilities Agreement, CP SFA	The Senior Facilities Agreement of September 21, 2015 between the Company, Telewizja Polsat, CPTM, Polsat License Ltd. and Polsat Media Biuro Reklamy, and a syndicate of Polish and foreign banks, covering the CP Term Facility Loan and the CP Revolving Facility Loan.
CP Term Facility Loan	The term facility loan of up to PLN 1.2 billion, issued under the CP Senior Facilities Agreement of September 21, 2015, with the maturity date of September 30, 2024.
PLK Revolving Facility Loan	The revolving facility loan of up to PLN 700 million, issued under the PLK Senior Facilities Agreement of September 21, 2015, with the maturity date of September 30, 2024.
PLK Senior Facilities Agreement, PLK SFA	The Senior Facilities Agreement of September 21, 2015 between Polkomtel, Eileme 2, Eileme 3, Eileme 4, Plus TM Management, TM Rental and Plus TM Group and a syndicate of Polish and foreign financial institutions, covering the PLK Term Facility Loan and the PLK Revolving Facility Loan.
PLK Term Facility Loan	The term facility loan of up to PLN 10,300 million, issued under the PLK Senior Facilities Agreement of September 21, 2015, with the maturity date of September 30, 2024.
Second Amendment and Restatement Deed	Agreement concluded on March 2, 2018 between the Company and UniCredit Bank AG, London Branch, amending and consolidating the CP SFA and the PLK SFA and amending the Amendment, Restatement and Consolidation Deed.
Senior Facilities Agreement, SFA	CP SFA of September 21, 2015 as amended by the Amendment, Restatement and Consolidation Deed of September 21, 2015, the Second Amendment and Restatement Deed of March 2, 2018 and the Third Amendment and Restatement Deed of April 27, 2020.
Series B Bonds	Dematerialized, interest-bearing, senior and unsecured Series B bearer bonds with the total nominal value of PLN 1 billion and the nominal value of PLN 1,000 each, issued pursuant to the Resolution of the Management Board of the Company No. 01/29/01/2020 dated January 29, 2020.
Series C Bonds	Dematerialized, interest-bearing, senior and unsecured Series C bearer bonds with the total nominal value of PLN 1 billion and the nominal value of PLN 1,000 each, issued pursuant to the Resolution of the Management Board of the Company No. 1/25/03/2019 dated March 25, 2019.
Third Amendment and Restatement Deed	Agreement concluded on April 27, 2020 between the Company and UniCredit Bank AG, London Branch, amending the SFA along with the Amendment, Restatement and Consolidation Deed and the Second Amendment, Restatement and Consolidation Deed.

Technical terms

Term	Definition
2G	Second-generation cellular telecommunications networks commercially launched on the GSM standard in Europe.
3G	Third-generation cellular telecommunications networks that allow simultaneous use of voice and data services.
4G	Fourth-generation cellular telecommunications networks.
5G	Fifth-generation cellular telecommunications networks.
ARPU per B2C/B2B customer	Average monthly revenue per B2C/B2B Customer generated in a given settlement period.
ARPU per prepaid RGU	Average monthly revenue per prepaid RGU generated in a given settlement period.
Base transceiver station	(or: relay station / base station / BTS / transmitter / nodeB / eNodeB) – a device equipped with an antenna transceiver which connects a mobile terminal (e.g., mobile phone or mobile router) with a transmission part of a telecommunications network. A base station uses a single technology (2G, 3G or LTE) on a separate carrier (a frequency block from a separate bandwidth). A base station shall not be mistaken with a site.
Catch-up TV	Services providing access to view selected programming content for a certain period after it was broadcast. Cyfrowy Polsat provides such services from 2011.
Churn	Termination of the contract with B2C Customer by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the Customer does not have any active service provided in the contract model. Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of the termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.
Converged (integrated) services	A package of two or more services from our pay TV, mobile telecommunications and broadband Internet access offering, provided under a single contract and for a single subscription fee.
Customer	Natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in a contract model. A customer is identified by a unique ID number (PESEL, NIP or REGON).
DTH	Satellite pay TV services provided by us in Poland from 2001.
DTT	Digital Terrestrial Television.
DVB-T	Digital Video Broadcasting – Terrestrial technology.
DVB-T2	Digital Video Broadcasting – Terrestrial Second Generation.
ERP	A family of IT systems supporting enterprise management or shared operation of a group of collaborating enterprises through data collection and enabling transactions on the collected data (enterprise resource planning).
FTR	A wholesale charge for call termination in another operator's fixed-line telecommunications network (Fixed Termination Rate).
GRP	A rating point defined as the overall number of persons viewing a given advertising spot over a specific time, expressed as a percentage share of the target group. In Poland, one GRP equals 0.2 million residents in the primary target group for advertisers aged 16-49 (Gross Rating Point).

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

Management Board's representations

Pursuant to the requirements of the *Regulation of the Minister of Finance of 29 March 2018 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-member state may be recognised as equivalent,* the Management Board of Cyfrowy Polsat S.A. represented by:

Mirosław Błaszczyk, President of the Management Board,
Maciej Stec, Vice-President of the Management Board,
Jacek Felczykowski, Member of the Management Board,
Aneta Jaskólska, Member of the Management Board,
Agnieszka Odorowicz, Member of the Management Board,
Katarzyna Ostap-Tomann, Member of the Management Board,

hereby represents that:

- to the best of its knowledge the interim condensed consolidated financial statements and interim condensed financial statements for six months ended 30 June 2022 and the comparative information were prepared in accordance with the current effective accounting principles, and they truly and fairly present the financial position of the Group as well as its financial performance, and the semi-annual Management Board's report on the activities contains a true image of the Group's development, achievements, and standing, including description of basic risks and threats;

- the entity authorised to audit the financial statements, which has reviewed the interim condensed consolidated financial statements and interim condensed financial statements, was selected in accordance with the regulations of law. That entity as well as the registered auditor who has carried out the review fulfilled the conditions to prepare a review report on the interim condensed consolidated financial statements and interim condensed financial statements for six months ended 30 June 2022 pursuant to relevant provisions of the national law and industry norms.

Mirosław Błaszczyk	Maciej Stec	Jacek Felczykowski	Aneta Jaskólska
President of the Management Board	Vice-President of the Management Board	Member of the Management Board	Member of the Management Board
Agnieszka Odorowicz	Katarzyna Ostap-Tomann		
Member of the Management Board	Member of the Management Board		

Warsaw, 17 August 2022

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Supervisory Board of Cyfrowy Polsat S.A.

Introduction

We have reviewed the interim condensed consolidated financial statements of Cyfrowy Polsat S.A. Capital Group (the 'Group'), for which the holding company is Cyfrowy Polsat S.A. (the 'Company') located in Warsaw at Łubinowa 4A street, containing: the interim consolidated balance sheet as at 30 June 2022, the interim consolidated income statement, the interim consolidated statement of comprehensive income, the interim consolidated cash flow statement, the interim consolidated statement of changes in equity for the period from 1 January 2022 to 30 June 2022 and notes to the interim condensed consolidated financial statements (the 'interim condensed consolidated financial statements').

The Company's Management is responsible for the preparation and presentation of the interim condensed consolidated financial statements in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Our responsibility is to express a conclusion on the interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with National Review Standard 2410 in the wording of the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ('standard'), adopted by the National Council of Statutory Auditors. A review of the interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with National Auditing Standards in the wording of the International Auditing Standards adopted by the National Council of Statutory Auditors and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Warsaw, 17 August 2022

Key certified auditor

Anna Sirocka
certified auditor
no in the register: 9626

on behalf of
Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
no on audit firms list: 130

Cyfrowy Polsat S.A. Capital Group

Interim Condensed Consolidated Financial Statements for the 6 months ended 30 June 2022

Prepared in accordance with International Accounting Standard 34 Interim Financial Reporting

Table of contents

Approval of the Interim Condensed Consolidated Financial Statements

On 17 August 2022, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed consolidated financial statements of Cyfrowy Polsat S.A. Capital Group prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union, which include:

Interim Consolidated Income Statement for the period

from 1 January 2022 to 30 June 2022 showing a net profit for the period of: PLN 495.5

Interim Consolidated Statement of Comprehensive Income for the period

from 1 January 2022 to 30 June 2022 showing a total comprehensive income for the period of: PLN 531.2

Interim Consolidated Balance Sheet as at

30 June 2022 showing total assets and total equity and liabilities of: PLN 31,814.0

Interim Consolidated Cash Flow Statement for the period

from 1 January 2022 to 30 June 2022 showing a net decrease in cash and cash equivalents amounting to: PLN 2,577.6

Interim Consolidated Statement of Changes in Equity for the period

from 1 January 2022 to 30 June 2022 showing an increase in equity of: PLN 40.2

Notes to the Interim Condensed Consolidated Financial Statements

The interim condensed consolidated financial statements have been prepared in million of Polish zloty (‘PLN’) except where otherwise indicated.

Mirosław Błaszczyk President of the Management Board	**Maciej Stec** Vice-President of the Management Board	**Jacek Felczykowski** Member of the Management Board	**Aneta Jaskólska** Member of the Management Board
Agnieszka Odorowicz Member of the Management Board	**Katarzyna Ostap-Tomann** Member of the Management Board		

Warsaw, 17 August 2022

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Consolidated Income Statement

		for the 3 months ended		for the 6 months ended	
	Note	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Continuing operations					
Revenue	8	3,228.1	3,159.7	6,214.8	6,147.1
Operating costs	9	(2,815.4)	(2,468.1)	(5,449.1)	(4,899.0)
Other operating income/(cost), net		13.1	(7.9)	(19.6)	(2.9)
Profit from operating activities		**425.8**	**683.7**	**746.1**	**1,245.2**
Gain/(loss) on investment activities, net	10	5.7	7.8	12.6	(14.6)
Finance costs, net	11	(130.7)	(60.5)	(207.5)	(117.6)
Share of the profit/(loss) of associates accounted for using the equity method		24.2	25.0	38.9	41.5
Gross profit for the period		**325.0**	**656.0**	**590.1**	**1,154.5**
Income tax		(42.3)	(114.3)	(94.6)	(222.4)
Net profit for the period		**282.7**	**541.7**	**495.5**	**932.1**
Net profit attributable to equity holders of the Parent		288.9	539.3	503.8	928.9
Net profit/(loss) attributable to non-controlling interest		(6.2)	2.4	(8.3)	3.2
Basic and diluted earnings per share (in PLN)		**0.50**	**0.85**	**0.88**	**1.46**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Consolidated Statement of Comprehensive Income

		for the 3 months ended		for the 6 months ended	
	Note	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Net profit for the period		**282.7**	**541.7**	**495.5**	**932.1**
Items that may be reclassified subsequently to profit or loss:					
Valuation of hedging instruments	13	15.0	2.1	25.8	4.8
Share of other comprehensive income of associates and subsidiaries		9.8	0.1	9.9	0.1
Other comprehensive income, net of tax		**24.8**	**2.2**	**35.7**	**4.9**
Total comprehensive income for the period		**307.5**	**543.9**	**531.2**	**937.0**
Total comprehensive income attributable to equity holders of the Parent		313.6	541.5	539.4	933.8
Total comprehensive income/(loss) attributable to non-controlling interest		(6.1)	2.4	(8.2)	3.2

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Consolidated Balance Sheet - Assets

	Note	30 June 2022 unaudited	31 December 2021
Reception equipment		288.8	284.0
Other property, plant and equipment		3,566.7	3,326.9
Goodwill	16,22	10,788.0	10,802.0
Customer relationships		858.2	1,005.7
Brands		2,079.2	2,069.6
Other intangible assets		2,228.9	2,374.1
Right-of-use assets		545.8	696.5
Non-current programming assets		606.0	739.4
Investment property		1,103.5	28.4
Non-current deferred distribution fees		75.0	73.5
Non-current trade receivables		775.8	777.1
Other non-current assets, includes:		2,659.2	1,902.3
shares in associates accounted for using the equity method		*2,232.7*	*1,764.4*
derivative instruments		*36.9*	*23.0*
Deferred tax assets		104.2	80.2
Total non-current assets		**25,679.3**	**24,159.7**
Current programming assets		678.2	630.6
Contract assets		374.1	418.0
Inventories		935.5	595.7
Trade and other receivables		2,623.1	2,450.3
Income tax receivable		16.6	4.5
Current deferred distribution fees		220.0	226.8
Other current assets, includes:		225.2	107.1
derivative instruments		*138.8*	*60.9*
Cash and cash equivalents		1,053.0	3,632.4
Restricted cash		9.0	11.9
Total current assets		**6,134.7**	**8,077.3**
Total assets		**31,814.0**	**32,237.0**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Consolidated Balance Sheet - Equity and Liabilities

	Note	30 June 2022 unaudited	31 December 2021
Share capital	12	25.6	25.6
Share premium	12	7,174.0	7,174.0
Share of other comprehensive income of associates		41.7	32.1
Other reserves		2,827.1	2,801.3
Retained earnings		7,671.0	7,823.6
Treasury shares		(2,854.7)	(2,461.0)
Equity attributable to equity holders of the Parent		**14,884.7**	**15,395.6**
Non-controlling interests		540.1	(11.0)
Total equity		**15,424.8**	**15,384.6**
Loans and borrowings	14	7,025.1	7,671.8
Issued bonds	15	1,905.2	1,942.1
Lease liabilities		349.1	497.5
Deferred tax liabilities		1,044.2	794.9
Other non-current liabilities and provisions		383.1	319.8
Total non-current liabilities		**10,706.7**	**11,226.1**
Loans and borrowings	14	1,357.2	1,072.7
Issued bonds	15	149.0	66.4
Lease liabilities		186.7	201.1
UMTS license liabilities		144.2	139.9
Contract liabilities		631.8	650.8
Trade and other payables		2,461.3	2,531.2
Liabilities to shareholders of the Parent Company related to dividend		660.8	-
Income tax liability		91.5	964.2
Total current liabilities		**5,682.5**	**5,626.3**
Total liabilities		**16,389.2**	**16,852.4**
Total equity and liabilities		**31,814.0**	**32,237.0**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Consolidated Cash Flow Statement

	Note	for the 6 months ended 30 June 2022 unaudited	for the 6 months ended 30 June 2021 unaudited
Net profit		**495.5**	**932.1**
Adjustments for:		**997.8**	**953.8**
Depreciation, amortization, impairment and liquidation	9	913.8	978.4
Payments for film licenses and sports rights		(268.5)	(411.4)
Amortization of film licenses and sports rights		323.0	267.4
Interest expense		271.2	154.9
Change in inventories		(113.6)	(139.6)
Change in receivables and other assets		(113.2)	3.7
Change in liabilities and provisions		(49.7)	(78.3)
Change in contract assets		43.9	61.5
Change in contract liabilities		(28.1)	(28.9)
Foreign exchange (gains)/losses, net		6.9	(9.1)
Income tax		94.6	222.4
Net additions of reception equipment		(66.4)	(55.5)
Share of the (profit)/loss of associates accounted for using the equity method		(38.9)	(41.5)
Other adjustments		22.8	29.8
Cash from operating activities		**1,493.3**	**1,885.9**
Income tax paid		(1,079.9)	(269.9)
Interest received from operating activities		32.4	2.7
Net cash from operating activities		**445.8**	**1,618.7**
Acquisition of property, plant and equipment		(422.7)	(567.4)
Acquisition of intangible assets		(164.2)	(102.6)
Concessions payments		(8.1)	(28.3)
Acquisition of subsidiaries, net of cash acquired	16,22	(251.1)	(181.2)
Acquisition of shares in associates	22	(4.9)	(500.0)
Capital increase in an associate	22	(473.8)	-
Proceeds from sale of property, plant and equipment		2.3	4.0
Loans granted		(482.2)	(5.7)
Repayment of loans granted		56.2	0.1
Acquisition of bonds		-	(27.8)
Bonds redemption with interest		-	8.6
Dividends received from associate		64.0	59.2
Other inflows		1.9	1.9
Net cash used in investing activities		**(1,682.6)**	**(1,339.2)**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	Note	for the 6 months ended 30 June 2022 unaudited	30 June 2021 unaudited
Loans and borrowings inflows	14	7.1	110.0
Repayment of loans and borrowings	14	(645.1)	(200.0)
Payment of interest on loans, borrowings, bonds, and commissions		(217.6)	(108.9)
Payment of lease liabilities		(100.7)	(222.0)
Payment of interest on lease liabilities		(10.3)	(21.0)
Dividend payment		-	(415.7)
Hedging instrument effect		31.9	(21.2)
Acquisition of treasury shares [(1)]		(393.9)	-
Other outflows		(12.2)	(0.5)
Net cash used in financing activities		**(1,340.8)**	**(879.3)**
Net decrease in cash and cash equivalents		**(2,577.6)**	**(599.8)**
Cash and cash equivalents at the beginning of the period		**3,644.3**[(2)]	**1,365.8**[(3)]
Effect of exchange rate fluctuations on cash and cash equivalents		(4.7)	(2.0)
Transfer to assets held for sale		-	(95.5)
Cash and cash equivalents at the end of the period		**1,062.0**[(4)]	**668.5**[(5)]

[(1)] Includes amount paid for costs related to acquisition of treasury shares
[(2)] Includes restricted cash amounting to PLN 11.9
[(3)] Includes restricted cash amounting to PLN 10.4
[(4)] Includes restricted cash amounting to PLN 9.0
[(5)] Includes restricted cash amounting to PLN 8.7

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Consolidated Statement of Changes in Equity for the 6 months ended 30 June 2022

	Share capital	Share premium	Share of other comprehensive income of associates	Other reserves	Retained earnings [1]	Treasury shares	Equity attributable to equity holders of the Parent	Non-controlling interests	Total equity
Balance as at 1 January 2022	**25.6**	**7,174.0**	**32.1**	**2,801.3**	**7,823.6**	**(2,461.0)**	**15,395.6**	**(11.0)**	**15,384.6**
Dividend approved and share of profits	-	-	-	-	(660.8)	-	(660.8)	(1.0)	**(661.8)**
Acquisition of treasury shares	-	-	-	(0.2)	-	(393.7)	(393.9)	-	**(393.9)**
Acquisition of subsidiary	-	-	-	-	4.4	-	4.4	560.3	**564.7**
Total comprehensive income	-	-	9.6	26.0	503.8	-	539.4	(8.2)	**531.2**
Hedge valuation reserve	-	-	-	*25.8*	-	-	*25.8*	-	***25.8***
Exchange differences on translation of subsidiaries and associates	-	-	*9.6*	*0.2*	-	-	*9.8*	*0.1*	***9.9***
Net profit for the period	-	-	-	-	*503.8*	-	*503.8*	*(8.3)*	***495.5***
Balance as at 30 June 2022 unaudited	**25.6**	**7,174.0**	**41.7**	**2,827.1**	**7,671.0**	**(2,854.7)**	**14,884.7**	**540.1**	**15,424.8**

[1] In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital. As at 30 June 2022 the capital excluded from distribution amounts to PLN 8.5

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Consolidated Statement of Changes in Equity for the 6 months ended 30 June 2021

	Share capital	Share premium	Share of other comprehensive income of associates	Other reserves	Retained earnings [1]	**Equity attributable to equity holders of the Parent**	**Non-controlling interests**	**Total equity**
Balance as at 1 January 2021	**25.6**	**7,174.0**	**21.2**	**99.7**	**7,112.3**	**14,432.8**	**(6.6)**	**14,426.2**
Dividend approved and share of profits	-	-	-	-	(767.5)	(767.5)	(0.4)	**(767.9)**
Put option valuation	-	-	-	(106.7)	-	(106.7)	654.7	**548.0**
Acquisition of subsidiary	-	-	-	(19.9)	-	(19.9)	(161.0)	**(180.9)**
Total comprehensive income	-	-	0.1	4.8	928.9	933.8	3.2	**937.0**
Hedge valuation reserve	-	-	-	*4.8*	-	*4.8*	-	***4.8***
Share of other comprehensive income of associates	-	-	*0.1*	-	-	*0.1*	-	***0.1***
Net profit for the period	-	-	-	-	*928.9*	*928.9*	*3.2*	***932.1***
Balance as at 30 June 2021 unaudited	**25.6**	**7,174.0**	**21.3**	**(22.1)**	**7,273.7**	**14,472.5**	**489.9**	**14,962.4**

[1] In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital. As at 30 June 2021 the capital excluded from distribution amounts to PLN 8.5

Notes to the Interim Condensed Consolidated Financial Statements

General information

1. The Parent Company

Cyfrowy Polsat S.A. ('the Company', 'Cyfrowy Polsat', 'the Parent Company', 'the Parent') was incorporated in Poland as a joint stock company. The Company's shares are traded on the Warsaw Stock Exchange. The Parent Company's registered office is located at 4a, Łubinowa Street in Warsaw.

The Parent operates in Poland as a provider of a paid digital satellite platform under the name of 'Polsat Box' and paid digital terrestrial television as well as telecommunication services provider.

The Company was incorporated under the Notary Deed dated 30 October 1996.

These interim condensed consolidated financial statements comprise the Parent and its subsidiaries ('the Group') and joint ventures. The Group operates in three segments:

- B2C and B2B services which relates to the provision of services to the general public, including digital television transmission signal, Internet access services, mobile TV services, online TV services, mobile services, production of set-top boxes,
- media which consist mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcasted on television channels in Poland,
- real estate segment, which mainly includes the implementation of construction projects as well as the sale, rental and management of own or leased real estate.

2. Composition of the Management Board of the Company

• Mirosław Błaszczyk	President of the Management Board,
• Maciej Stec	Vice-President of the Management Board,
• Jacek Felczykowski	Member of the Management Board,
• Aneta Jaskólska	Member of the Management Board,
• Agnieszka Odorowicz	Member of the Management Board,
• Katarzyna Ostap-Tomann	Member of the Management Board.

3. Composition of the Supervisory Board of the Company

• Zygmunt Solorz	Chairman of the Supervisory Board,
• Marek Kapuściński	Vice-Chairman of the Supervisory Board,
• Józef Birka	Member of the Supervisory Board,
• Jarosław Grzesiak	Member of the Supervisory Board,
• Marek Grzybowski	Member of the Supervisory Board,
• Alojzy Nowak	Member of the Supervisory Board,
• Tobias Solorz	Member of the Supervisory Board,
• Tomasz Szeląg	Member of the Supervisory Board,
• Piotr Żak	Member of the Supervisory Board.

4. Basis of preparation of the interim condensed consolidated financial statements

Statement of compliance

These interim condensed consolidated financial statements for the 6 months ended 30 June 2022 have been prepared in accordance with the International Accounting Standard ("IAS") 34 Interim Financial Reporting as adopted by the EU. These interim condensed consolidated financial statements should be read together with the annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS EU"). These interim condensed consolidated financial statements have been prepared on a going concern basis.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new, amended Standards or Interpretations that apply to the annual reporting periods beginning on or after 1 January 2022.

During the six-month period ended 30 June 2022 the following become effective:

a) Amendments to IFRS 3 Business Combinations,
b) Amendments to IAS 16 Property, Plant and Equipment,
c) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets,
d) Annual Improvements 2018-2020 – the amendments contain explanations and clarify the guidelines for recognition and measurement: IFRS 1 "Adoption of International Financial Reporting Standards for the first time", IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and examples to illustrate IFRS 16 "Leases".

Amendments and interpretations that apply for the first time in 2022 do not have a material impact on the interim condensed consolidated financial statements of the Group.

Standards published but not yet effective:

a) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current,
b) Amendments to IAS 1 Presentation of Financial Statements and IFRS Board guidelines - Disclosure of Accounting policies,
c) Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates,
d) Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

5. Group structure

These interim condensed consolidated financial statements for the 6 months ended 30 June 2022 include the following entities:

			Share in voting rights (%)	
	Entity's registered office	Activity	30 June 2022	31 December 2021
Parent Company:				
Cyfrowy Polsat S.A.	Łubinowa 4a, 03-878 Warsaw	radio, TV and telecommunication activities	n/a	n/a
Subsidiaries accounted for using full method:				
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	television broadcasting and production	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o. Sp. k.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat License Ltd.	Alte Landstrasse 17, 8863 Buttikon, Switzerland	media	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat Investments Ltd. (formerly Polsat Brands AG)	3, Krinou Agios Athanasios, 4103 Limassol, Cyprus	media	100%	100%
Polsat Ltd.	238A King Street, W6 0RF London, United Kingdom	media	100%	100%
Muzo.fm Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	media	100%	100%
INFO-TV-FM Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	radio and TV activities	100%	100%
CPSPV1 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	100%	100%
CPSPV2 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	100%	100%
Polkomtel Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	100%	100%
Liberty Poland S.A.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	telecommunication activities	100%	100%

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	Entity's registered office	Activity	Share in voting rights (%) 30 June 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
Polkomtel Business Development Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other activities supporting financial services, gaseous fuels trading activities	100%	100%
TM Rental Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	intelectual property rights rental	100%	100%
Orsen Holding Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Orsen Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Dwa Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	holding activities	100%	100%
Interphone Service Sp. z o.o.	Inwestorów 8, 39-300 Mielec	production of set-top boxes	100%	100%
Teleaudio Dwa Sp. z o.o. Sp.k.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	call center and premium rate services	100%	100%
IB 1 FIZAN	Mokotowska 49, 00-542 Warsaw	financial activities	*	*
Sferia S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	51%	51%
Altalog Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software	66%	66%
Plus Flota Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	management and rental services	100%	100%
Music TV Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polo TV Sp. z o.o. (formerly Lemon Records Sp. z o.o.) (e)	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Netia S.A.(b)(f)(g)(h)	Poleczki 13, 02-822 Warsaw	telecommunication activities	99.999%	99.999%

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

			Share in voting rights (%)	
	Entity's registered office	Activity	30 June 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
Netia 2 Sp. z o.o.	Poleczki 13, 02-822 Warsaw	telecommunication activities	99.999%	99.999%
TK Telekom Sp. z o.o.	Kijowska 10/12A, 03-743 Warsaw	telecommunication activities	99.999%	99.999%
Petrotel Sp. z o.o.	Chemików 7, 09-411 Płock	telecommunication activities	99.999%	99.999%
Eleven Sports Network Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw	media	99.99%	99.99%
Superstacja Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Netshare Media Group Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	advertising activities	100%	100%
TVO Sp. z o.o.	Kielecka 5, 81-303 Gdynia	retail sales	75.96%	75.96%
ISTS Sp. z o.o.[(g)]	Bociana 4a/68a, 31-231 Cracow	wired communication	-	99.999%
Plus Finanse Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other monetary intermediation	100%	100%
Plus Pay Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	monetary intermediation	100%	100%
Esoleo Sp. z o.o.	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%
IST Sp. z o.o. [(b)]	Księcia Janusza I 3, 18-400 Łomża	wired communication	-	99.999%

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	Entity's registered office	Activity	Share in voting rights (%) 30 June 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
Grupa Interia.pl Sp. z o.o.	Os. Teatralne 9a, 31-946 Cracow	holding activities	100%	100%
Grupa Interia.pl Media Sp. z o.o. Sp.k.	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
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%
TV Spektrum Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polot Media Sp. z o.o. (formerly Tako Media Sp. z o.o.)	Ludwika Solskiego 55, 52-401 Wroclaw	consulting	60%	60%
Polot Media Sp. z o.o. Sp.k. (formerly Tako Media Sp. z o.o. Sp.k.)	Ludwika Solskiego 55, 52-401 Wroclaw	movie and TV production	60%	60%
BCAST Sp. z o.o.	Rakowiecka 41/21, 02-521 Warsaw	telecommunication activities	70.02%	70.02%
Polsat Talenty Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	cooperation with artists and presenters	100%	100%
Premium Mobile Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	100%	100%
Visignio Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	sales network management	100%	100%
Saveadvisor Sp. z o.o.	Warszawska 18, 35-205 Rzeszów	call center services	100%	100%
Mobi Dealer Sp. z o.o.	Warszawska 18, 35-205 Rzeszów	sales network management	100%	100%
CKS Ossa Sp. z o. o. (formerly TMS Ossa Sp. z o.o.)	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	hotel services	100%	100%
Ossa Medical Center Sp. z o. o. (formerly Horest, Hotel pod Żaglami Sp. z o. o.)	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	medical services	100%	100%

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	Entity's registered office	Activity	Share in voting rights (%) 30 June 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
Logitus Sp. z o. o.	Orzechowa 5, 80-175 Gdańsk	wired communication	99.999%	99.999%
Stork 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warsaw	holding activities	100%	100%
Swan 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warszawa	agricultural activities	100%	100%
Vindix S.A.[(a)]	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	(a)
Vindix Investments Sp. z o. o. [(a)]	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	-
Direct Collection Sp. z o.o. [(a)]	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	-
Vindix Sp. z o.o. [(a)]	Heroiv UPA 73 ż, 79018, Lviv	call center services	100%	-
Vindix NSFIZ [(a)]	Mokotowska 49, 00-542 Warsaw	financial services	*	*
Mag7soft Sp. z o.o. [(a)]	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software activities	100%	-
Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. [(c)]	Zwierzyniecka 18, 60-814 Poznań	real estate services	100%	-
Port Praski Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Inwestycje Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Nowe Inwestycje Sp. z o.o[(d)]	Krowia 6, 03-711 Warsaw	real estate management	66.94%	-
Port Praski Sp. z o.o. Białystok Sp. k.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	-
Port Praski Office Park Sp. z o.o. [(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Medical Center Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

			Share in voting rights (%)	
	Entity's registered office	Activity	30 June 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
Port Praski City Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City II Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City III Sp. z o.o. [(e)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski City IV Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Sp. z o.o. S.K.A.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Education Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Doki Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Doki II Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Media Park Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski II Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	-
Port Praski Hotel Sp. z o.o.[(d)]	Krowia 6, 03-711 Warsaw	hotel services	45.52%	-
Pantanomo Limited[(d)]	3 KRINOU, Limassol 4103, Cypr	holding activities	45.52%	-
Laris Investments Sp. z o.o.[(d)]	Pańska 77/79, 00-834 Warsaw	real estate rental	66.88%	-
Laris Development Sp. z o.o.[(d)]	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	66.88%	-
Laris Technologies Sp. z o.o.[(d)]	Pańska 77/79, 00-834 Warsaw	property rental and management	66.88%	-
SPV Baletowa Sp. z o.o.[(d)]	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	66.88%	-

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			Share in voting rights (%)	
	Entity's registered office	Activity	30 June 2022	31 December 2021
Subsidiaries accounted for using full method (cont.):				
Megadex Development Sp. z o.o.[(d)]	Gdańska 14/1 01-691 Warsaw	property rental and management	66.88%	-
Megadex Expo Sp. z o.o.[(d)]	Adama Mickiewicza 63, 01-625 Warsaw	property rental and management	66.88%	-
Centrum Zdrowia i Relaksu Verano Sp. z o.o.[(d)]	Sikorskiego 8, 78-100 Kołobrzeg	hotel services	66.88%	-
Turystyka Zdrowotna Verano Plus Sp. z o.o.[(d)]	Sikorskiego 8, 78-100 Kołobrzeg	catering services	66.88%	-
Enterpol Sp. z o.o.[(f)]	Braci Wieniawskich 5, 20-844 Lublin	telecommunication activities	99.999%	-
Oktawave S.A.[(h)]	Domaniewska 44A, 02-672 Warsaw	website management	99.999%	-

* Cyfrowy Polsat S.A. indirectly holds 100% of certificates.

[(a)] As at 31 December 2021, Cyfrowy Polsat held 46.27% shares of Vindix S.A., therefore Vindix S.A. and its subsidiaries were consolidated using the equity method. On 19 January 2022 Cyfrowy Polsat acquired 53.73% shares of Vindix S.A. Consequently, Cyfrowy Polsat holds 100% shares of Vindix S.A. and its subsidiaries (jointly the "Vindix Group").

[(b)] On 1 February 2022 merger of Netia S.A. with IST Sp. z o.o. was registered.

[(c)] On 31 March 2022 Polkomtel acquired 100% shares of Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o.

[(d)] On 1 April 2022 Cyfrowy Polsat acquired 66.94% shares of Port Praski Sp. z o.o. As a result of the transaction, Cyfrowy Polsat acquired control over Port Praski Sp. z o.o. and its subsidiaries.

[(e)] On 14 April 2022 company's name change from Lemon Records Sp. z o.o. to Polo TV Sp. z o.o. was registered

[(f)] On 7 June 2022 Netia S.A. acquired 100% shares of Enterpol Sp. z o.o.

[(g)] On 7 June 2022 merger of Netia S.A. with ISTS Sp. z o.o. was registered.

[(h)] On 21 June 2022 Netia S.A. acquired 100% shares of Oktawave S.A.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Investments accounted for under the equity method:

			Share in voting rights (%)	
	Entity's registered office	Activity	30 June 2022	31 December 2021
Polsat JimJam Ltd.	33 Broadwick Street Soho London W1F 0DQ, United Kingdom	media	50%	50%
Polski Operator Telewizyjny Sp. z o.o.	Wiertnicza 159 02-952 Warsaw	technical services	50%	50%
Vindix S.A.[a]	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	[a]	46.27%
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	22.95%	22.95%
Modivo S.A. (formerly eObuwie.pl S.A.)[b]	Nowy Kisielin-Nowa 9, 66-002 Zielona Góra	retail sales	10%	10%
Polsat Boxing Promotion Sp. z o. o. (formerly TMS Kraków Sp. z o. o.)	Ostrobramska 77, 04-175 Warsaw	movie and TV production	24%	24%
Pollytag S.A. [c]	ul. Wielopole 6, 80-556 Gdańsk	sale of wood and construction materials	31.12%	-
PAK-PCE Biopaliwa i Wodór Sp. z o.o. [d]	ul. Przemysłowa 158, 62-510 Konin	electricity generation	49%	-

[a] On 19 January 2022 Cyfrowy Polsat acquired 53.73% shares of Vindix S.A. Consequently, Cyfrowy Polsat holds 100% shares of Vindix S.A. and its subsidiaries.
[b] On 21 January 2022 company's name change from eObuwie.pl S.A. to Modivo S.A. was registered.
[c] On 1 April 2022 Cyfrowy Polsat acquired 66.94% shares of Port Praski Sp. z o.o. which indirectly holds shares in Pollytag S.A.
[d] On 12 May 2022 Cyfrowy Polsat acquired 49% shares of PAK-PCE Biopaliwa i Wodór Sp. z o.o.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Additionally, the following entities were included in these interim condensed consolidated financial statements for the 6 months ended 30 June 2022:

			Share in voting rights (%)	
	Entity's registered office	Activity	30 June 2022	31 December 2021
Karpacka Telewizja Kablowa Sp. z o.o.[(1)]	Warszawska 220, 26-600 Radom	dormant	99%	99%
Polskie Badania Internetu Sp. z o.o.	Al. Jerozolimskie 65/79, 00-697 Warsaw	web portals activities	21.43%[(2)]	21.43%[(2)]
Pluszak Sp. z o.o.	Domaniewska 47, 02-672 Warsaw	retail sales	9%	9%
Exion Hydrogen Polskie Elektrolizery Sp. z o.o. (formerly PLCOM Sp. z o.o.)	Ku Ujściu 19, 80-701 Gdańsk	production of electrical equipment	10%	10%
Towerlink Poland Sp. z o. o. (formerly Polkomtel Infrastruktura Sp. z o.o.)	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	0.01%	0.01%
MESE Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	movie and TV production	10%	10%
Megadex SPV Sp. z o.o. [(3)]	Adama Mickiewicza 63, 01-625 Warsaw	other financial services	7.02%	-
Megadex Księży Młyn Sp. z o.o. [(3)]	Adama Mickiewicza 63, 01-625 Warsaw	implementation of construction projects	7.02%	-

(1) Investment accounted for at cost less any accumulated impairment losses.
(2) Not included in investments accounted for under the equity method due to immateriality.
(3) On 1 April 2022 Cyfrowy Polsat acquired 66.94% shares of Port Praski Sp. z o.o. which indirectly holds shares in the company.

6. Approval of the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements were approved for publication by the Management Board of Cyfrowy Polsat S.A. on 17 August 2022.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

7. Information on seasonality in the Group's operations

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.

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

8. Revenue

	for the 3 months ended		for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Retail revenue	1,725.8	1,664.8	3,448.0	3,328.9
Wholesale revenue	879.8	964.2	1,692.9	1,844.9
Sale of equipment	450.5	350.4	787.0	683.1
Other revenue	172.0	180.3	286.9	290.2
Total	**3,228.1**	**3,159.7**	**6,214.8**	**6,147.1**

Retail revenue mainly consists of pay-TV, telecommunication services, revenue from rental of reception equipment and contractual penalties related to terminated agreements.

Wholesale revenue mainly consists of advertising and sponsorship revenue, settlements with mobile network operators, revenue from rental of infrastructure, roaming revenues, revenue from cable and satellite operator fees, sales of broadcasting and signal transmission services and sales of licenses, sublicenses and property rights.

Other revenue mainly consists of revenue from interest on installment plan purchases, revenue from the lease of premises and facilities, revenue from the sale of electric energy, revenue from the sale of photovoltaic installations and sale of apartments.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

9. Operating costs

		for the 3 months ended		for the 6 months ended	
	Note	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Technical costs and cost of settlements with telecommunication operators		808.0	633.0	1,617.5	1,257.7
Depreciation, amortization, impairment and liquidation		467.5	457.2	913.8	978.4
Cost of equipment sold		382.0	289.2	659.5	565.9
Content costs		504.9	449.2	978.4	868.6
Distribution, marketing, customer relation management and retention costs		256.2	230.6	507.3	459.6
Salaries and employee-related costs	a)	247.1	227.9	491.7	464.8
Cost of debt collection services, bad debt allowance and receivables written off		22.3	22.7	47.1	52.5
Other costs		127.4	158.3	233.8	251.5
Total		**2,815.4**	**2,468.1**	**5,449.1**	**4,899.0**

a) Salaries and employee related costs

	for the 3 months ended		for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Salaries	201.6	188.1	401.8	382.0
Social security contributions	35.1	31.0	70.1	65.6
Other employee-related costs	10.4	8.8	19.8	17.2
Total	**247.1**	**227.9**	**491.7**	**464.8**

10. Gain/(loss) on investment activities, net

	for the 3 months ended		for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Interest on lease liabilities	(4.6)	(10.9)	(9.9)	(22.1)
Interest, net	22.2	1.0	32.5	0.6
Other foreign exchange gains/(losses), net	(11.2)	20.1	(23.0)	12.0
Other income/(costs)	(0.7)	(2.4)	13.0	(5.1)
Total	**5.7**	**7.8**	**12.6**	**(14.6)**

11. Finance costs, net

	for the 3 months ended		for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Interest expense on loans and borrowings	138.9	51.6	229.0	102.7
Interest expense on issued bonds	40.2	10.3	68.5	20.5
Valuation and realization of hedging instruments	(3.8)	1.4	(4.9)	2.7
Valuation and realization of derivatives not used in hedge accounting – relating to interest	(45.7)	(3.6)	(87.4)	(10.3)
Guarantee fees, bank and other charges	1.1	0.8	2.3	2.0
Total	**130.7**	**60.5**	**207.5**	**117.6**

12. Equity

Share capital

Presented below is the structure of the Company's share capital as at 30 June 2022 and 31 December 2021:

Share series	Number of shares*	Nominal value of shares	Type of shares
A	2,500,000	0.1	preference shares (2 voting rights)
B	2,500,000	0.1	preference shares (2 voting rights)
C	7,500,000	0.3	preference shares (2 voting rights)
D	166,917,501	6.7	preference shares (2 voting rights)
D	8,082,499	0.3	ordinary bearer shares
E	75,000,000	3.0	ordinary bearer shares
F	5,825,000	0.2	ordinary bearer shares
H	80,027,836	3.2	ordinary bearer shares
I	47,260,690	1.9	ordinary bearer shares
J	243,932,490	9.8	ordinary bearer shares
Total	**639,546,016**	**25.6**	

* not in millions

The shareholders' structure as at 30 June 2022 was as follows:

	Number of shares*	Nominal value of shares	% of share capital held	Number of votes*	% of voting rights
Zygmunt Solorz, by	396,802,022	15.9	62.04%	576,219,523	70.36%
TiVi Foundation, incl. through:	384,592,869	15.4	60.14%	564,010,370	68.87%
Reddev Investments Ltd.	*384,592,859*	*15.4*	*60.14%*	*564,010,350*	*68.87%*
incl. through:					
Cyfrowy Polsat S.A.[1]	*88,842,485*	*3.6*	*13.89%*	*88,842,485*	*10.85%*
Tobias Solorz[2]	5,607,609	0.2	0.88%	5,607,609	0.68%
ToBe Investments Group Ltd.	4,449,156	0.2	0.70%	4,449,156	0.54%
Tipeca Consulting Limited[2]	2,152,388	0.1	0.34%	2,152,388	0.26%
Nationale-Nederlanden PTE	41,066,962	1.6	6.42%	41,066,962	5.02%
Others	201,677,032	8.1	31.53%	201,677,032	24.63%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

* not in millions
[1] Own shares acquired under the buy-back program announced on 16 November 2021. Pursuant to Art. 364 Item 2 of the Commercial Companies Code, Cyfrowy Polsat S.A. does not exercise voting rights attached to own shares.
[2] Person/entity is under the presumption of the existence of an agreement referred to in article 87 section 1 item 5 of the Public Offering Act.

The shareholders' structure as at 31 December 2021 was as follows:

	Number of shares*	Nominal value of shares	% of share capital held	Number of votes*	% of voting rights
Zygmunt Solorz, by	387,506,625	15.5	60.59%	566,924,126	69.22%
TiVi Foundation incl. through:	353,348,370	14.1	55.25%	532,765,871	65.05%
Reddev Investments Ltd.	*353,348,360*	*14.1*	*55.25%*	*532,765,851*	*65.05%*
incl. through:					
Cyfrowy Polsat S.A.[1]	*71,174,126*	*2.8*	*11.13%*	*71,174,126*	*8.69%*
Embud 2 Sp. z o.o. S.K.A.	32,005,867	1.3	5.00%	32,005,867	3.91%
Tipeca Consulting Limited[2]	2,152,388	0.1	0.34%	2,152,388	0.26%
Nationale-Nederlanden PTE	41,066,962	1.6	6.42%	41,066,962	5.02%
Others	210,972,429	8.5	32.99%	210,972,429	25.76%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

* not in millions
[1] Own shares acquired under the buy-back program announced on 16 November 2021. Pursuant to Art. 364 Item 2 of the Commercial Companies Code, Cyfrowy Polsat S.A. does not exercise voting rights attached to own shares.
[2] Person/entity is under the presumption of the existence of an agreement referred to in article 87 section 1 item 5 of the Public Offering Act.

Share premium

Share premium includes the excess of issue value over the nominal value of shares issued decreased by share issuance-related consulting costs.

Other reserves

Other reserves as at 30 June 2022 include mainly the reserve capital created for the purposes of the share buy-back program in the amount of PLN 2,914.8.

Treasury shares

Treasury shares as at 30 June 2022 include a total of 88,842,485 (not in millions) own shares, representing in total 13.89% of the share capital of the Company and entitling to exercise 88,842,485 (not in millions) votes at the general meeting of the Company, constituting 10.85% of the total number of votes at the general meeting of the Company.

Treasury shares as at 31 December 2021 included a total of 71,174,126 (not in millions) own shares, representing in total 11.13% of the share capital of the Company and entitling to exercise 71,174,126 (not in millions) votes at the general meeting of the Company, constituting 8.69% of the total number of votes at the general meeting of the Company.

For more information about the acquisition of own shares, see note 22.

13. Hedge valuation reserve

Impact of hedging instruments valuation on other reserves

	2022	2021
Balance as at 1 January	**9.0**	**(8.3)**
Valuation of cash flow hedges	31.9	6.0
Deferred tax	(6.1)	(1.2)
Change for the period	**25.8**	**4.8**
Balance as at 30 June unaudited	**34.8**	**(3.5)**

14. Loans and borrowings

	30 June 2022 unaudited	31 December 2021
Short-term liabilities	1,357.2	1,072.7
Long-term liabilities	7,025.1	7,671.8
Total	**8,382.3**	**8,744.5**

Change in loans and borrowings liabilities:

	2022	2021
Balance as at 1 January	**8,744.5**	**9,640.8**
Loans and borrowings on acquisition of Port Praski Sp. z o.o.	238.3	-
Loans and borrowings inflows	7.1	110.0
Repayment of capital	(645.1)	(200.0)
Repayment of interest and commissions	(193.0)	(86.4)
Interest accrued and commissions	229.0	103.2
Foreign exchange	1.5	-
Balance as at 30 June unaudited	**8,382.3**	**9,567.6**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

15. Issued bonds

	30 June 2022 unaudited	31 December 2021
Short-term liabilities	149.0	66.4
Long-term liabilities	1,905.2	1,942.1
Total	**2,054.2**	**2,008.5**

Change in issued bonds:

	2022	2021
Balance as at 1 January	**2,008.5**	**1,997.9**
Issued bonds on acquisition of Vindix S.A. (see note 16)	28.0	-
Effect of gaining control over Vindix S.A. and consolidation	(19.3)	-
Bonds repayment	(8.3)	-
Repayment of interest and commissions	(23.2)	(19.7)
Interest accrued and commissions	68.5	20.5
Balance as at 30 June unaudited	**2,054.2**	**1,998.7**

Other notes

16. Acquisition of subsidiaries

Acquisition of shares in Premium Mobile Sp. z o.o. – final purchase price allocation

On 2 July 2021 Polkomtel Sp. z o.o. (Company's subsidiary) acquired 28.01% shares in Premium Mobile Sp. z o.o. for the purchase price of PLN 35.5.

On 9 July 2021 Polkomtel Sp. z o.o. acquired additional 53.69% shares in Premium Mobile Sp. z o.o. for the purchase price of PLN 68.1.

As a result of the above-mentioned transactions, the Group holds a total of 100% shares in Premium Mobile Sp. z o.o. and obtained control over the Premium Mobile Group entities i.e. Premium Mobile Sp. z o.o., Visignio Sp. z o.o., Saveadvisor Sp. z o.o. oraz Mobi Dealer Sp. z o.o. (jointly the "Premium Mobile Group").

Consideration transferred

	Final value of consideration transferred
Consideration	125.1
Final value as at 9 July 2021	**125.1**

Reconciliation of transactional cash flow

Cash transferred for 28.01% shares	(35.5)
Cash transferred for 53.69% shares	(68.1)
Cash and cash equivalents received	8.6
Cash decrease in the period of 12 months ended 31 December 2021	**(95.0)**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

FINAL FAIR VALUE VALUATION OF NET ASSETS AS AT THE ACQUISITION DATE

The table below presents final fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

Final fair value of assets and liabilities as at 9 July 2021:

	Fair value as at the acquisition date (9 July 2021)
Net assets:	
Other property, plant and equipment	0.2
Customer relationships	46.7
Brands	28.7
Other intangible assets	0.1
Right-of-use assets	2.1
Deferred tax assets	7.5
Inventories	0.1
Trade and other receivables	5.0
Other current assets	0.5
Cash and cash equivalents	8.6
Lease liabilities	(2.1)
Deferred tax liabilities	(14.3)
Contract liabilities	(4.4)
Trade and other payables	(18.0)
Value of net assets	**60.7**
Consideration transferred	**125.1**
Goodwill	**64.4**

Goodwill is allocated to the “B2C and B2B services” operating segment.

Following the completion of the purchase price allocation the fair value of identified assets and liabilities has been adjusted to reflect the final valuation. The adjustment includes, among others, identification of umbrella brands 'Premium Mobile' and ‘a2mobile’ and relationships with postpaid and prepaid customers.

The Group has not restated the amortization and income tax in the comparable income statement as the impact would have been immaterial.

During the purchase price allocation the Group identified the umbrella brands 'Premium Mobile' and ‘a2mobile’. The total fair value of the brands in the amount of PLN 28.7 as at the acquisition date was estimated on the basis of relief from royalty method (income approach). Management estimates that the brands 'Premium Mobile' and ‘a2mobile’ have a definite useful life and thus the brands are amortized over 30 years, i.e. until 2051.

The fair value of the customer retaltionships in the amount of PLN 46.7 as at the acquisition date was estimated using the multi-period excess earnings method (MEEM).

The revenue and net profit for the reporting period since 9 July 2021 to 31 December 2021 contributed by Premium Mobile Group amounted to PLN 47.6 and PLN 11.2, respectively. Had it been acquired on 1 January 2021, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2021 would have amounted to PLN 12,487.6 and PLN 4,415.7, respectively.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Acquisition of shares in Logitus Sp. z o.o. – final purchase price allocation

On 29 July 2021 Netia S.A. (Company's subsidiary) acquired 100% shares in Logitus Sp. z o.o. ("Logitus").

The consideration for 100% shares of Logitus Sp. z o.o. amounted to PLN 12.9.

Logitus holds 100% of shares in Market Software Sp. z o.o. On 2 December 2021, Logitus merged with its subsidiary Market Software Sp. z o.o. by transferring all assets to Logitus.

Consideration transferred

	Final value of consideration transferred
Cash transferred for the 100% shares of Logitus	12.2
Liability due pursuant to the purchase agreement	0.7
Final value as at 29 July 2021	**12.9**

Reconciliation of transactional cash flow

Cash transferred	(12.2)
Cash and cash equivalents received	0.1
Cash decrease in the period of 12 months ended 31 December 2021	**(12.1)**

Final fair value valuation of net assets as at the acquisition date

The table below presents final fair value of identified assets and liabilities of the acquired company, as at the acquisition date, and goodwill accounted for an acquisition.

Final fair value of assets and liabilities as at 29 July 2021:

	Fair value as at the acquisition date (29 July 2021)
Net assets:	
Customer relationships	6.2
Other property, plant and equipment	2.3
Trade and other receivables	0.1
Cash and cash equivalents	0.1
Trade and other payables	(0.1)
Deferred tax liabilities	(1.2)
Value of net assets	**7.4**
Consideration transferred	**12.9**
Goodwill	**5.5**

Goodwill is allocated to the "B2C and B2B services" operating segment.

The revenue and net profit included in the consolidated income statement for the reporting period since 29 July 2021 to 31 December 2021 contributed by Logitus amounted to PLN 1.5 and PLN 0.4, respectively. Had it been acquired on 1 January 2021 the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2021 would have amounted to PLN 12,446.1 and PLN 4,414.0, respectively.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Acquisition of shares in CKS Ossa Sp. z o.o. (formerly TMS Ossa Sp. z o.o.) – final purchase price allocation

On 6 August 2021 Polkomtel Sp. z o.o. (Company's subsidiary) acquired 100% shares in TMS Ossa Sp. z o.o.

The consideration for 100% shares in TMS Ossa Sp. z o.o. amounted to PLN 47.0.

On 15 December 2021 company's name change from TMS Ossa Sp. z o.o. to CKS Ossa Sp. z o.o. was registered.

Consideration transferred

	Final value of consideration transferred
Consideration	47.0
Final value as at 6 August 2021	**47.0**

Reconciliation of transactional cash flow

Cash transferred	(47.0)
Cash and cash equivalents received	2.9
Cash decrease in the period of 12 months ended 31 December 2021	**(44.1)**

FINAL FAIR VALUE VALUATION OF NET ASSETS AS AT THE ACQUISITION DATE

The table below presents final fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Final fair value of assets and liabilities as at 6 August 2021:

	Fair value as at the acquisition date (6 August 2021)
Net assets:	
Other property, plant and equipment	120.5
Other intangible assets	0.2
Inventories	0.1
Trade and other receivables	0.7
Other current assets	0.4
Cash and cash equivalents	2.9
Deferred tax liabilities	(3.4)
Other non-current liabilities and provisions	(0.1)
Loans and borrowings	(72.4)
Contract liabilities	(1.4)
Trade and other payables	(6.8)
Value of net assets	**40.7**
Consideration transferred	**47.0**
Goodwill	**6.3**

Goodwill is allocated to the “B2C and B2B services” operating segment.

The revenue and net loss included in the consolidated income statement for the reporting period since 6 August 2021 to 31 December 2021 contributed by CKS Ossa Sp. z o.o. amounted to PLN 2.7 and PLN 4.2, respectively. Had it been acquired on 1 January 2021, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2021 would have amounted to PLN 12,444.5 and PLN 4,407.0 respectively.

Acquisition of shares in Ossa Medical Center Sp. z o.o. (formerly Horest, Hotel pod Żaglami Sp. z o.o.) – final purchase price allocation

On 6 August 2021 Polkomtel Sp. z o.o. (Company’s subsidiary) acquired 100% shares in Horest, Hotel pod Żaglami Sp. z o.o.

The consideration for 100% shares in Horest, Hotel pod Żaglami Sp. z o.o. amounted to PLN 2.2.

On 17 December 2021 company’s name change from Horest, Hotel pod Żaglami Sp. z o.o. to Ossa Medical Center Sp. z o.o. was registered.

CONSIDERATION TRANSFERRED

	Final value of consideration transferred
Consideration	2.2
Final value as at 6 August 2021	**2.2**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred	(2.2)
Cash and cash equivalents received	0.6
Cash decrease in the period of 12 months ended 31 December 2021	**(1.6)**

FINAL FAIR VALUE VALUATION OF NET ASSETS AS AT THE ACQUISITION DATE

The table below presents final fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

Final fair value of assets and liabilities as at 6 August 2021:

	Fair value as at the acquisition date (6 August 2021)
Net assets:	
Other property, plant and equipment	0.9
Trade and other receivables	0.3
Cash and cash equivalents	0.6
Value of net assets	**1.8**
Consideration transferred	**2.2**
Goodwill	**0.4**

Goodwill is allocated to the “B2C and B2B services” operating segment.

The revenue and net loss included in the consolidated income statement for the reporting period since 6 August 2021 to 31 December 2021 contributed by Ossa Medical Center Sp. z o.o. amounted to PLN 0.0 and PLN 0.3, respectively. Had it been acquired on 1 January 2021, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2021 would have amounted to PLN 12,444.0 and PLN 4,414.5 respectively.

Acquisition of shares in Vindix S.A. – provisional purchase price allocation

On 19 January 2022 Company acquired 53.73% shares in Vindix S.A for the amount of PLN 24.0.

After this transaction the Group holds 100% shares of Vindix S.A. and obtained control over Vindix Group companies: Vindix S.A., Vindix Investments Sp. z o.o., Direct Collection Sp. z o.o., Vindix Sp. z o.o., Mag7soft Sp. z o.o. and Vindix Niestandaryzowany Sekurytyzacyjny Fundusz Inwestycyjny Zamknięty (jointly the “Vindix Group”).

PROVISIONAL CONSIDERATION TRANSFERRED

	Provisional value of consideration transferred
Consideration	44.6
Provisional value as at 19 January 2022	**44.6**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred for 53.73% of shares	(24.0)
Cash and cash equivalents received	8.0
Cash decrease in the period of 6 months ended 30 June 2022	**(16.0)**

PROVISIONAL FAIR VALUE VALUATION OF NET ASSETS AS AT THE ACQUISITION DATE

The table below presents provisional and temporary fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

Provisional and temporary fair value of assets and liabilities as at 19 January 2022:

	Provisional fair value as at the acquisition date (19 January 2022)
Net assets:	
Other property, plant and equipment	0.3
Other intangible assets	0.8
Deferred tax assets	6.3
Trade and other receivables	1.6
Other current assets	29.1
Cash and cash equivalents	8.0
Issued bonds	(28.0)
Deferred tax liabilities	(1.5)
Trade and other payables	(1.3)
Provisional value of net assets	**15.3**
Provisional consideration transferred	**44.6**
Provisional goodwill	**29.3**

Goodwill is allocated to the “B2C and B2B services” operating segment.

The revenue and net loss included in the consolidated income statement for the reporting period since 19 January 2022 contributed by Vindix Group amounted to PLN 11.8 and PLN 2.6, respectively. Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 6 months ended 30 June 2022 would have amounted to PLN 6,216.5 and PLN 494.8 respectively.

Acquisition of shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. – provisional purchase price allocation

On 31 March 2022 Polkomtel Sp. z o.o. (Company’s subsidiary) acquired 100% shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o.

The consideration for 100% shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. amounted to PLN 4.0.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

PROVISIONAL CONSIDERATION TRANSFERRED

	Provisional value of consideration transferred
Consideration	4.0
Provisional value as at 31 March 2022	**4.0**

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred	(4.0)
Cash and cash equivalents received	3.0
Cash decrease in the period of 6 months ended 30 June 2022	**(1.0)**

PROVISIONAL FAIR VALUE VALUATION OF NET ASSETS AS AT THE ACQUISITION DATE

The table below presents provisional and temporary fair values of identified assets and liabilities of the acquired companies, as at the acquisition date, and goodwill accounted for an acquisition.

Provisional and temporary fair value of assets and liabilities as at 31 March 2022:

	Provisional fair value as at the acquisition date (31 March 2022)
Net assets:	
Other property, plant and equipment	4.9
Trade and other receivables	0.7
Cash and cash equivalents	3.0
Trade and other payables	(4.6)
Provisional value of net assets	**4.0**
Provisional consideration transferred	**4.0**
Provisional goodwill	**-**

The revenue and net loss included in the consolidated income statement for the reporting period since 31 March 2022 contributed by Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. amounted to PLN 0.3 and PLN 0.1, respectively. Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 6 months ended 30 June 2022 would have amounted to PLN 6,215.6 and PLN 495.1 respectively.

Acquisition of shares in Enterpol Sp. z o.o. – provisional purchase price allocation

On 7 June 2022 Netia S.A. (Company's subsidiary) acquired 100% shares in Enterpol Sp. z o.o. ("Enterpol").

The consideration for 100% shares of Enterpol Sp. z o.o. amounted to PLN 15.0.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Provisional consideration transferred

	Provisional value of consideration transferred
Cash transferred for the 100% shares of Enterpol	14.4
Liability due pursuant to the purchase agreement	0.6
Provisional value as at 7 June 2022	**15.0**

Reconciliation of transactional cash flow

Cash transferred	(14.4)
Cash and cash equivalents received	0.2
Cash decrease in the period of 6 months ended 30 June 2022	**(14.2)**

Provisional fair value valuation of net assets as at the acquisition date

The table below presents provisional and temporary fair value of identified assets and liabilities of the acquired company, as at the acquisition date, and goodwill accounted for an acquisition.

Provisional and temporary fair value of assets and liabilities as at 7 June 2022:

	Provisional fair value as at the acquisition date (7 June 2022)
Net assets:	
Customer relationships	4.0
Other property, plant and equipment	0.1
Right-of-use assets	0.4
Trade and other receivables	0.1
Cash and cash equivalents	0.2
Lease liabilities	(0.3)
Trade and other payables	(0.3)
Deferred tax liabilities	(0.7)
Provisional value of net assets	**3.5**
Provisional consideration transferred	**15.0**
Provisional goodwill	**11.5**

Goodwill is allocated to the “B2C and B2B services” operating segment.

The revenue and net loss included in the consolidated income statement for the reporting period since 7 June 2022 to 30 June 2022 contributed by Enterpol amounted to PLN 0.3 and PLN 0.0, respectively. Had it been acquired on 1 January 2022 the pro forma revenue and net income included in the consolidated income statement for the 6 months ended 30 June 2022 would have amounted to PLN 6,215.8 and PLN 495.3, respectively.

Acquisition of shares in Oktawave S.A. – provisional purchase price allocation

On 21 June 2022 Netia S.A. (Company’s subsidiary) acquired 100% shares in Oktawave S.A. (“Oktawave”).

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

The consideration for 100% shares of Oktawave S.A. amounted to PLN 34.5.

Provisional consideration transferred

	Provisional value of consideration transferred
Cash transferred for the 100% shares of Oktawave	34.5
Provisional value as at 21 June 2022	**34.5**

Reconciliation of transactional cash flow

Cash transferred	(34.5)
Cash and cash equivalents received	1.6
Cash decrease in the period of 6 months ended 30 June 2022	**(32.9)**

Provisional fair value valuation of net assets as at the acquisition date

The table below presents provisional and temporary fair value of identified assets and liabilities of the acquired company, as at the acquisition date, and goodwill accounted for an acquisition.

Provisional and temporary fair value of assets and liabilities as at 21 June 2022:

	Provisional fair value as at the acquisition date (21 June 2022)
Net assets:	
Customer relationships	15.3
Other intangible assets	6.5
Other property, plant and equipment	0.8
Right-of-use assets	1.5
Deferred tax assets	0.9
Trade and other receivables	2.9
Other current assets	0.1
Cash and cash equivalents	1.6
Lease liabilities	(1.0)
Trade and other payables	(2.4)
Contract liabilities	(0.8)
Deferred tax liabilities	(3.5)
Provisional value of net assets	**21.9**
Provisional consideration transferred	**34.5**
Provisional goodwill	**12.6**

Goodwill is allocated to the “B2C and B2B services” operating segment.

The revenue and net loss included in the consolidated income statement for the reporting period since 21 June 2022 to 30 June 2022 contributed by Oktawave amounted to PLN 0.0 and PLN 0.0, respectively. Had it been acquired on 1 January 2022 the pro forma revenue and net income included in the consolidated income statement for the 6 months ended 30 June 2022 would have amounted to PLN 6,225.2 and PLN 493.7, respectively.

17. Investment in associates

Acquisition of Asseco Poland S.A. shares

The transfer of ownership of the Asseco Poland S.A. (Asseco) shares was settled through the depositary and settlement system operated by Krajowy Depozyt Papierów Wartościowych S.A. on 30 December 2019.

After settlement of the acquisition, the Company held a total of 22.73% Asseco shares as at 30 December 2019.

On 31 July 2020 Cyfrowy Polsat purchased from Reddev 184,127 (not in million) Asseco shares for the price of PLN 11.4. Following the transaction, the Company holds a total of 22.95% of Asseco shares.

The table below presents summary of Asseco's financial data (these are the most current consolidated financial data of Asseco's capital group published before the date of the approval of these Group's interim condensed consolidated financial statements):

	for the 3 months ended
	31 March 2022
Revenue	4,075.5
Profit from operating activities	390.3
Net profit	287.6
Other comprehensive income, net	85.8
Total comprehensive income	**373.4**

	31 March 2022
Non-current assets	10,662.4
Current assets	8,632.0
Assets held for sale	3.5
Total assets	**19,297.9**
Non-current liabilities	3,359.2
Current liabilities	6,056.1
Total liabilities	**9,415.3**

Fair value of the investment held in Asseco as at 30 December 2019 amounted to PLN 1,226. Following the completion of the purchase price allocation process for the acquisition of Asseco as at 30 December 2019, the Group identified goodwill in the amount of PLN 644, included in the carrying amount of the investment.

Acquisition of shares in Modivo S.A. (formerly eObuwie.pl S.A.)

The Company completed transaction of acquisition of 10% of the shares in eObuwie.pl S.A. on 22 June 2021 for the amount of PLN 500.

Fair value of the investment held in eObuwie as at 22 June 2021 amounted to PLN 500. Following the completion of the purchase price allocation process for the acquisition of eObuwie as at 22 June 2021, the Group identified goodwill in the amount of PLN 245.6, included in the carrying amount of the investment.

On 21 January 2022 company's name change to Modivo S.A. was registered.

18. Operating segments

The Group operates in the following three segments:

- B2C and B2B services segment which relates to the provision of services to the general public, including digital television transmission signal, mobile services, the Internet access services, the mobile TV services, the online TV services, set-top boxes production and assembly of photovoltaic installations,
- Media segment,
- Real Estate segment (starting from 1 April 2022).

The Group conducts its operating activities primarily in Poland.

The activities of the Group are grouped into segment with distinguishable scope of operations where services are rendered and merchandise delivered in a specific economic environment. Activities of defined segments are characterized by different risk levels and different investment returns from those of the Group's other segments. The operating segments also represent reportable segments of the Group.

B2C and B2B services segment includes:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay-TV services and revenues are generated mainly by pay-TV subscription fees,
- mobile telecommunication services (postpaid and mix) which generate revenues mainly from traffic, settlements with mobile network operators 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 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 optical fibers and infrastructure,
- online TV services (Polsat Box Go, formerly IPLA) available on computers, smartphones, tablets, SmartTV, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising on the Internet,
- Premium Rate services based on SMS/IVR/MMS/WAP technology,
- production of set-top boxes,
- sale of telecommunication equipment,
- sale of electric energy and other utilities to retail customers,

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

- sale of photovoltaic installations.

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

The Real Estate segment includes mainly the implementation of construction projects as well as sales, rental and management of own or leased real estate.

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

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 6 months ended 30 June 2022:

the 6 months ended 30 June 2022 (unaudited)	B2C and B2B services	Media: TV and online	Real Estate	Consolidation adjustments	Total
Revenues from sales to third parties	5,169.0	1,022.7	23.1	-	**6,214.8**
Inter-segment revenues	27.8	117.3	21.2	(166.3)	**-**
Revenues	**5,196.8**	**1,140.0**	**44.3**	**(166.3)**	**6,214.8**
EBITDA adjusted (unaudited)	**1,453.5**	**239.0**	**3.7**	**(2.2)**	**1,694.0**
Costs of support for Ukraine	33.0	1.1	-	-	**34.1**
EBITDA (unaudited)	**1,420.5**	**237.9**	**3.7**	**(2.2)**	**1,659.9**
Depreciation, amortization, impairment and liquidation	855.0	55.2	3.6	-	**913.8**
Profit from operating activities	**565.5**	**182.7**	**0.1**	**(2.2)**	**746.1**
Acquisition of property, plant and equipment and other intangible assets	497.2	81.7	8.0	-	**586.9**
Acquisition of reception equipment	66.8	-	-	-	**66.8**
Balance as at 30 June 2022 (unaudited)					
Assets, including:	23,937.4	6,679.3*	1,622.0	(424.7)	**31,814.0**
Investments in joint venture and shares in associates	2,223.2	5.9	9.5	-	**2,238.6**

* Includes non-current assets located outside of Poland in the amount of PLN 6.7.

All material revenues are generated in Poland.

It should be noted that the data for 6 months ended 30 June 2022 allocated to the "B2C and B2B services" segment, Media segment and Real Estate segment are not comparable to the 6 months ended 30 June 2021 due to changes in the Group's structure described in notes 5, 16 and 17 and in the consolidated financial statements for the year ended 31 December 2021.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the 6 months ended 30 June 2021:

the 6 months ended 30 June 2021 (unaudited)	B2C and B2B services	Media: TV and online	Consolidation adjustments	Total
Revenues from sales to third parties	5,180.3	966.8	-	**6,147.1**
Inter-segment revenues	31.4	110.4	(141.8)	**-**
Revenues	**5,211.7**	**1,077.2**	**(141.8)**	**6,147.1**
EBITDA (unaudited)	**1,888.4**	**335.2**	**-**	**2,223.6**
Depreciation, amortization, impairment and liquidation	916.7	61.7	-	**978.4**
Profit from operating activities	**971.7**	**273.5**	**-**	**1,245.2**
Acquisition of property, plant and equipment and other intangible assets	610.9	59.1	-	**670.0**
Acquisition of reception equipment	55.6	-	-	**55.6**
Balance as at 30 June 2021 (unaudited)				
Assets, including:	27,203.9	5,778.7*	(60.3)	**32,922.3**
Investments in joint venture and shares in associates	1,740.2	5.9	-	**1,746.1**

* Includes non-current assets located outside of Poland in the amount of PLN 9.2.

Reconciliation of EBITDA and Net profit for the period:

	for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited
EBITDA adjusted (unaudited)	**1,694.0**	**2,223.6**
Costs of support for Ukraine	(34.1)	-
EBITDA (unaudited)	**1,659.9**	**2,223.6**
Depreciation, amortization, impairment and liquidation (note 9)	(913.8)	(978.4)
Profit from operating activities	**746.1**	**1,245.2**
Other foreign exchange rate differences, net (note 10)	(23.0)	12.0
Interest costs, net (note 10 and 11)	(182.6)	(137.1)
Share of the profit/(loss) of associates accounted for using the equity method	38.9	41.5
Other	10.7	(7.1)
Gross profit for the period	**590.1**	**1,154.5**
Income tax	(94.6)	(222.4)
Net profit for the period	**495.5**	**932.1**

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19. Transactions with related parties

Receivables

	30 June 2022 unaudited	31 December 2021
Joint ventures and associates	0.7	0.7
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	16.0	9.6
Total *	**16.7**	**10.3**

* Amounts presented above do not include deposits paid (30 June 2022 – PLN 3.5, 31 December 2021 – PLN 3.5)

Receivables due from related parties have not been pledged as security.

Other assets

	30 June 2022 unaudited	31 December 2021
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	0.8	1.2
Total	**0.8**	**1.2**

Liabilities

	30 June 2022 unaudited	31 December 2021
Joint ventures and associates	28.3	83.8
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	430.6	195.1
Total	**458.9**	**278.9**

Liabilities relate mainly to liabilities to shareholders related to dividend and to liabilities for lease of premises and facilities.

Loans granted

	30 June 2022 unaudited	31 December 2021
Joint ventures and associates	5.1	-
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	449.9	33.1
Total	**455.0**	**33.1**

Loans granted as at 30 June 2022 mainly include loans to PAK-Polska Czysta Energia Sp. z o.o. and Pak-Volt S.A.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Loans received

	30 June 2022 unaudited	31 December 2021
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	5.8	5.6
Total	**5.8**	**5.6**

Revenues

	for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited
Joint ventures and associates	1.6	14.9
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	5.8	81.7
Total	**7.4**	**96.6**

Expenses and purchases of programming assets

	for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited
Joint ventures and associates	7.0	5.5
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	177.7	117.4
Total	**184.7**	**122.9**

In the period of 6 months ended 30 June 2022 and 30 June 2021 the most significant transactions include *inter alia* cost of electrical energy and advertising services.

Gain/(loss) on investment activities, net

	for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited
Joint ventures and associates	0.1	-
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	3.3	(3.2)
Total	**3.4**	**(3.2)**

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Finance costs, net

	for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	0.4	0.1
Total	**0.4**	**0.1**

20. Contingent liabilities

Management believes that the provisions as at 30 June 2022 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

Proceedings before the Office of Competition and Consumer („UOKiK")

On 30 December 2014 the President of UOKiK issued a decision ending investigations related to Polkomtel's (Company's subsidiary) alleged practices which infringed upon the collective interests of consumers by not providing its telecommunication clients (which entered into a written agreement) with terms and conditions of the preferential sales offer as well as not informing about the termination of the preferential sales offer. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 6.0. The company appealed to SOKiK against the decision. On 5 March 2018, SOKiK issued a decision where the penalty has been annulled and dismissed the appeal in remaining scope. Both parties appealed to the Court of Appeal in Warsaw. The Court of Appeal annulled in full the verdict of the first instance court and returned the case back to the first instance court. On 1 April 2021 SOKiK dismissed Polkomtel's appeal. On 24 January 2022 Polkomtel's appeal was dismissed. On 7 February 2022 Polkomtel paid the penalty in the amount of PLN 6.0. Polkomtel examines the possibility of bringing a cassation appeal.

On 30 December 2016 the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by presenting advertising slogans, which in the opinion of the authorities were misleading and suggested that the LTE data transmission will not be limited. Pursuant to the decision of the President of UOKiK the Company and Polkomtel were charged with a penalty in the amount of PLN 5.3 and PLN 18.4, respectively. The Group appealed to SOKiK against the decision. On 18 June 2019 SOKiK annulled the decision of the President of UOKiK in relation to Polkomtel. The President of UOKiK appealed against the SOKiK verdict. On 24 November 2020, the Court of Appeal revoked the SOKiK decision and transferred the case for re-examination. On 19 April 2021, SOKiK dismissed Polkomtel's appeal in its entirety. Polkomtel appealed against the SOKiK decision. On 10 November 2021, the Court of Appeal upheld the penalty originally imposed by UOKiK. Polkomtel submited a cassation appeal. On 7 August 2019 the court dismissed the appeal of Cyfrowy Polsat. The Company appealed against the decision. Pursuant to the Court of Appeal verdict from 11 March 2021, the Company paid a penalty of PLN 5.3 on 26 March 2021. On 24 June 2021 the Company filed a cassation appeal to the Supreme Court. On 12 January 2022, the Supreme Court accepted the Company's cassation appeal for consideration. On 31 May 2022 Company's cassation appeal was dismissed.

On 30 December 2016 the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by presenting promotional offers, which in the opinion of the authorities were impossible to conclude. Pursuant to the decision of the President of UOKiK the Company and Polkomtel were charged with a penalty in the amount of PLN 4.4 and PLN 12.3, respectively. The Group appealed to the Court against the decision. On 14 October 2019 SOKiK dismissed the appeal. The Group appealed against the decision. On 31 December 2020 the Group's appeal was dismissed. On 14 January 2021 Cyfrowy Polsat and Polkomtel paid the penalty. The Group submitted a cassation appeal to the Supreme Court. On 20 April 2022, the Supreme Court accepted the Company's cassation appeal for consideration.

On 19 December 2019 the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by hindering access to ZDF and Das Erste channels during the Euro 2016 championship by removing these channels and incomplete and unreliable information to consumers in response to claims regarding unavailability of the above programs. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 34.9. The Company appealed against this decision to SOKiK. On 14 February 2022 First Instance Court dismissed the Company's appeal in its entirety. The Company submitted a cassation appeal to the Court of Appeal in Warsaw. The Court of Appeal in Warsaw has set the appeal hearing for 21 September 2022.

On 31 December 2019 the President of UOKiK issued a decision stating that the operations of Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by charging additional fees for data transmission using the RSTP protocol, despite the subscribers having internet packages or unlimited LTE Internet services. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 50.6. Polkomtel appealed to SOKiK against the decision. On 15 December 2021, SOKiK announced decision in which it dismissed Polkomtel's appeal in its entirety. Polkomtel submitted an appeal against the SOKiK verdict. The Court of Appeal reduced a penalty to PLN 16.8. On 4 August 2022, Polkomtel paid the penalty in the amount of PLN 16.8.

On 22 January 2020 the President of UOKiK issued a decision stating that the operations of Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by clauses included in the terms and conditions of telecommunications services regarding prepaid services and expiration of the unused value of the subscribers' accounts. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 20.4. Polkomtel appealed to SOKiK against the decision. On 8 April 2022, SOKIK dismissed Polkomtel's appeal. Polkomtel submitted appeal against the SOKiK verdict.

Other proceedings

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

By lawsuit, delivered to the Company on 16 December 2019, the Association of Performing Artists (SAWP) filed two claims against the Company: information claim and claim for payment. The information claim relates to television programs rebroadcasted by the Company in the period from 20 August 2009 to 20 August 2019. In the claim for payment, SAWP claims PLN 153.3 for the alleged violation of related rights to artistic performances of musical and verbal - musical works through their non-contractual cable rebroadcast. The Company filed for the dismissal entirely. The last hearing took place on 16 March 2022, the hearing was postponed without a deadline.

In addition to the matters described above, there are also other proceedings, for which provisions have been made according to the best estimates of the management board members as to potential future outflows of the economic benefits required for their settlement. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases. Other significant proceedings described in the consolidated financial statements for the year ended 31 December 2021 remained unchanged.

21. Risk and fair value

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended as at 31 December 2021. There have been no significant changes in any risk management policies since the end of year 2021.

Fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

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

			30 June 2022 unaudited		31 December 2021	
	Category according to IFRS 9	The level of the fair value hierarchy	Fair value	Carrying amount	Fair value	Carrying amount
Loans granted	A	2	499.5	505.9	72.1	72.4
Trade and other receivables	A	*	3,178.9	3,178.9	3,117.5	3,117.5
Cash and cash equivalents and short-term deposits	A	*	1,053.0	1,053.0	3,632.4	3,632.4
Restricted cash	A	*	9.0	9.0	11.9	11.9
Loans and borrowings	B	2	(8,343.4)	(8,382.3)	(8,656.2)	(8,744.5)
Issued bonds	B	1	(1,985.7)	(2,054.2)	(2,045.5)	(2,008.5)
UMTS licence liabilities	B	2	(145.2)	(144.2)	(143.2)	(139.9)
Lease liabilities	B	2	(535.8)	(535.8)	(698.6)	(698.6)
Accruals	B	*	(902.2)	(902.2)	(919.6)	(919.6)
Liabilities to shareholders of the Parent Company related to dividend	B	*	(660.8)	(660.8)	-	-
Trade and other payables and deposits	B	*	(1,604.6)	(1,604.6)	(1,627.7)	(1,627.7)
Total			**(9,437.3)**	**(9,537.3)**	**(7,256.9)**	**(7,304.6)**
Unrecognized profit/(loss)				100.0		47.7

A – assets subsequently measured at amortised cost
B – liabilities subsequently measured at amortised cost
* It is assumed that the fair value of these financial assets and liabilities is equal to their nominal value, therefore no evaluation methods were used in order to calculate their fair value.

When determining the fair value of lease liabilities, forecasted cash flows from the reporting date to assumed dates of lease agreements termination were analyzed. The discount rate for each payment was calculated as a WIBOR interest rate plus a margin regarding the Group's credit risk.

Trade and other receivables, trade and other payables and deposits comprise mainly receivables and payables which will be settled no later than at the end of the first month after the reporting date. It was therefore assumed that the effect of their valuation, taking into account the time value of money, would approximately be equal to their nominal value.

When determining the fair value of UMTS license liability, forecasted cash flows from the reporting date to September 2022 were discounted at EURIBOR market rate.

When determining the fair value of loans granted, forecasted cash flows from the reporting date to assumed dates of repayments of the loans were analyzed. The discount rate for each payment was calculated as a WIBOR or EURIBOR interest rate plus a margin regarding the credit risk.

As at 30 June 2022 and 31 December 2021 loans and borrowings comprised bank loans and other loans. The discount rate for each payment was calculated as a sum of implied WIBOR interest rate and a margin regarding the credit risk. When determining the fair value of bank loans as at 30 June 2022 and as at 31 December 2021, forecasted cash flows from the reporting date to 30 September 2024 (assumed date of repayment of the loans obtained in

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2015, changed in 2018 and changed in 2020) and to 31 March 2025 (assumed date of repayment of the additional loan obtained in 2019 and changed in 2020).

The fair value of issued bonds as at 30 June 2022 and 31 December 2021 was estimated as a last purchase price at the balance sheet date according to GPW Catalyst quotations.

As at 30 June 2022, the Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value

	30 June 2022 unaudited	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**130.9**	**-**
Interest rate swaps		-	130.9	-
Hedging derivative instruments		**-**	**44.8**	**-**
Interest rate swaps		-	44.8	-
Other assets		**-**	**24.5**	**-**
Investments in equity instruments		**-**	**1.5**	**-**
Total		**-**	**201.7**	**-**

As at 31 December 2021, the Group held the following financial instruments carried at fair value on the statement of financial position:

Assets measured at fair value

	31 December 2021	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**70.5**	**-**
Interest rate swaps		-	70.5	-
Hedging derivative instruments			**13.4**	
Interest rate swaps		-	13.4	-
Investments in equity instruments		**-**	**0.6**	**-**
Total		**-**	**84.5**	**-**

The fair value of forwards and interest rate swaps is determined using financial instruments valuation models, based on generally published currency exchange rates, interest rates, forward rate curves and volatility curves for foreign currencies taken from active markets. Fair value of derivatives is determined based on the discounted future cash flows from transactions, calculated based on the difference between the forward price and the transaction price.

22. Important agreements and events

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

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

The agreement concerning shares in PAK-PCE also provides for an additional ZE PAK obligation, to be performed after the date of sale of shares in PAK-PCE being the subject to the agreement. The whole biomass-based electricity generation business conducted in Elektrownia Konin will be spun-off from the ZE PAK enterprise as an organized part of the enterprise (“Elektrownia Konin OPE”). ZE PAK agreed to contribute the Elektrownia Konin OPE to PAK-PCE (after the Company acquires shares in PAK-PCE) as in-kind contribution. In consideration for this in-kind contribution, PAK-PCE will issue shares to ZE PAK and ZE PAK agrees to sell to the Company 67% of those shares.

The total price for shares in PAK-PCE and the new PAK-PCE shares to be issued in relation to the in-kind contribution in the form of Elektrownia Konin OPE, according to the Agreement, was to be PLN 800.5.

The closing of the transaction pursuant to the Agreement is contingent on the satisfaction of the following conditions precedent:

- the Company being satisfied with the results of a documentation review, including specifically the legal and tax documents of PAK-PCE and its subsidiaries,
- the Company obtaining the Supervisory Board’s approval for completing the transactions pursuant to the Agreement.

In addition, the closing of the transaction is contingent on the satisfaction of additional conditions precedent in the Agreement including the implementation of agreed changes to the acquired capital structures.

Pursuant to the Agreement, all the conditions precedent have been reserved for the benefit of the Company, therefore the Company may decide to proceed with the closing, despite a condition precedent not having been fulfilled in whole or in part and, should the transactions to which the additional conditions refer not be completed, may accordingly reduce the base price.

Pursuant to the Agreement, the Company may terminate it with immediate effect, if:

- any of the conditions precedent is not satisfied by 31 March 2022 (the deadline may be extended by the parties by no more than 90 days), regardless of the reason,
- a seller fails to provide the Company with documents that are key for the legal due diligence review, or
- irregularities identified in the course of a legal due diligence review may result in losses in a significant amount and remedying the identified irregularities is not objectively feasible.

On 30 March 2022 the Company signed an annex (“Annex”) to the preliminary purchase agreement concerning the shares in PAK-Polska Czysta Energia Sp. z o.o., representing 67% of the share capital of PAK-Polska Czysta Energia Sp. z o.o., executed on 20 December 2021 between the Company and ZE PAK S.A.

The Company and ZE PAK S.A. ("Parties") signed an Annex in order to:

- change the long-stop date set for the fulfillment of all conditions precedent set out in the Agreement; and
- provide for a down payment that the Company will make to ZE PAK S.A. against the purchase price of shares in PAK-Polska Czysta Energia Sp. z o.o. in the amount not exceeding a total of PLN 800,5, subject to adjustments related to the working capital settlements provided for in the Agreement ("Down Payment").

The long-stop date under the Agreement was changed due to the information received by Cyfrowy Polsat and ZE PAK S.A. that one of the conditions precedent cannot be fulfilled by the originally adopted date, i.e. by 31 March 2022. Consequently, the Annex postpones the long-stop date to 30 September 2022.

The Down Payment can be disbursed to ZE PAK S.A. in a single payment or in installments, upon ZE PAK's written request and within 3 business days of its receipt by the Company. As a precondition for the Down Payment disbursement, ZE PAK S.A. will establish a collateral in the form of an ordinary pledge and registered pledge on shares in PAK-Polska Czysta Energia Sp. z o.o., representing 67% of the share capital of PAK-Polska Czysta Energia Sp. z o.o.

The Parties also agreed in the Annex that from the date of the payment by Cyfrowy Polsat of each installment of the Down Payment to ZE PAK S.A. no interest will be charged on the Down Payment (on base purchase price for the shares in PAK-Polska Czysta Energia Sp. z o.o.), if the accrual of such interest was required under the Agreement.

On 30 March 2022, the Company's Supervisory Board resolved, among other things, to:

- approve the acquisition of the shares in PAK-Polska Czysta Energia Sp. z o.o. by Cyfrowy Polsat,
- approve the acquisition of the additional shares in PAK-Polska Czysta Energia Sp. z o.o. by Cyfrowy Polsat,
- authorize the Company's Management Board to perform all necessary legal and factual acts to complete the transactions provided for in the Agreement, which includes the execution and performance of the preliminary purchase agreement for the shares in PAK-Polska Czysta Energia Sp. z o.o.,
- approve the execution of the Annex, and
- authorize Cyfrowy Polsat to make the Down Payment.

On 30 June 2022 the Company signed an annex ("Annex 2") to the preliminary share purchase agreement concerning PAK-Polska Czysta Energia Sp. z o.o., representing 67% of the share capital of PAK-Polska Czysta Energia sp. z o.o., executed on 20 December 2021 between the Company and ZE PAK S.A. Annex 2 was concluded, in particular, in connection with the non-fulfillment of one of the conditions precedent of the Agreement (concerning the contribution of claims of PAK-PCE's subsidiaries to PAK-PCE) and change in the manner and sequence of legal actions performed under the Agreement.

The Parties decided, among other things, to change the manner and timing of the transfer of Elektrownia Konin OPE to the group of PAK-PCE's subsidiaries, which was included in the Agreement as an additional obligation.

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

On 16 May 2022 ZE PAK and PAK-PCE Biopaliwa i Wodór Sp. z o.o. executed an agreement under which the ownership of Elektrownia Konin OPE was to be transferred to PAK-PCE Biopaliwa i Wodór Sp. z o.o. The transaction was completed on 1 July 2022.

Under the Agreement amended by Annex 2 the Parties are obliged to execute the promised agreement provided that:

- the Elektrownia Konin OPE transfer is completed, and
- all shares in the share capital of PAK-PCE Biopaliwa i Wodór Sp. z o.o. held by the Parties as at 27 June 2022 are contributed to cover the increase in the share capital of PAK-PCE.

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

Pursuant to Annex 2, the price for the shares in PAK-PCE acquired under the Final Agreement will be revised.

The original price specified in the Agreement, will be:

- reduced due to non-fulfillment of one of the conditions precedent set forth in the Agreement (related to the contribution of claims of PAK-PCE's subsidiaries to PAK-PCE)
- reduced by the amount of a non-permitted leakage specified in the Agreement, if any, and
- increased by interest accrued for the period commencing on the Locked Box date and ending on the date of the cash contribution made by the Company on account of the share capital increase in PAK-PCE Biopaliwa i Wodów Sp. z o.o., i.e. 13 May 2022, according to an average interest rate for deposits with banks keeping current bank accounts for ZE PAK, for the period the most approximate to the specified period; and
- increased by the amount resulting from the transactions effected by the Parties and concerning Elektrownia Konin OPE.

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

The Final Agreement is to be executed by the Parties by 30 September 2022.

On 27 June 2022, the Company's Supervisory Board approved the execution of Annex 2.

Acquisition of shares in Port Praski Sp. z o.o. and conclusion of a preliminary share purchase agreement for Pantanomo Limited with an annex.

On 20 December 2021 Cyfrowy Polsat entered into the following agreements with related entities ("Agreements"):

- a preliminary agreement concerning the Company's purchase of 1,070,000 (not in millions) shares in Port Praski Sp. z o.o. ("Port Praski"), representing approximately 66.94% of Port Praski's share capital, executed between the Company and Embud 2 Sp. z o.o. S.K.A. ("Embud"), and
- a preliminary agreement concerning the Company's purchase of 4,705 (not in millions) shares in Pantanomo Limited ("Pantanomo"), representing approximately 32% of Pantanomo's share capital, executed between the Company and Tobe Investments Group Limited ("Tobe").

The base purchase price for shares in Port Praski was set at PLN 572.2 and for shares in Pantanomo at PLN 307.2.

The closing of the transactions pursuant to the Agreements was contingent on the satisfaction of the conditions precedent, which were reserved for the benefit of the Company.

On 1 April 2022 the Company entered into the final share purchase agreement with Embud 2 spółka z ograniczoną odpowiedzialnością S.K.A., whereby the Company acquired 1,070,000 (not in millions) shares in Port Praski Sp. z o.o., representing approximately 66.94% of the share capital and carrying 66.94% of the votes at the shareholders' meeting of Port Praski. The purchase price for the shares in Port Praski Sp. z o.o. was set at PLN 553.7. The Port Praski Group's activities include the development of construction projects as well as the sale, rental and management of owned or leased properties.

In connection with the ongoing analyses of the ultimate capital structure in which Pantanomo Limited participates, on 1 April 2022 Cyfrowy Polsat and Tobe Investments Group Limited executed an annex ("Annex") to the preliminary share purchase agreement concerning 4,705 (not in millions) shares in Pantanomo ("Agreement"), representing approximately 32% of share capital of Pantanomo Limited, executed between the Company and Tobe Investments Group Limited on 20 December 2021 ("Transaction").

Pursuant to the Annex, the Company and Tobe Investments Group Limited ("Parties") agreed to postpone closing date of the Transaction, which was to be agreed by the Parties in writing and could not be later than 31 May 2022.

As the closing date of the Transaction has not been set by the Parties for 31 May 2022 or any other date before 31 May 2022, the preliminary share purchase agreement for Pantanomo Limited has expired.

Renewal of the frequency reservations

Frequency reservations allocated in the 2100 MHz band held by Polkomtel Sp. z o.o. and frequency reservations allocated in the 1800 MHz band held by Aero 2 Sp. z o.o will expire at the end of 2022. On 30 November 2021 Polkomtel and Aero 2 were merged, consequently Polkomtel entered into the rights and obligations of Aero 2 and thus taking over the right to Aero 2 frequencies. In December 2021 Polkomtel Sp. z o.o. applied to UKE President for the reservation of frequencies allocated in the 2100 MHz band for the next period as well as for the reservation of frequencies allocated in 1800 MHz band.

Due to the fact that in December 2021 a process of ensuring order in the frequencies management relating to frequencies allocated in the 2100 MHz band was undertaken by the UKE President and due to the fact that the procedure aiming at changing the reservations of frequencies allocated in the 2100 MHz band to four mobile network operators in Poland (including Polkomtel) was completed in March 2022 as well as due to the UKE President's proceedings still pending with regard to the four operators for the reservation of frequencies in the 2100 MHz band for the next period, Polkomtel decided to modify its request for renewal of frequencies' reservation in the 2100 MHz band. The modification relates to reserving frequencies only in the 1950,1-1064,9 MHz and 2140,1-2154,9 MHz bands for the use throughout the country (mobile or fixed) for the next period until 31 December 2037.

It is estimated that the UKE President's decision on the above mentioned frequency reservations for the next period will take place at the turn of the third and fourth quarter of 2022. The amount that the President of UKE presented in the consultation process of the draft reservation decision for making a frequency reservation in the 2100 MHz band for the next period of 15 years is PLN 404. The amount for frequency reservations in the 1800 MHz band may be approximately at PLN 822 (in accordance with the UKE President's preliminary estimate from December 2021. The exact amount for the renewal of this frequency reservation will be known after the President of UKE publishes the draft reservation decision).

Acquisition of Vindix S.A. shares

On 19 January 2022, Cyfrowy Polsat acquired 53.73% of shares in Vindix S.A. for the amount of PLN 24.0. As a result of the transaction, the Company holds 100% of shares in Vindix S.A. and its subsidiaries.

Acquisition of shares in Enterpol Sp. z o.o.

On 7 June 2022 Netia S.A. (Company's subsidiary) acquired 100% shares in Enterpol Sp. z o.o. for the purchase price of PLN 15.

Acquisition of shares in Oktawave S.A.

On 21 June 2022 Netia S.A. (Company's subsidiary) acquired 100% shares in Oktawave S.A. for the purchase price of PLN 34.5.

Acquisition of the Company's own treasury shares

On 16 May 2022 the Management Board of the Company, acting under the authorization granted by the Extraordinary General Meeting of the Company dated 16 November 2021, decided to proceed with the buy-back of the Company's own treasury shares through the announcement by Cyfrowy Polsat S.A. together with Reddev Investments Limited and Tobe Investments Group Limited of an invitation to submit offers to sell own treasury shares. The invitation included the purchase of no more than 35,000,000 (not in millions) ordinary bearer shares issued by the Company, representing no more than 5.47% of the share capital of the Company and carrying the right to no more than 4.27% of votes at the general meeting of the Company. The proposed purchase price for the own treasury shares under the invitation was set at PLN 22.28 (not in millions) per share.

On 25 May 2022 the Management Board of Cyfrowy Polsat S.A. decided that the Company will acquire 13,067,138 (not in millions) ordinary bearer shares issued by the Company, representing approximately 2.04% of the share capital of the Company and carrying the right to approximately 1.60% of votes at the general meeting of the Company, from Embud 2 spółka z ograniczoną odpowiedzialnością S.K.A. (Company's related entity) at a price not exceeding PLN 22.28 (not in millions) per share.

As a result of the settlement of transactions carried out on 25 May 2022 (acquisition from the announced invitation for shareholders to submit offers to sell the Company's own treasury shares) and on 26 May 2022 (acquisition of own treasury shares from Embud 2 spółka z ograniczoną odpowiedzialnością S.K.A.), Cyfrowy Polsat S.A. acquired a total of 17,668,359 (not in millions) ordinary bearer shares in the Company, representing 2.76% of the share capital of the Company and carrying the right to 17,668,359 (not in millions) votes at the general meeting of the Company, which is equivalent to 2.16% of votes at the general meeting of the Company.

Before the transactions were settled, the Company held a total of 71,174,126 (not in millions) own treasury shares, representing in total 11.13% of the share capital of the Company and carrying the right to 71,174,126 (not in millions) votes at the general meeting of the Company, which is equivalent to 8.69% of votes at the general meeting of the Company.

After the settlement of transactions, the Company holds 88,842,485 (not in millions) own treasury shares, representing in total 13.89% of the share capital of the Company and carrying the right to 88,842,485 (not in millions) votes at the general meeting of the Company, which is equivalent to 10.85% of votes at the general meeting of the Company.

Decision of the Head of the Małopolska Tax Office in Cracow

On 15 February 2018 the Head of the Małopolska Tax Office in Cracow ("Tax Office") issued the decision assessing the tax liability from uncollected withholding corporate income tax in 2012 in the amount of PLN 24.2 increased by interest on tax arrears.

In the issued decision the Tax Office contested the Company's right to an exemption from the obligation to withhold income tax on certain interest payments in 2012. The Company appealed against the decision of the Tax Authority on the basis of acquired opinions issued by renowned entities. The Company has not created any provisions encumbering its financial results.

On 10 July 2018 the Tax Office upheld the previous decision dated 15 February 2018. The Company does not agree with the decision of the Tax Office in question and appealed against it to the Voivodship Administrative Court in Cracow. The Voivodship Administrative Court in Cracow dismissed the complaint in the ruling as of 21 February 2019. The Company does not agree with this decision and filled a cassation complaint to the Supreme Administrative Court in Warsaw. The date of the Supreme Administrative Court hearing was scheduled for 17 August 2022.

The Tax Office control activities in the aforesaid matter were in progress in relation to 2013 and 2014.

The Head of the Małopolska Tax Office in Cracow issued a decision on 19 July 2019 in respect to the year 2013. The decision assessed the Company's tax liability from uncollected withholding corporate income tax in 2013 in the amount of PLN 25.1 increased by interest on tax arrears. The Company appealed against the decision, but on 14 February 2020 the Tax Authority maintained its position. The Company filed a complaint against the decision to the Administrative Court. On 15 October 2020, the Voivodship Administrative Court in Cracow dismissed the complaint. The Company, based on the opinions of reputable advisers, does not agree with the court's decision and filed a cassation appeal to the Supreme Administrative Court in Warsaw. The date of the hearing has not been set. The Company has not created any provisions encumbering its financial results.

The Head of the Małopolska Tax Office in Cracow issued a decision on 20 September 2019 in respect to the year 2014. The decision assessed the Company's tax liability from uncollected withholding corporate income tax in 2014 in the amount of PLN 1.7 increased by interest on tax arrears. The Company appealed against the decision of the Tax Authority. In a second instance decision issued on 8 June 2020, the Tax Authority fully maintained its position. The Company filed a complaint against the decision to the Administrative Court. On 20 October 2020, the Voivodship Administrative Court in Cracow dismissed the complaint. The Company, based on the opinions of reputable advisers, does not agree with the court's decision and filed a cassation appeal to the Supreme Administrative Court in Warsaw. The date of the hearing has not been set. The Company has not created any provisions encumbering its financial results.

Influence of the political and economic situation in Ukraine on the Group's operations and financial prospects

In the Management Board's view, the Company and Group's core business is relatively resistant to the adverse impact of the political and economic situation in Ukraine. More information is presented in the Management Report in note 4.4.1.

23. Events subsequent to the reporting date

Execution of a joint venture agreement with HB Reavis Holding Cz a.s. by subsidiaries of Cyfrowy Polsat S.A. and a share purchase agreement for 50% of shares in Port Praski City II Sp. z o.o. and Port Praski Medical Center Sp. z o.o.

On 21 July 2022 the Company's subsidiaries executed:

- a joint venture agreement ("Joint Venture Agreement") by Port Praski City II Sp. z o.o., Port Praski Medical Center Sp. z o.o. and Pantanomo Limited, of the one part, and HB Reavis Holding Cz a.s., of the other part; and
- a share purchase agreement for shares in Port Praski City II Sp. z o.o. and Port Praski Medical Center Sp. z o.o. ("Joint Venture Companies") by Pantanomo Limited and Port Praski City III Sp. z o.o., of the one part, and HB Reavis Holding Cz a.s., of the other part.

The joint venture will be implemented by the Joint Venture Companies and will involve the construction and development of a property located in Warsaw, including a joint construction of high-end office buildings, with additional retail space ("Project").

The Joint Venture Agreement governs the rules of operation of the Joint Ventures Companies that will implement the Project, including, in particular, the rules of corporate governance, financing operations as well as implementation and commercialization of the Project.

The Joint Venture Companies will be jointly controlled by Pantanomo Limited and HB Reavis Holding Cz a.s. ("Shareholders"). Pursuant to the Joint Venture Agreement, each Shareholder will directly hold 50% of shares in the Joint Venture Companies. The Shareholders have agreed to finance capital and operating expenditures of the Joint Venture Companies and other Project-related expenses within the time limits and in the amounts specified in the development plan and business plan to be adopted for the Project. The Shareholders will provide financing to the Joint Venture Companies on a 50:50 basis, in the form of share capital increases and shareholder loans.

Under the share purchase agreement, Pantanomo Limited, Port Praski City III Sp. z o.o. and HB Reavis Holding Cz a.s. have agreed, subject to the conditions precedent specified therein, to execute an agreement under which HB Reavis Holding Cz a.s. will acquire:

- 50% of shares in Port Praski II Sp. z o.o. in total from Port Praski City III Sp. z o.o. and Pantanomo Limited; and
- 50% of shares in Port Praski Medical Center Sp. z o.o. from Pantanomo Limited ("Transaction").

for the aggregate purchase price of mEUR 24.3 (not in million), adjusted for the amount of working capital of the Joint Venture Companies at the Transaction closing date, and the total office and retail usable floor area actually constructed on the property as part of the Project.

The acquisition of shares in the Joint Venture Companies by HB Reavis Holding Cz a.s. will be subject to the satisfaction of, among other, conditions precedent such as:

- an approval of the Office of Competition and Consumer Protection for HB Reavis Holding Cz a.s. and Pantanomo Limited to establish a joint venture, and
- an in-kind contribution of the property by Port Praski City III Sp. z o.o. to Port Praski City II Sp. z o.o.to cover the shares in an increased share capital of this company.

The commencement of the Project, in addition to the conditions precedent being satisfied, will require, relevant building permits. Therefore, the exact milestones and costs of the Project implementation will be specified by the Shareholders in the business plan at a later date.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Assets and liabilities are not presented as held for sale as at 30 June 2022.

Registration of capital increase in PAK-Polska Czysta Energia Sp. z o.o.

The capital increase in PAK-Polska Czysta Energia Sp. z o.o. was registered on 27 July 2022. As a result, Cyfrowy Polsat currently holds 40.41% shares in PAK-Polska Czysta Energia Sp. z o.o.

Other significant events after the balance sheet date are described in the explanatory notes to these interim condensed consolidated financial statements.

24. Other disclosures

Security relating to loans and borrowings

The Group entered into a series of agreements establishing collateral under the loan agreements. Detailed information in respect to the agreements is presented in the Management Report in note 3.2.6.

Other securities

The Company provided guarantees to its subsidiaries and other related parties in respect to purchase contracts. Information regarding the amounts of guarantees provided was not separately disclosed, as in the opinion of the Group's Management, such disclosure could have a negative impact on the relations with the third parties.

Commitments to purchase programming assets

As at 30 June 2022 the Group had outstanding contractual commitments in relation to purchases of programming assets. The table below presents a maturity analysis for such commitments:

	30 June 2022 unaudited	31 December 2021
within one year	245.9	205.0
between 1 to 5 years	338.0	366.1
more than 5 years	23.2	35.5
Total	**607.1**	**606.6**

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

	30 June 2022 unaudited	31 December 2021
within one year	37.0	9.7
between 1 to 5 years	-	-
Total	**37.0**	**9.7**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements on the production and purchasing of property, plant and equipment was PLN 177.6 as at 30 June 2022 (PLN 243.7 as at 31 December 2021). Total amount of contractual liabilities resulting from agreements for the purchases of intangible assets was PLN 39.5 as at 30 June 2022 (PLN 31.0 as at 31 December 2021).

Future contractual obligations

As at 30 June 2022 and 31 December 2021 the Group had future liabilities due to transponder capacity agreements.

The table below presents future payments (total):

	30 June 2022 unaudited	31 December 2021
within one year	127.8	125.6
between 1 to 5 years	319.5	376.7
Total	**447.3**	**502.3**

25. Judgments, financial estimates and assumptions

The preparation of consolidated financial statements in conformity with IFRS EU requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and costs. Estimates and underlying assumptions are based on historical data and other factors considered as reliable under the circumstances, and their results provide grounds for an assessment of the carrying amounts of assets and liabilities which cannot be based directly on any other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Detailed description of the accounting estimates is presented in the annual consolidated financial statements. Pursuant to obtaining control over the Port Praski Group additional descripton of accounting principles is presented below:

Inventories

Inventories also include real estate built for sale (work in progress) and ready-to-sell properties (finished products) as part of development activities. Capitalised expenditures include, but are not limited to, construction planning and design costs, costs of land acquisition or perpetual usufruct of land for construction, remuneration payable to contractors and construction financing costs.

Revenue

Other revenue include, among others revenue from the rental of premises and equipment, revenue from interest on installment sales, revenue from the sale of electricity, revenue from the sale of real estate and other sales revenue. Revenues from the sale of real estate (apartments, commercial, office space) are recognized when the performance obligation is met, in which the customer obtains control over the promised good. Based on the Group’s assessment, the client obtains control over the property upon signing the notarial deed. In practice, the date of the notarial deed is usually after the date of handing over the property to the client.

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To the Shareholders and Supervisory Board of Cyfrowy Polsat S.A.

Introduction

We have reviewed the interim condensed financial statements of Cyfrowy Polsat S.A. (the 'Company') located in Warsaw at Łubinowa 4A street, containing: the interim balance sheet as at 30 June 2022, the interim income statement, the interim statement of comprehensive income, the interim cash flow statement, the interim statement of changes in equity for the period from 1 January 2022 to 30 June 2022 and notes to the interim condensed financial statements (the 'interim condensed financial statements').

The Company's Management is responsible for the preparation and presentation of the interim condensed financial statements in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Our responsibility is to express a conclusion on the interim condensed financial statements based on our review.

Scope of review

We conducted our review in accordance with National Review Standard 2410 in the wording of the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ('standard'), adopted by the National Council of Statutory Auditors. A review of the interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with National Auditing Standards in the wording of the International Auditing Standards adopted by the National Council of Statutory Auditors and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed financial statements are not prepared, in all material respects, in accordance with the requirements of International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Warsaw, 17 August 2022

Key certified auditor

Anna Sirocka
certified auditor
no in the register: 9626

on behalf of
Ernst & Young Audyt Polska
spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1, 00-124 Warsaw
no on audit firms list: 130

Cyfrowy Polsat S.A.

Interim Condensed Financial Statements for the 6 months ended 30 June 2022

prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”

Table of contents

Approval of the interim condensed financial statements

On 17 August 2022, the Management Board of Cyfrowy Polsat S.A. approved the interim condensed financial statements of Cyfrowy Polsat S.A. prepared in accordance with International Accounting Standard 34 Interim Financial Reporting, as adopted by the European Union, which include:

Interim Income Statement for the period

from 1 January 2022 to 30 June 2022 showing a net profit for the period of: PLN 1,084.6

Interim Statement of Comprehensive Income for the period

from 1 January 2022 to 30 June 2022 showing a total comprehensive income for the period of: PLN 1,110.4

Interim Balance Sheet as at

30 June 2022 showing total assets and total equity and liabilities of: PLN 16,340.8

Interim Cash Flow Statement for the period

from 1 January 2022 to 30 June 2022 showing a net decrease in cash and cash equivalents amounting to: PLN 1,855.5

Interim Statement of Changes in Equity for the period

from 1 January 2022 to 30 June 2022 showing an increase in equity of: PLN 55.7

Notes to the Interim Condensed Financial Statements

The interim condensed financial statements have been prepared in PLN million unless otherwise indicated.

Mirosław Błaszczyk President of the Management Board	**Maciej Stec** Vice-President of the Management Board	**Jacek Felczykowski** Member of the Management Board	**Aneta Jaskólska** Member of the Management Board
Agnieszka Odorowicz Member of the Management Board	**Katarzyna Ostap-Tomann** Member of the Management Board	**Agnieszka Szatan** Chief Accountant	

Warsaw, 17 August 2022

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Income Statement

	Note	for the 3 months ended 30 June 2022 unaudited	for the 3 months ended 30 June 2021 unaudited	for the 6 months ended 30 June 2022 unaudited	for the 6 months ended 30 June 2021 unaudited
Revenue	7	596.9	609.4	1,195.4	1,227.9
Operating costs	8	(499.8)	(506.2)	(988.7)	(998.0)
Other operating income/(costs), net		0.8	(5.8)	0.2	(5.8)
Profit from operating activities		**97.9**	**97.4**	**206.9**	**224.1**
Gain on investment activities, net	9	977.3	214.5	1,000.7	234.0
Finance costs, net	10	(64.5)	(22.4)	(111.7)	(44.9)
Gross profit for the period		**1,010.7**	**289.5**	**1,095.9**	**413.2**
Income tax		6.3	95.0	(11.3)	(43.4)
Net profit for the period		**1,017.0**	**384.5**	**1,084.6**	**369.8**
Basic and diluted earnings per share (in PLN)		**1.81**	**0.60**	**1.92**	**0.58**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Statement of Comprehensive Income

		for the 3 months ended		for the 6 months ended	
	Note	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Net profit for the period		**1,017.0**	**384.5**	**1,084.6**	**369.8**
Items that may be reclassified subsequently to profit or loss:					
Valuation of hedging instruments	12	15.0	2.1	25.8	4.8
Other comprehensive income/(loss), net of tax		**15.0**	**2.1**	**25.8**	**4.8**
Total comprehensive income for the period		**1,032.0**	**386.6**	**1,110.4**	**374.6**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Balance Sheet - Assets

	Note	30 June 2022 unaudited	31 December 2021
Reception equipment		338.4	332.5
Other property, plant and equipment		152.3	122.9
Goodwill		197.0	197.0
Other intangible assets		104.9	96.4
Right-of-use assets		17.4	19.0
Investment property		33.2	34.3
Shares in subsidiaries and associates, includes:	18	13,466.7	12,410.3
shares in associates		*2,207.9*	*1,749.9*
Non-current deferred distribution fees		17.7	17.1
Other non-current assets, includes:		844.2	446.5
derivative instruments		*15.1*	*4.1*
Total non-current assets		**15,171.8**	**13,676.0**
Contract assets		112.0	121.1
Inventories		97.4	65.1
Trade and other receivables	15	769.6	288.3
Current deferred distribution fees		58.8	63.7
Other current assets includes:		51.9	27.1
derivative instruments		*29.7*	*9.3*
Cash and cash equivalents		79.3	1,934.8
Total current assets		**1,169.0**	**2,500.1**
Total assets		**16,340.8**	**16,176.1**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Balance Sheet - Equity and Liabilities

	Note	30 June 2022 unaudited	31 December 2021
Share capital	11	25.6	25.6
Share premium	11	7,174.0	7,174.0
Other reserves		2,949.4	2,923.8
Retained earnings		4,051.8	3,628.0
Treasury shares		(2,854.7)	(2,461.0)
Total equity		**11,346.1**	**11,290.4**
Loans and borrowings	13	1,127.3	1,230.7
Issued bonds	14	1,905.2	1,942.1
Lease liabilities		14.8	16.5
Deferred tax liabilities		58.0	80.7
Other non-current liabilities and provisions		1.8	2.1
Total non-current liabilities		**3,107.1**	**3,272.1**
Loans and borrowings	13	243.6	193.8
Issued bonds	14	149.0	66.4
Lease liabilities		3.7	3.7
Contract liabilities		236.1	233.9
Trade and other payables		568.7	463.3
Liability to shareholders related to dividend		660.8	-
Income tax liability		22.2	649.1
Deposits for equipment		3.5	3.4
Total current liabilities		**1,887.6**	**1,613.6**
Total liabilities		**4,994.7**	**4,885.7**
Total equity and liabilities		**16,340.8**	**16,176.1**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Cash Flow Statement

	Note	for the 6 months ended 30 June 2022 unaudited	for the 6 months ended 30 June 2021 unaudited
Net profit		**1,084.6**	**369.8**
Adjustments for:		**(791.7)**	**(79.8)**
Depreciation, amortization, impairment and liquidation	8	87.4	90.2
Interest expense		83.2	38.1
Change in inventories		(32.3)	(6.7)
Change in receivables and other assets		(38.0)	(13.1)
Change in liabilities and provisions		104.6	39.1
Change in contract assets		9.1	16.7
Change in contract liabilities		2.2	1.2
Income tax		11.3	43.4
Net increase in reception equipment		(73.0)	(64.9)
Dividends income and share in the profits of partnerships	9	(973.6)	(230.5)
Valuation of hedging instruments		31.9	6.1
Other adjustments		(4.5)	0.6
Cash from operating activities		**292.9**	**290.0**
Income tax paid		(667.1)	(46.6)
Interest received from operating activities		11.7	0.1
Net cash used in/from operating activities		**(362.5)**	**243.5**
Received dividends and shares in the profits of partnerships		701.8	214.5
Acquisition of shares in subsidiary and associates	18	(582.6)	(680.9)
Capital increase in an associate	18	(473.8)	-
Acquisition of property, plant and equipment		(34.6)	(8.6)
Acquisition of intangible assets		(20.8)	(10.7)
Loans granted		(586.1)	(71.2)
Loans repaid		10.1	0.1
Interest on loans repaid		4.3	-
Other inflows		3.6	4.1
Net cash used in investing activities		**(978.1)**	**(552.7)**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

	Note	for the 6 months ended 30 June 2022 unaudited	for the 6 months ended 30 June 2021 unaudited
Loans inflows	13	-	110.0
Repayment of loans and borrowings	13	(78.0)	(39.0)
Payment of interest on loans, borrowings, bonds and commissions (1)		(38.0)	(36.8)
Dividend paid		-	(415.7)
Acquisition of treasury shares (2)		(393.9)	
Other outflows		(5.0)	(6.1)
Net cash used in financing activities		**(514.9)**	**(387.6)**
Net decrease in cash and cash equivalents		**(1,855.5)**	**(696.8)**
Cash and cash equivalents at the beginning of period		**1,934.8**	**835.4**
Effect of exchange rate fluctuations on cash and cash equivalents		-	-
Cash and cash equivalents at the end of period		**79.3**	**138.6**

(1) Includes impact of IRS instruments, amount paid for costs related to the new financing
(2) Includes payment for costs related to the acquisition of treasury shares

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Interim Statement of Changes in Equity for the 6 months ended 30 June 2022

	Share capital	Share premium	Other reserves	Retained earnings [1]	Treasury shares	**Total Equity**
Balance as at 1 January 2022	**25.6**	**7,174.0**	**2,923.8**	**3,628.0**	**(2,461.0)**	**11,290.4**
Dividend approved	-	-	-	(660.8)	-	**(660.8)**
Acquisition of treasury shares	-	-	(0.2)	-	(393.7)	**(393.9)**
Total comprehensive income	-	-	25.8	1,084.6	-	**1,110.4**
Hedge valuation reserve	-	-	*25.8*	-	-	***25.8***
Net profit for the period	-	-	-	*1,084.6*	-	***1,084.6***
Balance as at 30 June 2022 unaudited	**25.6**	**7,174.0**	**2,949.4**	**4,051.8**	**(2,854.7)**	**11,346.1**

[1] In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital. The capital excluded from distribution amounts to PLN 8.5 as at 30 June 2022.

Interim Statement of Changes in Equity for the 6 months ended 30 June 2021

	Share capital	Share premium	Other reserves	Retained earnings [1]	**Total Equity**
Balance as at 1 January 2021	**25.6**	**7,174.0**	**(8.5)**	**3,719.6**	**10,910.7**
Dividend approved	-	-	-	(767.5)	(767.5)
Total comprehensive income	-	-	4.8	369.8	**374.6**
Hedge valuation reserve	-	-	*4.8*	-	***4.8***
Net profit for the period	-	-	-	*369.8*	***369.8***
Balance as at 30 June 2021 unaudited	**25.6**	**7,174.0**	**(3.7)**	**3,321.9**	**10,517.8**

[1] In accordance with the provisions of the Commercial Companies Code, joint-stock companies are required to transfer at least 8% of their annual net profits to reserve capital until its amount reaches one third of the amount of their share capital. The capital excluded from distribution amounts to PLN 8.5 as at 30 June 2021.

Notes to the Interim Condensed Financial Statements

General information

1. The Company

Cyfrowy Polsat S.A. ('the Company', 'Cyfrowy Polsat') was incorporated in Poland as a joint stock company. The Company's shares are traded on the Warsaw Stock Exchange. The Company's registered head office is located at 4a Łubinowa Street in Warsaw.

The Company operates in Poland as a provider of a paid digital satellite platform under the name of 'Polsat Box' and paid digital terrestrial television as well as telecommunication services provider.

The Company was incorporated under the Notary Deed dated 30 October 1996.

The Company is the Parent Company of Cyfrowy Polsat S.A. Capital Group (the 'Group'). As at 30 June 2022 the Group encompasses the Company, Polkomtel Sp. z o.o. and its subsidiaries and joint ventures, Telewizja Polsat Sp. z o.o. and its subsidiaries and joint ventures, Netia S.A. and its subsidiaries, INFO-TV-FM Sp. z o.o., Interphone Service Sp. z o.o., Teleaudio Dwa Sp. z o.o. Sp.k., Netshare Media Group Sp. z o.o., CPSPV1 Sp. z o.o., CPSPV2 Sp. z o.o., Orsen Holding Limited and its subsidiaries, Mese Sp. z o.o., Esoleo Sp. z o.o. and its subsidiaries, Stork 5 Sp. z o.o. and its subsidiary, BCAST Sp. z o.o., Plus Finanse Sp. z o.o., Vindix S.A. and its subsidiaries and Port Praski Sp. z o.o. and its subsidiaries.

2. Composition of the Management Board of the Company

- Mirosław Błaszczyk — President of the Management Board,
- Maciej Stec — Vice-President of the Management Board,
- Jacek Felczykowski — Member of the Management Board,
- Aneta Jaskólska — Member of the Management Board,
- Agnieszka Odorowicz — Member of the Management Board,
- Katarzyna Ostap-Tomann — Member of the Management Board.

3. Composition of the Supervisory Board of the Company

- Zygmunt Solorz — Chairman of the Supervisory Board,
- Marek Kapuściński — Vice-Chairman of the Supervisory Board,
- Józef Birka — Member of the Supervisory Board,
- Jarosław Grzesiak — Member of the Supervisory Board,
- Marek Grzybowski — Member of the Supervisory Board,
- Alojzy Nowak — Member of the Supervisory Board,
- Tobias Solorz — Member of the Supervisory Board,
- Tomasz Szeląg — Member of the Supervisory Board,
- Piotr Żak — Member of the Supervisory Board.

4. Basis of preparation of the interim condensed financial statements

Statement of compliance

These interim condensed financial statements for the 6 months ended 30 June 2022 have been prepared in accordance with the International Accounting Standard 34 Interim Financial Reporting as adopted by the EU. These interim condensed financial statements should be read together with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS EU). These interim condensed financial statements have been prepared on a going concern basis.

The Company as the Parent company prepared the interim condensed consolidated financial statements (approved on 17 August 2022). These interim condensed financial statements should be read together with the interim condensed consolidated financial statements.

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2021, except for the adoption of new, amended Standards or Interpretations that apply to the annual reporting periods beginning on or after 1 January 2022.

During the six-month period ended 30 June 2022 the following became effective:

a) Amendments to IFRS 3 Business Combinations,
b) Amendments to IAS 16 Property, Plant and Equipment,
c) Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets,
d) Annual Improvements 2018-2020 – the amendments contain explanations and clarify the guidelines for recognition and measurement: IFRS 1 "Adoption of International Financial Reporting Standards for the first time," IFRS 9 "Financial Instruments", IAS 41 "Agriculture" and examples to illustrate IFRS 16 "Leases".

Amendments and interpretations that apply for the first time in 2022 do not have a material impact on the interim condensed financial statements of the Company.

Standards published but not yet effective:

a) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current,
b) Amendments to IAS 1 Presentation of Financial Statements and IFRS Board guidelines - Disclosure of Accounting policies,
c) Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates,
d) Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

5. Approval of the Interim Condensed Financial Statements

These interim condensed financial statements were approved for publication by the Management Board on 17 August 2022.

Explanatory notes

6. Information on seasonality in the Company's operations

Revenue is not directly subject to any seasonal trend.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

7. Revenue

	for the 3 months ended		for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Retail revenue	542.4	560.5	1,096.3	1,125.6
Wholesale revenue	20.8	27.6	42.7	54.8
Sale of equipment	13.6	3.7	17.0	12.6
Other revenue	20.1	17.6	39.4	34.9
Total	**596.9**	**609.4**	**1,195.4**	**1,227.9**

Retail revenue mainly consists of pay-TV, telecommunication services, revenue from rental of reception equipment and contractual penalties related to terminated agreements.

8. Operating costs

		for the 3 months ended		for the 6 months ended	
	Note	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Content costs		205.7	204.1	408.3	401.0
Technical costs and costs of settlements with telecommunication operators		114.3	132.0	232.6	246.8
Distribution, marketing, customer relation management and retention costs		69.0	71.0	137.4	147.2
Depreciation, amortization, impairment and liquidation		43.9	45.0	87.4	90.2
Salaries and employee-related costs	a)	33.1	30.2	66.8	61.7
Cost of equipment sold		11.0	3.0	12.0	11.2
Cost of debt collection services, bad debt allowance and receivables written off		0.8	1.6	1.4	5.0
Other costs		22.0	19.3	42.8	34.9
Total		**499.8**	**506.2**	**988.7**	**998.0**

a) Salaries and employee-related costs

	for the 3 months ended		for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Salaries	27.2	25.1	54.8	51.0
Social security contributions	4.8	3.9	9.7	8.4
Other employee-related costs	1.1	1.2	2.3	2.3
Total	**33.1**	**30.2**	**66.8**	**61.7**

9. Gain on investment activities, net

	for the 3 months ended		for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Dividends	944.0	198.9	944.0	198.9
Share in the profits of partnerships	15.9	15.8	29.6	31.6
Other	17.4	(0.2)	27.1	3.5
Total	**977.3**	**214.5**	**1,000.7**	**234.0**

10. Finance costs, net

	for the 3 months ended		for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited	30 June 2022 unaudited	30 June 2021 unaudited
Interest expense on loans and borrowings	25.9	8.6	44.0	17.1
Interest expense on issued bonds	40.4	10.3	68.5	20.5
Valuation and realization of hedging instruments	(3.8)	1.4	(4.9)	2.7
Guarantee fees	1.6	1.9	3.2	3.8
Bank and other charges	0.4	0.2	0.9	0.8
Total	**64.5**	**22.4**	**111.7**	**44.9**

11. Equity

Share capital

Presented below is the structure of the Company's share capital as at 30 June 2022 and 31 December 2021:

Share series	Number of shares *	Nominal value of shares	Type of shares
Series A	2,500,000	0.1	registered preference shares (2 voting rights)
Series B	2,500,000	0.1	registered preference shares (2 voting rights)
Series C	7,500,000	0.3	registered preference shares (2 voting rights)
Series D	166,917,501	6.7	registered preference shares (2 voting rights)
Series D	8,082,499	0.3	ordinary bearer shares
Series E	75,000,000	3.0	ordinary bearer shares
Series F	5,825,000	0.2	ordinary bearer shares
Series H	80,027,836	3.2	ordinary bearer shares
Series I	47,260,690	1.9	ordinary bearer shares
Series J	243,932,490	9.8	ordinary bearer shares
Total	**639,546,016**	**25.6**	

* not in millions

The shareholders' structure as at 30 June 2022 was as follows:

	Number of shares *	Nominal value of shares	% of share capital held	Number of votes *	% of voting rights
Zygmunt Solorz, through	396,802,022	15.9	62.04%	576,219,523	70.36%
TiVi Foundation, including through:	384,592,869	15.4	60.14%	564,010,370	68.87%
Reddev Investments Ltd., including through:	*384,592,859*	*15.4*	*60.14%*	*564,010,350*	*68.87%*
Cyfrowy Polsat S.A.[1]	*88,842,485*	*3.6*	*13.89%*	*88,842,485*	*10.85%*
Tobias Solorz [2]	5,607,609	0.2	0.88%	5,607,609	0.68%
ToBe Investments Group Ltd.	4,449,156	0.2	0.70%	4,449,156	0.54%
Tipeca Consulting Limited [2]	2,152,388	0.1	0.34%	2,152,388	0.26%
Nationale-Nederlanden PTE	41,066,962	1.6	6.42%	41,066,962	5.02%
Others	201,677,032	8.1	31.53%	201,677,032	24.63%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

* not in millions
[1] The acquired own shares under the share buy-back program announced on 16 November 2021. According to Art. 364 Section 2 of the Commercial Companies Code, Cyfrowy Polsat S.A. does not exercises voting rights from the own shares.
[2] Person/entity is under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act.

The shareholders' structure as at 31 December 2021 was as follows:

	Number of shares *	Nominal value of shares	% of share capital held	Number of votes *	% of voting rights
Zygmunt Solorz, through	387,506,625	15.5	60.59%	566,924,126	69.22%
TiVi Foundation [2], including through:	353,348,370	14.1	55.25%	532,765,871	65.05%
Reddev Investments Ltd., including through:	*353,348,360*	*14.1*	*55.25%*	*532,765,851*	*65.05%*
Cyfrowy Polsat S.A. [1]	*71,174,126*	*2.8*	*11.13%*	*71,174,126*	*8.69%*
Embud 2 Sp. z o.o. S.K.A.	32,005,867	1.3	5.00%	32,005,867	3.91%
Tipeca Consulting Limited [2]	2,152,388	0.1	0.34%	2,152,388	0.26%
Nationale-Nederlanden PTE	41,066,962	1.6	6.42%	41,066,962	5.02%
Others	210,972,429	8.5	32.99%	210,972,429	25.76%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

* not in millions
[1] The acquired own shares under the share buyback program announced on 16 November 2021. According to Art. 364 Section 2 of the Commercial Companies Code, Cyfrowy Polsat S.A. does not exercises voting rights from the own shares.
[2] Person/entity is under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Public Offering Act.

Share premium

Share premium includes the excess of issue value over the nominal value of shares issued decreased by share issuance-related consulting costs.

Retained earnings

On 23 June 2022 the Annual General Meeting of the Company adopted a resolution on the distribution of the Company's net profit for the financial year 2021. In accordance with the provisions of the resolution, part of the net profit in the amount of PLN 660.8 is allocated to the payment of dividends, the remaining part of the net profit in the amount of PLN 2,945.1 is allocated to reserve capital. The dividend day was scheduled for 20 September 2022 and the dividend payout shall be made on 15 December 2022.

Other reserves

As at 30 June 2022 other reserves included mainly the reserve capital created for the purposes of the share buy-back program in the amount of PLN 2,914.8.

Treasury shares

As at 30 June 2022 treasury shares include a total of 88,842,485 (not in millions) own shares, representing in total 13.89% of the share capital of the Company and entitling to exercise 88,842,485 (not in millions) votes at the general meeting of the Company, constituting 10.85% of the total number of votes at the general meeting of the Company.

As at 31 December 2021 treasury shares included a total of 71,174,126 (not in millions) own shares, representing in total 11.13% of the share capital of the Company and entitling to exercise 71,174,126 (not in millions) votes at the general meeting of the Company, constituting 8.69% of the total number of votes at the general meeting of the Company.

More information about the acquisition of treasury shares is provided in Note 18.

12. Hedge valuation reserve

Impact of hedging instruments valuation on hedge valuation reserve

	2022	2021
Balance as at 1 January	**9.0**	**(8.3)**
Valuation of cash flow hedges	31.9	6.0
Deferred tax	(6.1)	(1.2)
Change for the period	**25.8**	**4.8**
Balance as at 30 June unaudited	**34.8**	**(3.5)**

13. Loans and borrowings

	30 June 2022 unaudited	31 December 2021
Short-term liabilities	243.6	193.8
Long-term liabilities	1,127.3	1,230.7
Total	**1,370.9**	**1,424.5**

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Change in loans and borrowings liabilities:

	2022	2021
Balance as at 1 January	**1,424.5**	**1,528.0**
Revolving facility loan	-	110.0
Repayment of capital	(78.0)	(39.0)
Repayment of interest and commissions	(19.6)	(14.3)
Interest accrued	44.0	17.3
Balance as at 30 June unaudited	**1,370.9**	**1,602.0**

14. Issued Bonds

	30 June 2022 unaudited	31 December 2021
Short-term liabilities	149.0	66.4
Long-term liabilities	1,905.2	1,942.1
Total	**2,054.2**	**2,008.5**

Change in issued bonds:

	2022	2021
Balance as at 1 January	**2,008.5**	**1,997.9**
Repayment of interest and commissions	(22.8)	(19.7)
Interest accrued and commissions	68.5	20.5
Balance as at 30 June unaudited	**2,054.2**	**1,998.7**

15. Transactions with related parties

Receivables

	30 June 2022 unaudited	31 December 2021
Subsidiaries	357.5	92.2
Joint ventures and associates	0.4	0.2
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	0.4	0.3
Total	**358.3**	**92.7**

A significant portion of receivables is represented by dividend receivables, receivables from share of the profits of partnerships and receivables related to sale of Polkomtel Sp. z o.o. (‘Polkomtel’) services.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Other assets

	30 June 2022 unaudited	31 December 2021
Subsidiaries	12.2	11.1
Total	**12.2**	**11.1**

Other current assets comprise mainly advances for the unbilled revenue from InterPhone Service and Polkomtel.

Liabilites

	30 June 2022 unaudited	31 December 2021
Subsidiaries	291.9	138.7
Joint ventures and associates	3.4	4.6
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	373.1	23.2
Total	**668.4**	**166.5**

A significant portion of liabilities is represented by dividend liabilities, liabilities related to Polkomtel, InterPhone and Liberty Poland services, programming licence fees and lease liabilities.

Loans granted

	30 June 2022 unaudited	31 December 2021
Subsidiaries	708.2	538.8
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	436.5	18.0
Total	**1,144.7**	**556.8**

Loans granted as at 30 June 2022 mainly include loans to PAK-Polska Czysta Energia Sp. z o.o., Netia S.A., Esoleo Sp. z o.o. and Pak-Volt S.A.

Revenues

	for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited
Subsidiaries	65.6	78.0
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	**0.7**	0.8
Total	**66.3**	**78.8**

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

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Expenses

	for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited
Subsidiaries	356.9	359.1
Joint ventures and associates	3.0	0.9
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	8.9	10.8
Total	**368.8**	**370.8**

The most significant transactions include data transfer services.

The Company also pays license fees for broadcasting Telewizja Polsat's programs, commissions on sales, and incurs programming fees, expenses IT services, property rental costs, advertising production and telecommunication services with respect to the Company's customer call center.

Gain/(loss) on investment activities, net

	for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited
Subsidiaries	923.4	177.6
Joint ventures and associates	64.0	59.2
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	4.5	(0.3)
Total	**991.9**	**236.5**

Gains and losses on investment activities comprises of dividends, income from share of the profits of partnerships and guarantees granted by the Company in respect to Polkomtel's and Netia's term facilities.

Finance costs

	for the 6 months ended	
	30 June 2022 unaudited	30 June 2021 unaudited
Subsidiaries	3.2	3.8
Total	**3.2**	**3.8**

Finance costs comprise mostly of guarantee fees in respect to settlement of term facilities.

Other notes

16. Litigations

Management believes that the provisions for litigations as at 30 June 2022 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Company's financial situation. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Company's Management such disclosure could prejudice the outcome of the pending cases.

On 30 December 2016 the President of UOKiK issued a decision stating that the Company's operations were allegedly infringing collective consumer interests by presenting advertising slogans, which in the opinion of the authorities were misleading and suggested that the LTE data transmission will not be limited. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 5.3. The Company appealed to SOKiK against the decision. On 7 August 2019 the court dismissed the appeal of the Company. The Company appealed against the decision. Pursuant to the Court of Appeals verdict from 11 March 2021, the Company paid a penalty of PLN 5.3 on 26 March 2021. On 24 June 2021 the Company filed a cassation appeal to the Supreme Court. On 12 January 2022, the Supreme Court accepted the Company's cassation appeal for consideration. On 31 May 2022 Company's cassation appeal was dismissed.

On 30 December 2016 the President of UOKiK issued a decision stating that the Company's operations were allegedly infringing collective consumer interests by presenting promotional offers, which in the opinion of the authorities were impossible to conclude. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 4.4. The Company appealed to SOKiK against the decision. On 14 October 2019 SOKiK dismissed the appeal. The Company appealed against the decision. On 31 December 2020 the Company's appeal was dismissed. On 14 January 2021 the Company paid the penalty. The Company submit a cassation appeal to the Supreme Court. On 20 April 2022, the Supreme Court accepted the Company's cassation appeal for consideration.

On 19 December 2019 the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by hindering access to ZDF and Das Erste channels during the Euro 2016 championship by removing these channels and incomplete and unreliable information to consumers in response to claims regarding unavailability of the above programs. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 34.9. The company appealed against this decision to SOKiK. On 14 February 2022 First Instance Court dismissed the Company's appeal in its entirety. The Company submit a cassation appeal to the Court of Appeal in Warsaw. The Court of Appeal in Warsaw has set the appeal hearing for 21 September 2022.

Other proceedings

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

By lawsuit, delivered to the Company on 16 December 2019, the Association of Performing Artists (SAWP) filed two claims against the Company: information claim and claim for payment. The information claim relates to television programs rebroadcasted by the Company in the period from 20 August 2009 to 20 August 2019. In the claim for payment, SAWP claims PLN 153.3 for the alleged violation of related rights to artistic performances of musical and verbal - musical works through their non-contractual cable rebroadcast. The Company filed for the dismissal entirely. The last hearing took place on 16 March 2022, the hearing was postponed without a deadline.

Other significant proceedings described in the financial statements for the year ended 31 December 2021 remained unchanged.

17. Risk and fair value

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, the risk of changes in cash flows related to interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements. These interim condensed financial statements should be read in conjunction with the Company's annual financial statements for the year ended as at 31 December 2021. There have been no significant changes in any risk management policies since the end of year 2021.

Fair value

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities,

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly,

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

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

			30 June 2022 unaudited		31 December 2021	
	Category according to IFRS 9	Level of the fair value hierarchy	Fair value	Carrying amount	Fair value	Carrying amount
Loans granted	A	2	1,108.9	1,145.1	537.4	557.2
Trade and other receivables	A	*	408.4	408.4	137.8	137.8
Cash and cash equivalents	A	*	79.3	79.3	1,934.8	1,934.8
Loans and borrowings	B	2	(1,355.4)	(1,370.9)	(1,414.5)	(1,424.5)
Issued bonds	B	1	(1,985.7)	(2,054.2)	(2,045.5)	(2,008.5)
Lease liabilities	B	2	(18.5)	(18.5)	(20.2)	(20.2)
Accruals	B	*	(363.6)	(363.6)	(213.0)	(213.0)
Liabilities to shareholders related to dividend	B	2	(660.8)	(660.8)	-	-
Trade and other payables and deposits	B	*	(168.4)	(168.4)	(218.9)	(218.9)
Total			**(2,955.8)**	**(3,003.6)**	**(1,302.1)**	**(1,255.3)**
Unrecognized gain/(loss)				**47.8**		**(46.8)**

A – assets subsequently measured at amortised cost
B – liabilities subsequently measured at amortised cost
* It is assumed that the fair value of these financial assets and liabilities is equal to their nominal value, therefore no evaluation methods were used in order to calculate their fair value.

When determining the fair value of loans granted, forecasted cash flows from the reporting date to assumed dates of repayments of the loans were analyzed. The discount rate for each payment was calculated as an applicable WIBOR or EURIBOR interest rate plus a margin regarding the credit risk.

Trade and other receivables, accruals and trade and other payables and deposits comprise mainly receivables and payables which will be settled no later than at the end of the first month after the reporting date. It was therefore assumed that the effect of their valuation, taking the effect of time value of money into account, would approximately be equal to their nominal value.

As at 30 June 2022 and 31 December 2021 loans and borrowings comprised term facility loan. The discount rate for each payment was calculated as a sum of implied WIBOR interest rate and a margin regarding the Company's credit risk. When determining the fair value of senior facility as at 30 June 2022 and 31 December 2021, forecasted cash flows from the reporting date to 30 September 2024 (assumed date of repayment of the loan obtained in 2015, changed in 2018 and changed in 2020) and to 31 March 2025 (assumed date of repayment of the additional loan obtained in 2019 and changed in 2020).

The fair value of bonds as at 30 June 2022 and 31 December 2021 is calculated based on the last bid price as at the balance sheet date as quoted on the Catalyst market.

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

As at 30 June 2022 the Company held the following financial instruments measured at fair value:

ASSETS MEASURED AT FAIR VALUE

	30 June 2022 unaudited	Level 1	Level 2	Level 3
Hedging derivative instruments				
IRS		-	44.8	-
Total		**-**	**44.8**	**-**

As at 31 December 2021 the Company held the following financial instruments measured at fair value:

ASSETS MEASURED AT FAIR VALUE

	31 December 2021	Level 1	Level 2	Level 3
IRS		-	13.4	-
Total		**-**	**13.4**	**-**

The fair value of interest rate swaps is determined using financial instruments valuation models, based on generally published interest rates. Fair value of derivatives is determined based on the discounted future cash flows from transactions, calculated based on the difference between the forward price and the transaction price.

18. Important agreements and events

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

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

The agreement concerning shares in PAK-PCE also provides for an additional ZE PAK obligation, to be performed after the date of sale of shares in PAK-PCE being the subject to the Agreement. The whole biomass-based electricity generation business conducted in Elektrownia Konin will be spun-off from the ZE PAK enterprise as an organized part of the enterprise (“Elektrownia Konin OPE”). ZE PAK agreed to contribute the Elektrownia Konin OPE to PAK-PCE (after the Company acquires shares in PAK-PCE) as in-kind contribution. In consideration for this in-kind contribution, PAK-PCE will issue shares to ZE PAK and ZE PAK agrees to sell to the Company 67% of those shares.

The total price for shares in PAK-PCE and the new PAK-PCE shares to be issued in relation to the in-kind contribution in the form of Elektrownia Konin OPE, according to the Agreement, was to be PLN 800.5.

The closing of the transaction pursuant to the Agreement is contingent on the satisfaction of the following conditions precedent:

- the Company being satisfied with the results of a documentation review, including specifically the legal and tax documents of PAK-PCE and its subsidiaries,

- the Company obtaining the Supervisory Board's approval for completing the transactions pursuant to the Agreement.

In addition, the closing of the transaction is contingent on the satisfaction of additional conditions precedent in the Agreement including the implementation of agreed changes to the acquired capital structures.

Pursuant to the Agreement, all the conditions precedent have been reserved for the benefit of the Company, therefore the Company may decide to proceed with the closing, despite a condition precedent not having been fulfilled in whole or in part and, should the transactions to which the additional conditions refer not be completed, may accordingly reduce the base price.

Pursuant to the Agreement, the Company may terminate it with immediate effect, if:

- any of the conditions precedent is not satisfied by 31 March 2022 (the deadline may be extended by the parties by no more than 90 days), regardless of the reason,
- a seller fails to provide the Company with documents that are key for the legal due diligence review, or
- irregularities identified in the course of a legal due diligence review may result in losses in a significant amount and remedying the identified irregularities is not objectively feasible.

On 30 March 2022 the Company signed an annex ("Annex") to the preliminary purchase agreement concerning the shares in PAK-Polska Czysta Energia Sp. z o.o., representing 67% of the share capital of PAK-Polska Czysta Energia Sp. z o.o., executed on 20 December 2021 between the Company and ZE PAK S.A.

The Company and ZE PAK S.A. ("Parties") signed an Annex in order to:

- change the long-stop date set for the fulfillment of all conditions precedent set out in the Agreement; and
- provide for a down payment that the Company will make to ZE PAK S.A. against the purchase price of shares in PAK-Polska Czysta Energia Sp. z o.o. in the amount not exceeding a total of PLN 800.5, subject to adjustments related to the working capital settlements provided for in the Agreement ("Down Payment").

The long-stop date under the Agreement was changed due to the information received by Cyfrowy Polsat and ZE PAK S.A. that one of the conditions precedent cannot be fulfilled by the originally adopted date, i.e. by 31 March 2022. Consequently, the Annex postpones the long-stop date to 30 September 2022.

The Down Payment can be disbursed to ZE PAK S.A. in a single payment or in installments, upon ZE PAK's written request and within 3 business days of its receipt by the Company. As a precondition for the Down Payment disbursement, ZE PAK S.A. will establish a collateral in the form of an ordinary pledge and registered pledge on shares in PAK-Polska Czysta Energia Sp. z o.o., representing 67% of the share capital of PAK-Polska Czysta Energia Sp. z o.o.

The Parties also agreed in the Annex that from the date of the payment by Cyfrowy Polsat of each installment of the Down Payment to ZE PAK S.A. no interest will be charged on the Down Payment (on base purchase price for the shares in PAK-Polska Czysta Energia Sp. z o.o.), if the accrual of such interest was required under the Agreement.

On 30 March 2022, the Company's Supervisory Board resolved, among other things, to:

- approve the acquisition of the shares in PAK-Polska Czysta Energia Sp. z o.o. by Cyfrowy Polsat,
- approve the acquisition of the additional shares in PAK-Polska Czysta Energia Sp. z o.o. by Cyfrowy Polsat,

- authorize the Company's Management Board to perform all necessary legal and factual acts to complete the transactions provided for in the Agreement, which includes the execution and performance of the preliminary purchase agreement for the shares in PAK-Polska Czysta Energia Sp. z o.o.,
- approve the execution of the Annex, and
- authorize Cyfrowy Polsat to make the Down Payment.

On 30 June 2022 the Company signed an annex ("Annex 2") to the preliminary share purchase agreement concerning PAK-Polska Czysta Energia Sp. z o.o., representing 67% of the share capital of PAK-Polska Czysta Energia sp. z o.o., executed on 20 December 2021 between the Company and ZE PAK S.A. Annex 2 was concluded, in particular, in connection with the non-fulfillment of one of the conditions precedent of the Agreement (concerning the contribution of claims of PAK-PCE's subsidiaries to PAK-PCE) and change in the manner and sequence of legal actions performed under the Agreement.

The Parties decided, among other things, to change the manner and timing of the transfer of Elektrownia Konin OPE to the group of PAK-PCE's subsidiaries, which was included in the Agreement as an additional obligation.

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

On 16 May 2022 ZE PAK and PAK-PCE Biopaliwa i Wodór Sp. z o.o. executed an agreement under which the ownership of Elektrownia Konin OPE was to be transferred to PAK-PCE Biopaliwa i Wodór Sp. z o.o. The transaction was completed on 1 July 2022.

Under the Agreement amended by Annex 2 the Parties are obliged to execute the promised agreement provided that:

- the Elektrownia Konin OPE transfer is completed, and
- all shares in the share capital of PAK-PCE Biopaliwa i Wodór Sp. z o.o. held by the Parties as at 27 June 2022 are contributed to cover the increase in the share capital of PAK-PCE.

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

Pursuant to Annex 2, the price for the shares in PAK-PCE acquired under the Final Agreement will be revised.

The original price specified in the Agreement, will be:

- reduced due to non-fulfillment of one of the conditions precedent set forth in the Agreement (related to the contribution of claims of PAK-PCE's subsidiaries to PAK-PCE)
- reduced by the amount of a non-permitted leakage specified in the Agreement, if any, and
- increased by interest accrued for the period commencing on the Locked Box date and ending on the date of the cash contribution made by the Company on account of the share capital increase in PAK-PCE Biopaliwa i Wodów Sp. z o.o., i.e. 13 May 2022, according to an average interest rate for deposits with banks keeping current bank accounts for ZE PAK, for the period the most approximate to the specified period; and

- increased by the amount resulting from the transactions effected by the Parties and concerning Elektrownia Konin OPE.

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

The Final Agreement is to be executed by the Parties by 30 September 2022.

On 27 June 2022, the Company's Supervisory Board approved the execution of Annex 2.

Acquisition of shares in Port Praski Sp. z o.o. and conclusion of a preliminary share purchase agreement for Pantanomo Limited with an annex.

On 20 December 2021 Cyfrowy Polsat entered into the following agreements with related entities ("Agreements"):

- a preliminary agreement concerning the Company's purchase of 1,070,000 (not in millions) shares in Port Praski Sp. z o.o. ("Port Praski"), representing approximately 66.94% of Port Praski's share capital, executed between the Company and Embud 2 Sp. z o.o. S.K.A. ("Embud"), and
- a preliminary agreement concerning the Company's purchase of 4,705 (not in millions) shares in Pantanomo Limited ("Pantanomo"), representing approximately 32% of Pantanomo's share capital, executed between the Company and Tobe Investments Group Limited ("Tobe").

The base purchase price for shares in Port Praski was set at PLN 572.2 and for shares in Pantanomo at PLN 307.2.

The closing of the transactions pursuant to the Agreements was contingent on the satisfaction of the conditions precedent, which were reserved for the benefit of the Company.

On 1 April 2022 the Company entered into the final share purchase agreement with Embud 2 spółka z ograniczoną odpowiedzialnością S.K.A., whereby the Company acquired 1,070,000 (not in millions) shares in Port Praski Sp. z o.o., representing approximately 66.94% of the share capital and carrying 66.94% of the votes at the shareholders' meeting of Port Praski. The purchase price for the shares in Port Praski Sp. z o.o. was set at PLN 553.7.

In connection with the ongoing analyses of the ultimate capital structure in which Pantanomo Limited participates, on 1 April 2022 Cyfrowy Polsat and Tobe Investments Group Limited executed an annex ("Annex") to the preliminary share purchase agreement concerning 4,705 (not in millions) shares in Pantanomo ("Agreement"), representing approximately 32% of share capital of Pantanomo Limited, executed between the Company and Tobe Investments Group Limited on 20 December 2021 ("Transaction").

Pursuant to the Annex, the Company and Tobe Investments Group Limited ("Parties") agreed to postpone closing date of the Transaction, which was to be agreed by the Parties in writing and could not be later than 31 May 2022.

As the closing date of the Transaction has not been set by the Parties for 31 May 2022 or any other date before 31 May 2022 the preliminary share purchase agreement for Pantanomo Limited has expired.

Acquisition of shares in Vindix S.A.

On 19 January 2022 Cyfrowy Polsat acquired 53.73% shares in Vindix S.A. for the amount of PLN 24.0. As a result of the transaction the Company holds 100% of shares in Vindix S.A. and its subsidiaries.

Acquisition of shares in Plus Finanse Sp. z o.o.

On 2 February 2022 Cyfrowy Polsat acquired 99.00% shares in Plus Finanse Sp. z o.o. As a result of the transaction the Company holds 100% of shares in Plus Finanse Sp. z o.o.

Acquisition of the Company's own treasury shares

On 16 May 2022 the Management Board of the Company, acting under the authorization granted by the Extraordinary General Meeting of the Company dated 16 November 2021, decided to proceed with the buy-back of the Company's own treasury shares through the announcement by Cyfrowy Polsat S.A. together with Reddev Investments Limited and Tobe Investments Group Limited of an invitation to submit offers to sell own treasury shares. The invitation included the purchase of no more than 35,000,000 (not in millions) ordinary bearer shares issued by the Company, representing no more than 5.47% of the share capital of the Company and carrying the right to no more than 4.27% of votes at the general meeting of the Company. The proposed purchase price for the own treasury shares under the invitation was set at PLN 22.28 (not in millions) per share.

On 25 May 2022 the Management Board of Cyfrowy Polsat S.A. decided that the Company will acquire 13,067,138 (not in millions) ordinary bearer shares issued by the Company, representing approximately 2.04% of the share capital of the Company and carrying the right to approximately 1.60% of votes at the general meeting of the Company, from Embud 2 spółka z ograniczoną odpowiedzialnością S.K.A. (Company's related entity) at a price not exceeding PLN 22.28 (not in millions) per share.

As a result of the settlement of transactions carried out on 25 May 2022 (acquisition from the announced invitation for shareholders to submit offers to sell the Company's own treasury shares) and on 26 May 2022 (acquisition of own treasury shares from Embud 2 spółka z ograniczoną odpowiedzialnością S.K.A.), Cyfrowy Polsat S.A. acquired a total of 17,668,359 (not in millions) ordinary bearer shares in the Company, representing 2.76% of the share capital of the Company and carrying the right to 17,668,359 (not in millions) votes at the general meeting of the Company, which is equivalent to 2.16% of votes at the general meeting of the Company.

Before the transactions were settled, the Company held a total of 71,174,126 (not in millions) own treasury shares, representing in total 11.13% of the share capital of the Company and carrying the right to 71,174,126 (not in millions) votes at the general meeting of the Company, which is equivalent to 8.69% of votes at the general meeting of the Company.

After the settlement of transactions, the Company holds 88,842,485 (not in millions) own treasury shares, representing in total 13.89% of the share capital of the Company and carrying the right to 88,842,485 (not in millions) votes at the general meeting of the Company, which is equivalent to 10.85% of votes at the general meeting of the Company.

Decision of the Head of the Małopolska Tax Office in Cracow

On 15 February 2018 the Head of the Małopolska Tax Office in Cracow ("Tax Office") issued the decision assessing the tax liability from uncollected withholding corporate income tax in 2012 in the amount of PLN 24.2 increased by interest on tax arrears.

In the issued decision the Tax Office contested the Company's right to an exemption from the obligation to withhold income tax on certain interest payments in 2012. The Company appealed against the decision of the Tax Authority on the basis of acquired opinions issued by renowned entities. The Company has not created any provisions encumbering its financial results.

On 10 July 2018 the Tax Office upheld the previous decision dated 15 February 2018. The Company does not agree with the decision of the Tax Office in question and appealed against it to the Voivodship Administrative Court in Cracow. The Voivodship Administrative Court in Cracow dismissed the complaint in the ruling as of 21 February 2019. The Company does not agree with this decision and filled a cassation complaint to the Supreme Administrative Court in Warsaw. The date of the Supreme Administrative Court hearing was scheduled for 17 August 2022.

The Tax Office control activities in the aforesaid matter were in progress in relation to 2013 and 2014.

The Head of the Małopolska Tax Office in Cracow issued a decision on 19 July 2019 in respect to the year 2013. The decision assessed the Company's tax liability from uncollected withholding corporate income tax in 2013 in the amount of PLN 25.1 increased by interest on tax arrears. The Company appealed against the decision, but on 14 February 2020 the Tax Authority maintained its position. The Company filed a complaint against the decision to the Administrative Court. On 15 October 2020, the Voivodship Administrative Court in Cracow dismissed the complaint. The Company, based on the opinions of reputable advisers, does not agree with the court's decision and filed a cassation appeal to the Supreme Administrative Court in Warsaw. The date of the hearing has not been set. The Company has not created any provisions encumbering its financial results.

The Head of the Małopolska Tax Office in Cracow issued a decision on 20 September 2019 in respect to the year 2014. The decision assessed the Company's tax liability from uncollected withholding corporate income tax in 2014 in the amount of PLN 1.7 increased by interest on tax arrears. The Company appealed against the decision of the Tax Authority. In a second instance decision issued on 8 June 2020, the Tax Authority fully maintained its position. The Company filed a complaint against the decision to the Administrative Court. On 20 October 2020, the Voivodship Administrative Court in Cracow dismissed the complaint. The Company, based on the opinions of reputable advisers, does not agree with the court's decision and filed a cassation appeal to the Supreme Administrative Court in Warsaw. The date of the hearing has not been set. The Company has not created any provisions encumbering its financial results.

Influence of the political and economic situation in Ukraine on the Group's operations and financial prospects

In the Management Board's view, the Company and Group's core business is relatively resistant to the adverse impact of the political and economic situation in Ukraine. More information is presented in the Management Report in note 4.4.1.

19. Other disclosures

Security relating to loans and borrowings

The Company entered into a series of agreements establishing collateral under the SFA. Detailed information in respect to the agreements is presented in the Management Report in note 3.2.6.

Other securities

The Company provided guarantees to its subsidiaries and other related parties in respect to purchase contracts. Information regarding the amounts of guarantees provided was not separately disclosed, as in the opinion of the Group's Management, such disclosure could have a negative impact on the relations with the third parties.

Contractual liabilities related to purchases of non-current assets

Total amount of capital commitments resulting from agreements on property construction and improvements was PLN 48.7 as at 30 June 2022 (PLN 77.2 as at 31 December 2021). Additionally the amount of deliveries and services committed to under agreements for the purchases of licences and software was PLN 0.0 as at 30 June 2022 (PLN 0.3 as at 31 December 2021).

(all cash amounts presented in text are in million with currency specification, all amounts are in PLN million, except where otherwise stated)

Future contractual obligations

As at 30 June 2022 and 31 December 2021 the Company had future liabilities due to transponder capacity agreements. The table below presents future payments (total):

	30 June 2022 unaudited	31 December 2021
within one year	124.2	122.1
between 1 to 5 years	310.6	366.2
Total	**434.8**	**488.3**

20. Events subsequent to the reporting date

Registration of capital increase in PAK-Polska Czysta Energia Sp. z o.o.

The capital increase in PAK-Polska Czysta Energia Sp. z o.o. was registered on 27 July 2022. As a result, Cyfrowy Polsat currently holds 40.41% shares in PAK-Polska Czysta Energia Sp. z o.o.

Other significant events after the balance sheet date are described in the explanatory notes to these interim condensed financial statements.

21. Judgments, financial estimates and assumptions

The preparation of interim condensed financial statements in conformity with IFRS EU requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and costs. Estimates and underlying assumptions are based on historical data and other factors considered as reliable under the circumstances, and their results provide grounds for an assessment of the carrying amounts of assets and liabilities which cannot be based directly on any other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Detailed description of the judgements, accounting estimates and assumptions is presented in the annual financial statements.