Cyfrowy Polsat S.A. Capital Group

Interim Consolidated Report for the six month period ended June 30, 2023

Warsaw, August 16, 2023

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Report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group for the six month period ended June 30, 2023

Warsaw, August 16, 2023

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Disclaimers

General information

Cyfrowy Polsat S.A. (the "Company", "Cyfrowy Polsat"), with its registered office in Warsaw, 4a Łubinowa Street, is entered in the Register of Entrepreneurs of the National Court Register kept by the District Court for the City of Warsaw, XIV Economic Department of the National Court Register, under the number KRS 0000010078. The Company is the parent company of Cyfrowy Polsat S.A. Capital Group.

This constitutes the report of Cyfrowy Polsat Capital Group S.A. (the "Report") prepared as required by Article 60 sections 1(2) 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 (the "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, 2023, 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, 2023 and June 30, 2022. This information should be read in conjunction with the consolidated financial statements for the six-month period ended June 30, 2023 (including notes thereto) constituting part of this Report and the information included in item 3 of this Report – *Operating and financial review of Polsat Plus Group*.

Selected financial data:

- from the consolidated income statement and the consolidated cash flow statement for the three-month periods ended June 30, 2023 and June 30, 2022 have been converted into euro at a rate of PLN 4.5490 per EUR 1.00 (average exchange rate in the period from April 1, 2023 to June 30, 2023 announced by the NBP);
- from the consolidated income statement and the consolidated cash flow statement for the six-month periods ended June 30, 2023 and June 30, 2022 have been converted into euro at a rate of PLN 4.6288 per EUR 1.00 (average exchange rate in the period from January 1, 2023 to June 30, 2023 announced by the NBP);
- from the consolidated balance sheet data as at June 30, 2023 and December 31, 2022 have been converted into euro at a rate of PLN 4.4503 per EUR 1.00 (average exchange rate on June 30, 2023 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, 2023 and June 30, 2022 are not fully comparable due to acquisitions and changes to the Group’s structure in the period from January 1, 2022 to June 30, 2023, which are described in detail in item 1.2. - *Changes in the organizational structure of Polsat Plus Group and their effects* – of this Report, as well as in item 1.2. of the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2022.

Consolidated income statement

	for the three-month period ended June 30				for the six-month period ended June 30			
	2023	2022	2023	2022	2023	2022	2023	2022
	mPLN	mPLN	mEUR	mEUR	mPLN	mPLN	mEUR	mEUR
Revenue	**3,289.8**	**3,228.1**	**723.2**	**709.6**	**6,489.1**	**6,214.8**	**1,401.9**	**1,342.6**
Retail revenue	1,734.8	1,725.8	381.4	379.4	3,468.6	3,448.0	749.4	744.9
Wholesale revenue	859.0	879.8	188.8	193.4	1,651.3	1,692.9	356.7	365.7
Sale of equipment	483.6	450.5	106.3	99.0	968.5	787.0	209.2	170.0
Other sales revenue	212.4	172.0	46.7	37.8	400.7	286.9	86.6	62.0
Total operating costs	**(2,945.0)**	**(2,815.4)**	**(647.4)**	**(618.9)**	**(5,836.9)**	**(5,449.1)**	**(1,261.0)**	**(1,177.2)**
Technical costs and cost of settlements with telecommunication operators	(823.9)	(808.0)	(181.1)	(177.6)	(1,632.5)	(1,617.5)	(352.7)	(349.4)
Depreciation, amortization, impairment and liquidation	(468.7)	(467.5)	(103.0)	(102.8)	(931.2)	(913.8)	(201.2)	(197.4)
Cost of equipment sold	(384.0)	(382.0)	(84.4)	(84.0)	(776.6)	(659.5)	(167.8)	(142.5)
Content costs	(529.4)	(504.9)	(116.4)	(111.0)	(1,043.9)	(978.4)	(225.5)	(211.4)
Distribution. Marketing. customer relation management and retention costs	(247.7)	(256.2)	(54.5)	(56.3)	(491.3)	(507.3)	(106.1)	(109.6)
Salaries and employee-related costs	(274.9)	(247.1)	(60.4)	(54.3)	(551.0)	(491.7)	(119.0)	(106.2)
Cost of debt collection services and bad debt allowance and receivables written off	(32.5)	(22.3)	(7.2)	(4.9)	(61.9)	(47.1)	(13.4)	(10.2)
Other costs	(183.9)	(127.4)	(40.4)	(28.0)	(348.5)	(233.8)	(75.3)	(50.5)
Other operating income/(cost), net	(15.0)	13.1	(3.3)	2.9	(23.7)	(19.6)	(5.1)	(4.2)
Profit from operating activities	**329.8**	**425.8**	**72.5**	**93.6**	**628.5**	**746.1**	**135.8**	**161.2**
Gain/(loss) on investment activities. net	21.0	5.7	4.6	1.2	41.8	12.6	9.0	2.7
Finance costs. net	(300.7)	(130.7)	(66.1)	(28.7)	(556.4)	(207.5)	(120.2)	(44.8)
Share of the profit of associates accounted for using the equity method	(9.9)	24.2	(2.2)	5.3	10.4	38.9	2.3	8.4
Gross profit for the period	**40.2**	**325.0**	**8.8**	**71.4**	**124.3**	**590.1**	**26.8**	**127.5**
Income tax	(32.1)	(42.3)	(7.1)	(9.3)	(45.2)	(94.6)	(9.8)	(20.4)
Net profit for the period	**8.1**	**282.7**	**1.7**	**62.1**	**79.1**	**495.5**	**17.1**	**107.1**
Net profit/(loss) attributable to equity holders of the Parent	(7.3)	288.9	(1.6)	63.5	57.2	503.8	12.4	108.9
Net profit/(loss) attributable to non-controlling interest	15.4	(6.2)	3.4	(1.4)	21.9	(8.3)	4.7	(1.8)
Basic and diluted earnings per share in PLN (not in millions)	**0.01**	**0.50**	**0.00**	**0.11**	**0.14**	**0.88**	**0.03**	**0.19**
Weighted number of issued shares (not in millions)	550,703,531	561,525,804	550,703,531	561,525,804	550,703,531	564,929,935	550,703,531	564,929,935

	for the three-month period ended June 30				for the six-month period ended June 30			
	2023	2022	2023	2022	2023	2022	2023	2022
	mPLN	mPLN	mEUR	mEUR	mPLN	mPLN	mEUR	mEUR
EBITDA(1)	**798.5**	**893.3**	**175.5**	**196.4**	**1,559.7**	**1,659.9**	**337.0**	**358.6**
EBITDA margin	24.3%	27.7%	24.3%	27.7%	24.0%	26.7%	24.0%	26.7%
Costs of supporting Ukraine	-	-	-	-	-	(34.1)	-	(7.4)
adjusted EBITDA(2)	**798.5**	**893.3**	**175.5**	**196.4**	**1,559.7**	**1,694.0**	**337.0**	**366.0**
adjusted EBITDA margin	24.3%	27.7%	24.3%	27.7%	24.0%	27.3%	24.0%	27.3%
Operating margin	10.0%	13.2%	10.0%	13.2%	9.7%	12.0%	9.7%	12.0%

(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 half of 2022.

Consolidated cash flow statement

	for the six-month period ended June 30			
	2023	2022	2023	2022
	mPLN	mPLN	mEUR	mEUR
Net cash from operating activities	1,239.7	445.8	267.8	96.3
Net cash used in investing activities	(1,481.9)	(1,682.6)	(320.2)	(363.5)
Incl. capital expenditures(1)	*(511.0)*	*(586.9)*	*(110.4)*	*(126.8)*
Net cash used in financing activities	2,915.5	(1,340.8)	629.9	(289.7)
Net increase/(decrease) in cash and cash equivalents	2,673.3	(2,577.6)	577.5	(556.9)

(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 2023	Dec. 31 2022	June 30 2023	Dec. 31 2022
	mPLN	mPLN	mEUR	mEUR
Cash and cash equivalents(1)	3,478.5	817.8	781.6	183.8
Assets	34,698.6	32,306.6	7,796.9	7,259.4
Non-current liabilities	13,220.4	10,180.4	2,970.7	2,287.6
Non-current financial liabilities(2)	11,918.9	8,870.8	2,678.2	1,993.3
Current liabilities	5,624.9	6,315.4	1,263.9	1,419.1
Current financial liabilities(2)	2,332.1	1,867.2	524.0	419.6
Equity	15,853.3	15,810.8	3,562.3	3,552.7
Share capital	25.6	25.6	5.8	5.8

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

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

1. Characteristics of Polsat Plus Group

1.1. Activities of the Group

Polsat Plus Group is Poland's largest media and telecommunications group and the leader in the Polish entertainment and telecommunications markets. We are the leading pay TV provider and one of the leading telecommunications operators in the country. We are also one of Poland's largest content producers and hold a leading position among private TV broadcasters in terms of both audience and advertising market shares. We offer a complete package of multimedia services designed for the entire family and a wide array of wholesale services to other telecommunications operators, television operators and broadcasters.

Within the scope of our activities we provide a comprehensive array of integrated services in the following areas:

- **pay TV services** offered under the 'Polsat Box' brand by Cyfrowy Polsat – the largest pay TV provider in Poland – and our subsidiary Netia. We offer our customers access to over 150 TV channels broadcast in satellite, terrestrial and Internet (IPTV, OTT) technologies as well as modern OTT services and Multiroom. We also provide online video services through online services 'Polsat Box Go' and 'Polsat Go', the leaders on Poland's online video market;
- **telecommunication services**, including voice and data transmission services, as well as various added services (VAS). We provide mobile telecommunication services under the 'Plus' brand through Polkomtel – one of Poland's leading telecommunications operators - and fixed-line telecommunication services mainly through Netia;
- **mobile broadband Internet**, offered mainly under the 'Plus' brand in the state-of-the-art LTE, LTE Advanced and 5G technologies. We offer the largest LTE coverage and the first commercial, and concurrently the largest and fastest 5G network in Poland, thanks to which our customers enjoy the best quality of services;
- **fixed-line broadband Internet**, offered under the 'Netia' and 'Plus' brands based on our nationwide access infrastructure reaching approximately 3.3 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 42 own popular TV channels, including our main channel POLSAT, one of the leading FTA channels in Poland;
- **Internet media** through the portal Interia.pl, one of the three largest horizontal portals in Poland, as well as a number of thematic portals;
- **wholesale services to other operators**, including, i.a., network interconnection, IP and voice traffic transit, lease of lines, and national and international roaming services;
- **activities on the real estate market**, consisting mainly in the implementation of construction projects as well as the sales, rental and management of real estate. Our flagship project is the Port Praski investment located in the strict center of Warsaw.

In December 2021, we announced our Strategy 2023+, expanding our activities to include a new business pillar based on clean, green energy production. Between 2022 and 2026, we will invest about PLN 5 billion to install about 1,000 MW of clean energy production capacity and about PLN 0.5 billion to build the full value chain of an economy based on green hydrogen. We estimate that 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.

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

From January 1, 2023 until the date of publication of this Report, i.e. August 16, 2023, changes presented in the table below were implemented in the structure of Polsat Plus Group.

Date	Description
B2C and B2B services segment	
January 2, 2023	Merger of Netia S.A. (acquiring company) with Logitus Sp. z o.o. (acquired company).
January 19, 2023	Disposal of 1,000 shares (0.0003%) in Netia by Cyfrowy Polsat to TiVi Foundation.
May 31, 2023	Merger of Polkomtel (acquiring company) with TM Rental Sp. z o.o. (acquired company).
August 2, 2023	Disposal of 100% of shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o.
Media segment	
January 2, 2023	Registration in the court register of Interia.pl Sp. z o.o., established as a result of the transformation from Grupa Interia.pl Media Sp. z o.o. Sp.k.
January 2, 2023	Registration in the court register of Polsat Media Sp. z o.o., established as a result of the transformation from Polsat Media Biuro Reklamy Sp. z o.o. Sp.k.
February 15, 2023	DIsposal of 50% of shares in Polsat Jim Jam Ltd. by Telewizja Polsat.
July 20, 2023	Acquisition of 60% of shares in naEkranie.pl Sp. z o.o. by Polsat Investments Ltd.
July 21, 2023	Acquisition of 60% of shares in 4Fun Sp. z o.o. by Polsat Investments Ltd.
July 31, 2023	Merger of Interia.pl Sp. z o.o. (acquiring company) with Grupa Interia.pl. Sp. z o.o. Sp.k. (acquired company).
Real estate segment	
May 31, 2023	Merger of Megadex SPV Sp. z o.o. (acquiring company) with Megadex Księży Młyn Sp. z o.o. (acquired company).
July 3, 2023	Acquisition of ca. 32% of shares in Pantanomo Ltd. by Cyfrowy Polsat.

Furthermore, on July 3, 2023 Cyfrowy acquired a 10.1% stake in PAK-Polska Czysta Energia Sp. z o.o. by Cyfrowy Polsat. As a result of the transaction, Cyfrowy Polsat holds ca. 50.5% of shares in PAK-Polska Czysta Energia Sp. z o.o.

The changes described above 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.

A detailed description of the Group's structure is presented in Note 5 to the Company's condensed consolidated financial statements for the six months ended June 30, 2023.

1.3. Shareholders with qualifying holdings of shares in 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 16, 2023.

Shareholder	Number of shares	% of shares	Number of votes	% of votes
Zygmunt Solorz, through:	**396,802,022**	**62.04%**	**576,219,523**	70.36%
TiVi Foundation, including through:	386,745,257	60.47%	566,162,758	69.13%
Reddev Investments Limited, including through:	*386,745,247*	*60.47%*	*566,162,738*	*69.13%*
Cyfrowy Polsat S.A.(1)	*88,842,485*	*13.89%*	*88,842,485*	*10.85%*
Tobias Solorz(2), including through:	10,056,765	1.57%	10,056,765	1.23%
ToBe Investments Group Limited	*4,449,156*	*0.70%*	*4,449,156*	*0.54%*
Nationale Nederlanden PTE S.A.	**41,066,962**	**6.42%**	**41,066,962**	**5.02%**
Others	**201,677,032**	**31.53%**	**201,677,032**	**24.63%**
Total	**639,546,016**	**100%**	**818,963,517**	**100%**

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

(2) Person under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies.

Changes in the structure of qualifying holdings of shares in the Company since the publication of the last periodic report

From the date of publication of the previous interim report, i.e. May 15, 2023 (report for the first quarter of 2023), until the date of publication of this Report, i.e. August 16, 2023, the Company did not receive notifications concerning changes in the structure of ownership of significant blocks of Cyfrowy Polsat shares.

1.4. Shares in the Company 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 in the Company, directly or indirectly, as at the date of publication of this Report, i.e. August 16, 2023, nor as at the date of publication of the previous report, i.e., May 15, 2023 (report for the first quarter of 2023).

The table below presents the number of shares in 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 16, 2023, along with changes in holdings from the date of publication of the previous report, i.e. May 15, 2023 (report for the first quarter of 2023).

Name and surname / Function	Holding as at May 15, 2023	Acquisitions	Disposals	Holding as at August 16, 2023
Mr. Zygmunt Solorz(1) Chairman of the Supervisory Board	396,802,022	-	-	396,802,022
Mr. Tobias Solorz(2) Vice-Chairman of the Supervisory Board	10,056,765	-	-	10,056,765
Mr. Józef Birka(3) Member of the Supervisory Board	79,268	-	-	79,268
Mr. Tomasz Szeląg(3) Member of the Supervisory Board	53,810	-	-	53,810

(1) Mr. Zygmunt Solorz holds the Company's shares through the following companies: TiVi Foundation (the parent of Reddev Investments Limited, which in turn is the parent of Cyfrowy Polsat S.A.). Within the block of shares held by Mr. Zygmunt Solorz, 10,056,765 shares held indirectly and directly by Mr. Tobias Solorz were disclosed.

(2) Person under the presumption of the existence of an agreement referred to in Art. 87 Section 1 Item 5 of the the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organized Trading and Public Companies. Mr. Tobias Solorz holds shares directly and indirectly through ToBe Investments Group Limited.

(3) The disclosed shares were acquired by Ms. Ewa Birka, a person closely related to Mr. Józef Birka, a person discharging managerial responsibilities within the meaning of Article 19 of the Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse.

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

To the Company's best knowledge the remaining Members of the Supervisory Board did not hold any shares of the Company, directly and indirectly, as at the date of publication of this Report, i.e. August 16, 2023, nor at the date of publication of the previous report, i.e. May 15, 2023 (report for the first quarter of 2023).

Changes in the ownership of the Company's shares by Members of the Management Board and the Supervisory Board since the publication of the previous interim report

From the date of publication of the previous interim report, i.e. May 15, 2023 (report for the first quarter of 2023), until the date of publication of this Report, i.e. August 16, 2023, the Company did not receive notifications concerning changes in the structure of ownership of significant blocks of Cyfrowy Polsat shares.

2. Significant investments, agreements and events

2.1. Corporate events

Issuance of Series D Bonds linked with the sustainable growth objectives

As part of the Bond Issuance Program of November 29, 2022 with the total maximum nominal value of PLN 4 billion, on January 11, 2023, the Company issued 2,670,000 unsecured, PLN-denominated series D bearer bonds with the nominal value of PLN 1,000 each and the aggregate nominal value of PLN 2,670 million, maturing on January 11, 2030 ("Series D Bonds").

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

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

Part of the funds raised in the Series D Bond issue were used for the redemption of 691,952 Series B Bonds and 835,991 Series C Bonds.

Conclusion of significant financial agreements

On April 28, 2023, Cyfrowy Polsat and Polkomtel, as the borrowers, along with the following subsidiaries: Telewizja Polsat Sp. z o.o., Netia S.A,, Polsat Media Sp. z o.o., Muzo.fm Sp. z o.o. and Polsat Media Biuro Reklamy Sp. z o.o., concluded the Senior Facilities Agreement, sustainability linked financing, with a consortium of Polish and foreign financial institutions.

The facilities agreement provides for a PLN term facility loan to be granted to the Company and Polkomtel up to a maximum amount of PLN 7,255.0 million, an EUR term facility loan up to a maximum amount of EUR 506.0 million and a revolving facility loan up to a maximum amount of the equivalent of PLN 1,000.0 million ("Senior Facilities Agreement", "SFA").

The facilities bear interest at a variable rate equal to WIBOR/EURIBOR for the relevant interest periods plus margin. The margin of the facilities depends on the level of the consolidated total debt ratio (net debt to consolidated EBITDA) calculated jointly for certain entities from the Group in such a way that the lower the ratio, the lower the applicable margin, and also on the achievement by the Group of certain targets concerning green energy production and zero-carbon electricity consumption by certain entities from the Group.

The term of the facilities is 5 years from the date of execution of the facilities agreement and the final repayment date of each of these facilities is April 28, 2028.

The facilities were or will be utilized by the Company in particular:

(i) to repay in full the indebtedness under the senior facilities agreement of September 21, 2015, as amended, which was made on May 16, 2023;

(ii) to make funds available to companies implementing investment projects defined in the SFA; and

(iii) to finance general corporate needs of the Group.

In accordance with the SFA, the Company and other entities from the Group established collateral securing the repayment of loans granted thereunder.

Detailed information on the concluded Senior Facilities Agreement and established collateral is described in items 3.2.5.– *Liquidity and capital resources – Significant financing agreements* and 3.2.6. – *Information on guarantees granted by the Company or subsidiaries* – of this Report.

Early repayment of loans

In connection with the conclusion of the Senior Facilities Agreement on April 28, 2023, on May 9, 2023, the Company and Polkomtel decided about an early repayment of the full amount of the term facility loan and the revolving facility loan granted under the senior facilities agreement of September 21, 2015, as amended by the amendment, restatement and consolidation deeds of March 2, 2018 and April 27, 2020.

The prepayment in the aggregate amount of PLN 8,843.7 million was made on May 16, 2023.

Rating assignment by Fitch Ratings

On June 2, 2023 Fitch Ratings ("Fitch") assigned the Company a long-term issuer default rating (IDR) of 'BB' with stable perspective.

In its press release Fitch stated that the rating reflects the Company's fully integrated telecom and media profile, with strong market position in its segments of operations. At the same time, the rating takes into account the competitive market environment, adverse macro conditions and the diversification of the Company's operations towards renewable energy and real estate. The new business segments will result in increased leverage and an evolving business risk profile of the Company over the rating horizon.

In parallel, Fitch assessed that the Company has adequate access to capital, as demonstrated by the recent refinancing of its senior facility agreement. In Fitch's opinion, access to capital is key to continuing funding the Company's investments in renewables and real estate.

Amendment of the Company's Statutes

On June 29, 2023, the Annual General Meeting of Cyfrowy Polsat resolved on on amending the Statutes of the Company. The amendment to the Statutes were registered by the District Court for the Capital City of Warsaw on July 19, 2023. The full text of the Company's new Statutes is available on Cyfrowy Polsat's website at https://grupapolsatplus.pl/en/corporate-governance/corporate-documents.

Distribution of profit for 2022

On June 29, 2023, the Annual General Meeting of Cyfrowy Polsat resolved to allocate the Company's net profit for the fiscal year 2022 in the amount of PLN 1.248.6 million in full to reserve capital. The resolution of the Annual General Meeting is in accordance with the previous recommendation of the Company's Management Board of May 31, 2023, which was positively reviewed by the Supervisory Board on the same date.

The Company's Management Board decided not to recommend the dividend payout from the 2022 profit due to the capital-intensive strategic investments carried out by the Company as part of its Strategy 2023+, aimed at continuing the development of the Company's capital group over the long term in line with the overarching strategic goal of sustainably growing the Company's value for its shareholders. In particular, the funds retained in the Company will be employed for the timely implementation of currently ongoing projects involving, among others, the construction of wind farms in Miłosław, Kazimierz Biskupi, Człuchów and Przyrów with total installed capacity of 150 MW. As a result of the implementation of the above-mentioned projects, by the end of 2024, the estimated production capacity of energy from wind farm will exceed 430 GWh per year, which, on the one hand, will ensure that the Company and its capital group's internal needs for electricity are fully met, thereby offsetting the Company's exposure to fluctuations in energy prices, and on the other hand, will enable sales of clean energy to third parties.

At the same time, in deciding not to pay the dividend, the Management Board took into account the Company's net debt ratio, which remains at an elevated level, i.a. as a result of the financing of strategic investments, as well as the unfavorable macroeconomic environment, in particular high inflationary pressure and persistently high interest rates that translate into rising debt service costs for the Company.

Changes in the Supervisory Board

On May 31, 2023, Mr. Marek Kapuściński resigned from membership in the Supervisory Board of the Company, effective immediately.

On June 29, 2023 the Annual General Meeting of the Company resolved to entrust Mr. Tobias Solorz and Mr. Piotr Żak with the functions of Vice-Chairmen of the Supervisory Board, with effect from the date of registration of the amendment to the Company's Articles of Association in the National Court Register, which took place on July 19, 2023.

2.2. Business related events

Introduction of new tariffs for telecommunications services

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

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

Launch of 5G Ultra network

In June 2023, we offered our customers in selected locations the opportunity to use mobile Internet with a maximum download speed of 1 Gbps, comparable to the speed of fiber Internet - 5G Ultra. This is a pioneering solution that was launched through the aggregation of 3 bands - two in 5G technology (2600 MHz and 2100 MHz) and in addition a 4G layer (1800 MHz). 5G Ultra is available free of charge to all customers within range of the service and with a compatible device.

Auction for frequency reservations in the 3.6 GHz band

On June 22, 2023, the Office of Electronic Communications (UKE) announced an auction for frequency reservations in the 3.6 GHz band. The subject of the distribution are 4 blocks of 100 MHz each and theminimum price per block was set at PLN 450 million.

The conditions for participating in the auction include the necessity to document investment expenditures in telecommunication of at least PLN 1 billion between 2016 and 2021 and the possession of a nationwide frequency reservation in the 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz bands.

The new auction documentation indicates quantitative, coverage and qualitative commitments for network development. The quantitative commitments consist in the launch of at least 3,800 base stations by the operators who will obtain the spectrum within 48 months from the date of delivery of the decision. In terms of coverage and qualitative commitments, the quality requirements were applied which constitute a new element of the frequency distribution process in Poland. The required coverage of the country's territory also defines quality parameters of services to be provided in terms of minimum throughput and maximum latency. Winners of the auction will be required to provide throughput (using any frequency band) of 95 Mbps to 99% of households nationwide within 60 months, in 90% of the country's territory within 60 months, along 95% of national roads within 84 months, along 95% of provincial roads within 84 months, along 95% of designated railroads within 84 months, and to 24-hour border crossings within 24 months from the date of delivery of the reservation decision.

Our subsidiary Polkomtel is among the operators that have submitted initial bids in the announced auction.

The deadline projected by President of UKE for allocating the 3.6 GHz band is the fourth quarter of 2023.

Development of clean energy projects

Within the framework of Polsat Plus Group's *Strategy 2023+* in the new area of clean energy, we work intensively with ZE PAK to quickly launch the production of clean energy and green hydrogen.

Renewable energy projects:

On-shore wind farms. We are dynamically developing onshore wind farm projects. At present, six wind farms are under construction: in Miłosław (9.6 MW), Kazimierz Biskupi (17.5 MW), Przyrów (50 MW), Człuchów (73 MW), Drzeżewo (139 MW) and Dobra (7.8 MW). Construction work on the farms in Miłosław and Kazimierz Biskupi has already been completed and test production is underway.

Completion of work on the farms in Przyrów and Człuchów is expected for the second and the third quarter of 2024, respectively, while completion of work on the Drzeżewo and Dobra projects is scheduled for 2025. With the implementation of the projects described above, the installed capacity of onshore wind farms will exceed 296 MW at the end of 2025.

Photovoltaics farms. In the area of photovoltaics, work is being finalized on the 12.4 MW Cambria farm, which is being built next to the Brudzew farm already in operation and will be a natural extension of it.

Hydrogen projects. In addition to dynamically developing projects oriented towards the production of clean energy from renewable sources, we are also focusing on building the full value chain of the green hydrogen economy. Of particular note, the process of commissioning the first electrolyzer, which will be capable of producing 1,000 kg of green hydrogen per day, is currently underway.

The hydrogen bus designed by PAK-PCE and Polsat Plus Group, 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"), received European type-approval, which means that it can be sold and operated throughout the EU. The NesoBus had its premiere in May 2022. In March 2023, we signed a contract with the city of Rybnik for the construction and delivery of 20 NesoBus hydrogen buses, the first of which will hit the city's streets this fall. We have also submitted a tender offer for the supply of 10 hydrogen buses with hydrogen fuel for Gdańsk and are currently awaiting the results of the tender.

Simultaneously, the construction of a bus factory in Świdnik is underway, planned to be put into operation in the third quarter of 2023 and to produce ultimately more than 100 hydrogen buses per year. In December 2022, an agreement was signed with the National Fund for Environmental Protection and Water Management (NFOŚiGW) to subsidize the above project with a preferential loan of up to PLN 50 million.

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

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

In March 2023, the Company entered into so-called financial PPA (Power Purchase Agreement) agreements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-VOLT S.A. concerning electricity generated by the photovoltaic farm in the municipality of Brudzew. The contracts were concluded for a period of 15 years, with the possibility of termination in certain situations, and became effective in April 2023.

In April 2023, the Company entered into financial PPA agreements with Park Wiatrowy Palczyn1 Sp. z o.o. and PAK-Volt S.A. for electricity generated by the wind farm in the municipality of Miłoslaw. The agreements were concluded for a period of 15 years and 6 months, starting from the first settlement, which is scheduled for October 2023.

The Company committed in the financial PPA agreements to make financial settlements in order to ensure a fixed price for the sale or purchase of electricity (so-called contract on difference). The settlement price in the financial PPA agreements was established for the first year of the term and will be indexed in subsequent years by the inflation rate, subject to applicable legal regulations specifying the maximum sales price of electricity produced from renewable sources.

Granting a loan for the implementation of a wind farm project in Człuchów

On June 14, 2023, the Company decided to enter into another loan agreement between the Company, as the lender, and PAK-PCE, as the borrower, under which the Company intends to grant a loan to PAK-PCE up to an amount not exceeding PLN 175 million.

The loan proceeds will be used to finance subsequent payments to be made by PAK-PCE’s subsidiary executing the wind farm project in Człuchów under, among others, agreements with suppliers and contractors including, among others, the wind turbine supply and installation agreement.

The loan agreement provides that the loan may be drawn in PLN or EUR. At the same time, the loan agreement stipulates that PAK-PCE may also obtain alternative forms of financing for the project and may potentially make an early repayment of the loan granted. The interest rate on the loan is variable, based on WIBOR or EURIBOR, respectively. The financial terms and other terms of the loan agreement do not deviate from market conditions. The repayment date of the loan was set at 31 December 2025.

2.3. Events after the balance sheet date

Annex to the preliminary share purchase agreement concerning PAK-Polska Czysta Energia and the acquisition of shares in PAK-Polska Czysta Energia

On July 3, 2023 the Company concluded an annex to the preliminary share purchase agreement with ZE PAK S.A. dated December 20, 2021 concerning the acquisition of shares in PAK-PCE. In accordance with the annex, the parties decided that the subject matter of the final agreement will be 2,390,600 shares in PAK-PCE, representing approx. 10.1% of the share capital of PAK-PCE and approx. 10.1% of votes at the shareholders' meeting of PAK-PCE. In addition, the Company and ZE PAK agreed that the companies: (i) Przedsiębiorstwo Remontowe "PAK Serwis" sp. z o.o. and (ii) PCE-OZE 5 sp. z o.o., which are subsidiaries of the PAK-PCE group, will be transferred to ZE PAK and will therefore not be subject of the transaction.

On July 3, 2023, in execution of the preliminary share purchase agreement with ZE PAK S.A. dated December 20, 2021, as amended, the Company acquired from ZE PAK S.A. for the amount of PLN 117.0 million additional shares in PAK-PCE, representing approx. 10.1% of the share capital of PAK-PCE and approx. 10.1% of votes at the shareholders' meeting of PAK-PCE.

Following the above mentioned transaction and taking into account the shares previously acquired and subscribed for by the Company in PAK-PCE, the Company holds approx. 50.5% of the shares in the share capital of PAK-PCE.

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

In connection with the acquisition of a majority stake in PAK-PCE, starting July 3, 2023, the Group will consolidate the financial results of the company and the PAK-PCE capital group using the full method.

Acquisition of shares in Pantanomo Limited

On July 3, 2023, the Company and Tobe Investments Group Limited entered into a share purchase agreement, pursuant to which the Company acquired from Tobe 4,705 shares in Pantanomo Limited, representing approx. 32% of Pantanomo's share capital.

The purchase price for the Pantanomo shares amounts to PLN 307.2 million and will be paid by the Company in instalments, the first instalment of PLN 107.2 million by October 31, 2023, the second instalment of PLN 100.0 by April 30, 2024, with the remainder of the price to be paid by October 31, 2024.

Pantanomo belongs to Port Praski capital group and its operating activities include, among others, the management of its real estate holdings.

Acquisition of the naEKRANIE.pl website and 4FUN channels

On July 20, 2023, Polsat Investments Ltd. acquired 60% of shares in naEkranie.pl, a company which owns the naEKRANIE.pl website for the amount of PLN 10.8 million. On July 21, 2023, Polsat Investments Ltd. acquired 60% of shares in 4Fun Sp. z o.o., a company which owns 4FUN.TV, 4FUN KIDS and 4FUN DANCE TV channels for the amount of PLN 37.1 million. At the same time, the companies entered into a long-term investment agreement under which they will jointly develop the existing 4FUN and naEKRANIE.pl businesses.

With the above acquisition, Polsat Plus Group is expanding its portfolio of thematic channels, thereby increasing the attractiveness of the content offered to viewers.

naEKRANIE.pl is a pop culture website writing about movies, series, books, comics and games, as well as technology.

4FUN.TV has been on the television market since February 14, 2004. It is a music television channel broadcasting entertainment music, for years characterized, in addition to broadcasting music videos, by a very strong interaction with viewers.

4FUN DANCE has been on the television market since September 27, 2011 (it started under the name TV DISCO). This channel features Polish dance music - disco polo and dance.

4FUN KIDS is a music, educational and interactive channel for children. It premiered on September 1, 2020.

Renewal of frequency reservation

On July 10, 2023, Polkomtel received a decision of the President of UKE reserving frequencies in the 900 MHz band for Polkomtel for the next 15 years – until December 31, 2038. According to this decision, Polkomtel was obliged to pay fees PLN 300.3 million to the State Treasury for making the reservation. The payment in the amount of PLN 300.3 million was made on July 24, 2023.

Continuation of the Bond Issue Program and refinancing of Polsat Plus Group's indebtedness

On August 2, 2023, the Company decided to take actions to to continue the implementation of the Bond Issue Program of November 29, 2022 and to refinance Polsat Plus Group's indebtedness. The total value of the Bond Issue Program is PLN 4 billion and as of the date of the publication fo this Report the total nominal value of outstanding bonds issued by the Company thereunder is PLN 2.67 billion.

In particular, the Company's Management Board adopted a resolution on, among others, entering into agreements related to the issuance of series E bearer bonds being contemplated by the Company and approving draft terms and conditions for the issuance of Series E Bonds.

The Company intends to issue Series E Bonds under the Program by the end of Q3 2023, provided that favorable conditions exist on the debt securities market. The Company's Management Board preliminarily estimates that the value of the contemplated Series E Bond issue will be approx. PLN 500 million. The Company will make its final decision on the issuance of Series E Bonds, the value of the issuance and its terms and conditions in a relevant resolution of the Company's Management Board.

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.

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

	for the 3-month period ended June 30		change / %	
	2023	2022	nominal	% / p.p.
B2C and B2B SERVICES SEGMENT[1]				
Contract services for B2C customers				
Total number of B2C RGUs(2) (EOP) [thous.], incl,:	**13,083**	**13,349**	**(266)**	**(2.0%)**
Pay TV	4,895	5,117	(222)	(4.3%)
Mobile telephony	6,218	6,230	(12)	(0.2%)
Internet	1,970	2,002	(32)	(1.6%)
Number of B2C customers (EOP) [thous.]	**5,848**	**5,990**	**(142)**	**(2.4%)**
ARPU per B2C 3) customer [PLN]	71.8	70.2	1.6	2.3%
ARPU per B2C 3) customer (YTD) [PLN]	71.6	70.0	1.6	2.3%
Churn in B2C 4) subsegment	7.3%	6.8%	-	0.5 p.p.
RGU saturation per one B2C customer	2.24	2.23	0.01	0.4%
Prepaid services				
Total number of RGUs (EOP) [thous.], incl,:	**2,656**	**2,772**	**(116)**	**(4.2%)**
Pay TV	79	81	(2)	(2.5%)
Mobile telephony	2,548	2,655	(107)	(4.0%)
Mobile Internet	29	36	(7)	(18.9%)
ARPU per prepaid RGU 5) [PLN]	17.8	17.4	0.4	2.3%
ARPU per prepaid RGU 5) (YTD) [PLN]	17.5	17.3	0.2	1.2%
Contract services for B2B customers				
Total number of B2B customers (EOP) [thous.]	**69.0**	**68.8**	**0.2**	**0.3%**
ARPU per B2B 3) customer [PLN]	1,463	1,378	85.5	6.2%
ARPU per B2B 3) customer (YTD) [PLN]	1,449	1,385	63.7	4.6%

	for the 3-month period ended June 30		change / %	
	2023	2022	nominal	% / p.p.
MEDIA SEGMENT: TELEVISION AND ONLINE				
TV channels				
TV audience share (in the 3-month period)	22.0%	22.8%	-	(0.8 p.p.)
Advertising market share (in the 3-month period)	28.7%	28.6%	-	0.1 p.p.
TV audience share (YTD)	21.9%	23.0%	-	(1.1 p.p.)
Advertising market share (YTD)	28.4%	28.4%	-	0.0 p.p.
Online – internet portals				
Average number of users [millions]	21.0	20.8	0.2	1.0%
Average number of page views [millions]	1,901	2,023	(121.4)	(6.0%)

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

3.1.1. B2C and B2B services segment

Contract services for B2C customers

The total number of B2C customers to whom we provided contract services as at the end of the second quarter of 2023 was 5,848 thousand (-2.4% YoY). The main reason behind the decrease of the contract customer base was the declining popularity of the satellite technology as well as the continued process of merging contracts under one common contract for the household within our base. In line with our strategic assumptions, we avoid conducting an aggressive sales policy on individual products and focus on increasing customer loyalty, in particular through offering a wide portfolio of bundled services, as well as on increasing ARPU per contract customer.

At the same time, we effectively care about customer satisfaction, which translated into a low churn ratio. The churn rate for our B2C customers amounted to 7.3% in the twelve-month period ended June 30, 2023 (+0.5 p.p. YoY). Low churn is primarily the effect of a high level of loyalty of our customers of bundled services, which results from the successful implementation of our multiplay strategy, as well as our actions aimed at fostering high customer satisfaction.

In line with the assumptions of our long-term strategy, we aim to maximize revenue per contract B2C customer through cross-selling, i.e., selling additional products and services to our customer base within the framework of our bundled services offer, and offering enhanced television and telecommunications packages (the more-for-more strategy). In the second quarter of 2023, average revenue per B2C customer increased to PLN 71.8 (+2.3% YoY) while in the first half of 2023 it reached the level of PLN 71.6 (+2.3%). The growth of ARPU per B2C contract customer results, in particular, from the continuous building of customer value. We believe that the growing popularity of 5G tariff plans, coupled with our more-for-more strategy, as well as continued expansion of our content offer will contribute to the further building of customer value, reflected in the level of ARPU.

The number of contract services for B2C customers provided by us at the end of the second quarter of 2023 amounted to 13,083 thousand RGUs, i.e., 266 thousand less compared to the previous year (-2.0% YoY). The main reason for this decline was the decrease in the number of contract pay TV services by 222 thousand (-4.3% YoY) to the level of 4,895 thousand RGUs, mainly due to the price repositioning and change in the strategy of offering our video online services (in 2021, we replaced the Ipla platform with the new Polsat Box Go offer, which is differently positioned in terms of pricing) and a lower number of provided satellite TV services. This decrease was partially compensated by an increasing number of TV services offered in online technologies (IPTV/OTT). At the end of June 2023, the base of contract mobile telephony services for B2C customers remained stable YoY and amounted to 6,218 thousand.

At the end of the second quarter of 2023, the number of Internet access services provided to B2C customers in the contract model amounted to 1,970 thousand, decreasing by 32 thousand (-1.6% YoY) due to the lower number of users of dedicated mobile Internet. This change was driven, among others, 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 outflow of mobile Internet RGUs is partially offset by the growing number of fixed-line Internet access services.

The saturation of our B2C customer base with integrated services, expressed in the ratio of contract services per customer, develops at a high level and as at the end of June 2023 amounted to 2.24 contract services per customer (+0.4% YoY). We believe that further saturation of our customer base with integrated services, including our flagship product smartDOM will positively influence the growth of the number of contract RGUs provided by us in the future and will support keeping the churn rate at a low level.

Our bundled services offer, based on a mechanism of offering attractive discounts on every additional product or service purchased from the Group's portfolio, remains popular among our customers and has a positive effect on the churn rate, RGU saturation per customer ratio and ARPU per contract B2C customer. At the end of June 2023, the number of customers using our bundled services remained strong year on year and amounted to 2,450 thousand, which translates to a 41.9% saturation of our contract customer base with multiplay services. This group of customers had 7,392 thousand RGUs as at the end of June 2023, up by 16 thousand (+0.2%) 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 decreased by 116 thousand (-4.2%) YoY and amounted to 2,656 thousand as at June 30, 2023.

In the analyzed period, the main reason behind the decline of our prepaid services base was the decrease in the number of prepaid mobile telephony services by 107 thousand (-4.0%) YoY, to 2,548 thousand RGUs. The year on year decrease in the number of provided prepaid mobile telephony services is related to a high reference point due to the support action in the form of distribution of free starters enabling free communication for the newly arrived refugees from Ukraine in the first half of 2022. At the same time, the number of prepaid mobile broadband Internet services remained in a downward trend, decreasing by 7 thousand YoY as at the end of the second quarter of 2023. 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 remained stable YoY and amounted to the level of 79 thousand at the end of the second quarter of 2023.

In the second quarter of 2023, average revenue per prepaid RGU amounted to PLN 17.8 (+2.3% YoY) while in the first half of 2023 it reached PLN 17.5 (+1.2% YoY).

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 2023 was 69.0 thousand (+0.3% YoY). The scale of our B2B customer base remains stable in the long term, proving the high efficiency of our efforts directed at fostering high satisfaction of our business customers. At the same time, we maintain a high level of ARPU from our B2B customers, which increased to PLN 1,463 (+6.2% YoY) per month in the second quarter of 2023 and PLN 1.449 (+4.6% YoY) per month in the first half of 2023.

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

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

Audience shares

Audience share	3 months ended June 30		Change / p.p.	6 months ended June 30		Change / p.p.
	2023	2022		2023	2022	
Audience share [1] [2], including:	**21.96%**	**22.81%**	***(0.85)***	**21.90%**	**23.02%**	***(1.12)***
POLSAT (main channel)	**7.76%**	**7.69%**	***0.07***	**7.89%**	**8.03%**	***(0.14)***
Other channels	**14.20%**	**15.12%**	***(0.92)***	**14.01%**	**14.99%**	***(0.98)***
TV4	3.02%	2.88%	*0.14*	3.03%	2.76%	*0.27*
Polsat 2	1.36%	1.26%	*0.10*	1.35%	1.26%	*0.09*
Polsat News	1.26%	1.71%	*(0.45)*	1.26%	1.96%	*(0.70)*
TV6	1.15%	1.26%	*(0.11)*	1.13%	1.29%	*(0.16)*
Super Polsat	0.95%	1.07%	*(0.12)*	0.99%	1.07%	*(0.08)*
Fokus TV	0.85%	1.20%	*(0.35)*	0.87%	1.24%	*(0.37)*
Polsat Play	0.70%	0.66%	*0.04*	0.71%	0.66%	*0.05*
Polsat Film	0.67%	0.69%	*(0.02)*	0.67%	0.72%	*(0.05)*
Wydarzenia24	0.57%	0.63%	*(0.06)*	0.59%	0.63%	*(0.04)*
Polsat Sport	0.48%	0.45%	*0.03*	0.35%	0.33%	*0.02*
Polo TV	0.46%	0.44%	*0.02*	0.42%	0.43%	*(0.01)*
Polsat Seriale	0.46%	0.38%	*0.08*	0.46%	0.35%	*0.11*
Nowa TV	0.39%	0.38%	*0.01*	0.38%	0.34%	*0.04*
Polsat Cafe	0.38%	0.39%	*(0.01)*	0.39%	0.40%	*(0.01)*
Eska TV	0.35%	0.47%	*(0.12)*	0.33%	0.45%	*(0.12)*
Eleven Sports 1	0.21%	0.25%	*(0.04)*	0.19%	0.21%	*(0.02)*

Audience share	3 months ended June 30		Change / p.p.	6 months ended June 30		Change / p.p.
	2023	2022		2023	2022	
Disco Polo Music	0.17%	0.18%	*(0.01)*	0.17%	0.15%	*0.02*
Polsat Doku	0.16%	0.12%	*0.04*	0.15%	0.12%	*0.03*
Polsat Sport Extra	0.13%	0.13%	-	0.11%	0.10%	*0.01*
Polsat News 2	0.06%	0.09%	*(0.03)*	0.06%	0.09%	*(0.03)*
Polsat Rodzina	0.06%	0.08%	*(0.02)*	0.06%	0.09%	*(0.03)*
Vox Music TV	0.06%	0.07%	*(0.01)*	0.05%	0.06%	*(0.01)*
Polsat Music HD	0.06%	0.07%	*(0.01)*	0.05%	0.07%	*(0.02)*
Eska TV Extra	0.05%	0.06%	*(0.01)*	0.06%	0.06%	-
Polsat Sport News HD	0.05%	0.06%	*(0.01)*	0.05%	0.05%	-
Eleven Sports 2	0.05%	0.04%	*0.01*	0.04%	0.04%	-
Polsat Games	0.04%	0.04%	-	0.04%	0.04%	-
Eska Rock TV	0.03%	0.02%	*0.01*	0.02%	0.02%	-
Polsat Sport Fight	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(3)	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Sport Premium 2(3)	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Eleven Sports 3(3)	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Eleven Sports 4(3)	n/a	n/a	*n/a*	n/a	n/a	*n/a*
TV Okazje(3)	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Film 2(3)	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat X(3)	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Reality(3)	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Advertising market share(4)	**28.7%**	**28.6%**	***0.1***	**28.4%**	**28.4%**	**-**

(1) 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).
(2) 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.
(3) Channel not included in the telemetric panel.
(4) Our evaluation based on Publicis Group's estimates.

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.
	2023	2022		2023	2021(1)	2023
Polsat Comedy Central Extra	0,35%	0,32%	*0,03*	0,34%	0,31%	*0,03*
Polsat Viasat History	0,24%	0,20%	*0,04*	0,24%	0,19%	*0,05*
Polsat Viasat Explore	0,19%	0,15%	*0,04*	0,18%	0,15%	*0,03*
CI Polsat	0,17%	0,19%	*(0,02)*	0,15%	0,18%	*(0,03)*
Polsat Viasat Nature	0,09%	0,05%	*0,04*	0,09%	0,04%	*0,05*

The audience share in the commercial group (all viewers aged 16-59, including Live+2, i.e. 2 additional days of time-shifted viewing; including out of home viewing, i.e. OOH) for Polsat Plus Group amounted to 22.0% (-0.9 p.p. YoY) in the second quarter of 2023 and 21.9% in the first half of 2023 (-1.1 p.p. YoY).

The Group's channels audience shares were adversely affected by the refarming from the DVB-T to DVB-T2 standard, completed on June 27, 2022, in which commercial broadcasters were treated unequally by favoring the public broadcaster, who was allowed by an administrative decision to continue broadcasting TVP channels in the old standard until the end of 2023. As a result of the refarming process, which was carried out in stages, terrestrial TV viewers equipped with older-generation TV sets were deprived of access to the commercial broadcasters' offer until they purchased a new set-top box or TV set. In 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.

In parallel, continuous market fragmentation can be observed on the Polish market, which strongly impacts audience shares of the four main TV channels (Polsat, TVN, TVP1 and TVP2). Rapidly growing popularity of other forms of consumption of video content displayed on TV sets also determines the viewership of traditional linear TV. Despite the fact that the intensity of these phenomena slowed down slightly in the periods under review, it continues to shape the audience of, among others, our main Polsat channel, which increased by 0.1 p.p. YoY in the second quarter of 2023 to 7.8% and fell by 0.1 p.p. YoY to 7.9% in the first half of 2023 and also the thematic channels which recorded a decrease by 0.9 p.p. YoY to 14.2% in the second quarter of 2023 and a decrease by 1.0 p.p. YoY to 14.0% in the first half of 2023.

As mentioned above, the audience levels of the Group's channels is under the influence of 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.

Compared to the second quarter of 2022 and the first half of 2022, a time of the outbreak and the initial phase of the armed conflict in Ukraine, we can observe lower viewership of news channels. Polsat News, our main news channel, posted audience shares of 1.7% in the second quarter of 2022 and 2.0% in the first half of 2022. The interest in the conflict gradually faded over the course of the year, and as a result, the station's audience share was 1.3% in both in the second quarter of 2023 and the first half of 2023.

In July 2023, we expanded it to include three channels from the 4FUN family: 4FUN.TV, 4FAN DANCE and 4FUN KIDS, which in our opinion will further enhance the attractiveness of our offer and should contribute to increasing the audience of our thematic channels.

TV advertising and sponsoring market share

According to estimates of Publicis Group, expenditures on TV advertising and sponsoring in the first half of 2023 amounted to approximately PLN 2.2 billion (+4.1% YoY). Based on these data, we estimate that our TV advertising market share was 28.4% in the analyzed period. Publicis Group estimated that in the second quarter of 2023 expenditures on TV advertising and sponsoring amounted to approximately PLN 1.2 billion (+4.3% YoY) and our TV advertising market share remained stable YoY and amounted to 28.6%.

If we compare the current portfolio of Polsat Plus Group’s channels, we generated around 8% less EqGRPs in the first half of 2023 compared to the first half of 2022.

Average monthly number of Internet users

In the second quarter of 2023 the average monthly number of users (the 'real users' indicator from the Mediapanel survey) of Polsat-Interia Group websites and apps amounted to 21.0 million, which represents an increase by 0.2 million YoY (+1.0%) and in the first half of 2023 it amounted to 21.1 million, which represents an increase by 0.1 million YoY (+0.5%).

The table below presents a list of websites, whose number of average users per month exceeded 0.5 million in the second quarter of 2023. The Interia.pl portal is presented as a whole, without a breakdown into services.

Average number of users (1) [millions]	3 months ended June 30		Change		6 months ended June 30		Change	
	2023	2022	nominal	%	2023	2022	nominal	%
Polsat-Interia Group	**21.0**	**20.8**	**0.2**	**1.0%**	**21.1**	**21.0**	**0.1**	**0.5%**
Selected websites:								
interia.pl	15.8	15.6	0.2	1.3%	15.6	15.5	0.1	0.6%
pomponik.pl	7.4	6.5	0.9	13.8%	7.3	6.6	0.7	10.6%
polsatnews.pl	6.4	3.1	3.3	106.5%	6.4	3.9	2.5	64.1%
smaker.pl	3.9	3.4	0.5	14.7%	4.2	3.5	0.7	20.0%
deccoria.pl	3.9	3.1	0.8	25.8%	4.0	3.0	1.0	33.3%
polsatsport.pl	3.4	2.4	1.0	41.7%	3.3	2.4	0.9	37.5%
bryk.pl	2.2	1.9	0.3	15.8%	2.5	2.0	0.5	25.0%
twojapogoda.pl	2.1	1.7	0.4	23.5%	1.7	1.6	0.1	6.3%
polsatboxgo.pl	1.0	1.4	(0.4)	(28.6%)	1.3	1.6	(0.3)	(18.8%)
okazjum.pl	0.9	0.9	-	-	0.9	0.9	-	-
polsatgo.pl	0.7	0.9	(0.2)	(22.2%)	0.9	1.0	(0.1)	(10.0%)

(1) Mediapanel survey, Real Users indicator.

The portal with the highest number of users was the horizontal portal Interia.pl, which recorded 15.8 million users (+1.3% YoY) in the second quarter of 2023 and 15.6 million users (+0.6% YoY) in the first half of 2023. In addition, we recorded noticeable increases in the number of users of some other services. The news website polsatnews.pl was visited by 6.4 million users in both periods under review, up by 3.3 million (+106.5% YoY) from the second quarter of 2022 and up by 2.5 million (+64.1%) from the first half of 2022. Good upward dynamics was recorded by polsatsport.pl sports service, with an increase in the average monthly number of users by 1.0 million (+41.7% YoY) in the first quarter of 2023 and by 0.9 million (+37.5% YoY) in the first half of 2023. The deccoria.pl home renovation service was visited in the same periods by 3.9 million users and 4.0 million users, respectively, i.e. by 0.8 million users and 1.0 million users more than a year ago (+25.0% YoY and +33.3% YoY). The largest declines were recorded by the VOD services polsatboxgo.pl (by 0.4 million and -28.6% YoY in the second quarter of 2023 and by 0.3 million and -18.8% YoY in the first half of 2023) and polsatgo.pl (by 0.2 million and -22.2% YoY in the second quarter of 2023 and by 0.1 million and -10,0% YoY in the first half of 2023).

Average monthly number of Internet views

The average monthly number of page and app views of Polsat-Interia Group websites reached 1.9 billion both in the second quarter of 2023 (-6.0% YoY) and in the first half of 2023 (-8.4% YoY).

The table below presents the list of websites, whose number of views exceeded 0.5 million in the second quarter of 2023. The Interia.pl portal is presented as a whole, without a breakdown into services.

Average number of views (1) [millions]	3 months ended June 30		Change		6 months ended June 30		Change	
	2023	2022	nominal	%	2023	2022	nominal	%
Group	**1,901.4**	**2,022.8**	**(121.4)**	**(6.0%)**	**1,919.5**	**2,096.6**	**(177.1)**	**(8.4%)**
Selected websites								
interia.pl	905.7	1,045.1	(139.4)	(13.3%)	939.3	1,084.1	(144.8)	(13.4%)
pomponik.pl	55.0	49.0	6.0	12.2%	53.1	51.0	2.1	4.1%
polsatnews.pl	34.2	25.4	8.8	34.6%	34.9	32.5	2.4	7.4%
smaker.pl	17.2	15.0	2.2	14.7%	19.8	16.3	3.5	21.5%
deccoria.pl	12.0	8.4	3.6	42.9%	12.0	7.4	4.6	62.2%
polsatsport.pl	23.0	15.3	7.7	50.3%	20.5	13.5	7.0	51.9%
bryk.pl	10.1	8.4	1.7	20.2%	11.2	9.1	2.1	23.1%
twojapogoda.pl	15.6	16.4	(0.8)	(4.9%)	13.9	14.6	(0.7)	(4.8%)
polsatboxgo.pl	4.0	5.9	(1.9)	(32.2%)	4.9	6.1	(1.2)	(19.7%)
okazjum.pl	25.7	18.9	6.8	36.0%	27.3	17.8	9.5	53.4%
polsatgo.pl	3.1	2.6	0.5	19.2%	3.4	3.4	-	-

1) Data from Mediapanel survey, Views indicator –views of websites/apps.

In the analyzed period the highest number of views was generated by the Interia.pl horizontal portal. Its content was viewed on average 905.7 million times per month during the second quarter of 2023 (-13.3% YoY) and 939.3 million times per month during the first half of 2023 (-13.4% YoY). The decrease in the number of the portal's page views compared to the same periods of 2022 was influenced by users' high interest in news content related to the war in Ukraine during the comparative periods.

The second place in terms of the number of views was invariably held by the gossip site pomponik.pl, with an average monthly number of 55.0 million views in the second quarter of 2023 and 53.1 million views in the first half of 2023, this website recorded an increase of 6.0 million views (+12.2% YoY) and 2.1 million views (+4.1% YoY), respectively, compared to the last year's results. Dynamic increases in the number of page views was recorded by our home renovation service deccoria.pl (+3.6 million views, +42.9% YoY in the second quarter of 2023 and +4.6 million views, +62.2% YoY in the first half of 2023). Very good results were also achieved by the sports service polsatsport.pl (+7.7 million views, +50.3% YoY in the second quarter of 2023 and +7.0 million views, +51.9% YoY in the first half of 2023). In turn, a change in the strategy of offering our online video services and growing competition from international players resulted in a reported decrease in the number of views of the streaming service polsatboxgo.pl (-1.9 million views, -32.2% YoY in the second quarter of 2023 and -1.2 million views, -19.7% YoY in the first half of 2023).

On July 20, 2023, we acquired the website naEKRANIE.pl. It is a pop culture portal writing about movies, TV series, books, comics and games, as well as technology. The above acquisition is another step supporting the development of Polsat Plus Group's position and significance on the new media market.

3.2. Review of the Group’s financial situation

The following review of results for the three- and six-month periods ended June 30, 2023 was prepared based on the condensed consolidated financial statements for the six-month period ended June 30, 2023, 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, 2023 and June 30, 2022 are not fully comparable due to the acquisitions and changes to the Group’s structure, which are described in detail in item 1.2. of this Report – *Changes in the organizational structure of Polsat Plus Group and their effects,* and item 1.2. of the Report of the Management Board on activities of Cyfrowy Polsat S.A. Capital Group for 2022.

When 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, 2022 to June 30, 2023. However, if the impact of an acquisition or a disposal is a significant factor, this is indicated for the item in question.

Please note that the comparability of EBITDA results in the analyzed periods was disrupted due to 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 factor.

3.2.1. Income statement analysis

The description of key positions in the consolidated income statement is presented in item 4.2. of the Report of the Management Board on activities of Cyfrowy Polsat S.A. Capital Group for 2022.

Results for the second quarter of 2023

[mPLN]	for the 3-month period ended June 30		change	
	2023	2022	[mPLN]	[% / p.p.]
Revenue	3,289.8	3,228.1	61.7	1.9%
Operating costs	(2,945.0)	(2,815.4)	(129.6)	4.6%
Other operating income/(cost), net	(15.0)	13.1	(28.1)	(214.5%)
Profit from operating activities	**329.8**	**425.8**	**(96.0)**	**(22.5%)**
Gain on investment activities, net	21.0	5.7	15.3	268.4%
Finance costs, net	(300.7)	(130.7)	(170.0)	130.1%
Share of the profit of associates accounted for using the equity method	(9.9)	24.2	(34.1)	(140.9%)
Gross profit for the period	**40.2**	**325.0**	**(284.8)**	**(87.6%)**
Income tax	(32.1)	(42.3)	10.2	(24.1%)
Net profit for the period	**8.1**	**282.7**	**(274.6)**	**(97.1%)**
EBITDA	***798.5***	***893.3***	***(94.8)***	***(10.6%)***
EBITDA margin	***24.3%***	***27.7%***	***-***	***(3.4 p.p.)***

Revenue

Our **total revenue** increased by PLN 61.7 million (+1.9% YoY) in the second quarter of 2023.

[mPLN]	for the 3-month period ended June 30		change	
	2023	2022	[mPLN]	[%]
Retail revenue	1,734.8	1,725.8	9.0	0.5%
Wholesale revenue	859.0	879.8	(20.8)	(2.4%)
Sale of equipment	483.6	450.5	33.1	7.3%
Other revenue	212.4	172.0	40.4	23.5%
Revenue	**3,289.8**	**3,228.1**	**61.7**	**1.9%**

Retail revenue increased by PLN 9.0 million (+0.5%) YoY.

Wholesale revenue decreased by PLN 20.8 million (-2.4%) YoY. The decrease in interconnection revenue, due to the gradual regulatory reduction of MTR rates, was compensated to a significant extent by higher advertising and sponsorship revenue as well as higher revenue from cable and satellite operators.

Revenue from the **sale of equipment** increased by PLN 33.1 million (+7.3%) YoY, principally as a result of an increased share of more expensive smartphone models in the sales mix.

Other revenue increased by PLN 40.4 million (+23.5%) YoY. The most important factors behind the growth in this revenue category include mainly higher revenues from operations on the photovoltaic market, increasing interest revenue from sales in the installment plan model and higher revenue from rental of premises.

Operating costs

Our **operating costs** increased by PLN 129.6 million (+4.6%) YoY in the second quarter of 2023.

[mPLN]	for the 3-month period ended June 30		change	
	2023	2022	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	823.9	808.0	15.9	2.0%
Depreciation, amortization, impairment and liquidation	468.7	467.5	1.2	0.3%
Cost of equipment sold	384.0	382.0	2.0	0.5%
Content costs	529.4	504.9	24.5	4.9%
Distribution, marketing, customer relation management and retention costs	247.7	256.2	(8.5)	(3.3%)
Salaries and employee-related costs	274.9	247.1	27.8	11.3%
Cost of debt collection services and bad debt allowance and receivables written off	32.5	22.3	10.2	45.7%
Other costs	183.9	127.4	56.5	44.3%
Operating costs	**2,945.0**	**2,815.4**	**129.6**	**4.6%**

Technical costs and cost of settlements with telecommunication operators increased by PLN 15.9 million (+2.0%) YoY. This increase, caused mainly by higher network maintenance costs due to higher costs of electricity and the valorization of rental contracts, was largely offset by lower costs of interconnect settlements due to the successive regulatory reduction of MTR rates.

Depreciation, amortization, impairment and liquidation costs remained stable YoY.

The **cost of equipment sold** remained stable YoY, which translated into a higher margin obtained from the sales of equipment.

Content costs increased by PLN 24.5 million (+4.9%) YoY, mainly as a result of higher costs of internal production and investments aimed at increasing the attractiveness of our TV channels' programming and pay TV packages.

Distribution, marketing, customer relation management and retention costs decreased by PLN 8.5 million (-3.3%) YoY as a result of, among others, lower distribution and logistics costs.

Salaries and employee-related costs increased by PLN 27.8 million (+11.3%) YoY, mainly due to the increased headcount and continuing inflationary pressure. Average headcount in the Group increased by 272 FTEs (+3.6%) YoY, which was an effect of the changes in the Group structure within the last 12 months including, in particular, the acquisition of 69 points of sale in December 2022 by Liberty Poland, our subsidiary managing the sales network.

Average employment	for the 3-month period ended June 30		Change	
	2023	2022	[FTEs]	[%]
Permanent workers not engaged in production(1)	7,893	7,621	272	3.6%

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

Cost of debt collection services and bad debt allowance and receivables written off increased by PLN 10.2 million (+45.7%) YoY, as a result of adjusting the level of write-offs on receivables to reflect very good sales in the installment plan model while maintaining a high repayment ratio.

Other costs increased by PLN 56.5 million (+44.3%) YoY, which was related mostly o the recognition of higher cost of operations in the photovoltaics market.

Other operating cost, net amounted to PLN 15.0 million in the second quarter of 2023 as compared to other operating income, net of PLN 13.1 million in the second quarter of 2022, which resulted from the creation of additional provisions during the period under review.

Gain on investment activities, net amounted to PLN 21.0 million in the second quarter of 2023 and was higher by PLN 15.2 million YoY. This was mainly due to the recognition of a non-cash, positive impact of the valuation of the concluded financial PPAs for electricity generated by the photovoltaic farm in Brudzew and the wind farm in Miłosław. Following the acquisition of a controlling stake in PAK-PCE and full consolidation as of July 3, 2023, the valuations of PPA contracts between Group companies will not have a material impact on the level of consolidated financial results in subsequent quarters.

Finance costs, net increased by PLN 170.0 million YoY. The main drivers behind the increase in finance costs, net included (1) an increase in the level of the Group's debt service costs on the back of persistently high interest rates, (2) the recognition of a one-time, non-cash expense in the amount of PLN 20.8 million related to the early repayment of loans, and (3) the recognition of a significant positive revaluation of hedging instruments in the comparative period, resulting from the successive increases in interest rates implemented by the NBP in 2022, with no similar effect in the period under review. The increase in finance costs, net was partially offset by the recognition of a positive effect of foreign exchange valuation of the Euro-denominated tranche of the SFA.

In the second quarter of 2023, we recognized the **share of the loss of associates accounted for using the equity method** in the amount of PLN 9.9 million. This result is the net effect of recognizing a share in the profit of Asseco Poland and a share in the loss of PAK-PCE, in which the Company held a 40.41% stake as of June 30, 2023. Following the acquisition of a controlling stake in PAK-PCE on July 3, 2023, PAK-PCE's results will be consolidated using the full method starting in the third quarter of 2023.

Income tax amounted to PLN 32.1 million in the second quarter of 2023. The unproportionally high level of income tax recognized was mainly affected by the occurrence of debt financing costs in amounts exceeding the limits of such costs that can be recognized in the calculation of current income tax as well as the occurrence of tax losses in investment activities, the recovery of which is uncertain in the future.

Net profit for the second quarter of 2023 decreased by PLN 274.6 million (-97.1%) YoY to PLN 8.1 million. The decline was caused on the one hand by continued inflationary pressure on costs, and on the other by significantly higher debt service costs. In addition, the level of net income in the second quarter was affected by the recognition of income tax at a higher-than-statutory tax rate as well as non-recurring factors, in particular the recognition of a share in the loss of PAK-PCE and the effect of a one-time loan repayment.

EBITDA amounted to PLN 798.5 million (-10.6%) YoY in the second quarter of 2023, with EBITDA margin at 24.3%. The main factor behind the decline in EBITDA was general inflationary pressure on operating costs.

Results for the first half of 2023

[mPLN]	for the 6-month period ended June 30		change	
	2023	2022	[mPLN]	[% / p.p.]
Revenue	6,489.1	6,214.8	274.3	4.4%
Operating costs	(5,836.9)	(5,449.1)	(387.8)	7.1%
Other operating cost, net	(23.7)	(19.6)	(4.1)	20.9%
Profit from operating activities	**628.5**	**746.1**	**(117.6)**	**(15.8%)**
Gain on investment activities, net	41.8	12.6	29.2	231.7%
Finance costs, net	(556.4)	(207.5)	(348.9)	168.1%
Share of the profit of associates accounted for using the equity method	10.4	38.9	(28.5)	(73.3%)
Gross profit for the period	**124.3**	**590.1**	**(465.8)**	**(78.9%)**
Income tax	(45.2)	(94.6)	49.4	(52.2%)
Net profit for the period	**79.1**	**495.5**	***(416.4)***	**(84.0%)**
EBITDA	***1,559.7***	***1,659.9***	***(100.2)***	***(6.0%)***
EBITDA margin	***24.0%***	***26.7%***	***-***	***(2.7 p.p.)***
Costs of supporting Ukraine	-	(34.1)	34.1	n/a
EBITDA adjusted	***1,559.7***	***1,694.0***	***(134.3)***	***(7.9%)***
EBITDA adjusted margin	***24.0%***	***27.3%***	***-***	***(3.3 p.p.)***

Revenue

Our **total revenue** increased by PLN 274.3 million (+4.4% YoY) in the first half of 2023.

[mPLN]	for the 6-month period ended June 30		change	
	2023	2022	[mPLN]	[%]
Retail revenue	3,468.6	3,448.0	20.6	0.6%
Wholesale revenue	1,651.3	1,692.9	(41.6)	(2.5%)
Sale of equipment	968.5	787.0	181.5	23.1%
Other revenue	400.7	286.9	113.8	39.7%
Revenue	**6,489.1**	**6,214.8**	**274.3**	**4.4%**

Retail revenue increased by PLN 20.6 million (+0.6%) YoY.

Wholesale revenue decreased by PLN 41.6 million (-2.5%) YoY. The decrease in interconnection revenue, due to the gradual regulatory reduction of MTR rates, was to a significant extent compensated by higher advertising and sponsorship revenue as well as higher revenue from cable and satellite operators.

Revenue from the **sale of equipment** increased by PLN 181.5 million (+23.1%), principally as a result of an increased share of more expensive smartphone models in the sales mix.

Other revenue increased by PLN 113.8 million (+39.7%) YoY. The most important factors behind the growth in this revenue category include mainly higher revenues from operations on the photovoltaic market, increasing interest revenue from sales in the installment plan model and higher revenue from rental of premises. The increase in this revenue category was also influenced by the consolidation of revenues from the sale of apartments for the full period, while in the comparative period the results of Port Praski Group were consolidated from April 2022.

Operating costs

Our **operating costs** increased by PLN 387.8 million (+7.1%) YoY in the first half of 2023.

[mPLN]	for the 6-month period ended June 30		change	
	2023	2022	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	1,632.5	1,617.5	15.0	0.9%
Depreciation, amortization, impairment and liquidation	931.2	913.8	17.4	1.9%
Cost of equipment sold	776.6	659.5	117.1	17.8%
Content costs	1,043.9	978.4	65.5	6.7%
Distribution, marketing, customer relation management and retention costs	491.3	507.3	(16.0)	(3.2%)
Salaries and employee-related costs	551.0	491.7	59.3	12.1%
Cost of debt collection services and bad debt allowance and receivables written off	61.9	47.1	14.8	31.4%
Other costs	348.5	233.8	114.7	49.1%
Operating costs	**5,836.9**	**5,449.1**	**387.8**	**7.1%**

Technical costs and cost of settlements with telecommunication operators increased by PLN 15.0 million (+0.9%) YoY. This increase, caused mainly by higher network maintenance costs due to higher costs of electricity and the valorization of rental contracts, was largely offset by lower costs of interconnect settlements due to the successive regulatory reduction of MTR rates.

Depreciation, amortization, impairment and liquidation costs increased by PLN 17.4 million (+1.9%) YoY, due to, among others, the accrual of depreciation of Port Praski group companies acquired in April 2022.

The **cost of equipment sold** increased by PLN 117.1 million (+17.8%) YoY as a result of an increased share of more expensive models of smartphones in the sales mix, which corresponds with increased revenue from the sale of equipment.

Content costs increased by PLN 65.5 million (+6.7%) YoY, mainly as a result of higher costs of internal production and sports rights as well as investments aimed at increasing the attractiveness of our TV channels' programming and pay TV packages.

Distribution, marketing, customer relation management and retention costs decreased by PLN 16.0 million (-3.2%) YoY as a result of, among others, lower distribution and logistics costs and lower marketing costs.

Salaries and employee-related costs increased by PLN 59.3 million (+12.1%) YoY, mainly due to the increased headcount and continuing inflationary pressure. Average headcount in the Group increased by 347 FTEs (+4.6%) YoY, which was an effect of the changes in the Group structure within the last 12 months including, in particular, the consolidation of Port Praski capital group from April 2022 and the acquisition of 69 points of sale in December 2022 by Liberty Poland, our subsidiary managing the sales network.

Average employment	for the 6-month period ended June 30		Change	
	2023	2022	[FTEs]	[%]
Permanent workers not engaged in production[1]	7,883	7,536	347	4.6%

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

Cost of debt collection services and bad debt allowance and receivables written off increased by PLN 14.8 million (+31.4%) YoY, as a result of adjusting the level of write-offs on receivables to reflect very good sales in the installment plan model while maintaining a high repayment ratio.

Other costs increased by PLN 114.7 million (+49.1%) YoY, which was related, among others, to the recognition of higher cost of operations in the photovoltaics market, higher property maintenance costs, due to significantly higher electricity costs and inflationary pressure on rental fees, as well as higher legal, advisory and consulting costs. The increase in this cost category was also influenced by the consolidation of costs from the sale of apartments for the full period, while in the comparative period the results of Port Praski Group were consolidated from April 2022.

Other operating cost, net amounted to PLN 23.7 million in the first half of 2023 and were higher by PLN 4.1 million (+20.9%) YoY. In the comparative period, the support provided to Ukraine in the face of war was recognized in this cost category while in the period under review it included additional provisions.

Gain on investment activities, net amounted to PLN 41.8 million in the first half of 2023 and was higher by PLN 29.2 million YoY, mainly as a result of higher interest income.

Finance costs, net increased by PLN 348.9 million YoY. The main drivers behind the increase in finance costs, net were (1) an increase in the level of the Group's debt service costs, (2) the recognition of a one-time, non-cash expense in the amount of PLN 20.8 million related to the early repayment of loans, and (3) the recognition of a significant positive revaluation of hedging instruments in the comparative period, resulting from the successive increases in interest rates implemented by the NBP in 2022, with no similar effect in the period under review. The increase in finance costs, net was partially offset by the recognition of a positive effect of foreign exchange valuation of the Euro-denominated tranche of the SFA and a one-time income of PLN 19.2 million resulting from the modification of cash flows following the conversion of part of the Series B and C Bonds into Series D Bonds.

The **share of the profit of associates accounted for using the equity method** amounted to PLN 10.4 million in the first half of 2023. This result is the net effect of recognizing a share in the profit of Asseco Poland and a share in the loss of PAK-PCE, in which the Company held a 40.41% stake as of June 30, 2023. Following the acquisition of a controlling stake in PAK-PCE on July 3, 2023, PAK-PCE's results will be consolidated using the full method starting from the third quarter of 2023.

Income tax amounted to PLN 45.2 million in the first half of 2023. The unproportionally high level of income tax recognized was mainly affected by the occurrence of debt financing costs in amounts exceeding the limits of such costs that can be recognized in the calculation of current income tax as well as the occurrence of tax losses in investment activities, the recovery of which is uncertain in the future.

Net profit for the first half of 2023 decreased by PLN 416.4 million (-84.0%) YoY to PLN 79.1 million. The decline was caused on the one hand by continued inflationary pressure on costs as well as high energy costs, and on the other by significantly higher debt service costs. In addition, the level of net income in the first half of 2023 was affected by the recognition of income tax at a higher-than-statutory tax rate and the recognition of a share in the loss of PAK-PCE.

EBITDA amounted to PLN 1,559.7 million (-6.0%) YoY in the first half of 2023, with EBITDA margin at 24.0%. The main factors behind the decline in EBITDA on the backdrop of positive dynamics of revenue growth include general inflationary pressure on operating costs, including significantly higher costs of electricity. Compared to adjusted EBITDA in the first half of 2022 (excluding the cost of support for Ukraine), EBITDA fell by PLN 134.3 million (-7.9% YoY) in the period under review.

3.2.2. Operating segments

The Group operates in the following three segments:

- B2C and B2B services segment which relates to the provision of services to the general public, including digital television transmission signal, mobile services, the Internet access services, the mobile TV services, the online TV services, set-top boxes production and assembly of photovoltaic installations,
- media segment and
- real estate segment (starting from April 1, 2022).

The Group conducts its operating activities primarily in Poland.

The activities of the Group are grouped into segment with distinguishable scope of operations where services are rendered and merchandise delivered in a specific economic environment. Activities of defined segments are characterized by different risk levels and different investment returns from those of the Group's other segments. The operating segments also represent reportable segments of the Group.

Services provided in the B2C and B2B customers segment include:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay TV services where revenues are generated mainly from pay TV subscription fees,
- mobile telecommunication services (postpaid and mix) which generate revenues mainly from settlements with mobile network operators, traffic and subscription fees,
- mobile telecommunication prepaid services which generate revenues mainly from traffic and settlements with mobile network operators,
- fixed telecommunication services, which generate revenues mainly from subscription fees, traffic and settlements with network operators,
- providing access to broadband Internet in mobile and fixed-line technologies which generates revenues mainly from traffic and subscription fees,
- telecommunication wholesale services, including international and domestic roaming as well as telecommunication infrastructure sharing services,
- lease of fiber optic lines and infrastructure,
- online TV services (Polsat Box Go) available on computers, smartphones, tablets, smart TV sets, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising in the Internet,

- premium rate services based on SMS/IVR/MMS/WAP technologies,
- production of set-top boxes,
- sale of telecommunication equipment,
- sale of electric energy and other utilities to retail customers,
- sale of photovoltaic installations.

The media segment consists mainly of production, acquisition and broadcasting of information and entertainment programs as well as TV series and feature films broadcast on television, radio and Internet channels in Poland.

Revenues generated by the media segment relate mainly to advertising and sponsorship revenues, as well as revenues from cable and satellite operators.

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

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

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the six-month period ended June 30, 2023.

6-month period ended June 30, 2023 [mPLN]	B2C and B2B services segment	Media segment	Real estate segment	Consolidation adjustments	Total
Revenues from sales to third parties	5,343.8	1,074.3	71.0	-	**6,489.1**
Inter-segment revenues	30.2	132.4	12.8	(175.4)	**-**
Revenues	5,374.0	1,206.7	83.8	(175.4)	**6,489.1**
EBITDA (unaudited)	**1,298.2**	**249.2**	**13.0**	**(0.7)**	**1,559.7**
Depreciation, amortization, impairment and liquidation	843.8	76.8	10.6	-	**931.2**
Profit from operating activities	**454.4**	**172.4**	**2.4**	**(0.7)**	**628.5**
Acquisition of property, plant and equipment and other intangible assets	467.5	31.3	12.2	-	**511.0**
Acquisition of reception equipment	47.2	-	-	-	**47.2**
Balance as at June 30, 2023 (unaudited)					
Assets, including:	26,961.1	6,408.5[1]	1,592.5	(263.5)	**34,698.6**
Investments in joint ventures and associates	1,741.4	-	80.4	-	**1,821.8**

1) Includes non-current assets located outside of Poland in the amount of PLN 5.3 million.

All material revenues are generated in Poland.

It should be noted that the financial data for the six-month periods ended June 30, 2023 and June 30, 2022 allocated to the B2C and B2B services segment, the media segment and the real estate segment are not fully comparable due changes in the Group's structure which were described in item 1.2. of this Report – *Changes in the organizational structure of Polsat Plus Group and their effects* – and item 1.2. of the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2022.

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, 2022.

6-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(1)	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(2)	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) Primarily, monetary donations made to implement aid to Ukraine.
2) Includes non-current assets located outside of Poland in the amount of PLN 6.7 million.

3.2.3. Balance sheet analysis

As at June 30, 2023, our balance sheet amounted to PLN 34,698.6 million and was higher by PLN 2,392.0 million (+7.4%) compared to the balance as at December 31, 2022.

Assets

[mPLN]	June 30 2023	December 31 2022	Change [mPLN]	Change [%]
Reception equipment	273.3	282.0	(8.7)	(3.1%)
Other property, plant and equipment	3,592.7	3,600.9	(8.2)	(0.2%)
Goodwill	10,818.2	10,818.1	0.1	-
Customer relationships	432.6	643.7	(211.1)	(32.8%)
Brands	2,021.5	2,060.9	(39.4)	(1.9%)
Other intangible assets	3,166.5	3,340.6	(174.1)	(5.2%)
Right-of-use assets	520.5	527.0	(6.5)	(1.2%)
Non-current programming assets	342.0	501.8	(159.8)	(31.8%)
Investment property	594.1	647.0	(52.9)	(8.2%)
Non-current deferred distribution fees	76.3	79.8	(3.5)	(4.4%)
Non-current trade receivables	979.3	930.0	49.3	5.3%
Non-current loans granted	758.5	325.6	432.9	133.0%
Other non-current assets, includes:	2,028.6	1,918.0	110.6	5.8%
shares in joint ventures and associates accounted for using the equity method	*1,821.8*	*1,884.2*	*(62.4)*	*(3.3%)*
derivative instruments	*158.8*	*17.4*	*141.4*	*812.6%*
Deferred tax assets	108.8	99.9	8.9	8.9%
Total non-current assets	**25,712.9**	**25,775.3**	**(62.4)**	**(0.2%)**
Current programming assets	722.8	699.2	23.6	3.4%
Contract assets	375.3	362.9	12.4	3.4%
Inventories	1,269.8	1,162.4	107.4	9.2%
Trade and other receivables	2,565.5	2,751.3	(185.8)	(6.8%)
Current loans granted	19.3	250.5	(231.2)	(92.3%)
Income tax receivable	9.1	5.0	4.1	82.0%
Current deferred distribution fees	213.5	217.3	(3.8)	(1.7%)
Other current assets, includes:	148.7	137.2	11.5	8.4%
derivative instruments	*29.6*	*63.9*	*(34.3)*	*(53.7%)*
Cash and cash equivalents	3,466.3	808.5	2,657.8	328.7%
Restricted cash	12.2	9.3	2.9	31.2%
Total current assets	**8,802.5**	**6,403.6**	**2,398.9**	**37.5%**
Assets held for sale	183.2	127.7	55.5	43.5%
Total assets	**34,698.6**	**32,306.6**	**2,392.0**	**7.4%**

The value of **non-current assets** amounted to PLN 25,712.9 million (74.1% of total assets) as of June 30, 2023 and remained stable compared to the balance at the end of 2022. The value of **customer relationships** decreased by PLN 211.1 million (-32.8%) and **other intangible assets** (mostly telecommunication licenses) were lower by PLN 174.1 million (-5.2%) due to the gradual recognition of amortization. The value of **non-current programming assets** decreased by PLN 159.8 million (-31.8%). In parallel, as at the end of June 2023 we recorded an increase by PLN 432.9 million (+133.0%) against the balance at the end of 2022 in the value of **non-current loans granted** mainly for the development of operations in the area of green energy.

As at the end of June 2023, **current assets** increased by PLN 2,398.9 million (+37.5%) compared to their balance as at the end of 2022 and accounted for 25.4% of the total assets of the Group. **Cash and cash equivalents** increased by PLN 2,657.8 million in the first half of 2023, mainly as a result of refinancing bonds and bank debt (for more details, please see item 2 of this Report - *Significant investments, agreements and events*). As at the end of June 2023, the **value of inventories increased** by PLN 107.4 million (+9.2%), primarily due to an increase in the value of stocks of end-user equipment for our customers. At the same time, during the period under review, we recorded a PLN 231.2 million (-92.3%) **decrease in receivables from the current loans,** granted mainly for the development of our clean energy business, and a PLN 185.8 million (-6.8%) **decrease in trade and other receivables**, particularly from unrelated parties and from public receivables.

During the first half of 2023 the **value of non-current and current programming assets** decreased by PLN 136.2 million (-11.3%), which was associated mainly with the gradual debiting of costs of previously purchased film licenses and sports rights.

Moreover, as at June 30, 2023 the Company recognized the value of **assets held for sale** in the amount of PLN 183.2 million (+43.5%) in connection with the planned disposal of selected properties. Real estate worth PLN 55.5 million, constituting the main part of the assets of Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o., was disposed of on August 2, 2023, as a result of the sale of 100% of the shares in the aforementioned company.

Equity and liabilities

[mPLN]	June 30 2023	December 31 2022	Change [mPLN]	Change [%]
Share capital	25.6	25.6	-	-
Share premium	7,174.0	7,174.0	-	-
Share of other comprehensive income of associates	45.8	51.9	(6.1)	(11.8%)
Other reserves	2,795.5	2,815.9	(20.4)	(0.7%)
Retained earnings	8,114.8	8,057.6	57.2	0.7%
Treasury shares	(2,854.7)	(2,854.7)	-	-
Equity attributable to equity holders of the Parent Company	**15,301.0**	**15,270.3**	**30.7**	**0.2%**
Non-controlling interests	552.3	540.5	11.8	2.2%
Total equity	**15,853.3**	**15,810.8**	**42.5**	**0.3%**
Loans and borrowings	8,620.7	6,624.8	1,995.9	30.1%
Issued bonds	2,960.9	1,900.4	1,060.5	55.8%
Lease liabilities	337.3	345.6	(8.3)	(2.4%)
Deferred tax liabilities	891.1	978.7	(87.6)	(9.0%)
Other non-current liabilities and provisions	410.4	330.9	79.5	24.0%
includes derivative instruments	*154.0*	*4.3*	*149.7*	>100%
Total non-current liabilities	**13,220.4**	**10,180.4**	**3,040.0**	**29.9%**
Loans and borrowings	1,836.0	1,512.6	323.4	21.4%
Issued bonds	323.4	176.0	147.4	83.8%
Lease liabilities	172.7	178.6	(5.9)	(3.3%)
Contract liabilities	629.9	606.8	23.1	3.8%
Trade and other payables	2,642.2	3,767.1	(1,124.9)	(29.9%)
includes derivative instruments	*9.6*	*2.1*	*7.5*	357.1%
Income tax liability	20.7	74.3	(53.6)	(72.1%)
Total current liabilities	**5,624.9**	**6,315.4**	**(690.5)**	**(10.9%)**
Total liabilities	**18,845.3**	**16,495.8**	**2,349.5**	**14.2%**
Total equity and liabilities	**34,698.6**	**32,306.6**	**2,392.0**	**7.4%**

Equity increased by PLN 42.5 million (+0.3%), to PLN 15,853.3 million as at June 30, 2023. The increase in the value of equity resulted mainly from net profit generated in the first half of 2023 in the amount of PLN 79.1 million.

Total liabilities increased by PLN 2,349.5 million (+14.2%) and amounted to 18,845.3 million as at June 30, 2023. Current liabilities amounted to PLN 5,624.9 million and non-current liabilities amounted to PLN 13,220.4 million, constituting 29.8% and 70.2% of total liabilities, respectively. The value of **non-current liabilities increased** by PLN 3,040.0 million (+29.9%) and the main driver of this change was an increase in **in the value of non-current liabilities related to loans and borrowings** by PLN 1,995.9 million (+30.1%) associated with the refinancing of bank debt in the second quarter 2023 and **an increase in non-current liabilities related to issued bonds** by PLN 1,060.5 million (+55.8%) following the issuance of Series D Bonds and the redemption of part of the Series B and Series C Bonds in January 2023.

Compared to the end of December 2022, the **value of current liabilities decreased** by PLN 690.5 million (-10.9%). This decrease was mainly the result of a **decrease in trade and other payables** by PLN 1,124.9 million (-29.9%) due primarily to the settlement of the payment for the renewal of the frequency reservation in the 1800 MHz band, as well as lower current accruals. The aforementioned decrease was partially offset by an **increase in the value of current liabilities related to loans and borrowings** by PLN 323.4 million (+21.4%) and in the value **current liabilities related to issued bonds** by PLN 147.4 million (+83.8%).

Contractual obligations

Commitments to purchase programming assets

As at June 30, 2023 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, 2023	December 31, 2022
within one year	362.2	251.6
between 1 to 5 years	344.1	258.1
more than 5 years	166.5	13.3
Total	**872.8**	**523.0**

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

[mPLN]	June 30, 2023	December 31, 2022
within one year	56.3	20.0
Total	**56.3**	**20.0**

Contractual liabilities related to purchases of non-current assets

Total amount of contractual liabilities resulting from agreements for the production and purchasing of property, plant and equipment was PLN 101.4 million as at June 30, 2023 (PLN 138.2 million as at December 31, 2022). The total amount of contractual liabilities resulting from agreements for the purchases of intangible assets was PLN 82.1 million as at June 30, 2023 (PLN 73.4 million as at December 31, 2022).

Future contractual obligations

As at June 30, 2023 and December 31, 2022 the Group had future liabilities due for transponder capacity agreements. The table below presents future payments (total):

[mPLN]	June 30, 2023	December 31, 2022
within one year	118.9	125.3
between 1 to 5 years	178.3	250.5
Total	**297.2**	**375.8**

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, 2023 and June 30, 2022.

[mPLN]	for the 6-month period ended June 30		Change	
	2023	2022	[mPLN]	[% / p.p.]
Net cash from operating activities	**1,239.7**	**445.8**	**793.9**	**178.1%**
Net cash used in investing activities, incl.	**(1,481.9)**	**(1,682.6)**	**200.7**	**(11.9%)**
Capital expenditures	(511.0)	(586.9)	75.9	(12.9%)
Capital expenditures / revenue	7.9%	9.4%	n/a	(1.5 p.p.)
Net cash used in financing activities	**2,915.5**	**(1,340.8)**	**4,256.3**	**n/a**
Net increase/(decrease) in cash and cash equivalents	2,673.3	(2,577.6)	5,250.9	n/a
Cash and cash equivalents at the beginning of the period	817.8	3,644.3	(2,826.5)	(77.6%)
Cash and cash equivalents at the end of the period	**3,478.5**	**1,062.0**	**2,416.5**	**227.5%**

Net cash from operating activities

Net cash received from operating activities amounted to PLN 1,239.7 million in the first half of 2023 and increased by PLN 793.9 million (+178.1%) YoY, mainly due to the recognition in the comparative period of a one-time tax payment of PLN 867.9 million resulting from the gain on sale of the Group's mobile infrastructure in 2021.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 1,481.9 million in the first half of 2023 and decreased by PLN 200.7 million YoY (-11.9%). The main reason for this decrease was the recognition of the payment for the renewal of the frequency reservation in the 1800 MHz band for the next 15 years totaling PLN 847.0 million in the first half of 2023, lower YoY investment expenditures and a lower balance of net loans granted. Simultaneously, the Group made a number of acquisitions in the comparative period for a total net amount of PLN 729.8 million, while in the first half of the year the Group did not make any acquisitions.

Capital expenditures on the purchase of property, plant and equipment, and intangible assets amounted to PLN 511.0 million in the first half of 2023 and decreased by PLN 75.9 million (-12.9%) YoY while the ratio of capital expenditures to revenue amounted to 7.9%. During the period under review, we incurred lower capital expenditures in the media segment, as well as lower expenditures related to property expansion and the acquisition of fixed assets for the implementation of strategic investments in the area of clean energy production and green hydrogen.

Net cash used in finance activities

Net cash received from financing activities amounted to PLN 2,915.5 million in the first half of 2023 compared to PLN 1,340.8 million of net cash used in financing activities in the comparative period. This increase was due to the refinancing of debt from bonds and bank loans carried out in the first half of 2023, which included the issuance of Series D Bonds worth PLN 2.67 billion and the early redemption of a portion of Series B and C bonds, as well as the conclusion of a new senior facilities agreement with a consortium of banks (for details, see item 3.2.5. of this Report - *Liquidity and capital resources*).

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

Indebtedness of Polsat Plus Group

The table below presents a summary of the financial debt of the Group as at June 30, 2023.

	Balance value as at June 30, 2023 [mPLN]	Coupon / interest / discount	Maturity date
SFA (PLN and EUR Tranche)	9,446.0	WIBOR/EURIBOR + margin	April 28, 2028
Revolving Credit Facility (RCF)	1,003.8	WIBOR + margin	-
Bonds	3,284.3	Series B - WIBOR + 1.75% Series C - WIBOR + 1.65% Series D - WIBOR + 3.85%	Series B – 2026 Series C – 2027 Series D – 2030
Leasing and other	516.9	-	-
Gross debt	**14,251.0**	-	-
Cash and cash equivalents[1]	(3,466.3)	-	-
Net debt	**10,784.7**	-	-
EBITDA LTM[2]	3,306.1	-	-
Total net debt / EBITDA LTM	**3.26x**	-	-
Weighted average interest cost of loans and bonds[3]		9.5%	-

(1) Includes cash and cash equivalents.
(2) EBITDA LTM adjusted in accordance with the requirements of the facility agreement.
(3) Prospective average weighted interest cost of the SFA (including the Revolving Credit Facility) and the Series B, Series C and Series D Bonds, excluding hedging instruments, as at June 30, 2023 assuming WIBOR 1M of 6.86%, WIBOR 6M of 6.95% and EURIBOR 1M of 3.40%.

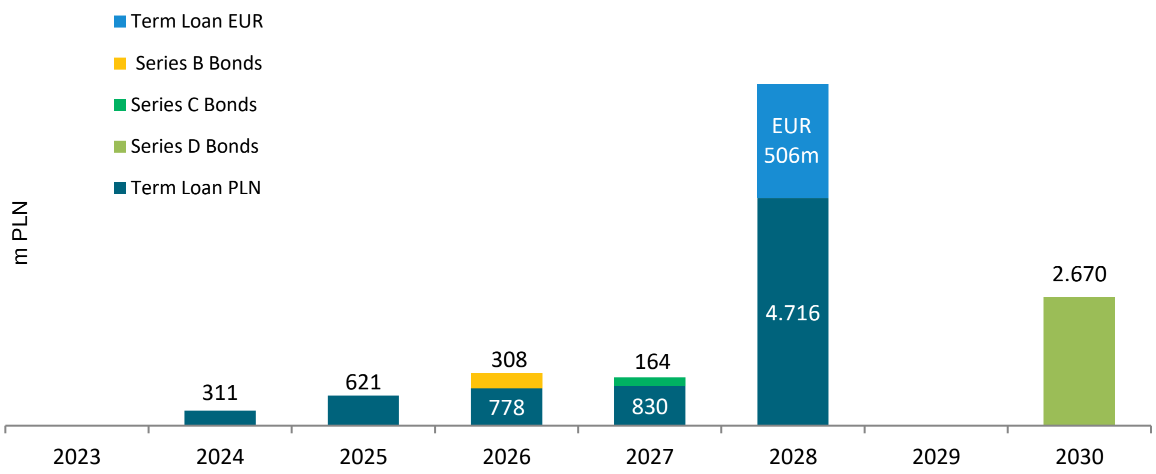
On January 11, 2023, the Company issued 2,670,000 unsecured Series D bearer bonds with the nominal value of PLN 1,000 each and the aggregate nominal value of PLN 2,670.0 million, maturing on January 11, 2030. In parallel, on January 11, 2023, the Company carried out an early redemption of 691,952 Series B bonds with the total nominal value of PLN 692.0 million and 835,991 Series C bonds with the total nominal value of PLN 836.0 million. After the partial redemption of the Series B and Series C bonds, bonds listed in the Alternative Trading System operated by the WSE on the Catalyst market include 2,670,000 Series D bonds, 308,048 Series B bonds and 164,009 Series C bonds.

On April 28, 2023, the Company and Polkomtel, as the borrowers, concluded the Senior Facilities Agreement, which provided for a PLN term facility loan to be granted to the Company and Polkomtel up to a maximum amount of PLN 7,255.0 million, a EUR term facility loan up to a maximum amount of EUR 506.0 million and a revolving facility loan up to a maximum amount of the equivalent of PLN 1,000.0 million. Part of the funds raised under the new SFA were used to repay the indebtedness under the senior facilities agreement of September 21, 2015, maturing in 2024 and 2025.

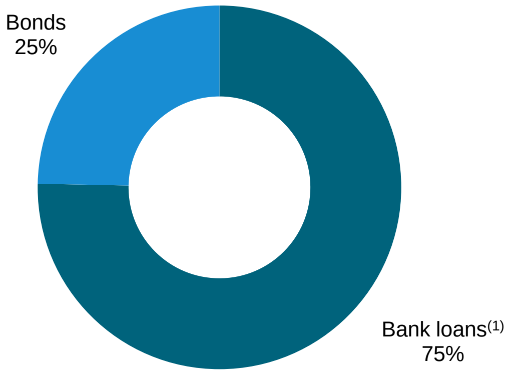
Both the Series D Bonds and the new Senior Facilities Agreement are linked to sustainable development goals, set by the Company in the Grupa Polsat Plus Sustainability-Linked Financing Framework.

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, 2023.

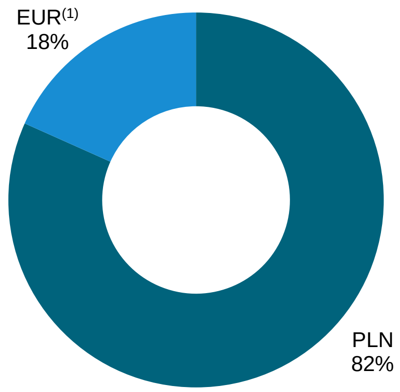
Debt maturity profile as at June 30, 2023



Debt structure by instrument type as at June 30, 2023



Debt structure by currency as at June 30, 2023



(1) The EUR tranche in the amount of EUR 506 million has been converted into PLN at a rate of PLN 4.4503 per EUR 1.00.

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, 2023, transactions hedging the WIBOR interest rate changes, opened by companies from the Group and maturing in different periods in the years 2023-2025, hedged around 25% of the exposure with respect to the Group's total debt.

Significant financing agreements

A description of the terms and conditions of the issuance of the Series B, Series C and Series D Bonds was presented in item 3.2.5 of the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in the first quarter of 2023 and item 4.3.5 of the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2022.

Senior Facilities Agreement of April 28, 2023

On April 28, 2023, the Company and Polkomtel, as the borrowers, and Telewizja Polsat Sp. z o.o., Netia S.A., Polsat Media Sp. z o.o., Muzo.fm Sp. z o.o. and Polsat Media Biuro Reklamy Sp. z o.o. concluded the Senior Facilities Agreement, sustainability linked financing, with a consortium of Polish and foreign financial institutions led by Powszechna Kasa Oszczędności Bank Polski S.A., Santander Bank Polska S.A., Bank Polska Kasa Opieki S.A., BNP Paribas Bank Polska S.A., ING Bank Śląski S.A., (Global Banking Coordinators) and Santander Bank Polska S.A. (ESG Senior Coordinator), ING Bank Śląski S.A. and BNP Paribas Bank Polska S.A. (ESG Junior Coordinators) and including SMBC Bank EU AG, Bank of China Limited, Luxembourg Branch, Société Générale Spółka Akcyjna Oddział w Polsce, Bank Gospodarstwa Krajowego, Bank Millennium S.A., PZU Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych BIS 1, mBank S.A., Credit Agricole Bank Polska S.A., Erste Group Bank AG, Credit Agricole Corporate and Investment Bank, Bank Ochrony Środowiska S.A., Alior Bank S.A., Powszechny Zakład Ubezpieczeń S.A., Powszechny Zakład Ubezpieczeń na Życie S.A., Industrial and Commercial Bank of China (Europe) S.A. (Spółka Akcyjna) Oddział w Polsce, Haitong Bank S.A. Spółka Akcyjna Oddział w Polsce as well as Santander Bank Polska S.A. acting as an Agent and Bank Polska Kasa Opieki S.A. acting as a Security Agent (the "Senior Facilities Agreement", "SFA").

The SFA provides for a PLN term facility loan to be granted to the Company and Polkomtel up to a maximum amount of PLN 7,255.0 million, a EUR term facility loan up to a maximum amount of EUR 506.0 million (the "Term Facilities") and a revolving facility loan up to a maximum amount of the equivalent of PLN 1,000.0 million (the "Revolving Facility").

The Term Facilities and the Revolving Facility will be utilized by the Company in particular:

- to repay in full the indebtedness under the senior facilities agreement of September 21, 2015, as amended,
- to make funds available to companies implementing investment projects defined in the Senior Facilities Agreement; and
- to finance general corporate needs of the Company's capital group.

The Term Facilities and the Revolving Facility bear interest at a variable rate equal to WIBOR/EURIBOR for the relevant interest periods plus margin. The margin of the Term Facilities and the Revolving Facility depends on the level of the consolidated total debt ratio (net debt to consolidated EBITDA) calculated jointly for certain entities from the Company's capital group in such a way that the lower the ratio, the lower the applicable margin, with the maximum margin level applicable when such debt ratio exceeds 4.50:1, and the minimum margin level when that ratio is equal to or less than 1.80:1. The margin of the Term Facilities and the Revolving Facility also depends on the achievement by the Company's capital group of certain targets concerning green energy production and zero-carbon electricity consumption by certain entities from the Company's capital group.

The term of the Term Facilities and the Revolving Facility is 5 years from the date of execution of the Senior Facilities Agreement and the final repayment date of each of these facilities is April 28, 2028. The PLN term facility will be repaid in quarterly installments of varying amounts. The EUR term facility will be repaid in one installment on the final repayment date.

The Facilities Agreement provides for the establishment of collateral by the Company and other entities from Polsat Plus Group securing the repayment of loans granted thereunder. Specifically, such collateral will include registered pledges over collections of movables and property rights of variable composition that form part of the enterprises of the Company and its selected subsidiaries, registered and financial pledges over shares in selected subsidiaries of the Company, financial and registered pledges over receivables related to bank accounts maintained for the Company and its selected subsidiaries, registered pledges over selected trademarks, assignments of rights as collateral, mortgages and representations on submission to enforcement under a notarial deed. In the event that the debt ratio is equal to or less than 3.30:1, the Company may request to release collateral established in connection with the Senior Facilities Agreement. The released collateral will have to be re-established, if the debt ratio is higher than 3.30:1. In addition, in the event that certain entities from the Group incur any secured debt, a corresponding pari passu collateral will be provided to the Security Agent (acting, inter alia, for the benefit of the lenders under the Senior Facilities Agreement).

In addition, pursuant to the terms of the Senior Facilities Agreement, the Company and other entities from its Group will have an option to take out additional facilities. The terms and conditions of such additional facilities will be determined each time in a separate additional facility accession deed and they will have to meet certain requirements that will depend on the debt ratio.

Pursuant to the Facilities Agreement, certain members of the Company's capital group are to grant guarantees under the English law to each of the financing parties under the Senior Facilities Agreement and other finance documents executed in relation thereto (in the amount of the facility increased by all fees and receivables contemplated in the Senior Facilities Agreement or other finance documents executed in relation thereto). The guarantees secure:

(i) the timely discharge of the obligations under the Senior Facilities Agreement and other finance documents executed in relation thereto;

(ii) a payment of amounts due under the Senior Facilities Agreement and other finance documents executed in relation thereto; and

(iii) an indemnification of the financing parties referred to above against any liabilities, costs and losses that such financing parties may incur in relation to the unenforceability, ineffectiveness or unlawfulness of any obligation secured by the guarantee described above.

The period of the guarantees has not been specified. The guarantors will be remunerated at arm's length for granting the guarantees.

The Senior Facilities Agreement provides for an obligation to satisfy conditions precedent customary for similar transactions before the disbursement of the loans described above, as well as an obligation to satisfy, after the disbursement of the loans mentioned above, conditions subsequent, which are also standard for such transactions.

Ratings

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

Rating agency	Rating / outlook	Previous rating / outlook	Rating / outlook date	Last review date
S&P Global Ratings	BB/ stable	BB+/ negative	21.12.2022	21.12.2022
Fitch Ratings	BB / stable	n/a	n/a	02.06.2023

On June 2, 2023, Fitch Ratings ("Fitch") assigned the Company a long-term issuer default rating (IDR) of 'BB' with stable perspective. In its press release Fitch stated that the rating reflects the Company's fully integrated telecom and media profile, with strong market position in its segments of operations. At the same time, the rating takes into account the competitive market environment, adverse macro conditions and the diversification of the Company's operations towards renewable energy and real estate. The new business segments will result in increased leverage and an evolving business risk profile of the Company over the rating horizon.

In parallel, Fitch assessed that the Company has adequate access to capital, as demonstrated by the recent refinancing of its senior facility agreement. In Fitch's opinion, access to capital is key to continuing funding the Company's investments in renewables and real estate.

S&P Global Ratings' detailed justification for the assigned rating is presented in item 4.3.5. – *Liquidity and capital resources – Ratings* – of the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2022. Furthermore, the Company decided not to prolong the agreement and to terminate its cooperation with Moody's Investors Service rating agency. Accordingly, on July 20, 2023 Moody's withdrew the corporate rating assigned to the Company. The last rating assigned to the Company by Moody's on October 5, 2022 was a long-term rating of "Ba3" with a negative outlook.

3.2.6. Information on guarantees granted by the Company or subsidiaries

Guarantees and loans granted to PAK-PCE

In view of the fact that the Company was a party to the preliminary agreement dated December 20, 2021 (as amended) concerning the Company's purchase of shares in PAK-Polska Czysta Energia, the Company granted sureties or guarantees and a number of loans in order to support PAK-PCE in the execution of investment projects in the area of clean energy production. In particular:

- on June 2, 2022, the Company decided to grant sureties or guarantees in the amount not exceeding EUR 53.0 million with regard to the construction and operation of the Przyrów wind farm consisting of 14 wind turbines;
- 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 with regard to the construction and operation of the Człuchów wind farm consisting of 33 wind turbines with the potential to construct a photovoltaic farm within the obtained connection capacity of the project.

  On June 14, 2023, the Company decided to grant another loan for the aforementioned project up to an amount not exceeding the equivalent of PLN 175.0 million;
- on September 6, 2022, the Company decided to grant sureties or guarantees in the amount not exceeding EUR 73.0 million with regard to the construction and operation of the Drzeżewo 4 wind farm consisting of 23 wind turbines;
- on April 14, 2023, the Company decided to grant a loan in the amount not exceeding the equivalent of PLN 99 million with regard to the construction and operation of the Drzeżewo 1-3 wind farm.

At the end of June 2023, the balance of loans extended by the Company to PAK-PCE amounted to PLN 584.5 million. The loans were granted for the purpose of executing specific investments related to the production of clean energy from renewable sources and projects related to building a complete value chain based on green hydrogen. All the loans were extended at arm's length and the repayment dates of individual loans fall between 2023 and 2025.

Securities established in relation to the senior facilities agreement of April 28, 2023

In order to secure the repayment of claims under the Senior Facilities Agreement dated April 28, 2023, the Company and other Group companies listed below and Bank Polska Kasa Opieki S.A., acting as a security agent, entered into and signed agreements and other documents providing for the establishment of the following collateral:

(i) registered pledges over collections of movables and property rights of variable composition, included in the enterprises of the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy sp. z o.o., Polsat Media sp. z o.o. and Muzo.fm sp. z o.o.;

(ii) financial and registered pledges over all shares in Polkomtel sp. z o.o. and Telewizja Polsat sp. z o.o. held by the Company, as well as over all shares in Netia S.A. held by the Company, and all shares in Polsat Media Biuro Reklamy sp. z o.o. and Muzo.fm sp. z o.o. held by Telewizja Polsat sp. z o.o., and over all shares in Polsat Media sp. z o.o. held by the Company, Telewizja Polsat sp. z o.o., Polsat Media Biuro Reklamy sp. z o.o. and Muzo.fm. sp. z o.o., for which the applicable law is Polish law, together with powers of attorney to exercise corporate rights attached to the shares in the aforementioned companies;

(iii) financial and registered pledges over the receivables related to the bank accounts of the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy sp. z o.o., Polsat Media sp. z o.o. and Muzo.fm sp. z o.o., for which the applicable law is the Polish law;

(iv) powers of attorney to the bank accounts of the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy sp. z o.o., Polsat Media sp. z o.o. and Muzo.fm sp. z o.o., for which the applicable law is the Polish law;

(v) registered pledges over the rights to the trademarks of the Company, Polkomtel sp. z o.o., Telewizji Polsat sp. z o.o., Netia S.A., Polsat Media sp. z o.o., for which the applicable law is Polish law;

(vi) assignment of receivables for security under hedging agreements payable to the Company and Polkomtel sp. z o.o., for which the applicable law is English law;

(vii) assignment of rights for security under insurance agreements for real properties and assets made by the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy sp. z o.o., Polsat Media sp. z o.o. and Muzo.fm sp. z o.o.;

(viii) statements of the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media Biuro Reklamy sp. z o.o., Polsat Media sp. z o.o. and Muzo.fm sp. z o.o. on submission to enforcement under a notarial deed, for which the applicable law is Polish law;

(ix) a joint contractual mortgage, governed by Polish law, over the following real properties owned by or in perpetual usufruct of the Company: (a) land property located in Warsaw, Targówek district, in the area of ul. Łubinowa, land and mortgage register No. WA3M/00104992/7, (b) land property located in Warsaw, Targówek district, in the area of ul. Łubinowa, land and mortgage register No. WA3M/00102149/9, (c) land property located in Warsaw, Targówek district, in the area of ul. Łubinowa, land and mortgage register No. WA3M/00103400/4, (d) land property located in Warsaw, Targówek district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00131411/9, (e) land property located in Warsaw, Praga Północ district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00100110/3, (f) land property located in Warsaw, Praga Północ district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00100109/3, (g) land property located in Warsaw, Praga Północ district, land and mortgage register No. WA3M/00102615/7, (h) land property located in Warsaw, Praga Północ district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00132063/1, (i) land property located in Warsaw, Targówek district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00101039/8, (j) land property located in Warsaw, Targówek district, in the area of ul. Zabraniecka, land and mortgage register No. WA3M/00136943/2, (k) land held in perpetual usufruct and a building constituting a separate property located in Warsaw, Targówek district, in the area of ul. Utrata, land and mortgage register No. WA3M/00186120/2.

(x) a contractual mortgage, governed by Polish law, over land property located in Warsaw, Ursynów district, in the area of ul. Baletowa and Puławska, land and mortgage register No. WA5M/00478842/7, owned by Polkomtel.

(xi) a joint contractual mortgage, governed by Polish law, over the following properties owned or co-owned by Netia S.A.: (a) land property located in Jawczyce, Ożarów Mazowiecki commune, land and mortgage register WA1P/00133706/7, (b) land property located in Kraków, Podgórze district, in the area of ul. Luciany Frassati-Gawrońskiej, land and mortgage register KR1P/00359665/5, (c) land property located in Warsaw, Ursynów district, in the area of ul. Poleczki, land and mortgage register WA2M/00142936/8, (d) land property located in Warsaw, Ursynów district, in the area of ul. Poleczki, land and mortgage register WA5M/00468204/0, (e) land property located in Warsaw, Ursynów district, in the area of ul. Tango, land and mortgage register WA2M/00138733/4;

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 2023 have been concluded exclusively on market conditions and are described in Note 20 of the condensed consolidated financial statements for the six-month period ended June 30, 2023.

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

Polsat Plus Group did not publish any financial forecasts.

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

Management believes that the provisions as at June 30, 2023 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

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

On February 24, 2011, the President of UOKiK imposed penalty on Polkomtel in the amount of PLN 130.7 million for the alleged lack of cooperation during an inspection carried out by UOKiK in Polkomtel. Polkomtel appealed against the decision of the President of UOKiK to the Consumer and Competition Protection Court ("SOKiK"). According to management, during the inspection the company had fully and at all times cooperated with UOKiK within the scope provided by the law. On June 18, 2014, the decision of the President of UOKiK was changed by SOKiK, reducing the penalty to PLN 4.0 million (i.e. EUR 1.0 million). On October 20, 2015 SOKiK's verdict was revoked and the case was transferred for re-examination. On April 28, 2017, the decision of the President of UOKiK was changed by SOKiK, reducing the penalty to PLN 1.3 million. Polkomtel and President of UOKiK appealed against the verdict. On April 3, 2020, both Polkomtel's and the President's of UOKiK appeals were dismissed. The Court of Appeal upheld SOKiK's decision. On April 20, 2020, Polkomtel made a payment in the amount of PLN 1.3 million. Polkomtel and the President of UOKiK filed cassation appeals against the Court of Appeal's verdict. On September 28, 2022, the cassation appeal of the President of the UOKiK was dismissed, the appeal of Polkomtel was accepted in the scope dismissing the plaintiff's appeal, and the appealed judgment of the Court of Appeal in Warsaw dated April 3, 2020 was revoked and referred – in accordance with Polkomtel's cassation appeal - to be reconsidered. On March 29, 2023, the Court of Appeal issued a judgment, whereby the court agreed with the company's position that the fine was imposed in euros and then incorrectly converted into PLN. As a result the court changed the appealed judgment of the first instance, reducing the penalty to PLN 1.2 million.

On December 30, 2016, the President of UOKiK issued a decision stating that the operations of the Company and Polkomtel were allegedly infringing collective consumer interests by presenting promotional offers, which in the opinion of the authorities were impossible to conclude. Pursuant to the decision of the President of UOKiK, the Company and Polkomtel were charged with a penalty in the amount of PLN 4.4 million and PLN 12.3 million, respectively. The Group appealed to the Court against the decision. On October 14, 2019, SOKiK dismissed the appeal. The Group appealed against the decision. On December 31, 2020, the Group appeal was dismissed. On January 14, 2021, Cyfrowy Polsat and Polkomtel paid the penalty. The Group submitted a cassation appeal to the Supreme Court. On May 25, 2023, cassation appeals were dismissed.

On April 29, 2019 the President of UOKiK issued a decision stating that the operations of Polkomtel were allegedly infringing collective consumer interests by charging for activating services to consumers, despite not obtaining an explicit approval of the additional payment associated with these services. Pursuant to the decision of the President of UOKiK, Polkomtel was charged with a penalty in the amount of PLN 39.5 million. Polkomtel appealed to SOKiK against the decision. On May 26, 2021 SOKiK dismissed Polkomtel's appeal. Polkomtel appealed against the SOKiK judgment. On November 8, 2022, the Court of Appeal dismissed the appeal. On November 22, 2022, Polkomtel paid a penalty of PLN 39.5 million. Polkomtel filed a cassation complaint. Complaint was accepted for consideration by the Supreme Court.

On December 19, 2019, the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by hindering access to ZDF and Das Erste channels during the Euro 2016 championship by removing these channels and incomplete and unreliable information to consumers in response to claims regarding unavailability of the above programs. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 34.9 million. The Company appealed against this decision to SOKiK. On February 14, 2022, First Instance Court dismissed the Company's appeal in its entirety. The Company submitted a cassation appeal to the Court of Appeal in Warsaw. The appeal hearing took place on October 21, 2022. On November 21, 2022, the Court of Appeal in Warsaw repealed the appealed judgment in its entirety and referred the case to the Regional Court in Warsaw for examination and resolution. On July 24, 2023, Company's appeal was again dismissed. The company is considering possibility of appealing.

On December 31, 2019, the President of UOKiK issued a decision stating that the operations of Polkomtel were allegedly infringing collective consumer interests by charging additional fees for data transmission using the RSTP protocol, despite the subscribers having internet packages or unlimited LTE Internet services. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 50.6 million. Polkomtel appealed to SOKiK against the decision. On December 15, 2021, SOKiK announced decision in which it dismissed Polkomtel's appeal in its entirety. Polkomtel submitted an appeal against the SOKiK verdict. On July 21, 2022, the Court of Appeal partially revoked the President of UOKiK's decision and reduced a penalty to PLN 16.8 million. On August 4, 2022, Polkomtel paid the penalty in the amount of PLN 16.8 million. Both Polkomtel and President of UOKiK filed a cassation appeals. On January 26, 2023, the Supreme Court refused cassation appeals.

On January 22, 2020, the President of UOKiK issued a decision stating that the operations of Polkomtel were allegedly infringing collective consumer interests by clauses included in the terms and conditions of telecommunications services regarding prepaid services and expiration of the unused value of the subscribers' accounts. Pursuant to the decision of the President of UOKiK, Polkomtel was charged with a penalty in the amount of PLN 20.4 million. Polkomtel appealed to SOKiK against the decision. On April 8, 2022, SOKIK dismissed Polkomtel's appeal. On May 31, 2022, Polkomtel submitted an appeal against the SOKiK verdict. On March 28, 2023 the Court of Appeal dismissed the appeal. On April 11, 2023, Polkomtel paid a penalty of PLN 20.4 million. After receiving written justification of the judgment of the Court of Appeal, on June 30, 2023, Polkomtel filed a cassation complaint.

Other proceedings

On April 28, 2017, the 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, which 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 120.0 million. The court set the hearing date for December 15, 2023 and April 17, 2024.

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 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 court set the hearing date for January 17, 2024.

The legal dispute in respect to the telecommunication concession

There is a pending legal dispute in respect to the telecommunication concession for the 1800 MHz frequency granted in 2007 to Mobyland Sp. z o.o. (currently Polkomtel Sp. z o.o.) and CenterNet S.A. (currently Polkomtel Sp. z o.o.). Proceedings to invalidate the 1800 MHz frequency allocation tender have been instigated by T-Mobile and Orange. Supreme Administrative Court (NSA), in its ruling dated May 8, 2014, sustained the decision of the Court of First Instance and repealed the decision issued by the President of the Office of Electronic Communications (UKE) on September 23, 2011, which partially invalidated the above mentioned tender. Following the decision of the Supreme Administrative Court, UKE informed that "the decisions regarding re-running the tender will be taken by the Office upon careful analysis of the written justification of NSA's rulings and the Court's guidelines regarding further procedure as well as upon analysis of the legal situation". UKE also stated that the "reservation decisions issued by UKE President remained valid while the operators could continue providing their services while using these frequencies". 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 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 (currently Polkomtel Sp. z o.o.) filed a complaint with the Provincial Administrative Court in Warsaw, on October 4, 2018, the complaint was dismissed. On December 27, 2018, Aero2 (currently Polkomtel Sp. z o.o.) filed a cassation appeal against judgment, which was dismissed by the Supreme Administrative Court on November 25, 2022.

The decision issued by UKE President does not affect reservation decisions issued following the administrative tender. In accordance with President of UKE's press release, these reservation decisions remain valid and telecommunication operators may continue to provide their services based on these reservation decisions. In management's opinion this issue should have no negative impact on the results and financial condition of the Group. Accordingly, no valuation adjustment has been made in the interim condensed consolidated financial statements for the six-month period ended June 30, 2023.

In the proceedings instigated by T-Mobile Polska S.A., 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. Aero2 Sp. z o.o. (currently Polkomtel Sp. z o.o.) filed a cassation appeal against the judgment, which is awaiting consideration by the NSA.

On October 4, 2018, T-Mobile Polska S.A. 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 S.A. 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. On October 25, 2022, the Voivodship Administrative Court in Warsaw dismissed the complaint of T-Mobile Polska S.A., the judgment is not final and T-Mobile Polska filed a cassation appeal to the Supreme Administrative Court.

In addition to the matters described above, there are also other proceedings, for which provisions have been made according to the best estimates of the Management Board as to potential future outflows of the economic benefits required for their settlement. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Company's Management, such disclosure could prejudice the outcome of the pending cases. Other significant proceedings described in item 5.4. of the report of the Management Board on activities of Cyfrowy Polsat S.A. Capital Group for 2022 remain unchanged.

4.4. Factors that may impact our results in subsequent periods

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. Persistent inflation, high interest rates, slowdown in economic growth and disruptions in the supply of raw materials and fossil fuels are reflected in the increasing costs of our current operating activities and the significantly higher debt service costs of the Group.

Apart from macroeconomic and geopolitical factors, which affect virtually every branch of the Polish economy to a varying degree, Polsat Plus Group assesses its operating prospects as relatively stable.

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

Economic situation in Poland and in the world

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

After the global and domestic economic slowdown in 2020 following the coronavirus pandemic, Poland's GDP returned to considerable growth in 2021-2022 (+5.7% and +4.9%, respectively, according to the European Commission estimates). The recent OECD forecasts from June 2023 indicated a decelerating national GDP growth rate in 2023 which may remain under pressure (+0.9% YoY) as a result of high inflation, high uncertainty and tighter monetary policy which have an impact of weakening consumer and investment demand, among other factors. For 2024, on the other hand, OECD forecasts economic recovery (+2.1% YoY) as these effects recede.

At the same time, inflationary pressure in Poland clearly intensified, with the average inflation rate estimated by the Polish Central Statistical Office (GUS) at 5.1% in 2021 and 14.4% in 2022. In 2023, the level of inflation began to gradually decrease, nevertheless, it still remains in the double digits on an annual basis. We expect that the persistently high level of inflation will translate in subsequent periods into an increase in the cost of conducting our business, in particular, in the cost of electricity, goods or raw materials as well as costs related to all types of services that we purchase. Additional pressure on energy prices may come from disruptions in oil and natural gas supplies caused by the war in Ukraine and Russia's aggressive stance. We also expect that our content costs, lease of premises costs, network costs and employee costs, which are further impacted by the changes to Poland's tax system introduced at the turn of 2021 and 2022, will remain under inflationary pressure in future periods.

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, HBO, Disney+ or SkyShowtime, is proof that Poland is considered an attractive market.

In addition, one of the consequences of the COVID-19 pandemic restrictions has been a deepening of pre-existing trends of consuming content at any time and on any device. In view of the above, we systematically develop our VOD and online television services and applications.

At the same time, in recent months, there has been a very noticeable trend in Poland to increase prices for pay-TV services, which is a natural consequence of the distinctly rising costs of purchasing and producing in-house content. Retail price increases apply to basically all technologies - from traditional satellite platforms and cable offerings, through IPTV offerings, to VOD and OTT platforms. This trend may translate favorably into ARPU growth, while at the same time, in the face of the coming recession, it may cause a part of customers to be inclined to limit their parallel use of more forms of access to paid content.

Development of the advertising market in Poland

A significant part of our wholesale revenue comes from the sale of advertising airtime and sponsoring slots on our TV channels. Demand for advertising airtime is highly correlated with the macroeconomic situation. We expect that the development of the TV advertising market in the coming quarters and years will be influenced by the decelerating national GDP growth rate, which, according to OECD forecasts, may remain under pressure in 2023 (+0.9% YoY) as a result of high inflation, high uncertainty and tighter monetary policy which have an impact of weakening consumer and investment demand, among other factors. For 2024, on the other hand, OECD forecasts economic recovery (+2.1% YoY) as these effects recede.

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 remains 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.

Starting from January 2022, our advertising office Polsat Media decided to replace the current age group used for sales settlements, 16-49, with a broader target group, 16-59. This change was justified by the results of published research, which indicates that people from older age groups remain professionally active for longer and are active consumers, which makes them an attractive target group for advertisers. A similar trend, consisting in expanding commercial age groups, is also observed in other European markets. The 16-59 year olds make up ca. 58% of the TV audience in Poland. In our opinion, the inclusion of the age group of 16-59 year olds in the advertising sales calculation may positively affect the value of the advertising market in Poland and, consequently, our advertising revenues.

At the same time, it should be noted that the value of the TV advertising market will be temporarily negatively affected by the refarming of the 700 MHz bandwidth finalized in the second quarter of 2022, which resulted in a change in the frequency and broadcasting standard of terrestrial TV stations from DVB-T to DVB-T2. The ability to receive terrestrial TV in the new standard requires a TV set with appropriate parameters. Owners of older-type TV sets, i.e. nearly 1 million viewers in Poland according to the survey of Krajowy Instytut Mediów from September 2022, will be able to use terrestrial TV, and thus will be a potential target group for advertisers, only after replacing the receiver or purchasing a new set-top box. As a result of an administrative decision, in the refarming process unequal treatment was given to commercial broadcasters, who had to switch to the new DVB-T2 broadcasting standard countrywide by the end of June 2022, and public broadcaster TVP, who can broadcast in the old DVB-T standard until the end of 2023. In the case of Polsat Plus Group, channels with limited access to digital terrestrial television include Polsat, TV4, TV6, Super Polsat, Eska TV, Polo TV and Fokus TV. The above described decisions have been adversely affecting the viewership results of our TV channels.

Prospects of the online advertising market are positive. According to the IAB AdEx report for 2022, online advertising expenditures in Poland increased at a rate of 10% YoY and reached the value of PLN 6.9 billion.

The two main segments of the online advertising market in which we are present, i.e., display and video, were responsible for 45% of total expenditures on the online advertising market and their total value increased by7% YoY. We believe that following the acquisition of Interia.pl Group and thus gaining a leading position on the online advertising market we are one of the beneficiaries of the development of these promising segments of the advertising market in the following periods.

Growing importance of convergent services and consolidation trends on the telecommunication and pay TV markets

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

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

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

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

Orange Polska. In July 2021, Orange Polska together with Dutch pension fund APG Group established a company Światłowód Inwestycje in order to develop a fiber optic network, mostly in areas with a low or medium level of competition. By the end of 2022, there were over 1 million households within the reach of Światłowód Inwestycje and in the coming years the operator intends to expand the reach of its network to a total of 2.4 million households. We are of the opinion that the construction of an open fiber optic network by Światłowód Inwestycje may create a chance for certain telecommunication or pay TV operators to strengthen their convergent offers.

In June 2021, Orange Polska entered into cooperation with Tauron thanks to which it plans to cover ultimately over 200 thousand households in southern Poland with the fiber optic network rolled out by Tauron on the basis of its power line grid. Earlier Orange signed cooperation agreements with other wholesale operators, including Inea and Nexera. Orange informed that as at the end of 2022 its services provided via fiber optic network were available to ca. 7 million households, including both services offered via the operator's own networks as well as the networks available to Orange Polska through cooperation with other operators.

T-Mobile Polska. In July 2018, T-Mobile Polska and Orange Polska signed an agreement based on which T-Mobile provides broadband services to its customers through part of Orange's fiber optic network. Through this collaboration T-Mobile rolled out a convergent service offering for residential customers in mid-2019.

Since 2020 the operator has also been providing convergent services relying on access to fiber optic networks of Nexera and Inea.

P4. In 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 March 2023, P4 transferred to Polski Światłowód Otwarty, a joint venture with French fund InfraVia Capital Partners, the broadband infrastructure of UPC Polska, covering more than 3.7 million households. In addition, Polski Światłowód Otwarty intends to build more than 2 million new fiber connections and make its network infrastructure available to other telecom operators under an open and non-discriminatory wholesale access model.

In October 2022, P4 signed wholesale agreements with Orange Polska and Światłowód Inwestycje, with the aim of expanding its fixed-line broadband coverage by about 3.4 million households by 2025.

Cable network operators. The fragmented Polish cable network market, which comprises around 300 operators, is undergoing consolidation. An example of the process is the acquisition by Vectra, the no. 2 operator in terms of size, of Multimedia Polska, the no. 3 cable player on the market in 2020.

In addition, the Polish cable network market saw similar acquisitions but on a smaller scale, executed by, among others, Orange, P4, 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 building customer value and fostering revenue and profitability connected, among others, with the planned investments in 5G network construction.

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

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

In parallel, the strong inflationary pressure that is being experienced in the Polish market in 2022 and 2023 is reflected in the observed adjustments of price lists introduced by telecom operators, including, among others, the implementation of inflation clauses into customer contracts, increasing subscription fees after the basic 24-month contract period, withdrawing the cheapest tariffs from the offer or raising subscription thresholds in line with the more-for-more strategy. In March 2023, Plus introduced new offers for voice, 5G/LTE Internet and fiber optic subscriptions for retail and business customers, offering larger data bundles for a higher monthly subscription, in line with its more-for-more strategy.

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

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 (3.6 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.

On June 22, 2023, the Office of Electronic Communications (UKE) announced an auction for frequency reservations in the 3.6 GHz band. The subject of the distribution are 4 blocks of 100 MHz each and the minimum price per block was set at PLN 450 million (details were presented in item 2 – *Significant investments, events and agreements* – of this Report). The deadline projected by President of UKE for allocating the 3.6 GHz band is the fourth quarter of 2023.

The final outcome of the auction, including the final price per frequency block as well as the coverage and quality requirements, will have a significant impact on the financial results, in particular cash flows, and the operating activities of our Group.

Due to the suspension in 2020 of the process of assigning frequencies in the 3.6 GHz band, intended ultimately for the construction of 5G networks in Poland, four major mobile operators in Poland made at that time 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).

The commercial start of Plus 5G network took place on May 11, 2020. In March 2023 Plus 5G network comprised nearly 3,500 base stations covering already more than 20 million people in almost 1000 locations which gives us a significant competitive advantage.

On the other hand, precise information regarding the distribution and use of frequencies in the 700 MHz band is lacking. In 2019, a concept was developed to implement 5G technology based on the 700 MHz band to build a unified infrastructure that would cover the entire territory of Poland. This concept assumed the cooperation of mobile operators and the State Treasury in the form of a company called #Polskie5G. As of the date of publication of this Report, the final conditions or deadlines for the distribution of the 700 MHz band in Poland are not known.

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

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 2023, the scale of data transmission in the Central and Eastern Europe region, to which Poland is classified, will increase from 14 GB per month in 2022 to 37 GB per month in 2028, driven also by the increasing popularity of 5G technology. We expect that the growing popularity, availability and technological advancement of smartphones combined with improving quality parameters of mobile data transmission and the constantly expanded offer of applications and content for customers shall continue to be the driving factor behind growing demand for data transmission services.

4.4.2. Factors related to the operations of the Group

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

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

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

In December 2021, we expanded our strategy to include a new business pillar based on clean energy production. Between 2022 and 2026, we want to invest ca. PLN 5 billion to achieve about 1,000 MW of installed clean energy production capacity from from photovoltaics, biomass, wind farms or thermal waste treatment and ca. PLN 0.5 billion to build the full value chain of the economy based on green hydrogen.

In order to achieve our strategic goals, on July 3, 2023, we acquired a majority stake in PAK-Polska Czysta Energia (PAK-PCE). PAK-PCE is a holding company serving as the core for a structure of subsidiaries engaged in the development of renewable energy projects and the generation and utilization of hydrogen. In connection with the takeover of PAK-PCE, starting from the third quarter of 2023, the Group will consolidate the financial results of PAK-PCE capital group using the full method. In the future, after the commissioning of PAK-PCE Group projects that are currently under construction, the consolidation of PAK-PCE Group results is likely to have a significant impact on our financial results, including, among others, the level of consolidated revenues, consolidated balance sheet, consolidated cash flow, consolidated EBITDA and debt/EBITDA ratio.

In particular, the results of the following quarters will be influenced by the recognition, starting from the third quarter of 2023, of the financial results of the renewable energy (RES) installations already operating within the PAK-PCE Group, i.e. the Brudzew photovoltaic farm and the biomass units, as well as the results of the PAK-VOLT, which trades in energy. In addition, the results will be positively influenced by the commissioning, planned for the end of the third quarter, of two out of the six wind farms we are developing: in Miłosław (9.6 MW) and Kazimierz Biskupi (17.5 MW), as well as the Cambria photovoltaic farm (12.4 MW).

In view of the dynamic implementation of our Strategy 2023+, we expect a significantly higher level of capital expenditure in the following periods related to the expansion of the production capacity from renewable energy sources and the implementation of projects related to building the full value chain of a green hydrogen economy.

Activities on the photovoltaic market for B2C and B2B customers

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 active in the B2B sector, executing photovoltaic installations for, among others, the chain of stores DINO Polska.

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 revenue stream for our Group in the coming years and at the same time contribute to a more sustainable energy production model.

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 ca. 21 million, and the average monthly number of page views reaches 2 billion.

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

Furthermore, on July 20, 2023, we acquired the website naEKRANIE.pl. It is a pop culture portal writing about movies, TV series, books, comics and games, as well as technology. The above acquisition is another step supporting the development of Polsat Plus Group's position and significance on the new media market.

Demand for data transmission and 5G services

In 2022, our customers transferred over 2 EB of data as compared to 1.8 EB transferred in 2021, which represents a 14% growth YoY. To meet the rapidly growing consumption of data transmission while maintaining the highest quality of our services, we continue to develop our telecommunication network. In particular, having reached the level of coverage of 100% of the population with our LTE and HSPA/HSPA+ network, we focused on expanding the capacity of our telecommunication network and extending the footprint of the 5G technology, which covered over 20 million people in almost 1000 locations in March 2023.

The TDD technology implemented at the current stage of development of our 5G network enables data transmission using one common fragment of spectrum for alternating downlink/uplink transmission. This approach offers balance between data transmission speed (up to 600 Mbps) and coverage (i.e. wide availability), while maintaining the highest quality of both parameters. With the 5G Ultra project, a 2100 MHz band in TDD technology was added to the 2600 MHz band in FDD technology, thus launching the first 5G band aggregation in Poland and achieving up to 800 Mbps transfer to the subscriber in 5G and more than 1Gbps aggregate (5G and 4G). In the future, as the 5G network develops, the current use of the 2.6 GHz band will guarantee better land mass coverage than when using the 3.4-3.8 GHz bands only and it will enable us to maintain a competitive edge during subsequent stages of 5G network roll-out by offering the possibility of aggregating 5G frequency bands.

In early 2021, we introduced new 5G tariff plans addressed to both individual and business customers, which offered larger data packages compared to 4G tariff plans at higher prices with a minimum subscription fee threshold set at PLN 60 (premium positioning strategy). In turn, in August 2021, 5G was offered to all Plus new customers or customers extending their existing contract based on new tariff proposals (more-for-more strategy). Next, in March 2023, we introduced new subscription plans which include larger data bundles than those offered previously with a simultaneously increased subscription fees enabling 5G technology to all our customers. We believe that the 5G technology is associated with demand for larger data packages and thus supports customer migration to higher tariffs and building customer value.

Development of the Group’s streaming platforms

Our Internet services and applications Polsat Box Go, Polsat Go and Netia Go strengthen our position as an aggregator and distributor of content. 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.

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 3.3 million homes passed, out of which, as at the end of June 2023, around 2.3 million were within the reach of broadband Internet with transmission speed of 1 Gbps. Netia's own network is supported by an extensive, nationwide backbone infrastructure. Thanks to the cooperation with wholesale partners, i.e. Orange Polska, Światłowód Inwestycje, Nexera, Fiberhost and Tauron this potential has been further strengthened. As a result Polsat Plus Group can already offer fixed broadband access services in fiber optic technologies at over 6 million address points.

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

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 42 own channels. In July 2023, we expanded it to include three channels from the 4FUN family: 4FUN.TV, 4FAN DANCE and 4FUN KIDS, which in our opinion will further enhance the attractiveness of our offer and should contribute to increasing the audience of our thematic channels. Moreover, there is a group of 5 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 access to Disney+ platform in our packages when it entered the Polish market.

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

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

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

4.4.3. Financial factors

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 of April 28, 2023 and the issued bonds of Series B, Series C and Series D are calculated based on variable WIBOR/EURIBOR interest rates increased by a relevant margin. In 2022, the NBP has been steadily raising the reference interest rate in the face of persistently high inflation.The persistently high interest rates translate, and will translate in the upcoming periods, into a significant increase in our interest expenses.

We systematically analyze interest rate risk on an on-going basis, including refinancing and risk hedging scenarios, which are used to estimate the impact of specific interest rate fluctuations on our financial result. In order to reduce exposure to interest rate risk related to interest payments based on a floating rate from our debt, the Group concluded IRS transactions which as of June 30, 2023 hedged around 25% of the Group's exposure.

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.

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, international roaming and interconnect agreements or purchase of wind turbines or photovoltaic modules.

In addition, we may be exposed to foreign exchange risk in connection with the euro-denominated tranche of the SFA, as changes in the euro exchange rate against the zloty will result in an increase or decrease, respectively, in the zloty-denominated cash required to service interest payments on the euro-denominated tranche of the SFA.

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.

4.4.4. Factors related to the regulatory environment

Cap interconnect rates for termination of calls in other networks

The provisions of the European Code of Electronic Communication assume 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 periods. In particular, the above mentioned regulation translates into a decrease of wholesale revenue from interconnection settlements, both mobile and fixed-line, and a decrease of interconnection costs which are recognized in our technical costs. Due to the fact that the levels of outgoing and incoming traffic in interconnection settlements are similar we expect the impact of the regulation on Polsat Plus Group's EBITDA result to remain relatively neutral.

Extension of the Rome Like at Home (RLAH) regulation

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

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

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

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

Changes in regulations governing the activities of telecommunications operators in Poland

Work is currently underway in Poland to implement new or amend existing regulations governing the activities of telecommunications companies on a number of levels. The proposed regulations may be important for the conduct of telecommunications activities in Poland, as they involve new obligations and requirements for telecommunications operators. At the same time, due to the fact that legislative work is in progress and there is no information about the final shape of the new regulations, it is not possible, as of the date of publication, to precisely determine the impact that the new regulatory requirements will have on the results of operations of Polsat Plus Group in subsequent periods.

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. After two years of government legislative work, in November 2022 the Council of Ministers adopted 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 and referred both drafts for work in the Sejm. The proposed acts were the subject of a public hearing in March 2023 and again in April 2023. The Government withdrew the drafts of both acts from the Sejm. At the moment, there is no official, publicly available information on the Government's plans for the proposed laws.

Draft amendment to the National Cybersecurity Act. In June 2023 the Council of Minister adopted a draft amendment to the National Cybersecurity Act and referred the draft for further legislative work in the Sejm. The proposed act is scheduled for a public hearing on September 11, 2023.

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

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

Other significant solutions provided for in the draft act include provisions concerning the operator of the strategic security network, the competences of the Government's Representative for Cybersecurity in the field of issuing warnings, 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.

Draft law on combating abuse of electronic communications. In February 2023, the Council of Ministers adopted a draft act on combating abuse of electronic communications and referred the draft for further legislative work in the Sejm. The act is currently undergoing parliamentary work.

The act defines and prohibits abuse of electronic communications, penalizing activities such as the generation of artificial traffic, smishing, CLI spoofing and unauthorized change of address information. The intention of the bill drafters is to create a legal environment in which it will be possible for state authorities and services to prosecute perpetrators of abuse, while at the same time giving telecommunications companies a legal basis for combating abuse in electronic communications. On the other hand, the 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. In addition, the act creates a list of text message superscriptions to be reserved for public entities, and orders telecommunications operators to block text messages using the reserved caption from entities other than publicly listed SMS service integrators for public entities. Some of the obligations to be imposed on telecommunications companies will be implemented under the threat of a fine from the UKE President.

Draft law on protecting minors from accessing inappropriate content on the Internet. In May 2023, the Council of Ministers adopted a draft act on the protection of minors from access to inappropriate content on the Internet and referred the draft for further legislative work in the Sejm. The government draft act is scheduled for a public hearing on September 12, 2023. In July 2023, the Sejm received a parliamentary bill with the same title, which largely duplicates the provisions of the government submission.

The draft law requires Internet providers to ensure that subscribers can use a service to restrict access to pornographic content on the Internet, with such a service to be affordable to the subscriber and to block, at the subscriber's request, access to pornographic websites. In addition, the proposed law imposes an obligation on Internet providers to propose free service to subscribers, disclosure obligations related to posting a series of information on the website and an obligation to submit an annual report to the minister responsible for digitization on the activities undertaken in connection with the provision of the service limiting access to pornographic content on the Internet. The proposed regulations give the minister in charge of digitization the ability to impose administrative fines on Internet providers for failure to comply with their obligations under the law, in an amount of up to 1% of a provider’s revenue earned in the previous calendar year, but not exceeding PLN 1 million.

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 mobile and fixed-line operators, as well as the ability to reduce the churn rate. We cannot give any assurance that the measures it is undertaking will encourage its existing customers to use a wider range of services or attract customers from competitive operators, or that the measures we are undertaking to increase customer loyalty will reduce the rate of churn or allow us to maintain the satisfactory churn rate. If we are unable to effectively manage the churn rate, we may be forced to significantly reduce our costs to maintain satisfactory profit margins, or to take alternative steps, which could in turn result in higher costs of customer acquisition and retention.

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

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

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

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

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

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

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

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

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

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

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

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

In the real estate segment, we are exposed to risks associated with a decrease in demand for the properties we offer, undiscovered defects and the impact of external factors, climate change or warranty claims

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

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

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

In addition, the construction, lease and sale of the property may involve claims for defective construction work repair or otherwise. We are liable to purchasers of premises under the warranty for physical and legal defects of the buildings and the land on which the buildings are built, as well as for defects in the individual premises. Possible claims of this type may have an adverse effect on the perception of the Group's business, properties and projects by target customers, tenants or investors.

The occurrence of damage due to undiscovered defects and external factors, climate change or warranty claims may have an adverse effect on the Group's reputation which, together with a decline in demand for the properties we offer, could have a material adverse effect on the results of our operations, financial condition and prospects.

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

We operate an organized and specialized Poland-wide sales network, which distributes the products and services we offer. Because of strong competition with other pay TV providers and telecommunications services providers, as well asincrease in wages observed on the domestic labor market we might have to raise fees paid to our distributors which may result in higher operating costs and probably lead to lower profit from operating activities.

Furthermore, if we decide that our distribution network requires extensive reorganization or reconstruction, we may face the need to incur substantial financial outlays. Moreover, our sales network may be subject to operational downtime in the event of extraordinary events, which could result in a reduction of our revenues. For example, in 2020, as a result of the COVID outbreak, restrictions were imposed as a result of which part of our sales network remained closed periodically or experienced a significantly lower volume of visits by existing and potential customers, which negatively impacted our sales during this period. The occurrence of future extraordinary events with similar effects may translate into a decline in sales of services and equipment, as well as the number of churn rates, and may require us to incur additional costs to reorganise our sales channels to adapt them to permanently changing customer preferences.

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

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

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

We collaborate with a number of third parties in providing our pay TV, broadband Internet access and mobile telephony and landline services and the ability to deliver services to our customers depends on the correct operation of the infrastructure and equipment belonging to the entities with which we collaborate.

The access layer of the mobile network infrastructure used by our customers as of July 2021 belongs to the Cellnex Group. Any long-term problems in the cooperation with the Cellnex Group or the failure of the Cellnex Group to comply with the arrangements contained in our signed Service Level Agreement, resulting in our inability to provide high quality services, could lead us to exercise the option contained in the Buyback Agreement, which provides an entitlement (but not an obligation) for Polkomtel to repurchase shares in Towerlink Poland (formerly Polkomtel Infrastruktura) for a price reflecting the fair value of the shares to be repurchased, taking into account the discount agreed between the parties. We have no assurance that the repurchase process would not negatively impact the continuity of our service provision or the satisfaction of our customers with the services we provide. We also cannot ensure that Polsat Plus Group, if required to exercise the repurchase option, would have adequate financial resources or would be able to arrange additional financing of sufficient scale and on acceptable terms, and thus we have no certainty that the exercise of the repurchase option would be effectively possible.

Our customers’ pay TV antennas are usually adapted to receiving signals delivered through transponders leased from Eutelsat S.A. In order to switch the satellite operator in the event of our failure to extend a contract, or in the event of contract termination by Eutelsat S.A., or for other reasons, we would be forced to find an alternative provider of satellite transmission capacities and potentially reposition our customers' satellite antennas, which would be a cost- and time-consuming process considering the size of our customer base.

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

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

A possibility of provision of telecommunications services depend to a large degree on our ability to interconnect with the telecommunications networks and services of other telecommunications operators, including those our direct competitors. In particular, part of our services are provided based on regulated access to Orange Polska’s infrastructure or wholesale access to the networks of other wireline operators. We also rely on third-party operators for the provision of international roaming services to our customers. While we have interconnection, infrastructure access and roaming agreements in place with these operators, we do not have direct control over the quality of their networks and the interconnections and roaming services they provide, due to the fact that we do not have direct control over availability or quality of networks of these operators or interconnect and roaming services, there can be no assurance that availability and quality of services provided by such other operators will be in accordance with contract. Any difficulties or delays in interconnecting with other networks and services, the failure of any operator to provide reliable interconnections, regulated access or roaming services on a consistent basis or early termination of any of material interconnection, regulated access or roaming agreements could result in an inability or limited ability to provide services to our customers or in a deterioration of quality of the services, which in turn can lead to loss of customers or decreased usage of our services, and consequently have a material adverse effect on our performance, financial condition and growth prospects.

Continued cooperation with some of them is important for us to maintain our operations without disruption. In particual, we are in the gradual process of implementing a new, integrated IT environment supporting sales and customer care as well as a convergent billing system for our products and services. The purpose of the implementation is to redefine and standardize the sales processes and the offers across Polsat Plus Group as well as to provide a single, consistent and effective tool which will enable management of sales and customer relations in all possible spheres. The project is implemented in cooperation with Asseco Poland S.A. who provides IT systems and, as the main integrator of the system is responisble for effecting the implementation.

In Poland, work is currently underway to introduce into the legal order solutions that would allow, by administrative decision, to recognise a hardware or software supplier (including a supplier of hardware or software for telecommunication entrepreneurs) as a high-risk supplier. Ongoing cooperation with some of the external suppliers is important for the ability to conduct uninterrupted operational activities. In the event that any of the major suppliers of telecommunication equipment to be considered a high-risk supplier and excluded from the supply chain, the competitiveness of the market may be reduced and the price of telecommunication equipment may increase. In addition, imposing an obligation on telecommunication operators to replace hardware or software supplied by a supplier deemed to be a high-risk supplier may entail additional high costs for the replacement of such network equipment and, as a result, adversely affect the pace of construction and modernisation of the telecommunication network of the operator concerned. We cannot exclude the possibility that this fact may have a negative impact on the cost and pace of construction and modernisation of the telecommunication network used by our customers.

We also rely on agreements with external suppliers of handsets and modems, external suppliers of components necessary for the production of end devices in our factory in Mielec and external providers of IT services. We do not have any control over our key suppliers and have limited influence on the manner in which these key suppliers perform their obligations under concluded contracts. There can be no assurance that these providers will not terminate their contracts with us, extend them upon expiry, extend them on the same or more favorable terms, or that we will be able to acquire the necessary equipment and services in the future from these or other suppliers, in required amounts and at the right time, or at all. Furthermore, in the event of a permanent or temporary reduction in the supply of components by external suppliers, there may be disruptions in the supply chain for imported equipment offered to our customers. Accordingly, due to dependence on third-party suppliers, we are exposed to the risk of delayed provision of necessary services or equipment or lack of such provision.

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

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

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

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

Technological progress requires us to modify our content distribution and TV programming methods to keep pace with the changing market. New technologies – including new video formats, IPTV, Internet streaming and downloading services, video on demand (VOD), migration towards the DVB-T2/HEVC standard, set-top boxes with recording capability, as well as other devices and technologies – introduce new media and entertainment options and change the way customers receive content. This allows them to enjoy television outdoors or at any chosen time, without commercials and to a custom schedule. Such technologies are growing in popularity and are becoming easier to use, yet the resulting fragmentation of TV viewers may cause a general decline in TV advertising revenues.

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

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

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

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

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

We are exposed to the risk of fraudulent activities by customers

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

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

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

Goodwill and brand values may be impaired

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

We may lose our management staff and key employees

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

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

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

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

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

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

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

Due to the fact that the access layer of the mobile network infrastructure used by the Group's customers is owned by a third party – the company Towerlink Poland, potential disputes between this entity and Group companies, the failure of Towerlink Poland to comply with the agreements (in particular with the detailed provisions of the Service Level Agreement), delays in concluding new orders or failure to execute orders concluded with Towerlink Poland on time, as well as a number of other events and factors may cause part of our network infrastructure to be inaccessible, which could adversely affect our ability to efficiently provide services, maintain and upgrade network infrastructure through wchich we provide services to our customers.

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

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

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

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

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

At Polkomtel, Niezależny Samorządny Związek Zawodowy Solidarność (the Solidarity Independent Self-Governing Trade Union) trade union is active. Trade unions are active also at Netia Group. As at December 31, 2022, ca. 5% of the total workforce of Polsat Plus Group were trade union members. Involvement in lengthy negotiations with the trade unions or in collective disputes cannot be ruled out; strikes, work interruptions or other industrial action (triggered, for example, by an attempt to optimize the employment level or labor costs or the need to restructure the workforce), as well as employees' pay rise demands may also be experienced. The occurrence of strikes, significant disputes with the trade unions active at the Group's companies, or increase in employment costs may disrupt our operations, preventing it from timely or cost-effective provision of services to its customers, which can have a material adverse effect on the results of our operations, financial condition and prospects.

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

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

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

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

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

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

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

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

Our broadcasting licenses may be revoked or may not be renewed

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

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

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

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

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

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

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

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

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

Supreme Administrative Court (NSA), in its ruling dated May 8, 2014, sustained the decision of the Court of First Instance and repealed the decision issued by the President of the Office of Electronic Communications (UKE) on September 23, 2011 which partially invalidated the above-mentioned tender. Following the decision of the Supreme Administrative Court, UKE informed that "the decisions regarding re-running the tender will be taken by the Office upon careful analysis of the written justification of NSA's rulings and the Court's guidelines regarding further procedure as well as upon analysis of the legal situation". UKE also stated that the "reservation decisions issued by UKE President remained valid while the operators could continue providing their services while using these frequencies." In correspondence dated December 23, 2016, the President of UKE informed the parties involved that proceedings to invalidate the tender for the 1800 MHz frequency band have been ex officio opened. On August 4, 2017, the President of UKE issued a decision annulling the tender dated 2007. On October 13, 2017, Aero 2 Sp. z o.o. (being the legal successor of CenterNet S.A. and Mobyland Sp. z o.o. and currently Polkomtel) filed a motion for reconsideration of the case concluded by the decision of the President of UKE of August 4, 2017 on the cancellation of the 2007 tender procedure. Following the decision of January 31, 2018, the President of UKE upheld the decision of 4 August 2017. Against this decision, Aero 2 filed a complaint to the Provincial Administrative Court in Warsaw, which was dismissed by a ruling of October 4, 2018. On December 27, 2018 Aero 2 has filed for a cassation from the above mentioned ruling, On December 27, 2018, Aero 2 filed a cassation appeal against judgment, which was dismissed by a judgment of the Supreme Administrative Court dated November 25, 2022.

The decision issued by the President of UKE does not affect reservation decisions issued in an administrative procedure separate from the tender. In accordance with the press release published by the President of UKE, these reservation decisions remain valid and telecommunication operators may continue to provide their services based on these reservation decisions. The Management Board is of the opinion that the above issue is unlikely to have a negative impact on the Group's results and financial position. Accordingly, the Group's consolidated financial statements do not include any adjustments related to the valuation of frequency reservations.

In proceedings initiated upon request of T-Mobile Polska S.A. the President of UKE reopened proceedings concluded earlier on April 23, 2009 with a final decision issued by the President of UKE upholding the decision of the President of UKE dated 30 November 2007 awarding frequency reservation in the bands 1710-1730 MHz i 1805-1825 MHz. In these proceedings, in its decision of November 28, 2017 the President of UKE refused to repeal - after the reopening of the proceedings - of the reservation decision of the President of UKE dated April 23, 2009. This decision was upheld in the decision of the President of UKE dated June 4, 2018. Following the complaints filed against the aformentioned decision, in a judgment of March 11, 2019 the Provincial Administrative Court in Warsaw repealed the decision of the President of UKE dated June 4, 2018. Aero 2 filed a cassation appeal against this judgment with the Supreme Administrative Court.

On October 4, 2018, T-Mobile Polska filed a complaint with the Provincial Administrative Court in Warsaw against the announcement of the President of UKE of September 5, 2018 on the results of the actions necessary to remove the violations constituting the reason for cancelling the tender for two frequency reservations, each of which includes 48 duplex radio channels with a duplex spacing of 95 MHz, from the 1710-1730 MHz and 1805-1825 MHz bands. In a decision of November 20, 2018, the Provincial Administrative Court in Warsaw rejected T-Mobile Polska S.A.'s complaint. In a decision of July 4, 2019, the Supreme Administrative Court, as a result of a cassation appeal filed by T-Mobile Polska S.A., reversed the decision of the Provincial Administrative Court in Warsaw of November 20, 2018. In a judgment of August 18, 2020, the Provincial Administrative Court in Warsaw declared the announcement of the President of UKE of September 5, 2018 ineffective. This judgment was subsequently overturned by the Supreme Administrative Court in a judgment of December 9, 2021, and the case was referred for reconsideration to the Provincial Administrative Court in Warsaw. On October 25, 2022, the Voivodship Administrative Court in Warsaw dismissed the complaint of T-Mobile Polska, the judgment is not final and T-Mobile Polska filed a cassation appeal to the Supreme Administrative Court.

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

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

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

In May 2017 the European Parliament and the Council issued a decision on the use of the 470-790 MHz frequency band in the European Union under which EU Member States were required to make the 700 MHz band available for broadband services by June 30, 2020 or in justified cases by June 30, 2022 at the latest. The then Ministry of Digitalisation has decided to take advantage of the possibility of postponement. At the same time, TV broadcasters who were forced to release the 694-790 MHz band as a result of the decision, and to use the 470-694 MHz band only, have been given the guarantee of maintaining the latter frequency band, i.e. 470-694 MHz, at least till the year 2030. According to the schedule of Emitel S.A., which is implementing the technical layer of the refarming process in the 700 MHz band involving the release of this band by TV broadcasters for the development of 5G technology, this process was completed in Poland in June 2022, with the decision of the Office of Electronic Communications granting public TV TVP an extension to use the 700 MHz band until the end of 2023.

In 2019 representatives of Polish mobile operators, Exatel S.A. and the Polish Development Fund signed a memorandum on the terms of mutual cooperation in conducting a business study of 5G implementation models based on 700MHz band, with a view to developing a uniform, nationwide infrastructure in the territory of Poland. According to the assumptions of those models, the 700MHz uniform infrastructure would be owned by an SPV styled #Polskie5G with the State Treasury or a State Streasury-owned company as the dominant shareholder. An assumption adopted by all parties to the memorandum is that the State Treasury would provide the 700MHz band availability and, potentially, access to passive infrastructure on its own properties, whereas the private partners would provide passive and active infrastructure as well as funding, if necessary.

In July 2020, the work on the preliminary analysis of the business model for the #Polskie5G company, and the analysis report was submitted to the Prime Minister. Whereas, in draft amendment to the National Cyber Security Law (CSS) included provisions on the establishment of a a state-owned operator performing tasks for defence, state security and public security and order in the area of telecommunications, which would be allocated part of the 700 MHz band.

On June 22, 2023, the Office of Electronic Communications (UKE) announced an auction for frequency reservations in the 3.6 GHz band. The subject of the distribution are 4 blocks of 100 MHz each and the minimum price per block was set at PLN 450 million. The conditions for participating in the auction include the necessity to document investment expenditures in telecommunication of at least PLN 1 billion between 2016 and 2021 and the possession of a nationwide frequency reservation in the 900 MHz, 1800 MHz, 2100 MHz and 2600 MHz bands.

The auction documentation also indicates quantitative, coverage and qualitative commitments for network development. The quantitative commitments consist in the launch of at least 3,800 base stations by the operators who will be allocated the band within 48 months from the date of delivery of the decision. In terms of coverage and quantitative commitments, the quality requirements constitute a new element of the frequency distribution process in Poland. The required coverage of the country's territory also defines quality parameters of services to be provided in terms of minimum throughput and maximum latency. Winners of the auction will be required to provide throughput (using any frequency band) of 95 Mbps to 99% of households nationwide within 60 months, in 90% of the country's territory within 60 months, along 95% of national roads within 84 months, along 95% of provincial roads within 84 months, along 95% of designated railroads within 84 months, and to 24-hour border crossings within 24 months from the date of delivery of the reservation decision. The deadline projected by President of UKE for allocating the 3.6 GHz band is the fourth quarter of 2023.

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

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

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

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

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

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 past acquisitions, in particular the acquisition of Telewizja Polsat, Polkomtel or Netia and completion of the related financial transactions. In addition, our Strategy 2023+ includes the development of new businesses, such as investments in renewable energy sources, which will require external financing in the form of loans and/or bond issues.

Our ability to service and repay debt depends on future results of our operations and our ability to generate sufficient cash flows to pay these and other liabilities, which in turn depends, to a significant extent, on the general economic situation, financing terms, monetary and fiscal policy of the Polish government, market competition, acts of law and secondary legislation, and a number of other factors which are often outside of our control. If our future operating cash flows and other capital resources prove insufficient to repay our liabilities as they fall due or cover our liquidity requirements, we may lose our property, plant and equipment which serve as security for the repayment of our debts, or we may be forced to restrict or postpone certain business and investment projects; dispose of assets; incur more debt or raise new capital; or restructure or refinance our debts, in part or in full, at or prior to their maturity. The terms and conditions of our debts limit our ability to take the above measures. Therefore, we cannot guarantee that they will be taken on commercially reasonable terms, or at all, if need arises.

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

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

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

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

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

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

We derive almost all our revenues from telecommunication services customers, pay TV customers and TV advertisers in Poland. Our revenue depends on the amount of cash our existing and potential customers can spend on entertainment, communication services and telecommunications equipment. If the economic conditions in Poland deteriorate or there is prolonged inflationary pressure of a supply-side nature, consumers may be willing to spend less on entertainment, communication servives and telecommunications equipment, which may have an adverse effect on the number of our customers or on our customers' spending on our services and products. In addition, continued inflationary pressures may result in an increase in the cost of our day-to-day operations, thereby reducing the profit margins we achieve. Lower consumer spending caused by economic recession or increase in inflation may also lead existing and potential customers to choose cheaper versions of our service packages or to discontinue using the services and the equipment we offer. The foregoing factors may have a material adverse effect on results of our operations, financial condition, and growth prospects.

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

The results of our operations in the real estate segment are also dependent on the current economic situation in Poland. In the event of an economic downturn, consumers may postpone decisions to buy or lease real estate, or may not be able to obtain the financing necessary to purchase or lease real estate. As a result, we may see a reduction in the ability to sell real estate and a decrease in the rents earned from rental properties. This, in effect may reduce our revenues derived from the real estate segment's operations or lead to the need to revaluate our real estate assets.

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

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

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

Our operations may be reduced as a result of extraordinary events, such as the announcement of a state of epidemic or pandemic or the start of an armed conflict in our region. In order to combat an epidemic or pandemic a number of restrictions may be taken by the authorities, such as restrictions on movement, organization of events and meetings, entertainment activities, operation of shopping malls or quarantine obligations. Such restrictions may lead to a significant reduction in the functioning of the economy and, as a result, entail negative effects like an economic slowdown or recession, which could negatively affect our operating activities and financial results.

A military conflict in Ukraine could have a significant and long-lasting impact on the global, European and Polish macroeconomic environment. In particular, as a result of a sudden reduction in the availability of raw materials, oil, steel, gas or biomass and fossil fuels, we can expect both a sudden economic slowdown and deepened inflationary pressures. These phenomena may translate adversely into demand for our services, the cost of conducting current operations, as well as the possibility of carrying out certain investments. At the same time, continuing inflationary pressure may cause the monetary authorities to further tighten monetary policy, which may affect the cost of servicing our debt or the ability to raise additional financing. The severity of these effects depends primarily on the length of the military operations in Ukraine, as well as their intensity. We are not able to predict development of events in Ukraine or their long-term impact on the global and regional economy and, consequently, on our operations and financial results.

Deterioration of the national and global economy as a result of the epidemic or the war in Ukraine may negatively affect the advertising market, and thus the level of our advertising revenues and the growth prospects of our business in the media segment. Moreover, restrictions that may be imposed could limit or prevent us from making some or all of our own television productions, which may further translate into a lower attractiveness of our program for advertisers. In addition, as a result of restrictions on operations on a global scale, as was the case in the COVID-19 pandemic, sport events for which we hold broadcasting rights may be suspended. As a result, we are at the risk of postponing revenue included in our budget to the moment of resumption of sport events, or even at the risk of loss in case these sport events are cancelled.

If the relevant authorities introduce recommendations to stay at home and work and study remotely, there could be a significant increase in traffic in telecommunications networks. Any strong growth in voice traffic could translate into higher costs associated with buying traffic from other operators. At the same time any restrictions on border closures and lower ability of movement of people may result in lower traffic volumes for international roaming service. Both of the above factors can lead to a reduction in the margins earned on our telecommunications business.

In turn, when malls are closed and social distance is applied, we may have to periodically close some of the stationary outlets and face relatively less customer traffic at the open outlets. This could adversely affect the number of new customer and service accessions and equipment sold and, as a consequence, may result in a reduction in the level of our sales revenues.

In view of the above, the occurrence of extraordinary events such as a pandemic, epidemic or war and the introduction of related restrictions on the functioning of society and the economy may have a significant adverse impact on our financial position, results of operations and development prospects.

The Polish telecommunications industry is highly competitive

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

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

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

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

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

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

Due to the strong competition in the television market, we cannot guarantee that in the future customers using our services and advertisers will use our offer and not the services offered by our competitors

The Polish television market is characterised by strong competition and we are therefore unable to guarantee that in the future we will achieve satisfactory revenues from pay TV subscriptions and television advertising in comparison to our competitors. Our current and potential competitors may have greater financial and marketing resources that will enable them to more effectively attract customers and advertisers for their services.

Our main competitor in the satellite TV market is the Canal+ platform. We also compete with broadcasters using other transmission technologies, such as terrestrial television, cable television and internet television. We also expect increasing competition from joint ventures and strategic alliances entered into by satellite TV providers, cable TV providers and telecommunications operators. We are also competing with local and foreign competitors entering the Polish market in the form of OTT services and applications based on providing all types of content, especially video.

Our main competitors in the TV advertising market are other broadcasters such as TVN (Warner Bros. Discovery Group) - the leading commercial broadcaster in Poland, and TVP - a broadcaster financed to a significant extent from public funds, which by definition fulfils the mission of public television. In relation to the fulfilment of the public television mission, TVP has restrictions on interrupting individual programmes and films with advertisements. Any changes to TVP's restrictions on the transmission of advertising may intensify competition from TVP and reduce our advertising revenues. In addition, we will be forced to compete with existing TV broadcasters and potential new entrants for the the granting of licenses for terrestrial and satellite television broadcasting in Poland. The loss of customers and advertisers to our competitors could have a material adverse effect on results of our operations, financial condition and prospects.

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

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

Our operating results in media segment depend on the importance of television and Internet as advertising media

In 2022, ca. 63% of the revenue generated by our media segment came from sale of advertising time and sponsored time slots on our TV channels and Internet media. The Polish advertising market sees television competing with other advertising media, such as the Internet, newspapers, magazines, radio, and outdoor advertising. In view of the continuing growth in the importance of online advertising in Poland, we are consistently developing our online advertising channels, however, the vast majority of our advertising revenues come from TV operations. There can be no guarantee that TV commercials will maintain their position on the Polish advertising market, or that changes in the regulatory regime will not favor other advertising media or other broadcasters. The growing competitive pressure among advertising media, significantly higher spending on thematic channels, and the development of new forms of advertising may have an adverse effect on TV advertising revenue generated by our media segment, and thus on our operations, financial condition, performance, and cash flows.

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

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

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 41 to the Company's consolidated financial statements for the financial year ended December 31, 2022.

Market risk management

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

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

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

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

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

Currency risk

One of the main risks to which we are exposed is the currency risk resulting from fluctuations in exchange rate of the Polish zloty against other currencies. Revenues we generate are denominated primarily in the Polish zloty, while a portion of operating costs and capital expenditures are incurred in foreign currencies. The Company's currency risk is associated mainly to royalties to TV and radio broadcasters (USD and EUR), transponder capacity usage agreements (EUR), fees for conditional access system (EUR and USD) and purchases of reception equipment and accessories for reception equipment (USD and EUR). After the purchase of Telewizja Polsat and the significant expansion of its offer by sport content which require the acquisition of certain licenses, the currency risk exposure is also associated to purchases of foreign programming licenses. After the purchase of Polkomtel the currency risk exposure is also associated to agreements with suppliers of stock, mainly mobile phones, and suppliers of telecommunication network equipment (EUR and USD), roaming and interconnect agreements and rental of office space (various currencies). Following the takeover of the PAK-PCE Group, foreign exchange risk also arises from contractual obligations in connection with the development of photovoltaic and wind farms or hydrogen projects, including the supply of components, goods or installation services.

In respect of license fees and transponder capacity usage agreements, the Group partly reduces its currency risk exposure by means of an economic hedge as it denominates receivables from signal broadcast and marketing services in foreign currencies.

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

The SFA dated April 28, 2023, which we entered into with a syndicate of banks, provides, among others, for the granting of a EUR-denominated loan tranche to the Company, and therefore there is exposure to foreign currency risk under the financing agreements in place.

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

Interest rate risk

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

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

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

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

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 in the tax laws and contradicting legal interpretations among the tax authorities result in uncertainties and lack of consistency in the tax ordinance, which in fact lead to difficulties in the judgement of the tax consequences in the foreseeable future. In consequence, the application of tax law in practice is accompanied by controversies and interpretation disputes which usually need to be resolved by administrative courts, and even their judicial practice is notoriously inconsistent. The Polish tax laws also includes the so-called General Anti-Avoidance Rule (“**GAAR**”), intended to prevent artificial legal arrangements designed mainly to obtain tax benefits, and a number of detailed regulations intended to combat tax evasion which are often formulated using non-defined or inaccurate notions or criteria.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The regulations relevant to the determination of the level of remunerations and labor costs have been recently undergoing profound changes which will affect the level of our costs of employment as well as our ability to employ employees in the future. In particular, on September 13, 2022 the Council of Ministers adopted a regulation on the minimum salary in 2023, setting it at PLN 3,490 as of January 1, 2023 and PLN 3,600 as of July 1, 2023.

Additionally, starting from 2019 selected Polish enterprises (including Polsat Plus Group) have been obliged to launch Employee Capital Plans, a form of pension schemes which envisage additional financial contributions from the employer. In addition, starting from January 2022, the Polish tax system has undergone comprehensive changes including, among other things, an increase in the health contribution without the ability to its deduction from the tax base, which can effectively result in the amount of actual net remuneration received by part of our employees.

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

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

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

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

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

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

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

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

The President of UKE supervises our telecommunications operations, as well as TV broadcasting and production. As part of our telecommunications services, we mainly provide mobile voice services, broadband Internet access as well as certain wholesale services to other operators. Telecommunications enterprises operating in Poland are subject to a number of legal and administrative requirements having a direct impact on their business, both in relations with individual and business customers (for instance, by specifying the scope of customers' rights or the content of standard terms and conditions for the provision of telecommunications services, setting rules for settlements in international roaming services, caps for pricing of international services or restricting the maximum time for which contracts can be concluded with customers) and wholesale customers (for instance, by imposing MTR and FTR caps or defining caps for rates used in roaming traffic settlements). Media segment is in turn overseen by the President of UKE for compliance with the terms of licenses and frequency allocations assigned by the President of UKE for the purposes of TV broadcasting services. In the event of our non-compliance with any provisions of the Telecommunications Law, companies from the Group may face a fine from the President of UKE of up to 3% of revenue generated in the year preceding the year in which such fine is imposed.

The KRRiT regulations primarily affect our operations in the media segment. As a TV broadcaster operating in Poland, we have to observe a number of legal and administrative requirements related to such matters as broadcasting time, programming content, and advertisements. Furthermore, KRRiT undertakes regular checks to ensure that our operations conform to the terms of our broadcasting licenses, provisions of the Polish Act on Television and Radio Broadcasting, and its own internal guidelines. In the event of our non-compliance with any applicable regulations, we may face a fine from KRRiT of up to 50% of the annual fee for the right to use the frequency designated for broadcasting the program.

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

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

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

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

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

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

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

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

Violation of the laws or terms of frequency allocations applicable to our business may expose us to costs, penalties, sanctions or claims as a result of potential violation of such requirements or laws that, in turn, could have a material adverse effect on the results of our operations, financial condition and prospects.

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

Our investment activities in the real estate segment involve the need to obtain numerous decisions and administrative permits. For almost every investment undertaken, in the first stage we need to obtain an environmental decision, upon receipt of which we apply for decisions on development conditions. This often requires obtaining additional opinions and documents. The need to obtain development conditions only occurs in the case of properties not covered by the local zoning plan. Only after the completion of this stage we move on to the design and then construction phase.

Also, in the course of carrying out the investment there is a risk of suspension of its implementation by the competent authorities, in particular as a result of protests by holders of neighboring properties or for other reasons provided by law. After the completion of the construction process, generally, it is necessary to obtain an occupancy permit. Sometimes during the investment process, it is also necessary to obtain a decision on the division of real estate. In addition, in each case of the trading of constructed residential units, it is necessary to obtain certificates of independence of the premises.

Obtaining the relevant administrative acts is often associated with lengthy administrative proceedings, which creates the risk that we will not be able to complete the particular phases of the investment within the assumed deadlines. In particular, there is often a delay in issuing an environmental decision or refusal to issue such a decision by the relevant authorities, which causes additional administrative and court proceedings to be initiated. This has a negative impact on the economics of such an investment. Accumulation of this could have an adverse effect on the results of our operations, financial position or prospects.

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

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

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

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

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

5.6. Risk factors associated with energy sector operations

On July 3, 2023, the Company increased its equity interest in PAK-PCE Sp. z o.o. to 50.5% of PAK-PCE's share capital. As a result of the above acquisition, as of July 3, 2023, PAK-PCE and its subsidiaries will be consolidated using the full method, which involves additional business and regulatory risks that may have a material adverse effect on the Group's business, financial condition and operating results. PAK-PCE, as an entity focused on developing projects in the area of renewable energy sources and hydrogen generation and use, operates in a regulatory environment that is subject to constant change, also through the impact of EU law on national law. The national regulations to which PAK-PCE is subject transpose into the Polish legal system directives and regulations of the European Commission and international conventions. Tax law, interpretations and recommendations, particularly those issued by the Energy Regulatory Office, as well as local regulations, such as the planned regulation on emergency measures to limit the amount of electricity prices and support certain consumers in 2023, should also be taken into account.

Risks associated with the regulatory environment regarding energy generation from renewable energy sources

In Poland, the market for solar and wind power, as well as power generation systems, is heavily influenced by the laws governing the energy industry, including the photovoltaic and wind industries. Regulations often refer to electricity prices and technical interconnections of electricity generation owned by customers and may deter further investment in research and development of alternative energy sources, as well as affect customers' willingness to purchase such energy, which could result in a significant reduction in demand for Group's biomass, photovoltaic and wind products.

The basic legal acts applicable to entities engaged in electricity generation and trading in Poland, are the Energy Law and the Renewable Energy Sources Act. According to the Energy Law, the generation and trading of electricity, subject to the exceptions indicated therein, requires obtaining an appropriate license issued by the President of the Energy Regulatory Office. Licenses are issued for a fixed period, not shorter than 10 years and no longer than 50 years. In certain situations, the President of the Energy Regulatory Office may revoke the license, in particular, in a situation, when the energy company grossly violates the conditions specified in the license or other conditions for performing licensed activities. In addition, the President of the Energy Regulatory Office may revoke a license or change its scope due to, among other things, a threat to the defense or security of the state or the safety of citizens, in the event of the division of an energy company or its merger with other entities, as well as in the event of failure to fulfill certain obligations arising from the Energy Law. Revoking or changing the scope of the license under which Group entities will operate, could materially adversely affect the Group's operations and financial results.

In connection with the execution of the transaction relating to the acquisition of shares in PAK-PCE, the activities of the Group entities, in particular the investment process involving the creation of new photovoltaic and wind power facilities, will be subject to the general regulations relating to the investment and construction process, as well as the specific provisions of the Law on Investments in Wind Power Plants. Therefore, in the course of this process, Group entities will be required to obtain, among other things, decisions on environmental conditions, decisions on development conditions, water permits, construction permits and occupancy permits. In certain situations, the construction of new photovoltaic and wind power installations may require either the enactment of local zoning plans or an amendment to already existing local zoning plans to accommodate the planning requirements for this type of investments. In certain situations, a Group entity may not obtain the required administrative decisions (due to possible protests by the local community or legal restrictions) or the administrative proceedings in this matter may be prolonged, which may have a negative impact on the further development of the Group's operations and financial performance. The implementation of investments in renewable energy sources is also associated with the need to conclude a series of agreements securing legal title to the land on which such an installation is to be realized, which means having to meet the financial expectations of many property owners and take into account potential non-market expectations.

Entities producing energy in renewable energy source installations may participate in auctions conducted by the President of the Energy Regulatory Office for the sale of electricity. Producers of electricity from renewable energy sources that intend to join the auction are subject to a formal assessment procedure of their preparation to produce electricity at the respective installation. The amount of electricity to be purchased in the auction in a given year is determined anew in each subsequent year, so the values determined in particular years may differ significantly. It also cannot be excluded that for a given type of installation the specified minimum value of electricity to be purchased in a given year will be "0", so the auction for this type of installations will not take place at all. The sales price of electricity produced from renewable energy sources, stated in the bids of auction participants whose bids ultimately won the auction, is subject to annual adjustment with the average annual index of prices of total consumer goods and services from the previous calendar year. In addition, certain obligations described in detail in the Renewable Energy Sources Act are imposed on auction winners, which include, among others the maximum timeframe within which energy production at a given installation is to take place after winning the auction and the obligation of the auction winner to sell the electricity. In particular, if the price offered by the entity participating in the auction at which it will sell electricity will be lower than the market price of electricity under the so-called "positive balance coverage" mechanism, it will be obliged to pay to the renewable energy settlement operator the difference between the price at which it sold electricity on the market and the price specified in the bid, which may have an adverse effect on the Group's financial performance.

At present, investors in this type of project are also facing potential delays in the execution of a contracts for construction works and contracts for the delivery of individual components, which are related, among other things, to disruptions in supply chains and the war activities in Ukraine. Also, economic circumstances, including inflation and increases in the prices of construction materials result in numerous claims by contractors to increase the agreed remuneration under the implementing agreements or to extend the time of investment implementation, which may also, especially in the context of rules related to the RES auctions, negatively affect the Company's and the Group's operations and the timely realization of the Strategy 2023+. The complex situation in the construction market may also adversely affect the financial and operational condition of the contractors with whom the Group companies will sign implementing agreements. As a consequence, it may result in the inability to fulfill certain obligations on their part, which, in turn, may have an unfavorable impact on the completion dates of individual investments included in the strategy. In addition, the commencement of war operations in Ukraine has translated unfavorably into global price levels for fossil fuels, but also for locally offered biomass, which - should the war conflict continue, but also should other unfavorable circumstances arise - may translate unfavorably into the ability to achieve the financial results originally assumed, particularly in the area of biomass power generation. Moreover, the war-induced volatility of electricity sales prices in European markets is resulting in ad hoc regulatory decisions, imposed at the European Union level and locally, aimed at limiting in the short term the increase in energy sales prices on the part of producers (set separately for individual electricity generation technologies) and the level of sellers' margins, and thus limiting the increase in costs for sensitive consumers or households, among others. There can be no guarantee that these ad hoc regulations will not continue in the future, which will limit the ability to freely set prices for the sale of electricity in the market, and thus affect the ability to generate revenues and margins from the production and sale of energy from biomass, photovoltaic installations or wind farms.

The realization of the above situations may adversely affect the Group's operations, which may have a material adverse effect on the Group's financial results.

Risks associated with environmental regulations

Producers of electricity from renewable energy sources are required to comply with the relevant legislation (including European Union law) concerning environmental protection, in Poland and abroad. These regulations govern, among other things, emissions of pollutants, wastewater, soil and groundwater protection, and the health and safety of humans and wildlife. In the event of non-compliance with laws, regulations and other environmental acts, Group companies may be forced to pay significant fines or even to cease operations. Some equipment used on photovoltaic and wind farms, such as transformers, contain substances that can cause environmental pollution in the event of a malfunction or accident.

Compliance with applicable laws and regulations is associated with bearing of certain costs, and a possible violations of such laws and regulations and, as a result, the possible imposition of penalties by the relevant public administration authorities may adversely affect the business, financial condition and operating results of the Company and Group companies.

Competition risks in the segment of electricity generation from renewable energy sources

The market for photovoltaic and wind farms, due to its potential and possible returns on investment, is attracting investors who may be competitors to the Group. Intensification of this competition and increasing investment in this sector by existing operators as well as entities commencing their activities may cause demand to exceed supply for photovoltaic and wind farm projects, and thus have a negative impact on the level of sales prices of projects.

Due to the war in Ukraine induced problems with the availability of raw materials and fossil fuels, and the systematic increase in demand for energy produced from renewable sources resulting from the current regulations, as well as the relatively low supply of this type of energy (in the long term) and the increase in its prices, the attractiveness of investments in production of energy from renewable energy sources is high. Therefore, increase in competition in this market segment is expected. PAK-PCE operates photovoltaic and wind farms and is in the process of developing more photovoltaic and wind farms. It cannot be ruled out that investments in the construction of photovoltaic farms and wind farms, as well as the acquisition of existing projects may attract foreign entities with experience in this field gained in other European and global markets.

Increased activity by other entities in the renewable energy market may make it more difficult for PAK-PCE to access attractive locations and increase the cost of acquiring them. The above factors may have a material adverse effect on the business, financial condition and operating results of the Group.

5.7. Risk factors associated with the Series B, C and D Bonds

Risk factors associated with the Series B, C and D Bonds have been described in detail in the Information Note on the issuance of Series B Bonds dated May 24, 2019, the Information Note on the issuance of Series C Bonds dated January 31, 2020 and the Information Note on the issuance of Series D Bonds dated December 22, 2022 which are available in Polish on Polsat Plus Group's corporate website.

5.8. Risk factors associated with climate

Climate-related risk factors addressing the guidelines of the TCFD ("Task Force on Climate-related Financial Disclosures") recommendations are described in the "Sustainability Report of Polsat Plus Group for 2022", which is available on the Polsat Plus Group corporate website.

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 16, 2023

Glossary

Term	Definition
Bond Issue Program	Aa non-renewable bond issuance program with the total maximum nominal value of PLN 4 billion under which the Company is able to incur financial indebtedness through the issuance of unsecured PLN bearer bonds of the Company, established by eth resolution of the Management Board of the Company of November 29, 2022.
B2B	Business to Business, a transaction between businesses.
B2C	Business to Consumer, a transaction between a business and a consumer.
Revolving Facility Loan	The revolving facility loan of up to PLN 1,000 million, issued under the Senior Facilities Agreement of April 28, 2023, with the maturity date of April 28, 2028.
Senior Facilities Agreement, SFA 2023	Senior Facilities Agreement of April 28, 2023, sustainability linked financing, entered into by the Company and Polkomtel sp. z o.o., as the borrowers, Telewizja Polsat sp. z o.o., Netia S.A., Polsat Media sp. z o.o., Muzo.fm sp. z o.o. and Polsat Media Biuro Reklamy Sp. z o.o. with a consortium of Polish and foreign financial institutions.
PLN Term Facility Loan	The PLN-denominated term facility loan of up to PLN 7,225 million, issued under the Senior Facilities Agreement of April 28, 2023, with the maturity date of April 28, 2028.
EUR Term Facility Loan	The EUR-denominated term facility loan of up to EUR 506 million, issued under the Senior Facilities Agreement of April 28, 2023, with the maturity date of April 28, 2028.
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 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 dated March 25, 2019.
Series D Bonds	Dematerialized, interest-bearing, senior and unsecured Series D bearer bonds with the total nominal value of PLN 2.67 billion and the nominal value of PLN 1,000 each, issued pursuant to the Resolution of the Management Board of the Company dated December 16, 2022.

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.

Term	Definition
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.
Convergent (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).
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).

Term	Definition
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.
OTT (Over-The-Top)	A method of delivering content or television over the Internet without the direct involvement of an Internet access provider (known as an open network).
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.

Statement of the Management Board

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

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

hereby makes the following statement:

a) to best knowledge of the Management Board, the interim condensed consolidated financial statements and the interim condensed financial statements for the 6 months ended 30 June 2023 and the comparable data have been prepared in accordance with the applicable accounting principles and reflect in a true, reliable and clear manner the economic and financial position of Cyfrowy Polsat S.A. Capital Group and its financial result;

b) the Management Board's semi-annual report on the activities of Cyfrowy Polsat S.A. Capital Group in the 6 months ended 30 June 2023 contains a true picture of the development and achievements of Cyfrowy Polsat S.A. Capital Group and its situation, including a description of key risks and threats.

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 16, 2023

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
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00-124 Warszawa

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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 2023, 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 2023 to 30 June 2023 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* , adopted by the National Council of Statutory Auditors. A review of interim financial information 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, 16 August 2023

Key certified auditor

Anna Sirocka
certified auditor
no in the register: 9626

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

Cyfrowy Polsat S.A. Capital Group

Interim Condensed Consolidated Financial Statements for the 6 months ended 30 June 2023

prepared in accordance with International Accounting Standard 34 Interim Financial Reporting

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Approval of the Interim Condensed Consolidated Financial Statements

On 16 August 2023, 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 2023 to 30 June 2023 showing a net profit for the period of: PLN 79.1

Interim Consolidated Statement of Comprehensive Income for the period

from 1 January 2023 to 30 June 2023 showing a total comprehensive income for the period of: PLN 49.7

Interim Consolidated Balance Sheet as at

30 June 2023 showing total assets and total equity and liabilities of: PLN 34,698.6

Interim Consolidated Cash Flow Statement for the period

from 1 January 2023 to 30 June 2023 showing a net increase in cash and cash equivalents amounting to: PLN 2,673.3

Interim Consolidated Statement of Changes in Equity for the period

from 1 January 2023 to 30 June 2023 showing an increase in equity of: PLN 42.5

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, 16 August 2023

(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 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Continuing operations					
Revenue	8	3,289.8	3,228.1	6,489.1	6,214.8
Operating costs	9	(2,945.0)	(2,815.4)	(5,836.9)	(5,449.1)
Other operating income/(cost), net		(15.0)	13.1	(23.7)	(19.6)
Profit from operating activities		**329.8**	**425.8**	**628.5**	**746.1**
Gain/(loss) on investment activities, net	10	21.0	5.7	41.8	12.6
Finance costs, net	11	(300.7)	(130.7)	(556.4)	(207.5)
Share of the profit/(loss) of associates accounted for using the equity method		(9.9)	24.2	10.4	38.9
Gross profit for the period		**40.2**	**325.0**	**124.3**	**590.1**
Income tax		(32.1)	(42.3)	(45.2)	(94.6)
Net profit for the period		**8.1**	**282.7**	**79.1**	**495.5**
Net profit /(loss) attributable to equity holders of the Parent		(7.3)	288.9	57.2	503.8
Net profit/(loss) attributable to non-controlling interest		15.4	(6.2)	21.9	(8.3)
Basic and diluted earnings per share (in PLN)		**0.01**	**0.50**	**0.14**	**0.88**

(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 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Net profit for the period		**8.1**	**282.7**	**79.1**	**495.5**
Items that may be reclassified subsequently to profit or loss:					
Valuation of hedging instruments	14	(4.6)	15.0	(14.3)	25.8
Exchange differences on translation of subsidiaries and associates		(14.9)	9.8	(15.1)	9.9
Other comprehensive income/(loss), net of tax		**(19.5)**	**24.8**	**(29.4)**	**35.7**
Total comprehensive income/(loss) for the period		**(11.4)**	**307.5**	**49.7**	**531.2**
Total comprehensive income/(loss) attributable to equity holders of the Parent		(24.0)	313.6	30.7	539.4
Total comprehensive income/(loss) attributable to non-controlling interest		12.6	(6.1)	19.0	(8.2)

(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 2023 unaudited	31 December 2022
Reception equipment		273.3	282.0
Other property, plant and equipment		3,592.7	3,600.9
Goodwill	17	10,818.2	10,818.1
Customer relationships		432.6	643.7
Brands		2,021.5	2,060.9
Other intangible assets		3,166.5	3,340.6
Right-of-use assets		520.5	527.0
Non-current programming assets		342.0	501.8
Investment property		594.1	647.0
Non-current deferred distribution fees		76.3	79.8
Non-current trade receivables		979.3	930.0
Non-current loans granted		758.5	325.6
Other non-current assets, includes:		2,028.6	1,918.0
shares in joint ventures and associates accounted for using the equity method		*1,821.8*	*1,884.2*
derivative instruments		*158.8*	*17.4*
Deferred tax assets		108.8	99.9
Total non-current assets		**25,712.9**	**25,775.3**
Current programming assets		722.8	699.2
Contract assets		375.3	362.9
Inventories		1,269.8	1,162.4
Trade and other receivables		2,565.5	2,751.3
Current loans granted		19.3	250.5
Income tax receivable		9.1	5.0
Current deferred distribution fees		213.5	217.3
Other current assets, includes:		148.7	137.2
derivative instruments		*29.6*	*63.9*
Cash and cash equivalents		3,466.3	808.5
Restricted cash		12.2	9.3
Total current assets		**8,802.5**	**6,403.6**
Assets held for sale		**183.2**	**127.7**
Total assets		**34,698.6**	**32,306.6**

(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 2023 unaudited	31 December 2022
Share capital	13	25.6	25.6
Share premium	13	7,174.0	7,174.0
Share of other comprehensive income of associates		45.8	51.9
Other reserves		2,795.5	2,815.9
Retained earnings		8,114.8	8,057.6
Treasury shares		(2,854.7)	(2,854.7)
Equity attributable to equity holders of the Parent		**15,301.0**	**15,270.3**
Non-controlling interests		552.3	540.5
Total equity		**15,853.3**	**15,810.8**
Loans and borrowings	15	8,620.7	6,624.8
Issued bonds	16	2,960.9	1,900.4
Lease liabilities		337.3	345.6
Deferred tax liabilities		891.1	978.7
Other non-current liabilities and provisions, includes:		410.4	330.9
derivative instruments		*154.0*	*4.3*
Total non-current liabilities		**13,220.4**	**10,180.4**
Loans and borrowings	15	1,836.0	1,512.6
Issued bonds	16	323.4	176.0
Lease liabilities		172.7	178.6
Contract liabilities		629.9	606.8
Trade and other payables, includes:		2,642.2	3,767.1
derivative instruments		*9.6*	*2.1*
Income tax liability		20.7	74.3
Total current liabilities		**5,624.9**	**6,315.4**
Total liabilities		**18,845.3**	**16,495.8**
Total equity and liabilities		**34,698.6**	**32,306.6**

(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

		for the 6 months ended	
	Note	30 June 2023 unaudited	30 June 2022 unaudited
Net profit		**79.1**	**495.5**
Adjustments for:		**1,311.8**	**997.8**
Depreciation, amortization, impairment and liquidation	9	931.2	913.8
Payments for film licenses and sports rights		(341.3)	(268.5)
Amortization of film licenses and sports rights		318.6	323.0
Interest expense		514.0	271.2
Change in inventories		(107.4)	(113.6)
Change in receivables and other assets		138.3	(113.2)
Change in liabilities and provisions		(55.2)	(49.7)
Change in contract assets		(12.4)	43.9
Change in contract liabilities		23.1	(28.1)
Foreign exchange (gains)/losses, net		(19.7)	6.9
Income tax		45.2	94.6
Net additions of reception equipment		(47.2)	(66.4)
Share of the profit of associates accounted for using the equity method		(10.4)	(38.9)
Premium for early redemption of bonds		9.7	-
Cumulative catch-up		(19.2)	-
One-time loans repayment		20.8	-
Valuation of hedging instruments		(17.7)	31.9
Profit on derivatives, net		(58.2)	(27.5)
Other adjustments		(0.4)	18.4
Cash from operating activities		**1,390.9**	**1,493.3**
Income tax paid		(197.3)	(1,079.9)
Interest received from operating activities		46.1	32.4
Net cash from operating activities		**1,239.7**	**445.8**
Acquisition of property, plant and equipment		(344.2)	(422.7)
Acquisition of intangible assets		(166.8)	(164.2)
Concessions payments		(853.8)	(8.1)
Acquisition of subsidiaries, net of cash acquired	17	(0.1)	(251.1)
Acquisition of shares in associates		-	(4.9)
Capital increase in an associate		-	(473.8)
Proceeds from sale of property, plant and equipment		8.6	2.3
Loans granted		(342.5)	(482.2)
Repayment of loans granted		132.8	56.2
Acquisition of bonds		(20.0)	-
Bonds redemption with interests		22.0	-
Dividends received from associate		73.8	64.0
Other inflows		8.3	1.9
Net cash used in investing activities		**(1,481.9)**	**(1,682.6)**

(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 2023 unaudited	for the 6 months ended 30 June 2022 unaudited
Bonds issue [(1)]	16	1,088.0	-
Loans and borrowings inflows	15	3,147.7	7.1
Repayment of loans and borrowings	15	(752.5)	(645.1)
Payment of interest on loans, borrowings, bonds, and commissions [(2)]		(501.3)	(217.6)
Payment of lease liabilities		(104.7)	(100.7)
Payment of interest on lease liabilities		(12.9)	(10.3)
Hedging instrument effect		48.4	31.9
Acquisition of treasury shares [(3)]		-	(393.9)
Other inflows/(outflows)		2.8	(12.2)
Net cash from/used in financing activities		**2,915.5**	**(1,340.8)**
Net increase/(decrease) in cash and cash equivalents		**2,673.3**	**(2,577.6)**
Cash and cash equivalents at the beginning of the period		**817.8**[(4)]	**3,644.3**[(5)]
Effect of exchange rate fluctuations on cash and cash equivalents		(12.6)	(4.7)
Cash and cash equivalents at the end of the period		**3,478.5**[(6)]	**1,062.0**[(7)]

(1) Value of bonds issue reduced by bond interest and early redemption premium settled in conversion
(2) Includes amount paid for costs related to the new financing
(3) Includes amount paid for costs related to acquisition of treasury shares
(4) Includes restricted cash amounting to PLN 9.3
(5) Includes restricted cash amounting to PLN 11.9
(6) Includes restricted cash amounting to PLN 12.2
(7) Includes restricted cash amounting to PLN 9.0

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

Interim Consolidated Statement of Changes in Equity for the 6 months ended 30 June 2023

	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 2023	**25.6**	**7,174.0**	**51.9**	**2,815.9**	**8,057.6**	**(2,854.7)**	**15,270.3**	**540.5**	**15,810.8**
Dividend approved and share of profits	-	-	-	-	-	-	-	(7.2)	**(7.2)**
Total comprehensive income	-	-	(6.1)	(20.4)	57.2	-	30.7	19.0	**49.7**
Hedge valuation reserve	-	-	-	*(14.3)*	-	-	*(14.3)*	-	***(14.3)***
Exchange differences on translation of subsidiaries and associates	-	-	*(6.1)*	*(6.1)*	-	-	*(12.2)*	*(2.9)*	***(15.1)***
Net profit for the period	-	-	-	-	*57.2*	-	*57.2*	*21.9*	***79.1***
Balance as at 30 June 2023 unaudited	**25.6**	**7,174.0**	**45.8**	**2,795.5**	**8,114.8**	**(2,854.7)**	**15,301.0**	**552.3**	**15,853.3**

[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 2023 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 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

Notes to the Interim Condensed Consolidated Financial Statements

General information

Name of reporting entity or other means of identification:	Cyfrowy Polsat S.A.
Domicile of entity:	Poland
Legal form of entity:	joint stock company
Country of incorporation:	Poland
Address of entity's registered office:	Łubinowa 4a, 03-878 Warsaw
Principal place of business:	Poland

1. The Parent Company

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

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

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

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

2. Composition of the Management Board of the Company

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

3. Composition of the Supervisory Board of the Company

Composition of the Supervisory Board from 19 July 2023:

- Zygmunt Solorz — Chairman of the Supervisory Board,
- Tobias Solorz — Vice-Chairman of the Supervisory Board,

- Piotr Żak — 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,
- Tomasz Szeląg — Member of the Supervisory Board.

Composition of the Supervisory Board to 19 July 2023:

- Zygmunt Solorz — Chairman of the Supervisory Board,
- Marek Kapuściński — Vice-Chairman of the Supervisory Board (until 31 May 2023),
- 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 2023 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 2022, 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 2022, except for the adoption of new, amended Standards or Interpretations that apply to the annual reporting periods beginning on or after 1 January 2023.

During the six-month period ended 30 June 2023 the following became effective:

a) IFRS 17 Insurance Contracts and Amendments to IFRS 17,
b) Amendments to IFSR 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information,
c) Amendments to IAS 1 Presentation of Financial Statements and IFRS Board guidelines: Disclosure of Accounting policies,
d) Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates,
e) Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

Amendments and interpretations that apply for the first time in 2023 do not have a material impact on the interim condensed consolidated financial statements of the Group.

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

Standards published but not yet effective:

a) Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback,
b) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current,
c) Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules,
d) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

5. Group structure

These interim condensed consolidated financial statements for the 6 months ended 30 June 2023 include the following entities:

			Share in voting rights (%)*	
	Entity's registered office	Activity	30 June 2023	31 December 2022
Parent Company:				
Cyfrowy Polsat S.A.	Łubinowa 4a, 03-878 Warsaw	radio, TV and telecommunication activities	n/a	n/a
Subsidiaries accounted for using full method:				
Telewizja Polsat Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	television broadcasting and production	100%	100%
Polsat Media Sp. z o.o. (formerly Polsat Media Biuro Reklamy Sp. z o.o. Sp.k.)[(a)]	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat License Ltd.	Alte Landstrasse 17, 8863 Buttikon, Switzerland	media	100%	100%
Polsat Media Biuro Reklamy Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat Investments Ltd.	3, Krinou Agios Athanasios, 4103 Limassol, Cyprus	media	100%	100%
Polsat Ltd.	238A King Street, W6 0RF London, United Kingdom	media	100%	100%
Muzo.fm Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	media	100%	100%
INFO-TV-FM Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	radio and TV activities	100%	100%
CPSPV1 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	100%	100%

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

			Share in voting rights (%)*	
	Entity's registered office	Activity	30 June 2023	31 December 2022
Subsidiaries accounted for using full method (cont.):				
CPSPV2 Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	technical services	100%	100%
Polkomtel Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	telecommunication activities	100%	100%
Liberty Poland S.A.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	telecommunication activities	100%	100%
Polkomtel Business Development Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other activities supporting financial services, gaseous fuels trading activities	100%	100%
TM Rental Sp. z o.o.[(d)]	Konstruktorska 4, 02-673 Warsaw	intelectual property rights rental	-	100%
Orsen Holding Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Orsen Ltd.	Level 2 West, Mercury Tower, Elia Zammit Street, St. Julian's STJ 3155, Malta	holding activities	100%	100%
Dwa Sp. z o.o.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	holding activities	100%	100%
Interphone Service Sp. z o.o.	Inwestorów 8, 39-300 Mielec	production of set-top boxes	100%	100%
Teleaudio Dwa Sp. z o.o. Sp.k.	Al. Stanów Zjednoczonych 61, 04-028 Warsaw	call center and premium rate services	100%	100%
IB 1 FIZAN	Mokotowska 49, 00-542 Warsaw	financial activities	**	**
Sferia S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	51%	51%
Altalog Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software	66%	66%
Plus Flota Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	management and rental services	100%	100%

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

	Entity's registered office	Activity	Share in voting rights (%)* 30 June 2023	Share in voting rights (%)* 31 December 2022
Subsidiaries accounted for using full method (cont.):				
Music TV Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polo TV Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Netia S.A.	Poleczki 13, 02-822 Warsaw	telecommunication activities	100%	100%
Netia 2 Sp. z o.o.	Poleczki 13, 02-822 Warsaw	telecommunication activities	100%	100%
TK Telekom Sp. z o.o.	Kijowska 10/12A, 03-743 Warsaw	telecommunication activities	100%	100%
Petrotel Sp. z o.o.	Chemików 7, 09-411 Płock	telecommunication activities	100%	100%
Eleven Sports Network Sp. z o.o.	Plac Europejski 2, 00-844 Warsaw	media	99.99%	99.99%
Superstacja Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
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%
Plus Finanse Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	other monetary intermediation	100%	100%
Plus Pay Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	monetary intermediation	100%	100%
Esoleo Sp. z o.o.	Al. Wyścigowa 6, 02-681 Warsaw	technical services	51.25%	51.25%
Alledo Express Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	rental services	51.25%	51.25%
Alledo Parts Sp. z o.o.	Broniwoja 3/85, 02-655 Warsaw	wholesale	51.25%	51.25%
Alledo Parts Sp. z o.o. Sp.k.	Broniwoja 3/85, 02-655 Warsaw	wholesale	51.25%	51.25%
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%

(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 2023	31 December 2022
Subsidiaries accounted for using full method (cont.):				
Grupa Interia.pl Sp. z o.o.	Os. Teatralne 9a, 31-946 Cracow	holding activities	100%	100%
Interia.pl Sp. z o.o. (formerly Grupa Interia.pl Media Sp. z o.o. Sp.k.)[(b)]	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.	Ludwika Solskiego 55, 52-401 Wroclaw	consulting	60%	60%
Polot Media Sp. z o.o. Sp.k.	Ludwika Solskiego 55, 52-401 Wroclaw	movie and TV production	60%	60%
BCAST Sp. z o.o.	Rakowiecka 41/21, 02-521 Warsaw	telecommunication activities	70.02%	70.02%
Polsat Talenty Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	cooperation with artists and presenters	100%	100%
Premium Mobile Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	telecommunication activities	100%	100%
Visignio Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	sales network management	100%	100%
Saveadvisor Sp. z o.o.	Warszawska 18, 35-205 Rzeszów	call center services	100%	100%
Logitus Sp. z o.o.[(c)]	Orzechowa 5, 80-175 Gdańsk	wired communication	-	100%
Stork 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warsaw	holding 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)

			Share in voting rights (%)*	
	Entity's registered office	Activity	30 June 2023	31 December 2022
Subsidiaries accounted for using full method (cont.):				
Swan 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warsaw	agricultural activities	100%	100%
Vindix S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	100%
Vindix Investments Sp. z o. o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	100%
Direct Collection Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial services	100%	100%
Vindix Sp. z o.o.	Heroiv UPA 73 ż, 79018, Lviv	call center services	100%	100%
Vindix NSFIZ	Mokotowska 49, 00-542 Warsaw	financial services	**	**
Mag7soft Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	software activities	100%	100%
Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o.	Zwierzyniecka 18, 60-814 Poznań	real estate services	100%	100%
Port Praski Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	66.94%
Port Praski Inwestycje Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	66.94%
Port Praski Nowe Inwestycje Sp. z o.o.	Krowia 6, 03-711 Warsaw	real estate management	66.94%	66.94%
Port Praski Sp. z o.o. Białystok Sp.k.	Krowia 6, 03-711 Warsaw	implementation of construction projects	66.94%	66.94%
Port Praski Office Park Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	45.52%
Port Praski City Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	45.52%
Port Praski City III Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	45.52%

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	Entity's registered office	Activity	Share in voting rights (%)* 30 June 2023	31 December 2022
Subsidiaries accounted for using full method (cont.):				
Port Praski City IV Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	45.52%
Port Praski Sp. z o.o. S.K.A.	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	45.52%
Port Praski Education Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	45.52%
Port Praski Doki Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	45.52%
Port Praski Doki II Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	45.52%
Port Praski Media Park Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	45.52%
Port Praski II Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	45.52%	45.52%
Port Praski Hotel Sp. z o.o.	Krowia 6, 03-711 Warsaw	hotel services	45.52%	45.52%
Pantanomo Limited	3 KRINOU, Limassol 4103, Cyprus	holding activities	45.52%	45.52%
Laris Investments Sp. z o.o.	Pańska 77/79, 00-834 Warsaw	real estate rental	66.94%	66.94%
Laris Development Sp. z o.o.	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	66.94%	66.94%
Laris Technologies Sp. z o.o.	Pańska 77/79, 00-834 Warsaw	property rental and management	66.94%	66.94%
SPV Baletowa Sp. z o.o.	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	66.94%	66.94%
Megadex Development Sp. z o.o.	Gdańska 14/1, 01-691 Warsaw	property rental and management	66.94%	66.94%
Megadex Expo Sp. z o.o.	Adama Mickiewicza 63, 01-625 Warsaw	property rental and management	66.94%	66.94%

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			Share in voting rights (%)*	
	Entity's registered office	Activity	30 June 2023	31 December 2022
Subsidiaries accounted for using full method (cont.):				
Centrum Zdrowia i Relaksu Verano Sp. z o.o.	Sikorskiego 8, 78-100 Kołobrzeg	hotel services	66.94%	66.94%
Turystyka Zdrowotna Verano Plus Sp. z o.o.	Sikorskiego 8A, 78-100 Kołobrzeg	catering services	66.94%	66.94%
Enterpol Sp. z o.o.	Braci Wieniawskich 5, 20-844 Lublin	telecommunication activities	100%	100%
Oktawave S.A.	ul. Poleczki 13, 02-822 Warsaw	website management	100%	100%
Antyweb Sp. z o.o.	Sarmacka 12C/14, 02-972 Warsaw	web portal activities	70%	70%

* including direct and indirect shares
**Cyfrowy Polsat S.A. indirectly holds 100% of certificates.
(a) On 2 January 2023, Polsat Media Sp. z o.o. was registered. The Company was established as a result of the transformation from Polsat Media Biuro Reklamy Sp. z o.o. Sp.k.
(b) On 2 January 2023, Interia.pl Sp. z o.o. was registered. The Company was established as a result of transformation from Grupa Interia.pl Media Sp. z o.o. Sp.k.
(c) On 2 January 2023 merger of Netia S.A. (acquiring company) with Logitus Sp. z o.o. (acquired company) was registered.
(d) On 31 May 2023 merger of Polkomtel Sp. z o.o. (acquiring company) with TM Rental Sp. z o.o. (acquired company) was registered.

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Investments accounted for under the equity method:

	Entity's registered office	Activity	Share in voting rights (%)* 30 June 2023	Share in voting rights (%)* 31 December 2022
Polsat JimJam Ltd. [(a)]	33 Broadwick Street Soho London W1F 0DQ, United Kingdom	media	-	50%
Polski Operator Telewizyjny Sp. z o.o.	Wiertnicza 166, 02-952 Warsaw	technical services	50%	50%
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	22.95%	22.95%
Polsat Boxing Promotion Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	movie and TV production	24%	24%
Pollytag S.A.	Wielopole 6, 80-556 Gdańsk	sale of wood and construction materials	31.12%	31.12%
PAK-Polska Czysta Energia Sp. z o.o.	Kazimierska 45, 62-510 Konin	holding activity	40.41%	40.41%
Port Praski Medical Center Sp. z o.o.	Postępu 14, 02-676 Warsaw	implementation of construction projects	22.76%	22.76%
Port Praski City II Sp. z o.o.	Postępu 14, 02-676 Warsaw	implementation of construction projects	22.76%	22.76%

* including direct and indirect shares
[(a)] On 15 February 2023 Telewizja Polsat Sp. z o.o. sold 50% shares of Polsat JimJam Ltd.

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Additionally, the following entities were included in these interim condensed consolidated financial statements for the 6 months ended 30 June 2023:

			Share in voting rights (%)	
	Entity's registered office	Activity	30 June 2023	31 December 2022
Karpacka Telewizja Kablowa Sp. z o.o.[(1)]	Warszawska 220, 26-600 Radom	dormant	99%	99%
Polskie Badania Internetu Sp. z o.o.	Al. Jerozolimskie 65/79, 00-697 Warsaw	web portals activities	21.43%[(2)]	21.43%[(2)]
Pluszak Sp. z o.o.	Domaniewska 47, 02-672 Warsaw	retail sales	9%	9%
Exion Hydrogen Polskie Elektrolizery Sp. z o.o.	Ku Ujściu 19, 80-701 Gdańsk	production of electrical equipment	10%	10%
Towerlink Poland Sp. z o.o.	Marcina Kasprzaka 4, 01-211 Warsaw	telecommunication activities	0.01%	0.01%
MESE Sp. z o.o.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	movie and TV production	10%	10%
Megadex SPV Sp. z o.o.	Adama Mickiewicza 63, 01-625 Warsaw	other financial services	7.02%	7.02%
Megadex Księży Młyn Sp. z o.o. [(3)]	Adama Mickiewicza 63, 01-625 Warsaw	implementation of construction projects	-	7.02%
Stocznia Remontowa NAUTA S.A.	Budowniczych 10, 81-336 Gdynia	repair and maintenance of ships and boats	0.03%	0.03%

(1) Investment accounted for at cost less any accumulated impairment losses.
(2) Not included in investments accounted for under the equity method due to immateriality.
(3) On 31 May 2023 merger of Megadex SPV Sp. z o.o. (acquiring company) with Megadex Księży Młyn Sp. z o.o. (acquired company) was registered.

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

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 16 August 2023.

Explanatory notes

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 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Retail revenue	1,734.8	1,725.8	3,468.6	3,448.0
Wholesale revenue	859.0	879.8	1,651.3	1,692.9
Sale of equipment	483.6	450.5	968.5	787.0
Other revenue	212.4	172.0	400.7	286.9
Total	**3,289.8**	**3,228.1**	**6,489.1**	**6,214.8**

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.

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9. Operating costs

		for the 3 months ended		for the 6 months ended	
	Note	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Technical costs and cost of settlements with telecommunication operators		823.9	808.0	1,632.5	1,617.5
Depreciation, amortization, impairment and liquidation		468.7	467.5	931.2	913.8
Cost of equipment sold		384.0	382.0	776.6	659.5
Content costs		529.4	504.9	1,043.9	978.4
Distribution, marketing, customer relation management and retention costs		247.7	256.2	491.3	507.3
Salaries and employee-related costs	a)	274.9	247.1	551.0	491.7
Cost of debt collection services, bad debt allowance and receivables written off		32.5	22.3	61.9	47.1
Other costs		183.9	127.4	348.5	233.8
Total		**2,945.0**	**2,815.4**	**5,836.9**	**5,449.1**

a) Salaries and employee related costs

	for the 3 months ended		for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Salaries	223.4	201.6	450.9	401.8
Social security contributions	36.7	35.1	75.5	70.1
Other employee-related costs	14.8	10.4	24.6	19.8
Total	**274.9**	**247.1**	**551.0**	**491.7**

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

	for the 3 months ended		for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Interest on lease liabilities	(6.7)	(4.6)	(13.0)	(9.9)
Interest on loans granted	14.6	24.0	26.2	26.0
Other interest, net	11.9	(1.8)	30.2	6.5
Other foreign exchange gains/(losses), net	(16.5)	(11.2)	(18.4)	(23.0)
Other income/(costs)	17.7	(0.7)	16.8	13.0
Total	**21.0**	**5.7**	**41.8**	**12.6**

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

11. Finance costs, net

	for the 3 months ended		for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Interest expense on loans and borrowings	218.0	138.9	409.1	229.0
Interest expense on issued bonds*	83.7	40.2	170.4	68.5
Exchange rate differences on credit	(30.0)	-	(30.0)	-
Cumulative catch-up	-	-	(19.2)	-
One-time loans repayment	20.8	-	20.8	-
Valuation and realization of hedging instruments	(3.0)	(3.8)	(10.8)	(4.9)
Valuation and realization of derivatives not used in hedge accounting – relating to interest	9.8	(45.7)	14.2	(87.4)
Guarantee fees, bank and other charges	1.4	1.1	1.9	2.3
Total	**300.7**	**130.7**	**556.4**	**207.5**

*includes early redemption bonuses

12. Effective tax rate

	for the 3 months ended		for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Profit before tax	40.2	325.0	124.3	590.1
Tax based on applicable tax rate – 19%	**7.6**	**61.7**	**23.6**	**112.1**
Excess financing costs	10.3	0.0	13.8	0.0
Capital loss	7.6	0.4	9.0	0.5
Use of limited costs from previous years	(3.5)	(23.9)	(3.5)	(23.9)
Other	10.1	4.1	2.3	5.9
Income tax for the financial year	**32.1**	**42.3**	**45.2**	**94.6**
Effective tax rate	**80%**	**13%**	**36%**	**16%**

13. Equity

Share capital

Presented below is the structure of the Company's share capital as at 30 June 2023 and 31 December 2022:

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 2023 was as follows:

	Number of shares*	Nominal value of shares	% of share capital held	Number of votes*	% of voting rights
Zygmunt Solorz, by:	396,802,022	15.9	62.04%	576,219,523	70.36%
TiVi Foundation, incl. through:	386,745,257	15.5	60.47%	566,162,758	69.13%
Reddev Investments Ltd.	384,745,247	15.5	60.47%	566,162,738	69.13%
incl. through:					
Cyfrowy Polsat S.A.[1]	88,842,485	3.6	13.89%	88,842,485	10.85%
Tobias Solorz[2], incl. through:	10,056,765	0.4	1.57%	10,056,765	1.23%
ToBe Investments Group Ltd.	4,449,156	0.2	0.70%	4,449,156	0.54%
Nationale-Nederlanden PTE	41,066,962	1.6	6.42%	41,066,962	5.02%
Others	201,677,032	8.1	31.53%	201,677,032	24.63%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

* not in millions

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

[2] Person 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 2022 was as follows:

	Number of shares*	Nominal value of shares	% of share capital held	Number of votes*	% of voting rights
Zygmunt Solorz, by:	396,802,022	15.9	62.04%	576,219,523	70.36%
TiVi Foundation, incl.through:	386,745,257	15.5	60.47%	566,162,758	69.13%
Reddev Investments Ltd., incl. through:	386,745,247	15.5	60.47%	566,162,738	69.13%
Cyfrowy Polsat S.A. [1]	88,842,485	3.6	13.89%	88,842,485	10.85%
Tobias Solorz [2]	5,607,609	0.2	0.88%	5,607,609	0,68%
ToBe Investments Group Ltd.	4,449,156	0.2	0.70%	4,449,156	0.54%
Nationale-Nederlanden PTE	41,066,962	1.6	6.42%	41,066,962	5.02%
Others	201,677,032	8.1	31.53%	201,677,032	24.63%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

* not in millions

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

[2] Person 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 2023 include mainly the reserve capital created for the purposes of the share buyback program in the amount of PLN 2,914.8.

Retained earnings

On 29 June 2023 the Ordinary General Meeting of the Company adopted a resolution on the distribution of the Company's net profit for the financial year 2022. In accordance with the provisions of the resolution, the entire net profit in the amount of PLN 1,248.6 is allocated to supplementary capital.

Treasury shares

Treasury shares as at 30 June 2023 and 31 December 2022 include a total of 88,842,485 (not in millions) own shares, representing in total 13.89% of the share capital of the Company and entitling to exercise 88,842,485 (not in millions) votes at the general meeting of the Company, constituting 10.85% of the total number of votes at the general meeting of the Company.

Non-controling interest

Mainly equity attributable to non-controling shareholders of Port Praski Sp. z o.o. and its subsidaries. Port Praski Sp. z o.o. and its subsidareies presented in „Real Estate" segment.

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

14. Hedge valuation reserve

Impact of hedging instruments valuation on other reserves

	2023	2022
Balance as at 1 January	**18.2**	**9.0**
Valuation of cash flow hedges	(17.7)	31.9
Deferred tax	3.4	(6.1)
Change for the period	**(14.3)**	**25.8**
Balance as at 30 June unaudited	**3.9**	**34.8**

15. Loans and borrowings

	30 June 2023 unaudited	31 December 2022
Short-term liabilities	1,836.0	1,512.6
Long-term liabilities	8,620.7	6,624.8
Total	**10,456.7**	**8,137.4**

Change in loans and borrowings liabilities:

	2023	2022
Balance as at 1 January	**8,137.4**	**8,744.5**
Loans and borrowings on acquisition of Port Praski Sp. z o.o.	-	238.3
Loans and borrowings inflows	11,402.7	7.1
Loan conversion	(8,255.0)	-
Repayment of capital	(752.5)	(645.1)
Repayment of interest and commissions	(465.2)	(193.0)
One-time loans repayment	20.8	-
Interest accrued and commissions	398.5	229.0
Foreign exchange	(30.0)	1.5
Balance as at 30 June unaudited	**10,456.7**	**8,382.3**

Conclusion of Senior Facilities Agreement with a consortium of financial institutions

On 28 April 2023, Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o. and other Group's subsidiaries concluded the Senior Facilities Agreement, sustainability linked financing (the "Facilities Agreement"), with a consortium of Polish and foreign financial institutions, including, among others, Santander Bank Polska S.A. acting as an Agent and Bank Polska Kasa Opieki S.A. acting as a Security Agent.

The Facilities Agreement provides for PLN term facility loan to the Enity and Polkomtel Sp. z o.o. be granted up to a maximum amount of PLN 7,255.0, an EUR term facility loan up to a maximum amount of EUR 506.0 (the "Term Facilities") and a revolving facility loan up to a maximum amount of the equivalent of PLN 1,000.0 (the "Revolving Facility").

The Term Facilities and the Revolving Facility bear interest at a variable rate equal to WIBOR/EURIBOR for the relevant interest periods plus margin. The margin of the Term Facilities and the Revolving Facility depends on the level of the consolidated total debt ratio (net debt to consolidated EBITDA) calculated jointly for certain Group entities, and also on the achievement by the Group of certain targets concerning green energy production and zero-carbon electricity consumption by certain Group entities.

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

The Term Facilities and the Revolving Facility will be used by the Company in particular for:

a) repayment of all indebtedness under the Senior Facilities Agreement concluded on 21 September 2015, as amended by agreements dated 2 March 2018 and 27 April 2020,
b) making funds available to companies implementing investment projects defined in the Facilities Agreement; and
c) financing general corporate needs of the Group.

The Facilities Agreement provides for the establishment by the Company and other Group entities of collateral for the repayment of loans granted thereunder.

The term of the Term Facilities and the Revolving Facility is 5 years from the date of execution of the Facilities Agreement and the final repayment date of each of these facilities is 28 April 2028. The PLN term facility will be repaid in quarterly installments of varying amounts. The EUR term facility will be repaid in one installment on the final repayment date.

Decision on early repayment of facility loans

On 9 May 2023 Cyfrowy Polsat and Polkomtel Sp. z o.o. (a subsidiary of the Company) submitted to the facility agent an irrevocable instruction to activate the procedure for early repayment of the full amount of the term facility loan and the revolving facility loan granted under the Senior Facilities Agreement concluded on 21 September 2015, as amended by agreements dated 2 March 2018 and 27 April 2020.

A prepayment in the aggregate amount of PLN 8,843.7 was made on 16 May 2023.

As a result of the prepayment, the Company and Polkomtel Sp. z o.o. repayed the entire debt under the indicated facilities agreement.

16. Issued bonds

	30 June 2023 unaudited	31 December 2022
Short-term liabilities	323.4	176.0
Long-term liabilities	2,960.9	1,900.4
Total	**3,284.3**	**2,076.4**

Change in issued bonds:

	2023	2022
Balance as at 1 January	**2,076.4**	**2,008.5**
Bonds issue (series D bonds)	2,670.0	-
Bonds redemption (series B and C bonds*)	(1,527.9)	-
Issued bonds on acquisition of Vindix S.A.	-	28.0
Effect of gaining control over Vindix S.A. and consolidation	-	(19.3)
Bonds repayment	-	(8.3)
Repayment of interest and commissions**	(85.4)	(23.2)
Cumulative catch-up	(19.2)	-
Interest accrued and commissions	170.4	68.5
Balance as at 30 June unaudited	**3,284.3**	**2,054.2**

* redemption through conversion into series D bonds
** incl. interests and premium for early redemption of bonds settled as part of the conversion

Issuance of series D bonds and refinancing of debts under series B bonds and series C bonds

On 16 December 2022 the Management Board of the Company adopted resolutions on:

- issuance of no more than 2,670,000 (not in millions) unsecured series D bearer bonds with the nominal value of PLN 1,000 each and the total nominal value of no more than PLN 2,670 ("series D bonds")
- purchase by the Company from the bondholders of the series B bonds and series C bonds issued by the Company, some or all of the series B bonds and series C bonds for the purpose of their redemption, based on sale and set-off agreements to be entered into by the Company with those of the series B bonds and series C bonds bondholders who declare their intention to sell such bonds and have their receivables for the series B bonds and series C bonds sale credited against the purchase price of the series D bonds.

On 11 January 2023, the issue of 2,670,000 (not in millions) series D bonds, with the total nominal value of PLN 2,670 was completed. The maturity date of the series D bonds is 11 January 2030. Interest on the series D bonds is paid in arrears every six months. The first payment made on 11 July 2023.

At the same time, on 11 January 2023, Cyfrowy Polsat S.A. repurchased for redemption 691,952 (not in millions) series B bearer bonds with the total nominal value of PLN 692 issued by the Company on 26 April 2019 with the redemption date set for 24 April 2026 and 835,991 (not in millions) series C bearer bonds with the total nominal value of PLN 836 issued by the Company on 14 February 2020, with the redemption date set for 12 February 2027 (collectively "Bonds Repurchased for Redemption") from investors holding rights to the Bonds Repurchased for Redemption who paid the issue price of the series D bonds, registered on 11 January 2023 with the securities depository, by setting off the amounts due to the Company from the issuance of the series D bonds against the amounts due to the relevant investors in respect of the sale of the Bonds Repurchased for Redemption to the Company.

On 11 January 2023 the Management Board of the Company adopted a resolution to redeem the Bonds Repurchased for Redemption.

After the redemption of the Bonds Repurchased for Redemption, 308,048 (not in millions) series B bonds and 164,009 (not in millions) series C bonds remain listed on Catalyst market in the Alternative Trading System operated by the Warsaw Stock Exchange. The Management Board has not decided on the early redemption of the remaining outstanding series B bonds and series C bonds.

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

The first trading day for the series D bonds in the Alternative Trading System as part of the Catalyst market (in the continuous trading system) was set for 20 January 2023.

Other notes

17. Acquisition of subsidiaries

Acquisition of shares in Enterpol Sp. z o.o. – final 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.

CONSIDERATION TRANSFERRED

	Final value of consideration transferred
Cash transferred for the 100% shares of Enterpol	14.4
Liability due pursuant to the purchase agreement	0.6
Final value as at 7 June 2022	**15.0**

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred	(14.4)
Cash and cash equivalents received	0.2
Cash decrease in the period of 12 months ended 31 December 2022	**(14.2)**

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.

(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 7 June 2022:

	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)
Value of net assets	**3.5**
Consideration transferred	**15.0**
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 31 December 2022 contributed by Enterpol amounted to PLN 2.4 and PLN 0.0, respectively. Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2022 would have amounted to PLN 12,916.3 and PLN 900.9 respectively.

Acquisition of shares in Oktawave S.A. – final purchase price allocation

On 21 June 2022 Netia S.A. (Company’s subsidiary) acquired 100% shares in Oktawave S.A. (“Oktawave”).

The consideration for 100% shares of Oktawave S.A. amounted to PLN 34.3.

CONSIDERATION TRANSFERRED

	Final value of consideration transferred
Consideration	34.3
Final value as at 21 June 2022	**34.3**

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred	(34.3)
Cash and cash equivalents received	1.6
Cash decrease in the period of 12 months ended 31 December 2022	**(32.7)**

(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 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 21 June 2022:

	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)
Value of net assets	**21.9**
Consideration transferred	**34.3**
Goodwill	**12.4**

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

The revenue and net loss included in the consolidated income statement for the reporting period since 21 June 2022 to 31 December 2022 contributed by Oktawave amounted to PLN 10.9 and PLN 1.1, respectively. Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2022 would have amounted to PLN 12,925.6 and PLN 899.3 respectively.

Acquisition of shares in Antyweb Sp. z o.o. – provisional purchase price allocation

On 26 September 2022 Grupa Interia.pl Sp. z o.o. Sp. k. (Company’s subsidiary) acquired 70% shares in Antyweb Sp. z o.o. for the purchase price of PLN 10.1.

Consequently, the Group obtained control over Antyweb Sp. z o.o.

Provisional consideration transferred

	Provisional value of consideration transferred
Consideration	10.1
Provisional value as at 26 September 2022	**10.1**

(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 70%	(10.1)
Cash and cash equivalents received	0.7
Cash decrease in the period of 12 months ended 31 December 2022	**(9.4)**

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

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

Provisional and temporary fair value of assets and liabilities as at 26 September 2022:

	Provisional fair value as at the acquisition date (26 September 2022)
Net assets:	
Other property, plant and equipment	0.0
Other intangible assets	0.0
Trade and other receivables	0.6
Other current assets	0.0
Cash and cash equivalents	0.7
Trade and other payables	(0.1)
Provisional value of net assets	**1.2**
Provisional value of net assets attributable to non-controlling interest	**0.4**
Provisional value of net assets attributable to the Group	**0.8**
Provisional consideration transferred	**10.1**
Provisional goodwill	**9.3**

Goodwill is allocated to the “Media” operating segment.

The revenue and net profit included in the consolidated income statement for the period since 26 September 2022 to 31 December 2022 contributed by Antyweb Sp. z o.o. amounted to PLN 1.0 and PLN 0.4, respectively. Had it been acquired on 1 January 2022, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2022 would have amounted to PLN 12,916.3 and PLN 901.5 respectively.

Acquisition of 69 Specialist Sales and Customer Service Points in the form of an organized part of the enterprise – provisional purchase price allocation

On 1 December 2022 Liberty Poland Sp. z o.o. (Company’s subsidiary) acquired 69 Specialist Sales and Customer Service Points in the form of an organized part of the enterprise for the purchase prices of PLN 6.4.

In February 2023, as part of the final settlement of the purchase of 69 Specialist Sales and Customer Service Points in the form of an organized part of the enterprise, the company paid an additional amount of PLN 0.1, thus the purchase price increased to PLN 6.5.

Provisional consideration transferred

	Provisional value of consideration transferred
Cash transferred for the organized part of the enterprise	6.5
Provisional value	**6.5**

Reconciliation of transactional cash flow

Cash transferred in the period of 12 months ended 31 December 2022	(6.4)
Cash transferred in the period of 3 months ended 31 March 2023	(0.1)
Cash decrease	**(6.5)**

Provisional fair value valuation of net assets and goodwill as at the acquisition date

The table below presents provisional and temporary fair value of identified assets and liabilities of the acquired organized part of the enterprise, as at the acquisition date, and goodwill accounted for an acquisition.

Provisional and temporary fair value of assets and liabilities as at 1 December 2022:

	Provisional fair value as at the acquisition date (1 December 2022)
Net assets:	
Other property, plant and equipment	0.0
Deferred tax assets	0.2
Trade and other payables	(1.1)
Provisional value of net assets	**(0.9)**
Provisional consideration transferred	**6.5**
Provisional goodwill	**7.4**

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

18. 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.

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

The table below presents summary of Asseco's financial data (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 2023
Revenue	4,335.4
Profit from operating activities	397.6
Net profit	292.5
Other comprehensive income/(loss), net	(117.8)
Total comprehensive income	**174.7**

	31 March 2023
Non-current assets	10,615.7
Current assets	9,163.7
Assets held for sale	42.5
Total assets	**19,821.9**
Non-current liabilities	3,385.9
Current liabilities	6,136.9
Total liabilities	**9,522.8**

Fair value of the investment held in Asseco as at 30 December 2019 amounted to PLN 1,226. Following the completion of the purchase price allocation process for the acquisition of Asseco as at 30 December 2019, the Group identified goodwill in the amount of PLN 644, included in the carrying amount of the investment.

Acquisition of shares in PAK-Polska Czysta Energia Sp. z o.o.

On 27 July 2022 Cyfrowy Polsat acquired 40.41% shares in PAK-Polska Czysta Energia Sp. z o.o.

On 3 July 2023 Cyfrowy Polsat took control over PAK-Polska Czysta Energia Sp. z o.o. (see note 24).

19. Operating segments

The Group operates in the following three segments:

- B2C and B2B services segment which relates to the provision of services to the general public, including digital television transmission signal, mobile services, the Internet access services, the mobile TV services, the online TV services, set-top boxes production and assembly of photovoltaic installations,
- Media segment,
- Real Estate segment (starting from 1 April 2022)

The Group conducts its operating activities primarily in Poland.

The activities of the Group are grouped into segment with distinguishable scope of operations where services are rendered and merchandise delivered in a specific economic environment. Activities of defined segments are characterized by different risk levels and different investment returns from those of the Group's other segments. The operating segments also represent reportable segments of the Group.

B2C and B2B services segment includes:

- digital pay television services which primarily relate to direct distribution of technologically advanced pay-TV services and revenues are generated mainly by pay-TV subscription fees,
- mobile telecommunication services (postpaid and mix) which generate revenues mainly from interconnect revenues, traffic revenues and subscription fees,
- mobile telecommunication prepaid services which generate revenues mainly from interconnect and traffic revenues,
- fixed telecommunication services, which generate revenues mainly from subscription fees, traffic and interconnect revenues,
- providing access to broadband Internet in mobile and fixed-line technologies which generates revenues mainly from traffic and subscription fees,
- telecommunication wholesale services, including international and domestic roaming as well as telecommunication infrastructure sharing services,
- lease of optical fibers and infrastructure,
- online TV services (Polsat Box Go, formerly IPLA) available on computers, smartphones, tablets, SmartTV, game consoles and other TV equipment which generate revenues mainly from subscription fees and advertising on the Internet,
- Premium Rate services based on SMS/IVR/MMS/WAP technology and subscription fees,
- production of set-top boxes,
- sale of telecommunication equipment,
- sale of electric energy and other utilities to retail customers,
- sale of photovoltaic installations.

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

Real Estate segment consists mainly of implementation of construction projects as well as sale, rental and management of own or leased real estate.

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

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

The table below presents a summary of the Group's revenues, expenses, acquisition of property, plant and equipment, reception equipment and other intangible assets as well as assets by operating segment for the 6 months ended 30 June 2023:

the 6 months ended 30 June 2023 (unaudited)	B2C and B2B services	Media: TV and online	Real Estate	Consolidation adjustments	Total
Revenues from sales to third parties	5,343.8	1,074.3	71.0	-	**6,489.1**
Inter-segment revenues	30.2	132.4	12.8	(175.4)	**-**
Revenues	5,374.0	1,206.7	83.8	(175.4)	**6,489.1**
EBITDA (unaudited)	**1,298.2**	**249.2**	**13.0**	**(0.7)**	**1,559.7**
Depreciation, amortization, impairment and liquidation	843.8	76.8	10.6	-	**931.2**
Profit from operating activities	**454.4**	**172.4**	**2.4**	**(0.7)**	**628.5**
Acquisition of property, plant and equipment and other intangible assets	467.5	31.3	12.2	-	**511.0**
Acquisition of reception equipment	47.2	-	-	-	**47.2**
Balance as at 30 June 2023 (unaudited)					
Assets, including:	26,961.1	6,408.5*	1,592.5	(263.5)	**34,698.6**
Investments in joint venture and shares in associates	1,741.4	-	80.4	-	**1,821.8**

* Includes non-current assets located outside of Poland in the amount of PLN 5.3.

All material revenues are generated in Poland.

It should be noted that the data for 6 months ended 30 June 2023 allocated to both the "B2C and B2B services", "Media" segment and "Real Estate" segment are not fully comparable to the data for 6 months ended 30 June 2022 due to changes in the structure of the Group, described in notes 5, 17 and 18 as well as in the consolidated financial statements for the financial year ended 31 December 2022.

(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 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**

* Mainly donations to support Ukraine.
** Includes non-current assets located outside of Poland in the amount of PLN 6.7.

Reconciliation of EBITDA and Net profit for the period:

	for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited
EBITDA adjusted (unaudited)	**1,559.7**	**1,694.0**
Costs of support for Ukraine*	-	(34.1)
EBITDA (unaudited)	**1,559.7**	**1,659.9**
Depreciation, amortization, impairment and liquidation (note 9)	(931.2)	(913.8)
Profit from operating activities	**628.5**	**746.1**
Other foreign exchange rate differences, net (note 10 and 11)	11.6	(23.0)
Interest costs, net (note 10 and 11)	(539.5)	(182.6)
Share of the profit/(loss) of associates accounted for using the equity method	10.4	38.9
Cumulative catch-up (note 11)	19.2	-
One-time loans repayment	(20.8)	-
Other	14.9	10.7
Gross profit for the period	**124.3**	**590.1**
Income tax	(45.2)	(94.6)
Net profit for the period	**79.1**	**495.5**

* Mainly donations to support Ukraine.

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

20. Transactions with related parties

Receivables

	30 June 2023 unaudited	31 December 2022
Joint ventures and associates	14.9	4.9
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.	6.0	14.6
Total *	**20.9**	**19.5**

* Amounts presented above do not include deposits paid (30 June 2023 – PLN 3.5, 31 December 2022 – PLN 3.5)

Receivables due from related parties have not been pledged as security.

Other assets

	30 June 2023 unaudited	31 December 2022
Joint ventures and associates	188.5	1.5
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	7.9	7.6
Total	**196.4**	**9.1**

Liabilities

	30 June 2023 unaudited	31 December 2022
Joint ventures and associates	209.3	81.0
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.	161.4	194.4
Total	**370.7**	**275.4**

Liabilities relate mainly to liabilities for the advance payment for the sale of real estate by Polkomtel as well as liabilities for purchase of electrical energy.

Loans granted

	30 June 2023 unaudited	31 December 2022
Associates	659.5	456.2
Joint ventures	4.1	-
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.	12.4	12.2
Total	**676.0**	**468.4**

Loans granted as at 30 June 2022 mainly include loans to PAK-Polska Czysta Energia Sp. z o.o. and Exion Hydrogen Polskie Elektrolizery 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)

Loans received

	30 June 2023 unaudited	31 December 2022
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	6.9	6.6
Total	**6.9**	**6.6**

Revenues

	for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited
Joint ventures and associates	13.6	1.6
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.	13.1	5.8
Total	**26.7**	**7.4**

Expenses and purchases of programming assets

	for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited
Joint ventures and associates	109.4	7.0
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.	131.8	177.7
Total	**241.2**	**184.7**

In the period of 6 months ended 30 June 2023 and 30 June 2022 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 2023 unaudited	30 June 2022 unaudited
Joint ventures and associates	117.1	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.	7.2	3.3
Total	**124.3**	**3.4**

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

FINANCE COSTS, NET

	for the 6 months ended	
	30 June 2023 unaudited	30 June 2023 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.	0.3	0.4
Total	**0.3**	**0.4**

21. Contingent liabilities

Management believes that the provisions as at 30 June 2023 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group's financial situation.

Proceedings before the Office of Competition and Consumer („UOKiK")

On 24 February 2011 the President of UOKiK imposed penalty on Polkomtel (Company's subsidiary) in the amount of PLN 130.7 for the alleged lack of cooperation during an inspection carried out by UOKiK in Polkomtel. Polkomtel appealed against the decision of the President of UOKiK to the Consumer and Competition Protection Court ("SOKiK"). According to management, during the inspection the company had fully and at all times cooperated with UOKiK within the scope provided by the law. On 18 June 2014 the decision of the President of UOKiK has been changed by SOKiK, reducing the penalty to PLN 4.0 (i.e. EUR 1.0). On 20 October 2015 SOKiK's verdict has been revoked and the case has been transferred for re-examination. On 28 April 2017 the decision of the President of UOKiK has been changed by SOKiK, reducing the penalty to PLN 1.3. Polkomtel and President of UOKiK appealed against the verdict. On 3 April 2020 both Polkomtel's and the President's of UOKiK appeals have been dismissed. The Court of Appeal upheld the SOKiK's decision. On 20 April 2020 Polkomtel made a payment in the amount of PLN 1.3. Polkomtel and the President of UOKiK filed cassation appeals against the Court of Appeal's verdict. On 28 September 2022 the cassation appeal of the President of the UOKiK was dismissed, the appeal of Polkomtel was accepted in the scope dismissing the plaintiff's appeal, and the appealed judgment of the Court of Appeal in Warsaw dated 3 April 2020 was revoked and referred - in accordance with the Polkomtel's cassation appeal - to be reconsidered. On 29 March 2023, the Court of Appeal issued a judgment, whereby the Court agreed with the company's position that the fine was imposed in euros and then incorrectly converted into PLN. As a result the Court changed the appealed judgment of the first instance, reducing the penalty to PLN 1.2.

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 25 May 2023 cassation appeals were dismissed.

On 29 April 2019 the President of UOKiK issued a decision stating that the operations of Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by charging for activating the services to consumers, despite not obtaining an explicit approval of the additional payment associated with these services. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 39.5.

Polkomtel appealed to SOKiK against the decision. On 26 May 2021 SOKiK dismissed Polkomtel's appeal. Polkomtel appealed against the SOKiK judgment. On 8 November 2022, the Court of Appeal dismissed the appeal. On 22 November 2022, Polkomtel paid a penalty of PLN 39.5. Polkomtel filed a cassation complaint. Complaint was accepted for consideration by the Supreme Court.

On 19 December 2019 the President of UOKiK issued a decision stating that the operations of the Company were allegedly infringing collective consumer interests by hindering access to ZDF and Das Erste channels during the Euro 2016 championship by removing these channels and incomplete and unreliable information to consumers in response to claims regarding unavailability of the above programs. Pursuant to the decision of the President of UOKiK the Company was charged with a penalty in the amount of PLN 34.9. The Company appealed against this decision to SOKiK. On 14 February 2022 First Instance Court dismissed the Company's appeal in its entirety. The Company submitted a cassation appeal to the Court of Appeal in Warsaw. The appeal hearing took place on 21 October 2022. On 21 November 2022, the Court of Appeal in Warsaw repealed the appealed judgment in its entirety and referred the case to the Regional Court in Warsaw for examination and resolution. On 24 July 2023 Company's appeal was again dismissed. The company is considering possibility of appealing.

On 31 December 2019 the President of UOKiK issued a decision stating that the operations of Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by charging additional fees for data transmission using the RSTP protocol, despite the subscribers having internet packages or unlimited LTE Internet services. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 50.6. Polkomtel appealed to SOKiK against the decision. On 15 December 2021, SOKiK announced decision in which it dismissed Polkomtel's appeal in its entirety. Polkomtel submitted an appeal against the SOKiK verdict. On 21 July 2022 the Court of Appeal partially revoked the President of UOKiK's decision and reduced a penalty to PLN 16.8. On 4 August 2022, Polkomtel paid the penalty in the amount of PLN 16.8. Both Polkomtel and President of UOKiK filed a cassation appeals. On 26 January 2023, the Supreme Court refused cassation appeals.

On 22 January 2020 the President of UOKiK issued a decision stating that the operations of Polkomtel (Company's subsidiary) were allegedly infringing collective consumer interests by clauses included in the terms and conditions of telecommunications services regarding prepaid services and expiration of the unused value of the subscribers' accounts. Pursuant to the decision of the President of UOKiK Polkomtel was charged with a penalty in the amount of PLN 20.4. Polkomtel appealed to SOKiK against the decision. On 8 April 2022, SOKIK dismissed Polkomtel's appeal. On 31 May 2022 Polkomtel submitted appeal against the SOKiK verdict. On 28 March 2023 the Court of Appeal dismissed the appeal. On 11 April 2023 Polkomtel paid a penalty of PLN 20.4. After receiving written justification of the judgment of the Court of Appeal, on 30 June 2023 Polkomtel filed a cassation complaint.

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. The court set the hearing dates for: 15 December 2023 and 17 April 2024.

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 court set the hearing date for 17 January 2024.

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 2022 remained unchanged.

22. 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 2022. There have been no significant changes in any risk management policies since the end of year 2022.

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 2023 unaudited		31 December 2022	
	Category according to IFRS 9	The level of the fair value hierarchy	Fair value	Carrying amount	Fair value	Carrying amount
Loans granted	A	2	774.2	777.8	570.6	576.1
Trade and other receivables	A	*	3,446.8	3,446.8	3,522.1	3,522.1
Cash and cash equivalents and short-term deposits	A	*	3,466.3	3,466.3	808.5	808.5
Restricted cash	A	*	12.2	12.2	9.3	9.3
Loans and borrowings	B	2	(10,931.0)	(10,456.7)	(8,232.7)	(8,137.4)
Issued bonds	B	1	(3,319.9)	(3,284.3)	(1,982.1)	(2,076.4)
Lease liabilities	B	2	(510.0)	(510.0)	(524.2)	(524.2)
Accruals	B	*	(968.5)	(968.5)	(1,220.5)	(1,220.5)
Trade and other payables and deposits	B	*	(1,505.6)	(1,505.6)	(2,371.3)	(2,371.3)
Total			**(9,535.5)**	**(9,022.0)**	**(9,420.3)**	**(9,413.8)**
Unrecognized profit/(loss)				(513.5)		(6.5)

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 carrying value, therefore no evaluation methods were used in order to calculate their fair value.

When determining the fair value of lease liabilities, forecasted cash flows from the reporting date to assumed dates of lease agreements termination were analyzed. The discount rate for each payment was calculated as an interest rate plus a margin regarding the Group's credit risk.

Trade and other receivables, trade and other payables and deposits comprise mainly receivables and payables which will be settled no later than at the end of the first month after the reporting date. It was therefore assumed that the effect of their valuation, taking into account the time value of money, would approximately be equal to their nominal value.

When determining the fair value of loans granted, forecasted cash flows from the reporting date to assumed dates of repayments of the loans were analyzed. The discount rate for each payment was calculated as an applicable WIBOR or EURIBOR interest rate plus a margin regarding the credit risk.

As at 30 June 2023 and 31 December 2022 loans and borrowings comprised bank loans and other loans. The discount rate for each payment was calculated as a sum of implied WIBOR or EURIBOR interest rate and a margin regarding the Group's credit risk. When determining the fair value of bank loans as at 30 June 2023, forecasted cash flows from the reporting date to 28 April 2028 were considered. When determining the fair value of bank loans as at 31 December 2022, forecasted cash flows from the reporting date to 30 September 2024 (assumed date of repayment of the loans obtained in 2015, changed in 2018 and changed in 2020) and to 31 March 2025 (assumed date of repayment of the additional loan obtained in 2019 and changed in 2020) were considered.

The fair value of issued bonds as at 30 June 2023 and 31 December 2022 was estimated as a last purchase price at the balance sheet date according to GPW Catalyst quotations.

(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 2023, the Group held the following financial instruments carried at fair value on the statement of financial position:

ASSETS MEASURED AT FAIR VALUE

	30 June 2023 unaudited	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**16.6**	**163.5**
Interest rate swaps		-	16.6	-
Fiancial PPA		-	-	163.5
Hedging derivative instruments		**-**	**8.3**	**-**
Interest rate swaps		-	8.3	-
Other assets		**-**	**20.5**	**-**
Investments in equity instruments		**-**	**1.6**	**-**
Total		**-**	**47.0**	**163.5**

LIABILITIES MEASURED AT FAIR VALUE

	30 June 2023 unaudited	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**(18.1)**	**(140.7)**
Interest rate swaps		-	(14.9)	-
Forward		-	(3.2)	-
Financial PPA		-	-	(140.7)
Hedging derivative instruments		**-**	**(4.8)**	**-**
Interest rate swaps		-	(4.8)	-
Total		**-**	**(22.9)**	**(140.7)**

As at 31 December 2022, the Group held the following financial instruments carried at fair value on the statement of financial position:

ASSETS MEASURED AT FAIR VALUE

	31 December 2022	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**58.2**	**-**
Interest rate swaps		-	58.2	-
Hedging derivative instruments			**23.1**	
Interest rate swaps		-	23.1	-
Other assets			**23.8**	
Investments in equity instruments		**-**	**1.6**	**-**
Total		**-**	**106.7**	**-**

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

Liabilities measured at fair value

	31 December 2022	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**(5.7)**	**-**
Interest rate swaps		-	(4.7)	-
Forward		-	(1.0)	-
Hedging derivative instruments		**-**	**(0.7)**	**-**
Interest rate swaps		-	(0.7)	-
Total		**-**	**(6.4)**	**-**

The fair value of forwards and interest rate swaps was 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.

23. Important agreements and events

Conclusion of financial PPA agreements

In March 2023, Cyfrowy Polsat S.A. entered into so-called financial PPA (Power Purchase Agreement) agreements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-Volt S.A. regarding electricity generated by a photovoltaic farm in the Brudzew municipality. The financial PPA agreements were concluded for a period of 15 years, with the possibility of termination in certain situations and are effective since April 2023.

In April 2023, Cyfrowy Polsat S.A. entered into so-called financial PPA (Power Purchase Agreement) agreements with Park Wiatrowy Pałczyn1 Sp. z o.o. and PAK-Volt S.A. regarding electricity generated by a wind farm in the Miłosław municipality. The financial PPA agreements were concluded for a period of 15 years and 6 months and shall be effective since October 2023.

The Company committed in the financial PPA agreements to make financial settlements in order to ensure a fixed price for the sale or purchase of electricity (so-called contract on difference). The settlement price in the financial PPA agreements was established for the first year of the term and will be indexed in subsequent years by the inflation rate, subject to applicable legal regulations specifying the maximum sales price of electricity produced from renewable sources.

Decision of the Head of the Małopolska Tax Office in Cracow

On 15 February 2018 the Head of the Małopolska Tax Office in Cracow (“Tax Office”) issued the decision assessing the tax liability from uncollected withholding corporate income tax in 2012 in the amount of PLN 24.2 increased by interest on tax arrears.

In the issued decision the Tax Office contested the Company’s right to an exemption from the obligation to withhold income tax on certain interest payments in 2012. The Company appealed against the decision of the Tax Authority on the basis of acquired opinions issued by renowned entities. The Company has not created any provisions encumbering its financial results.

On 10 July 2018 the Tax Office upheld the previous decision dated 15 February 2018. The Company does not agree with the decision of the Tax Office in question and appealed against it to the Voivodship Administrative Court in Cracow. The Voivodship Administrative Court in Cracow dismissed the complaint in the ruling as of 21 February 2019. The Company does not agree with this decision and filled a cassation complaint to the Supreme Administrative Court in Warsaw. The Supreme Administrative Court upheld the complaint and transferred the case to the Voivodship Administrative Court for re-examination in its decision on 17 August 2022. The Voivodship Administrative Court, at the hearing on 15 March 2023, revoked the decision of the Head of the Małopolska Tax Office in Kraków and referred the case for reconsideration by this authority.

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.

Renewal of the frequency reservations

Frequency reservations allocated in the 1800 MHz band expired at the end of 2022, while the frequency reservation in the 900 MHz will expire at the end of 2023. 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. Pursuant to the Telecommunications Law, in December 2021 and December 2022, respectively, Polkomtel Sp. z o. o. applied to UKE President for the reservation of frequency in the 1800 MHz band for the next period and in the 900 MHz band.

On 20 December 2022, Polkomtel received the decisions of the President of UKE granting Polkomtel a frequency reservation in the 1800 MHz band for the next 15 years - until 31 December 2037. Pursuant to these decisions, Polkomtel was obliged to pay fees to the State Treasury in the amount of PLN 847.0 for the above reservation. The payment in the amount of PLN 847.0 was made on 3 January 2023.

On 10 July 2023, Polkomtel received a decision of the President of UKE reserving frequencies in the 900 MHz band for Polkomtel for the next 15 years – until 31 December 2038. According to this decision, Polkomtel was obliged to pay fees PLN 300.3 to the State Treasury for making the reservation. The payment in the amount of PLN 300.3 was made on 24 July 2023.

Auction for spectrum reservation from the 3.6 GHz band

On December 2022, the President of UKE announced consultations regarding the auction for four frequency licenses in the 3.6 GHz band. The subject of the auction will be 4 blocks with a width of 80 MHz each from the 3.6 GHz band. The minimum price for a block has been set at PLN 450.0.

On 6 April 2023, the President of UKE announced consultations on the amended auction documentation for four frequency reservations in the 3.6 GHz band. The consultations lasted until 12 May 2023.

On 22 June 2023, the President of UKE announced an auction for four frequency reservations in the 3.6 GHz band.

According to the published documentation, the subject of the auction are 4 blocks with a width of 100 MHz each. The starting price for the block has not changed and still amounts to PLN 450.0.

In accordance with the new auction documentation, each of the auction winners will be subject to identical network development obligations consisting in launching in the indicated areas by each operator at least 3,800 (not in millions) base stations using allocated frequencies within 48 months from the date of delivery of the reservation decision. In addition, auction winners will be required to ensure capacity (using any frequency range) of 95Mbps for 99% of households throughout the country within 60 months, for 90% of the country within 60 months, for 95% national roads within 84 months, for 95% of provincial roads within 84 months, for the 95% railway routes within 84 months, for 24-hour border crossings within 24 months from the date of delivery of the reservation decision.

The date for the allocation of the 3.6 GHz band, as expected by the President of UKE, is fourth quarter 2023.

On 4 August 2023, Polkomtel paid a deposit of PLN 182.

The legal dispute in respect to the telecommunication concession

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

2018 complaint was dismissed. On 27 December 2018, Aero2 (currently Polkomtel Sp. z o.o.) filed a cassation appeal against judgment, which was dismissed by the Supreme Administrative Court on 25 November 2022.

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

In the proceedings instigated by T-Mobile Polska S.A., the President of UKE resumed the proceedings which were terminated on 23 April 2009 by the issuance of a final decision by the President of UKE which sustained the decision of the President of UKE dated 30 November 2007 concerning the frequency reservation in the 1710-1730 MHz and 1805-1825 MHz range. Under these proceedings, in the decision dated 28 November 2017 the President of UKE refused, after resuming the proceedings, to annul the reservation decision of the President of UKE dated 23 April 2009. This decision was upheld by the decision of the President of UKE dated 4 June 2018. In connection with complaints filed against this decision, in the ruling of 11 March 2019 the Voivodship Administrative Court in Warsaw annulled the decision of the President of UKE dated 4 June 2018. Aero2 (currently Polkomtel Sp. z o.o.) filed a cassation appeal against the judgment, which is awaiting the consideration by the NSA.

On 4 October 2018, T-Mobile Polska filed a complaint with the Voivodship Administrative Court in Warsaw against the announcement dated 5 September 2018 issued by the President of UKE in respect to the activities necessary to remove the breach constituting the reason for invalidating two frequency reservations (each including 48 duplex radio channels with a duplex spacing of 95 MHz each, ranges 1710-1730 MHz and 1805-1825 MHz). On 20 November 2018, Voivodship Administrative Court in Warsaw rejected the complaint of T-Mobile Polska S.A. On 4 July 2019, the Supreme Administrative Court annulled the decision of the Voivodship Administrative Court in Warsaw dated 20 November 2018, as a result of a cassation appeal filed by T-Mobile Polska S.A. On 18 August 2020, the announcement of the President of UKE dated 5 September 2018 was considered ineffective by the Voivodship Administrative Court in Warsaw. NSA annulled that judgment on 9 December 2021. The case was remanded for re-examination to Voivodship Administrative Court in Warsaw. On 25 October 2022, the Voivodship Administrative Court in Warsaw dismissed the complaint of T-Mobile Polska S.A., the judgment is not final and T-Mobile Polska S.A. filed a cassation appeal to the Supreme Administrative Court.

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 note 5.10.1 in the Management Report for 2022.

24. Events subsequent to the reporting date

Conclusion of annex to the preliminary share purchase agreement concerning PAK-Polska Czysta Energia sp. z o.o. and the acquisition of shares in PAK-Polska Czysta Energia sp. z o.o.

On 3 July 2023 Cyfrowy Polsat signed with ZE PAK S.A. (a related company) an annex to the preliminary agreement of 20 December 2021 regarding the Company's acquisition of shares in PAK-Polska Czysta Energia Sp. z o.o.

Pursuant to annex, Cyfrowy Polsat and ZE PAK S.A. agreed that the subject matter of the final agreement ("Final Agreement") will be 2,390,600 (not in millions) shares in PAK-Polska Czysta Energia Sp. z o.o. ("PAK-PCE Shares"), representing approximately 10.1% of the share capital of PAK-Polska Czysta Energia Sp. z o.o. and approximately 10.1% of votes at the shareholders' meeting of PAK-Polska Czysta Energia Sp. z o.o. ("Transaction").

In addition, the Company and ZE PAK S.A. have agreed that two companies from the PAK-Polska Czysta Energia Sp. z o.o. group: Przedsiębiorstwo Remontowe "PAK Serwis" Sp. z o.o. and PCE-OZE 5 Sp. z o.o., will be transferred to ZE PAK S.A. before closing the Transaction and therefore will not be subject of Transaction.

On 3 July 2023 the Company concluded with ZE PAK S.A. the Final Agreement under which the Company acquired the PAK-PCE Shares from ZE PAK S.A. The final price for the PAK-PCE Shares amounted to PLN 117.0.

Following Transaction and taking into account the shares previously acquired and subscribed for by the Company in PAK-Polska Czysta Energia Sp. z o.o., Cyfrowy Polsat holds approximately 50.5% of the shares in the share capital of PAK-Polska Czysta Energia Sp. z o.o.

Acquisition of shares in Pantanomo Limited

On 3 July 2023 the Company and Tobe Investments Group Limited entered into a share purchase agreement, pursuant to which Cyfrowy Polsat acquired from Tobe Investments Group Limited 4,705 (not in millions) shares in Pantanomo Limited, representing approximately 32% of Pantanomo's share capital.

The purchase price for the Pantanomo Limited shares amounts to PLN 307.2 and will be paid by the Company in instalments, the first instalment in the amount of PLN 107.2 by 31 October 2023, the second instalment in the amount of PLN 100.0 by 30 April 2024, and the remaining part of the price in the amount of PLN 100.0 will be paid by 31 October 2024.

Acquisition of shares in 4FUN Sp. z o.o. and naEKRANIE.pl Sp. z o.o.

On 20 July 2023 Polsat Investments Ltd. (a subsidiary of the Company) acquired 60% of shares in the share capital od naEkranie.pl Sp. z o.o. for the amount of PLN 10.8.

On 21 July 2023 Polsat Investments Ltd. (a subsidiary of the Company) acquired 60% of shares in the share capital od 4FUN Sp. z o.o. for the amount of PLN 37.1.

Activities related to the continuation of the bond issuance program and refinance debt

On 2 August 2023 the Company's Management Board adopted a resolution on, among other things, entering into agreements related to the issuance of series E bearer bonds being contemplated by the Company ("Series E Bonds") and approving draft terms and conditions for the issuance of Series E Bonds.

The Company intends to issue Series E Bonds by the end of the third quarter of 2023 under the bond issuance program established on 29 November 2022, provided that favorable conditions exist on the debt securities market.

The Company's Management Board preliminarily estimates that the value of the contemplated issue of Series E Bond will be approximately PLN 500.0. The final decision on the issuance of Series E Bonds, the value of the issuance and its terms and conditions will be approved at the stage of adoption of the relevant resolution by the Company's Management Board.

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

Sale of shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o.

On 2 August 2023 Polkomtel Sp. z o.o. sold 100% of shares in Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. to Embud 2 Sp. z o.o. (a related company). Total purchase price was PLN 63.7. At the moment of the sale of shares, the main part of assets of Centrum Szkolenia i Zarządzania Nieruchomościami Sp. z o.o. was real estate whose value in the consolidated financial statements of the Group as at 30 June 2023 was presented in the item "Assets held for sale" in the amount of PLN 55.5.

25. 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. In addition, companies within the Group have bank guarantees for proper performance of the service and payment. 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 2023 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 2023 unaudited	31 December 2022
within one year	362.2	251.6
between 1 to 5 years	344.1	258.1
more than 5 years	166.5	13.3
Total	**872.8**	**523.0**

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

	30 June 2023 unaudited	31 December 2022
within one year	56.3	20.0
Total	**56.3**	**20.0**

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 101.4 as at 30 June 2023 (PLN 138.2

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

as at 31 December 2022). Total amount of contractual liabilities resulting from agreements for the purchases of intangible assets was PLN 82.1 as at 30 June 2023 (PLN 73.4 as at 31 December 2022).

Future contractual obligations

As at 30 June 2023 and 31 December 2022 the Group had future liabilities due to transponder capacity agreements.

The table below presents future payments (total):

	30 June 2023 unaudited	31 December 2022
within one year	118.9	125.3
between 1 to 5 years	178.3	250.5
Total	**297.2**	**375.8**

26. 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.

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
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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 2023, 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 2023 to 30 June 2023 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* , adopted by the National Council of Statutory Auditors. A review of interim financial information 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, 16 August 2023

Key certified auditor

Anna Sirocka
certified auditor
no in the register: 9626

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

Cyfrowy Polsat S.A.

Interim Condensed Financial Statements
for the 6 months ended 30 June 2023

prepared in accordance
with International Accounting Standard 34
“Interim Financial Reporting”

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Approval of the interim condensed financial statements

On 16 August 2023, 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 2023 to 30 June 2023 showing a net profit for the period of: PLN 613.6

Interim Statement of Comprehensive Income for the period
from 1 January 2023 to 30 June 2023 showing a total comprehensive income for the period of: PLN 599.3

Interim Balance Sheet as at
30 June 2023 showing total assets and total equity and liabilities of: PLN 18,553.1

Interim Cash Flow Statement for the period
from 1 January 2023 to 30 June 2023 showing a net increase in cash and cash equivalents amounting to: PLN 1,957.3

Interim Statement of Changes in Equity for the period
from 1 January 2023 to 30 June 2023 showing an increase in equity of: PLN 599.3

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, 16 August 2023

(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

		for the 3 months ended		for the 6 months ended	
	Note	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Revenue	7	560.9	596.9	1,133.2	1,195.4
Operating costs	8	(504.4)	(499.8)	(1,017.6)	(988.7)
Other operating income/(costs), net		(13.8)	0.8	(12.7)	0.2
Profit from operating activities		**42.7**	**97.9**	**102.9**	**206.9**
Gain on investment activities, net	9	651.5	977.3	685.2	1,000.7
Finance costs, net	10	(85.5)	(64.5)	(173.9)	(111.7)
Gross profit for the period		**608.7**	**1,010.7**	**614.2**	**1,095.9**
Income tax		0.7	6.3	(0.6)	(11.3)
Net profit for the period		**609.4**	**1,017.0**	**613.6**	**1,084.6**
Basic and diluted earnings per share (in PLN)		**1.11**	**1.81**	**1.11**	**1.92**

(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 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Net profit for the period		**609.4**	**1,017.0**	**613.6**	**1,084.6**
Items that may be reclassified subsequently to profit or loss:					
Valuation of hedging instruments	12	(4.6)	15.0	(14.3)	25.8
Other comprehensive income/(loss), net of tax		**(4.6)**	**15.0**	**(14.3)**	**25.8**
Total comprehensive income for the period		**604.8**	**1,032.0**	**599.3**	**1,110.4**

(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 2023 unaudited	31 December 2022
Reception equipment		319.1	331.8
Other property, plant and equipment		132.5	194.2
Goodwill		197.0	197.0
Other intangible assets		114.6	110.6
Right-of-use assets		16.7	15.8
Investment property		95.5	36.8
Shares in subsidiaries, associates and other, includes:		12,994.7	12,966.7
shares in associates		*1,708.0*	*1,708.0*
Non-current deferred distribution fees		16.2	17.7
Non-current loans granted		826.2	573.6
Other non-current assets, includes:		161.5	7.3
derivative instruments		*157.4*	*6.6*
Total non-current assets		**14,874.0**	**14,451.5**
Contract assets		94.5	93.3
Inventories		163.8	131.0
Trade and other receivables		767.5	212.1
Loans granted		480.1	544.8
Income tax receivable		1.2	-
Current deferred distribution fees		46.6	54.3
Other current assets includes:		64.9	50.6
derivative instruments		*14.4*	*16.5*
Cash and cash equivalents		2,060.5	120.7
Total current assets		**3,679.1**	**1,206.8**
Total assets		**18,553.1**	**15,658.3**

(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 2023 unaudited	31 December 2022
Share capital	11	25.6	25.6
Share premium	11	7,174.0	7,174.0
Other reserves		2,919.2	2,933.5
Retained earnings		4,829.4	4,215.8
Treasury shares		(2,854.7)	(2,854.7)
Total equity		**12,093.5**	**11,494.2**
Loans and borrowings	13	2,082.7	1,047.8
Issued bonds	14	2,960.9	1,900.4
Lease liabilities		15.1	13.7
Deferred tax liabilities		41.2	58.7
Other non-current liabilities and provisions, includes:		167.1	2.1
derivative instruments		*165.7*	*0.7*
Total non-current liabilities		**5,267.0**	**3,022.7**
Loans and borrowings	13	165.4	250.7
Issued bonds	14	323.4	176.0
Lease liabilities		2.8	3.3
Contract liabilities		238.8	225.3
Trade and other payables , includes:		458.6	477.6
derivative instruments		*2.6*	-
Income tax liability		-	4.9
Deposits for equipment		3.6	3.6
Total current liabilities		**1,192.6**	**1,141.4**
Total liabilities		**6,459.6**	**4,164.1**
Total equity and liabilities		**18,553.1**	**15,658.3**

(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

		for the 6 months ended	
	Note	30 June 2023 unaudited	30 June 2022 unaudited
Net profit		**613.6**	**1,084.6**
Adjustments for:		**(483.6)**	**(791.7)**
Depreciation, amortization, impairment and liquidation	8	86.3	87.4
Interest expense		141.6	83.2
Change in inventories		(32.8)	(32.3)
Change in receivables and other assets		44.2	(38.0)
Change in liabilities and provisions		(10.1)	104.6
Change in contract assets		(1.2)	9.1
Change in contract liabilities		13.5	2.2
Income tax		0.6	11.3
Net increase in reception equipment		(52.6)	(73.0)
Dividends income and share in the profits of partnerships	9	(661.8)	(973.6)
Premium for scheduled early redemption of bonds		9.7	-
Cumulative catch-up	10	(19.2)	-
Valuation of hedging instruments		(17.7)	31.9
Foreign exchange losses, net		22.7	(3.0)
Other adjustments		(6.8)	(1.5)
Cash from operating activities		**130.0**	**292.9**
Income tax paid		(20.9)	(667.1)
Interest received from operating activities		26.6	11.7
Net cash from/used in operating activities		**135.7**	**(362.5)**
Received dividends and shares in the profits of partnerships		66.7	701.8
Acquisition of shares in subsidiary and associates		-	(582.6)
Capital increase in an associate		-	(473.8)
Capital increase in a subsidiary		(28.0)	-
Acquisition of property, plant and equipment		(18.0)	(34.6)
Acquisition of intangible assets		(14.3)	(20.8)
Loans granted		(336.6)	(586.1)
Loans repaid		142.3	10.1
Interest on loans repaid		13.0	4.3
Other inflows		10.3	3.6
Net cash used in investing activities		**(164.6)**	**(978.1)**

(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 2023 unaudited	for the 6 months ended 30 June 2022 unaudited
Loans inflows	13	1,605.4	-
Bonds issue [1]	14	1,088.0	-
Repayment of loans and borrowings	13	(591.5)	(78.0)
Payment of interest on loans, borrowings, bonds and commissions [2]		(123.1)	(42.9)
Acquisition of treasury shares [3]		-	(393.9)
Hedging instrument effect		10.9	4.9
Other outflows		(3.5)	(5.0)
Net cash from/used in financing activities		**1,986.2**	**(514.9)**
Net increase/(decrease) in cash and cash equivalents		**1,957.3**	**(1,855.5)**
Cash and cash equivalents at the beginning of period		**120.7**	**1,934.8**
Effect of exchange rate fluctuations on cash and cash equivalents		(17.5)	-
Cash and cash equivalents at the end of period		**2,060.5**	**79.3**

[1] Value of bonds issue reduced by bond interest and early redemption premium settled in conversion
[2] Includes amount paid for costs related to the new financing
[3] 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 2023

	Share capital	Share premium	Other reserves	Retained earnings [(1)]	Treasury shares	Total Equity
Balance as at 1 January 2023	**25.6**	**7,174.0**	**2,933.5**	**4,215.8**	**(2,854.7)**	**11,494.2**
Total comprehensive income	-	-	(14.3)	613.6	-	**599.3**
Hedge valuation reserve	-	-	*(14.3)*	-	-	***(14.3)***
Net profit for the period	-	-	-	*613.6*	-	***613.6***
Balance as at 30 June 2023 unaudited	**25.6**	**7,174.0**	**2,919.2**	**4,829.4**	**(2,854.7)**	**12,093.5**

[(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 2023.

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.

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 2023 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, 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

Composition of the Supervisory Board from 19 July 2023:

- Zygmunt Solorz — Chairman of the Supervisory Board,
- Tobias Solorz — Vice-Chairman of the Supervisory Board,
- Piotr Żak — 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,
- Tomasz Szeląg — Member of the Supervisory Board.

Composition of the Supervisory Board to 19 July 2023:

- Zygmunt Solorz Chairman of the Supervisory Board,
- Marek Kapuściński Vice-Chairman of the Supervisory Board (until 31 May 2023),
- 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 2023 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 2022, 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 16 August 2023). 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 2022, except for the adoption of new, amended Standards or Interpretations that apply to the annual reporting periods beginning on or after 1 January 2023.

During the six-month period ended 30 June 2023 the following became effective:

a) IFRS 17 Insurance Contracts and Amendments to IFRS 17,
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,
e) Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information.

Amendments and interpretations that apply for the first time in 2023 do not have a material impact on the interim condensed financial statements of the Company.

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

Standards published but not yet effective:

a) Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback,
b) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current,
c) Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules,
d) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

5. Approval of the Interim Condensed Financial Statements

These interim condensed financial statements were approved for publication by the Management Board on 16 August 2023.

Explanatory notes

6. Information on seasonality in the Company's operations

Revenue is not directly subject to any seasonal trend.

7. Revenue

	for the 3 months ended		for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Retail revenue	508.1	542.4	1,029.1	1,096.3
Wholesale revenue	18.7	20.8	38.3	42.7
Sale of equipment	11.0	13.6	19.6	17.0
Other revenue	23.1	20.1	46.2	39.4
Total	**560.9**	**596.9**	**1,133.2**	**1,195.4**

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

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

8. Operating costs

		for the 3 months ended		for the 6 months ended	
	Note	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Content costs		212.8	205.7	425.7	408.3
Technical costs and costs of settlements with telecommunication operators		110.0	114.3	223.6	232.6
Distribution, marketing, customer relation management and retention costs		65.7	69.0	139.1	137.4
Depreciation, amortization, impairment and liquidation		44.2	43.9	86.3	87.4
Salaries and employee-related costs	a)	38.1	33.1	76.6	66.8
Cost of equipment sold		8.8	11.0	15.7	12.0
Cost of debt collection services, bad debt allowance and receivables written off		1.7	0.8	3.4	1.4
Other costs		23.1	22.0	47.2	42.8
Total		**504.4**	**499.8**	**1,017.6**	**988.7**

a) Salaries and employee-related costs

	for the 3 months ended		for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Salaries	30.7	27.2	62.3	54.8
Social security contributions	5.2	4.8	10.9	9.7
Other employee-related costs	2.2	1.1	3.4	2.3
Total	**38.1**	**33.1**	**76.6**	**66.8**

9. Gain on investment activities, net

	for the 3 months ended		for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Dividends	656.1	944.0	656.1	944.0
Share in the profits of partnerships	5.5	15.9	5.7	29.6
Interest income on loans granted	18.4	8.1	33.7	13.1
Other interest, net	11.0	7.1	26.7	11.7
Foreign exchange gains/(losses), net	(44.5)	(1.2)	(45.5)	(1.7)
Other income/(costs)	5.0	3.4	8.5	4.0
Total	**651.5**	**977.3**	**685.2**	**1,000.7**

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

10. Finance costs, net

	for the 3 months ended		for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited	30 June 2023 unaudited	30 June 2022 unaudited
Interest expense on loans and borrowings	24.7	25.9	51.6	44.0
Interest expense on issued bonds	83.7	40.4	170.4	68.5
Foreign exchange differences on loans and borrowings	(21.1)	-	(21.1)	-
Cumulative catch-up	-	-	(19.2)	-
Valuation and realization of hedging instruments	(3.0)	(3.8)	(10.8)	(4.9)
Guarantee fees	0.7	1.6	2.2	3.2
Bank and other charges	0.5	0.4	0.8	0.9
Total	**85.5**	**64.5**	**173.9**	**111.7**

11. Equity

Share capital

Presented below is the structure of the Company's share capital as at 30 June 2023 and 31 December 2022:

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 2023 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:	386,745,257	15.5	60.47%	566,162,758	69.13%
Reddev Investments Ltd., including through:	386,745,247	15.5	60.47%	566,162,738	69.13%
Cyfrowy Polsat S.A.[1]	88,842,485	3.6	13.89%	88,842,485	10.85%
Tobias Solorz [2], including through:	10,056,765	0.4	1.57%	10,056,765	1.23%
ToBe Investments Group Ltd.	4,449,156	0.2	0.70%	4,449,156	0.54%
Nationale-Nederlanden PTE	41,066,962	1.6	6.42%	41,066,962	5.02%
Others	201,677,032	8.1	31.53%	201,677,032	24.63%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

* not in millions

[1] 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 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:	386,745,257	15.5	60.47%	566,162,758	69.13%
Reddev Investments Ltd., including through:	386,745,247	15.5	60.47%	566,162,738	69.13%
Cyfrowy Polsat S.A.[1]	88,842,485	3.6	13.89%	88,842,485	10.85%
Tobias Solorz [2]	5,607,609	0.2	0.88%	5,607,609	0.68%
ToBe Investments Group Ltd.	4,449,156	0.2	0.70%	4,449,156	0.54%
Nationale-Nederlanden PTE	41,066,962	1.6	6.42%	41,066,962	5.02%
Others	201,677,032	8.1	31.53%	201,677,032	24.63%
Total	**639,546,016**	**25.6**	**100%**	**818,963,517**	**100%**

* not in millions

[1] 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 exercise voting rights from the own shares.

[2] Person 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 29 June 2023 the Annual General Meeting of the Company adopted a resolution on the distribution of the Company's net profit for the financial year 2022. In accordance with the provisions of the resolution, entire net profit in the amount of PLN 1,248.6 was allocated to supplementary capital.

Other reserves

As at 30 June 2023 other reserves include mainly the reserve capital created for the purposes of the share buyback program in the amount of PLN 2,914.8.

Treasury shares

As at 30 June 2023 and 31 December 2022 treasury shares includes 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.

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

12. Hedge valuation reserve

Impact of hedging instruments valuation on hedge valuation reserve

	2023	2022
Balance as at 1 January	**18.2**	**9.0**
Valuation of cash flow hedges	(17.7)	31.9
Deferred tax	3.4	(6.1)
Change for the period	**(14.3)**	**25.8**
Balance as at 30 June unaudited	**3.9**	**34.8**

13. Loans and borrowings

	30 June 2023 unaudited	31 December 2022
Short-term liabilities	165.4	250.7
Long-term liabilities	2,082.7	1,047.8
Total	**2,248.1**	**1,298.5**

Change in loans and borrowings liabilities:

	2023	2022
Balance as at 1 January	**1,298.5**	**1,424.5**
Term loan inflows	2,284.9	-
Loan conversion	(679.5)	-
Repayment of capital	(591.5)	(78.0)
Repayment of interest and commissions	(91.8)	(19.6)
Interest accrued	48.6	44.0
Exchange differences	(21.1)	-
Balance as at 30 June unaudited	**2,248.1**	**1,370.9**

Conclusion of Senior Facilities Agreement with a consortium of financial institutions

On 28 April 2023, Cyfrowy Polsat S.A. and Polkomtel Sp. z o.o. and other subsidiaries of the Cyfrowy Polsat S.A. Capital Group concluded the Senior Facilities Agreement, sustainability linked financing (the “Facilities Agreement”), with a consortium of Polish and foreign financial institutions, including, among others, Santander Bank Polska S.A. acting as an Agent and Bank Polska Kasa Opieki S.A. acting as a Security Agent.

The Facilities Agreement provides to the Company and Polkomtel Sp. z o.o. for PLN term facility loan to be granted up to a maximum amount of PLN 7,255.0, an EUR term facility loan up to a maximum amount of EUR 506.0 (the “Term Facilities”) and a revolving facility loan up to a maximum amount of the equivalent of PLN 1,000.0 (the “Revolving Facility”).

The Term Facilities and the Revolving Facility bear interest at a variable rate equal to WIBOR/EURIBOR for the relevant interest periods plus margin. The margin of the Term

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Facilities and the Revolving Facility depends on the level of the consolidated total debt ratio (net debt to consolidated EBITDA) calculated jointly for certain entities from the Company's capital group, and also on the achievement by the Cyfrowy Polsat S.A. Capital Group of certain targets concerning green energy production and zero-carbon electricity consumption by certain entities from the Company's capital group.

The Term Facilities and the Revolving Facility will be used by the Company in particular for:

a) repayment of all indebtedness under the Senior Facilities Agreement concluded on 21 September 2015, as amended by agreements dated 2 March 2018 and 27 April 2020,
b) making funds available to companies implementing investment projects defined in the Facilities Agreement; and
c) financing general corporate needs of the Company's capital group.

The Facilities Agreement provides for the establishment by the Company and other entities in the Cyfrowy Polsat S.A. Capital Group of collateral securing the repayment of loans granted thereunder.

The term of the Term Facilities and the Revolving Facility is 5 years from the date of execution of the Facilities Agreement and the final repayment date of each of these facilities is 28 April 2028. The PLN term facility will be repaid in quarterly installments of varying amounts. The EUR term facility will be repaid in one installment on the final repayment date.

Decision on early repayment of facility loans

On 9 May 2023 Cyfrowy Polsat and Polkomtel Sp. z o.o. (a subsidiary of the Company) submitted to the facility agent an irrevocable instruction to activate the procedure for early repayment of the full amount of the term facility loan and the revolving facility loan granted under the Senior Facilities Agreement concluded on 21 September 2015, as amended by agreements dated 2 March 2018 and 27 April 2020.

A prepayment in the aggregate amount of PLN 8,843.7 was made on 16 May 2023.

As a result of the prepayment, the Company and Polkomtel Sp. z o.o. repaid the entire debt under the indicated facilities agreement.

14. Issued Bonds

	30 June 2023 unaudited	31 December 2022
Short-term liabilities	323.4	176.0
Long-term liabilities	2,960.9	1,900.4
Total	**3,284.3**	**2,076.4**

Change in issued bonds:

	2023	2022
Balance as at 1 January	**2,076.4**	**2,008.5**
Bonds issue (series D bonds)	2,670.0	-
Bonds redemption (series B and C bonds*)	(1,527.9)	-
Repayment of interest and commissions**	(85.4)	(22.8)
Cumulative catch-up	(19.2)	-
Interest accrued and commissions	170.4	68.5
Balance as at 30 June unaudited	**3,284.3**	**2,054.2**

* redemption through conversion into series D bonds
** including interest and early bond redemption premium settled in conversion

Issuance of series D bonds and refinancing of debts under series B bonds and series C bonds

On 16 December 2022 the Management Board of the Company adopted resolutions on:

- issuance of no more than 2,670,000 (not in millions) unsecured series D bearer bonds with the nominal value of PLN 1,000 each and the total nominal value of no more than PLN 2,670 ("series D bonds")
- purchase by the Company from the bondholders of the series B bonds and series C bonds issued by the Company, some or all of the series B bonds and series C bonds for the purpose of their redemption, based on sale and set-off agreements to be entered into by the Company with those of the series B bonds and series C bonds bondholders who declare their intention to sell such bonds and have their receivables for the series B bonds and series C bonds sale credited against the purchase price of the series D bonds.

On 11 January 2023, the issue of 2,670,000 (not in millions) series D bonds, with the total nominal value of PLN 2,670 was completed. The maturity date of the series D bonds is 11 January 2030. Interest on the series D bonds is paid in arrears every six months. The first interest payment will be made on 11 July 2023.

At the same time, on 11 January 2023, Cyfrowy Polsat S.A. repurchased for redemption 691,952 (not in millions) series B bearer bonds with the total nominal value of PLN 692 issued by the Company on 26 April 2019 with the redemption date set for 24 April 2026 and 835,991 (not in millions) series C bearer bonds with the total nominal value of PLN 836 issued by the Company on 14 February 2020, with the redemption date set for 12 February 2027 (collectively "Bonds Repurchased for Redemption") from investors holding rights to the Bonds Repurchased for Redemption who paid the issue price of the series D bonds, registered on 11 January 2023 with the securities depository, by setting off the amounts due to the Company from the issuance of the series D bonds against the amounts due to the relevant investors in respect of the sale of the Bonds Repurchased for Redemption to the Company.

On 11 January 2023 the Management Board of the Company adopted a resolution to redeem the Bonds Repurchased for Redemption.

After the redemption of the Bonds Repurchased for Redemption, 308,048 (not in millions) series B bonds and 164,009 (not in millions) series C bonds remain listed on Catalyst market in the Alternative Trading System operated by the Warsaw Stock Exchange. The Management Board has not decided on the early redemption of the remaining outstanding series B bonds and series C bonds.

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The first trading day for the series D bonds in the Alternative Trading System as part of the Catalyst market (in the continuous trading system) was set for 20 January 2023.

15. Transactions with related parties

RECEIVABLES

	30 June 2023 unaudited	31 December 2022
Subsidiaries	702.0	100.0
Joint ventures and associates	1.9	0.3
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	1.7	1.1
Total	**705.6**	**101.4**

A significant portion of receivables is represented by dividend receivables, receivables from share of the profits of partnerships and receivables related to sale of Netia and Polkomtel Sp. z o.o. (‘Polkomtel’) services.

OTHER ASSETS

	30 June2023 unaudited	31 December 2022
Subsidiaries	38.1	22.3
Joint ventures and associates	165.0	1.4
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	1.3	1.3
Total	**204.4**	**25.0**

Other current assets comprise mainly unbilled revenue from Telewizja Polsat, InterPhone Service, Netia, InterPhone Service and Polkomtel and PPA valuation.

LIABILITES

	30 June 2023 unaudited	31 December 2022
Subsidiaries	142.0	183.9
Joint ventures and associates	166.2	5.6
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.	1.2	3.4
Total	**309.4**	**192.9**

A significant portion of liabilities is represented by programming licence fees, by Polkomtel, InterPhone and Liberty Poland services, and lease liabilities.

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Loans granted

	30 June 2023 unaudited	31 December 2022
Subsidiaries	660.6	673.2
Joint ventures and associates	645.5	444.9
Total	**1,306.1**	**1,118.1**

Loans granted as at 30 June 2023 mainly include loans to PAK-Polska Czysta Energia Sp. z o.o., Netia S.A. and Esoleo Sp. z o.o. with repayment due date in 2023 – 2026.

Revenues

	for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited
Subsidiaries	60.3	65.6
Joint ventures and associates	0.5	-
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.	1.7	0.7
Total	**62.5**	**66.3**

The most significant transactions include revenues from subsidiaries from accounting services, signal broadcast, programming fees, property rental and advertising services.

Expenses

	for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited
Subsidiaries	344.5	356.9
Joint ventures and associates	1.3	3.0
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.	5.8	8.9
Total	**351.6**	**368.8**

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.

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Gain/(loss) on investment activities, net

	for the 6 months ended	
	30 June 2023 unaudited	30 June 2022 unaudited
Subsidiaries	606.7	923.4
Joint ventures and associates	91.1	64.0
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.	3.0	4.5
Total	**700.8**	**991.9**

Gains and losses on investment activities comprises of dividends 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 2023 unaudited	30 June 2022 unaudited
Subsidiaries	2.2	3.2
Joint ventures and associates	0.4	-
Total	**2.6**	**3.2**

Finance costs comprise mostly guarantee fees in respect to settlement of term facilities.

Other notes

16. Litigations

Management believes that the provisions for litigations as at 30 June 2023 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 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 submitted a cassation appeal to the Supreme Court. On 20 April 2022, the Supreme Court accepted the Company's cassation appeal for consideration. At a closed session on 25 May 2023, the company's cassation appeal was dismissed.

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 by giving 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 appeal hearing took place on 21 October 2022. On 21 November 2022, the Court of Appeal in Warsaw repealed the appealed judgment in its entirety and referred the case to the Regional Court in Warsaw for examination and resolution. On 24 July 2023 Company's appeal was again dismissed. The company is considering possibility of appealing.

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, containig 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. The court set the hearing dates for: 15 December 2023 and 17 April 2024.

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 court set the hearing date for 17 January 2024.

Other significant proceedings described in the financial statements for the year ended 31 December 2022 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 2022. There have been no significant changes in any risk management policies since the end of year 2022.

Fair value

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments, depending on the selected valuation method:

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 (e.g. prices) 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.

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Presented below are fair values and carrying amounts of financial instruments not measured in fair value.

			30 June 2023 unaudited		31 December 2022	
	Category according to IFRS 9	Level of the fair value hierarchy	Fair value	Carrying amount	Fair value	Carrying amount
Loans granted	A	2	1,317.0	1,306.3	1,105.7	1,118.4
Trade and other receivables	A	*	737.5	737.5	135.1	135.1
Cash and cash equivalents	A	*	2,060.5	2,060.5	120.7	120.7
Loans and borrowings	B	2	(2,313.4)	(2,248.1)	(1,299.0)	(1,298.5)
Issued bonds	B	1	(3,319.9)	(3,284.3)	(1,982.1)	(2,076.4)
Lease liabilities	B	2	(17.9)	(17.9)	(17.0)	(17.0)
Accruals	B	*	(238.9)	(238.9)	(276.3)	(276.3)
Trade and other payables and deposits	B	*	(159.9)	(159.9)	(161.0)	(161.0)
Total			**(1,935.0)**	**(1,844.8)**	**(2,373.9)**	**(2,455.0)**
Unrecognized gain/(loss)				**(90.2)**		**81.1**

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 2023 and 31 December 2022 loans and borrowings comprised term facility loan. The discount rate for each payment was calculated as a sum of implied WIBOR or EURIBOR interest rate and a margin regarding the Company's credit risk. When determining the fair value of senior facility as at 30 June 2023, forecasted cash flows from the reporting date to 28 April 2028. When determining the fair value of senior facility as at 31 December 2022, 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 2023 and 31 December 2022 is calculated based on the last bid price as at the balance sheet date as quoted on the Catalyst market.

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As at 30 June 2023 the Company held the following financial instruments measured at fair value:

ASSETS MEASURED AT FAIR VALUE

	30 June 2023 unaudited	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**-**	**163.5**
Financial PPA		-	-	163.5
Hedging derivative instruments		**-**	**8.3**	**-**
IRS		-	8.3	-
Total		**-**	**8.3**	**163.5**

LIABILITIES MEASURED AT FAIR VALUE

	30 June 2023 unaudited	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**-**	**163.5**
Financial PPA		-	-	163.5
Hedging derivative instruments		**-**	**4.8**	**-**
IRS		-	4.8	-
Total		**-**	**4.8**	**163.5**

As at 31 December 2022, the Company held the following financial instruments measured at fair value:

ASSETS MEASURED AT FAIR VALUE

	31 December 2022	Level 1	Level 2	Level 3
Hedging derivative instruments		**-**	**23.1**	**-**
IRS		-	23.1	-
Total		**-**	**23.1**	**-**

LIABILITIES MEASURED AT FAIR VALUE

	31 December 2022	Level 1	Level 2	Level 3
Hedging derivative instruments		**-**	**0.7**	**-**
IRS		-	0.7	-
Total		**-**	**0.7**	**-**

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

Conclusion of financial PPA agreements

In March 2023, Cyfrowy Polsat S.A. entered into so-called financial PPA (Power Purchase Agreement) agreements with PAK-PCE Fotowoltaika Sp. z o.o. and PAK-Volt S.A. regarding electricity generated by a photovoltaic farm in the Brudzew municipality. The financial PPA agreements were concluded for a period of 15 years, with the possibility of termination in certain situations and are effective since April 2023.

In April 2023, Cyfrowy Polsat S.A. entered into so-called financial PPA (Power Purchase Agreement) agreements with Park Wiatrowy Pałczyn1 Sp. z o.o. and PAK-Volt S.A. regarding electricity generated by a wind farm in the Miłosław municipality. The financial PPA agreements were concluded for a period of 15 years and 6 months and shall be effective since October 2023.

The Company committed in the financial PPA agreements to make financial settlements in order to ensure a fixed price for the sale or purchase of electricity (so-called contract on difference). The settlement price in the financial PPA agreements was established for the first year of the term and will be indexed in subsequent years by the inflation rate, subject to applicable legal regulations specifying the maximum sales price of electricity produced from renewable sources.

Decision of the Head of the Małopolska Tax Office in Cracow

On 15 February 2018 the Head of the Małopolska Tax Office in Cracow (“Tax Office”) issued the decision assessing the tax liability from uncollected withholding corporate income tax in 2012 in the amount of PLN 24.2 increased by interest on tax arrears.

In the issued decision the Tax Office contested the Company’s right to an exemption from the obligation to withhold income tax on certain interest payments in 2012. The Company appealed against the decision of the Tax Authority on the basis of acquired opinions issued by renowned entities. The Company has not created any provisions encumbering its financial results.

On 10 July 2018 the Tax Office upheld the previous decision dated 15 February 2018. The Company does not agree with the decision of the Tax Office in question and appealed against it to the Voivodship Administrative Court in Cracow. The Voivodship Administrative Court in Cracow dismissed the complaint in the ruling as of 21 February 2019. The Company does not agree with this decision and filled a cassation complaint to the Supreme Administrative Court in Warsaw. The Supreme Administrative Court upheld the complaint and transferred the case to the Voivodship Administrative Court for re-examination in its decision on 17 August 2022. The Voivodship Administrative Court, at the hearing on 15 March 2023, revoked the decision of the Head of the Małopolska Tax Office in Kraków and referred the case for reconsideration by this authority.

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

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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.

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 10.4 as at 30 June 2023 (PLN 19.2 as at 31 December 2022).

Future contractual obligations

As at 30 June 2023 and 31 December 2022 the Company had future liabilities due to transponder capacity agreements. The table below presents future payments (total):

	30 June 2023 unaudited	31 December 2022
within one year	115.5	121.7
between 1 to 5 years	173.2	243.4
Total	**288.7**	**365.1**

20. Events subsequent to the reporting date

Conclusion of annex to the preliminary share purchase agreement concerning PAK-Polska Czysta Energia sp. z o.o. and the acquisition of shares in PAK-Polska Czysta Energia sp. z o.o.

On 3 July 2023 Cyfrowy Polsat signed with ZE PAK S.A. (a related company) an annex to the preliminary agreement of 20 December 2021 regarding the Company's acquisition of shares in PAK-Polska Czysta Energia Sp. z o.o.

Pursuant to annex, Cyfrowy Polsat and ZE PAK S.A. agreed that the subject matter of the final agreement ("Final Agreement") will be 2,390,600 (not in millions) shares in PAK-Polska Czysta Energia Sp. z o.o. ("PAK-PCE Shares"), representing approximately 10.1% of the share capital of PAK-Polska Czysta Energia Sp. z o.o. and approximately 10.1% of votes at the shareholders' meeting of PAK-Polska Czysta Energia Sp. z o.o. ("Transaction").

In addition, the Company and ZE PAK S.A. have agreed that two companies from the PAK-Polska Czysta Energia Sp. z o.o. group: Przedsiębiorstwo Remontowe "PAK Serwis" Sp. z o.o. and PCE-OZE 5 Sp. z o.o., will be transferred to ZE PAK S.A. before closing the Transaction and therefore will not be subject of Transaction.

On 3 July 2023 the Company concluded with ZE PAK S.A. the Final Agreement under which the Company acquired the PAK-PCE Shares from ZE PAK S.A. The final price for the PAK-PCE Shares amounted to PLN 117.0.

Following Transaction and taking into account the shares previously acquired and subscribed for by the Company in PAK-Polska Czysta Energia Sp. z o.o., Cyfrowy Polsat holds approximately 50.5% of the shares in the share capital of PAK-Polska Czysta Energia Sp. z o.o.

Acquisition of shares in Pantanomo Limited

On 3 July 2023 the Company and Tobe Investments Group Limited entered into a share purchase agreement, pursuant to which Cyfrowy Polsat acquired from Tobe Investments Group Limited 4,705 (not in millions) shares in Pantanomo Limited, representing approximately 32% of Pantanomo's share capital.

The purchase price for the Pantanomo Limited shares amounts to PLN 307.0 and will be paid by the Company in instalments, the first instalment in the amount of PLN 107.0 by 31 October 2023, the second instalment in the amount of PLN 100.0 by 30 April 2024, and the remaining part of the price in the amount of PLN 100.0 will be paid by 31 October 2024.

Activities related to the continuation of the bond issuance program and refinance debt

On 2 August 2023 the Company’s Management Board adopted a resolution on, among other things, entering into agreements related to the issuance of series E bearer bonds being contemplated by the Company (“Series E Bonds”) and approving draft terms and conditions for the issuance of Series E Bonds.

The Company intends to issue Series E Bonds by the end of the third quarter of 2023 under the bond issuance program established on 29 November 2022, provided that favorable conditions exist on the debt securities market.

The Company’s Management Board preliminarily estimates that the value of the contemplated issue of Series E Bond will be approximately PLN 500.0. The final decision on the issuance of Series E Bonds, the value of the issuance and its terms and conditions will be approved at the stage of adoption of the relevant resolution by the Company’s Management Board.

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.