

REPORT ON THE REMUNERATION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD MEMBERS OF CYFROWY POLSAT S.A. IN THE YEARS 2019 AND 2020

I. INTRODUCTION

The present report on the remuneration of the Management Board Members and the Supervisory Board Members of Cyfrowy Polsat S.A. has been prepared by the Supervisory Board of Cyfrowy Polsat S.A. (hereinafter "the Company") in accordance with Art. 90g of the Act of 25 July 2005 on Public Offering and Terms of Introduction of Financial Instruments to an Organized Trading System and on Public Companies.

Pursuant to Art. 36, section 2 of the Act of 16 October 2019 on the Amendment of the Act on Public Offering and Terms of Introduction of Financial Instruments to an Organized Trading System and on Public Companies, as well as pursuant to several other acts of law, the Supervisory Board prepared, for the first time, a report on remuneration for the years 2019 and 2020 together.

The report contains a review of the remuneration and of all the benefits which were received by and which were due to individual Members of the Management Board and of the Supervisory Board of Cyfrowy Polsat S.A. The report covers two financial years, i.e. 2019 and 2020.

The Remuneration Policy for the Management Board Members and the Supervisory Board Members of Cyfrowy Polsat S.A. was adopted on 23 July 2020 by means of a Resolution of the Ordinary General Meeting of Shareholders of Cyfrowy Polsat S.A. (hereinafter "the Remuneration Policy").

The Remuneration Policy document is available at the website of Cyfrowy Polsat S.A. Group, in the "Corporate Governance" bookmark: https://grupapolsat.pl/sites/default/files/polityka_wynagrodzen_zarzadu_i_rm_20209723.pdf

In the years 2019-2020 the following persons were the members of the Company's Management Board and its Supervisory Board:

As of 1 January 2019 the following persons were the members of the Company's Management Board:

- Mr. Tobias Solorz – President of the Management Board;
- Mr. Dariusz Działkowski – Management Board Member;
- Mr. Tomasz Gillner-Gorywoda – Management Board Member;
- Ms. Aneta Jaskólska – Management Board Member;
- Ms. Agnieszka Odorowicz – Management Board Member;
- Ms. Katarzyna Ostap-Tomann – Management Board Member;
- Mr. Maciej Stec – Management Board Member.

On 17 January 2019 Mr. Tobias Solorz resigned from the position of the President of the Management Board, with effect from 31 March 2019, and subsequently the Company's Supervisory Board adopted resolutions regarding the following changes in the Company's Management Board:

- Appointing, effective from 1 April 2019, Mr. Mirosław Błaszczuk to the position of the President of the Management Board of Cyfrowy Polsat S.A.;
- Appointing, effective from 1 April 2019, Mr. Maciej Stec, a current Management Board Member, to the position of the Vice-President of the Management Board.

On 14 March 2019 Mr. Dariusz Działkowski and Mr. Tomasz Gillner-Gorywoda tendered their resignations from the positions of Management Board Members of the Company, with effect from 31 March 2019. Then the Supervisory Board adopted a resolution regarding appointment of Mr. Jacek Felczykowski to the position of a Management Board Member of Cyfrowy Polsat S.A. effective from 1 April 2019.

In connection with the term of office of the present Management Board ending on 25 June 2019, the Company's Supervisory Board decided to appoint Mr. Mirosław Błaszczuk to the position of the President of the Management Board, Mr. Maciej Stec to the position of the Vice-President of the Management Board and Mr. Jacek Felczykowski, Ms. Aneta Jaskólska, Ms. Agnieszka Odorowicz and Ms. Katarzyna Ostap-Tomann to the positions of Management Board Members of the Company. The Management Board Members were appointed for 3-year terms of office.

As a result, in the period till 31 December 2020 the following persons were the members of the Company's Management Board:

- Mr. Mirosław Błaszczuk – President of the Management Board;
- Mr. Maciej Stec – Vice President of the Management Board;
- Mr. Jacek Felczykowski – Management Board Member;
- Ms. Aneta Jaskólska – Management Board Member;
- Ms. Agnieszka Odorowicz – Management Board Member;
- Ms. Katarzyna Ostap-Tomann – Management Board Member.

As of 1 January 2019 the following persons were the Members of the Supervisory Board of the Company:

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

In addition, on 23 July 2020 the following were appointed to the Company's Supervisory Board:

- Mr. Marek Grzybowski – Supervisory Board Member;
- Mr. Paweł Ziółkowski – Supervisory Board Member.

II. REPORT ON THE REMUNERATION OBTAINED BY INDIVIDUAL MANAGEMENT BOARD MEMBERS AND SUPERVISORY BOARD MEMBERS:

II.1. Remuneration of Management Board Members

Fixed remuneration is paid to a Management Board Member on account of the position held or based on an employment relation. The position of a Company's Management Board Member is held by virtue of a corporate relationship. The employment relation may take the form of a work relation based on an employment contract concluded for a defined or undefined period of time, or it may be an employment relation based on election or work under a non-employment contract.

By adopting a resolution the Supervisory Board may grant a discretionary award (a bonus) to a Management Board Member.

Total remuneration with division into the components which are mentioned in Article 90d, section 3, point 1 of the Act on Public Offering, as well as the mutual relations between the respective components of the remuneration

Table 1. Total remuneration of the Management Board Members of Cyfrowy Polsat S.A. in thousands PLN, including the remuneration on account of management and supervisory positions held in the companies which are members of Cyfrowy Polsat S.A. Capital Group

First and last name, Position	Year	Fixed remuneration		Variable remuneration		Additional remuneration, including non-financial benefits [5]	Pension plans [6]	Total remuneration [1+2+3+4+5+6]	Share of fixed to variable remuneration [[1+2] / (3+4)]
		Basic remuneration [1]	Benefits [2]	Short-term incentives - annual [3]	Long-term incentives [4]				
Miroslaw Blaszczyk ³⁾ President of the Management Board	2020	1 201	12	2.500				3 713	32% / 67%
	2019	1 158	7	2.050				3 215	36% / 64%
Maciej Stec Vice-President of the Management Board	2020	840	9	2.500				3 349	25% / 75%
	2019	1 053	7	2.050				3 109	34% / 66%
Katarzyna Ostap-Tomann Management Board Member	2020	970	0	2.000				2 970	33% / 67%
	2019	986	0	1.800				2 786	35% / 65%
Jacek Felczykowski ⁴⁾ Management Board Member	2020	960	4	1.500				2 464	39% / 61%
	2019	960	2	1.400				2 362	41% / 59%
Aneta Jaskólska Management Board Member	2020	960	0	1.700				2 660	36% / 64%
	2019	960	0	1.500				2 460	39% / 61%
Agnieszka Odorowicz Management Board Member	2020	600	0	800				1 400	43% / 57%
	2019	600	0	800				1 400	43% / 57%
Tobias Solorz ¹⁾	2019	383	1	0				385	100% / 0%
Dariusz Działkowski ²⁾	2019	162	0	0				162	100% / 0%
Tomasz Gillner-Gorywoda ²⁾	2019	305	1	0				306	100% / 0%

1) On 17 January 2019 Mr. Tobias Solorz tendered a resignation from the position of the position of the President of the Management Board, with effect from 31 March 2019.

2) On 14 March 2019 Messrs. Dariusz Działkowski and Tomasz Gillner-Gorywoda tendered their resignations from the positions of the Company's Management Board Members, with effect from 31 March 2019.

3) Effective from 1 April 2019 Mr. Miroslaw Blaszczyk has been appointed the President of the Management Board.

4) Effective from 1 April 2019 Mr. Jacek Felczykowski has been appointed to the Management Board of the Company.

Benefits

Management Board Members are entitled to use company cars in line with the procedures which apply to all employees. When using company cars for private purposes, Management Board Members are charged for such use on the terms which are analogous to the terms applicable to other employees.

Management Board Members are guaranteed a Directors and Officers Liability Insurance provided as part of the Company's group insurance.

By buying a prepaid medical care package, offered as an element of a group contract for medical services, Management Board Members may enjoy the healthcare services offered to a Management Board Member or the members of his/her family.

In the years 2019 and 2020 Management Board Members used medical care services dedicated to family members which were financed by Polkomtel sp. z o.o. in accordance with summary below:

Table 2. Summary of Management Board family members benefits provided in years 2019-2020 (in thousands PLN)

	2020	2019
Mirosław Błaszczyk	12	7
Maciej Stec	9	7
Jacek Felczykowski	3	1
Tobiasz Solorz		1
Tomasz Gillner-Gorywoda		1

Value of benefits is included in Table 1 of this Report.

No additional pension scheme exists in the Company and Management Board Members are not covered by any such a scheme.

Remuneration obtained from the entities being members of the same capital group, as defined by the Accountancy Act of 29 September 1994.

Table 3. Remuneration of the Management Board Members of Cyfrowy Polsat S.A. obtained in the companies which are members of the capital group, as isolated from the amounts found in Table 1 (in PLN thousand)

First and last name, Position	Year	Fixed remuneration		Variable remuneration		Additional remuneration, including non-financial benefits [5]	Pension plans 6]	Total remuneration [1+2+3+4+5+6]	Share of fixed to variable remuneration [(1+2) / (3+4)]
		Basic remuneration [1]	Benefits [2]	Short-term incentives - annual [3]	Long-term incentives [4]				
Mirosław Błaszczyk ³⁾ President of the Management Board	2020	722	12	1.250				1.984	37%/63%
	2019	798	7	1.000				1.805	45%/55%
Maciej Stec Vice-President of the Management Board	2020	420	9	1.250				1.679	26%/74%
	2019	714	7	1.000				1.720	42%/58%
Katarzyna Ostap-Tomann Management Board Member	2020	466	0	1.350				1.816	26%/74%
	2019	482	0	1.000				1.482	33%/67%
Jacek Felczykowski ⁴⁾ Management Board Member	2020	720	4	750				1.474	49%/51%
	2019	780	2	700				1.482	53%/47%
Aneta Jaskólska Management Board Member	2020	336	0	800				1.136	30%/70%
	2019	336	0	800				1.136	27%/73%
Agnieszka Odorowicz Management Board Member	2020	0	0	0				0	0%/0%
	2019	0	0	0				0	0%/0%
Tobiasz Solorz ¹⁾	2019	323	1	0				324	100%/0%
Dariusz Działkowski ²⁾	2019	6	0	0				6	100%/0%
Tomasz Gillner- Gorywoda ²⁾	2019	140	1	0				141	99%/1%%

II.2. Remuneration of Supervisory Board Members

Supervisory Board Members are paid fixed remuneration on account of their functions. The remuneration may differ depending on the function a given individual has in the Supervisory Board.

The amounts of the remuneration of Supervisory Board Members are defined by the General Meeting.

Total remuneration with division into the components which are mentioned in the Article 90d, section 3, point 1 of the Act on Public Offering, as well as the mutual relations between the respective components of the remuneration

Table 4. Remuneration of Supervisory Board Members on account of sitting on the Supervisory Board of Cyfrowy Polsat (in PLN thousand)

First and last name, Position	Year	Fixed remuneration		Variable remuneration		Additional remuneration, including non-financial benefits [5]	Pension plans [6]	Total remuneration [1+2+3+4 +5+6]	Share of fixed to variable remuneration [[1+2] / (3+4)]
		Basic remuneration [1]	Benefits [2]	Short-term incentives - annual [3]	Long-term incentives [4]				
Marek Kapuściński Supervisory Board Chairman	2020	240						240	100%/0%
	2019	240						240	100%/0%
Aleksander Myszka Supervisory Board Member	2020	180						180	100%/0%
	2019	180						180	100%/0%
Józef Birka Supervisory Board Member	2020	180						180	100%/0%
	2019	180						180	100%/0%
Leszek Reksa Supervisory Board Member	2020	180						180	100%/0%
	2019	180						180	100%/0%
Marek Grzybowski ¹⁾ Supervisory Board Member	2020	80						80	100%/0%
	2019	0						0	100%/0%
Paweł Ziółkowski ¹⁾ Supervisory Board Member	2020	80						80	100%/0%
	2019	0						0	100%/0%
Piotr Zak Supervisory Board Member	2020	180						180	100%/0%
	2019	180						180	100%/0%
Rober Gwiazdowski Supervisory Board Member	2020	180						180	100%/0%
	2019	180						180	100%/0%
Tomasz Szelaż Supervisory Board Member	2020	180						180	100%/0%
	2019	180						180	100%/0%

1) By virtue of the resolution adopted by the General Meeting on 23 July 2020, Messrs. Marek Grzybowski and Paweł Ziółkowski were appointed to the Company's Supervisory Board.

Remuneration obtained from the entities being members of the same capital group, as defined by the Accountancy Act of 29 September 1994.

Table 5. Remuneration of the Supervisory Board Members of Cyfrowy Polsat S.A. obtained in the companies which are members of the capital group (in PLN thousand)

First and last name, Position	Year	Fixed remuneration		Variable remuneration		Additional remuneration, including non-financial benefits [5]	Pension plans [6]	Total remuneration [1+2+3+4 +5+6]	Share of fixed to variable remuneration [[1+2] / (3+4)]
		Basic remuneration [1]	Benefits [2]	Short-term incentives - annual [3]	Long-term incentives [4]				
Aleksander Myszka Supervisory Board Member	2020	1 320						1 320	100%/0%
	2019	1 320						1 320	100%/0%
Józef Birka Supervisory Board Member	2020	480						480	100%/0%
	2019	480						480	100%/0%

Piotr Żak Supervisory Board Member	2020	1 032						1 032	100%/0%
	2019	886						886	100%/0%
Tomasz Szelaąg Supervisory Board Member	2020	480						480	100%/0%
	2019	480						480	100%/0%
Paweł Ziółkowski Supervisory Board Member	2020	57						57	100%/0%
	2019							0	0%/0%

II.3 Financial instruments granted or offered

No financial instruments were either granted or offered to the Management Board Members or the Supervisory Board Members in the years 2019-2020.

II.4 Information on exercising the option of requesting repayment of variable components of the remuneration

The Remuneration Policy in place does not provide for the possibility of postponing the payment of any variable components of remuneration or for requesting their repayment.

III. Explanation of compliance of the total remuneration with the adopted Remuneration Policy, including explanation of the manner in which it contributes to the accomplishment of the Company's long-term goals

The remuneration is paid out by the Company to the Management Board and Supervisory Board Members in compliance with the Remuneration Policy.

The Remuneration Policy is intended to ensure sustainable growth of the Company's value. The accomplishment of this goal by the Management Board and the Supervisory Board requires – among others – relevant structuring of the remuneration of the Management Board Members and Supervisory Board Members on account of their overall duties.

The above is achieved by restricting the remuneration of these individuals to a fixed part, which they receive for the fulfillment of their duties related to the general operation of the Company, without limiting their activity to the pursuit of specific selected goals only. Volatility of the market, social and economic situation as well as the need for flexible response to emerging risks and business opportunities provide no justification for setting such fixed goals.

In the case of Management Board Members, the need for flexible response to the changing situation and the emerging challenges, when required, is addressed by the possibility of awarding of bonuses to them. Such an approach guarantees flexibility in assurance of stable existence of the Company and pursuit of its long-term interests.

The effective translation of the remuneration method adopted by the Company for the Management Board and Supervisory Board into a permanent increase in the Company's value is reflected in the successively increasing main financial parameters, presented in section VI of this report.

Steady growth of revenues stream from the sale of services, products, goods and materials allows to regularly invest in the development of the Group's business model, and at the same time to maintain a stable, high profitability of the conducted business activity. This translates into a clear increase in the value of the Company, which is reflected in the increase in the market capitalization of Cyfrowy Polsat by approximately PLN 4.4 billion in the period 2014-2020. Thus, Cyfrowy Polsat S.A. is the most valuable Polish company in the TMT sector (technology, media, telecommunications).

IV. Information on the manner in which the result-related criteria have been applied

The amount of the bonus, which is awarded for a given calendar year in line with the provisions of the Remuneration Policy, is defined by the Supervisory Board for each Management Board Member individually and based on discretionary criteria, however while taking into account the Company's results and the pursuit of its long-term interests by Company.

V. Information regarding any variances from the procedure of implementation of the Remuneration Policy as well as any variances that have been applied in compliance with Art. 90f Act on Public Offering, including explanation of the underlying reasons and indication of the elements in whose case such variances occurred

Based on the Supervisory Board's best knowledge, no variances from the procedure of implementation of the Remuneration Policy were noted.

VI. Information regarding change, in a yearly perspective, of the remuneration, the Company's performance (results) as well as the average remuneration of the Company's employees who are neither Management Board Members, nor Supervisory Board Members, in the timeframe of at least five past financial years. The figures are presented in the aggregate form and in the manner enabling their comparison

Cyfrowy Polsat S.A.		2014	2015	2016	2017	2018	2019	2020
Costs associated with the Management Board	[PLN million]	7.1	9.8	5.6	7.3	12.8	8.1	8.3
	Change YoY [%]		39.7%	-42.6%	29.9%	74.2%	-36.8%	3.2%
Costs associated with the Supervisory Board	[PLN million]	0.66	0.75	1.03	1.35	1.28	1.32	1.48
	Change YoY [%]		13.5%	37.9%	30.6%	-5.1%	3.2%	12.1%
Company's performance in PLN million								
Revenue from sale of services, products, goods and materials	[PLN million]	7 409.9	9 823.0	9 729.8	9 828.6	10 686.1	11 676.1	11 962.9
	Change YoY [%]		32.6%	-0.9%	1.0%	8.7%	9.3%	2.5%
EBITDA	[PLN million]	2 738.3	3 685.1	3 640.8	3 617.0	3 697.7	4 196.7	4 191.9
	Change YoY [%]		34.6%	-1.2%	-0.7%	2.2%	13.5%	-0.1%
Net profit for the period	[PLN million]	292.5	1 163.4	1 021.0	945.2	816.1	1 114.6	1 146.2
	Change YoY [%]		297.7%	-12.2%	-7.4%	-13.7%	36.6%	2.8%
Capitalization	[PLN billion]	15.0	13.4	15.7	15.9	14.4	17.9	19.4
	Change YoY [%]		-10.7%	17.2%	1.3%	-9.4%	24.3%	8.4%
Average remuneration in PLN ¹⁾								
Employees	[PLN]	7 524.7	8 863.2	7 941.5	8 227.0	8 295.9	8 314.4	8 286.1
	Change YoY [%]		17.8%	-10.4%	3.6%	0.8%	0.2%	-0.3%

1) Average remuneration of employees – headcount status as of the end of a given year, excluding Management Board Members. Gross monthly base salary per FTE.

Marek Kapuściński
Chairman of the Supervisory Board
Cyfrowy Polsat S.A.

May 24, 2021