Cyfrowy Polsat S.A. Capital Group

Interim Consolidated Report for the six month period ended June 30, 2024

Warsaw, August 21, 2024

Table of Contents

Cyfrowy Polsat S.A. Capital Group

Interim Condensed Consolidated Financial Statements
for the 6 months ended 30 June 2024

prepared in accordance
with International Accounting Standard 34
Interim Financial Reporting

Table of contents

Approval of the Interim Condensed Consolidated Financial Statements

On 21 August 2024, 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 2024 to 30 June 2024 showing a net profit for the period of: PLN 359.8

Interim Consolidated Statement of Comprehensive Income for the period

from 1 January 2024 to 30 June 2024 showing a total comprehensive income for the period of: PLN 363.2

Interim Consolidated Balance Sheet as at

30 June 2024 showing total assets and total equity and liabilities of: PLN 36,777.1

Interim Consolidated Cash Flow Statement for the period

from 1 January 2024 to 30 June 2024 showing a net decrease in cash and cash equivalents amounting to: PLN 243.5

Interim Consolidated Statement of Changes in Equity for the period

from 1 January 2024 to 30 June 2024 showing an increase in equity of: PLN 358.5

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, 21 August 2024

(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 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Continuing operations					
Revenue	8	3,454.3	3,289.8	6,859.3	6,489.1
Operating costs	9	(3,085.8)	(2,945.0)	(6,202.1)	(5,836.9)
Gain on disposal of a subsidiary and an associate		-	-	10.0	-
Other operating income/(cost), net		27.5	(15.0)	181.5	(23.7)
Profit from operating activities		**396.0**	**329.8**	**848.7**	**628.5**
Gain/(loss) on investment activities, net	10	84.2	21.0	103.4	41.8
Finance costs, net	11	(267.1)	(300.7)	(468.4)	(556.4)
Share of the profit/(loss) of associates accounted for using the equity method		0.1	(9.9)	0.1	10.4
Gross profit for the period		**213.2**	**40.2**	**483.8**	**124.3**
Income tax		(37.7)	(32.1)	(124.0)	(45.2)
Net profit for the period		**175.5**	**8.1**	**359.8**	**79.1**
Net profit /(loss) attributable to equity holders of the Parent		146.4	(7.3)	326.5	57.2
Net profit/(loss) attributable to non-controlling interest		29.1	15.4	33.3	21.9
Basic and diluted earnings per share (in PLN)		**0.32**	**0.01**	**0.65**	**0.14**

(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 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Net profit for the period		**175.5**	**8.1**	**359.8**	**79.1**
Items that may be reclassified subsequently to profit or loss:					
Valuation of hedging instruments	13	(0.3)	(4.6)	4.3	(14.3)
Share of other comprehensive income of subsidiaries and associates		(0.2)	(14.9)	(0.9)	(15.1)
Other comprehensive income/(loss), net of tax		**(0.5)**	**(19.5)**	**3.4**	**(29.4)**
Total comprehensive income/(loss) for the period		**175.0**	**(11.4)**	**363.2**	**49.7**
Total comprehensive income/(loss) attributable to equity holders of the Parent		146.1	(24.0)	330.2	30.7
Total comprehensive income attributable to non-controlling interest		28.9	12.6	33.0	19.0

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Interim Consolidated Balance Sheet - Assets

	Note	30 June 2024 unaudited	31 December 2023
Property, plant and equipment		6,729.2	6,494.3
Goodwill	16	10,971.4	10,980.2
Customer relationships		81.3	300.2
Brands		1,947.4	1,979.7
Other intangible assets		4,753.2	4,835.8
Right-of-use assets		706.3	644.6
Non-current programming assets		259.9	304.8
Investment property		693.7	700.0
Non-current deferred distribution fees		75.4	85.0
Non-current trade receivables		878.5	968.1
Non-current loans granted		2.7	10.9
Other non-current assets, includes:		790.0	702.8
shares in associates and joint ventures accounted for using the equity method		*10.2*	*10.1*
shares in third parties valued in fair value		*678.4*	*615.9*
derivative instruments		*42.1*	*35.2*
Deferred tax assets		158.2	142.8
Total non-current assets		**28,047.2**	**28,149.2**
Current programming assets		634.1	678.2
Contract assets		336.6	349.0
Inventories		1,205.9	1,215.6
Trade and other receivables		3,007.0	2,947.1
Current loans granted		13.4	116.2
Income tax receivable		25.3	20.0
Current deferred distribution fees		244.1	227.4
Other current assets, includes:		177.6	139.7
derivative instruments		*39.2*	*21.6*
Cash and cash equivalents		3,060.0	3,306.0
Restricted cash		16.8	19.7
Total current assets		**8,720.8**	**9,018.9**
Assets held for sale, includes:		**9.1**	**8.6**
cash and cash equivalents		-	*1.2*
Total assets		**36,777.1**	**37,176.7**

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

Interim Consolidated Balance Sheet - Equity and Liabilities

	Note	30 June 2024 unaudited	31 December 2023
Share capital	12	25.6	25.6
Share premium	12	7,174.0	7,174.0
Share of other comprehensive income of associates		(0.1)	-
Other reserves		2,794.9	2,752.8
Retained earnings		8,660.6	8,334.1
Treasury shares		(2,854.7)	(2,854.7)
Equity attributable to equity holders of the Parent		**15,800.3**	**15,431.8**
Non-controlling interests		863.4	873.4
Total equity		**16,663.7**	**16,305.2**
Loans and borrowings	14	9,328.7	9,534.3
Issued bonds	15	3,668.0	3,955.4
Lease liabilities		473.5	444.6
Deferred tax liabilities		1,056.8	1,035.0
Other non-current liabilities and provisions, includes:		297.2	385.6
derivative instruments		*9.3*	*24.0*
Total non-current liabilities		**14,824.2**	**15,354.9**
Loans and borrowings	14	1,349.1	1,069.7
Issued bonds	15	366.3	393.7
Lease liabilities		184.6	166.2
Contract liabilities		752.2	682.2
Trade and other payables, includes:		2,605.0	3,172.6
derivative instruments		*9.1*	*20.2*
Income tax liability		32.0	31.4
Total current liabilities		**5,289.2**	**5,515.8**
Liabilities held for sale		-	0.8
Total liabilities		**20,113.4**	**20,871.5**
Total equity and liabilities		**36,777.1**	**37,176.7**

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Interim Consolidated Cash Flow Statement

		for the 6 months ended	
	Note	30 June 2024 unaudited	30 June 2023 unaudited
Net profit		**359.8**	**79.1**
Adjustments for:		**1,158.8**	**1,311.8**
Depreciation, amortization, impairment and liquidation	9	962.6	931.2
Payments for film licenses and sports rights		(306.7)	(341.3)
Amortization of film licenses and sports rights		302.9	318.6
Interest expense		515.2	514.0
Change in inventories		24.4	(107.4)
Change in receivables and other assets		(90.9)	138.3
Change in liabilities and provisions		(2.4)	(55.2)
Change in contract assets		12.4	(12.4)
Change in contract liabilities		70.0	23.1
Foreign exchange gains, net		(17.3)	(19.7)
Income tax		124.0	45.2
Net additions of reception equipment		(78.6)	(47.2)
Share of the profit of associates accounted for using the equity method		(0.1)	(10.4)
Gain on disposal of a subsidiary and an associate		(10.0)	-
Premium for early redemption of bonds		0.4	9.7
Cumulative catch-up		(2.5)	(19.2)
One-time loans repayment		-	20.8
Valuation of hedging instruments		5.3	(17.7)
Profit on derivatives, net		(50.2)	(58.2)
Dividend income		(30.8)	-
Change in value of Asseco Poland S.A. shares		(58.4)	-
Gain on disposal of IP		(185.1)	-
Other adjustments		(25.4)	(0.4)
Cash from operating activities		**1,518.6**	**1,390.9**
Income tax paid		(124.0)	(197.3)
Interest received from operating activities		69.3	46.1
Net cash from operating activities		**1,463.9**	**1,239.7**

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		for the 6 months ended	
	Note	30 June 2024 unaudited	30 June 2023 unaudited
Acquisition of property, plant and equipment		(520.5)	(344.2)
Acquisition of intangible assets		(173.2)	(166.8)
Concessions payments		(273.5)	(853.8)
Acquisition of subsidiaries, net of cash acquired	16	(108.4)	(0.1)
Proceeds from disposal of a subsidiary and an associate		12.0	-
Proceeds from sale of non-financial assets		214.1	8.6
Loans granted		(1.0)	(342.5)
Repayment of loans granted		95.9	132.8
Acquisition of bonds		-	(20.0)
Bonds redemption with interests		-	22.0
Dividends received		30.8	73.8
Other inflows		3.7	8.3
Net cash used in investing activities		**(720.1)**	**(1,481.9)**
Bonds issue	15	-	1,088.0
Loans and borrowings inflows	14	222.9	3,147.7
Repayment of loans and borrowings	14	(161.5)	(752.5)
Bonds redemption	15	(311.9)	-
Payment of interest on loans, borrowings, bonds, and commissions*		(607.3)	(501.3)
Payment of lease liabilities		(112.8)	(104.7)
Payment of interest on lease liabilities		(18.1)	(12.9)
Hedging instrument effect		8.2	48.4
Other inflows/(outflows)		(6.8)	2.8
Net cash from/(used) in financing activities		**(987.3)**	**2,915.5**
Net increase/(decrease) in cash and cash equivalents		**(243.5)**	**2,673.3**
Cash and cash equivalents at the beginning of the period		**3,325.7**(1)	**817.8**(2)
Effect of exchange rate fluctuations on cash and cash equivalents		(5.4)	(12.6)
Cash and cash equivalents at the end of the period		**3,076.8**(3)	**3,478.5**(4)

* Includes amount paid for costs related to the new financing
(1) Includes restricted cash amounting to PLN 19.7
(2) Includes restricted cash amounting to PLN 9.3
(3) Includes restricted cash amounting to PLN 16.8
(4) Includes restricted cash amounting to PLN 12.2

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Interim Consolidated Statement of Changes in Equity for the 6 months ended 30 June 2024

	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 2024	**25.6**	**7,174.0**	**-**	**2,752.8**	**8,334.1**	**(2,854.7)**	**15,431.8**	**873.4**	**16,305.2**
Dividend approved and share of profits	-	-	-	-	-	-	-	(6.0)	**(6.0)**
Acquisition/disposal of subsidiaries/associates	-	-	-	(1.2)	-	-	(1.2)	2.5	**1.3**
Option valuation	-	-	-	39.5	-	-	39.5	(39.5)	**-**
Total comprehensive income/(loss)	-	-	(0.1)	3.8	326.5	-	330.2	33.0	**363.2**
Hedge valuation reserve	-	-	-	*4.3*	-	-	*4.3*	-	***4.3***
Share of other comprehensive income of subsidiaries and associates	-	-	*(0.1)*	*(0.5)*	-	-	*(0.6)*	*(0.3)*	***(0.9)***
Net profit for the period	-	-	-	-	*326.5*	-	*326.5*	*33.3*	***359.8***
Balance as at 30 June 2024 unaudited	**25.6**	**7,174.0**	**(0.1)**	**2,794.9**	**8,660.6**	**(2,854.7)**	**15,800.3**	**863.4**	**16,663.7**

[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 2024 the capital excluded from distribution amounts to PLN 8.5

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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/(loss)	-	-	(6.1)	(20.4)	57.2	-	30.7	19.0	**49.7**
Hedge valuation reserve	-	-	-	*(14.3)*	-	-	*(14.3)*	-	***(14.3)***
Share of other comprehensive income 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

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 four 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,
- green energy segment, which mainly includes production and sale of energy from renewable sources, construction of a complete hydrogen-based value chain as well as investments in projects focused on the production of energy from photovoltaics and wind farms.

The interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income, together with the appropriate notes for the period of 3 months ended 30 June 2024 and comparative data for the period of 3 months ended 30 June 2023, were subject neither to a review nor audit.

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 of the Company since 3 July 2024:

- Zygmunt Solorz Chairman of the Supervisory Board,
- Tobias Solorz Vice-Chairman of the Supervisory Board,
- Justyna Kulka 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 of the Company until 3 July 2024:

- Zygmunt Solorz Chairman of the Supervisory Board,
- Tobias Solorz Vice-Chairman of the Supervisory Board,
- Piotr Żak Vice-Chairman of the Supervisory Board,
- Justyna Kulka Vice-Chairman of the Supervisory Board (since 20 June 2024),
- 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.

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 2024 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 2023, 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 2023, except for the adoption of new, amended Standards or Interpretations that apply to the annual reporting periods beginning on or after 1 January 2024.

During the six-month period ended 30 June 2024 the following became effective:
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current,
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback,
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

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Amendments and interpretations that apply for the first time in 2024 do not have a material impact on the interim condensed consolidated financial statements of the Group.

Standards published but not yet effective:
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability,
- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments,
- IFRS 18 Presentation and Disclosure in Financial Statements,
- IFRS 19 Subsidiaries without Public Accountability: Disclosures,
- Annual improvements (volume 11) – includes clarifications, simplifications, corrections and changes of IFRS standards: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 7 Statement of Cash Flows.

5. Group structure

These interim condensed consolidated financial statements for the 6 months ended 30 June 2024 include the following entities:

			Share in voting rights (%)*	
	Entity's registered office	**Activity**	**30 June 2024**	**31 December 2023**
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.)	Ostrobramska 77, 04-175 Warsaw	media	100%	100%
Polsat License Ltd.	Alte Landstrasse 17, 8863 Buttikon, Switzerland	media	100%	100%
Polsat Investments Ltd.	3, Krinou Agios Athanasios, 4103 Limassol, Cyprus	media	100%	100%
Polsat Ltd.	238A King Street, W6 0RF London, United Kingdom	media	100%	100%
naEKRANIE.pl Sp. z o.o.	Fabryczna 5a, 00-446 Warsaw	media	60%	60%

(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 2024	31 December 2023
Subsidiaries accounted for using full method (cont):				
4FUN Sp. z o.o.	Fabryczna 5a, 00-446 Warsaw	media	60%	60%
Muzo.fm Sp. z o.o. [(f)]	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	media	-[(f)]	100%
INFO-TV-FM Sp. z o.o.	Łubinowa 4a, 03-878 Warsaw	radio and TV activities	100%	100%
CPSPV1 Sp. z o.o. [(g)]	Łubinowa 4a, 03-878 Warsaw	technical services	-[(g)]	100%
CPSPV2 Sp. z o.o. [(g)]	Łubinowa 4a, 03-878 Warsaw	technical services	-[(g)]	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%
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%

(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 2024	31 December 2023
Subsidiaries accounted for using full method (cont):				
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%
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	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 2024	31 December 2023
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.)	Os. Teatralne 9a, 31-946 Cracow	web portals activities	100%	100%
Mobiem Polska in liquidation Sp. z o.o.	Fabryczna 5a, 00-446 Warsaw	holding activities	100%	100%
Mobiem Sp. z o.o. (formerly 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. [(e)]	Rakowiecka 41/21, 02-521 Warsaw	telecommunication activities	80.01%	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%
Saveadvisor Sp. z o.o.	Warszawska 18, 35-205 Rzeszów	call center services	100%	100%
Stork 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warsaw	holding activities	100%	100%
Swan 5 Sp. z o.o.	Łubinowa 4A, 03-878 Warsaw	agricultural activities	100%	100%
Vindix S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	other financial 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 2024	Share in voting rights (%)* 31 December 2023
Subsidiaries accounted for using full method (cont):				
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%
Port Praski 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 Office Park Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	77.52%	77.52%
Port Praski City Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	77.52%	77.52%
Port Praski City III Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	77.52%	77.52%
Port Praski City IV Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	77.52%	77.52%
Port Praski Sp. z o.o. S.K.A.	Krowia 6, 03-711 Warsaw	implementation of construction projects	77.52%	77.52%
Port Praski Education Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	77.52%	77.52%
Port Praski Doki Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	77.52%	77.52%

(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 2024	Share in voting rights (%)* 31 December 2023
Subsidiaries accounted for using full method (cont):				
Port Praski Doki II Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	77.52%	77.52%
Port Praski Media Park Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	77.52%	77.52%
Port Praski II Sp. z o.o.	Krowia 6, 03-711 Warsaw	implementation of construction projects	77.52%	77.52%
Port Praski Hotel Sp. z o.o.	Krowia 6, 03-711 Warsaw	hotel services	77.52%	77.52%
Pantanomo Limited	3 KRINOU, Limassol 4103, Cyprus	holding activities	77.52%	77.52%
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.[(c)]	Pańska 77/79, 00-834 Warsaw	implementation of construction projects	-[(c)]	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%
Centrum Zdrowia i Relaksu Verano Sp. z o.o.	Sikorskiego 8, 78-100 Kołobrzeg	hotel services	66.94%	66.94%
Enterpol Sp. z o.o.[(b)]	Braci Wieniawskich 5, 20-844 Lublin	telecommunication activities	-[(b)]	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	79.88%	79.88%
PAK-Polska Czysta Energia Sp. z o.o.	Kazimierska 45, 62-510 Konin	holding activity	50.5%	50.5%

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			Share in voting rights (%)*	
	Entity's registered office	Activity	30 June 2024	31 December 2023
Subsidiaries accounted for using full method (cont):				
PAK-PCE Człuchów Sp. z o.o. (formerly Great Wind Sp. z o.o.)	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
PAK-PCE Farma Wiatrowa Okonek Sp. z o.o. [(d)]	Kazimierska 45, 62-510 Konin	holding activity	-[(d)]	50.5%
PAK-PCE Farma Wiatrowa Jastrowie Sp. z o.o. [(d)]	Kazimierska 45, 62-510 Konin	holding activity	-[(d)]	50.5%
Eviva Lębork Sp. z o.o. [(a)]	Kazimierska 45, 62-510 Konin	production of electricity	-[(a)]	50.5%
Eviva Drzeżewo Sp. z o.o.	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
Mese Sp. z o.o. [(d)]	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	movie and TV production	-[(d)]	55.45%
PCE OZE 1 Sp. z o.o.	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
PCE OZE 2 Sp. z o.o.	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
PCE OZE 3 Sp. z o.o.	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
PCE OZE 4 Sp. z o.o.	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
PCE OZE 6 Sp. z o.o.	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
Exion Hydrogen Polskie Elektrolizery Sp. z o.o.	Ku Ujściu 19, 80-701 Gdańsk	manufacture of electrical equipment	50.4%	50.4%
Exion Hydrogen Belgium BV	Slachthuisstraat 120, bus 12, 2300 Turnhout Belgium	manufacture of electrical equipment	50.4%	50.4%
PAK-PCE Fotowoltaika Sp. z o.o.	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
PAK-VOLT S.A.	Al. Stanów Zjednoczonych 61A, 04-028 Warsaw	trade of electricity	50.5%	50.5%
PG Hydrogen Sp. z o.o.	Konstruktorska 4, 02-673 Warsaw	manufacrture of engines and turbines	26.26%	26.26%
PAK-PCE Biopaliwa i Wodór Sp. z o.o.	Przemysłowa 158, 62-510 Konin	production of electricity	50.5%	50.5%

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			Share in voting rights (%)*	
	Entity's registered office	Activity	30 June 2024	31 December 2023
Subsidiaries accounted for using full method (cont):				
PAK-PCE Wiatr Sp. z o.o.	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
PAK-PCE Polski Autobus Wodorowy Sp. z o.o.	Kazimierska 45, 62-510 Konin	manufacture of buses	50.5%	50.5%
PAK-PCE Stacje H2 Sp. z o.o.	Kazimierska 45, 62-510 Konin	retail of hydrogen	50.5%	50.5%
PAK-PCE Przyrów Sp. z o.o. (formely Farma Wiatrowa Przyrów Sp. z o.o.)	ul. Czestochowska 7A, 42-428 Przyrów	production of electricity	50.5%	50.5%
PAK-PCE Dobra Sp. z o.o. (formerly Elektrownie Wiatrowe Dobra Sp. z o.o.)	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
Farma Wiatrowa Kazimierz Biskupi Sp. z o.o.	Kazimierska 45, 62-510 Konin	production of electricity	50.5%	50.5%
PAK-PCE Miłosław Sp. z o.o. (formely Park Wiatrowy Pałczyn 1 Sp. z o.o.)	Al. Wojska Polskiego 68, 70-479 Szczecin	production of electricity	50.5%	50.5%
Port Praski Medical Center Sp. z o.o.	Postępu 14, 02-676 Warsaw	implementation of construction projects	77.52%	77.52%
Port Praski City II Sp. z o.o.	Postępu 14, 02-676 Warsaw	implementation of construction projects	77.52%	77.52%

* including direct and indirect shares
** Cyfrowy Polsat S.A. indirectly holds 100% of certificates
[a]On 3 January 2024 merger of Eviva Drzeżewo Sp. z o.o. (acquiring company) with Eviva Lębork Sp. z o.o. (acquired company) was registred.
[b]On 5 January 2024 merger of Netia S.A. (acquiring company) with Enterpol Sp. z o.o. (acquired company) was registred.
[c]On 18 January 2024 merger of Laris Development Sp. z o.o. (acquiring company) with SPV Baletowa Sp. z o.o. (acquired company) was registred.
[d]On 31 January 2024 merger of PAK-PCE Wiatr Sp. z o.o. (acquiring company) with companies: PAK-PCE Jastrowie Sp. z o.o., PAK-PCE Okonek Sp. z o.o. and Mese Sp. z o.o. (acquired companies) was registered.
[e]On 14 March 2024 Cyfrowy Polsat S.A. aquired additional 10% shares in BCAST Sp. z o.o. Following the transaction, Cyfrowy Polsat S.A. holds 80.01% shares in BCAST Sp. z o.o.
[f]On 27 March 2024 Telewizja Polsat Sp. z o.o. sold 100% of shares in Muzo.fm Sp. z o.o.
[g]On 30 April 2024 merger of Polkomtel Business Development Sp. z o.o. (acquiring company) with companies: CPSPV1 Sp. z o.o. and CPSPV2 Sp. z o.o. (acquired companies) was registered.

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

Investments accounted for under the equity method:

			Share in voting rights (%)*	
	Entity's registered office	Activity	30 June 2024	31 December 2023
Polski Operator Telewizyjny Sp. z o.o.	Wiertnicza 166, 02-952 Warsaw	technical services	50%	50%
Polsat Boxing Promotion Sp. z o.o.	Ostrobramska 77, 04-175 Warsaw	movie and TV production	24%	24%
Pollytag S.A.	Wielopole 6, 80-556 Gdańsk	sale of wood and construction materials	31.12%	31.12%

* including direct and indirect shares

Additionally, the following entities were included in these consolidated financial statements for the year ended 30 June 2024:

			Share in voting rights (%)	
	Entity's registered office	Activity	30 June 2024	31 December 2023
Karpacka Telewizja Kablowa Sp. z o.o.[(1)]	Warszawska 220, 26-600 Radom	dormant	99%	99%
Polskie Badania Internetu Sp. z o.o.[(2)]	Al. Jerozolimskie 65/79, 00-697 Warsaw	web portals activities	21.43%	21.43%
Pluszak Sp. z o.o.	Domaniewska 47, 02-672 Warsaw	retail sales	9%	9%
Towerlink Poland Sp. z o.o.	Marcina Kasprzaka 4, 01-211 Warsaw	telecommunication activities	0.01%	0.01%
Megadex SPV Sp. z o.o.	Adama Mickiewicza 63, 01-625 Warsaw	other financial services	7.02%	7.02%
Stocznia Remontowa NAUTA S.A.	Budowniczych 10, 81-336 Gdynia	repair and maintenance of ships and boats	0.03%	0.03%
Asseco Poland S.A.	Olchowa 14, 35-322 Rzeszów	software activities	10.13%	10.13%
Neo Energia Przykona X Sp. z o.o.[(3)]	Franciszka Klimczaka 1, 02-797 Warsaw	other consulting	0.51%	-
Energia Przykona Sp. z o.o.[(4)]	Franciszka Klimczaka 1, 02-797 Warsaw	electricity distribution	0.51%	-

[(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 27 June 2024, PAK-Polska Czysta Energia Sp. z o.o. acquired 1% shares in Neo Energia Przykona X Sp. z o.o.
[(4)] On 27 June 2024, PAK-Polska Czysta Energia Sp. z o.o. acquired 1% shares in Energia Przykona Sp. z o.o.

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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 21 August 2024.

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.

Revenues from sales of energy produced from wind sources are subject to seasonal fluctuations during the year in such a way that the highest production usually occurs in the fourth and first quarters, which is related to the higher number of windy days. Revenues from sales of energy produced from photovoltaics are subject to seasonal fluctuations during the year in such a way that the highest production is usually in the second and third quarters, which is related to the higher number of sunny days.

8. Revenue

	for the 3 months ended		for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Retail revenue	1,784.4	1,734.8	3,555.0	3,468.6
Wholesale revenue	848.2	859.0	1,597.9	1,651.3
Sale of equipment	432.8	483.6	858.7	968.5
Energy revenue	249.0	-	530.9	-
Other revenue	139.9	212.4	316.8	400.7
Total	**3,454.3**	**3,289.8**	**6,859.3**	**6,489.1**

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

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

Energy revenue mainly consists of revenue from the sale of produced electricity and revenue from the sale of traded electricity, revenue from the sale of heat, as well as revenue from the sale of 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 photovoltaic installations, revenue from the sale of apartments, revenue from the sale of hydrogen, revenue from the sale of gas and sale of buses.

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9. Operating costs

		for the 3 months ended		for the 6 months ended	
	Note	30 June 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Technical costs and cost of settlements with telecommunication operators		820.1	823.9	1,622.7	1,632.5
Depreciation, amortization, impairment and liquidation		455.7	468.7	936.7	931.2
Cost of equipment sold		333.7	384.0	661.7	776.6
Content costs		555.4	529.4	1,068.4	1,043.9
Cost of energy sold, includes:		194.1	-	435.9	-
*Depreciation**		*12.3*	-	*23.9*	-
Distribution, marketing, customer relation management and retention costs		255.8	247.7	524.5	491.3
Salaries and employee-related costs	a)	296.4	274.9	600.4	551.0
Cost of debt collection services, bad debt allowance and receivables written off		28.4	32.5	41.5	61.9
Other costs, includes:		146.2	183.9	310.3	348.5
*Depreciation**		*1.0*	-	*2.0*	-
Total		**3,085.8**	**2,945.0**	**6,202.1**	**5,836.9**

* depreciation costs included within energy and bus production costs

a) Salaries and employee related costs

	for the 3 months ended		for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Salaries	241.5	223.4	489.0	450.9
Social security contributions	39.5	36.7	82.1	75.5
Other employee-related costs	15.4	14.8	29.3	24.6
Total	**296.4**	**274.9**	**600.4**	**551.0**

*does not inclue production employees

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

	for the 3 months ended		for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Interest on lease liabilities	(10.2)	(6.7)	(20.0)	(13.0)
Interest on loans granted	2.9	14.6	5.2	26.2
Other interest, net	32.8	11.9	60.4	30.2
Other foreign exchange gains/(losses), net	0.5	(16.5)	(5.9)	(18.4)
Change in value of Asseco Poland S.A. shares	21.4	-	58.4	-
Other income/(costs)	36.8	17.7	5.3	16.8
Total	**84.2**	**21.0**	**103.4**	**41.8**

11. Finance costs, net

	for the 3 months ended		for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Interest expense on loans and borrowings	174.8	218.0	350.6	409.1
Interest expense on issued bonds*	94.4	83.7	189.8	170.4
Foreign exchange differences on loans and borrowings	6.2	(30.0)	(17.7)	(30.0)
Cumulative catch-up	-	-	(2.5)	(19.2)
One-time loans repayment	-	20.8	-	20.8
Valuation and realization of hedging instruments	(1.1)	(3.0)	(1.8)	(10.8)
Valuation and realization of derivatives not used in hedge accounting – relating to interest	(10.6)	9.8	(54.4)	14.2
Guarantee fees, bank and other charges	3.4	1.4	4.4	1.9
Total	**267.1**	**300.7**	**468.4**	**556.4**

*includes early redemption bonuses

12. Equity

Share capital

Presented below is the structure of the Company's share capital as at 30 June 2024 and 31 December 2023:

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 2024 and 31 December 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%
Others	242,743,994	9.7	37.96%	242,743,994	26.94%
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 is under the presumption of the existence of an agreement referred to in article 87 section 1 item 5 of the Public Offering Act.

Share premium

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

Other reserves

Other reserves as at 30 June 2024 and 31 December 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 20 June 2024 the Annual General Meeting of the Company adopted a resolution on the distribution of the Company's net profit for the financial year 2023. In accordance with the provisions of the resolution, the entire net profit in the amount of PLN 639.6 was allocated to supplementary capital.

Treasury shares

Treasury shares as at 30 June 2024 and 31 December 2023 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

Non-controlling interests relate primarily to interests attributable to non-controlling shareholders of PAK-Polska Czysta Energia Sp. z o.o. and its subsidiaries as well as Port Praski Sp. z o.o. and its subsidiaries. PAK-Polska Czysta Energia Sp. z o.o. and its subsidiaries are included in Grenn energy segment. Port Praski Sp. z o.o. and its subsidiaries are included in Real Estate segment.

13. Hedge valuation reserve

Impact of hedging instruments valuation on other reserves

	2024	2023
Balance as at 1 January	**(5.1)**	**18.2**
Valuation of cash flow hedges	5.3	(17.7)
Deferred tax	(1.0)	3.4
Change for the period	**4.3**	**(14.3)**
Balance as at 30 June unaudited	**(0.8)**	**3.9**

14. Loans and borrowings

	30 June 2024 unaudited	31 December 2023
Short-term liabilities	1,349.1	1,069.7
Long-term liabilities	9,328.7	9,534.3
Total	**10,677.8**	**10,604.0**

Change in loans and borrowings liabilities:

	2024	2023
Balance as at 1 January	**10,604.0**	**8,137.4**
Loans and borrowings inflows*	243.7	11,402.7
Loan conversion	-	(8,255.0)
Repayment of capital	(161.5)	(752.5)
Repayment of interest and commissions	(429.9)	(465.2)
One-time loans repayment	-	20.8
Interest accrued and commissions**	439.2	398.5
Foreign exchange	(17.7)	(30.0)
Balance as at 30 June unaudited	**10,667.8**	**10,456.7**

* includes an increase in capital due to capitalization of accrued interest
** includes interest settled as part of the capitalization of interest on capital

15. Issued bonds

	30 June 2024 unaudited	31 December 2023
Short-term liabilities	366.3	393.7
Long-term liabilities	3,668.0	3,955.4
Total	**4,034.3**	**4,349.1**

Change in issued bonds:

	2024	2023
Balance as at 1 January	**4,349.1**	**2,076.4**
Bonds issue (series D bonds)	-	2.670.0
Bonds redemption (series B and C bonds)*	(311.9)	(1,527.9)
Repayment of interest and commissions**	(192.7)	(85.4)
Cumulative catch-up	(2.5)	(19.2)
Interest accrued and commissions	192.3	170.4
Balance as at 30 June unaudited	**4,034.3**	**3,284.3**

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

Early redemption of Series B and C bonds

On 17 January 2024, the Company's Board of Directors decided to carry out an early redemption (the "Early Redemption") of all outstanding:

- 223,798 (not in millions) Series B bearer bonds with a total face value of PLN 223.8, issued by the Company on 26 April 2019 with a redemption date set for 24 April 2026, and
- 88,053 (not in millions) Series C bearer bonds with a total nominal value of PLN 88.1, issued by the Company on 14 February 2020 roku with a redemption date set for 12 Febraury 2027.

The early redemption was carried out by the Company on 5 February 2024 by way of payment:

- for each series B bond, the cash amount of its face value, i.e. PLN 1,000 (not in millions), plus accrued interest of PLN 20.46 (not in millions), and
- for each series C bond, a cash amount equal to its face value, i.e. PLN 1,000 (not in millions), plus accrued interest in the amount of PLN 39.41 (not in millions) and an early redemption premium in the amount of PLN 5.00 (not in millions).

In connection with the Early Redemption, all Series B bonds and Series C bonds were cancelled.

Other notes

16. Acquisition of subsidiaries

Acquisition of shares in PAK-Polska Czysta Energia Sp. z o.o. – final purchase price allocation

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

On 3 July 2023 Cyfrowy Polsat acquired additional 10.1% shares and obtained control over PAK-Polska Czysta Energia Sp. z o.o. and its subsidiaries (“PAK-PCE Group”).

As of the date of the acquistion i.e. 3 July 2023, Cyfrowy Polsat and PAK-Polska Czysta Energia Sp. z o.o. were under common control. The Group applied the acquisition method in accordance with the provisions of IFRS 3 when accounting for acquisitions of the PAK-PCE Group.

CONSIDERATION TRANSFERRED

	Final value of consideration transferred
Cash transferred for 10.1% shares	117.0
Fair value of previously held shares	618.3
Final value as at 3 July 2023	**735.3**

The fair value of previously held shares as at the acquisition date was determined using methods adequate to the specific nature and scope of activities of individual entities from the PAK-PCE Group. The fair value of entities conducting operating activities was determined based on the income approach using the discounted cash flow method, while the fair value for entities not conducting operating activities or in the initial phase of development was determined using the adjusted net assets method. The result from the revaluation of previously held shares to fair value was recognized in the profit and loss.

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred for 10.1% shares	(117.0)
Cash and cash equvalents received	269.5
Cash increase in the period of 12 months ended 31 December 2023	**152.5**

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 companies, as at the acquisition date, and goodwill accounted for an acquisition.

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

Final fair value of assets and liabilities as at 3 July 2023:

	Final fair value as at the acquisition date (3 July 2023)
Net assets:	
Property, plant and equipment	1,827.9
Customer relationships	88.1
Other intangible assets	900.1
Right-of-use assets	89.9
Other non-current assets	117.1
Deferred tax assets	16.5
Inventories	129.1
Trade and other receivables	214.3
Income tax receivable	0.8
Other current assets	64.9
Cash and cash equivalents	269.5
Loans and borrowings	(1,704.2)
Lease liabilities	(76.4)
Deferred tax liability	(211.1)
Other non-current liabilities and provisions	(87.5)
Contract liabilities	(113.4)
Trade and other payables	(318.5)
Value of net assets (100%) [A]	**1,207.1**
Value of net assets attributable to non-controlling interest (49.5%) [B]	**597.5**
Value of net assets attributable to the Group (50.5%)	**609.6**
Consideration transferred [C]	**735.3**
Goodwill [C]-([A]-[B])	**125.7**

As part of the transaction, the pre-existing relationships between the Cyfrowy Polsat Capital Group and the PAK-PCE Group were settled at an estimated fair value of PLN 569.1, which corresponded to the net value of mutual receivables and liabilities between the companies of both capital groups resulting from the outstanding balance as at July 3, 2023, mainly from loan agreements and ongoing contracts for the purchase of electricity. The fair value of contracts for the purchase of electricity was estimated using the income approach, based on discounted future cash flows from concluded contracts, calculated based on the difference between the estimated future market price and the price resulting from the concluded contract. The effect of valuation of the pre-existing relationship was recognized by the Group in the profit and loss.

During the purchase price allocation the Group identified and fair valued intangible assets related to wind and photovoltaic farms (including the value of obtained permits for the construction of wind and photovoltaic farms and their grid connection ("Permits")) and customer relatinsips.

The fair value of the Permits in the amount of PLN 880.2 (included in Other intangible assets) was estimated based on the cost approach using the residual method and corresponds to the difference between the fair value of the farm and the value of the adjusted net assets of the farm as at the valuation date. The Management Board concluded that there is a predictable period during which the Permits will bring benefits to the Group and therefore a definite useful life was adopted. The permits are subject to depreciation for a period equal to the depreciation period of the farms for which the permits were obtained, i.e. for a period of 30 years from the date the farm was put into operation.

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

The fair value of customer relationships in the amount of PLN 88.1 was estimated based on the income approach using the multi-period excess earnings method.

The goodwill was allocated to the "Green energy" operating segment and consist largely of the synergies and economies of scale that can be achieved through further development of the business.

The revenue and net loss included in the consolidated income statement for the reporting period since 3 July 2023 to 31 December 2023 contributed by PAK-PCE Group amounted to PLN 771.6 and PLN 48.2, respectively. Had it been acquired on 1 January 2023, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 12 December 2023 would have amounted to PLN 14,362.8 and PLN 284.7, respectively.

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

On 20 July 2023 Polsat Investments Ltd. (Company's subsidiary) acquired 60% shares in naEKRANIE.pl Sp. z o.o. for the purchase price of PLN 11.1 (including price adjustment in accordance with the contract).

Consequently, the Group holds 60% of shares in naEKRANIE.pl Sp. z o.o. and controls the entity.

CONSIDERATION TRANSFERRED

	Final value of consideration transferred
Consideration	11.1
Final value as at 20 July 2023	**11.1**

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred for 60% shares	(11.1)
Cash nad cash equivalents received	0.3
Cash decrease in the period of 12 months ended 31 December 2023	**(10.8)**

(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 20 July 2023:

	Fair value as at the acquisition date (20 July 2023)
Net assets:	
Brands	1.4
Other intangible assets	0.6
Trade and other receivables	0.5
Cash and cash equivalents	0.3
Deferred tax liabilities	(0.3)
Trade and other payables	(0.1)
Value of net assets	**2.4**
Value of net assets attributable to non-controlling interest	**0.9**
Value of net assets attributable to the Group	**1.5**
Consideration transferred	**11.1**
Goodwill	**9.6**

Goodwill is allocated to the “Media” operating segment.

Following the completion of the purchase price allocation, the fair value of identified assets and liabilities has been adjusted to reflect the final valuation. The adjustment includes identification of the naEkranie.pl brand.

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

The revenue and net profit included in the consolidated income statement for the reporting period since 20 July 2023 to 31 December 2023 contributed by naEKRANIE.pl Sp. z o.o. amounted to PLN 1.7 and PLN 0.7, respectively. Had it been acquired on 1 January 2023, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2023 would have amounted to PLN 13.629.8 and PLN 313.0, respectively.

Acquisition of shares in 4FUN Sp. z o.o – final purchase price allocation

On 21 July 2023 Polsat Investments Ltd. (Company’s subsidiary) acquired 60% shares in 4FUN Sp. z o.o. for the purchase price of PLN 37.5 (including price adjustment in accordance with the contract).

Consequently, the Group holds 60% of shares in 4FUN Sp. z o.o. and controls the entity.

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

CONSIDERATION TRANSFERRED

	Final value of consideration transferred
Consideration	37.5
Final value as at 21 July 2023	**37.5**

RECONCILIATION OF TRANSACTIONAL CASH FLOW

Cash transferred for 60% shares	(37.5)
Cash nad cash equivalents received	16.5
Cash decrease in the period of 12 months ended 31 December 2023	**(21.0)**

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 July 2023:

	Fair value as at the acquisition date (21 July 2023)
Net assets:	
Brands	7.1
Other intangible assets	1.7
Trade and other receivables	2.0
Income tax receivable	0.8
Cash and cash equivalents	16.5
Deferred tax liabilities	(1.7)
Trade and other payables	(1.2)
Value of net assets	**25.2**
Value of net assets attributable to non-controlling interest	**10.2**
Value of net assets attributable to the Group	**15.0**
Consideration transferred	**37.5**
Goodwill	**22.5**

Goodwill is allocated to the “Media” operating segment.

Following the completion of the purchase price allocation, the fair value of identified assets and liabilities has been adjusted to reflect the final valuation. The adjustment includes identification of the 4FUN brand.

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

The revenue and net loss included in the consolidated income statement for the reporting period since 21 July 2023 to 31 December 2023 contributed by 4FUN Sp. z o.o. amounted to PLN 10.6 and PLN 3.0, respectively. Had it been acquired on 1 January 2023, the pro forma revenue and net income included in the consolidated income statement for the 12 months ended 31 December 2023 would have amounted to PLN 13,645.8 and PLN 320.2, respectively.

17. Operating segments

The Group operates in the following four 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,
- Green energy segment (starting from 3 July 2023).

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 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.

The Green energy segment consists primarily of:

- production and sale of energy from renewable sources especially from solar and wind,
- construction of a complete hydrogen-based value chain, including hydrogen stations, hydrogen-powered buses and sale of hydrogen,
- investing in renewalbe energy sources projects such as photovoltaics and wind farms.

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 (including depreciation included in the energy and buses production costs). 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 2024:

the 6 months ended 30 June 2024 (unaudited)	B2C and B2B services	Media: TV and online	Real Estate	Green energy	Consolidation adjustments	Total
Revenues from sales to third parties	5,157.6	1,091.8	54.3	555.6	-	**6,859.3**
Inter-segment revenues	27.1	156.5	19.8	122.9	(326.3)	**-**
Revenues	**5,184.7**	**1,248.3**	**74.1**	**678.5**	**(326.3)**	**6,859.3**
EBITDA adjusted (unaudited)	**1,424.1**	**245.4**	**11.1**	**120.7**	**-**	**1,801.3**
Gain on disposal of a subsidiary and an associate	-	10.0	-	-	-	10.0
EBITDA (unaudited)	**1,424.1**	**255.4**	**11.1**	**120.7**	**-**	**1,811.3**
Depreciation, amortization, impairment and liquidation	836.1	76.6	10.9	13.1	-	**936.7**
Depreciation included in energy and buses production costs	-	-	-	25.9	-	**25.9**
Profit/(loss) from operating activities	**588.0**	**178.8**	**0.2**	**81.7**	**-**	**848.7**
Acquisition of property. plant and equipment and other intangible assets	392.5	39.9	6.5	254.8	-	**693.7**
Acquisition of reception equipment	78.6	-	-	-	-	**78.6**
Balance as at 30 June 2024 (unaudited)						
Assets, including:	26,015.9	4,191.2*	1,495.6	4,882.9	191.5	**36,777.1**
Investments in joint venture and shares in associates	-	-	10.2	-	-	**10.2**

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

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

All material revenues are generated in Poland.

It should be noted that the data for 6 months ended 30 June 2024 allocated to both the “B2C and B2B services” segment, “Media” segment and “Real Estate” segment are not fully comparable to the data for 6 months ended 30 June 2023 due to changes in the structure of the Group, described in notes 5 and 16 as well as in the consolidated financial statements for the financial year ended 31 December 2023.

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

Reconciliation of EBITDA and Net profit for the period:

	for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited
EBITDA adjusted (unaudited)	**1,801.3**	**1,559.7**
Gain on disposal of a subsidiary and an associate	10.0	-
EBITDA (unaudited)	**1,811.3**	**1,559.7**
Depreciation, amortization, impairment and liquidation (note 9)	(936.7)	(931.2)
Depreciation included in energy and bus production costs (note 9)	(25.9)	-
Profit from operating activities	**848.7**	**628.5**
Other foreign exchange rate differences, net (note 10 and 11)	11.8	11.6
Interest costs, net (note 10 and 11)	(438.6)	(539.5)
Share of the profit/(loss) of associates accounted for using the equity method	0.1	10.4
Cumulative catch-up (note 11)	2.5	19.2
One-time loans repayment	-	(20.8)
Other	59.3	14.9
Gross profit for the period	**483.8**	**124.3**
Income tax	(124.0)	(45.2)
Net profit for the period	**359.8**	**79.1**

18. Transactions with related parties

Receivables

	30 June 2024 unaudited	31 December 2023
Joint ventures and associates	0.6	0.2
Entities controlled by a person (or a close member of that person's family) who has control, joint control or significant influence over Cyfrowy Polsat S.A.	10.3	13.2
Total *	**10.9**	**13.4**

* Amounts presented above do not include deposits paid (30 June 2024 – PLN 3.4, 31 December 2023 – PLN 3.4)

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

Other assets

	30 June 2024 unaudited	31 December 2023
Joint ventures and associates	0.4	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.	2.6	-
Total	**3.0**	**0.3**

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

Liabilities

	30 June 2024 unaudited	31 December 2023
Joint ventures and associates	3.0	10.6
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.	159.9	209.6
Total	**162.9**	**220.2**

The liability as at 30 June 2024 mainly includes a liability for the acquisition of shares by Cyfrowy Polsat and property rental.

Loans granted

	30 June 2024 unaudited	31 December 2023
Associates	-	15.0
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.	12.6	12.5
Total	**12.6**	**27.5**

Loans granted as at 30 June 2024 include mainly loans to Dystrybucja Mówi Serwis Sp. z o.o. Sp.k.

Loans received

	30 June 2024 unaudited	31 December 2023
Associates	-	11.3
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.	18.6	6.6
Total	**18.6**	**17.9**

Loans received as at 30 June 2024 include mainly loans from ZE PAK S.A.

Revenues

	for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited
Joint ventures and associates	0.8	13.6
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.	26.0	13.1
Total	**26.8**	**26.7**

In the period of 6 months ended 30 June 2024 most significant transactions relate to income from IT and telemarketing shared services.

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

Expenses and purchases of programming assets

	for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited
Joint ventures and associates	-	109.4
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.	104.6	131.8
Total	**104.6**	**241.2**

In the period of 6 months ended 30 June 2024 and in the period of 6 months ended on 30 June 2023 the most significant transactions include *inter alia* cost of property rental and advertising services.

Gain/(loss) on investment activities, net

	for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited
Joint ventures and associates	0.6	117.1
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.	30.6	7.2
Total	**31.2**	**124.3**

Finance costs, net

	for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited
Joint ventures and associates	0.4	-
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.	0.3	0.3
Total	**0.7**	**0.3**

19. Contingent liabilities

Management believes that the provisions as at 30 June 2024 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 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. On 6 September 2023 the Company filed an appeal against the judgment. At the hearing on 5 June 2024, the Court of Appeal annuled part of the decision of the President of UOKiK, including that related to the fine of PLN 20.1. On 12 July 2024 Company complied with the judgment in terms of paying the fine of PLN 14.8. The Company is considering the possibility of filing a cassation appeal.

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. On 7 March 2024, Polkomtel received a decision of the Supreme Court refusing to accept the cassation appeal in this case for consideration.

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 120.0. The court set the hearing dates for: 15 December 2023 and 17 April 2024. The hearing on 15 December 2023 and on 17 April 2024 has been canceled.

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 17 January 2024. The hearing was postponed without a date.

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 2023 remained unchanged.

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

20. 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 2023. There have been no significant changes in any risk management policies since the end of year 2023.

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.

Presented below are fair values and carrying amounts of financial instruments not measured in fair value:

			30 June 2024 unaudited		31 December 2023	
	Category according to IFRS 9	The level of the fair value hierarchy	Fair value	Carrying amount	Fair value	Carrying amount
Loans granted	A	2	16.1	16.1	127.4	127.1
Trade and other receivables	A	*	3,777.0	3,777.0	3,742.6	3,742.6
Cash and cash equivalents and short-term deposits	A	*	3,060.0	3,060.0	3,307.2	3,307.2
Restricted cash	A	*	16.8	16.8	19.7	19.7
Loans and borrowings	B	2	(11,025.2)	(10,677.8)	(11,150.1)	(10,604.0)
Issued bonds	B	1	(4,155.0)	(4,034.3)	(4,433.7)	(4,349.1)
Lease liabilities	B	2	(658.1)	(658.1)	(610.8)	(610.8)
Accruals	B	*	(1,071.3)	(1,071.3)	(1,213.7)	(1,213.7)
Trade and other payables and deposits	B	*	(1,410.6)	(1,410.6)	(2,096.3)	(2,096.3)
Total			**(11,450.3)**	**(10,982.2)**	**(12,307.7)**	**(11,677.3)**
Unrecognized loss				(468.1)		(630.4)

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.

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

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 2024 and 31 December 2023 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.

The fair value of issued bonds as at 30 June 2024 and 31 December 2023 was estimated as a last purchase price at the balance sheet date according to GPW Catalyst quotations.

As at 30 June 2024, the Group held the following financial instruments carried at fair value on the statement of financial position:

ASSETS MEASURED AT FAIR VALUE

30 June 2024 unaudited	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments	**-**	**49.7**	**25.0**
IRS	-	49.4	-
CIRS	-	0.2	-
Forward	-	0.1	-
Financial PPA	-	-	25.0
Hedging derivative instruments	**-**	**6.6**	**-**
IRS	-	6.3	-
CIRS	-	0.3	-
Other assets	**-**	**13.9**	**-**
Investments in equity instruments	**672.8**	**5.6**	**-**
Total	**672.8**	**75.8**	**25.0**

(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

	30 June 2024 unaudited	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**(11.0)**	**-**
IRS		-	(8.7)	-
CIRS		-	(2.2)	-
Forward		-	(0.1)	-
Hedging derivative instruments		**-**	**(7.4)**	**-**
IRS		-	(5.0)	-
CIRS		-	(2.4)	-
Put option		**-**	**-**	**(39.5)**
Total		**-**	**(18.4)**	**(39.5)**

As at 31 December 2023, the Group held the following financial instruments carried at fair value on the statement of financial position:

ASSETS MEASURED AT FAIR VALUE

	31 December 2023	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**24.0**	**28.5**
IRS		-	24.0	-
Financial PPA			-	28.5
Hedging derivative instruments		**-**	**4.3**	**-**
IRS		-	4.3	-
Other		**-**	**15.9**	**-**
Investments in equity instruments		**614.4**	**1.5**	**-**
Total		**614.4**	**45.7**	**28.5**

LIABILITIES MEASURED AT FAIR VALUE

	31 December 2023	Level 1	Level 2	Level 3
Derivative instruments not designated as hedging instruments		**-**	**(32.3)**	**-**
IRS		-	(26.3)	-
CIRS		-	(5.9)	-
Forward		-	(0.1)	-
Hedging derivative instruments		**-**	**(11.9)**	**-**
IRS		-	(5.7)	-
CIRS		-	(5.8)	-
Forward		-	(0.4)	-
Put option		**-**	**-**	**(39.5)**
Total		**-**	**(44.2)**	**(39.5)**

The fair value of forwards, interest rate swaps and currency interest rate swaps is determined using financial instruments valuation models, based on generally published currency exchange rates, interest rates, forward rate curves and volatility curves for foreign currencies taken from active markets. Fair value of derivatives is determined based on the discounted future cash flows from transactions, calculated based on the difference between the forward price and the transaction price.

The fair value of financial PPA transactions was determined using financial instrument valuation models, using industry studies of energy prices over the long term, taking into account seasonality and the production profile for a given source as well as using generally available interest rates. Fair value is determined based on the discounted future cash flows of the transactions calculated based on the difference between the market price over the contract horizon and the settlement price set in the contract (plus the inflation rate).

The fair value of put option was determined in the amount of estimated future cashflows related to the exercise of the option as at the reporting date.

21. Important agreements and events

Sale of intangible assets

On 25 January 2024, Polkomtel entered into a sale agreement regarding the sale of intangible assets, consisting of a portion of its Internet Protocol version 4 (IPv4) communications protocol address package, to an unrelated party for a total consideration of USD 56.1. The transaction took place as part of and as a result of an ongoing asset review process, and the intangible assets divested were non-strategic assets.

The agreed schedule provides for the completion of the above transaction and payment in three tranches. The two payments of PLN 185.1 net of transaction costs, were recognised under 'Other operating income' in the consolidated income statement for the period from 1 January 2024 to 30 June 2024.

Sale of shares in Muzo.fm Sp. z o.o.

On 27 March 2024 Telewizja Polsat Sp. z o.o. sold 100% of shares in Muzo.fm Sp. z o.o. The total sale price amounted to PLN 13.3.

Acquisition of shares in project companies: Energia Przykona Sp. z o.o. and Neo Energia Przykona X Sp. z o.o.

On 27 June 2024, the Group and ZE PAK made a joint investment in which they acquired all of the shares in the companies implementing the wind power complex project with a total capacity of about 500 MW. PAK-Polska Czysta Energia acquired 1% of the project companies' share capitals for no more than EUR 1.2 in total, while 99% of the shares were acquired by ZE PAK for no more than EUR 110.0 in total. The consideration for the acquisition of shares will be payable in instalments as the project progresses and the final amount will depend on the final parameters of the project. In addition, the sellers and the buyer have entered into an agreement providing for the right to sell and, respectively, repurchase the shares of the project companies, should the project fail to achieve certain parameters.

Decisions 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 did 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 Cracow and referred the case for reconsideration by this authority. On 23 January 2024, the Company received the decision of the tax authority discontinuing the proceedings in the case.

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 Supreme Administrative Court, at the hearing on 10 January 2024, dismissed the judgements of the first instance court and the decisions of the Head of the Małopolska Tax Office in Cracow issued in these cases in the second instance. As a result, on 17 June 2024, the Head of the Małopolska Tax Office issued a new decision in which - after analyzing the position and guidelines of the Supreme Administrative Court - it repealed the decision of 19 July 2019 and decided on the Company's liability for the uncollected flat-rate corporate tax in the amount of PLN 1.3 (the amount does not include interest). Although, this is a significantly lower amount than original penalty, the Company does not agree with the position of the authorities and plans to file a complaint to the Voivodship Administrative Court. 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 Supreme Administrative Court, at the hearing on 10 January 2024, dismissed the judgments of the first instance court and the decisions of the Head of the Małopolska Tax Office in Cracow issued in these cases in the second instance. As a result, after analyzing the content of the judgment of the Supreme Administrative Court, the Head of the Małopolska Customs and Tax Office issued a decision on 17 June 2024, in which he upheld the decision of 20 September 2019. The Company does not agree with the position of the authority and plans to file a complaint to the Voivodship Administrative Court. The Company has not created any provisions encumbering its financial results.

Renewal of the frequency reservations

Due to the upcoming expiry of the frequency reservation in the 2600 MHz band (at the end of 2024), the current holder of which was Aero2 Sp. z o. o. (on 30 November 2021, Polkomtel Sp. z o. o. and Aero2 Sp. z o. o. merged, as a result of which Polkomtel entered the rights and obligations of Aero2, thus taking over the right to use Aero2 frequencies), pursuant to the provisions of the Telecommunications Law, in December 2023, Polkomtel Sp. z o. o. submitted an application to the President of UKE for a frequency reservation in the 2600 MHz band for the next period.

It is estimated that the issuance of a decision by the President of UKE regarding the above-mentioned frequency reservations in the 2600 MHz band for the next period will take place in the third quarter of 2024.

Auction for spectrum reservation in the 3.6 GHz band

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 were 4 blocks with a width of 100 MHz each. The asking price amounts to PLN 450 per block.

In accordance with the auction documentation, each of the auction winners will be subject to identical network development obligations to launch 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% of national roads within 84 months, for 95% of provincial roads within 84 months, for 95% of railway routes within 84 months, for 24-hour border crossings within 24 months from the date of delivery of the reservation decision.

Initial offers were submitted by four mobile network operators: Orange, Polkomtel, P4 and T-Mobile until 8 August 2023 (first auction stage).

Polkomtel submitted an initial offer on 4 August 2023 and also paid a deposit in the required amount of PLN 182.

On 16 October 2023 the President of the UKE started the second stage of the auction bidding which ended on 18 October 2023. Accordingly, Polkomtel purchased block A (3400-3500 MHz band) for PLN 450.

On 19 December 2023, the President of UKE issued a reservation decision for Polkomtel regarding the acquired frequency block in the 3.6 GHz band. On 10 January 2024, Polkomtel paid the President of UKE an additional fee for making the frequency reservation.

The legal dispute in respect to the telecommunication concession

The 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.) has ended. 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. Moreover, on 5 December 2022, Aero2 (currently Polkomtel Sp. z o.o.) obtained the decision of the President of UKE to grant a frequency reservation in the 1800 MHz range for the next period.

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. On 10 October 2023, the Supreme Administrative Court overturned the contested judgment and referred the case to the Court of First Instance for reconsideration. On 3 April 2024, the Voivodship Administrative Court in Warsaw dismissed the complaint of T-Mobile Polska S.A., however the judgment is not final.

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. On 13 October 2023, the Supreme Administrative Court dismissed the cassation appeal of T-Mobile Polska S.A., as a result of which the proceedings were legally terminated.

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

In the beginning of October 2020, Cyfrowy Polsat S.A. and Sferia S.A. (Sferia), a company owned by the Cyfrowy Polsat Group in 51% since 29 February 2016, received from the Ministry of Digital Affairs a copy of the European Commission's decision dated 21 September 2020 regarding the initiation of the formal investigation procedure against the Republic of Poland concerning the alleged illegal state aid provided to Sferia. The alleged illegal state aid relates to granting in 2013 to Sferia the right to use a frequency block of 800 MHz range in place of the frequency 850 MHz range previously held by Sferia. According to the decision, the European Commission intends to investigate, whether the state aid was granted, and if so, whether it can be considered compatible with the internal market. On 4 February 2022, the European Commission began consultations on this matter and Cyfrowy Polsat and Sferia submitted their comments. Both companies believe that no illegal state aid was granted.

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 5.1 in the Management Report for 2023.

22. Events subsequent to the reporting date

Grant agreement with The European Climate, Infrastructure and Environment Executive Agency (CINEA)

In August 2024, two companies from PAK-PCE Group, PAK-PCE Biopaliwa i Wodór Sp. z o.o. and PAK-PCE Stacje H2 Sp. z o.o., signed a grant agreement with The European Climate, Infrastructure and Environment Executive Agency (CINEA) for a hydrogen project. It includes the construction of 5 publicly accessible hydrogen refueling stations located along the roads of the TEN-T network (Trans-European Transport Network) and green hydrogen production facilities with a total capacity of 5 MW. The grant amounts to EUR 14.9 and was awarded under the CEF Transport - Alternative Fuels Infrastructure Facility program.

23. 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 3.3.2.

Other securities

The Company provided guarantees to its subsidiaries and other related parties in respect to purchase contracts. Additionally, Group's entities also have bank guarantees in respect to purchase contracts as well as payments. Further information is presented in the Management Report in note 4.3.

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

Commitments to purchase programming assets

As at 30 June 2024 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 2024 unaudited	31 December 2023
within one year	337.2	225.4
between 1 to 5 years	504.1	287.3
more than 5 years	142.7	162.8
Total	**984.0**	**675.5**

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

	30 June 2024 unaudited	31 December 2023
within one year	9.2	15.8
Total	**9.2**	**15.8**

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 1,200.4 as at 30 June 2024 (PLN 1,383.0 as at 31 December 2023). Total amount of contractual liabilities resulting from agreements for the purchases of intangible assets was PLN 130.2 as at 30 June 2024 (PLN 78.4 as at 31 December 2023).

Future contractual obligations

As at 30 June 2024 and 31 December 2023 the Group had future liabilities due to transponder capacity agreements.

The table below presents future payments (total):

	30 June 2024 unaudited	31 December 2023
within one year	115.2	116.1
between 1 to 5 years	57.6	116.1
Total	**172.8**	**232.2**

24. 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.

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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 2024, 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 2024 to 30 June 2024 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 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*.

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 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 International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Warsaw, 21 August 2024

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 the audit firms list: 130

Cyfrowy Polsat S.A.

Interim Condensed Financial Statements for the 6 months ended 30 June 2024

prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”

Table of contents

Approval of the interim condensed financial statements

On 21 August 2024, 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 2024 to 30 June 2024 showing a net profit for the period of:	PLN 255.9

Interim Statement of Comprehensive Income for the period

from 1 January 2024 to 30 June 2024 showing a total comprehensive income for the period of:	PLN 260.2

Interim Balance Sheet as at

30 June 2024 showing total assets and total equity and liabilities of:	PLN 19,687.4

Interim Cash Flow Statement for the period

from 1 January 2024 to 30 June 2024 showing a net decrease in cash and cash equivalents amounting to:	PLN 447.5

Interim Statement of Changes in Equity for the period

from 1 January 2024 to 30 June 2024 showing an increase in equity of:	PLN 260.2

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, 21 August 2024

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

Interim Income Statement

	Note	for the 3 months ended 30 June 2024 unaudited	for the 3 months ended 30 June 2023 unaudited	for the 6 months ended 30 June 2024 unaudited	for the 6 months ended 30 June 2023 unaudited
Revenue	7	569.6	560.9	1,133.0	1,133.2
Operating costs	8	(532.2)	(504.4)	(1,065.7)	(1,017.6)
Other operating income/(costs), net		6.3	(13.8)	5.0	(12.7)
Profit from operating activities		**43.7**	**42.7**	**72.3**	**102.9**
Gain on investment activities, net	9	343.9	651.5	470.7	685.2
Finance costs, net	10	(142.1)	(85.5)	(262.3)	(173.9)
Gross profit for the period		**245.5**	**608.7**	**280.7**	**614.2**
Income tax		5.2	0.7	(24.8)	(0.6)
Net profit for the period		**250.7**	**609.4**	**255.9**	**613.6**
Basic and diluted earnings per share (in PLN)		**0.46**	**1.11**	**0.46**	**1.11**

(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 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Net profit for the period		**250.7**	**609.4**	**255.9**	**613.6**
Items that may be reclassified subsequently to profit or loss:					
Valuation of hedging instruments	12	(0.3)	(4.6)	4.3	(14.3)
Other comprehensive income/(loss), net of tax		**(0.3)**	**(4.6)**	**4.3**	**(14.3)**
Total comprehensive income for the period		**250.4**	**604.8**	**260.2**	**599.3**

(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 - Assets

	Note	30 June 2024 unaudited	31 December 2023
Reception equipment		378.8	362.6
Other property, plant and equipment		128.6	130.2
Goodwill		197.0	197.0
Other intangible assets		133.3	127.7
Right-of-use assets		20.2	21.5
Investment property		93.5	94.3
Shares in subsidiaries, associates and other, includes:		12,834.3	12,774.4
shares in associates		*0.1*	*0.1*
Non-current deferred distribution fees		15.6	19.5
Non-current loans granted		3,628.7	3,584.2
Other non-current assets, includes:		107.5	33.4
derivative instruments		*104.7*	*30.1*
Total non-current assets		**17,537.5**	**17,344.8**
Contract assets		70.3	72.0
Inventories		99.5	122.7
Trade and other receivables		428.3	189.5
Current loans granted		6.8	24.3
Income tax receivable		5.9	7.2
Current deferred distribution fees		50.2	48.0
Other current assets includes:		57.6	40.8
derivative instruments		*40.6*	*15.9*
Cash and cash equivalents		1,431.3	1,883.6
Total current assets		**2,149.9**	**2,388.1**
Total assets		**19,687.4**	**19,732.9**

(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 2024 unaudited	31 December 2023
Share capital	11	25.6	25.6
Share premium	11	7,174.0	7,174.0
Other reserves		2,913.9	2,909.6
Retained earnings		5,111.3	4,855.4
Treasury shares		(2,854.7)	(2,854.7)
Total equity		**12,370.1**	**12,109.9**
Loans and borrowings	13	1,989.4	2,022.0
Issued bonds	14	3,688.1	3,975.5
Lease liabilities		18.5	19.8
Deferred tax liabilities		68.2	40.3
Other non-current liabilities and provisions, includes:		159.2	58.7
derivative instruments		*157.2*	*56.5*
Total non-current liabilities		**5,923.4**	**6,116.3**
Loans and borrowings	13	207.7	185.7
Issued bonds	14	367.3	394.7
Lease liabilities		3.3	3.1
Contract liabilities		236.6	230.7
Trade and other payables , includes:		575.3	688.8
derivative instruments		*33.8*	*15.5*
Deposits for equipment		3.7	3.7
Total current liabilities		**1,393.9**	**1,506.7**
Total liabilities		**7,317.3**	**7,623.0**
Total equity and liabilities		**19,687.4**	**19,732.9**

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

Interim Cash Flow Statement

	Note	for the 6 months ended 30 June 2024 unaudited	30 June 2023 unaudited
Net profit		**255.9**	**613.6**
Adjustments for:		**(191.2)**	**(483.6)**
Depreciation, amortization, impairment and liquidation	8	99.4	86.3
Interest expense		87.0	141.6
Change in inventories		23.2	(32.8)
Change in receivables and other assets		(4.2)	44.2
Change in liabilities and provisions		(25.4)	(10.1)
Change in contract assets		1.7	(1.2)
Change in contract liabilities		5.9	13.5
Income tax		24.8	0.6
Net increase in reception equipment		(88.8)	(52.6)
Dividends income and share in the profits of partnerships	9	(290.3)	(661.8)
Cost of premium for scheduled early redemption of bonds		0.4	9.7
One-time income resulting from modification of cash flows as a result of bond conversion/redemption	10	(2.5)	(19.2)
Valuation of hedging instruments		5.3	(17.7)
Foreign exchange (profit)/loss, net		(8.8)	22.7
Change in value of Asseco Poland S.A. shares		(58.4)	-
Other adjustments		39.5	(6.8)
Cash from operating activities		**64.7**	**130.0**
Income tax paid		3.4	(20.9)
Interest received from operating activities		30.3	26.6
Net cash from operating activities		**98.4**	**135.7**
Received dividends and shares in the profits of partnerships		77.6	66.7
Acquisition of shares in subsidiaries and associates		(101.5)	-
Capital increase in a subsidiary		-	(28.0)
Acquisition of property, plant and equipment		(7.1)	(18.0)
Acquisition of intangible assets		(21.3)	(14.3)
Loans granted		(134.4)	(336.6)
Loans repaid		127.2	142.3
Interest on loans repaid		97.6	13.0
Other inflows		13.0	10.3
Net cash from/used in investing activities		**51.1**	**(164.6)**

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

		for the 6 months ended	
	Note	30 June 2024 unaudited	30 June 2023 unaudited
Loans inflows	13	-	1,605.4
Bonds issue [1]	14	-	1,088.0
Bonds redemption	14	(311.9)	-
Repayment of loans and borrowings	13	-	(591.5)
Payment of interest on loans, borrowings, bonds and commissions [2]		(274.6)	(123.1)
Inflows from realization of derivatives		0.9	10.9
Other outflows		(11.4)	(3.5)
Net cash from/used in financing activities		**(597.0)**	**1,986.2**
Net increase/(decrease) in cash and cash equivalents		**(447.5)**	**1,957.3**
Cash and cash equivalents at the beginning of period		**1,883.6**	**120.7**
Effect of exchange rate fluctuations on cash and cash equivalents		(4.8)	(17.5)
Cash and cash equivalents at the end of period		**1,431.3**	**2,060.5**

[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

(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 2024

	Share capital	Share premium	Other reserves	Retained earnings [1]	Treasury shares	**Total Equity**
Balance as at 1 January 2024	**25.6**	**7,174.0**	**2,909.6**	**4,855.4**	**(2,854.7)**	**12,109.9**
Total comprehensive income	-	-	4.3	255.9	-	**260.2**
Hedge valuation reserve	-	-	*4.3*	-	-	***4.3***
Net profit for the period	-	-	-	255.9	-	***255.9***
Balance as at 30 June 2024 unaudited	**25.6**	**7,174.0**	**2,913.9**	**5,111.3**	**(2,854.7)**	**12,370.1**

[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 2024.

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.

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 2024 the Group encompasses the Company, Polkomtel Sp. z o.o. and its subsidiaries, 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., 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, Port Praski Sp. z o.o. and its subsidiaries and PAK-Polska Czysta Energia Sp. z o.o. and its subsidiaries.

The interim condensed income statement and interim condensed statement of comprehensive income, together with the appropriate notes for the period of 3 months ended 30 June 2024 and comparative data for the period of 3 months ended 30 June 2023, were subject neither to a review nor audit.

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 of the Company since 3 July 2024:

- Zygmunt Solorz — Chairman of the Supervisory Board,
- Tobias Solorz — Vice-Chairman of the Supervisory Board,
- Justyna Kulka — 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 of the Company until 3 July 2024:

- Zygmunt Solorz Chairman of the Supervisory Board,
- Tobias Solorz Vice-Chairman of the Supervisory Board,
- Piotr Żak Vice-Chairman of the Supervisory Board,
- Justyna Kulka Vice-Chairman of the Supervisory Board (since 20 June 2024),
- 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.

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 2024 have been prepared in accordance with the International Accounting Standard ("IAS") 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 2023, 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 21 August 2024). 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 2023, except for the adoption of new, amended Standards or Interpretations that apply to the annual reporting periods beginning on or after 1 January 2024.

During the six-month period ended 30 June 2024 the following became effective:

a) Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current,

b) Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback,

c) Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

Amendments and interpretations that apply for the first time in 2024 do not have a material impact on the interim condensed financial statements of the Company.

Standards published but not yet effective:

a) Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability,

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

b) Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments,

c) IFRS 18 Presentation and Disclosure in Financial Statements,

d) IFRS 19 Subsidiaries without Public Accountability: Disclosures.

e) Annual improvements (volume 11) – includes clarifications, simplifications, corrections and changes of IFRS standards: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 7 Statement of Cash Flows.

5. Approval of the Interim Condensed Financial Statements

These interim condensed financial statements were approved for publication by the Management Board on 21 August 2024.

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 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Retail revenue	515.0	508.1	1,025.9	1,029.1
Wholesale revenue	18.5	18.7	37.5	38.3
Sale of equipment	12.2	11.0	22.8	19.6
Other revenue	23.9	23.1	46.8	46.2
Total	**569.6**	**560.9**	**1,133.0**	**1,133.2**

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 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Content costs		227.1	212.8	444.0	425.7
Technical costs and costs of settlements with telecommunication operators		104.2	110.0	210.7	223.6
Distribution, marketing, customer relation management and retention costs		76.4	65.7	156.2	139.1
Depreciation, amortization, impairment and liquidation		50.4	44.2	99.4	86.3
Salaries and employee-related costs	a)	38.9	38.1	80.7	76.6
Cost of equipment sold		9.8	8.8	18.3	15.7
Cost of debt collection services, bad debt allowance and receivables written off		2.4	1.7	6.3	3.4
Other costs		23.0	23.1	50.1	47.2
Total		**532.2**	**504.4**	**1,065.7**	**1,017.6**

a) Salaries and employee-related costs

	for the 3 months ended		for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Salaries	31.8	30.7	65.9	62.3
Social security contributions	5.4	5.2	11.5	10.9
Other employee-related costs	1.7	2.2	3.3	3.4
Total	**38.9**	**38.1**	**80.7**	**76.6**

9. Gain on investment activities, net

	for the 3 months ended		for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023
Dividends	266.0	656.1	289.0	656.1
Share in the profits of partnerships	0.8	5.5	1.3	5.7
Interest income on loans granted	77.0	18.4	153.3	33.7
Other interest, net	14.2	11.0	30.3	26.7
Foreign exchange gains/(losses), net	3.6	(44.5)	(13.3)	(45.5)
Change in value of Asseco Poland S.A. shares	21.4	-	58.4	-
Other income/(costs)	(39.1)	5.0	(48.3)	8.5
Total	**343.9**	**651.5**	**470.7**	**685.2**

10. Finance costs, net

	for the 3 months ended		for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited	30 June 2024 unaudited	30 June 2023 unaudited
Interest expense on loans and borrowings	40.3	24.7	81.3	51.6
Interest expense on issued bonds	95.0	83.7	190.9	170.4
Foreign exchange differences on loans and borrowings	4.3	(21.1)	(12.4)	(21.1)
Cumulative catch-up	-	-	(2.5)	(19.2)
Valuation and realization of hedging instruments	(1.1)	(3.0)	(1.8)	(10.8)
Guarantee fees	2.4	0.7	4.8	2.2
Bank and other charges	1.2	0.5	2.0	0.8
Total	**142.1**	**85.5**	**262.3**	**173.9**

11. Equity

Share capital

Presented below is the structure of the Company's share capital as at 30 June 2024 and 31 December 2023:

Share series	Number of shares *	Nominal value of shares	Type of shares
A	2,500,000	0.1	registered preference shares (2 voting rights)
B	2,500,000	0.1	registered preference shares (2 voting rights)
C	7,500,000	0.3	registered preference shares (2 voting rights)
D	166,917,501	6.7	registered 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 2024 and 31 December 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%
Others	242,743,994	9.7	37.96%	242,743,994	29.64%
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 costs.

Retained earnings

On 20 June 2024 the Annual General Meeting of the Company adopted a resolution on the distribution of the Company's net profit for the financial year 2023. In accordance with the provisions of the resolution, entire net profit in the amount of PLN 639.6 was allocated to supplementary capital.

Other reserves

As at 30 June 2024 and 31 December 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 2024 and 31 December 2023 treasury shares include a total of 88,842,485 (not in millions) own shares, representing in total 13.89% of the share capital of the Company and entitling to exercise 88,842,485 (not in millions) votes at the general meeting of the Company, constituting 10.85% of the total number of votes at the general meeting of the Company.

(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

	2024	2023
Balance as at 1 January	**(5.1)**	**18.2**
Valuation of cash flow hedges	5.3	(17.7)
Deferred tax	(1.0)	3.4
Change for the period	**4.3**	**(14.3)**
Balance as at 30 June unaudited	**(0.8)**	**3.9**

13. Loans and borrowings

	30 June 2024 unaudited	31 December 2023
Short-term liabilities	207.7	185.7
Long-term liabilities	1,989.4	2,022.0
Total	**2,197.1**	**2,207.7**

Change in loans and borrowings liabilities:

	2024	2023
Balance as at 1 January	**2,207.7**	**1,298.5**
Term loan inflows	-	2,284.9
Loan conversion	-	(679.5)
Repayment of capital	-	(591.5)
Repayment of interest and commissions	(79.5)	(91.8)
Interest accrued	81.3	48.6
Exchange differences	(12.4)	(21.1)
Balance as at 30 June unaudited	**2,197.1**	**2,248.1**

14. Issued Bonds

	30 June 2024 unaudited	31 December 2023
Short-term liabilities	367.3	394.7
Long-term liabilities	3,688.1	3,975.5
Total	**4,055.4**	**4,370.2**

Change in issued bonds:

	2024	2023
Balance as at 1 January	**4,370.2**	**2,076.4**
Bonds issue (series D bonds)	-	2,670.0
Bonds redemption (series B and C bonds)	(311.9)	(1,527.9)
Repayment of interest and commissions	(193.7)	(85.4)
Cumulative catch-up	(2.5)	(19.2)
Interest accrued and commissions	193.3	170.4
Balance as at 30 June unaudited	**4,055.4**	**3,284.3**

Early redemption of Series B and C Bonds

On 17 January 2024, the Management Board has decided to carry out an early redemption ("Early Redemption") of all bonds outstanding:

- 223,798 (not in millions) Series B bearer bonds with a total nominal value of PLN 223.8, issued by the Company on 26 April 2019 with redemption date set for 24 April 2026, and
- 88,053 (not in millions) Series C bearer bonds with a total nominal value of PLN 88.1, issued by the Company on 14 February 2020, with a redemption date set for 12 February 2027.

Early Redemption was executed by the Company on 5 February 2024 by payments:

- for each series B bond, the cash amount at its nominal value, i.e. PLN 1,000 (not in millions), plus accrued interest of PLN 20.46 (not in millions) and
- for each series C bond, the cash amount at its nominal value, i.e. PLN 1,000 (not in millions), plus accrued interest of PLN 39.41 (not in millions) and bonus for Early Redemption in amount of PLN 5.00 (not in millions).

In connection with the Early Redemption, all Series B bonds and Series C bonds were cancelled.

15. Transactions with related parties

Receivables

	30 June 2024 unaudited	31 December 2023
Subsidiaries	357.4	135.4
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.	1.4	1.3
Total	**358.8**	**136.7**

A significant portion of receivables is represented by dividend receivables, receivables from share of the profits of partnerships and receivables related to sale of Telewizja Polsat, Netia and Polkomtel Sp. z o.o. ('Polkomtel') services.

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

Other assets

	30 June 2024 unaudited	31 December 2023
Subsidiaries	145.0	57.9
Total	**145.0**	**57.9**

Other current assets comprise mainly financial instruments entered into with Pak-Volt and unbilled receivables from Polkomtel, Telewizja Polsat and Netia.

Liabilites

	30 June 2024 unaudited	31 December 2023
Subsidiaries	385.2	297.9
Joint ventures and associates	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.	78.6	179.4
Total	**465.4**	**477.3**

A significant portion of liabilities include, among others: liabilities due to the purchase of shares, liabilities due to the issued bonds, programming fees, liabilities due to services provided by InterPhone, Polkomtel and Liberty Poland, liabilities related to financial instruments and leasing liabilities.

Loans granted

	30 June 2024 unaudited	31 December 2023
Subsidiaries	3,639.6	3,608.3
Total	**3,639.6**	**3,608.3**

Loans granted as at 30 June 2024 mainly include loans to Polkomtel, PAK-Polska Czysta Energia Sp. z o. o., Netia S.A., Esoleo Sp. z o. o. and Pantanomo Ltd. with repayment due date in 2024 – 2031.

Revenues

	for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited
Subsidiaries	67.2	60.3
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.	1.9	1.7
Total	**69.1**	**62.5**

The most significant transactions include revenues from subsidiaries from accounting services, signal broadcast, programming fees, property rental and advertising services.

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

Expenses

	for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited
Subsidiaries	350.0	344.5
Joint ventures and associates	2.5	1.3
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.	9.1	5.8
Total	**361.6**	**351.6**

The most significant transactions include data transfer services.

The Company also pays license fees for broadcasting Telewizja Polsat's programs, incurs IT services expenses and also commissions on sales, property rental costs, advertising production and telecommunication services with respect to the Company's customer call center.

Gain/(loss) on investment activities, net

	for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited
Subsidiaries	392.8	606.7
Joint ventures and associates	-	91.1
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.	30.8	3.0
Total	**423.6**	**700.8**

Gains and losses on investing activities comprises mainly of dividend income, interest income from loans granted, and guarantees granted by the Company in respect to Polkomtel's term facilities.

Finance costs

	for the 6 months ended	
	30 June 2024 unaudited	30 June 2023 unaudited
Subsidiaries	5.9	2.2
Joint ventures and associates	-	0.4
Total	**5.9**	**2.6**

Finance costs comprise mostly of guarantee fees in respect to the term facilities.

Other notes

16. Litigations

Management believes that the provisions for litigations as at 30 June 2024 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 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. On 6 September 2023 the Company filed an appeal against the judgment. At the hearing on 5 June 2024, the Court of Appeal annuled part of the decision of the President of UOKiK, including that related to the fine of PLN 20.1. On 12 July 2024 Company complied with the judgment in terms of paying the fine of PLN 14.8. The Company is considering the possibility of filing a cassation appeal.

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. Mediations 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 six 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, containing the mediator's position summarizing the course of the 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 120.0. The court set hearing dates for 15 December 2023 and 17 April 2024. The both hearings, scheduled for 15 December 2023 and 17 April 2024 have been canceled.

By lawsuit, delivered to the Company on 16 December 2019, the Association of Performing Artists (SAWP) filed two claims against the Company: information and a 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 filled for the dismissal entirely. The last hearing took place on 17 January 2024. The hearing was postponed without a date.

The status of other significant disputes described in the financial statements for the financial year ended 31 December 2023 has not changed.

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

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 2023. There have been no significant changes in any risk management policies since the end of year 2023.

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.

Presented below are fair values and carrying amounts of financial instruments not measured in fair value.

			30 June 2024 unaudited		31 December 2023	
	Category according to IFRS 9	Level of the fair value hierarchy	Fair value	Carrying amount	Fair value	Carrying amount
Loans granted	A	2	3,730.7	3,635.5	3,696.8	3,608.5
Trade and other receivables	A	*	393.2	393.2	166.4	166.4
Cash and cash equivalents	A	*	1,431.3	1,431.3	1,883.6	1,883.6
Loans and borrowings	B	2	(2,269.6)	(2,197.1)	(2,341.6)	(2,207.7)
Issued bonds	B	1	(4,176.5)	(4,055.4)	(4,454.9)	(4,370.2)
Lease liability	B	2	(21.8)	(21.8)	(22.9)	(22.9)
Accruals	B	*	(247.2)	(247.2)	(289.7)	(289.7)
Trade and other payables and deposits	B	*	(242.7)	(242.7)	(330.3)	(330.3)
Total			**(1,402.6)**	**(1,304.2)**	**(1,692.6)**	**(1,562.3)**
Unrecognized loss				**(98.4)**		**(168.4)**

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.

(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 2024 and 31 December 2023 loans and borrowings comprised term facility loan. The discount rate for each payment was calculated as a sum of implied WIBOR/EURIBOR interest rate and a margin regarding the Company's credit risk.

The fair value of bonds as at 30 June 2024 and 31 December 2023 is calculated based on the last bid price as at the balance sheet date as quoted on the Catalyst market.

As at 30 June 2024 the Company held the following financial instruments measured at fair value:

ASSETS MEASURED AT FAIR VALUE

	30 June 2024 unaudited	Level 1	Level 2	Level 3
Derivatives other than hedging instruments		**-**	**-**	**138.7**
Financial PPA		-	-	138.7
Hedging derivative instruments		**-**	**6.6**	**-**
IRS		-	6.3	-
CIRS		-	0.3	-
Investments in equity instruments		**672.8**	**-**	**-**
Total		**672.8**	**6.6**	**138.7**

LIABILITIES MEASURED AT FAIR VALUE

	30 June 2024 unaudited	Level 1	Level 2	Level 3
Derivatives other than hedging instruments		**-**	**-**	**183.6**
Financial PPA		-	-	183.6
Hedging derivative instruments		**-**	**7.4**	**-**
IRS		-	5.0	-
CIRS		-	2.4	-
Total		**-**	**7.4**	**183.6**

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

ASSETS MEASURED AT FAIR VALUE

	31 December 2023	Level 1	Level 2	Level 3
Derivatives other than hedging instruments		**-**	**-**	**41.7**
Financial PPA		-	-	41.7
Hedging derivative instruments		**-**	**4.3**	**-**
IRS		-	4.3	-
Investments in equity instruments		614.4	-	-
Total		**614.4**	**4.3**	**41.7**

LIABILITIES MEASURED AT FAIR VALUE

	31 December 2023	Level 1	Level 2	Level 3
Derivatives other than hedging instruments		**-**	**-**	**60.1**
Financial PPA		-	-	60.1
Hedging derivative instruments		**-**	**11.9**	**-**
IRS		-	5.7	-
CIRS		-	5.8	-
Forward		-	0.4	-
Total		**-**	**11.9**	**60.1**

The fair value of interest rate swaps, currency interest rate swaps and forward transactions 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.

The fair value of financial PPA transactions was determined using financial instrument pricing models, using expert assumptions on energy price levels, seasonality, production profile as well as using generally available interest rates. The fair value is determined based on discounted future transaction flows calculated on the basis of the difference between the market price over the contract horizon and the settlement price (plus the inflation rate).

18. Important agreements and events

Decisions 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 did 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. On 23 January 2024, the Company received the decision of the tax authority discontinuing the proceedings in the case.

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 Supreme Administrative Court, at the hearing on 10 January 2024, dismissed the judgements of the first instance court and the decisions of the Head of the Małopolska Tax Office in Cracow issued in these cases in the second instance. As a result, on 17 June 2024, this body issued a new decision in which - after analyzing the position and guidelines of the Supreme Administrative Court - it repealed the decision of 19 July 2019 and decided on the Company's liability for the uncollected flat-rate corporate tax in the amount of PLN 1.3 (the amount does not include interest). This is a significantly lower amount than the original one, however, in this case too, the Company does not agree with the position of the body and plans to file a complaint to the Voivodship Administrative Court. 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 Supreme Administrative Court, at the hearing on 10 January 2024, dismissed the judgments of the first instance court and the decisions of the Head of the Małopolska Tax Office in Cracow issued in these cases in the second instance. As a result, after analyzing the content of the judgment of the Supreme Administrative Court, the Head of the Małopolska Customs and Tax Office issued a decision on 17 June 2024, in which he upheld the decision of 20 September 2019. The company does not agree with the position of the authority and plans to file a complaint to the Voivodship Administrative Court. The Company has not created any provisions encumbering its financial results.

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

19. Other disclosures

Security relating to loans and borrowings

The Company entered into a series of agreements establishing security under the loans agreement. Detailed information in respect to the agreements is presented in the Management Report in note 3.3.2.

Other securities

The Company provided sureties and guarantees to its subsidiaries and related entities for the performance of the contracts. Detailed information in respect to the agreements is presented in the Management Report in note 4.3.

Contractual liabilities related to purchases of non-current assets

Total amount of capital commitments resulting from agreements on property construction and improvements was PLN 7.0 as at 30 June 2024 (PLN 14.6 as at 31 December 2023).

Future contractual obligations

As at 30 June 2024 and 31 December 2023 the Company had future liabilities due to transponder capacity agreements.

The table below presents future payments (total):

	30 June 2024 unaudited	31 December 2023
within one year	111.9	112.8
between 1 to 5 years	56.0	112.8
Total	**167.9**	**225.6**

20. Events subsequent to the reporting date

In the period until the date of approval of these condensed interim financial statements, there were no significant events after the balance sheet date other than those disclosed in the remaining notes to these condensed interim financial statements.

21. Judgments, financial estimates and assumptions

The preparation of interim condensed financial statements in conformity with IFRS EU requires the Management Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and costs. Estimates and underlying assumptions are based on historical data and other factors considered as reliable under the circumstances, and their results provide grounds for an assessment of the carrying amounts of assets and liabilities which cannot be based directly on any other sources. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Detailed description of the judgements, accounting estimates and assumptions is presented in the annual financial statements.

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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 2024, 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 2024 to 30 June 2024 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 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*.

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 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 International Accounting Standard 34 *Interim Financial Reporting* as adopted by the European Union.

Warsaw, 21 August 2024

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 the audit firms list: 130

Report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group for the six month period ended June 30, 2024

Warsaw, August 21, 2024

Table of contents

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 (“Polsat Plus 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 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 interim condensed consolidated financial statements for the six-month period ended June 30, 2024, 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, 2024 and June 30, 2023. This information should be read in conjunction with the consolidated financial statements for the six-month period ended June 30, 2024 (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, 2024 and June 30, 2023 have been converted into euro at a rate of PLN 4.3015 per EUR 1.00 (average exchange rate in the period from April 1, 2024 to June 30, 2024 announced by the NBP);
- from the consolidated income statement and the consolidated cash flow statement for the six-month periods ended June 30, 2024 and June 30, 2023 have been converted into euro at a rate of PLN 4.3175 per EUR 1.00 (average exchange rate in the period from January 1, 2024 to June 30, 2024 announced by the NBP);
- from the consolidated balance sheet data as at June 30, 2024 and December 31, 2023 have been converted into euro at a rate of PLN 4.3130 per EUR 1.00 (average exchange rate on June 28, 2024 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, 2024 and June 30, 2023 are not comparable due to acquisitions and changes to the Group's structure in the period from January 1, 2023 to June 30, 2024, 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 1.5. of the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2023.

Consolidated income statement

	3 months ended June 30		3 months ended June 30	
	2024	2023	2024	2023
	mPLN	mPLN	mEUR	mEUR
Revenue	**3,454.3**	**3,289.8**	**803.1**	**764.8**
Retail revenue	1,784.4	1,734.8	414.8	403.3
Wholesale revenue	848.2	859.0	197.2	199.7
Sale of equipment	432.8	483.6	100.6	112.4
Energy revenue	249.0	-	57.9	-
Other revenue	139.9	212.4	32.6	49.4
Total operating costs	**(3,085.8)**	**(2,945.0)**	**(717.4)**	**(684.6)**
Technical costs and cost of settlements with telecommunication operators	(820.1)	(823.9)	(190.6)	(191.5)
Depreciation, amortization, impairment and liquidation	(455.7)	(468.7)	(105.9)	(109.0)
Cost of equipment sold	(333.7)	(384.0)	(77.6)	(89.3)
Content costs	(555.4)	(529.4)	(129.1)	(123.1)
Cost of energy sold, includes	(194.1)	-	(45.1)	-
Depreciation	*(12.3)*	-	*(2.9)*	-
Distribution. marketing. customer relation management and retention costs	(255.8)	(247.7)	(59.5)	(57.6)
Salaries and employee-related costs	(296.4)	(274.9)	(68.9)	(63.9)
Cost of debt collection services and bad debt allowance and receivables written off	(28.4)	(32.5)	(6.6)	(7.5)
Other costs, includes	(146.2)	(183.9)	(34.0)	(42.7)
Depreciation	(1.0)	-	(0.2)	-
Other operating income/(cost), net	27.5	(15.0)	6.4	(3.5)
Profit from operating activities	**396.0**	**329.8**	**92.1**	**76.7**
Gain/(loss) on investment activities, net	84.2	21.0	19.6	4.8
Finance costs, net	(267.1)	(300.7)	(62.1)	(69.9)
Share of the profit of associates accounted for using the equity method	0.1	(9.9)	0.0	(2.3)
Gross profit for the period	**213.2**	**40.2**	**49.6**	**9.3**
Income tax	(37.7)	(32.1)	(8.8)	(7.4)
Net profit for the period	**175.5**	**8.1**	**40.8**	**1.9**
Net profit/(loss) attributable to equity holders of the Parent	146.4	(7.3)	34.0	(1.7)
Net profit attributable to non-controlling interest	29.1	15.4	6.8	3.6
Basic and diluted earnings per share in PLN (not in millions)	**0.32**	**0.01**	**0.07**	**0.00**
Weighted number of issued shares (not in millions)	550,703,531	550,703,531	550,703,531	550,703,531
EBITDA(1)	**865.0**	**798.5**	**201.1**	**185.7**
EBITDA margin	25.0%	24.3%	25.0%	24.3%
EBITDA excl. asset disposal (3)	**843.9**	**798.5**	**196.2**	**185.7**
EBITDA margin excl. asset disposal	24.4%	24.3%	24.4%	24.3%
Operating margin	11.5%	10.0%	11.5%	10.0%

	6 months ended June 30		6 months ended June 30	
	2024	2023	2024	2023
	mPLN	mPLN	mEUR	mEUR
Revenue	**6,859.3**	**6,489.1**	**1,588.7**	**1,503.0**
Retail revenue	3,555.0	3,468.6	823.4	803.4
Wholesale revenue	1,597.9	1,651.3	370.1	382.5
Sale of equipment	858.7	968.5	198.9	224.3
Energy revenue	530.9	-	122.9	-
Other revenue	316.8	400.7	73.3	92.8
Total operating costs	**(6,202.1)**	**(5,836.9)**	**(1,436.4)**	**(1,351.9)**
Technical costs and cost of settlements with telecommunication operators	(1,622.7)	(1,632.5)	(375.8)	(378.1)
Depreciation, amortization, impairment and liquidation	(936.7)	(931.2)	(217.1)	(215.7)
Cost of equipment sold	(661.7)	(776.6)	(153.2)	(179.9)
Content costs	(1,068.4)	(1,043.9)	(247.4)	(241.8)
Cost of energy sold, includes	(435.9)	-	(101.0)	-
Depreciation	*(23.9)*	-	*(5.5)*	-
Distribution. marketing. customer relation management and retention costs	(524.5)	(491.3)	(121.5)	(113.8)
Salaries and employee-related costs	(600.4)	(551.0)	(139.0)	(127.6)
Cost of debt collection services and bad debt allowance and receivables written off	(41.5)	(61.9)	(9.6)	(14.3)
Other costs, includes	(310.3)	(348.5)	(71.9)	(80.7)
Depreciation	*(2.0)*	-	*(0.5)*	-
Gain/(loss) on disposal of a subsidiary and an associate	10.0	-	2.3	-
Other operating income/(cost), net	181.5	(23.7)	42.0	(5.5)
Profit from operating activities	**848.7**	**628.5**	**196.6**	**145.6**
Gain/(loss) on investment activities, net	103.4	41.8	23.9	9.7
Finance costs, net	(468.4)	(556.4)	(108.5)	(128.9)
Share of the profit of associates accounted for using the equity method	0.1	10.4	0.0	2.4
Gross profit for the period	**483.8**	**124.3**	**112.0**	**28.8**
Income tax	(124.0)	(45.2)	(28.7)	(10.5)
Net profit for the period	**359.8**	**79.1**	**83.3**	**18.3**
Net profit attributable to equity holders of the Parent	326.5	57.2	75.6	13.2
Net profit attributable to non-controlling interest	33.3	21.9	7.7	5.1
Basic and diluted earnings per share in PLN (not in millions)	**0.65**	**0.14**	**0.15**	**0.03**
Weighted number of issued shares (not in millions)	550,703,531	550,703,531	550,703,531	550,703,531
EBITDA(1)	**1,811.3**	**1,559.7**	**419.6**	**361.3**
EBITDA margin	26.4%	24.0%	26.4%	24.0%
adjusted EBITDA(2)	**1,801.3**	**1,559.7**	**417.3**	**361.3**
adjusted EBITDA margin	26.3%	24.0%	26.3%	24.0%
adjusted EBITDA excl. asset disposal (3)	**1,616.2**	**1,559.7**	**374.4**	**361.3**
adjusted EBITDA margin excl. asset disposal	23.6%	24.0%	23.6%	24.0%
Operating margin	12.4%	9.7%	12.4%	9.7%

(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) EBITDA adjusted by a gain on disposal of a subsidiary and an associate.

(3) The result on the disposal of assets, comprising an IPv4 address package, amounted to, net of transaction costs, PLN 164.0 million in the first quarter of 2024 and PLN 21.1 million in the second quarter of 2024.

Consolidated cash flow statement

	6 months ended June 30			
	2024	2023	2024	2023
	mPLN	mPLN	mEUR	mEUR
Net cash from operating activities	1,463.9	1,239.7	339.1	287.1
Net cash used in investing activities	(720.1)	(1,481.9)	(166.8)	(343.2)
Incl. capital expenditures(1)	*(693.7)*	*(511.0)*	*(160.7)*	*(118.4)*
Net cash used in financing activities	(987.3)	2,915.5	(228.7)	675.3
Net increase/(decrease) in cash and cash equivalents	(243.5)	2,673.3	(56.4)	619.2
Cash and cash equivalents at the end of the period	3,076.8	3,478.5	712.6	805.7

(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 2024	Dec. 31 2023	June 30 2024	Dec. 31 2023
	mPLN	mPLN	mEUR	mEUR
Cash and cash equivalents(1)	3,076.8	3,325.7	713.4	771.1
Assets	36,777.1	37,176.7	8,527.0	8,619.7
Non-current liabilities, incl.:	14,824.2	15,354.9	3,437.1	3,560.1
Non-current financial liabilities(2)	*13,470.2*	*13,934.3*	*3,123.2*	*3,230.8*
Current liabilities, incl.:	5,289.2	5,515.8	1,226.3	1,278.9
Current financial liabilities(2)	*1,900.0*	*1,629.6*	*440.5*	*377.8*
Equity	16,663.7	16,305.2	3,863.6	3,780.5
Share capital	25.6	25.6	5.9	5.9

(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. Who we are

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. In addition, based on our Strategy 2023+, we have expanded our business activities into the production and distribution of clean energy.

Our operating activities include four business segments: the B2C and B2B services segment, the media segment: television and online, the real estate segment (from April 1, 2022) and the green energy segment (from July 3, 2023). The portfolio of services and products offered by Group companies includes:

- **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 160 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', the leader 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. We also offer business customers a range of advanced solutions designed to streamline processes and increase efficiency, and we are one of the leading providers of cloud solutions in Poland;
- **mobile broadband Internet**, offered mainly under the 'Plus' brand in the state-of-the-art LTE, LTE Advanced and 5G technologies;
- **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 Group, the leading commercial TV broadcaster on the Polish market, offering 43 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 sale, rental and management of real estate. Our flagship project is the Port Praski investment located in the strict center of Warsaw;
- **production and sale of energy** from renewable sources such as wind, solar and biomass. Within the green energy segment, we are also developing a value chain based on green hydrogen, including its

production, storage, transportation and distribution and sales, as well as the construction of hydrogen stations and hydrogen-powered buses.

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

From January 1, 2024 until the date of publication of this Report, i.e. August 21, 2024, changes presented in the table below were implemented in the structure of Polsat Plus Group.

Date	Description
B2C and B2B services segment	
January 5, 2024	Merger of Netia S.A. (acquiring company) with Enterpol Sp. z o.o. (acquired company)
March 14, 2024	Acquisition of additional 10% of shares in BCAST Sp. z o.o. by Cyfrowy Polsat. Following this transaction, Cyfrowy Polsat S.A. holds 80.01% of shares in BCAST Sp. z o.o.
April 30, 2024	Merger of Polkomtel Business Development Sp. z o.o. (acquiring company) with CPSPV1 Sp. z o.o. and CPSPV2 Sp. z o.o. (acquired companies)
Media segment	
March 27, 2024	Disposal of 100% of shares in Muzo.fm Sp. z o.o. by Telewizja Polsat
Green energy segment	
January 3, 2024	Merger of Eviva Drzeżewo Sp. z o.o. (acquiring company) with Eviva Lębork Sp. z o.o. (acquired company)
January 31, 2024	Merger of PAK-PCE Wiatr Sp. z o.o. (acquiring company) with PAK-PCE JW Jastrowie Sp. z o.o., PAK-PCE JW Okonek Sp. z o.o. and Mese Sp. z o.o. (acquired companies)
June 27, 2024	Acquisition of 1% of shares in Energia Przykona Sp. z o.o. by PAK-Polska Czysta Energia Sp. z o.o.
June 27, 2024	Acquisition of 1% of shares in Neo Energia Przykona X Sp. z o.o. by PAK-Polska Czysta Energia Sp. z o.o.
Real estate segment	
January 18, 2024	Merger of Laris Development Sp. z o.o. (acquiring company) with SPV Baletowa Sp. z o.o. (acquired company)

The changes described above are the effect of 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.

A detailed description of the Group's structure, including the above mentioned changes, is presented in Note 5 to the Company's interim condensed consolidated financial statements for the six months ended June 30, 2024.

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 21, 2024.

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%*
Others	**242,743,994**	**37.96%**	**242,743,994**	**29.64%**
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 previous interim report

From the date of publication of the previous interim report, i.e. May 22, 2024 (report for the first quarter of 2024), until the date of publication of this Report, i.e. August 21, 2024, 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 21, 2024, nor as at the date of publication of the previous report, i.e., May 22, 2024 (report for the first quarter of 2024).

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 21, 2024, along with changes in holdings from the date of publication of the previous report, i.e. May 22, 2024 (report for the first quarter of 2024).

Name and surname / Function	Holding as at May 22, 2024	Acquisitions	Disposals	Holding as at August 21, 2024
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(4) Member of the Supervisory Board	125,000	-	-	125,000

(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 21, 2024, nor at the date of publication of the previous report, i.e. May 22, 2024 (report for the first quarter of 2024).

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

From the date of publication of the previous interim report, i.e. May 22, 2024 (report for the first quarter of 2024), until the date of publication of this Report, i.e. August 21, 2024, 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

Early Redemption of the Series B and C Bonds

On January 17, 2024, the Company decided to carry out the early redemption of all outstanding:

(i) 223,798 Series B bearer bonds with the total nominal value of PLN 223.8 million issued by the Company on April 26, 2019 with the redemption date specified in the terms and conditions of the issuance of the series B bonds of April 24, 2026, with the ISIN PLCFRPT00047, listed in the Alternative Trading System operated by the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A., the "WSE") within the Catalyst market under the abbreviated title CPS0426; and

(ii) 88,053 Series C bearer bonds with the total nominal value of PLN 88.1 million issued by the Company on February 14, 2020 with the redemption date specified in the terms and conditions of the issuance of the series C bonds of February 12, 2027, with the ISIN PLCFRPT00054, listed in the Alternative Trading System operated by the WSE within the Catalyst market under the abbreviated title CPS0227.

The Early Redemption was effected on February 5, 2024 through the payment of (i) for each Series B Bond, a cash amount equal to the nominal value, i.e. PLN 1,000, plus accrued interest of PLN 20.46, and (ii) for each Series C Bond, a cash amount equal to the nominal value, i.e. PLN 1,000, plus accrued interest of PLN 39.41 and the Early Redemption premium of PLN 5.00.

In connection with the early redemption, all Series B Bonds and Series C Bonds were retired.

Disposal of shares in Muzo.fm Sp. z o.o.

Telewizja Polsat sold 100% of shares in Muzo.fm Sp. z o.o. on March 27, 2024. The total sale price was PLN 13.3 million.

Distribution of profit for 2023

On June 20, 2024, the Annual General Meeting of Cyfrowy Polsat resolved to allocate the Company's net profit for the fiscal year 2023 in the amount of PLN 639.5 million in full to the reserve capital. The resolution of the Annual General Meeting was in accordance with the previous recommendation of the Company's Management Board of May 22, 2024, 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 2023 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 green energy projects, which, among others, include the construction of wind farms. As a result of the implementation of the aforementioned projects, the Company's capital group will reach an installed capacity in renewable energy sources in 2026, which will enable the production of up to 2 TWh of clean energy per year. According to the Company's estimates, the execution of strategic assumptions will translate into incremental recurring EBITDA at the consolidated level of ca. PLN 500-600 million per year.

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

Changes in the Supervisory Board

On June 20, 2024 the Annual General Meeting of the Company appointed Ms. Justyna Magdalena Kulka to the Supervisory Board of the Company and entrusted her with the position of Vice Chairperson of the Supervisory Board.

Amendment of the Company's Statutes

On June 20, 2024, the Annual General Meeting of Cyfrowy Polsat resolved 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 18, 2024. 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.

2.2. Business related events

Sale of intangible assets

On January 25, 2024, Polkomtel entered into a sale agreement regarding the sale of intangible assets, consisting of a portion of its Internet Protocol version 4 (IPv4) communications protocol address package, to an unrelated party for a total consideration of USD 56.1 million. The transaction took place as part of and as a result of an ongoing asset review process, and the intangible assets divested were non-strategic assets.

The agreed schedule provides for the completion of the above transaction and payment in three tranches. The first payment instalment of PLN 164.0 million, net of transaction costs, was recognized under 'Other operating income' in the consolidated income statement for the first quarter of 2024, the second tranche of PLN 21.1 million was recognized in the second quarter of 2024 while the third tranche of PLN 13.7 million (net of transaction costs) will be recognized in the third quarter of 2024.

Contract for delivery of NesoBus hydrogen buses to Chelm

On March 18, 2024, the Chelm City Hall signed a contract with our subsidiary PAK-PCE Polski Autobus Wodorowy Sp. z o.o. for the supply of 26 hydrogen buses for the city, in the result of a tender. The delivery of zero-emission, environmentally friendly NesoBus hydrogen buses to Chelm will take place in three tranches and will be completed by October 30, 2025. The contract value is PLN 97.0 million. The agreement with Chelm is the third major order for NesoBus hydrogen buses for Polish cities (previous agreements were signed with Rybnik and Gdansk).

Modifications of offers for customers

In March 2024, we introduced an innovative *All In Streaming* bundle to our Plus-branded mobile offerings, providing combined access to the offerings of three popular streaming platforms: Disney+, HBO MAX and Polsat Box Go Plus (via a Polsat Box Go account linked to a Plus phone number). The new package gives users the freedom to choose the content offered by these platforms at a price of PLN 49.99 per month (with a 24-month contract), while offering the possibility of using the service free of charge for a promotional period of 3 or 6 months, depending on their voice subscription (subscriptions up to and beyond PLN 69 per month with a 24-month contract). Plus is the only operator on the Polish market to offer simultaneous access to several streaming platforms in a single package.

Investment in the planned wind farm project with total connected capacity of about 500 MW

On June 27, 2024, PAK-Polska Czysta Energia Sp. z o.o., a member of the Group, and ZE PAK S.A. informed that they had made a joint investment by acquiring shares in project companies of Goalscreen Holdings Limited: Energia Przykona sp. z o.o. and Neo Energia Przykona X sp. z o.o. These companies are implementing a project for a cluster of wind power plants in the Opole province with a total connected generation capacity of approximately 500 MW.

The Group acquired 1% of the shares, with the possibility of increasing its stake in the project, while 99% of the shares were acquired by ZE PAK. The total payments in connection with the acquisition of the shares will amount to no more than EUR 1.2 million for PAK-PCE and no more than EUR 110 million for ZE PAK, respectively, and will be paid in installments as the project progresses with the final amount depending on the final parameters of the project.

Polsat Plus Group and ZE PAK will aim to have the project in ready-to-build status by December 31, 2030. For that purpose, project development agreements will be entered into under which activities will be carried out, in particular, to obtain full title to the land on which the wind farm is to be built, as well as permits enabling its construction to commence. Payments under project development agreements will depend on the completion of certain project phases, the total amount of which will depend on the final parameters of the wind farm, in particular on the power generated, and is estimated to be a maximum of EUR 160 million. For subsequent phases, the project companies will enter into both further project development agreements and agreements for the construction of renewable energy wind farm units.

Expanding coverage of fixed-line Internet services

In June 2024, Plus network expanded the availability of fixed-line Internet with the infrastructure provided by Vectra Group, covering approximately an additional 1.5 million address points.

After the balance sheet date, in July 2024, Netia and wholesale operator Polski Światłowodód Otwarty announced a cooperation agreement that will increase the availability of high-speed fixed-line Internet offered by Polsat Plus Group companies by another 2.1 million address points.

As of the date of publication of this Report, more than 10 million homes and apartments are within the reach of Plus' fixed-line Internet, of which more than 8 million households have access to a connection with speeds of up to 1 Gbps.

2.3. Events after the balance sheet date

Changes in the Supervisory Board

On July 1, 2024 Mr. Piotr Żak resigned from his membership in the Supervisory Board and from the position of Vice-Chairman of the Supervisory Board of the Company, effective as of the end of 2 July 2024. The resignation followed the appointment of Mr. Piotr Żak to the position of President of the Management Board of Telewizja Polsat Sp. z o.o., a subsidiary of the Company, as of 3 July 2024.

Acquisition of sports rights

On July 1, 2024, TV Polsat informed that it had acquired exclusive rights to broadcast and stream, exclusively on Polsat Sport Premium channels, the new format of the UEFA Europa League and UEFA Conference League for the next three seasons. The new formula will provide more matches, increasing competitiveness of the games. This gives fans the opportunity to watch more games and see exciting matches early in the tournament. The total for each season is 189 Europa League matches and 153 Conference League matches. In the upcoming season, European brands such as Manchester United, Tottenham Hotspur, Chelsea London, Athletic Bilbao, AS Roma, Lazio Rome and FC Porto, among others, will compete for victory in both leagues.

On July 5, 2024, the Group's company Eleven Sports informed that it had acquired exclusive rights to broadcast Bundesliga and Bundesliga 2 football matches in Poland from the 2025/26 to 2028/29 season. In addition the station acquired a non-exclusive license for the 2024/25 spring round, in which it will be able to broadcast the five most important Bundesliga matches and selected clashes of Bundesliga 2.

In April 2024, our company Eleven Sports acquired exclusive rights to broadcast speedway league matches from Sweden (BAUHAUS-Ligan) and Denmark (SpeedwayLigaen) in Poland during the 2024 and 2025 seasons, featuring many motorsport stars, including more than 30 Poles.

Grant agreement with The European Climate, Infrastructure and Environment Executive Agency (CINEA)

In August 2024, the Group's companies PAK-PCE Biopaliwa i Wodór Sp. z o.o. and PAK-PCE Stacje H2 Sp. z o.o. have signed a grant agreement with The European Climate, Infrastructure and Environment Executive Agency (CINEA) for a hydrogen project. It includes the construction of 5 publicly accessible hydrogen refueling stations located along the roads of the TEN-T network (Trans-European Transport Network) and green hydrogen production facilities with a total capacity of 5 MW. The subsidy amounts to EUR 14.9 million and was awarded under the CEF Transport - Alternative Fuels Infrastructure Facility program.

3. Operating and financial review of Polsat Plus Group

3.1. Operating review of the Group

3.1.1. B2C and B2B services segment

	3 months ended June 30		change / %	
	2024	2023	nominal	% / p.p.
Contract services for B2C customers				
Total number of B2C RGUs (EOP) [thous.], incl.:	**13,086**	**13,083**	**3**	**0.0%**
Pay TV	4,749	4,895	(146)	(3.0%)
Mobile telephony	6,317	6,218	99	1.6%
Internet	2,020	1,970	50	2.5%
Number of B2C customers (EOP) [thous.]	**5,758**	**5,848**	**(90)**	**(1.5%)**
ARPU per B2C customer [PLN]	75.2	71.8	3.4	4.7%
ARPU per B2C customer (6M YTD) [PLN]	74.9	71.6	3.3	4.6%
Churn in B2C subsegment	7.5%	7.3%	-	0.2 p.p.
RGU saturation per one B2C customer	2.27	2.24	0.03 p.p.	1.3%
Prepaid services				
Total number of RGUs (EOP) [thous.], incl.:	**2,609**	**2,656**	**(47)**	**(1.8%)**
Pay TV	112	79	33	41.8%
Mobile telephony(1)	2,473	2,548	(75)	(2.9%)
Mobile Internet(1)	24	29	(5)	(17.2%)
ARPU per prepaid RGU [PLN]	18.0	17.8	0.2	1.1%
ARPU per prepaid RGU (6M YTD) [PLN]	17.7	17.5	0.2	1.1%
Contract services for B2B customers				
Total number of B2B customers (EOP) [thous.]	**68.5**	**69.0**	**(0.5)**	**(0.7%)**
ARPU per B2B customer (YTD) [PLN]	1,485	1,463	22.0	1.5%
ARPU per B2B customer [PLN]	1,487	1,449	38.0	2.6%

(1) 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.

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 2024 was 5,758 thousand (-1.5% YoY). The erosion of the base was influenced by 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. Following 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.

The churn rate for our B2C customers amounted to 7.5% in the twelve-month period ended June 30, 2024 (+0.2 p.p. YoY). The continued low churn rate is primarily the effect of a high level of loyalty of our customers of bundled services, resulting 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 up-selling and 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 2024, average revenue per B2C customer increased to PLN 75.2 (+4.7% YoY) while in the first half of 2024 it reached the level of PLN 74.9 (+4.6%). The growth of ARPU per B2C contract customer results, in particular, from the continuous building of customer value through bundling services.

The number of contract services for B2C customers provided by us at the end of the second quarter of 2024 amounted to 13,086 thousand RGUs, i.e., 3 thousand more compared to the previous year. This is particularly the result of very good sales of mobile telephony and Internet access services during the period under review. At the end of June 2024, the base of contract mobile telephony services for B2C customers increased by 99 thousand (+1.6%) YoY and amounted to 6,317 thousand while the number of Internet access services provided to B2C customers in the contract model amounted to 2,020 thousand, recording an increase by 50 thousand (+2.5%) YoY. It is worth mentioning that in this category of services, the share of Internet access services using fixed technologies is steadily increasing. The Group's contract service base remains under pressure from the declining number of pay TV services which decreased by 146 thousand (-3.0%) YoY to the level of 4,749 thousand RGUs. The key drivers behind the decline in the pay TV customer base are a lower number of provided satellite TV services and the gradual phasing-out of the IPLA service following a change in strategy for offering our online video services in 2021. This decrease was partially offset by an increasing number of TV services offered in online technologies (IPTV/OTT).

The saturation of our B2C customer base with integrated services, expressed as the ratio of contract services per customer, remains at a stable, high level and as at the end of June 2024 amounted to 2.27 contract services per customer (+1.3% YoY). We believe that further saturation of our customer base with integrated services, including our flagship product smartDOM, will positively influence the rate of 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 is based on a mechanism of offering attractive discounts on every additional product or service purchased from the Group’s portfolio 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 2024, the number of customers using our bundled services amounted to 2,477 thousand, increasing by 27 thousand (1.1%) YoY. This translates into a 43.0% saturation of our contract customer base with multiplay services. This group of customers had 7,521 thousand RGUs at the end of the second quarter of 2024, up by 129 thousand (+1.7% 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 47 thousand (-1.8% YoY) to 2,609 thousand as at June 30, 2024.

The main reason behind the decline in the prepaid service base in the analyzed period was a decrease by 75 thousand (-2.9% YoY) in the number of prepaid mobile telephony RGUs, which amounted to 2,473 thousand services at the end of the second quarter of 2024. The above decrease is due to the high level of competition reflected, among others, in very large data packs offered in prepaid mobile tariffs. In addition, the number of prepaid mobile broadband Internet access services remains in a downward trend (-5 thousand RGUs, -17.2% YoY). This is primarily attributable to the growing popularity of data transmission in mobile tariffs (smartphones) due to the size of data packages offered. The number of prepaid pay TV services increased by 33 thousand (+41.8% YoY), mainly due to the high popularity of the sports package offered within the Polsat Box Go platform. The prepaid pay TV RGU base has been adjusted to exclude the promotional package Polsat Box Go Start offered at PLN 30 per year, which was launched in the third quarter of 2023 in connection with the decision to discontinue the ad-based service Polsat Go.

In the second quarter of 2024, ARPU per prepaid RGU stood at PLN 18.0 (+1.1% YoY) while in the first half of 2024 it reached PLN 17.7 (+1.1% YoY).

Contract services for B2B customers

The total number of B2B customers as at the end of the second quarter of 2024 was 68.5 thousand (-0.7% YoY). The scale of our B2B customer base remains relatively 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 1,485 (+1.5% YoY) per month in the second quarter of 2024 and PLN 1.487 (+2.6% YoY) per month in the first half of 2024.

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

When analyzing and evaluating our media segment we consider predominantly audience share by TV channel and TV advertising and sponsoring market share as well as the average monthly number of users and average monthly number of page views in case of online activities. The following tables set forth these key performance indicators for the relevant periods.

	3 months ended June 30		Change	6 months ended June 30		Change
	2024	2023	p.p. / %	2024	2023	p.p. / %
TV channels						
Audience share (1) (2), including:	**22.04%**	**21.96%**	**0.08 p.p.**	**21.77%**	**21.90%**	**(0.13 p.p.)**
POLSAT (main channel)	7.05%	7.76%	(0.71 p.p.)	7.08%	7.89%	(0.81 p.p.)
Thematic channels	14.99%	14.20%	0.79 p.p.	14.69%	14.01%	0.68 p.p.
TV advertising and sponsoring market share	28.1%	28.4%	(0.3 p.p.)	28.1%	28.3%	(0.2 p.p.)
Online – Internet portals						
Average number of users [millions]	20.4	21.0	(2.9%)	20.7	21.1	(1.9%)
Average number of page views [millions]	1,808	1,901	(4.9%)	1,867	1,920	(2.7%)

Audience shares

Audience share	3 months ended June 30		Change / p.p.	6 months ended June 30		Change / p.p.
	2024	2023		2024	2023	
Audience share[(1)(2)], including:	**22.04%**	**21.96%**	***0.08***	**21.77%**	**21.90%**	***(0.13)***
POLSAT (main channel)	**7.05%**	**7.76%**	***(0.71)***	**7.08%**	**7.89%**	***(0.81)***
Thematic channels	**14.99%**	**14.20%**	***0.79***	**14.69%**	**14.01%**	***0.68***
TV4	3.15%	3.02%	*0.13*	2.90%	3.03%	*(0.13)*
TV6	1.60%	1.15%	*0.45*	1.57%	1.13%	*0.44*
Polsat News	1.14%	1.26%	*(0.12)*	1.23%	1.26%	*(0.03)*
Super Polsat	1.01%	0.95%	*0.06*	1.00%	0.99%	*0.01*
Polsat 2	0.87%	1.36%	*(0.49)*	0.92%	1.35%	*(0.43)*
Fokus TV	0.85%	0.85%	-	0.89%	0.87%	*0.02*
Wydarzenia24	0.73%	0.57%	*0.16*	0.73%	0.59%	*0.14*
Polsat Film	0.57%	0.67%	*(0.10)*	0.59%	0.67%	*(0.08)*
Nowa TV	0.48%	0.39%	*0.09*	0.50%	0.38%	*0.12*
Polsat Play	0.49%	0.70%	*(0.21)*	0.50%	0.71%	*(0.21)*
Polsat Seriale	0.39%	0.46%	*(0.07)*	0.42%	0.46%	*(0.04)*
Polo TV	0.58%	0.46%	*0.12*	0.51%	0.42%	*0.09*
Polsat Sport 1 (dawniej Polsat Sport)[(3)]	0.70%	0.48%	*0.22*	0.53%	0.35%	*0.18*
Polsat Cafe	0.39%	0.38%	*0.01*	0.38%	0.39%	*(0.01)*
Eska TV	0.39%	0.35%	*0.04*	0.37%	0.33%	*0.04*
4FUN.TV[(4)]	0.26%	0.21%	*0.05*	0.24%	0.22%	*0.02*
4FUN KIDS[(4)]	0.12%	0.17%	*(0.05)*	0.16%	0.17%	*(0.01)*
Polsat News Polityka[(5)]	0.13%	n/a	*n/a*	0.15%	n/a	*n/a*
Eleven Sports 1	0.16%	0.21%	*(0.05)*	0.16%	0.19%	*(0.03)*
Polsat Doku	0.13%	0.16%	*(0.03)*	0.13%	0.15%	*(0.02)*
Polsat Sport 2 (dawniej Polsat Sport Extra)[(3)]	0.19%	0.13%	*0.06*	0.15%	0.11%	*0.04*
Disco Polo Music	0.08%	0.17%	*(0.09)*	0.09%	0.17%	*(0.08)*
Polsat News 2	0.07%	0.06%	*0.01*	0.07%	0.06%	*0.01*
Polsat Games	0.10%	0.04%	*0.06*	0.08%	0.04%	*0.04*
Polsat Rodzina	0.06%	0.06%	-	0.06%	0.06%	-
Polsat Music HD	0.04%	0.06%	*(0.02)*	0.05%	0.05%	-
Eska TV Extra	0.04%	0.05%	*(0.01)*	0.05%	0.06%	*(0.01)*
Polsat Sport 3 (dawniej Polsat Sport News)[(3)]	0.09%	0.05%	*0.04*	0.07%	0.05%	*0.02*
Eleven Sports 2	0.03%	0.05%	*(0.02)*	0.04%	0.04%	-
4FUN DANCE[(4)]	0.05%	0.06%	*(0.01)*	0.05%	0.06%	*(0.01)*
Vox Music TV	0.04%	0.06%	*(0.02)*	0.03%	0.05%	*(0.02)*
Polsat Sport Fight	0.03%	0.02%	*0.01*	0.03%	0.02%	*0.01*
Eska Rock TV	0.03%	0.03%	-	0.02%	0.02%	-
Polsat 1[(6)]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Sport Premium 1[(6)]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Sport Premium 2[(6)]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Eleven Sports 3[(6)]	n/a	n/a	*n/a*	n/a	n/a	*n/a*

Audience share	3 months ended June 30		Change / p.p.	6 months ended June 30		Change / p.p.
	2024	2023		2024	2023	
Eleven Sports 4[(6)]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
TV Okazje[(6)]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Film 2[(6)]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat X[(6)]	n/a	n/a	*n/a*	n/a	n/a	*n/a*
Polsat Reality[(6)]	n/a	n/a	*n/a*	n/a	n/a	*n/a*

(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) As of April 26, 2024, the names of the Polsat sports channels changed: Polsat Sport became Polsat Sport 1, Polsat Sport Extra became Polsat Sport 2, and Polsat Sport News became Polsat Sport 3.
(4) As of July 21, 2023, Polsat Plus Group is the majority shareholder of the companies that own the 4FUN.TV, 4FUN KIDS and 4FUN DANCE channels.
(5) The channel has been broadcasting since January 10, 2024.
(6) Channel not included in the telemetric panel.

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.
	2024	2024		2024	2023	
Polsat Comedy Central Extra	0.26%	0.35%	*(0.09)*	0.27%	0.34%	*(0.07)*
Polsat Viasat History	0.18%	0.24%	*(0.06)*	0.19%	0.24%	*(0.05)*
CI Polsat	0.22%	0.17%	*0.05*	0.20%	0.15%	*0.05*
Polsat Viasat Explore	0.12%	0.19%	*(0.07)*	0.14%	0.18%	*(0.04)*
Polsat Viasat Nature	0.07%	0.09%	*(0.02)*	0.09%	0.09%	-

The audience share in the commercial group for Polsat Plus Group remained stable in both analyzed periods and amounted to 22.0% in the second quarter of 2024 (+0.1 p.p. YoY) and 21.8% in the first half of 2024 (-0.1 p.p. YoY).

The trend of increasing market fragmentation continues in the Polish market, which, by dispersing audiences, adversely 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, e.g., displayed on a TV set or on a small screen 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 decreased by 0.7 p.p. YoY in the second quarter of 2024 to 7.1% and fell by 0.8 p.p. YoY to 7.1% in the first half of 2024. In the same periods, our thematic channels recorded increases by 0.8 p.p. YoY to 15.0% and 0.7 p.p. YoY to 14.7%, respectively. During the periods under review, we maintained our audience share at a stable level despite the pressure of the one-time event of the European Men's Football Championship EURO 2024, which was broadcast by the public broadcaster's channels between June 14 and July 14, 2024. These broadcasts achieved record audience shares, reaching up to 70% (in the A16-59 group) for matches featuring the Polish national team.

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. In March 2024, Nielsen Media changed its methodology for measuring out-of-home (OOH) audiences, adjusting the size of the out-of-home audience phenomenon to a more realistic value. As a result, OOH viewership figures increased by 4.0 p.p. in the second quarter of 2024 compared to the corresponding period of 2023. For Polsat Plus Group, this represents an increase in the advertising resources that can be offered to advertisers.

In July 2023 we expanded the portfolio of our stations by three channels from the 4FUN family: 4FUN.TV, 4FAN DANCE and 4FUN KIDS, which further enhances the attractiveness of our programing offer with the ability to reach younger audiences, contributing to an increase in viewership of our thematic channels.

In April 2024, we introduced changes in the names of Polsat sports channels. The main and primary brand is Polsat Sport, which is one of the strongest media brands in Poland. Polsat Plus Group and TV Polsat have a wide range of media rights to many events from a variety of sports, which they broadcast on their various channels. The simplification of the names makes it easier to navigate Polsat's sports channel offering. As of April 26, Polsat Sport became Polsat Sport 1, Polsat Sport Extra became Polsat Sport 2 and Polsat Sport News became Polsat Sport 3.

We are constantly striving to strengthen our channel offering, including but not limited to the introduction of compelling sports content. In July 2024, we acquired the exclusive rights to broadcast and stream the new UEFA Europa League and UEFA Conference League format for the three seasons. In parallel, we acquired exclusive rights to broadcast Bundesliga and Bundesliga 2 matches in Poland from the 2025/26 season until the end of 2028/29 and a non-exclusive license for the 2024/25 spring round.

TV advertising and sponsoring market share

According to initial estimates of Publicis Group, expenditures on TV advertising and sponsoring in the first half of 2024 amounted to approximately PLN 2.4 billion (+7.2% YoY). Based on these data, we estimate that our TV advertising market share was 28.1% in the analyzed period, which represents a decrease by 0.3 p.p. from the 28.4% share recorded in the first half 2023. Publicis Group estimated that in the second quarter of 2024 expenditures on TV advertising and sponsoring amounted to approximately PLN 1.3 billion (+5.7% YoY) and our TV advertising market share amounted to 28.1% which represents a decrease by 0.2 p.p. from the 28.3% share recorded in the second quarter of 2023.

Average monthly number of Internet users

In the second quarter of 2024, the average monthly number of users (the ‘real users’ indicator from the Mediapanel survey) of Polsat-Interia Group websites and apps amounted to 20.4 million, which represents a decrease by 0.6 million (-2.9%) YoY and in the first half of 2024 it amounted to 20.7 million, which represents a decrease by 0.4 million YoY (-1.9%).

The table below presents a list of websites, whose number of average users per month exceeded 0.5 million in the second quarter of 2024. The Interia.pl portal is presented as a whole, without a breakdown into thematic services.

Average number of users [(1)] [millions]	3 months ended June 30		Change		6 months ended June 30		Change	
	2024	2023	nominal	%	2024	2023	nominal	%
Polsat-Interia Group[(2)]	**20.4**	**21.0**	**(0.6)**	**(2.9%)**	**20.7**	**21.1**	**(0.4)**	**(1.9%)**
Selected websites:								
interia.pl	15.9	15.8	0.1	0.6%	15.9	15.6	0.3	1.9%
pomponik.pl	6.9	7.4	(0.5)	(6.8%)	7.6	7.3	0.3	4.1%
polsatnews.pl	5.7	6.4	(0.7)	(10.9%)	5.5	6.4	(0.9)	(14.1%)
twojapogoda.pl	3.7	2.1	1.6	76.2%	3.3	1.7	1.6	94.1%
polsatsport.pl	3.5	3.4	0.1	2.9%	3.2	3.3	(0.1)	(3.0%)
deccoria.pl	3.4	3.9	(0.5)	(12.8%)	3.4	4.0	(0.6)	(15.0%)
top.pl[(3)]	3.0	-	-	-	3.5	-	-	-
smaker.pl	2.7	3.9	(1.2)	(30.8%)	3.1	4.2	(1.1)	(26.2%)
naekranie.pl[(4)]	1.7	1.5	0.2	13.3%	1.7	1.8	(0.1)	(5.6%)
bryk.pl	1.7	2.2	(0.5)	(22.7%)	1.8	2.5	(0.7)	(28.0%)
polsatboxgo.pl	1.2	1.0	0.2	20.0%	1.2	1.3	(0.1)	(7.7%)
okazjum.pl	0.8	0.9	(0.1)	(11.1%)	0.8	0.9	(0.1)	(11.1%)

(1) Mediapanel survey, Real Users indicator.

(2) In the data for the Group as a whole, the results of sites acquired by the Group during the reporting period are included only from the time of acquisition.

(3) The service was launched in June 2023. Data for the period of the service's existence.

(4) The service has been part of Polsat Plus Group since July 2023. The comparative data presented also relates to the period when the service was not yet owned by the Group.

According to the Mediapanel survey conducted by the analytics company Gemius/PBI, Polsat - Interia Group was the leader among online publishers in Poland in the first half of 2024, achieving the highest reach in the market three times during this period (21.11 million users in January, 20.91 million in April and 20.46 million in May). At the same time, Polsat-Interia Group has been the leader in the mobile category among online publishers continuously since December 2023.

Average monthly number of Internet views

The average monthly number of page and app views of Polsat-Interia Group websites reached ca. 1.81 billion in the second quarter of 2024 (-4.9% YoY) and 1.87 billion in the first half of 2024 (-2.7% YoY).

The table below presents the list of websites, whose number of views exceeded 0.5 million in the second quarter of 2024. The Interia.pl portal is presented as a whole, without a breakdown into thematic services.

Average number of views [1] [millions]	3 months ended June 30		Change		6 months ended June 30		Change	
	2024	2023	nominal	%	2024	2023	nominal	%
Polsat-Interia Group[2]	**1,808.5**	**1,901.4**	**(92.9)**	**(4.9%)**	**1,867.2**	**1,919.5**	**(52.3)**	**(2.7%)**
Selected websites								
interia.pl	813.1	905.7	(92.6)	(10.2%)	839.2	939.3	(100.1)	(10.7%)
pomponik.pl	59.0	55.0	4.0	7.3%	65.4	53.1	12.3	23.2%
polsatnews.pl	32.2	34.2	(2.0)	(5.8%)	32.3	34.9	(2.6)	(7.4%)
polsatsport.pl	25.1	23.0	2.1	9.1%	22.9	20.5	2.4	11.7%
okazjum.pl	21.8	25.7	(3.9)	(15.2)	21.4	27.3	(5.9)	(21.6%)
twojapogoda.pl	16.6	15.6	1.0	6.4%	14.6	13.9	0.7	5.0%
deccoria.pl	10.7	12.0	(1.3)	(10.8%)	9.8	12.0	(2.2)	(18.3%)
bryk.pl	8.5	10.1	(1.6)	(15.8%)	9.1	11.2	(2.1)	(18.8%)
naekranie.pl[3]	8.4	6.9	1.5	21.7%	8.0	8.1	(0.1)	(1.2%)
smaker.pl	8.0	17.2	(9.2)	(53.5%)	11.8	19.8	(8.0)	(40.4%)
top.pl[4]	7.9	-	-	-	10.6	-	-	-
polsatboxgo.pl	6.0	4.0	2.0	50.0%	5.7	4.9	0.8	16.3%

(1) Data from Mediapanel survey, Views indicator –views of websites/apps.
(2) In the data for the Group as a whole, the results of sites acquired by the Group during the reporting period are included only from the time of acquisition.
(3) The service was launched in June 2023. Data for the period of the service's existence.
(4) The service has been part of Polsat Plus Group since July 2023. The comparative data presented also relates to the period when the service was not yet owned by the Group.

3.1.3. Green energy segment

Energy production from renewable sources

When analyzing and evaluating our renewable energy activities, which is presented as a new operating segment from July 3, 2023, we primarily consider electricity generation from low- and zero-emission sources and the average price received for the sale of generated energy. The results of PAK-PCE Group are consolidated as of July 3, 2023, but the following table presents operating data for the comparative period when companies belonging to PAK-PCE Group were controlled by ZE PAK S.A.

	3 months ended June 30		change		6 months ended June 30		change	
	2024	2023	nominal	% / p.p.	2024	2023	nominal	% / p.p.
Total electricity generation (GWh), of which:	**222.0**	**145.1**	**76.9**	**53.0%**	**420.9**	**294.4**	**126.5**	**43.0%**
Biomass	*124.2*	*117.8*	*6.4*	*5.4%*	*259.3*	*257.8*	*1.5*	*0.6%*
Photovoltaics	*33.3*	*27.3*	*6.0*	*22.0%*	*45.2*	*36.6*	*8.6*	*23.5%*
Wind farms	*64.5*	*-*	*64.5*	*n/a*	*116.4*	*-*	*36.6*	*n/a*
Average selling price of energy produced[1] [PLN/MWh]	564.2	-	564.2	n/a	605.1	-	605.1	n/a

(1) Calculated as the ratio of the green energy segment's generated revenues from the sale of own electricity and the volume of production

In the second quarter of 2024, the Group produced 222.0 GWh of electricity from all its renewable energy sources, which represented an increase of by 76.9 GWh (+53.0%) YoY. The main driver of growth was the additional volume of electricity production from wind farms of 64.5 GWh, which was a result of the commencement of energy production from Miłosław (9.6 MW) and Kazimierz Biskupi (17.5 MW) wind farms in the third quarter of 2023, as well as the start of technical commissioning at the Człuchów wind farm (72.6 MW) in the first quarter of 2024. Moreover, in late June 2024 technical commissioning at the Przyrów farm (50.4 MW) started, which will translate into increased volume of energy produced from wind in the quarters to come. The Brudzew/Cambria photovoltaic farm generated 33.3 GWh (+22.0%) YoY of energy, as a result of its expansion by an additional 12.4 MW in the third quarter of 2023.

Total volume of electricity produced in the first half of 2024 amounted to 420.9 GWh and was 126.5 GWh (+43.0%) higher YoY. As a result of the successive commissioning of further wind farms, in accordance with the assumptions of Strategy 2023+, in the first half of 2024 the Group generated a total of 116.4 GWh of electricity from wind farms. The volume of energy from the sun amounted to 45.2 GWh in the first half of 2024 and was by 8.6 GWh (+23.5%) higher YoY, as a result of the increased by 12.4 MW production capacity at the Brudzew-Cambria photovoltaic farm in the third quarter of 2023.

The average sales price of energy produced from own resources, at the segment level, was PLN 564.2 per 1 MWh in the second quarter of 2024 and PLN 605.1 per 1 MWh in the first half of 2024.

Implementation of renewable energy projects

Wind farms.

The technical commissioning of the Człuchów farm (72.6 MW) started in February 2024. In June 2024, the technical commissioning of the Przyrów farm (50.4 MW) commenced.

The following onshore wind farm projects are currently under construction:

- Drzeżewo with installed capacity of 138.6 MW and potential annual production of ca. 410 GWh, production start-up planned for the fourth quarter of 2025;
- Dobra with installed capacity of 7.8 MW and potential annual production of ca. 24 GWh, production start-up planned for the fourth quarter of 2025.

Once the ongoing investments are completed, the total installed capacity of the wind projects will be close to 300 MW.

Photovoltaic farms. In the area of photovoltaic installations, the Przykona project with an installed capacity of 260 MW and a potential annual production of approximately 250 GWh is currently being developed. The project will be implemented in cooperation with ZE PAK Group, on whose land the plant will be built. The project is at the stage of obtaining necessary permits.

Green hydrogen projects

In addition to dynamically developing renewable energy projects, we are also focused on building a complete value chain of an economy based on green hydrogen. Currently, we are in the process of commissioning the first electrolyzer in PEM technology with 2,5 MW of capacity and finalizing the work on an alkaline electrolyzer of our own production with a capacity of 0.5 MW.

In the area of hydrogen distribution, in July 2024, the Group commissioned its first hydrogen refueling station in Gdansk and the third in Poland under the NESO brand and, in addition, construction work is nearing completion on hydrogen refueling stations in Gdynia, Wroclaw and Lublin. The expected launch dates for the new stations are in the second and third quarters of 2024. The construction of a network of hydrogen refueling stations is supported by the National Fund for Environmental Protection and Water Management, which granted PAK-PCE Stacje H2 sp. z o.o. a subsidy of PLN 20 million in February 2023 for the construction of five publicly accessible hydrogen refueling stations in Rybnik, Gdańsk, Wrocław, Gdynia and Lublin.

In August 2024, the Group's companies PAK-PCE Biopaliwa i Wodór Sp. z o.o. and PAK-PCE Stacje H2 Sp. z o.o., signed a grant agreement with The European Climate, Infrastructure and Environment Executive Agency (CINEA) for a hydrogen project. It includes the construction of 5 publicly accessible hydrogen refueling stations located along the roads of the TEN-T network (Trans-European Transport Network) and green hydrogen production facilities with a total capacity of 5 MW. The subsidy amounts to EUR 14.9 million and was awarded under the CEF Transport - Alternative Fuels Infrastructure Facility program.

In September 2023, PAK-PCE Polski Autobus Wodorowy signed an agreement with the city of Gdansk for a 10-year lease of 10 hydrogen buses with full service and supply of hydrogen fuel. Deliveries of the NesoBuses to Gdansk were or will be competed in July and August 2024. In addition, in March 2024, PAK-PCE Polski Autobus Wodorowy won a tender for the delivery of 26 buses to Chelm, which will be executed in three tranches by the end of October of 2025.

3.2. Review of the Group's financial situation

The following review of results for the three- and six-month periods ended June 30, 2024 was prepared based on the condensed consolidated financial statements for the six-month period ended June 30, 2024, 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, 2024 and June 30, 2023 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 1.5. of the Report of the Management Board on activities of Cyfrowy Polsat S.A. Capital Group for 2023. In particular, as of July 3, 2023, the Group consolidates the results of PAK-PCE and its subsidiaries using the full method.

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, 2023 to June 30, 2024. However, if the impact of an acquisition or a disposal is a significant factor, this is indicated for the item in question.

An explanation of the accounting policies used and key positions from the consolidated income statement and consolidated balance sheet are included in the consolidated financial statements for the financial year 2023 (Note 6).

3.2.1. Income statement analysis

Results for the second quarter of 2024

[mPLN]	3 months ended June 30		change	
	2024	2023	[mPLN]	[% / p.p.]
Revenue	3,454.3	3,289.8	164.5	5.0%
Operating costs	(3,085.8)	(2,945.0)	(140.8)	4.8%
Other operating income/(cost), net	27.5	(15.0)	42.5	n/a
Profit from operating activities	**396.0**	**329.8**	**66.2**	**20.1%**
Gain/(loss) on investment activities, net	84.2	21.0	63.2	301.0%
Finance costs, net	(267.1)	(300.7)	33.6	(11.2%)
Share of the profit of associates accounted for using the equity method	0.1	(9.9)	10.0	(101.0%)
Gross profit for the period	**213.2**	**40.2**	**173.0**	**430.3%**
Income tax	(37.7)	(32.1)	(5.6)	17.4%
Net profit for the period	**175.5**	**8.1**	**167.4**	**2,067.0%**
EBITDA	**865.0**	**798.5**	***66.5***	***8.3%***
EBITDA margin	*25.0%*	*24.3%*	-	*0.7 p.p.*
Gain on asset disposal	21.1	-	21.1	n/a
EBITDA excl. asset disposal	***843.9***	***798.5***	***45.4***	***5.7%***
EBITDA margin excl. asset disposal	*24.4%*	*24.3%*	-	*0.1 p.p.*

Revenue

Consolidated **total revenue** increased by PLN 164.5 million (+5.0% YoY) in the second quarter of 2024, primarily as a result of the consolidation of revenue from the sales of energy generated in the green energy segment and higher retail revenue.

Excluding the impact of the consolidation of PAK-PCE Group's results, consolidated total revenue amounted to PLN 3,206.0 million (-2.5% YoY). The change was primarily due to lower wholesale revenue, revenue from equipment sales and photovoltaic operations.

[mPLN]	3 months ended June 30		change	
	2024	2023	[mPLN]	[%]
Retail revenue	1,784.4	1,734.8	49.6	2.9%
Wholesale revenue	848.2	859.0	(10.8)	(1.3%)
Sale of equipment	432.8	483.6	(50.8)	(10.5%)
Energy revenue	249.0	-	249.0	n/d
Other revenue	139.9	212.4	(72.5)	(34.1%)
Revenue	**3,454.3**	**3,289.8**	**164.5**	**5.0%**

Retail revenue increased by PLN 49.6 million (+2.9%) YoY in the second quarter of 2024 and amounted to PLN 1,784.4 million, driven by the successful execution of the multiplay strategy and value creation in contract B2C and B2B customers.

Wholesale revenue decreased by PLN 10.8 million (-1.3%) YoY, mainly due to the recognition of lower interconnection revenue, resulting from the final regulatory reduction of MTR rates in January 2024, and lower revenue from the sale of TV sublicenses. The aforesaid decrease was largely offset by an increase in advertising and sponsorship revenue.

Revenue from the **sale of equipment** decreased by PLN 50.8 million (-10.5%) YoY mainly due to high sales volumes in the comparative period. At the same time, the margin on equipment sales remains high and stable due to a high share of higher-priced handsets in the sales mix.

In connection with the consolidation of PAK-PCE Group's results, as of July 3, 2023, the Group recognizes **energy revenue**, which includes revenue from the sale of generated electricity and resale of energy, revenue from the sale of heat and revenue from the sale of property rights, particularly certificates of origin. In the second quarter of 2024, the Group recognized, on a consolidated level, energy revenue of PLN 249.0 million, of which revenue from the sale of generated electricity amounted to PLN 72.0 million and revenue from energy resale amounted to PLN 161.2 million.

Other revenue decreased by PLN 72.5 million (-34.1%) YoY, mainly as a result of lower revenue from operations related to photovoltaic installations, which was related to the deployment of the Cambria photovoltaic farm in the comparative period.

Operating costs

Consolidated **operating costs** increased by PLN 140.8 million (+4.8%) YoY in the second quarter of 2024 to the level of PLN 3,085.8 million. Excluding the impact of the consolidation of the results of PAK-PCE Group, consolidated operating costs amounted to PLN 2,886.6 million (-1.9% YoY).

[mPLN]	3 months ended June 30		change	
	2024	2023	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	820.1	823.9	(3.8)	(0.5%)
Depreciation, amortization, impairment and liquidation	455.7	468.7	(13.0)	(2.8%)
Cost of equipment sold	333.7	384.0	(50.3)	(13.1%)
Content costs	555.4	529.4	26.0	4.9%
Cost of energy sold, includes	194.1	-	194.1	n/a
Depreciation	*12.3*	-	*12.3*	*n/a*
Distribution, marketing, customer relation management and retention costs	255.8	247.7	8.1	3.3%
Salaries and employee-related costs	296.4	274.9	21.5	7.8%
Cost of debt collection services and bad debt allowance and receivables written off	28.4	32.5	(4.1)	(12.6%)
Other costs, includes	146.2	183.9	(37.7)	(20.5%)
Depreciation	*1.0*	-	*1.0*	*n/a*
Operating costs	**3,085.8**	**2,945.0**	**140.8**	**4.8%**

Technical costs and cost of settlements with telecommunication operators decreased by PLN 3.8 million (-0.5%) YoY. This decrease was caused mainly by lower costs of interconnect settlements due to the final regulatory reduction of MTR rates in 2024, and was largely offset by higher network maintenance costs due to, among others, inflationary pressure.

Depreciation, amortization, impairment and liquidation costs decreased by PLN 13.0 million (-2.8%) YoY, which resulted, among others, from the change in the depreciation and amortization calculation periods for selected groups of assets.

The **cost of equipment sold** decreased by PLN 50.3 million (-13.1%) YoY, which reflected lower sales volumes of equipment in the reported quarter and corresponds with lower revenue from the sale of equipment.

Content costs increased by PLN 26.0 million (+4.9%) YoY as a result of recognizing higher internal production costs and investments in enhancing the attractiveness of our pay TV offering.

Distribution, marketing, customer relation management and retention costs increased by PLN 8.1 million (+3.3%) YoY, mainly as a result of the recognition of higher costs of call center.

In connection with the consolidation of the results of PAK-PCE Group as of July 3, 2023, the Group recognized **costs of energy sold** in the amount of PLN 194.1 million, of which PLN 12.3 million was depreciation and amortization.

Salaries and employee-related costs increased by PLN 21.5 million (+7.8%) YoY, mainly due to the increased headcount and persisting inflationary pressure. The impact of the consolidation of PAK-PCE Group on this cost item was PLN 2.2 million in the second quarter of 2024.

Average headcount in the Group increased by 299 FTEs (+3.8%) YoY, following the changes in the Group's structure in the last 12 months, in particular the consolidation of PAK-PCE Group from July 2023.

Average employment	3 months ended June 30		Change	
	2024	2023	[FTEs]	[%]
Permanent workers not engaged in production[(1)]	8,192	7,893	299	3.8%

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

Cost of debt collection services and bad debt allowance and receivables written off decreased by PLN 4.1 million (-12.6%) YoY due to, among others, better collection rates and lower sales in the installment model than in the second quarter of 2023.

Other costs decreased by PLN 37.7 million (-20.5%) YoY, primarily as a result of the recognition of lower costs of operations related to photovoltaic installations, which was related to the deployment of the Cambria photovoltaic farm in the comparative period. This decrease was partially offset by the recognition of costs of selling gas in connection with the consolidation of PAK-PCE Group.

Other operating income, net amounted to PLN 27.5 million in the second quarter of 2024, primarily due to the recognition of a gain on the disposal of the second tranche of an IPv4 communications protocol address package in the amount of PLN 21.1 million (net of transaction costs).

Reported EBITDA increased to PLN 865.0 million (+8.3% YoY) in the second quarter of 2024, primarily as a result of the consolidation of PAK-PCE Group results and the recognition of a gain on the disposal of assets comprising the second tranche of the IPv4 communications protocol address package in the amount of PLN 21.1 million (net of transaction costs).

EBITDA excluding asset disposal amounted to PLN 843.9 million (+5.7%) YoY in the second quarter of 2024, resulting in adjusted EBITDA margin of 24.4%. The main reason for the increase in adjusted EBITDA was the contribution from the green energy segment following the consolidation of PAK-PCE Group in the amount of PLN 71.4 million.

Gain on investment activities, net amounted to PLN 84.2 million in the second quarter of 2024 and increased by PLN 63.2 million (+301.0%) YoY. The increase in this item was mainly due to income recognized on the market valuation of the stake of 10.13% shares held in Asseco Poland S.A. in the amount of PLN 21.4 million as well as dividends from Asseco Poland S.A. in the amount of PLN 30.8 million.

Finance costs, net decreased by PLN 33.6 million (-11.2%) YoY, primarily due to the lower cost of servicing the Group's debt following the reduction of interest rates in Poland in the third quarter of 2023 as well as the execution and positive valuation of hedging instruments.

Net profit for the second quarter of 2024 amounted to PLN 175.5 million, recording an increase by PLN 167.4 million YoY.

Results for the first half of 2024

[mPLN]	6 months ended June 30		change	
	2024	2023	[mPLN]	[% / p.p.]
Revenue	6,859.3	6,489.1	370.2	5.7%
Operating costs	(6,202.1)	(5,836.9)	(365.2)	6.3%
Gain on disposal of a subsidiary and an associate	10.0	-	10.0	n/a
Other operating income/(cost), net	181.5	(23.7)	205.2	(865.8%)
Profit from operating activities	**848.7**	**628.5**	**220.2**	**35.0%**
Gain/(loss) on investment activities, net	103.4	41.8	61.6	147.4%
Finance costs, net	(468.4)	(556.4)	88.0	(15.8%)
Share of the profit of associates accounted for using the equity method	0.1	10.4	(10.3)	(99.0%)
Gross profit for the period	**483.8**	**124.3**	**359.5**	**289.2%**
Income tax	(124.0)	(45.2)	(78.8)	174.3%
Net profit for the period	**359.8**	**79.1**	***280.7***	**354.9%**
EBITDA	***1,811.3***	***1,559.7***	***251.6***	**16.1%**
EBITDA margin	*26.4%*	*24.0%*	-	*2.4 p.p.*
EBITDA adjusted	*1,801.3*	*1,559.7*	*241.6*	*15.49%*
EBITDA adjusted margin	*26.3%*	*24.0%*	-	*2.3 p.p.*
Gain on asset disposal	185.1	-	185.1	n/a
EBITDA adjusted excl. asset disposal	***1,616.2***	***1,559.7***	***56.5***	***3.6%***
EBITDA adjusted margin excl. asset disposal	*23.6%*	*24.0%*	-	*(0.4 p.p.)*

Revenue

Consolidated **total revenue** increased by PLN 370.2 million (+5.7% YoY) in the first half of 2024 to PLN 6,859.3 million, primarily as a result of the consolidation of revenue from the sale of energy generated in the green energy segment.

Excluding the impact of the consolidation of PAK-PCE Group's results, consolidated total revenue amounted to PLN 6,308.8 million (-2.8% YoY). The change was primarily due to lower wholesale revenue, revenue from equipment sales as well as lower revenue from photovoltaic market operations.

[mPLN]	6 months ended June 30		change	
	2024	2023	[mPLN]	[%]
Retail revenue	3,555.0	3,468.6	86.4	2.5%
Wholesale revenue	1,597.9	1,651.3	(53.4)	(3.2%)
Sale of equipment	858.7	968.5	(109.8)	(11.3%)
Energy revenue	530.9	-	530.9	n/a
Other revenue	316.8	400.7	(83.9)	(20.9%)
Revenue	**6,859.3**	**6,489.1**	**370.2**	**5.7%**

Retail revenue increased by PLN 86.4 million (+2.5%) YoY in the first half of 2024 and amounted to PLN 3,555.0 million, which resulted from the successful implementation of the multiplay strategy and value building of both B2C and B2B contract customers.

Wholesale revenue decreased by PLN 53.4 million (-3.2%) YoY, mainly due to the recognition of lower interconnection revenue, resulting from the final regulatory reduction of MTR rates in January 2024, and lower revenue from the sale of TV sublicenses. This decrease was partially offset by an increase in advertising and sponsorship revenue.

Revenue from the **sale of equipment** decreased by PLN 109.8 million (-11.3%) YoY mainly due to high sales volumes in the comparative period. At the same time, the margin on equipment sales remains high and stable due to a high share of higher-priced handsets in the sales mix.

In connection with the consolidation of PAK-PCE Group's results, as of July 3, 2023, the Group recognizes **energy revenue**, which includes revenue from the sale of generated electricity and resale of energy, revenue from the sale of heat and revenue from the sale of property rights, particularly certificates of origin. In the first half of 2024, the Group recognized, on a consolidated level, energy revenue of PLN 530.9 million, of which revenue from the sale of generated electricity amounted to PLN 158.8 million and revenue from energy resale amounted to PLN 329.0 million.

Other revenue decreased by PLN 83.9 million (-20.9%) YoY, mainly as a result of lower revenue from photovoltaic activities which was related to the deployment of the Cambria photovoltaic farm in the comparative period. This decrease was partly offset by the recognition of revenue from the sale of gas in connection with the consolidation of the results of PAK-PCE Group from July 3, 2023.

Excluding the impact of the consolidation of PAK-PCE Group, other revenue amounted to PLN 297.2 million, down by PLN 103.5 million (-25.8%) YoY.

Operating costs

Consolidated **operating costs** increased by PLN 365.2 million (+6.3%) YoY to the level of PLN 6,202.1 million in the first half of 2024. Excluding the impact of the consolidation of the results of PAK-PCE Group, consolidated operating costs amounted to PLN 5,731.5 million (-1.8% YoY).

[mPLN]	6 months ended June 30		change	
	2024	2023	[mPLN]	[%]
Technical costs and cost of settlements with telecommunication operators	1,622.7	1,632.5	(9.8)	(0.6%)
Depreciation, amortization, impairment and liquidation	936.7	931.2	5.5	0.6%
Cost of equipment sold	661.7	776.6	(114.9)	(14.8%)
Content costs	1,068.4	1,043.9	24.5	2.3%
Cost of energy sold, includes	435.9	-	435.9	n/a
Depreciation	*23.9*	-	*23.9*	*n/a*
Distribution, marketing, customer relation management and retention costs	524.5	491.3	33.2	6.8%
Salaries and employee-related costs	600.4	551.0	49.4	9.0%
Cost of debt collection services and bad debt allowance and receivables written off	41.5	61.9	(20.4)	(33.0%)
Other costs, includes	310.3	348.5	(38.2)	(11.0%)
Depreciation	*2.0*	-	*2.0*	n/a
Operating costs	**6,202.1**	**5,836.9**	**365.2**	**6.3%**

Technical costs and cost of settlements with telecommunication operators decreased by PLN 9.8 million (-0.6%) YoY. This change was a net effect of lower costs of interconnect settlements due to the final regulatory reduction of MTR rates in 2024 and higher network maintenance costs due to inflationary pressure.

Depreciation, amortization, impairment and liquidation costs remained relatively stable in the first half of 2024, recording an increase by PLN 5.5 million (+0.6%) YoY.

The **cost of equipment sold** decreased by PLN 114.9 million (-14.8%) YoY, which reflected lower sales volumes of equipment in the first half of 2024 and corresponds with lower revenue from the sale of equipment.

Content costs increased by PLN 24.5 million (+2.3%) YoY as a result of recognizing higher internal production costs and investments in enhancing the attractiveness of our pay TV offering.

Distribution, marketing, customer relation management and retention costs increased by PLN 33.2 million (+6.8%) YoY, mainly as a result of the recognition of higher costs of call center, customer care and marketing communication in the first half of 2024 than in the comparative period.

In connection with the consolidation of the results of PAK-PCE Group as of July 3, 2023, in the first half of 2024 the Group recognized **costs of energy sold** in the amount of PLN 435.9 million, of which PLN 23.9 million was depreciation and amortization.

Salaries and employee-related costs increased by PLN 49.4 million (+9.0%) YoY, mainly due to the increased headcount and persisting inflationary pressure. The impact of the consolidation of PAK-PCE Group on this cost item was PLN 5.3 million in the first half of 2024.

Average headcount in the Group increased by 334 FTEs (+4.2%) YoY, following mainly the changes in the Group's structure in the last 12 months, in particular the consolidation of PAK-PCE Group from July 2023.

Average employment	6 months ended June 30		Change	
	2024	2023	[FTEs]	[%]
Permanent workers not engaged in production[1]	8,217	7,883	334	4.2%

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

Cost of debt collection services and bad debt allowance and receivables written off decreased by PLN 20.4 million (-33.0%) YoY. The decrease was primarily due to a one-time revaluation of the total package of receivables according to a higher ratio than in the comparative period. In addition, the lower level of bad debt was influenced by better collection rates of receivables and lower sales in the installment model than in the first half of 2023.

Other costs decreased by PLN 38.2 million (-11.0%) YoY. This change was a net effect of lower costs of operations in the photovoltaic market, which was related to the deployment of the Cambria photovoltaic farm in the comparative period and higher cost of advisory services and the recognition of gas sales cost in this category in connection with the consolidation of the results of PAK-PCE Group from July 3, 2023.

Gain on the disposal of a subsidiary and an associate amounted to PLN 10.0 million and resulted from the disposal of shares held by the Group in Muzo.fm Sp. z o.o. in the first half of 2024.

Other operating income, net amounted to PLN 181.5 million in the first half of 2024, primarily due to the recognition of a gain on the disposal the IPv4 communications protocol address package in the total amount of PLN 185.1 million (net of transaction costs).

Reported EBITDA increased to PLN 1,811.3 million (+16.1% YoY), primarily as a result of the recognition of a gain on the disposal of assets comprising part of the IPv4 communications protocol address package in the amount of PLN 185.1 million and the consolidation of the results of PAK-PCE Group from July 3, 2023.

EBITDA adjusted for the gain on the disposal of a subsidiary and an associates, excluding asset disposal amounted to PLN 1,616.2 million (+3.6%) YoY in the first half of 2024, resulting in adjusted EBITDA margin of 23.6%. The main reason for the increase in adjusted EBITDA was the contribution from the green energy segment following the consolidation of PAK-PCE Group in the amount of PLN 120.7 million.

Gain on investment activities, net amounted to PLN 103.4 million in the first half of 2024 (+147.4% YoY). This item included the income recognized on the valuation of the stake of 10.13% shares held in Asseco Poland S.A. in the amount of PLN 58.4 million (in the comparative period, the share of profit of Asseco Poland S.A. was included in the item “Share of profit of associates accounted for using the equity method”) and the income from dividends received from Asseco Poland S.A. in the amount of PLN 30.8 million.

Finance costs, net decreased by PLN 88.0 million (-15.8%) YoY, primarily due to the recognition of lower debt service cost following the reduction of interest rates in Poland in September 2023 and a positive impact from the execution and valuation of hedging instruments in the amount of PLN 56.2 million.

Net profit for the first half of 2024 amounted to PLN 359.8 million and was higher by PLN 280.7 million than in the comparative period.

3.2.2. Operating segments

The Group operates in the following four segments:

- **B2C and B2B services segment** which relates to the provision of services, 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**, which 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,
- **green energy segment**, which consists mainly of production and sale of electricity from renewable sources, construction of a complete hydrogen-based value chain and investments in renewable energy sources projects such as photovoltaic and wind farms (starting from July 3, 2023), and
- **real estate segment**, which consists mainly of implementation of construction projects as well as sale, rental and management of own or leased real estate.

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.

The operations carried out within each segment are described in detail in item 2 of the the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2023 – *Our business*.

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 (including depreciation included in the energy and buses production costs). 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, 2024.

6 months ended June 30, 2024 [mPLN]	B2C and B2B services segment	Media segment	Real estate segment	Green energy segment	Consolidation adjustments	Total
Revenues from sales to third parties	5,157.6	1,091.8	54.3	555.6	-	**6,859.3**
Inter-segment revenues	27.1	156.5	19.8	122.9	(326.3)	**-**
Revenues	**5,184.7**	**1,248.3**	**74.1**	**678.5**	**(326.3)**	**6,859.3**
EBITDA adjusted (unaudited)	**1,424.1**	**245.4**	**11.1**	**120.7**	**-**	**1,801.3**
Gain on disposal of a subsidiary and an associate	-	10.0	-	-	-	10.0
EBITDA (unaudited)	**1,424.1**	**255.4**	**11.1**	**120.7**	**-**	**1,811.3**
Depreciation, amortization, impairment and liquidation	836.1	76.6	10.9	13.1	-	**936.7**
Depreciation included in energy and bus production costs	-	-	-	25.9	-	**25.9**
Profit/(loss) from operating activities	**588.0**	**178.8**	**0.2**	**81.7**	**-**	**848.7**
Acquisition of property, plant and equipment and other intangible assets	392.5	39.9	6.5	254.8	-	**693.7**
Acquisition of reception equipment	78.6	-	-	-	-	**78.6**
Balance as at June 30, 2024						
Assets, including:	26,015.9	4,191.2[1)]	1,495.6	4,882.9	191.5	**36,774.1**
Investments in joint venture and associates	-	-	10.2	-	-	**10.2**

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, 2024 and June 30, 2023 allocated to the B2C and B2B services segment, the media segment and the real estate segment are not fully comparable due to 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 2023.

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 months 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 venture 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.

3.2.3. Balance sheet analysis

As at June 30, 2024, our balance sheet amounted to PLN 36,777.1 million and was lower by PLN 399.6million (-1.1%) compared to the balance as at December 31, 2023.

Assets

[mPLN]	June 30 2024	December 31 2023	Change	
			[mPLN]	[%]
Property, plant and equipment	6,729.2	6,494.3	234.9	3.6%
Goodwill	10,971.2	10,980.2	(9.0)	(0.1%)
Customer relationships	81.3	300.2	(218.9)	(72.9%)
Brands	1,947.4	1,979.7	(32.3)	(1.6%)
Other intangible assets	4,753.2	4,835.8	(82.6)	(1.7%)
Right-of-use assets	706.3	644.6	61.7	9.6%
Non-current programming assets	259.9	304.8	(44.9)	(14.7%)
Investment property	693.7	700.0	(6.3)	(0.9%)
Non-current deferred distribution fees	75.4	85.0	(9.6)	(11.3%)
Non-current trade receivables	878.5	968.1	(89.6)	(9.3%)
Non-current loans granted	2.7	10.9	(8.2)	(75.2%)
Other non-current assets, includes:	790.2	702.8	87.4	12.4%
shares in associates accounted for using the equity method	*10.2*	*10.1*	*0.1*	*1.0%*
shares in third parties valued in fair value through profit or loss	*678.4*	*615.9*	*62.5*	*10.1%*
derivative instruments	42.1	35.2	6.9	*19.6%*
Deferred tax assets	158.2	142.8	15.4	10.8%
Total non-current assets	**28,047.2**	**28,149.2**	**(102.0)**	**(0.4%)**
Current programming assets	634.1	678.2	(44.1)	(6.5%)
Contract assets	336.6	349.0	(12.4)	(3.6%)
Inventories	1,205.9	1,215.6	(9.7)	(0.8%)
Trade and other receivables	3,007.0	2,947.1	59.9	2.0%
Current loans granted	13.4	116.2	(102.8)	(88.5%)
Income tax receivable	25.3	20.0	5.3	26.5%
Current deferred distribution fees	244.1	227.4	16.7	7.3%
Other current assets, includes:	177.6	139.7	37.9	27.1%
derivative instruments	*39.2*	*21.6*	*17.6*	81.5%
Cash and cash equivalents	3,060.0	3,306.0	(246.0)	(7.4%)
Restricted cash	16.8	19.7	(2.9)	(14.7%)
Total current assets	**8,720.8**	**9,018.9**	**(298.1)**	**(3.3%)**
Assets held for sale, includes	9.1	8.6	0.5	5.8%
Cash and cash equivalents	-	*1.2*	*(1.2)*	*(100.0%)*
Total assets	**36,777.1**	**37,176.7**	**(399.6)**	**(1.1%)**

The value of non-current assets amounted to PLN 28,047.2 million (76.3% of total assets) as of June 30, 2024 and decreased by PLN 102.0 million (-0.4%) compared to the balance at the end of 2023. The main reasons for the decrease were a lower value of customer relationships due to the successive amortization of this item by PLN 218.9 million (-72.9%), a decrease of non-current trade receivables by PLN 89.6 million (-9.3%) and a decrease of other intangible assets by PLN 82.6 million (-1.7%). This decrease was partially offset by an increase of property, plant and equipment by PLN 234.9 million (+3.6%) and an increase of right-of-use assets (+PLN 61.7 million, +9.6%), associated with the execution of investments in renewable energy projects. Furthermore, the value of other non-current assets increased by PLN 87.4 million (+12.4%) compared to the balance as at December 31, 2023, mainly as a result of the revaluation to market value of the 10.13% stake held in Asseco Poland S.A.

The value of current assets amounted to PLN 8,720.8 million (23.7% of total assets) decreasing by PLN 298.1 million (-3.3%) compared to the balance as at December 31, 2023. The main reasons for the decrease of current assets were a reduction of cash and cash equivalents by PLN 246.0 million, due to, among others, the payment of the second tranche for the acquisition of shares in Pantanomo Ltd. and the expenditures related to the implementation of RES projects. In addition, as of the end of June 2024, the balance of granted loans decreased by PLN 102.8 million.

During the first half of 2024, the value of non-current and current programming assets decreased by PLN 89.0 million (-9.1%), which was associated mainly with the gradual debiting of costs of previously purchased film licenses and sports rights.

Equity and liabilities

[mPLN]	June 30 2024	December 31 2023	Change	
			[mPLN]	[%]
Share capital	25.6	25.6	-	-
Share premium	7,174.0	7,174.0	-	-
Share of other comprehensive income of associates	(0.1)	-	(0.1)	n/a
Other reserves	2,794.9	2,752.8	42.1	1.5%
Retained earnings	8,660.6	8,334.1	326.5	3.9%
Treasury shares	(2,854.7)	(2,854.7)	-	-
Equity attributable to equity holders of the Parent Company	**15,800.3**	**15,431.8**	**368.5**	**2.4%**
Non-controlling interests	863.4	873.4	(10.0)	(1.1%)
Total equity	**16,663.7**	**16,305.2**	**358.5**	**2.2%**
Loans and borrowings	9,328.7	9,534.3	(205.6)	(2.2%)
Issued bonds	3,668.0	3,955.4	(287.4)	(7.3%)
Lease liabilities	473.5	444.6	28.9	6.5%
Deferred tax liabilities	1,056.8	1,035.0	21.8	2.1%
Other non-current liabilities and provisions	297.2	385.6	(88.4)	(22.9%)
includes derivative instruments	*9.3*	*24.0*	*(14.7)*	(61.3%)
Total non-current liabilities	**14,824.2**	**15,354.9**	**(530.7)**	**(3.5%)**
Loans and borrowings	1,349.1	1,069.7	279.4	26.1%
Issued bonds	366.3	393.7	(27.4)	(7.0%)
Lease liabilities	184.6	166.2	18.4	11.1%
Contract liabilities	752.2	682.2	70.0	10.3%
Trade and other payables	2,605.0	3,172.6	(567.6)	(17.9%)
includes derivative instruments	*9.1*	*20.2*	*(11.1)*	(55.0%)
Income tax liability	32.0	31.4	0.6	1.9%
Total current liabilities	**5,289.2**	**5,515.8**	**(226.6)**	**(4.1%)**
Liabilities held for sale	-	0.8	(0.8)	(100.0%)
Total liabilities	**20,113.4**	**20,871.5**	**(758.1)**	**(3.6%)**
Total equity and liabilities	**36,777.1**	**37,176.7**	**(399.6)**	**(1.1%)**

Equity increased by PLN 358.5 million (+2.2%), to PLN 16,663.7 million as at June 30, 2024, mainly as a result of the recognition of net profit of PLN 359.8 million generated in the first half of 2024.

Total liabilities decreased by PLN 758.1 million (-3.6%) compared to the end of December 2023 and amounted to PLN 20,113.4 million as at June 30, 2024, of which current liabilities amounted to PLN 5,289.2 million and non-current liabilities amounted to PLN 14,824.2 million, constituting 26.3% and 73.7% of total liabilities, respectively.

The decrease in the value of non-current liabilities by PLN 530.7 million (-3.5%) was primarily due to a lower value of non-current liabilities from issued bonds (less by PLN 287.4 million, -7.3%) resulting from the early redemption of the Series B and C bonds in February 2024. Non-current liabilities from loans and borrowings decreased by PLN 205.6 million (-2.2%) as a result of their partial reclassification to current liabilities due to the commencement of scheduled repayments of principal installments of the SFA starting in the third quarter of 2024.

Compared to the end of December 2023, the value of current liabilities decreased by PLN 226.6 million (-4.1%). This change was mainly the result of a decrease in current liabilities from trade and other payables by PLN 567.6 million (-17.9%) compared to the value at the end of 2023. The above mentioned decrease was due primarily to the payment of the remaining part of the reservation fee for the 3,6 GHz band under the 5G auction in the amount of PLN 266.6 million in January 2024, the payment of the second tranche for the acquisition of shares in Pantanomo Ltd. and a lower balance of liabilities from the purchase of programming assets.

3.2.4. Consolidated cash flow analysis

The table below presents selected data from the consolidated cash flow statement for the six-month periods ended June 30, 2024 and June 30, 2023.

[mPLN]	6 months ended June 30		Change	
	2024	2023	[mPLN]	[% / p.p.]
Net cash from operating activities	**1,463.9**	**1,239.7**	**224.2**	**18.1%**
Net cash used in investing activities, incl.	**(720.1)**	**(1,481.9)**	**761.8**	**(51.4%)**
Capital expenditures	*(693.7)*	*(511.0)*	*(182.7)*	*35.8%*
Net cash from/(used in) financing activities	**(987.3)**	**2,915.5**	**(3,902.8)**	**(133.9%)**
Net increase/(decrease) in cash and cash equivalents	(243.5)	2,673.3	(2,916.8)	n/a
Cash and cash equivalents at the beginning of the period	3,325.7	817.8	2,507.9	*306.7%*
Cash and cash equivalents at the end of the period	**3,076.8**	**3,478.5**	**(401.7)**	**(11.5%)**

Net cash from operating activities

Net cash received from operating activities amounted to PLN 1,463.9 million in the first half of 2024 and increased by PLN 224.2 million (+18.1%) YoY, mainly due to higher EBITDA generated in the period under review than in the first half of 2023.

Net cash used in investing activities

Net cash used in investing activities amounted to PLN 720.1 million in the first half of 2024 and was lower by PLN 761.8 million (-51.4%) YoY, primarily as a result of lower expenses related to license payments. In the first half of 2024, the Group made an additional payment of PLN 266.6 million for the reservation of a frequency block in the 3.6 GHz band, while in the first half of 2023 the Group made a payment of PLN 847.0 million for the renewal of the reservation of a block in the 1800 MHz band. In addition, in the first half of 2024, we recorded proceeds from the repayment of loans granted to entities from outside the Group, while in the same period of 2023, the Group granted loans to PAK-PCE to implement investments in renewable energy projects.

Capital expenditures on the purchase of property, plant and equipment, and intangible assets amounted to PLN 693.7 million in the first half of 2024 and increased by PLN 182.7 million (+35.8%) YoY. In the TMT area, which includes the B2C and B2B services and media segments, capex amounted to PLN 432.4 million in the first half of 2024 and was lower by PLN 66.4 million (-13.3%) YoY. The capex-to-revenue ratio in the TMT area remained at a low level of 6.7% for the six months ended June 30, 2024. In the first half of 2024, investment spending on projects related to the development of renewable energy sources and the green hydrogen value chain amounted to PLN 254.8 million.

Net cash used in finance activities

Net cash used in financing activities amounted to PLN 987.3 million in the first half of 2024 compared to PLN 2,915.5 million of net cash from financing activities in the comparative period. This change was mainly due to the refinancing of debt from bonds in the first half of 2023 which included, the issuance of Series D Bonds worth ca. PLN 2.67 billion and the early redemption of a portion of Series B and C Bonds totaling PLN 1.53 billion. In addition, in the second quarter of 2023, the Company entered into the Senior Facilities Agreement with a consortium of banks granting a term loan in PLN up to PLN 7.3 billion, a term loan in EUR up to EUR 506 million and a revolving credit facility up to PLN 1.0 billion.

In the first half of 2024, the level of net cash used in financing activities was principally impacted by the early redemption of the outstanding Series B and C Bonds totaling PLN 311.9 million and higher interest paid by PLN 114.7 million (+22.9%) YoY.

3.3. External financing

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.

3.3.1. Indebtedness

The table below presents a summary of the financial debt of the Group as at June 30, 2024.

[mPLN]	Balance value as at June 30, 2024
Loans and borrowings liabilities, including:	10,677.8
loans and borrowings liabilities excluding project financing	9,369.8
project financing liabilities	1,308.0
liabilities under the revolving credit facility	-
Bond liabilities	4,034.3
Leasing and other liabilities	658.1
Gross debt	**15,370.2**
Cash and cash equivalents(1)	3,060.0
Net debt	**12,310.2**
EBITDA LTM(2)	3,429.6
Total net debt / EBITDA LTM	**3.59x**
Net debt / EBITDA LTM, excluding project financing(3)	**3.30x**
Weighted average interest cost of loans and bonds(4)	8.3%

(1) Includes cash and cash equivalents held for sale.

(2) Consolidated EBITDA LTM adjusted for non-controlling interests.

(3) EBITDA LTM and net debt of companies using project financing are excluded from the calculation of the ratio.

(4) Prospective average weighted interest cost of the Group's debt (including the Revolving Credit Facility) in accordance with WIBOR/EURIBOR ratios as of the balance sheet date, excluding hedging instruments, project financing and leases.

Repurchase and redemption of bonds

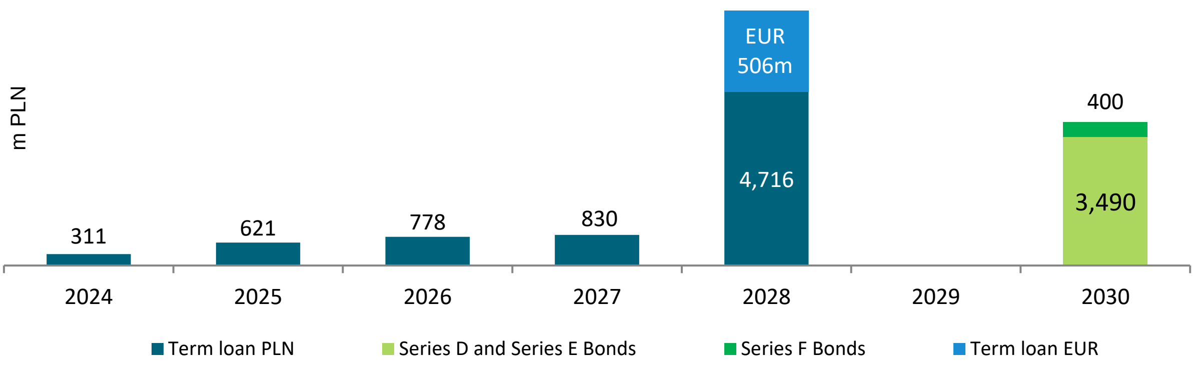
On February 5, 2024 the Company repurchased for redemption 223,798 unsecured Series B bearer bonds with the aggregate nominal value of PLN 223.8 million and 88,053 unsecured Series C bearer bonds with the aggregate nominal value of PLN 88.1 million. In connection with the early redemption, all Series B Bonds and Series C Bonds were retired.

After the redemption of Series B and Series C Bonds, bonds listed in the Alternative Trading System operated by the WSE on the Catalyst market include 3,490,000 Series D and Series E bonds while Series F bonds are not listed.

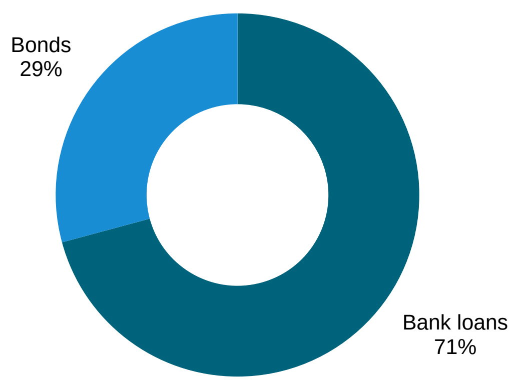
Debt structure and maturity

The graphs below present the maturity profile and the structure of the Group's debt by type and currency, expressed in nominal terms, excluding liabilities arising from project financing, the revolving credit facility and leases, as of June 30, 2024.

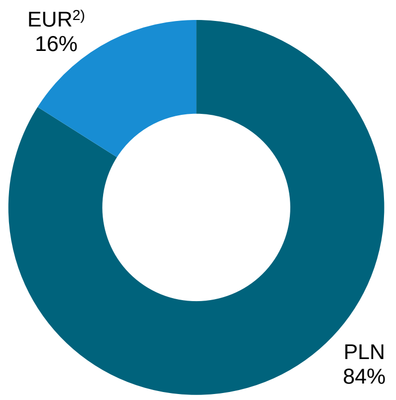
Maturity profile of debt under the Senior Facitlies Agreement and bonds as of June 30, 2024



Debt structure by instrument type(1) as at June 30, 2024



Debt structure by currency(1) as at June 30, 2024



(1) Excluding project financing liabilities, the revolving credit facility and leases.

(2) EUR tranche under the SFA (EUR 506 million) converted into PLN at the exchange rate on the balance sheet date.

3.3.2. Significant financing agreements

Senior Facilities Agreement of April 28, 2023

On April 28, 2023, the Group companies concluded with a consortium of Polish and foreign financial institutions the unsubordinated Senior Facilities Agreement, sustainability linked financing (the "Senior Facilities Agreement", "SFA"). The SFA governs the granting of a PLN term facility loan 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").

A detailed description of the conditions of the Senior Facility Agreement dated April 28, 2023, which remained in effect as of the date of publication of this Report, is presented in item 4.3.2. of the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2023.

In order to secure the repayment of claims under the Senior Facilities Agreement, the Company, other Group companies listed below, as guarantors, and the 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. and Polsat Media 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 over all shares in Polsat Media sp. z o.o. held by the Company and Telewizja Polsat 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. and Polsat Media 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. and Polsat Media 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. and Polsat Media sp. z o.o..

(viii) statements of the Company, Polkomtel sp. z o.o., Telewizja Polsat sp. z o.o., Netia S.A. and Polsat Media 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.

Series D, E and F Bonds

On January 11, 2023, Cyfrowy Polsat issued 2,670,000 unsecured, sustainability-linked Series D bearer bonds with a nominal value of PLN 1,000.0 each and a total nominal value of PLN 2,670.0 million, maturing on January 11, 2030.

On September 28, 2023, Cyfrowy Polsat issued 820,000 unsecured, sustainability-linked Series E bearer bonds with a nominal value of PLN 1,000.0 each and a total nominal value of PLN 820.0 million, which were assimilated with the Series D Bonds.

On December 21, 2023, Cyfrowy Polsat issued 400,000 unsecured, sustainability-linked Series F bearer bonds with a nominal value of PLN 1,000.0 each and a total nominal value of PLN 400.0 million, maturing on January 11, 2030.

A detailed description of the terms of issuance of the Series D, E and F bonds is presented in item 4.3.2. of the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2023.

Financing of green energy production projects

PAK-PCE Group companies have entered into investment loan agreements to finance the implementation of renewable energy investment projects in 2021-2023.

PAK-PCE Polski Autobus Wodorowy. On May 10, 2024, PAK-PCE Polski Autobus Wodorowy signed 10 loan agreements with PKO Leasing, each in the amount of approximately PLN 2.9 million. Their purpose is to refinance the costs of production of NesoBus hydrogen buses. The loan bears a variable interest rate - WIBOR plus a margin. The loans are secured by: (i) a blank promissory note issued by PAK-PCE Polski

Autobus Wodorowy with a promissory note declaration, (ii) a guarantee by ZE PAK S.A., (iii) an assignment of movable assets, i.e. buses, under a security agreement, (iv) an assignment of rights under an insurance policy, and (v) ZE PAK S.A.'s submission to the rigors of execution under Article 777. None of the loans has been disbursed to date.

A detailed description of the remaining financing agreements entered into by companies implementing projects in the area of renewable energy and green hydrogen and in force as of the date of publication of this Report was presented in item 4.3.2. of the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2023 and has not materially changed as of the date of publication of this Report.

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	BB / stable	28.05.2024	28.05.2024

Fitch Ratings. On May 28, 2024, Fitch Ratings (“Fitch”) affirmed the Company’s long-term issuer default rating (IDR) at ‘BB’ with a stable perspective. In its press release Fitch stated that the rating remains anchored on the Company’s telecoms and media (TMT) operations, which account for a vast proportion of its EBITDA. In Fitch’s opinion, the Company’s fully integrated telecom and media profile is a distinguishing factor within its peer group of other single-market telecom operators in Europe. At the same time, the rating takes into account the diversification of the Company’s operations towards renewable energy and real estate which, in Fitch’s view, may result in the deterioration of the leverage profile to above the current rating thresholds in 2024. Fitch’s base case forecasts envisage scope to reduce leverage over the next two years as EBITDA generation from energy investment improves while inflationary pressures cede. However, acceleration of investments in real estate could reduce the pace of deleveraging and result in negative rating pressure. In parallel, Fitch assessed that the Company has adequate access to capital.

S&P Global Rating. The rating assigned by S&P Global Ratings has not changed since the downgrade on December 21, 2022.

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 2024 have been concluded exclusively on market conditions and are described in Note 18 of the condensed consolidated financial statements for the six-month period ended June 30, 2024.

4.2. Achievement of previously published forecasts

Pursuant to Article 35 (1b) and (1c) of the Bonds Act, the Company presented an explanation regarding the achievement of published projections of the development of financial liabilities from loans and borrowings, issue of debt securities, and leasing as at December 31, 2023 in item 7.2. of the report of the Management Board on the activities of Cyfrowy Polsat S.A. Capital Group in 2023.

The Company did not publish forecasts for other financial results.

4.3. Information on sureties and guarantees granted by the Company and its subsidiaries

In connection with the implementation of investment projects in the green energy segment by its subsidiaries, the Company provided guarantees of a significant value for the execution of contracts for the implementation of individual wind farm projects, in particular contracts for the supply and installation of wind turbines concluded with Vestas Poland S.A. and Nordex Poland S.A. As of June 30, 2024, the total value of guarantees and warranties provided to the above companies for wind farm projects amounted to EUR 307.3 million, with maturity dates ranging from 2024 to 2026. The financial terms of the guarantees or sureties granted do not deviate from market conditions.

In addition, the Company issued corporate guarantees and warranties in EUR and USD, which guarantee the trade payables of its subsidiary Polkomtel sp. z o.o. to its suppliers. As of June 30, 2024, the total value of granted guarantees, converted into PLN at the exchange rate as of the balance sheet date, amounted to PLN 54.9 million. The guarantees expire in 2026. The financial terms of the granted guarantees and warranties do not differ from market terms.

4.4. Information on loans granted

Neither the Company nor any of its subsidiaries grant loans in material amounts to entities outside the Group. Information on intercompany loans granted by the Company is included in item 7.3 of the Company's stand-alone financial statements for the year ended December 31, 2023. For further information on loans granted, see Note 18 to the consolidated financial statements for the six months period ended June 30, 2024.

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

Management believes that the provisions as at June 30, 2024 are sufficient to cover potential future outflows and the adverse outcome of the disputes will not have a significant negative impact on the Group’s financial situation.

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

On December 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 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 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 submit 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. On September 6, 2023 the Company filed an appeal against the judgment. At the hearing on June 5, 2024, the Court of Appeal annulled part of the decision of the President of UOKiK, including that related to the fine of PLN 20.1 million. On July 12, 2024, Company complied with the judgment in terms of paying the fine of PLN 14.8 million. The Company is considering the possibility of filing a cassation appeal.

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. On March 7, 2024, Polkomtel received a decision of the Supreme Court refusing to accept the cassation appeal in this case for consideration.

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 last 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, containing 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 next 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 dates for December 15, 2023 and April 17, 2024. The hearing on December 15, 2023 and on April 17, 2024 have been canceled.

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 January 17, 2024. The hearing was postponed without a date.

The legal dispute in respect to the telecommunication concession

The 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.) has ended. 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 did not affect reservation decisions issued following the administrative tender. In addition, on December 5, 2022, the Company received a decision from the President of UKE to grant a frequency reservation in the 1800 MHz band for a further period.

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. In a judgment dated October 10, 2023, the NSA reversed the appealed judgment and sent the case back to the court of first instance for reconsideration. The WSA in Warsaw dismissed T-Mobile Polska S.A.'s appeal in a ruling dated April 3, 2024, which is not yet final.

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. In a judgment dated October 13, 2023, the Supreme Administrative Court dismissed T-Mobile Polska S.A.'s cassation complaint, as a result of which the proceedings were legally closed.

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

In the beginning of October 2020, Cyfrowy Polsat S.A. and Sferia S.A., a company owned by the Cyfrowy Polsat Group in 51% since 29 February 2016, received from the Ministry of Digital Affairs a copy of the European Commission’s decision dated 21 September 2020 regarding the initiation of the formal investigation procedure against the Republic of Poland concerning the alleged illegal state aid provided to Sferia. The alleged illegal state aid relates to granting in 2013 to Sferia the right to use a frequency block of 800 MHz range in place of the frequency 850 MHz range previously held by Sferia. According to the decision, the European Commission intends to investigate, whether the state aid was granted, and if so, whether it can be considered compatible with the internal market. On 4 February 2022, the European Commission began consultations on this matter and Cyfrowy Polsat and Sferia submitted their comments. Both companies believe that no illegal state aid was granted.

In addition to the matters described above, there are also other proceedings, for which provisions have been made according to the best estimates of the Management Board as to potential future outflows of the economic benefits required for their settlement. Information regarding the amount of provisions was not separately disclosed, as in the opinion of the Group's Management, such disclosure could prejudice the outcome of the pending cases. Other proceedings described in item 5.4. of the report of the Management Board on activities of Cyfrowy Polsat S.A. Capital Group for 2023 remain unchanged.

5. Factors and trends that may impact our results in subsequent periods

5.1. Factors related to social-economic and competitive environment

Impact of the military conflict on the territory of Ukraine on the Company's current operations and expected results

In the opinion of the Management Board, despite the lack of 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 the Group. In particular, the war may have 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 Polsat Plus Group.

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 the date of this Report and depends on many factors beyond the Group's control.

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

Macroeconomic outlook in Poland

Macroeconomic trends in the Polish economy as well as global market conditions affect our operations and operating results, and are expected to continue affecting them in the future, in particular with respect to the demand for advertisements, the level of expenditures on services that we provide as well as demand for end-user devices.

According to the data of the Polish Central Statistical Office (GUS), Poland's GDP grew by 0.2% in 2023. This is below market expectations and the lowest result since the country joined the EU. Private consumption data was particularly disappointing (-1.0% YoY). The pressures that led to the slower-than-expected recovery included persistently high inflation and interest rates.

According to the European Commission's February 2024 forecast, the current year is expected to be marked by a gradual economic recovery. The GDP recovery is expected to be driven by an increase in the purchasing power of money and household consumption, including a record increase in the minimum wage to PLN 4,242 as of January 1, 2024 and to PLN 4,300 as of July 1, 2024 (vs. PLN 3,600 as of July 2023), and an increase in social transfers. Salaries are also expected to increase across other sectors, including public administration and education. Under these circumstances, one of the challenges for companies in the coming year may be pressure on wages. In addition, the inflow of EU funds under the National Recovery Program (KPO) is expected to significantly stimulate investment levels in the second half of the year. As a result of the above factors, the European Commission forecasts Poland's economic growth to reach 2.8% in 2024 and 3.4% in 2025, with continued elevated average annual inflation above the target of the National Bank of Poland.

Although the level of CPI gradually declined in 2023, the average annual inflation rate remained high at 11.4% (compared to 14.4% in 2022). Forecasts for the level of inflation in 2024 are subject to a high degree of uncertainty due to, among others, the government's anti-inflationary shields. Taking into account the factors described above, and given that the 0% VAT on food expired in April, inflation is expected to pick up later in the year. According to the European Commission's forecasts, average annual inflation in Poland will reach 4.3% in 2024 and 4.2% in 2025, with Poland's CPI well above the EU average in these years.

Situation on the pay TV market in Poland

Our revenue 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 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. In Poland, this market has been growing rapidly in recent years and its attractiveness is proved by the launch of services by global players, such as Netflix, Amazon Prime, HBO, Disney+ or SkyShowtime. 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, there has been a 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. In the future, this trend may translate favorably into ARPU growth while, at the same time, 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 growth rate of the national GDP, which, according to the estimates of the European Commission, will reach 2.8% and 3.4% in 2024 and 2025, respectively.

In our opinion, television will remain an effective advertising medium given the relatively low level of advertising expenditures in Poland as a percentage of GDP and per capita in comparison to other European markets. We believe there is still growth potential for TV advertising in Poland in the long term. In 2022-2023, the average time spent watching TV among the surveyed population remained high, estimated at 239 to 250 minutes per day. It is worth noting that despite the growing importance of new media and the declining trend in the length of time spent watching traditional television, it is forecasted that television will still remain an attractive and popular pastime thanks to, among others, new technical opportunities and given that television remains a widely available and affordable source of entertainment for the whole family.

As of March 2024, the method of measuring out of home TV viewership has changed. Starting from September 2021, the TV audience used for advertising settlements takes into account viewing performed away from home – out of home viewership (OOH). Nielsen Media's measurement, based on a household panel, has been enriched with out-of-home viewing data collected by Gemius, which is then added to Nielsen Media's data. An audit conducted by the French auditor CESP (Centre d'Etude des Supports de Publicité) showed, among other things, that the measured out-of-home audience level was defined as a lower estimate of the phenomenon. In order to make the out-of-home viewership figures more realistic, two modifications were made to the methodology. The first modification was to change the definition of the place of residence.

It was changed from a dynamic approach, where Gemius determines, on the basis of GPS coordinates (measurement carried out using smartphones equipped with a special meter), the place where the respondent watches TV most often (defined as home), to a static definition, i.e. the place declared by the respondent as home and confirmed by Gemius in a verification process. The second modification was to reduce the distance from the place of residence, defining TV viewing as out-of-home viewing, from 100 meters to 40 meters. The result of the changes is a more realistic measurement of viewing away from home, as well as greater consistency with Nielsen Media's core measurement of viewing at home. For TV Polsat Group, this means an increase in the advertising resources that can be offered to advertisers by approximately 4% in the period March - December 2024, while keeping other station parameters unchanged.

Prospects of the online advertising market are positive. According to the IAB AdEx report for 2023, online advertising expenditures in Poland increased at a rate of 12.6% YoY and reached the value of PLN 7.8 billion. The two main segments of the online advertising market in which we are present, i.e., display and video, were responsible for 44% of total expenditures on the online advertising market and their total value increased by 8% YoY. We believe that following the acquisition of Interia.pl Group, through which we gained 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

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 a very 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.

Consolidation trends in the telecommunications and pay TV markets

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. 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.

Orange has also entered into cooperation agreements with wholesale operators such as Inea, Nexera and Tauron to extend the reach of its fiber optic services.

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 and in December 2023 started to cooperate with the wholesale operator Polski Światłowód Otwarty.

P4. In November 2020, Iliad, a French telecommunications group, took control over P4. As part of its strategy to develop convergent services in Poland, P4 acquired cable operator UPC Polska in April 2022. 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. As the largest dedicated wholesale operator in Poland, Polski Światłowód Otwarty makes its network infrastructure available to other telecom operators under an open and non-discriminatory wholesale access model. It intends to cover a total of more than 6 million households by 2028. In addition, in October 2022, P4 signed wholesale agreements with Orange Polska and Światłowód Inwestycje, with the aim of expanding its fixed-line broadband coverage.

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.

Increases 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 driven by 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 investments in 5G network construction.

The strong inflationary pressure that is being experienced in the Polish market in 2022 and 2023 was 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.

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 the market for new technologies and devices and the consequent increase in access to and consumption of audiovisual content

With the expansion of the new technology market, the number of mobile devices owned by consumers is growing rapidly: smartphones, laptops and tablets, or smart TVs. This is leading to a fast increase in access to, and viewing of, video content. Consumers expect providers to enable them to watch content on any screen they own, anywhere, anytime. We see this group as a potential customer segment not only for TV services, but also for opportunities to monetize our audiovisual content. At the same time, this trend will lead to increased demand from our customers for data services on mobile devices, which in turn will lead to a growing revenue stream from the sale of these services to our customers.

The successive launch of 5G networks has also allowed operators for providing a far superior mobile experience. 5G technology will make it possible to achieve speeds that will ultimately exceed 1 Gbps with minimal latency, while at the same time offering significantly higher capacity in newly built networks, which means that a greater number of terminals will be able to comfortably enjoy transmissions at the same time. However, intensive use of 5G technology will require larger data bundles, which can be offered at higher tariffs.

We expect that the above-mentioned developments, combined with the growing demand for transfers between mobile devices and the continued popularity of remote working and learning, will have a positive impact on the value of the Polish mobile market in the medium to long term.

Development of 5G technology in Poland

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, which ended on October 18, 2023. As expected, 4 blocks of 100 MHz each were distributed among the four MNOs. In accordance with the auction documentation, quantitative, coverage and qualitative commitments for network development, as detailed in Section 3.2 – *Business related events* – of the Group's annual report for 2023. The implementation of these obligations will have a significant impact on our financial results, in particular the costs of further development of the 5G network, and our Group's operations.

Precise information regarding the distribution of frequencies in the 700 MHz and 26 GHz bands is lacking. As of the date of publication of this Report no plans are known regarding the terms and timing of distribution of the above mentioned frequencies. However, it should be noted that on August 2, 2024, the President of UKE launched a consultation process on the development of a new frequency plan for the 694-791 MHz band (the 700 MHz band), which envisages the allocation of the 703-733 MHz and 758-788 MHz bands for terrestrial wireless broadband systems and the allocation of the 738-753 MHz band for complementary downlink, the so-called SDL (the remaining bands in this band are to be allocated for PPDR - Public Protection and Disaster Relief - and PMSE - Program Making and Special Events). It is not excluded that the establishment of a new plan for the use of frequencies in the 700 MHz band is a step towards the future allocation of this band.

Growing 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, in particular those supporting 5G technology.

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 November 2023, the scale of data transmission in the Central and Eastern Europe region, to which Poland is classified, will increase from 17 GB per month in 2023 to 43 GB per month in 2029, 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.

Situation in the electricity market

The majority of our revenue from the sale of energy produced by wind and photovoltaic farms is secured by long-term PPAs, while the sale of biomass energy and electricity trading in the market are highly dependent on the level of market energy prices and their volatility. The year 2022 was characterized by record-high energy prices and their very high volatility, as a result of the global energy crisis, fueled by the COVID-19 pandemic, followed by Russia's invasion of Ukraine and destabilization of the gas market in Europe. In 2023, electricity prices in Poland fell by 33% compared to the record year of 2022. In the first half of 2024, the downward trend in energy prices continued, resulting in a 28% decrease in prices compared to 2023.

Volatility in market energy prices. Market energy prices affect the financial performance of the Group's various generation units in different ways. Market prices will largely determine the level of revenue from the production and sale of electricity generated by the two biomass units. PAK-PCE Biopaliwa i Wodór Sp. z o.o., which produces energy from biomass, is an active member of the Towarowa Giełda Energii S.A. (Polish Power Exchange), where it contracts part of its production and also sells energy on the OTC market, while also participating in the balancing market.

In order to reduce its exposure to energy price fluctuations, some of PAK-PCE Group's solar and wind generation companies have entered into Power Purchase Agreements (PPAs). This type of contract is intended to provide funds for the repayment of obligations to banks financing investments in renewable energy sources, which is particularly important from the point of view of managing the risk of fluctuations in electricity prices in a market environment characterized by significant price volatility.

Energy price regulation. In connection with the continuation of state support mechanisms for energy consumers, the conduct of business in energy trading (both electricity and gaseous fuels) is subject to restrictions on the prices charged to eligible entities. Under the current legislation, the maximum prices for the most sensitive consumers of energy, heat and gas, including households, public buildings, local government units and SMEs, were maintained. The adopted law maintains the system and mechanism of compensation of energy companies until December 31, 2024.

The Group expects that the regulations freezing energy prices for selected groups of customers in their current form will not have a significant negative impact on the financial results of the energy segment in 2024, mainly due to the profile of the customer base and the type of products of PAK Volt, the Group's energy trading company, and the lower expected magnitude of the impact of the compensation system as a result of lower fluctuations in market energy prices than in the previous year. In addition, the obligation to make deductions to the Price Difference Payment Fund for power generators and energy traders expired on December 31, 2023.

Green certificate prices. One of our biomass sources participates in the "green certificates" system, i.e. PMOZE_A. The revenue we receive from the sale of green certificates is derived from their quantity and market price. The price of green certificates is subject to market laws, but it is also influenced significantly by regulations introduced by the legislator, in particular the so-called green certificate redemption factor. This is a factor that affects the increase or decrease in demand for certificates from entities obligated to redeem them. As a rule, an increase in this coefficient causes an increase in the price of certificates, while a decrease in the coefficient causes a decrease in the price of certificates.

In July 2024, the Ministry of Climate and Environment presented a draft regulation defining, among others, the RES obligation for 2025-2027, which proposed increasing the mandatory share of RES to 12.5% in 2025, 12% in 2026 and 11.5% in 2027, from the current level of 5%. The entry into force of the legislation as proposed may translate into an increase in the market price of green certificates, and thus an increase in revenue from the sale of green certificates obtained in the green energy segment.

Biomass prices. The biomass units owned by the Group, with a total capacity of 105 MW, produce electricity and heat using biomass as a feedstock. The Polish biomass market is highly fragmented. Certified biomass is purchased from many suppliers. Purchases are made through a competitive bidding process. It should be noted that the current biomass market does not allow for long-term price security for a large volume of supplies. Biomass supply contracts are usually signed for one year, however, the company Biopaliwa i Wodór Sp. z o.o., which operates biomass plants, is trying to gradually extend delivery terms with a guaranteed price for periods longer than one year. The price of purchased biomass has a significant impact on the profitability of energy production from this feedstock.

Seasonality and meteorological conditions affect the level of production from RES sources

Meteorological conditions, particularly wind strength and ensolation levels, are an important factor influencing the level of energy production from wind and photovoltaic installations in a given period, and thus also the level of revenue generation. The peak period of energy generation from photovoltaic farms is in the spring and summer, while wind farms record the highest level of production in the first and fourth quarters. The production volume of renewable energy sources also affects the level of electricity prices. During periods of strong wind or high ensolation there can be overproduction of RES energy, resulting in a temporary drop in market energy prices. On the other hand, unfavorable wind or solar conditions combined with high energy demand (e.g. due to low temperatures) lead to temporary increases in market energy prices.

The risk of meteorological conditions is therefore strongly correlated with the price risk, as the imbalance of the renewable energy generation companies will be settled on the balancing market, in spite of contracting. This means the purchase of missing energy or the sale of surplus energy at unknown prices, which will be determined by the meteorological conditions prevailing during the period.

In addition, during periods of very high RES energy production due to weather conditions, power system operators may use the mechanism of non-market curtailment of RES energy production in order to balance electricity supply or ensure the safety of grid operation. In this case, RES producers receive financial compensation based on the balancing market prices and not on the prices resulting from the PPAs of the RES sources.

5.2. Factors related to the operations of the Group

Implementation of renewable energy investment projects

In accordance with Strategy 2023+, we are implementing large-scale investments in the development of renewable energy facilities. Between 2022 and 2026, we intend to invest about PLN 5 billion in development of clean energy production from photovoltaics, biomass, onshore wind farms or thermal waste treatment, and about PLN 0.5 billion in order to build a complete value chain for the green hydrogen economy. The Group's goal is to reach a production capacity of about 2 TWh of green energy from RES in 2026. Our key performance indicators and quantified long-term sustainability performance targets are presented in item 1.3. of the Group’s annual report for 2023.

On July 3, 2023, we acquired a majority stake in PAK-Polska Czysta Energia, around which special purpose companies implementing RES and hydrogen projects are clustered, and began consolidating the financial results of PAK-PCE Group using the full consolidation method. The successive construction and commissioning of projects currently under construction by PAK-PCE Group companies will have a significant impact on our consolidated financial results. Due to the magnitude of the ongoing investments, we expect a significantly higher level of capital expenditures in the coming periods related to the expansion of renewable energy production capacity and the implementation of hydrogen projects, which in turn will be reflected in the Group's net debt/EBITDA ratio. At the same time, part of the investments will be financed by external bank loans, which will have an impact on the Group's debt level. On the other hand, we expect that the current projects, once in operation, will make a significant positive contribution to the Group's revenue and EBITDA.

Building an offer based on bundled services

Our bundled services offers, addressed both to our individual and business customers, enable our customers to combine products in a flexible way and benefit from attractive discounts. 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.

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. These services are provided via Netia’s own access network with approximately 3.3 million homes passed, out of which, as at the end of June 2024, around 2.4 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 cooperation with wholesale partners, such as Orange Polska, Światłowód Inwestycje, Nexera, Fiberhost, Tauron and Vectra this potential has been further strengthened. As a result, Polsat Plus Group can already offer fixed broadband access services in fiber optic technologies at ca. 8.5 million address points. In addition, on July 31, 2024, Netia signed an agreement with the wholesale operator Polski Światłowód Otwarty, expanding the reach of fixed Internet services from Polsat Plus Group to over 10 million address points.

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.

Demand for data transmission and 5G services

In 2023, our customers transferred over 2.2 EB of data as compared to over 2 EB transferred in 2022, which represents a 10% 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.

The Group is successively expanding its 5G network, launched in May 2020, operating on dedicated frequencies in the 2600 MHz TDD band. With nearly 3,700 transmitters, Plus' 5G network already covers more than 23 million people living in 1,150 towns and cities. In June 2023, we launched the 5G Ultra network, which is currently available to 6 million people in over 250 locations in Poland, thanks to nearly 1,000 base stations, and offers transfer speeds similar to fiber - 1Gbps. With the aggregation of existing radio resources with the newly acquired 3600 MHz band, we will further improve the quality and coverage of our 5G network.

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.

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 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.

In September 2023, we introduced changes to our VOD service offerings. The former polsatgo.pl service, where users could watch video content free of charge in exchange for watching commercials before and during the broadcast of the material, was shut down. In turn, our subscription service polsatboxgo.pl has been enriched with a new *Polsat Box Go Start* package, whose users can watch their favorite programs for an annual fee of PLN 30 and with a very limited number of commercials aired before the video material.

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.

Development of thematic channels

Main general entertainment channels (FTA) are experiencing a gradual decline in audience shares as a result of the high penetration level of the Polish market by pay TV which provides viewers with an increasingly greater selection of thematic channels, as well as an offer of channels available via digital terrestrial television (DTT). In turn, the advertising market share of thematic stations and channels broadcast via terrestrial television multiplexes is consistently growing.

In order to maintain total audience shares and advertising market shares, we focus on developing our thematic channels portfolio and increasing the attractiveness of content offered to our viewers. From that point of view, the initiation of cooperation and acquisitions in the field of thematic TV channels, made by the Group from 2017 to 2023, are perfectly in line with the Group's long-term strategy to maintain a strong market presence, measured by viewership results, on an increasingly fragmented market. The channels Eska TV, Eska TV Extra, Eska Rock TV, Polo TV and Vox Music TV, acquired in December 2017, significantly strengthened the music programming of Telewizja Polsat. Moreover, in June 2018 we included Superstacja (currently Wydarzenia24), a news channel, and in May 2019 TV Okazje, a telesales channel, into our thematic channels portfolio. In turn, in September 2020 we increased our capital engagement in Nowa TV and Fokus TV channels, becoming their sole owner and, at the same time, strengthening our position among channels available via digital terrestrial television. Our most recent acquisitions include the purchase of three channels from the 4FUN family: 4FUN.TV, 4FUN DANCE and 4FUN KIDS, which target younger audiences. All of these channels have established market positions and solid viewership. On January 10, 2024, we launched a new news and current affairs channel, Polsat News Polityka, which offers viewers, among others, interviews with politicians, live broadcasts of press conferences or coverage of the Sejm (Lower House of Parliament) and Senate debates. At the same time, the Wydarzenia24 channel was moved to the national MUX1 multiplex and broadcasts under a new license.

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

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. 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. Polsat Plus Group offers its viewers and subscribers matches from the prestigious club football competition – the UEFA Europa League and the UEFA Europa Conference League - for all distribution channels, including TV, Internet and mobile devices. These matches are broadcast on Polsat Sport Premium channels. We currently hold the license for the UEFA Europa League and the UEFA Europa Conference League up to and including the 2026/2027 season. In addition, we hold exclusive rights to broadcast Bundesliga football games until the end of the 2028/2029 season. Under the current agreement with the International Volleyball Federation FIVB, we will broadcast the most important events of world and national team volleyball until 2032. The package of acquired rights includes the Volleyball Nations League, the qualifying tournaments for the Volleyball Nations League - Challenger Cup, the qualifying tournaments for the 2024 Olympic Games and the men's and women's World Championships. We also have the rights to the next three editions of the European Volleyball Championships, and to the most important volleyball league competition, the CEV Champions League, up to and including the 2028/2029 season. We also hold the rights acquired from the Professional Volleyball League to broadcast Plus League and Tauron League matches up to and including the 2027/2028 season. Among other sports, we concluded agreements to broadcast the ORLEN Super League and the ORLEN Super League Women's Handball matches until 2030, extended the license agreement with the Polish Basketball League to broadcast the Energa Basket League until the end of the 2029/2030 season and acquired the exclusive rights to broadcast the Ice Hockey World Championships from 2024 to 2029.

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 revenue that we generate in the media segment.

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. Following the acquisition of Interia.pl Group, we have gained an additional channel for distribution and monetization of content produced by Telewizja Polsat. 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 with our media house Polsat Media. As a result of these actions, we achieved the synergies announced during the acquisition, in particular, we doubled the EBITDA of Interia.pl Group.

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

5.3. Financial factors

Interest rate fluctuations

Market interest rate fluctuations do not impact the Group’s 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 are calculated based on variable WIBOR/EURIBOR interest rates increased by a relevant margin.

From January to August 2023, the NBP kept the reference interest rate at 6.75%. After the September and October 2023 cuts, the reference rate level is 5.75% and, according to the latest announecements by the Monetary Policy Council, there is currently no prospect of further interest rate cuts in Poland and their current level should be maintained at least until the end of 2024. Part of the Group's debt is denominated in euros, and therefore the high level of the EURIBOR interest rate will also be reflected in a high level of our interest expense and, consequently, in our financial results. In June 2024, the ECB reduced interest rates for the first time after a period of increases. however, their level remains high (deposit rate: 3.75%, refinancing rate: 4.25%).

We systematically analyze the Company’s interest rate risk, including a risk hedging scenario. We 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, we actively apply hedging strategies based on derivative instruments, swaps (IRS and CIRS) in particular. As at June 30, 2024, transactions hedging the WIBOR interest rate changes, opened and entered into by the Group companies for future periods and maturing in different periods in the years 2024-2027, hedged around 36% of the Group's exposure in relation to the indebtedness under the PLN tranche of the SFA and the bonds issued while EURIBOR interest rate hedging transactions, maturing in 2026 and 2027, hedged about 20% of the exposure with respect to the Group's debt arising from the Euro-denominated tranche of the SFA.

Interest rate fluctuationswill 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. The Group’s revenue is primarily denominated in PLN, whereas a portion of expenses and capital expenditures is denominated in foreign currencies.

Foreign exchange rate fluctuations affect 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. The amount of the aforementioned equipment purchase exposure was reduced in the middle of last year as a result of the renegotiation of the terms and the switch to local currency payments.

The Group is exposed to foreign exchange risk in connection with the euro-denominated tranche of the SFA. 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, which will have a corresponding impact on the level of reported financial expenses.

Strong fluctuations in foreign exchange rates may also affect the amount of foreign exchange differences resulting from the recognition in the income statement of assets and liabilities denominated in foreign currencies, in particular 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, the Group has in place a market risk management policy and uses, *inter alia*, natural hedging and hedging transactions, in particular with regard to the currency risk arising from interest payments on the loan granted to the Group in EUR.

Valuation of financial Power Purchase Agreements

In recent years, the rise in market energy prices has enabled the development of renewable energy investments outside the support system, based on long-term power purchase agreements (PPAs). PPAs allow to purchase electricity directly from renewable energy producers (physical PPA) or to hedge the price of electricity against future energy prices on the Polish Power Exchange (financial PPA). A financial PPA is a financial derivative where the underlying price of electricity is settled through a contract for difference in which the parties agree on a strike price for electricity and a market reference price for the duration of the contract. Like other derivative instruments entered into by Group companies, financial PPAs are subject to periodic valuation at present value.

Due to the increasing volume of RES electricity generation by the Group's companies and the increasing use of financial PPAs by both electricity producers and consumers, the valuation of these contracts can have a significant impact on our results, in particular on gains on investment activities. The main factors influencing the valuation are the long duration of the financial PPAs (more than 10 years), changes in current and forecasted market electricity prices and fluctuations in market interest rates.

The financial PPAs are concluded both between Group companies and with third parties, so that the valuation can have different effects on the standalone results of the individual companies and on the consolidated results of the Group.

5.4. 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 regulation specifying the highest levels of MTRs and FTRs that can be applied by operators in the European Union. The delegated regulation 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 until the end of 2024. 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) 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. The proposed regulations may be important for the conduct of telecommunications activities in Poland, as they involve new obligations and requirements for telecommunications operators.

On July 12, 2024, the Act - Electronic Communications Law and the Act - Introductory Provisions to the Act - Electronic Communications Law were enacted, as an implementation into the Polish legal order of, among others, Directive 2018/1972 of the European Parliament and of the Council (EU) of December 11, 2018 establishing the European Electronic Communications Code. In principle, the Electronic Communications Law will enter into force three months after the date of the act's publication in the Journal of Laws and will replace the Telecommunications Law, which has been in effect for 20 years. In many aspects, the Electronic Communications Law duplicates and continues the solutions already known from the Telecommunications Law, while introducing a number of new regulatory requirements and obligations that are costly to implement, the performance of which may negatively affect the Group's financial results. For example, the financial results may be affected by new requirements and restrictions related to the prohibition on concluding electronic communication service agreements during an unannounced visit of the entrepreneur to the consumer's residence, the provision of optional debit services, or the obligation to return, at the consumer's request, any remaining recharge funds on the account, in the event of account expiration and in the event of a change of voice communication service provider.

Proposed amendments to the real estate tax

In June 2024, the Ministry of Finance published a draft law on amendments to the Law on Agricultural Taxes, the Law on Local Taxes and Fees, the Law on Forestry Taxes, and the Law on Stamp Duty, which includes significant changes to real estate tax. The most important changes proposed in the draft include (i) a new definition of a building and a structure, (ii) the connection of equipment and installations to a building by forming a technical-utility unit, (iii) the change of the criterion of construction to construction with building materials, and (iv) the introduction of a definition of permanent connection to the land.

The new definition of construction expands the scope of taxation to include new items such as telecommunications networks, electricity networks, gas networks, etc. The simultaneous inclusion in the definition of a building of all installations and equipment that form a technical and utilitarian unit with the building object will result in an increase in the tax base by their value and, consequently, an increase in the tax due. In addition, the real estate tax will be levied on construction objects that have been produced and not erected (i.e. created during the construction process) - this change will allow prefabricated objects, which were previously outside the scope of the real estate tax, to be covered by the tax. The aforementioned changes may have a negative impact on the scope of taxation and public charges, particularly with regard to the Group's telecommunications business and the production of energy from photovoltaic farms.

The proposed changes have been strongly criticized by both industry representatives and a significant part of the ministries. As of the date of this Report, work on the draft law described above is ongoing, and therefore neither the final form of the provisions nor the date of their entry into force is known.

6. Risk factors

6.1. 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 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 we undertake will encourage our existing customers to use a wider range of our services or attract customers from competitive operators, or that the measures we undertake to increase customer loyalty will reduce the rate of churn or allow us to maintain a 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 keep up with technological development and provide customers with an attractive, modern portfolio of products and services, we may not be able to retain customers or the customers' retention cost may increase.

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

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

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

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

Demand for TV programs and programming preferences change frequently, irrespective of the media on which they are carried. We might not be able to attract customers or retain customers of our pay TV services and advertisers, if we are not able to effectively predict the demand for programs or changes in audience tastes, or if our competitors prove better at such predictions. This may bring about an increase in customer churn, while in the media segment it may result in decreasing audiences 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 production 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 execution of our rights under certain concluded license agreements, which may occur due to extraordinary events of a similar nature to 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.

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 or earthquakes). 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. However, it should be noted that in recent years the City of Warsaw has built a flood protection embankment and Port Praski has built a lock, which allows the use of the port and is part of the flood protection for the entire Praga Północ district. These measures significantly reduce the risk of flooding.

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 as increase in wages observed on the domestic labour 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, following the COVID outbreak, restrictions were imposed as a result of which part of our sales network remained temporarily closed 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 churn rate, 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 belongs to Cellnex Group as of July 2021. Any long-term problems in the cooperation with Cellnex Group or the failure of 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 conditional access systems to secure our networks against unauthorized access. We regularly take steps to detect unauthorized access due to the significant risks it poses to our business and, consequently, to our revenues. In accordance with our agreement with Nagravision, when unauthorized access to our services is detected, Nagravision will replace the conditional access system with the cards provided to our customers and, if necessary, adapt the decoders to support the new system, if there is no other option. 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 many of our operating activities.

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

A possibility of provision of telecommunications services depends to a large degree on our ability to interconnect with telecommunications networks and services of other telecommunications operators, including those of our direct competitors. In particular, part of our services are provided based on regulated access to Orange Polska's infrastructure or wholesale access to 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.

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. which provides IT systems and, as the main integrator of the system is responisble for effecting the implementation.

Ongoing cooperation with some of the external suppliers is important for the ability to conduct uninterrupted operational activities. Should any of the major suppliers of telecommunication equipment 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 could 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), 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 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, there are programmes to support the construction of broadband fibre networks using subsidies from European Union funds. The National Plan for Rebuilding and Increasing Resilience (KPO) and the European Funds for Digital Development (FERC) for 2021-2027, come from the European Union budget and are a continuation of the Operational Programme Digital Poland 2014-2020 (POPC).

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 the good name of the major brands in our portfolio

The good name of the major brands in our portfolio, including “Polsat Box”, “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, Interia.pl, Port Praski and PAK-PCE we carry 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 the 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's 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 of 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, 2023, 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 within the Group's companies, or increase in employment costs may disrupt our operations, preventing us from timely or cost-effective provision of services to our 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 media segmentand 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, 2600 MHz and 3400-3500 MHz bandwidths. These allocations are fundamental for the roll-out of our mobile telecommunications network. Our competitors have taken a number of steps (initiated administrative and judicial/administrative proceedings), some of which are still pending, involving frequencies in the 1800 MHz band.

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. On October 10, 2023, the Supreme Administrative Court overturned the appealed judgment and sent the case back to the Court of First Instance for reconsideration.

Separately, on December 5, 2022, the Company received a decision from the President of UKE granting a frequency reservation in the 1800 MHz band for an additional period of time.

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. On August 2, 2024, the President of UKE launched a consultation process on the development of a new frequency plan for the 694-791 MHz band (the 700 MHz band), which envisages the allocation of the 703-733 MHz and 758-788 MHz bands for terrestrial wireless broadband systems and the allocation of the 738-753 MHz band for complementary downlink, the so-called

SDL (the remaining bands in this band are to be allocated for PPDR - Public Protection and Disaster Relief - and PMSE - Program Making and Special Events). It is not excluded that the establishment of a new plan for the use of frequencies in the 700 MHz band is a step towards the future allocation of this band.

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.

6.2. 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, Netia or PAK-PCE 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 D Bonds Terms, Series E Bonds Terms and Series F Bonds Terms provide for a number of restrictions and obligations (including maintaining specified financial ratios and the achievement of sustainable development goals), 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 D Bonds Terms, Series E Bonds Terms and Series F 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.

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

We are exposed to the effects of the regional or global economic slowdown

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 performance of our renewable energy generation business depends on the global and regional macroeconomic and geopolitical situation. Currently, investors in renewable energy projects face potential delays in the execution of construction contracts and contracts for the supply of individual components due to, among others, supply chain disruptions and hostilities in Ukraine. In addition, economic conditions, including inflation and increases in the price of construction materials, result in numerous claims by contractors for increases in the agreed-upon compensation under construction contracts or extensions of the completion period, which may also adversely affect the Company's and the Group's business and the timely completion of projects. The complex situation in the construction market may also adversely affect the financial and operational condition of contractors with whom Group companies enter into construction contracts. As a result, they may not be able to meet certain obligations, which could adversely affect the timing of certain investments included in the strategy. In addition, the start of hostilities in Ukraine has had an unfavorable impact on the global price level for fossil fuels, but also for locally supplied biomass, which - if the war continues, but also if other unfavorable circumstances arise - may have an unfavorable impact on the ability to achieve the originally assumed financial results, especially in the area of biomass power generation.

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.

The 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. 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.

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

In 2023, ca. 64% 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.

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. The media market is witnessing a trend of changing preferences in the way content is consumed, with a gradual shift away from linear television, especially among younger generations. 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.

In the green energy segment we face the risk of growing competition in the area of energy generation from renewable sources

The market for photovoltaic and wind farms attracts interest from investors who may compete with the Group due to its potential and potential returns. The intensification of this competition as well as increased investment in the sector by established companies and start-ups, could result in demand for photovoltaic and wind farm projects exceeding supply, which would have a negative impact on the selling prices of the projects.

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

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

Key risks associated with production and distribution of hydrogen

The hydrogen sector, both in Poland and globally, is relatively underdeveloped due to the innovative nature of the technology, which means that economies of scale may take several years to materialize. The small number of suppliers in the hydrogen sector results in limited opportunities for order diversification. In order to mitigate this risk, it is necessary to systematically conduct detailed and comprehensive technology analyses before placing orders. Due to the high demand for hydrogen technology components, such as equipment for stationary hydrogen refueling stations, mobile hydrogen refueling stations or hydrogen trailers, it is also necessary to place orders well in advance.

The Group is currently incurring significant capital expenditures related to the implementation of technology and infrastructure for the production of green hydrogen in the process of electrolysis. The profitability of these investments will depend, among others, on the prices at which we will be able to sell hydrogen produced by the Group. In principle, the price of green hydrogen depends on the market cost of electricity, but we believe that the production of green hydrogen based on electricity from our own renewable energy sources, will allow us to largely mitigate the risk of exposure to fluctuations in market energy prices.

Regulatory risks in the hydrogen sector are mainly focused on regulatory changes. The Polish Hydrogen Strategy until 2030 sets the main goals for the development of the hydrogen economy, but specific regulations and financial incentives are needed. Without a stable regulatory environment and support both from Polish and EU legislation, the development of this market may be hampered. Regulatory changes may affect, among others, the regulations related to the construction and operation of hydrogen production facilities and hydrogen refueling stations, which could have a significant impact on the timing and cost of project implementation. To reduce the impact of this risk, current regulations are monitored and planned changes at the national and European level are analyzed. The most important factor influencing the dynamics of the green hydrogen market is regulation in the area of decarbonization of the economy - the degree of its restrictiveness has and will have a direct impact on the degree of demand for green hydrogen from industries that use large amounts of fossil fuels (coal, oil and gas) today.

6.4. 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 42 to the Company's consolidated financial statements for the financial year ended December 31, 2023 and in Note 20 to the Company's condensed consolidated financial statements for the six-month period ended June 30, 2024.

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 and currency 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 currency 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.

6.5. 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, it cannot be ruled out that Group companies may be subject to inspections, audits or tax proceedings by the competent 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 the model of settlements implemented by the Group companies with respect to transactions with 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. Among others, 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 or right to deduct input tax 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 audits, tax proceedings or verifications conducted by Polish tax authorities. At the same time, there are or may be activities related to the verification of the correct implementation of the tax obligations of the Group's companies by local tax authorities in the jurisdictions where the Group conducted, conducts or will conduct its business. Such activities, to which Group companies are or will be 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 tax proceedings before Polish tax authorities, in which the authorities challenged the Company's right to apply the exempt from the obligation to collect the withholding CIT on certain license payments.

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

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

The regulations relevant to the determination of the level of remunerations and labor costs have been recently undergoing profound changes which will affect the level of our costs of employment as well as our ability to employ employees in the future. In particular, on September 14, 2023 the Council of Ministers adopted a regulation on the minimum salary in 2024, setting it at PLN 4,242 as of January 1, 2024 and PLN 4,300 as of July 1, 2024.

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 of up to 3% of the revenue generated in the financial year preceding the year in which the penalty is imposed 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 terrestrial broadcasting and, if we do not pay the fee for the right to use such frequency, a fine of up to 10% of the revenues generated in the previous fiscal year, taking into account the scope and degree of harmfulness of the violation, our past activities and our financial capabilities.

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.

Operations of companies belonging to Polsat Plus Group are subject to a number of legal regulations related to energy generation from renewable sources

In Poland, the electricity generation segment is heavily influenced by the current legislation governing the industry. The regulations cover, among others, requirements for the implementation of investments, access to the electricity grid, but they can also have a significant impact on the level of market prices.

The basic legal acts applicable to entities generating and trading electricity in Poland are the Energy Act, the Renewable Energy Sources Act, the Environmental Protection Act, which defines the principles of sustainable use of the environment, and the Wind Energy Investment Act. According to the Energy Act, the generation and trading of electricity, subject to the exceptions specified in the Act, require a license issued by the President of the Polish Energy Regulatory Office (URE). Licenses are issued for a fixed term, not less than 10 years and not more than 50 years. In certain situations, the President of the URE may revoke a license, in particular if an energy company grossly violates the conditions set out in the license or other conditions for carrying out licensed activities. In addition, the President of the URE may revoke a license or change its scope, inter alia, in case of a threat to the defense or security of the state or the safety of citizens, in case of a division of an energy company or its merger with other entities, as well as in case of failure to fulfill certain obligations under the Energy Act. A revocation or change in the scope of the license under which the Group's companies operate could have a material adverse effect on the Group's business and financial results.

In connection with the implementation of the acquisition of shares in PAK-PCE, the general provisions of the investment and construction process and the specific provisions of the Wind Power Investment Act will apply to the activities of the Group's entities, particularly to the investment process involving the creation of new photovoltaic and wind power installations. Accordingly, as part of this process, selected Group companies will be required to obtain, among others, decisions on environmental conditions, decisions on development conditions, water permits, construction permits and occupancy permits. In certain situations, the construction of a new photovoltaic and wind power plant may require either the adoption of local zoning plans or an amendment to the local zoning plan to accommodate the planning requirements for this type of investment. In certain situations, a particular Group company may not obtain the required administrative decisions (due to possible protests by the local community or regulatory restrictions) or the administrative process in this matter may be prolonged, which could have a negative impact on the further development of the Group's business and its financial performance. The implementation of investments in renewable energy sources is also associated with the need to enter into a number of agreements to secure legal title to the land on which such an installation is to be made, which means that the financial expectations of many landowners must be met and potential non-market expectations taken into account.

In addition, the war-related volatility of electricity sales prices in the European markets resulted 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 from producers (set separately for each electricity generation technology) and the level of sellers' margins, thereby 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 or that new regulations will be introduced that will limit the possibility of free pricing of electricity sales on 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 related to environmental regulations

Producers of electricity from renewable energy sources are required to comply with relevant environmental laws (including those of the European Union), both in Poland and abroad. These laws regulate, among others, emissions of pollutants, wastewater, protection of soil and groundwater, and the health and safety of humans and wildlife. Failure to comply with laws, regulations and other environmental requirements could subject Group companies to significant fines or even shutdown. Some equipment used in photovoltaic and wind farms, such as transformers, contain substances that can cause environmental contamination in the event of a malfunction or accident.

Compliance with applicable laws and regulations involves certain costs, and potential violations of such laws and regulations and the resulting potential imposition of penalties by the relevant governmental authorities may adversely affect the business, financial condition and results of operations of the Company and the Group companies.

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. Due to the lack of a municipal zoning plan for Port Praski, we apply for development conditions for almost every investment. Often an environmental decision is required, which involves obtaining additional opinions and documentation. Only after this stage is completed we move on to the design phase and then obtain a construction permit. The final stage is the construction of the designed facilities.

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 a construction permit resulting from, among others, 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.

6.6. Risk factors associated with the Series D and E Bonds

Risk factors associated with the Series D Bonds have been described in detail in the Information Note on the issuance of Series D Bonds dated December 22, 2022 while the risk factors associated with the Series E Bonds have been described in detail in the Information Note on the issuance of Series E Bonds dated September 14, 2023. The Notes are available in Polish on Polsat Plus Group's corporate website.

6.7. Risk factors associated with climate

Climate-related risk factors, along with an analysis of climate scenarios and the resilience of each operating segment's business model to climate risks, are described in the "Sustainable Development Report of Polsat Plus Group for 2023", 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 21, 2024

Glossary of technical terms

Term	Definition
2G	Second-generation cellular telecommunications networks commercially launched on the GSM standard in Europe.
3G	Third-generation cellular telecommunications networks that allow simultaneous use of voice and data services.
4G	Fourth-generation cellular telecommunications networks.
5G	Fifth-generation cellular telecommunications networks.
ARPU per B2C/B2B customer	Average monthly revenue per B2C/B2B Customer generated in a given settlement period.
ARPU per prepaid RGU	Average monthly revenue per prepaid RGU generated in a given settlement period.
Base transceiver station	(or: relay station / base station / BTS / transmitter / nodeB / eNodeB) – a device equipped with an antenna transceiver which connects a mobile terminal (e.g., mobile phone or mobile router) with a transmission part of a telecommunications network. A base station uses a single technology (2G, 3G or LTE) on a separate carrier (a frequency block from a separate bandwidth). A base station shall not be mistaken with a site.
Catch-up TV	Services providing access to view selected programming content for a certain period after it was broadcast. Cyfrowy Polsat provides such services from 2011.
Churn	Termination of the contract with B2C Customer by means of the termination notice, collections or other activities resulting in the situation that after termination of the contract the Customer does not have any active service provided in the contract model. Churn rate presents the relation of the number of customers for whom the last service has been deactivated (by means of the termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.
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).

Term	Definition
HSPA/HSPA+	Radio data transmission technology for wireless networks, increasing the capacity of the UMTS network (High Speed Packet Access/High Speed Packet Access Plus). It also covers the HSPA+ Dual Carrier technology (Evolved High Speed Packet Access Dual Carrier). It supports transmission speeds of up to 42 Mbps for download and up to 5.7 Mbps for upload.
IPTV	Technology enabling transfer of a television signal over IP broadband networks (Internet Protocol Television).
LTE	Long Term Evolution - a standard for high-speed, wireless data transmission also referred to as 4G. Based on a carrier bandwidth limited to a maximum of 20MHz it supports data transmission speed of up to 150 Mbps (downlink, using MIMO 2x2 antennas).
LTE Advanced	Subsequence standard for high-speed, wireless data transmission of the fourth generation (4G). Through carrier aggregation from different bandwidths (a total of up to 100 MHz) it allows to significantly increase maximum data transmission speed up to 3 Gbps (downlink, using MIMO 8x8 antennas).
MIMO	Multiple Input Multiple Output, a method for multiplying the capacity of a wireless network using multiple transmit and receive antennas.
MTR	A wholesale charge for call termination in another operator's mobile telecommunications network (Mobile Termination Rate).
MUX, Multiplex	A package of TV and radio channels and additional services, simultaneously transmitted digitally to the user over a single frequency channel.
ODU-IDU	Outdoor Unit Indoor Unit, a proprietary solution of Polsat Plus Group based on a set comprising an external LTE modem (ODU) and an indoor WiFi router (IDU), which increases effective coverage and improve the quality of the LTE signal.
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 2024 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 2024 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 21, 2024