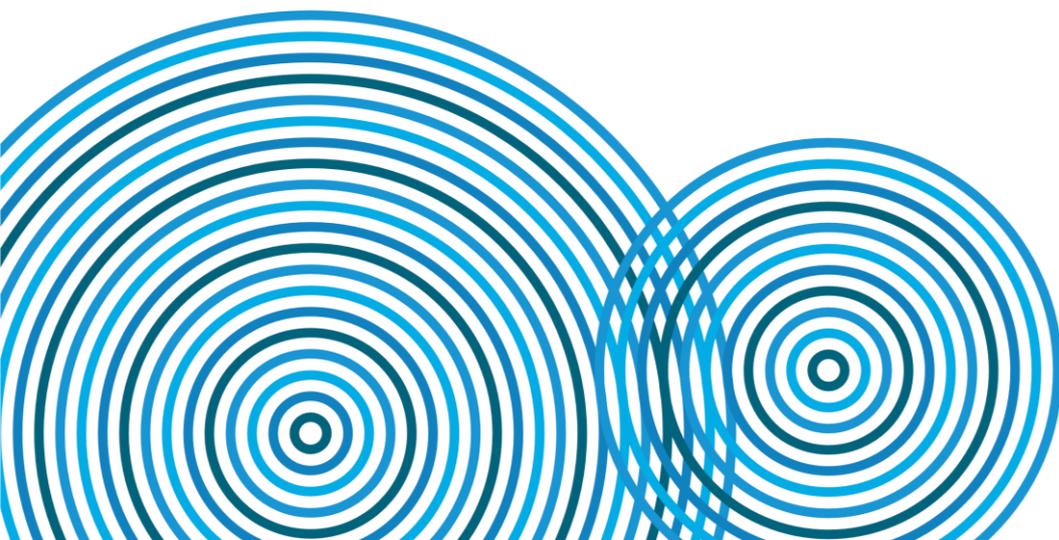




**Report of the Supervisory Board  
of Cyfrowy Polsat S.A. for the period  
from January 1, 2021  
to December 31, 2021**

Warsaw, May 27, 2022



Fulfilling its obligations under the Commercial Companies Code (the “**CCC**”), the Best Practices of WSE Listed Companies 2021 (“**Best Practices 2021**”) as well as the Articles of Association and the By-Laws of the Supervisory Board of Cyfrowy Polsat S.A., the Supervisory Board of Cyfrowy Polsat S.A. (hereinafter the “**Company**” or “**Cyfrowy Polsat**”) presents to the Annual General Meeting of the Company’s Shareholders a report for the period from January 1, 2021 to December 31, 2021 which includes:

- I. information about the composition of the Supervisory Board and its Committees with an indication of which members of the Supervisory Board meet the independence criteria set out in the Act of May 11, 2017 on Auditors, Audit Firms and Public Oversight, as well as which of them do not have actual and material relations with a shareholder holding at least 5% of the total number of votes in the Company, as well as information on the composition of the Supervisory Board in the context of its diversity (2.11.1 Best Practices 2021);
- II. summary of activities of the Supervisory Board and its Committees (2.11.2. Best Practices 2021);
- III. assessment of the Company’s standing on a consolidated basis, including evaluation of internal control systems, risk management, compliance and the internal audit function, along with information on actions taken by the Supervisory Board in order to perform this assessment; this assessment shall include all important control mechanisms, in particular concerning reporting and operations (2.11.3. Best Practices 2021);
- IV. assessment of the application by the Company of corporate governance principles and the manner of fulfilling information disclosure obligations related to their application, as specified in the Stock Exchange Rules and regulations concerning current and periodical information provided by issuers of securities, together with information on actions taken by the Supervisory Board in order to perform this assessment (2.11.4. Best Practices 2021);
- V. assessment of the rationality of expenditures incurred by the Company and Cyfrowy Polsat S.A. Capital Group (“**Polsat Plus Group**”) to support culture, sport, charity institutions, media, social organizations, trade unions, etc. (2.11.5. Best Practices 2021);
- VI. information on the degree of implementation of the diversity policy with respect to the Management Board and Supervisory Board (2.11.6. Best Practices 2021);
- VII. the report on the results of the assessment of the Company’s financial statements and consolidated financial statements of Polsat Plus Group for the financial year 2021, the Management Board’s report on the Company’s activities in the financial year 2021 and the consolidated report on Polsat Plus Group’s activities in the financial year 2021, as well as the motion of the Company’s Management Board regarding the distribution of the Company’s net profit for the financial year 2021 (art. 382 § 3 CCC).

**I. Information about the composition of the Supervisory Board and its Committees with an indication of which members of the Supervisory Board meet the independence criteria set out in the Act of May 11, 2017 on Auditors, Audit Firms and Public Oversight, as well as which of them do not have actual and material relations with a shareholder holding at least 5% of the total number of votes in the Company, as well as information on the composition of the Supervisory Board in the context of its diversity**

***The Supervisory Board***

In the period from January 1, 2021 to June 24, 2021 the Supervisory Board comprised the following members:

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

Based on the resolutions adopted on June 24, 2021, the Annual General Meeting of the Company resolved, in connection with the expiry of the term of office of members of the Supervisory Board, that the Supervisory Board of the new joint 5-year term of office shall consist of nine members. Simultaneously, the Annual General Meeting resolved to appoint the following persons to the Supervisory Board of the Company, effective June 24, 2021:

- Mr. Marek Kapuściński – Vice-Chairman of the Supervisory Board;
- Mr. Józef Birka – Member of the Supervisory Board;
- Mr. Jarosław Grzesiak – Member of the Supervisory Board;
- Mr. Marek Grzybowski – Member of the Supervisory Board;
- Mr. Alojzy Nowak – Member of the Supervisory Board;
- Mr. Tobiasz Solorz – Member of the Supervisory Board;
- Mr. Tomasz Szelaąg – Member of the Supervisory Board;
- Mr. Piotr Żak – Member of the Supervisory Board.

Concurrently, in accordance with § 19 item 2 of the Articles of Association of the Company, TiVi Foundation, the Company's shareholder, elected Mr. Zygmunt Solorz as the Chairman of the Supervisory Board on June 24, 2021.

Within the Supervisory Board, a high degree of diversity is ensured in such areas as age, education, competence and professional experience, however, there is no gender diversity.

### *The Audit Committee of the Supervisory Board*

In 2021, the **Audit Committee** and the **Remuneration Committee** functioned as part of the Supervisory Board.

As of January 1, 2021, the composition of the **Audit Committee** was as follows:

- Mr. Marek Grzybowski – Chairman of the Audit Committee,
- Mr. Tomasz Szeląg – Audit Committee Member,
- Mr. Paweł Ziółkowski – Audit Committee Member.

Acting pursuant to § 7 item 3 of the Bylaws of the Supervisory Board, on June 29, 2021 the Supervisory Board of the new term of office appointed the following persons to the Audit Committee of the Supervisory Board:

- Mr. Marek Grzybowski – Chairman of the Audit Committee,
- Mr. Alojzy Nowak – Audit Committee Member,
- Mr. Tomasz Szeląg – Audit Committee Member.

Based on the analysis of declarations submitted by the Audit Committee Members, information from publicly-accessible registers and information obtained from the Company itself, including the explanatory meetings held by Supervisory Board Members with representatives of the Company, especially with regard to the capital structure and the composition of the authorities of Polsat Plus Group companies as well as legal relationships between the Audit Committee Members and the Company and companies from the Polsat Plus Group, the Supervisory Board confirmed that the following persons met the criteria of independence set out in art. 129, section 3 of the Act on Statutory Auditors, Audit Firms and Public Oversight:

- in the period from January 1, 2021 to June 24, 2021: Mr. Marek Grzybowski and Mr. Paweł Ziółkowski,
- in the period from June 24, 2021 to the date of approval of this report: Mr. Marek Grzybowski and Mr. Alojzy Nowak.

In the Supervisory Board's opinion, there exist no circumstances which could lead to lack of independence or loss of independence by the above mentioned present Audit Committee Members in the period since the appointment date until the present day. In particular, in the Supervisory Board's opinion, these persons have no actual and material relations with any shareholder holding at least 5% of the total number of votes in the Company.

All Members of the Audit Committee possess knowledge and skills in accounting and/or auditing financial statements which were obtained during studies, scientific career and/or extensive professional practice. Furthermore, Mr. Tomasz Szeląg possesses knowledge and skills with regard to the sector in which the Company operates, gained during many years of professional career on key managerial positions within Polsat Plus Group, among others, as Member of the Management Board responsible for finance in Cyfrowy Polsat.

**Associate Professor Marek Grzybowski, Ph.D.** has been employed at the Department of Financial Law of the Faculty of Law and Administration of the Warsaw University since 1977. He lectures at the Faculty of Law and Administration of the Warsaw University and at the Faculty of Economic Sciences of the Warsaw University, and also at the master's courses in Financial Law and Treasury as well as in numerous other postgraduate courses, including the inter-faculty studies PS Economics and Law. Since 2012 he has been the Associate Dean for Financial Matters at the Faculty of Law and Administration of the Warsaw University. From 1995 to 1999 he was a member of the Council of the Bank Guarantee Fund (BFG) and was appointed to the position of Chairman of the BFG Council for the term of office from 1999 to 2003. In the opinion of the Supervisory Board, the positions at which he served, the extensive theoretical knowledge and the practical experience in the areas of finance, banking and accounting make Mr. Marek Grzybowski fully qualified for the function of the Audit Committee Chairman.

**Mr. Tomasz Szeląg** has extensive knowledge and skills in the media and telecommunications sectors, the two industries that the operations of Polsat Plus Group companies rely on. He acquired the knowledge and skills while sitting on the Management Board of Cyfrowy Polsat in the period from May 2009 to September 2016, as well as while serving as member of the management boards of numerous Polsat Plus Group companies in the years 2010-2016. When acting as management board member of Cyfrowy Polsat and of Polsat Group subsidiaries, Mr. Tomasz Szeląg not only acquired the relevant know-how and industry-related qualifications but he was also responsible for the coordination and supervision of the entire financial area of Polsat Plus Group. The scope of his responsibilities included such areas as accounting, financial controlling, financial reporting, audit, treasury or investor relations. Polsat Plus Group's scale of operations and complexity require that a person in the role of a management board member responsible for finance must demonstrate comprehensive knowledge of the above mentioned areas. That is why Mr. Tomasz Szeląg's professional experience allows one to state that not only he has the broad knowledge and the skills in the area of the Company's business operations, but he is also knowledgeable in such areas as accountancy and financial statement auditing. In addition, he has a Ph.D. degree in economics and international economic relations.

**Mr. Alojzy Nowak** graduated from the Academy of Planning and Statistics in Warsaw in 1984 (currently: the Warsaw School of Economics). In 1991, he obtained a doctoral, and in 1995 - a PhD degree. In 1992 he studied economics at the University of Illinois in Urbana-Champaign, USA. In 1993 he completed studies in banking, finance and insurance at the University of Exeter in Great Britain; in 1996 he studied international economics at the Free University of Berlin, and in 1997 he studied international economics at RUCA (Antwerp). In 2002, he obtained the academic title of professor of economics. He gained knowledge and experience working, among others, as: the head of the Department of International Economic Relations at the Faculty of Management of the University of Warsaw, the head of the Department of National Economy at the Faculty of Management of the University of Warsaw, the director of the European Centre of the University of Warsaw, the deputy dean of the Faculty of Management at the University of Warsaw for International Cooperation, the dean of the Faculty of Management at the University of Warsaw and Vice-Rector for Scientific Research and Cooperation at the University of Warsaw. For 15 years he was also the head of the Department of Finance at the Kozminski University. Apart from the University of Warsaw, he also delivers lectures in France, Great Britain, USA, Russia, China, Korea, Germany, and Russia. In addition, he held or still holds the functions of: an advisor to the prime minister, advisor to the Minister of Agriculture, Minister of Finance, president of the Academic Sports Association in Poland, as well as at the University of Warsaw, a member of the NewConnect advisory committee at the Management Board of the Warsaw Stock Exchange, a member of the Council of the National Bank of Poland Foundation, Chairman of the Scientific Council of the National Bank of Poland. Over the years, he was or has been a member of supervisory boards, including PTE WARTA S.A., PKO BP S.A., JSW S.A., PZU S.A., Bank Millennium S.A. He was the Chairman and Vice-Chairman of the Supervisory Board of EUROLOT S.A.

### **The Remuneration Committee of the Supervisory Board**

In the period from January 1, 2021 to December 31, 2021, the composition of the Remuneration Committee was as follows:

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

## **II. Summary of activities of the Supervisory Board and its Committees**

In 2021, the Supervisory Board acted on the basis of the Commercial Companies Code as well as the Company's Articles of Association of May 25, 2020 and the Supervisory Board By-Laws of March 16, 2018.

In 2021, the Supervisory Board held 9 meetings. Due to the continuing restrictions introduced as a result of the COVID-19 pandemic, most of the Supervisory Board meetings were held using remote means of communication, while resolutions were adopted in the mode stipulated by art. 21, section 4 of the Company's Articles of Association and §5 section 4 of the Supervisory Board By-Laws, i.e. by means of direct remote communication. At the Supervisory Board's invitation, the meetings were attended by Management Board Members who presented issues related to the Company's current business as well as organizational and legal matters.

The table below presents the attendance by Supervisory Board Members at the meetings held in 2021.

<b>Name of Supervisory Board Member</b>	<b>Attendance</b>
Zygmunt Solorz <sup>(1)</sup>	100%
Marek Kapuściński	100%
Józef Birka	100%
Jarosław Grzesiak <sup>(1)</sup>	100%
Marek Grzybowski	100%
Robert Gwiazdowski <sup>(2)</sup>	100%
Aleksander Myszka <sup>(2)</sup>	100%
Alojzy Nowak <sup>(1)</sup>	100%
Leszek Reksa <sup>(2)</sup>	100%
Tobias Solorz <sup>(1)</sup>	100%
Tomasz Szeląg	100%
Paweł Ziółkowski <sup>(2)</sup>	100%
Piotr Żak	100%

(1) Supervisory Board Member from June 24, 2021 to December 31, 2021, attendance for the indicated period.

(2) Supervisory Board Member from January 1, 2021 to June 24, 2021, attendance for the indicated period.

In 2021, the Supervisory Board exercised permanent supervision over the Company's operations in all areas of its activities.

In several cases the Supervisory Board granted its consent, as required by the Articles of Association, to:

- procuring services necessary for the purpose of carrying out the Company's operations, such as IT services, maintenance and support services, development services, courier services, purchase of electricity, etc.,
- acquiring services related to broadcasting of commercials and sponsoring,
- acquiring licenses for broadcasting TV channels from Cyfrowy Polsat's offer,
- purchasing equipment for end users,
- selling a debt package,
- amending or entering into credit line agreements for bank guarantees, modifying or establishing collaterals required by banks in connection with claims under the above agreements as well as requesting that guarantees and corporate warranties be issued,
- granting of loans to selected Polsat Plus Group companies,
- signing of agreements for the provision of advisory/consulting services for the Company.

Furthermore, the Supervisory Board granted its consent to:

- the purchase of a mobile hydrogen refueling station,
- the acquisition of media services within MUX-4 as part of the wholesale offer of Info-TV-FM sp. z o.o., as well as the continuation of the expansion of MUX-4 coverage,
- the investment in a new recording studio,
- concluding an agreement on introducing new logotypes of the Polsat Box and Plus brands into the fixed sales network,
- the preparation and implementation of a new user interface for EVOBOX set-top boxes,
- the acquisition of generation and management of set-top box keys,
- implementation of voice services in set-top boxes,
- commissioning of work related to the expansion of IPTV (Internet Protocol Television in a closed network).

Moreover, the Supervisory Board approved the new strategy of Polsat Plus Group and the dividend policy of the Company.

The Supervisory Board expressed its consent to take actions aimed at implementing the Company's share buy-back program, including the granting of securities for the Company's liabilities under the tender offer for the sale of the Company's shares.

The Supervisory Board expressed its consent to the acquisition of shares in Stork 5 sp. z o.o. and Plus Finanse sp. z o.o., for the conclusion of an investment agreement by the Company and the acquisition of shares in eobuwie S.A. (currently: Modivo S.A.), as well as for the conclusion of an investment agreement concerning the acquisition of shares in the special purpose vehicle PLCOM sp. z o.o. (currently: Exion Hydrogen Polskie Elektrolizery sp. z o.o.), and additionally to continue the acquisition of shares in Netia S.A.

The Supervisory Board also granted its consent to the sale of 99.99% of shares in Polkomtel Infrastruktura sp. z o.o. to Cellnex Poland sp. z o.o. and all shares in TVO sp. z o.o. to Polsat Investments Limited, as well as to the disposal of 90% of shares in MESE sp. z o.o. to PAK Polska Czysta Energia sp. z o.o.

The Supervisory Board also conducted on-going and periodic assessments of transactions with related parties which included an evaluation whether such transactions were concluded at arm's length.

Several times the Supervisory Board expressed its consent to changes in the composition of the supervisory boards of the Company's significant subsidiaries. Moreover, the Supervisory Board awarded bonuses to the Company's Management Board Members.

Pursuant to art. 90g of the Act of July 25, 2005 on public offering and the conditions for introducing financial instruments to the organized trading system and on public companies, the Supervisory Board adopted the report on the remuneration of the Members of the Company's Management Board and Supervisory Board for the years 2019-2020.

Acting pursuant to art. 382 § 3 of the Commercial Companies Code, the Supervisory Board approved the report on its activities in the financial year 2020, which included in particular the results of the assessment of the Management Board's report on the Company's operations in the financial year 2020, the Company's financial statements for the financial year 2020, and the Management Board's motion concerning the distribution of the profit generated by the Company in the financial year 2020.

In 2021, the Supervisory Board recommended that the Annual General Meeting approve the financial statements for the financial year 2020 and grant a vote of approval for the performance of their duties in 2020 to the Members of the Management Board.

Following an analysis, the Supervisory Board issued a positive opinion on the Management Board's motion regarding the allocation of net profit earned by the Company in the financial year 2020 in the amount of PLN 404,982,013.92 (say: four hundred four million nine hundred eighty two thousand thirteen zlotys and ninety two grosz) in full to the payment of dividends to the shareholders and allocation of the amount of PLN 362,473,205.28 (say: three hundred sixty two million four hundred seventy three thousand two hundred five zlotys and twenty eight grosz) from the reserve capital for distribution as dividends to the shareholders.

Upon having acquainted itself with the draft resolutions of the General Meetings of the Company's Shareholders held in 2021, the Company's Supervisory Board expressed its positive opinion on the drafts and recommended them for adoption by the General Meetings.

In 2021, the Supervisory Board conducted no controls or investigations and did not suspend any Members of the Management Board of the Company.

### ***Activities of the Audit Committee***

The basic tasks of the Audit Committee include supporting the Supervisory Board in the fulfillment of its duties, in particular in the field of correctness and efficiency of functioning of internal controls in the Company as well as supervising the integrity of financial information presented by the Company.

In 2021, the Audit Committee held seven meetings with the participation of the Management Board Member responsible for finance (CFO) and the Director of the Audit and Internal Control Division. In connection with the restrictions introduced as a result of the COVID-19 epidemic, most of the Audit Committee's meetings were held remotely and resolutions were adopted using means of distant communication.

The table below presents the attendance of Audit Committee Members in the Committee's meetings held in 2021:

Name of Audit Committee Member	Attendance
Marek Grzybowski	100%
Alojzy Nowak <sup>(1)</sup>	100%
Tomasz Szeląg	100%
Paweł Ziółkowski <sup>(2)</sup>	100%

(1) Audit Committee Member from June 24, 2021 to December 31, 2021, attendance for the indicated period.

(2) Audit Committee Member from January 1, 2021 to June 24, 2021, attendance in 2021 for the indicated period.

In particular, as part of its activities in 2021, the Audit Committee:

- reviewed both, the Company's and Polsat Plus Group's interim reports, as well as positively assessed the correctness and consistency of accounting principles applied by the Company,
- monitored the effectiveness of the internal control and risk management systems as well as the internal audit function in the Company and also approved the Audit Work Plan for the period July 2021 - June 2022,
- monitored the audit process conducted by Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.,
- pursuant to art. 130 section 1 items 2) and 4) of the Act of May 11, 2017 on Statutory Auditors, Audit Firms and Public Oversight, and after carrying out the assessment of threats and safeguards to independence referred to in Articles 69 - 73 of the aforementioned Act, the Audit Committee granted its consent to the provision by Ernst & Young Audyt Polska Spółka z ograniczoną odpowiedzialnością sp.k. of services consisting in the review of the interim standalone and consolidated financial statements of Cyfrowy Polsat S.A. for the 6-month periods ended June 30, 2021, June 30, 2022 and June 30, 2023 (services required by law other than audit services).

### Activities of the Remuneration Committee

The Remuneration Committee advises the Supervisory Board on the overall remuneration policy in Cyfrowy Polsat S.A. Capital Group and provides recommendations regarding the appointment of Management Board Members, the terms and conditions of remuneration and the amounts of bonuses for Management Board Members.

One meeting of the Remuneration Committee was held in 2021.

The table below presents the attendance of Remuneration Committee Members in the Committee's meetings held in 2021.

Name of Remuneration Committee Member	Attendance
Tomasz Szeląg	100%
Marek Kapuściński	100%

In 2021, in connection with the appointment of the Supervisory Board for a new term of office, the Remuneration Committee appointed Mr. Tomasz Szeląg as Chairman of the Remuneration Committee.

Moreover, in 2021, the Remuneration Committee prepared a recommendation for the Supervisory Board regarding bonuses granted to the Management Board Members

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

### **III. Assessment of the Company's standing on a consolidated basis, including evaluation of internal control systems, risk management, compliance and the internal audit function, along with information on actions taken by the Supervisory Board in order to perform this assessment; this assessment shall include all important control mechanisms, in particular concerning reporting and operations**

#### *Assessment of the Company's standing on a consolidated basis*

The Supervisory Board became acquainted with and analyzed in detail all the major operating indicators, as well as the financial results achieved by the Company and by Polsat Plus Group in 2021. The Supervisory Board concluded that in 2021 the Company and its subsidiaries consistently pursued the adopted strategy, with its superior goal of sustainable growth of the value of Cyfrowy Polsat for its Shareholders. The main strategic idea of the Group is to offer high quality commodities for a reasonable price to the inhabitants of Poland, in line with the principle "For everyone. Everywhere."

In 2021, Polsat Plus Group operated in two business segments: the B2C and B2B services segment, and the media segment: television and online. The total number of active revenue generating units (RGUs) in the B2C and B2B services segment reached over 20 million and there were over 6 million contract customers at the end of 2021. Thanks to the successful implementation of its multiplay strategy of cross-selling additional products and services to a single customer, the Group successfully pursued its long-term strategic objectives of building customer value. At the end of 2021, average revenue per contract customer in the B2C and B2B segment amounted to PLN 69.1, recording an increase by 4.4% YoY, while the churn rate remained at a very low level of 6.9% in 2021, which demonstrates a high level of loyalty of the Group's customers.

The media segment recorded stable operating results, as measured by the audience share of Polsat Group's channels at the level of 24.0%, which were in line with the strategic assumptions. At the same time, advertising revenue generated by the Group in 2021 demonstrated better dynamics than the broad market which translated into the Group's share in the TV advertising market of 28.6%. Moreover, Polsat Plus Group continued its growth on the dynamically developing Internet and online advertising market by developing Interia.pl Group acquired in 2020.

Solid operating performance was reflected in very good financial results for 2021: stable and diversified revenue, mainly generated from recurrent contract services, and high EBITDA margin. In 2021, Polsat Plus Group recorded over PLN 12 billion in revenue, which when coupled with effective cost control enabled the Company to maintain its EBITDA adjusted by one-off events at a high level of PLN 3.6 billion. In 2021, Polsat Plus Group generated strong free cash flows at the level of PLN 1.4 billion and paid out a record-high dividend of PLN 767 million to its shareholders.

In 2021, Polsat Plus Group entered into a strategic partnership with Cellnex Group, based on a concept of active and passive infrastructure sharing. The Group sold 99.99% of shares in its subsidiary Polkomtel Infrastruktura to Cellnex. The assets of the sold company included in particular the passive and active layers of the mobile infrastructure of Polsat Plus Group. In parallel, the parties signed a master services agreement obliging Cellnex to provide specified services to Polsat Plus Group for 25 years (subject to renewal for subsequent 15-year terms). In the opinion of the Supervisory Board, the partnership with Cellnex enables Polsat Plus Group to launch modern communications services, particularly in 5G technology, even faster and more cost-effectively. In the opinion of the Supervisory Board, the above was confirmed in 2021 by the dynamic development of Plus 5G network, which at the end of the year included over 3,000 base stations in 800 locations in Poland with its footprint covering 19 million people in Poland.

Another important event was the announcement of the *Strategy 2023+ of Polsat Plus Group* in December 2021, as part of which a third segment - Clean Energy - was added to the two main business pillars of the Group - Connectivity under the Plus brand and Content under the Polsat brand. The strategy assumes the creation and delivery of high quality commodities: high-speed and reliable connectivity, the most attractive and unique content and entertainment, clean and affordable energy and other services and commodities for the home and for individual and business customers, using state-of-the-art technologies to provide top quality services that meet the changing needs and expectations of customers, so as to maintain the highest possible level of their satisfaction. Concurrently, in line with the concept of ESG, Polsat Plus Group wants to create its value in a sustainable manner taking into account and addressing environmental, social, responsible and transparent business issues, to the benefit of local society and all its stakeholders. The superior goal of the strategy of Polsat Plus Group remains the permanent, long-term growth of the value of Cyfrowy Polsat S.A. for its Shareholders.

In particular, in the area of clean energy production between 2022 and 2026 Polsat Plus Group intends to invests ca. PLN 5 billion to achieve about 1,000 MW of installed clean energy production capacity and ca. PLN 0.5 billion to build the full value chain of an economy based on the fuel of the future that, in the Group's opinion, is hydrogen. The planned investment projects will be related to the production of energy from photovoltaics, biomass, on-shore wind farms or thermal waste treatment and building a complete value chain of a hydrogen-based economy. Furthermore, the Group wants to actively analyze the possibilities of investing in other prospective sources of energy such as off-shore wind farms and Small Modular Reactors (SMR). It is estimated that the above mentioned investment plan will contribute to the reduction of greenhouse gas emissions by over 2 million tons of CO<sub>2</sub> equivalent yearly while generating an annual incremental EBITDA of ca. PLN 500-600 million by 2026. Moreover, by operating on the clean energy market, the Group will be able to manage energy costs, especially in the telecommunication area, in a more efficient way, which is particularly important in light of record high energy prices in Poland.

The *Strategy 2023+* was approved by the Supervisory Board, which shared, among others, the opinion of the Management Board that Poland's energy transformation towards clean, zero- and low-emission energy constitutes an excellent moment for new players to enter this promising market and creates new development opportunities for Polsat Plus Group. An important driving force behind the changes in the Polish energy sector is the growing awareness, both in Poland and at a global level, of the need to combat climate change as well as the consistent climate policy of the European Union, which, on the one hand, offers significant support for the development of renewable energy sources, and on the other hand, strongly limits the possibilities of financing investments based on conventional fuels. Geopolitical uncertainty caused by the war in Ukraine and Russia's aggressive energy policy are additional factors justifying the need for Poland to seek alternative energy sources.

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

The above assessment was made on the basis of the knowledge of the Supervisory Board obtained in the course of performing its duties specified in the By-Laws of the Supervisory Board and the Company's Articles of Association. Pursuant to art. 2 of the By-Laws of the Supervisory Board, the Supervisory Board exercises ongoing supervision over the Company's operations. In particular, the Supervisory Board receives from the Management Board regular and complete information on all important matters concerning the Company's and its capital group's operations as well as on the risks related to the conducted operations and the ways of managing such risks. The Supervisory Board systematically acquaints itself with information and documents of the Company presented by the Management Board, analyses them in detail and gives its consent to execute significant legal actions by the Management Board of the Company. In addition, pursuant to art. 13.5 of the Company's Articles of Association, Members of the Supervisory Board exercise their right to participate in meetings of the Management Board during which current operating results are discussed.

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

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

The basic task of the internal control system is to assure the accomplishment of business goals by the Company. The Company has an organizational structure, which is updated on an on-going basis. The reporting paths, the responsibilities and the levels of authorization (the rights) are clearly defined in that structure, which constitutes an additional tool for the neutralization of material risks associated with the conducted business activities. In the Supervisory Board's opinion, the internal control system and critical risk management, as well as the internal audit function are of satisfactory quality.

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

No formalized compliance system functions in the Company. Nonetheless, the Supervisory Board is of the opinion that there exists satisfactory control of compliance of the Company's operations in various fields with the valid law, including the Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation),

which is in force since May 25, 2018. The above mentioned compliance control is regulated by the Company's internal regulations and is effectuated at the level of individual organizational units responsible for respective areas of operations.

The assessment of internal control systems, risk management systems, compliance and the internal audit function is based in particular on actions taken by the Audit Committee of the Supervisory Board in performing its responsibilities in the area of monitoring the financial reporting process, the effectiveness of internal control systems, risk management systems and the internal audit function as well as auditing activities, in particular the audit performed by an audit firm. The Audit Committee also meets directly with the Director of Internal Audit, who attends meetings and provides additional/supplementary information at the request of the Audit Committee.

#### **IV. Assessment of the application by the Company of corporate governance principles and the manner of fulfilling information disclosure obligations related to their application, as specified in the Stock Exchange Rules and regulations concerning current and periodical information provided by issuers of securities, together with information on actions taken by the Supervisory Board in order to perform this assessment**

In the Supervisory Board's opinion, in 2021 the Company applied in full the corporate governance principles adopted by the Company as set out in the document "The Best Practices of WSE Listed Companies 2021" and demonstrated reliable and due compliance with information disclosure obligations related to the implementation of the principles of corporate governance as defined in the WSE Rules, as well as in other regulations concerning current and periodic information disclosure by issuers of securities.

In particular, pursuant to § 70, item 6. 5) of the Ordinance of the Minister of Finance of March 29, 2018 regarding current and periodic information published by issuers of securities and the conditions for recognizing equivalence of information required under non-member states regulations, the report on the activities of the Company in the financial year ended December 31, 2021 contains a statement confirming the observance of corporate governance rules, which forms a separate section of the report. In the Supervisory Board's opinion, the disclosures found in the statement are complete and exhaustive and they reflect the actual state of affairs.

Pursuant to § 49b of the Accounting Act of September 29, 1994 (as amended), the Company published the Sustainability Report of Polsat Plus Group for 2021, describing its non-financial activities in 2021. The publication was prepared based on the international Global Reporting Initiative standard (GRI) in Core option. This report presents the approach of key companies of Polsat Plus Group (Cyfrowy Polsat, Netia, Polkomtel, Telewizja Polsat) to ESG issues, i.e. the environment, socially responsible activities and corporate governance. In addition, as required by the Regulation (EU) 2020/852 of the European Parliament and Council of June 18, 2020 (i.e. EU Taxonomy), the report contains the first Taxonomy-related disclosure of key indicators concerning environmentally sustainable economic activities. The objectives which have been described in detail at the present stage of implementation of the Taxonomy concern climate change mitigation and climate change adaptation. The publication also includes Polsat Plus Group's activities aimed at reducing its carbon footprint other than those classified by the Company as systematic under the Taxonomy.

The above assessment was based on the knowledge of the Supervisory Board obtained in the course of performing its duties specified in the By-Laws of the Supervisory Board and the Company's Articles of Association. In particular, in the course of dedicated meetings, selected Members of the Supervisory Board

obtained comprehensive information on actions taken by the Company to adopt and report new corporate governance rules defined in the document "The Best Practices of WSE Listed Companies 2021" and got acquainted with the Company's report presenting the status of application of new best practices and explaining the reasons for non-compliance with selected rules. Moreover, the Supervisory Board got acquainted with the corporate governance documents and non-financial information constituting the elements of the annual report of the Company and its capital group for the financial year 2021.

## **V. Assessment of the rationality of the expenditures incurred by the Company and Polsat Plus Group to support culture, sport, charity institutions, media, social organizations, trade unions, etc.**

Polsat Plus Group's social mission is carried out by the Company and its subsidiaries in five areas: safety, aid to children, promotion of sports and physical activity, environment and education. Both, the Company and its subsidiaries strive to make sure that the implementation of individual projects is not only consistent with the list of topics that are of key importance to Polsat Plus Group but that it also addresses selected Sustainable Development Goals (SDGs).

The sponsoring and charity activities pursued by Polsat Plus Group are aimed at bringing real help where it is needed, supporting the development of Polish sport, providing modern tools for rescue services, educating, among others, in the area of ecology and environmental protection and, indirectly, also at shaping a positive image of the Company and its subsidiaries as trustworthy brands, socially engaged companies and partners open to the needs of customers. These activities are consistent with the social mission of the Group, which is to have a positive impact on its immediate surroundings - society, customers and viewers, employees, environment, and to consistently build credibility in the eyes of stakeholders.

In 2021, the financial involvement of Polsat Plus Group in charity and sponsorship activities amounted to PLN 30 million, of which:

- 45% was donated to charity,
- 45% was allocated to sports sponsorships,
- 10% was allocated to health and safety.

Key projects in the area of sponsoring, charity and other similar activities of the Company and of its subsidiaries included:

- involvement in numerous initiatives aimed at the protection of the life and health of children as well as support for people in need who face the risk of marginalization (social or economic), carried out in cooperation with public benefit organizations, mainly Polsat Foundation;
- charity projects under corporate volunteering activities, focused on providing material and financial support to people in need, executed in cooperation with, among others, Polsat Foundation and Polki Mogą Wszystko Foundation;
- involvement in actions promoting safety by long-term partnerships and providing financial support to rescue units (TOPR, GOPR, WOPR and MOPR – mountain rescue units and lifeguard units) and cooperation with such units as a technological partner in educational projects and in projects promoting safety - emergency numbers in the mountains and over water as well as Plus network's proprietary "Help" application);
- support and promotion of Polish sport, i.e. sponsoring activities aimed at supporting Polish Volleyball and the Polish national team in this discipline - continuation of the successful, long-term cooperation

of Polkomtel with the Polish Volleyball Association and the Polish Volleyball League, the title sponsorship of the stadium Arena Gdańsk - Polsat Plus Arena Gdańsk by Polkomtel and Telewizja Polsat, and the provision of sports broadcasts from many sports disciplines to Polish viewers on Polsat sports channels;

- educational and technological projects executed in cooperation with Copernicus Science Center in Warsaw – Polkomtel has been the Center’s partner since its establishment;
- active membership in the Clean Poland Program Association, whose mission is to initiate changes, educate society and publicize important topics and actions related to ecology, environmental protection and improvement of the quality of life.

The Supervisory Board views the charity and sponsoring activities conducted by the Company and its subsidiaries in 2021 as rational and beneficial for society and the expenditures made as justified. In the opinion of the Supervisory Board, such an attitude, demonstrated by the Group, strengthens positive relations between the organization and its stakeholders – the customers, the business partners, the suppliers, the investors and the social environment.

## **VI. Information on the degree of implementation of the diversity policy with respect to the Management Board and Supervisory Board**

The Company has a diversity policy in place which also operates in companies belonging to Polsat Plus Group. The provisions of the diversity policy apply to all employees, including Management Board and Supervisory Board Members. A high degree of diversity is assured in the Management Board and the Supervisory Board in areas such as age, education, competence and professional experience. Moreover, in spite of the lack of a defined goal, the Management Board fulfills the diversity principle related to gender as women make up 50% of the Management Board. The diversity policy adopted by the Company and by member companies of Polsat Plus Group prohibits discrimination of any kind related to employment, direct or indirect, especially in respect of gender, age, sexual-orientation, competences, experience, potential disability, nationality, ethnic and social origin, skin color, language, parental status, religion, denomination or lack of denomination, political views as well as in respect of the location of the place of work, form of employment, trade union membership, or any other dimension of diversity as defined by valid law. However, the diversity policy of the Group does not define the minimum goal for diversity in terms of gender.

## **VII. Assessment of the Company’s financial statements and of the consolidated financial statements of Polsat Plus Group for the financial year 2021, the report of the Management Board on the activities of the Company and the report on the activities of Polsat Plus Group in the financial year 2021, as well as the Management Board’s motion regarding the distribution of profit generated by the Company in the financial year 2021**

Acting by virtue of art. 382 §3 CCC and art. 18 section 2 letter b) of the Company’s Articles of Association, in connection with art. 395 §2 CCC, the Company’s Supervisory Board has assessed:

- the stand-alone financial statements of Cyfrowy Polsat S.A. and the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year ended December 31, 2021,

- the Management Board's report on the activities of Cyfrowy Polsat S.A. and the consolidated report on the activities of Cyfrowy Polsat S.A. Capital Group in the financial year ended December 31, 2021,
- the motion of the Company's Management Board regarding the distribution of profit generated by the Company in the financial year ended December 31, 2021.

Upon having analyzed the auditor's report on the audit of the Company's financial statements and of Cyfrowy Polsat S.A. Capital Group's consolidated financial statements for the financial year 2021, the opinion of the Audit Committee, as well as upon having assessed these reports, the Supervisory Board has concluded that the Company's financial statements and the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year 2021 have been prepared on the basis of properly kept accounts and they comply, in terms of form and content, with the valid regulations, thus presenting a true and fair view of all information essential from the point of view of assessment of the profitability and the financial results for the period subject to audit, as well as of the Company's property and financial standing as at December 31, 2021. Moreover, the Supervisory Board has stated that the Company's financial statements and the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year 2021 comply with the accounts and the Company's documents as well as the factual circumstances. In the face of the above, the Supervisory Board has positively assessed the Company's financial statements and Cyfrowy Polsat S.A. Capital Group's consolidated financial statements for the financial year 2021.

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

- net profit in the income statement for the period from January 1, 2021 to December 31, 2021: PLN 3,605.9 million,
- total comprehensive income in the total comprehensive income statement for the period from January 1, 2021 to December 31, 2021: PLN 3,623.2 million,
- total assets and total equity and liabilities in the balance sheet as at December 31, 2021: PLN 16,176.1 million,
- net increase in cash and cash equivalents in the cash flow statement for the period from January 1, 2021 to December 31, 2021: PLN 1,099.4 million,
- increase in equity in the statement of changes in equity for the period from January 1, 2021 to December 31, 2021: PLN 379.7 million.

Based on the presented consolidated financial statements, the financial results of Cyfrowy Polsat S.A. Capital Group were as follows:

- net profit in the consolidated income statement for the period from January 1, 2021 to December 31, 2021: PLN 4,414.5 million;
- total comprehensive income in the consolidated comprehensive income statement for the period from January 1, 2021 to December 31, 2021: PLN 4,445.0 million;
- total assets and total equity and liabilities in the consolidated balance sheet as at December 31, 2021: PLN 32,237.0 million;
- net increase in cash and cash equivalents in the consolidated cash flow statement for the period from January 1, 2021 to December 31, 2021: PLN 2,279.3 million;
- increase in equity in the consolidated statement of changes in equity for the period from January 1, 2021 to December 31, 2021: PLN 958.4 million.

Upon having analyzed and assessed the Management Board's report on the Company's activities and the consolidated report on the activities of Cyfrowy Polsat S.A. Capital Group in 2021, the Supervisory Board has concluded that the above mentioned reports are consistent with the Company's accounts and documents and with the factual circumstances. In the Supervisory Board's opinion, information presented in the above mentioned documents present a true and fair view of the Company's and the Group's operating results and their property and financial standing. In the face of the above, the Supervisory Board has positively assessed and accepted the Management Board's report on the Company's activities and the consolidated report on the activities of Cyfrowy Polsat S.A. Capital Group in the year 2021.

The Supervisory Board familiarized itself with the Management Board's motion regarding the distribution of the Company's net profit for the financial year 2021 which assumes:

- a) the allocation of part of the net profit amounting to PLN 550,703,531.00 (say: five hundred fifty million seven hundred three thousand five hundred thirty one zlotys) for distribution as dividends to shareholders in the amount of PLN 1.00 (say: one zloty) per one share participating in the dividend payout (i.e. excluding treasury shares), and
- b) the allocation of part of the net profit amounting to PLN 3,055,151,887.23 (say: three billion fifty five million one hundred fifty one thousand eight hundred eighty seven zlotys and twenty three grosze) to the reserve capital.

The Management Board of the Company recommended, in accordance with the provisions of art. 348 §4 CCC, that the dividend day be scheduled for September 20, 2022 and the dividend payout day for December 15, 2022.

The Supervisory Board has assessed that the aforesaid motion of the Management Board is compliant with the dividend policy adopted by the Company and, therefore, has issued a positive opinion on it.

The Supervisory Board recommends that the General Meeting:

- approves the stand-alone financial statements of Cyfrowy Polsat S.A. for the financial year ended December 31, 2021, the consolidated financial statements of Cyfrowy Polsat S.A. Capital Group for the financial year ended December 31, 2021 and the Management Board's reports on the activities of Cyfrowy Polsat S.A. and the activities of Cyfrowy Polsat S.A. Capital Group for the financial year ended December 31, 2021,
- issues a positive opinion on the report on the remuneration of the Management Board Members and the Supervisory Board Members of Cyfrowy Polsat S.A. for the year 2021,
- adopts a resolution regarding the distribution of the Company's net profit for the financial year ended December 31, 2021 in line with the motion of the Company's Management Board,
- grants votes of approval to the following Management Board Members on account of performance of their duties in the year ended December 31, 2021:
  - Mr. Mirosław Błaszczuk, President of the Management Board in the year 2021;
  - Mr. Maciej Stec, Vice-President of the Management Board in the year 2021;
  - Mr. Jacek Felczykowski, Management Board Member in the year 2021;
  - Ms. Aneta Jaskólska, Management Board Member in the year 2021;
  - Ms. Agnieszka Odorowicz, Management Board Member in the year 2021;
  - Ms. Katarzyna Ostap-Tomann, Management Board Member in the year 2021.

Concurrently, the Supervisory Board of Cyfrowy Polsat S.A. would like to ask the Company's General Meeting to approve the Supervisory Board's report on its activities in the period from January 1, 2021 to December 31, 2021 and to grant all Supervisory Board Members a vote of approval on account of performance of their duties in the year 2021, as well as to grant a vote of approval to persons who served as Members of the Supervisory Board in the previous term of office, i.e, Mr. Robert Gwiazdowski, Mr. Aleksander Myszkowski, Mr. Leszek Reksa and Mr. Tomasz Ziółkowski.

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Zygmunt Solorz  
*Chairman of the Supervisory Board*

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Marek Kapuściński  
*Vice-Chairman of the  
Supervisory Board*

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Józef Birka  
*Member of the Supervisory Board*

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Marek Grzybowski  
*Member of the Supervisory  
Board*

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Jarosław Grzesiak  
*Member of the Supervisory Board*

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Alojzy Nowak  
*Member of the Supervisory  
Board*

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Tobias Solorz  
*Member of the Supervisory Board*

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Tomasz Szelaąg  
*Member of the Supervisory  
Board*

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Piotr Żak  
*Member of the Supervisory Board*

Warsaw, May 27, 2022