

- In Q2'21 **Polsat Plus Group's** revenue amounted to **PLN 3,160m** and **increased YoY by 10.4%**. This increase was driven mainly by the following factors:
 - **Increase in retail revenue** mainly as a result of the successful execution of our strategy aimed at building customer value, which is reflected in **high dynamics of ARPU growth** from both contract and prepaid customers.
 - Higher **wholesale revenue** as a result of a strong increase in advertising and sponsorship revenue resulting from a low point of reference (the advertising market suffered severe value loss at the time of the first lockdown in spring 2020), an increase in viewership of Telewizja Polsat's channels as well as the consolidation of results of Interia Group from July 2020.
 - Lower revenue from the **sale of equipment** due to lower volumes of equipment sold.
 - The increase in **other revenue** mostly due to the consolidation of revenues of Esoleo, our subsidiary that sells photovoltaic installations to individual customers and to the B2B sector.
- In Q2'21 **Polsat Group's** costs amounted to **PLN 2,468m** and increased YoY by 0.5%. Their level was mainly influenced by the following factors:
 - Lower **depreciation, amortization, impairment and liquidation costs** mainly due to the ceased recognition of depreciation, starting from March 2021, of assets held for sale in connection with the ongoing as at the balance date disposal of our subsidiary Polkomtel Infrastruktura.
 - Decrease in the **cost of equipment sold** as a result of lower volumes of equipment sold, which corresponds with lower revenue from the sale of equipment.
 - Increase in **content cost** mainly as a result of higher costs of internal production and film licenses, reflecting our decision to allocate more resources in the budget in order to increase the attractiveness of our TV channels following the return of the television advertising market to a growth path after its significant weakening in the corresponding quarter of 2020. In addition, we record higher programming license costs, which is an effect of our customers choosing higher pay TV packages.
 - Higher **other costs** mainly as a result of the recognition of costs associated with operations on the photovoltaic market.
- **Revenue from advertising and sponsorship** of TV Polsat Group increased by **55.2%** YoY in Q2'21, to PLN 330m, while the whole market recorded a 48.7% increase. As a result, our share in the TV advertising and sponsorship market increased to 28.6%.
- **EBITDA of Polsat Plus Group**, amounting to **PLN 1,141m**, recorded an **increase compared to adjusted EBITDA¹** in Q2'20 by 13.9% (18.8% increase vs. EBITDA of Polsat Plus Group, including one-off costs related to COVID in Q2'20), with EBITDA margin of **36.1%**.
- **EBIT** of Polsat Plus Group **amounted to PLN 684m** and increased YoY by 73.5%.
- Finance costs, net increased by 26.8% YoY to the level of PLN 61m. This increase was caused mostly by the recognition of one-off revenue in the corresponding period of 2020 which was related to the modification of our bank loan agreements in April 2020.
- **Net profit** of the Group increased by 86.3% YoY to **PLN 542m**.
- **Adjusted FCF after interest** amounted to **PLN 282m** in Q2'21 (**PLN 1,371m** in the twelve-month period, showing a 7.6% increase compared to Q4'20). The level of FCF resulted from EBITDA growth as well as dividend from Asseco Poland, which compensated higher capital

¹ EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 41.5m

expenditures incurred, among others, on the 5G network roll-out, settlement of CIT 2020 and an increase in equipment inventories for customers.

- The main bank covenant – **net debt/EBITDA LTM fell to 2.77x** in Q2'21 despite the full settlement of the acquisition of a 10% stake in eObuwie.pl and the continuation of the purchase of Netia shares.
- **Key performance indicators in Q2'21** (excl. consolidation of Netia Group's results):
 - Total number of **RGUs** at the level of **18,023K**, 85.6% of which are RGUs provided in the contract model,
 - Contract customer base totaled **5,473K**:
 - **Contract ARPU** amounted to **PLN 91.4** in Q2'21, **growing YoY by 5.7%** compared to PLN 86.5 in Q2'20. The increase in ARPU resulted from the consistent building of the value of the existing customer base.
 - RGU saturation of **2.82** per customer with an upward trend,
 - **Low churn ratio of 7.0%** per annum.
 - **Growth** of the total **base of contract services** by **447K** YoY (3.0%):
 - Increase by **461K** (5.6%) YoY of **mobile telephony** RGUs thanks to the successful implementation of our strategy of cross-selling and focusing on customer satisfaction, as well as by high demand among business customers for m2m services.
 - The **pay TV** RGU base was under a slight pressure, recording a decrease by **40K**, mainly due to the lower number of provided satellite TV services.
 - **Internet** RGUs increased by **26K** (1.4%) YoY. The increase was mainly due to higher demand for data transmission during lockdowns due to the COVID-19 epidemic, and the resulting necessity to work and learn from home, as well as to use available online forms of entertainment.
 - Continuation of the multiplay strategy:
 - Consistent implementation of our multiplay strategy results in a **stable increase in the number of customers of bundled services by 67K YoY**.
 - The total number of customers using bundled offers reached the level of **2.10m** at the end of Q2'21.
 - The share of customers using multiplay packages reached 38.3%.
 - The number of RGUs owned by customers of bundled services increased to 6.47m.
 - **Low churn (7.0%)** mainly thanks to our multiplay strategy.
 - A stable base of **prepaid services with growing ARPU**:
 - Good sales of voice and TV services positively reflected in the scale of the prepaid services base.
 - **Increase in ARPU (+2.8% YoY)** as a result of an increase in revenue from content and telecommunications services.

Financial results of Cyfrowy Polsat Group

in mPLN	Q2'21	YoY change	Market consensus ²	Difference
Revenue, incl.:	3,160	+10%	3,067	+3.0%
- Retail revenue	1,665	+5%	n/a	n/a
- Wholesale revenue	964	+20%	n/a	n/a
- Sale of equipment	350	-11%	n/a	n/a
- Other revenue	180	+139%	n/a	n/a
Operating costs, incl.:	2,468	+1%	n/a	n/a
- Technical costs and cost of settlements with telecommunication operators	633	0%	n/a	n/a
- Depreciation, amortization, impairment and liquidation	457	-19%	n/a	n/a
- Cost of equipment sold	289	-14%	n/a	n/a
- Content costs	449	+22%	n/a	n/a
- Distribution, marketing, customer relation management and retention costs	231	-1%	n/a	n/a
- Salaries and employee-related costs	228	+8%	n/a	n/a
- Cost of debt collection services and bad debt allowance and receivables written off	23	-38%	n/a	n/a
- Other costs	158	+123%	n/a	n/a
Adjusted EBITDA³	1,141	+14%	n/a	n/a
<i>Adjusted EBITDA margin</i>	36.1%	+1.1pp	n/a	n/a
EBITDA	1,141	+19%	1,109	+2.9%
<i>EBITDA margin</i>	36.1%	+2.6pp	36.2%	-0.1pp
EBIT	684	+74%	655	+4.5%
Net profit	542	+86%	464	+16.7%

² Based on estimates prepared by: Barclays, BM mBanku, Citi, DM BOS, ERSTE, Haitong, Ipopema, Trigon, Pekao, PKO BP, Santander, Wood&Co

³ Benchmark in the form of Q2'20 EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 41.5m

B2C and B2B services segment⁴

	Q2		
	2021	2020	YoY change
Total number of RGUs (EOP) [thous.] (contract + prepaid)	18,023	17,505	+3.0%
CONTRACT SERVICES			
Total number of RGUs (EOP) [thous.], incl.:	15,427	14,979	+3.0%
Pay TV, including:	4,961	5,001	-0.8%
<i>Multiroom</i>	1,203	1,197	+0.5%
Mobile telephony	8,650	8,189	+5.6%
Internet	1,816	1,790	+1.4%
Number of customers (EOP) [thous.]	5,473	5,587	-2.0%
ARPU per customer [PLN]	91.4	86.5	+5.7%
Churn	7.0%	6.4%	+0.6pp
RGU saturation per customer	2.82	2.68	+5.2%
PREPAID SERVICES			
Total number of RGUs (EOP) [thous.], incl.:	2,596	2,525	+2.8%
Pay TV	135	93	+45.2%
Mobile telephony	2,414	2,364	+2.1%
Internet	47	68	-30.9%
ARPU per prepaid RGU [PLN]	22.0	21.4	+2.8%

- **The total number of services** provided by the Group both in the contract and prepaid models increased YoY by 3.0% to 18,023K.
- At the end of Q2'21 the share of contract services in the total number of provided services was 85.6%. This ratio remained stable YoY.
- 5.7% YoY increase in ARPU resulting from the consistent building of the value of the existing customer base.
- **Contract services:**
 - The total number of customers to whom we provided contract services amounted to 5,473K at the end of Q2'21 (-2.0% YoY). The main driver behind the decline of the contract customer base was the further merging of contracts under one common contract for the household, which is reflected in the growing RGU saturation per customer ratio (increase by 5.2% YoY).

⁴ KPIs of the B2C and B2B services segment do not take into account the consolidation of Netia Group's results.

- The number of contract services provided by us increased by 447K (+3.0%) YoY, to 15,427K as at the end of Q2'21.
- The number of provided mobile telephony services in the contract model increased by 461K YoY (+5.6%), reaching the level of 8,650K as at the end of Q2'21. This result was achieved thanks to the successful implementation of our strategy of cross-selling and focusing on customer satisfaction, which translated into a low churn ratio, as well as thanks to maintained high demand among business customers for m2m services.
- The number of pay TV services provided in the contract model amounted to 4,961K as at the end of Q2'21 and was under a slight pressure recording a decrease by 40K (-0.8% YoY), mainly due to the lower number of provided satellite TV services.
- The number of mobile broadband services amounted to 1,816K RGUs as at the end of Q2'21 and increased by 26K, or 1.4% YoY. The increase was mainly due to higher demand for data transmission during lockdowns due to the COVID-19 epidemic and the resulting necessity to work and learn from home, as well as to use available online forms of entertainment.
- In line with the assumptions of our long-term strategy we aim to maximize revenue per contract customer through cross-selling, i.e., selling additional products and services to our customer base within the framework of our bundled services offer, which has a positive impact on ARPU per contract customer. **In Q2'21, average revenue per contract customer increased by 5.7% YoY to PLN 91.4.**
- Our churn rate remained at a low level of 7.0% in the twelve-month period ended June 30, 2021 (+0.6 pp YoY).
- Our bundled services offer, based on a mechanism of offering attractive rebates on every additional product or service purchased from the Group's portfolio, remains very popular and continues to record very good sales results, which has a positive effect on the churn rate, RGU saturation per customer ratio and ARPU per contract customer. At the end of Q2'21 already 2,096K customers were using our bundled services, which constitutes an increase by 67K customers, or 3.3%, YoY. This means that the saturation of our contract customer base with multiplay services was at the level of 38.3% at the end of Q2'21. This group of customers had a total of 6,467K RGUs, that is by 278K, or 4.5%, more than in Q2'20.
- **Prepaid services**
 - The number of prepaid services provided by us as at the end of Q2'21 increased by 71K, or 2.8% YoY and amounted to 2,596K.
 - **In Q2'21, average revenue per prepaid RGU (prepaid ARPU) increased by 2.8% YoY to PLN 22.0.** Revenue from both content and telecommunication services contributed to the increase in prepaid APRU.

Media segment: television and online

	Q2		YoY change [%/ pp/ million]
	2021	2020	
TELEVISION			
Audience share⁽¹⁾, including:	24.43%	23.04%	+1.39 pp
POLSAT (main channel)	8.88%	9.18%	-0.30 pp
Other channels	15.54%	13.86%	+1.68 pp
Advertising market share⁽²⁾	28.6%	27.4%	+1.2 pp
Market expenditures on TV advertising and sponsorship⁽³⁾ [mPLN]	1,156	778	+48.7%
Revenue from advertising and sponsorship of TV Polsat Group⁽⁴⁾ [mPLN]	330	213	+55.2%
ONLINE: POLSAT-INTERIA GROUP⁽⁵⁾			
Average monthly number of users [million]	20.33	10.84	+9.49
Average monthly number of page views [million]	2,028.1	175.9	+1,852.2

¹ NAM, All 16-49, all day, SHR%

² Our estimates based on Publicis Groupe data

³ Publicis Groupe, preliminary data, spot advertising and sponsorship

⁴ Revenue from advertising and sponsorship of TV Polsat Group according to Publicis Groupe definition

⁵ Source: Q2'20 – Gemius/PBI, Q2'21 – Mediapanel, number of users – real users (RU) indicator; data for 2020 for Cyfrowy Polsat

Television

- TV Polsat Group and its main TV channel among the audience leaders in the commercial group despite the temporary impact of the European Football Championship 2020.
- Revenue from advertising and sponsorship of TV Polsat Group increased by 55.2% YoY in Q2'21, to PLN 330m, while the whole market recorded a 48.7% increase. As a result, our share in the TV advertising and sponsorship market increased to 28.6%.
- We believe that after a strong first half of the year, the TV advertising and sponsorship market has a chance to show double-digit growth in the full 12 months of 2021.

Online

- The average monthly number of users of Polsat-Interia Group websites reached 20.33 million in Q2'21, nearly doubling its result YoY, which was mainly the effect of the acquisition of Interia.pl Group in July 2020.
- The average monthly number of page views of Polsat-Interia Group websites reached 2.0 billion in Q2'21. These results are 11x higher than in the corresponding periods of 2020.