

- In Q4'21 **Polsat Plus Group's** revenue amounted to **PLN 3,265m** and **increased YoY by 0.5%**. Excluding the impact of reduced interconnection settlements resulting from the MTR/FTR regulations, **total revenues increased by 2.7% YoY**. 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 B2C and prepaid customers, as well as the consolidation of the results of Premium Mobile from July 2021.
 - Lower **wholesale revenues** – an increase in advertising and sponsorship revenue was offset by the regulatory reduction of MTR and FTR rates. Moreover, as a result of taking control over Premium Mobile wholesale revenue generated on transactions with this company was eliminated on consolidation in H2'21.
 - Lower revenues from the **sale of equipment** due to lower volumes of equipment sold.
- In Q4'21 **Polsat Plus Group's** costs amounted to **PLN 2,811m** and increased YoY by 2.9%. Their level was mainly influenced by the following factors:
 - Higher **technical costs and cost of settlements with telecommunication operators** mostly due to the recognition of costs resulting from the agreement on using the mobile infrastructure sold to Cellnex Poland. The above mentioned factor was partially mitigated by lower costs of interconnection settlements related to the reduction of MTR/FTR rates.
 - **Depreciation, amortization, impairment and liquidation costs** decreased mainly due to the disposal of NetCo.
 - Increase in **content cost** mainly as a result of higher costs of internal production and amortization of sports rights as well as costs of film licenses, reflecting our decision to allocate more resources in the budget in order to increase the attractiveness of our TV channels, as well as the review of our film assets inventory.
 - Decrease in **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 **distribution, marketing, customer relation management and retention costs** in connection with intensified marketing activities related, among others, to the rebranding of our Group's key brands. At the same time, the consolidation of Premium Mobile costs impacted this position.
- **Revenue from advertising and sponsorship** of TV Polsat Group increased by **1.6% YoY** in Q4'21, to PLN 402m, while the whole market recorded a 3.7% increase. As a result, our share in the TV advertising and sponsorship market reached 28.0%.
- **Adjusted EBITDA of Polsat Plus Group, excl. NetCo result¹** amounting to **PLN 891 m**, and recorded a decrease by 6.2% YoY, with adjusted EBITDA margin of **27.3%**.
- Additionally, in Q4'21 we recognized a one-off cost related to the sale of NetCo in the amount of PLN 10.2m. Taking this into account, the EBITDA result amounted to PLN 881m.
- **EBIT** of Polsat Plus Group **amounted to PLN 420m**.
- **Finance costs, net** decreased by 90.0% YoY to the level of **PLN 7m**. This decrease was caused, among others, by lower costs of servicing the Group's debt following the return to scheduled installment repayments of Tranche A of the SFA in 2021. Moreover, in Q4'21 we recognized a gain on the favorable revaluation of hedging instruments (IRS) as a result of the Polish National Bank increasing interest rates by a total of 165 bps in Q4'21.

¹ EBITDA excl. EBITDA of NetCo (PLN 177.7m) and one-off costs related to COVID-19 (incl. donations) in the amount of PLN 1.1m in Q4'20, as well as one-off gain on the disposal of NetCo (PLN 10.2m) in Q4'21

- **Net profit** of the Group increased by 2.1% YoY, reaching the level of **PLN 334m**.
- **Adjusted FCF after interest** amounted to **PLN 431m** in Q4'21 (**PLN 1,442m** in the twelve-month period, showing a 13.2% increase compared to Q4'20). The level of FCF resulted from switching to the *capex light* model (conversion of CAPEX to OPEX; reduced leasing payments). At the same time, we increased our inventories of photovoltaic and telecommunications equipment and components for the production of set-top boxes.
- The main bank covenant – total net debt/EBITDA LTM in Q4'21 **was reduced to a low level of 1.01x**.
- **Key performance indicators in Q4'21:**
 - The **contract B2C customer base**, including Netia and Premium Mobile customers, amounted to **6,047K**.
 - **ARPU per B2C contract customer** amounted to **PLN 69.1** in Q4'21, **growing YoY by 4.4%** compared to PLN 66.2 in Q4'20. The increase in ARPU resulted from the consistent building of the value of the existing customer base.
 - RGU saturation of **2.23** per B2C contract customer with an upward trend.
 - **Low churn ratio of 6.9%** per annum.
 - **Growth** of the total base of **contract services for B2C customers** by **296K** YoY (2.2%):
 - Increase by **385K** (6.6%) YoY of **mobile telephony** RGUs thanks to the successful implementation of our strategy of cross-selling and focusing on customer satisfaction, as well as the acquisition of Premium Mobile.
 - The **pay TV** RGU base was under slight pressure, recording a decrease by **91K** YoY, mainly due to the lower number of provided satellite TV services as well as the repositioning of pricing and change in strategy for offering our online services. At the same time, we note a growing number of TV services offered in online technologies (IPTV/OTT).
 - The number of **Internet** RGUs remained stable. A factor that supports the maintenance of our Internet RGU base is the constantly improving quality of our telecommunications network – a consequence of the investments we made, exemplified by the rapid roll-out of the 5G network and the gradual modernization of our fixed-line network.
 - **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 88K YoY**.
 - The total number of customers using bundled offers reached the level of **2.46m** at the end of Q4'21.
 - The share of customers using multiplay packages reached 40.6%.
 - The number of RGUs owned by customers of bundled services increased to 7.34m.
 - **Low churn (6.9%)** mainly thanks to our multiplay strategy.

- **Stable base and growing ARPU of prepaid services**
 - Growth of the prepaid base is the outcome of good sales of mobile services, supported by the consolidation of Premium Mobile.
 - **Increase in ARPU (+5.1% YoY)** as a result of an increase in revenue from content and telecommunications services.
- **Stable B2B customer base and ARPU**
 - Polsat Plus Group serves 68.9K B2B customers, successfully upholding the size of this base.
 - Successively expanded offer of communication and ICT services enables us to maintain ARPU from our B2B customers at a high level of nearly PLN 1.4K monthly.

Financial results of Cyfrowy Polsat Group

in mPLN	Q4'21	YoY change	Market consensus ²	Difference
Revenue, incl.:	3,265	+1%	3.265	0.0%
- Retail revenue	1,731	+4%	n/a	n/a
- Wholesale revenue	1,007	-4%	n/a	n/a
- Sale of equipment	408	-4%	n/a	n/a
- Other revenue	119	0%	n/a	n/a
Operating costs, incl.:	2,811	+3%	n/a	n/a
- Technical costs and cost of settlements with telecommunication operators	802	+30%	n/a	n/a
- Depreciation, amortization, impairment and liquidation	461	-23%	n/a	n/a
- Cost of equipment sold	337	-6%	n/a	n/a
- Content costs	531	+10%	n/a	n/a
- Distribution, marketing, customer relation management and retention costs	285	+10%	n/a	n/a
- Salaries and employee-related costs	271	+2%	n/a	n/a
- Cost of debt collection services and bad debt allowance and receivables written off	13	-50%	n/a	n/a
- Other costs	111	-8%	n/a	n/a
Adjusted EBITDA, excl. NetCo result³	891	-6%	n/a	n/a
Adjusted EBITDA margin excl. NetCo result⁴	27.3%	-1.9pp	n/a	n/a
EBITDA	881	-22%	896	-1.7%
EBITDA margin	27.0%	-7.7pp	27.4%	-0.4pp
EBIT	420	-20%	428	-2.0%
Net profit	334	+2%	286	+17%

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

^{3,4} EBITDA excl. EBITDA of NetCo (PLN 177.7m) and one-off costs related to COVID-19 (incl. donations) in the amount of PLN 1.1m in Q4'20, as well as one-off gain on the disposal of NetCo (PLN 10.2m) in Q4'21

B2C and B2B services segment

Due to the continued development of Polsat Plus Group, in particular due to the increased capital engagement in our subsidiary Netia and the delisting of Netia shares from trading on the Warsaw Stock Exchange, we decided to **modify key performance indicators (KPIs) which describe current operating results of our strategy** starting from Q3'21. In particular, the modifications of KPIs are intended to provide better dimensioning of our specific operations which have gained a significantly stronger position on the B2B market following the acquisition of Netia. It should also be noted that as a general rule B2B customers are characterized by visibly different demand patterns for our services than B2C customers and therefore we believe that **reporting current operating results of the B2C and B2B areas separately** will ensure better understanding of the results that we achieve.

In parallel – due to the implementation of the regulation imposing cap MTR and FTR interconnection rates for several years – **we excluded interconnection revenues, reported as wholesale revenues, from the calculation of ARPU** in order to reliably present the results of our strategy of building customer value.

	Q4		
	2021	2020	YoY change
B2C AND B2B SERVICES SEGMENT¹			
Total number of B2C RGUs⁽²⁾ (EOP) [thous.], incl.	13,465	13,169	2.2%
Pay TV	5,264	5,355	-1.7%
Mobile telephony	6,195	5,810	6.6%
internet	2,006	2,004	0.1%
Number of B2C customers (EOP) [thous.]	6,047	6,004	0.7%
ARPU per B2C ⁽³⁾ customer [PLN]	69.1	66.2	4.4%
Churn in B2C ⁽⁴⁾ subsegment	6.9%	6.9%	-
RGU saturation per one B2C customer	2.23	2.19	1.8%
PREPAID SERVICES			
Total number of RGUs (EOP) [thous.], including:	2,667	2,618	1.9%
Pay TV	90	114	-21.6%
Mobile telephony	2,537	2,446	3.7%
internet	39	58	-31.5%
ARPU per prepaid RGU ⁽⁵⁾ [PLN]	16.6	15.8	5.1%
CONTRACT SERVICES FOR B2B CUSTOMERS			
Total number of B2B customers (EOP) [thous.]	68.9	69.3	-0.6%
ARPU per B2B ⁽³⁾ customer [PLN]	1,403	1,384	1.4%

- (1) Customer – a 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 national identification number (PESEL), tax identification number (NIP) or national business registry number (REGON).
- (2) RGU (revenue generating unit) – a single, active and retail revenue generating service of pay TV provided in all types of access technologies, mobile or fixed-line internet access, or mobile telephony provided in the contract or prepaid model.
- (3) ARPU per B2C/B2B customer - average monthly revenue per customer generated in a given settlement period.
- (4) Churn - termination of the contract with B2C customer by means of a termination notice, collections or other activities resulting in the situation that after the termination of the contract the customer does not have any active 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 a termination notice as well as deactivation as a result of collection activities or other reasons) within the last 12 months to the annual average number of customers in this 12-month period.
- (5) ARPU per prepaid RGU - average monthly revenue per prepaid RGU generated in a given settlement period.

- **Contract services for B2C customers:**

- The total number of B2C customers to whom we provided contract services as at the end of Q4'21 was 6,047K (+0.7% YoY). The main reason behind the increase of the contract customer base was the consolidation of the results of Premium Mobile, a company acquired in the beginning of July 2021. Simultaneously, the process of further merging of contracts under one common contract for the household continued, which is reflected in the growing RGU saturation per customer ratio (increase by 1.8% YoY to 2.23 RGU per customer).
- The number of contract services for B2C customers provided by us increased by 296K (+2.2%) YoY, to 13,465K as at the end of Q4'21.
- The number of provided mobile telephony services to B2C customers increased by 385K YoY (+6.6%), reaching the level of 6,195K as at the end of Q4'21. This result was achieved mainly thanks to the successful implementation of our strategy of cross-selling and focus on customer satisfaction, which translated into a low churn ratio. An additional factor contributing to the growth in the analyzed period was the acquisition of Premium Mobile, an MVNO.
- The number of pay TV services provided to B2C customers amounted to 5,264K as at the end of Q4'21 and was under slight pressure recording a decrease by 91K (-1.7% YoY), mainly due to the lower number of provided satellite TV services which, in turn, was successfully compensated by the increasing number of services offered in fixed-line technologies (IPTV/OTT). At the same time, the decrease in the number of pay TV RGUs was influenced by our decision to reposition the prices and change the strategy of offering our online video services.
- The number of mobile broadband services amounted to 2,006K RGUs as at the end of Q4'21 and remained stable. A factor that supports the maintenance of our Internet RGU base is the constantly improving quality of our telecommunications network – a consequence of the investments we made, exemplified by the rapid roll-out of the 5G network and the gradual modernization of our fixed-line network.
- 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 Q4'21, average revenue per B2C customer increased by 4.4% YoY to PLN 69.1.**
- Our churn rate remained at a low level of 6.9% in the twelve-month period ended December 31, 2021.
- 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 B2C customer ratio and ARPU per B2C customer. At the end of Q4'21 already 2,457K customers (including Netia and Premium Mobile customers) were using our bundled services, which constitutes an increase by 88K customers, or 3.7%, YoY. This means that the saturation of our contract customer base with multipay services was at the level of 40.6% at the end of Q4'21. This group of customers had a total of 7,338K RGUs, that is by 286K, or 4.1%, more than in Q4'20.

- **Prepaid services:**
 - The number of prepaid services provided by us as at the end of Q4'21 increased by 49K, or 1.9% YoY and amounted to 2,667K. Growth of the prepaid base is the outcome of good sales of mobile services, supported by the consolidation of Premium Mobile.
 - **In Q4'21, average revenue per prepaid RGU (prepaid ARPU) increased by 5.1% YoY to PLN 16.6.** Revenue from both content and telecommunication services contributed to the increase in prepaid APRU.
- **Contract services for B2B customers:**
 - The total number of **B2B customers to whom we provided contract services as at the end Q4'21 was 68.9K** (-0.6% YoY). The scale of our B2B customer base remains stable in the long term, proving high efficiency of our actions directed at fostering high satisfaction of our business customers.
 - At the same time, we maintain a stable level of **ARPU from B2B customers**, which reached **PLN 1,390** per month on average in Q4'21 (+1.4% YoY).

Media segment: television and online

	Q4		
	2021	2020	YoY change
TELEVISION			
Audience share⁽¹⁾, including:	23.25%	24.96%	-1.71 pp
POLSAT (main channel)	8.96%	9.55%	-0.59 pp%
Other channels	14.29%	15.41%	-1.12 pp
Advertising market share⁽²⁾	28.0%	28.6%	-0.6 pp
Market expenditures on TV advertising and sponsorship⁽³⁾ [mPLN]	1,439	1,387	+3.7%
Revenue from advertising and sponsorship of TV Polsat Group⁽⁴⁾ [mPLN]	402	396	+1.6%
ONLINE: POLSAT-INTERIA GROUP⁽⁵⁾			
Average monthly number of users [millions]	20.5	19.7	+4.1%
Average monthly number of page views [millions]	1,963	1,713	+14.6%

¹ NAM, All 16-49, all day, SHR%, including Live+2⁽¹⁾, starting from September 2021 incl. the TV audience out of home (OOH – out of home viewing), internal analyses

² Our estimates based on Publicis Groupe data

³ Publicis Groupe, spot advertising and sponsorship

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

⁵ Source: Mediapanel, number of users – real users (RU) indicator

Television

- TV Polsat Group and its main TV channel were among the audience leaders in the commercial group.
- **Revenue from advertising and sponsorship** of TV Polsat Group increased by **1.6%** YoY in Q4'21, to PLN 402m, while the whole market recorded a 3.7% increase. As a result, our share in the TV advertising and sponsorship market reached 28.0%.
- Due to the global economic and geopolitical uncertainty caused by the invasion of Russia on Ukraine, we do not currently see any possibility of a reliable forecast of the prospects for the development of the TV advertising market in the full year 2022.

Online

- The average monthly number of users of Polsat-Interia Group websites reached 20.5 million in Q4'21 (+4.1% YoY).
- The average monthly number of page views of Polsat-Interia Group websites reached 2.0 billion in Q4'21 (+14.6% YoY).