

- In Q3'21 **Polsat Plus Group's** revenue amounted to **PLN 3,032m** and **increased YoY by 0.9%**. Excluding the impact of reduced interconnection settlements resulting from the MTR/FTR regulations, **total revenues increased by 2.5% 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 reduction of MTR and FTR rates for terminating traffic in our network by other operators, which was due to the new EU regulation coming into force. Moreover, as a result of taking control over Premium Mobile, wholesale revenue generated on transactions with this company was eliminated on consolidation.
 - Lower revenues from the **sale of equipment** due to lower volumes of equipment sold. Despite the lifting of administrative restrictions on trade which had been introduced in connection with the COVID-19 epidemic, we continue to observe lower customer traffic in our points of sales.
 - 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 Q3'21 **Polsat Group's** costs amounted to **PLN 2,596m** and increased YoY by 4.1%. 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.
 - 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. In addition, we recorded higher programming license costs, which is an effect of our customers choosing higher pay TV packages.
 - Increase in **distribution, marketing, customer relation management and retention costs** in connection with intensified marketing activities related to changes of our Group's key brands.
 - **Depreciation, amortization, impairment and liquidation costs** decreased mainly due to the disposal of our subsidiary Polkomtel Infrastruktura.
 - 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.
- **Revenue from advertising and sponsorship** of TV Polsat Group increased by **6.1% YoY** in Q3'21, to PLN 267m, while the whole market recorded a 3.7% increase. As a result, our share in the TV advertising and sponsorship market increased to 28.8%.
- **Adjusted EBITDA of Polsat Plus Group, excl. NetCo result¹** amounting to **PLN 904 m**, recorded an decrease by 0.8% YoY, with EBITDA margin of **29.8%**. This result was influenced by incremental marketing expenses related to the rebranding process of Polsat Plus Group's key brands, as well as higher content costs.

¹ EBITDA in Q3'20 excl. EBITDA of NetCo and one-off costs related to COVID-19 (incl. donations) in the amount of PLN 3.3m as well as in Q3'21 one-off gain on the disposal of NetCo

- **EBITDA including the result generated on the sale of NetCo amounted to PLN 4,595m.** The result was the recognition of a **one-off gain** on the disposal of Polkomtel Infrastruktura in Q3'21 in the amount of **PLN 3,691m**.
- **EBIT** of Polsat Plus Group **amounted to PLN 4.131m**.
- **Finance costs, net** decreased by 17.9% YoY to the level of **PLN 55m**. This decrease was caused mostly by lower costs of servicing our debt following the return in 2021 to scheduled installment repayments of Tranche A of the SFA and reduced margin on term loans.
- **Net profit** of the Group increased 9-fold YoY, reaching the level of **PLN 3,149m**.
- **Adjusted FCF after interest** amounted to **PLN 375m** in Q3'21 (**PLN 1,449m** in the twelve-month period, showing a 13.7% 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, the penultimate UMTS fee was paid.
- The main bank covenant – total **net debt/EBITDA LTM** in Q3'21 **was reduced to a low level of 0.65x**.
- **In July 2021, Polsat Plus Group became the sole owner of the Netia Group and the MVNO Premium Mobile. At the same time, at the beginning of July 2021, a medium-term plan to reduce MTR and FTR rates was initiated. Therefore, Polsat Plus Group introduced a new set of KPIs to reliably illustrate the effects of the implementation of its operating strategy in the B2C and B2B segment.**
- **Key new performance indicators in Q3'21:**
 - The **contract B2C customer base**, including Netia and Premium Mobile customers, amounted to **6,069K**.
 - **ARPU per B2C contract customer** amounted to **PLN 68.6** in Q3'21, **growing YoY by 5.7%** compared to PLN 64.9 in Q3'20. The increase in ARPU resulted from the consistent building of the value of the existing customer base.
 - RGU saturation of **2.22** 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 **410K** YoY (3.1%):
 - Increase by **421K** (7.3%) 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 **34K** 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).
 - **Internet** RGUs increased by **22K** (1.1%) 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 105K YoY**.
 - The total number of customers using bundled offers reached the level of **2.45m** at the end of Q3'21.
 - The share of customers using multiplay packages reached 40.3%.
 - The number of RGUs owned by customers of bundled services increased to 7.29m.
 - **Low churn (6.9%)** mainly thanks to our multiplay strategy.
- **Growing base and 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 (+3.1% YoY)** as a result of an increase in revenue from content and telecommunications services.
- **Stable B2B customer base and ARPU**
 - Polsat Plus Group serves 68.8K B2B customers, successfully maintaining 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 | Q3'21 | YoY change | Market consensus ² | Difference |
|---|--------------|-----------------|-------------------------------|---------------|
| Revenue, incl.: | 3,032 | +1% | 3.025 | +0.2% |
| - Retail revenue | 1,707 | +5% | n/a | n/a |
| - Wholesale revenue | 827 | -3% | n/a | n/a |
| - Sale of equipment | 359 | -17% | n/a | n/a |
| - Other revenue | 138 | +55% | n/a | n/a |
| Operating costs, incl.: | 2,596 | +4% | n/a | n/a |
| - Technical costs and cost of settlements with telecommunication operators | 790 | +30% | n/a | n/a |
| - Depreciation, amortization, impairment and liquidation | 464 | -19% | n/a | n/a |
| - Cost of equipment sold | 298 | -18% | n/a | n/a |
| - Content costs | 427 | +8% | n/a | n/a |
| - Distribution, marketing, customer relation management and retention costs | 281 | +13% | n/a | n/a |
| - Salaries and employee-related costs | 211 | +1% | n/a | n/a |
| - Cost of debt collection services and bad debt allowance and receivables written off | 30 | +33% | n/a | n/a |
| - Other costs | 96 | +25% | n/a | n/a |
| Adjusted EBITDA, excl. NetCo result³ | 904 | -1% | n/a | n/a |
| <i>Adjusted EBITDA margin excl. NetCo result⁴</i> | 29.8% | -0.6pp | n/a | n/a |
| EBITDA | 4,595 | >100% | 4.553 | +0.9% |
| <i>EBITDA margin</i> | 151.6% | +115.7pp | 105.5% | +1.1pp |
| EBIT | 4,131 | >100% | 4.106 | +0.6% |
| Net profit | 3,149 | >100% | 3.085 | +2.1% |

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

^{3,4} EBITDA in Q3'20 excl. EBITDA of NetCo and one-off costs related to COVID-19 (incl. donations) in the amount of PLN 3.3m as well as in Q3'21 one-off gain on the disposal of NetCo

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 in Q3'21 and the resulting initiated delisting of Netia shares from trading on the Warsaw Stock Exchange, we decided, starting from Q3'21, to **modify key performance indicators (KPIs) which describe current operating results of our strategy**. 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 – **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.

| | Q3 | | |
|---|---------------|---------------|--------------|
| | 2021 | 2020 | YoY change |
| B2C AND B2B SERVICES SEGMENT¹ | | | |
| Total number of B2C RGUs⁽²⁾ (EOP) [thous.], incl. | 13,494 | 13,084 | 3.1% |
| Pay TV | 5,306 | 5,340 | -0.6% |
| Mobile telephony | 6,182 | 5,761 | 7.3% |
| internet | 2,006 | 1,984 | 1.1% |
| Number of B2C customers (EOP) [thous.] | 6,069 | 6,018 | 0.8% |
| ARPU per B2C ⁽³⁾ customer [PLN] | 68.6 | 64.9 | 5.7% |
| Churn in B2C ⁽⁴⁾ subsegment | 6.9% | 6.7% | 0.2 pp |
| RGU saturation per one B2C customer | 2.22 | 2.17 | 2.3% |
| PREPAID SERVICES | | | |
| Total number of RGUs (EOP) [thous.], including: | 2,773 | 2,671 | 3.8% |
| Pay TV | 145 | 158 | -8.3% |
| Mobile telephony | 2,584 | 2,449 | 5.5% |
| internet | 44 | 64 | -31.3% |
| ARPU per prepaid RGU ⁽⁵⁾ [PLN] | 16.4 | 15.9 | 3.1% |
| CONTRACT SERVICES FOR B2B CUSTOMERS | | | |
| Total number of B2B customers (EOP) [thous.] | 68.8 | 68.9 | -0.1% |
| ARPU per B2B ⁽³⁾ customer [PLN] | 1,367 | 1,369 | -0.1% |

(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 Q3'21 was 6,069K (+0.8% 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 2.3% YoY to 2.22 RGU per customer).
- The number of contract services for B2C customers provided by us increased by 410K (+3.1%) YoY, to 13,494K as at the end of Q3'21.
- The number of provided mobile telephony services to B2C customers increased by 421K YoY (+7.3%), reaching the level of 6,182K as at the end of Q3'21. This result was achieved mainly thanks to the successful implementation of our strategy of cross-selling, including 5G services, which are in our offer since May 2020, 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 which - as opposed to the majorities of other MVNOs active on the Polish market - is focused on providing services in the contract model.
- The number of pay TV services provided to B2C customers amounted to 5,306K as at the end of Q3'21 and was under slight pressure recording a decrease by 34K (-0.6% 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).
- The number of mobile broadband services amounted to 2,006K RGUs as at the end of Q3'21 and increased by 22K, or 1.1% YoY. This increase was mainly due to higher demand for data transmission during lockdowns caused by 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 Q3'21, average revenue per B2C customer increased by 5.7% YoY to PLN 68.6.**
- Our churn rate remained at a low level of 6.9% in the twelve-month period ended September 30, 2021 (+0.2 p.p. 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 Q3'21 already 2,445K customers (including Netia and Premium Mobile customers) were using our bundled services, which constitutes an increase by 105K customers, or 4.5%, YoY. This means that the saturation of our contract customer base with multiplay services was at the level of 40.3% at the end of Q3'21. This group of customers had a total of 7,289K RGUs, that is by 344K, or 5.0%, more than in Q3'20.

- **Prepaid services:**

- The number of prepaid services provided by us as at the end of Q3'21 increased by 102K, or 3.8% YoY and amounted to 2,773K. Growth of the prepaid base is the outcome of good sales of mobile services, supported by the consolidation of Premium Mobile.
- **In Q3'21, average revenue per prepaid RGU (prepaid ARPU) increased by 3.1% YoY to PLN 16.4.** 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 Q3'21 was 68.8K** (-0.1% 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 1.37K** per month on average in Q3'21 (-0.1% YoY).

Media segment: television and online

| | Q3 | | |
|---|---------------|---------------|-----------------|
| | 2021 | 2020 | YoY change |
| TELEVISION | | | |
| Audience share⁽¹⁾, including: | 24.27% | 24.61% | -0.34 pp |
| POLSAT (main channel) | 8.69% | 9.38% | -0.69 pp |
| Other channels | 15.58% | 15.23% | +0.35 pp |
| Advertising market share⁽²⁾ | 28.8% | 28.2% | +0.6 pp |
| Market expenditures on TV advertising and sponsorship⁽³⁾ [mPLN] | 928 | 895 | +3.7% |
| Revenue from advertising and sponsorship of TV Polsat Group⁽⁴⁾ [mPLN] | 267 | 252 | +6.1% |
| ONLINE: POLSAT-INTERIA GROUP⁽⁵⁾ | | | |
| Average monthly number of users [millions] | 19.9 | 18.5 | +7.5% |
| Average monthly number of page views [millions] | 1,995 | 1,489 | +34.0% |

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, preliminary data, spot advertising and sponsorship

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

⁵ Source: Q3'20 – Gemius/PBI, Q3'21 – Mediapanel, number of users – real users (RU) indicator

Television

- TV Polsat Group and its main TV channel among the audience leaders in the commercial group.
- Revenue from advertising and sponsorship of TV Polsat Group increased by 6.1% YoY in Q3'21, to PLN 267m, while the whole market recorded a 3.7% increase. As a result, our share in the TV advertising and sponsorship market increased to 28.8%.
- We reiterate our expectation that after a strong first half of the year, the TV advertising and sponsorship market will show double-digit growth in the full 12 months of 2021.

Online

- The average monthly number of users of Polsat-Interia Group websites reached 19.9 million in Q3'21 (+7.5% YoY).
- The average monthly number of page views of Polsat-Interia Group websites reached 2.0 billion in Q3'21. These results is 34% higher YoY.