

- In Q1'21 Polsat Group's revenue amounted to **PLN 2,987m** and increased YoY by 4.9%. 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 and also due to high sales of our pay TV services, which has been reflected in high dynamics of ARPU growth from both contract and prepaid customers.
 - Higher **wholesale revenues** as a result of an increase in advertising revenue, associated mainly with the consolidation of Interia Group results from July 2020 and higher revenue from TV advertising and sponsoring, further supported by higher interconnect revenue, resulting from the growth of voice traffic volumes during the COVID-19 epidemic.
 - 3.8% lower revenues from the **sale of equipment** due to lower volumes of equipment sold, which was caused by the administrative restrictions on trade which were binding in the first quarter of 2021 in connection with the COVID-19 epidemic.
 - 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 Q1'21 Polsat Group's costs amounted to **PLN 2,431m** and increased YoY by 1.6%. Their level was mainly influenced by the following factors:
 - Higher **technical costs and cost of settlements with telecommunication operators** mainly on the back of the introduction from January 2021 of a new capacity fee, which translates into higher electricity costs, as well as due to higher interconnect costs and the consolidation of Interia Group and TV Spektrum costs.
 - 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 planned disposal of our subsidiary Polkomtel Infrastruktura (IFRS 5 requirement).
 - Increase in **content cost** mainly as a result of higher amortization of sports rights and higher cost of own production due to broadcasting a higher number of sports events than in the corresponding period of 2020.
 - 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 3.4% YoY in Q1'21, to PLN 271m, while the whole market recorded a 1.3% decrease. As a result, our share in the TV advertising and sponsorship market increased to 29.5%.
- EBITDA of Polsat Group amounted to **PLN 1,083m** and recorded a YoY increase of 5.5%, with EBITDA margin of **36.2%**.
- EBIT of Polsat Group amounted to **PLN 562m** and increased YoY by 21.5%.
- Finance costs, net decreased by 62.9% YoY to the level of PLN 57m. This decrease was caused, among others, by lower costs of interest following the reduction of interest rates by the National Bank of Poland in April and May 2020, by 90 bps in total. Moreover, in Q1'20 we recognized a cost in connection with a change in valuation of hedging instruments (IRS) not used in hedge accounting relating to the reduction of interest rates by 50 bps executed by the National Bank of Poland in March 2020.
- Net profit of the Group doubled (+112.4% YoY) to **PLN 390m**.
- Adjusted FCF after interest amounted to **PLN 353m** in Q1'21 (**PLN 1,360m** in the twelve-month period, showing a 6.8% increase compared to Q4'20). The level of FCF resulted from EBITDA growth, which compensated for the higher capital expenditures incurred, among others, on the 5G network.

- The main bank covenant – net debt/EBITDA LTM fell to **2.78x** in Q1'21 despite the fact that in Q1'21 Cyfrowy Polsat paid the **second tranche of dividend** from the profit for 2019 (**PLN 416m**).
- Key performance indicators in Q1'21 (excl. consolidation of Netia Group's results):
 - Total number of RGUs at the level of **18,094K**, 84.9% of which are RGUs provided in the contract model,
 - Contract customer base totaled **5,505K**:
 - Contract ARPU amounted to **PLN 90.5** in Q1'21, **growing YoY by 6.0%** compared to PLN 85.4 in Q1'20. The increase in ARPU resulted from the consistent building of the value of the existing customer base and high demand for entertainment (PPV) during the COVID-19 epidemic.
 - RGU saturation of **2.79** per customer with an upward trend,
 - Low churn ratio of **6.7%** per annum.
 - Growth of the total base of contract services by **561K** YoY (3.8%):
 - Increase by **535K** (6.7%) YoY of mobile telephony RGUs thanks to the successful implementation of our strategy of cross-selling and focusing on customer satisfaction,
 - Stable level of pay TV services, as a slight decrease in the number of provided satellite TV services was compensated by a higher number of provided Multiplay services and an increasing number of RGUs of TV services provided over the Internet.
 - Internet RGUs increased by **32K** (1.8%) 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 65K YoY,
 - The total number of customers using bundled offers reached the level of 2.08m at the end of Q1'21,
 - The share of customers using multiplay packages reached 37.7%,
 - The number of RGUs owned by customers of bundled services increased to 6,41m,
 - Low churn (6.7%) mainly thanks to our multiplay strategy.
 - A stable base of prepaid services with dynamically growing ARPU:
 - Very good sales of voice services positively reflected in the scale of the prepaid services base,
 - **Increase in ARPU (+3.8% YoY)** as a result of an increase in revenues from content and telecommunications services.

Financial results of Cyfrowy Polsat Group

in mPLN	Q1'21	YoY change	Market consensus ¹	Difference
Revenue, incl.:	2,987	5%	2,971	0.5%
- Retail revenue	1,664	4%	n/a	n/a
- Wholesale revenue	881	7%	n/a	n/a
- Sale of equipment	333	-4%	n/a	n/a
- Other revenue	110	47%	n/a	n/a
Operating costs, incl.:	2,431	2%	n/a	n/a
- Technical costs and cost of settlements with telecommunication operators	625	4%	n/a	n/a
- Depreciation, amortization, impairment and liquidation	521	-8%	n/a	n/a
- Cost of equipment sold	277	-2%	n/a	n/a
- Content costs	419	8%	n/a	n/a
- Distribution, marketing, customer relation management and retention costs	229	2%	n/a	n/a
- Salaries and employee-related costs	237	7%	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	93	43%	n/a	n/a
EBITDA	1,083	5.5%	1,067	1.5%
<i>EBITDA margin</i>	36.2%	0.2pp	35.9%	0.3pp
EBIT	562	21%	487	15.2%
Net profit	390	>100%	317	23.0%

¹ Based on estimates prepared by: Barclays, BM mBanku, Citi, DM BOŚ, ERSTE, Haitong, Ipopema, Trigon, Pekao, PKO BP, Santander, Wood&Co

B2C and B2B services segment²

	Q1		
	2021	2020	YoY change
Total number of RGUs (EOP) [thous.] (contract + prepaid)	18,094	17,436	3.8%
CONTRACT SERVICES			
Total number of RGUs (EOP) [thous.], including:	15,358	14,797	3.8%
Pay TV, including:	4,986	4,992	-0.1%
<i>Multiroom</i>	1,206	1,187	1.6%
Mobile telephony	8,552	8,017	6.7%
Internet	1,821	1,788	1.8%
Number of customers (EOP) [thous.]	5,505	5,601	-1.7%
ARPU per customer [PLN]	90.5	85.4	6.0%
Churn	6.7%	6.6%	0.1 pp
RGU saturation per customer	2.79	2.64	5.7%
PREPAID SERVICES			
Total number of RGUs (EOP) [thous.], including:	2,736	2,639	3.7%
Pay TV	225	172	30.6%
Mobile telephony	2,458	2,393	2.7%
Internet	53	73	-27.3%
ARPU per prepaid RGU [PLN]	21.5	20.7	3.8%

- **The total number of services** provided by the Group both in the contract and prepaid models increased YoY by 3.8% to 18,094K.
- At the end of Q1'21 the share of contract services in the total number of provided services was 84.9%. This ratio remained stable YoY.
- 6.0% YoY increase in ARPU resulting from the consistent building of the value of the existing customer base and high demand for entertainment (PPV) during the COVID-19 epidemic.
- **Contract services:**
 - The total number of customers to whom we provided contract services amounted to 5,505K at the end of Q1'21 (-1.7% 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 5.7% YoY).
 - The number of contract services provided by us increased by 561K (+3.8%) YoY, to 15,358K as at the end of Q1'21.

² KPIs of the B2C and B2B services segment do not take into account the consolidation of Netia Group's results.

- The number of provided mobile telephony services in the contract model increased by 535K YoY (+6.7%), reaching the level of 8,552K as at the end of Q1'21. 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.
 - The number of pay TV services provided in the contract model amounted to 4,986K as at the end of Q1'21 and remained stable YoY.
 - The number of mobile broadband services amounted to 1,821K RGUs as at the end of Q1'21 and increased by 32K, or 1.8% 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 Q1'21, average revenue per contract customer increased by 6.0% YoY to PLN 90.5.**
 - Our churn rate remained at a low level of 6.7% in the twelve-month period ended March 31, 2021 (+0.1 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 rate and ARPU per contract customer. At the end of Q1'21 already 2,077K customers were using our bundled services, which constitutes an increase of 65K customers, or 3.2%, YoY. This means that the saturation of our contract customer base with multiplay services was at the level of 37.7% at the end of Q1'21. This group of customers had a total of 6,405K RGUs, that is by 285K, or 4.7%, more than in Q1'20.
- **Prepaid services**
 - The number of prepaid services provided by us as at the end of Q1'21 increased by 97K, or 3.7% YoY and amounted to 2,736K.
 - In Q1'21, average revenue per prepaid RGU (prepaid ARPU) increased by 3.8% YoY to PLN 21.5. Revenues from both content and telecommunication services contributed to the increase in prepaid APRU.

Media segment: television and online

	Q1		YoY change (%/pp)
	2021	2020	
Audience share⁽¹⁾, including:	24.06%	23.25%	0.81
POLSAT (main channel)	9.30%	9.90%	-0.60
Other channels	14.76%	13.36%	1.40
Advertising market share⁽²⁾	29.5%	28.1%	1.4
Market expenditures on TV advertising and sponsorship⁽³⁾ (mPLN)	921	933	-1.3%
Revenue from advertising and sponsorship of TV Polsat Group⁽⁴⁾ (mPLN)	271.5	262.5	3.4%

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

- 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 3.4% YoY in Q1'21, to PLN 271m, while the whole market recorded a 1.3% decrease. As a result, our share in the TV advertising and sponsorship market increased to 29.5%.
- We maintain our expectations that the TV advertising and sponsorship market will show an average single-digit increase in 2021.