

- In Q2'23 **Polsat Plus Group's revenue** amounted to **PLN 3,290m** and **increased by 1.9% YoY**. The level of total revenue was mainly influenced by:
 - Higher revenue from **sale of equipment** principally as a result of an increased share of more expensive models of smartphones in the sales mix.
 - Higher **other revenue** primarily due to higher revenues from operations on the photovoltaics market, increasing interest revenue from sales in the installment plan model and higher revenue from rental of premises.
 - Lower **wholesale revenue** as a result of the decrease in interconnection revenue, due to the gradual regulatory reduction of MTR rates. This decrease was compensated to a significant extent by higher advertising and sponsorship revenue as well as higher revenue from cable and satellite operators.
- In Q2'23 **Polsat Plus Group's costs** amounted to **PLN 2.945m** and **increased by 4.6% YoY**. Their level was mainly influenced by the following factors:
 - Increase in **technical costs and cost of settlements with telecommunication operators** caused mainly by higher network maintenance costs due to higher costs of electricity and the valorization of rental contracts. This increase was largely offset by lower costs of interconnect settlements due to the successive regulatory reduction of MTR rates.
 - Increase in **content cost** mainly as a result of higher costs of internal production and investments aimed at increasing the attractiveness of our TV channels' programming and pay TV packages.
 - Increase in **salaries and employee-related costs** mainly due to increased headcount and continuing inflationary pressure.
 - Increase in **other costs** related mostly to the recognition of higher costs of operations in the photovoltaics market.
- **Revenue from advertising and sponsorship** of TV Polsat Group in Q2'23 increased by 4.4% YoY, to PLN 345m, while the whole TV advertising and sponsorship market recorded a 4.3% increase. As a result, our share in the TV advertising and sponsorship market **amounted to 28.7%**.
- **EBITDA of Polsat Plus Group** amounted to **PLN 799m**, recording a decrease by 10.6% YoY, with EBITDA margin of **24.3%**.
- **EBIT** of Polsat Plus Group amounted to **PLN 330m**.
- **Finance costs, net** increased by **PLN 170m** YoY mainly due to: (1) an increase in the level of the Group's debt service costs on the back of persistently high interest rates, (2) the recognition of a one-time, non-cash expense in the amount of PLN 20.8 million related to the early repayment of loans and (3) the recognition of a significant positive revaluation of hedging instruments in the comparative period, resulting from the successive increases in interest rates by the NBP in 2022, with no similar effect in the period under review. The increase in finance costs, net was partially offset by the recognition of a positive effect of foreign exchange valuation of the euro-denominated tranche of the SFA.
- **Net profit** of the Group decreased by 97.1% YoY to **PLN 8m**. The decline was caused on the one hand by continued inflationary pressure on the cost side, and on the other by significantly higher debt service costs. In addition, the level of net income in Q2'23 was affected by the recognition of income tax at a higher-than-statutory tax rate as well as non-recurring factors, in particular the recognition of a share in the loss of PAK-PCE and the effect of the one-time loan repayment.
- **Adjusted FCF after interest** amounted to **PLN 566m** in Q2'23 (**PLN 579m** in the twelve-month period, posting a **24.6% decrease** compared to Q4'22). The FCF result was impacted mainly by inflationary pressure on OPEX and higher interest costs.
- The main bank covenant – total **net debt/EBITDA** LTM reached the level of **3.26x** in Q2'23.

- **Key performance indicators in Q2'23:**
 - The **contract B2C customer base** amounted to **5,848K (-2.4% YoY)**.
 - **ARPU per B2C contract customer** amounted to **PLN 71.8** in Q2'23, **growing by 2.3% YoY**. The increase in ARPU resulted from the consistent building of the value of the existing customer base.
 - **Very low churn ratio of 7.3%** per annum, which reflects the high level of loyalty of our bundled services customers, as well as the effect of our activities aimed at building high satisfaction among our customers.
 - We maintain a high level of RGU saturation per B2C contract customer at **2.24x**.
 - Decrease of the total base of **contract services for B2C customers** by **266K YoY (-2.0%)**:
 - The number of **mobile telephony** RGUs remained stable YoY.
 - The **pay TV** RGU base recorded a decrease by **222K (-4.3%) YoY**, mainly due to the price repositioning and change in the strategy of offering our video online services and a lower number of provided satellite TV. This decrease is partially compensated by the growing popularity of TV services offered in online technologies (IPTV/OTT).
 - The number of **Internet** RGUs recorded a YoY decline of **32K (-1.6%)** due to the lower number of users of dedicated mobile Internet. The outflow of mobile Internet RGUs is partially offset by the growing number of fixed-line Internet access services.
 - **Continuation of the multiplay strategy**
 - As a result of the consistent implementation of the multiplay strategy, **2.45m of our customers use the multiplay offer** – this is already 42% of our customer base.
 - The number of RGUs owned by customers of bundled services amounted to 7.39m.
 - The consistent implementation of our multiplay strategy supports a **low level of churn (7.3%)**.
 - **High base and growing ARPU of prepaid services**
 - YoY decrease in the number of mobile telephony RGUs is the effect of a high reference point resulting from the 1H'22 support campaign for newly-arrived refugees from Ukraine, consisting in the distribution of free Plus starters allowing free communication.
 - **ARPU increased by 2.3% YoY**.
 - **Stable base and growing ARPU of B2B customers**
 - We serve 69K B2B customers, successfully maintaining the scale of this base.
 - We maintain a high level of B2B customer ARPU, which amounted to PLN 1,463/month (+6.2% YoY) in Q2'23.

Financial results of Polsat Plus Group

in mPLN	Q2'23	YoY change	Market consensus ¹	Difference
Revenue, incl.:	3,290	2%	3,300	-0.3%
- Retail revenue	1,735	1%	n/a	n/a
- Wholesale revenue	859	-2%	n/a	n/a
- Sale of equipment	484	7%	n/a	n/a
- Other revenue	212	23%	n/a	n/a
Operating costs, incl.:	2,945	5%	n/a	n/a
- Technical costs and cost of settlements with telecommunication operators	824	2%	n/a	n/a
- Depreciation, amortization, impairment and liquidation	469	0%	n/a	n/a
- Cost of equipment sold	384	1%	n/a	n/a
- Content costs	529	5%	n/a	n/a
- Distribution, marketing, customer relation management and retention costs	248	-3%	n/a	n/a
- Salaries and employee-related costs	275	11%	n/a	n/a
- Cost of debt collection services and bad debt allowance and receivables written off	33	46%	n/a	n/a
- Other costs	184	44%	n/a	n/a
EBITDA	799	-11%	813	-1.7%
<i>EBITDA margin</i>	24.3%	-3.4pp	24.6%	-0.3pp
EBIT	330	-23%	345	-4.5%
Net profit	8	-97%	93	-91.3%

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

B2C and B2B services segment

	Q2		
	2023	2022	YoY change
B2C AND B2B SERVICES SEGMENT¹			
Total number of B2C RGUs⁽²⁾ (EOP) [thous.], incl.:	13,083	13,349	-2.0%
Pay TV	4,895	5,117	-4.3%
Mobile telephony	6,218	6,230	-0.2%
Internet	1,970	2,002	-1.6%
Number of B2C customers (EOP) [thous.]	5,848	5,990	-2.4%
ARPU per B2C ⁽³⁾ customer [PLN]	71.8	70.2	2.3%
Churn in B2C ⁽⁴⁾ subsegment	7.3%	6.8%	0.5 pp
RGU saturation per one B2C customer	2.24	2.23	0.4%
PREPAID SERVICES			
Total number of RGUs (EOP) [thous.], incl.:	2,656	2,772	-4.2%
Pay TV	79	81	-2.5%
Mobile telephony	2,548	2,655	-4.0%
Internet	29	36	-18.9%
ARPU per prepaid RGU ⁽⁵⁾ [PLN]	17.8	17.4	2.3%
CONTRACT SERVICES FOR B2B CUSTOMERS			
Total number of B2B customers (EOP) [thous.]	69.0	68.8	0.3%
ARPU per B2B ⁽³⁾ customer [PLN]	1,463	1,378	6.2%

(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 at the end of Q2'23 was 5,848K (-2.4% YoY). The main reason behind the decrease of the contract customer base was the declining popularity of the satellite technology as well as the continued process of merging contracts under one common contract for the household within our base. In line with our strategic assumptions, we avoid conducting an aggressive sales policy on individual products and focus on increasing customer loyalty, in particular through offering a wide portfolio of bundled services, as well as on increasing ARPU per contract customer.
- The churn rate for our B2C customers amounted to only 7.3% in the twelve-month period ended June 30, 2023. Low churn is primarily the effect of a high level of loyalty of our bundled service customers, which results from the successful implementation of our multiplay strategy, as well as our actions aimed at fostering high customer satisfaction.
- In line with the assumptions of our long-term strategy, we aim to maximize revenue per contract B2C customer through cross-selling, i.e., selling additional products and

services to our customer base within the framework of our bundled services offer, and offering enhanced television and telecommunications packages (the more-for-more strategy). **In Q2'23, average revenue per B2C customer increased by 2.3% YoY to PLN 71.8.**

- The number of contract services for B2C customers that we provide decreased by 266K (-2.0%) YoY, to 13,083K as at the end of Q2'23.
- The number of mobile telephony services remained stable YoY at 6,218K.
- The number of pay TV services provided to B2C customers amounted to 4,895K as at the end of Q2'23 and recorded a decrease by 222K (-4.3% YoY), mainly due to the price repositioning and change in the strategy of offering our video online services (in 2021, we replaced the Ipla platform with the new Polsat Box Go offer, which is differently positioned in terms of pricing), as well as a lower number of provided satellite TV services. This decrease was partially compensated by an increasing number of TV services offered in online technologies (IPTV/OTT).
- The number of mobile broadband services amounted to 1,970K RGUs as at the end of Q2'23, decreasing by 32K (-1.6% YoY) due to the lower number of users of dedicated mobile Internet. This change was driven, among others, by the increasing popularity of data transmission packages in mobile telephony tariff plans (smartphones) which is associated with diminishing differences between the sizes of data packages offered in both product lines. The outflow of mobile Internet RGUs is partially offset by the growing number of fixed-line Internet access services.
- Our bundled services offer, based on a mechanism of offering attractive discounts on every additional product or service purchased from the Group's portfolio, has a positive effect on the churn rate, RGU saturation per B2C customer ratio and ARPU per B2C customer. At the end of Q2'23, the number of customers using our bundled services remained stable year on year and amounted to 2,450K, which translates into a 41.9% saturation of our contract customer base with multiplay services. This group of customers had a total of 7,392K RGUs as at the end of Q2'23, up by 16K (+0.2%) YoY.
- **Prepaid services:**
 - The number of active prepaid services provided by us as at the end of Q2'23 decreased by 116K (-4.2%) YoY, and amounted to 2,656K. The key driver behind the decline in the prepaid RGU base was the YoY decrease in the number of provided prepaid mobile telephony services is related to a high reference point due to the support action in the form of distribution of free starters enabling free communication for the newly arrived refugees from Ukraine in the 1H'22. At the same time, the number of prepaid mobile broadband Internet services remained in a downward trend. This change was driven primarily by the increasing popularity of data transmission packages in mobile telephony tariff plans (smartphones) which is associated with diminishing differences between the sizes of data packages offered in both product lines.
 - In Q2'23, **average revenue per prepaid RGU** amounted to **PLN 17.8** and **increased by 2.3% YoY.**
- **Contract services for B2B customers:**
 - The total number of our **contract B2B customers was 69K** at the end Q2'23 (+0.3% YoY) and remains stable in the long term, proving the high efficiency of our efforts directed at fostering high satisfaction among our business customers.
 - At the same time, we are building the **ARPU of our B2B customers**, which **increased to PLN 1,463** per month on average in Q2'23 (+6.2% YoY).

Media segment: television and online

	Q2		
	2023	2022	YoY change
TELEVISION			
Audience share⁽¹⁾, including:	21.96%	22.81%	-0.85pp
POLSAT (main channel)	7.76%	7.69%	0.07pp
Other channels	14.20%	15.12%	-0.92pp
Advertising market share⁽²⁾	28.7%	28.6%	0.1pp
Market expenditures on TV advertising and sponsorship⁽³⁾ [mPLN]	1,202	1,153	4.3%
Revenue from advertising and sponsorship of TV Polsat Group⁽⁴⁾ [mPLN]	345	330	4.4%
ONLINE: POLSAT-INTERIA GROUP⁽⁵⁾			
Average monthly number of users [millions]	21.0	20.8	1.0%
Average monthly number of page views [millions]	1.901	2.023	-6.0%

¹ NAM, All 16-59, all day, SHR%, including Live+2 (i.e. Time Shifted Viewing), and 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 TV advertising and sponsorship of TV Polsat Group' channels

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

Television

- Good viewership results of TV Polsat Group channels in Q2'23 despite the negative impact of refarming to the DVB-T2 standard.
- **Revenue from advertising and sponsorship** of TV Polsat Group in Q2'23 **increased by 4.4% YoY**, to PLN 345m. Growth dynamics was in line with the market trend – the broad TV advertising and sponsorship market recorded a 4.3% increase in Q2'23. As a result, our share in the TV advertising and sponsorship market **amounted to 28.7%**.
- We reiterate our expectation that the TV advertising and sponsorship market will show a low single-digit increase in 2023.

Online

- The average monthly number of users of Polsat-Interia Group websites and applications remained stable YoY and amounted to 21.0m.
- The average monthly number of page views of Polsat-Interia Group websites reached 1.9bn in Q2'23 (-6.0% YoY).