

After taking control of PAK-PCE and its subsidiaries on July 3, 2023, the Group began to consolidate the results of PAK-PCE Group using the full method. As a result, the Group recognizes additional revenue and expenses, particularly those related to the production and sale of electricity.

- In Q3'23, **Polsat Plus Group's revenue** amounted to **PLN 3,456m** and **increased by 5.6% YoY** (excl. the impact of consolidation of PAK-PCE Group, the Group's revenue amounted to PLN 3,159m, recording a 3.4% decline YoY). The level of total revenue was mainly influenced by:
 - Lower **wholesale revenue** due to lower interconnection revenue, resulting from the gradual regulatory reduction of MTR rates, and lower revenue from the sale of TV sublicenses. This decrease was partially compensated by higher advertising and sponsorship revenue.
 - Lower **sale of equipment** due to lower sales volumes.
 - Recognition of energy **revenue** of **PLN 272m**, including revenue from the sale of electricity from production and resale of energy, revenue from the sale of heat and revenue from the sale of property rights, particularly certificates of origin. In Q3'23, the Group's revenue from sales of its own energy amounted to PLN 82.5m, and revenue from energy resale amounted to PLN 172.9m.
 - Lower **other revenue** primarily as a result of lower revenue from operations in the photovoltaic market and lower revenues from the sale of apartments. In other revenue the Group also recognizes revenue related to its green energy business, in particular revenue from the sale of hydrogen buses, hydrogen and gas. The impact of the consolidation of PAK-PCE Group on this revenue item amounted to PLN 24.4m in Q3'23.
- In Q3'23, **Polsat Plus Group's costs** amounted to **PLN 3.165m** and **increased by 10% YoY** (excl. the impact of the consolidation of PAK-PCE Group results, operating costs amounted to PLN 2,881m and were stable YoY). Their level was mainly influenced by the following factors:
 - Recognition of **cost of energy sold** in the amount of PLN 255.1m.
 - Increase in **salaries and employee-related costs** mainly due to the increased headcount and continuing inflationary pressure.
 - Increase in **technical costs and cost of settlements with telecommunication operators**, caused mainly by higher network maintenance costs, largely offset by lower costs of interconnect settlements due to the successive regulatory reduction of MTR rates.
 - Higher **depreciation, amortization, impairment and liquidation costs** which resulted, among others, from amortizing trademarks owned by Telewizja Polsat due to the change in their useful lifetime from indefinite to finite, as well as the consolidation of PAK-PCE Group.
 - Decrease in **cost of equipment sold** as a result of lower sales volumes.
 - Lower **content costs** as a result of lower costs of internal production and amortization of sports rights and film licenses.
 - The decrease in **other costs**, was related, among others, to the recognition of lower cost of the sale of apartments and lower cost of operations in the photovoltaics market. This decline was partially offset by the impact of consolidating the PAK-PCE Group's results of PLN 24.7m in Q3'23 (mainly the cost of gas sold and buses sold).
- **Revenue from advertising and sponsorship** of TV Polsat Group in Q3'23 **increased by 4.7% YoY**, to PLN 288m, while TV advertising market recorded a 5.8% increase. As a result, our share in the TV advertising and sponsorship market **amounted to 29.0%**.
- **Adjusted EBITDA of Polsat Plus Group**, excl. the gain on the disposal of a subsidiary and an associate¹, of **PLN 775m** recorded a 7.7% decrease YoY, with adjusted EBITDA margin of **22.4%**. The consolidation of PAK-PCE Group contributed PLN 22.8m to consolidated EBITDA.

¹ EBITDA excl. gain on disposal of a subsidiary and an associate (PLN 113.4m in Q3'22 and PLN 220.1m in Q3'23)

- **Reported EBITDA** increased to PLN 995m (+4.4% YoY), primarily as a result of the recognition of a gain on the sale of a 13% stake in Asseco Poland.
- **EBIT** of Polsat Plus Group amounted to **PLN 511m**.
- **Finance costs, net** increased by **PLN 190m** YoY mainly due to a higher level of gross debt than in the comparative period, as well as a negative impact of PLN 94m from the revaluation of the Euro-denominated tranche of the SFA following the depreciation of the Polish zloty in Q3'23. At the same time, net financial expenses in Q3'23 were negatively impacted by the valuation of hedging instruments in the amount of PLN 24m.
- **Net profit** of the Group decreased by 55.8% YoY to **PLN 102m**. The decline was caused among others by significantly higher debt service costs. In addition, the level of net income in Q3'23 was affected by the recognition of income tax at a higher-than-statutory tax rate.
- **Adjusted FCF after interest** (excl. capex for project development in the green energy segment) amounted to **PLN -11m** in Q3'23 (**PLN 479m** in the twelve-month period, posting a **37.6% decrease** compared to Q4'22). The LTM FCF result was impacted mainly by inflationary pressure on OPEX and an increase in debt service costs.
- In the **TMT² area**, the segment's **CAPEX/income** ratio at a stable level of 7%.
- CAPEX in the **green energy** segment amounted to PLN 302m in Q3'23.
- The main covenant – total **net debt/EBITDA LTM** (excl. project financing) reached the level of **3.40x** in Q3'23.
- After taking control of PAK-PCE Group, the Group recognizes project financing liabilities on the balance sheet³. Net debt/EBITDA LTM including project financing at 3.52x.

Key performance indicators in Q3'23:

- The **contract B2C customer base** amounted to **5,820K (-2.5% YoY)**.
 - **ARPU per B2C contract customer** amounted to **PLN 73.5** in Q3'23, **growing by 3.1% YoY**.
 - **Low churn ratio of 7.5%** per annum.
 - 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 **287K** YoY (-2.2%):
 - The number of **mobile telephony** RGUs remained stable YoY.
 - The **pay TV** RGU base recorded a decrease by **243K (-4.8%)** 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 **25K (-1.2%)** 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.

² Includes B2C and B2B service and media segments

³ Liabilities under loans and credits granted to PAK-PCE and investment loans granted to PAK-PCE subsidiaries (project companies) for certain investment projects related to the development of low and zero carbon energy sources

- **Continuation 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 7.40m.
 - The consistent implementation of our multiplay strategy supports a **low level of churn (7.5%)**.
- **High base and stable ARPU of prepaid services**
 - YoY decrease in the number of mobile telephony RGUs is the effect of a high reference point resulting from the 2022 support campaign for newly-arrived refugees from Ukraine, consisting in the distribution of free Plus starters allowing free communication.
 - **ARPU** remained **stable YoY**.
- **High, stable base and growing ARPU of prepaid services**
 - We serve 68.8K B2B customers, successfully maintaining the scale of this base.
 - High level of ARPU of B2B customers at PLN 1,456/month (+2.2% YoY) in Q3'23.

Financial results of Polsat Plus Group

mPLN	Q3'23	YoY change	Market consensus ⁴	Difference
Revenue, incl.:	3,456	6%	3,322	4.0%
- Retail revenue	1,755	0%	n/a	n/a
- Wholesale revenue	799	-5%	n/a	n/a
- Sale of equipment	447	-6%	n/a	n/a
- Energy revenue	272	-	n/a	n/a
- Other revenue	183	-10%	n/a	n/a
Operating costs, incl.:	3,165	10%	n/a	n/a
- Technical costs and cost of settlements with telecommunication operators	838	2%	n/a	n/a
- Depreciation, amortization, impairment and liquidation	475	5%	n/a	n/a
- Cost of equipment sold	348	-5%	n/a	n/a
- Content costs	517	-3%	n/a	n/a
- Cost of energy sold, includes	255	n/d	n/a	n/a
- Depreciation	9	n/d	n/a	n/a
- Distribution, marketing, customer relation management and retention costs	258	1%	n/a	n/a
- Salaries and employee-related costs	272	12%	n/a	n/a
- Cost of debt collection services and bad debt allowance and receivables written off	33	29%	n/a	n/a
- Other costs, includes	170	-7%	n/a	n/a
- Depreciation	0.4	n/d	n/a	n/a
EBITDA adjusted⁵	775	-8%	n/a	n/a
<i>EBITDA margin adjusted⁵</i>	<i>22.4%</i>	<i>-3.3pp</i>	<i>n/a</i>	<i>n/a</i>
EBITDA	995	4%	996	-0.1%
<i>EBITDA margin</i>	<i>28.8%</i>	<i>-0.3pp</i>	<i>30.0%</i>	<i>-1.2 pp</i>
EBIT	511	2%	527	-3.0%
Net profit	102	-56%	128	-20.0%

⁴ Based on estimates prepared by : BM mBanku, BM BDM, DM BOŚ, DM PKO BP, ERSTE, Ipopema, Trigon, Pekao, Santander, Wood&Co

⁵ EBITDA excl. gain on disposal of a subsidiary and an associate (PLN 113.4m in Q3'22 and PLN 220.1m in Q3'23)

Financial results of the Polsat Plus Group's business segments

Q3'23	B2C and B2B services	Media: TV and online	Real estate	Green energy	Consolidation adjustments	Total
Revenue	2.645	560	40	377	-165	3.456
YoY change	-4%	1%	-46%	n/a	65%	6%
Operating costs¹	1.986	476	33	351	-164	2.681
YoY change	0%	0%	-49%	n/a	74%	11%
EBITDA adjusted²	658	83	9	26	-1	775
YoY change	-13%	8%	-16%	n/a	-	-8%
EBITDA margin adjusted²	25%	15%	22%	7%	-	22%
YoY change	-3%	1%	8%	n/a	-	-3%
EBITDA	878	83	9	26	-1	995
YoY change	1%	8%	-16%	n/a	-	4%
EBITDA margin	33%	15%	22%	7%	-	29%
YoY change	1%	1%	8%	n/a	-	0%
CAPEX	152	31	9	302	-	494

¹ Costs excl. depreciation, amortization (incl. depreciation costs included in energy and buses production costs), impairment and liquidation

² EBITDA excl. gain on disposal of a subsidiary and an associate (PLN 113.4m in Q3'22 and PLN 220.1m in Q3'23)

B2C and B2B services segment

	Q3		
	2023	2022	YoY change
B2C AND B2B SERVICES SEGMENT¹			
Total number of B2C RGUs (EOP) [thous.], incl.:	13,054	13,341	-2.2%
Pay TV	4,863	5,106	-4.8%
Mobile telephony	6,213	6,232	-0.3%
Internet	1,978	2,003	-1.2%
Number of B2C customers (EOP) [thous.]	5,820	5,967	-2.5%
ARPU per B2C customer [PLN]	73.5	71.3	3.1%
Churn in B2C subsegment	7.5%	6.8%	0.7 pp.
RGU saturation per one B2C customer	2.24	2.24	-
PREPAID SERVICES			
Total number of RGUs (EOP) [thous.], incl.:	2,805	2,832	-1.0%
Pay TV	195	161	21.1%
Mobile telephony	2,582	2,636	-2.0%
Internet	28	35	-20.0%
ARPU per prepaid RGU[PLN]	17.9	17.9	-
CONTRACT SERVICES FOR B2B CUSTOMERS			
Total number of B2B customers (EOP) [thous.]	68.8	69.1	-0.4%
ARPU per B2B customer [PLN]	1,456	1,425	2.2%

Contract services for B2C customers:

- **B2C contract customer base at 5,820K (-2.5% YoY).** The main reason behind the decrease 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.
- **Churn at a low 7.5%** per annum, mainly as a result of the high loyalty of our bundled service customers, which in turn is due to the successful implementation of our multiplay strategy, as well as our efforts to build high satisfaction among our customers.
- **In Q3'23, ARPU per B2C contract customer increased by 3.1% YoY to PLN 73.5.** We aim to maximize ARPU per customer by co-selling additional products and services to our customer base as part of our bundled service offerings and offering richer TV and telecom packages (*more-for-more* strategy). Decrease in total **B2C contract services base** by 287k to **13,054k (-2.2%) YoY**.
 - Stable **mobile RGU** base at 6,213K.
 - **Pay-TV services** amounted to **4,863k** and recorded a decrease of **243k (-4.8%) YoY**, mainly as a result of price repositioning and a change in strategy to offer our online video services, and fewer satellite TV services, partially compensated by an increasing number of TV services offered in online technologies (IPTV/OTT).
 - The number of **Internet RGUs** amounted to 1,978k, down 25k YoY (-1.2%) as a result of fewer users of dedicated mobile Internet, which is partially offset by a growing number of fixed-line Internet access services.
- **2.45m customers**, or 42% of the total base, use our **multiplay offering** and have a total of 7,397k 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.

Prepaid services:

- The **prepaid RGU base** amounted to 2,805k at the end of Q3'23, recording a decrease of 27k YoY (-1.0%). The main reasons for the decline were:
 - 54k lower number of prepaid mobile services 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 2022.
 - the growing popularity of data transmission in voice tariffs due to the disappearing differences in the size of data packages, which translates into a systematic decline in the number of dedicated mobile Internet services.
 - increase in the number of prepaid pay TV services mainly on the back of the introduction of a new tariff Polsat Box Go Start
- In Q3'23, **prepaid ARPU** amounted to **PLN 17.9** and remained stable YoY.

Contract services for B2B customers:

- The total number of our **contract B2B customers was 68.8K** at the end Q3'23 (-0.4% YoY) and remains stable in the long term.
- At the same time, we are building the **ARPU of our B2B customers**, which **increased to PLN 1,456** per month on average in Q3'23 (+2.2% YoY).

Media segment: television and online

	Q3		
	2023	2022	YoY change
TELEVISION			
Audience share⁽¹⁾, including:	22.2%	22.5%	-0.3 pp
POLSAT (main channel)	7.2%	7.5%	-0.3 pp
Other channels	15.1%	15.0%	0.1 pp
Advertising market share⁽²⁾	29.0%	29.3%	-0.3 pp
Market expenditures on TV advertising and sponsorship⁽³⁾ [mPLN]	992	938	5.8%
Revenue from advertising and sponsorship of TV Polsat Group⁽⁴⁾ [mPLN]	288	275	4.7%
ONLINE: POLSAT-INTERIA GROUP⁽⁵⁾			
Average monthly number of users [millions]	20.5	20.5	-
Average monthly number of page views [millions]	1,944	1,970	-1.3%

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, preliminary data

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 line with our strategy despite the negative impact of refarming to the DVB-T2 standard.
- **Revenue from advertising and sponsorship** of TV Polsat Group in Q3'23 **increased by 4.7% YoY**, to PLN 288m, while TV advertising market recorded a 5.8% increase. As a result, our share in the TV advertising and sponsorship market **amounted to 29.0%**.
- We expect the TV advertising and sponsorship market to grow at a mid-single-digit rate in 2023.

Online

- The average monthly **number of users** of Polsat-Interia Group websites and applications remained stable YoY and amounted to **20.5 m**.
- The average monthly number of **page views** of Polsat-Interia Group websites reached 1.9bn in Q3'23 (-1.3% YoY).

Green energy segment

	Q3		
	2023	2022	YoY change
Total electricity generation (GWh), of which:	191.3	135.9	40.8%
Biomass	157.1	108.9	44.3%
Photovoltaics	27.9	27.0	3.3%
On-shore wind farms	6.3	-	n/a
Average price of sales of energy produced ¹ [PLN/MWh]	748.2	-	-

¹ Calculated as the ratio of the green energy segment's generated revenue from the sale of own electricity and the volume of production

Energy production

- **Total volume of electricity produced** was 191.3 GWh, incl:
 - 157.1 GWh from biomass,
 - 27.9 GWh from photovoltaics,
 - 6.3 GWh from wind farms (production lasted for an incomplete quarter).
- The **average price of sales** of the energy produced was **PLN 748.2/MWh** in Q3'23.

In Q3'23, as part of our ongoing **Strategy 2023+**, we launched:

- first 2 wind farms, Kazimierz Biskupi and Miłosław, with total installed capacity of 27MW and estimated annual production of 98 GWh,
- additional 12.4 MW of capacity at the Brudzew photovoltaic farm,
- we put into operation Poland's first 2, public hydrogen refueling stations – in Warsaw and in Rybnik,
- we have launched a bus plant in Świdnik, where we intend to produce more than 100 hydrogen buses per year.