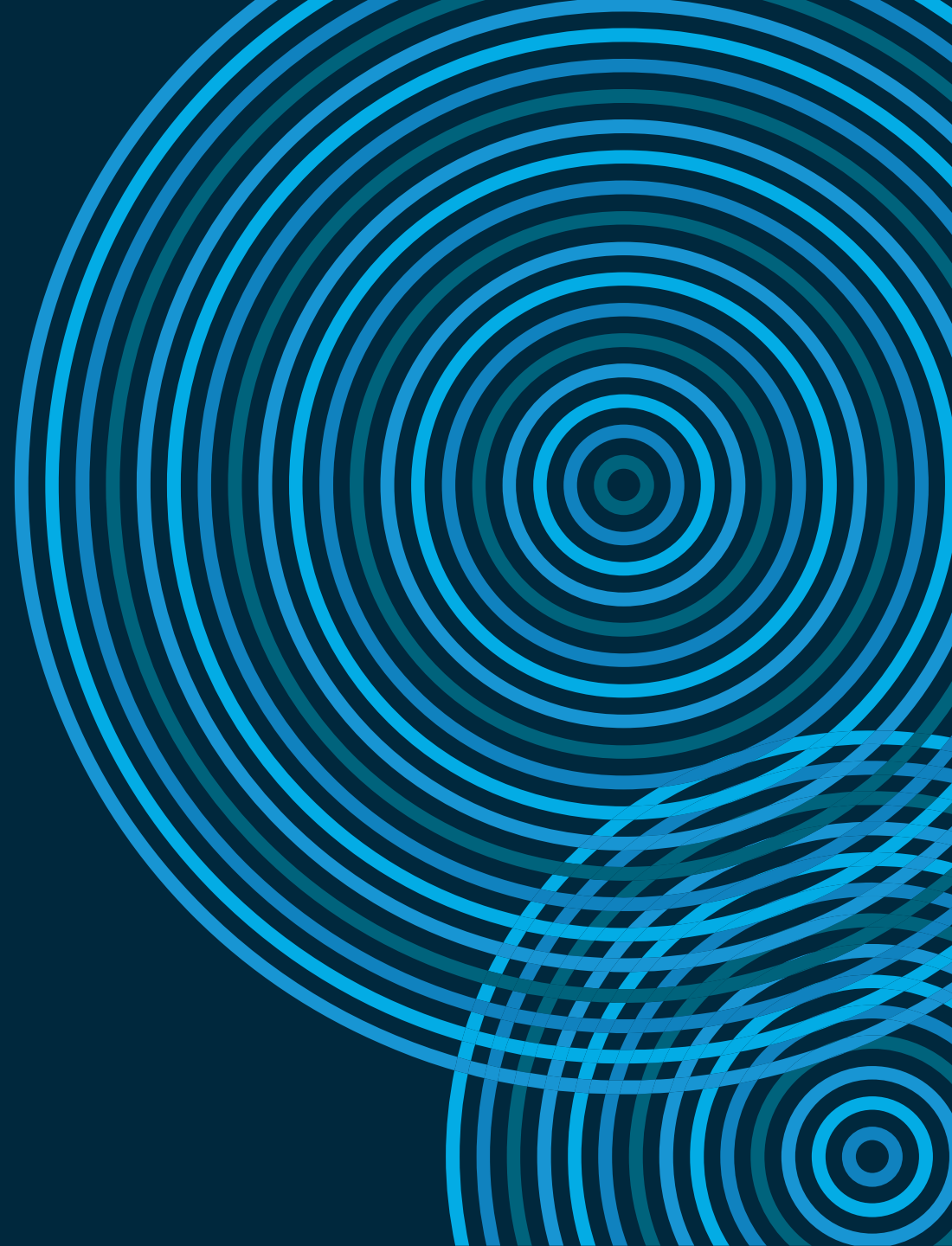


# Financial results Q3'22

15 November 2022



# Disclaimer

This presentation may include forward-looking statements, understood as all statements (other than statements of historical facts) regarding our financial results, business strategy, plans and objectives pertaining to our future operations (including development plans related to our products and services). Such forward-looking statements do not constitute a guarantee of future performance and involve risks and uncertainties which may affect the fulfilment of these expectations, as by their nature they are subject to many factors, risks and uncertainties. The actual results may be materially different from those expressed or implied by such forward-looking statements. Even if our financial results, business strategy, plans and objectives pertaining to our future operations are consistent with the forward-looking statements included herein, this does not necessarily mean that these statements will be true for subsequent periods. These forward-looking statements express our position only as at the date of this presentation.

We expressly disclaim any obligation or undertaking to publish any updates or revisions to any forward-looking statements contained herein in order to reflect any change in our expectations, change of circumstances on which any such statement is based or any event that occurred after the date of this presentation.

# Speakers



**MIROSŁAW BŁASZCZYK**  
PRESIDENT OF THE MGMT BOARD



**MACIEJ STEC**  
VICE-PRESIDENT FOR STRATEGY



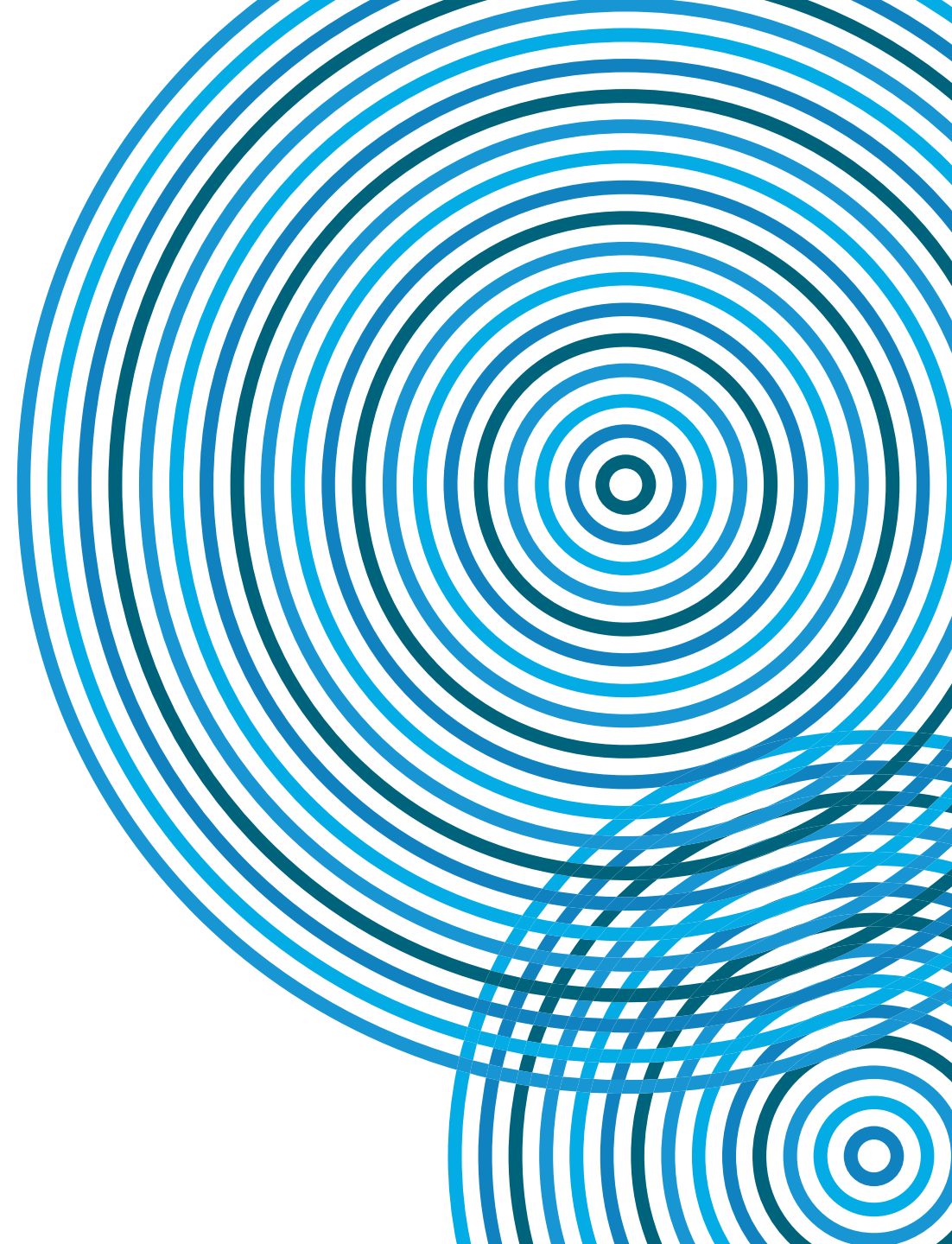
**KATARZYNA OSTAP-TOMANN**  
MEMBER OF THE MGMT BOARD, CFO



**STANISŁAW JANOWSKI**  
PRESIDENT, TELEWIZJA POLSAT

# Agenda

1. Key events in Q3'22
2. Operating results
3. Financial results
4. Summary and Q&A



# Key events in Q3'22



**Mirosław Błaszczuk**  
*President of the Management Board, Cyfrowy Polsat*



# Key events in Q3'22

- We successfully pursue our multiplay strategy targeted at building customer loyalty (churn at the level of only 6.8%) and customer value (contract B2C and B2B ARPU +4% YoY, prepaid ARPU +9% YoY)
- We dynamically support on-shore wind farm projects. Five projects with total capacity of >190 MW are currently under construction
- We are consistently building the full value chain of a green hydrogen economy
- We concluded a joint venture agreement with HB Reavis regarding the construction of office facilities in Port Praski
- Polsat Plus Group with the main award „*Company of the Year*” at the Economic Forum in Karpacz. The distinction was awarded for the business success of GPP, as well as for the social and charity initiatives of the Group and its founder, Zygmunt Solorz



# Operating results



# Media segment: TV and online



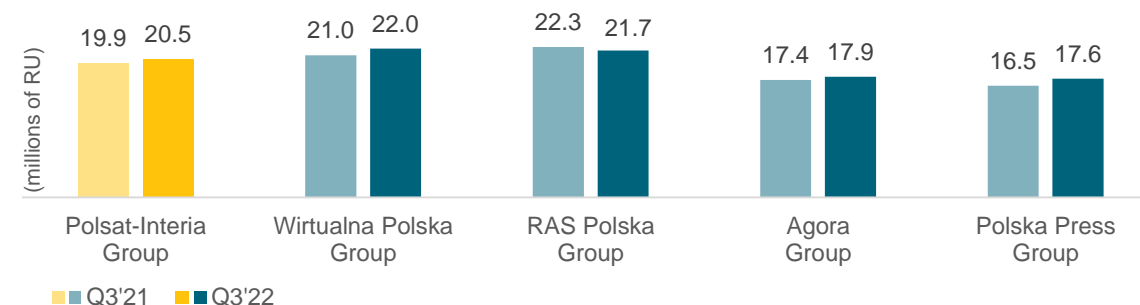
**Stanisław Janowski**  
*President of the Management Board, Telewizja Polsat*



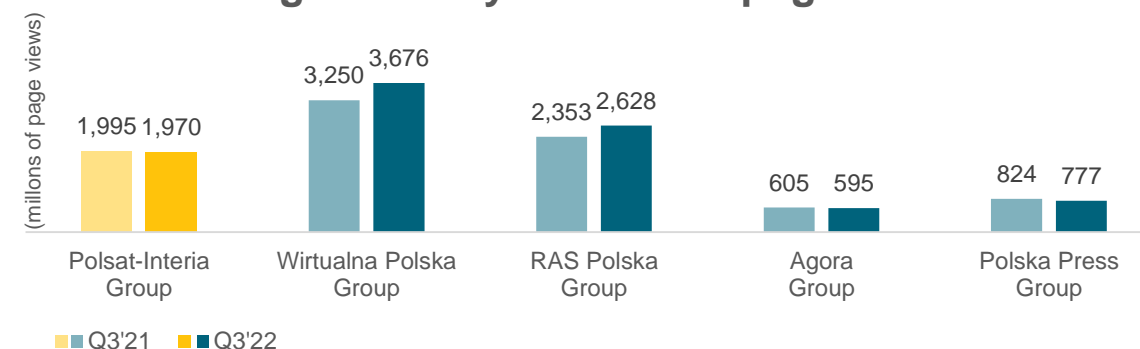
# The number of users of our Internet portals increased to almost 21 million

- We are a leading Internet publisher in Poland thanks to the acquisition of Interia.pl
- Our leading position in the online media:
  - 20.5 m users and
  - 2.0 bn page views
- We have delivered the announced synergies as planned and we are continuing to build our position on the market of Internet portals

Average monthly number of users



Average monthly number of page views

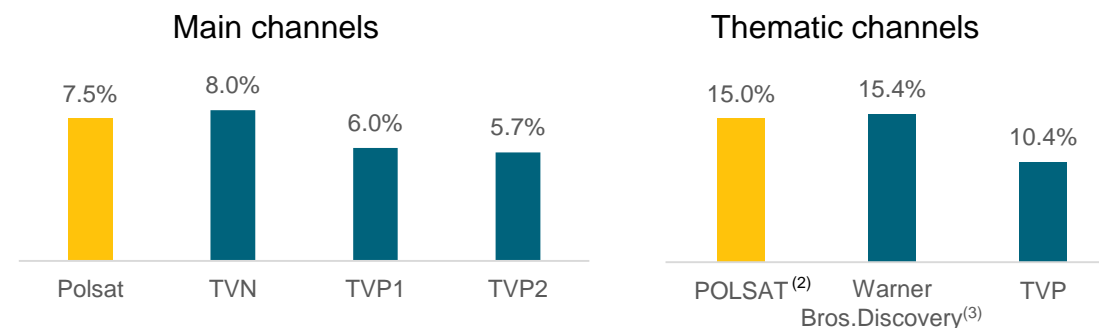


Source: Mediapanel Gemius/PBI, number of users – real users (RU) indicator

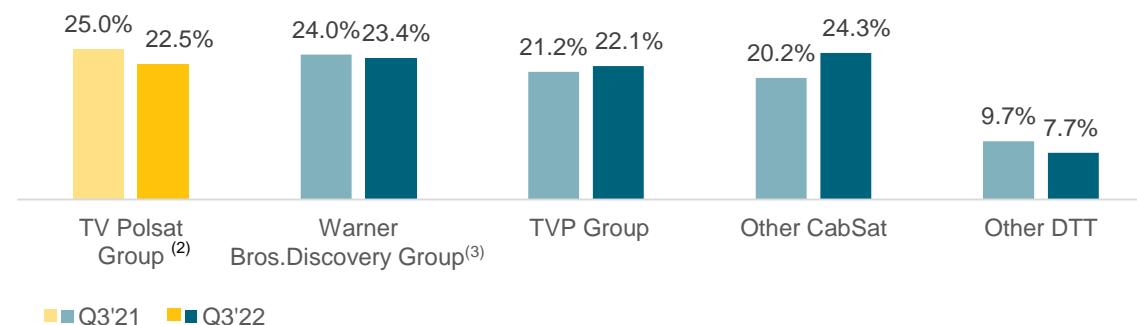
# Viewership of our channels in Q3'22

- Viewership results of TV Polsat Group channels in line with the strategy despite the negative impact of refarming to the DVB-T2 standard

## Audience shares



## Dynamics of audience share results



Source: NAM, All 16-59, all day, SHR%, including Live+2<sup>(1)</sup>, starting from September 2021 incl. the TV audience out of home (OOH – out of home viewing), internal analyses

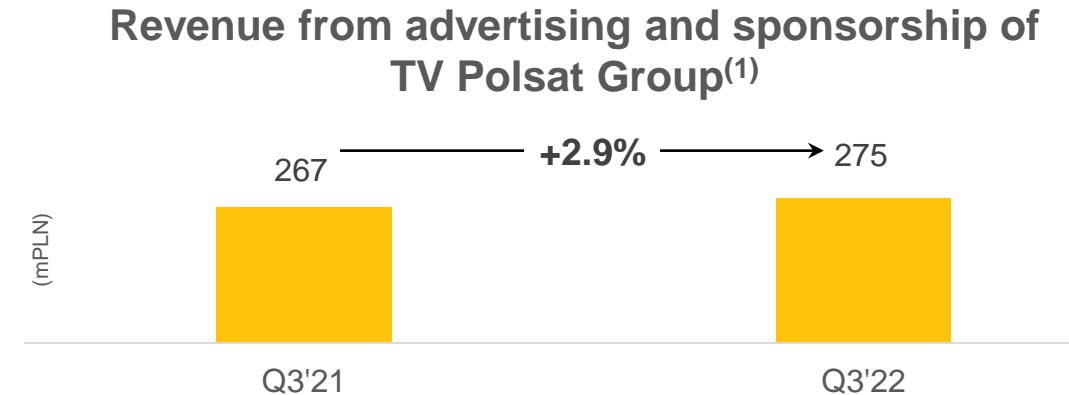
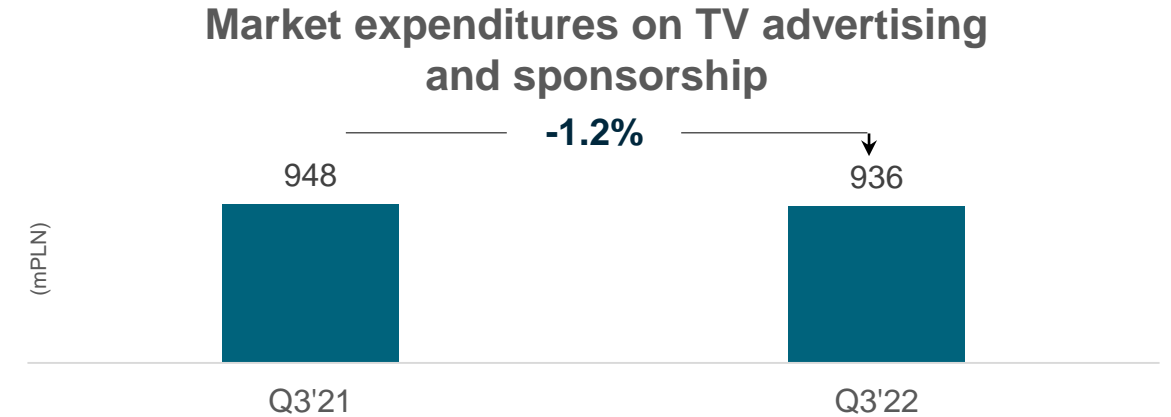
Note: (1) Audience shares include both live broadcasting and broadcasting during 2 consecutive days (i.e. Time Shifted Viewing)

(2) Excluding partnership channels: Polsat Viasat Explore, Polsat Viasat Nature, Polsat Viasat History, JimJam, CI Polsat, Polsat Comedy Central Extra

(3) The group was established on April 8, 2022 as a result of the merger of WarnerMedia and Discovery, data before that period refer to channels belonging to the Discovery Group

# Position on the advertising market in Q3'22

- Increase of advertising and sponsorship revenue of TV Polsat Group against the backdrop of a declining market
- As a result, our share in the TV advertising and sponsorship market increased to 29.4%



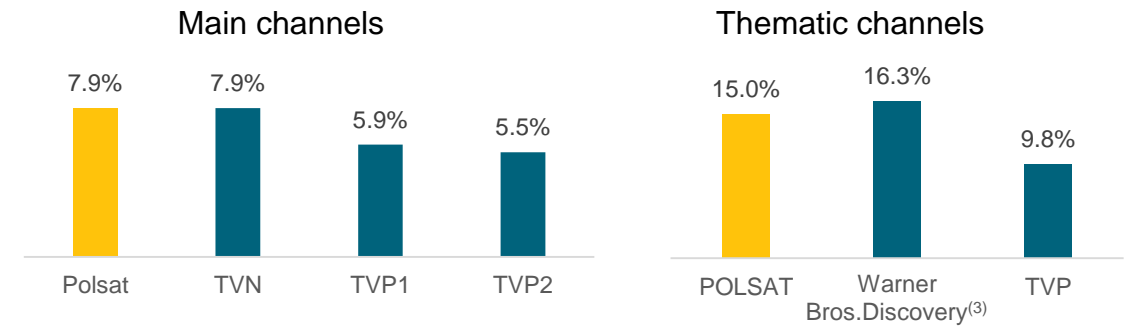
Source: Publicis Groupe, preliminary data, spot advertising and sponsorship; TV Polsat; internal analyses

Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Publicis Groupe definition

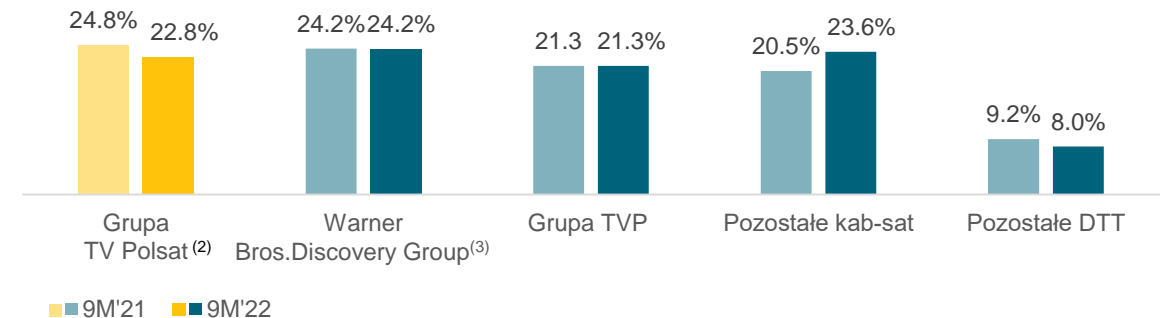
# Viewership of our channels in 9M'22

- Our main channel is the viewership leader in the commercial group (16-59 age group)

## Audience shares



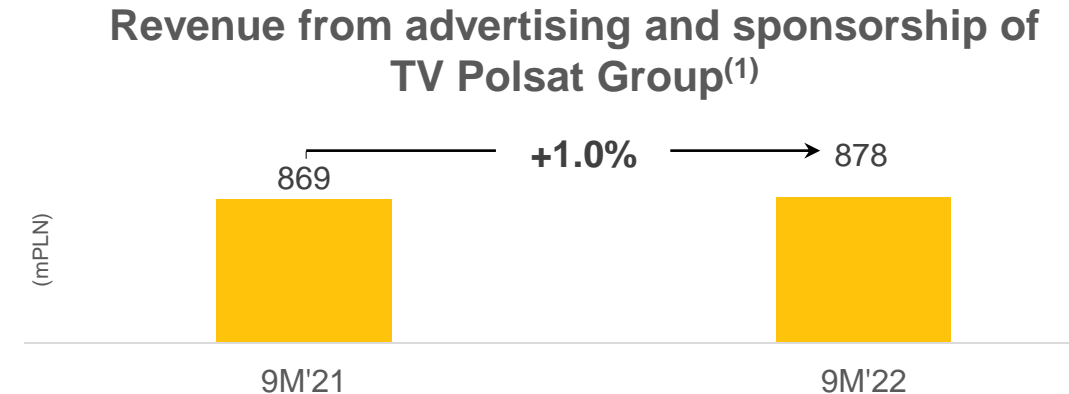
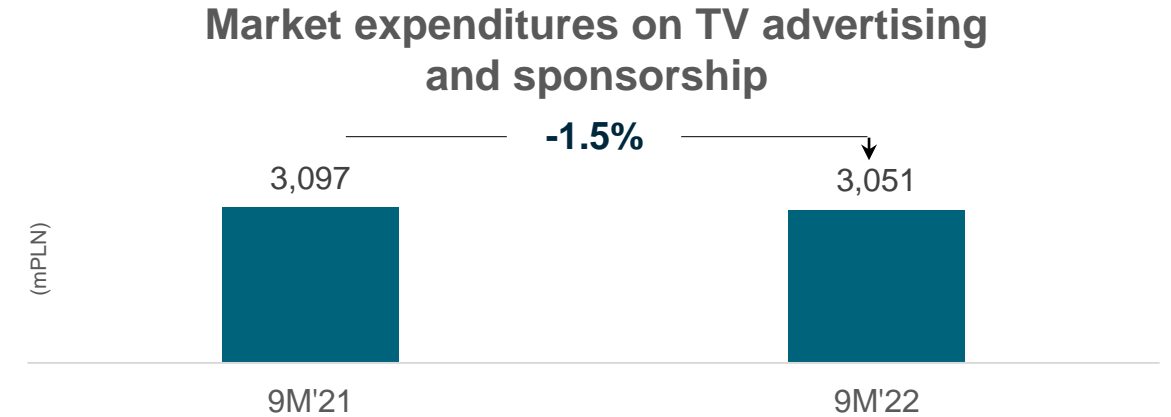
## Dynamics of audience share results





# Position on the advertising market in 9M'22

- Increase of advertising and sponsorship revenue of TV Polsat Group against the backdrop of a declining market
- As a result, our share in the TV advertising and sponsorship market increased to 28.8%



Source: Publicis Groupe, preliminary data, spot advertising and sponsorship; TV Polsat; internal analyses

Note: (1) Revenue from advertising and sponsorship of TV Polsat Group according to Publicis Groupe definition

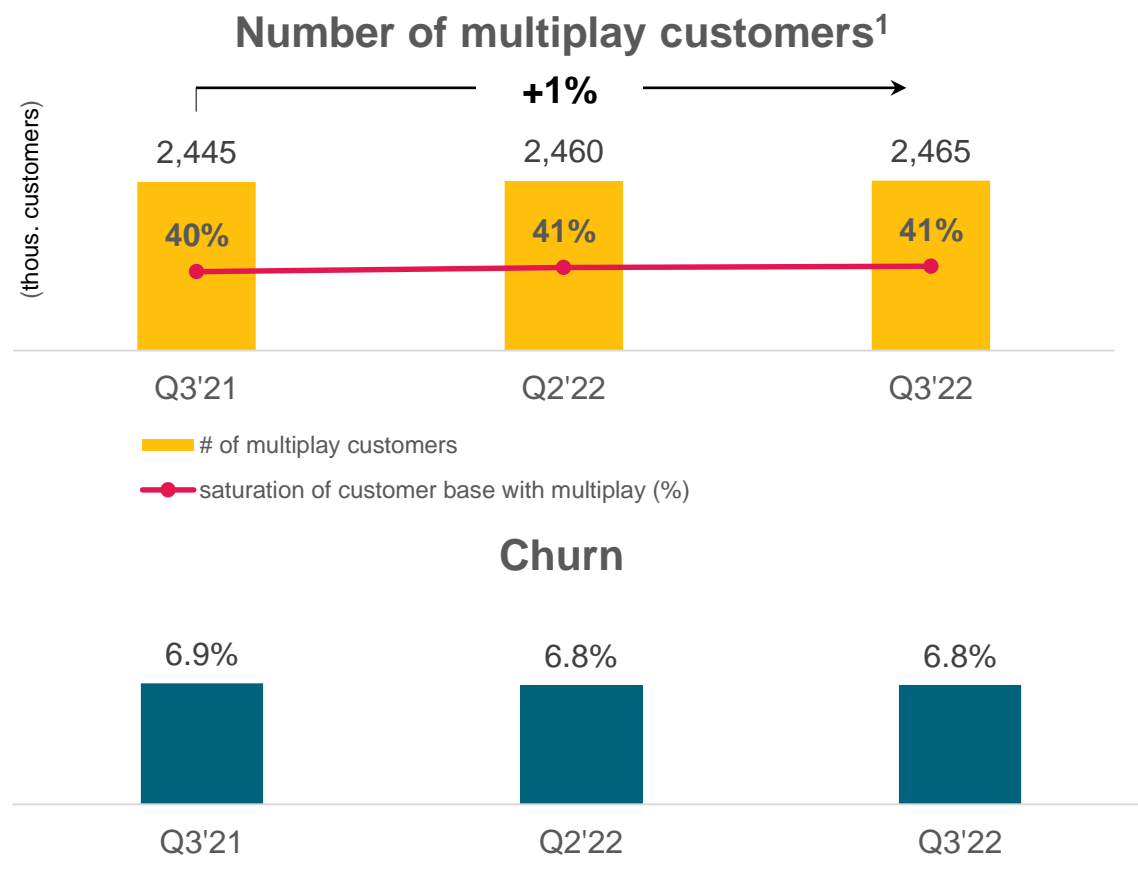
# B2C and B2B services segment



**Maciej Stec**  
*Vice President of the Management Board, Cyfrowy Polsat*

# Nearly 2.5 million customers of the multiplay offer

- Consistent implementation of our multiplay strategy results in a stable increase in the number of customers with bundled services by 20K YoY
- The number of RGUs owned by these customers increased to 7.40m
- Consistently low churn – mainly due to our multiplay strategy

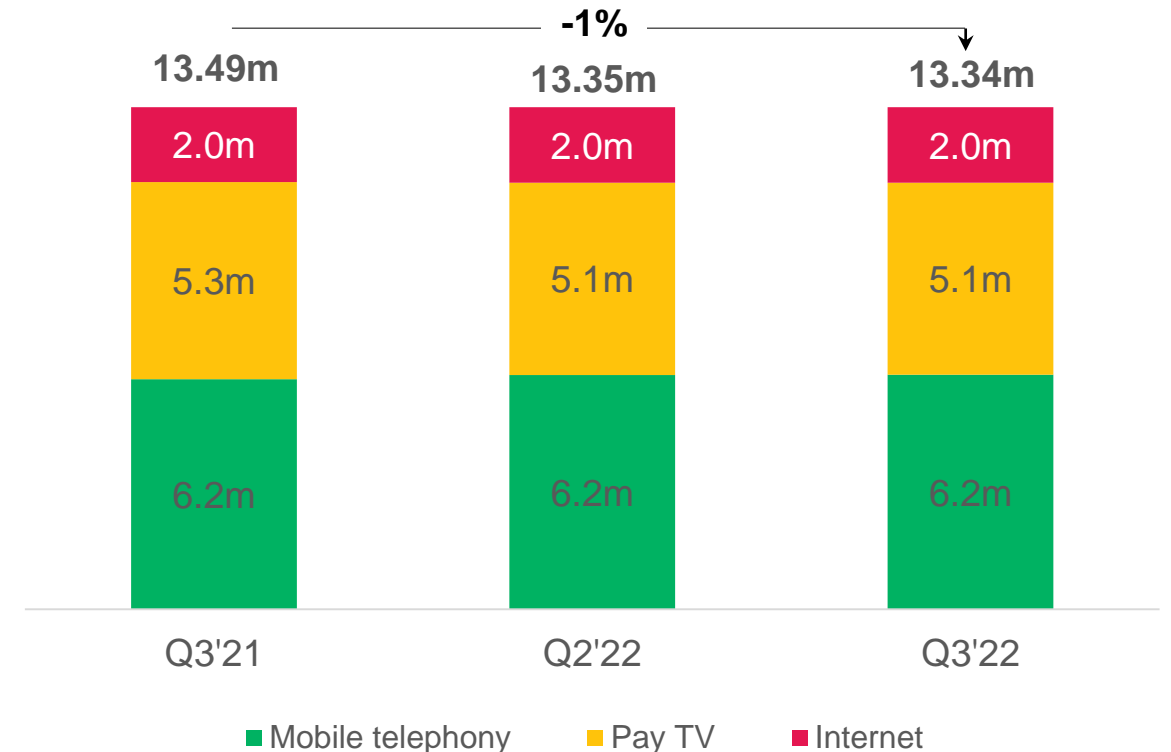


Note: (1) including customers of bundled services from Netia Group and Premium Mobile

# We provide over 13.3m services to contract B2C customers

- We maintain a high, stable number of mobile telephony and Internet services
- At the same time – in line with our earlier statements – we have noted a reduction in the number of provided pay TV services, which is mainly the outcome of our decision on price repositioning and changing the strategy of offering our video online services
- The decline has been partially compensated by a growing number of TV services provided over the Internet (IPTV/OTT)

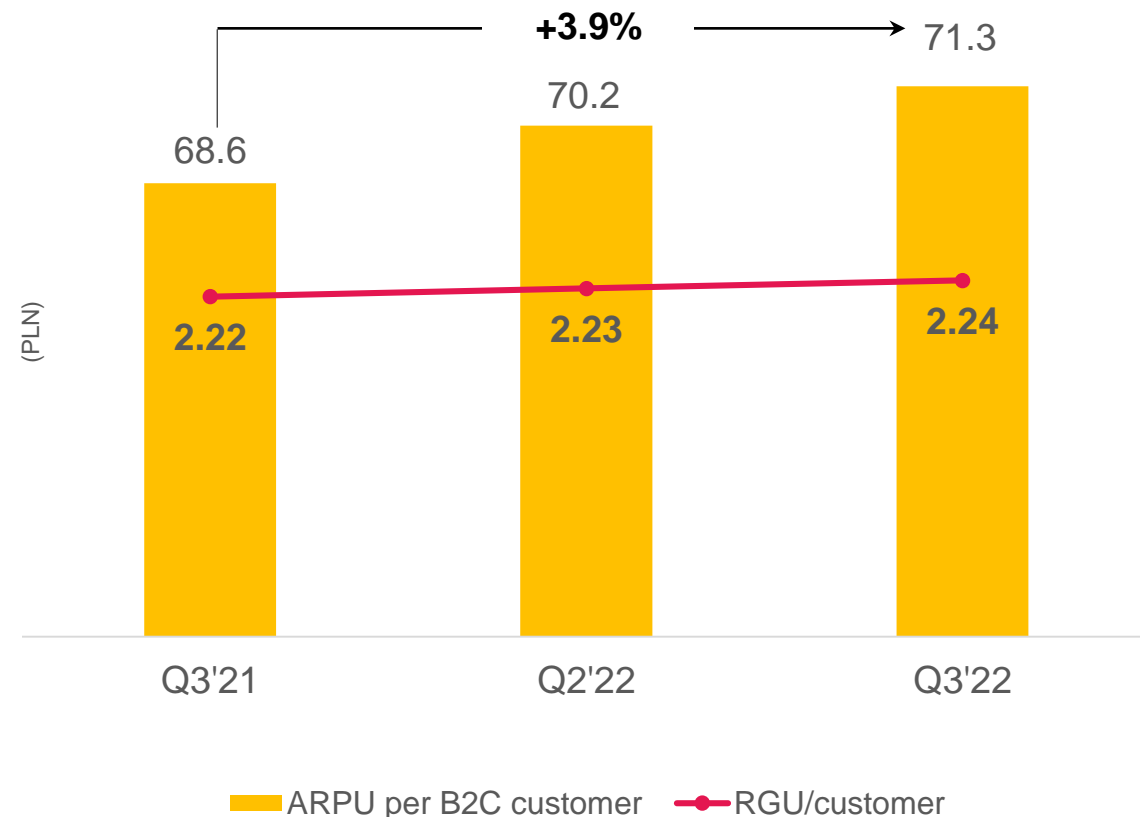
Number of RGUs in the B2C contract segment





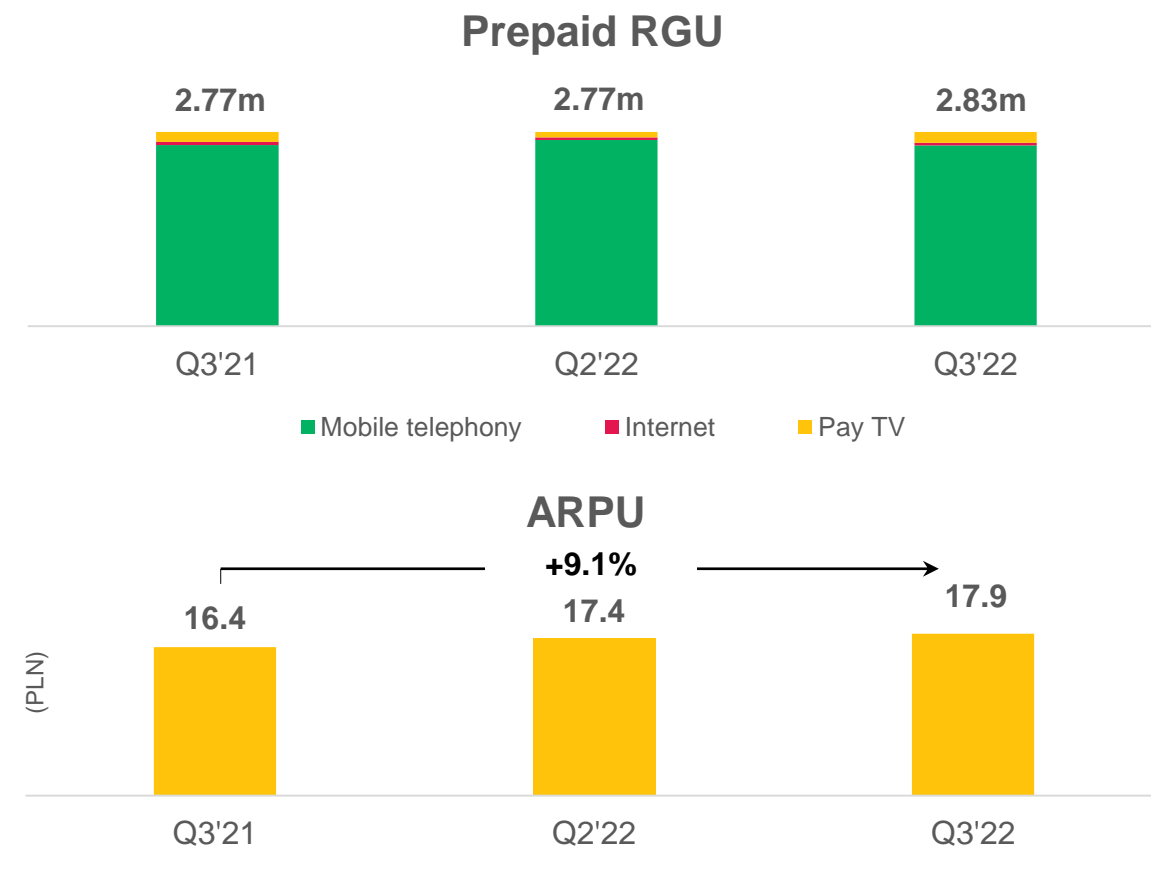
# ARPU growth in B2C thanks to the consistent implementation of our multiplay strategy and popularization of 5G tariffs

- 3.9% YoY increase in ARPU resulting from the consistent building of the value of the existing customer base
- Effective upselling of products under our multiplay strategy continues to be reflected in the growing RGU saturation per customer ratio



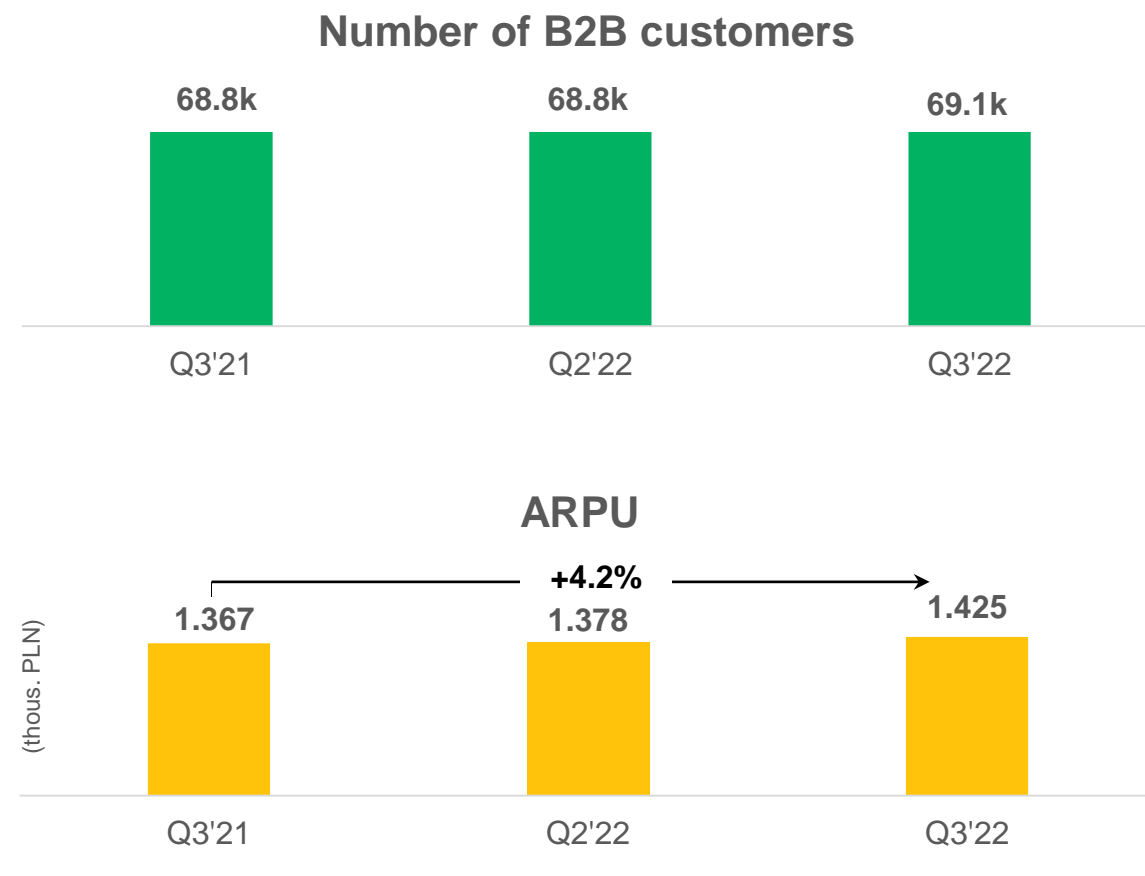
# Growing base and ARPU of prepaid services

- The scale of the mobile telephony RGU base positively influenced by the effects of the support action consisting in the distribution of free starters for refugees from Ukraine
- Increase in ARPU thanks to changes in our mobile and TV offering. We also observe a growing willingness of our customers to choose bundled solutions instead of offers based on the *pay-as-you-go* model

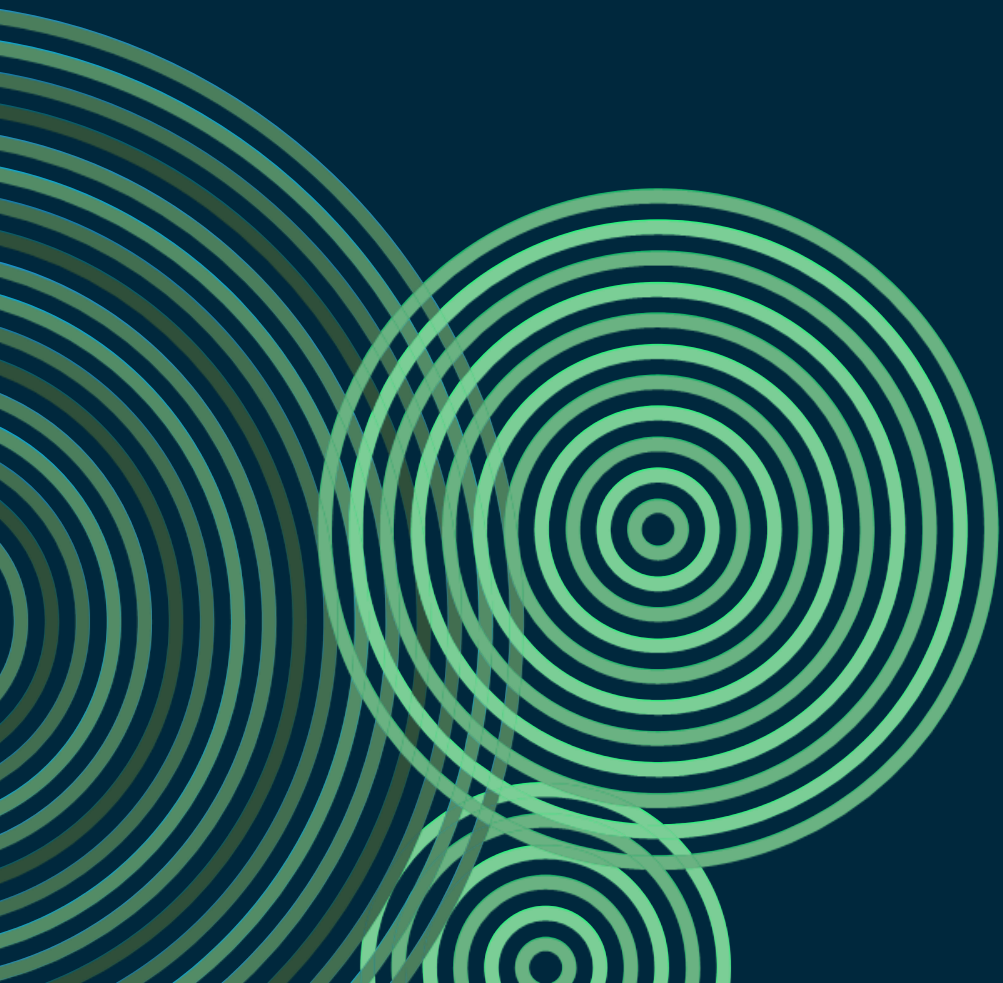


# High base and growing ARPU of B2B customers

- Polsat Plus Group serves 69.1 thous. B2B customers, successfully maintaining the size of this base
- Successively expanded offer of communication and ICT services enables us to increase ARPU from our B2B customers to the level of over PLN 1.4 thous. monthly



# Clean energy segment



**Maciej Stec**

*Vice President of the Management Board, Cyfrowy Polsat*





# Goal #1: We want – jointly with ZE PAK – to become a leading producer of clean, green energy

biomass	solar	wind on-shore	thermal waste treatment	wind off-shore	nuclear
Goal: 100 MW	Goal: 600 MW	Goal: 250 MW	Goal: 2 installations	Goal: support	Goal: support
					
100 MW in operation	70 MW in operation	>190 MW in construction	Initiated	Initiated	In analysis phase

Source: GE Hitachi Nuclear Energy

# Goal #2: We want – jointly with ZE PAK – to become a leading producer of green hydrogen

green energy	production of green hydrogen	storage and transportation	distribution of green hydrogen	end-user products	end-user products
<p>Solar energy Wind energy Biomass energy</p>	<p><b>Goal:</b> Electrolysis plant <b>100 MW</b></p> <p>Production of <b>40t of green H<sub>2</sub> per day</b></p>	<p><b>Goal:</b> Storage and transportation using cylinder manifolds</p> <p><b>40t H<sub>2</sub> per day</b></p>	<p><b>Goal:</b> Construction of a chain of green hydrogen refueling stations</p> <p><b>30 refueling stations</b></p>	<p><b>Goal:</b> Production of Polish hydrogen buses</p> <p><b>&gt;100 buses yearly</b></p>	<p><b>Goal:</b> <b>Popularization of the use of hydrogen cars in Poland</b></p> <p><b>100 cars in own fleet</b></p>
					
In operation	The first 2.5MW electrolyser during installation	1 hydrogen trailer 371 kg and 2 hydrogen trailers 1024 kg in use	We are building the first generally accessible hydrogen station	NesoBus made its debut in Gdańsk, Gdynia, Wrocław, Konin and Warsaw Manufacturing plant in preparation	We ordered another 50 hydrogen cars

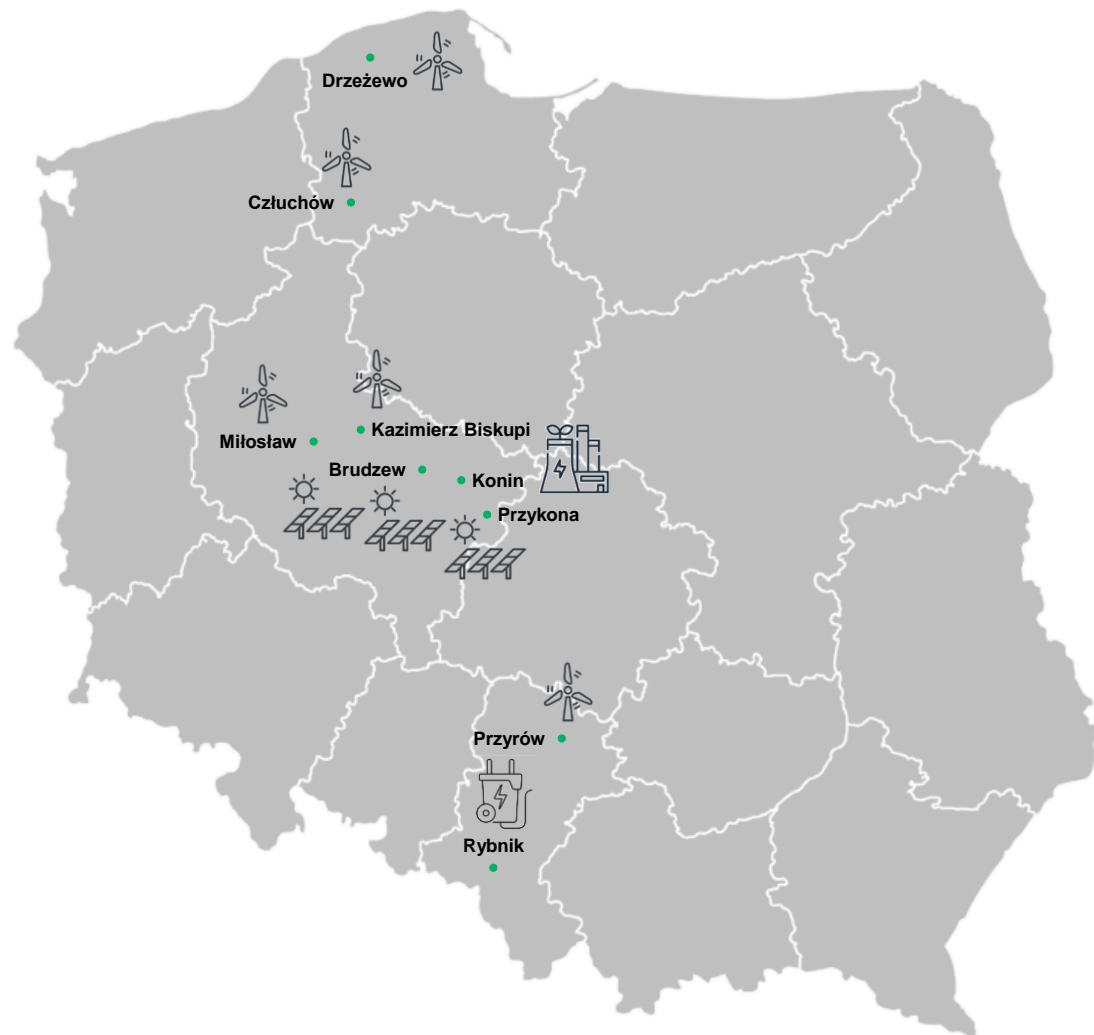
# We are working intensively on the rapid implementation of further Clean Energy projects

- The largest photovoltaic farm in Poland, located on a >100ha plot in Brudzew, produced 69.8 GWh of clean, green energy in 9M'22. Therefore, we are already working on its expansion by another 12.4MWp
- We acquired another wind farm. The Drzeżewo farm, consisting of 23 wind turbines with planned capacity of 50.6MW, increases the portfolio of wind farm projects developed by PAK-PCE to >190MW of capacity
- The construction of wind farms in Kazimierz Biskupi and Miłosław is proceeding according to schedule and as a result we expect wind power generation to start already in Q3'23





# We are well advanced in implementing our strategic initiatives related to the production of clean, green energy



## BIOMASS 100 MW

→ turbine #1  
capacity: 50 MW  
**operational**

→ turbine #2  
capacity: 50 MW  
**operational**



## SOLAR 280 MW

→ Brudzew  
capacity: 70 MWp  
**operational**

→ Cambria/Brudzew  
capacity: 12.4 MWp  
launch: **Q3'23**

→ Przykona  
capacity: 180-200 MWp  
launching: **15 months**  
from obtaining permits



## WIND ON-SHORE 190 MW

→ Kazimierz Biskupi  
capacity: 17.5 MW  
launch: **Q3'23**

→ Miłosław  
capacity: 9.6 MW  
launch: **Q3'23**

→ Człuchów  
capacity: 72.6 MW  
launch: **Q2'24**

→ Przyrów  
capacity: 42 MW  
launch: **Q3'24**

→ Drzeżewo  
capacity: 50.6 MW  
launch: **Q3'24**



## THERMAL WASTE TREATMENT

→ Rybnik  
Letter of intent signed  
launch: **2026**

mid-term strategic goal: **1000MW**



# We are dynamically developing the complete value chain based on green hydrogen

- We have been intensively promoting the NesoBus. Our hydrogen-powered bus, a fully ecological means of transport based on a Polish product, was awarded a medal at the 2022 Transexpo Mass Transport Trade Fair in Kielce. We also presented the NesoBus at the IAA Transportation trade fair in Hanover
- Construction works are underway for the hydrogen bus factory in Świdnik. The planned completion date is Q3'23. The factory will be able to produce over 100 buses per year
- The first electrolyser from Hydrogenics, offering 2.5MW of power, reached Konin and is now being installed. At the same time, we are in the process of finalizing the purchase of another electrolyser
- We have concluded an agreement with NEL Hydrogen Denmark for the supply of equipment for seven hydrogen refueling stations. We have obtained the necessary permits and construction work is underway on the first public hydrogen refueling station in Warsaw





**Introducing hydrogen contributes significantly to the implementation of the global goal: Zero Emissions Economy by 2050**



# Financial results

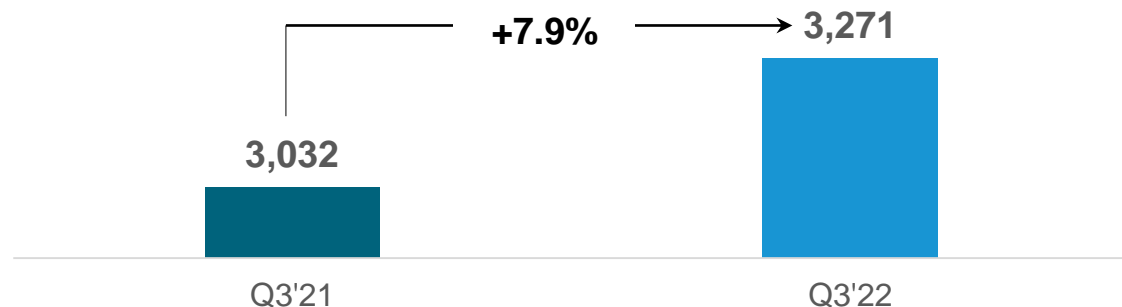
Katarzyna Ostap-Tomann  
*CFO, Cyfrowy Polsat*



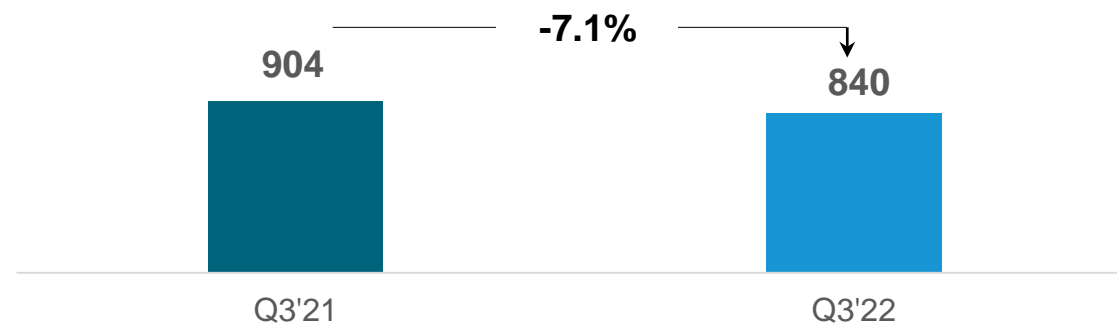


# Results of the Group in Q3'22

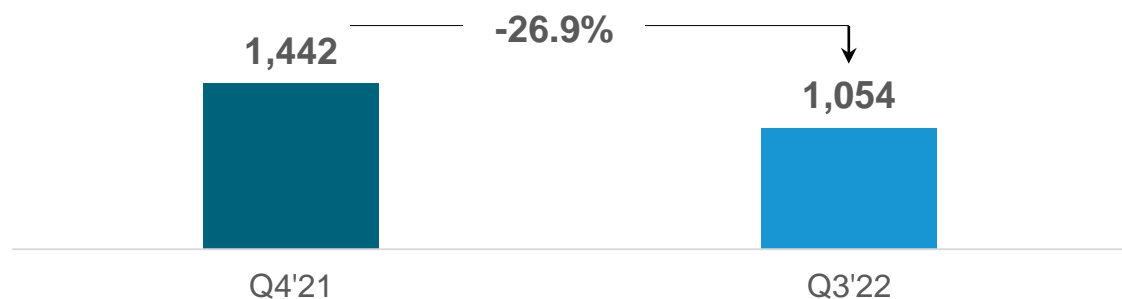
## Revenue



## Adjusted EBITDA<sup>1</sup>



## LTM FCF



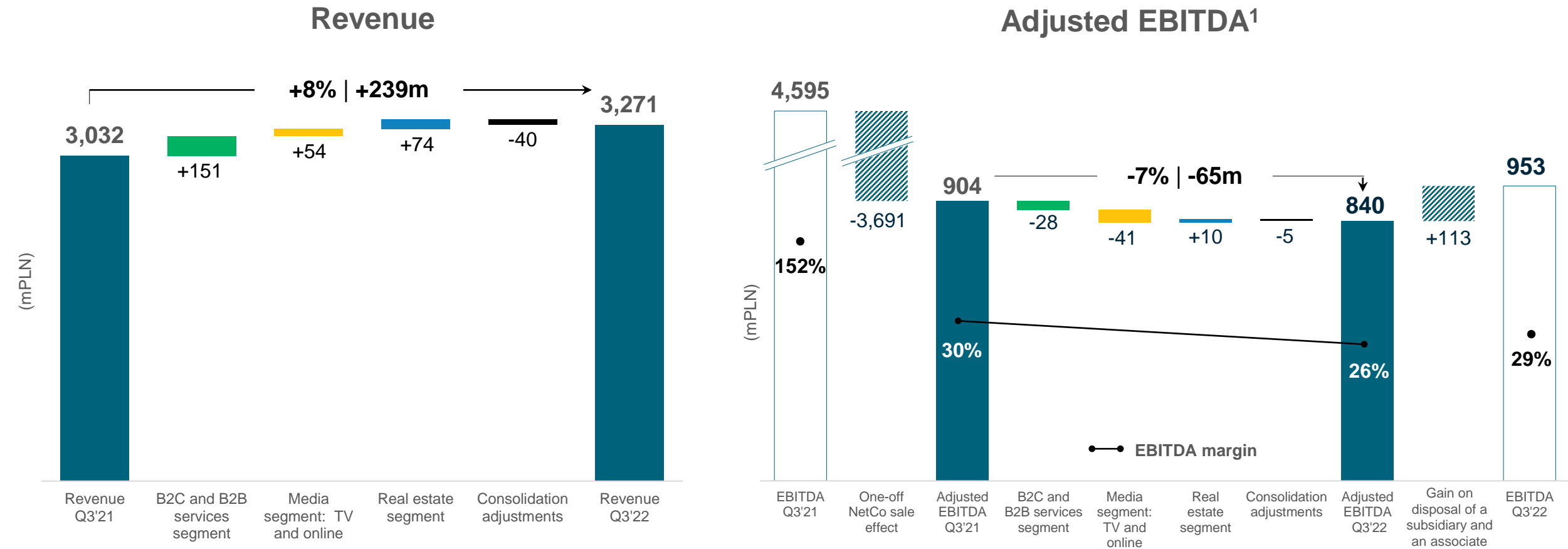
## Net debt/EBITDA LTM



Source: Consolidated financial statements for the 9-month period ended 30 September 2022 and internal analyses

(1) EBITDA excl. gain on disposal of a subsidiary and an associate (PLN 3,690.8m in Q3'21 and PLN 113.4m in Q3'22)

# Revenue and EBITDA – change drivers



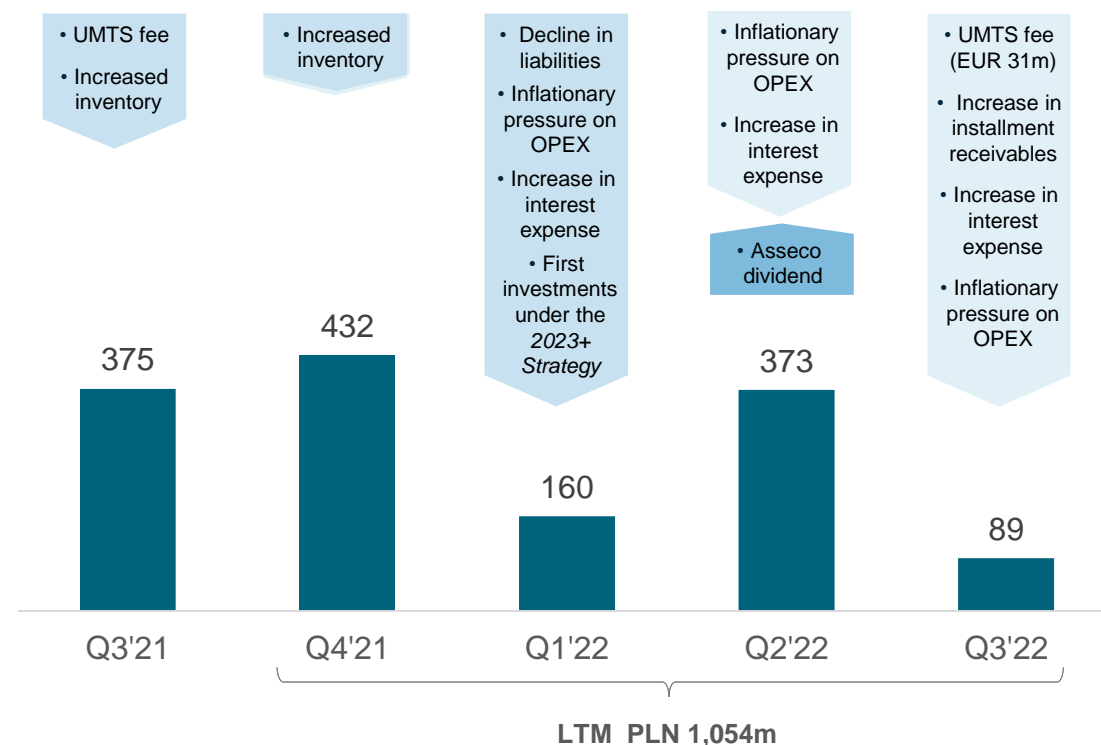
Source: Consolidated financial statements for the 9-month period ended 30 September 2022 and internal analyses

(1) EBITDA excl. gain on disposal of a subsidiary and an associate (PLN 3,690.8m in Q3'21 and PLN 113.4m in Q3'22)

# CF reflects the prioritization of our investments and the preparation of cash resources for further investments

mPLN	Q3'22	9M'22
Net cash from operating activities	644	1,090
Net cash from/used in investing activities	280	-1,403
Payment of interest on loans, borrowings, bonds and hedging instrument effect	-129	-315
Payment of lease liabilities and interest	-55	-166
<b>FCF after interest</b>	<b>740</b>	<b>-794</b>
One-time tax on NetCo disposal	-	868
Acquisition projects	9	739
Gain on disposal of a subsidiary and an associate	-643	-643
Net loans granted	-21	405
One-off concession payments	4	12
Costs of supporting Ukraine	-	34
<b>Adjusted FCF after interest</b>	<b>89</b>	<b>621</b>

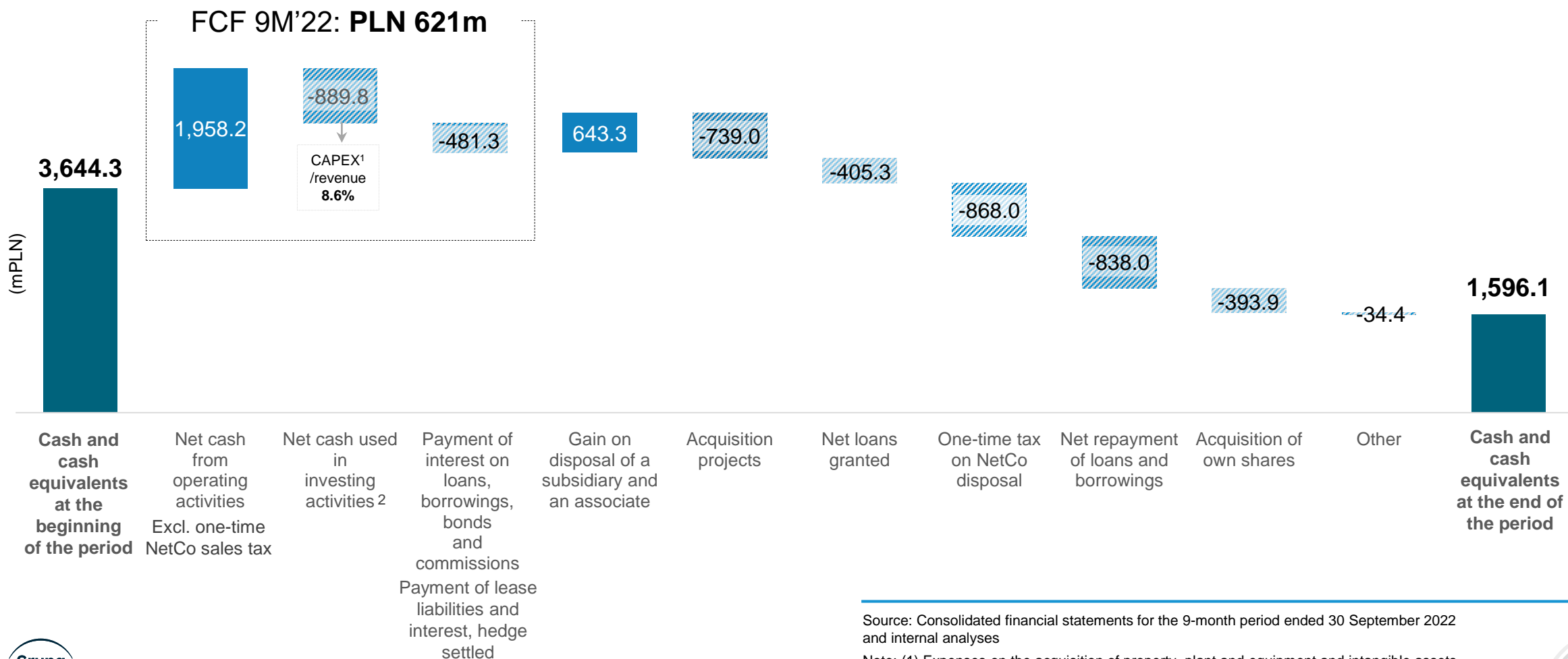
## Adjusted FCF after interest



Source: Consolidated financial statements for the 9-month period ended 30 September 2022 and internal analyses



# CF reflects the prioritization of our investments and the preparation of cash resources for further investments



# The Group's debt

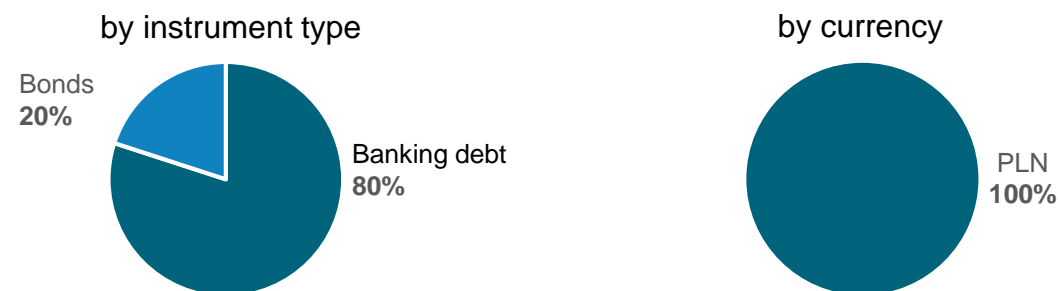
## mPLN

	Carrying amount as at 30 Sep. 2022
SFA (Tranche A and B)	8,201
Revolving Credit Facility (RCF)	-
Bonds	2,070
Leasing and other	525
<b>Gross debt</b>	<b>10,796</b>
Cash and cash equivalents <sup>1</sup>	(1,586)
<b>Net debt</b>	<b>9,210</b>
EBITDA LTM	3,494
<b>Total net debt / EBITDA LTM</b>	<b>2.64x</b>
Weighted average interest cost <sup>2</sup>	8.4%

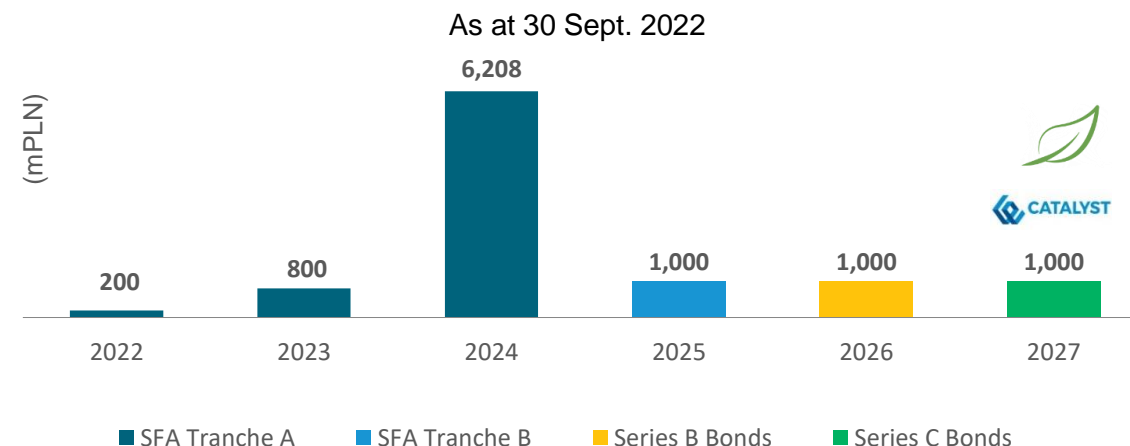
<sup>1</sup> This item comprises cash and cash equivalents.

<sup>2</sup> Prospective average weighted interest cost of the SFA (including the Revolving Credit Facility) and the Series B and Series C Bonds, excluding hedging instruments, as at September 30, 2022 assuming WIBOR 1M of 7.07% and WIBOR 6M of 7.41%.

## Debt structure



## Debt maturing profile



Source: Consolidated financial statements for the 9-month period ended 30 September 2022 and internal analyses

# Summary and Q&A



**Mirosław Błaszczuk**

*President of the Management Board, Cyfrowy Polsat*

# Summary & Q&A

- We are successfully pursuing our multiplay strategy, which translates into very low churn (6.8%) and growing ARPU (71.3 PLN), leading to a stable, recurring growth of retail revenue
- We are dynamically implementing our *Strategy 2023+* in the clean energy segment: we have contracts in place for over 190 MW of power from wind farms
- We are dynamically implementing the 2023+ green hydrogen strategy: we are installing an electrolyser, building the first public hydrogen refueling station and a hydrogen bus factory, and at the same time actively promoting our NesoBus
- Following the acquisition of Port Praski, we signed a cooperation agreement with HB Reavis, the developer of the tallest office building in Europe (Varso)
- Our *Strategy 2023+* blends in with the dynamically evolving economic landscape, the needs of our customers as well as the stable, planned development of our business.





# Additional information



# Results of the segment of B2C and B2B services

mPLN	Q3'22	YoY change
Revenue	2,744	6%
Operating costs <sup>(1)</sup>	1,980	9%
Adjusted EBITDA <sup>2</sup>	758	-4%
Adjusted EBITDA margin <sup>2</sup>	27.6%	-2.7pp

- Successive building of ARPU across all customer segments translates into stable growth of retail revenue. The revenue from sale of equipment has also been growing dynamically
- Inflation pressure and growing electricity prices have been the main factors driving up our operating expenses

Source: Consolidated financial statements for the 9-month period ended 30 September 2022 and internal analyses

Note: (1) Costs excl. depreciation, amortization, impairment and liquidation

(2) Adjusted EBITDA excl. gain on disposal of a subsidiary and an associate (PLN 3,690.8m in Q3'21 and PLN 113.4m in Q3'22)



# Results of the media segment

mPLN	Q3'22	YoY change
Revenue	554	11%
Operating costs <sup>(1)</sup>	475	24%
EBITDA	77	-35%
EBITDA margin	13.9%	-9.7pp

Source: Consolidated financial statements for the 9-month period ended 30 September 2022 and internal analyses

Note: (1) Costs excl. depreciation, amortization, impairment and liquidation

- Revenue under the positive influence of growing advertising revenue, revenue from cable/satellite operators and from sales of licenses, sub-licenses and copyrights
- We view the area of content production area as our competitive edge, therefore we continue to invest in attractive programming, including premium sports, new TV series as well as attractive season scheduling

# Results of the real estate segment

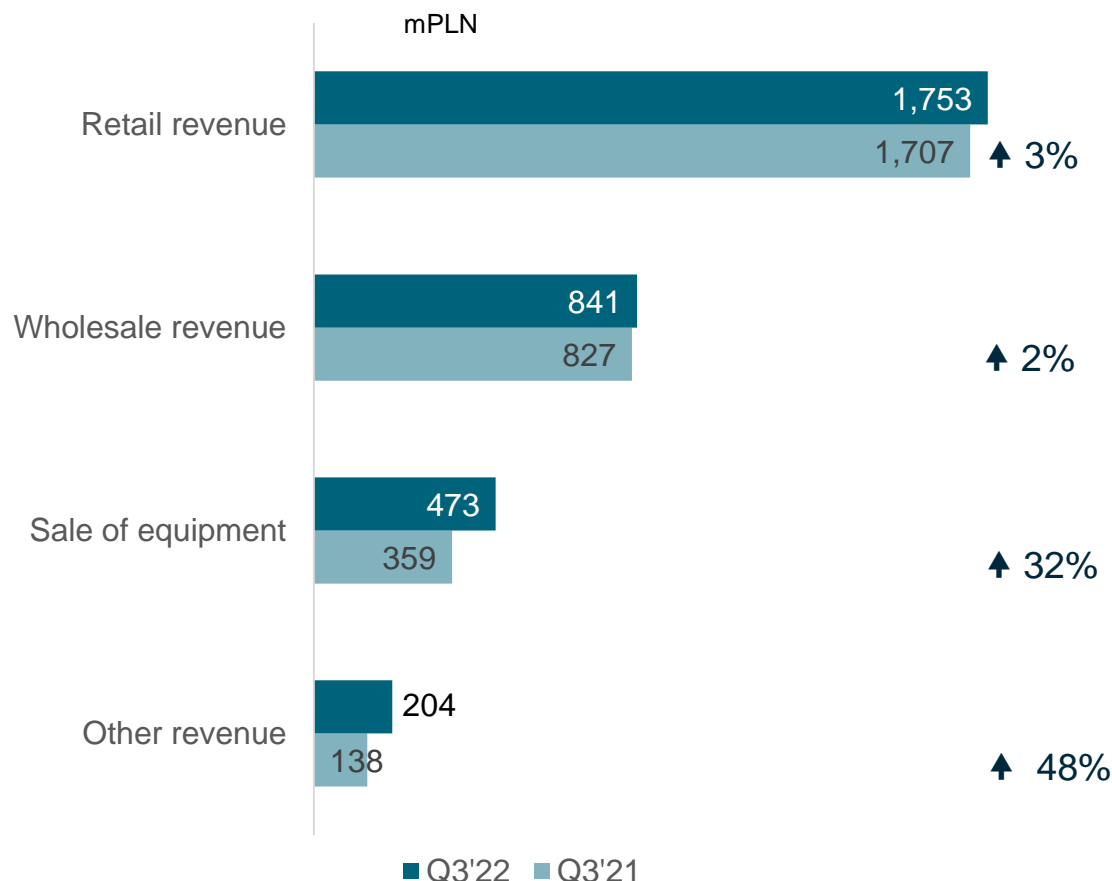
mPLN	Q3'22
Revenue	74
Operating costs <sup>(1)</sup>	64
EBITDA	10
EBITDA margin	14.0%

Source: Consolidated financial statements for the 9-month period ended 30 September 2022 and internal analyses

Note: (1) Costs excl. depreciation, amortization, impairment and liquidation

- The real estate segment mainly focuses on construction projects but it also includes sale, rental and management of own and leased property
- At present, within this segment we have an inventory of apartments that are ready for sale in the Port Praski complex and we are working on construction projects for Polsat Plus Group companies
- Further real estate development projects are planned in the mid-term

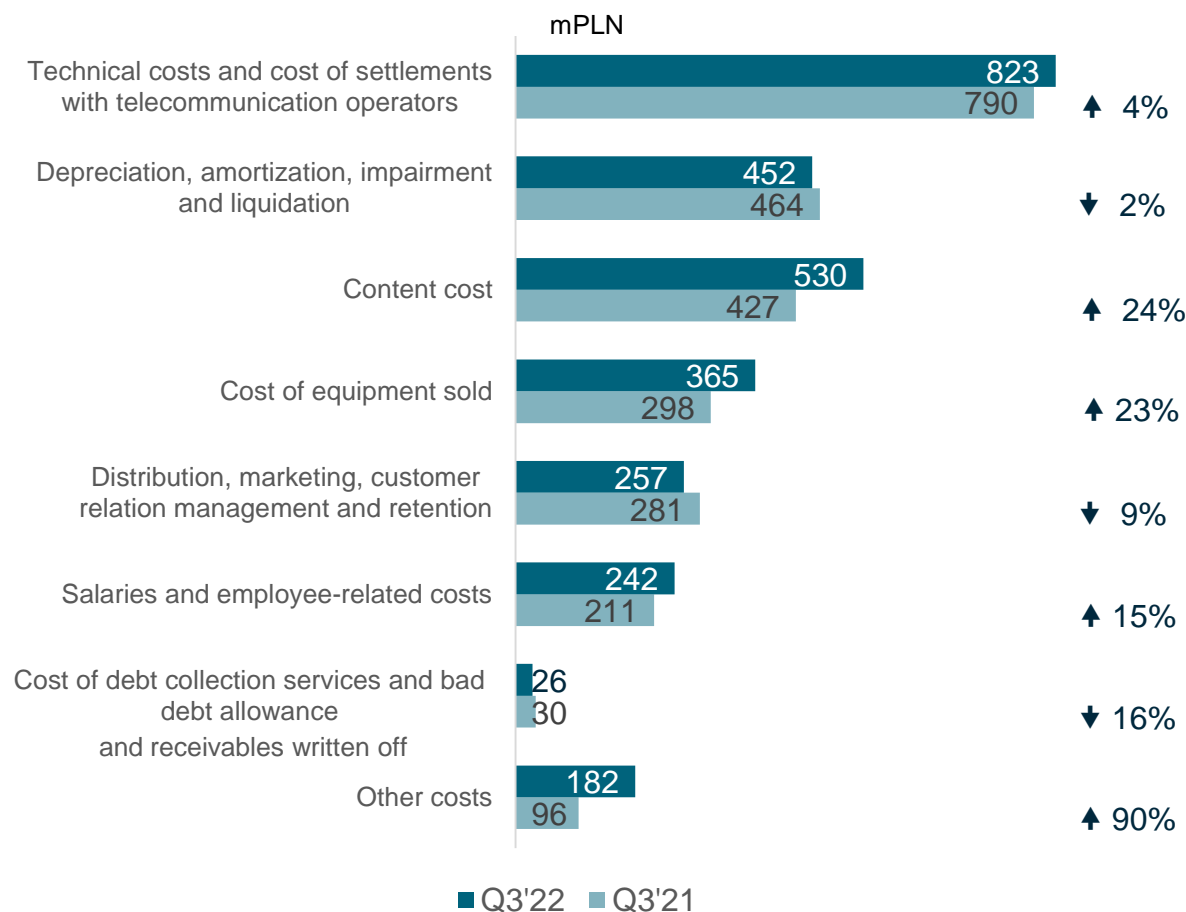
# Revenue structure



- Increase in **retail revenue** 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 B2B customers as well as prepaid customers
- Significantly higher revenue from **sale of equipment**, mainly as a result of greater propensity of customers to choose more expensive smartphone models
- Higher **other revenue** primarily due to higher revenue from the sale and rent of premises, driven mainly by the consolidation of operations of Port Praski and its subsidiaries, and the consolidation of the results of debt collection activities carried out by Vindix group

Source: Consolidated financial statements for the 9-month period ended 30 September 2022 and internal analyses

# Operating costs structure



- Higher **technical costs and cost of settlements with telecommunication operators** mostly due to the recognition of significantly higher electricity costs YoY
- Increase in the **cost of equipment sold** mainly as a result of a higher share of more expensive models of smartphones in the sales mix
- Increase in **content cost** mainly as a result of higher costs of internal production and amortization of sports rights related to TV Polsat's full-scale production of the Men's Volleyball World Championship in Q3'22, which was relocated from Russia to Poland and Slovenia as a function of the geopolitical situation. We also continue to invest in increasing the attractiveness of the programming offer of our TV channels in order to improve the viewer profile.
- Increase in **salaries and employee-related costs** mainly due to the consolidation of companies acquired during the last 12 months and continuing inflationary pressure
- Increase in other cost mainly due to the recognition in Q3'22 of higher costs of apartments sold and higher property maintenance costs, primarily associated with the consolidation of Port Praski and its subsidiaries. In addition, this cost item was impacted by higher electricity costs and the recognition of a tax on civil law transactions in connection with the acquisition of shares in Port Praski

Source: Consolidated financial statements for the 9-month period ended 30 September 2022 and internal analyses

# Glossary

## **RGU (Revenue Generating Unit)**

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.

## **Customer**

A natural person, legal entity or an organizational unit without legal personality who has at least one active service provided in the contract model. A customer is identified by a unique national identification number (PESEL), tax identification number (NIP) or national business registry number (REGON).

## **ARPU per B2C/B2B customer**

Average monthly revenue per customer generated in a given settlement period.

## **ARPU per prepaid RGU**

Average monthly revenue per prepaid RGU generated in a given settlement period.

## **Churn**

Termination of the contract with a 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 services 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.

## **Usage definition (90-day for prepaid RGU)**

Number of reported RGUs of prepaid services of mobile telephony and Internet access refers to the number of SIM cards which received or answered calls, sent or received SMS/MMS or used data transmission services within the last 90 days.

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