

Financial results of Polsat Plus Group in Q2'24

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.

PLNm	Q2'24	YoY change	Market consensus ¹⁾	Difference
Revenue, incl.:	3,454	5.0%	3,488	-1.0%
- Retail revenue	1,784	2.9%		
- Wholesale revenue	848	-1.3%		
- Sale of equipment	433	-10.5%		
- Energy revenue	249	-		
- Other revenue	140	-34.1%		
Operating costs, incl.:	3,086	4.8%		
- Technical costs and cost of settlements with telecommunication operators	820	-0.5%		
- Depreciation, amortization, impairment and liquidation	456	-2.8%		
- Cost of equipment sold	334	-13.1%		
- Content costs	555	4.9%		
- Cost of energy sold, includes	194	n/a		
- Depreciation	12	n/a		
- Distribution, marketing, customer relation management and retention costs	256	3.3%		
- Salaries and employee-related costs	296	7.8%		
- Cost of debt collection services and bad debt allowance and receivables written off	28	-12.6%		
- Other costs, includes	146	-20.5%		
- Depreciation	1	n/a		
EBITDA excl. disposal of asset²⁾	844	5.7%	816	3.4%
<i>EBITDA margin excl. disposal of asset²⁾</i>	<i>24.4%</i>	<i>0.1pp</i>	<i>23.4%</i>	<i>1.0 pp</i>
EBITDA	865	8.3%	836	3.5%
<i>EBITDA margin</i>	<i>25.0%</i>	<i>0.7pp</i>	<i>24.0%</i>	<i>1.1 pp</i>
EBIT	396	20.1%	359	10.3%
Net profit	176	>100%	120	46.3%

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

² EBITDA excluding in Q2'24 proceeds from the disposal of the second part of the IPv4 address package for PLN 21 million net of transaction costs

- **Polsat Plus Group's revenue** amounted to **PLN 3,454m (+5.0% YoY)**. Excluding the impact of consolidation of PAK-PCE Group, the Group's revenue amounted to PLN 3,206m (-2.5% YoY). The level of total revenue was mainly influenced by:
 - Recognition of **energy revenue** of **PLN 249m**, 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. Consolidated revenue from the sale of own energy amounted to PLN 72m, and revenue from energy resale amounted to PLN 161m;
 - Higher **retail revenue (+2.9% YoY)**, driven by the successful execution of the multiplay strategy and value creation in contract B2C and B2B customers;
 - Lower **sale of equipment (-10.5% YoY)** mainly due to high sales volumes in the comparative period. At the same time, the margin on equipment sales remains high and stable due to the high share of higher-priced handsets in the sales mix;
 - Lower **other revenue (-34.1% YoY)** mainly as a result of lower revenue from operations related to photovoltaic installations, which was related to the deployment of the Cambria photovoltaic farm during the comparative period.
- **Polsat Plus Group's costs** amounted to **PLN 3,086m (+4.8% YoY)**. Excluding the impact of the consolidation of PAK-PCE Group, operating costs amounted to PLN 2,889m (-1.9% YoY). Their level was mainly influenced by the following factors:
 - Recognition of the **cost of energy sold** in the amount of **PLN 194m**;
 - Increase in **salaries and employee-related costs (+7.8% YoY)** mainly due to a higher headcount and persisting inflationary pressure;
 - Lower **cost of equipment sold (-13.1% YoY)**, which reflected lower sales volumes of equipment in the reported quarter and corresponds with lower revenue from the sale of equipment;
 - Decrease in **other costs (-20.5% YoY)** primarily as a result of the recognition of lower costs of operations related to photovoltaic installations.
- **EBITDA excl. the disposal of assets³⁾**, amounted to **PLN 844m (+5.7% YoY)**, with a margin of **24.4%**. The main reason of growth was the contribution of the green energy segment at a level of PLN 71.4 million.
- **Reported EBITDA** amounted to 865m **(+8.3% YoY)**.
- **EBIT** amounted to **PLN 396m**.
- **Finance costs, net** decreased by **PLN 34m YoY (-11.2% YoY)** primarily due to a lower cost of servicing the Group's debt following the reduction of interest rates in Poland in Q3'23 as well as the execution and positive valuation of hedging instruments.
- **Net profit** of the Group amounted to **PLN 176m (+PLN 167m YoY)**.
- **Adjusted FCF LTM after interest, excl. green energy capex** amounted to **PLN 436m (+30.5% vs. FY'23)** in Q2'24. The FCF LTM result remains under the influence of high interest expenses.
- In the **TMT⁴ space, CAPEX/revenue** ratio at **5.8%** in Q2'24.
- The main covenant – **net debt/EBITDA LTM** (excl. project financing⁵⁾) at the level of **3.30x**.
- Net debt/EBITDA LTM incl. project financing at the level of **3.59x**.

³ EBITDA excluding in Q2'24 proceeds from the disposal of the second part of the IPv4 address package for PLN 21 million net of transaction costs

⁴ Includes B2C and B2B services and media segments

⁵ 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

B2C and B2B services segment

	Q2'24	Q2'23	YoY change
B2C AND B2B SERVICES SEGMENT¹⁾			
Total number of B2C RGUs (EOP) [thous.], incl.:	13,086	13,083	0.0%
Pay TV	4,749	4,895	-3.0%
Mobile telephony	6,317	6,218	1.6%
Internet	2,020	1,970	2.5%
Number of B2C customers (EOP) [thous.]	5,758	5,848	-1.5%
ARPU per B2C customer [PLN]	75.2	71.8	4.7%
Churn in B2C subsegment	7.5%	7.3%	0.2 p.p.
RGU saturation per one B2C customer	2.27	2.24	1.3%
PREPAID SERVICES			
Total number of RGUs (EOP) [thous.], incl.:	2,609	2,656	-1.8%
Pay TV	112	79	41.8%
Mobile telephony	2,473	2,548	-2.9%
Internet	24	29	-17.2%
ARPU per prepaid RGU[PLN]	18.0	17.8	1.1%
CONTRACT SERVICES FOR B2B CUSTOMERS			
Total number of B2B customers (EOP) [thous.]	68.5	69.0	-0.7%
ARPU per B2B customer [PLN]	1,485	1,463	1.5%
FINANCIAL RESULTS [PLNm]			
Revenue	2,609	2,700	-3.3%
EBITDA excl. disposal of assets²⁾	625	635	-1.5%
CAPEX	175	198	-11.4%

¹⁾ excl. low-margin Polsat Box Go Start package

²⁾ EBITDA excluding in Q2'24 proceeds from the disposal of the second part of the IPv4 address package for PLN 21 million net of transaction costs

Contract services for B2C customers:

- **B2C contract customer base at 5,758K (-1.5 % 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.
- **ARPU per B2C contract customer at PLN 75.2 (+4.7% YoY)**, thanks to upselling and cross-selling additional products and services to our customer base as part of our multiplay offer and offering richer TV and telecom packages (more-for-more strategy).
- Stable level of total **B2C contract services base at 13,086K.**
 - The number of **mobile telephony RGUs** increased by 99K (+1.6%) YoY to 6,317K;
 - The number of **Internet RGUs** amounted to 2,020K, recording an increase of 50K (+2.5%) YoY;
 - **Pay-TV services** amounted to 4,749K and recorded a decrease of 146K (-3.0% YoY), mainly as a result of a lower number of provided satellite TV services and the price repositioning and change in the strategy of offering our video online services. This decrease was partially compensated by an increasing number of TV services offered in online technologies (IPTV/OTT).

- **2.48m customers**, i.e. 43% of the total base, use our **multiplay offering** and have a total of 7,521K services (+129K YoY).

Prepaid services:

- The **prepaid RGU base⁶⁾** amounted to **2,609K**, recording a decrease of 47K YoY (**-1.8%**). The main reasons for the decline were:
 - number of prepaid mobile services lower by 75K , due to intensified competition in this market segment;
 - 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.
- **Prepaid ARPU⁶⁾** amounted to **PLN 18.0 (+1.1% YoY)**.

Contract services for B2B customers:

- Stable **contract B2B customers** base at **68.5K** (-0.7% YoY).
- **ARPU per B2B customer** increased to **PLN 1,485** per month (**+1.5% YoY**).

⁶⁾ excl. low-margin Polsat Box Go Start package

Media segment: television and online

	Q2'24	Q2'23	YoY change
TELEVISION			
Audience share¹⁾, including:	22.04%	21.96%	0.08 p.p.
POLSAT (main channel)	7.05%	7.76%	-0.71 p.p.
Other channels	14.99%	14.20%	0.79 p.p.
Advertising market share²⁾	28.1%	28.3%	-0.2 p.p.
Market expenditures on TV advertising and sponsorship ³⁾ [mPLN]	1,286	1,216	5.7%
Revenue from advertising and sponsorship of TV Polsat Group⁴⁾ [mPLN]	361	345	4.8%
ONLINE: POLSAT-INTERIA GROUP⁵⁾			
Average monthly number of users [millions]	20.4	21.0	-2.9%
Average monthly number of page views [millions]	1,808	1,901	-4.9%
FINANCIAL RESULTS [PLNm]			
Revenue	663	560	3.8%
EBITDA	145	157	-7.3%
CAPEX	14	9	51.1%

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, preliminary data, spot advertising and sponsorship

⁴ Revenue from TV advertising and sponsorship of TV Polsat Group' channels

⁵ Mediapanel Gemius/PBI, number of users – real users (RU) indicator, number of page views – views indicator

Television

- **Revenue from advertising and sponsorship** of TV Polsat Group in Q2'24 **increased by 4.8% YoY**, to PLN 361m, while the TV advertising market recorded a 5.7% increase.
- As a result, our share in the TV advertising and sponsorship market was **28.1%** compared to 28.3% in Q2'23.
- We expect the TV advertising and sponsorship market to grow at a mid-single digit rate in 2024.
- EBITDA of the media segment under pressure from higher operating costs, in particular costs of internal production, distribution, marketing, customer service and retention costs, and salary costs.

Green energy segment

	Q2'24	Q2'23	YoY change
Total electricity generation (GWh), of which:	222.0	145.1	53.0%
Biomass	124.2	117.8	5.4%
Photovoltaics	33.3	27.3	22.0%
Wind farms	64.5	-	n/a
Average price of sales of energy produced¹⁾ [PLN/MWh]	564.2	n/a	n/a

FINANCIAL RESULTS [PLNm]			
Revenue, incl.:	342	n/a	n/a
sale of own electricity	125	n/a	n/a
energy resale	169	n/a	n/a
EBITDA	71	n/a	n/a
CAPEX	168	n/a	n/a

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 **222.0 GWh**, incl.:
 - 124.2 GWh from biomass,
 - 33.3 GWh from photovoltaics,
 - 64.5 GWh from wind farms.
- **Average price of sales** of energy produced was **PLN 564.2/MWh** in Q2'24.

APPENDIX

Financial results of the Polsat Plus Group's business segments

Q2'24 [PLN million]	B2C and B2B services	Media: TV and online	Real estate	Green energy	Consolidation adjustments	Total
Revenue	2,609	663	34	324	-176	3,454
<i>YoY change</i>	<i>-3%</i>	<i>4%</i>	<i>-13%</i>	<i>n/a</i>	<i>-</i>	<i>5%</i>
Operating costs¹⁾	1,986	522	31	279	-188	2,630
<i>YoY change</i>	<i>-3%</i>	<i>8%</i>	<i>-11%</i>	<i>n/a</i>	<i>-</i>	<i>6%</i>
EBITDA excl. disposal of assets²⁾	625	145	2	71	-	844
<i>YoY change</i>	<i>-2%</i>	<i>-7%</i>	<i>-65%</i>	<i>n/a</i>	<i>-</i>	<i>6%</i>
EBITDA margin excl. disposal of assets ²⁾	24.0%	21.9%	6.2%	22.0%	-	24.4%
<i>YoY change</i>	<i>0.4pp</i>	<i>-2.6pp</i>	<i>-9.2pp</i>	<i>n/a</i>	<i>-</i>	<i>0.1pp</i>
EBITDA	646	145	2	71	-	865
<i>YoY change</i>	<i>2%</i>	<i>-7%</i>	<i>-65%</i>	<i>n/a</i>	<i>-</i>	<i>8%</i>
EBITDA margin	24,8%	21.9%	6.2%	22.0%	-	25.0%
<i>YoY change</i>	<i>1.2pp</i>	<i>-2.6pp</i>	<i>-9.2pp</i>	<i>n/a</i>	<i>-</i>	<i>0.7pp</i>
CAPEX	175	14	1	168	-	358

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

² EBITDA excluding in Q2'24 proceeds from the disposal of the second part of the IPv4 address package for PLN 21 million net of transaction costs