

- In Q3'20 Polsat Group's revenue amounted to **PLN 3,004m** and increased YoY by 3.8%. The increase was mainly influenced by the following factors:
 - Stabilization of **retail revenues**, achieved despite COVID-19-related strong negative pressure on revenues generated from calls made by our customers when roaming and structural pressure on revenues from fixed-line telephony offered by Netia.
 - Higher **wholesale revenues** as a result of an increase in advertising revenue, associated mainly with the consolidation of Interia Group results from July 2020, further supported by substantially higher interconnect revenue, resulting from the growth of voice traffic volumes during the COVID-19 epidemic, as well as by higher revenue from the sales of channels to cable and satellite operators.
 - Increase in revenue from **sale of equipment**. In Q3'20 the sale of equipment continued its high momentum thanks to, among others, our efforts during the COVID-19 epidemic lockdown to replace direct forms of sales with remote channels and the substantial intensification of direct sales starting from May 2020 when part of our physical sales network re-opened after the lockdown.
 - The increase in **other revenue** due to the consolidation of revenues of Esoleo, a company selling photovoltaic installations, and higher revenue from interest on installment plan sales of equipment to residential customers.
- In Q3'20 Polsat Group's costs amounted to **PLN 2,495m** and increased YoY by 2.4%. Their level was mainly influenced by the following factors:
 - Higher **technical costs and cost of settlements with telecommunication operators** mainly from higher interconnect costs on higher volumes of outgoing traffic, which was associated with the coronavirus epidemic.
 - Lower **content cost** was mostly the result of lower costs of internal production and amortization of sport rights, which was a direct consequence of our prudent approach towards cost management in light of the uncertainty caused by the coronavirus epidemic. Moreover, in Q3'19 this item included, among others, costs of broadcasting a number of top volleyball tournaments.
 - Higher **costs of equipment sold** corresponds with higher revenue from the sale of equipment.
 - Higher **other costs** mainly as a result of the recognition of costs associated with the acquisition of Interia Group, in particular the civil law transaction tax (PCC), costs related to operations on the photovoltaic market and additional costs due to the adjustment in the Group's operations to conditions imposed by the state of epidemic.
- Revenue from advertising and sponsorship of TV Polsat Group increased by 0.9% YoY in Q3'20, to PLN 252m, while the whole market recorded a 2.2% drop. As a result, our share in the TV advertising and sponsorship market increased to 29.0%.
- Adjusted EBITDA¹ of Polsat Group amounted to **PLN 1,082m** and recorded a YoY increase of 6.0%, with EBITDA margin of **36.0%**. EBITDA of Polsat Group including one-off costs related to COVID-19 amounted to **PLN 1.079m**, with EBITDA margin of **35.9%**.
- EBIT of Polsat Group amounted to **PLN 506m** and increased YoY by 10.2%.
- Finance costs, net decreased by 32.0% YoY to the level of PLN 67m. This decrease was caused mainly by lower costs of interest following the reduction of interest rates by the National Bank of Poland during 2020 by 140 bps in total.
- Net profit of the Group increased by 45.9% YoY to **PLN 345m**.
- Adjusted FCF after interest amounted to **PLN 299m** in Q3'20 (**PLN 1,366m** in the twelve-month period, showing a 2.4% decrease compared to Q4'19). The level of FCF resulted from EBITDA growth, a reduction in equipment inventories for customers and the paid UMTS fee.
- The main bank covenant – net debt/EBITDA LTM remained at **2.85x** in Q3'20 despite the full settlement of the Interia acquisition.

¹ EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 3.3m

- Key performance indicators in Q3'20 (excl. consolidation of Netia Group's results):
 - Total number of RGUs at the level of **17,840K**, 85.0% of which are RGUs provided in the contract model,
 - Contract customer base totaled **5,570K**:
 - Contract ARPU amounted to **PLN 86.9** in Q3'20, **growing YoY by 2.5%** compared to PLN 84.8 in Q3'19,
 - RGU saturation of **2.72** per customer with an upward trend,
 - The churn ratio decreased to a record low level of **6.1%** per annum.
 - Growth of the total base of contract services by **581K** YoY (4.0%):
 - Increase by **615K** (7.9%) YoY of mobile telephony RGUs thanks to the successful implementation of our strategy of cross-selling and focusing on customer satisfaction, as well as by high demand among business customers for m2m services,
 - Pay TV RGUs (excl. the growing number of Netia's RGUs) decreased by **23K** (0.5%) YoY, which was mainly due to a lower number of provided satellite TV services.
 - Internet RGUs decreased by **11K** (0.6%) YoY. The decrease is associated, among others, with the gradual saturation of the market with dedicated mobile Internet access services and constantly growing popularity of data transmission in mobile telephony tariff plans (smartphones), which competes with dedicated mobile Internet access services.
 - 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 100K YoY,
 - The total number of customers using bundled offers reached the level of 2.05m at the end of Q3'20,
 - The share of customers using multiplay packages reached 36.8%,
 - The number of RGUs owned by customers of bundled services increased to 6,28m,
 - Record low churn (6.1%), mainly thanks to our multiplay strategy.
 - Fast rebuilding of the scale of provided prepaid services:
 - Good sales of voice services following the lockdown as well as high interest in VOD services translate into stabilization of the prepaid base,
 - Growing ARPU (3.4% YoY), which among others is driven by a higher number of voice calls, which translates into higher interconnect settlements.

Financial results of Cyfrowy Polsat Group

| in mPLN | Q3'20 | YoY change | Market consensus ² | Difference |
|---|--------------|------------|-------------------------------|-------------|
| Revenue, incl.: | 3,004 | 4% | 2,965 | 1.3% |
| - Retail revenue | 1,624 | 0% | n/a | n/a |
| - Wholesale revenue | 857 | 8% | n/a | n/a |
| - Sale of equipment | 434 | 5% | n/a | n/a |
| - Other revenue | 89 | 26% | n/a | n/a |
| Operating costs, incl.: | 2,495 | 2% | n/a | n/a |
| - Technical costs and cost of settlements with telecommunication operators | 609 | 6% | n/a | n/a |
| - Depreciation, amortization, impairment and liquidation | 573 | 2% | n/a | n/a |
| - Cost of equipment sold | 362 | 6% | n/a | n/a |
| - Content costs | 397 | -6% | n/a | n/a |
| - Distribution, marketing, customer relation management and retention costs | 247 | -4% | n/a | n/a |
| - Salaries and employee-related costs | 208 | 4% | n/a | n/a |
| - Cost of debt collection services and bad debt allowance and receivables written off | 23 | 15% | n/a | n/a |
| - Other costs | 76 | 23% | n/a | n/a |
| Adjusted EBITDA³ | 1,082 | 6% | n/a | n/a |
| <i>Adjusted EBITDA margin</i> | 36.0% | 0.7pp | n/a | n/a |
| EBITDA | 1,079 | 6% | 1,040 | 3.8% |
| <i>EBITDA margin</i> | 35.9% | 0.6pp | 35.1% | 0.8pp |
| EBIT | 506 | 10% | 475 | 6.5% |
| Net profit | 345 | 46% | 302 | 14.2% |

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

³ EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 3.3m

B2C and B2B services segment⁴

| | Q3 | | |
|--|---------------|---------------|---------------|
| | 2020 | 2019 | YoY change |
| Total number of RGUs (EOP) [thous.] (contract + prepaid) | 17,840 | 17,267 | 3.3% |
| CONTRACT SERVICES | | | |
| Total number of RGUs (EOP) [thous.], including: | 15,169 | 14,588 | 4.0% |
| Pay TV, including: | 5,010 | 5,033 | (0.5%) |
| <i>Multiroom</i> | 1,201 | 1,181 | 1.7% |
| Mobile telephony | 8,367 | 7,752 | 7.9% |
| Internet | 1,792 | 1,802 | (0.6%) |
| Number of customers (EOP) [thous.] | 5,570 | 5,644 | (1.3%) |
| ARPU per customer [PLN] | 86.9 | 84.8 | 2.5% |
| Churn | 6.1% | 6.8% | (0.7 p.p.) |
| RGU saturation per customer | 2.72 | 2.58 | 5.4% |
| PREPAID SERVICES | | | |
| Total number of RGUs (EOP) [thous.], including: | 2,671 | 2,679 | (0.3%) |
| Pay TV | 158 | 143 | 10.6% |
| Mobile telephony | 2,449 | 2,443 | 0.2% |
| Internet | 64 | 93 | (31.0%) |
| ARPU per prepaid RGU [PLN] | 21.5 | 20.8 | 3.4% |

- **The total number of services** provided by the Group both in the contract and prepaid models increased YoY by 3.3% to 17,840K.
- At the end of Q3'20 the share of contract services in the total number of provided services was 85.0%. This ratio increased YoY from 84.5%.
- **Contract services:**
 - The total number of customers to whom we provided contract services amounted to 5,570K as at the end of Q3'20, which constitutes a decrease by 1.3% 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 5.4% YoY).
 - The number of contract services provided by us increased by 581K, that is by 4.0% YoY, to 15,169K as at the end of Q3'20.
 - The number of pay TV services provided in the contract model amounted to 5,010K as at the end of Q3'20 and decreased by 0.5% YoY, which was mainly due to a lower number of provided satellite TV services.

⁴ 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 615K YoY (+7.9%), reaching the level of 8,367K as at the end of Q3'20. This growth was driven by the successful implementation of our strategy of cross-selling and focusing on customer satisfaction, which translated into a low churn ratio, as well as by high demand among business customers for m2m services.
 - The number of mobile broadband services amounted to 1,792K RGUs as at the end of Q3'20 and decreased by 11K, or 0.6% YoY. The decrease is associated, among others, with the gradual saturation of the market with dedicated mobile Internet access services and constantly growing popularity of data transmission in mobile telephony tariff plans (smartphones), which competes with dedicated mobile Internet access services.
 - 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 Q3'20, average revenue per contract customer increased by 2.5% YoY to PLN 86.9.
 - Our churn rate amounted to 6.1% in the twelve-month period ended September 30, 2020, decreasing by 0.7 p.p. as compared to 6.8% in the twelve-month period ended September 30, 2019. An additional factor contributing to the decrease in churn was the temporary closure of part of our direct sales network during the first wave of the coronavirus epidemic (from March to May 2020). In addition, lower churn was primarily due to the high level of loyalty of our customers of bundled services resulting from the successful implementation of our multiplay strategy as well as our actions aimed at fostering high customer satisfaction and loyalty.
 - 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 Q3'20 already 2,048K customers were using our bundled services, which constitutes an increase of 100K customers, or 5.1%, YoY. This means that the saturation of our contract customer base with multiplay services was at the level of 36.8% at the end of Q3'20. This group of customers had a total of 6,280K RGUs, that is by 394K, or 6.7%, more than in Q3'19.
- **Prepaid services**
 - The number of prepaid services provided by us as at the end of Q3'20 was stable YoY and amounted to 2,671K.
 - In Q3'20, average revenue per prepaid RGU (prepaid ARPU) increased by 3.4% YoY to PLN 21.5.

Media segment: television and online

| | Q3 | | |
|---|---------------|---------------|---------------|
| | 2020 | 2019 | YoY change |
| Audience share⁽¹⁾, including: | 24.61% | 24.82% | (0.21) |
| POLSAT (main channel) | 9.38% | 10.99% | (1.61) |
| Other channels | 15.23% | 13.84% | 1.39 |
| Advertising market share⁽²⁾ | 29.0% | 28.1% | 0,9 |
| Market expenditures on TV advertising and sponsorship⁽³⁾ (mPLN) | 869 | 888 | (2.2%) |
| Revenue from advertising and sponsorship of TV Polsat Group⁽⁴⁾ (mPLN) | 252 | 250 | 0.9% |

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's main channel is the unquestioned viewership leader in the commercial group.
- Revenue from advertising and sponsorship of TV Polsat Group increased by 0.9% YoY in Q3'20, to PLN 252m, while the whole market recorded a 2.2% drop. As a result, our share in the TV advertising and sponsorship market increased to 29.0%.
- Despite the turbulences that the entire advertising market went through in Q2'20, we see grounds to expect a clear stabilization of revenues from TV advertising and sponsorship in the second half of this year. These revenues should stabilize around the levels from the corresponding period in 2019, with the last months of this year depending on the development of the situation related to the COVID-19 epidemic. Thus, in full-year terms the decline in the value of the Polish TV advertising and sponsorship market could be limited to the level of around -10%-12% YoY.