

- In Q4'20 Polsat Group's revenue amounted to **PLN 3,248m** and increased YoY by 5.8%. This increase was driven mainly by the following factors:
 - Increase in **retail revenue** mainly as a result of the successful execution of our strategy aimed at building customer value, which has been reflected in growth of ARPU from both contract and prepaid customers.
 - Higher **wholesale revenue** as a result of an increase in advertising revenue, associated mainly with the consolidation of Interia Group results from July 2020 and higher revenue from TV advertising and sponsoring, 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 **other revenue** mostly due to the consolidation of revenues of Esoleo, our subsidiary that sells photovoltaic installations to individual customers and to the B2B sector.
 - Decrease in revenue from **sale of equipment** due to lower volumes of equipment sold, which was caused by the implementation of administrative restrictions on trade in November and December 2020 due to the COVID-19 epidemic.
- In Q4'20 Polsat Group's costs amounted to **PLN 2,731m** and increased YoY by 5.3%. Their level was mainly influenced by the following factors:
 - Higher **technical costs and cost of settlements with telecommunication operators** mainly from higher interconnect costs related to higher volumes of outgoing traffic, which was associated with the COVID-19 epidemic.
 - Higher **depreciation, amortization, impairment and liquidation costs** mainly due to intensified capital expenditures in 2019 and 2020, as well as impairment provisions on fixed assets under construction in Q4'20.
 - Increase in **content cost** due to a greater number of broadcast sports events YoY, which translated into higher costs of programming licenses and, in parallel, was reflected favorably in the scale of our revenue. Moreover, we have intensified expenses on internal production and amortization of sports and film rights in order to boost attractiveness of our autumn program scheduling.
 - Lower **distribution, marketing, customer relation management and retention costs** as a result of, among others, less intensive marketing campaigns. Moreover, in the fourth quarter of 2020 we reclassified costs related to the sale of photovoltaic installations to the "Other costs" line.
 - Higher **other costs** mainly as a result of the reclassification and recognition of costs associated with the operations on the photovoltaic market as well as higher legal, advisory and consulting costs related to special projects executed by us and higher cost of film licences sold.
- Revenue from advertising and sponsorship of TV Polsat Group increased by 4.5% YoY in Q4'20, to PLN 396m, while the whole market recorded a 2.4% increase. As a result, our share in the TV advertising and sponsorship market increased to 29.2%.
- Adjusted EBITDA¹ of Polsat Group amounted to **PLN 1,127m** and recorded a YoY increase of 6.2%, with EBITDA margin of **34.7%**. EBITDA of Polsat Group including one-off costs related to COVID-19 amounted to PLN 1.126m, with EBITDA margin of 34.7%.
- EBIT of Polsat Group amounted to **PLN 524m** and increased YoY by 6.0%.
- Finance costs, net decreased by 31.9% YoY to the level of PLN 65m. 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 4.7% YoY to **PLN 327m**. The level of net profit in Q4'20 was influenced, i.a. by completion of the purchase price allocation process concerning the 22.95% shareholding in Assecco Poland and the recognition of 12-month cumulated appreciation of the assessed intangible assets, which was partly offset by the recognition of a share of Assecco Poland's positive quarterly result.
- Adjusted FCF after interest amounted to **PLN 439m** in Q4'20 (**PLN 1,274m** in the twelve-month period, showing a 4.5% decrease compared to Q4'19). The level of FCF resulted from EBITDA growth as well as capital expenditures incurred on the 5G network.
- The total level of **cash CAPEX** in 2020 reached the level of PLN 1,218m (i.e. 10.2% of the revenue stream), while the **scale of CAPEX in Q4'20 alone was PLN 430m** (13.2% of the quarterly revenue stream). The intensification of CAPEX at EoY is related to the first phase of the rapid deployment of the 5G network.

¹ EBITDA excl. one-off costs related to COVID-19 (incl. donations) in the amount of PLN 1.1m

- As of December 31, 2020, **1,047 2.6 GHz TDD (on-air) systems were active**, through which the 5G signal of Plus network reached approximately 7m inhabitants of Poland.
- The main bank covenant – net debt/EBITDA LTM fell to **2.80x** in Q4'20 despite the fact that in Q4'20 Cyfrowy Polsat paid the **first tranche of dividend** from the profit for 2019 (**PLN 224m**).
- Key performance indicators in Q4'20 (excl. consolidation of Netia Group's results):
 - Total number of RGUs at the level of **17,990K**, 85.4% of which are RGUs provided in the contract model,
 - Contract customer base totaled **5,548K**:
 - Contract ARPU amounted to **PLN 89.9** in Q4'20, **growing YoY by 5.0%** compared to PLN 85.6 in Q4'19. The increase in ARPU resulted from the consistent building of the value of the existing customer base and an increase in revenues from interconnection settlements and high demand for entertainment (PPV) during the COVID-19 epidemic.
 - RGU saturation of **2.77** per customer with an upward trend,
 - Low churn ratio of **6.5%** per annum.
 - Growth of the total base of contract services by **643K** YoY (4.4%):
 - Increase by **640K** (8.1%) YoY of mobile telephony RGUs thanks to the successful implementation of our strategy of cross-selling and focusing on customer satisfaction, which translated into a low churn ratio, as well as thanks to high demand among business customers for m2m services,
 - Pay TV RGUs (excl. the growing number of Netia's RGUs) decreased by **28K** (-0.6%) YoY, which was mainly due to a lower number of provided satellite TV services.
 - Internet RGUs increased by **31K** (1.7%) YoY. The increase was mainly due to higher demand for data transmission in the situation of two lockdowns introduced during 2020 due to the COVID-19 epidemic, and the resulting necessity to work and learn from home.
 - 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 71K YoY,
 - The total number of customers using bundled offers reached the level of 2.07m at the end of Q4'20,
 - The share of customers using multiplay packages reached 37.2%,
 - The number of RGUs owned by customers of bundled services increased to 6,36m,
 - Low churn (6.5%) mainly thanks to our multiplay strategy.
 - Fast rebuilding of the scale of provided prepaid services:
 - Good sales of voice services following the lockdown translate into stabilization of the prepaid base,
 - **Dynamically growing ARPU (7.4% YoY)**, which is driven, among others, by a higher number of voice calls, which translates into higher interconnect settlements, as well as high sales of PPV services.

Financial results of Cyfrowy Polsat Group

in mPLN	Q4'20	YoY change	Market consensus ²	Difference
Revenue, incl.:	3,248	6%	3,169	2.5%
- Retail revenue	1,660	3%	n/a	n/a
- Wholesale revenue	1,044	13%	n/a	n/a
- Sale of equipment	424	-5%	n/a	n/a
- Other revenue	120	50%	n/a	n/a
Operating costs, incl.:	2,731	5%	n/a	n/a
- Technical costs and cost of settlements with telecommunication operators	615	6%	n/a	n/a
- Depreciation, amortization, impairment and liquidation	602	6%	n/a	n/a
- Cost of equipment sold	359	-3%	n/a	n/a
- Content costs	484	6%	n/a	n/a
- Distribution, marketing, customer relation management and retention costs	259	-7%	n/a	n/a
- Salaries and employee-related costs	266	5%	n/a	n/a
- Cost of debt collection services and bad debt allowance and receivables written off	25	-9%	n/a	n/a
- Other costs	120	88%	n/a	n/a
Adjusted EBITDA³	1,127	6%	n/a	n/a
<i>Adjusted EBITDA margin</i>	34.7%	0.1pp	n/a	n/a
EBITDA	1,126	6%	1,104	2.0%
<i>EBITDA margin</i>	34.7%	0.1pp	34.8%	-0.1pp
EBIT	524	6%	531	-1.3%
Net profit ⁴	327	5%	359	-8.9%

² Based on estimates prepared by: Barclays, BM mBanku, Citi, 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 1.1m

⁴ Net profit resulting from the completion of the purchase price allocation process concerning the 22.95% shareholding in Assecco Poland and the recognition of 12-month cumulated appreciation of the assessed intangible assets, which was partly offset by the recognition of a share of Assecco Poland's positive quarterly result.

B2C and B2B services segment⁴

	Q4		
	2020	2019	YoY change
Total number of RGUs (EOP) [thous.] (contract + prepaid)	17,990	17,386	3.5%
CONTRACT SERVICES			
Total number of RGUs (EOP) [thous.], including:	15,372	14,729	4.4%
Pay TV, including:	5,010	5,038	(0.6%)
<i>Multiroom</i>	<i>1,209</i>	<i>1,193</i>	<i>1.3%</i>
Mobile telephony	8,535	7,895	8.1%
Internet	1,827	1,796	1.7%
Number of customers (EOP) [thous.]	5,548	5,638	(1.6%)
ARPU per customer [PLN]	89.9	85.6	5.0%
Churn	6.5%	6.4%	0.1 pp
RGU saturation per customer	2.77	2.61	6.1%
PREPAID SERVICES			
Total number of RGUs (EOP) [thous.], including:	2,618	2,657	(1.5%)
Pay TV	114	161	(29.0%)
Mobile telephony	2,446	2,416	1.2%
Internet	58	80	(28.5%)
ARPU per prepaid RGU [PLN]	21.8	20.3	7.4%

- **The total number of services** provided by the Group both in the contract and prepaid models increased YoY by 3.5% to 17,990K.
- At the end of Q4'20 the share of contract services in the total number of provided services was 85.4%. This ratio increased YoY from 84.7%.
- 5.0% YoY increase in ARPU resulting from the consistent building of the value of the existing customer base and an increase in revenues from interconnection settlements and high demand for entertainment (PPV) during the COVID-19 epidemic.
- **Contract services:**
 - The total number of customers to whom we provided contract services amounted to 5,548K at the end of Q4'20 (-1.6% 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 6.1% YoY).

⁴ KPIs of the B2C and B2B services segment do not take into account the consolidation of Netia Group's results.

- The number of contract services provided by us increased by 643K (+4.4%) YoY, to 15,372K as at the end of Q4'20.
 - The number of pay TV services provided in the contract model amounted to 5,010K as at the end of Q4'20 and decreased by 0.6% YoY, which was mainly due to a lower number of provided satellite TV services.
 - The number of provided mobile telephony services in the contract model increased by 640K YoY (+8.1%), reaching the level of 8,535K as at the end of Q4'20. This result was achieved thanks to the successful implementation of our strategy of cross-selling and focusing on customer satisfaction, which translated into a low churn ratio, as well as thanks to high demand among business customers for m2m services.
 - The number of mobile broadband services amounted to 1,827K RGUs as at the end of Q4'20 and increased by 31K, or 1.7% YoY. The increase was mainly due to higher demand for data transmission in the situation of two lockdowns introduced during 2020 due to the COVID-19 epidemic, and the resulting necessity to work and learn from home as well as to use available online forms of entertainment.
 - 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 Q4'20, average revenue per contract customer increased by 5.0% YoY to PLN 89.9.**
 - Our churn rate remained at a very low level of 6.5% in the twelve-month period ended December 31, 2020 (+0.1 p.p. YoY).
 - 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 Q4'20 already 2,065K customers were using our bundled services, which constitutes an increase of 71K customers, or 3.6%, YoY. This means that the saturation of our contract customer base with multiplay services was at the level of 37.2% at the end of Q4'20. This group of customers had a total of 6,360K RGUs, that is by 314K, or 5.2%, more than in Q4'19.
- **Prepaid services**
 - The number of prepaid services provided by us as at the end of Q4'20 was stable YoY and amounted to 2,618K.
 - In Q4'20, average revenue per prepaid RGU (prepaid ARPU) increased by 7.4% YoY to PLN 21.8. The increase in ARPU was driven by a temporary factor, namely higher revenue from interconnection settlements, related to a significant increase in voice traffic volume during the COVID-19 epidemic, as well as high sales of PPV services.

Media segment: television and online

	Q4		
	2020	2019	YoY change (%/pp)
Audience share⁽¹⁾, including:	24.96%	24.18%	+0.78
POLSAT (main channel)	9.55%	10.43%	(0.88)
Other channels	15.41%	13.76%	+1.65
Advertising market share⁽²⁾	29.2%	28.6%	+0.6
Market expenditures on TV advertising and sponsorship⁽³⁾ (mPLN)	1.356	1.324	+2.4%
Revenue from advertising and sponsorship of TV Polsat Group⁽⁴⁾ (mPLN)	396	379	+4.5%

¹ NAM, All 16-49, all day, SHR%

² Our estimates based on Publicis Groupe data

³ Publicis Groupe, spot advertising and sponsorship

⁴ Revenue from advertising and sponsorship of TV Polsat Group according to Publicis Groupe definition

- Polsat Group and its main TV channel among the audience leaders in the commercial viewers' group.
- Revenue from advertising and sponsorship of TV Polsat Group increased by 4.5% YoY in Q4'20, to PLN 396m, while the broad TV advertising market recorded a 2.4% increase. As a result, our share in the TV advertising and sponsorship market increased to 29.2%.
- We expect the TV advertising and sponsorship market will show an average single-digit increase in 2021.