

Financial results of Polsat Plus Group in Q1'24

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	Q1'24	YoY change	Market consensus ¹⁾	Difference
Revenue, incl.:	3,405	6%	3,434	-0.9%
- Retail revenue	1,771	2%		
- Wholesale revenue	750	-5%		
- Sale of equipment	426	-12%		
- Energy revenue	282	-		
- Other revenue	177	-6%		
Operating costs, incl.:	3,116	8%		
- Technical costs and cost of settlements with telecommunication operators	803	-1%		
- Depreciation, amortization, impairment and liquidation	481	4%		
- Cost of equipment sold	328	-17%		
- Content costs	513	0%		
- Cost of energy sold, includes	242	n/d		
- Depreciation	12	n/d		
- Distribution, marketing, customer relation management and retention costs	269	10%		
- Salaries and employee-related costs	304	10%		
- Cost of debt collection services and bad debt allowance and receivables written off	13	-55%		
- Other costs, includes	164	0%		
- Depreciation	1	n/d		
EBITDA adjusted excl. disposal of assets²⁾	772	2%	751	2.8%
<i>EBITDA adjusted margin excl. disposal of assets²⁾</i>	<i>22.7%</i>	<i>-1.1pp</i>	<i>21.9%</i>	<i>0.8 pp</i>
EBITDA	946	24%	916	3.3%
<i>EBITDA margin</i>	<i>27.8%</i>	<i>4.0pp</i>	<i>26.7%</i>	<i>1.1 pp</i>
EBIT	453	52%	432	4.7%
Net profit	184	160%	165	11.9%

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 Q1'24: gain on the sale of shares in Muzo.fm Sp. z o.o. of PLN 10 million and excluding proceeds from the disposal of the first part of the IPv4 address package for PLN 164 million net of transaction costs

- **Polsat Plus Group's revenue** amounted to **PLN 3,405m (+6.4% YoY)**. Excluding the impact of consolidation of PAK-PCE Group, the Group's revenue amounted to PLN 3,103m (-3.0% YoY). The level of total revenue was mainly influenced by:
 - Recognition of **energy revenue** of **PLN 282m**, 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 87m, and revenue from energy resale amounted to PLN 168m.
 - Higher **retail revenue (+2% YoY)** which resulted from the higher ARPU from contract B2C customers and prepaid ARPU.
 - Lower **sale of equipment (-12% YoY)** mainly due to high sales volumes in the comparative period.
 - Lower **wholesale revenue (-5% YoY)** mainly due to the recognition of lower interconnection revenue, resulting from the final regulatory reduction of MTR rates, and lower revenue from the sale of TV sublicenses, which was partially compensated by an increase of advertising and sponsorship revenue.
- **Polsat Plus Group's costs** amounted to **PLN 3,116m (+7.8% YoY)**. Excluding the impact of the consolidation of PAK-PCE Group, operating costs amounted to PLN 2,843m (-1.7% YoY). Their level was mainly influenced by the following factors:
 - Recognition of the **cost of energy sold** in the amount of **PLN 242m**.
 - Lower **cost of equipment sold (-17% YoY)**, which reflected lower sales volumes of equipment in the reported quarter and corresponds with lower revenue from the sale of equipment.
 - Increase in **salaries and employee-related costs (+10% YoY)** mainly due to a higher headcount and persisting inflationary pressure.
 - Increase in **distribution, marketing, customer relation management and retention (+10% YoY)**, mainly as a result of the recognition of higher costs of call center and marketing activities Q1'24.
 - Higher **depreciation, amortization, impairment and liquidation costs (+4% YoY)**, which resulted, among others, from the consolidation of PAK-PCE Group.
 - Decrease in **cost of debt collection services and bad debt allowance and receivables written (-55% YoY)** primarily due to a one-time reassessment of the total package of receivables according to a higher ratio than in the comparative period. In addition, the lower level of bad debt is influenced by better collection rates and lower sales in the installment model than in Q1'23.
- **EBITDA adjusted by the gain on the disposal of a subsidiary and an associate, excl. the disposal of assets³⁾**, amounted to **PLN 772m (+1.5% YoY)**, with a margin of **22.7%**. The main reason behind this increase was the contribution from the green energy segment following the consolidation of PAK-PCE Group.
- **Reported EBITDA** amounted to 946m **(+24% YoY)**.
- **EBIT** amounted to **PLN 453m**.
- **Finance costs, net** decreased by **PLN 54m YoY** primarily due to the recognition of a non-cash, positive impact of PLN 24m from the revaluation of the euro-denominated tranche of the SFA following the appreciation of the Polish zloty in Q1'24. Moreover, the Group recognized a positive impact from the execution and valuation of hedging instruments in the amount of PLN 45m.
- **Net profit** of the Group amounted to **PLN 184m (+160% YoY)**.

³ EBITDA excluding in Q1'24: gain on the sale of shares in Muzo.fm Sp. z o.o. of PLN 10 million and excluding proceeds from the disposal of the first part of the IPv4 address package for PLN 164 million net of transaction costs

- **Adjusted FCF LTM after interest, excl. green energy capex** amounted to **PLN 442m (+32% vs. FY'23)** in Q1'24. The FCF LTM result remains under the influence of high interest expenses.
- In the **TMT⁴ space**, **CAPEX/revenue** ratio at **7.7%**.
- The main covenant – **net debt/EBITDA LTM** (excl. project financing⁵) at the level of **3.40x**.
- Net debt/EBITDA LTM incl. project financing at the level of **3.70x**.

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

	Q1'24	Q1'23	YoY change
B2C AND B2B SERVICES SEGMENT¹⁾			
Total number of B2C RGUs (EOP) [thous.], incl.:	13,077	13,163	-0.7%
Pay TV	4,804	4,951	-3.0%
Mobile telephony	6,273	6,232	0.7%
Internet	2,000	1,980	1.0%
Number of B2C customers (EOP) [thous.]	5,772	5,887	-2.0%
ARPU per B2C customer [PLN]	74.6	71.4	4.5%
Churn in B2C subsegment	7.6%	7.2%	0.4 pp.
RGU saturation per one B2C customer	2.27	2.24	1.3%
PREPAID SERVICES			
Total number of RGUs (EOP) [thous.], incl.:	2,624	2,693	-2.6%
Pay TV	123	121	1.7%
Mobile telephony	2,476	2,542	-2.6%
Internet	25	30	-16.7%
ARPU per prepaid RGU[PLN]	17.3	17.1	1.2%
CONTRACT SERVICES FOR B2B CUSTOMERS			
Total number of B2B customers (EOP) [thous.]	68.4	69.3	-1.3%
ARPU per B2B customer [PLN]	1,490	1,434	3.9%
FINANCIAL RESULTS [PLNm]			
Revenue	2,576	2,675	-3.7%
EBITDA excl. disposal of assets²⁾	634	663	-4.4%
CAPEX	217	270	-19.4%

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

²⁾ EBITDA excluding in Q1'24 proceeds from the disposal of the first part of the IPv4 address package for PLN 164 million net of transaction costs

Contract services for B2C customers:

- **B2C contract customer base at 5,772K (-2.0% 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 7.6%** 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 74.6 (+4.5% 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).
- Decrease in total **B2C contract services base** by 86k to **13,077k (-0.7%) YoY**.
 - Stable base of **mobile telephony RGUs at 6,273K** and **Internet RGUs at 2,000k**.
 - **Pay-TV services** amounted to **4,804k** RGUs and recorded a decrease of 147k **(-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).
- **2.47m customers**, or 43% of the total base, use our **multiplay offering** and have a total of 7,468k services (+47k YoY).

Prepaid services:

- The **prepaid RGU base⁶⁾** amounted to **2,624k**, recording a decrease of 69k YoY **(-2.6%)**. The main reasons for the decline were:
 - 66k lower number of prepaid mobile services, 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 17.3** (+1.2% YoY).

Contract services for B2B customers:

- **Contract B2B customers** base at **68.4K** (-1.3% YoY).
- **ARPU** per B2B customer increased to **PLN 1,490** per month **(+3.9% YoY)**.

⁶ excl. low-margin Polsat Box Go Start package

Media segment: television and online

	Q1'24	Q1'23	YoY change
TELEVISION			
Audience share¹, including:	21.53%	21.85%	-0.32 pp
POLSAT (main channel)	7.10%	8.00%	-0.90 pp
Other channels	14.43%	13.85%	0.58 pp.
Advertising market share²	28.1%	28.4%	-0.3 pp
Market expenditures on TV advertising and sponsorship³ [mPLN]	1,092	1,001	9.0%
Revenue from advertising and sponsorship of TV Polsat Group⁴ [mPLN]	307	284	8.0%
ONLINE: POLSAT-INTERIA GROUP⁵			
Average monthly number of users [millions]	21.0	21.2	-0.9%
Average monthly number of page views [millions]	1,926	1,938	-0.6%
FINANCIAL RESULTS [PLNm]			
Revenue	585	568	3.1%
EBITDA adjusted⁶	91	93	-1.7%
CAPEX	26	22	17.9%

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, number of users – real users (RU) indicator

⁶ EBITDA excluding in Q1'24 gain on the sale of shares in Muzo.fm Sp. z o.o. of PLN 10m

Television

- **Revenue from advertising and sponsorship** of TV Polsat Group in Q1'24 **increased by 8.0% YoY**, to PLN 307m, while the TV advertising market recorded a 9.0% increase.
- As a result, our share in the TV advertising and sponsorship market was **28.1%** compared to 28.4% in Q1'23.
- We expect the TV advertising and sponsorship market to grow at a low single-digit rate in 2024.

Green energy segment

	Q1'24	Q1'23	YoY change
Total electricity generation (GWh), of which:	198.9	149.3	33.2%
Biomass	135.1	140.0	-3.5%
Photovoltaics	11.9	9.3	28.0%
On-shore wind farms	51.9	-	N/A
Average price of sales of energy produced¹⁾ [PLN/MWh]	650.8	-	-

FINANCIAL RESULTS [PLNm]			
Revenue, of which:	354	N/A	N/A
sale of own electricity	129		
energy resale	173	N/A	N/A
EBITDA	47	N/A	-
CAPEX	87	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 **198.9 GWh**, incl.:
 - 135.1 GWh from biomass,
 - 11.9 GWh from photovoltaics,
 - 51.9 GWh from wind farms (production lasted for an incomplete quarter).
- **Average price of sales** of energy produced was **PLN 650.8/MWh** in Q1'24.

APPENDIX
Financial results of the Polsat Plus Group's business segments

Q1'24 [PLN million]	B2C and B2B services	Media: TV and online	Real estate	Green energy	Consolidation adjustments	Total
Revenue	2,576	585	40	354	-150	3,405
<i>YoY change</i>	<i>-4%</i>	<i>3%</i>	<i>-10%</i>	<i>N/A</i>	<i>-</i>	<i>6%</i>
Operating costs¹⁾	1,948	485	35	307	341	3,116
<i>YoY change</i>	<i>-3%</i>	<i>2%</i>	<i>-10%</i>	<i>N/A</i>	<i>-</i>	<i>8%</i>
EBITDA adjusted excl. disposal of assets²⁾	634	91	0,3	47	-	772
<i>YoY change</i>	<i>-4%</i>	<i>-2%</i>	<i>-96%</i>	<i>N/A</i>	<i>-</i>	<i>2%</i>
EBITDA adjusted margin excl. disposal of assets²⁾	24.6%	15.5%	0.7%	13.4%	-	22.7%
<i>YoY change</i>	<i>-0.2pp</i>	<i>-0.8pp</i>	<i>-14.9pp</i>	<i>N/A</i>	<i>-</i>	<i>-1.1%</i>
EBITDA	798	101	0,3	47	-	946
<i>YoY change</i>	<i>20%</i>	<i>9%</i>	<i>-96%</i>	<i>N/A</i>	<i>-</i>	<i>24%</i>
EBITDA margin	31.0%	17.2%	0.7%	13.4%	-	27.8%
<i>YoY change</i>	<i>6.2pp</i>	<i>1.0pp</i>	<i>-14.9pp</i>	<i>N/A</i>	<i>-</i>	<i>4.0pp</i>
CAPEX	217	26	5	87	-	336

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

² EBITDA excluding in Q1'24: gain on the sale of shares in Muzo.fm Sp. z o.o. of PLN 10 million and excluding proceeds from the disposal of the first part of the IPv4 address package for PLN 164 million net of transaction costs