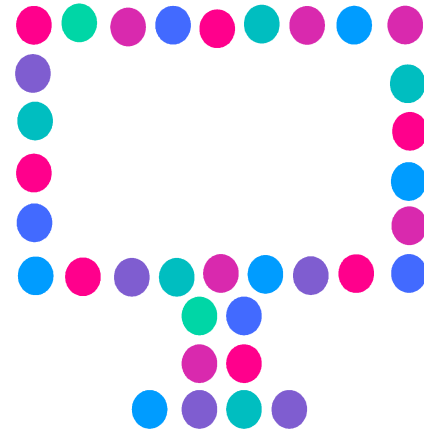


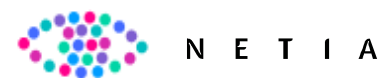
GIGA WOLNOŚĆ



Q3 2020 Financial Results

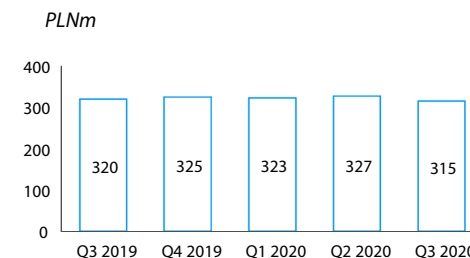
November 5, 2020

N E T I A

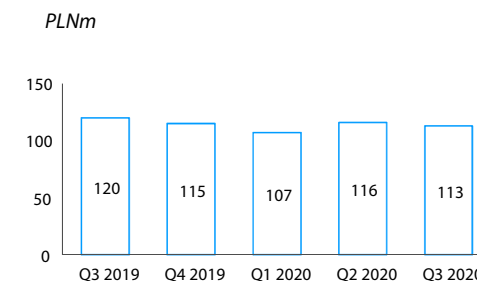


- Revenue was PLN 315m for Q3 2020 (-4% q-o-q and -1% y-o-y). Decrease mainly due to drop in low-margin wholesale revenue
- Revenue was PLN 965m for 9M 2020 (-1% y-o-y)
- EBITDA was PLN 113m for Q3 2020 (-2% q-o-q and -6% y-o-y) and PLN 337m for 9M 2020 (-1% y-o-y)
- Netia generated PLN -16m OpFCF¹ for Q3 2020 mainly due to investment in the modern Data Center in Jawczyce
- Net debt on September 30, 2020 at PLN 548m according to IFRS 16² standard representing 1.2x of EBITDA for full 2019 year according to IFRS 16 standard at PLN 457m

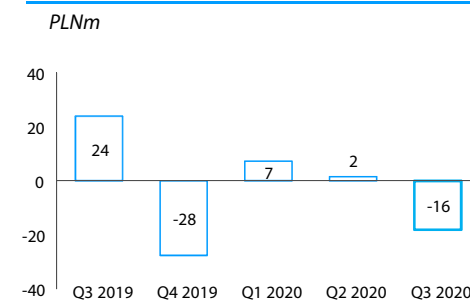
Revenues



EBITDA



OpFCF¹

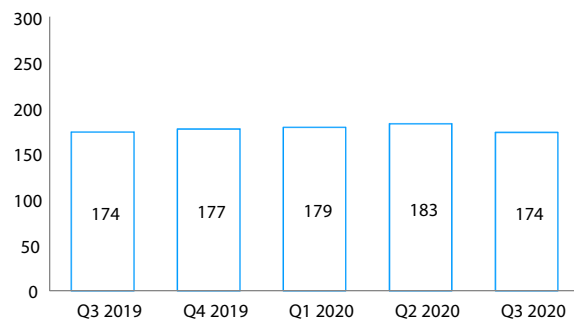


¹ OpFCF = EBITDA less additions to property, plant, equipment, intangible assets and IFRS 16 impact

² Loans, borrowings and lease liabilities minus cash and short term deposits

B2B Market¹

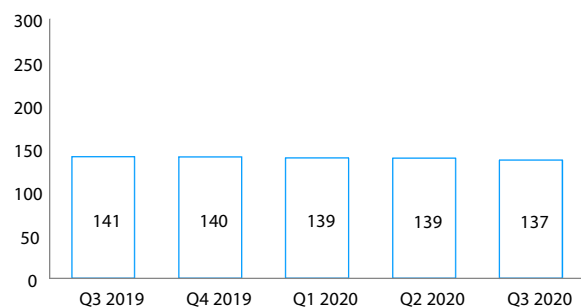
PLNm



- **Revenue** was PLN 174m in Q3 2020 (-5% q-o-q and 0% y-o-y)

B2C Market²

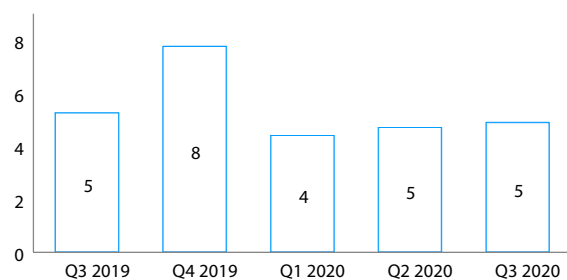
PLNm



- **Revenue** was PLN 137m in Q3 2020, -1% compared to Q2 2020 and down by 3% y-o-y
- **RGUs** at 1,380k (+0% q-o-q, +1% y-o-y)

Petrotel

PLNm



- One-off revenue related to the projects executed by the Company result in q-o-q fluctuations



As at the date of publication the Management Board of Netia S.A. does not change its assessment of the impact of SARS-CoV-2 pandemic on the Capital Group's operations and perceives it as moderate. All basic revenue streams and current cash flow are stable

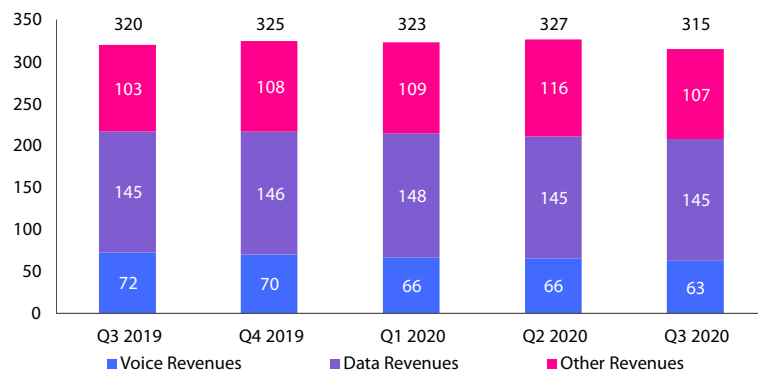
In particular:

1. all important processes existing in the Group before pandemic are maintained by the transition of most employees to home office mode
2. employees working in the field and customer locations have been equipped with personal protective equipment (masks, protective gloves, disinfectants)
3. higher percent of new sales on the B2C market is carried out via remote channels (e-commerce, telesales)
4. The key transformation project aimed at upgrading the B2C access infrastructure is being continued
5. Netia's debt is based on the variable WIBOR rate which means that the decisions of the Monetary Policy Council regarding the reduction of the reference rate will have a positive impact on the financial costs

It should be remembered that the situation in Poland and in the world is changing dynamically therefore in the long run the impact of the epidemic situation is difficult to estimate

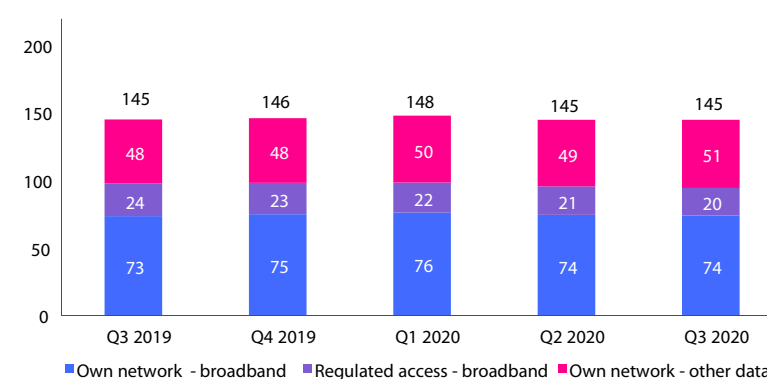
Revenue breakdown by service

PLNm



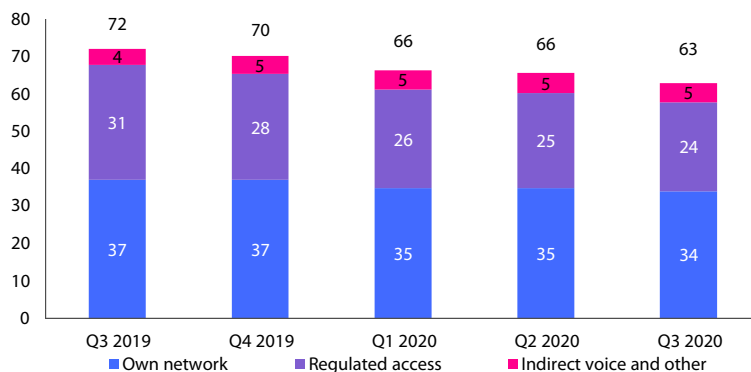
Data revenue breakdown by access

PLNm



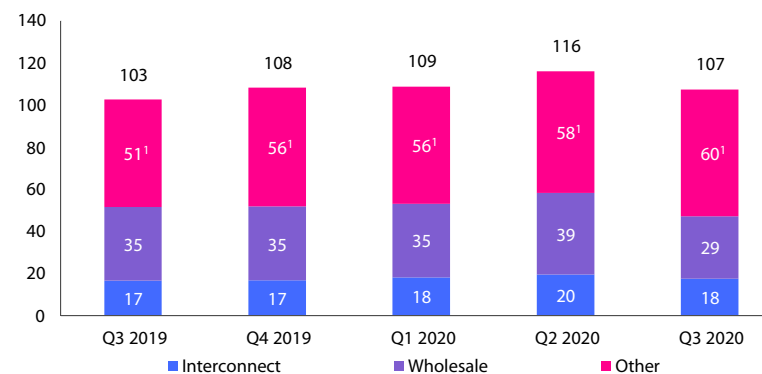
Voice revenue breakdown by access

PLNm

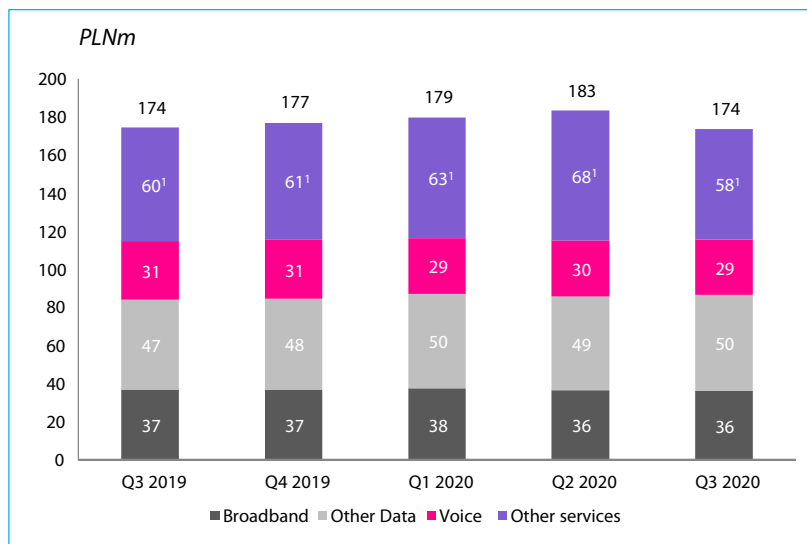


Other revenue

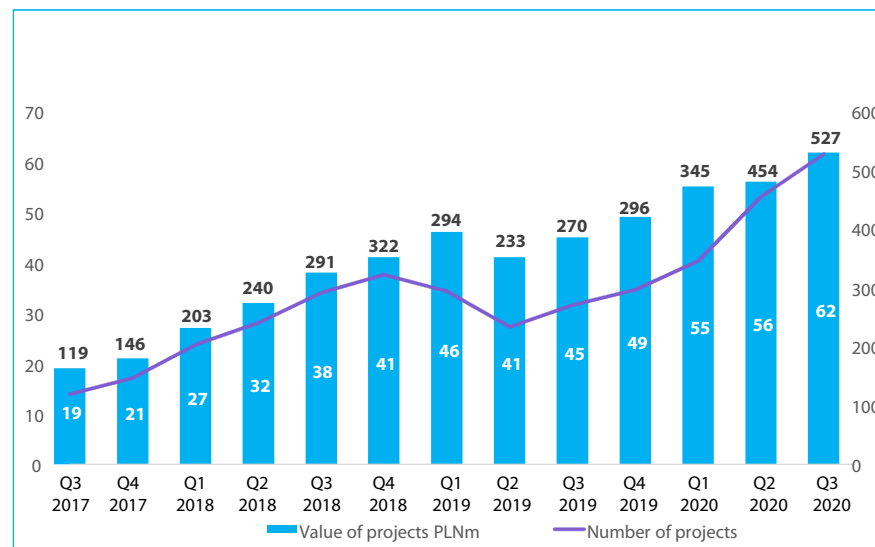
PLNm



Revenue by service

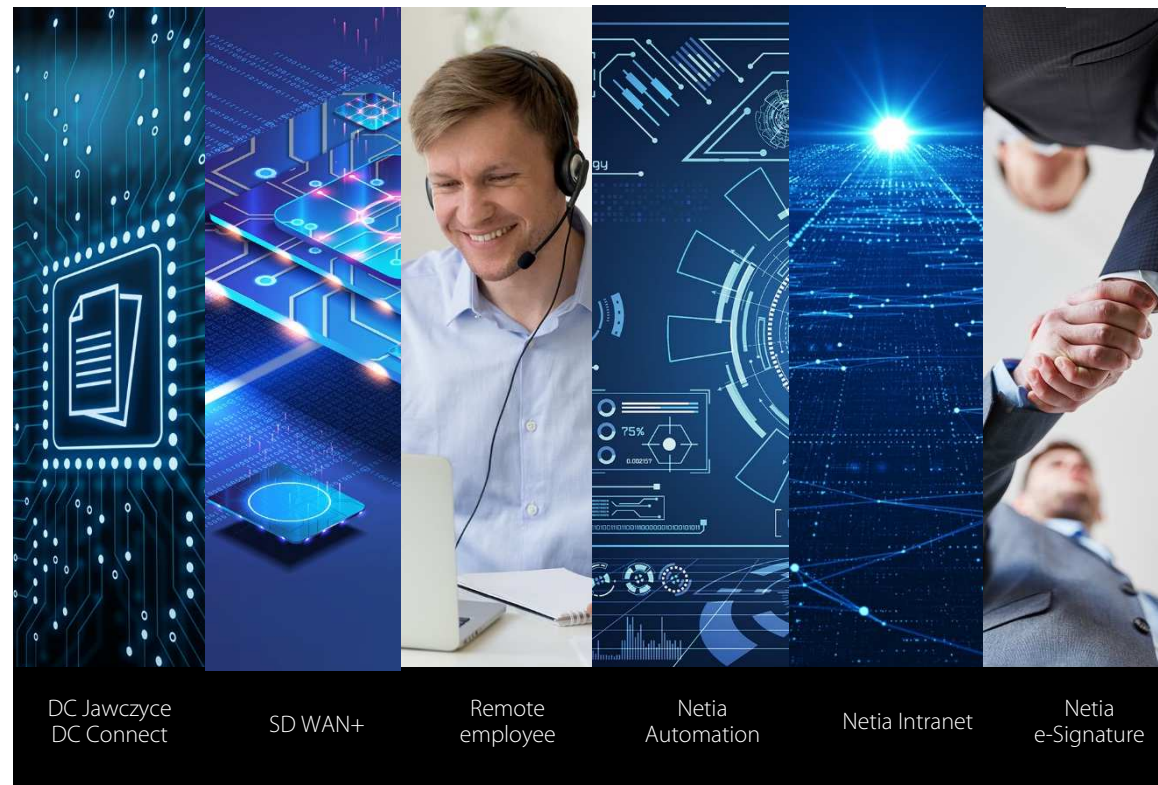


Number of new NetiaNext projects



Comments

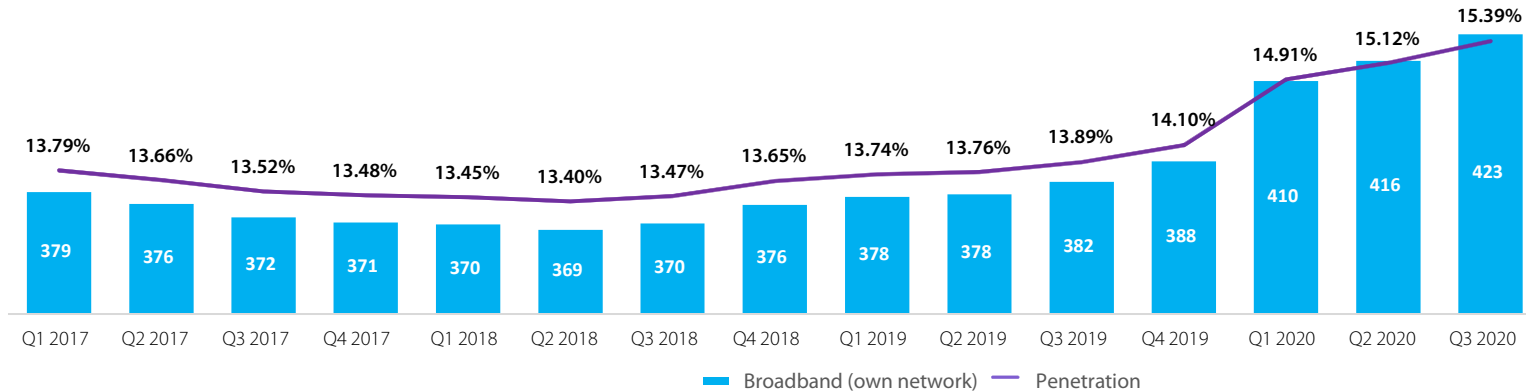
- Revenue decrease q-o-q mainly due to drop in low-margin wholesale revenue. Stable revenue y-o-y
- Consistent development of ICT competences and services combined with the new contracts in corporate segment effectively cushions traditional services revenue drop
- Stable increase in number of ICT project as a consequence of the B2B market transformation
- In Q3 2020 Netia exceeded **1000 customers** of advanced **NetiaNext** services



- **DC Jawczyce + DC Connect** – new data center offer including connectivity and security services
- **SD WAN+** - hybrid solution extending the possibilities of MPLS, internet technologies with additional functionalities
- **Remote employee**– 10 optional services enabling working from home
- **Netia Automation** – RPA robots supporting work automation. A distinctive billing model „payment for the steps of the robot”
- **Netia Internet** - a solution that allows efficient set up an intranet for employees without involving IT resources
- **Netia – e Signature** – solution enabling signing contracts without having a qualified signature

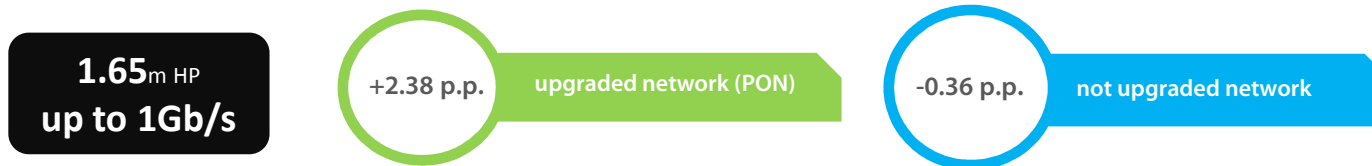


On-net broadband penetration change¹

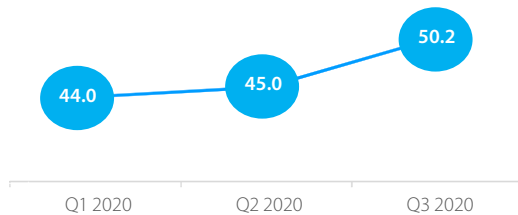


Annual change of penetration 2019.09 – 2020.09

Over 1.65m households in range of Netia’s broadband with bandwidth 1 Gb/s at the end of Q3 2020



Increasing average monthly fee from Internet and TV package



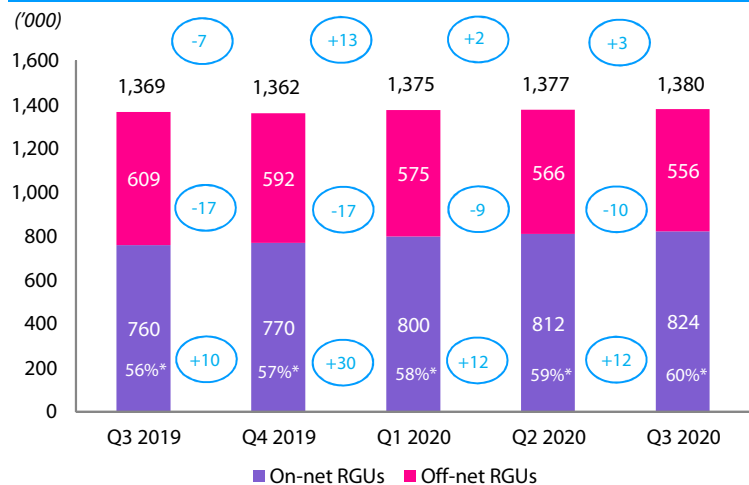
Product and offer

- A simple and attractive offer of Internet and TV package in S, M or L size combined with a modern Netia Evobox decoder
- A wide selection of premium packages and value added services (multiroom, GigaRecorder using cloud solutions)
- Well thought out pricing – high speeds and extensive content in an attractive price
- Growing role of a high resolution VOD are increasing the demand for unlimited broadband

Over 52% Customers choose 300 Mb/s bandwidth or higher

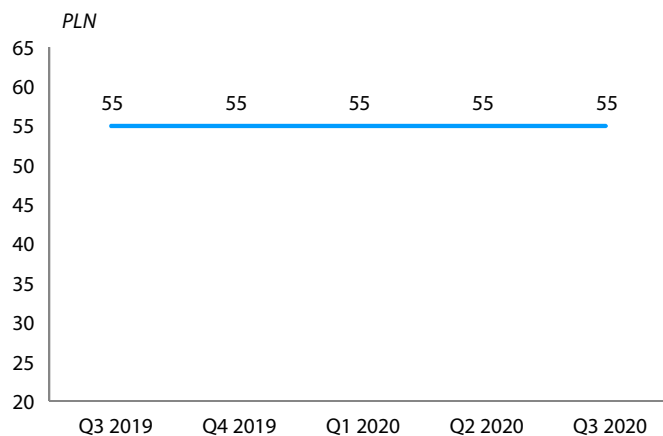
¹ Based on 2.75m (2.55m at the start of „21st Century Network” project, 65k HP of acquired ISTS and IST companies and 135k HP built)

RGUs by access type¹

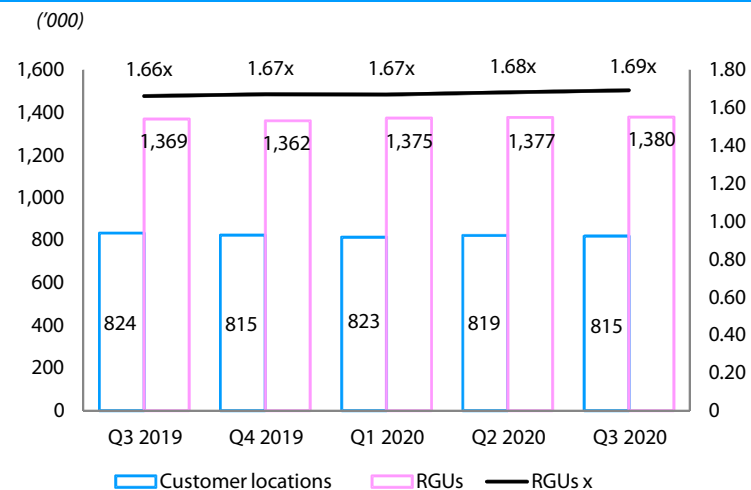


*Share of on-net broadband

Average ARPU per Customer



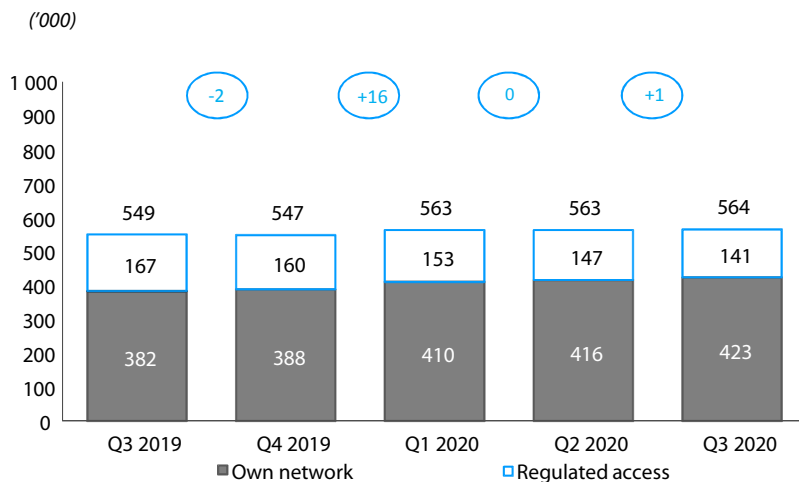
Customer locations and RGUs



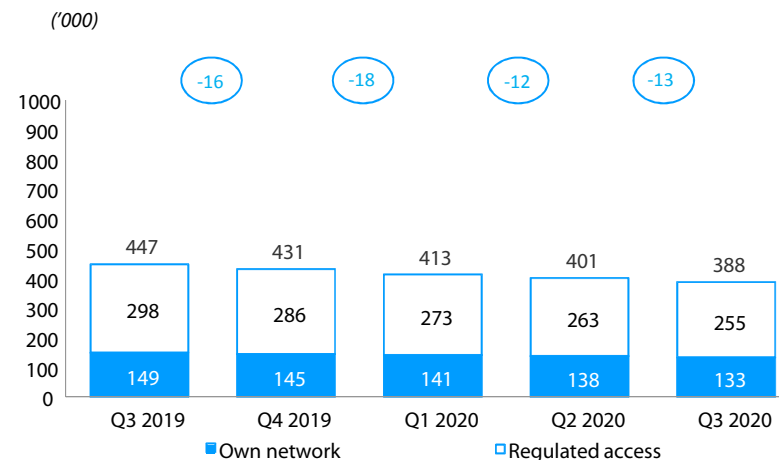
Comments

- Share of on-net RGUs up by 4 pp y-o-y to 60%
- TV cross-sell, higher broadband speeds offered and unlimited voice keep ARPU per customer at a relatively stable level
- On-net bundling increases number of RGUs per customer
- Access network upgrade program combined with an offer tailored to the customer needs result in on-net services increase

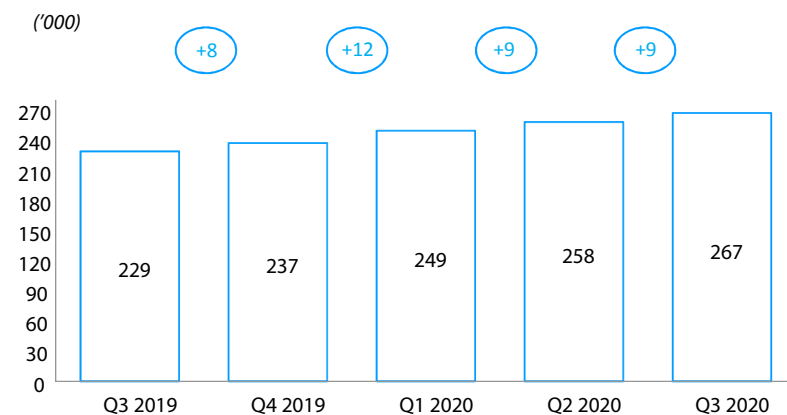
Broadband ports



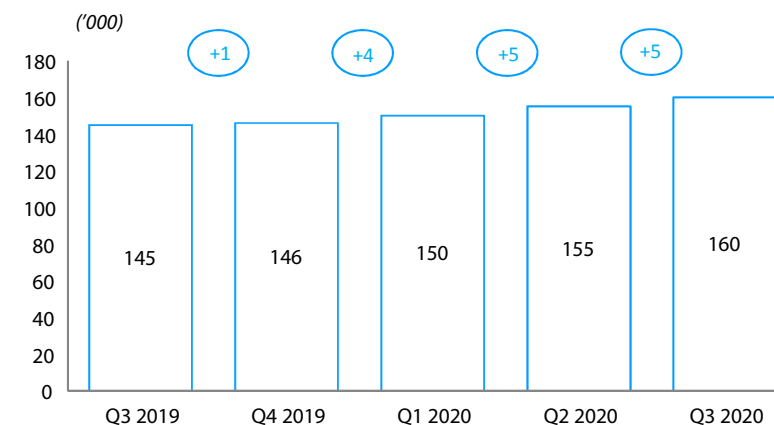
Voice lines



TV services



Mobile services

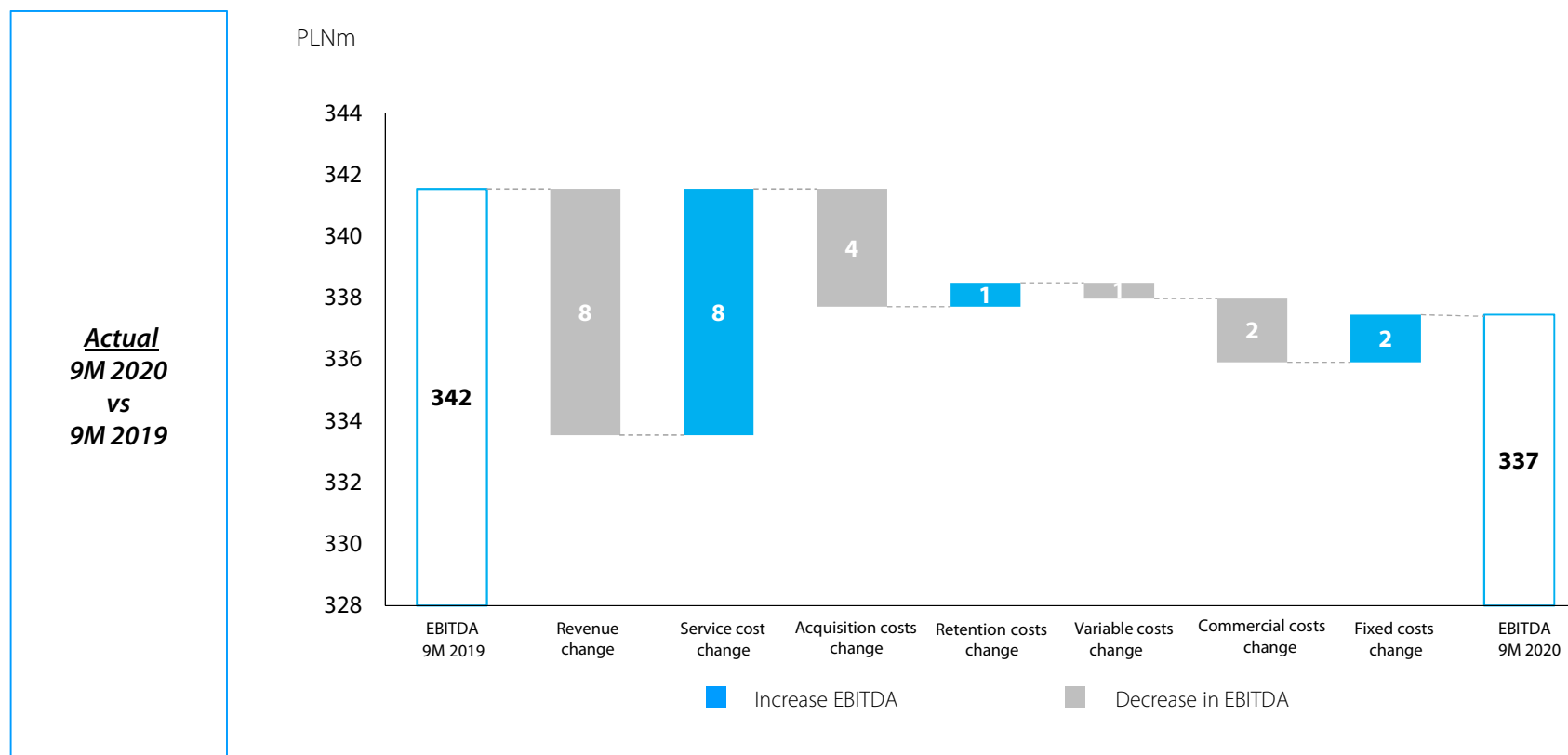


- Higher broadband services between quarters despite negative trends on off-net services
- 75% of broadband customers served directly via Netia’s own network (+1 pp q-o-q and +5 pp y-o-y)
- 17% increase of TV services y-o-y
- 11% increase of mobile services y-o-y



N E T I A

Netia Group Financial Overview



Comments

- Revenue drop mainly due to a lower B2C off-net RGUs (regulated access) and voice services. Partially cushioned by increasing B2C on-net services and B2B ICT products development
- Lower service costs reflect mainly lower off-net rental payments to incumbent related to off-net revenue loss
- Higher acquisition costs mainly due to increasing base of B2C services
- Lower fixed costs reflect number of initiatives commenced by the Company

Financial Performance | Key figures for Q3 2020



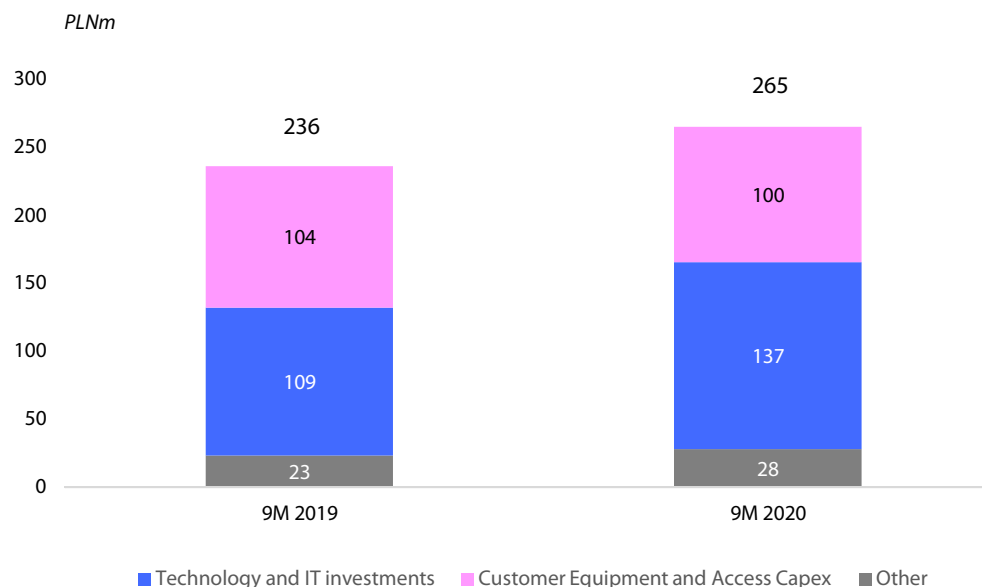
NETIA

	2019				2020		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
<i>(PLN' 000)</i>							
Revenues	327,323	325,646	319,845	324,583	323,117	326,690	315,164
<i>Change (y-o-y%)</i>	<i>(5.6%)</i>	<i>(5.0%)</i>	<i>(6.2%)</i>	<i>(5.2%)</i>	<i>(1.3%)</i>	<i>0.3%</i>	<i>(-1.5%)</i>
EBITDA	107,221	114,258	120,146	115,050	107,170	116,009	113,307
Margin (%)	32.8%	35.1%	37.6%	35.4%	33.2%	35.5%	36.0%
Depreciation	92,197	91,815	91,700	95,558	89,765	91,492	92,835
Liquidation of non-financial fixed assets	842	1,225	1,303	1,761	755	1,912	630
Interest and foreign exchange differences	(116)	261	364	699	(239)	122	1,069
Interest on installment sale (financial income)	173	213	238	248	249	242	230
EBIT	14,125	20,744	26,541	16,784	16,640	22,331	18,543
Margin (%)	4.3%	6.4%	8.3%	5.2%	5.1%	6.8%	5.9%

Comments

- Increasing % q-o-q margin related to decreasing low-margin wholesale revenue on B2B market

Capital investments by Operating Segments



Comments

- Customer Equipment and Access Capex refers to equipment necessary to connect new residential and business customers and installation process
- Technology capex includes mainly extension of the transmission network, colocation, switching B2B customers from radio access to fiber, investments in access network upgrade related to 1 Gb/s standard and in Data Center in Jawczyce. 21 Century Network project expenditures at PLN 11m in Q3 2020. IT capex related to licenses and IT systems development



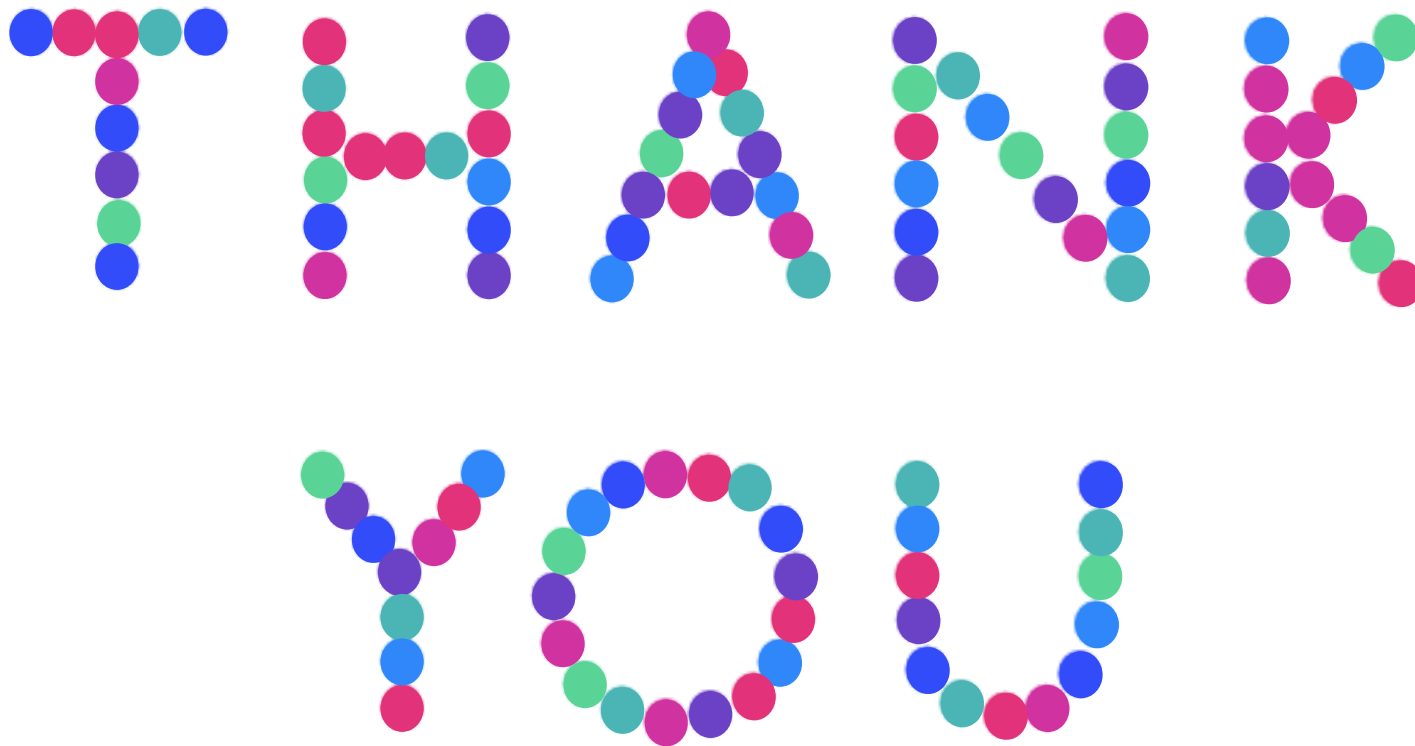
- Over 1.65m households in range of Netia's broadband with bandwidth 1 Gb/s at the end of Q3 2020
- B2B Netia Next transformation results in a stable ICT sales projects increase
- In B2C area continuation of the positive trends regarding an increase in both total number of services and in all categories of services excluding voice
- As at the date of publication of the report the Management Board of Netia S.A. does not change its assessment of the impact of the SARS-CoV-2 virus pandemic on the Group's operations perceived as moderate

Disclaimer



N E T I A

Some of the information included in this material contains forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. For a more detailed description of these risks and factors, please see Netia's most recent financial report and press release. Netia undertakes no obligation to publicly update or revise any forward-looking statements.



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