Supplement to Quarterly Report for the quarter ended March 31, 2017

May, 2017

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Introduction

At the end of Q1 2017 Play had 27.6% of the total reported subscribers in the Polish telecommunications market, growing from a market share of 4.6% at the end of 2008. We recorded a spectacular growth trajectory over the last 10 years, constituting a CAGR of 38%[1].

In Q1 2017 we finalized the prepaid registration process which was required under the Anti-terrorist Operations ("ATO") Act. The ATO Act came into force in Poland on July 25, 2016 and amended the Polish Telecommunications Act to require the de-anonymization of prepaid phone cards. Prepaid subscribers that were subject to the legislation and (i) who had not before July 25, 2016 registered and provided the required data, or (ii) whose data was not subsequently verified, were serviced by us until February 1, 2017. Following this date the subscribers' SIM-cards were blocked, requiring registration in order to be serviced going forward. Due to our definition of active prepaid subscribers we recognized these SIM cards as inactive at the end of Q1 2017. The law has vastly impacted the reported SIM base of each operator, though the effect on the active base was limited. The registration process caused a partial subscriber shift from prepaid to contract by blocking services for those who hadn't registered. We succeeded in registering 89% of our active prepaid base which was above market average.

In June 2016, we introduced a new tariff for couples Formuła duet ("duet"). This new tariff coupled with the already popular family offer drove a high level of success for our multiSIM offerings (family and duet). As part of our family and duo offerings, and as part of our Play Elastyczny tariff plan, customers receive extra SIM cards which can be used to connect additional devices. Such SIMs, despite being a part of the revenue-generating package, are considered inactive, unless they are used within the last 90 calendar days.

Our core KPIs have always been calculated based on active subscribers base.

Taking into account the above, we have decided to disclose a supplement containing data for our active subscribers base. Furthermore, we are of the opinion that subscriber base comparability across MNOs in the Polish market is difficult due to variability in definitions. In most cases only nominal base is reported by MNOs. For this reason, we would appreciate the introduction of a common definition by the Regulator to codify (i) what constitutes "activity," and (ii) the period of inactivity required to move from "active" to "inactive".

[1] incl. MVNOs

Breakdown of active subscribers

Introduction of family offerings (from Q4'14)

Introduction of duet offerings (from Q2'16)

	Unit	Q1'14	Q2'14	Q3'14	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17
Nominal subscribers base (EoP)	**'000 subs**	**10,943**	**11,275**	**11,790**	**12,287**	**12,685**	**13,028**	**13,548**	**14,150**	**14,420**	**14,617**	**14,639**	**14,415**	**14,342**
Contract	'000 subs	4,924	5,147	5,457	5,810	6,132	6,441	6,717	7,070	7,341	7,629	7,999	8,366	8,682
Prepaid	'000 subs	6,019	6,128	6,333	6,476	6,554	6,587	6,831	7,081	7,079	6,988	6,640	6,048	5,660
growth	*%*		*3%*	*5%*	*4%*	*3%*	*3%*	*4%*	*4%*	*2%*	*1%*	*0%*	*-2%*	*-1%*
Active subscribers base[1] (EoP)	**'000 subs**	**8,605**	**8,976**	**9,346**	**9,697**	**10,028**	**10,422**	**10,819**	**11,247**	**11,458**	**11,551**	**11,672**	**12,011**	**11,943**
Contract	'000 subs	4,924	5,142	5,443	5,778	6,077	6,348	6,603	6,919	7,181	7,411	7,702	7,984	8,173
Prepaid	'000 subs	3,681	3,834	3,904	3,919	3,951	4,074	4,216	4,328	4,277	4,140	3,970	4,027	3,770
growth	*%*		*4%*	*4%*	*4%*	*3%*	*4%*	*4%*	*4%*	*2%*	*1%*	*1%*	*3%*	*-1%*
% share of active subscribers base	**%**	**79%**	**80%**	**79%**	**79%**	**79%**	**80%**	**80%**	**79%**	**79%**	**79%**	**80%**	**83%**	**83%**
Contract	%	100%	100%	100%	99%	99%	99%	98%	98%	98%	97%	96%	95%	94%
Prepaid	%	61%	63%	62%	61%	60%	62%	62%	61%	60%	59%	60%	67%	67%
ARPU	**PLN**	**29.7**	**30.8**	**31.7**	**31.7**	**31.2**	**32.1**	**32.1**	**31.5**	**30.5**	**31.0**	**31.8**	**32.2**	**31.0**
Contract	PLN	40.8	41.7	42.5	41.7	40.9	41.3	41.5	40.3	39.0	39.0	39.0	39.4	38.2
Prepaid	PLN	15.1	16.3	17.1	17.2	16.6	17.7	17.6	17.4	16.4	17.1	18.1	17.8	16.3

Revenue growth is fuelled by constant increases to our active base (which is in line with nominal base growth) and effective stabilization of ARPU levels.

[1] Active subscriber base — We define active subscriber base as the sum of the number of active contract subscribers (supplementary contract SIMs which are a part of duet, family or business packages, but are not used for 90 days, are not counted as active base.) and active prepaid subscribers at the end of a given period. For respective definitions please refer to Quarterly Report.

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