

ZOOM TV

STOPKLATKA



KINOPOLSKA MUZYKA

KINO TV

FILM BOX

GAME TOON G



# KINO POLSKA TV S.A.

Quarterly report of Kino Polska TV SA  
Capital Group for the 1<sup>st</sup> quarter of 2020

**THE KINO POLSKA TV S.A. GROUP**

**Consolidated quarterly report for the 3-month period  
ended 31 March 2020**

containing

**Interim condensed financial statements of the Kino  
Polska TV S.A. Group**

and

**Quarterly financial information of Kino Polska TV S.A.  
for the 3-months period ended 31 March 2020 (the  
“Report”)**





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This report of the Kino Polska TV S.A. Group (“the Group”) has been prepared in accordance with para. 60 clause 2 and para. 62 clause 1 of the Decree of the Minister of Finance of 29 March 2018 on current and periodical information submitted by issuers of securities and conditions for considering equivalent the information required under the legislation of a non-Member State (“the Decree”) for the first quarter of the financial year 2020, covering the period from 1 January 2020 to 31 March 2020, and contains the condensed financial statements and information on the operations of Kino Polska TV S.A. (the “Company” or the “Issuer”).

Based on para. 62 clause 1 of the Decree, Kino Polska TV S.A. has not submitted a separate interim report and has included quarterly financial information in this Report.

## **REPRESENTATIONS ON THE APPROVAL OF THE CONSOLIDATED QUARTERLY REPORT OF THE KINO POLSKA TV S.A. GROUP**

This consolidated quarterly report of the Kino Polska TV S.A. Group for the 3-month period ended 31 March 2020 was approved by the Management Board of Kino Polska TV S.A. on 21 May 2020.

### Management Board of Kino Polska TV S.A.

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Bogusław Kisielewski

President of the Management  
Board

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Levent Gültan

Management Board Member

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Marcin Kowalski

Management Board Member

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Alber Uziyel

Management Board Member

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Berk Uziyel

Management Board Member

### Person responsible for maintaining the books of account

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Dominika Talaga-Spławska

Chief Accountant

**I. SELECTED FINANCIAL DATA**



## **1. General information on the Issuer and its Group, including a description of the Issuer's organization and organizational changes in the Issuer's Group**

Kino Polska TV S.A. has been operating on the media market since June 2003 (then under the name Kino Polska TV Sp. z o.o.) and is entered in the Register of Businesses of the National Court Register maintained by the District Court for the capital city of Warsaw, 13th Business Department, with the number KRS 0000363674. On 24 August 2010, the transformation of the Company into a joint stock company was registered.

On 12 April 2011, Kino Polska TV S.A. made its debut on the Warsaw Stock Exchange.

**Registered office of Kino Polska TV S.A.:** ul. Puławska 435A, 02-801 Warsaw

**Telephone:** 22 356 74 00, **Fax:** 22 356 74 01

**Website:** [www.relacjeinwestorskie.kinopolska.pl](http://www.relacjeinwestorskie.kinopolska.pl)

### **Composition of the Management Board of Kino Polska TV S.A. in the 3-month period ended 31 March 2020**

- Bogusław Kisielewski – President of the Management Board;
- Berk Uziyel – Member of the Management Board;
- Marcin Kowalski – Member of the Management Board;
- Alber Uziyel – Member of the Management Board;
- Levent Gültan – Member of the Management Board.

### **Composition of the Supervisory Board of Kino Polska TV S.A. in the 3-month period ended 31 March 2020**

- Loni Farhi – Chairman of the Supervisory Board;
- Stacey Sobel – Deputy Chair of the Supervisory Board;
- Marcin Boroszko – Member of the Supervisory Board (since 27 February 2020);
- Jacek Koskowski – Member of the Supervisory Board (until 31 January 2020).
- Piotr Orłowski – Member of the Supervisory Board;
- Jesus Perezagua Sanchez – Member of the Supervisory Board;
- Krzysztof Rudnik – Member of the Supervisory Board;
- Katarzyna Woźnicka – Member of the Supervisory Board.

In the period covered by this Report, the Group conducted activities in the following areas:

- broadcasting TV channels Kino Polska, Kino Polska Muzyka, Zoom TV, Stopklatka (formerly: Stopklatka TV), FilmBox and thematic channels, and selling advertising spots; and
- sale of licences.



As at the date of approval of this Report, the Issuer's Group consisted of the following entities:

- 1) "Kino Polska TV Spółka Akcyjna – the parent company – entered in Register of Businesses maintained by the District Court for the capital city of Warsaw, 13th Business Department of the National Court Register with the number 0000363674, with share capital of PLN 1,982,140.40, consisting of 19,821,404 ordinary bearer shares with a par value of PLN 0.10 each;
- 2) Stopklatka Spółka Akcyjna ("Stopklatka") – a subsidiary – entered in Register of Businesses maintained by the District Court for the capital city of Warsaw, 13th Business Department of the National Court Register with the number 0000332145, with share capital of PLN 11,171,260, consisting of 11,171,260 ordinary bearer shares with a par value of PLN 1.00 each. The Issuer holds 11,129,145 shares representing 99.62% of the share capital of Stopklatka and carrying 11,129,145 votes at Stopklatka's General Meeting, representing 99.62% of the total number of votes.
- 3) Filmbox Iberia S.L.U. (Spain) – a subsidiary – entered in the commercial register maintained by the Commercial Registry of Madrid with the number 38.970, page 41, page M-692494 in Madrid, with share capital of EUR 3,500. The Issuer has 3,500 shares with a par value of EUR 1 each representing 100% of votes at the General Shareholders' Meeting and a 100% interest in the share capital of this company.
- 4) Filmbox Estonia OU in liquidation (Estonia) – a subsidiary – entered to the commercial register maintained by the Estonian Commercial Register with the number 14685786, with share capital of EUR 2,500. The Issuer has 2,500 shares with a par value of EUR 1 each representing 100% of votes at the General Shareholders' Meeting and a 100% interest in the share capital of this company.
- 5) Filmbox International Ltd. – a subsidiary – entered in the commercial register maintained by the Companies House with the number 06931548 in London, with share capital of GBP 3,350,000. The Issuer holds 3,350,000 shares with a par value of GBP 1.00 each, representing 100% of votes at the General Shareholders' Meeting and a 100% interest in the share capital of this company.

Filmbox International Ltd. is a direct shareholder of the following companies:

1. SPI International Magyarország, Kft. (Budapest, Hungary) – 100% of the shares;
2. Help Film s.r.o. (Prague, the Czech Republic) – 100% of the shares;
3. Help Film Slovakia s.r.o. (Bratislava, Slovakia) – 100% of the shares.

**The following entities were covered by the interim condensed consolidated financial statements of the Kino Polska TV S.A. Group for the three-month period ended 31 March 2020:**

- Kino Polska TV S.A.;
- Stopklatka S.A.;
- Filmbox Iberia S.L.U.;
- Filmbox Estonia OU in liquidation;
- Filmbox International Ltd.;
- Help Film s.r.o.,
- Help Film Slovakia s.r.o.;
- SPI International Magyarország, Kft.

**The following entities were covered by the interim condensed consolidated financial statements of the Kino Polska TV S.A. Group for the three-month period ended 31 March 2019:**

- Kino Polska TV S.A.;
- Stopklatka S.A.;
- Filmbox Iberia S.L.U.;
- Filmbox International Ltd.;
- Help Film s.r.o.,
- Help Film Slovakia s.r.o.;
- SPI International Magyarország, Kft.

There were no organizational changes within the Issuer's Group in the 3-month period ended 31 March 2020.

## 2. Selected consolidated financial data of the Kino Polska TV S.A. Group

Selected financial data		3 months ended 31 March 2020 (unaudited)	3 months ended 31 March 2019 (unaudited, restated*)	3 months ended 31 March 2020 (unaudited)	3 months ended 31 March 2019 (unaudited, restated*)
		in PLN'000		in '000 EUR	
I	Revenue from contracts with customers	49,965	41,630	11,365	9,686
II	Operating profit	5,910	5,559	1,344	1,293
III	Profit before tax	5,063	4,804	1,152	1,118
IV	Total comprehensive income	4,715	4,454	1,072	1,013
V	Weighted average number of treasury shares (not in thousands)	19,821,404	19,821,404	19,821,404	19,821,404
VI	Number of treasury shares (not in thousands)	-	-	-	-
VII	Net earnings per share attributable to the parent company's owners (not in thousands)	0.21	0.19	0.05	0.04
VIII	Net cash from operating activities	3,052	6,981	694	1,624
IX	Net cash from investing activities	(1,764)	(2,400)	(401)	(558)
X	Net cash from financing activities	(79)	(1,070)	(18)	(249)
XI	Cash and cash equivalents as at the end of the period	6,043	8,115	1,375	1,888
		<b>As at 31 March 2020 (unaudited)</b>	<b>As at 31 December 2019</b>	<b>As at 31 March 2020 (unaudited)</b>	<b>As at 31 December 2019</b>
		in PLN'000		in EUR '000	
XII	Non-current assets	150,161	152,176	32,986	35,735
XIII	Current assets	85,478	72,713	18,777	17,075
XIV	The Group's assets held for sale	-	-	-	-
XV	Total assets	235,639	224,889	51,763	52,809
XVI	Non-current liabilities	44,847	49,623	9,852	11,653
XVII	Current liabilities	96,540	85,729	21,207	20,131
XVIII	Equity	94,252	89,537	20,704	21,025
XIX	Share capital	1,982	1,982	435	465

\* Information on the restatement is presented in Note 18 to the Consolidated Financial Statements

The above financial data was translated into EUR according to the following principles:

- assets and equity & liabilities – at the mid exchange rate determined by the National Bank of Poland as at 31 March 2020 – PLN 4.5523/EUR. For comparative data, as at 31 December 2019 – PLN 4.2585/EUR;
- individual items of the statement of comprehensive income and the statement of cash flows – at the mid exchange rate calculated as the arithmetic mean of the exchange rates in force as at the last day of each month in the period from 1 January 2020 to 31 March 2020, determined by the National Bank of Poland PLN 4.3963/EUR. For comparative data in the period from 1 January 2019 to 31 March 2019: PLN 4.2978/EUR.

### 3. Selected separate financial data of the Kino Polska TV S.A.

Selected financial data		3 months ended 31 March 2020 (unaudited)	3 months ended 31 March 2019 (unaudited, restated*)	3 months ended 31 March 2020 (unaudited)	3 months ended 31 March 2019 (unaudited, restated*)
		in PLN'000		in '000 EUR	
I	Revenue from contracts with customers	40,644	35,889	9,245	8,351
II	Operating profit	2,061	3,296	469	767
III	Profit before tax	1,255	2,655	285	618
IV	Total comprehensive income	1,011	2,166	230	504
V	Weighted average number of treasury shares (not in thousands)	19,821,404	19,821,404	19,821,404	19,821,404
VI	Number of treasury shares (not in thousands)	-	-	-	-
VII	Net earnings/(loss) per share from continuing operations (not in thousands)	0.05	0.11	0.01	0.03
VIII	Net cash from operating activities	3,896	4,296	886	1,000
IX	Net cash from investing activities	(1,707)	(2,378)	(388)	(553)
X	Net cash from financing activities	(1,479)	(210)	(336)	(49)
XI	Cash and cash equivalents as at the end of the period	1,232	1,994	280	464
		As at 31 March 2020 (unaudited)	As at 31 December 2019	As at 31 March 2020 (unaudited)	As at 31 December 2019
		in PLN'000		in '000 EUR	
XII	Non-current assets	246,185	246,135	54,079	57,799
XIII	Current assets	45,635	39,816	10,025	9,350
XIV	Assets held for sale	-	-	-	-
XV	Total assets	291,820	285,951	64,104	67,148
XVI	Non-current liabilities	35,745	40,419	7,852	9,491
XVII	Current liabilities	81,084	71,552	17,812	16,802
XVIII	Equity	174,991	173,980	38,440	40,855
XIX	Share capital	1,982	1,982	435	465

\* Information on the restatement is presented in Note 16 to Quarterly Financial Information

The above financial data was translated into EUR according to the following principles:

- assets and equity & liabilities – at the mid exchange rate determined by the National Bank of Poland as at 31 March 2020 – PLN 4.5523/EUR. For comparative data, as at 31 December 2019 – PLN 4.2585/EUR;
- individual items of the statement of comprehensive income and the statement of cash flows – at the mid exchange rate calculated as the arithmetic mean of the exchange rates in force as at the last day of each month in the period from 1 January 2020 to 31 March 2020, determined by the National Bank of Poland PLN 4.3963/EUR. For comparative data from 1 January 2019 to 31 March 2019: PLN 4.2978/EUR.

#### 4. Concise description of The Issuer Group's material achievements or failures in the period covered in the Report, including major events relating to the Issuer and its Group

##### Distribution of FilmBox film channels outside Poland

In the first quarter of 2020, the Group continually extended the area of distribution of the FilmBox film channels. The biggest increases in revenue were recorded in Hungary, the Czech Republic, Slovakia, Romania, Poland, former Yugoslavia and the Baltic states.

##### Stopklatka S.A.

In the first quarter of 2020, Stopklatka continued working on strengthening the position of its channel, Stopklatka (formerly: Stopklatka TV) on the Polish television market. It focused on expanding the programming library which resulted in the channel's share in the commercial audience 1.04%, which represents an increase of 15.6% compared with the first quarter of 2019 (SHR%, All 16-49, live).

Stopklatka's financial results and the audience share of its channel are discussed more broadly further in the Report.

#### 5. Description of the factors, including non-typical factors which have a material impact on the condensed consolidated financial statements

##### Financial data of the Kino Polska TV S.A. Group

Selected economic and financial data	3 months ended 31 March 2020 (unaudited, in PLN '000)	3 months end 31 March 2019 (unaudited, restated*, in PLN '000)	Change (%)
Revenue from contracts with customers	49,965	41,630	+20%
Operating profit on continued operations	5,910	5,559	+6%
Net profit on continued operations	4,202	3,906	+8%
<b>EBITDA<sup>1</sup></b>	<b>20,627</b>	<b>17,351</b>	<b>+19%</b>

\* Information on the restatement is presented in Note 18 to the Consolidated Financial Statements.

In the first quarter of 2020, the Group generated sales revenue of PLN 49,965 thousand, which represents a 20% increase in relation to the corresponding period of the prior year.

The Group recorded increases in both broadcasting revenue (12% y/y) and advertising revenue (20% y/y). In the reporting quarter, advertising revenue increased in all channels: on the Stopklatka channel, it was 24% higher (+

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<sup>1</sup> Definition of EBITDA is presented in Note 14 to the Consolidated Financial Statements.



PLN +1,452 thousand), on the Zoom TV channel 15% (+PLN +565 thousand), on the Kino Polska channel 19% (+PLN +513 thousand) and on the Filmbox channels 24% (+PLN +396 thousand).

Higher broadcasting revenue was mainly recorded in the FilmBox film channels segment and thematic channels segment (an increase of 14% or PLN +2,907 thousand). However, the Kino Polska channels recorded a 3% increase, too, which translated into an additional PLN 118 thousand or revenue. In the case of Filmbox channels, the following markets recorded the fastest growth in the first quarter: Poland, the Czech Republic and Slovakia, Hungary and Romania.

In the first quarter of 2020, sales of licence rights increased by 179% y/y as a result of the Group's increased selling activity on the Polish market.

The operating profit in the reported period was 6% higher than in the corresponding period of 2019. This is mainly due to a stronger growth of revenue compared with the growth of costs in the period analysed. The net profit from continued operations was 8% higher in the period analysed compared with the first quarter of 2019. The higher profitability of the Stopklatka TV, Sales of licence rights and Zoom TV segment in the quarter analysed was the main factor which contributed to the said increases. EBITDA for the first quarter of 2020 amounted to PLN 20,627 thousand which represents a 19% increase compared with the corresponding period of the prior year.

**II. INTERIM CONDENSED CONSOLIDATED FINANCIAL  
STATEMENTS OF THE KINO POLSKA TV S.A. GROUP  
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2020**



**APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS OF THE KINO POLSKA TV  
S.A. GROUP FOR THE 3-MONTH PERIOD ENDED 31 March 2020**

On 21 May 2020, the Management Board of Kino Polska TV S.A. approved the interim condensed consolidated financial statements of the Kino Polska TV S.A. Group for the 3-month period ended 31 March 2020 prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", which comprise:

**Interim condensed consolidated statement of comprehensive income**

for the period from 1 January 2020 to 31 March 2020, showing total comprehensive income of: PLN 4,715 thousand.

**Interim condensed consolidated statement of financial position**

as at 31 March 2020, showing total assets and total equity & liabilities of: PLN 235,639 thousand.

**Interim condensed consolidated statement of cash flows**

for the period from 1 January 2020 to 31 March 2020, showing a net increase in cash and cash equivalents of: PLN 1,209 thousand.

**Interim condensed consolidated statement of changes in equity**

for the period from 1 January 2020 to 31 March 2020, showing an increase in equity of: PLN 4,715 thousand.

**Notes to the interim condensed consolidated financial statements**

Management Board of Kino Polska TV S.A.

<hr/> <p>Bogusław Kisielewski President of the Management Board</p>	<hr/> <p>Levent Gültan Management Board Member</p>
<hr/> <p>Marcin Kowalski Management Board Member</p>	<hr/> <p>Alber Uziyel Management Board Member</p>
<hr/> <p>Berk Uziyel Management Board Member</p>	

Person responsible for maintaining  
the books of account

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Dominika Talaga-Spławska  
Chief Accountant

Warsaw, 21 May 2020

## 1. Interim condensed consolidated statement of comprehensive income

	Note	<i>3 months ended 31 March 2020 (unaudited, in PLN '000)</i>	<i>3 months ended 31 March 2019 (unaudited, restated*, in PLN '000)</i>
<b>Continuing operations</b>			
Revenue from contracts with customers	4	49,965	41,630
Operating expenses	4, 5	(42,204)	(35,416)
Other operating income	6	258	374
Other operating expenses	6	(2,109)	(1,029)
<b>Operating profit</b>		<b>5,910</b>	<b>5,559</b>
Finance income	7	40	-
Finance costs	7	(887)	(755)
<b>Profit before tax</b>		<b>5,063</b>	<b>4,804</b>
Income tax expense		(861)	(898)
<b>Net profit from continued operations</b>		<b>4,202</b>	<b>3,906</b>
<b>Net profit for the period</b>		<b>4,202</b>	<b>3,906</b>
<b>Net profit for the period, attributable to:</b>			
– equity holders of the parent		4,201	3,920
– non-controlling interests		1	(14)
		4,202	3,906
<b>Other comprehensive income/(losses) to be transferred to the income statement after specific conditions have been met:</b>			
Foreign exchange gains/(losses) on translation of foreign operations		513	548
<b>Total comprehensive income</b>		<b>4,715</b>	<b>4,454</b>
<b>Total comprehensive income attributable to:</b>			
– equity holders of the parent		4,714	4,468
– non-controlling interests		1	(14)
		4,715	4,454
<b>Total comprehensive income, attributable to the parent:</b>			
– from continued operations		4,714	4,468
		<b>4,714</b>	<b>4,468</b>
Earnings per share from continued and discontinued operations attributable to the equity holders of the parent, basic and diluted:			
- from continued operations		0.21	0.19
		<b>0.21</b>	<b>0.19</b>
weighted average number of shares in the period		19,821,404	19,821,404
diluted number of shares in the period		19,821,404	19,821,404

\* Information on the restatement is presented in Note 18.

## 2. Interim condensed consolidated statement of financial position

	Note	<i>As at 31 March 2020 (unaudited, in PLN'000)</i>	<i>As at 31 December 2019 (in PLN '000)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,857	3,065
Right-of-use assets		6,099	6,389
Goodwill		55,671	55,671
Non-current programming inventory	8	49,374	48,911
Other intangible assets		34,291	35,589
Trade and other receivables		192	180
Long-term prepayments and deferred costs		752	1,003
Deferred income tax assets		925	1,368
<b>Total non-current assets</b>		<b>150,161</b>	<b>152,176</b>
<b>Current assets</b>			
Inventory		82	83
Current programming inventory	8	6,705	6,966
Trade and other receivables		69,932	59,190
Short-term prepayments and deferred costs		1,003	1,003
Income tax receivable		1,713	637
Cash and cash equivalents		6,043	4,834
<b>Total current assets</b>		<b>85,478</b>	<b>72,713</b>
<b>TOTAL ASSETS</b>		<b>235,639</b>	<b>224,889</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital	9	1,982	1,982
Share premium		148,940	148,940
Reserve on translation of foreign operations		1,469	956
Other reserves		(110,466)	(110,466)
Retained earnings		52,229	48,028
<b>Total</b>		<b>94,154</b>	<b>89,440</b>
<b>Non-controlling (minority) interests</b>		<b>98</b>	<b>97</b>
<b>Total equity</b>		<b>94,252</b>	<b>89,537</b>
<b>Non-current liabilities</b>			
Loans and borrowings received	10	21,984	23,895
Derivative financial instruments		544	305
Concession liabilities		9,981	11,507
Trade and other payables		1,777	2,314
Provisions		303	303
Liabilities in respect of contracts with customers		1,955	2,578
Lease liabilities		3,916	4,238
Deferred income tax provision		4,387	4,483
<b>Total non-current liabilities</b>		<b>44,847</b>	<b>49,623</b>
<b>Current liabilities</b>			
Loans and borrowings received	10	38,163	35,423
Derivative financial instruments		13	197
Concession liabilities		2,906	2,823
Trade and other payables		50,432	43,031
Provisions		799	671
Liabilities in respect of contracts with customers		1,566	520
Lease liabilities		2,017	1,880
Income tax liabilities		644	1,184
<b>Total current liabilities</b>		<b>96,540</b>	<b>85,729</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>235,639</b>	<b>224,889</b>



### 3. Interim condensed consolidated statement of cash flows

	<i>3 months ended 31 March 2020 (unaudited, in PLN '000)</i>	<i>3 months ended 31 March 2019 (unaudited, restated*, in PLN '000)</i>
<b>Cash flows from operating activities</b>		
Net profit	4,202	3,906
Adjusted for:		
Amortization and depreciation	13,079	11,524
Asset impairment allowances	(8)	-
Foreign exchange differences	34	-
Interest and dividends, net	648	544
Measurement of derivative instruments	55	(104)
Purchase of programming inventory	(15,067)	(8,790)
(Increase)/Decrease in receivables	(10,754)	(2,678)
(Increase)/Decrease in assets in respect of contracts with customers	251	-
Change in prepayments and accruals	-	251
(Increase)/Decrease in inventory	1	112
Increase/(Decrease) in liabilities	11,313	1,312
Change in liabilities in respect of contracts with customers	423	795
Increase/(Decrease) in provisions	128	120
Corporate income tax paid / refunded	(2,114)	(910)
Corporate income tax liability	861	899
<b>Net cash from operating activities</b>	<b>3,052</b>	<b>6,981</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant & equipment and intangible assets	(1,764)	(2,400)
<b>Net cash from investing activities</b>	<b>(1,764)</b>	<b>(2,400)</b>
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	(389)	(400)
Proceeds from loans/borrowings raised	2,817	969
Repayment of loans/borrowings	(1,996)	(1,301)
Interests paid	(511)	(338)
<b>Net cash from financing activities</b>	<b>(79)</b>	<b>(1,070)</b>
Net increase/(decrease) in cash and cash equivalents	1,209	3,511
<b>Cash and cash equivalents as at the beginning of the period</b>	<b>4,834</b>	<b>4,604</b>
<b>Cash and cash equivalents as at the end of the period</b>	<b>6,043</b>	<b>8,115</b>

\* Information on the restatement is presented in Note 18.

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#### 4. Interim condensed consolidated statement of changes in equity

	<i>Number of shares</i>	<i>Share capital (in PLN '000)</i>	<i>Share premium (in PLN '000)</i>	<i>Reserve on translation of foreign operations (in PLN '000)</i>	<i>Other reserves (in PLN '000)</i>	<i>Retained earnings (in PLN '000)</i>	<i>Equity attributable to equity holders of the Parent (in PLN '000)</i>	<i>Non-controlling interests (in PLN '000)</i>	<i>Total equity (in PLN '000)</i>
<b>As at 1 January 2020</b>	19,821,404	1,982	148,940	956	(110,466)	48,028	89,440	97	89,537
Total comprehensive income for the period	-	-	-	513	-	4,201	4,714	1	4,715
<b>As at 31 March 2020 (unaudited)</b>	<b>19,821,404</b>	<b>1,982</b>	<b>148,940</b>	<b>1,469</b>	<b>(110,466)</b>	<b>52,229</b>	<b>94,154</b>	<b>98</b>	<b>94,252</b>
	<i>Number of shares</i>	<i>Share capital (in PLN '000)</i>	<i>Share premium (in PLN '000)</i>	<i>Reserve on translation of foreign operations (in PLN '000)</i>	<i>Other reserves (in PLN '000)</i>	<i>Retained earnings (in PLN '000)</i>	<i>Equity attributable to equity holders of the Parent (in PLN '000)</i>	<i>Non-controlling interests (in PLN '000)</i>	<i>Total equity (in PLN '000)</i>
<b>As at 1 January 2019</b>	19,821,404	1,982	148,940	302	(110,466)	38,599	79,357	963	80,320
Error correction						(2,159)	(2,159)	(406)	(2,565)
<b>As at 1 January 2019 (restated*)</b>	<b>19,821,404</b>	<b>1,982</b>	<b>148,940</b>	<b>302</b>	<b>(110,466)</b>	<b>36,440</b>	<b>77,198</b>	<b>557</b>	<b>77,755</b>
Total comprehensive income for the period	-	-	-	548	-	3,920	4,468	(14)	4,454
<b>As at 31 March 2019 (unaudited)</b>	<b>19,821,404</b>	<b>1,982</b>	<b>148,940</b>	<b>850</b>	<b>(110,466)</b>	<b>40,360</b>	<b>81,666</b>	<b>543</b>	<b>82,209</b>

\* Information on the restatement is presented in Note 18.

## 5. Notes to the interim condensed consolidated financial statements

### Note 1 – General information on the Company and the Group

Kino Polska TV S.A. (the "Company", "the Issuer") has been operating on the media market since June 2003 (then under the name Kino Polska TV Sp. z o.o.) and is entered in the Register of Businesses of the National Court Register maintained by the District Court for the capital city of Warsaw, 13th Business Department, with the number KRS 0000363674. On 24 August 2010, the transformation of the Company into a joint stock company was registered.

On 12 April 2011, Kino Polska TV S.A. made its debut on the Warsaw Stock Exchange.

In accordance with the Company's Articles of Association, the Company's duration is unlimited.

The Company's registered office is in Warsaw, ul. Puławska 435a. The Company was assigned a tax identification number (NIP) 5213248560 for the purpose of making tax settlements and a REGON number 015514227 for statistical purposes.

As at 31 March 2020, Kino Polska TV S.A. Group ("the Group") comprised the following entities:

- Kino Polska TV S.A. (Poland) – the parent company;
- Stopklatka S.A. ("Stopklatka", Poland) – a subsidiary;
- Filmbox Iberia S.L.U. (Spain) – a subsidiary;
- Filmbox Estonia OU in liquidation (Estonia) – a subsidiary;
- Filmbox International Ltd. (United Kingdom) – a subsidiary;
  - Help Film s.r.o. (the Czech Republic) – an indirect subsidiary;
  - Help Film Slovakia s.r.o. (Slovakia) – an indirect subsidiary;
  - SPI International Magyarország, Kft. (Hungary) – an indirect subsidiary.

During the period covered by these financial statements, the Group's operations covered:

- broadcasting TV channels Kino Polska, Kino Polska Muzyka, Zoom TV, Stopklatka (formerly: Stopklatka TV), FilmBox and thematic channels, selling advertising spots,
- and selling licence rights.

### **Composition of the Management Board of Kino Polska TV S.A. in the 3-months period ended 31 March 2020**

- Bogusław Kisielewski – President of the Management Board;
- Berk Uziyel – Member of the Management Board;
- Marcin Kowalski – Member of the Management Board;
- Alber Uziyel – Member of the Management Board;
- Levent Gültan – Member of the Management Board.

### **Composition of the Supervisory Board of Kino Polska TV S.A. in the 3-months period ended 31 March 2020**

- Loni Farhi – Chairman of the Supervisory Board;
- Stacey Sobel – Deputy Chair of the Supervisory Board;
- Marcin Boroszko – Member of the Supervisory Board (since 27 February 2020);
- Jacek Koskowski – Member of the Supervisory Board (until 31 January 2020).
- Piotr Orłowski – Member of the Supervisory Board;
- Jesus Perezagua Sanchez – Member of the Supervisory Board;
- Krzysztof Rudnik – Member of the Supervisory Board;
- Katarzyna Woźnicka – Member of the Supervisory Board.

### **Note 2 – Statement of compliance and general basis of preparation**

These interim condensed consolidated financial statements have been prepared in accordance with the requirements of IAS 34, "Interim Financial Reporting". Consequently, the financial statements do not cover all the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the consolidated financial statements of the Kino Polska TV S.A. group for 2019 which have been prepared in accordance with International Financial Reporting Standards endorsed by the European Union.

These interim condensed consolidated financial statements have been prepared in accordance with the accounting policies described in the consolidated financial statements of the Kino Polska TV S.A. Group as at and for the year ended 31 December 2019. The adopted accounting policies are consistent with those applied in the prior year and in the corresponding interim period of the prior year.

The income tax charge for the interim period is calculated using the tax rate which would have been used to the expected total amount of annual income, i.e. the expected annual average effective tax rate applied to the pre-tax income for the interim period.

### **Note 3 – Critical accounting estimates and judgments**

The preparation of interim financial statements under International Financial Reporting Standards endorsed by the European Union requires the Group's Management Board to use judgment, estimates and assumptions which affect the application of accounting policies and the values of assets, liabilities, revenue and costs presented. Accounting estimates and the related assumptions are based on past experience and other factors deemed reasonable in specific circumstances, and their results form the basis for judgments as to the carrying amounts of assets and liabilities which do not result directly from other sources. The actual values may differ from estimates. The accounting estimates and the related assumptions are reviewed continuously. Changes to accounting estimates are recognized in the period in which the estimates changed or in the current and future periods, if the change made relates to both the current and future periods. The key accounting estimates and judgments adopted in these interim condensed consolidated financial statements are the same as those adopted in the consolidated financial statements as at and for the year ended 31 December 2019.

#### **Note 4 – Operating segments**

Operating segments are presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Management Board of Kino Polska TV S.A. has been identified as the chief operating decision-maker responsible for the allocation of resources and evaluation of the results of the operating segments.

The Group's operating segments are its strategic segments which offer different products and services. They are managed in a different way and pursue different marketing strategies, and incur costs in connection with the scope of its operations.

The Management Board of Kino Polska TV S.A. evaluates segment operations by analysing segments' results, defined as sales revenue less direct operating expenses and allocated indirect operating expenses. There are no inconsistencies between operating segment reporting and the treatment of the segments in the accounting records, and between their treatment for management reporting purposes.

The Management Board of Kino Polska TV S.A. does not regularly analyse assets and liabilities for each reportable segment:

In "Other segments", the Group combines the operating segments which do not achieve the quantitative thresholds. These segments have different characteristics than the separately reported segments.



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	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>							
	FilmBox film channels and thematic channels	Kino Polska channels	Production of TV channels	Zoom TV	Stopklatka TV	Sales of licensing rights	Other segments	TOTAL
Sales - broadcasting	23,435	3,908	-	-	-	-	-	<b>27,343</b>
Sales - advertising	2,051	3,241	-	4,395	7,535	-	-	<b>17,222</b>
Sales - other	14	-	220	-	-	4,472	694	<b>5,400</b>
<b>Total revenue from contracts with customers</b>	<b>25,500</b>	<b>7,149</b>	<b>220</b>	<b>4,395</b>	<b>7,535</b>	<b>4,472</b>	<b>694</b>	<b>49,965</b>
<b>Operating expenses</b>	<b>(20,308)</b>	<b>(4,276)</b>	<b>(196)</b>	<b>(5,669)</b>	<b>(7,228)</b>	<b>(3,764)</b>	<b>(763)</b>	<b>(42,204)</b>
<i>including amortization and depreciation:</i>	<i>(6,583)</i>	<i>(1,311)</i>	<i>(20)</i>	<i>(2,008)</i>	<i>(3,083)</i>	<i>(25)</i>	<i>(49)</i>	<i>(13,079)</i>
<b>Segment profit/(loss)</b>	<b>5,192</b>	<b>2,873</b>	<b>24</b>	<b>(1,274)</b>	<b>307</b>	<b>708</b>	<b>(69)</b>	<b>7,761</b>
Other operating income	-	-	-	-	-	-	-	<b>258</b>
Other operating expenses	-	-	-	-	-	-	-	<b>(2,109)</b>
<b>Operating profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,910</b>
Finance income	-	-	-	-	-	-	-	<b>40</b>
Finance costs	-	-	-	-	-	-	-	<b>(887)</b>
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,063</b>
Income tax expense	-	-	-	-	-	-	-	<b>(861)</b>
<b>Net profit from continued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,202</b>

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	<i>3 months ended 31 March 2019 (unaudited, restated*, in PLN '000)</i>							
	FilmBox film channels and thematic channels	Kino Polska channels	Production of TV channels	Zoom TV	Stopklatka TV	Sales of licensing rights	Other segments	TOTAL
Sales - broadcasting	20,528	3,790	-	-	-	-	-	24,318
Sales - advertising	1,655	2,728	-	3,830	6,083	-	-	14,296
Sales - other	-	-	95	-	-	1,602	1,319	3,016
<b>Total revenue from contracts with customers</b>	<b>22,183</b>	<b>6,518</b>	<b>95</b>	<b>3,830</b>	<b>6,083</b>	<b>1,602</b>	<b>1,319</b>	<b>41,630</b>
<b>Operating expenses</b>	<b>(16,911)</b>	<b>(3,710)</b>	<b>(86)</b>	<b>(5,267)</b>	<b>(7,097)</b>	<b>(1,283)</b>	<b>(1,062)</b>	<b>(35,416)</b>
<b>Segment profit/(loss)</b>	<b>5,272</b>	<b>2,808</b>	<b>9</b>	<b>(1,437)</b>	<b>(1,014)</b>	<b>319</b>	<b>257</b>	<b>6,214</b>
Other operating income	-	-	-	-	-	-	-	374
Other operating expenses	-	-	-	-	-	-	-	(1,029)
<b>Operating profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,559</b>
Finance costs	-	-	-	-	-	-	-	(755)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,804</b>
Income tax expense	-	-	-	-	-	-	-	(898)
<b>Net profit from continued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,906</b>

\* Information on the restatement is presented in Note 18.

## Note 5 – Operating expenses

	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, restated*, in PLN '000)</b>
Depreciation and amortization	(10,449)	(9,670)
- including the amortization of non-current programming inventory	(8,321)	(7,600)
Employee benefit expenses, including:	(5,519)	(4,890)
- cost of wages and salaries	(4,560)	(4,058)
- costs of social insurance and other benefits	(831)	(711)
- costs of future benefits (provisions) with respect to one-off retirement bonuses, long service bonuses and similar employee benefits	(128)	(121)
Materials and energy used	(155)	(202)
Broadcasting services	(8,595)	(8,440)
Content costs	(5,364)	(3,510)
- including amortization of current programming inventory	(2,630)	(1,854)
Other services	(7,295)	(5,529)
Taxes and fees	(1,783)	(1,475)
Other costs	(261)	(415)
Cost of goods for resale and materials sold	(2,783)	(1,285)
<b>Total operating expenses</b>	<b>(42,204)</b>	<b>(35,416)</b>

\* Information on the restatement is presented in Note 18.

In the first quarter of 2020, the Group's operating expenses increased by 19% compared to the corresponding period of 2019.

The increase y/y was due to higher amortization charges on current and non-current programming inventory (mainly the FilmBox channels), higher costs of international marketing and sales support in foreign markets and higher licencing fees associated with higher sales of thematic channels. A significant increase in the Cost of goods for resale and materials sold is due to higher revenue from the sale of licences in the period analysed.

## Note 6 – Other operating income and expenses

	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, in PLN '000)</b>
<b>Other operating income</b>		
Net gains on disposal of non-financial non-current assets	-	8
Liabilities written off	46	-
Subsidy	23	127
Measurement of derivative instruments (forward contracts)	184	167
Stock count surpluses	-	15
Other	5	57
<b>Total</b>	<b>258</b>	<b>374</b>

	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, in PLN '000)</b>
<b>Other operating expenses</b>		
Receivables written off	-	(2)
Recognition of write-downs of receivables	(221)	(591)
Interest on trade payables	(3)	-
State Budget interest	(1)	-
Foreign exchange differences	(1,822)	(435)
Other	(62)	(1)
<b>Total</b>	<b>(2,109)</b>	<b>(1,029)</b>

## Note 7 – Finance income and costs

<b>Finance income</b>	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, in PLN '000)</b>
Interest income, including:	40	-
- other interest	40	-
<b>Total</b>	<b>40</b>	<b>-</b>

  

<b>Finance costs</b>	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, in PLN '000)</b>
Interest expense, including:	(520)	(538)
- on loans and borrowings	(475)	(490)
- on leases	(45)	(48)
Discount on concessions	(128)	(152)
Measurement of derivative instruments (IRS)	(239)	(65)
<b>Total</b>	<b>(887)</b>	<b>(755)</b>

## Note 8 – Programming inventory

	<b>As at 31 March 2020 (unaudited, in PLN'000)</b>	<b>As at 31 December 2019 (in PLN '000)</b>
Purchased film licences	48,823	48,936
Down payments	7,256	6,941
<b>Total</b>	<b>56,079</b>	<b>55,877</b>
including:		
<i>non-current programming inventory</i>	49,374	48,911
<i>current programming inventory</i>	6,705	6,966

<b>Changes in programming inventory</b>	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, in PLN '000)</b>
Net book value as at 1 January	55,877	53,921
Increase:		
- purchase of film licences (including down payments)	13,815	11,138
Changes in impairment write-downs	8	-
Amortization of film licences	(10,951)	(9,454)
Sale	(2,755)	(1,158)
Foreign exchange differences	85	107
<b>Net book value as at January 31</b>	<b>56,079</b>	<b>54,554</b>

## Note 9 – Equity

The table below presents the shareholders of Kino Polska TV S.A. holding, to the best of the Company's knowledge, at least 5% of the votes at the Company's General Meeting as at the date of issue of this Report.

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Shareholder	Type of shares	Number of shares <sup>1</sup>	Interest in the share capital (in %)	Number of votes at the GM	Share of total votes at the GM
SPI International B.V.	Ordinary bearer shares	12,913,285	65.15%	12,913,285	65.15%
Investment funds managed by Ipopema TFI S.A. (including Total FIZ and TTL 1 Sp. z o.o.)	Ordinary bearer shares	1,702,462	8.59%	1,702,462	8.59%
Nationale-Nederlanden Powszechnie Towarzystwo Emerytalne S.A. (including Nationale-Nederlanden OFE and Nationale-Nederlanden DFE) <sup>2</sup>	Ordinary bearer shares	1,038,944	5.24%	1,038,944	5.24%
Other	Ordinary bearer shares	4,166,713	21.02%	4,166,713	21.02%
<b>TOTAL</b>	<b>Ordinary bearer shares</b>	<b>19,821,404</b>	<b>100.00%</b>	<b>19,821,404</b>	<b>100.00%</b>

<sup>1</sup> The information in the table is based on the notifications received from the shareholders pursuant to Article 69 of the Act of 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organized trading and on public companies, and on the notification submitted by SPI International B.V. about the actual number of Issuer's shares held.

<sup>2</sup> Formerly ING Powszechnie Towarzystwo Emerytalne S.A. (including ING OFE and ING DFE).

The parent of SPI International B.V., which holds 100% of the shares in that company, is Cooperatieve SPI International U.A. which is, furthermore, the entity that prepares consolidated financial statements at the ultimate level. The ultimate parent is Ms. Hilda Uziyel.

#### Note 10 – Loans and advances received

As at 31 March 2020, the Group had the following loans, advances and open credit lines:

As at 31 March 2020 (unaudited)							
Financing entity	Currency	Loan/limit amount	Loan value as at the balance sheet date		Interest rate	Repayment deadline	Collateral
			foreign currency '000	PLN'000			
Santander Bank Polska S.A.	PLN	up to PLN 30m	n/a	27,323	WIBOR 1M + the Bank's margin	09/06/2020	a blank promissory note, a declaration of submission to enforcement proceedings, powers of attorney for bank accounts, and an agreement on the assignment of receivables
Santander Bank Polska S.A.	PLN	PLN 10 million	n/a	24,820	WIBOR 1M + the Bank's margin	28/02/2022	an agreement on the assignment of receivables and a registered pledge on shares
Santander Bank Polska S.A.	PLN	PLN 32.2 million	n/a	4,785	WIBOR 1M + the Bank's margin	30/04/2023	an agreement on the assignment of receivables and a registered pledge on shares
Santander Bank Polska S.A.	PLN	PLN 596 thousand	n/a	264	4.21%	25/01/2021	blank bill of exchange
Santander S.A.	PLN	PLN 4 million	n/a	2,955	WIBOR 1M + the Bank's margin	30/06/2020	transfer of receivables, bill of exchange guarantee from Kino Polska TV S.A.
<b>Total loans and borrowings</b>				<b>60,147</b>			

As at 31 December 2019, the Group had the following loans, advances and open credit lines:

As at 31 December 2019							
Financing entity	Currency	Loan/limit amount	Loan value as at the balance sheet date		Interest rate	Repayment deadline	Collateral
			in foreign currency '000	in PLN'000			
Santander Bank Polska S.A.	PLN	up to PLN 30m	n/a	25,938	WIBOR 1M + the Bank's margin	09/06/2020	a blank promissory note, a declaration of submission to enforcement proceedings, powers of attorney for bank accounts, and an agreement on the assignment of receivables
Santander Bank Polska S.A.	PLN	PLN 10 million	n/a	5,410	WIBOR 1M + the Bank's margin	28/02/2022	an agreement on the assignment of receivables and a registered pledge on shares
Santander Bank Polska S.A.	PLN	PLN 32.2 million	n/a	26,106	WIBOR 1M + the Bank's margin	30/04/2023	an agreement on the assignment of receivables and a registered pledge on shares
Santander Bank Polska S.A.	PLN	PLN 596 thousand	n/a	341	4.21%	25/01/2021	blank bill of exchange
Santander S.A.	PLN	PLN 4 million	n/a	1,523	WIBOR 1M + the Bank's margin	30/06/2020	transfer of receivables, bill of exchange guarantee from Kino Polska TV S.A.
<b>Total loans and borrowings</b>				<b>59,318</b>			

#### Note 11 – Comparison of fair values and carrying amounts

The Group applies the following fair value hierarchy for financial instruments, depending on the selected measurement method:

- Level 1: quoted prices (unadjusted) on active markets for the same assets and liabilities;
- Level 2: input data which is observable for a given asset or liability, either directly (e.g. as prices) or indirectly;
- Level 3: input data which is not based on observable market prices (unobservable input data).

	Category under IFRS 7	Fair value hierarchy level	As at 31 March 2020 (unaudited, in PLN'000)		As at 31 December 2019 (in PLN '000)	
			Book value	Fair value	Book value	Fair value
Trade and other receivables	A	2*	63,645	63,645	55,700	55,700
Cash and cash equivalents	A	2*	6,043	6,043	4,834	4,834
Loans and borrowings received	B	2	(60,147)	(60,379)	(59,318)	(59,575)
Finance lease liabilities	B	2	(5,933)	(5,999)	(6,118)	(6,145)
Concession liabilities	B	2	(12,887)	(13,157)	(14,330)	(14,581)
Trade payables and payables related to purchase of programming inventory	B	2*	(56,164)	(56,164)	(44,247)	(44,247)
<b>Total</b>			<b>(65,443)</b>	<b>(66,011)</b>	<b>(63,479)</b>	<b>(64,014)</b>
<b>Unrecognized profit/(loss)</b>				<b>(568)</b>		<b>(535)</b>

A – Loans and receivables

B – Other liabilities

\* It is assumed that the fair value of cash and cash equivalents is equal to their nominal value. Therefore, no measurement techniques were applied to measure these items.

Trade receivables and payables include mainly receivables and payables which will be settled no later than by the end of the month following the balance sheet date. Consequently, it was assumed that their measurement taking into account the time value of money would be similar to their nominal value.

The Group used similar simplifications in the case of payables in respect of purchase of programming inventory whose measurement as at the balance sheet date does not include the effect of discounting.

The fair value of the concession liabilities was determined using the expected cash flows from the balance sheet date to 27 February 2025 and 29 December 2022, respectively, discounted with a WIBOR market rate and a margin relating to the Group's credit risk.

In the case of the overdraft facilities received by the Group, the final repayment deadlines were set at 9 June 2020 and 30 June 2020. However, due to the nature of the loans granted (overdraft facilities), the deadline for repayment of the present balance, expected by the Group, is impossible to determine. For this reason, it was assumed that the fair value of the overdraft facility is approximate to its carrying amount.

The fair value of the other loans (investment loans and a bank loan) was determined using the expected cash flows from the balance sheet date to 28 February 2022, 30 April 2023 and 25 January 2021, respectively, and discounted with a WIBOR market rate and a margin relating to the Group's credit risk.

#### Note 12 – Related party transactions

Revenue from related entities relates mainly to the provision of production and telecommunication services, sale of licences and the provision of distribution services, while purchases from related entities comprise purchases of licences and fees for access to the content, royalties, and marketing and advisory services.

	3 months ended 31 March 2020 (unaudited, in PLN '000)		3 months ended 31 March 2019 (unaudited, in PLN '000)	
	sales of finished goods and services	interest income	sales of finished goods and services	interest income
<i>Mediabox Broadcasting Rus LLC</i>	25	-	-	-
<i>Mediabox Broadcasting International Ltd (UK)</i>	1,693	-	947	-
<i>SPI Int'l BV (NL)</i>	3,939	40	1,439	-
<i>ROX Entertainment BV</i>	71	-	108	-
<i>EFTAS Eklektronik Fotograf Ticaret Sanayi A.S.</i>	2	-	-	-
<b>Total revenue from sales to related entities</b>	<b>5,730</b>	<b>40</b>	<b>2,494</b>	<b>-</b>



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	3 months ended 31 March 2020 (unaudited, in PLN '000)		3 months ended 31 March 2019 (unaudited, in PLN '000)	
	purchase of services	purchase of assets	purchase of services	purchase of assets
<b>Purchases from related entities</b>				
<i>Mediabox Broadcasting Rus LLC</i>	-	-	270	-
<i>Mediabox Broadcasting International Ltd (UK)</i>	694	-	-	-
<i>SPI Int'l BV (NL)</i>	2,126	2,713	2,134	1,146
<i>ROX Entertainment BV</i>	354	-	264	-
<i>SPI Int'l Inc. (USA)</i>	29	-	29	-
<i>Berk Uziyel</i>	72	-	74	-
<i>EFTAS Eklektronik Fotograf Ticaret Sanayi A.S.</i>	1,568	-	729	-
<i>Adrian Gumulak</i>	88	-	82	-
<i>John Logan</i>	-	-	19	-
<b>Total purchases from related entities</b>	<b>4,931</b>	<b>2,713</b>	<b>3,601</b>	<b>1,146</b>

	As at 31 March 2020 (unaudited, in PLN'000)	As at 31 December 2019 (unaudited, in PLN'000)
	Receivables and payables	Receivables and payables
<b>Receivables</b>		
<i>Mediabox Broadcasting Rus LLC</i>	273	230
<i>Mediabox Broadcasting International Ltd (UK)</i>	6,578	4,915
<i>SPI Int'l BV (NL)</i>	19,944	19,572
<i>ROX Entertainment BV</i>	242	220
<i>Cooperatieve SPI International UA (NL)</i>	52	48
<i>EFTAS Eklektronik Fotograf Ticaret Sanayi A.S.</i>	499	396
<b>Total receivables</b>	<b>27,588</b>	<b>25,381</b>

	As at 31 March 2020 (unaudited, in PLN'000)	As at 31 December 2019 (unaudited, in PLN'000)
	Receivables and payables	Receivables and payables
<b>Liabilities</b>		
<i>Mediabox Rus LLC</i>	5	-
<i>Mediabox Broadcasting International Ltd (UK)</i>	939	152
<i>SPI Int'l BV (NL)</i>	5,010	3,135
<i>ROX Entertainment BV</i>	381	682
<i>SPI Int'l Inc. (USA)</i>	54	79
<i>EFTAS Eklektronik Fotograf Ticaret Sanayi A.S.</i>	172	142
<i>Adrian Gumulak</i>	104	113
	<b>6,665</b>	<b>4,303</b>

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**Note 13 – Information on subsidiaries as at 31 March 2020**

Entity's name and legal form	Registered office	Scope of business activities	Nature of relationship	Date of assuming control	% of share capital held as at 31/03/2020	% of total votes at the General Shareholders' Meeting as at 31/03/2020	% of share capital held as at 31/12/2019	% of total votes at the General Shareholders' Meeting as at 31/12/2019
<b>Stopklatka S.A.</b>	Warsaw, Poland	TV broadcasting	direct subsidiary	14/06/2018	99.62%	99.62%	99.62%	99.62%
<b>Filmbox Iberia S.L.U.</b>	Madrid, Spain	distribution of film channels from the Filmbox family	direct subsidiary	27/02/2019	100.00%	100.00%	100.00%	100.00%
<b>Filmbox Estonia OU in liquidation</b>	Tallinn, Estonia	distribution of film channels from the Filmbox family	direct subsidiary	05/08/2019	100.00%	100.00%	100.00%	100.00%
<b>Filmbox International Ltd.</b>	London, United Kingdom	distribution of film channels from the Filmbox family	direct subsidiary	01/12/2013	100.00%	100.00%	100.00%	100.00%
<b>SPI International Magyarorszag, Kft.</b>	Budapest, Hungary	distribution of film channels from the Filmbox family	indirect subsidiary	01/12/2013	100.00%	100.00%	100.00%	100.00%
<b>Help Film s.r.o.</b>	Prague, the Czech Republic	distribution of film channels from the Filmbox family	indirect subsidiary	01/12/2013	100.00%	100.00%	100.00%	100.00%
<b>Help Film Slovakia s.r.o.</b>	Bratislava, Slovakia	distribution of film channels from the Filmbox family	indirect subsidiary	01/12/2013	100.00%	100.00%	100.00%	100.00%

## Note 14 – Capital management

The objective of the Group's capital risk management is to maintain an optimal capital structure, ensure the ability to continue in operation, as well as generate return for the shareholders and benefits for other stakeholders. Therefore, the Group monitors the liability ratios, pursues an active policy on the payment of dividends, the issues of new shares or the purchase and subsequent redemption or resale of previously issued shares, and the possible sale of assets to reduce debt.

The debt ratios analysed by the Group as at 31 March 2020 and 31 December 2019 are as follows:

	As at 31 March 2020 (unaudited, in PLN'000)	As at 31 December 2019 (in PLN '000)
Equity	94,252	89,537
Net non-current assets, including:	150,161	152,176
- intangible assets and programming inventory	139,336	140,171
<b>Equity to non-current assets ratio</b>	<b>0.63</b>	<b>0.59</b>

	12 months ended 31 March 2020 (unaudited, in PLN '000)	12 months ended 31 March 2019 (unaudited, restated*, in PLN '000)
Operating profit/(loss)	26,454	42,655
Adjustments:	54,365	24,944
- depreciation and amortisation	42,305	34,348
- amortization of current programming inventory	9,371	7,382
- impairment write-downs of programming inventory and intangible assets	44	1
- share in the profit/(loss) of Stopklatka S.A.	-	485
- gain/(loss) on the measurement of the former interest in Stopklatka S.A. as at the date of acquisition of control	-	(17,936)
- foreign exchange gains and losses and the measurement of derivatives	2,628	597
- interest expense to the State Budget	17	67
<b>EBITDA</b>	<b>80,819</b>	<b>67,599</b>
<b>Loans, borrowings and other sources of financing (including leases)</b>	<b>66,080</b>	<b>72,238</b>
<b>Ratio: Loans, borrowings and other sources of financing/EBITDA</b>	<b>82%</b>	<b>107%</b>

\* Information on the restatement is presented in Note 18.

The Group defines EBITDA as operating profit adjusted for depreciation/amortization and impairment of fixed assets, intangible assets and programming inventory, and the loss of Stopklatka S.A. Moreover, in the calculation of EBITDA the Company eliminates foreign exchange differences and interest expense on liabilities to the State budget, and recognizes interest income. EBITDA is not defined by the IFRS as adopted by the EU and may be calculated differently by other entities.

EBITDA cannot be considered to be a measure equivalent to profit before tax or to cash flows from operating activities (or to any other measures defined by the IFRS). Nor can EBITDA be treated as the sole measure of operating effectiveness or a liquidity ratio. In particular, EBITDA cannot be treated, either, as a measure of cash and cash equivalents remaining at the Group's disposal, which can be invested in business development.

As an analytical tool, EBITDA has certain limitations and therefore, cannot be considered in isolation from other ratios or as a substitute for financial data consistent with IFRS EU. Therefore, investors should not rely on this ratio uncritically.

#### Note 15 – Operating leases and future contractual commitments

<b>Future operating lease commitments – the lessee</b>	<i>As at 31 March 2020 (unaudited, in PLN'000)</i>	<i>As at 31 December 2019 (in PLN '000)</i>
Within 1 year	687	651
Within 1 to 5 years	1,512	1,660
<b>Total</b>	<b>2,199</b>	<b>2,311</b>

<b>Future commitments in respect of the provision of broadcasting and other services</b>	<i>As at 31 March 2020 (unaudited, in PLN'000)</i>	<i>As at 31 December 2019 (in PLN '000)</i>
Within 1 year	28,516	29,053
Within 1 to 5 years	79,799	72,918
Over 5 years	6,176	8,173
<b>Total</b>	<b>114,491</b>	<b>110,144</b>

<b>Future commitments in respect of contracts on the purchase of film licences:</b>	<i>As at 31 March 2020 (unaudited, in PLN'000)</i>	<i>As at 31 December 2019 (in PLN '000)</i>
Within 1 year	13,205	13,540
Within 1 to 5 years	14,421	14,098
<b>Total</b>	<b>27,626</b>	<b>27,638</b>

#### Note 16 – Impairment test with respect to Stopklatka TV segment

Given the economic situation caused by COVID-19 and the anticipated drop in advertising revenue, as at 31 December 2019, the Group conducted an impairment test of the assets of the Stopklatka TV segment totalling PLN 63,212 thousand, comprising, among other things, the goodwill which arose on the acquisition of Stopklatka S.A. The Stopklatka TV segment constitutes a separate cash-generating unit. As at 31 March 2020, Stopklatka TV's goodwill amounted to PLN 35,205 thousand, whereas other assets and related liabilities – PLN 28,007 thousand.

During the impairment test, the recoverable amount of the Stopklatka TV segment was calculated based on value in use. These calculations were based on discounted cash flows. Future cash flows were estimated on the basis of free cash flows available to all funding providers (FCFF). The FCFF were discounted using the weighted average cost of capital (WACC) based on the estimated cost of capital and cost of debt.

The operations of the Stopklatka TV segment consist of running the Stopklatka television channel (previously Stopklatka TV). Stopklatka S.A. began broadcasting that channel on 15 March 2014. The television channel is

available in the first multiplex of terrestrial digital television. The revenue forecast for the period from 01 April 2020 to 31 March 2025 was based mainly on the expectations regarding:

- the anticipated decrease in advertising revenue due to COVID-19 for the period from 1 April to 31 December 2020 of approximately 15% compared with the previously budgeted data.
- an decrease in the share of the Stopklatka television channel in the total audience (SHR) from 1.04% on the average recorded in the first quarter of 2020 to approximately 1.36% targeted for the first quarter of 2025.

The average SHR in the forecast horizon was adopted at 1.24%; The assumptions concerning the increase in SHR are to be implemented by tailoring the programme mix to the target viewer in a better way and by using the available programme catalogue in a more effective manner. The planned average annual increase in revenue (which also takes into account a decrease due to COVID-19 in 2020) in the period from April 2020 to March 2025 of approximately 9% is a result of both higher SHR and a favourable tendency in the cost per point (CPP) for the channel in 2021-2025. The operating expenses and capital expenditure adopted in the financial plan assume average annual growths of over 2%.

In addition to SHR and the assumed drop in revenue in 2020 due to COVID-19, a discount rate adopted at the level of 10.70% is another key financial assumption adopted as at 31 March 2020. The discount rate reflected the management's estimate of the risk typical of a given activity, taking into account the time value of money and the risk typical of a given asset. The discount rate was calculated taking into account the specific conditions of the company's operations based on the weighted average cost of capital (WACC). The WACC rate took into account both debt and equity. The incremental growth rate was based on market data concerning the long-term inflation rate in Poland and Management Board forecasts.

The Group believes that the main assumptions made for testing the Stopklatka TV segment for impairment as at 31 March 2020 were rational and based on the Group's experience as well as market development forecasts, including an extraordinary situation due to COVID-19.

Value in use (PLN 81,022 thousand) of the Stopklatka TV estimated by the Group as at 31 March 2020 was higher than the value of the Stopklatka TV segment assets (PLN 63,212). In consequence, the Group did not recognize any impairment. The Group would have recognized impairment if, with other conditions remaining unchanged:

- The assumed SHR in the forecast period did not exceed 1.17%;
- the discount rate amounted to 13.1%.

#### **Note 17 – Impairment test with respect to the Zoom segment**

Given the economic situation caused by COVID-19 and the anticipated drop in advertising revenue, the Group conducted an impairment test of the assets of the Zoom TV segment as at 31 March 2020.

As at 31 March 2020, goodwill related to the Zoom TV segment amounted to PLN 20 466 thousand and other related assets and liabilities amounted to PLN 12,404 thousand.

During the impairment test, the recoverable amount of the Zoom TV segment was calculated based on value in use. These calculations were based on discounted cash flows derived from the current financial plan adopted by the Management Board for the period from 1 April to 31 December 2020, assumptions concerning revenue and expenses in the period from January 2021 to March 2025 and the growth rate after March 2025.

The operations of the Zoom TV segment consist of running the Zoom TV television channel. Broadcasting of Zoom TV commenced in October 2016. This television channel is available on the eighth multiplex of digital terrestrial television. The revenue forecast for the period from April 2020 to March 2025 was based mainly on expectations regarding:

- the anticipated decrease in advertising revenue due to COVID-19 for the period from 1 April to 31 December 2020 of approximately 15% compared with the previously budgeted data;
- an increase in the share of the Zoom TV television channel in the total audience (SHR) from 0.60% on the average recorded in March 2020 to approximately 0.93% targeted for March 2025.

The average SHR in the forecast horizon was adopted at 0.86%. The assumptions concerning the increase in SHR are to be achieved mainly by increasing recognizability of the Zoom TV brand among the audience (thanks to increased expenditure on sales activities and steadily growing related marketing expenses) and by a more than 6% increase in expenditure on content purchases over the next five years. The planned average annual increase in revenue (which also takes into account a decrease due to COVID-19 in 2020) in the period from April 2020 to March 2025 of approximately 16% is a result of both higher SHR and a favourable tendency in the cost per point (CPP) for the channel in 2021-2025.

In the Group's opinion, the increase in SHR will be achieved by:

- investing in content (for example, unique productions dedicated solely to the Zoom TV channel have been planned);
- flexible response to the needs of the audience and to market changes;
- selecting content resulting in better audience structure from the advertisers' perspective; and
- conducting marketing activities.

In addition to SHR and the assumed drop in revenue in 2020 due to COVID-19, a discount rate adopted at the level of 10.70% is another key financial assumption adopted as at 31 March 2020. The discount rate reflected the management's estimate of the risk typical of a given activity, taking into account the time value of money and the risk typical of a given asset. The discount rate was calculated taking into account the specific conditions of the company's operations based on the weighted average cost of capital (WACC). The WACC rate took into account both debt and equity. The incremental growth rate was based on market data concerning the long-term inflation rate in Poland and Management Board forecasts.

The Group's Management Board believes that the main assumptions made for testing the Zoom TV segment for impairment as at 31 March 2020 were rational and based on the Group's experience as well as market development forecasts, including an extraordinary situation due to COVID-19.

Value in use of the Zoom TV segment (PLN 41,128 thousand) estimated by the Group as at 31 March 2020 was higher than the book value (PLN 32,870 thousand). In consequence, the Group did not recognize any impairment.

The Group would have recognized impairment if, with other conditions remaining unchanged:

- the assumed SHR in the forecast period did not exceed 0.85%;
- the discount rate amounted to 12.25%.

#### **Note 18 – Error correction**

On 23 May 2016, the Group accepted an offer to take up 385 new shares in CTN&P representing 49% of its share capital, for PLN 10,000 thousand. The said amount was paid on 24 May 2016. In accordance with the agreement, the Group acquired control over CTN&P on the date of registration of its share capital increase, i.e. on 17 June 2016.

In the context of the definition of a business provided in Appendix A to IFRS 3 Business Combinations, the Management Board of the Group assessed the scope of the operations of CTN&P as at the date of assuming control. In the consolidated financial statements for 2016, this transaction was recognized as the acquisition of an asset in the form of a concession.

In the opinion of the Management Board, in 2016 the operations of CTN&P as at the date of its acquisition by the Group were wrongly considered as not meeting the definition of a business. The following circumstances existing at the date of the acquisition of CTN&P indicated the existence of a business and should have been considered in the analysis of the method of accounting for the transaction:

- the number of employees and associates and the scope of their duties;
- the number of agreements signed and the stage of completion of the negotiations of significant business terms and conditions of the agreements that were signed shortly after the date of the acquisition;
- the existence of approved plans for the Company's operations and development;
- the existence of the Programme Board;
- the existing relations of employees and associates, in particular in the area of local content purchases and cooperation with cable and satellite operators.

In view of the circumstances described above, the acquisition of CTN&P should have been recognized as the acquisition of a business.



In the consolidated financial statements, the Group accounted for the allocation of the cost of the investment as at 17 June 2016. The result of the new calculation, including the correction of the previously adopted approach is presented in the table below.

Consideration as at the date of assuming control	Reported data (in PLN'000)	Error correction (in PLN'000)	Restated data (in PLN'000)
Cash and cash equivalents	10 000	-	10 000
Fair value of additional financial liabilities	19 395	-	19 395
<b>Total consideration</b>	<b>29 395</b>	<b>-</b>	<b>29 395</b>
Non-controlling interest	-	-	-
Cash and cash equivalents	8 108	-	8 108
Property, plant and equipment	9	-	9
Concession - an asset representing a formal right	-	13 197	13 197
Concession - an asset to which a value from the acquisition of a group of assets was allocated	33 663	(33 663)	-
Trade and other receivables	79	-	79
Concession liabilities	(12 409)	-	(12 409)
Trade and other payables	(55)	-	(55)
Provisions			
Deferred income tax on a surplus			
Total net assets	<b>29 395</b>	<b>(20 466)</b>	<b>8 929</b>
Goodwill	-	<b>20 466</b>	<b>20 466</b>

CTN&P was the broadcaster of the Zoom TV channel, which was available e.g. on terrestrial digital TV platforms. As a result of the acquisition, the Company's Group was able to diversify its operations, i.e. extend its offer of channels available on terrestrial digital platforms and integrate the selected areas of operations of its existing channels to achieve synergies mainly in the areas of management, marketing, channel production and content purchases. The synergy effect was enhanced in June 2018 when the legal business combination of Kino Polska TV S.A. with CTN&P took place.

The identifiable assets recognized and measured as at the date of the acquisition included a concession representing a formal right to broadcast valid until 28 December 2025 (the concession's amortization was set for that period).

The goodwill of PLN 20,466 thousand comprised the above-mentioned economies of scale and synergies and reflected the value of informal relations of CTN&P employees and associates mainly with the providers of local content.

No part of the goodwill will be deductible for corporate income tax purposes.

The fair value of additional financial liabilities as at the date of assuming control comprised:

- the Group's obligation to acquire 21% of the shares within a specified period for PLN 10,000 thousand - the acquisition took place on 5 September 2016;

- the obligation to acquire the remaining 30% of the shares on the minority shareholder's request within a specified time for PLN 10,000 thousand (the put option) – the acquisition took place on 23 January 2018.

Non-controlling interests were not recognized, since in the Management Board's opinion all significant benefits associated with those shares had been transferred to the acquirer, i.e. the Group, at the date of the acquisition. In the opinion of the Management Board, this was due to the fact that it was reasonably certain that the non-controlling shareholder would execute the put option.

Due to the correction of the consolidated financial statements discussed above, the statement of comprehensive income for the 3-month period ended 31 March 2019 was restated by adjusting amortization of the concession by PLN 81 thousand.

#### **Error correction - recognition of the acquisition of Stopklatka S.A. in 2018**

As at 31 December 2018, the Group performed a final settlement of the allocation of the cost of purchase of the controlling interest in Stopklatka S.A. on 14 June 2018. As a result of this settlement, goodwill of PLN 20,229 thousand and a concession of PLN 24,611 thousand were recognized (among other things). In the period covered by these annual consolidated financial statements, the Group reassessed the allocation of the cost of the acquisition. As a result, the asset representing the formal part of the concession valid until October 2023 was remeasured.

In the Group's opinion, the original allocation of the acquisition cost included an incorrect assessment of the value assigned to the formal right to use the broadcasting concession. The Group corrected the valuation of this right by limiting the period of generating revenue to the time for which the original concession was granted.

The adjusted value of this part of the rights amounted to PLN 2,238 thousand. Consequently, the goodwill and the deferred income tax provision were also adjusted. The result of the adjustment to the acquisition cost allocation is presented below.

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	Reported data (in PLN'000)	Error correction	Restated data (in PLN'000)
<b>Consideration as at 14 June 2018</b>			
Cash and cash equivalents	32 173	-	32 173
Intercompany receivables and payables as at the date of acquisition of control	1 438	-	1 438
Fair value of the interest in a joint venture held before the date of assuming control	23 480	-	23 480
<b>Total consideration</b>	<b>57 091</b>	<b>-</b>	<b>57 091</b>
<b>Non-controlling interest</b>	<b>7 744</b>	<b>(3 146)</b>	<b>4 598</b>
Property, plant and equipment	401	-	401
Non-current and current programming inventory	9 791	-	9 791
Concession - an asset representing a formal right	24 611	(22 373)	2 238
Customer relations	20 489	-	20 489
Brand	8 967	-	8 967
Trade and other receivables	2 733	-	2 733
Cash and cash equivalents	731	-	731
Loans and borrowings received	(938)	-	(938)
Concession liabilities	(7 859)	-	(7 859)
Trade and other payables	(5 338)	-	(5 338)
Provisions	(86)	-	(86)
Deferred income tax on the surplus	(8 896)	4 251	(4 645)
<b>Total net assets</b>	<b>44 606</b>	<b>-18 122</b>	<b>26 484</b>
<b>Goodwill</b>	<b>20 229</b>	<b>14 976</b>	<b>35 205</b>

The Group determined that the concession representing the formal right will be amortized over the period from the acquisition of Stopklatka S.A. to 23 October 2023.

Therefore, the said costs were recognized in these consolidated financial statements in the following manner:

- the adjustment to the concession amortization costs for the 3-month period ended 31 March 2019 of PLN 7 thousand was recognized as Operating expenses/Amortization;
- at the same time, the Group adjusted the deferred income tax provision for the 3-month period ended 31 March 2019 by PLN 2 thousand.

#### Corrections of errors in presentation

The Group made the following presentation change in 2019 in order to better reflect the nature of recognized transactions not associated with the error corrections described above: in the statement of financial position, future discounts relating to contracts with customers were presented in Prepayments and deferred costs (previously they were presented in Assets in respect of contracts with customers).

The effect of the presentation change described above and corrections of errors on the statement of comprehensive income and the statement of cash flows for the 3-month period ended 31 March 2019 is presented below.

**Restatement of the consolidated statement of comprehensive income for the three months ended  
31 March 2019**

	<i>3 months ended 31 March 2019 (unaudited, reported data in PLN '000)</i>	<i>Error correction (in PLN'000)</i>	<i>3 months ended 31 March 2019 unaudited, restated, in PLN '000)</i>
<b>Continuing operations</b>			
Revenue from contracts with customers	41,630	-	41,630
Operating expenses	(35,504)	88	(35,416)
Other operating income	374	-	374
Other operating expenses	(1,029)	-	(1,029)
<b>Operating profit</b>	<b>5,471</b>	<b>88</b>	<b>5,559</b>
Finance costs	(755)	-	(755)
<b>Profit before tax</b>	<b>4,716</b>	<b>88</b>	<b>4,804</b>
Income tax expense	(896)	(2)	(898)
<b>Net profit from continued operations</b>	<b>3,820</b>	<b>86</b>	<b>3,906</b>
<b>Net profit for the period</b>	<b>3,820</b>	<b>86</b>	<b>3,906</b>
<b>Net profit for the period, attributable to:</b>			
– equity holders of the parent	3,834	86	3,920
– non-controlling interests	(14)	-	(14)
	3,820	86	3,906
<b>Other comprehensive income/(loss) to be transferred to the income statement after specific conditions are met:</b>			
Foreign exchange gains/(losses) on translation of foreign operations	548	-	548
	<b>548</b>	<b>-</b>	<b>548</b>
<b>Total comprehensive income</b>	<b>4,368</b>	<b>86</b>	<b>4,454</b>
<b>Total comprehensive income attributable to:</b>			
– equity holders of the parent	4,382	86	4,468
– non-controlling interests	(14)	-	(14)
	<b>4,368</b>	<b>86</b>	<b>4,454</b>
<b>Total comprehensive income, attributable to the parent:</b>			
– from continued operations	4,382	86	4,468
	<b>4,382</b>	<b>86</b>	<b>4,468</b>
Earnings per share from continued operations attributable to the equity holders of the parent, basic and diluted:			
- from continued operations	0.19	0.00	0.19
	<b>0.19</b>	<b>0.00</b>	<b>0.19</b>
weighted average number of shares in the period	19,821,404	19,821,404	19,821,404
diluted number of shares in the period	19,821,404	19,821,404	19,821,404

**Restatement of the consolidated statement of cash flows for the three months ended  
31 March 2019**

	<i>3 months ended 31 March 2019 (unaudited, reported data, in PLN '000)</i>	<i>Change in the presentation (in PLN'000)</i>	<i>Error correction (in PLN'000)</i>	<i>3 months ended 31 March 2019 unaudited, restated, in PLN '000)</i>
<b>Cash flows from operating activities</b>				
Net profit	3,820	-	86	3,906
Adjusted for:				
Amortization and depreciation	11,612	-	(88)	11,524
Interest and dividends, net	544	-	-	544
Measurement of derivative instruments	(104)	-	-	(104)
Purchase of programming inventory	(8,790)	-	-	(8,790)
(Increase)/Decrease in receivables	(2,678)	-	-	(2,678)
(Increase)/Decrease in assets in respect of contracts with customers	251	(251)	-	-
Change in prepayments and accruals	-	251	-	251
(Increase)/Decrease in inventory	112	-	-	112
Increase/(Decrease) in liabilities	1,312	-	-	1,312
Change in liabilities in respect of contracts with customers	795	-	-	795
Increase/(Decrease) in provisions	120	-	-	120
Corporate income tax paid / refunded	(910)	-	-	(910)
Corporate income tax liability	897	-	2	899
<b>Net cash from operating activities</b>	<b>6,981</b>	<b>-</b>	<b>-</b>	<b>6,981</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant & equipment and intangible assets	(2,400)	-	-	(2,400)
<b>Net cash from investing activities</b>	<b>(2,400)</b>	<b>-</b>	<b>-</b>	<b>(2,400)</b>
<b>Cash flows from financing activities</b>				
Repayment of finance lease liabilities	(400)	-	-	(400)
Proceeds from loans/borrowings raised	969	-	-	969
Repayment of loans/borrowings	(1,301)	-	-	(1,301)
Interests paid	(338)	-	-	(338)
<b>Net cash from financing activities</b>	<b>(1,070)</b>	<b>-</b>	<b>-</b>	<b>(1,070)</b>
Net increase/(decrease) in cash and cash equivalents	3,511	-	-	3,511
<b>Cash and cash equivalents as at the beginning of the period</b>	<b>4,604</b>	<b>-</b>	<b>-</b>	<b>4,604</b>
<b>Cash and cash equivalents as at the end of the period</b>	<b>8,115</b>	<b>-</b>	<b>-</b>	<b>8,115</b>

**Note 19 – Post balance sheet events**

On 20 May 2020, the Group signed the following annexes to agreements with Santander Bank Polska S.A.:

- an annex based on which the overdraft limit available to Kino Polska TV S.A. was increased to PLN 38 million and the lending period was extended until 10 June 2022;
- an annex based on which the lending period of an overdraft facility for Stopklatka S.A. was extended until 30 June 2022.



**III. QUARTERLY FINANCIAL INFORMATION  
OF KINO POLSKA TV S.A. FOR THE 3-MONTH  
PERIOD ENDED 31 MARCH 2020**



## 1. Interim condensed separate statement of comprehensive income

	Note	<i>3 months ended 31 March 2020 (unaudited, in PLN '000)</i>	<i>3 months ended 31 March 2019 (unaudited, restated*, in PLN '000)</i>
<b>Continuing operations</b>			
Revenue from contracts with customers	4	40,644	35,889
Operating expenses	4.5	(37,840)	(32,768)
Other operating income	6	545	480
Other operating expenses	6	(1,288)	(305)
<b>Operating profit</b>		<b>2,061</b>	<b>3,296</b>
Finance income	7	24	23
Finance costs	7	(830)	(664)
<b>Profit before tax</b>		<b>1,255</b>	<b>2,655</b>
Income tax expense		(244)	(489)
<b>Net profit from continued operations</b>		<b>1,011</b>	<b>2,166</b>
<b>Net profit for the period</b>		<b>1,011</b>	<b>2,166</b>
<b>Total comprehensive income</b>		<b>1,011</b>	<b>2,166</b>
Earnings per share from continued and discontinued operations, basic and diluted			
- from continued operations		0.05	0.11
- from profit for the year		<b>0.05</b>	<b>0.11</b>
weighted average number of shares in the period		19,821,404	19,821,404
diluted number of shares in the period		19,821,404	19,821,404

\* Information on the restatement is presented in Note 16.

## 2. Interim condensed separate statement of financial position

	Note	<i>As at 31 March 2020 (unaudited, in PLN'000)</i>	<i>As at 31 December 2019 (in PLN'000)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,418	2,637
Right-of-use assets		5,988	6,331
Goodwill		20,466	20,466
Non-current programming inventory	8	34,999	33,266
Other intangible assets		8,484	8,941
Investments in subsidiaries and jointly controlled entities		172,179	172,179
Trade and other receivables		191	179
Long-term prepayments and deferred costs		752	1,003
Deferred income tax assets		708	1,133
<b>Total non-current assets</b>		<b>246,185</b>	<b>246,135</b>
<b>Current assets</b>			
Inventory		77	78
Current programming inventory	8	6,699	7,008
Loans granted		2,899	2,883
Trade and other receivables		32,012	27,688
Short-term-term prepayments and deferred costs		1,003	1,003
Income tax receivable		1,713	634
Cash and cash equivalents		1,232	522
<b>Total current assets</b>		<b>45,635</b>	<b>39,816</b>
<b>TOTAL ASSETS</b>		<b>291,820</b>	<b>285,951</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	1,982	1,982
Share premium		148,940	148,940
Retained earnings/Accumulated losses		24,069	23,058
<b>Total equity</b>		<b>174,991</b>	<b>173,980</b>
<b>Non-current liabilities</b>			
Loans and borrowings received	10	21,984	23,895
Derivative financial instruments		544	305
Concession liabilities		6,478	8,040
Trade and other payables		624	1,095
Provisions		284	284
Liabilities in respect of contracts with customers		1,955	2,578
Lease liabilities		3,876	4,222
<b>Total non-current liabilities</b>		<b>35,745</b>	<b>40,419</b>
<b>Current liabilities</b>			
Loans and borrowings received	10	38,850	37,307
Derivative financial instruments		13	197
Concession liabilities		1,356	1,290
Trade and other payables		34,994	27,980
Provisions		755	626
Liabilities in respect of contracts with customers		3,155	2,295
Lease liabilities		1,961	1,857
<b>Total current liabilities</b>		<b>81,084</b>	<b>71,552</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>291,820</b>	<b>285,951</b>

### 3. Interim condensed separate statement of cash flows

	<i>3 months ended 31 March 2020 (unaudited, in PLN '000)</i>	<i>3 months ended 31 March 2019 (unaudited, restated*, in PLN '000)</i>
<b>Cash flows from operating activities</b>		
Net profit	1,011	2,166
Adjusted for:		
Amortization and depreciation	8,589	7,421
Asset impairment allowances	(8)	-
Foreign exchange differences	263	-
Interest and dividends, net	566	577
Profit/loss on investing activity	-	(8)
(Gains)/Losses on changes in the fair value of derivative financial instruments	55	(104)
Purchase of programming inventory	(9,973)	(7,253)
(Increase)/Decrease in receivables	(4,373)	2
Change in prepayments and accruals	251	251
(Increase)/Decrease in inventory	1	112
Increase/(Decrease) in liabilities	7,759	(150)
Change in liabilities in respect of contracts with customers	237	1,536
Increase/(Decrease) in provisions	129	122
Corporate income tax paid / refunded	(855)	(865)
Corporate income tax liability	244	489
<b>Net cash from operating activities</b>	<b>3,896</b>	<b>4,296</b>
<b>Cash flows from investing activities</b>		
Sale of property, plant and equipment and intangible assets	-	8
Purchase of property, plant & equipment and intangible assets	(1,721)	(2,382)
Acquisition of a subsidiary	-	(15)
Interest received	14	11
<b>Net cash from investing activities</b>	<b>(1,707)</b>	<b>(2,378)</b>
<b>Cash flows from financing activities</b>		
Payment of lease liabilities	(376)	(400)
Proceeds from loans/borrowings raised	1,385	1,953
Repayment of loans/borrowings	(1,996)	(1,301)
Interests paid	(492)	(462)
<b>Net cash from financing activities</b>	<b>(1,479)</b>	<b>(210)</b>
Net increase/(decrease) in cash and cash equivalents	710	1,708
<b>Cash and cash equivalents as at the beginning of the period</b>	<b>522</b>	<b>286</b>
<b>Cash and cash equivalents as at the end of the period</b>	<b>1,232</b>	<b>1,994</b>

\* Information on the restatement is presented in Note 16.

#### 4. Interim condensed separate statement of changes in equity

	<i>Number of shares</i>	<i>Share capital (in PLN '000)</i>	<i>Share premium (in PLN '000)</i>	<i>Retained earnings (in PLN '000)</i>	<i>Total equity (in PLN '000)</i>
<b>As at 1 January 2020</b>	<b>19,821,404</b>	<b>1,982</b>	<b>148,940</b>	<b>23,058</b>	<b>173,980</b>
Total comprehensive income for the period	-	-	-	1,011	1,011
<b>As at 31 March 2020 (unaudited)</b>	<b>19,821,404</b>	<b>1,982</b>	<b>148,940</b>	<b>24,069</b>	<b>174,991</b>
<hr/>					
	<i>Number of shares</i>	<i>Share capital (in PLN '000)</i>	<i>Share premium (in PLN '000)</i>	<i>Retained earnings (in PLN '000)</i>	<i>Total equity (in PLN '000)</i>
<b>As at 1 January 2019 (reported data)</b>	<b>19,821,404</b>	<b>1,982</b>	<b>148,940</b>	<b>19,035</b>	<b>169,957</b>
Error correction				751	751
<b>As at 1 January 2019 (reported data)</b>	<b>19,821,404</b>	<b>1,982</b>	<b>148,940</b>	<b>19,786</b>	<b>170,708</b>
Total comprehensive income for the period	-	-	-	2,166	2,166
<b>As at 31 March 2019 (unaudited)</b>	<b>19,821,404</b>	<b>1,982</b>	<b>148,940</b>	<b>21,952</b>	<b>172,874</b>

## 5. Explanatory notes to quarterly financial information

### Note 1 – General information on the Company and the Group

Kino Polska TV S.A. (the "Company", "the Issuer") has been operating on the media market since June 2003 (then under the name Kino Polska TV Sp. z o.o.) and is entered in the Register of Businesses of the National Court Register maintained by the District Court for the capital city of Warsaw, 13th Business Department, with the number KRS 0000363674. On 24 August 2010, the transformation of the Company into a joint stock company was registered. On 12 April 2011, Kino Polska TV S.A. made its debut on the Warsaw Stock Exchange.

In accordance with the Company's Articles of Association, the Company's duration is unlimited.

The Company's registered office is in Warsaw, ul. Puławska 435a. The Company was assigned a tax identification number (NIP) 5213248560 for the purpose of making tax settlements and a REGON number 015514227 for statistical purposes.

As at 31 March 2020, Kino Polska TV S.A. Group ("the Group") comprised the following entities:

- Kino Polska TV S.A. (Poland) – the parent company;
- Stopklatka S.A. ("Stopklatka", Poland) – a subsidiary;
- Filmbox Estonia OU (Estonia) – a subsidiary;
- Filmbox Iberia S.L.U. (Spain) – a subsidiary;
- Filmbox International Ltd. (United Kingdom) – a subsidiary;
  - Help Film s.r.o. (the Czech Republic) – an indirect subsidiary;
  - Help Film Slovakia s.r.o. (Slovakia) – an indirect subsidiary;
  - SPI International Magyarország, Kft. (Hungary) – an indirect subsidiary.

During the period covered by these financial statements, the Issuer's operations covered:

- broadcasting TV channels Kino Polska, Kino Polska Muzyka, Zoom TV, FilmBox and thematic channels (including sales of advertising spots);
- production of TV channels;
- sale of licences.

Composition of the Management Board of Kino Polska TV S.A. in the 3-month period ended 31 March 2020

- Bogusław Kisielewski – President of the Management Board;
- Berk Uziyel – Member of the Management Board;
- Marcin Kowalski – Member of the Management Board;
- Alber Uziyel – Member of the Management Board;
- Levent Gültan – Member of the Management Board.

### **Composition of the Supervisory Board of Kino Polska TV S.A. in the 3-months period ended 31 March 2020**

- Loni Farhi – Chairman of the Supervisory Board;
- Stacey Sobel – Deputy Chair of the Supervisory Board;
- Marcin Boroszko – Member of the Supervisory Board (since 27 February 2020);
- Jacek Koskowski – Member of the Supervisory Board (until 31 January 2020).
- Piotr Orłowski – Member of the Supervisory Board;
- Jesus Perezagua Sanchez – Member of the Supervisory Board;
- Krzysztof Rudnik – Member of the Supervisory Board;
- Katarzyna Woźnicka – Member of the Supervisory Board.

### **Explanation of the seasonality in the Company's operations**

For the majority of the goods and services sold, the operations of Kino Polska TV S.A. are not seasonal or cyclical in nature, which would result in significant volatility of the financial results during the financial year. Advertising revenue in Poland is usually the lowest in the third quarter of the calendar year (which includes the summer holiday period) and the highest in the fourth quarter.

### **Note 2 – Statement of compliance and a general basis of preparation**

This quarterly financial information has been prepared in accordance with the requirements of IAS 34, "Interim Financial Reporting". Consequently, it does not cover all the information and disclosures required in annual financial statements and should be read in conjunction with the separate and consolidated financial statements of Kino Polska TV S.A. for 2019 which have been prepared in accordance with International Financial Reporting Standards endorsed by the European Union. This quarterly financial information has been prepared in accordance with the accounting policies described in the separate financial statements of Kino Polska TV S.A. as at and for the year ended 31 December 2019.

The adopted accounting policies are consistent with those applied in the prior year and in the corresponding interim period of the prior year.

The income tax charge for the interim period is calculated using the tax rate which would have been used to the expected total amount of annual income, i.e. the expected annual average effective tax rate applied to the pre-tax income for the interim period.

### **Note 3. Critical accounting estimates and judgments**

Preparation of interim financial statements under International Financial Reporting Standards endorsed by the European Union requires the Company's Management Board to use judgment, estimates and assumptions which affect the application of accounting policies and the values of assets, liabilities, revenues and costs presented. Accounting estimates and the related assumptions are based on past experience and other factors deemed

reasonable in specific circumstances, and their results form the basis for judgments as to the carrying amounts of assets and liabilities which do not result directly from other sources. The actual values may differ from estimates. The accounting estimates and the related assumptions are reviewed continuously. Changes to accounting estimates are recognized in the period in which the estimates changed or in the current and future periods, if the change made relates to both current and future periods. The key accounting estimates and judgments adopted in these interim condensed consolidated financial statements are the same as those adopted in the consolidated financial statements as at and for the year ended 31 December 2019.

#### **Note 4 – Operating segments**

Operating segments are presented in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Company's Management Board has been identified as the chief operating decision-maker responsible for the allocation of resources and evaluation of the results of the operating segments.

The Company's operating segments are its strategic segments which offer different products and services. They are managed in a different way and pursue different marketing strategies, and incur costs in connection with the scope of its operations.

The Company conducts its operations mainly in Poland and on selected European markets.

The Company's Management Board evaluates segment operations by analysing segments' results, defined as sales revenue less direct operating expenses and allocated indirect expenses. There are no inconsistencies between operating segment reporting and the treatment of the segments in the accounting records, and between their treatment for management reporting purposes.

The Management Board of Kino Polska TV S.A. does not regularly analyse assets and liabilities for each reportable segment:

Operating segments which do not reach quantitative thresholds are aggregated in the "Other segments" item. These segments have different characteristics than the separately reported segments.



Interim condensed separate financial statements of Kino Polska TV S.A.  
for the 3-month period ended 31 March 2020  
prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting"

<i>3 months ended 31 March 2020 (unaudited, in PLN '000)</i>							
	FilmBox film channels and thematic channels	Kino Polska channels	Production of TV channels	Zoom TV	Sales of licensing rights	Other segments	TOTAL
Sales - broadcasting	9,979	3,908	-	-	-	-	13,887
Sales - advertising	1,415	3,244	-	4,402	-	-	9,061
Sales - other	-	-	13,381	-	3,742	573	17,696
<b>Total revenue from contracts with customers</b>	<b>11,394</b>	<b>7,152</b>	<b>13,381</b>	<b>4,402</b>	<b>3,742</b>	<b>573</b>	<b>40,644</b>
<b>Operating expenses</b>	<b>(11,105)</b>	<b>(4,710)</b>	<b>(12,488)</b>	<b>(5,699)</b>	<b>(3,219)</b>	<b>(619)</b>	<b>(37,840)</b>
<b>Segment profit/(loss)</b>	<b>289</b>	<b>2,442</b>	<b>893</b>	<b>(1,297)</b>	<b>523</b>	<b>(46)</b>	<b>2,804</b>
Other operating income	-	-	-	-	-	-	545
Other operating expenses	-	-	-	-	-	-	(1,288)
<b>Operating profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,061</b>
Finance income	-	-	-	-	-	-	24
Finance costs	-	-	-	-	-	-	(829)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,256</b>
Income tax expense	-	-	-	-	-	-	(244)
<b>Net profit from continued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,012</b>

<i>3 months ended 31 March 2019 (unaudited, restated*, in PLN '000)</i>							
	FilmBox film channels and thematic channels	Kino Polska channels	Production of TV channels	Zoom TV	Sales of licensing rights	Other segments	TOTAL
Sales - broadcasting	9,220	3,790	-	-	-	-	13,010
Sales - advertising	1,454	2,728	-	3,830	-	-	8,012
Sales - other	-	-	11,693	-	2,070	1,104	14,867
<b>Total revenue from contracts with customers</b>	<b>10,674</b>	<b>6,518</b>	<b>11,693</b>	<b>3,830</b>	<b>2,070</b>	<b>1,104</b>	<b>35,889</b>
<b>Operating expenses</b>	<b>(10,172)</b>	<b>(4,246)</b>	<b>(10,907)</b>	<b>(5,333)</b>	<b>(1,417)</b>	<b>(693)</b>	<b>(32,768)</b>
<b>Segment profit/(loss)</b>	<b>502</b>	<b>2,272</b>	<b>786</b>	<b>(1,503)</b>	<b>653</b>	<b>411</b>	<b>3,121</b>
Other operating income	-	-	-	-	-	-	480
Other operating expenses	-	-	-	-	-	-	(305)
<b>Operating profit</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,296</b>
Finance income	-	-	-	-	-	-	23
Finance costs	-	-	-	-	-	-	(664)
<b>Profit before tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,655</b>
Income tax expense	-	-	-	-	-	-	(489)
<b>Net profit from continued operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,166</b>

\* Information on the restatement is presented in Note 16.

## Note 5 – Operating expenses

	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, restated*, in PLN '000)</b>
Depreciation and amortization	(6,685)	(5,933)
- including the amortization of non-current programming inventory	(5,447)	(4,737)
Employee benefit expenses, including:	(4,853)	(4,236)
- cost of wages and salaries	(3,974)	(3,490)
- costs of social insurance and other benefits	(750)	(623)
- costs of future benefits (provisions) with respect to one-off retirement bonuses, long service bonuses and similar employee benefits	(129)	(123)
Materials and energy used	(145)	(192)
Broadcasting services	(5,104)	(5,019)
Content costs	(4,205)	(2,720)
- including amortization of current programming inventory	(1,904)	(1,488)
Other services	(13,612)	(12,302)
Taxes and fees	(856)	(701)
Other costs	(152)	(246)
Cost of goods for resale and materials sold	(2,228)	(1,419)
<b>Total operating expenses</b>	<b>(37,840)</b>	<b>(32,768)</b>

\* Information on the restatement is presented in Note 16.

## Note 6 – Other operating income and expenses

	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, in PLN '000)</b>
<b>Other operating income</b>		
Net gains on disposal of non-financial non-current assets	-	8
Reversal of write-downs of receivables	333	-
Subsidy*	23	127
Foreign exchange differences	-	118
Measurement of derivative instruments (forward contracts)	184	167
Stock count surpluses	-	15
Other	5	45
<b>Total</b>	<b>545</b>	<b>480</b>
<b>Other operating expenses</b>		
Receivables written off	-	(1)
Recognition of write-downs of receivables	-	(304)
Interest on trade payables	(1)	-
State Budget interest	(1)	-
Foreign exchange differences	(1,277)	-
Other	(9)	-
<b>Total</b>	<b>(1,288)</b>	<b>(305)</b>

**Note 7 – Finance income and costs**

	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, in PLN '000)</b>
<b>Finance income</b>		
Interest income, including:	24	23
- on loans	24	23
<b>Total</b>	<b>24</b>	<b>23</b>
	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, in PLN '000)</b>
<b>Finance costs</b>		
Interest expense, including:	(515)	(515)
- on loans and borrowings	(471)	(467)
- on finance leases	(44)	(48)
Discount on concessions	(76)	(85)
Measurement of derivative instruments (IRS)	(239)	(64)
<b>Total</b>	<b>(830)</b>	<b>(664)</b>

**Note 8 – Programming inventory**

	<b>As at 31 March 2020 (unaudited, in PLN'000)</b>	<b>As at 31 December 2019 (in PLN'000)</b>
Purchased film licences	32,793	34,907
Down payments	8,905	5,367
<b>Total</b>	<b>41,698</b>	<b>40,274</b>
including:		
<i>non-current programming inventory</i>	34,999	33,266
<i>current programming inventory</i>	6,699	7,008

	<b>3 months ended 31 March 2020 (unaudited, in PLN '000)</b>	<b>3 months ended 31 March 2019 (unaudited, in PLN '000)</b>
<b>Changes in programming inventory</b>		
Net book value as at 1 January	40,274	37,370
Increase:		
- purchase of film licences (including down payments)	10,971	9,265
Changes in impairment write-downs	8	-
Amortization of film licences	(7,351)	(6,225)
Sale	(2,204)	(1,292)
<b>Net book value as at 31 December</b>	<b>41,698</b>	<b>39,118</b>

## Note 9 – Share capital

The table below shows the shareholders of Kino Polska TV S.A. who, according to the Company's best knowledge, hold at least 5% votes at the Company's General Shareholders' Meeting as at the date of submission of this Interim Report.

Shareholder	Type of shares	Number of shares <sup>1</sup>	Interest in the share capital (in %)	Number of votes at the GM	Share of total votes at the GM
SPI International B.V.	Ordinary bearer shares	12,913,285	65.15%	12,913,285	65.15%
Investment funds managed by Ipopema TFI S.A. (including Total FIZ and TTL 1 Sp. z o.o)	Ordinary bearer shares	1,702,462	8.59%	1,702,462	8.59%
Nationale-Nederlanden Powszechno Towarzystwo Emerytalne S.A. (including Nationale-Nederlanden OFE and Nationale-Nederlanden DFE) <sup>2</sup>	Ordinary bearer shares	1,038,944	5.24%	1,038,944	5.24%
Other	Ordinary bearer shares	4,166,713	21.02%	4,166,713	21.02%
<b>TOTAL</b>	<b>Ordinary bearer shares</b>	<b>19,821,404</b>	<b>100.00%</b>	<b>19,821,404</b>	<b>100.00%</b>

<sup>1</sup> the information in the table is based on the notifications received from the shareholders pursuant to Article 69 of the Act of 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organized trading and on public companies, and on the notification submitted by SPI International B.V. about the actual number of the Issuer's shares held.

<sup>2</sup> formerly ING Powszechno Towarzystwo Emerytalne S.A. (including ING OFE and ING DFE).

The parent company of SPI International B.V., which holds 100% of the shares in that company, is Cooperatieve SPI International U.A.

## Note 10 – Loans and advances received

As at 31 March 2020, the Company had the following loans, advances and open credit lines:

As at 31 March 2020 (unaudited)							
Financing entity	Currency	Loan/limit amount	Loan value as at the balance sheet date		Interest rate	Repayment deadline	Collateral
			foreign currency '000	PLN'000			
Santander Bank Polska S.A.	PLN	up to PLN 30m	n/a	27,323	WIBOR 1M + the Bank's margin	09/06/2020	a blank promissory note, a declaration of submission to enforcement proceedings, powers of attorney for bank accounts, and an agreement on the assignment of receivables
Santander Bank Polska S.A.	PLN	PLN 10 million	n/a	24,820	WIBOR 1M + the Bank's margin	28/02/2022	an agreement on the assignment of receivables and a registered pledge on shares
Santander Bank Polska S.A.	PLN	PLN 32.2 million	n/a	4,785	WIBOR 1M + the Bank's margin	30/04/2023	an agreement on the assignment of receivables and a registered pledge on shares
Santander Bank Polska S.A.	PLN	PLN 596 thousand	n/a	264	4.21%	25/01/2021	blank bill of exchange
Filmbox International Ltd.	EUR	USD 800 thousand EUR	USD 800 thousand EUR	3,642	EURIBOR 3M+a margin	one year from the date of payment of a given tranche	none
<b>Total loans and borrowings</b>				<b>60,834</b>			

As at 31 December 2019, the Company had the following loans, advances and open credit lines:

As at 31 December 2019							
Financing entity	Currency	Loan/limit amount	Loan value as at the balance sheet date		Interest rate	Repayment deadline	Collateral
			foreign currency '000	PLN'000			
Santander Bank Polska S.A.	PLN	up to PLN 30m	n/a	25,938	WIBOR 1M + the Bank's margin	09/06/2020	a blank promissory note, a declaration of submission to enforcement proceedings, powers of attorney for bank accounts, and an agreement on the assignment of receivables
Santander Bank Polska S.A.	PLN	PLN 10 million	n/a	5,410	WIBOR 1M + the Bank's margin	28/02/2022	an agreement on the assignment of receivables and a registered pledge on shares
Santander Bank Polska S.A.	PLN	PLN 32.2 million	n/a	26,106	WIBOR 1M + the Bank's margin	30/04/2023	an agreement on the assignment of receivables and a registered pledge on shares
Santander Bank Polska S.A.	PLN	PLN 596 thousand	n/a	341	4.21%	25/01/2021	blank bill of exchange
Filmbox International Ltd.	EUR	USD 800 thousand EUR	USD 800 thousand EUR	3,407	EURIBOR 3M+a margin	one year from the date of payment of a given tranche	none
<b>Total loans and borrowings</b>				<b>61,202</b>			

#### Note 11 – Fair value

The Company applies the following fair value hierarchy for financial instruments, depending on the selected measurement method:

- Level 1: quoted prices (unadjusted) on active markets for the same assets and liabilities;
- Level 2: input data which is observable for a given asset or liability, either directly (e.g. as prices) or indirectly;
- Level 3: input data which is not based on observable market prices (unobservable input data).

	Category under IFRS 9	Fair value hierarchy level	As at 31 March 2020 (unaudited, in PLN'000)		As at 31 December 2019 (in PLN'000)	
			Book value	Fair value	Book value	Fair value
Trade receivables	A	2	29,487	29,487	25,358	25,358
Loans granted	A	2	2,899	2,899	2,883	2,883
Cash and cash equivalents	A	*	1,232	1,232	522	522
Loans and borrowings received	B	2	(60,834)	(61,066)	(61,202)	(61,459)
Concession liabilities	B	2	(7,834)	(7,982)	(9,330)	(9,491)
Lease liabilities	B	2	(5,837)	(5,903)	(6,079)	(6,106)
Trade payables and payables related to purchase of programming inventory	B	2	(34,524)	(34,524)	(28,280)	(28,280)
<b>Total</b>			<b>(75,411)</b>	<b>(75,857)</b>	<b>(76,128)</b>	<b>(76,573)</b>
Unrecognized profit/(loss)				(446)		(445)

A - Financial assets measured at amortized cost

B - Financial liabilities measured at amortized cost

\*It is assumed that the fair value of cash and cash equivalents is equal to their nominal value. Therefore, no measurement techniques were applied to measure these items.

Trade receivables and payables and loans granted include mainly receivables and payables which will be settled no later than by the end of the month following the balance sheet date. Consequently, it was assumed that their measurement taking into account the time value of money would be similar to their nominal value. The Company used similar simplifications in the case of payables in respect of purchase of programming inventory whose measurement as at the balance sheet date does not include the effect of discounting.

The fair value of the concession liabilities was determined using the expected cash flows from the balance sheet date to 27 February 2025, discounted with a WIBOR market rate and a margin relating to the Company's credit risk.

In the case of the overdraft facility received by the Company, the final repayment deadline was set at 9 June 2020. However, due to the nature of the loan granted (an overdraft facility), the deadline for repayment of the present balance, expected by the Company, is impossible to determine. For this reason, it was assumed that the fair value of the overdraft facility is approximate to its carrying amount. The same simplification was applied to the loan from a related company.

The fair value of the other loans (investment loans and a bank loan) was determined using the expected cash flows from the balance sheet date to 28 February 2022, 30 April 2023 and 25 January 2021, respectively, and discounted with a WIBOR market rate and a margin relating to the Group's credit risk.

## Note 12 – Operating leases and future contractual commitments

### Liabilities in respect of the office lease contract – service fees

	<i>As at</i> <b>31 March 2020</b> <i>(unaudited, in PLN'000)</i>	<i>As at</i> <b>31 December 2019</b> <i>(in PLN'000)</i>
Within 1 year	556	556
Within 1 to 5 years	1,487	1,622
<b>Total</b>	<b>2,043</b>	<b>2,178</b>

### Future commitments in respect of the provision of broadcasting and other services

	<i>As at</i> <b>31 March 2020</b> <i>(unaudited, in PLN'000)</i>	<i>As at</i> <b>31 December 2019</b> <i>(in PLN'000)</i>
Within 1 year	20,911	21,197
Within 1 to 5 years	40,109	41,636
Over 5 years	6,176	8,173
<b>Total</b>	<b>67,196</b>	<b>71,006</b>

**Future commitments in respect of contracts on the purchase of film licences:**

	<i>As at</i> <b>31 March 2020</b> <i>(unaudited, in PLN'000)</i>	<i>As at</i> <b>31 December 2019</b> <i>(in PLN'000)</i>
Within 1 year	2,940	4,094
Within 1 to 5 years	10,953	9,878
<b>Total</b>	<b>13,893</b>	<b>13,972</b>

**Note 13 – Related party transactions**

Revenue from related entities relates mainly to the provision of production and post-production services, sale of licences and advertising services. Purchases from related entities comprise distribution and licence fees.

	<b>3 months ended</b> <b>31 March 2020</b> <i>(unaudited, in PLN '000)</i>		<b>3 months ended</b> <b>31 March 2019</b> <i>(unaudited, in PLN '000)</i>	
	sales of finished goods and services	interest income	sales of finished goods and services	interest income
<i>Revenue from sales to related entities</i>				
<i>Filmbox International Ltd.;</i>	11,600	-	11,385	-
<i>Help Film s.r.o.</i>	14	-	14	-
<i>Help Film Slovakia s.r.o.</i>	11	-	11	-
<i>SPI International Magyaroszag kft</i>	21	-	21	-
<i>Stopklatka S.A.</i>	1,814	23	853	23
<i>Filmbox Iberia S.L.U.</i>	1,188	-	-	-
<i>Mediabox Broadcasting International Ltd (UK)</i>	306	-	139	-
<i>SPI Int'l BV (NL)</i>	360	-	178	-
<i>ROX Entertainment BV</i>	60	-	94	-
<i>EFTAS Eklektronik Fotograf Ticaret Sanayi A.S.</i>	2	-	-	-
<b>Total revenue from sales to related entities</b>	<b>15,376</b>	<b>23</b>	<b>12,695</b>	<b>23</b>

	<b>3 months ended</b> <b>31 March 2020</b> <i>(unaudited, in PLN '000)</i>			<b>3 months ended</b> <b>31 March 2019</b> <i>(unaudited, in PLN '000)</i>		
	purchase of services	purchase of assets	interest expense	purchase of services	purchase of assets	interest expense
<i>Purchases from related entities</i>						
<i>Filmbox International Ltd.</i>	10,443	-	14	9,594	-	-
<i>Stopklatka S.A.</i>	16	-	-	-	-	-
<i>Mediabox Broadcasting International Ltd (UK)</i>	42	-	-	32	-	-
<i>SPI Int'l BV (NL)</i>	879	941	-	878	780	-
<i>SPI Int'l Inc. (USA)</i>	23	-	-	27	-	-
<i>EFTAS Eklektronik Fotograf Ticaret Sanayi A.S.</i>	83	-	-	60	-	-
<b>Total purchases from related entities</b>	<b>11,486</b>	<b>941</b>	<b>14</b>	<b>10,591</b>	<b>780</b>	<b>-</b>

	As at 31 March 2020 (unaudited, in PLN'000)		As at 31 December 2019 (unaudited, in PLN'000)	
	Trade and similar receivables	Loans granted	Trade and similar receivables	Loans granted
<b>Receivables</b>				
<i>Filmbox International Ltd.;</i>	4,888	-	5,441	-
<i>Help Film s.r.o.</i>	5	-	5	-
<i>Help Film Slovakia s.r.o.</i>	4	-	4	-
<i>SPI International Magyarország kft</i>	7	-	27	-
<i>Stopklatka S.A.</i>	3,138	2,807	3,795	2,798
<i>Filmbox Iberia S.L.U.</i>	592	92	-	85
<i>Mediabox Broadcasting International Ltd (UK)</i>	1,276	-	995	-
<i>SPI Int'l BV (NL)</i>	328	-	1,809	-
<i>ROX Entertainment BV</i>	230	-	156	-
<i>Cooperatieve SPI International UA (NL)</i>	52	-	48	-
<b>Total receivables</b>	<b>10,520</b>	<b>2,899</b>	<b>12,280</b>	<b>2,883</b>
	As at 31 March 2020 (unaudited, in PLN'000)		As at 31 December 2019 (unaudited, in PLN'000)	
<b>Liabilities</b>	Trade and similar payables	Loans received	Trade and similar payables	Loans received
<i>Filmbox International Ltd.;</i>	3,642	3,642	3,582	3,407
<i>Stopklatka S.A.</i>	34	-	16	-
<i>Mediabox Broadcasting International Ltd (UK)</i>	8	-	62	-
<i>SPI Int'l BV (NL)</i>	1,196	-	2,501	-
<i>SPI Int'l Inc. (USA)</i>	25	-	-	-
<i>EFTAS Eklektronik Fotograf Ticaret Sanayi A.S.</i>	108	-	52	-
	<b>5,013</b>	<b>3,642</b>	<b>6,213</b>	<b>3,407</b>

#### Note 14 – Impairment test of investment in Stopklatka S.A.

Given the economic situation caused by COVID-19 and the anticipated drop in advertising revenue, the Company conducted an impairment test of the investment in a related company Stopklatka S.A. as at 31 March 2020.

The Company's investment in Stopklatka S.A. as at 31 March 2020 was PLN 63,563 thousand and it comprised shares of PLN 57 618 thousand and a loan including interest and receivables of PLN 5,945 thousand.

During the impairment test, the recoverable amount of the investment in Stopklatka S.A. was calculated based on value in use. These calculations were based on discounted cash flows. Future cash flows were estimated on the basis of free cash flows available to all funding providers (FCFF). The FCFF were discounted using weighted average cost of capital (WACC) based on the estimated cost of capital and cost of debt.

The operations of Stopklatka S.A. consist of running the Stopklatka television channel (previously Stopklatka TV). Stopklatka S.A. began broadcasting that channel on 15 March 2014. The television channel is available in the first multiplex of terrestrial digital television. The revenue forecast for the period from 1 April 2020 to 31 March 2025 was based mainly on the expectations regarding:

- the anticipated decrease in advertising revenue due to COVID-19 for the period from 1 April to 31 December 2020 of approximately 15% compared with the previously budgeted data.



- a decrease in the share of the Stopklatka television channel in the total audience (SHR) from 1.04% on the average recorded in the first quarter of 2020 to approximately 1.36% targeted for the first quarter of 2025.

The average SHR in the forecast horizon was adopted at 1.24%. The assumptions concerning the increase in SHR are to be implemented by tailoring the programme mix to the target viewer in a better way and by using the available programme catalogue in a more effective manner. The planned average annual increase in revenue (which also takes into account a decrease due to COVID-19 in 2020) in the period from April 2020 to March 2025 of approximately 9% is a result of both higher SHR and a favourable tendency in the cost per point (CPP) for the channel in 2021-2025. The operating expenses and capital expenditure adopted in the financial plan assume average annual growths of over 2%.

In addition to SHR and the assumed drop in revenue in 2020 due to COVID-19, a discount rate adopted at the level of 10.70% is another key financial assumption adopted as at 31 March 2020. The discount rate reflected the management's estimate of the risk typical of a given activity, taking into account the time value of money and the risk typical of a given asset. The discount rate was calculated taking into account the specific conditions of the company's operations based on the weighted average cost of capital (WACC). The WACC rate took into account both debt and equity. The incremental growth rate was based on market data concerning the long-term inflation rate in Poland and Management Board forecasts.

The Company believes that the main assumptions made for testing the investment in the subsidiary Stopklatka S.A. for impairment as at 31 March 2020 were rational and based on the Company's experience as well as market development forecasts, including an extraordinary situation due to COVID-19.

Value in use (PLN 81,022 thousand) estimated by the Company as at 31 March 2020 was higher than the book value of the investment in Stopklatka S.A. (PLN 63,563 thousand). As a consequence, the Company did not recognize any impairment. The Company would have recognized impairment if, with other conditions remaining unchanged:

- the assumed SHR in the forecast period did not exceed 1.17%;
- the discount rate amounted to 12.60%.

#### **Note 15 – Impairment test with respect to Zoom TV segment**

Given the economic situation caused by COVID-19 and the anticipated drop in advertising revenue, the Company conducted an impairment test of the Zoom TV segment as at 31 March 2020.

As at 31 March 2020, goodwill related to the Zoom TV segment amounted to PLN 20,466 thousand and other related assets and liabilities amounted to PLN 12,404 thousand.

During the impairment test, the recoverable amount of the Zoom TV segment was calculated based on value in use. These calculations were based on discounted cash flows derived from the current financial plan adopted by the Management Board for the period from 1 April to 31 December 2020, assumptions concerning revenue and expenses in the period from January 2021 to March 2025 and the growth rate after March 2025.

The operations of the Zoom TV segment consist of running the Zoom TV television channel. Broadcasting of Zoom TV commenced in October 2016. This television channel is available on the eighth multiplex of digital terrestrial television. The revenue forecast for the period from April 2020 to March 2025 was based mainly on expectations regarding:

- the anticipated decrease in advertising revenue due to COVID-19 for the period from 1 April to 31 December 2020 of approximately 20% compared with the previously budgeted data.
- an increase in the share of the Zoom TV television channel in the total audience (SHR) from 0.60% on the average recorded in March 2020 to approximately 0.93% targeted for March 2025.

The average SHR in the forecast horizon was adopted at 0.86%. The assumptions concerning the increase in SHR are to be achieved mainly by increasing the recognizability of the Zoom TV brand among the audience (thanks to increased expenditure on sales activities and steadily growing related marketing expenses) and by an over 6% increase in expenditure on content purchases over the next five years. The planned average annual increase in revenue (which also takes into account a decrease due to COVID-19 in 2020) in the period from April 2020 to March 2025 of approximately 16% is the result of both higher SHR and a favourable tendency in the cost per point (CPP) for the channel in 2021-2025.

In the Company's opinion, the increase in SHR will be achieved by:

- investing in content (for example, unique productions dedicated solely to the Zoom TV channel have been planned);
- flexible response to the needs of the audience and to market changes;
- selecting content resulting in better audience structure from the advertisers' perspective; and
- conducting marketing activities.

In addition to SHR and the assumed drop in revenue in 2020 due to COVID-19, a discount rate adopted at the level of 10.70% is another key financial assumption adopted as at 31 March 2020. The discount rate reflected the management's estimate of the risk typical of a given activity, taking into account the time value of money and the risk typical of a given asset. The discount rate was calculated taking into account the specific conditions of the company's operations based on the weighted average cost of capital (WACC). The WACC rate took into account both debt and equity. The incremental growth rate was based on market data concerning the long-term inflation rate in Poland and Management Board forecasts.

The Company's Management Board believes that the main assumptions made for testing the Zoom TV segment for impairment as at 31 March 2020 were rational and based on the Group's experience as well as market development forecasts, including the extraordinary situation due to COVID-19.

Value in use of the Zoom TV segment (PLN 40 891 thousand) estimated by the Company as at 31 March 2020 was higher than the book value (PLN 29 966 thousand). As a consequence, the Company did not recognize any impairment.

The Company would have recognized impairment if, with other conditions remaining unchanged:

- the assumed SHR in the forecast period did not exceed 0.85%;
- the discount rate amounted to 12.25%.

#### **Note 16 – Error correction**

##### **Error correction – recognition of the purchase of Cable Television Networks & Partners sp. z o.o. ("CTN&P") in 2016 and the related adjustment to the allocation of the acquisition costs in 2018**

On 26 June 2018, a business combination of Kino Polska TV S.A. ("the Acquiring Company") and its subsidiaries CTN&P, KPTV Media Sp. z o.o. and Cyfrowe Repozytorium Sp. z o.o. ("Acquired Companies") was entered in the Register of Businesses. The business combination was executed on the basis of Article 492 §1.1 of the Code of Commercial Companies by transferring all assets of the Acquired Companies to the Acquiring Company. According to Article 494 § 1 of the Commercial Companies Code, as from the combination date, i.e. 26 June 2018, the Acquiring Company assumed all of the rights and obligations of the Acquired Companies.

Given the fact that Kino Polska TV S.A. was the sole shareholder of the Acquired Companies, the business combination was of the nature of joint control transaction/capital restructuring. With regard to such transactions, the Company applies the book value method, i.e. as at the business combination date, assets and liabilities of the acquired companies (businesses) are reported at amounts derived from the consolidated financial statements prepared by the Company.

With regard to comparative data, the Company applies a retrospective approach, i.e. the income statement and the balance sheet of the combined entities are shown as if these entities were combined as of the date of the Kino Polska TV S.A. Group's assuming control over them.

Consequently, additional assets and liabilities recognized as at the moment of acquisition of CTN&P in 2016 by the Group to which the Company belongs were included in the Company's separate financial statements. The said acquisition of CTN&P was accounted for again due to the identification of an error at the level of the consolidated financial statements of the Group to which the Company belongs. As a result of the said business combination of 2018, the effect of the recognition of the transaction (correction of the error) at the level of the consolidated financial statements was also applied to the separate financial statements of the Company.

The effect of the error on the consolidated financial statements of the Group to which the Company belongs, and consequently, on the Company's separate financial statements, is described below.

On 23 May 2016, the Company accepted an offer to take up 385 new shares in CTN&P representing 49% of its share capital, for PLN 10,000 thousand. The said amount was paid on 24 May 2016. In accordance with the

agreement, the Company acquired control over CTN&P on the date of registration of its share capital increase, i.e. on 17 June 2016.

In the context of the definition of a business provided in Appendix A to IFRS 3, Business Combinations, the Management Board of the Company assessed the scope of the operations of CTN&P as at the date of assuming control by Kino Polska TV S.A. In the consolidated financial statements for 2016, this transaction was recognized as the acquisition of an asset in the form of a concession.

In the opinion of the Management Board, in 2016 the operations of CTN&P as at the date of its acquisition by the Group were wrongly concluded as not meeting the definition of a business. The following circumstances existing at the date of the acquisition of CTN&P indicated the existence of a business and should have been considered in the analysis of the method of accounting for the transaction:

- the number of employees and associates and the scope of their duties;
- the number of agreements signed and the stage of completion of the negotiations of significant business terms and conditions of the agreements that were signed shortly after the date of the acquisition;
- the existence of approved plans for the Company's operations and development;
- the existence of the Programme Board;
- the existing relations of employees and associates, in particular in the area of local content purchases and cooperation with cable and satellite operators.

In view of the circumstances described above, the acquisition of CTN&P should have been recognized as the acquisition of a business.

In the consolidated financial statements, the Group to which the Company belongs accounted for the allocation of the cost as at 17 June 2016. The result of the new calculation, including the correction of the previously adopted approach is presented in the table below.

<b>Consideration as at the date of assuming control</b>	<b>Reported data (in PLN'000)</b>	<b>Error correction (in PLN'000)</b>	<b>Restated data (in PLN'000)</b>
Cash and cash equivalents	10 000	-	10 000
Fair value of additional financial liabilities	19 395	-	19 395
<b>Total consideration</b>	<b>29 395</b>	<b>-</b>	<b>29 395</b>
Non-controlling interest	-	-	-
Cash and cash equivalents	8 108	-	8 108
Property, plant and equipment	9	-	9
Concession - an asset representing a formal right	-	13 197	13 197
Concession - an asset to which a value from the acquisition of a group of assets was allocated	33 663	(33 663)	-
Trade and other receivables	79	-	79
Concession liabilities	(12 409)	-	(12 409)
Trade and other payables	(55)	-	(55)
Provisions			
Deferred income tax on a surplus			
<b>Total net assets</b>	<b>29 395</b>	<b>(20 466)</b>	<b>8 929</b>
<b>Goodwill</b>	<b>-</b>	<b>20 466</b>	<b>20 466</b>

CTN&P was the broadcaster of the Zoom TV channel, which was available e.g. on terrestrial digital TV platforms. As a result of the acquisition, the Company's Group was able to diversify its operations, i.e. extend its offer of channels available on terrestrial digital platforms and integrate the selected areas of operations of its existing channels to achieve synergies mainly in the areas of management, marketing, channel production and content purchases. The synergy effect was enhanced in June 2018 when the legal business combination of Kino Polska TV S.A. with CTN&P took place.

The identifiable assets recognized and measured as at the date of the acquisition included a concession representing a formal right to broadcast valid until 28 December 2025 (the concession's amortization was set for that period).

The goodwill of PLN 20,466 thousand comprised the above-mentioned economies of scale and synergies and reflected the value of informal relations of CTN&P employees and associates mainly with the providers of local content.

No part of the goodwill will be deductible for corporate income tax purposes.

The fair value of additional financial liabilities as at the date of assuming control comprised:

- the obligation of the Group to which the Company belongs to acquire 21% of the shares within a specified period for PLN 10,000 thousand – the acquisition took place on 5 September 2016;
- the obligation to acquire the remaining 30% of the shares on the minority shareholder's request within a specified time for PLN 10,000 thousand (the put option) – the acquisition took place on 23 January 2018.

Non-controlling interests were not recognized, since in the Management Board's opinion all significant benefits associated with those shares had been transferred to the acquirer, i.e. the Group to which the Company belongs, at the date of the acquisition. In the opinion of the Management Board, this was due to the fact that it was reasonably certain that the non-controlling shareholder would execute the put option.

Due to the correction of the separate financial statements discussed above, the statement of comprehensive income for the period from 1 January to 31 March 2019 was restated by adjusting amortization of the concession by PLN 81 thousand.

### **Corrections of errors in presentation**

In 2019, the Company made the following presentation change, which was not associated with the error corrections described above, but were intended to better reflect the nature of recognized transactions: in the statement of financial position, future discounts relating to contracts with customers were presented in Prepayments and deferred costs (previously they were presented in Assets in respect of contracts with customers).

The effect of the presentation change described above and of the correction of an error on the statement of financial position as at 31 December 2018 and on the statement of cash flows for 3 months ended 31 March 2019 is presented below.

**Restatement of the statement of comprehensive income for the three months ended 31 March 2019**

	<i>3 months ended 31 March 2019 (unaudited, reported data, in PLN '000)</i>	<i>Error correction (unaudited, in PLN'000)</i>	<i>3 months ended 31 March 2019 (unaudited, restated in PLN'000)</i>
<b>Continuing operations</b>			
Revenue from contracts with customers	35,889	-	35,889
Operating expenses	(32,849)	81	(32,768)
Other operating income	480	-	480
Other operating expenses	(305)	-	(305)
<b>Operating profit</b>	<b>3,215</b>	<b>81</b>	<b>3,296</b>
Finance income	23	-	23
Finance costs	(664)	-	(664)
<b>Profit before tax</b>	<b>2,574</b>	<b>81</b>	<b>2,655</b>
Income tax expense	(489)	-	(489)
<b>Net profit from continued operations</b>	<b>2,085</b>	<b>81</b>	<b>2,166</b>
<b>Net profit for the period</b>	<b>2,085</b>	<b>81</b>	<b>2,166</b>
<b>Total comprehensive income</b>	<b>2,085</b>	<b>81</b>	<b>2,166</b>
Earnings per share from continued and discontinued operations, basic and diluted			
- from continued operations	0.11	-	0.11
- from profit for the year	<b>0.11</b>	-	<b>0.11</b>
weighted average number of shares in the period	19,821,404		19,821,404
diluted number of shares in the period	19,821,404		19,821,404

**Restatement of the statement of cash flows for the three months ended 31 March 2019**

	<i>3 months ended 31 March 2019 (unaudited, reported data, in PLN '000)</i>	<i>Error correction (unaudited, in PLN'000)</i>	<i>3 months ended 31 March 2019 (unaudited, restated*, in PLN '000)</i>
<b>Cash flows from operating activities</b>			
Net profit	2,085	81	2,166
Adjusted for:			
Amortization and depreciation	7,502	(81)	7,421
Interest and dividends, net	577	-	577
Profit/loss on investing activity	(8)	-	(8)
(Gains)/Losses on changes in the fair value of derivative financial instruments	(104)	-	(104)
Purchase of programming inventory	(7,253)	-	(7,253)
(Increase)/Decrease in receivables	2	-	2
(Increase)/Decrease in assets in respect of contracts with customers	251	(251)	-
Change in prepayments and accruals	-	251	251
(Increase)/Decrease in inventory	112	-	112
Increase/(Decrease) in liabilities	(150)	-	(150)
Change in liabilities in respect of contracts with customers	1,536	-	1,536
Increase/(Decrease) in provisions	122	-	122
Corporate income tax paid / refunded	(865)	-	(865)
Corporate income tax liability	489	-	489
<b>Net cash from operating activities</b>	<b>4,296</b>	<b>-</b>	<b>4,296</b>
<b>Cash flows from investing activities</b>			
Sale of property, plant and equipment and intangible assets	8	-	8
Purchase of property, plant & equipment and intangible assets	(2,382)	-	(2,382)
Establishment of a new subsidiary	(15)	-	(15)
Interest received	11	-	11
<b>Net cash from investing activities</b>	<b>(2,378)</b>	<b>-</b>	<b>(2,378)</b>
<b>Cash flows from financing activities</b>			
Payment of lease liabilities	(400)	-	(400)
Proceeds from loans/borrowings raised	1,953	-	1,953
Repayment of loans/borrowings	(1,301)	-	(1,301)
Interests paid	(462)	-	(462)
<b>Net cash from financing activities</b>	<b>(210)</b>	<b>-</b>	<b>(210)</b>
Net increase/(decrease) in cash and cash equivalents	1,708	-	1,708
<b>Cash and cash equivalents as at the beginning of the period</b>	<b>286</b>	<b>-</b>	<b>286</b>
<b>Cash and cash equivalents as at the end of the period</b>	<b>1,994</b>	<b>-</b>	<b>1,994</b>



**Note 17 – Post balance sheet events**

On 20 May 2020, the Company signed an annex to an agreement with Santander Bank Polska S.A. based on which the overdraft limit available was increased to PLN 38 million and the lending period was extended until 10 June 2022.

**IV. NOTES TO THE CONSOLIDATED QUARTERLY  
REPORT OF THE KINO POLSKA TV S.A.  
GROUP FOR THE 3-MONTH PERIOD ENDED  
31 MARCH 2020**



**1. The Management Board's position on the possibility of early achievement of forecast results for the given year in the light of the results presented in this Report compared with forecasts**

The Company did not publish forecasts of its results for 2020.

**2. Indication of shareholders with at least 5% of the total number of votes at the General Shareholders' Meeting of the Issuer, held directly or indirectly, as at the date of submission of the Report, indicating the changes in shareholdings in the period from the publication of the previous periodic report, separately for each person**

The table below presents the shareholders of Kino Polska TV S.A. holding, to the best of the Company's knowledge, at least 5% of the votes at the Company's General Meeting as at the date of issue of this Report.

<i>Shareholder</i>	<i>Type of shares</i>	<i>Number of shares<sup>1</sup></i>	<i>Interest in the share capital (in %)</i>	<i>Number of votes at the GM</i>	<i>Share of total votes at the GM</i>
SPI International B.V.	Ordinary bearer shares	12,913,285	65.15%	12,913,285	65.15%
Investment funds managed by Ipopema TFI S.A. (including Total FIZ and TTL 1 Sp. z o.o)	Ordinary bearer shares	1,702,462	8.59%	1,702,462	8.59%
Nationale-Nederlanden Powszechno Towarzystwo Emerytalne S.A. (including Nationale-Nederlanden OFE and Nationale-Nederlanden DFE)	Ordinary bearer shares	1,038,944	5.24%	1,038,944	5.24%
Other	Ordinary bearer shares	4,166,713	21.02%	4,166,713	21.02%
<b>TOTAL</b>	<b>Ordinary bearer shares</b>	<b>19,821,404</b>	<b>100.00%</b>	<b>19,821,404</b>	<b>100.00%</b>

\* The information in the table is based on the notifications received from the shareholders pursuant to Article 69 of the Act of 29 July 2005 on public offerings and conditions governing the introduction of financial instruments to organized trading and on public companies, and on the notification submitted by SPI International B.V. about the actual number of the Issuer's shares held.

The parent of SPI International B.V., which holds 100% of the shares in that company, is Cooperatieve SPI International U.A. which is, at the same time, the entity that prepares consolidated financial statements at the ultimate level. The ultimate parent is Ms. Hilda Uziyel.

As of the date of submitting the annual report for 2019, i.e. as of 16 April 2020 to this date, there were no changes to the shareholding structure of Kino Polska TV S.A., with regard to shareholders holding at least 5% of votes at the Company's General Shareholders' Meeting.

**3. Schedule of the Members' of the Issuer's Management and Supervisory Board ownership or ownership rights to the Issuer's shares as at the date of submission of the Report with an indication of changes to the shareholding in the period from the previous quarterly report, separately for each person**

Name and surname	Number of shares		Number of votes		% of the total number of votes		% of share capital	
	As at 21/05/2020	As at 16/04/2020	As at 21/05/2020	As at 16/04/2020	As at 21/05/2020	As at 16/04/2020	As at 21/05/2020	As at 16/04/2020
Bogusław Kisielewski - President of the Management Board	138,124	138,124	138,124	138,124	0.7%	0.7%	0.7%	0.7%

In accordance with the Issuer's best knowledge, no other members of the supervisory or management bodies of Kino Polska TV S.A. hold shares in the Company.

**4. Indication of litigation pending before courts, arbitration bodies or public administration authorities**

Neither the Issuer nor other Group entities participate in any court, arbitration or public administration proceedings which meet the criteria set out in this note, with regard to both individual proceedings and two or more proceedings.

**5. Information on transaction(s) with related entities concluded by the Issuer or its subsidiary, if concluded on terms other than the arm's length basis**

In the reporting period, the companies in the Issuer's Group did not conclude material transactions with related entities on terms other than an arm's length basis.

**6. Information on the Issuer or its subsidiary guaranteeing or warranting loans or borrowings – in respect of any one entity or its subsidiary – if the total amount of the existing warranties or guarantees is equivalent to at least 10% of the Issuer's equity**

In the period covered by this Report, the Issuer did not warrant or guarantee any loans or borrowings which would meet the criterion specified in this point.

## **7. Other information which in the Issuer's opinion are material to the assessment of the Group's human resources, asset and financial position, its results and respective changes, and information material to assessing the Group's ability to discharge its liabilities**

The financial results of the Kino Polska TV S.A. Group, including a description of factors and events which significantly affected them, are presented in item 5 of this Report.

### **Audience ratings<sup>2</sup>**

In the first quarter of 2019, channels in the Group's portfolio reached a 2.13% share in the total commercial audience, which means a 12.1% increase compared with the corresponding period of 2019 (SHR%, All 16-49, live). The ATS ratio increased by 11.7% y/y in the period analysed.

### **Stopklatka**

In the first quarter of 2020, Stopklatka recorded a share of 1.04% in the commercial audience which represents an increase of 15.6% compared with the first quarter of 2019 (SHR%, All 16-49, live).

The channel was also popular among viewers of terrestrial digital television – its share was 2.05%, i.e. it was 18.5% higher y/y (SHR%, All TV Terrestrial 16-49, live).

In the reported period, the average time of watching Stopklatka was 34 minutes and 25 seconds (ATS, All 16-49, live), i.e. 13.8% longer year-on-year. The ATS growth Indicator reflects the growing attractiveness of the channel's programme offer.

In the first quarter of 2020, the channel launched an entertainment show produced specifically for the Group "Nowa scena śmiechu 2", hosted by the leading Polish actors, Cezary Pazura and Andrzej Grabowski. The "Narcos: Mexico" television series also had its television premiere.

### **Zoom TV**

The share of this channel in the commercial audience was 0.59% in the quarter analysed, which represents an increase of 11.3% compared with the previous year. In March, the channel also had a record daily result – on 2 March 2020, SHR amounted to 1.54% (SHR%, All 16-49, live).

The average time of watching Zoom TV in the first quarter of 2020 was 33 minutes and 37 seconds, i.e. it was more than 6.9% longer than in the corresponding period of the prior year (ATS, All 16-49, live). Moreover, Zoom TV recorded an increase in the ATS ratio on terrestrial digital television – 41 minutes and 25 seconds, i.e. 10.0% longer than in the first quarter of 2019.

In the first quarter of 2020, the channel launched an entertainment show "I love cabaret 2" produced specifically for the Group, and the iconic series "The X-files".

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<sup>2</sup> Source: NAM, live data

### Kino Polska

In the period discussed, the channel recorded increases in all major audience ratios. Kino Polska's share in the commercial audience was 0.30%, which means a 30.4% increase y/y (SHR%, All 16-49, live). This was the effect of actions taken in 2019 aimed at attracting new viewers and increasing the audience.

The average time of watching Kino Polska in 2020 was 27 minutes and 36 seconds, which means that its viewers spent 33.9% more time in front of TV sets than a year before (ATS, All 16-49, live).

### Kino TV

In the first quarter of 2020, the Kino TV channel recorded a share of 0.13% in the commercial audience, which means a 26% drop y/y (SHR%, All 16-49, live).

The average time of watching Kino TV in the period discussed was 20 minutes and 50 seconds, which means a 20% drop compared with the first quarter of 2019 (ATS, All 16-49, live).

Since January 2020, Kino TV has been available in the Family package offered by Satellite television and IPTV of Cyfrowy Polsat.

### Kino Polska Muzyka

In the period discussed, the Kino Polska Muzyka channel recorded a share of 0.07% in the commercial audience, i.e. the same as the year before (SHR%, All 16-49, live).

The average time of watching Kino Polska Muzyka in the period analysed was 29 minutes and 32 seconds, i.e. it was more than 20% longer y/y (ATS, All 16-49, live). The increase in ATS reflects the growing attractiveness of Kino Polska Muzyka's programme offer.

Moreover, the Kino Polska Muzyka channel joined the broadest Netia's package, Na Start, which increased its technical coverage in Poland to more than 9.3 households.

In the first quarter of 2020, the channel showed new episodes of the "To był hit" and "Wyznania gwiazd" (season 3) shows produced specifically for the Group.

In April 2020, the Group channels had record high audience results. Their total share in the commercial audience reached 2.37% (SHR%, All 16-49) which means a 36% increase compared with April 2019. Such results were possible mainly due to significant increases of film and TV series channels in the Group's portfolio, such as Stopklatka, Kino Polska and Kino TV.

In April 2020, Stopklatka recorded a 1.05% share (+26% y/y) in the commercial audience (SHR%, All 16-49), Kino Polska achieved an over 65% growth y/y and recorded a 0.34% share in the commercial audience, and Kino TV achieved a SHR of 0.20% (+43% y/y) (SHR, All 16-49).

In April 2020, significant increases in audience ratings year-on-year were also recorded by other Kino Polska TV Group's channels: Zoom TV (+18.8%), Kino Polska Muzyka (+133.3%) and Gametoon HD (+200%; SHR%, All 16-49).

#### **8. Factors which in the Issuer's opinion will have an impact on the Group's financial results in the perspective of at least the following quarter**

In the upcoming periods, the Group will continue strengthening its position on the Polish market and developing on foreign markets. At present, the channels from the Group's portfolio are available, among others, in Poland, the Czech Republic, Romania, Slovakia, Hungary, Turkey, Ukraine, as well as former Yugoslavia countries, the Baltic states and the Middle East.

The Group consistently invests in purchases of programming content in order to make the programming offer of its channels even more attractive and, consequently, continue to increase the number of subscribers of its channels.

Further development of the offer of premium channels under the FilmBox brand is planned. In cooperation with local operators, the Group plans to carry out a number of seasonal marketing campaigns aimed at maintaining the growth of the revenues from sales of such channels. In the future, the Group plans to start selling advertising time on the FilmBox basic channel in selected Central and Eastern European countries (at present, advertisements are broadcast on the FilmBox Basic channel in the Czech Republic). Therefore, higher advertising revenue is expected, which will translate into a further improvement in the financial result.

Stopklatka will continue to strengthen its position on the market of channels broadcasting films and TV shows. The expenditure made on the purchases of programmes should contribute to a further increase in the audience ratings of this channel. Full consolidation of the channel broadcaster in the Group's results is also expected to continue to deliver positive synergies in the areas of purchases of programming as well as marketing and sales. A consistent programme strategy and marketing activity should result in even higher audience ratings of Stopklatka and, consequently, an increase in its financial result.

In addition, the Group plans to further expand the programme library of Zoom TV. These actions are aimed at increasing the channel's audience ratings and improving the attractiveness for advertisers. A further increase in the Zoom TV's technical coverage is also planned. At present, more than 12 million subscribers have access to the channel (without taking into account terrestrial digital television).

Given the dynamic growth in the popularity of e-sport in Poland (including an increased interest in watching players on traditional television), the Group plans to continue developing its e-sport channel Gametoon HD, investing in its programming offer and building a wide community around the Gametoon brand. These activities will enable expanding the distribution of the channel and increasing advertising revenue.

When analysing the information on the Group's expected development provided above, it should be borne in mind that the actual implementation of the plans described herein will depend on the economic situation. As at the date of publication of the Report, the Management Board is not expecting any direct, materially negative impact due to the coronavirus (SARS-CoV-2) pandemic on the Group's operations, financial position and results of operations. Nevertheless, it cannot be precluded that a prolonged period of restrictions in business activities, extension and prolongation of measures to limit the spread of the virus which are painful for the Polish economy will negatively affect the Group's financial position and results of operations in the medium and long term. The Management Board is monitoring the situation on an ongoing basis and will respond appropriately to mitigate the impact of such measures, if any.