



KINO POLSKA TV S.A.

Financial Results 2020

Warsaw, 26 March 2021



▶ AGENDA

1. About Kino Polska TV SA

2. Market

3. Key facts 2020

4. Financial results

▶ TODAY'S PRESENTERS ARE KEY GROUP'S MANAGERS

**Bogusław
Kisielewski**

President of the
Management Board

**Katarzyna
Woźnicka**

Member of the
Management Board

**Levent
Gültan**

Member of the
Management Board

**Małgorzata
Parczewska-
Pałka**

CFO

**Berk
Uziyel**

Member of the
Management Board

▶ WHO WE ARE?



Diversified Business

Kino Polska with **diversified business** portfolio including:

- Streaming & Digital
- Pay TV & Free-to-Air TV Channels
- Licensing
- Film & TV Production



Market Lider

One of the largest media group in Poland with an **average commercial audience** share at **> 2.30%**

A **leader** among **movie & thematic channels** in Poland with strong international presence.



International Activity

Kino Polska TV Group is a **unique** player in the market which has carried its portfolio and **revenue streams to international level.**

36% of revenues from international markets

The Group operates in **40 countries worldwide**, is a member of SPI International media group.



Efficient Business

Profitable, efficient and resilient business active on both pay and advertising side of monetization.

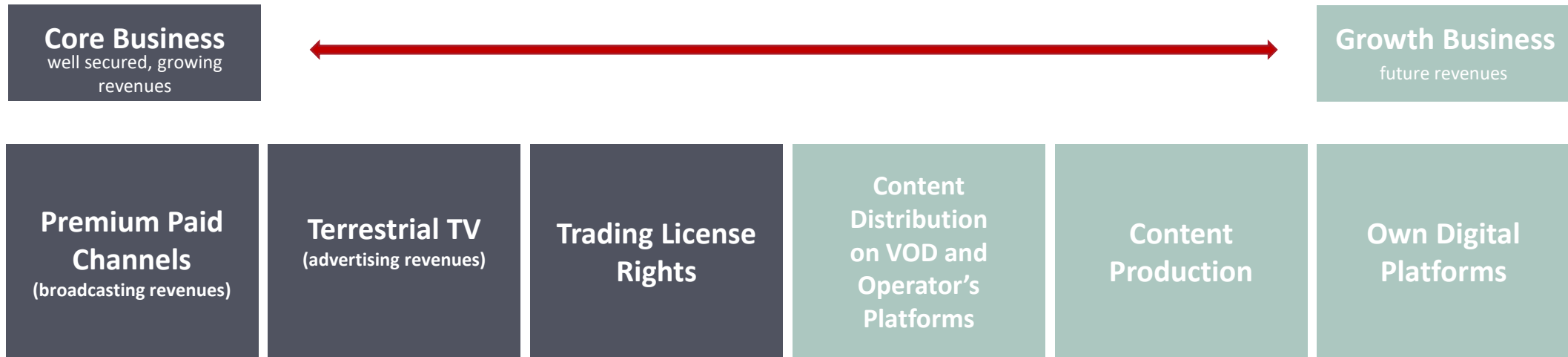
Approx. 70% of Revenues

- **Broadcasting & licensing** – long term contracts with cable providers and digital platforms

Approx. 30% of Revenues

- Advertising – free to air and pay TV channels with growing audience.

OUR BUSINESS AT A GLANCE



- Well-seated revenues despite an unfavourable market environment
- Increasing Competition and Consolidation



Simplify operations through higher efficiencies and more competitive units, delivering higher margins

- Higher Growth Market Potential
- New Challenges and Investment Requirements



Future synergies with Core Business areas to leverage opportunities

▶ STRATEGIC GOALS – CORE BUSINESS

- Solidifying our **5th TV group** in Poland in terms of the advertising market share, with an **average annual commercial audience share of 2.6 – 3%** (SHR, All 16-49, live).
- Leveraging **stronger market position** to improve collaborations with key market players in content licensing, production, distribution and advertising.
- **Increase in the revenues** from the sales of advertising and providing better paid content through subscriber growth of **FilmBox premium in all markets**.
- **Further development of diversified activities on International Markets** - strengthening the Group's position in the production and delivery of content, new advertising and distribution channels.
- **Gradual introduction of advertisements to the FilmBox (basic) channel** in order to increase the revenues from sales of advertising on the CEE markets
- **Expansion of the technical reach to new territories** and increase in the sales of **FilmBox (premium)** packages on foreign markets.



STRATEGIC GOALS REVIEW – DIGITAL & TRANSFORMATION

- **Digital Transformation** – 2021 year of shaping new ideas and launching new platform: Filmbox+. Expected revenue growth from digital activities in the coming years.
- **Expanding VOD operations in Poland**, delivering content into new VOD sections on client's end.
- **AVOD** (advertising-based video on demand) - opening monetization on multiple channels. Broader distribution of SPI AVOD catalog and global content catalog in Poland.
- Preparing for launch of **dedicated App/WebService for selected TV channels**, enabling Ad-Sense monetization and pursuing sponsorship opportunities.

▶ NEW BUSINESS & TRANSFORMATION

Digital and Media Transformation driven by faster access to information and speed of execution

Digital Content Distribution

- Expand VOD content distribution via Traditional B2B Partners.
- Ensure increased viewership and revenue transformation benefits new distribution channels.
- Growing VOD share in the international markets.



Own Platforms / New Digital Business

- Closing work on the FilmBox+ streaming service (launch in Q1 2021). The platform offers movies, TV shows and "live" channels from KPTV's portfolio simultaneously on up to 4 different devices, with quality from 360p to 1080p.
- Build additional apps and services to complement strong movie expertise and brand positions.
- Seek complimentary advertising and reach on digital.

Content Productions

- Local remake of internationally successful entertainment formats for ZOOM TV.
- Movie production for cinema and TV channels, creation of original Polish series for Stopklatka and KinoPolska - a unique content library as an important element of building the competitive advantage.
- Digital content creation for social media and Gametoon e-sporting events.



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MARKET 2020*

- The number of households with access to television did not change in 2020, remaining at nearly 14 million, i.e. the same as in 2019.
- More than 5 million households had access only to terrestrial digital television. **Approx. 64% of households in Poland had pay TV.** The average monthly subscription for pay TV was PLN 70.
- Further market share decline for the "big four" - by 12% y/y. The total share of this segment in the commercial group (All 16-49) was 31.3% (vs. 35.5% a year earlier). This is the effect of **smaller terrestrial and thematic channels gaining ground.**
- **Movie and TV series channels increased their share** in the commercial group **by 6.2% y/y.**
- **Average TV viewing time** for commercial group audiences grew by almost 3% (ATS, All, 16-49, live data).
- The average number of viewers in a minute declined by 0.3% (AMR, All 16-49, live data).
- Television gained in popularity as in-house entertainment in 2020 due to the shut-down of certain sectors of the economy, especially in the entertainment industry (cinemas, theatres, concerts).

* data from Nielsen Media Research



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 **CORE BUSINESS**



KEY RESULTS 2020

211.8 PLNm	76.9 PLNm	88.5 PLNm	27.2 PLNm
revenue +5.1% y/y	revenue from international markets	EBITDA +14.2% r/r	net profit +46.8% y/y

53.3%	36.2%	12.9%	2.30%
revenue from broadcasting	revenue from advertising	net profitability	share of the Group's channels on the TV market in 2020 (SHR%, all 16-49, live)



KEY FACTS 2020

- **Group revenue increased by 5.1% y/y to PLN 211.8m** The significant growth in results in 2020 was driven by visibly higher sales for FilmBox channels and thematic channels, mainly in international markets, as well as higher results in the Kino Polska channels segment and the Stopklatka channel.
- **The Group's net profit went up by 46.8% y/y to PLN 27,2m**, driven by much higher profitability in segments such as FilmBox channels and thematic channels, Kino Polska channels and Stopklatka. This is the result of strict expense control and low cost levels.
- **The average share in commercial audience in 2020 increased by 16.8% y/y** (for Kino Polska TV Group channels), reaching 2.30% (SHR live 16-49).
- Viewers spent much more time watching the Group's channels - in 2020 the average daily time spent on watching them reached 41 minutes 11 seconds (ATS, All 16-49, live) and **was 19% longer than in 2019**. This is significantly more than the market - average growth in ATS was just under 3%.
- Despite the impact of COVID-19 on the ad market, the Group recorded **ad revenue growth of 11.2% y/y**.
- The Group's business is diversified, and ad revenue, which was affected by the pandemic, constitutes approx. $\frac{1}{3}$ of the Group's total revenue. Approx. $\frac{2}{3}$ of revenue comes from broadcasting and license sales. The Group is not experiencing, and does not expect to experience, problems with financial liquidity.



INTERNATIONAL BUSINESS

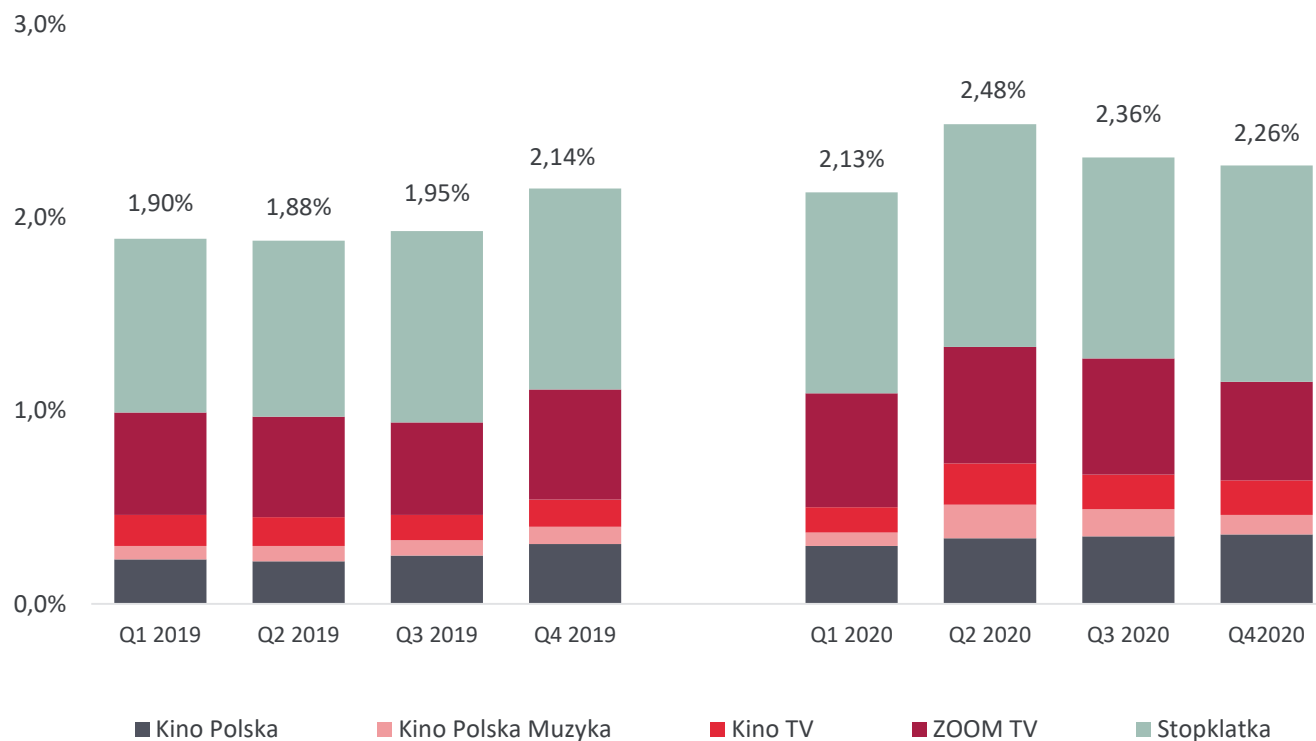
Kino Polska TV Group has a diversified business in international markets. The Group delivers content through cable operators, digital platforms and distributes content for online platforms. It is also developing ad sales in the FilmBox brand channels.

- **Total revenue from international markets increased by 4,3% y/y.**
- Revenue from international markets constituted **36,3% of the Group's total revenue in 2020 and reached PLN 76.9m, vs. PLN 73.7m in the previous year.**
- Revenue from FilmBox channels broadcasting in international markets grew by 8.2% y/y, while total broadcasting revenue in these markets increased by 13.2% y/y.
- Advertising revenues generated by the FilmBox Basic channel in the Czech Republic increased by 74.1% y/y in 2020 and amounted to PLN 2.9 million.
- Despite the COVID-19 pandemic, ad revenue in international markets increased by 74.3% (PLN +1.3m).
- Growth in international markets was recorded mainly in the Czech Republic and Slovakia (new contracts and organic growth), Romania, Hungary, Serbia (growth in subscriber numbers) and Bulgaria.



TV CHANNEL MARKET SHARE

Kino Polska TV Group - average share in commercial group
2020 vs. 2019



- In 2020, Kino Polska TV Group channels had a 2.30% share in commercial audience viewership (SHR%, all 16-49, live).
- Viewership of the Group's channels went up during this period by 16.8% y/y.
- Stopklatka is one of the leading movie and TV show channels.

▶ INFORMATION ON THE GROUP'S CHANNELS 2020

STOPKLATKA

Share in viewership reached 1.09% (SHR live 16-49), up by 13.5% y/y; viewing time grew by 15.9% y/y (ATS).

zoomtv

Share in viewership reached 0.57% SHR (live 16-49), up by 7.5% y/y; viewing time grew by 10.6% y/y (ATS).

PL
KINOPOLSKA

Share in viewership reached 0.34% SHR (live 16-49), up by 36% y/y; viewing time grew by 28.7% y/y (ATS).

KINO TV

Share in viewership reached 0.17% SHR (live 16-49), up by 13.3% y/y; viewing time grew by 5% y/y (ATS).

KINOPOLSKA MUZYKA

Share in viewership reached 0.12% SHR (live 16-49), up by 50% y/y; viewing time grew by 91.8% y/y (ATS).

FILM BOX

Growth trend - in both the "a La Carte" variant and via operators, e.g. Cyfrowy Polsat.

▶ SOCIAL RESPONSIBILITY 2020

Support for culture and cinematography in times of crisis:

- Nationwide campaign in support of studio and local cinemas: "**Helping with Kino TV**"
- Campaign "**Long weekend legally**" organised together with the Legal Culture Foundation - promoting movies from legal sources.
- "**What is allowed in film is not allowed in life**" This campaign promoting classic Polish comedies also encouraged the use of language free of stereotypes and hate. Katarzyna Figura, Cezary Pazura and Michał Milowicz were involved in the campaign.
- During the première of TV series **Hudson and Rex** the Stopklatka channel supported a shelter for animals (dogs and horses) that retired from work for uniformed services - Veterans' Corner. Marcin Dorociński was involved in the campaign.





 **NEW BUSINESS**

▶ FILMBOX+

FilmBox+

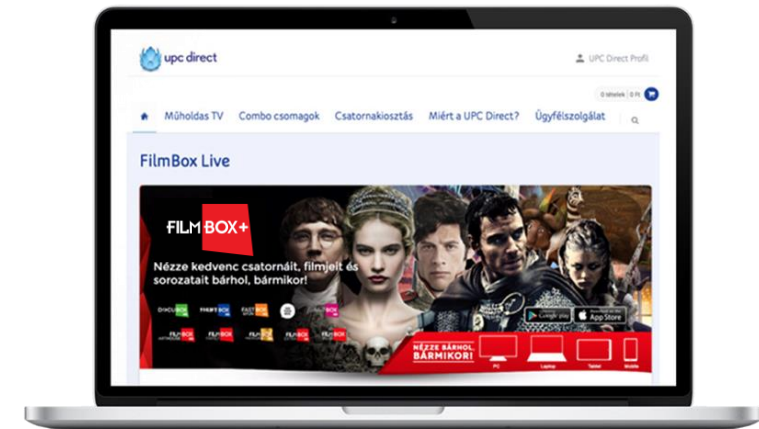
Launch: 22 February 2021

FilmBox+ is the successor to FilmBox Live. Platform offers access to more than a thousand hit movies and 11 "live" TV channels from KPTV Group's portfolio.

Filmbox + is offered in the B2B model.

Users can use the service directly at Filmbox.com, through the FilmBox+ app on mobile devices and on devices compatible with Android TV.

FilmBox+ will initially cost PLN 14.99 per month (when purchasing a single month) or PLN 9.99 (when buying an annual subscription).



▶ TV PRODUCTION

„Naked Attraction. Poland” (Zoom TV)

Currently at casting stage for hosts and participants

Scheduled premiere: first half of 2021

“Naked Attraction. Poland” is a dating program based on the popular British format shown in over 70 countries.

On Zoom TV, you can watch now the British version of the show, which is very popular among viewers - it generates over 2 times more viewership than the channel’s daily average. The most popular episodes attract over 100,000 viewers in front of screens and give Zoom as much as 4% market share.

The Group plans to produce more of its own programs and series for the needs of TV channels.



▶ FILM PRODUCTIONS

"All of our fears" (working title)

directed by: Łukasz Ronduda

The movie is in post-production. Planned release: Autumn 2021

A biopic starring Dawid Ogrodnik (lead role) who plays artist Daniel Rycharski, who is forced to fight for the right to love and have faith. Other lead roles: Andrzej Chyra, Piotr Trojan, Jacek Poniedziałek.

The Group's activity in the area of movie production is linked to the epidemic situation. Prolonged pandemic restrictions may result in delays in the production of particular stages of the project.





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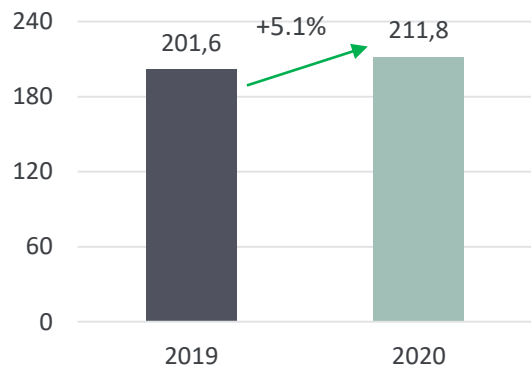
4. Financial results



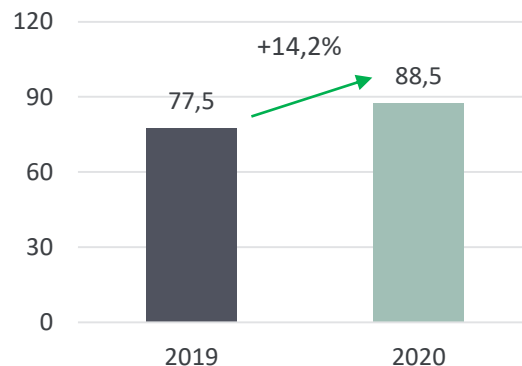
KEY FINANCIAL DATA

IN PLN M

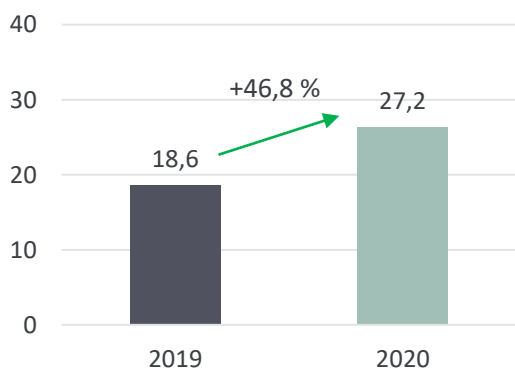
Sales Revenue



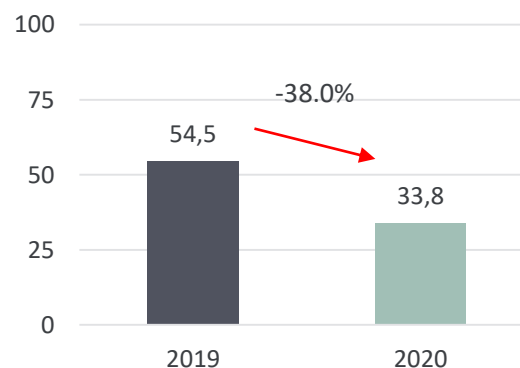
EBITDA



Net Profit



Net Debt

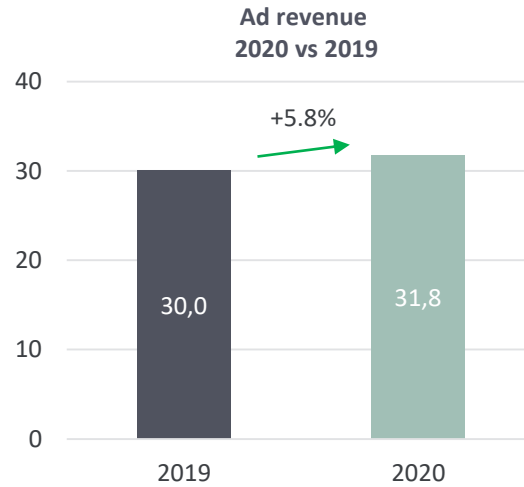
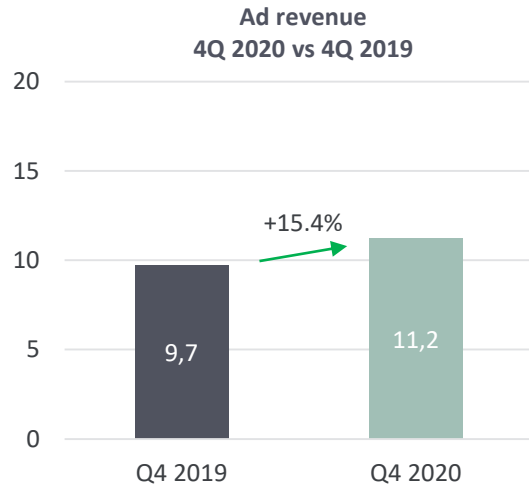


- Despite an unfavourable market environment in 2020, the Group's revenue increased by PLN 10.2m (+5.1%), EBITDA went up by 14,2%, while net profit grew by 46,8%.
- Kino Polska TV Group **improved all key financial ratios**, comparing to 2019.
- **Net profitability went up to 12.9%**, compared to 9.2% in the previous year, while **EBITDA margin reached 41.8%**, compared to 38.5% a year earlier.
- The Group continued to reduce net debt as planned.

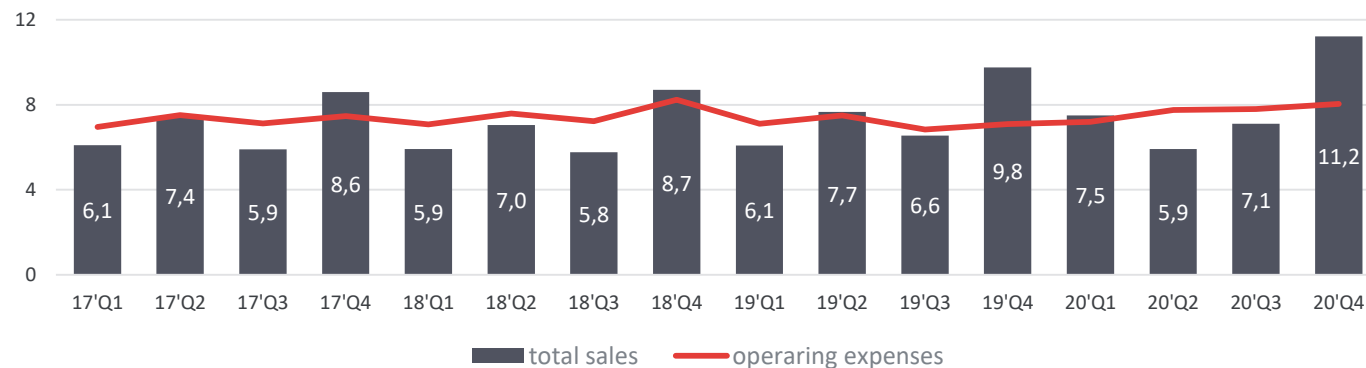


STOPKLATKA

IN PLNM



Sales and operating expenses Q1'17 – Q4'20



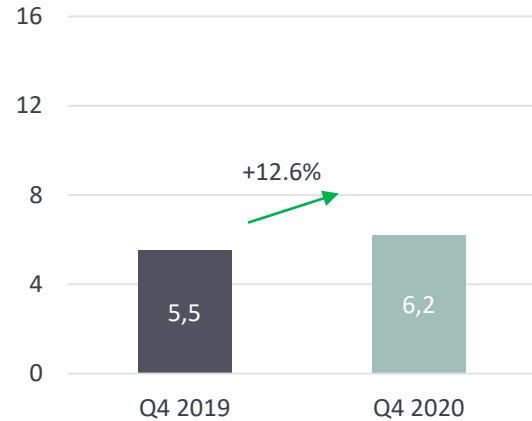
- In 2020, the Stopklatka channel increased commercial group viewership (All, 16-49) from 0.96% to 1.09% in comparison with 2019, which translated into growth in ad revenue. The higher viewership resulted from programming that was more aligned with the viewers' expectations.
- Despite lower spending by ad buyers in 2Q (resulting from COVID19), the segment's revenue increased by 5.8% y/y to PLN 31.8m.
- The Stopklatka channel generated positive **net profitability in the entire year at 2.3%** and net profit of PLN 0.9m, compared to PLN 0.3m in the preceding year.



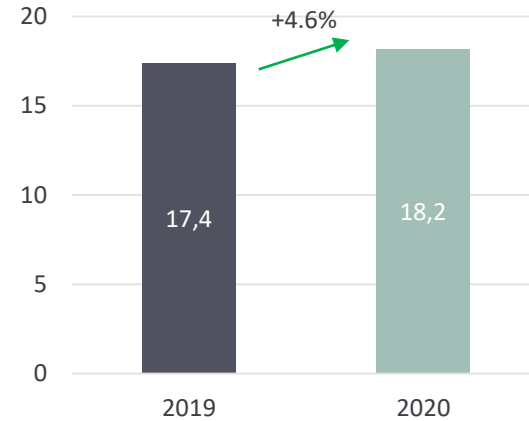
ZOOM TV

IN PLNM

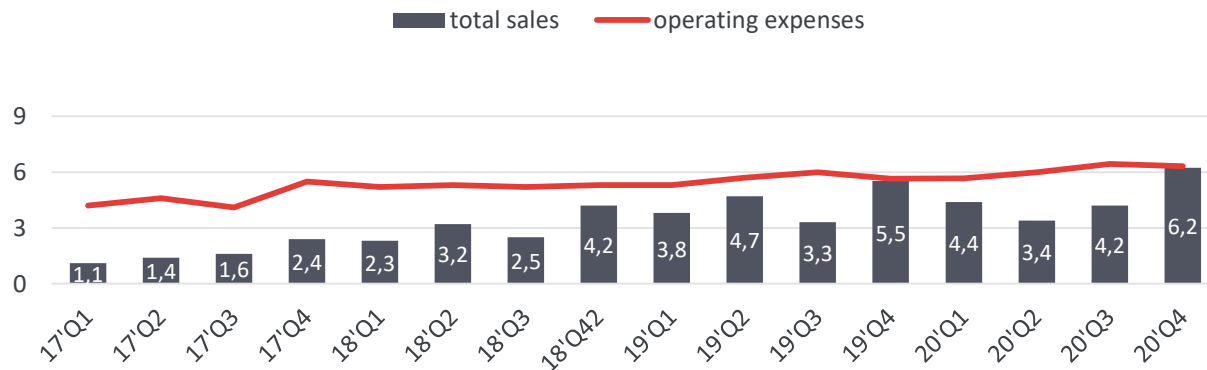
Ad revenue
Q4 2020 vs Q4 2019



Ad revenue
2020 vs 2019



Sales and operating expenses Q1'17 – Q4'20

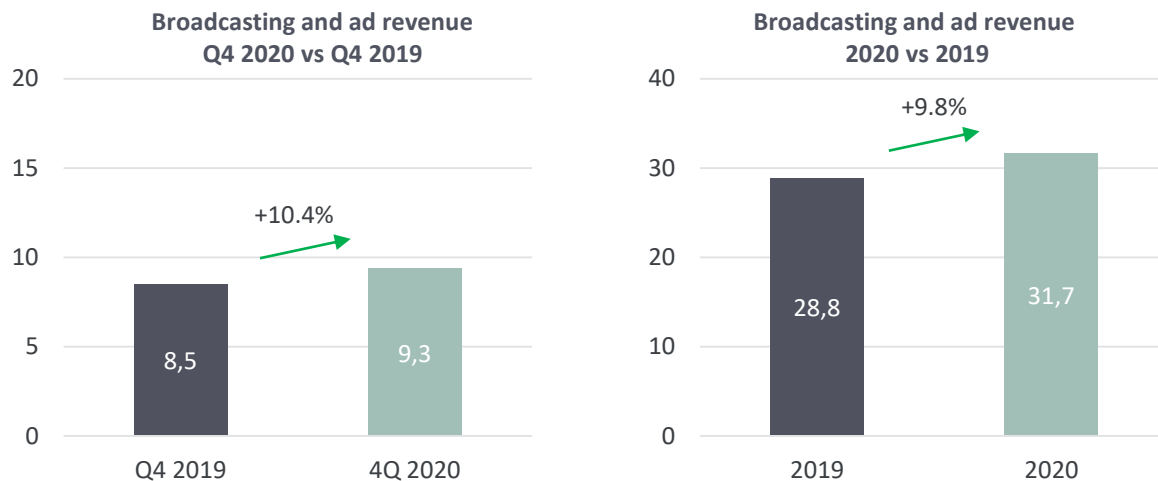


- The Zoom TV channel increased its share in commercial group viewership in 2020 by 7.5% y/y SHR (live 16-49).
- The rise in viewing numbers is related to the channel's consistent programming and purchasing policy. The Group is currently developing several own productions for ZOOM TV based on proven foreign formats, e.g. *Naked Attraction*. The introduction of new own productions is intended to make the channel's programming offering more attractive and help in building a more loyal viewer base.
- Revenue from ad sales in this channel grew by 4.6% y/y.

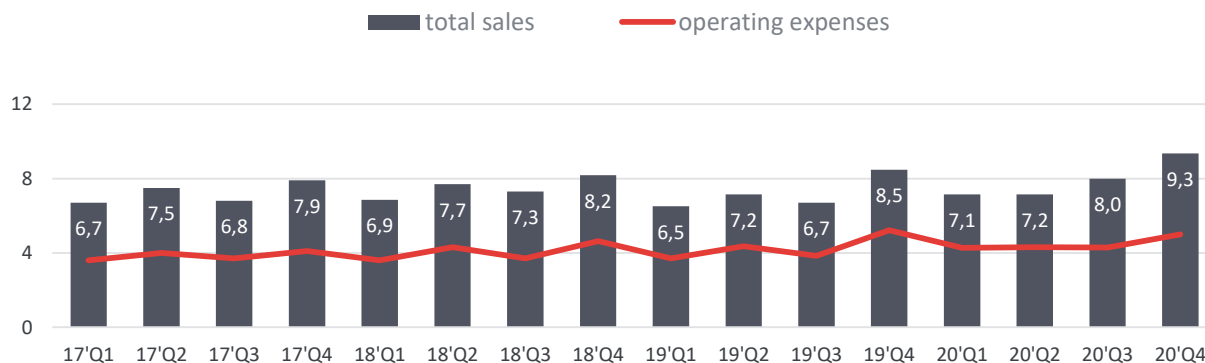


KINO POLSKA CHANNELS

IN PLN M



Sales and operating expenses Q1'17 – Q4'20



- In 2020, the largest increases in viewership among the Kino Polska TV Group channels were recorded by Kino Polska Muzyka (+50.0% y/y) and Kino Polska (+36.0% y/y). This results from the acquisition of attractive content and promoting campaigns which drew in viewers. This is also seen in the considerable growth in ATS, which for the Kino Polska Muzyka channel increased by almost 92% y/y. With this, the Group capitalised on the growth trend of thematic channels, which are gaining viewers at the expense of the "big four."

- Thanks to the higher viewership, ad revenue for the Kino Polska Muzyka channel increased by 13.7% y/y, and by 22.2% y/y for Kino Polska.

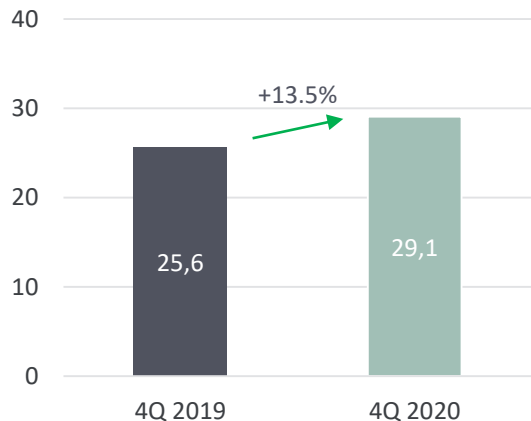
- The segment's profitability went up to 43.6%**, compared to 40.6% in the previous year.



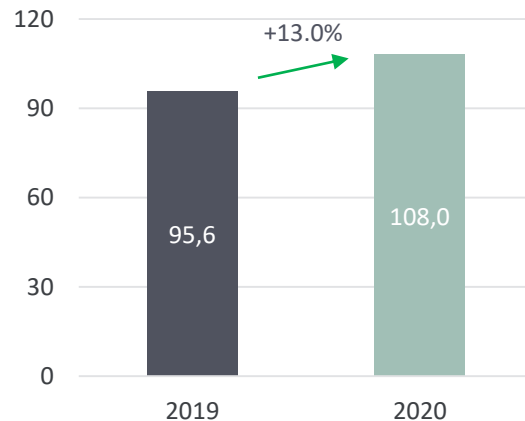
FILMBOX MOVIE CHANNELS AND THEMATIC CHANNELS

IN PLN M

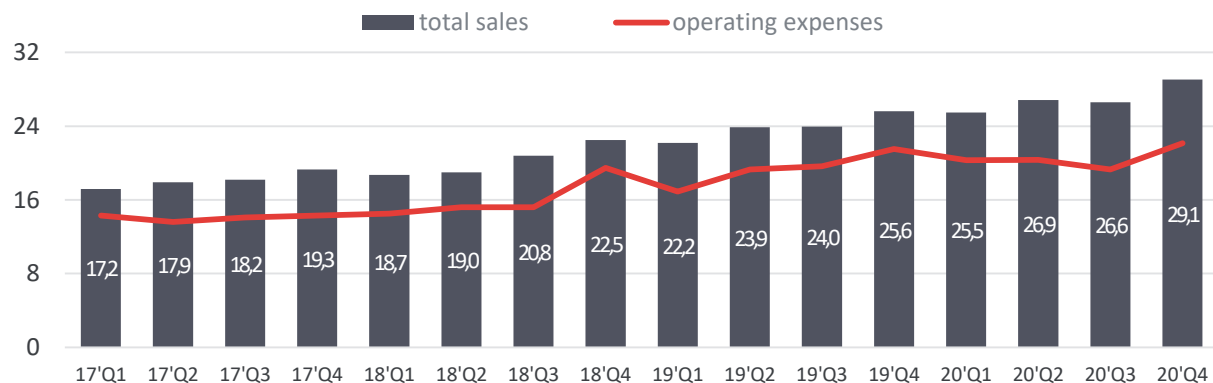
Broadcasting and ad revenue
Q4 2020 vs Q4 2019



Broadcasting and ad revenue
2020 vs 2019



Sales and operating expenses Q1'17 – Q4'20



- The Group maintained a growth trend in revenue in the FilmBox movie channels and thematic channels segment, recording 13.0% y/y growth.
- The FilmBox channels and thematic channels recorded the largest increases in Poland (growth in subscriber numbers from the existing clients), in the Czech Republic and Slovakia (new contracts and organic growth), Romania, Hungary (higher subscriber numbers and new contracts), countries of the Balkan Peninsula, the Baltic states and Bulgaria.
- The segment's profitability went up to 24.0%, compared to 19.1% in the previous year. Revenue increased by 13%, while costs rose by 6% y/y. This is the effect of previous expenditures in content, marketing and sales-support.



SEGMENTS

OPERATING RESULT 2020

(in PLN thousand)	FilmBox movie channels and thematic channels	Kino Polska channels	TV channels production	Zoom TV	Stopklatka	Sale of licensing rights	Other segments	TOTAL
Broadcasting	97 273	15 635	-	3	-	-	-	112 911
Advertising	10 717	16 035	-	18 197	31 781	-	-	76 730
Other sales	46	-	1 052	-	-	18 953	2 118	22 169
Total sales	108 036	31 670	1 052	18 200	31 781	18 953	2 118	211 810
Operating costs*	(82 101)	(17 862)	(821)	(24 414)	(30 863)	(17 015)	(2 965)	(176 042)
Segment EBITDA in 2020	51 500	18 736	295	3 066	14 172	2 005	(1 248)	88 527
Segment results 2020	25 935	13 808	231	(6 214)	917	1 938	(846)	35 769
Segment profitability 2020	24.0%	43.6%	21.9%	(34.1%)	2.9%	10.2%	(39.9%)	16.9%
Segment results 2019	18 245	11 714	35	(5 325)	(284)	3 802	(507)	27 680
Segment profitability 2019	19,1%	40,6%	5,7%	(30,6%)	(0,9%)	14,3%	(19,8%)	13,7%

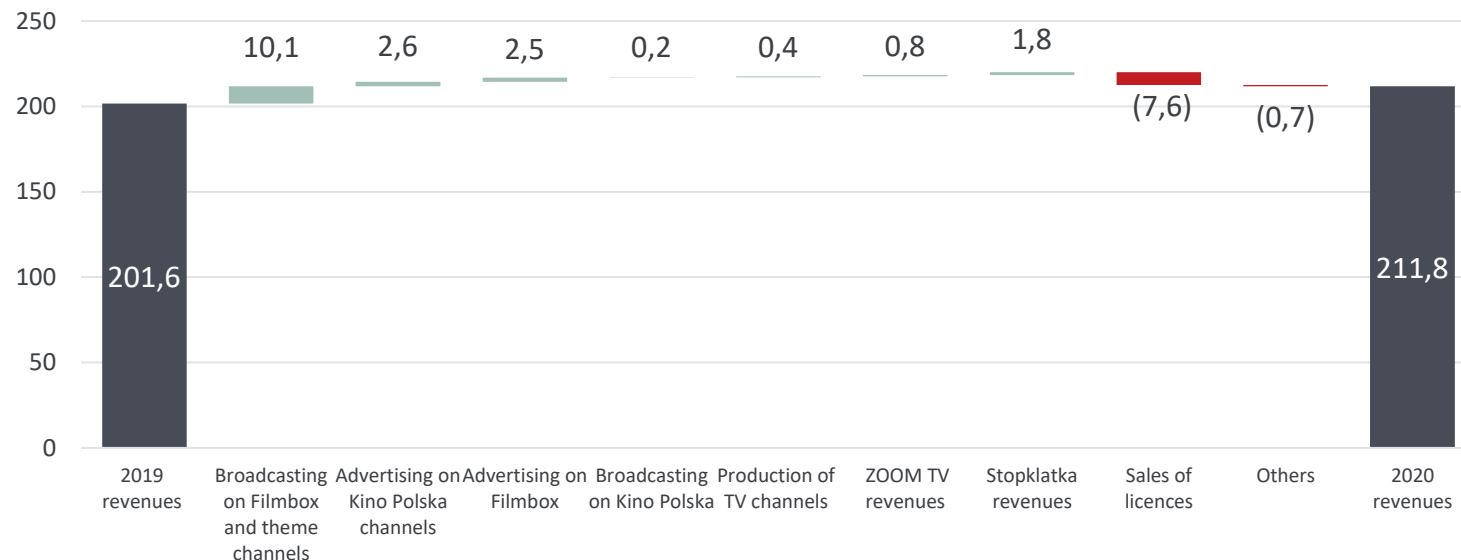
*Operating costs in the Stopklatka segment take into account depreciation related to newly-identified assets as a result of Stopklatka SA purchase price allocation.



REVENUE 2020

(in PLNm)

Change: PLN +10,2 mln; +5,1% y/y



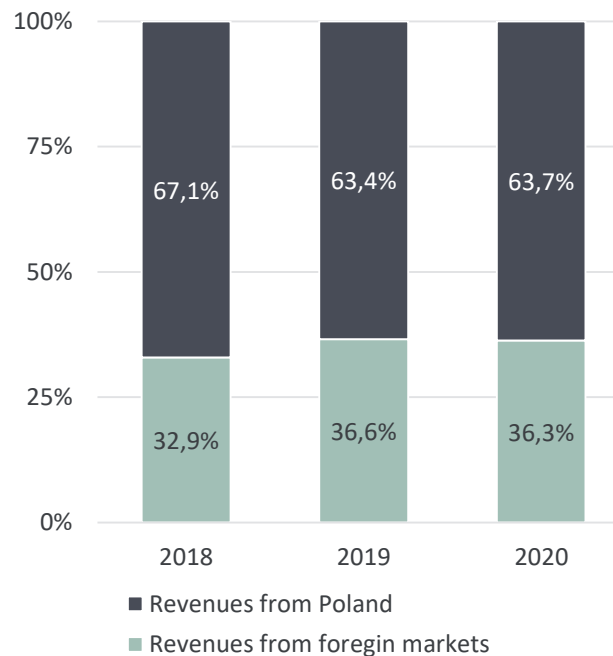
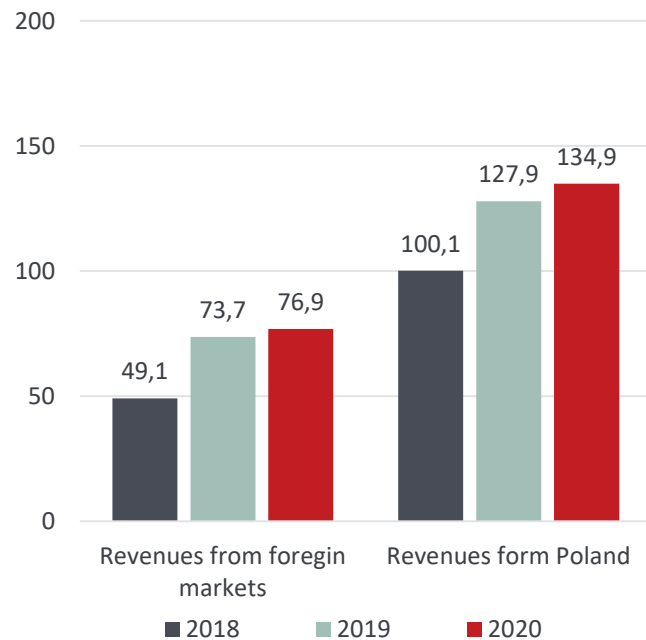
- The Group's revenue from sales in 2020 reached PLN 211.8m, denoting 5.1% growth in comparison with the previous year.
- The recognised lower revenue from licensing rights sales in international markets results from a high base last year (contract with FilmOne).
- The largest increase in revenue was recorded in the FilmBox movie channels and thematic channels broadcast segment (PLN +10.1m, up by 12% y/y), ad sales in FilmBox channels PLN +2.5m (+31% y/y), ad sales in Kino Polska channels PLN +2.6m (+20% y/y) and revenue from the Stopklatka channel PLN +1.8m (+5.8% y/y).



TOTAL REVENUE BY TERRITORY*

* REVENUE COVERS BROADCASTING, ADS, PRODUCTION, LICENSE SALES AND OTHER

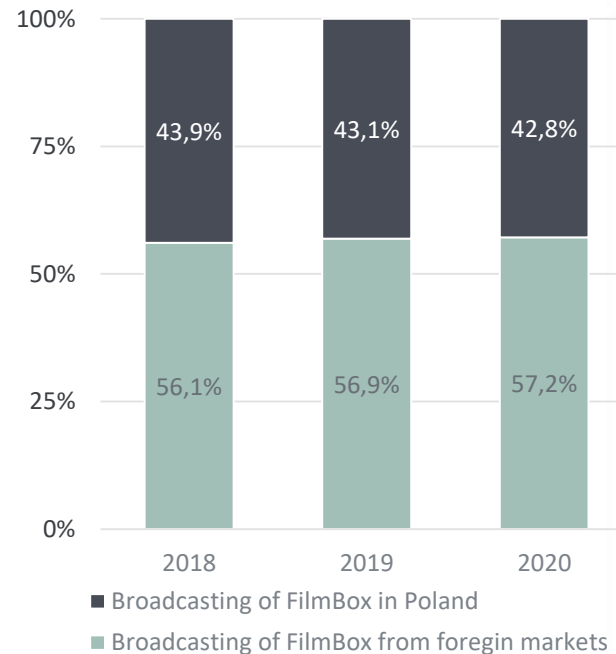
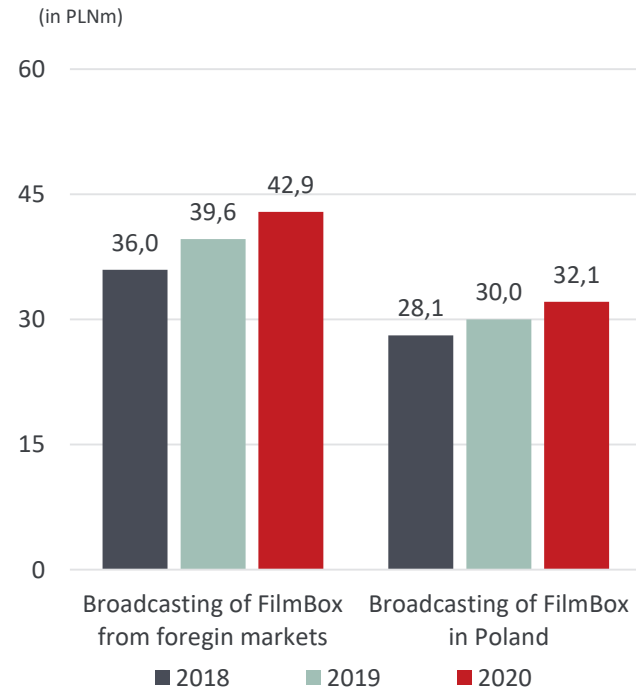
(in PLNm)



- The Group continues to implement its international development strategy. Total revenue in international markets went up by 4.3% y/y thanks to further development in the FilmBox and thematic channels segment.
- Revenue from broadcasting in international markets went up by 13.2% y/y, while in Poland by 6.6% y/y.
- Ad sales in Poland rose by 10,9% y/y (PLN +7m) and by 74.3% (PLN +1.3m) in international markets.



REVENUE FROM FILMBOX CHANNELS BROADCASTING BY TERRITORY

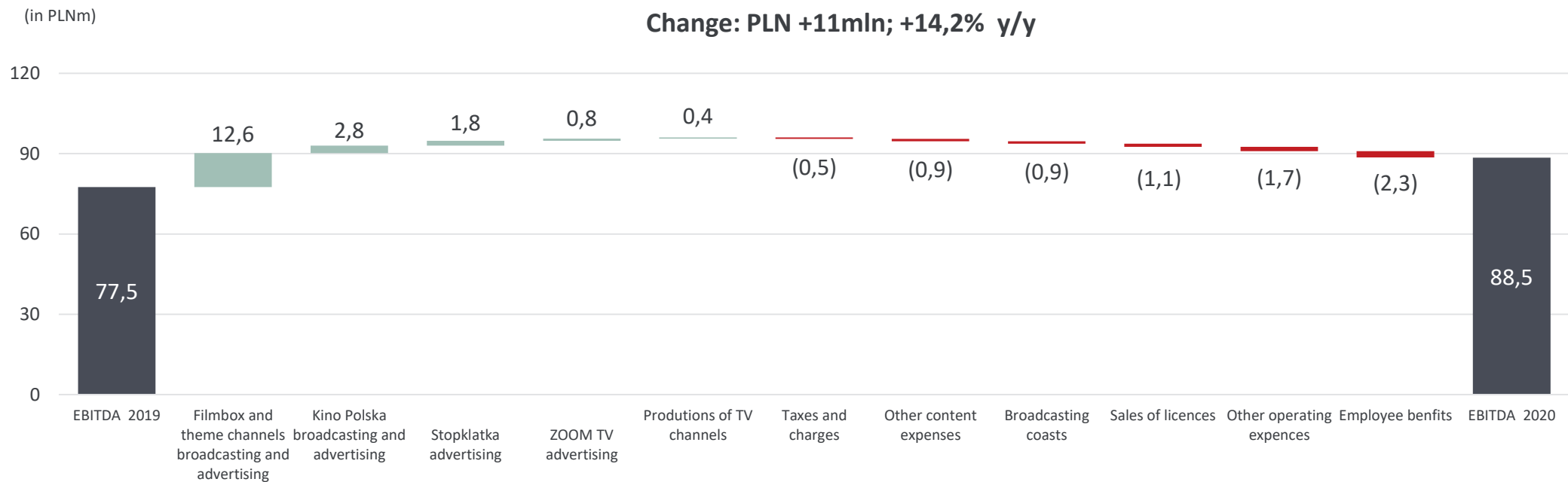


- Revenue from FilmBox movie channels broadcasting went up in terms of value in Poland (+7% y/y) and in international markets (+8.2% y/y).
- Growth in international markets was recorded mainly in the Czech Republic and Slovakia (new contracts and organic growth), Romania, Hungary, Serbia (growth in subscriber numbers) and Bulgaria.



EBITDA 2020

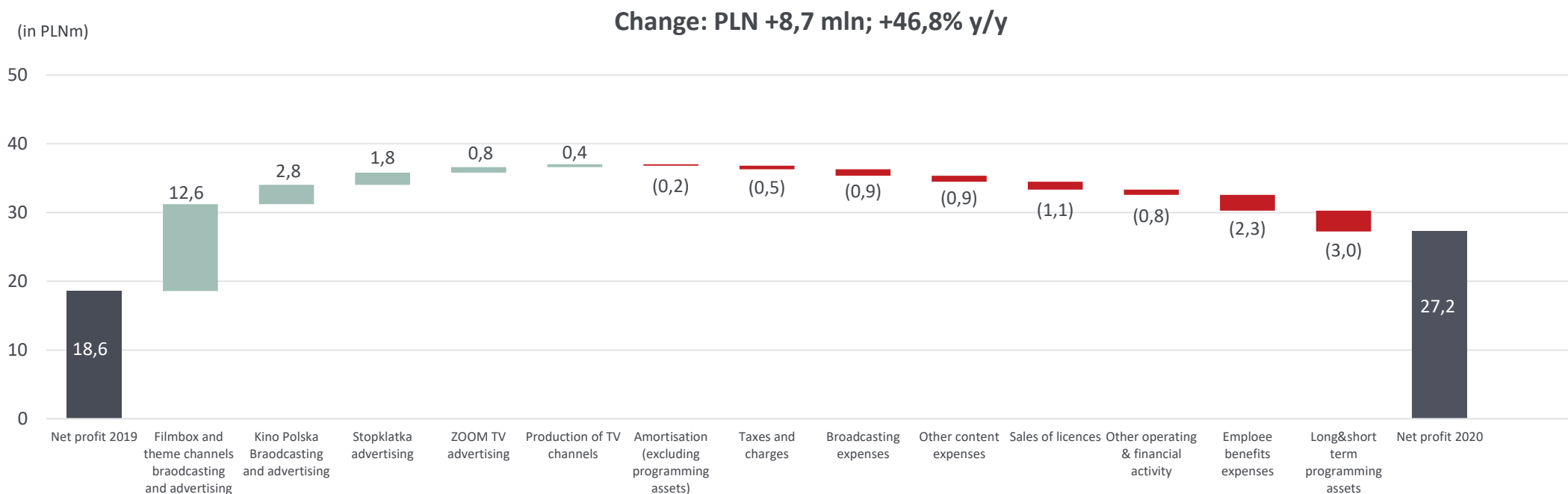
- EBITDA in 2020 increased by PLN 11m to PLN 88.5m, i.e. by 14.2% y/y, thanks to the high growth rate of revenues from broadcasting and advertising in the FilmBox and thematic channels as well as Kino Polska channels.





NET PROFIT 2020

- Net profit increased by PLN 8.7m (46.8%) in comparison with the previous year, resulting from higher profitability in FilmBox and theme channels segment and Kino Polska channels segment, in combination with strict cost control during the year.



▶ 2020 SUMMARY



Despite an unfavourable market environment in 2020 **the Group remains resistant** to the negative impact of the pandemic COVID-19 thanks to diversified business model.



Kino Polska Group **improved all key financial ratios and did not experienced any issues with financial liquidity**, despite it was not eligible for government support programs related to COVID-19 pandemic.



Viewership of the Group's channels **went up in 2020 by approx. 17% y/y.** The Group constantly invests in content production.



The Group is intensively developing **new business areas (incl. digital)**, which will allow to increase the scale of its operations in the coming years.



▶ APPENDIX

▶ THE MOST IMPORTANT DEFINITIONS

TG: target group. A social group defined by its demographic features (e.g. age, gender, way of receiving television signal), which is being analysed. The most common constraint is age (the commercial group is defined as the 16 to 49 age group).

AMR: average minute rating. The average number of viewers in a minute. The number of viewers expressed as a percentage of the analysed demographic group (TG).

SHR%: share of a TV channel. The share of the average number of viewers of a TV programme or channel in the total number of persons watching TV at a given time.

RCH: audience reach. The reach is the total number of viewers who watched TV for at least one minute in a specific period of time. Formula: $\sum AMR$. A certain percentage of the population of the analysed demographic group (like AMR).

ATV: average time viewed. The average time of watching TV by a population. Expressed in hours and minutes. Formula: $\frac{AMR}{TG\ population}$

ATS: average time spent. The average time of watching TV by all persons who switched their TV sets on. Expressed in hours and minutes. Formula: $\frac{AMR}{RCH}$

GRP: gross reach point. The total amount of viewers of single broadcasts of advertising spots. Expressed as a percentage only; the sum of AMR% of the individual advertising spots. Formula: $\sum AMR\%$.

CPP: cost per point – the cost of purchase of 1GRP.



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