



# KINO POLSKA TV S.A.

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## Financial Results Q1 2021

Warsaw, 18 May 2021



# ▶ AGENDA

1. About Kino Polska TV SA

2. Key facts Q1 2021

3. 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 **2.53%**

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.**

**40** countries worldwide  
**34%** of revenues from international markets

Group is a member of SPI International media group.



## Efficient Business

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

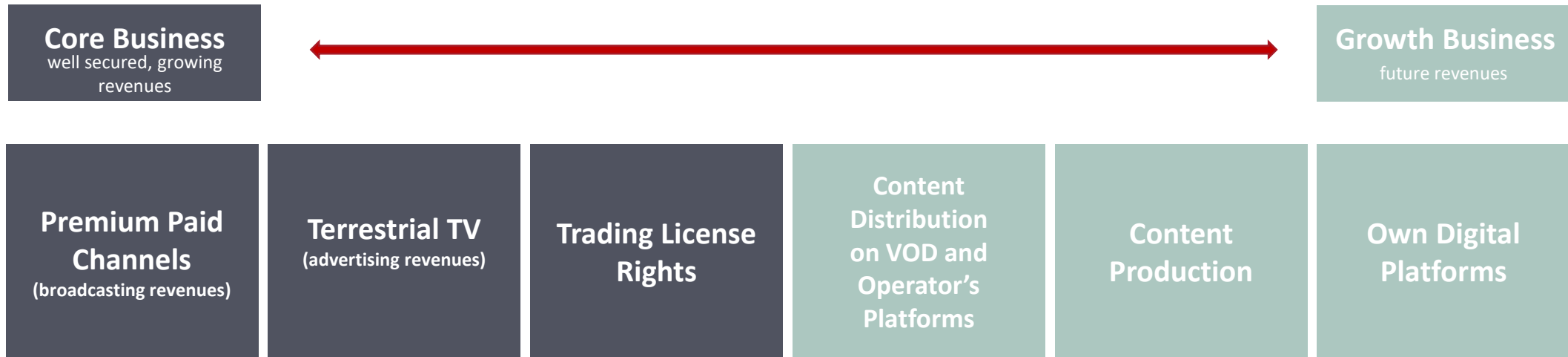
**Approx. 2/3** of Revenues

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

**Approx. 1/3** 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

- Development of the FilmBox+ streaming service, launched 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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## KEY RESULTS Q1 2021

<b>57.4</b> PLNm	<b>19.6</b> PLNm	<b>25.7</b> PLNm	<b>6.4</b> PLNm
revenue +14.9% y/y	revenue from international markets	EBITDA +24.3% y/y	net profit +51.3% y/y

<b>52.5%</b>	<b>36.8%</b>	<b>11.1%</b>	<b>2.53%</b>
revenue from broadcasting	revenue from advertising	net profitability	share of the Group's channels on the TV market in Q1 2021 (SHR%, All 16-49, live)



## KEY FACTS Q1 2021

- **Group revenue grew by 14.9% y/y to PLN 57.4 million.** The largest growth was recorded in the broadcasting revenues in the segment of FilmBox channels and thematic channels (PLN +2.8 million, up by 12% y/y). This segment also reported an increase in advertising sales by 53% y/y (PLN +1.1 million). The following segments also generated higher advertising revenues - Kino Polska channels (PLN +1.5 million, up by 45% y/y) and Stopklatka (PLN +1.5 million, up by 19.6% y/y).
- **The Group's net profit increased by 51.3% y/y to PLN 6.4 million,** driven by higher profitability in most of the operating segments, accompanied by cost control.
- **The average share in commercial audience in Q1 2021 grew by 18.8% y/y** (for Kino Polska TV Group's channels), reaching 2.53% (SHR%, All 16-49, live).
- **Viewers spent much more time watching the Group's channels** – in the analysed period the average daily time spent on watching them reached 45 minutes and 3 seconds (ATS, All 16-49, live) and **was 16.7% higher than in Q1 2020.** This is far above the market, where ATS declined by 4.1% y/y.
- Despite the impact of COVID-19 on the ad market, the Group recorded **growth in ad revenue by 22.6% y/y.**
- The Group's business is diversified, and ad revenue, who was influenced by the pandemic, constitutes approx. 1/3 of the Group's total revenue. Approx. 2/3 of revenue comes from broadcasting and license sales. The Group is not experiencing problems with financial liquidity, and does not expect to experience them going forward.



# 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 13.6% y/y.**
- **Revenue from international market constituted 34.1%** of the Group's total revenue in Q1 2021, reaching PLN 19.6 million, vs. PLN 17.2 million in the previous year.
- **Ad sales** in international markets **increased by 49.5% y/y** to PLN 0.92 million.
- Revenue from FilmBox channels broadcasting and ads in international markets went up by 16.2% y/y, while total broadcasting revenue in these markets grew by 11.9% y/y.
- Growth in international markets was mainly driven by Romania (up by 42%), Czech Republic and Slovakia (new contracts and organic growth). The Group is searching for new operators and is expanding its channel offering.



## MARKET Q1 2021\*

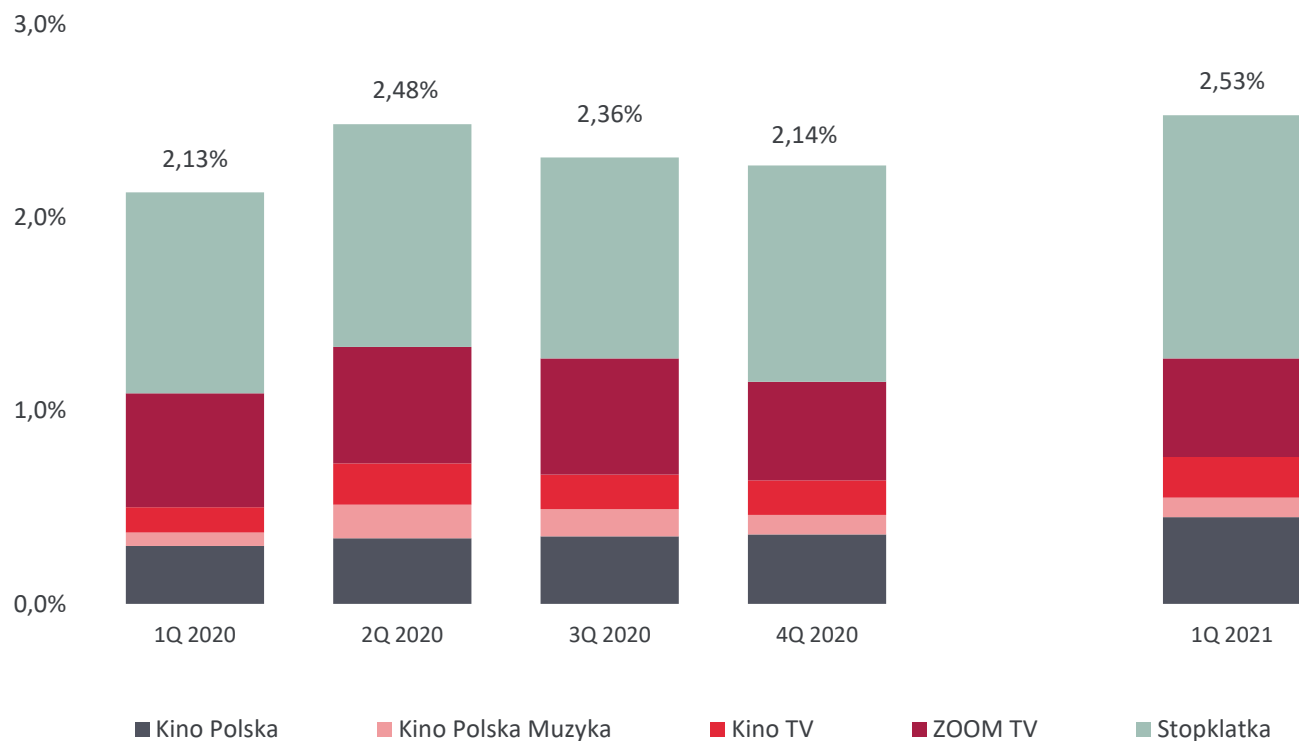
- The market share of the „big four” channels further declined – by 7.9% y/y. This segment’s total share in the commercial group (All 16-49) was 30.96% (vs. 33.61% in the preceding year). This is the effect of the **growing position of smaller terrestrial and thematic channel.**
- **Movie and TV show channels once again grew their share** in the commercial group, by **7.5% y/y.**
- **The average time spent watching TV for the entire market** in commercial group audience declined by 4.1% (ATS, All 16-49, live).
- **The Average Minute Rating for the entire market** decreased by 5.8% (AMR, All 16-49, live).
- The advertising market was stable in Q1 2021. No major changes in TV ad inventory saturation levels were recorded (+2.5% y/y).
- The situation on the TV market considerably changed in Q1 2021 vs. 2020. The share of information channels dynamically grew at the onset of the pandemic – but now they declined by 16% y/y, to 6.62% in the commercial group (16-49, live data). Sports channels also increased after strong declines in 2020 – in Q1 2021 their market share grew by 24% y/y to a total share of 1.92% (SHR%, All 16-49, live).

\* data from Nielsen Media Research



# TV CHANNEL MARKET SHARE

Kino Polska TV Group - average share in commercial group  
Q1 2021 vs. Q1 2020



- In Q1 2021, Kino Polska TV Group channels had a 2.53% share in commercial audience viewership, denoting an increase of 18.8% in comparison with the same period of 2020 (SHR%, All 16-49, live).
- The growth was driven by Kino TV, Kino Polska and Stopklatka.

# ▶ INFORMATION ON THE GROUP'S CHANNELS Q1 2021

**STOPKLATKA**

Share in viewership reached 1.26% (SHR%, All 16-49, live), up by 21.2% y/y; watching time increased by 20.2% y/y (ATS, All 16-49, live).

**zoom**tv

Share in viewership reached 0.51% (SHR%, All 16-49, live), down by 13.6% y/y; watching time increased by 3.0% y/y (ATS, All 16-49, live).

**PL**  
KINOPOLSKA

Share in viewership reached 0.45% (SHR%, All 16-49, live), up by 50% y/y; watching time increased by 14.2% y/y (ATS, All 16-49, live).

**KINO TV**

Share in viewership reached 0.21% (SHR%, All 16-49, live), up by 61.5% y/y; watching time was increased by 37.3% y/y (ATS, All 16-49, live).

**KINOPOLSKA MUZYKA**

Share in viewership reached 0.10% (SHR%, All 16-49, live), up by 42.9% y/y; watching time increased by 37.4% y/y (ATS, All 16-49, live).

**FILM BOX**

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



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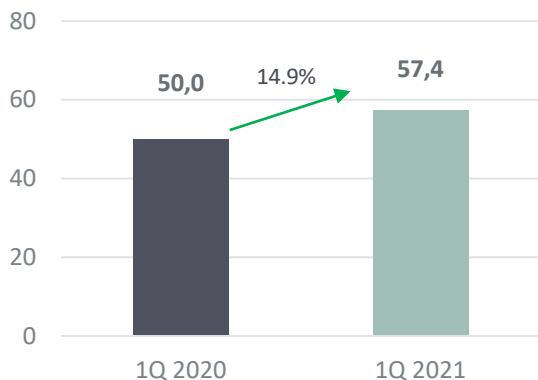




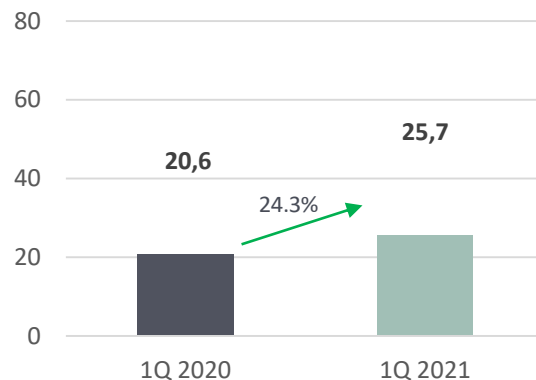
# KEY FINANCIAL DATA

(in PLNm)

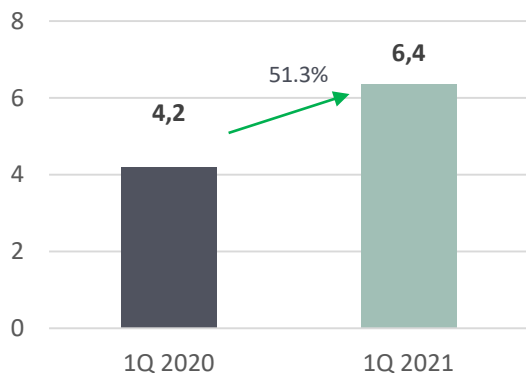
### Revenue



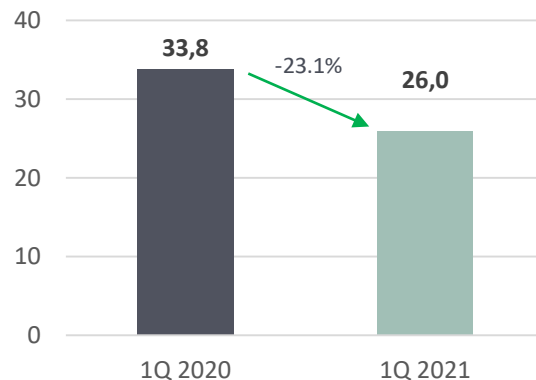
### EBITDA



### Net profit



### Net debt

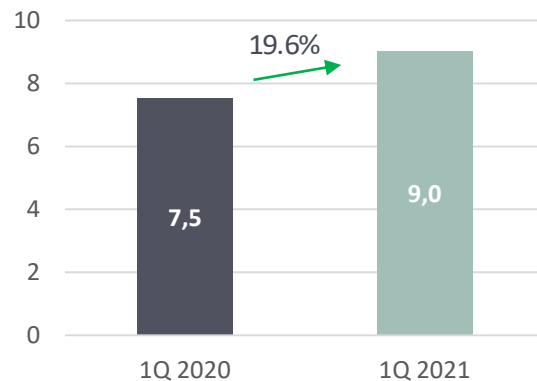


- In Q1 2021, Kino Polska TV Group improved all of its key financial ratios in comparison to the same period of 2020.
- The Group recorded revenue growth of **PLN 7.4 million (+14.9%)**, a 24.3% growth in EBITDA and 51.3% growth in net profit.
- **Net profitability went up to 11.1%**, compared to 8.4% a year earlier.
- **EBITDA margin reached 44.7%**, compared to 41.3% in Q1 2020.
- As expected, the Group continued to reduce its net debt, which declined by PLN 7.8 million y/y.

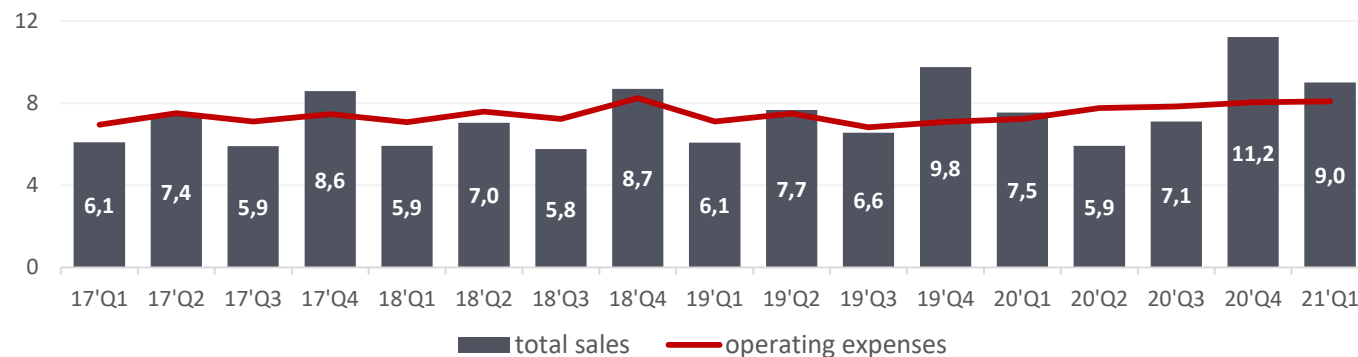
# ▶ STOPKLATKA

(in PLNm)

Ad revenue  
Q1 2020 vs Q1 2021



Sales and operating expenses Q1'17 – Q4'21



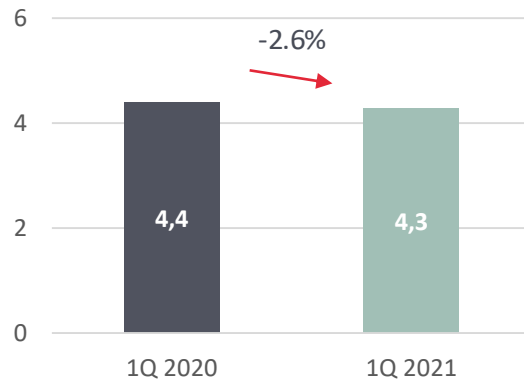
- In Q1 2021, the Stopklatka channel increased commercial group viewership (All, 16-49) – SHR reached 1.25%, compared to 1.04% in Q1 2020, which translated into growth in ad revenue. The higher viewership resulted from programming that was more aligned with the viewers' expectations.
- Segment revenue went up by 19.6% y/y to PLN 9 million.
- The Stopklatka segment retained positive **net profitability in Q1 2021, reaching 4.1%**, and net profit of **PLN 0.9 million, compared to PLN 0.3 million** in the same quarter of the preceding year.



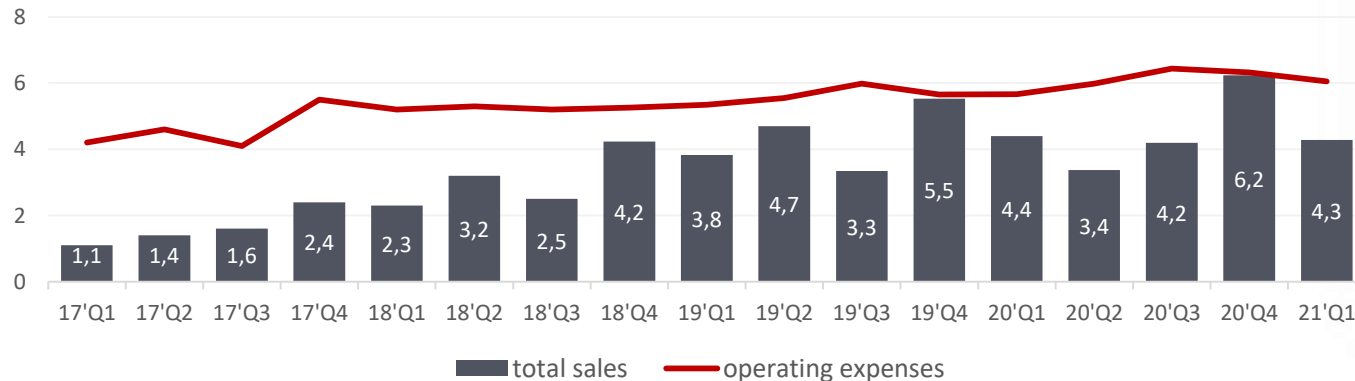
# ZOOM TV

### Ad revenue Q1 2020 vs Q1 2021

(in PLNm)



### Sales and operating expenses 1Q'17 – 1Q'21



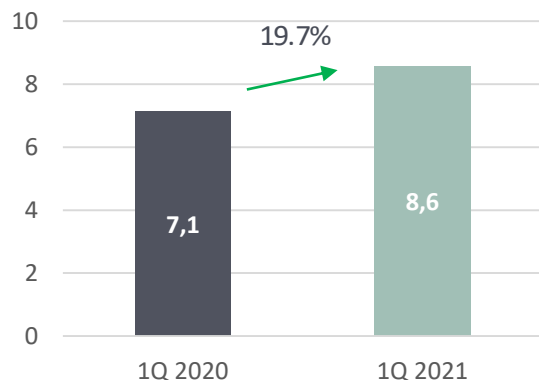
- In Q1 2021 Zoom TV channel maintained its viewership (SHR 0.51%, All 16-49, live) at a level achieved in Q4 2020.
- The y/y decline in revenue by more than PLN 113 thousand results from lower viewership, which in Q1 2020 was 0.58%. This concerned channels that currently are on MUX8, with ZOOM TV's decline being the smallest. This is most likely the effect of changes in audience measurements.



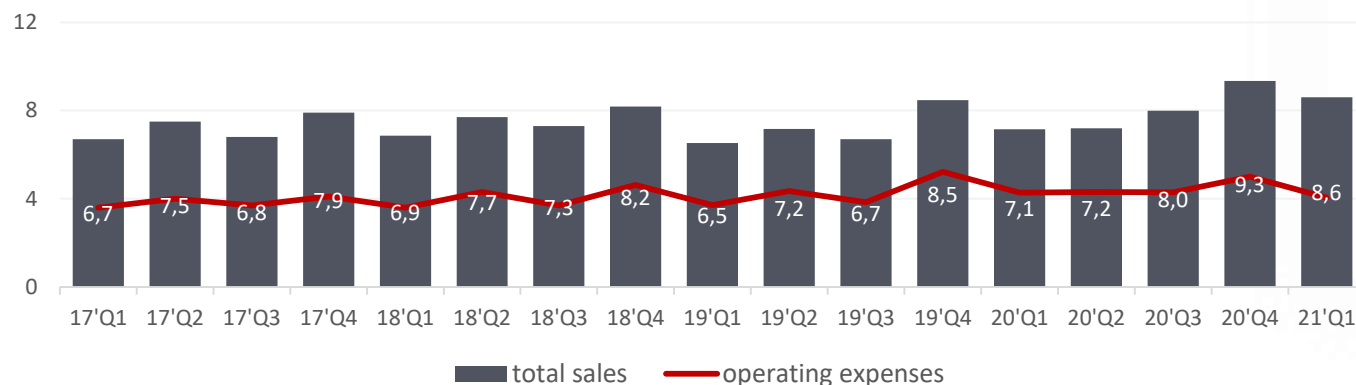
# KINO POLSKA CHANNELS

(in PLNm)

### Ad and broadcasting revenue Q1 2020 vs Q1 2021



### Sales and operating expenses 1Q'17 – 1Q'21



- In Q1 2021, the largest increases in viewership among the Kino Polska TV Group channels were recorded by Kino Polska (+50% y/y) and Kino Polska Muzyka (+43% y/y). This is the effect of acquiring attractive content and promotional campaigns. This is reflected in considerable growth in ATS, which increased by nearly 37% y/y for Kino Polska Muzyka (ATS, All 16-49, live). With this, the Group is aligning with the growth trend in thematic channels, which are gaining viewers at the expense of the „big four.”

- Thanks to the higher viewership, ad revenue for the Kino Polska channel increased by 55% and for Kino Polska Muzyka by 29% y/y.

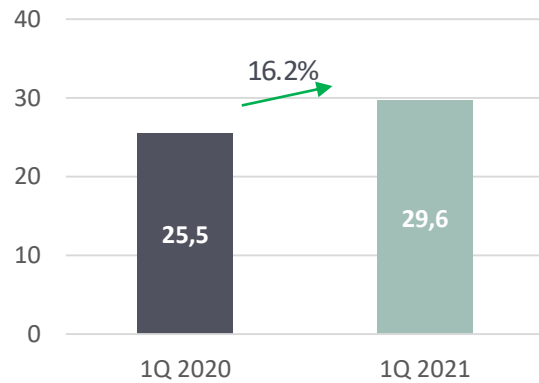
- The segment's profitability went up to **52.8%**, compared to 40.2% in the previous year.



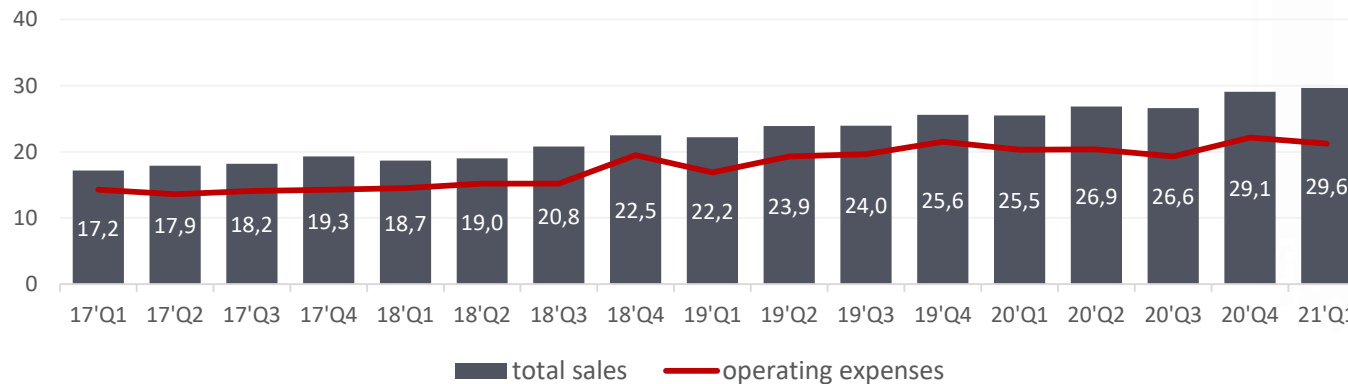
# FILMBOX MOVIE CHANNELS AND THEMATIC CHANNELS

(in PLNm)

### Ad and broadcasting revenue Q1 2020 vs Q1 2021



### Sales and operating expenses 1Q'17 – 1Q'21



- The Group maintained a growth trend in revenue in the FilmBox movie channels and thematic channels segment, recording 16.2% y/y growth.
- The FilmBox channels and thematic channels reported the largest increases in Poland (growth in subscriber numbers from the existing clients), in the Czech Republic and Slovakia (new contracts and organic growth) and in Romania.
- The segment's profitability increased to 28.3%, compared to 20.4% in the previous year and 23.8% in the previous quarter. Revenue went up by 16%, while costs grew by 5% y/y.



# SEGMENTS

OPERATING RESULT Q1 2021

(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	26 274	3 869	-	-	-	-	-	30 143
Advertising	3 132	4 692	-	4 282	9 010	-	-	21 116
Other sales	230	-	276	-	-	5 354	275	6 135
<b>Total sales</b>	<b>29 636</b>	<b>8 561</b>	<b>276</b>	<b>4 282</b>	<b>9 010</b>	<b>5 354</b>	<b>275</b>	<b>57 393</b>
Operating costs*	(21 241)	(4 042)	(214)	(6 054)	(8 081)	(4 507)	(500)	(44 639)
<b>EBITDA 1Q 2021</b>	<b>15 378</b>	<b>5 799</b>	<b>82</b>	<b>799</b>	<b>4 360</b>	<b>858</b>	<b>(1 627)</b>	<b>25 649</b>
<b>Segment results 1Q 2021</b>	<b>8 395</b>	<b>4 518</b>	<b>62</b>	<b>(1 772)</b>	<b>929</b>	<b>847</b>	<b>(225)</b>	<b>12 754</b>
<b>Segment profitability 1Q 2021</b>	<b>28,3%</b>	<b>52,8%</b>	<b>22,5%</b>	<b>(41,4%)</b>	<b>10,3%</b>	<b>15,8%</b>	<b>(82,0%)</b>	<b>22,2%</b>
Segment result 1Q 2020	5 192	2 873	24	(1 274)	307	708	(69)	7 761
Segment profitability 1Q 2020	20,4%	40,2%	10,9%	(29,0%)	4,1%	15,8%	(9,9%)	15,5%

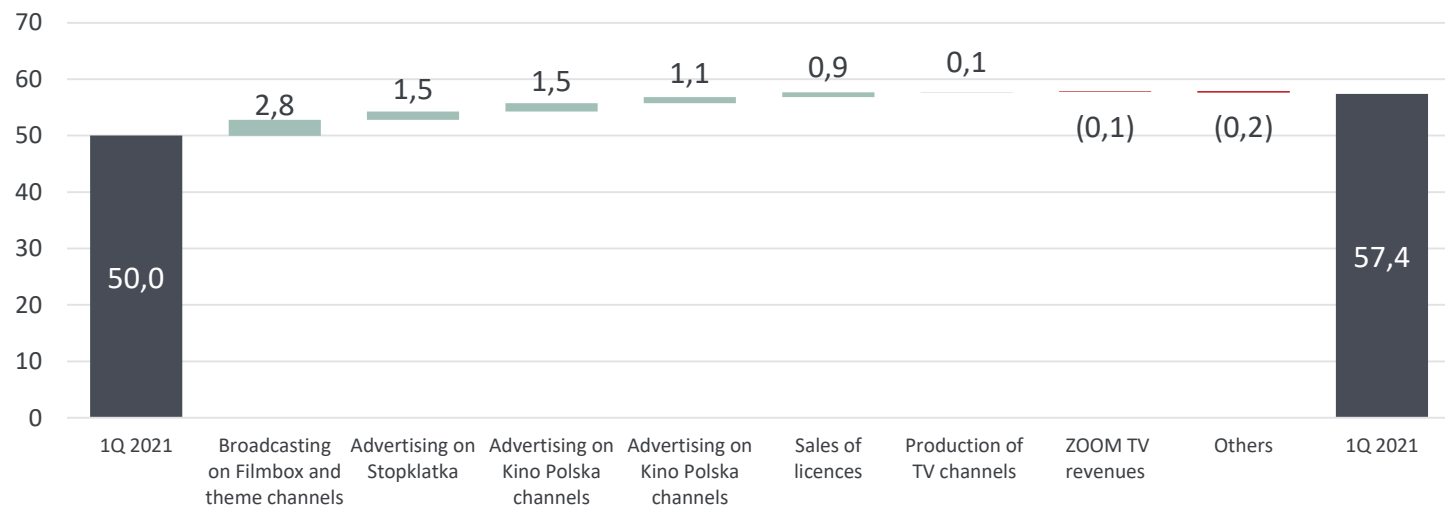
\*Operating costs in the Stopklatka segment take into account depreciation related to newly-identified assets as a result of Stopklatka SA purchase price allocation.



# REVENUE Q1 2021

(in PLNm)

Change: PLN +7,4 m; +14,9% y/y

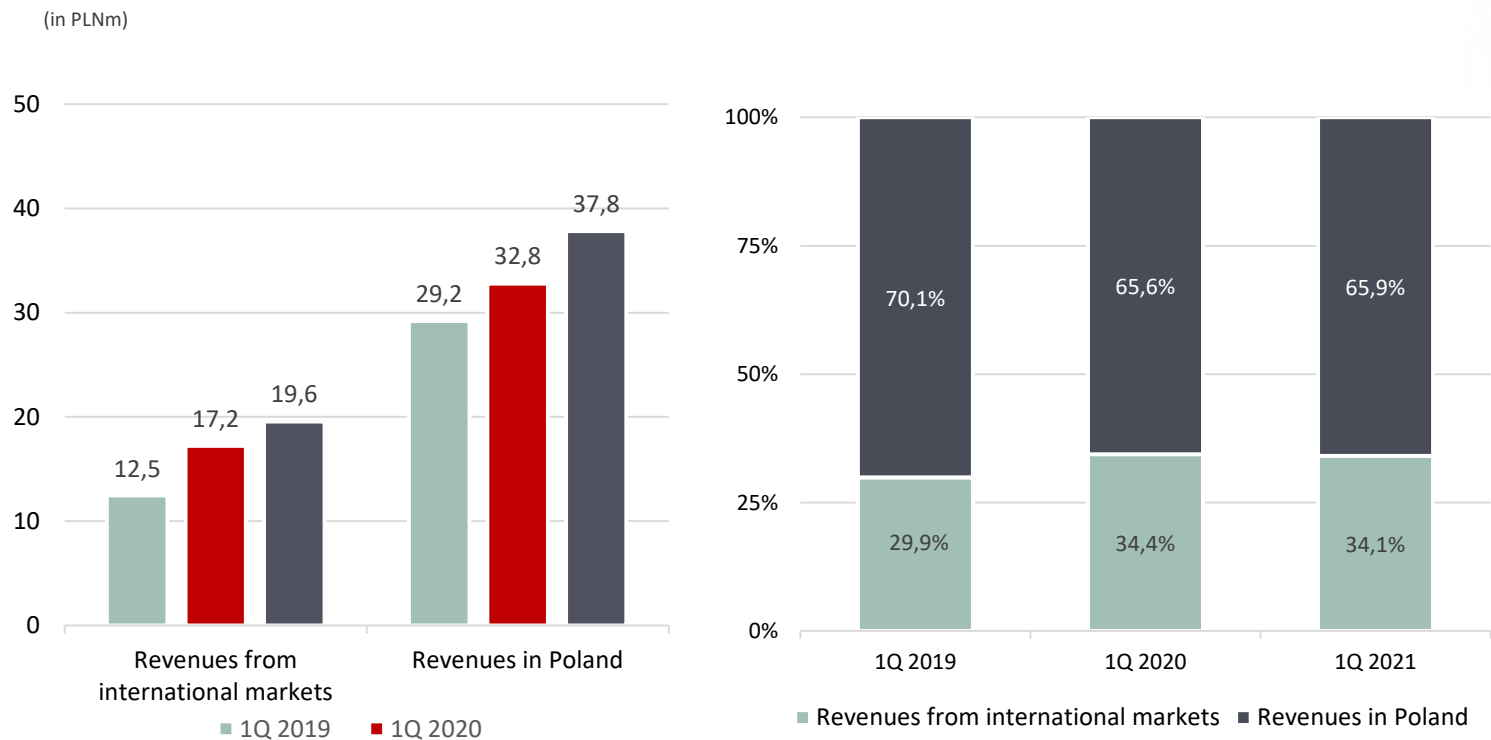


- The Group's revenue from sales in Q1 2021 reached PLN 57.4 million, denoting 14.9% growth from the first quarter of last year.
- The largest revenue growth was seen in the FilmBox and thematic segment (PLN +2.8 million, up by 12% y/y), ad sales in the channels: Stopklatka PLN +1.5 million (+19.6% y/y), in the Kino Polska channels (PLN +1.5 million, +45% y/y) and FilmBox PLN +1.1 million (+53% y/y).



# TOTAL REVENUE BY TERRITORY\*

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



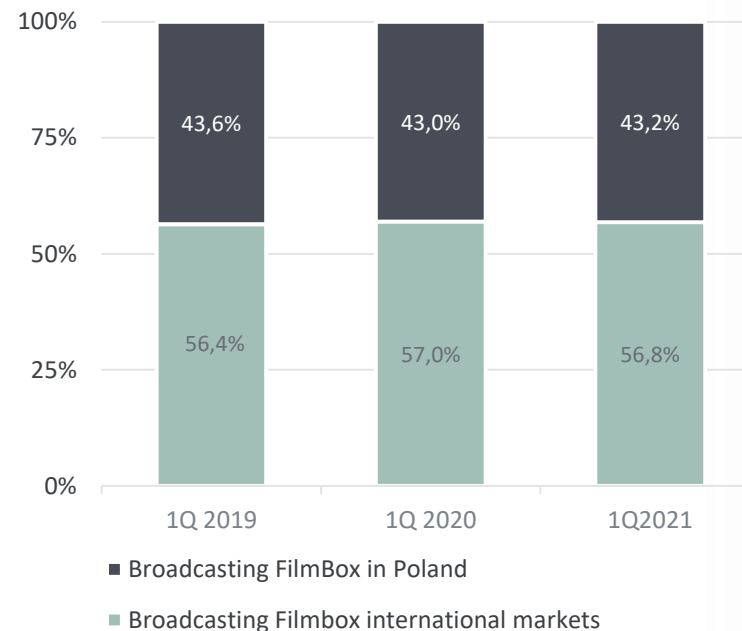
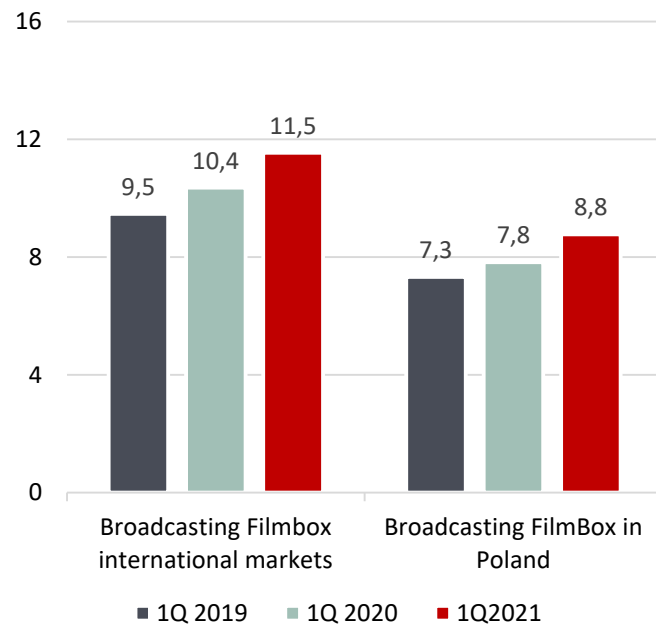
- Thanks to further growth in the FilmBox and thematic segment, the Group continues to reinforce its position in international markets, generating revenue growth of 13.6% vs. Q1 2020.
- Revenue from FilmBox broadcasting in terms of value grew by 9% y/y (PLN +1.2 million) in Poland and by 12% y/y (PLN +1.7 million) in international markets.
- Ad sales in Poland increased by 24% y/y (PLN +3.8 million) and by 49% y/y (PLN +0.3 million) in international markets.





# REVENUE FROM FILMBOX CHANNELS BROADCASTING BY TERRITORY

(in PLNm)

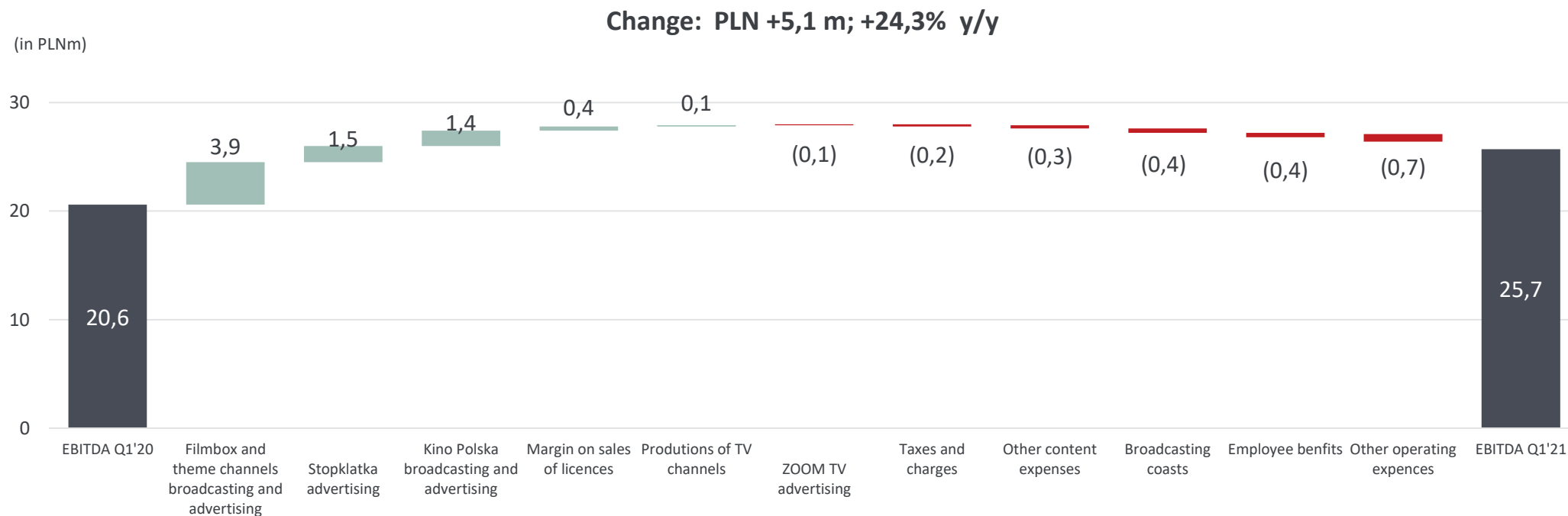


- Revenue from FilmBox movie channels broadcasting went up on the Polish market by 12.1% y/y and by 11.5% y/y in international markets.
- Growth in international markets primarily concerned Romania (up by 42%), Czech Republic and Slovakia (up by 17%) (new contracts and organic growth), Hungary (up by 6%) and Balkan Peninsula countries (up by 10%). The Group is signing new operators and expanding its channel offering.



# EBITDA Q1 2021

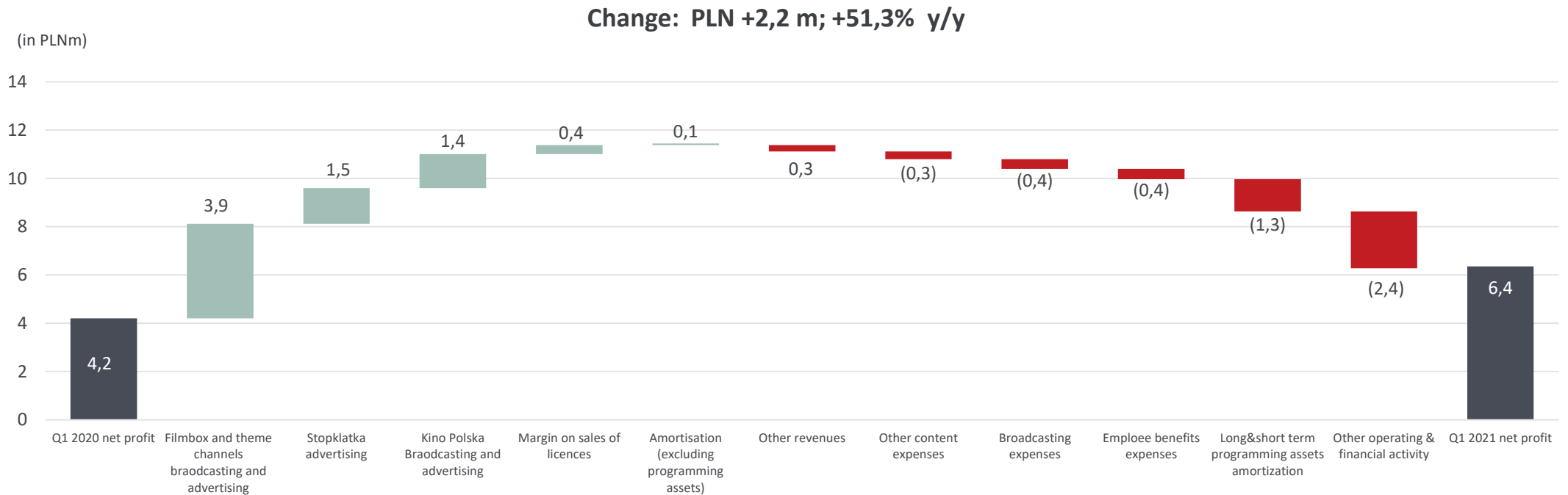
- EBITDA in Q1 2021 increased by PLN 5 million to PLN 25.7 million, i.e. by 24.4% y/y, thanks to strong growth dynamic in broadcasting and ad revenue in the FilmBox and thematic and Kino Polska segments.





# NET PROFIT Q1 2021

- Net profit increased by PLN 2.2 million (51.3%) in comparison with the same period last year, driven by higher profitability in most of the operating segments, accompanied by strict cost control.



# ▶ Q1 2021 SUMMARY



The Group **remains resilient** in the face of COVID-19 thanks to a diversified business model.



The Group **improved all of its most important financial ratios** and did not experience problems with liquidity.



**Viewership of the Group's channels went up** by approx. 19% y/y.



The Group is intensively developing **new business areas (including digital)**, which will allow it to grow its scale 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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The viewership data contained in the Presentation has been provided by Nielsen Audience Measurement (live data).

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