

KINO POLSKA TV S.A.

Financial results 1H 2022

Warsaw, August 31, 2022

▶ Today's presenters

President
Management Board

**Bogusław
Kisielewski**

Member
Management Board

**Levent
Gültan**

Member
Management Board

**Katarzyna
Woźnicka**

Member
Management Board

**Berk
Uziyel**

▶ 1. About Kino Polska Group



► Strategic goals – Core Business

- **5th TV group in Poland.**

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 16-59, live)**.

- **Strengthening market position.**

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.**

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.**

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).**

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.**

Expansion of the technical reach to new territories and increase in the sales of FilmBox (premium) packages on foreign markets.

► Strategic goals – Digital & Transformation

- **Digital Transformation.**

Further development of FilmBox+ streaming service by enhancing B2B distribution (affiliate & other).

Incorporating more diversified content offer with 'digital 1st' priority and exclusive content - leveraging our own productions.

One app strategy to host all SPI's VOD content, TV brands and genres.

- **Expanding VOD operations in Poland.**

Delivering content into new VOD sections on partners platforms and creation of branded corners (mostly FilmBox on Demand) for both direct monetisation and in order to gain potential new users of FilmBox+.

- **AVOD.**

Distribution of SPI's AVOD catalogue and SPI's global content catalogue in Poland: fostering monetisation based on smart content windowing across all fields / fields of exploitation

► New business and transformation



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 and new digital business

- Development of the FilmBox+ streaming service. The platform offers movies, series and channels from the KPTV portfolio available "live" simultaneously on 4 different devices, in 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, TV channels, and VOD. 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.

▶ 2. Key facts 1H 2022



▶ Key results 1H 2022

PLN 139.3 m
revenue
+17.1% y/y

PLN 46.7 m
revenues from
international markets
+17.3% y/y

PLN 57.3 m
EBITDA
+4.9% y/y

21.4 mln zł
net profit
+10.9% y/y

50.8%
share of revenue
from
broadcasting

37.6%
advertising
revenue

15.4%
net
profitability

2.74%
the Group's channels'
share in the
TV market
(SHR%, all 16-49, live)

▶ Key facts 1H 2022

- Group revenues increased by 17.1% y/y to PLN 139.3 m. The largest increases recorded in the broadcasting of FilmBox-branded and thematic movie channels (+PLN 10.7 m, +17.8% y/y), advertising sales on the Stopklatka channel (PLN +3.6 m, +18.7% y/y) and sales of licensing rights (PLN +3.2 m, +29.1% y/y).
- Advertising revenues increased by 15.2% y/y, and accounted for 37.6% of total revenues.
- Broadcasting revenues increased by 15.8% y/y and accounted for 50.8% of the Group's total sales.
- The Group's net income rose to PLN 21.4 m (+10.9% y/y), driven by higher revenues in all segments, while carefully cost controlling.
- Net profitability was 15.4%, compared to 16.3% a year earlier.
- At the end of 1H 2022, the Group had no net financial debt, recording a financial surplus of PLN 24.4 m.
- Average audience share in 1H 2022 decreased by 9.3% y/y (for Kino Polska TV Group channels) and amounted to 2.74% (SHR%, All 16-59, live).

▶ International business 1H 2022

- Kino Polska TV Group has diversified operations in international markets. It provides content through cable operators, digital platforms and distributes content to online platforms. It is also developing advertising sales on FilmBox brand channels.
- Total revenue in international markets in 1H 2022 increased 17.3% y/y to PLN 46.7 m vs. PLN 39.7 m a year earlier.
- Revenues in international markets accounted for 33.7% of the Group's total revenues in 1H 2022.
- Broadcasting revenues from Filmbox-branded channels increased by 7.5% y/y in international markets. The largest increase in broadcasting revenues were recorded in the Czech Republic, Hungary and Romania.
- Advertising revenues generated by the FilmBox Basic channel in the Czech Republic in 1H 2022 reached PLN 2.4 m, up 32% y/y.

▶ Key highlights - TV channels

STOPKLATKA

- Premiere of the 2nd season of the series **"Hospital New Amsterdam"**.
- New movie section **„Głośne Hity"** (kwiecień 2022).

KINO POLSKA

- Kino Polska channel **awarded a special Telekamera** of the Tele Week magazine (May 2022).

GRUPA KINO POLSKA

- Film shots for **"Ryfka"** movie, starring Sonya Szyca, in a co-production of Kino Polska (June 2022).
- **VOD/DIGITAL**
- Movie hits (Including **"Vivarium"**, **"Ancient Hysteria - Adventures of the Frivolous Romans,"** the movie version of the cult British comedy on VOD services.



▶ Key highlights - TV channels

ZOOM TV

The Group invests in exclusive content for Zoom TV to create most attractive programming offer :

- The premiere of the show „Naked Attraction 2. Poland”.
- Casting for the 3rd season of “Naked Attraction. Poland”
- “Power of Love” - airing of the show completed in Q2
- „Poranny Rogal” – new live morning show, launched in July
- „Złoty interes” – new production, premiere scheduled for September
- ”Gadżet show. Season 2” - premiere scheduled for September
- ”Dom w cenie mieszkania” - premiere scheduled for October
- „Smaki Dubaju” – premiere scheduled for October



▶ 3. Market overview



▶ Market overview – 1H 2022

- In 1H 2022, the overall TV market was impacted by an increase in the shares of news channels (due to the war in Ukraine), although the trend was weaker in the second quarter. Viewers are partially returning to other forms of entertainment not available during the COVID-19 pandemic (cinema, theater, out-of-home activities).
- The change in the standard of terrestrial television broadcasting (so-called refarming) has had a negative effect on the viewership of some commercial terrestrial channels. It is estimated that nearly 1 million households nationwide has no access to the terrestrial television broadcasted in the new standard.
- Film and series channels maintained their audience, with a 0.3% drop in SHR, with more significant decline in audience reach (AMR) of 8.6% y/y
- The share of the so-called "big four" TV's in viewership in 1H 2022 fell 12.8% y/y to 26.90% (SHR%, All 16-59, live) vs. 30.84% a year earlier.
- Average audience for the entire market declined by 7.5% (AMR, All 16-59, live).

▶ The Group's channels – 1H 2021

STOPKLATKA

Audience share was 1.33% (SHR%, All 16-59, live), down 13.1% y/y; viewing time barely changed (ATS, All 16-59, live).

zoomtv

Audience share was 0.57% (SHR%, All 16-59, live), up 5.6% y/y; viewing time down 17.4% y/y (ATS, All 16-59, live).

PL
KINOPOLSKA

Audience share was 0.52% (SHR%, All 16-59, live), down 11.9% y/y; viewing time down 11.4% y/y (ATS, All 16-59, live).

KINO TV

Audience share was 0.25% (SHR%, All 16-59, live), down 10.7% y/y; viewing time down 4.2% y/y (ATS, All 16-59, live).

KINOPOLSKA MUZYKA

Audience share was 0.07% (SHR%, All 16-59, live), down 12.5% y/y; viewing time down 13.5% y/y (ATS, All 16-59, live).

FILMBOX

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

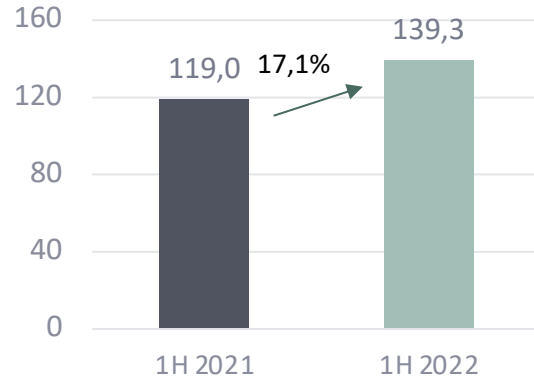
► 4. Financial results



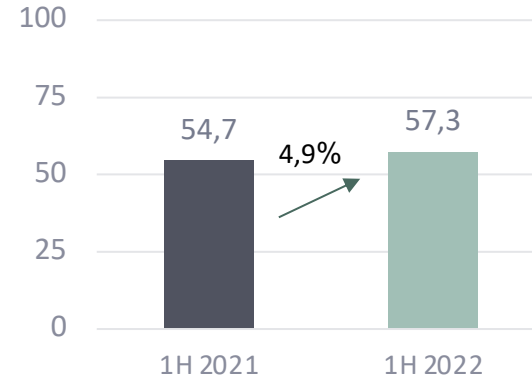
▶ Key financial data

PLN m

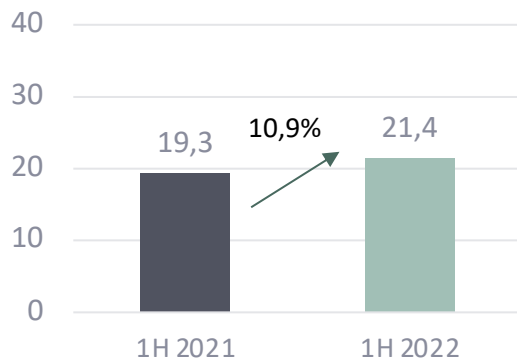
Revenue from sales



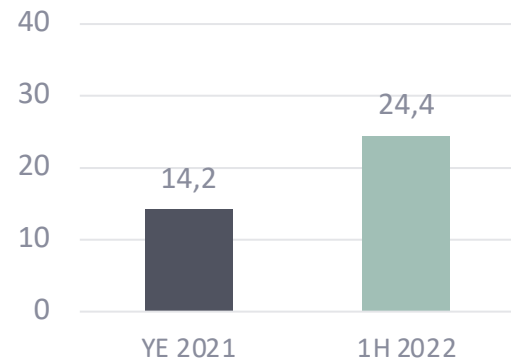
EBITDA



Net profit



Net debt / Financial surplus

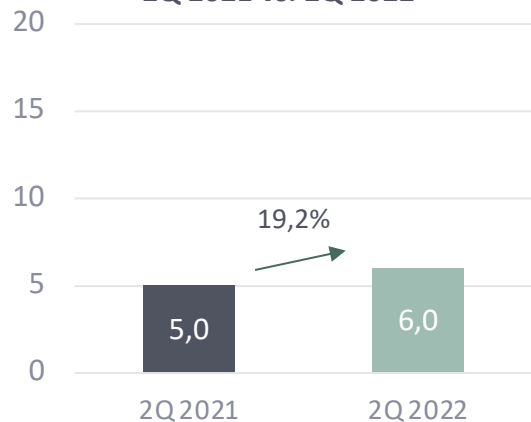


- In 1H 2022, Kino Polska TV Group reported a revenue increase of PLN 20.4 m (+17.1%).
- The Group's EBITDA increased by PLN 2.7 m y/y, with a slight decrease in EBITDA margin from 45.9% to 41.4%.
- Net profit grew at a slower rate than revenue growth due to a one-time cost increase in the Zoom TV segment.
- The Group generated a financial surplus of PLN 24.4 milion at the end of 1H 2022.

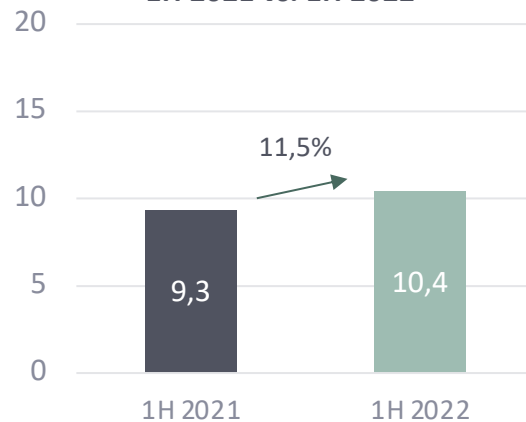
Zoom TV

PLN m

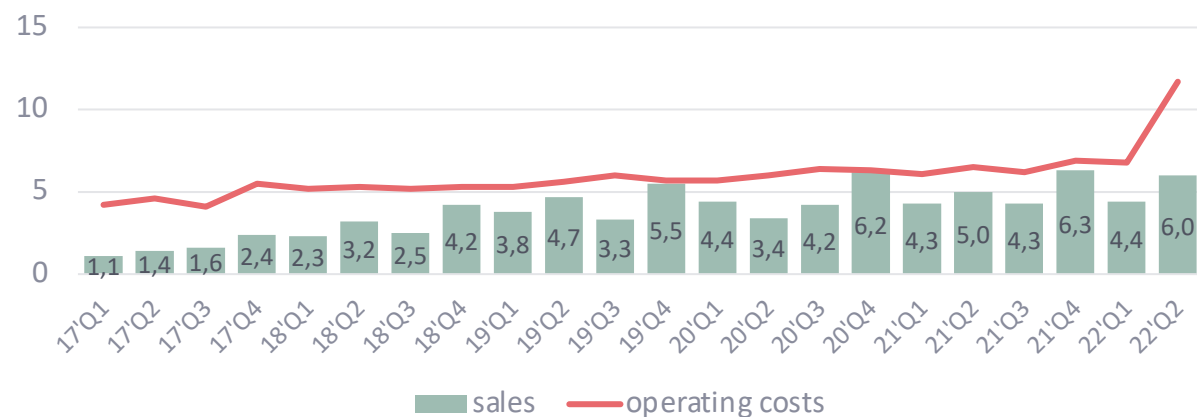
Ad revenues
2Q 2021 vs. 2Q 2022



Ad revenues
1H 2021 vs. 1H 2022



Sales and operating costs 1Q'17 – 1H'22

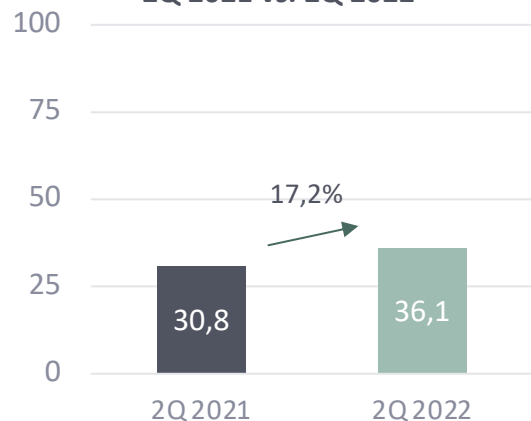


- Zoom TV reached 0.61% SHR in the commercial group audience 16-59 in Q2 2022 (+10% y/y).
- New programming content and the optimization of the channel's framework had a positive impact on the second Q2 2022 result.
- The refarming has no negative impact on Zoom TV, which is broadcasted on MUX-8 (change in the broadcasting standard does not apply to this multiplex).
- The segment's result was significantly affected by expenditures of PLN 4.4 million incurred in connection with the production of the "Power of Love" show. The Group decided to recognize expenditures related to this show in the financial result on a one-time basis.

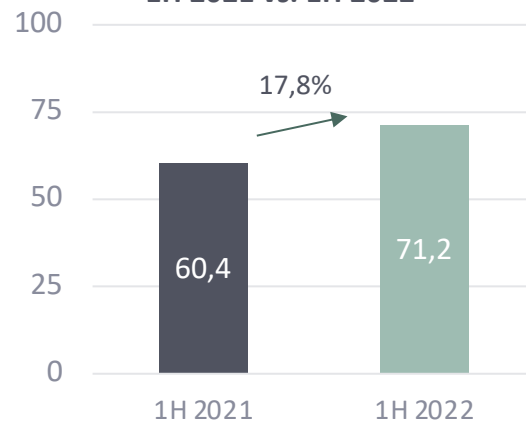
▶ FilmBox movie channels & thematic channels

PLN m

Ad and broadcasting revenues
2Q 2021 vs. 2Q 2022

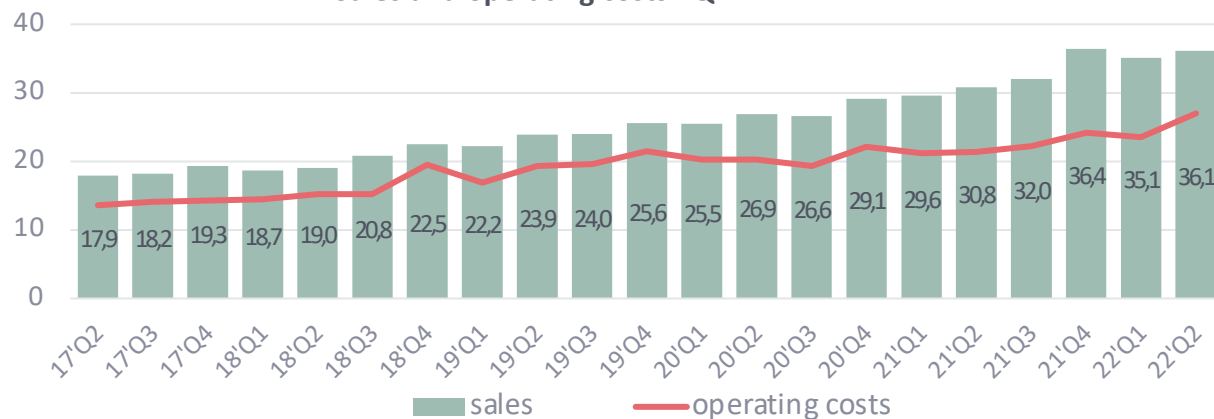


Ad and broadcasting revenues
1H 2021 vs. 1H 2022

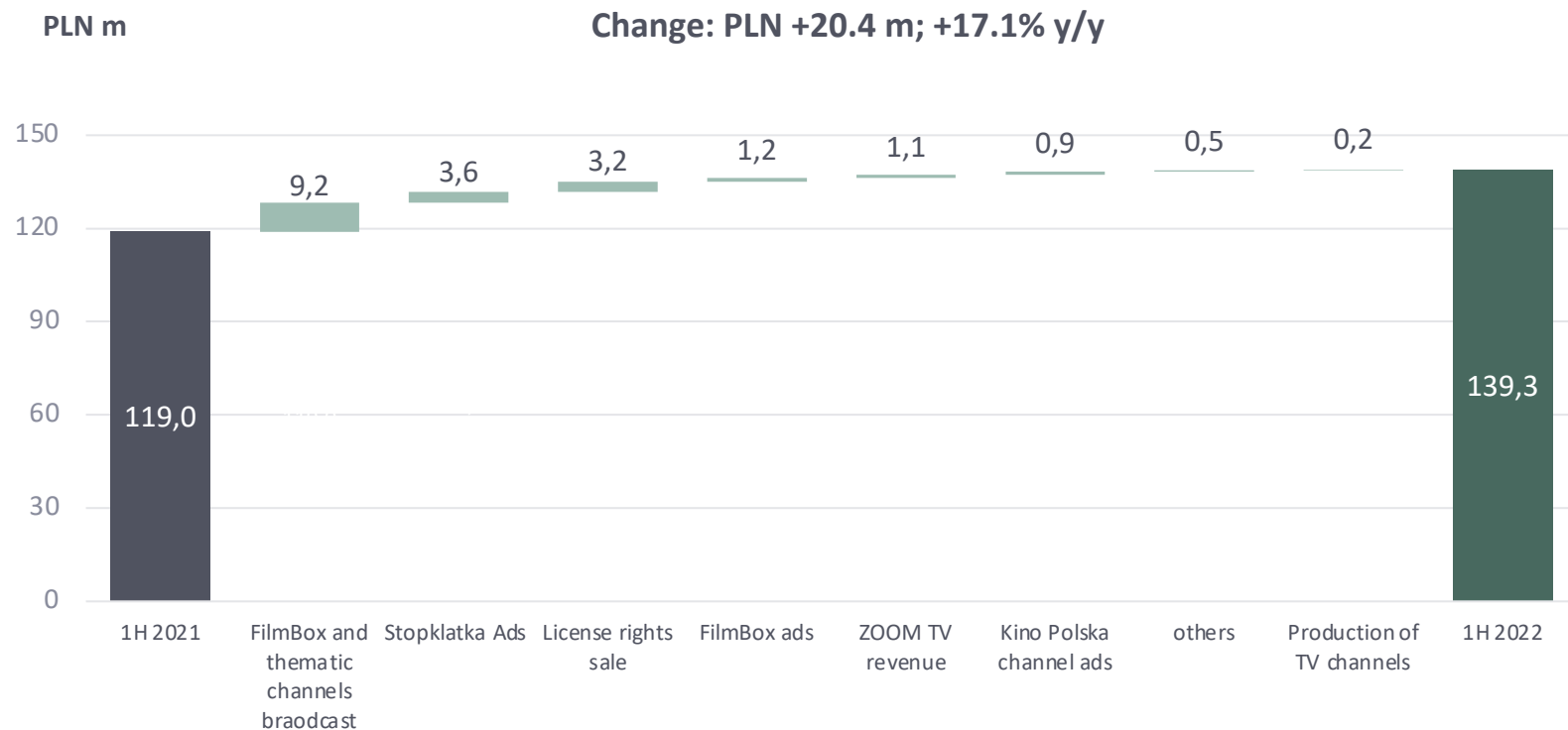


- The Group continued the upward revenue trend in the FilmBox brand and thematic channels segment, recording a 17.8% year-on-year increase in 1H 2022.
- The business unit recorded the largest increases in Poland (growth in the number of subscribers to premium brand channels), as well as in Romania, Bulgaria and the Czech Republic and Slovakia.

Sales and operating costs 1Q'17 – 1H'22



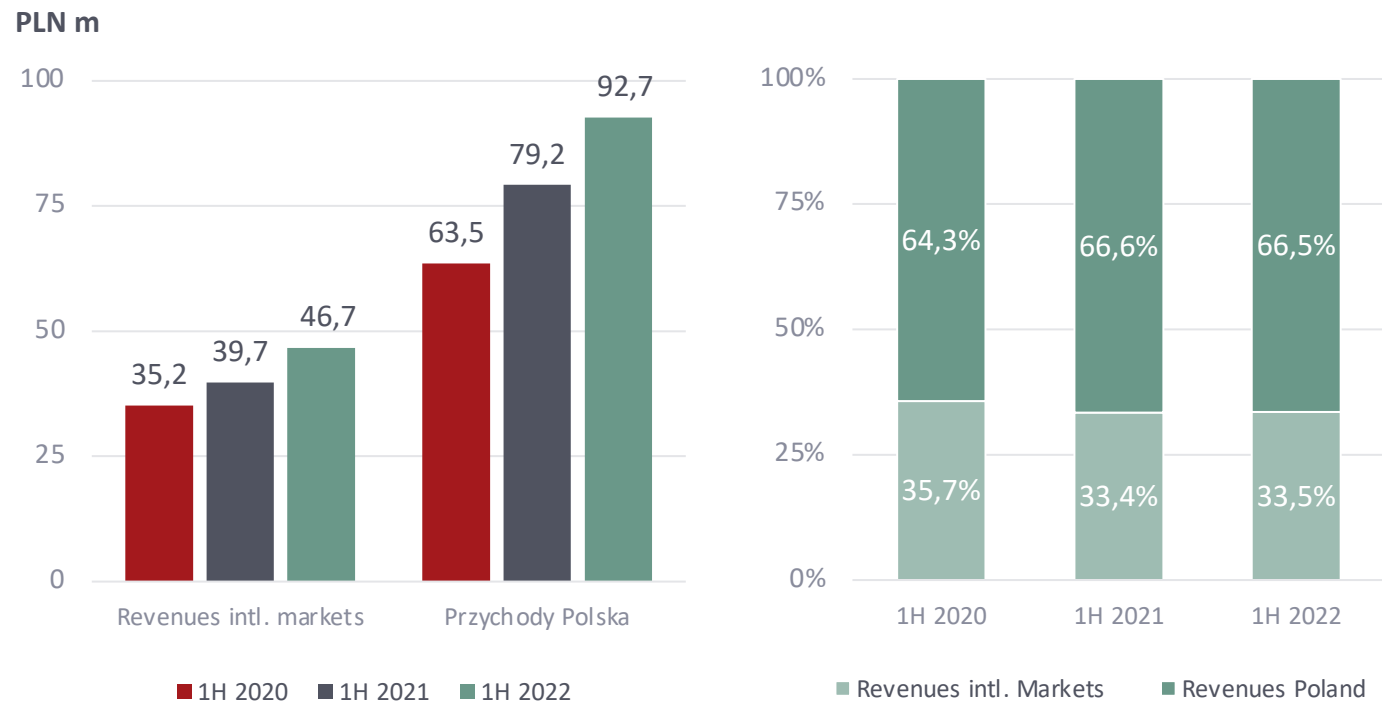
▶ Revenue breakdown 1H 2022



- The Group's sales revenues increased by 17.1% y/y to PLN 139.3 m in 1H 2022
- The Group recorded the largest increases from sales in the FilmBox brand and thematic channels segments (PLN +10.7 m, +17.8% y/y), in advertising sales on the Stopklatka channel (PLN +3.6 m, up 18.7% y/y) and in sales of licensing rights (PLN +3.2 m, +29.1% y/y). Revenues also increased in the Kino Polska brand channel segments (PLN +1.4 m, +7.8% y/y) and Zoom TV (PLN +1.1 m, +11.5% y/y).

▶ Total revenue by territory

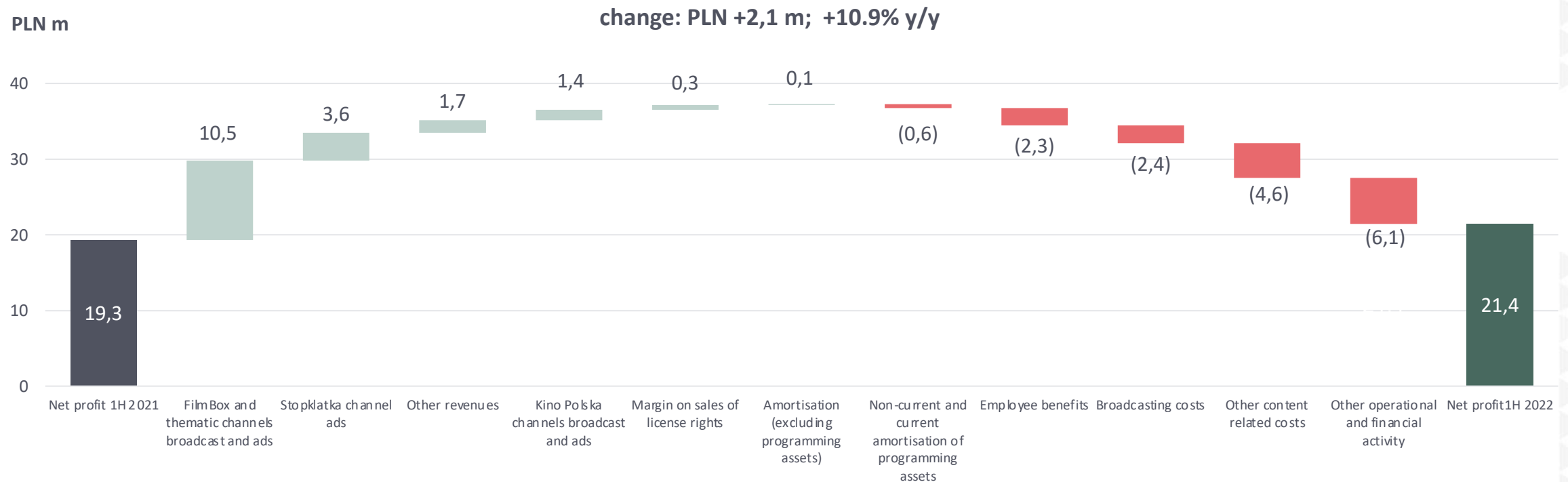
* REVENUE COVERS BROADCASTING, ADS, PRODUCTION, LICENSE SALES AND OTHER



- Revenues in the Polish market grew by 17% y/y (PLN +13.5 m) mainly due to broadcasting and advertising revenues, which were higher by about 16%.
- The Group continued to record double-digit revenue growth in international markets, reaching a growth rate of 17.4% y/y, thanks to increase in the broadcasting revenues of the FilmBox brand and thematic channels.
- Advertising revenues generated by the FilmBox Basic channel in the Czech Republic in 1H 2022 reached PLN 2.36 m, up 32% y/y

▶ Net profit breakdown 1H 2022

- Kino Polska Group's net profit was PLN 21.4 (+10.9% y/y) in 1H 2022. The higher revenues of the FillmBox channel segment and an increase in advertising revenue at the Stopklatka channel contributed the most to the net profit increase. The strong results helped offset higher expenditures on programming content, mostly the cost of producing „Power of Love” on the ZOOM TV channel.



▶ 1H 2022 Summary



Diversified
business

01

The Group continues its growth strategy based on organic growth and self produced TV content. Diversification of sales (broadcasting/advertising) provides the stable revenues.



Resilient business
model

02

Despite lower audience share year-on-year, resulting from higher market share of news channels and reformatting effects, the Group recorded revenue growth in all its operating segments



Further international
development

03

The Group continues its strategy of further growth in international markets, recording a year-on-year revenue growth rate of more than 17%.



Digital growth

04

The Group intensively develop new business areas (including digital) that will results in larger scale of its business activities in the coming years.

▶ Key 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).

KINO POLSKA TV S.A.

Contact:

KINO POLSKA TV S.A.
435A Pulawska Str.
02-801 Warszawa
tel: + 48 22 356 74 00
fax: + 48 22 356 74 01
e-mail: inwestorzy@kinopolska.pl

Marta Kruk-Bogusz
Investor Relations Manager
email: mbogusz@kinopolska.pl