

AGORA GROUP

Management
Discussion and
Analysis for
the first half of 2020
to the financial
statements

September 24, 2020

TABLE OF CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OF THE GROUP'S RESULTS FOR THE FIRST HALF OF 2020	4
I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP	4
II. EXTERNAL AND INTERNAL FACTORS IMPORTANT FOR THE DEVELOPMENT OF THE GROUP	7
1. EXTERNAL FACTORS	7
1.1. Advertising market [3]	7
1.2. Copy sales of dailies [4]	8
1.3. Cinema admissions [9]	8
2. INTERNAL FACTORS	9
2.1. Revenue	9
2.2. Operating cost	12
3. PROSPECTS	15
III. FINANCIAL RESULTS	19
1. THE AGORA GROUP	19
2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP	19
2.1. Financial results presented according to major segments of the Agora Group for the first half of 2020 [1] ..	21
2.2. Finance cost, net	21
3. BALANCE SHEET OF THE AGORA GROUP	22
3.1. Non-current assets	22
3.2. Current assets	22
3.3. Non-current liabilities and provisions	22
3.4. Current liabilities and provisions	23
4. CASH FLOW STATEMENT OF THE AGORA GROUP	24
4.1. Operating activities	25
4.2. Investment activities	25
4.3. Financing activities	25
5. SELECTED FINANCIAL RATIOS [5]	26
IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP	27
IV.A. MOVIES AND BOOKS [1]	27
1. Revenue [3]	28
2. Cost	29
3. New initiatives	30
IV.B. PRESS [1]	32
1. REVENUE	33
1.1. Revenue from copy sales	33
1.2. Advertising sales	33
1.3. Revenue from sales of printing services	34
2. COST	34
3. NEW INITIATIVES	34
IV.C. OUTDOOR	36
1. REVENUE [8]	37
2. COST	37
3. NEW INITIATIVES	38
IV.D. INTERNET [1], [6]	39
1. REVENUE	40
2. COST	40
3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES	40
4. NEW INITIATIVES	41
IV.E. RADIO	42
1. REVENUE [3]	42
2. COST	43

3. AUDIENCE SHARES [8]	43
4. NEW INITIATIVES	43
NOTES	45
V. ADDITIONAL INFORMATION	48
1. IMPORTANT EVENTS	48
1A. CHANGES IN CAPITAL CONNECTIONS OF THE ISSUER WITH OTHER ENTITIES	57
2. Changes in ownership of shares or other rights to shares (options) by Management Board members in the second quarter of 2020 and until the date of publication of the report.....	64
3. Changes in ownership of shares or other rights to shares (options) by Supervisory Board Members in the second quarter of 2020 and until the date of publication of the report.....	64
4. Shareholders entitled to exercise over 5% of total voting rights at the General Meeting of Agora S.A., either directly or through affiliates as of the date of publication of the quarterly report	64
5. Other information	65
6. The description of basic hazards and risk connected with the upcoming months of the current financial year	66
VI. MANAGEMENT BOARD'S REPRESENTATIONS	72

AGORA GROUP

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OF THE GROUP'S RESULTS FOR THE FIRST HALF OF 2020

REVENUE PLN 419.1 MILLION

EBITDA PLN 40.2 MILLION

EBITDA EXCL. IFRS 16 PLN 13.8 MILLION

NET LOSS PLN 88.2 MILLION

NET LOSS EXCL. IFRS 16 PLN 58.6 MILLION

OPERATING CASH FLOW PLN 115.8 MILLION

OPERATING CASH FLOW EXCL. IFRS 16 PLN 94.2 MILLION

Unless indicated otherwise, all data presented herein represent the period of January – June 2020, while comparisons refer to the same period of 2019. All data sources are presented in part IV of this MD&A. A new IFRS 16 standard has been in force since 2019, which influenced the presentation of selected categories of the income statement and balance sheet. In this document the data were presented both with the impact of IFRS 16 on the Group's results and without it.

I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP

- It is worth noting that the operational performance of the Agora Group ("Agora", "Group") in the first half of 2020 was affected in unprecedented ways by the COVID-19 pandemic outburst. The restrictions introduced to prevent its further spread had a significant negative impact on the operations of most of the Group's businesses. They included the administrative closure of cinemas and restaurants - from 12 March until 6 June, and from 14 March until 18 May, respectively. Significant uncertainty related to the development of the situation led to the suspension of advertising activities of most entrepreneurs, which was reflected in the level of the Group's advertising revenues, in particular in the second quarter of 2020. In addition, due to the negative impact of the pandemic on operations and development prospects of selected businesses, the Group decided to take up a number of restructuring measures, some of which affected the level of the Group's costs and results. These included: restructuring of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), including asset write-offs in the amount of PLN 12.7 million and the sale of Plan D Sp. z o.o. enterprise (formerly Domiporta Sp. z o.o.), reduction of GoldenLine's scale of operations and its headcount (the staff restructuring costs in both companies totaled PLN 1.4 million). The Group decided also to write-off the values of asset in Foodio Concepts Sp. z o.o. in the amount of PLN 9.0 million, as well as to sell shares of this company. Additionally, small write down of assets took place also in printing division. Additionally, due to significant decreases in the value of outdoor advertising expenditure, AMS S.A. decided to review its panel portfolio and write down the value of some of them, i.e. those which - due to the predicted development of the outdoor advertising market in the medium term - cannot be used to the extent ensuring attainment of their previous book value. This write-off in AMS group amounted to PLN 6.7 million. In the first half of 2020, Agora sold real estate worth PLN 7.1 million. The profit on these transactions lowered the Group's operating costs and had a positive impact on its result. In total, the cost of these events charged the Agora Group's results with PLN 19.6 million in the first half of 2020. In the first half of 2019, the restructuring costs, occurred mainly in the Print segment, which amounted to PLN 5.6 million, had a negative impact on the results of the Agora Group.

- In the first half of 2020, the Agora Group achieved revenues of PLN 419.1 million. They were lower by 27.5% compared to the same period of 2019. The largest declines in inflows were recorded in businesses most severely affected by the effects of the pandemic in the second quarter of 2020. In the Movies and Books segment, the revenue dropped by 34.9% to PLN 157.6 million in the first half of 2020 and by 79.2% to PLN 17.5 million in the second quarter of 2020. The most significant decrease in inflows in this segment affected the cinema business which - due to the administrative closure of the facilities - did not generate income throughout the second quarter of 2020. Both in the second quarter and the first half of 2020, the revenues of Agora's Publishing House were lower, mainly due to the closure of book selling outlets. In the first half of 2020, the segment's income from food service activities was higher than in the previous year due to a larger scale of the venture, while in the second quarter of 2020, due to the administrative closure of restaurants, it was lower as compared with the previous year. However, the segment recorded - both in the second quarter and in the first half of 2020 - an increase of inflows from the film business by 65.8% to PLN 6.3 million and by 1.6% to PLN 32.6 million, respectively, due to the attendance success in the first quarter of 2020 and an increasingly wider distribution of titles introduced to cinemas by NEXT FILM on VOD platforms. In the first half of 2020, the Outdoor segment's revenues decreased by 47.8% to PLN 45.2 million, mainly due to a 73.8% drop (to PLN 13.3 million) observed in the second quarter of 2020. This resulted primarily from the suspension of advertising campaigns as a result of restrictions related to the movement of population. Lower revenues - both in the first half of and in the second quarter of 2020 - were also recorded in the Press segment. The largest decrease in inflows in this segment occurred in the advertising sales. They dropped by 38.3% to PLN 25.8 million in the first half of the year and by 51.5% to PLN 11.5 million in the second quarter of 2020. The second significant factor causing the decline in Press inflows was lower revenue from the sales of printing services. It shrank by 39.6% to PLN 15.4 million in the first half of the year and by 46.4% to PLN 6.0 million in the second quarter of 2020. At the same time, it is worth noting that the copy sales of the *Gazeta Wyborcza* in the first half of 2020 remained unchanged as compared to the same period in 2019, while in the second quarter of 2020, they dropped only by 3.8%, to PLN 23.0 million. The decrease in revenues of the Radio segment - to PLN 38.4 million in the first half of 2020 and to PLN 14.9 million in the second quarter of 2020 resulted mainly from the suspension of the majority of advertising campaigns in this medium due to the pandemic. On the other hand, the Internet segment's revenues were 5.7% higher than in the first half of 2019 and amounted to PLN 91.0 million, despite their decrease by 10.1% to PLN 43.6 million in the second quarter of 2020.
- The level of operating costs in the second quarter and in the entire first half of 2020 was significantly affected by a number of savings measures adopted by the Company (e.g. a decrease of salaries by 20.0% for six months) and legal measures (suspension of payment for cinema rents in shopping malls), or the impact of the pandemic on selected forms of activity (including advertising campaign costs). Details of these actions are described in the further sections of the Management Board's Commentary. The operating costs in the first half of 2020 were positively affected by the profit on sale of real estate in the amount of PLN 6.7 million in the first quarter of 2020. In the second quarter of 2020, the operating expenses of the Group were affected by the profit on the sale of part of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) enterprise in the amount of PLN 3.6 million and the profit on sale of real estate in the amount of PLN 0.4 million. The factors which had a negative impact on the level of operating costs of the Group included impairment losses on assets, mainly in Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and AMS group in the total amount of PLN 28.9 million in the first half of 2020. The restructuring measures carried out in the Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) and GoldenLine companies, the costs of which amounted to PLN 1.4 million in the second quarter of 2020, also had a negative impact on the level of operating expenses. As a result, in the first half of 2020, the Group's operating costs were 16.2% lower and amounted to PLN 492.0 million. In the second quarter of 2020, the operating expenses of the Agora Group decreased by 34.4% to PLN 182.9 million.
- In the first half of 2020, Press was the segment in which the operating costs dropped the most. This resulted mainly from the reduction expenses noted in the second quarter of 2020 - by 40.7% to PLN 39.4 million. Two main factors that led to the decrease of the operating costs of the segment in both periods under analysis were lower costs of materials, energy, printing goods and services, as well as staff costs. Expenses from the first category decreased as a result of the reduction of the scale of printing activities and the reduction in the portfolio and volume of press titles issued, while the decrease in the staff costs was related to the lower headcount (e.g. due to the reduction of printing activities) and a decrease in remuneration in most of the Agora Group's businesses introduced from 15 April until 15 October 2020. The second segment in terms of the value of the decrease in operating costs in the first half of 2020 was the Radio. In this segment, in the second quarter of 2020, the operating expenses were reduced by 34.6% to PLN 15.9 million, which translated into their decrease by 16.1% to

PLN 38.0 million in the first half of 2020. The reduced operating costs were mainly attributable to lower expenses on external services, lower staff costs, as well as lower costs of promotion and marketing occurred in both periods. In the Movies and Books segment in the second quarter of 2020, the operating costs dropped by 50.3% and in the first half of 2020 by 19.3% to PLN 183.7 million. The cost items that led to such a decrease were lower external services costs, staff costs, as well as costs of raw materials and energy consumed and the value of goods and materials sold noted both in the second quarter and in the first half of 2020. The decrease in external services costs resulted primarily from lower payments for film copies due to the lack of cinema screenings. The staff costs declined by 57.2% to PLN 7.4 million in the second quarter of 2020 and by 28.8% to PLN 24.2 million in the first half of 2020. At the same time, a decrease in costs of raw materials and energy consumed and the value of goods and materials sold resulted from the administrative closure of cinemas and restaurants. The reduction of operating costs of the Outdoor segment in the second quarter of 2020 - by 13.7% to PLN 33.4 million - translated into a decrease by 7.8% to PLN 67.8 million in the first half of 2020. This was a result of a decrease in the campaign execution costs by 48.0% to PLN 6.6 million in the period January - June 2020, mainly due to the suspension of advertising campaigns by customers and reductions of system maintenance costs by 21.3% to PLN 18.5 million related to the renegotiation of costs of lease of advertising spaces and lower costs of current maintenance and renovation costs of advertising panels. In the first half of 2020, the Internet was the only segment in which operating costs increased. In this area, these were higher by 16.4% and amounted to PLN 92.9 million in the first half of 2020, despite their decrease by 19.7% to PLN 35.0 million in the second quarter of 2020. The main reasons for an increase in operating expenses in the segment were write-offs on assets of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in the amount of PLN 12.7 million and higher costs of external services, mainly noted in Yieldbird.

- ▶ In the first half of 2020, the Group's EBITDA stood at PLN 40.2 million. In the second quarter of 2020, the Group generated an EBITDA loss of PLN 4.4 million. The Group recorded also an EBIT loss both in the second quarter and in the first half of 2020: PLN 53.4 million in the period April - June 2020, and PLN 72.9 million in the period January - June 2020. In both periods under review, the Group reported a net loss: PLN 41.1 million in the second quarter of 2020 and PLN 88.2 million in the first half of 2020. Meanwhile, the net loss attributable to equity holders of the parent company amounted to PLN 38.6 million in the second quarter of 2020 and PLN 81.3 million in the period January - June 2020.
- ▶ Without the impact of IFRS 16, in the first half of 2020, the Group recorded EBITDA profit of PLN 13.8 million and EBITDA loss of PLN 13.4 million in the second quarter of 2020. Additionally, the EBIT loss amounted to PLN 44.8 million in the period April - June 2020, and PLN 63.2 million in the period January - June 2020. In both periods under review, the Group reported a net loss without IFRS 16: PLN 38.1 million in the second quarter of 2020 and PLN 58.6 million in the first half of 2020.
- ▶ As of 30 June 2020, the Group's cash and short-term financial assets amounted to PLN 133.4 million, which comprised PLN 133.3 million in cash and cash equivalents (cash in hand and at bank and bank deposits) and granted loans in the amount of PLN 0.1 million.
- ▶ As of the end of June 2020, the Group's loans and leases amounted to PLN 724.9 million (including lease liabilities under IFRS 16 in the amount of PLN 554.2 million).

II. EXTERNAL AND INTERNAL FACTORS IMPORTANT FOR THE DEVELOPMENT OF THE GROUP

1. EXTERNAL FACTORS

1.1. Advertising market [3]

According to the Agora S.A. estimates ("Company", "Agora"), based on public data sources, in the second quarter of 2020, total advertising spending in Poland amounted to ca PLN 1,9 billion and decreased by almost 28.5% yoy. The reason for such a decrease in the value of advertising expenditure was the outbreak of the COVID-19 pandemic and the introduction of sanitary restrictions, which significantly disturbed the functioning of the economy in the country.

Tab. 1

	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020
% change yoy in ad market value	9.0%	7.0%	4.5%	(0.5%)	2.5%	6.5%	4.0%	0.0%	(28.5%)

In the second quarter of 2020, advertisers reduced their ad spend in all market segments due to the enormous uncertainty about the further development of the pandemic. The largest decrease in advertising expenditure took place in cinemas, due to the administrative closure of their operations from March 12 to June 5, 2020. Most cinema chains resumed operation of their facilities at the turn of June and July this year. The largest decrease in value for advertising was recorded in television - advertisers reduced their advertising expenditure in this medium by 35.5% compared to the corresponding period of 2019. The outdoor advertising market was another market segment that was significantly affected by the negative effects of the pandemic, which was mainly related to the prohibition of movement of the population and significantly less possibility of contact with the advertising message. Advertising spending was also significantly lower in the radio, internet, magazines and press. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 2

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
(28.5%)	(35.5%)	(5.5%)	(35.5%)	(71.0%)	(49.0%)	(35.0%)	(100.0%)

For the first time in the history of the Polish advertising market, the share of advertising expenditure on the Internet was higher than the share of television in the total advertising expenditure in Poland. The share of particular media segment in total advertising expenditure, in the second quarter of 2020, is presented in the table below:

Tab. 3

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	41.0%	47.0%	5.0%	2.5%	3.0%	1.5%	0.0%

In the first half of 2020, total advertising spending in Poland amounted to over PLN 4.0 billion and decreased by 15.5% yoy. At that time, advertisers limited their expenditure in all media except for Internet. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 4

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
(15.5%)	(21.0%)	0.0%	(19.0%)	(44.5%)	(31.0%)	(24.5%)	(60.5%)

The share of particular media segment in total advertising expenditure, in the first half of 2020, is presented in the table below:

Tab. 5

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	43.0%	42.0%	6.5%	3.5%	3.0%	1.5%	0.5%

1.2. Copy sales of dailies [4]

In the second quarter of 2020, the total paid circulation of dailies (verified by the National Circulation Audit Office (ZKDP)) decreased by 19.5% yoy and in the first half of 2020 by 15.5% yoy. In both periods under discussion the largest decrease was observed in regional dailies.

1.3. Cinema admissions [9]

Due to the administrative closure of cinemas, the number of tickets sold in Polish cinemas in the second quarter of 2020 amounted to 136.1 thousand (this figure does not include film productions distributed by UIP due to the lack of information from this distributor).

As a result, the number of tickets sold in Polish cinemas in the first half of 2020 amounted to 12.3 million, of which 12.2 million in the first quarter of 2020. This means a decrease in the number of tickets sold by 56.7% compared to the corresponding period of 2019. The above data does not include titles distributed by UIP due to the lack of the information from this distributor, therefore it is not fully comparable yoy.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 6

<i>in million PLN</i>	2Q 2020	% share	2Q 2019	% share	% change yoy
Total sales (1)	129.5	100.0%	269.8	100.0%	(52.0%)
<i>Advertising revenue</i>	77.3	59.7%	147.4	54.6%	(47.6%)
<i>Ticket sales</i>	0.1	0.1%	39.2	14.5%	(99.7%)
<i>Copy sales</i>	29.5	22.8%	35.4	13.1%	(16.7%)
<i>Concession sales in cinemas</i>	-	0.0%	17.9	6.6%	-
<i>Printing services</i>	6.0	4.6%	11.2	4.2%	(46.4%)
<i>Revenues from film activities</i>	6.2	4.8%	3.0	1.1%	106.7%
<i>Other</i>	10.4	8.0%	15.7	5.9%	(33.8%)

<i>in million PLN</i>	1H 2020	% share	1H 2019	% share	% change yoy
Total sales (1)	419.1	100.0%	578.2	100.0%	(27.5%)
<i>Advertising revenue</i>	191.0	45.6%	257.7	44.6%	(25.9%)
<i>Ticket sales</i>	61.7	14.7%	116.0	20.1%	(46.8%)
<i>Copy sales</i>	64.6	15.4%	69.9	12.1%	(7.6%)
<i>Concession sales in cinemas</i>	25.8	6.2%	48.8	8.4%	(47.1%)
<i>Printing services</i>	15.4	3.7%	25.5	4.4%	(39.6%)
<i>Revenues from film activities</i>	31.4	7.5%	30.7	5.3%	2.3%
<i>Other</i>	29.2	6.9%	29.6	5.1%	(1.4%)

(1) particular sales positions, apart from ticket and concession sales in cinemas and printing services, include sales of the Agora's Publishing House and film activities (functioning within the Movies and Books segment), described in details in point IV.A in this report.

In the second quarter of 2020, the Group's total revenue amounted to PLN 129.5 million and were lower by 52.0% yoy - mainly as a result of the COVID-19 pandemic outburst which had a negative impact on all the Group's sources of revenue except for sales of digital subscriptions of Wyborcza.pl and TOK FM Premium.

In the second quarter of 2020, Agora Group's advertising sales decreased by 47.6% yoy and amounted to PLN 77.3 million. This decline resulted mainly from the negative impact of the pandemic on the activity of advertisers and the value of expenditure on promoting their products and services in Poland in the second quarter of 2020. The Group's business with the greatest reduction in advertising budgets was the Outdoor segment. The advertising inflows of this business activity decreased by 75.7% and amounted to PLN 12.2 million. This drop was related to restrictions introduced in connection with the pandemic, in particular in the movement of the population, which had a negative impact on the number of visual contacts with advertising messages. Another segment significantly affected by the reduction of advertising budgets was the Radio whose inflows from the advertising sales were 41.9% lower and amounted to PLN 13.2 million. The value of advertising sales in cinemas dropped by 98.4% to PLN 0.1 million in the period under analysis, which was related to the administrative closure of the cinemas from 12 March 2020. A significant decrease in advertising revenues - by 51.5% yoy to PLN 11.5 million - was also observed in the Press

segment, which resulted from the deepening of the existing negative trends on the press advertising market. An additional factor influencing the decrease in advertising inflows in this segment was the closure of further press titles published by the Company. The smallest decrease in advertising inflows - by 8.0% to PLN 40.0 million - occurred in the Internet segment.

In the second quarter of 2020, **the copy sales** amounted to PLN 29.5 million and decreased by 16.7% as compared to the corresponding period of 2019. The main reason for this decline was the reduction of the sales network of both press and book publications due to the restrictions in the operations of sales outlets and in the movement of the population. As a result, the proceeds from the copy sales dropped by 21.4% and amounted to PLN 9.2 million. On the other hand, revenue from the copy sales of *Gazeta Wyborcza* decreased by 3.8% to PLN 23.0 million, whereas the revenue from digital subscription grew by 71.0% yoy.

In the second quarter of 2020, revenue from the cinema business was significantly affected by the administrative decision to close the cinemas, implemented on 12 March 2020. As a result, **the ticket sales in the Helios cinemas** decreased by 99.7% and amounted to PLN 0.1 million. At that time, there were no **cinema concession sales**.

In the second quarter of 2020, the **revenues from the Agora Group's movie business** increased by 106.7% and amounted to PLN 6.2 million. This was mainly the effect of distribution of an increasing number of titles from the NEXT FILM Sp. z o.o. portfolio through digital platforms.

In the second quarter of 2020, **revenues from sales of printing services** of the Agora Group amounted to PLN 6.0 million and was 46.4% lower than in the second quarter of 2019. This was related to a decrease in the volume of orders, and in particular to the restructuring of printing activities carried out in 2019.

Revenue from other sales amounted to PLN 10.4 million and was 33.8% lower than in the second quarter of 2019. This resulted mainly from the suspension of implementation of many different smaller projects.

In the first half of 2020, **the Group's total revenues** amounted to PLN 419.1 million and decreased by 27.5% yoy. It was mainly the effect of lower inflows from the Agora Group's businesses in the second quarter of 2020, caused by the outburst of the COVID-19 pandemic.

In the first half of 2020, Agora Group's **advertising sales** decreased by 25.9% yoy and amounted to PLN 191.0 million. As in the second quarter of 2020, the largest decrease in this category of inflows was recorded in the Outdoor segment. It was related to the negative consequences of restrictions, in particular the reduction in the movement of the population, introduced to prevent further spread of the pandemic in Poland. In the Press segment the decline of advertising revenue by 38.3% to PLN 25.8 million was associated both with the outburst of the pandemic, as well as the condition of the press advertising market and the discontinuation of some titles published by the Company. The decrease in the Radio advertising revenue by 20.5% - in the amount of PLN 32.1 million - was related to, among other things, the reduction of expenditure in the radio advertising market due to high uncertainty as to the further developments in the country in connection with the pandemic. In the Movies and Books segment the value of advertising sales in the cinemas dropped yoy by 51.1% to PLN 6.5 million, which was related to the administrative closure of the cinemas. At the same time, the increase in advertising sales - by 6.4% to PLN 81.2 million - was recorded in the Internet segment. This was mainly due to higher advertising inflows of Yieldbird.

In the first half of 2020, the **copy sales** amounted to PLN 64.6 million and were lower by 7.6% as compared to the corresponding period of 2019. This was affected both by lower inflows from sales of publications published by Agora's Publishing House, as well as those recorded in the Press segment - the copy sales of paper edition of *Gazeta Wyborcza* and magazines, mainly due to resignation from the publishing of some press titles, despite higher inflows from digital subscriptions to Wyborcza.pl.

In the first half of 2020, the **tickets sales in the Helios cinemas** decreased by 46.8% and amounted to PLN 61.7 million. This drop resulted from the administrative closure of cinemas in the second quarter of 2020. In the period under analysis, the number of tickets sold in the Helios cinemas amounted to over 3.3 million, which meant a yoy decrease of 48.5%. In the same period, the overall number of cinema tickets sold in Poland amounted to 12.3 million and decreased by 56.7% [10].

In the first half of 2020, the Group generated record-breaking **revenues from the movie business** in the amount of PLN 31.4 million. In the first quarter of 2020, NEXT FILM — a Helios group company — released 2 movie productions. *Jak zostałem gangsterem. Historia prawdziwa*, based on facts, and *365 dni*, a film adaptation of the Blanka Lipińska's novel. Both movie productions were among the most popular films in Poland in the first half of 2020. The first was

viewed by almost 1.1 million and the other by 1.6 million viewers. NEXT FILM was the co-producer and distributor of both films.

In the first half of 2020, the Group's **revenue from the sales of printing services** stood at PLN 15.4 million (down by 39.6% yoy). This was mainly due to the lower volume of orders and the reduction of the scale of the Group's printing business.

Cinema concession sales decreased by 47.1% to PLN 25.8 million, mainly due to the administrative closure of cinemas introduced on 12 March 2020. Although the administrative decision was in force until 5 June 2020, Helios decided to open most of its facilities on 3 July 2020.

Revenue from other sales amounted to PLN 29.2 million and was 1.4% lower than those recorded in the first half of 2019, despite higher inflows from the food service business of the Group in the first quarter of 2020.

2.2. Operating cost

Tab. 7

<i>in million PLN</i>	2Q 2020	% share	2Q 2019	% share	% change yoy
Operating cost net, including:	(182.9)	100.0%	(279.0)	100.0%	(34.4%)
<i>Operating cost net excl. IFRS 16 (1), including:</i>	(174.3)	100%	(280.9)	100.0%	(37.9%)
<i>External services (2)</i>	(56.0)	30.6%	(94.1)	33.7%	(40.5%)
<i>External services excl. IFRS 16 (1) (2)</i>	(64.1)	36.8%	(112.0)	39.9%	(42.8%)
<i>Staff cost (2)</i>	(52.8)	28.9%	(85.6)	30.7%	(38.3%)
<i>Raw materials, energy and consumables (2)</i>	(18.2)	10.0%	(33.5)	12.0%	(45.7%)
<i>D&A</i>	(41.5)	22.7%	(39.3)	14.1%	5.6%
<i>D&A excl. IFRS 16 (1)</i>	(24.0)	13.8%	(22.9)	8.2%	4.8%
<i>Promotion and marketing</i>	(6.9)	3.8%	(16.1)	5.8%	(57.1%)
<i>Cost of restructuring (3)</i>	(1.4)	0.8%	-	-	-
<i>Impairment losses (4)</i>	(7.5)	4.1%	-	--	-

<i>in million PLN</i>	1H 2020	% share	1H 2019	% share	% change yoy
Operating cost net, including:	(492.0)	100.0%	(586.9)	100.0%	(16.2%)
<i>Operating cost net excl. IFRS 16 (1), including:</i>	(482.3)	100%	(590.1)	100.0%	(18.3%)
<i>External services (2)</i>	(172.4)	35.0%	(210.9)	35.9%	(18.3%)
<i>External services excl. IFRS 16 (1) (2)</i>	(197.8)	41.0%	(245.8)	41.7%	(19.5%)
<i>Staff cost (2)</i>	(134.8)	27.4%	(168.9)	28.8%	(20.2%)
<i>Raw materials, energy and consumables (2)</i>	(49.2)	10.0%	(71.9)	12.3%	(31.6%)
<i>D&A</i>	(84.2)	17.1%	(76.7)	13.1%	9.8%
<i>D&A excl. IFRS 16 (1)</i>	(48.1)	10.0%	(44.4)	7.5%	8.3%
<i>Promotion and marketing</i>	(19.2)	3.9%	(30.7)	5.2%	(37.5%)
<i>Cost of restructuring (3)</i>	(1.4)	0.3%	(5.6)	1.0%	(75.0%)
<i>Impairment losses (4)</i>	(28.9)	5.9%	-	-	-

(1) the amount of the cost excluding impact of International Financial Reporting Standard no. 16 Leases;

(2) in 2020, the Group changed the presentation of the production cost of books of Publishing House division, comparative data were restated accordingly;

(3) cost of restructuring in Internet segment in the second quarter of 2020 and cost of restructuring (including group lay-offs) in Print division and Agora's support divisions in the first quarter of 2019;

(4) the amount includes impairment losses on fixed assets of the companies Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and AMS S.A., the impairment losses were mainly related to tangible fixed assets and intangible assets, including goodwill of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.).

In the second quarter of 2020, the **net operating costs** of the Agora Group decreased by 34.4% to PLN 182.9 million. Their value was positively affected by a number of one-off events including mainly the profit on the sale of part of enterprise Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in the amount of PLN 3.6 million and, to a smaller extent, the profit on the disposal of real estate in the amount of PLN 0.4 million. On the other hand, the level of these costs was negatively affected by the costs of restructuring activities carried out in Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) and GoldenLine Sp. z o.o. in the amount of PLN 1.4 million, as well as a write-down of the value of assets in AMS S.A. group, Foodio Concepts Sp. z o.o. and printing division in the total amount of PLN 7.5 million. Significant factors affecting the reduction of the Group's operating expenses included: administrative closure of cinemas, as well as saving measures taken up by the Group.

The largest item of expenses was the **external services costs** which were 40.5% lower than in the corresponding period of 2019 and amounted to PLN 56.0 million. They decreased significantly in the Movies and Books segment, mainly due to lower payments for film copies. The reduction of the food services activity also contributed to the decline in this cost category. The external services costs decreased significantly in the Outdoor segment in connection with a smaller number of advertising campaigns carried out. Drop in this cost category was also recorded in the Press segment, due to, i.a., a smaller number of press titles published. In the Radio segment, the external services costs were lower by 41.4% and amounted to PLN 5.1 million, mainly due to a decrease in the costs of air time purchase in third-party radio stations. The Internet segment recorded a slight decline in the cost of external services - by 6.1% to PLN 24.5 million.

Staff costs amounted to PLN 52.8 million and were 38.3% lower than those recorded in the second quarter of 2019. This mainly resulted from the Group's reduction of remuneration by 20.0% introduced from 15 April to 15 October 2020. Additionally, the remunerations levels were affected by the postponement of discretionary bonuses paid in the Group, reduction of the amount of the variable component of remuneration depending on sales results - in connection with a significant drop in advertising expenditure in Poland and lower headcount related to, i.a., the reduction of the scale of printing activities of the Group.

The Group's headcount as at the end of June 2020 amounted to 2,333 full time employees (after eliminating the effect of reducing the work time) and decreased by 295 FTEs yoy. This was mainly an effect of headcount reduction. The largest drop in full-time employment was recorded in the Press segment, due to the restructuring of printing activities and the lower headcount in the press area, related to, i.a., resignation from the publishing of some press titles. A significant decline in full-time employment was also visible in the Internet, the Movies and Books and the Radio segments.

The decrease in the **costs of raw materials and energy and the value of goods and materials sold** as compared to the second quarter of 2019 was mainly due to lower expenses in the Press and the Movies and Books segments. In the former, this was related to a lower scale of printing activities and a smaller number of titles published, while in the latter to the administrative closure of cinemas and restaurants.

The depreciation and amortization costs increased by 5.6% to PLN 41.5 million. The sharpest increase was recorded in the Movies and Books and the Outdoor segments. In the former, this resulted from a larger number of cinemas in the Helios network, while in the latter from the application of the IFRS 16 standard. The amortization and depreciation costs were also higher in the Internet segment, which was related to the modernization of the technological infrastructure enabling the development of advertising products and improving portal visibility in the results generated by the most popular search engines. This cost item remained unchanged in the Radio segment, however its value was lower in the Press segment, which was mainly connected with the closure of two out of three Agora's printing houses in 2019.

In the second quarter of 2020, the **Group's promotion and marketing costs** decreased by 57.1% yoy to PLN 6.9 million. Those costs were lower in all the Agora Group's operating segments. Their largest decline was recorded in the Movies and Books segment, in particular in NEXT FILM company, which was related to the lack of film premieres. Additionally, this cost item was also significantly reduced in the Press segment.

The net operating expenses of the Group in the second quarter of 2020, reported without IFRS 16, amounted to PLN 174.3 million and were 37.9% lower than in the corresponding period of 2019.

In the first half of 2020, the **Group's net operating costs** declined by 16.2% yoy and amounted to PLN 492.0 million.

It is worth noting that their yoy comparability was affected by a number of events. These included mainly impairment write-offs on fixed assets of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and AMS S.A.

group in the total amount of PLN 28.9 million, as well as costs of restructuring of employment in Goldenline Sp. z o.o. and Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in the total amount of PLN 1.4 million, as well as write down of assets in printing division. The net operating expenses of the Group were positively affected by the profit from the disposal of part of enterprise Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in the amount of PLN 3.6 million and profit from the disposal of real estate in the amount of PLN 7.1 million. The total negative impact of those events on the Group's operating costs was PLN 19.6 million. Significant factors affecting the reduction of the Group's operating expenses included: administrative closure of cinemas (from 12 March until 5 June 2020), as well as saving measures taken up by the Group in connection with the COVID-19 pandemic.

The decline in operating costs of the Group in the period January - June 2020 was also affected by the cost reductions carried out in most of the Group's operating segments. The largest decrease in operating expenses was recorded in the Press segment. This was related both to the restructuring of printing activities undertaken in 2019 and saving measures in the press business. Another segment in which the scale of savings was significant, despite the write-off on assets of Foodio Concepts Sp. z o.o., was the Movies and Books segment. This was mainly related to the administrative ban on cinema and restaurant operations in the second quarter of 2020. The operating costs were also limited in the Radio and the Outdoor segments. However, their increase was recorded in the Internet segment, which resulted mainly from write-off on assets of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.).

In the first half of 2020, the **external services costs** declined by 18.3% to PLN 172.4 million. The decrease in this cost item was mainly driven by the Movies and Books and the Outdoor segments. In the former, the cost reduction resulted mainly from the lower costs of purchase of film copies due to the lack of cinema screenings in the second quarter of 2020, as well as from the lower costs of the food service business. In the latter, the reductions in this cost item were affected by a lower number of executed advertising campaigns. In the Press segment, the decline noted in this cost category were caused by the lower scale of printing activities and the reduction of the portfolio of titles published. In the Radio segment, the decrease in external services costs was related to the lower scale of the sales brokerage activities to other radio broadcasters and Helios network cinemas, in particular in the second quarter of 2020. This cost item increased in the Internet segment, which was related to higher inflows from the advertising sales of Yieldbird.

In the first half of 2020, the **staff costs** decreased by 20.2% to PLN 134.8 million. This mainly resulted from the Group's reduction of remuneration by 20.0% introduced from 15 April to 15 October 2020. In Helios group the reduction of remuneration was introduced on March 12, 2020. Additionally, the remuneration levels were affected by the suspension of discretionary bonuses paid in the Group, reduction of the amount of the variable component of remuneration depending on sales results - in connection with a significant decline of advertising expenditure in Poland and lower headcount related to, i.a., the reduction of the scale of printing activities of the Group.

The costs of raw materials and energy consumed and the value of goods and materials sold decreased in the first half of 2020 by 31.6% to PLN 49.2 million. This resulted mainly from a decrease in the value of this cost item in the Press and the Movies and Books segments.

The depreciation and amortization costs increased by 9.8% to PLN 84.2 million. The sharpest increase was recorded in the Outdoor and the Movies and Books segments. In the former, this was due to the specific features of data presentation in accordance with IFRS 16, and in the latter to the larger number of cinemas in the Helios network. This cost item was also higher in the Internet segment, which was related to the modernization of the technological infrastructure enabling the development of advertising products and improving Gazeta.pl portal visibility in the results generated by the most popular search engines. A slight increase in costs of depreciation and amortization was also recorded in the Radio segment. In contrast, this cost item was lower in the Press segment.

The promotion and marketing costs were also lower by 37.5% in the period under analysis, amounting to PLN 19.2 million. Their decrease was recorded in all operating segments of the Group.

In the first half of 2020, the Group's net operating costs without IFRS 16 amounted to PLN 482.3 million and were lower by 18.3% as compared to the corresponding period of 2019.

3. PROSPECTS

The COVID-19 pandemic and the activities of the government administration, undertaken to limit the further spread of the virus, will have a significant negative impact on the financial performance of Agora and its subsidiaries in the next quarters of 2020. Despite the challenges related to operating in the market environment that is burdened with the negative effects of the pandemic, the Management Board of the Company does not see any threats to the going concern either for the Company itself or for the Agora Group.

According to the Company's Management Board, the largest negative impact of the pandemic on the operations of the Agora Group was visible in the second quarter of 2020. Therefore, according to Agora's predictions, the rate of decline in the Group's revenues in the next quarters should be lower than in the second quarter of 2020, provided that the material negative impact of pandemic on the financial results of Agora and its subsidiaries will not deepen. Most of the factors that determined and may determine the results of the Agora Group in the future are completely beyond the influence of Agora, depending on, i.a., actions taken by the government, the pace of return of various sectors of the economy to their full operational capacity, and changes in the GDP value in Poland.

Both Agora and all the companies of the Group have taken a number of measures aimed at minimizing the losses caused by the COVID-19 pandemic and the Group's rapid return to the growth path of both revenues and operating results.

In the second quarter of 2020, the decrease in the value of the Group's revenue was affected by two main factors: the administrative closure of cinemas from 12 March until 5 June 2020, and a 28.5% decrease of the value of advertising expenditure in Poland as a result of the outbreak of the pandemic and the related uncertainty as to further developments. This had a significant impact on the results of the Agora Group, as the proceeds from the cinema activity and the advertising sales constitute its most important sources of revenue. The advertising market segments most affected by the reduction in advertising spending were TV, outdoor advertising and radio. The internet was the market segment least affected by the decline in advertising spending.

For this reason, the Group's operating segment, which was most affected by the reduction of advertising expenditure by entrepreneurs in response to the negative effects of the pandemic, was the Outdoor segment whose inflows shrank by 75.7% compared to the second quarter of 2019. The main reason for limiting advertisers' spending on advertising campaigns on outdoor advertising panels was the uncertainty as to the further development of the situation caused by the pandemic, the deteriorating condition of many entrepreneurs and restrictions related to the movement of the population, which limited contact with advertising messages. Due to the significant decrease in the value of the outdoor market caused by the COVID-19 pandemic, the Management Board decided to write down part of assets of AMS group in the amount of PLN 6.7 million. The write-off concerns the outdoor panels which, due to the predicted medium-term development of the outdoor market, will not be used to the extent enabling the attainment of their previous book value.

The significant decline in advertising sales occurred in radio stations, especially with regards to the smaller market players. For this reason, the radio advertising sales in the Agora Group's Radio segment was lower by 41.9% as compared to the second quarter of 2019. However, the Group managed to minimize the losses incurred by the segment due to loss of inflows due to the saving ventures.

The outbreak of the COVID-19 pandemic has deepened the negative trends on the press advertising market and forced some publishers to close their least promising press titles. Agora also decided to discontinue the publishing of the following titles - *Logo* and *Avanti*, focusing on the main product - *Gazeta Wyborcza* - both in paper and digital form. Due to the pandemic and lower number of published titles the advertising sales of the Press segment decreased by 51.5% as compared to the second quarter of 2019. In spite of that, thanks to the saving measures and restructuring of the printing activities, carried out in 2019, Agora managed to improve the operating results of the segment both at EBIT and EBITDA levels. It is also worth noting a significant increase in the number of digital subscriptions and revenues from this form of content sales, which contributed to a significant increase in the share of the newspaper's digital revenues in its total revenues.

During the pandemic, the medium least affected by its negative effects was internet. The advertising sales in the Internet segment of the Agora Group decreased by 8.0% as compared to the second quarter of 2019. The low decline in revenues combined with saving measures improved the segment's operating results. At the same time, Agora's Management Board, having analyzed the financial condition and development prospects in the post-pandemic reality, decided not to develop further some of its Internet projects. For this reason, the restructuring and disposal of Plan D

Sp. z o.o. enterprise (formerly Domiporta Sp. z o.o.) and restructuring of employment and reduction of the scale of Goldenline's operations were carried out, enabling the Group's to focus on the development of largest online Group assets.

Due to the legal regulations aimed at preventing the spread of the COVID-19 pandemic, Helios cinemas were closed in the second quarter of 2020. For this reason, the Helios cinema network was deprived of the ability to generate any inflows. At the same time, it is worth noting that based on the administrative decision the Helios cinema network was exempted from the obligation to pay rent for cinema space in shopping malls from 12 March to 5 June 2020. A similar situation was observed in the food business run by Step Inside Sp. z o.o. and Foodio Concepts Sp. z o.o. Due to the negative effects of the outbreak of the pandemic, the Group analyzed its food services assets and decided on the write-off on the assets of Foodio Concepts Sp. z o.o. and the sale of its shares, focusing on the development of a more prospective - according to Agora - project named Pasibus. On 3 July 2020, most of Helios cinemas reopened and as of 18 May 2020, restaurants under the Pasibus brand began working successively.

Taking into account a significant reduction of inflows, Agora's Management Board has taken a number of saving measures to ensure financial security for the Group. Most of the cost categories and investment expenses were limited, which decreased the amount of operating costs of the Group in the second quarter of 2020 by PLN 96.1 million in comparison with the second quarter of 2019, despite the one-off events.

The Agora's Management Board decided to decrease staff remuneration by 20.0% in the period from 15 April until 15 October 2020. Larger reductions applied to the Company's Management and Supervisory Boards. According to the Company's estimates, savings from the reduction of staff costs will amount to approximately PLN 30.0 million. The decrease in staff remuneration in Helios group took place on March 12, 2020.

Based on the analyses performed by Agora's Management Board in order to ensure financial liquidity in the foreseeable future, the Company and its subsidiary Helios S.A. have ensured another collateral for the liquidity gap expected in the first half of 2021. Agora's Management Board aimed at securing the Group's financial liquidity and as of the date of this report the Group acquired financing in the amount of at least PLN 140.0 million (additional information about acquired financing is disclosed in point V.1 and V.1a of this Management Discussion and Analysis). The above assumptions are based on the analyses and forecasts the accuracy of which cannot be assessed due to the fact that they have been prepared in an unprecedented situation. The outbreak of the COVID-19 pandemic made governments around the world undertake actions with significant impact on the economic development of each jurisdiction, caused by restrictions aimed at stopping further spread of the virus. The development of the COVID-19 pandemic and further measures to be implemented by the Polish government in order to fight the pandemic are unknown to the Company. Their duration and scale may significantly affect the Company's analyses and estimates, in particular with regard to the value of the advertising market, the number of tickets sold in cinemas and cinema concession sales, as well as copy sales. As the Group has never experienced an administrative ban on the operation of selected businesses, it is difficult to prepare reliable estimates on the matter under discussion. The described uncertainty factors may also have a significant impact on the ability to obtain additional financing for the expected liquidity gap, which may force the Company to seek other methods of securing its financial liquidity. Right now it is difficult to predict which methods will be most adequate to the future development of the COVID-19 pandemic, and the future administrative actions and decisions.

The Company's Management Board carefully monitors the flow of receivables in order to secure the Group's financial liquidity, undertaking actions to secure the Group's liquidity in the foreseeable future. However, the effect of these actions depends - to a large extent - on the pace of economic recovery following the corona crisis. A significant risk to the liquidity of the Agora Group may be the scale of revenue generated, in particular in the event that the outbreak of the second phase of the pandemic leads to the closure of certain economy sectors. The Company's Management Board also recommended to the shareholders that the 2019 dividends not be paid, leaving the profits earned in the Company.

Agora also decided to optimize the portfolio of its investment projects, focusing - during this difficult time - on ensuring the safety of the Group's key assets. As a result, Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) and Foodio Concepts Sp. z o.o. were sold, while the scale of operations of Goldenline Sp. z o.o. was limited.

As of 3 July 2020, Helios network cinemas were open to viewers. Following Helios, other market players also opened their facilities. With the opening of cinemas, the first movie premieres appeared on their screens, which popularity

showed that viewers want to go to the cinema, as long as the movie repertoire is available. The audience success of the first film premiere after the opening of the cinemas made the distributors announce the launch of new titles - both Polish and foreign. Every week from the opening of cinemas in Poland the number of tickets sold has been growing steadily, but the return to pre-pandemic attendance levels will be possible, according to the Company, in 2022. For this reason, the Management Board of Helios S.A. renegotiated amounts of rents in all the shopping malls where the cinemas of this network operate, and implemented new expenditure approval procedure. Such action will reduce the Helios cost base in subsequent quarters of 2020, which - along with the return of the viewers to cinemas - should improve Helios performance as compared to the second quarter of 2020.

According to the Company's estimates, the decline in the number of viewers in Polish cinemas in 2020 may reach 50.0% as compared to 2019. However, given the uncertainty as to the further developments related to the spread of the COVID-19 pandemic and the possibility of restoring some restrictions to prevent further spread, as well as unpredictable decisions of film producers and distributors relating to the dates of film premiers, said estimates may be subject to significant errors.

In the second quarter of 2020, the Press segment, despite a decline in revenue, improved its operating results. This was achieved thanks to the systematic work on the transformation of the Agora Group's press operations model. The main product here is still *Gazeta Wyborcza* and further development of subscriptions to the Wyborcza.pl. Agora's Management Board systematically verifies the portfolio of press titles issued, resigning from the publishing of titles whose main clients are increasingly migrating to the Internet. Following implementation of such a process in the second quarter of 2020, Agora's Management Board decided to discontinue publishing of two monthlies and to reduce the volume of the daily published. The price of the Friday edition of the daily has also changed. In addition, as part of the saving activities, Agora resigned from some local editorial offices. Work in these regions is now performed remotely and will remain in this formula also after the pandemic has ended. These actions will have a positive impact on the Press segment cost base in subsequent quarters. Additionally, the level of operating costs of this segment was significantly affected by restructuring of printing activities and reducing its scale, as well as lower headcount in the press division.

Due to a significant decrease in the value of expenditure on the outdoor market, a number of measures were taken to reduce the level of operating costs of the Outdoor segment, and the panel portfolio was duly reviewed. As a result, AMS S.A. decided to write down the value of a part of them which, due to the predicted medium-term development of the outdoor advertising market, will not be used to the extent enabling the attainment of their previous book value. The amount of this write-off stood at PLN 6.7 million in the second quarter of 2020. Saving measures focused mainly on reducing the system maintenance costs by changing the costs of lease of advertising space and reducing the costs of renovation and ongoing use of panels. According to the Company's Management Board, the aforementioned activities, combined with the return of the campaigns to the outdoor media, will improve the operating results of the segment. Following the removal of restrictions on the movement of the population, the advertisers systematically increase their demand for advertising campaigns. According to the Company, AMS as a leader of the outdoor market, with modern panels in the most frequented locations, has a chance of faster return of advertising campaigns to advertising panels from its offer than the rest of the market.

Also in the Radio segment, following the removal of restrictions on the movement of the population and the return of companies to their regular business, there is a demand for radio advertising campaigns. Despite the fact that the Agora Group is one of the smallest players on the radio market in Poland, and it was more difficult for it than for the large players to compete for significantly limited customer advertising budgets, the current rate of return of advertising expenditure in this area is satisfactory. It is worth noting that during the pandemic, there was a significant increase in the interest of listeners in the Radio TOK FM offer. Its audience reached record levels in the period under review.

Agora's Internet segment was the Group's business area least affected by the negative consequences of the pandemic. During the pandemic, most advertisers who decided to continue their promotional activities, moved their advertising budgets to the internet. This segment of the advertising market is also faster rebuilding its value. Therefore, the Company expects the quickest recovery of advertising revenues in the Internet segment. Thanks to the restructuring of the asset portfolio, Agora will focus on the development of the most prospective investments in this area. The Group has significant competences in the programmatic area, including through a rapidly developing Yieldbird company whose offer - in times of the crisis - enjoys an increased interest of advertisers. In the first half of

2020, revenue from programmatic advertising accounted for 67.0% of all the Group's revenue from online advertising (including online classifieds). The second largest product of the Group in this area - Gazeta.pl - is also quite successful in its fight for recovering advertising budgets and return to the path of increased advertising revenues.

According to the Company's estimates, all the above measures will result in decrease in operating cost of ca. PLN 209.0 million in the second and third quarter of 2020 as compared to the same period of 2019..

Based on the available market data, the Company estimates that the value of the advertising market in Poland, which is one of the factors determining the Group's revenue level, will not decrease to the extent Agora anticipated in the report for the first quarter of 2020. According to the Company's latest estimates, based on the forecast GDP value in Poland and the data on the advertising market, in 2020, the advertisers will limit their expenditure on promoting their goods and services by approximately 8.0% -12.0% as compared to 2019. Preliminary data related to the subsequent quarters of 2020 show a decrease in the scale of drops in advertising revenues and return of advertisers to the media.

The Group expects the largest falls in advertising spending in the smallest segment of the advertising market - in cinemas. In the opinion of the Company, this decrease may reach approximately 58.0% - 62.0%. The decline in outdoor ad spend may amount to around 29.0% -33.0%. In magazines the value of ad spend may shrink by around 24.0% -28.0%, and in dailies by around 20.0% -24.0%. Advertising expenditure in television and in radio may be lower by ca. 10.0% -14.0%. The Internet will be the market segment least affected by the negative effects of the pandemic. The value of Internet advertising spend will fluctuate in the range: decrease by 1.0% - increase by 3.0%.

At the same time, due to the fact that it is difficult to predict further developments related to the pandemic and its economic impact, the above assumptions may be erroneous and their accuracy is much lower than in the periods of higher predictability.

Both Agora and its subsidiaries also seek to receive the available forms of public support for business. Agora Group companies applied for a total of PLN 13.9 million of co-financing for jobs from the Guaranteed Employee Benefit Fund. Most companies have already received the funding they have applied for. Receiving the financial support is related to the obligation to submit documents necessary for the purposes of their settlement within 30 days of the date of receipt of the last tranche of payment, while the final amount of the financial support may change as a result of the settlement.

Taking into account all these issues, the Agora's Management Board estimates that, as a result of the current pandemic, in the whole 2020 the Group's revenue may significantly decrease, with the Group reporting an operational loss at the EBIT level. The businesses most affected by the consequences of the pandemic are Cinema, Outdoor and Food Business.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the first half of 2020 includes: Agora S.A. and 22 subsidiaries, which operate principally in the internet, cinema, radio, gastronomy and outdoor segments. Additionally, as at 30 June 2020 the Group held shares in jointly controlled entity Instytut Badań Outdooru IBO Sp. z o.o., as well as in associated companies ROI Hunter a.s. and Eurozet Sp. z o.o.

A detailed list of companies of the Agora Group is presented in note 11 and the changes in the composition of the Group are described in note 12 to the the condensed semi-annual consolidated financial statements. The selected financial data together with translation into EURO are presented in note 19 to the condensed semi-annual consolidated financial statements.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 9

<i>in PLN million</i>	2Q 2020	2Q 2019	<i>% change yoy</i>	1H 2020	1H 2019	<i>% change yoy</i>
Total sales (1)	129.5	269.8	(52.0%)	419.1	578.2	(27.5%)
Advertising revenue	77.3	147.4	(47.6%)	191.0	257.7	(25.9%)
Ticket sales	0.1	39.2	(99.7%)	61.7	116.0	(46.8%)
Copy sales	29.5	35.4	(16.7%)	64.6	69.9	(7.6%)
Concession sales in cinemas	-	17.9	-	25.8	48.8	(47.1%)
Printing services	6.0	11.2	(46.4%)	15.4	25.5	(39.6%)
Revenues from film activities	6.2	3.0	106.7%	31.4	30.7	2.3%
Other	10.4	15.7	(33.8%)	29.2	29.6	(1.4%)
Operating cost net, including:	(182.9)	(279.0)	(34.4%)	(492.0)	(586.9)	(16.2%)
External services (2)	(56.0)	(94.1)	(40.5%)	(172.4)	(210.9)	(18.3%)
Staff cost (2)	(52.8)	(85.6)	(38.3%)	(134.8)	(168.9)	(20.2%)
Raw materials, energy and consumables (2)	(18.2)	(33.5)	(45.7%)	(49.2)	(71.9)	(31.6%)
D&A	(41.5)	(39.3)	5.6%	(84.2)	(76.7)	9.8%
Promotion and marketing	(6.9)	(16.1)	(57.1%)	(19.2)	(30.7)	(37.5%)
Cost of restructuring (3)	(1.4)	-	-	(1.4)	(5.6)	(75.0%)
Gain on sale of property (4)	0.4	-	-	7.1	-	-
Gain on sale of the enterprise (5)	3.6	-	-	3.6	-	-
Impairment losses (6)	(7.5)	-	-	(28.9)	-	-
Operating result - EBIT	(53.4)	(9.2)	(480.4%)	(72.9)	(8.7)	(737.9%)
Operating result - EBIT excl. IFRS 16 (7)	(44.8)	(11.1)	(303.6%)	(63.2)	(11.9)	(431.1%)
Finance cost, net, incl.:	6.8	(0.5)	-	(26.0)	(4.9)	(430.6%)
Income from short-term investment	0.1	0.7	(85.7%)	0.3	1.2	(75.0%)
Costs related to bank loans and leasing	(4.6)	(5.4)	(14.8%)	(10.2)	(10.2)	-
including interest costs related to IFRS 16	(3.4)	(3.8)	(10.5%)	(7.3)	(7.5)	(2.7%)
Foreign exchange (losses) / gains	7.8	4.3	81.4%	(19.3)	4.2	-
including interest costs related to IFRS 16	8.0	4.5	77.8%	(19.7)	4.4	-
Revaluation of put options (8)	2.2	-	-	2.2	-	-
Share of results of equity accounted investees	(0.2)	2.6	-	(0.4)	2.8	-

Loss before income tax	(46.8)	(7.1)	(559.2%)	(99.3)	(10.8)	(819.4%)
Income tax	5.7	0.5	1,040.0%	11.1	0.8	1,287.5%
Loss for the period	(41.1)	(6.6)	(522.7%)	(88.2)	(10.0)	(782.0%)
<i>Loss for the period excl. IFRS 16 (7)</i>	<i>(38.1)</i>	<i>(8.7)</i>	<i>(337.9%)</i>	<i>(58.6)</i>	<i>(10.1)</i>	<i>(480.2%)</i>
Attributable to:						
Equity holders of the parent	(38.6)	(6.3)	(512.7%)	(81.3)	(11.3)	(619.5%)
Non - controlling interest	(2.5)	(0.3)	(733.3%)	(6.9)	1.3	-
EBIT margin (EBIT/Sales)	(41.2%)	(3.4%)	(37.8pp)	(17.4%)	(1.5%)	(15.9pp)
<i>EBIT margin excl. IFRS 16 (7)</i>	<i>(34.6%)</i>	<i>(4.1%)</i>	<i>(30.5pp)</i>	<i>(15.1%)</i>	<i>(2.1%)</i>	<i>(13.0pp)</i>
EBITDA (9)	(4.4)	30.1	-	40.2	68.0	(40.9%)
EBITDA margin (EBITDA/Sales)	(3.4%)	11.2%	(14.6pp)	9.6%	11.8%	(2.2pp)
<i>EBITDA excl. IFRS 16 (7)</i>	<i>(13.4)</i>	<i>11.9</i>	<i>-</i>	<i>13.8</i>	<i>32.5</i>	<i>(57.5%)</i>
<i>EBITDA margin excl. IFRS 16 (7)</i>	<i>(10.3%)</i>	<i>4.4%</i>	<i>(14.7pp)</i>	<i>3.3%</i>	<i>5.6%</i>	<i>(2.3pp)</i>

- (1) particular sales positions, apart from ticket and concession sales in cinemas and printing services, include sales of Agora Publishing House and film activities (functioning within the Movies and Books segment), described in details in point IV.A in this report;
- (2) in 2020, the Group changed the presentation of the production cost of books of Agora Publishing House, comparative data were restated accordingly;
- (3) cost of restructuring in Internet segment in the second quarter of 2020 and cost of restructuring (including group lay-offs) in Print division and Agora's support divisions in the first quarter of 2019;
- (4) profit from the sale of a server building and land located at Daniszewska Street in Warsaw;
- (5) gain on sale of part of enterprise Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.);
- (6) the amount includes impairment losses on fixed assets of the companies Plan D (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and AMS S.A., the impairment losses were mainly related to tangible fixed assets and intangible assets, including goodwill of Plan D (formerly Domiporta Sp. z o.o.);
- (7) the amount of the operating result – EBIT, EBITDA and net loss excluding impact of International Financial Reporting Standard no. 16 Leases;
- (8) relates to revaluation of put option liabilities granted to non-controlling shareholders of Piano Group Sp. z o.o. and HRlink Sp. z o.o. Detailed information on revaluation of put option liabilities are presented in note 15 of condensed interim semi-annual consolidated financial statements;
- (9) the performance measure "EBITDA" is defined as EBIT increased by depreciation and amortization and impairment losses of property, plant and equipment, intangible assets and right-of-use assets. Detailed information on definitions of financial ratios are presented in the Notes to part IV of this MD&A.

2.1. Financial results presented according to major segments of the Agora Group for the first half of 2020 [1]

Major products and services, as well as operating revenue and cost of the Agora Group are presented in detail in part IV of this MD&A ("Operating review – major segments of the Agora Group").

Tab. 10

<i>in PLN million</i>	Movies and Books	Press	Outdoor	Internet	Radio	Reconciling positions (3)	Total (consoli- dated) 1-2Q 2020
Total sales (1)	157.6	95.4	45.2	91.0	38.4	(8.5)	419.1
% share	37.6%	22.8%	10.8%	21.7%	9.2%	(2.1%)	100.0%
Operating cost net (1)	(183.7)	(91.3)	(67.8)	(92.9)	(38.0)	(18.3)	(492.0)
Operating cost net excl. IFRS 16 (1)	(174.1)	(91.3)	(67.7)	(92.9)	(37.8)	(18.5)	(482.3)
EBIT	(26.1)	4.1	(22.6)	(1.9)	0.4	(26.8)	(72.9)
EBIT excl. IFRS 16	(16.5)	4.1	(22.5)	(1.9)	0.6	(27.0)	(63.2)
Finance cost, net							(26.0)
Share of results of equity accounted investees				0.2	(0.6)		(0.4)
Income tax							11.1
Net loss for the period							(88.2)
Attributable to:							
Equity holders of the parent							(81.3)
Non-controlling interest							(6.9)
EBITDA	28.3	7.1	2.3	15.1	4.0	(16.6)	40.2
EBITDA excl. IFRS 16	11.2	7.1	(4.8)	15.1	2.8	(17.6)	13.8
CAPEX (2)	(19.0)	(3.6)	(2.9)	(5.7)	(1.0)	(2.4)	(34.6)

(1) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;

(2) based on invoices booked in the period, the amount in the Movies and Books segment includes also PLN 7.8 million of non-current assets in finance lease;

(3) reconciling positions show data not included in particular segments, i.e.: other revenues and costs of Agora's supporting divisions (centralized IT, administrative, finance and HR functions, etc., excluding costs of office space in the Company's headquarters, which are allocated to segments), the Management Board of Agora S.A., Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o., intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

2.2. Finance cost, net

Net financial activities of the Group for the first half of 2020 were influenced mainly by foreign exchange loss related mainly to recognition of lease contracts under IFRS 16 and cost of commissions and interest on bank loans and lease liabilities.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 11

<i>in PLN million</i>	30/06/2020	31/03/2020	% change to 31-03-2020	31/12/2019	% change to 31-12-2019
Non-current assets	1,623.7	1,640.2	(1.0%)	1,664.5	(2.5%)
<i>share in balance sheet total</i>	84.6%	83.9%	0.7pp	83.5%	1.1 pp
Current assets	294.7	314.2	(6.2%)	327.9	(10.1%)
<i>share in balance sheet total</i>	15.4%	16.1%	(0.7pp)	16.5%	(1.1 pp)
TOTAL ASSETS	1,918.4	1,954.4	(1.8%)	1,992.4	(3.7%)
Equity holders of the parent	856.5	888.9	(3.6%)	931.2	(8.0%)
<i>share in balance sheet total</i>	44.7%	45.5%	(0.8pp)	46.7%	(2.0 pp)
Non-controlling interest	17.2	18.1	(5.0%)	20.9	(17.7%)
<i>share in balance sheet total</i>	0.9%	0.9%	-	1.0%	(0.1pp)
Non-current liabilities and provisions	652.7	661.4	(1.3%)	628.3	3.9%
<i>share in balance sheet total</i>	34.0%	33.8%	0.2pp	31.5%	2.5 pp
Current liabilities and provisions	392.0	386.0	1.6%	412.0	(4.9%)
<i>share in balance sheet total</i>	20.4%	19.8%	0.6pp	20.8%	(0.4 pp)
TOTAL LIABILITIES AND EQUITY	1,918.4	1,954.4	(1.8%)	1,992.4	(3.7%)

3.1. Non-current assets

The decrease in non-current assets, versus 31 December 2019 results mainly from depreciation and impairment write-offs for tangible fixed assets and intangible assets of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and AMS S.A. and sale of a subsidiary Foodio Concepts Sp. z o.o.

The decrease in non-current assets, versus 31 March 2020 results mainly from impairment losses on property, plant and equipment in the company AMS S.A. and sale of a subsidiary Foodio Concepts Sp. z o.o.

3.2. Current assets

The decrease in current assets, versus 31 December 2019, stems mainly from the decrease in trade receivables and short-term financial assets, which was partially offset by an increase in cash and cash equivalents.

The decrease in current assets, versus 31 March 2020, stems mainly the from decrease in trade receivables and decrease in inventories, which was partially compensated by an increase in cash and cash equivalents.

3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions compared to 31 December 2019, stems mainly from the increase in long-term liabilities due to the valuation of lease liabilities expressed in foreign currencies. The increase in lease liabilities was partially offset by a decrease in loan liabilities and a decrease in liabilities under the put option.

The decrease in non-current liabilities and provisions compared to 31 March 2020, stems mainly from reduction of long-term liabilities in connection with the valuation of lease liabilities expressed in foreign currencies and reduction of liabilities under the put option.

3.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 31 December 2019, stems mainly from the decrease in trade liabilities, liabilities for the purchase of shares and fixed assets and the decrease in provisions, which was partially offset by an increase in tax liabilities, an increase in lease liabilities and liabilities under contracts with customers.

The increase in the balance of short-term liabilities and provisions, versus 31 March 2020, was mainly due to an increase in tax liabilities, lease liabilities and liabilities from contracts with customers, which was partially offset by the decrease in trade liabilities and for the purchase of shares.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 12

<i>in PLN million</i>	2Q 2020	2Q 2019	<i>% change yoy</i>	1H 2020	1H 2019	<i>% change yoy</i>
Net cash from operating activities	57.1	34.4	66.0%	115.8	88.8	30.4%
<i>Net cash from operating activities (excl. IFRS 16)</i>	51.8	16.8	208.3%	94.2	53.3	76.7%
Net cash from investment activities	(14.5)	(0.4)	3,525.0%	(10.6)	(112.2)	(90.6%)
Net cash from financing activities	(8.2)	(22.3)	(63.2%)	(33.0)	32.4	-
<i>Net cash from financing activities (excl. IFRS 16)</i>	(2.9)	(4.7)	(38.3%)	(11.4)	67.9	-
Total movement of cash and cash equivalents	34.4	11.7	194.0%	72.2	9.0	702.2%
Cash and cash equivalents at the end of period	133.3	42.0	217.4%	133.3	42.0	217.4%

As at 30 June 2020, the Group had PLN 133.4 million in cash and cash equivalents and short-term financial assets which include cash and cash equivalents in the amount of PLN 133.3 million (cash on hand and bank deposits) and granted loans in the amount of PLN 0.1 million.

In the first half of 2020, Agora S.A. has not been engaged in any currency options or any other derivatives used for speculative purposes.

On 24 April 2020 Agora S.A. signed Annex no. 6 ("Annex no. 6") to the Credit Limit Agreement ("Agreement") with DNB Bank Polska S.A. Under signed Annex no. 6, the period of availability of the credit limit of PLN 35.0 million which the Company may use was extended until 29 September 2020 on a similar basis as set out in the Agreement. The Annex suspended some of the Bank's existing requirements and introduced new ones reflecting the current financial situation of the Company i.a. as regards the Agora Group's EBITDA in the second quarter of 2020, the cash balance at the end of each month for the period until 30 April 2021 and the need to obtain the Bank's consent for the payment of the dividend in 2020. The company is working with the bank to further extend the availability of the credit limit and increase its amount.

Simultaneously, under Annex no. 6, repayment of installments of Non-renewable Loan 1 and Non-renewable Loan 2 was temporarily suspended for the period up to and including 30 September 2020. The repayment of interest is not covered by the term of the suspension. The Repayment of the capital installments due for the grace period for Non-renewable Loan 1 and Non-renewable Loan 2 shall take place on the date of the final repayment of the Non-renewable Loan 1 and on the date of the final repayment of Non-renewable Loan 2.

As a result, two installments of Non-renewable Loan 1 (each of PLN 2.1 million) were postponed until 1 April 2021 and two installments of Non-renewable Loan 2 (each of PLN 6.3 million) were postponed until 2 January 2023.

Helios S.A. also signed, on 29 March 2020, with Santander Bank Polska SA annexes to two investment loan agreements of 8 May 2015 and of 25 June 2015 extending the repayment dates of capital instalments to be paid from 31 March to 30 June 2020, in the total amount of PLN 0.7 million, until 30 September 2020 and in the case of one of the investment loan agreements (concluded on 18 May 2018) annex extending the repayment period of capital instalments to be paid from 31 March to 31 August 2020 in the total amount of PLN 0.5 million until 31 May 2023.

Helios also received a positive decision from Bank BNP Paribas Polska Spółka Akcyjna ("BNP Paribas") to extend the repayment of capital instalments of five investment loans granted by this bank, whose payment date falls from 31 March to 31 May 2020. According to information obtained from BNP Paribas, a new payment date of PLN 0.65 million

(the sum of three capital instalments resulting from three investment loan agreements) will be on 31 December 2020. Three capital instalments of a loan resulting from another agreement with this bank in the total amount of PLN 0.41 million will be payable by 29 October 2021, and three capital instalments due under the last contract with this bank, in the total amount of PLN 0.5 million, will be payable by 29 March 2024.

As at the date of this MD&A report, considering the cash position, the cash pooling system functioning in the Group and available credit facility, as well as taking into account acquiring of additional current financing for the Company and its subsidiary Helios S.A. on September 24, 2020 (described in note V.1 and V.1a), the Group does not anticipate any liquidity problems. At the same time, attention should be paid to the uncertainties accompanying these predictions, described in more detail in Chapter II.3 Perspectives of this report.

4.1. Operating activities

The cash flows from operating activities, in the first half of 2020, were higher comparing to the level recorded in the comparative period of the prior year.

4.2. Investment activities

Negative net cashflows from investing activities, in the first half of 2020, result mainly from investment expenditure for the purchase of tangible fixed assets and intangible assets and additional payments for shares in Piano Group Sp. z o.o. The above expenses were partially offset by the net proceeds from the sale of short-term securities and fixed assets and the proceeds from the sale of Plan D Sp. z o.o. enterprise (formerly Domiporta Sp. z o.o.).

4.3. Financing activities

Net outflows from financing activities in the half of 2020, stems mainly from an expenditure on repayment of loan and lease liabilities and additional purchase of shares in Piano Group Sp. z o.o.

5. SELECTED FINANCIAL RATIOS [5]

Tab.13

	2Q 2020	2Q 2019	% change yoy	1H 2020	1H 2019	% change yoy
Profitability ratios (1)						
Net profit margin	(27.7%)	(3.0%)	(24.7pp)	(13.0%)	(2.0%)	(11.0pp)
Gross profit margin	10.5%	28.7%	(18.2pp)	23.3%	28.4%	(5.1pp)
Return on equity	(15.9%)	(3.4%)	(12.5pp)	(11.9%)	(2.4%)	(9.5pp)
Efficiency ratios						
Inventory turnover	16 days	14 days	14.3%	11 days	13 days	(15.4%)
Debtors days (1)	103 days	61 days	68.9%	73 days	62 days	17.7%
Creditors days	54 days	31 days	74.2%	42 days	31 days	35.5%
Liquidity ratio (1)						
Current ratio	0.9	1.0	(10.0%)	0.9	1.0	(10.0%)
Financing ratios (1)						
Gearing ratio	2.7%	5.8%	(3.1pp)	2.7%	5.8%	(3.1pp)
Interest cover	(41.8)	(7.6)	450.0%	(24.6)	(4.8)	412.5%
Free cash flow interest cover	38.2	1.0	3,720.0%	22.5	5.1	341.2%

1) financial ratios excluding impact of IFRS 16;

Definitions of financial ratios [5] are presented at the end of part IV of this MD&A ("Operating review – major segments of the Agora Group").

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP

IV.A. MOVIES AND BOOKS [1]

The Movies and Books segment includes the pro-forma consolidated financials of Helios S.A., NEXT FILM Sp. z o.o., Next Script Sp. z.o.o., Foodio Concepts Sp. z o.o. (until 2 June 2020) and Step Inside Sp. z o.o. which form the Helios group, and Agora's Publishing House.

Tab. 14

<i>in PLN million</i>	2Q 2020	2Q 2019	% change yoy	1H 2020	1H 2019	% change yoy
Total sales, including :	17.5	84.0	(79.2%)	157.6	242.0	(34.9%)
Tickets sales	0.1	39.3	(99.7%)	61.7	116.1	(46.9%)
Concession sales	-	17.9	-	25.8	48.8	(47.1%)
Advertising revenue (1)	0.1	6.4	(98.4%)	6.5	13.3	(51.1%)
Revenues from film activities (1),(2),(6)	6.3	3.8	65.8%	32.6	32.1	1.6%
Revenues from Publishing House	9.2	11.7	(21.4%)	21.1	23.6	(10.6%)
Total operating cost, including (5),(6):	(46.7)	(93.9)	(50.3%)	(183.7)	(227.6)	(19.3%)
Total operating cost without IFRS 16 (5),(6)	(38.4)	(95.3)	(59.7%)	(174.1)	(230.1)	(24.3%)
External services (3),(6)	(8.4)	(27.7)	(69.7%)	(64.2)	(89.5)	(28.3%)
External services without IFRS 16 (3),(6)	(12.5)	(42.0)	(70.2%)	(80.4)	(117.4)	(31.5%)
Staff cost (3)	(7.4)	(17.3)	(57.2%)	(24.2)	(34.0)	(28.8%)
Raw materials, energy and consumables (3)	(2.5)	(10.3)	(75.7%)	(15.3)	(22.1)	(30.8%)
D&A (3)	(22.1)	(20.6)	7.3%	(45.1)	(41.3)	9.2%
D&A without IFRS 16 (3)	(9.0)	(7.7)	16.9%	(18.4)	(15.9)	15.7%
Promotion and marketing (1), (3)	(0.2)	(4.8)	(95.8%)	(5.3)	(12.9)	(58.9%)
Costs related to Publishing House (4), (5)	(8.6)	(11.1)	(22.5%)	(20.1)	(22.8)	(11.8%)
Impairment losses (7)	(0.3)	-	-	(9.0)	-	-
EBIT	(29.2)	(9.9)	(194.9%)	(26.1)	14.4	-
EBIT margin	(166.9%)	(11.8%)	(155.1pp)	(16.6%)	6.0%	(22.6pp)
EBIT without IFRS 16	(20.9)	(11.3)	(85.0%)	(16.5)	11.9	-
EBIT margin without IFRS 16	(119.4%)	(13.5%)	(105.9pp)	(10.5%)	4.9%	(15.4pp)
EBITDA (4), (8)	(6.7)	10.8	-	28.3	55.9	(49.4%)
EBITDA margin	(38.3%)	12.9%	(51.2pp)	18.0%	23.1%	(5.1pp)
EBITDA without IFRS 16 (4), (8)	(11.5)	(3.5)	(228.6%)	11.2	28.0	(60.0%)
EBITDA margin without IFRS 16	(65.7%)	(4.2%)	(61.5pp)	7.1%	11.6%	(4.5pp)

- (1) the amounts do not include revenues and total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation;
- (2) the amounts comprise mainly the revenues from co-production and distribution of films;
- (3) the amounts do not include costs related to Publishing House division;
- (4) the amounts include D&A cost in Publishing House division, which in the first half of 2020 amounted to PLN 0.3 million, and PLN 0.1 million in the second quarter of 2020 (in the comparable period of 2019 it amounted to PLN 0.2 million and PLN 0.1 million, respectively);
- (5) the data include allocated costs of office space occupied by the Agora Publishing House;
- (6) mutual revenues within the Helios group have been eliminated from film revenues and costs of external services: between Helios S.A. and NEXT FILM Sp. z o.o.

- (7) *write-offs include a write-off of the value of fixed assets related to the activity of Foodio Concepts Sp. z o.o., which in the first half of 2020 amounted to PLN 9.0 million, and in the second quarter of 2020 only to PLN 0.3 million;*
- (8) *the EBITDA index is defined as EBIT increased by depreciation and impairment losses on fixed assets.*

In the second quarter of 2020, the Movies and Books segment reported a loss at the EBIT level in the amount of PLN 29.2 million and a loss at the EBITDA level of PLN 6.7 million.

The data for the corresponding period on accounting basis without IFRS 16 were as follows: a loss at the EBIT level in the amount of PLN 20.9 million and a loss at the EBITDA level of PLN 11.5 million.

The introduction of regulations related to COVID-19 outbreak decided on such results of the Movies and Books segment. The administrative closure of cinemas as of 12 March and restaurants as of 14 March 2020 had a negative impact on both the level of revenue and the results of the segment in the second quarter of 2020. The cinemas belonging to the Helios network remained closed until 3 July 2020.

The regulations related to COVID-19 introduced in March 2020 had also a negative impact on the food services activity developed within the segment. The eateries operating under the Pasibus brand reopened gradually, starting from 18 May 2020. On the other hand, the pandemic forced Helios S.A. to decide on the sale of shares of Foodio Concepts Sp. z o.o., the operator of eateries under the Papa Diego and Van Dog brands, and to write down the value of its shares in the amount of PLN 8.7 million in the first quarter of 2020, which also had a negative impact on the results of the first half of 2020. The total write-off on the fixed assets of Foodio Concepts amounted to PLN 9.0 million in the period from January to June 2020.

In the first half of 2020, the Movies and Books segment recorded a loss at the EBIT level which amounted to PLN 26.1 million. This result was influenced by, e.g., write-off on assets related to the activity of Foodio Concepts in the amount of PLN 9.0 million. The profit at the EBITDA level was also lower – by 49.4% – and amounted to PLN 28.3 million. At that time, without the impact of IFRS 16, the segment recorded a loss at the EBIT level in the amount of PLN 16.5 million and a profit at the EBITDA level in the amount of PLN 11.2 million.

1. REVENUE [3]

In the second quarter of 2020, the revenue of the Movies and Books segment decreased by 79.2% yoy and amounted to PLN 17.5 million.

The decline in the revenue as compared to the second quarter of 2019 resulted mainly from the lower inflows from cinema operations due to the administrative closure of cinemas. The ticket sales and advertising sales in cinemas amounted to PLN 0.1 million, and no revenue from cinema concession sales was recorded. At the same time, the revenue from the food services activity was lower than in the previous year, which was related to the discontinuance of operations of the Foodio Concepts company and the administrative closure of restaurants.

In the second quarter of 2020, the total revenue of the Movies and Books segment from the film co-production and distribution amounted to PLN 6.3 million, showing an increase by 65.8% in comparison with the corresponding period of 2019. This resulted, i.e., from the continuation of cooperation with Netflix, within which the new titles were made available for the platform users, i.e. *Jak zostałem gangsterem*, *Historia prawdziwa* and *365 Dni*. Due to the closure of cinemas, NEXT FILM did not introduce new titles to large screens in the second quarter of 2020.

In the second quarter of 2020, the revenue of the Agora Publishing House decreased by 21.4% in comparison with the second quarter of 2019 and amounted to PLN 9.2 million. This drop was determined by the introduction of the regulations related to the COVID-19 pandemic and the resulting closure of the stationary distribution network. In the discussed period, the Agora Publishing House sold approximately 0.2 million books, as well as music and film publications. The best-selling publications included books: *Kolejne 365 dni* by Blanka Lipińska and *Szczerze* by Donald Tusk, as well as an album by Michele Morrone titled *Dark Room*.

In the first half of 2020, the revenue of the Movies and Books segment decreased by 34.9% to the amount of PLN 157.6 million.

The decline in segment's inflows as compared to the first half of 2019 resulted mainly from the lower revenue from cinema operations noted due to the administrative closure of cinemas. The ticket sales decreased by 46.9% and amounted to PLN 61.7 million. This was the result of lower by 2.9 million yoy number of tickets sold. The proceeds from cinema concession sales dropped by 47.1% to PLN 25.8 million. The restrictions in cinema operations also had a negative impact on cinema advertising sales. The revenue from this category was lower by 51.1% compared to the

first half of 2019 and amounted to PLN 6.5 million. At the same time, despite the restriction in operations resulting from the COVID-19 pandemic, higher than the year before were the revenues from the food service activities of the segment, whose scale in the same period of 2019 was significantly smaller.

In the first half of 2020, the Movies and Books segment's total revenue from the film co-production and distribution amounted to PLN 32.6 million and was higher by 1.6% as compared to the corresponding period of 2019. The dynamics of the revenue increase were low which was connected with, i.a., a smaller number of new titles in the cinema distribution and the administrative closure of cinemas. In the first half of 2020, NEXT FILM introduced two Polish productions to large screens: *Jak zostałem gangsterem. Historia prawdziwa*, based on the facts, and a film adaptation of Blanka Lipińska's novel *365 Days*. Simultaneously, the films whose premiere took place in earlier periods were still screened. In the first half of 2020, NEXT FILM also continued its cooperation with Netflix, thanks to which the platform offered its users subsequent film productions to which the company from the Agora Group holds distribution rights.

In the first half of 2020, the revenue of the Agora Publishing House was lower by 10.6% than in the first half of 2019 and amounted to PLN 21.1 million. In the discussed period, the Agora Publishing House sold approximately 0.5 million books, as well as music and film publications. The best-selling publications included: books *Kolejne 365 dni (Another 365 Days)* by Blanka Lipińska, *Szczerze* by Donald Tusk and the biography of Élisabeth Revol *Przeżyć. Moja tragedia na Nanga Parbat*, as well as an album by Michele Morrone titled *Dark Room*.

2. COST

In the second quarter of 2020, operating costs of the Movies and Books segment decreased by 50.3% yoy and amounted to PLN 46.7 million.

The decline in operating expenses of the segment was mainly influenced by the closure of cinemas and restaurants in relation with the COVID-19 pandemic outbreak.

The decrease in costs of materials and energy consumed and the value of goods and materials sold by 75.7% to the amount of PLN 2.5 million also results from the restrictions introduced in connection with the COVID-19 pandemic: the administrative closure of cinemas and restaurants introduced in March 2020.

The reduction of staff costs by 57.2% to the amount of PLN 7.4 million results from the administrative closure of cinemas and restaurants introduced in March 2020, on one hand and, on the other hand, from the reduction in remuneration and benefits for employees by 20.0% for six months implemented in the Agora Group. In case of Helios group the reduction took place since March 12, 2020.

However, costs of external services, which amounted to PLN 8.4 million, went down by 69.7% yoy. This resulted primarily from lower costs of purchase of film copies and lower rental costs in cinemas, as well as lower costs related to food services activity. On the other hand, the payments for film producers increased due to the higher proceeds from the film distribution.

In addition, promotion and marketing costs of the Movies and Books segment decreased to PLN 0.2 million. This was mainly influenced by lower costs of advertising in cinemas, mainly settled in barter, and lower outlays on promotion in the area of the film distribution due to a smaller number of premieres in 2020.

Operating costs of the Agora Publishing House decreased by 22.5% and amounted to PLN 8.6 million. This drop was related to lower copy sales.

The segment's depreciation costs were higher, amounting to PLN 22.1 million in the second quarter of 2020. This was mainly connected with development of the Helios cinema network and of the food business.

In the first half of 2020, operating costs of the Movies and Books segment decreased by 19.3% yoy and amounted to PLN 183.7 million.

The costs of external services, in the amount of PLN 64.2 million, went down by 28.3% yoy. This resulted primarily from lower costs of purchase of film copies. On the other hand, costs of payments for film producers increased due to higher proceeds from the film distribution; higher were also costs of external services related to food business.

The decrease in costs of materials and energy consumed and the value of goods and materials sold by 30.8% to the amount of PLN 15.3 million was connected with the administrative closure of cinemas introduced in March 2020. The reduction of staff costs by 28.8% to the amount of PLN 24.2 million resulted from the administrative closure of cinemas and restaurants announced in March 2020, on one hand and, on the other hand, from the reduction in remuneration of employees by 20.0% introduced for six months since March 12, 2020.

Promotion and marketing costs of the Movies and Books segment also went down – by 58.9% to the amount of PLN 5.3 million. This was mainly influenced by lower expenditure on cinema advertising, mainly settled in barter, and lower outlays on promotion in the area of the film distribution due to a smaller number of premieres in 2020 and bearing a part of promotion costs in 2019.

Operating costs of the Agora Publishing House decreased by 11.8% and amounted to PLN 20.1 million, which was connected with e.g. lower promotion costs.

The segment's depreciation costs were higher and amounted to PLN 45.1 million in the first half of 2020. This was due to the development of the food business and the Helios cinema network.

The level of the segment's operating costs in the first half of 2020 was also affected by write-off on assets related to the operations of Foodio Concepts in the amount of PLN 9.0 million.

3. NEW INITIATIVES

The Helios network cinemas, similarly to other cinema facilities in Poland, were closed due to the pandemic by the administrative decision from 12 March to 6 June 2020. For the entire second quarter, the Helios multiplexes remained inactive and their opening – after such a possibility had been allowed by the state – took place on 3 July this year. In March 2020, Helios completed the investments started earlier in the Dream rooms in Kielce and in Katowice. They were made available to viewers with the reopening of the Helios cinema network across Poland. In June, intensive preparations for re-opening of the network facilities were taking place. The Helios team worked not only on adjusting cinemas to sanitary requirements, but also on creating the most attractive offer for viewers despite a limited repertoire.

In the second quarter of 2020, NEXT FILM company from the Helios Group, engaged in the film production and distribution, made titles from its portfolio available in distribution channels other than cinemas. On 1 April 2020, the film *365 Days*, distributed and co-produced by the company, had its premiere on Netflix. The erotic production directed by Barbara Białowąs and Tomasz Mandes, based on the best-selling novel by Blanka Lipińska, was released on large screens on 7 February and immediately became a hit. It was screened until the closure of cinemas introduced in order to the fight with the coronavirus pandemic – the film was seen by over 1.6 million viewers. The production quickly got to the first place among the films most willingly watched by the Polish viewers on the Netflix platform and it was soon made available in other countries. Furthermore, the document titled *Kult. Film* about the iconic Kult group, directed by Olga Bieniek and distributed by NEXT FILM, made its debut on the Internet in May this year.

In addition, the company recommended its titles available on VOD platforms to all those staying in the domestic isolation and prepared a unique list of film music *Next Film – The Best Of*, available in streaming services, for music enthusiasts. The list includes songs performed by numerous awarded and extremely popular artists, such as Michele Morrone, Muniak Staszczuk, Ania Karwan, Fisz Emade Tworzywo, Daria Zawiałow, Kortez, Organek, O.S.T.R. and Natalia Szroeder. The *Next Film – The Best Of* playlist consists of 15 film music compositions, e.g. songs from the soundtracks of such films as *The Coldest Game*, *Kamerdyner* or *365 Days*, as well as the Natalia Szroeder's hit titled *Zaprowadź mnie* from the family blockbuster *Tarapaty*. The premiere of sequel to this film was announced by NEXT FILM to be already in the autumn 2020.

In connection with the coronavirus pandemic, the Agora Publishing House initiated a unique charity action and a release of an extraordinary book titled *Nadzieja* in the second quarter of 2020. Olga Tokarczuk, Wiesław Myśliwski, Hanna Krall, Joanna Bator, Mariusz Szczygieł, Andrzej Stasiuk, Magdalena Grzebałkowska and other authors created a publication together with the Agora Publishing House, the entire income from which will be allocated to support help centres for seniors during the pandemic and after its end. The initiative was supported by the Agora Group's media and brands.

At the end of the second quarter of 2020, the Agora Publishing House returned with premieres of books. In June, five of them were published – both in the form of e-books or audio books and paper releases. They included a book by Katarzyna Boni titled *Auroville. Miasto z marzeń, Niepewność. Rozmowy o strachu i o nadziei* by Agnieszka Jucewicz and Tomasz Kwaśniewski, as well as *Prezes i Spółki. Imperium Jarosława Kaczyńskiego* by Agata Kondzińska and Iwona Szpala.

The food business of Agora, conducted within the Helios group, was also affected by the restrictions introduced in order to fight with COVID-19 – restaurants in Poland were closed since 14 March 2020. The burger restaurants operating under the Pasibus brand, developed within the Step Inside Sp. z o.o. company, started to invite guests from 18 May, resuming their work. In addition, in June 2020, another eateries of the Pasibus network were opened – this

time in the Old Market square in Bydgoszcz and the Riviera Centre in Gdynia. They are the seventh and the eighth restaurant, accordingly, created in cooperation with the Helios company. It is also worth mentioning that, at the time of the pandemic, the Pasibus team engaged in charity activities for seniors – meals prepared by the iconic network of burger restaurants were received by the elderly in need in Wrocław as part of the #PosiłekDlaSeniora action.

However, the pandemic forced Helios S.A. to decide on a write-off of the value of fixed assets related to the activity of Foodio Concepts Sp. z o.o. in the amount of PLN 9.0 million and to sell its shares. On 2 June 2020, Helios signed an agreement on the sale of all shares in Foodio Concepts to an external investor.

IV.B. PRESS [1]

The Press segment includes the pro-forma consolidated financials of *Gazeta Wyborcza* and Magazines division.

Tab. 15

<i>in PLN million</i>	2Q 2020	2Q 2019	% change yoy	1H 2020	1H 2019	% change yoy
Total sales, including :	42.9	65.3	(34.3%)	95.4	127.4	(25.1%)
Copy sales	24.3	27.0	(10.0%)	51.7	54.3	(4.8%)
incl. <i>Gazeta Wyborcza</i>	23.0	23.9	(3.8%)	48.3	48.3	-
Advertising revenue (1), (2)	11.5	23.7	(51.5%)	25.8	41.8	(38.3%)
incl. <i>Gazeta Wyborcza</i> (4)	10.6	19.9	(46.7%)	22.7	34.7	(34.6%)
Printing services (6)	6.0	11.2	(46.4%)	15.4	25.5	(39.6%)
Total operating cost, including :	(39.4)	(66.4)	(40.7%)	(91.3)	(138.7)	(34.2%)
Total operating cost without IFRS 16 :	(39.4)	(66.4)	(40.7%)	(91.3)	(138.7)	(34.2%)
Raw materials, energy, consumables and printing services	(10.5)	(20.3)	(48.3%)	(25.1)	(44.3)	(43.3%)
Staff cost	(18.6)	(27.8)	(33.1%)	(43.0)	(55.8)	(22.9%)
D&A	(1.5)	(2.9)	(48.3%)	(3.0)	(4.6)	(34.8%)
D&A without IFRS16	(1.5)	(2.9)	(48.3%)	(3.0)	(4.6)	(34.8%)
Promotion and marketing (1)(3)	(2.7)	(6.8)	(60.3%)	(6.6)	(11.1)	(40.5%)
Cost of restructuring (5)	-	-	-	-	(4.9)	-
EBIT	3.5	(1.1)	-	4.1	(11.3)	-
EBIT margin	8.2%	(1.7%)	9.9pp	4.3%	(8.9%)	13.2pp
EBIT without IFRS16	3.5	(1.1)	-	4.1	(11.3)	-
EBIT margin without IFRS16	8.2%	(1.7%)	9.9pp	4.3%	(8.9%)	13.2pp
EBITDA	5.0	1.8	177.8%	7.1	(6.7)	-
EBITDA margin	11.7%	2.8%	8.9pp	7.4%	(5.3%)	12.7pp
EBITDA without IFRS16	5.0	1.8	177.8%	7.1	(6.7)	-
EBITDA margin without IFRS16	11.7%	2.8%	8.9pp	7.4%	(5.3%)	12.7pp

- (1) the amounts do not include revenues and total cost of cross-promotion of different media between the Agora Group segments (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation;
- (2) the data include inflows from the sales of advertising on the websites: *Wyborcza.pl*, *Wyborcza.biz*, *Wysokie obcasy.pl* as well as on the local websites;
- (3) the amounts include, inter alia, costs of producing and promoting gadgets attached to *Gazeta Wyborcza* and other publications;
- (4) the data includes advertising revenues in *Gazeta Wyborcza*'s paper editions as well as advertisements published on *Wyborcza.pl*, *Wyborcza.biz*, *Wysokieobcasy.pl* and local websites. The comparative data for 2018 have been restated accordingly;
- (5) the amounts provided include the cost of the provision related to the restructuring of the Printing division in the first quarter of 2019;
- (6) from the third quarter of 2019, printing activities are not presented under a separate segment. It is related to the closure of two out of three printing houses in the Agora Group. The printing house in Warsaw, which continues its operations, mainly provides printing services for *Gazeta Wyborcza* and has been included in the Press segment structures. The amounts provided include revenues obtained from the provision of services to external clients; the comparative figures for 2019 have been restated accordingly.

Both in the second quarter of 2020 and in the first half of 2020, the Press segment recorded a higher operating result as compared to the corresponding period of 2019. The operating profit at the EBIT level in the second quarter of 2020 amounted to PLN 3.5 million and to PLN 4.1 million in the first half of 2020. The Press segment reported also a profit

at the EBITDA level both in the second quarter and in the first half of 2020, amounting to, respectively, PLN 5.0 million and PLN 7.1 million.

The implementation of the IFRS 16 standard had no significant impact on the method of recognizing costs in the Press segment or on the segment's operating results.

1. REVENUE

In the second quarter of 2020, the total revenue of the Press segment amounted to PLN 42.9 million and was by 34.3% lower than in the second quarter of 2019. In the first half of 2020, the total revenue of the Press segment amounted to PLN 95.4 million and was lower by 25.1% compared to the period from January to June 2019. In both periods discussed, the decrease in revenue was primarily driven by negative trends on the press advertising market, intensified by the COVID-19 pandemic outbreak and a reduction in the scale of the Agora's printing activity. On the other hand, the level of the segment's proceeds was positively affected by an increase in the revenue from the digital version of the daily, mainly related to a higher number of digital subscriptions, which at the end of June 2020 amounted to 243.3 thousand. The revenues from the sale of digital subscriptions increased by 71.0% yoy.

1.1. Revenue from copy sales

In the second quarter of 2020, proceeds of the Press segment from copy sales decreased by 10.0% as compared to the corresponding period of 2019 and amounted to PLN 24.3 million. In the first half of 2020, they were lower by 4.8% as compared to the corresponding period of 2019 and amounted to PLN 51.7 million.

Both in the second quarter and in the first half of 2020, *Gazeta Wyborcza* maintained its leading position in sales among the opinion-forming dailies. In the second quarter of 2020, the average copy sales of *Gazeta Wyborcza* amounted to 66.1 thousand copies and decreased by 23.1% as compared to the corresponding period of 2019. During this time, proceeds from sales of the *Gazeta Wyborcza* content dropped by only 3.8%, mainly due to increasing inflows from sales of digital subscriptions of the daily. In the first half of 2020, the average payable distribution of *Gazeta Wyborcza* amounted to 72.0 thousand copies and decreased by 18.9% as compared to the corresponding period of 2019. At that time, proceeds from sales of the *Gazeta Wyborcza* content amounted to PLN 48.3 million and were at the same level as in the previous year.

The value of the daily's copy sales was positively affected by the steadily growing number of *Wyborcza.pl* digital subscriptions – it amounted to 243.3 thousand at the end of June 2020, which represents an increase by 26.0% as compared to the corresponding period of 2019.

The aggregate data shows that in the period from January to June 2020 as many as 307 thousand people had an access to the paid content of *Gazeta Wyborcza* – traditional and digital editions in the form of subscriptions to *Wyborcza.pl*. These results combine the data on readers of the paper edition, *Wyborcza.pl* digital subscription, digital application and electronic edition of *Gazeta Wyborcza*. They were compiled on the basis of the data from the Audit Circulation Office and data provided by publisher of *Gazeta Wyborcza*.

At that point in time, as many as 10 million people a month read the texts of *Gazeta Wyborcza*. They were compiled on the basis of the data from the Polish Readership Survey, Gemius PBI survey

1.2. Advertising sales

In the second quarter of 2020, revenue from advertising sales in the Press segment decreased by 51.5% to PLN 11.5 million. In the first half of 2020, it was lower by 38.3% and amounted to PLN 25.8 million. In both periods discussed, this resulted mainly from lower proceeds from advertising sales in the paper edition of *Gazeta Wyborcza* and lower advertising proceeds related to a smaller number of the published titles.

In the second quarter of 2020, net revenue of *Gazeta Wyborcza* from its entire advertising activity amounted to PLN 10.6 million and was lower by 46.7% than in the second quarter of 2019. In the first half of 2020, *Gazeta Wyborcza*'s net advertising revenue from its entire advertising activity amounted to PLN 22.7 million and was lower by 34.6% than in the same period of previous year. The decreases were primarily caused by advertisers' reductions on expenditure on printed press in Poland by approximately 45.0%.

1.3. Revenue from sales of printing services

Both in the second quarter and the first half of 2020, the Print segment's revenue from sales of printing services to external customers decreased yoy to PLN 6.0 million and PLN 15.4 million, respectively. The significant decline in proceeds from printing services resulted primarily from the phasing out two out of three the Agora Group's printing plants in 2019 and from a lower volume of orders for printing services.

2. COST

In the second quarter of 2020, the segment's operating costs decreased by 40.7% to PLN 39.4 million and by 34.2% to PLN 91.3 million in the first half of 2020. It should be noted that the comparability of operating costs in the first half of 2020 and in the first half of 2019 was influenced by costs of the printing activity restructuring in the amount of PLN 4.9 million incurred in 2019.

A key factor contributing to the reduction in the segment's operating costs both in the second quarter and in the first half of 2020 were lower yoy costs of materials, energy, goods and printing services which resulted from the reduction of printing services and lower printing volume of the titles published. In the second quarter of 2020, this category of costs decreased by 48.3% yoy to PLN 10.5 million and in the first half of 2020 – by 43.3% yoy to PLN 25.1 million.

Additionally, in the second quarter and in the first half of 2020, staff costs were reduced – by 33.1% and 22.9%, respectively, as compared to the corresponding periods of 2019. This was mainly attributable to a lower number of full-time employees which resulted from the reduction in headcount as part of the collective redundancies process carried out in the first quarter of 2019 related to the restructuring of printing activity. An additional factor contributing to the reduction of staff costs in the Press segment and in the whole Agora Group was the conclusion of an agreement with the social side on reducing working time and remuneration by 20.0% as of 15 April 2020 for the period of six months.

Both in the second quarter and in the first half of 2020, depreciation costs decreased significantly – by 48.3% yoy and 34.8% yoy, respectively. This was related to the phasing out of two out of three of the Agora Group's printing plants at the end of the second quarter of 2019.

In both periods discussed, promotion and marketing costs were significantly reduced. In the second quarter of 2020, they decreased by 60.3% yoy to PLN 2.7 million and in the first half of 2020 – by 40.5% yoy to PLN 6.6 million.

3. NEW INITIATIVES

Since the outbreak of the COVID-19 pandemic, *Gazeta Wyborcza* additionally supported its readers – special content was published for them every day in the traditional and digital editions of the daily; the editors also prepared new propositions and special actions. They included e.g. *Codzienny Poradnik Antywirusowy* with information and answers to readers' questions, the campaign *Prawnicy Czytelnikom* in which lawyers from reputable law firms helped *Gazeta Wyborcza*'s recipients to find themselves in the new legal reality, as well as an educational service for students and parents with interesting texts and video lessons.

Thinking about foreigners staying in the country, a new section of *Wyborcza.pl* was created - *News from Poland*, where the editorial team presents daily English-language articles and information about current events, especially those related to the coronavirus pandemic. On the other hand, the journalists of *Gazeta Wyborcza* talk to experts about what the world will look like after the pandemic and how our life will change as part of the special edition of the *Jutronauci* action. Since May 2020, the podcast *Jutronauci: świat po pandemii* is added to the articles.

Special circumstances related to the fight against COVID-19 resulted in a change in the demand of *Gazeta Wyborcza* and *Wyborcza.pl* readers for content. Economics, labour market and entrepreneurship are the topics that have been promoted to the first place of information needs by many recipients. In order to meet these needs, the editors of *Gazeta Wyborcza* decided to establish a new section, which was created from the previously functioning separate departments, i.e. Economy, My Business and Technology. Its team prepared i.a. a special newsletter with information and a guide for small and medium-sized businesses, as well as the content of the e-book *Prowadzenie firmy w czasie pandemii i kryzysu*, which is supposed to help entrepreneurs. The digital subscribers of *Gazeta Wyborcza* from the companies and institutions segment were first to access the edition available on *Wyborcza.pl*.

In addition, in the second quarter of 2020, *Gazeta Wyborcza* continued the series of publications and activities dedicated to ecology. In June, the editors launched the *JednaPlaneta.JednoŻycie* project, with articles concerning individual environmental problems, published every week in the newspaper and on Wyborcza.pl. Local editorial offices of *Gazeta Wyborcza* conducted an action and plebiscite called *Supermiasta* organised on the occasion of the 30th anniversary of the first elections for municipal councils in the history of the Third Republic of Poland. Readers and Internet users gave over 39 thousand votes, indicating the greatest successes of their cities since 1990. An important part of the *Supermiasta* campaign included publications concerning development of cities and special magazines prepared by the editorial board. In June, the editorial board started a pro-turnout campaign, encouraging people to vote in the presidential elections.

Since 19 June 2020, Friday editions of *Gazeta Wyborcza* have been available at the press sales points at a new price of PLN 5.99 (increase by PLN 0.5). Every Friday, *Gazeta Wyborcza* offers extensive editions to its readers, including the Polish nationwide part, local magazines created by editorial boards from the entire Poland, the cultural pages of *Co jest Grane*, as well as the *Wyborcza TV* supplement – this is a large portion of reading, prepared for the weekend. Since the pandemic outbreak, there has been a significant increase not only in the results of Wyborcza.pl, but also in the number of paid digital subscriptions of *Gazeta Wyborcza*. The community of Wyborcza.pl subscribers has already exceeded 243 thousand. Along with those who buy the paper edition, the daily has a total of 307 thousand readers paying for access to content. The increase in the number of subscriptions for the content of Wyborcza.pl was supported by special actions and offers prepared by the team of the daily. In the second quarter of 2020, these were e.g. offers for users of MyBenefit platform, who could buy digital subscription of *Gazeta Wyborcza* at an attractive price together with access to selected e-learning courses which Instytut Dobrego Życia offers, as well as for customers of the Prezent Marzeń shopping platform, who received a discount code for access to Wyborcza.pl with every gift voucher. *Gazeta Wyborcza* also launched a new offer of digital subscriptions for business, addressed to clients from the PR and promotion industry – its subscribers, along with the possibility of using Wyborcza.pl, also received e-books prepared by the editorial board and access to the course of Instytut Dobrego Życia dedicated to public speaking. Wyborcza.pl has also introduced another convenience for subscribers – customers of mobile networks. This time, these were subscribers of the Plus network, who can pay for the digital subscription of *Gazeta Wyborcza* together with their phone bill. On the other hand, T-Mobile customers could have accessed the basic Wyborcza.pl package in the My T-Mobile application in a temporary, special offer.

The team of *Gazeta Wyborcza* will improve their skills related to functioning in the digital world thanks to participation in the Google News Initiative (GNI) Subscriptions Lab programme, organised by Google together with the International News Media Association (INMA) and FT Strategies, the *Financial Times* advisory board. As announced in April 2020, *Gazeta Wyborcza* was among the eight European publishers selected for The GNI Subscriptions Lab project. Together with the media from seven countries, the *Wyborcza's* team will work on strengthening the digital subscriptions offer by sharing publisher experiences and jointly finding the most effective solutions.

The Press segment's team also prepared special editions and supplements in the second quarter of 2020. Readers could reach out for e.g. special editions of *Magazyn Świąteczny* published under the titles *Wyborcza na Nowe Życie*, *Magazyn Świąteczny wychodzi w majówkę*, *Wyborcza nieco bez troska*, and *Wyborcza na Wyprawę*, as well as *Niszczenie Trójki* supplement – another edition of *Czarna księga PiS*, a series summarizing and commenting on activities of the governing party.

The editorial board of *Książki. Magazyn do czytania* offered the possibility to download the bi-monthly magazine as a part of the subscription, with no additional fees, to the subscribers of the digital edition of *Gazeta Wyborcza*. The new edition of the magazine could also be ordered by readers with free delivery or they could choose an attractive offer of the annual subscription, receiving two issues as a gift.

IV.C. OUTDOOR

The Outdoor segment consists of the pro-forma consolidated data of companies: AMS S.A., AMS Serwis Sp. z o.o. (formerly Adpol Sp. z o.o.), Optimizers Sp. z o.o. (since June 30, 2019) and Piano Group Sp. z o.o. (since July 1, 2019), which is 100% shareholder of Benefit Multimedia Sp. z o.o. SKA and sole shareholder of Benefit Multimedia Sp. z o.o. which is the only general partner in Benefit Multimedia Sp. z o.o. SKA.

Tab. 16

<i>in PLN million</i>	2Q 2020	2Q 2019	<i>% change yoy</i>	1H 2020	1H 2019	<i>% change yoy</i>
Total sales, including:	13.3	50.7	(73.8%)	45.2	86.6	(47.8%)
Advertising revenue (1)	12.2	50.3	(75.7%)	43.5	85.4	(49.1%)
Total operating cost, including:	(33.4)	(38.7)	(13.7%)	(67.8)	(73.5)	(7.8%)
Total operating cost without IFRS 16	(33.1)	(38.8)	(14.7%)	(67.7)	(73.6)	(8.0%)
Maintenance cost (1)	(8.0)	(12.0)	(33.3%)	(18.5)	(23.5)	(21.3%)
Maintenance cost without IFRS 16 (1)	(11.1)	(14.6)	(24.0%)	(25.6)	(28.3)	(9.5%)
Execution of campaigns (1)	(2.0)	(7.5)	(73.3%)	(6.6)	(12.7)	(48.0%)
Staff cost	(3.9)	(6.1)	(36.1%)	(10.1)	(11.9)	(15.1%)
Promotion and marketing	(0.7)	(1.3)	(46.2%)	(1.9)	(2.8)	(32.1%)
D&A	(8.9)	(7.3)	21.9%	(18.2)	(14.3)	27.3%
D&A without IFRS 16	(5.5)	(4.8)	14.6%	(11.0)	(9.6)	14.6%
Impairment losses (2)	(6.7)	-	-	(6.7)	-	-
EBIT	(20.1)	12.0	-	(22.6)	13.1	-
EBIT margin	(151.1%)	23.7%	(174.8pp)	(50.0%)	15.1%	(65.1pp)
EBIT without IFRS 16	(19.8)	11.9	-	(22.5)	13.0	-
EBIT margin without IFRS 16	(148.9%)	23.5%	(172.4pp)	(49.8%)	15.0%	(64.8pp)
EBITDA (2)	(4.5)	19.3	-	2.3	27.4	(91.6%)
EBITDA margin	(33.8%)	38.1%	(71.9pp)	5.1%	31.6%	(26.5pp)
EBITDA without IFRS 16 (2)	(7.6)	16.7	-	(4.8)	22.6	-
EBITDA margin without IFRS 16	(57.1%)	32.9%	(90.0pp)	(10.6%)	26.1%	(36.7pp)
Number of advertising spaces (3)	22 989	23 579	(2.5%)	22 989	23 579	(2.5%)

(1) the amounts do not include revenues, direct and variable cost of cross-promotion of Agora's other media on AMS panels if such promotion was executed without prior reservation;

(2) the amounts include reversals of impairment losses on non-current assets included in the calculation of the EBITDA index;

(3) excluding advertising panels on busses and trams as well as ATMs and CityInfo and MoveTV panels.

Due to the decrease in revenue caused by the COVID-19 pandemic and a write-off on assets, the Outdoor Advertising segment recorded an operating loss at the EBIT level in the amount of PLN 20.1 million in the second quarter of 2020 and PLN 22.6 million in the first half of 2020. The write-off on assets in the amount of PLN 6.7 million was a result of the review of the panel portfolio and the decision to write down those of them which - due to the predicted development of the outdoor advertising market in the medium term - cannot be used to the extent ensuring attainment of their previous book value. The segment recorded a loss of PLN 4.5 million at the EBITDA level in the second quarter of 2020 and a profit of PLN 2.3 million in the first half of 2020.

The loss at the EBIT level presented excluding the impact of IFRS 16 amounted to PLN 19.8 million in the second quarter of 2020 and PLN 22.5 million in the first half of 2020. In this regard, the segment's loss at the EBITDA level amounted to PLN 7.6 million in the second quarter of 2020 and PLN 4.8 million in the period from January to June 2020.

1. REVENUE [8]

Both in the second quarter and in the first half of 2020, the revenue from the AMS Group advertising sales was lower than in the corresponding periods of 2019 (decrease by 75.7% and 49.1%, respectively). The outbreak of COVID-19 pandemic had a negative impact on the revenue dynamics of this business. In connection with the restrictions aimed at stopping the spread of the pandemic, the possibility of some enterprises to conduct business activity was suspended (e.g. shopping centres, cultural institutions, gyms or hotels), which contributed to withholding of advertising activities. These companies which could operate reduced their advertising activity significantly due to high uncertainty concerning further development of the situation and due to the economic slowdown caused by the pandemic. An additional factor negatively affecting the revenue level of the AMS Group was the reduction in patronage campaigns and proceeds from poster printing services, which are a derivative of sales in the classical advertising segment.

In the second quarter of 2020, the value of expenditure on outdoor advertising in Poland, according to the IGRZ (the Outdoor Advertising Chamber) report, decreased by 71.1% as compared to the corresponding period of the previous year, and in the first half of 2020, this expenditure was 44.5% lower than in the first half of 2019.

In the second quarter of 2020, the estimated share of the AMS group in outdoor advertising expenditure amounted to over 26.0%, and in the entire first half of 2020 – to over 29.5% [8].

2. COST

Operating costs of the Outdoor segment, both in the second quarter and in the entire first half of 2020, decreased by 13.7% and 7.8%, respectively, as compared to the corresponding periods of 2019, and amounted to PLN 33.4 million and PLN 67.8 million. This decreases occurred despite the write-off of some panels (in the amount of PLN 6.7 million) which - due to the predicted development of the outdoor advertising market in the medium term - cannot be used to the extent ensuring attainment of their previous book value. In both periods discussed, costs were reduced in all items except for depreciation, due to i.a. acceleration of depreciation of selected advertising panels, obtaining new concessions for the construction of shelters, purchase of a system of panels and modernization of some of the advertising panels. The increase in depreciation was also influenced by the greater number of digital panels yoy, investment in panels in the project Miejski System Informacji and in technological solutions.

Lower by 73.3% costs of campaign execution in the amount of PLN 2.0 million in the second quarter of 2020 and by 48.0% amounting to PLN 6.6 million in the first half of 2020 resulted from a decrease in revenue due to a smaller number of carried out campaigns. The costs of printing posters and vinyls, replacement and distribution of posters and purchase of advertising space on public means of transport were limited. The decrease in promotion and marketing costs in the second quarter of 2020 by 46.2% to PLN 0.7 million was triggered by lower total outlays on patronage and commercial campaigns, where the patronage part is settled in the form of barter and charged to promotion and marketing costs. In the entire first half of 2020, marketing and promotion expenditures decreased by 32.1% yoy due to lower costs of patronage and commercial campaigns and amounted to PLN 1.9 million.

Costs of the system maintenance decreased by 33.3% to PLN 8.0 million in the second quarter of 2020 and by 21.3% to PLN 18.5 million in the first half of 2020. These reductions resulted from implementation of savings measures in terms of lease costs, as well as ongoing maintenance and renovation of advertising panels.

The decrease in staff costs by 36.1% in the second quarter of 2020 to PLN 3.9 million and by 15.1% to PLN 10.1 million in the first half of 2020 was due to the temporary reduction in the working time and remuneration of all employees of the Outdoor segment and lower variable remuneration as a result of lower revenue. Another element contributing to the decrease in these costs was also the lack of reserve for the motivational plans implemented in the Group. The segment's operating costs presented on an accounting basis excluding the impact of IFRS 16, both in the second quarter of 2020 and in the entire first half of 2020, were lower than in the corresponding periods of 2019 and amounted to, respectively, PLN 33.1 million and PLN 67.7 million.

3. NEW INITIATIVES

In June 2020, AMS was awarded the contract for two packages of bus stop shelters in Gdansk, which will ensure continuity of advertising activities in this city for customers of the company for the next 14 months. The procedure regarded operation and use of bus stop shelters with the possibility of installing advertising panels of the citylight type. AMS will have a total of 120 bus stop shelters in the central points of Gdansk at their disposal. Additionally, in Wroclaw, AMS also extended the possibility of offering the citylight panels in bus stop shelters to its customers for the period of 3 years, thanks to the agreement concluded with ZDiUM.

In connection with the ongoing COVID-19 pandemic, AMS continued social campaigns related to this topic and, under preferential conditions, provided its panels to customers who wanted to widely inform about their efforts to fight with the virus spreading.

IV.D. INTERNET [1], [6]

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department (Gazeta.pl), Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Yieldbird Sp. z o.o., Goldenline Sp. z o.o. and Optimizers Sp. z o.o. (till June 30, 2019) and HRLink Sp. z o.o. (Online Technologies HR Sp. z o.o. previously) (since September 1, 2019).

Tab. 17

in PLN million	2Q 2020	2Q 2019	% change yoy	1-2Q 2020	1-2Q 2019	% change yoy
Total sales , including	43.6	48.5	(10.1%)	91.0	86.1	5.7%
Display ad sales (1)	40.0	43.5	(8.0%)	81.2	76.3	6.4%
Total operating cost, including (2)	(35.0)	(43.6)	(19.7%)	(92.9)	(79.8)	16.4%
Total operating cost without IFRS 16 (2)	(35.0)	(43.6)	(19.7%)	(92.9)	(79.8)	16.4%
External services	(24.5)	(26.1)	(6.1%)	(51.3)	(44.2)	16.1%
External services without IFRS 16	(24.5)	(26.1)	(6.1%)	(51.3)	(44.2)	16.1%
Staff cost	(10.0)	(12.3)	(18.7%)	(23.5)	(25.2)	(6.7%)
D&A	(2.3)	(1.7)	35.3%	(4.3)	(3.1)	38.7%
D&A without IFRS 16	(2.3)	(1.7)	35.3%	(4.3)	(3.1)	38.7%
Promotion and marketing (1)	(1.2)	(1.9)	(36.8%)	(3.2)	(4.4)	(27.3%)
Cost of group lay-offs	(1.4)	-	-	(1.4)	-	-
Impairment losses	-	-	-	(12.7)	-	-
EBIT	8.6	4.9	75.5%	(1.9)	6.3	-
EBIT margin	19.7%	10.1%	9.6pp	(2.1%)	7.3%	(9.4pp)
EBIT without IFRS 16	8.6	4.9	75.5%	(1.9)	6.3	-
EBIT margin without IFRS 16	19.7%	10.1%	9.6pp	(2.1%)	7.3%	(9.4pp)
EBITDA	10.9	6.6	65.2%	15.1	9.4	60.6%
EBITDA margin	25.0%	13.6%	11.4pp	16.6%	10.9%	5.7pp
EBITDA without IFRS 16	10.9	6.6	65.2%	15.1	9.4	60.6%
EBITDA margin without IFRS 16	25.0%	13.6%	11.4pp	16.6%	10.9%	5.7pp

(1) the amounts do not include total revenues and cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation, as well as exclude the inter-company sales between Agora's Internet Department, Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Yieldbird Sp. z o.o., GoldenLine Sp. z o.o. and Optimizers Sp. z o.o. and HRLink Sp. z o.o.;

(2) the data include the allocated costs of office space occupied by the Agora's Internet Department;

(3) the given amounts include impairment losses on the assets of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.);

(4) the given amounts include the costs related to the voluntary departure program at Goldenline Sp. z o. o. and group lay-offs in Plan D Sp. z o.o. (formerly Domiporta Sp. z o. o.).

Operating results of the Internet segment in the second quarter and in the entire first half of 2020 were affected by the COVID-19 pandemic outbreak and by write-off on assets of the Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), as well as restructuring of this company and the Goldenline company. Despite these negative events, the result of the Internet segment at the EBIT level in the second quarter of 2020 increased to PLN 8.6 million, and at the EBITDA level – to PLN 10.9 million [1].

In the first half of 2020, due to the write-off on assets of the Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in the amount of PLN 12.7 million, the operating loss of the Internet segment at the EBIT level amounted to PLN 1.9 million (as the result of undertaken negotiations, the Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) was sold on 8 June 2020. The segment's result at the EBITDA level, on the other hand, increased by 60.6% to PLN 15.1 million.

Implementation of the IFRS 16 standard had no significant effect on the recognition of operating costs in the Internet segment or on the segment's operating results.

1. REVENUE

In the second quarter of 2020, total revenue of the Internet segment decreased by 10.1% and amounted to PLN 43.6 million. In the first half of 2020, on the other hand, it increased by 5.7% to the amount of PLN 91.0 million. The main factor responsible for the decrease in the segment's proceeds in the second quarter of 2020 were lower advertising sales generated by the Gazeta.pl section and the Yeldbird company. The level of the segment's revenue in both periods discussed was also negatively affected by the reduction of the Goldenline company's activity and lower revenue from real estate services. The outbreak of the COVID-19 pandemic had the largest negative impact on the level of the segment revenue in the second quarter of 2020.

2. COST

In the second quarter of 2020, operating costs of the Internet segment decreased by 19.7% and amounted to PLN 35.0 million. Their decrease in this period was primarily caused by the reduction in staff costs and lower costs of external services. In the first half of 2020, operating costs increased by 16.4% and amounted to PLN 92.9 million. The increase in operating costs in this period was significantly influenced by higher expenditure on external services related mainly to costs of lease of advertising spaces and to the write-off on assets of the Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in the amount of PLN 12.7 million.

In the second quarter of 2020, costs of external services decreased by 6.1% to the amount of PLN 24.5 million. It was influenced by lower costs of services in Gazeta.pl, lower costs of lease of advertising spaces in the Yeldbird company and lower costs in the Goldenline company in connection with the reduction of its activity. In the first half of 2020, costs of external services grew by 16.1% to PLN 51.3 million. The increase in expenditure on external services was mostly driven by higher lease costs of advertising spaces in the Yeldbird company. However, the increase in this cost category was offset by higher revenue from advertising sales in Yeldbird.

In the second quarter of 2020, staff costs decreased by 18.7%, whereas in the entire first half of 2020, they dropped by 6.7%. That was mainly the effect of the reduced number of full-time employees in the Gazeta.pl section and the Yeldbird company. In addition, on 15 April 2020, the Management Board of Agora S.A. concluded an agreement with the social side on the temporary reduction in working time and remuneration costs in the Agora Group, resulting in the temporary decrease in remuneration costs under employment contracts, contracts of mandate and other contracts for services by 20.0% for six months. This decision was aimed at reducing the negative impact of the COVID-19 pandemic on financial results of Agora and its subsidiaries. On 23 April 2020, consultations with trade unions on group redundancies in the Goldenline company were also completed, which resulted in the launch of a voluntary redundancy programme in April 2020, joined by 26 employees. The cost of implementation of this programme in the second quarter of 2020 amounted to PLN 0.9 million. In the period from April to June 2020, the programme of group redundancies was also carried out in the Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) – costs of this process stood at PLN 0.5 million.

Both in the second quarter and in the first half of 2020, depreciation costs increased by 35.3% and 38.7%, respectively, and amounted to PLN 2.3 million and PLN 4.3 million. The increase in this costs item was mostly driven by investments made to modernise technological infrastructure of the Gazeta.pl service, which allowed to develop advertising products and improve the website visibility in search results of the most popular search engines.

In the second quarter of 2020, promotion and marketing costs decreased by 36.8% yoy and amounted to PLN 1.2 million. This drop was mainly due to lower expenditure on the promotion of Gazeta.pl and Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.). In the first half of 2020, expenditure on marketing and promotion decreased by 27.3% to the amount of PLN 3.2 million and it was associated with lower outlays on the promotion of Gazeta.pl and Goldenline.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In June 2020, the overall reach of the Gazeta.pl group websites among Polish Internet users stood at 57.9%, and the number of users reached 15.8 million, which made the Gazeta.pl group the tenth market player according to a survey by Gemius PBI. The total number of page views of the Gazeta.pl group websites reached 554 million, with the average viewing time of 54 minutes per user [6].

In June 2020, 12.5 million Internet users viewed the websites of Gazeta.pl group on mobile devices. The number of mobile page views amounted to 405 million, and the share of mobile page views on the websites of Gazeta.pl group stood at 73% and was the highest among Polish horizontal portals [6].

The websites of Gazeta.pl group are ranked among the top thematic market players. In accordance with the data from Gemius PBI for June 2020, Gazeta.pl group is the leader of the category 'Children and family' (eDziecko.pl) and is ranked third in the following categories: 'Local and regional news' (e.g. local websites of Wyborcza.pl and Metrowarszawa.pl) 'Sport' (e.g. Sport.pl) and 'Gossip, celebrity life' (Plotek.pl).

The websites of Gazeta.pl group are also highly ranked in the following categories: 'Information and journalism – general' (fourth place in category – i.a. *Wyborcza.pl*, *Wiadomości.gazeta.pl*, *Tokfm.pl*), 'Fashion and beauty' (fourth place in category, *Avanti24.pl*), 'Women' (fifth place in category, *Kobieta.gazeta.pl* and *Wysokieobcasy.pl*), 'Automotive' (fifth place in category, *Moto.pl* and *Autotrader.pl*), 'Biznes, finance, law' (seventh place in category, *Nextgazeta.pl*) and 'Culinary and cooking' (ninth place in category, *Haps.pl*, *Ugotuj.to*, *Magazyn-kuchnia.pl*).

4. NEW INITIATIVES

Following the latest market trends, Gazeta.pl expanded its video offer in the second quarter of 2020 with new interactive formats as part of the development of the player functions. Thanks to them, users can check a selected set of clothes without leaving home, see a new car model without visiting a showroom or visit a holiday destination before making the final decision about the destination.

The Sport.pl team, in the difficult situation related to the coronavirus, focused on proprietary analyzes and new editorial cycles. Among them were *Sportowa rozmowa dnia* (Sports Conversation of the Day) - a video interview with an athlete or a person from the world of sports, and *Tydzień z* (Week with) - a series in which journalists of the website focused on specific figures from the world of sports. The editors of the website also intensively developed the topic of esports - the section devoted to virtual games is one of the key editorial directions for the next several months. From May to June, the struggles in POLISH ESPORT CUP 2020 - the largest esports event in Poland, also lasted. Over 7,000 players - amateurs and semi-professionals - competed for cash and material prizes worth PLN 50 thousand, organized by Sport.pl, Actina and PACT.

The HRlink company from Agora's capital group together with partners from the HR industry launched a unique project in April 2020 aimed at people, companies and institutions affected by the current crisis. #HRwspiera is an action that combines technological and psychological support, proposing concrete actions and real help to dismissed employees, companies reducing employment and those that continue to recruit employees - mainly online. The HRlink.pl platform includes, among others tools for people with a notice who are looking for a new job, and companies could take advantage of a series of free online events - conferences and webinars.

Due to the COVID-19 pandemic and the economic slowdown, Agora has revised and optimized its portfolio of internet ventures. The company decided to abandon those projects which were deprived of growth prospects in the new situation and focus on the most important assets. As a result, the restructuring and sale of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), as well as restructuring and limiting the scale of operations of Goldenline Sp. z o.o.

IV.E. RADIO

The Radio segment includes the pro-forma consolidated financials of Agora's Radio Department, all local radio stations and a super-regional radio TOK FM, which are parts of the Agora Group. These include: 24 Golden Hits (Złote Przeboje) local radio stations, 4 local radio stations under the brand Rock Radio, 8 local stations broadcasting under the brand Radio Pogoda and a super-regional news radio TOK FM broadcasting in 23 metropolitan areas.

Tab. 18

<i>in PLN million</i>	2Q 2020	2Q 2019	% change yoy	1-2Q 2020	1-2Q 2019	% change yoy
Total sales, including :	14.9	27.9	(46.6%)	38.4	50.0	(23.2%)
Radio advertising revenue (1), (2)	13.2	22.7	(41.9%)	32.1	40.4	(20.5%)
Total operating cost, including: (2)	(15.9)	(24.3)	(34.6%)	(38.0)	(45.3)	(16.1%)
Total operating cost without IFRS 16 (2)	(16.0)	(24.3)	(34.2%)	(37.8)	(45.4)	(16.7%)
External services	(5.1)	(8.7)	(41.4%)	(12.9)	(16.3)	(20.9%)
External services without IFRS 16	(5.8)	(9.4)	(38.3%)	(14.4)	(17.7)	(18.6%)
Staff cost	(6.2)	(8.5)	(27.1%)	(14.8)	(17.1)	(13.5%)
D&A	(1.8)	(1.8)	-	(3.6)	(3.5)	2.9%
D&A without IFRS 16	(1.1)	(1.0)	10.0%	(2.2)	(2.1)	4.8%
Promotion and marketing (2)	(1.8)	(3.6)	(50.0%)	(3.6)	(5.3)	(32.1%)
EBIT	(1.0)	3.6	-	0.4	4.7	(91.5%)
EBIT margin	(6.7%)	12.9%	(19.6pp)	1.0%	9.4%	(8.4pp)
EBIT without IFRS 16	(1.1)	3.6	-	0.6	4.6	(87.0%)
EBIT margin without IFRS 16	(7.4%)	12.9%	(20.3pp)	1.6%	9.2%	(7.6pp)
EBITDA	0.8	5.4	(85.2%)	4.0	8.2	(51.2%)
EBITDA margin	5.4%	19.4%	(14.0pp)	10.4%	16.4%	(6.0pp)
EBITDA without IFRS 16	0.0	4.6	(100%)	2.8	6.7	(58.2%)
EBITDA margin without IFRS 16	0.0%	16.5%	(16.5pp)	7.3%	13.4%	(6.1pp)

(1) advertising revenues include revenues from brokerage services of proprietary and third-party air time;

(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation.

In the second quarter and the first half of 2020, the operating results of the Radio segment at both the EBIT and EBITDA levels, were lower yoy. In the second quarter of 2020, radio business recorded a loss at the EBIT level in the amount of PLN 1.0 million and a profit at the EBITDA level in the amount of PLN 0.8 million. The Radio segment ended the first half of 2020 with a profit both at the EBIT and EBITDA levels in the amount of PLN 0.4 million and PLN 4.0 million, respectively. The segment results were lower than in the previous year, mainly due to the negative effects of the COVID-19 pandemic. As the result, the Radio segment recorded a decrease in revenue mainly from sales of advertising services at own stations and from sales brokerage services provided to Helios cinemas, which, due to an administrative decision, had to suspend their activity. In the first half of 2020, the operating profit of the Radio segment at the EBIT level on an accounting basis excluding the impact of the IFRS 16 standard amounted to PLN 0.6 million, despite an operating loss of PLN 1.1 million recorded in the second quarter of 2020. The EBITDA level of this segment presented on the same basis amounted to PLN 2.8 million in the first half of 2020 and to PLN 0.0 million in the second quarter of 2020.

1. REVENUE [3]

In the second quarter of 2020, the revenue of the Radio segment decreased by 46.6% as compared to the second quarter of 2019 and amounted to PLN 14.9 million. In the first half of 2020, they went down by 23.2% yoy and amounted to PLN 38.4 million. In both periods discussed, the decrease in revenue was caused by the COVID-19 pandemic, outbreak of which resulted in the reduction of inflows from sales of airtime at the stations owned by the

Agora Radio Group, proceeds from sales brokerage services regarding airtime at the stations of other broadcasters and from sales brokerage services provided to Helios cinemas. It is also worth noting that in the second quarter of 2020, market expenditure on radio advertising decreased by 35.5% as compared to the corresponding period of 2019. In the period from January to June 2020, advertisers reduced their expenditure on radio advertising in Poland by 19.0%.

However, in both discussed periods of 2020, proceeds from the Internet activity of the segment were higher.

2. COST

In the second quarter of 2020, the operating costs of the Radio segment were reduced by 34.6% yoy and amounted to PLN 15.9 million. As a result, in the first half of 2020, the operating costs of the segment decreased by 16.1% and amounted to PLN 38.0 million. In the second quarter of 2020, the costs of external services decreased by 41.4% to PLN 5.1 million, while in the first half of 2020 they were lower by 20.9% and amounted to PLN 12.9 million. In connection with the administrative decision to suspend the cinema activity as of 12 March 2020, costs related to sales brokerage services provided to Helios cinemas decreased in both periods discussed. Moreover, a decline was recorded in costs of purchase of airtime at the stations owned by other broadcasters in connection with advertising sales brokerage services, as well as in costs of marketing research. Apart from expenses related to sales brokerage for Helios cinemas and sales of advertisements at the stations of other broadcasters, the external services item also includes rental fees, production services as well as operator fees. In connection with the decision on the temporary reduction in remuneration by 20.0% for the period of six months (as of 15 April 2020) in the Agora Group, staff costs decreased in both analyzed periods of 2020. They amounted to PLN 6.2 million in the second quarter of 2020 and to PLN 14.8 million in the first half of 2020.

The expenditure on promotion and marketing decreased in the second quarter of 2020 by 50.0% to PLN 1.8 million. This translated into a decrease in promotion and marketing costs by 32.1% to PLN 3.6 million in the entire first half of 2020.

In the second quarter of 2020, operating costs of the Radio segment presented on an accounting basis excluding the impact of the IFRS 16 standard amounted to PLN 16.0 million and were lower by 34.2% than in the corresponding period of 2019. In the first half of 2020, these costs amounted to PLN 37.8 million and were lower by 16.7% than in the first half of 2019. The outlays on external services presented in this way decreased by 38.3% to PLN 5.8 million in the second quarter of 2020 and this decrease was 18.6% to the amount of PLN 14.4 million in the first half of 2020. Depreciation costs increased slightly both in the second quarter and in the entire first half of 2020.

3. AUDIENCE SHARES [8]

Tab. 19

% share in listening	2Q 2020	change in pp yoy	1H 2020	change in pp yoy
Group's music radio stations (Rock Radio, Złote Przeboje and Radio Pogoda)	4.2%	0.0pp	4.2%	(0.2pp)
News talk radio station TOK FM	2.6%	0.5pp	2.4%	0.3pp

4. NEW INITIATIVES

In the period from March to May 2020, during the difficult time related to the outbreak of the pandemic and in the dynamically changing political situation in Poland, the station reported record results in terms of listening ratings. According to the Radio Track report, the share of Radio TOK FM in the listening time increased to 2.6%. In all the cities of broadcasting, the station occupied the 3rd place in terms of listening ratings and held the vice-leader position in the biggest agglomerations. According to the research data, TOK FM improved its market share by almost 25.0% over the last year. This resulted, i.a., from the consistent implementation of the strategy based on focusing the attention of listeners on the elections and election campaigns, as well as from the work of the well-integrated and professional team of the station.

In the second quarter of 2020, the number of TOK FM Premium accesses sold also increased – it exceeded 24 thousand at the end of June 2019. This is an increase by 38.5% as compared to the end of the second quarter of 2019. It's another great result of Radio TOK FM, which intensively expands its digital premium offer. The station's podcast

library includes over 200 broadcasts and thematic series on a variety of topics, such as politics, economics, society, research and guides, and it contains more than 75 thousand podcasts.

In the second quarter of 2020, Doradztwo Mediowe from Agora Radio Group decided to support entrepreneurs in dealing with the effects of the pandemic. The company offered them the opportunity to use free advertising consultations – experts from Doradztwo Mediowe prepared, i.a., a strategy for promoting clients' activities related to the fight against the coronavirus.

NOTES

[1] The performance measure "EBIT" represents net operating profit/(loss) defined as net profit/(loss) in accordance with IFRS before finance income and costs, share of results of equity accounted investees and income taxes.

The performance measure "EBITDA" is defined as EBIT increased by depreciation and amortization and impairment losses of property, plant and equipment, intangible assets and right-of-use assets.

In the Management Board opinion, EBITDA constitutes a useful supplementary financial indicator in assessing the performance of the Group and its operating segments. It should be taken into account, that EBIT and EBITDA are not measures determined by IFRS and have not a uniform standard of calculation. Accordingly, their calculation and presentation by the Group may differ from that applied by other companies.

EBIT and EBITDA of Press, Internet, Movies and Books as well as Print segments are calculated on the basis of cost directly attributable to the appropriate operating segment of the Agora Group and excludes allocations of all Company's overheads (such as: cost of Agora's Management Board and a majority of cost of the Company's supporting divisions), which are included in reconciling positions.

Moreover, EBIT of particular operating segments does not include depreciation and amortisation recognised on consolidation as described in note 4 to the condensed semi-annual consolidated financial statements.

[2] the data on ticket sales in the cinemas comprising Helios group come from the accounting data of Helios reported in accordance with full calendar periods.

[3] The data relate to advertisements and listings in six media (press, radio, television, outdoor advertising, internet, cinema). In this report, Agora revised data on advertising expenditure in TV in the second quarter of 2019, as well as on online advertising expenditure in the first quarter of 2020.

Unless explicitly stated otherwise, press and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure as well as advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods.

Data for advertising expenditure in press relate only to display advertisements, excluding inserts, classified ads and obituaries. As a basis for estimates rate card data from monitoring of Kantar Media were used.

Expenses for advertising on television, cinema and the Internet are based on preliminary estimates of the Starcom media house; TV market estimates include amounts related to broadcasting regular advertising and sponsorship indications along with product placement, but they do not include amounts related to teleshopping or other forms of promotion.

[4] Data on "sales" for paid dailies is presented according to the information provided by the Press Control and Distribution Association (ZKDP). The term "sales" as used in this commentary means "total issue sales" from declarations made by publishers to the National Circulation Audit Office (ZKDP). All average measures (grouping more than one title) are calculated according to the principle of Total Sales / Number of Issues for the title that has the most issues during the period. On the basis of the calculated average, the year-on-year dynamics are shown.

[5] Definition of ratios:

$$\text{Net profit margin} = \frac{\text{Net profit / (loss) attributable to equity holders of the parent}}{\text{Revenue}}$$

$$\text{Gross profit margin} = \frac{\text{Gross profit / (loss) on sales}}{\text{Revenue}}$$

$$\text{Return on equity} = \frac{\text{Net profit / (loss) attributable to equity holders of the parent}}{(\text{Equity attributable to equity holders of the parent at the beginning of the period} + \text{Equity attributable to equity holders of the parent at the end of the period}) / 2 / (2 \text{ for semi-annual results and } 4 \text{ for quarterly results})}$$

$$\text{Debtors days} = \frac{(\text{Trade receivables gross at the beginning of the period} + \text{Trade receivables gross at the end of the period}) / 2}{\text{Revenue / no. of days}}$$

$$\text{Creditors days} = \frac{(\text{Trade creditors at the beginning and the end of the period} + \text{accruals for uninvoiced costs at the beginning and the end of the period}) / 2}{(\text{Cost of sales} + \text{selling expenses} + \text{administrative expenses}) / \text{no. of days}}$$

$$\text{Inventory turnover} = \frac{(\text{Inventories at the beginning of the period} + \text{Inventories at the end of the period}) / 2}{\text{Cost of sales / no. of days}}$$

$$\text{Current ratio I} = \frac{\text{Current Assets}}{\text{Current liabilities}}$$

$$\text{Gearing ratio} = \frac{\text{Current and non-current liabilities from loans and leases} - \text{cash and cash equivalents} - \text{highly liquid short-term monetary assets}}{\text{Total equity and liabilities}}$$

$$\text{Interest cover} = \frac{\text{Operating profit / (loss)}}{\text{Interest charge}}$$

$$\text{Free cash flow interest cover} = \frac{\text{Free cash flow}^*}{\text{Interest charge}}$$

* Free cash flow = Net cash from operating activities + Purchase of property plant and equipment and intangibles excluding investment expenditure incurred for the equipment of cinemas to the extent that they are resold to the owners of real estate where cinemas are located.

[6] Real users, page views and spent time on the basis of Gemius PBI, cover Internet users age 7 years and above, connecting to Internet from the territory of Poland and include only Internet domains registered on Agora S.A. in Gemius SA's Registry of Service Providers. Real users data of the Gazeta.pl group services are audited by Gemius SA.

Since May 2016 a new methodology of Gemius PBI research has been introduced. According to the new methodology the data is presented jointly for PCs and mobile platforms, and the reach of websites is reported accordingly. The way of weighing data and the definitions of indices also changed.

The data for mobile platforms present the traffic through www as well as - since December 2016 - through mobile applications (Gazeta.pl LIVE, Sport.PL LIVE, Moje Dziecko, Moja Ciaza, Tuba.fm, Aplikacja Gazeta Wyborcza, Clou).

[7] Source: report prepared by Izba Gospodarcza Reklamy Zewnętrznej (IGRZ) in cooperation with Starlink company.

[8] Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarter) in whole population and in the age group of 15+, from March to June (sample for 2019: 21,007; sample for 2020: 20,980), from January to June (sample for 2019: 41,993; for 2020: 42,011).

[9] The data on cinema ticket sales are estimates of Helios group prepared on the basis of data received from Boxoffice.pl (based on reports submitted by distributors of film copies). Cinema ticket sales are reported for periods, which do not cover a calendar month, quarter or year. The number of tickets sold in the given period is calculated from the first Friday of a given month, quarter or year until the first Thursday of the next reporting month, quarter or year.

V. ADDITIONAL INFORMATION

1. IMPORTANT EVENTS

► Significant events for the Company's business activities

In the current report of March 23, 2020, the Management Board of Agora S.A. informed that according to the current assessment of the situation as at March 22, 2020, the Company expected that the effects of the COVID-19 coronavirus pandemic announced by the World Health Organization WHO and actions undertaken by the government administration to limit the further spread of the virus will have a significant negative impact on the financial results of Agora and its subsidiaries in the second quarter of 2020.

At the same time, the Company emphasized that, taking into account the factors of high uncertainty, including the unpredictable duration of the continued epidemic threat and the scale of all restrictions related to it, as well as their economic effects, also after the epidemic threat ceases, it is impossible to estimate the full impact of pandemic on the current and future financial results of Company and its group.

The company noted that the negative impact on its activities will have, among others: administrative closure of cinemas and limiting the activities of food eateries of the Group; slowdown in economic growth, which will have an impact on the suspension of investment processes and advertisers' activity; suspension of film productions or postponement of dates of film premieres; recommendations for staying at home and closing book sales outlets and possible difficulties with distributing newspapers.

At the same time, the Company observed an increase in the popularity of its content, also in the form of paid digital subscriptions. At this stage, the Company does not notice any alarming changes in the volume of sales of paper publications of its press titles.

The Company also drew attention to the increased risk of payment gridlocks on the side of its contractors and possible problems with recovering amounts due from them. The Group's business partners include entities that have been particularly affected by the restrictions imposed on business operations. The weakening of the Polish currency against other currencies may also have a negative impact on the level of costs of the Agora Group.

The company informed that is already implementing measures to limit the negative financial consequences for the Agora Group related to the spread of coronavirus. All expenses, including investment expenditure, which do not condition the continuation of the basic activity of particular businesses have been postponed, and scenarios of subsequent austerity measures are being developed, depending on the duration of the pandemic and its impact on running business operations, as well as legislative and administrative solutions to reduce these consequences.

Despite the cost savings measures already undertaken by the Company, the circumstances described above will have a significant negative impact on the financial results of the Group at least in the second quarter of 2020. However, depending on the duration of the epidemic threat, the scale of all restrictions related to COVID-19 as well as their economic effects, also after the cessation of the epidemic threat, the negative impact on the Group's financial results may also persist in the following quarters of 2020.

The Management Board of Agora emphasized that the above assessment was made in accordance with the actual legal status of situation and the best knowledge of the Company as at the date of this regulatory filing, however the extent of the impact is unknown and impossible to estimate, and depends on factors that are beyond the Company's impact or control. Possible new conditions significantly affecting the generated financial results and the situation of the Agora Group or more precise estimates of the impact of a pandemic on Agora's results will be disclosed by the Company in subsequent regulatory filings.

In the current report of May 28, 2020, The Management Board of Agora S.A., with reference to current report 19/2018 of 15 June 2018 and 10/2020 of 23 March 2020, informed that, on the basis of analyzes made by the Company, that the outbreak of the COVID-19 pandemic and its long-term effects on the Polish economy and on the

Agora Group will prevent Agora from meeting the financial goals set out in the Agora Group Strategy for 2018-2022 ("Strategy") by the end of 2022.

At the same time, the Management Board of Agora recognizes the development directions of the Agora Group outlined in the Strategy as attractive and does not resign from their implementation at this stage. However, the pace and scale of the Group's activities will be significantly different from those assumed in the Strategy and depend on the process of lifting sanitary restrictions in Poland, the further course of the pandemic, the social effects of the coronavirus, the development of the economic situation and the impact of these aspects on the activities of the Agora Group. The factor that will affect the ability of the Group to implement its strategic plans will also be the date of return to negotiations with the consortium of banks on financing the development activities of the Agora Group.

The Management Board of Agora has undertaken both savings and liquidity measures to ensure the financial security of the Group by the end of 2020, as well as time for further negotiations with banks on financing the Agora Group.

When the crisis caused by the pandemic ends and after the stabilization of the economic situation, the Company's Management Board will re-examine the development plans of the Agora Group, its business portfolio and new market environment and shall review strategic plans on that basis.

Information on the financing of the Agora Group

In the current report of March 29, 2020, the Management Board of Agora S.A., with reference to the report 6/2019 of 11 March 2019 on the commencement of negotiations with a consortium of banks in order to obtain a loan, among others, for financing or refinancing acquisition expenses and investment projects of the Agora Group, in line with the business strategy for 2018-2022, as well as to finance working capital and general corporate goals, informed that due to the pandemic of the coronavirus, these negotiations are suspended until the end of it. The both parties declared the willingness to resume talks after the pandemic ends and are currently focusing, within bilateral relations, on providing financing to the Company and the Helios group (Helios SA and its subsidiaries) until the end of the fight against the effects of the pandemic.

As part of these talks and with reference to regulatory filings no. 6/2017 of 25 May 2017, no. 13/2018 of 18 May 2018, no. 8/2019 of 29 March 2019, no. 24/2019 of 29 August 2019 and no. 28/2019 of 23 December 2019 regarding the Credit Limit Agreement with the bank DNB Bank Polska Spółka Akcyjna, Agora informed about signing on March 29, 2020 the Arrangement to the above Agreement, extending the date of repayment of capital instalments of credit line made available under the Agreement, which are to be repaid on 1 April 2020 in the amount of PLN 8.3 million, by 4 May 2020. The Company also began talks to further prolong the repayment of capital instalments under the above Agreement.

Agora also informed that its subsidiary Helios S.A. with its registered office in Łódź, also signed on March 29, 2020, with Santander Bank Polska SA annexes to two investment loan agreements of 8 May 2015 and of 25 June 2015 extending the repayment dates of capital instalments to be paid from 31 March to 30 June 2020, in the total amount of PLN 0.7 million, until 30 September 2020 and in the case of one of the investment loan agreements (concluded on 18 May 2018) annex extending the repayment period of capital instalments to be paid from 31 March to 31 August 2020 in the total amount of PLN 0.5 million until 31 May 2023.

Helios also received a positive decision from Bank BNP Paribas Polska Spółka Akcyjna to extend the repayment of capital instalments of five investment loans granted by this bank, whose payment date falls from 31 March to 31 May 2020. According to information obtained from BNP Paribas, a new payment date of PLN 0.65 million (the sum of three capital instalments resulting from three investment loan agreements) will be on 31 December 2020. Three capital instalments of a loan resulting from another agreement with this bank in the total amount of PLN 0.41 million will be payable by 29 October 2021, and three capital instalments due under the last contract with this bank, in the total amount of PLN 0.5 million, will be payable by 29 March 2024.

In the current report of April 24, 2020, the Management Board of Agora S.A., with reference to the report No. 6/2017 of May 25, 2017, No.13/2018 of May 18, 2018, No. 8/2019 of March 29, 2019, No. 24/2019 of August 29, 2019, No. 28/2019 of December 23, 2019 and No. 12/2020 of March 29, 2020, regarding the Credit Limit Agreement ("Agreement") with the bank DNB Bank Polska S.A. ("Bank"), announced the signing, on April 24, 2020, of Annex No. 6 to the above Agreement ("Annex No. 6").

Pursuant to the signed Annex No. 6, the period of availability of the credit limit in the amount of 35,000,000.00 PLN (thirty-five million zlotys), which the Company may use, was extended until September 29, 2020 on the same principles as in the Agreement on which the company announced in current reports of May 25, 2017, May 18, 2018, March 29, 2019, August 29, 2019 and No. 28/2019 of December 23, 2019. Annex suspended some of the previous requirements of the Bank and introduced new ones reflecting the current financial situation of the Company, among others announced new requirements as to the Agora Group's result at the EBITDA level in the second quarter of 2020, the amount of cash balance at the end of each month in the loan period to April, 30 2021, and the need to obtain the Bank's consent for dividend payment in 2020.

At the same time, pursuant to Annex No. 6, the repayments of capital installments for Non-Renewable Credit 1 and Non-Renewable Credit 2 were temporarily suspended for the period up to and including September 30, 2020. The grace period does not include repayment of interest. The repayment of principal installments due for the grace period for Non-Renewable Credit 1 and Non-Renewable Credit 2 will be made on the day of final repayment of Non-Renewable Credit 1 and on the day of final repayment of Non-Renewable Credit 2.

As a result, two installments of Non-Renewable Credit 1 (each in the amount of 2.1 million PLN) were postponed until April 1, 2021, and two installments of Non-Renewable Credit 2 (each in the amount of 6.3 million PLN) were postponed until January 2, 2023.

The Credit Limit bears interest at WIBOR for one-month deposits in PLN increased by the Bank's margin. In the event of a failure to pay part or all of the Bank's receivables by the deadline specified in the Agreement, Bank will charge the Company with interest in the amount of the base rate plus penalty interest. In addition, there are no provisions regarding contractual penalties in Annex No. 6.

In the current report of September 24, 2020, the Management Board of Agora S.A. informed that on September 24, 2020, the Company concluded an overdraft agreement for PLN 65.0 million ("Overdraft Agreement") and Annex No. 7 to the Credit Limit Agreement of May 25, 2017 ("Annex No. 7").

The company informed about the conclusion of the Credit Limit Agreement in the current report 6/2017 of May 25, 2017 and about changes thereto in reports no. 13/2018 of May 18, 2018, and no. 8/2019 of March 29, 2019, no. 24/2019 of August 29, 2019, no. 28/2019 of December 23, 2019, no. 12/2020 of March 29, 2020 and no. 17/2020 of April 24, 2020.

At the same time, the Management Board of the Company informed that the process of concluding the Overdraft Agreement and Annex No. 7 was considered a process extended in time. In the course of this process, the Company identified an intermediate stage which itself met the criteria for being classified as confidential. Providing confidential information about the occurrence of an intermediate stage in the process of concluding the Overdraft Agreement and Annex No. 7 was delayed until the conclusion of the Overdraft Agreement and Annex No. 7 pursuant to Art. 17 sec. 1 and 4 of the Regulation of the European Parliament and of the Council No. 596/2014 of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6 / EC of the European Parliament and of the Council and Commission Directive 2003/124 / EC, 2003/125 / EC and 2004/72 / EC ("MAR Regulation") and Art. 4 of the Commission Implementing Regulation (EU) 2016/1055 of June 29 2016 laying down implementing technical standards with regard to the technical conditions for proper disclosure of inside information to the public and delaying the disclosure of inside information to the public in accordance with the Regulation of the European Parliament and of the Council (EU) No. 596/2014 ("Executive Regulation") due to the protection of the legitimate interests of the Issuer, i.e. the risk of a negative impact of providing information on the possibility of concluding the Credit Agreement and Annex No. 7. The intermediate stage referred to above was agreeing on the content of the letter of intent with DNB Bank Polska SA on indicative financing conditions for Agora S.A. with a guarantee of repayment of 80% of the loan value by Bank Gospodarstwa Krajowego ("BGK") on July 29, 2020 and an amendment to the Credit Limit Agreement of May 25, 2017.

Pursuant to the signed Overdraft Agreement and Annex No. 7, and after meeting the conditions for establishing legal security for the repayment of the loan and meeting other requirements usually applied when granting loans of a comparable amount, the Company will have an available overdraft facility up to a total amount of PLN 100.0 million. ("Credit"). The financing conditions granted under the Overdraft Agreement and Annex 7 are identical.

The funds from the credit facility can be used to finance Agora's day-to-day operations, including replacement and development investments, excluding refinancing of other debt.

The funds under the Overdraft Agreement are available till September 22, 2022, and under Annex No. 7 till September 28, 2022.

The collaterals for the financing granted were typical for these agreements and, in accordance with the provisions of the Overdraft Agreement and Annex No. 7 include i.a. a declaration of voluntary submission to enforcement by the Company, a contractual mortgage established for the benefit of the Bank on real estate located in Warsaw at 8/10 Czerska Street, on the real estate of which the Company has the right of perpetual usufruct and the ownership of the building located thereon, transfer of rights under the insurance policy on the above real estate, pledge on shares / stocks of subsidiaries and a guarantee of Bank Gospodarstwa Krajowego under the PLG FGP portfolio guarantee line secured with a blank bill of exchange covering 80% of the overdraft facility amount.

The margin on overdraft facilities was set at a constant level not deviating from the market standards and reflects the financial position of the Company as well as collaterals provided to the Banks, while the margin on non-revolving loans granted under the agreement of May 25, 2017 will depend on the Company's debt ratio in relation to EBITDA topped up by received dividends.

The amount of the fee under BGK's guarantee was in line with the standard values adopted by BGK and reflects the assessment of Agora's financial standing. In addition, during the financing period, the Company is required to maintain at an agreed level the financial ratios relating to investment expenditure, turnover of receivables, receivables write-offs, impairment losses on property, plant and equipment, investments and intangible assets, as well as EBITDA increased by received dividends. In addition, the Company is obliged, inter alia, to obtain the Bank's consent to pay dividends, implement the share buyback program, make acquisitions, sell shares in subsidiaries or incur additional financial liabilities by the Company and its selected subsidiaries. Nor can it encumber its fixed assets.

The value of the financing granted may be reduced if the Company does not receive the forecasted dividends and at the same time fails to achieve the forecasted EBITDA result increased by the dividends received. The Bank may also decide not to pay the funds under the Overdraft in the event of a change in control over the Company.

The credit will bear interest at the WIBOR rate for one-month deposits in PLN increased by the Bank's margin. In the event of a breach of the contract, the Bank may, inter alia, increase the margin, and in the event of overdue debt, it will charge the Company with interest increased by the Bank's margin. In addition, the Agreement does not contain provisions on contractual penalties.

Content of delayed confidential information was published on the Company's website.

▶ **Conclusion of a property sale contract**

In the current report of February 6, 2020, the Management Board of Agora S.A. with its registered seat in Warsaw informed that on February, 5th 2020 the Company concluded an agreement to sell ownership rights to plot of land number 133, precinct: 4-07-05, area 0.4623 ha, constituting part of the real estate for which the District Court for Warsaw - Mokotów in Warsaw, IX Land and Mortgage Register Department keeps land and mortgage/land registration No. WA3M / 00516612/1 (former No. WA3M / 00171401/8), together with the main building and buildings placed on the above plot of land („Property”) and a contract for the sale of ownership rights of selected movables, specified in detail in the transaction documentation („Movables”).

The decision to sell Property and Movables results from the fact that the Company does not effectively use the entire area of Real Estate for operating activities.

At the same time, the Management Board of the Company informed that the process of Property contract conclusion, which resulted in signing the Agreement, have been recognized as a process extended in time. In the course of this process, the Company has identified intermediate stages, each of which meets the criteria of confidential information. The provision of confidential information on the intermediate stages in the process of contract conclusion was delayed until the conclusion of an agreement for the sale of Property and Movables, pursuant to Article 17 clause 1 and 4 of the Regulation of the European Parliament and of the Council No 596/2014 of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR") and Article 4 of Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council ("Implementing Regulation"), due to the protection of the Issuer's legitimate interest, i.e. the risk of negative impact of providing the information on the possibility of completing an agreement of sale of Property and Movables by the Company. One of the intermediate stages was conclusion of preliminary agreement of sale of ownership rights to Property, accompanied by conclusion of the contract to sell ownership rights of selected movables.

Total amount of inflow from sale of all assets amounted to PLN 11.0 million net, and its impact on the operating result of the Agora Group in 1Q2020 shall amount to ca PLN 6.7 million.

The value of the Property is not significant from the Company's perspective, however, due to its one-off and non-operational character and its positive impact on the operating results of the Agora Group for 1Q2020, information about the transaction should be made public in a current report.

The following intermediate stages of the negotiation process were delayed:

- of 26 November 2019 commencing negotiations on the sale of Property and Movables
- of 9 December 2019 preliminary agreement of sale of ownership rights to plot of land number 133, precinct: 4-07-05, area 0.4623 ha, constituting part of the real estate for which the District Court for Warsaw - Mokotów in Warsaw, IX Land and Mortgage Register Department keeps land and mortgage/land registration No. WA3M / 00171401/8, together with the main building and buildings placed on the above plot of land („Property”) and the ownership rights of selected movables, specified in detail in the transaction documentation („Movables”).

The content of the delayed confidential information was published on the Company's website.

► **The agreed plan of merger of Agora S.A. and Agora-Poligrafia Sp. z o.o. and first notice to shareholders of intention to merge.**

In the current report of February 12, 2020, the Management Board of Agora S.A. informed that on February 12, 2020 Agora agreed with Agora-Poligrafia sp.z o.o. ("Agora-Poligrafia") the merger plan („Merger Plan”) between the companies.

According to the Merger Plan, the merging entities are Agora ("the Acquiring Company") and Agora-Poligrafia ("the Acquired Company"). The merger will take place in accordance with art. 492 § 1 item 1 of the Polish Commercial Companies Code (the "CCC"), i.e. by transferring all assets of the Acquired Company to the Acquiring Company. The merger will also take place under a simplified procedure pursuant to art. 516 § 6 of the CCC, without increasing Agora's share capital, as well as without changing the Company's statute, because Agora is the only shareholder of Agora Poligrafia.

In accordance with art. 516 § 5 of the CCC, the merging companies do prepare reports of the Management Boards justifying the merger and the Merger Plan will not be verified by a certified auditor as to its correctness and reliability.

Along with this regulatory filing, Agora will publish the Merger Plan, prepared on the basis of art. 499 and the following CCC. In accordance with art. 500 § 21 CCC, the Merger Plan is available on the websites of Agora (agora.pl) and Agora-Poligrafia (agorapoligrafia.pl).

The decision to merge companies is justified by the need to consolidate assets in the Acquiring Company. Until July 2019, the Acquired Company provided, among others printing services, employing staff specialized in these activities. Currently, the Acquired Company only manages its fixed assets and provides space rental services related solely to these assets, mainly for the Acquiring Company and related companies. At the end of February 2020, the last contract of employment will be terminated at the Acquired Company's workplace and the management of its assets will be taken over by Agora S.A.

Accordingly, the merger is a natural consequence of the changes described above. Its purpose is to simplify the organizational structures of the Acquiring Company capital group, which will improve management and eliminate some unnecessary processes, and as a result reduce the costs of managing the assets of the Acquired Company.

The content of the first notification of shareholders about the intention to merge, together with attachments constituting the financial statements of the Acquired Company and the Acquiring Company for the years 2016-2018 were published on the Company's website.

In the current report of February 28, 2020 the Management Board of Agora S.A. informed that in accordance with article 504 § 1 of the Polish Commercial Companies Code (the "CCC"), notified shareholders for the second time on the intention to merge Agora (the Acquiring Company) with Agora-Poligrafia (the Acquired Company). First notice of intention to merge was published in a regulatory filing 6/2020 dated 12 February 2020.

On June 25, 2020, the Ordinary General Meeting of Agora S.A. adopted a resolution to merge Agora S.A. and Agora - Poligrafia Sp. z o.o. by transferring all assets of Agora - Poligrafia Sp. z o.o. for Agora S.A. and agreed to the Merger Plan.

On July 14, 2020, the Extraordinary General Meeting of Agora - Poligrafia Sp. z o.o. adopted a resolution to merge Agora - Poligrafia Sp. z o.o. with Agora S.A. by transferring all the assets of the Acquired Company to the Acquiring Company, and consented to the merger on the terms specified in the agreed merger plan. On 13 August 2020 in the District Court for the Capital City of Warsaw in Warsaw, a resolution was submitted on the merger of the Acquired Company with the Acquiring Company in order to enter a note of such a resolution into the Register of Entrepreneurs of the National Court Register. On the same day, the merging companies applied for registration of the merger on October 1, 2020. As at the date of publication of this report, the above change has not been registered.

► **The procedure of a temporary reduction in the remuneration of staff cost in the Agora Group and the process of group layoffs in Goldenline Sp. z o.o.**

In the current report of April 6, 2020, the Management Board of Agora S.A. with reference to the report no. 10/2020 of 23 March 2020 on the negative impact of a pandemic on the results of the Agora Group, announced that on April 6, 2020, Agora initiated consultation with the inter-enterprise commission of NSZZ "Solidarność" "Agora SA and Inforadio Sp. z o.o. regarding actions planned by the Company to reduce the staff cost in the Group, including, inter alia, a temporary reduction by 20% cost of basic salary and fixed monthly salary for period of six months. In addition, in connection with the Act on April 7, 2006 about informing and consulting employees, talks will also be held with the Company's employees' council and employee representatives in companies belonging to the capital group in which there is no trade union organization.

As part of the above consultations, the Company, on behalf of the Management Board of Goldenline Sp. z o.o. with its registered office in Warsaw ("Goldenline"), planned to agree on the conditions of group layoffs in Goldenline. Restructuring activities, group layoffs, are associated with a decrease in Goldenline's revenues from the company's basic operating activities. The negative impact of the spreading coronavirus pandemic on Goldenline's activities and

the lack of an objective opportunity to improve the company's financial standing in the foreseeable time have caused the Company to undertake decisive restructuring measures, including a significant reduction in employment in Goldenline.

According to the information provided by the Company in the current report no. 10/2020 of 23 March 2020, the COVID-19 coronary pandemic and government administration measures taken to limit the further spread of the virus will have a significant negative impact on the financial results of Agora and its subsidiaries in the second quarter of 2020. The observation of the development of the pandemic in Poland and in the world, as well as its effects on the economy and operations of the Group, substantiates the continuation of its negative impact on the results of Agora and its subsidiaries in the third quarter of 2020. Decision to temporarily lower remuneration costs and reduce employment in Goldenline is another of a series of necessary savings measures carried out within the Agora Group, which are aimed at mitigating the negative consequences of a pandemic, including the inability to conduct business operations in selected sectors.

In the current report of April 15, 2020, the Management Board of Agora S.A., with reference to the reports: No. 10/2020 of 23 March 2020 on the negative impact of a pandemic on the results of the Agora Group and No. 13/2020 on commencing on 6 April 2020 consultation procedure with the inter-enterprise commission of NSZZ "Solidarność" Agora SA and Inforadio Sp. z o.o. ("Commission") regarding actions planned by the Company to reduce the staff cost in the Group, including, inter alia, a temporary reduction by 20% remuneration paid on the basis of employment contracts, mandate contracts and service contracts for the period of six months in companies subject to the Commission's action, informed about the conclusion of an appropriate agreement on this matter on 15 April 2020.

The Management Board of Agora estimates that the total savings due to the temporary reduction of remuneration in the Group should amount to approximately PLN 25.0 million. Additionally, selected companies from the Group will apply for co-financing of remuneration from the Guaranteed Employee Benefits Fund.

In the current report of April 23, 2020 Management Board of Agora S.A. with reference to the report no. 13/2020 of 6 April 2020 on commencing consultation with the inter-enterprise commission of NSZZ "Solidarność" Agora SA and Inforadio Sp. z o.o. regarding i.a. agreeing on the conditions of group layoffs in Goldenline Sp. z o.o. with its registered office in Warsaw ("Goldenline"), informed about termination of these consultations due to the termination of employment with majority of Goldenline's employees under the voluntary leave program.

As a part of the voluntary leave program, the employment relationship ended with 26 employees, representing nearly 80% of the Goldenline staff. The cost of implementing the voluntary leave program will amount to PLN 0.9 million and will affect Agora Group's financial results in the second quarter of 2020.

► Receipt by the Company of funds from the Guaranteed Employee Benefits Fund

In the current report of July 14, 2020, The Management Board of Agora S.A. with its registered office in Warsaw, with reference to the report 13/2020 of 6 April 2020 and 14/2020 of 20 April 2020, informed about receiving the first tranche of employee remuneration subsidy from the Voivodship Labor Office in Warsaw from the Guaranteed Employee Benefits Fund in the amount of PLN 2.79 million.

The funds received correspond to one third of the total amount requested by the Company (i.e. PLN 8.37 million).

Agora Group companies jointly applied for funding in the amount of PLN 13.9 million.

Receiving of the subsidy is connected with the obligation to submit documents necessary for its settlement within 30 days from the day of obtaining the last tranche of payment, and the final amount of the financing may change as a result of settlement.

Information on impairment tests conducted

In the current report of January 17, 2020, the Management Board of Agora S.A. informed that the Agora Group ("the Group") was in the process of verifying the valuation of its assets in accordance with the International Financial Reporting Standards, inter alia on the basis of an analysis of long-term financial forecasts for the individual business segments of the Group, the possible recoverable residual value of assets and the review of other assumptions made in the asset valuation models.

The above mentioned analyses show the necessity for revision of the value of assets in GoldenLine company and the value of Agora's stake in that company due to, inter alia, failure to achieve financial and operating targets by the company in 2019. The Management Board of Agora S.A. decided to write off the value of assets in the company to their estimated recoverable value.

The company estimates that the impact of impairment of assets in GoldenLine company on Agora's net result shall amount to ca PLN 11.2 million. The impact on the consolidated net financial result of the Agora Group shall amount to ca PLN 6.5 million and on the Group's operating result on the EBIT level to ca PLN 7.4 million in the fourth quarter of 2019.

General Meeting of Shareholders of Agora S.A.

In the current report of February 28, 2020, the Management Board of Agora S.A. informed about convening, for March 17, 2020, at 11 a.m., the Extraordinary General Meeting of Shareholders of Agora S.A. ("General Meeting of Shareholders"). The agenda of the General Meeting of Shareholders included, among other points regarding: (i) the adoption of a resolution on the creation and introduction of a Stock Option Plan, issuance of registered Subscription Warrants pursuant to the disapplication of preemption rights of existing shareholders, conditional increase of the Company's share capital pursuant to the disapplication of preemption rights of existing shareholders and amendment of the Company's Statute related to the foregoing, (ii) the merger of Agora S.A. ("the Acquiring Company") and Agora-Poligrafia ("the Acquired Company") by transferring all assets of the Acquired Company to the Acquiring Company.

In the current report of February 28, 2020, draft resolutions were published, subject to submission to the General Meeting of Shareholders.

In the current report of March 23, 2020, the Management Board of Agora S.A. informed about a resolution to cancel the Extraordinary General Meeting of Agora S.A. convened for 27 March 2020. The reason for the cancellation of the Assembly is SARS-CoV-2 virus pandemic in Poland. The Company's Management Board took into account recommendations regarding limitations on organisation of meetings and treated them very seriously. The Company wanted to avoid exposing any of its shareholders, proxies or employees to unnecessary risks, and the current provisions of Agora's Statute did not allow conducting the Assembly in a remote version.

In the current report of April 24, 2020, The Management Board of Agora S.A. informed, with reference to the report No. 10/2020 of March 23, 2020 regarding the negative impact of a pandemic on the results of the Agora Group, adopted a resolution on submitting a proposal to the Annual General Meeting regarding the allocation of profit, disclosed in the Company's financial statements for 2019 in the amount of 20 114 682.14 PLN (in words: twenty million one hundred fourteen thousand six hundred eighty two zlotys fourteen groszy), in full to the Company's reserve capital.

The above proposal constituted a departure from Agora's dividend policy announced on February 14, 2005. The withdrawal from the dividend policy is associated with the economic uncertainty caused by the COVID-19 coronavirus epidemic.

The above decision was approved by the members of the Supervisory Board.

In the current report of May 29, 2020, the Management Board of Agora S.A. informed about convening, for June 25, 2020, at 11 a.m., the Ordinary General Meeting of Shareholders of Agora S.A. ("General Meeting of Shareholders").

In the current report of May 29, 2020, draft resolutions were published, subject to submission to the General Meeting of Shareholders.

In the current report of June 25, 2020, the Management Board of Agora S.A. published the content of the resolutions adopted at the Ordinary General Meeting of Agora S.A. including the resolutions concerning: (i) adopting the "Policy of remuneration for Members of the Management Board and Supervisory Board of Agora S.A.", (ii) amending paragraph 19 sec. 2 point i) of the Company's Statute, (iii) on the merger of Agora S.A. ("Acquiring Company") with Agora - Poligrafia sp. z o.o. ("Acquired Company") by transferring all assets of the Acquired Company to the Acquiring Company.

In the current report of June 25, 2020, the Management Board of Agora S.A. informed that at the General Meeting of Shareholders held on June 25, 2020, the following shareholders held more than 5% of votes at that general meeting:

- Agora-Holding Sp. z o.o.: 22,528,252 votes, i.e. 48.33% of votes at that Ordinary General Meeting of Shareholders and 35.36% of the total number of votes;
- Otwarty Fundusz Emerytalny PZU "Złota Jesień": 8,126,434 votes, i.e. 17.44% of votes at that Ordinary General Meeting of Shareholders and 12.76% of the total number of votes;
- MDIF Media Holdings I, LL: 5,355,645 votes, i.e. 11.49% of votes at that Ordinary General Meeting of Shareholders and 8.41% of the total number of votes;
- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4,200,000 votes, i.e. 9.01% of votes at that Ordinary General Meeting of Shareholders and 6.59% of the total number of votes.

► Dates of publication of periodic reports in 2020

In the current report of January 29, 2020, The Management Board of Agora S.A. announced the publication dates of Agora Group's periodic reports in 2020.

At the same time, the Company announced that it will not:

- (i) publish separate stand-alone quarterly reports. Consolidated quarterly reports of the Agora Group will include condensed consolidated quarterly financial statement.
- (ii) publish an individual semi-annual report, therefore, the consolidated semi-annual report will include a condensed semi-annual financial statement along with the report of the entity authorized to audit the statements and abridged additional information.
- (iii) publish consolidated quarterly report for the fourth quarter of 2019 and second quarter of 2020.

In the current report of April 24, 2020, the Management Board of Agora S.A. informed that the consolidated quarterly report of the Agora Group for the first quarter of 2020 will be made public on May 29, 2020. Originally, the Company planned to publish this report on May 15, 2020, which was reported in the current report No. 02/2020 of January 29, 2020.

In the current report of August 5, 2020, the Management Board of Agora S.A. informed that the consolidated quarterly report of the Agora Group for the second quarter and first half of 2020 will be made public on September 25, 2020. Originally, the Company planned to publish this report on August 14, 2020, which was reported in the current report No. 02/2020 of January 29, 2020.

► **Resignation from the function of the Management Board Member of Agora S.A.**

In the current report of April 30, 2020, the Management Board of Agora S.A. informed that on April 30, 2020 Mr. Grzegorz Kania filed a notice of termination of the employment contract between him and the Company and therefore informed Agora of his intention to resign from his function of a member of the Company's Management Board, with effect no later than October 31, 2020. To that date, the duties of the financial director of the Agora Group will be taken over by a member of the board - Ms Anna Kryńska-Godlewska. The date of resignation of Mr. Grzegorz Kania from his function as a management board member will be agreed upon taking into account the best possible support for this process.

Mr. Grzegorz Kania informed that the reason for his resignation was taking on new professional commitments.

1A. CHANGES IN CAPITAL CONNECTIONS OF THE ISSUER WITH OTHER ENTITIES

► **Agora – Poligrafia Sp. z o.o.**

On July 14, 2020, the Extraordinary General Meeting of Agora - Poligrafia Sp. z o.o. adopted a resolution to merge Agora - Poligrafia sp.z o.o. ("Acquired Company") with Agora S.A. ("Acquiring Company") by transferring all assets of the Acquired Company to the Acquiring Company and consented to the merger on the terms and conditions set out in the agreed merger plan. Resolutions of the shareholders meeting of Agora-Poligrafia sp.z o.o. is a consequence of prior agreement with Agora S.A. merger plan. The process of merging the companies is described in item 1 "Important events" of this part of the report. As at the publication date of the report, the merger has not been registered.

► **Foodio Concepts Sp. z o.o.**

On February 24, 2020, the Extraordinary Shareholders Meeting of Foodio Concepts Sp. z o.o. adopted a resolution on the continued existence of the company.

In the current report of April 30, 2020 Management Board of Agora S.A., with reference to the report No. 10/2020 of March 23, 2020 on the negative impact of a pandemic on the results of the Agora Group, announced that on April 30, 2020 the Management Board of an indirect subsidiary of Agora S.A. - Foodio Concepts Sp. z o.o. with its registered office in Łódź, which is a part of the Helios group ("Foodio Concepts"), adopted a resolution to file a petition for bankruptcy of Foodio Concepts. The financial situation of the company has deteriorated significantly due to the outbreak of a pandemic, which prevented the company from conducting business activities and taking any corrective actions, therefore, after analyzing the company's economic prospects, the Management Board of Foodio Concepts adopted a resolution on filing for bankruptcy.

At the same time, negotiations regarding the sale of the company's shares have started on April 30, 2020.

As a result of the resolution adopted on April 30, 2020, the company's Management Board filed for bankruptcy of Foodio Concepts involving liquidation of the company's assets to the District Court for Łódź-Śródmieście in Łódź, XIV Commercial Division for Bankruptcy and Restructuring.

When deciding on filing for bankruptcy of Foodio Concepts, the company's management acted with the well-being of Foodio Concepts and its creditors in mind, as well as the need to secure their interests due to the insolvency of Foodio Concepts.

At the same time, the Management Board of Agora informed about becoming aware that its subsidiary Helios S.A. has started on April 30, 2020 the negotiations with a potential buyer regarding the sale of all shares of Foodio Concepts belonging to Helios S.A. The potential buyer is an investor from outside of the food-service industry. The possible purchase price remains insignificant.

In connection with the filed petition for bankruptcy, the Agora Group made write-offs of assets related to Foodio Concepts in the amount of approximately PLN 9.0 million, which were charged to the consolidated result of the Agora Group in the first quarter of 2020.

In the current report of June 2, 2020 The Management Board of Agora S.A., with reference to the report no. 19/2020 of 30 April 2020 regarding the submission of a bankruptcy petition by a subsidiary and the commencement of negotiations regarding the sale of its shares, informed on June 2, 2020 about acquiring information on the conclusion of negotiations and execution of share sales agreement by the subsidiary of Helios SA for the sale of all shares in Foodio Concepts Sp. z o.o. to the company 5m Square Sp. z o.o. based in Warsaw, which is an external investor interested in continuing the food business of Foodio Concepts.

At the same time, Helios S.A. terminated on June 2, 2020 the investment agreement concluded on 6 March 2018 with Piotr Grajewski and Piotr Komór on a joint investment in Foodio Concepts, of which the Company informed in its current report no. 10/2018 of 6 March 2018. The value of the executed share sales agreement is not material from the perspective of the Agora Group.

The final settlement of the disposal of the subsidiary company has been included in the consolidated financial statements for the six months of 2020.

► Goldenline Sp. z o.o.

On January 20, 2020, Agora S.A. concluded with G.C. Geek Code Ltd. with its registered office in Cyprus, a sales agreement, the subject of which was the purchase of 22 shares in the share capital of Goldenline Sp. z o.o. with its registered office in Warsaw with a total nominal value of PLN 22,000, for the amount of PLN 10,000. On the day of January 20, 2020 Agora S.A. held 300 shares in Goldenline Sp. z o.o. representing 100% of the share capital of this company and giving rights to 300 votes representing 100% votes at the Company's Shareholders' meeting.

On April 9, 2020, the Extraordinary Shareholders Meeting of Goldenline Sp. z o.o. adopted a resolution on the continued existence of the company.

On April 23, 2020, the Extraordinary General Meeting of Goldenline Sp. z o.o. adopted a resolution to increase the company's share capital from PLN 300,000 up to the amount of PLN 400,000 by creating 100 new shares with a nominal value of PLN 1000 each and with a total nominal value of PLN 100,000 zł. The newly created shares were offered for subscription by the sole shareholder of this company, i.e. Agora S.A. in exchange for a cash contribution of PLN 1 325. Currently Agora S.A. owns 400 shares in Goldenline sp.z o.o. representing 100% of the share capital of this company and giving the right to 400 votes, representing 100% of votes at the shareholders' meeting of Goldenline sp.z o.o.

On September 16, 2020, the Extraordinary General Meeting of Goldenline Sp. z o.o. adopted a resolution to increase the company's share capital from PLN 400,000 PLN. up to PLN 3,221 thousand by creating 2,821 new shares with a nominal value of PLN 1,000 each. The newly created shares were acquired by the sole shareholder of the company, i.e. Agora S.A. in exchange for a cash contribution of PLN 2,821 thousand. As at the date of publication of this report, the above change has not been registered by the District Court for the capital city of Warsaw in Warsaw.

► Hash.fm Sp. z o.o.

On February 27, 2020, Agora S.A. concluded a sales agreement of 4,499 shares in Hash.fm Sp. z o.o. with a nominal value of PLN 50.00 (fifty zlotys) each and with a total nominal value of PLN 224,950.00 (two hundred twenty four thousand nine hundred and fifty zlotys) to the other partner of this company. Currently Agora S.A. holds 1 share of Hash.fm Sp. z o.o. representing 0.01% of the share capital of this company and giving rights to 1 vote representing 0.01% of the vote at the shareholders meeting of Hash.fm Sp. z o.o.

On August 5, 2020 Agora S.A. concluded an agreement for the sale of 1 share in Hash.fm Sp. z o.o. with a nominal value of PLN 50.00 (fifty zlotys) to a third party. Currently Agora S.A. does not have any share in Hash.fm Sp. z o.o.

Helios S.A.

Call for the repurchase of shares in a subsidiary

On 29 March 2016, a minority shareholder ("the Minority Shareholder") of Helios S.A. holding 320,400 shares in that company, which represent 2.77% of the share capital ("the Shares"), addressed to Helios S.A. a call under Art. 418 (1) of the Code of Commercial Companies (hereinafter: "CCC") for convening the General Shareholders' Meeting and putting on its agenda passing a resolution on mandatory sell-out of the Shares ("the Call").

As a result of: (i) the Call, (ii) further calls made under Article 418(1) of the CCC by the Minority Shareholder and other minority shareholders of Helios S.A. who acquired a part of the Shares from the Minority Shareholder, and (iii) the resolutions passed by the General Shareholders' Meeting of Helios S.A. on 10 May 2016 and 13 June 2016, two sell-out procedures (under Art. 418(1) of the CCC) and one squeeze out procedure (under Article 418 of the CCC) are being finalized at Helios S.A., aimed at the acquisition by two shareholders of Helios S.A., including Agora S.A., the Shares held by the Minority Shareholder and other minority shareholders.

(i) Sell-out procedure

As part of the sell out of the Shares, by June 30, 2016, Agora transferred to Helios S.A. PLN 2,938 thousand representing the sell out price calculated in accordance with Article 418(1) para. 6 of the CCC. As at December 31, 2016, the Agora Group recognized on its balance sheet an obligation to purchase the Shares from minority shareholders of Helios S.A. totalling PLN 3,185 thousand. This included PLN 2,938 thousand already transferred by Agora S.A. to Helios S.A. (with the corresponding entry in the Group's equity under retained earnings/(accumulated losses) and the net profit or loss for the current year) and the total amount transferred by another shareholder of Helios S.A. under the sell out procedure. As part of the sell out procedure, on June 2, 2017, PLN 3,171 was transferred by Helios S.A. to the Minority Shareholder for 318,930 shares sold out. Also on June 2, 2017, a total of PLN 14 thousand was transferred to other minority shareholders for the sell out of 1,460 shares in total. As a result of these transactions, the Group fulfilled its obligation to buy shares recognized on the Group's balance sheet. As a result, Agora S.A. increased its shareholding in Helios S.A. from 10,277,800 to 10,573,352 shares, i.e. by 295,552 shares. Currently, Agora S.A. holds 91.44% of the shares in Helios S.A.

The shareholders whose shares are subject to the sell out and squeeze out procedures did not agree to the sell out share price calculated in accordance with Article 418(1) para. 6 of the CCC, and based on Article 418(1) para. 7 of the CCC submitted a motion to the registration court to appoint a registered auditor to determine the price of the shares being sold. The final price of the Shares being subject to the sell out and squeeze out procedures will be determined by the registration court competent for the registered office of Helios S.A. on the basis of an opinion of the registered auditor appointed by the registration court competent for the registered office of Helios S.A., A change in the valuation will result in an adjustment of the price of the shares being sold. The District Court for Lodz Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed a registered auditor to value shares under this procedure, both for the sell out of the Minority Shareholder's shares with regard to 318,930 shares, and for other minority shareholders with regard to 1,460 shares in total.

The Minority Shareholder and other minority shareholders referred to in the preceding sentence which had rights under 1,460 shares appealed from the Court's decision appointing the registered auditor. By a valid decision of the Regional Court in Lodz, the 13th Business Appeal Department of February 20, 2019, the appeal of the other minority shareholders having rights under 1,460 shares was dismissed. To date, the appeal of the Minority Shareholder has not been considered yet.

(ii) Squeeze-out procedure

The squeeze out procedure which entered into force on July 14, 2016 is carried out with respect to 10 shares. The holder of these shares did not respond to the Company's call published in accordance with the applicable procedure in

Monitor Sadowy i Gospodarczy (Court and Business Gazette) calling minority shareholders holding the said shares to submit the share documents to the Company, within two weeks of the publication of the call, under the sanction of cancelling the shares after that date. In connection with the above, on April 7, 2017, the Management Board of Helios S.A. adopted a resolution cancelling these shares and announced this in Monitor Sadowy i Gospodarczy of May 8, 2017. Currently, the valuation of the shares by the registered auditor nominated by the Court is being finalized.

As at the date of this report, the sell out and squeeze out procedures have not been completed.

In the current report of September 24, 2020 the Management Board of Agora S.A. informed that on September 24, 2020 it acquired information that its subsidiary company Helios S.A. concluded overdraft credit agreement with BNP Paribas Bank Polska S.A. with its registered office in Warsaw ("BNP"); and discloses delayed information on (i) agreement on preliminary conditions for financing Helios S.A. and (ii) conclusion of revolving loan agreement with Santander Bank Polska S.A. based in Warsaw ("Santander") (jointly "Banks") on August 31, 2020 with a repayment guarantee of 80% of the loan by Bank Gospodarstwa Krajowego ("BGK").

The total value of the above loans with a BGK guarantee is PLN 40.0 million, i.e. PLN 20.0 million from each of the Banks. The credit repayment period is 24 months, from the date of signing the agreement.

At the same time, the Banks declared their readiness to return to talks on the second tranche of financing - for another PLN 40.0 million - after assessing the financial results of Helios S.A. for the third quarter of 2020 and the economic situation in Poland.

At the same time, the Management Board of the Company informs that the process of obtaining financing for Helios S.A. was considered to be a long-term process. In the course of this process, the Company identified an intermediate stage which itself met the criteria for being classified as confidential. Providing confidential information on the occurrence of the intermediate stage in the process of obtaining the above financing was delayed until the conclusion of agreements with the Banks for an overdraft (BNP) and a revolving loan (Santander) pursuant to Art. 17 sec. 1 and 4 of the Regulation of the European Parliament and of the Council No. 596/2014 of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directive 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR Regulation") and Art. 4 of the Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to technical conditions for the proper disclosure of inside information to the public and delaying the disclosure of inside information to the public in accordance with the Regulation of the European Parliament and of the Council (EU) No. 596/2014 ("Implementing Regulation") due to the protection of the legally justified interests of the Issuer, ie the risk of a negative impact of providing information on the possibility of concluding the above agreements with the Banks.

The intermediate stage referred to above was agreeing the preliminary financing conditions for Helios S.A. with a guarantee of repayment of 80% of the loan value by Bank Gospodarstwa Krajowego ("BGK") on August 11, 2020 and conclusion of revolving loan agreement with Santander Bank Polska S.A. on August 31, 2020.

Pursuant to the agreements signed with the Banks for an overdraft and revolving loan and after meeting the conditions for establishing collaterals for the repayment of both loans and meeting other requirements usually applied when granting loans of a comparable amount, Helios will have a credit ("Credit") up to the amount of PLN 40.0 million.

The obtained funds may be used to finance the current business activities of Helios S.A., including replacement and development expenditure, excluding refinancing of other debt.

The financing under the loan agreement with BNP in the amount of PLN 20.0 million will be available for 24 months from the date of signing the agreement.

Collaterals for the funding granted by BNP include, inter alia, a cash deposit and a guarantee of Bank Gospodarstwa Krajowego as part of the PLG FGP portfolio guarantee line, secured with a promissory note, covering 80% of the loan amount.

During the financing period, Helios is obliged to transfer the servicing of current accounts to BNP and maintain at the level agreed with BNP both the amount of sales revenues flowing to the BNP current account and the amount of the agreed maximum debt. In the event of failure to meet any of these conditions, the Bank has the right to increase the loan margin by 1/4 retroactively. The increased margin will apply from the first to the last day of the calendar quarter in which the turnover obligation is not met by Helios. Helios is also obliged to maintain the EBITDA result at the level agreed with BNP. Additionally, Helios, without prior consent of BNP, may not pay dividends, nor encumber or consent to the encumbrance of its assets.

In the case of the agreement signed with Santander on August 31, 2020, the condition for the release of the credit in the amount of PLN 20.0 million was the submission of a promissory note by the company, entry of the loan and BGK guarantee in the register of liquidity guarantees, and a declaration of submission to enforcement. The condition precedent for the release of financing is confirmation of signing and meeting the conditions for receiving financing from BNP. The loan can be used until August 25, 2022, and the repayment date is August 26, 2022.

During the financing period, Helios is obliged to ensure Santander the ability to monitor the company's financial liquidity, as well as ensure the inflow of cash to the account maintained by Santander at the agreed level. Helios is obliged to maintain the level of EBITDA and capital expenditure at the agreed level, and may not dispose of and encumber the company's fixed assets, incur financial liabilities other than the agreed ones, and pay dividends.

In the event that Helios breaches the financing conditions, the amount of the loan margin may change.

At the same time, during the financing period, the method of exercising control over Helios and Agora S.A. should not change.

Both loans bear WIBOR rate for one-month deposits in PLN increased by the margin of the Banks. The BGK guarantee fee is in line with the standard values adopted by BGK and reflects the assessment of Helios S.A.'s financial standing. The Agreement does not contain other provisions on contractual penalties.

Content of delayed confidential information regarding preliminary conditions for financing of Helios S.A. and content of delayed confidential information regarding conclusion by Helios S.A. revolving loan agreement with Santander Bank Polska S.A. were published on the Company's website.

► Piano Group Sp. z o.o.

In the current report of January 30, 2020, the Management Board of Agora S.A., further to current report no. 22/2019 of 15 July 2019 – Completion of the negotiations and conclusion of an agreement on the acquisition of a majority shareholding in Piano Group sp. z o.o. and the Articles of Association – informed that it had decided to revalue the purchase price of Piano Group's shares and the obligation in respect of the option to acquire the other shares in that company, recognized in the financial statements of the Agora Group.

In 2019 the results of operations of Piano Group were better than the forecasted ones, therefore, the Management Board of Agora revalued the price of the purchased shares and the price which AMS will pay for the acquisition of minority interests in Piano Group, adopted for valuing the obligation in respect of the option.

The change in estimates was made with preliminary unaudited data for 2019 and may be subject to further correction. As a result of the update, the purchase price increased to PLN 14.9 million.

The revaluation of the initial value of the Piano Group shares did not affect the financial result of the Agora Group in 2019. It will, however, affect the increase in goodwill and the initial valuation of the option liability.

In the current report of June 23, 2020, The Management Board of Agora S.A. with its registered office in Warsaw in relation to current report no. 21/2019, no. 22/2019 and no. 3/2020 informed that on June 23, 2020 a subsidiary company - AMS S.A. concluded with three natural persons (two sellers and a guarantor) an agreement based on which AMS and the Seller agreed the final purchase price for the majority stake of 60.0% shares in Piano Group Sp. z o.o. acquired by AMS under a share purchase agreement of 15 July 2019. Additionally, pursuant to the above agreement,

the parties changed the option to buy shares in the shareholders' agreement of 15 July 2019 in such a way that AMS acquired shares in Piano Group Sp. z o.o., representing a total of 32.0% of the share capital of Piano Group Sp. z o.o. and entitling to 32.0% of votes at the company's shareholders' meeting earlier than originally planned. The date of acquiring these shares in the agreement of 15 July 2019 was set after the approval of the financial statements of Piano Group Sp. z o.o. for 2021. At the same time, all other shares of Piano Group Sp. z o.o. were covered by the option to purchase (call option) and at the same time the option to sell (put option) to AMS after the approval of the financial statements of Piano Group Sp. z o.o. for the financial year 2023.

The total purchase price of 60.0% of shares in Piano Group Sp. z o.o. amounted to PLN 13.7 million, of which an advance of PLN 6.5 million was paid by AMS on the day of signing the contract from 15 July 2019.

Under the agreement concluded on June 23, 2020, the total price for the acquisition of 92.0% of shares in Piano Group Sp. z o.o. amounted to PLN 15.6 million, which includes the advance payment made on 15 July 2019 in the amount of PLN 6.5 million.

The Piano Group is a 100% shareholder of Benefit Multimedia Sp. z o.o. SKA and the sole shareholder of Benefit Multimedia Sp. z o.o. being the sole general partner of Benefit Multimedia Sp. z o.o. SKA. Benefit Multimedia Sp. z o.o. SKA operates in the field of providing services on the DOOH (digital out-of-home) market in the field of indoor advertising, broadcasting and selling advertising content, installing screens and using video / TV infrastructure to broadcast video content.

The acquisition of the shares is a long-term investment of the Agora Group and is in line with the strategy announced by Agora in June 2018. The transaction will strengthen the position of the Company's capital group on the DOOH market.

The unaudited consolidated financial results of the Piano Group in 2019 amounted to: revenues of nearly PLN 7.0 million, EBITDA over PLN 2.5 million, and net profit of nearly PLN 2.4 million.

► **Plan D Sp. z o.o. (formerly „Domiporta Sp. z o.o.”)**

On April 9, 2020, the Extraordinary Shareholders Meeting of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) adopted a resolution on the continued existence of the company.

In the current report of April 30, 2020, Management Board of Agora S.A. announced that on April 30, 2020 its subsidiary Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) with its registered office in Warsaw ("Plan D") started negotiations on the sale of the enterprise to Mieszkanie.pl, whose partners are Piotr Przybysz and Sławomir Gąsiorowski – Members of the Management Board of Plan D. The subject of negotiations is the sale of an organized set of tangible and intangible assets intended for conducting business activity under the name of Domiporta sp. z o.o. within the meaning of art. 551 of the Civil Code, such as trademarks, rights to internet domains, software, databases, rights from contracts with customers, suppliers and other contractors, employees, bank accounts.

At the same time, the Management Board of Agora informed that due to the negative impact of the COVID-19 pandemic on Plan D financial results and the achievable selling price of Domiporta Sp. z o.o., it has been decided to reevaluate its shares in Plan D. The sale price of shares is immaterial, both from the perspective of Agora S.A. and the Agora Group. As a result, Agora will write down the value of shares in Plan D in the amount of PLN 59.5 million (fifty nine million five hundred thousand zlotys), and Agora Group will write-off the value of assets related to Plan D activity in the amount of PLN 12.7 million (twelve million seven hundred thousand zlotys). The recognized write-offs were charged to Agora S.A.'s unit result, respectively and consolidated results of the Agora Group in the first quarter of 2020.

In the current report of May 20, 2020, with reference to the current report No. 20/2020 of 30 April 2020, the Management Board of Agora S.A. informed that on 20 May 2020 its subsidiary Plan D Sp. z o.o. with its registered office in Warsaw ("Plan D"), in addition to ongoing negotiations on the sale of the company Domiporta to the company Mieszkanie.pl (a company owned by the members of the board of Plan D), Domiporta has also started negotiations on the sale of the company Domiporta within the meaning of art. 55 (1) of the Civil Code with external

investors (not personally or capital related to Domiporta) potentially interested in the purchase of Plan D. At the same time, negotiations with Mieszkanie.pl, about which the Company informed in the regulatory filing 20/2020, are still ongoing.

In the current report of June 9, 2020, Management Board of Agora S.A., with reference to regulatory filing no. 22/2020 of May 20, 2020 regarding the commencement of negotiations with external investors regarding the sale of the subsidiary's enterprise - Domiporta Sp. z o.o. (formerly Plan D Sp. z o.o.) informed that on June 9, 2020 Agora has received information on the conclusion of negotiations and execution by the subsidiary Plan D Sp. z o.o. the sale contract of Plan D Sp. z o.o. enterprise within the meaning of art. 55¹ of the Civil Code constituting an organized set of tangible and intangible assets intended for conducting business activities of Domiporta Sp. z o.o. in particular, among others running an online classifieds website called Domiporta.pl, enabling the placement and viewing of real estate listings, available on the internet domain www.domiporta.pl, ("the Enterprise") for the company Auto Centrum Sp. z o.o. based in Krosno. The transaction price remains insignificant for the Agora Group. The transfer of ownership of the Enterprise took place on the day of conclusion of the contract of sale of the Enterprise. The final settlement of the transaction has been included in the consolidated financial statements of the Agora Group for the six months of 2020.

► **Step Inside Sp. z o.o.**

In the current report of January 31, 2020, further to the regulatory filings: 4/2019 of 28 February 2019 and 10/2019 of 23 April 2019, the Management Board of Agora S.A. informs that on 31 January 2020 Helios S.A. and Step Inside sp. z o.o., Agora's subsidiaries, concluded an investment agreement (the "Investment Agreement") with some of the shareholders (the "Shareholders") of Food for Nation spółka z ograniczoną odpowiedzialnością spółka komandytowa (a limited liability company, limited partnership) and FFN.

The subject of the Investment Agreement is to define the principles of cooperation and run a joint enterprise established on the basis of Step Inside. The objective of Step Inside is to open, run and develop catering outlets with the Pasibus trademark, which will be situated mainly in shopping streets and at shopping centres.

When concluding the Investment Agreement, the Shareholders took up a total of 10% of the shares in the share capital of Step Inside (corresponding to 10% of the total number of votes at the Shareholders' Meeting), whereas Helios subsidized Step Inside with PLN 5 million. The Investment Agreement provides for the possibility of increasing the Individual Investors' interest to 40% in total, on condition that Step Inside fulfils the established financial objectives.

Previously, on the basis of a cooperation agreement with FFN of 28 February 2019 Helios S.A. subsidized Step Inside with PLN 10 million, of which Agora gave information in current report no. 4/2019 of 28 February 2019.

The Investment Agreement specifies, among other things, detailed parameters of the investors' capital investment and the mutual rights and obligations of the parties.

► **Yieldbird Sp. z o.o.**

On September 21, 2020, the Extraordinary General Meeting of Yieldbird Sp. z o.o. adopted a resolution to increase the company's share capital from the amount of PLN 47,550.00 to the amount of PLN 48,350.00, i.e. by PLN 800.00 by creating 16 new, equal and indivisible shares with a nominal value of PLN 50.00 each. The newly created shares were acquired by two natural persons. Each took up 8 shares in return for a cash contribution of PLN 400. As at the date of publication of this report, the above change has not been registered by the District Court for the capital city of Warsaw in Warsaw.

2. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY MANAGEMENT BOARD MEMBERS IN THE SECOND QUARTER OF 2020 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 21

a. shares	As of May 29, 2020	decrease	increase	As of September 24, 2020
Bartosz Hojka	2 900	-	-	2 900
Tomasz Jagiełło	0	-	-	0
Grzegorz Kania	0	-	-	0
Anna Kryńska - Godlewska	0	-	-	0
Agnieszka Sadowska	0	-	-	0

In the described periods, the members of the Management Board did not have any other rights to shares (e.g. options).

The members of the Management Board participated in the incentive plan described in the note 5 to the condensed interim consolidated financial statements.

3. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY SUPERVISORY BOARD MEMBERS IN THE SECOND QUARTER OF 2020 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 22

a. shares	As of May 29, 2020	decrease	increase	As of September 24, 2020
Andrzej Szlęzak	0	-	-	0
Dariusz Formela	0	-	-	0
Tomasz Karusewicz	0	-	-	0
Wanda Rapaczynski	882 990	-	-	882 990
Tomasz Sielicki	33	-	-	33
Maciej Wiśniewski	0	-	-	0

In the described periods, the members of the Supervisory Board did not have any other rights to shares (e.g. options).

4. SHAREHOLDERS ENTITLED TO EXERCISE OVER 5% OF TOTAL VOTING RIGHTS AT THE GENERAL MEETING OF AGORA S.A., EITHER DIRECTLY OR THROUGH AFFILIATES AS OF THE DATE OF PUBLICATION OF THE QUARTERLY REPORT

The shareholders' structure is updated on the basis of the official notifications from shareholders entitled to over 5% of the total voting rights at the General Meeting of the Company.

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, the shareholders' structure actual as of the day of publication of former report (i.e. May 29, 2020) and as of the day of publication of this report, has not significantly changed.

According to the abovementioned notifications, the following shareholders were entitled to exercise over 5% of the total voting rights at the General Meeting of the Company as of the date of submission of this report:

Tab.23

	no. of shares	% of share capital	no. of votes	% of voting rights
Agora-Holding Sp. z o.o. <i>(in accordance with last notification of 24th Sept 2015) (1)</i>	5,401,852	11.60	22,528,252	35.36
Powszechne Towarzystwo Emerytalne PZU S.A. (PZU "Zlota Jesien" Open Pension Fund and PZU Voluntary Pension Fund) <i>(in accordance with last notification of 27th Dec 2012)(1)</i>	7,594,611	16.30	7,594,611	11.92
including: PZU "Zlota Jesien" Open Pension Fund <i>(in accordance with last notification of 27th Dec 2012)(1)</i>	7,585,661	16.28	7,585,661	11.91
Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC) <i>(in accordance with formal notification received on 6th June 2016)(1)</i>	5,350,000	11.49	5,350,000	8.40
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale – Open Pension Fund and Nationale Nederlanden Voluntary Pension Fund) <i>(in accordance with last notification of 9th June 2016)(1)</i>	4,493,055	9.65	4,493,055	7.05

(1) number of shares according to a notification from a shareholder — as at 23rd Aug 2018; share in votes and share capital of Agora SA were calculated by the Company after the registration of the decrease of the share capital of the Company.

5. OTHER INFORMATION

■ The Management Board's statement of the possible realization of forecasts

The Management Board did not publish any forecasts of financial results and because of that this report does not present any Management Board's statement of the possible forecast execution.

■ Changes in contingences and court cases

Any changes in contingencies since the date of closing of the last financial year and information about court cases were described in notes 7 and 8 to the condensed interim consolidated financial statements.

■ Legal actions concerning liabilities or receivables of the Issuer or its subsidiaries

In the first half of 2020, there were no significant legal actions in court, competent authority for arbitration procedures or public institutions related to liabilities or receivables Agora S.A. or its subsidiaries.

■ Related party transactions

Transactions carried out with parties related to the Group are of routine nature and were described in note 10 to the condensed interim consolidated financial statements.

6. THE DESCRIPTION OF BASIC HAZARDS AND RISK CONNECTED WITH THE UPCOMING MONTHS OF THE CURRENT FINANCIAL YEAR

► Risk related to COVID-19

The COVID-19 pandemic and the actions of the government administration to limit the further spread of the virus will have a significant negative impact on the financial results of Agora and its subsidiaries in the following quarters of 2020.

In the second quarter of 2020, two main factors contributed to the decline in the Group's revenue - the administrative closure of theaters from March 12 to June 5, 2020 and a 28.5% decrease in advertising expenditure in Poland due to the outbreak of the pandemic and related uncertainty as to the further development of the situation. This had a significant impact on the results of the Agora Group, as revenues from cinema operations and advertising sales are its most important sources of revenues.

Most of the factors that determined and may determine the results of the Agora Group in the future are completely beyond Agora's influence and depend, among others, on actions taken by state authorities, the pace of return of various sectors of the economy to full operational activity and changes in the GDP value in Poland.

Both Agora and all companies from its Group have taken a number of steps to minimize losses caused by the COVID-19 pandemic and to quickly return the Group to the growth path of both revenues and operating results. As at the date of this report, the Management Board of Agora expects that the efforts made will bring a positive result. However, the above assumptions are based on analyzes and forecasts, the accuracy of which cannot be assessed due to the fact that they were prepared in an unprecedented situation. The outbreak of the COVID-19 pandemic forced the governments of countries around the world to take action that significantly interfered with the economic development of each of them by introducing restrictions aimed at further spreading the virus. The further development of the COVID-19 pandemic and further actions that may be introduced by the Polish government to combat this pandemic are not known to the Company. Their duration and scale may significantly affect the analyzes and estimates prepared by the Company, in particular as regards the value of the advertising market, the number of cinema tickets sold and bar sales, as well as revenues from the sale of publications, as the Group has never experienced an administrative ban before. operations of selected businesses, it is difficult for it to prepare expert opinions in this respect.

► Macroeconomic risk

Advertising revenues depend on the general economic situation in Poland and in Europe. They grow in the periods of economic upswing and are marked by considerable decrease in time of the economic slowdown. In 2020, the factors that had a significant impact on the Polish economy, the value of the advertising market and the activity of advertisers were the outbreak of the COVID-19 pandemic and the limitation in doing business related, on the one hand, to administrative decisions and, on the other hand, to withholding expenditure on promotion due to uncertainty as to the further development of the pandemic and its consequences for the economy in the country. We estimate that in the first half of 2020, advertisers spent 28.5% less on advertising than in the previous year. It should be remembered that the value of advertising revenue depends not only on the volume of ads and advertisements, but also on the prices obtained for the publication of these ads by the media.

► Seasonality of advertising spending

The Group advertising revenues are marked by seasonal variation. The Group's revenues in the first and third quarter are usually lower than in the second and fourth quarter of a given financial year. In 2020, the cyclicity of advertising revenues was severely disrupted by the outbreak of the COVID-19 pandemic.

► Advertising market structure and the position of individual media in readership, TV and radio audience market

The Group's advertising revenues are generated by the following media: press, outdoor advertising, radio stations, the Internet and cinemas. In the first half of 2020, the structure of the advertising market was severely affected by the outbreak of the COVID-19 pandemic. As a result of structural changes taking place in the media and their convergence, the media in the Group's portfolio compete for advertising revenues not only with other entities in their

segments, but also with TV broadcasters, which accounted for 43.0% of the advertising market in the first half of 2020. Another large segment of the advertising market, with 42.0% share, was the Internet. Ad spend in magazines and newspapers accounted for 3.0% and 1.5% of all ad spend, respectively. In the first half of 2020, 3.5% of all advertising expenditure was made with the use of outdoor advertising, while radio advertising expenditure accounted for 6.5% of all advertising expenditure. At that time, 0.5% of all advertising expenditure was spent on advertising in cinemas. Observing the dynamics of individual media and taking into account the Company's estimates of the advertising market value in 2020, there is a risk that the shares of individual media in the total advertising market will change, which may have an impact on the Group's position and revenues. The factor that will affect the structure of this market in the remaining months of 2020 will be the effects of the COVID-19 pandemic, which affected individual segments of the advertising market to a different extent.

Additionally, as a result of the changes described above and the consolidation in the advertising market, competition between individual media is intensifying, which may affect the Group's advertising revenues. Moreover, due to changes taking place in the media and technological development, it is not certain that the Group will be able to react to the above changes in an appropriate degree and time, which may have a negative impact on its position and results.

Advertising revenues also depend on the position in the readership market, audience and viewership. Due to the process of structural changes in the manner of media consumption, the market is changing dynamically and some segments may gain and others may lose their position in this market. There is no certainty that the Group's position in particular media segments will not change.

■ Press distribution

The main distribution channel for newspapers, which is used by all press publishers in Poland, are networks of newspaper sales points located in high-traffic areas. Historically, the distribution market in Poland was concentrated - the two largest distributors had over 80% share in press distribution. In 2018, RUCH S.A. has stopped paying its fees to publishers. Financial problems of RUCH S.A. affected the cooperation with the company and caused further decreases in the sale of copy printed press. In 2020, due to the outbreak of the COVID-19 pandemic, some press distributors reduced the number of press outlets. This may have an impact on the further operations of particular press distributors. Financial or operational problems of any of the other distributors will have a negative impact on copy sales and the results of the Group. The internet is becoming a growing distribution channel for paid press content. Press publishers use either their own websites and e-kiosks or use third party solutions.

■ Press

Presently paid press segment experiences a worldwide trend of copy sales decrease and shrinking of advertising expenditure. Press titles, published by the Group and its competitors, are not resistant to the changes taking place on the press market. There is also a migration of classified ads from the press to the internet. The dynamics of the above mentioned processes may have a negative impact on dailies copy sales and the revenues of the Group. On February 4, 2014, the Group introduced system of paid access to the digital content of *Gazeta Wyborcza*. As of June 2020, the number of subscriptions of content of Wyborcza.pl reached 243,3 thousand active subscriptions. The Company is now focusing on increasing average revenues from the subscriptions as well as increasing revenues from ads on Wyborcza.pl. Yet, it is difficult to estimate whether this is achievable, taking into consideration great online competition.

■ Internet

Polish Internet advertising market is highly competitive and the number of Internet users in Poland is not growing as fast as it used to. The Internet activity largely depends on technological development and the number of users. Maintaining strong position on the Internet market is made possible by investment in modern and innovative technological solutions. The development of this medium is also determined by the available infrastructure. In Poland, the state of broadband infrastructure development and its utilization is relatively low in comparison with most EU countries. The way of accessing the Internet is also changing, which can significantly influence the dynamics of the market. The number of mobile internet users is increasing. Changes in the way the Internet is used and the speed of connections can influence the dynamics of the growth of individual segments of the Internet advertising market.

In this segment, the Group competes with local and international entities. In such a competitive market, there is no guarantee that the Group's position will remain unchanged. What is more, the Internet advertising market is undergoing major transformations. Advertising in search engines and social media is becoming increasingly popular. The main source of Internet revenue for the Group is display advertising. Programmatic, video, and mobile advertising are becoming increasingly important. Strong position in the rapidly changing Internet advertising market requires investment in advanced technology. There is no certainty that the Group will be able to compete in this area with large domestic and international financial players.

► Responsibility for published content

The Group's business is based in many aspects on publishing content of journalists, writers, publicists, and users of online forums. This may involve liability or co-responsibility of the publisher for the dissemination of illegal information, including infringing personal property. It is not possible to exclude situations in which the Group could inadvertently infringe such rights and, as a consequence, claims may be made against it, whereby it may be necessary to pay appropriate compensation.

► Outdoor

The outdoor advertising market in Poland is very competitive. AMS S.A. competes with Polish companies and international corporations both for acquiring and retaining customers, as well as extending and winning new contracts for the locations for advertising panels. Moreover, the activity on the outdoor advertising market is burdened with a high risk related to the possibility of changes in the law, including construction and tax law, and its interpretation. The introduction of new rules for conducting advertising activities in urban agglomerations, as well as a change in the interpretation and application of applicable regulations and agreements, may affect the amount of fees, taxes and potential fines related to the conducted activity, which may affect the Group's result.

In the first half of 2020, the shape of the outdoor advertising market and its further development prospects were significantly affected by the COVID-19 pandemic. This segment of the advertising market was one of the most negatively affected by the restrictions introduced to counteract the further spread of the virus. It is currently difficult to determine at what rate the value of this market will return to pre-pandemic values, given the scale to which it shrank between January and June 2020. Given that this process will not be immediate, AMS has updated its values particular advertising panels.

On September 11, 2015, the Act amending certain acts in connection with the strengthening of the tools for protection of landscape entered into force. Pursuant to its provisions, local governments have acquired wider powers to enact local law regulating the presence of outdoor advertising and small architecture in public space and to implement the so-called advertising fees.

In April 2020 the adaptation period of the Gdańsk landscape resolution came to an end. The costs of dismantling advertising panels in Gdańsk affected the company's current results. The decreased supply of outdoor advertising panels in this city did not cause any significant reactions from customers to date. At the same time, there is the plan to announce tenders for the lease of outdoor advertising panels in Gdańsk, in accordance with the applicable landscape resolution. From July 2020, the landscape resolution is in force in Krakow. In Company's opinion, its effects, after the end of the adjustment period, which will take place in July 2022, will be similar to those in Gdańsk. The effects of the resolutions in other large cities are expected in 2023 at the earliest. It should be noted, however, that for the outdoor advertising market, significantly weakened by the effects of the COVID-19 pandemic, facing the requirements of the landscape resolutions may mean a temporary deterioration of results during the transition period of the first years of these resolutions being in force.

On August 31, 2020, AMS was notified that the President of the Office of Competition and Consumer Protection had initiated an investigation into a possible violation of competition law as a result of cooperation with Stroer. AMS fully cooperates with UOKiK to clarify doubts as to a possible violation of anti-monopoly regulations. However, this has no impact on the company's current operating activities.

► Cinema

From March 12 to June 5, 2020, cinemas in Poland were subject to an administrative ban on operation. Helios cinemas remained closed until July 3. Cinema facilities are gradually recovering in most countries around the world, but remain closed in the United States. The opening of cinemas in this country and the introduction of film productions from Hollywood studios to large screens is crucial for the cinema industry around the world. The Company's estimates show

that the return to the attendance from 2019 will be possible already in 2022, provided that the situation with the suspension of works on film sets and the closure of cinemas does not repeat itself.

Helios group opens new cinemas in shopping and entertainment centres. Therefore, further development of the cinema network is dependent upon the construction of new shopping and entertainment galleries in Poland and ability to compete with other cinema operators for new space lease contracts. The pace of Polish infrastructure development and the situation on the Polish real estate market (i.e. cost of space rent) may influence the results of cinema operators.

Additionally, the available repertoire affects results of cinema business. Lack of interesting movies, abilities to promote movies or the quality of movies may negatively affect cinema admissions. Moreover, economic downturn may translate into lower expenditure on entertainment which may result in lower revenues from ticket sales and willingness to buy food and beverages in cinema bars. Moreover, the cinema operators compete with other technologies of film screening, inter alia, in Internet. The weather and the ban on trading on selected Sundays, which leads to the outflow of customers from shopping malls, has a significant impact on the turnout.

▮ **Risks of running licensed business**

The Group has been operating on the radio market, which is subject to licensing for years. The license propositions specify the scope and forms of business in the period for which the radio broadcaster receives the license. There is a risk, therefore, that the demand of the listeners for a given format may decrease, and the license propositions may significantly limit the possibility of adapting the Group to the needs of the listeners for a given format.

There is also a risk that any failure to comply with the provisions of the license or regulations, in particular with regard to program content, may result in sanctions imposed by the National Broadcasting Council ("KRRiT"). It cannot be excluded that KRRiT will refuse to re-grant concessions after the period for which they were originally issued, or that the conditions of re-issued concessions (or concession-related contracts) will be less favorable than those currently exercised by the Group.

Regulator proceeds with the process of implementing DAB + digital radio in Poland. Due to the lack of clear guidelines and uniform policy of state authorities, the impact of the implementation of the new mode of broadcasting on the current market of analogue broadcasting stations cannot be estimated.

▮ **Radio stations**

Polish radio ad market is highly competitive. Agora's radio stations compete with other radio broadcasters, with national reach, as well as other media – TV, press, internet and outdoor advertising. The outbreak of the COVID-19 pandemic had a significant impact on the value of spending in this segment of the advertising market. It is difficult to clearly estimate when the value of expenditure on radio advertising will return to that of 2019. To maintain audience share it is important to have a demanded radio format. There is no certainty that the Group's current position in the radio audience market will remain unchanged. Competing for ad revenue, radio stations (also belonging to different media concerns), create joint advertising offers. The popularity of these offers may significantly influence the shares of particular radio broadcasters in radio ad market. It must also be kept in mind that radio stations are increasingly competing for attention with other media, especially the Internet.

▮ **Movie business**

Movie distribution and co-production is of project nature, which may cause the volatility of its results and lead to periodic distortions of the Group's results. The majority of outlays, especially those related to movie co-production, is incurred long before the revenues related to that field of operations occur. The impact of this activity on the Group's results depends also on the popularity of particular film productions. During the pandemic, work on all film sets was suspended and cinemas were closed for a specified period of time, which significantly affects the volatility of results from this activity.

▮ **Risk of claims for infringement of intellectual property rights**

The Group's business is largely based on the use of intellectual property rights and licensing agreements. The Group believes that it does not infringe on the intellectual property rights of third parties. However, it is not possible to exclude situations where the Group could inadvertently infringe such rights. As a result, claims could be made against the Group, which could result in the need to pay adequate compensation.

▀ Risk of volatility of law regulations, especially those concerning the Group's activities

Due to the fact that legal regulations are subject to frequent changes in Poland, they may have a negative impact on the activities of the Group and involve risk in conducting business activities. In particular, the Group's activity may be affected by changes in the law governing the activities performed, including introducing provisions on so-called deconcentration of entities on the media market, changes in the provisions of the Act on radio and television and the implementing provisions of this Act, the Act on copyright and related rights, as well as changes in acts regulating the capital market in Poland. Legal regulations may also potentially create some risk related to interpretation problems, lack of jurisprudence practice, unfavorable interpretations adopted by courts or public administration bodies.

In addition, legal regulations in Poland are characterized by high volatility. Possible changes regarding business taxation, both in terms of income tax, value added tax and other taxes and levies, may have a negative impact on the Group's activity and level of results. The Group is also exposed to the risk of changing the interpretation of both tax law and other levies, which may affect operating activities and financial results.

▀ Risk related to proceedings before supervisory authorities

As part of its business operations, Agora Group is regularly monitored by institutions supervising specific areas of its operations. All activities undertaken by the Group are in accordance with applicable law, therefore - although the Company does not currently expect that any of the proceedings to which it is a party may have a significant negative impact on its financial position and results of operations - there is no certainty, that the final result of current or future proceedings will not have such an effect on the results or financial situation of the Group.

▀ Impairment tests

In line with the *International Financial Reporting Standards*, the Group runs impairment tests. In the past, some of the tests resulted in impairment losses, which were reflected in the income statement (unconsolidated or consolidated). There is no certainty that the tests run in the future will give positive effects, especially in the period of time in which negative effects of pandemic affect majority of economic sectors.

▀ Liquidity risk

Lower revenues of the Agora Group as a result of the outbreak of the coronavirus pandemic and problems with the repayment of liabilities due by Agora's debtors may have a negative impact on the financial liquidity of the Group. In the face of the negative phenomena in the market environment, the Company and the Group may find themselves unable to secure external financing necessary to cover the Group's liabilities due. In order to minimize this risk, the Management Board of Agora S.A. since the outbreak of the pandemic, it has been conducting increased monitoring of debt collection and is working on securing long-term external financing for the Company and the Group. To secure the financial liquidity of the Group, the Management Board of Agora also decided to apply for funds from the so-called Anti-crisis Shield in the amount of PLN 13.9 million. In view of the enormous uncertainty as to the further course of the pandemic and its economic consequences, the lower level of the Group's revenues and the lower propensity of financial institutions to grant loans, the risk of problems with financial liquidity in the Group is higher than in the period before the COVID-19 pandemic.

▀ Currency risk

The Group's revenues are expressed in Polish zlotys. Part of the operating cost, connected mainly with cinema activities, the production materials and services and IT services, is related to the currency exchange rates. The volatility of currency exchange rates may have influence on the level of Group's operating cost and its financial results.

▀ Risk of losing key employees

The Group's success is dependent on the involvement and qualifications of its key employees, who contributed immensely to Group's development and effective optimization of the Group's operating processes. Due to the market competition for highly qualified specialists there is no guarantee that the Group will be able to preserve all valuable employees.

▀ Risk of receivables collection

As a results of pandemic outbreak the number of companies in Poland declaring bankruptcy increased, including customers of the Agora Group. The financial difficulties of customers co-operating with different segments of the Agora Group may affect the Group's financial results. Additionally, there is no certainty, that in case of bankruptcy of its customers the Group will collect all of its receivables.

▀ The risk of collective dispute

On December 12, 2011, the Inter-union Trade Organization of NSZZ "Solidarność" AGORA S.A. and INFORADIO SP. Z.O.O ("OM") was created. It operates at Agora S.A., Inforadio Sp. z o.o., Agora Poligrafia Sp. z o.o., AMS S.A., Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) and Grupa Radiowa Agory Sp. z o.o. In December 2018, OM expanded its reach to GoldenLine Sp. z o.o., and in January 2019 to Doradztwo Mediowe Sp. z o.o. In accordance with legal requirements, the management boards of companies in which trade unions operate, conduct consultations or agree legal decisions with OM accordingly.

In May 2020, the Company was informed about establishing of the second trade union organization in Agora - the plant committee of the OZZ Inicjatywa Pracownicza company at Agora S.A.

The Group strives to maintain good relations with its employees and solve any problems on an ongoing basis. However, the risk of collective disputes cannot be excluded in cases provided for by law.

VI. MANAGEMENT BOARD'S REPRESENTATIONS

Management Board of Agora confirms that, to the best knowledge, the condensed semi-annual unconsolidated and consolidated financial statements together with comparative figures, have been prepared according to all applicable accounting standards and give a true and fair view of the state of affairs and the financial result of the Issuer and its Capital Group.

The semi-annual Management Discussion and Analysis of the Group shows true view of the achievements and the state of affairs of the Issuer's Capital Group, including evaluation of risks and dangers.

Warsaw, September 24, 2020.

Bartosz Hojka - President of the Management Board

Signed on the Polish original

Tomasz Jagiello - Member of the Management Board

Signed on the Polish original

Agnieszka Sadowska - Member of the Management Board

Signed on the Polish original

Anna Krynska-Godlewska - Member of the Management Board

Signed on the Polish original

Grzegorz Kania - Member of the Management Board

Signed on the Polish original

Signatures submitted electronically.