

AGORA GROUP

Management
Discussion and
Analysis for
the first half of 2021
to the financial
statements

August 12, 2021

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AGORA GROUP

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OF THE GROUP'S RESULTS FOR THE FIRST HALF OF 2021

REVENUE PLN 347.8 MILLION
 EBITDA PLN 6.6 MILLION
EBITDA EXCL. IFRS 16 PLN (13.0) MILLION
 NET LOSS PLN (69.3) MILLION
NET LOSS EXCL. IFRS 16 PLN (61.5) MILLION
 OPERATING CASH FLOW PLN 38.9 MILLION
OPERATING CASH FLOW EXCL. IFRS 16 PLN 22.9 MILLION

Unless indicated otherwise, all data presented herein represent the period of January – June 2021, while comparisons refer to the same period of 2020. 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

- In the first half of 2021, the Agora Group (the "Group") generated PLN 347.8 million in revenues, which is lower by 17.0% as compared to the corresponding period of 2020. This is the result of the closure of Helios cinemas lasting until 20 May 2021 due to the restrictions introduced by the government to combat the pandemic. Therefore, the Movies and Books segment recorded a decrease in revenues. In the first half of 2021, they contracted by 58.5% to PLN 65.4 million. The most significant decline in revenues in this area was recorded in the cinema business which, due to the administrative closure of facilities from November 2020 to 20 May 2021, did not generate any revenue. For this reason, proceeds from ticket sales in Helios chain amounted to PLN 16.5 million and were 73.3% lower than in the corresponding period of 2020. The revenues from concession sales in cinema decreased by 79.5% and amounted to PLN 5.3 million, and revenues from advertising sales in cinemas were lower by 73.8% and amounted to PLN 1.7 million. The closure of cinemas also had a negative impact on the film business in the segment. Revenues of this business decreased by 91.1% to PLN 2.9 million in the first half of 2021. In contrast, revenues from the Agora's Publishing House and from the catering business increased. In the first half of 2021, the revenues of the Agora's Publishing House increased by 16.6% to PLN 24.6 million, mainly thanks to higher revenues from book sales. In the period concerned, the segment's revenues from the catering business increased by 57.9% to PLN 12.0 million. Other business segments recorded an increase in revenues both in the second quarter and in the first half of 2021. In the second quarter of 2021 alone, the revenues of the Movies and Books segment were higher by 169.1% and amounted to PLN 47.1 million. This dynamic growth was possible thanks to the opening of Helios cinemas from 21 May to 30 June 2021. In 2020, cinemas remained closed from 12 March to 5 June following an administrative decision. In the second quarter of 2021, the revenues from ticket sales amounted to PLN 16.5 million, from concession sales to PLN 5.3 million and from advertising sales in cinemas to PLN 1.7 million. Revenues from the Agora's Publishing House increased by 42.4% to PLN 13.1 million, and revenues from the catering business developed under the Pasibus brand to PLN 6.5 million. The only revenue category that was lower than in the previous year were revenues from the film business, which amounted to PLN 2.4 million due to the restrictions on the cinema business and film production. The Internet segment

recorded higher revenues both in the first half and in the second quarter of 2021. They were 11.1% higher than in the first half of 2020 and amounted to PLN 101.1 million, and in the second quarter of 2021 they increased by 24.3% to PLN 54.2 million. The increase in revenue of the Radio segment, to PLN 42.9 million in the first half of 2021 and to PLN 23.0 million in the second quarter 2021, resulted mainly due to some advertisers returning to business, which translated into a higher number of advertising campaigns. In the first half of 2021, the revenues of the Outdoor segment increased by 5.8% to PLN 47.8 million, mainly due to their rapid increase, by 139.1% to PLN 31.8 million, in the second quarter of 2021. This was primarily the result of the gradual lifting of sanitary restrictions and the unfreezing of industries, which translated into an increase in the number of advertising campaigns. In the Press segment, in the first half of 2021, revenues increased to PLN 95.9 million, and in the second quarter of 2021 by as much as 15.6% to PLN 49.6 million due to an increase in revenues from advertising sales and from copy sales.

- ▶ It is worth noting that the year-on-year comparability of operating expenses in both the second quarter and the entire first half of 2021 was significantly impacted by a number of cost saving measures taken by the Company in 2020 (notably a 20.0% reduction in remuneration for six months in the majority of the Agora Group's businesses) and those resulting from legislation (suspension of payment of cinema rents in shopping malls) or from the impact of the pandemic on some businesses (including costs related to the execution of advertising campaigns). Additionally, in 2020 the results of the Agora Group were influenced by a number of one-off events. The total impact of these events on operating expenses amounted to PLN 19.6 million in the first half of 2020 and to PLN 4.9 million in the second quarter of 2020 [10]. In the second quarter of 2021, the Agora Group's operating expenses were affected by write-downs on non-current assets in the total amount of PLN 2.4 million.
- ▶ In the first half of 2021, the operating expenses of the Agora Group decreased by 13.6% and amounted to PLN 424.9 million. In the second quarter of 2021, the operating expenses of the Agora Group increased by 25.4% to PLN 229.4 million. In each operating segment, the operating expenses were significantly affected mainly by a 20.0% reduction in working time and remuneration for six months as of 15 April 2020. In the first half of 2021, the area where operating expenses fell the most was the Movies and Books segment. This resulted mainly from the closure of cinemas which were again opened only on 21 May 2021. In the period from January to June 2021, operating costs in the Movies and Books segment decreased by 37.5% to PLN 114.8 million. During this period, all categories of operating expenses were lower, except the costs of operation of the Agora's Publishing House. It is also worth noting that in the first half of 2020 the base of operating expenses increased due to write-downs on assets related to Foodio Concepts Sp. z o.o. In the second quarter of 2021, operating expenses of the Movies and Books segment increased by 47.1% to PLN 68.7 million. This is primarily the result of the reopening of the Helios cinemas network in connection with the lifting of the ban on cultural activities on 21 May 2021. In 2020, the period of the administrative ban on cinemas fell on a different dates, which also affected the comparability of the data. The second segment in terms of the value of the decrease in operating expenses in the first half of 2021 was the Internet. The operating expenses of this business segment decreased by 5.7% to PLN 87.6 million in the period from January to June 2021, despite their increase by 28.9% to PLN 45.1 million in the second quarter of 2021. It is worth noting that in the period from January to June 2020 the operating expenses of the Internet segment were burdened with restructuring costs and write-downs on assets. In the first half of 2021, the Outdoor segment was able to reduce its operating expenses by 7.1% to PLN 63.0 million, despite their increase by 2.7% to PLN 34.3 million in the second quarter 2021. In the period from April to June 2021, an increase in operating expenses of the segment was caused by an increase in most operating expense categories related to the execution of a larger number of advertising campaigns and the recovery of the value of the OOH market. In the Press segment, in the first half of 2021, the operating expenses were lower by 4.2% and amounted to PLN 87.5 million, and they increased by 14.0% to PLN 44.9 million in the second quarter of 2021, mainly due to higher staff costs. In the Radio segment, the operating expenses increased both in the first half and in the second quarter of 2021. They were higher in all operating expense categories.
- ▶ In the first half of 2021, the Group's EBITDA amounted to PLN 6.6 million. In the second quarter of 2021, the Group recorded EBITDA of PLN 14.7 million, which represents a significant improvement as compared to the second quarter of 2020. At the same time, the Group recorded an EBIT loss both in the second quarter and in the first half of 2021: PLN 27.6 million between April and June 2021, and PLN 77.1 million between January and June 2021. In both periods concerned, the Group recorded a net loss – in the second quarter of 2021 it amounted to PLN 9.9 million and in the first half of 2021 to PLN 69.3 million. Whereas the net loss attributable to equity holders of the parent company was PLN 9.2 million in the second quarter of 2021 and PLN 65.5 million between January and June 2021.

- ▶ Without taking into account the impact of IFRS 16 in the first half of 2021, the Agora Group recorded EBITDA loss of PLN 13.0 million, and EBITDA profit of PLN 5.4 million in the second quarter of 2021. The EBIT loss under this approach amounted to PLN 21.0 million in the period between April and June 2021, and PLN 63.4 million in the period between January and June 2021. In both periods concerned, the Group reported a net loss without IFRS 16: PLN 15.4 million in the second quarter of 2021 and PLN 61.5 million in the first half of 2021.
- ▶ As of 30 June 2021, the Group's cash and short-term financial assets amounted to PLN 122.9 million, which comprised PLN 122.9 million in cash and cash equivalents (cash in hand and at bank and bank deposits).
- ▶ As of the end of June 2021, the Group's loans and leases amounted to PLN 856.5 million (including lease liabilities under IFRS 16 in the amount of PLN 674.0 million). The Group's net debt in this approach amounted to PLN 733.6 million, while excluding the impact of IFRS 16, the Group's net debt as at 30 June 2021 amounted to PLN 59.6 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 2021, total advertising spending in Poland amounted to ca PLN 2.7 billion and increased by 41.5% yoy.

This is the effect of a gradual return to promoting their products and services of entrepreneurs whose activity was limited as a result of the introduction of sanitary restrictions aimed at preventing the spread of the pandemic COVID-19, which significantly disturbed the functioning of the economy in the country in earlier periods.

Tab. 1

	2Q 2019	3Q 2019	4Q 2019	1Q 2020	2Q 2020	3Q 2020	4Q 2020	1Q 2021	2Q 2021
% change yoy in ad market value	2.5%	6.0%	3.5%	0.0%	(29.0%)	(3.5%)	(2.0%)	1.5%	41.5%

In the second quarter of 2021, advertisers increased their ad spend in all market segments. Their greatest increase took place in cinemas, which from March 12 to June 5, 2020 were closed by an administrative decision. Most cinema chains resumed operation of the facilities at the turn of June and July 2020. Another segment in which advertisers significantly increased their revenues compared to the second quarter of 2020 was outdoor advertising. In the same period of 2020, these two segments of the advertising market were most affected by the sanitary restrictions introduced to prevent the spread of the pandemic. Advertising spending was also significantly higher on radio, television, internet and press. The data on the dynamics of changes in estimates 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
41.5%	48.5%	30.0%	53.0%	143.0%	15.5%	8.5%	-

The share of particular media segment in total advertising expenditure, in the second quarter of 2021, is presented in the table below:

Tab. 3

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	43.5%	42.5%	6.0%	4.5%	2.0%	1.0%	0.5%

In the first half of 2021, total advertising spending in Poland amounted to over PLN 4.8 billion and increased by 20.0% compared to the first half of 2020. At that time advertising expenditure was lower compared to the same period in 2020 in cinemas and press. The value of expenses in other market segments increased. The data on the dynamics of changes in estimates 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
20.0%	21.5%	24.0%	19.0%	21.0%	(11.5%)	(9.0%)	(70.5%)

The share of particular media segment in total advertising expenditure, in the first half of 2021, is presented in the table below:

Tab. 5

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	43.0%	43.5%	6.5%	3.5%	2.5%	1.0%	0.0%

1.2. Copy sales of dailies [4]

In the second quarter of 2021, the total paid circulation of dailies (verified by the National Circulation Audit Office (ZKDP)) decreased by 6.6 % yoy and in the first half of 2021 by 12.2% yoy. In both periods under discussion the largest decrease was observed in regional dailies.

1.3. Cinema admissions [9]

Due to the lifting of the administrative closure of cinemas on May 21, the number of tickets sold in Polish cinemas in the second quarter of 2021 amounted to nearly 2.5 million (this figure does not include film productions distributed by UIP due to the lack of information from this distributor).

The number of tickets sold in Polish cinemas in the first half of 2021 amounted to over 3.0 million. This means a decrease in the number of tickets sold by 75.5% yoy. This number is significantly understated due to the fact, that 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 2021	% share	2Q 2020	% share	% change yoy
Total sales (1)	201.8	100.0%	129.5	100.0%	55.8%
<i>Advertising revenue</i>	118.4	58.7%	77.3	59.7%	53.2%
<i>Ticket sales</i>	16.5	8.2%	0.1	0.1%	16,400.0%
<i>Copy sales</i>	35.6	17.6%	29.5	22.8%	20.7%
<i>Concession sales in cinemas</i>	5.3	2.6%	-	0.0%	-
<i>Gastronomic sales (2)</i>	6.5	3.2%	1.8	1.4%	261.1%
<i>Revenues from film activities</i>	1.9	0.9%	6.2	4.8%	(69.4%)
<i>Other (3)</i>	17.6	8.8%	14.6	11.2%	20.5%

<i>in million PLN</i>	1H 2021	% share	1H 2020	% share	% change yoy
Total sales (1)	347.8	100.0%	419.1	100.0%	(17.0%)
<i>Advertising revenue</i>	209.0	60.1%	191.0	45.6%	9.4%
<i>Ticket sales</i>	16.5	4.7%	61.7	14.7%	(73.3%)
<i>Copy sales</i>	68.9	19.8%	64.6	15.4%	6.7%
<i>Concession sales in cinemas</i>	5.3	1.5%	25.8	6.2%	(79.5%)
<i>Gastronomic sales (2)</i>	11.9	3.4%	7.6	1.8%	56.6%
<i>Revenues from film activities</i>	2.4	0.7%	31.4	7.5%	(92.4%)
<i>Other (3)</i>	33.8	9.8%	37.0	8.8%	(8.6%)

- (1) particular sales positions, apart from revenues from cinema activities, 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;
- (2) in 2021, the Group amended the presentation of gastronomic sales, these revenues include activities of companies Step Inside Sp. z o.o. and Foodio Concepts Sp. z o.o. (till 2 June, 2020), in the previous periods presented in line Other sales, the comparative information has been restated accordingly;
- (3) in 2021, the Group amended the presentation of revenues from sale of printing services, these revenues are presented in line Other sales, the comparative information has been restated accordingly.

In the second quarter of 2021, **the Agora Group's total revenues** amounted PLN 201.8 million, having increased by 55.8% year on year. As a result of the gradual lifting of restrictions and the opening up of more industries, most of the Group's revenue categories increased.

In the second quarter of 2021, **the Group's advertising revenues** increased by 53.2% year on year and amounted to PLN 118.4 million. They were higher in each of the Group's business segments. This growth was mainly due to the unfreezing of more industries and greater advertising activity by businesses, which translated into an increase in expenditure on the advertising market in Poland in the second quarter of 2021. The business of the Group, where

advertising expenses rose most, was the Outdoor segment. The advertising revenues of this business activity increased by 150.0% and amounted to PLN 30.5 million. The Internet was another segment with a dynamic increase in advertising revenues by 24.0% to PLN 49.6 million. The Gazeta.pl portal and the Yieldbird company contributed the most. In the Radio segment, the proceeds from the sales of radio advertising were higher by 53.8% and amounted to PLN 20.3 million. This is mainly due to higher revenues from the sale of airtime in stations belonging to the Agora Radio Group and the proceeds from brokerage services for the sale of airtime in third-party radio stations. An increase in advertising revenues, by 40.0% to PLN 16.1 million, also occurred in the Press segment. The value of advertising expenses in cinemas increased to PLN 1.7 million in the period concerned, which was related to the reopening of cinemas on 21 May 2021.

In the second quarter of 2021, the **revenues from the sale of publications** amounted to PLN 35.6 million and increased by 20.7% as compared to the corresponding period of 2020. The main reason for this increase were higher revenues of Agora Publishing House which increased by 42.4% yoy to PLN 13.1 million. While revenues from the sales of *Gazeta Wyborcza* increased by 9.1% yoy to PLN 25.1 million, and the proceeds from digital subscriptions increased by 22.5% yoy.

In the second quarter of 2021, **value of revenues from cinema operations** was significantly impacted by the unfreezing of the operation of cultural facilities, which took place from 21 May 2021. As a result, the **revenues from tickets sold in the cinemas** comprising the Helios chain increased to PLN 16.5 million, and the **revenues from concession sales** to PLN 5.3 million.

In the second quarter of 2021, **revenues from food business** increased by 261.1% and amounted to PLN 6.5 million. Despite the restrictions on the catering business imposed in connection with the COVID-19 Pandemic in 2021 and 2020, the proceeds from the operations of Step Inside were higher. Currently, this company runs 10 restaurants under the Pasibus brand created as part of strategic cooperation with Helios S.A.

In the second quarter of 2021, **the proceeds from the film activities** of the Agora Group decreased by 69.4% and amounted to PLN 1.9 million. In the same period of last year, the revenues came mainly from the sale of distribution rights in other distribution channels other than cinemas. In 2021, the number of film productions sold to other distribution channels was lower yoy.

Revenues from other sales amounted to PLN 17.6 million and were 20.5% higher than in the second quarter of 2020. This resulted mainly from the opening of the Helios cinema network and higher revenues from other sales in the Internet segment.

In the first half of 2021, **the Group's total revenues** amounted to PLN 347.8 million and decreased by 17.0% year on year. The main reason for this decrease was the fact that the Helios cinema network was closed until 20 May 2021, which resulted in a decrease in proceeds from the operations of the Movies and Books segment.

In the first half of 2021, **the Agora Group's advertising revenues** increased by 9.4% year on year and amounted to PLN 209.0 million. They were higher in most business segments of the Agora Group. Their highest increase – up by 14.5%, to PLN 93.0 million – was visible in the Internet segment. This is mainly due to an increase in advertising revenues both in Gazeta.pl and Yieldbird. The revenues from advertising sales in the Radio segment were higher by 19.6% and amounted to PLN 38.4 million. This was due, among other things, to an increase in expenditures on the radio advertising market following the lifting of health restrictions introduced when the pandemic broke out. In the Press segment, an increase in advertising revenues by 13.6% to PLN 29.3 million resulted mainly from an increase in the advertising activity of companies than in the second quarter of 2020, which resulted in an increase in both the advertising revenues in the traditional and digital newspaper editions. In the Outdoor segment, advertising revenues increased by 4.8% to PLN 45.6 million. The only business area in which this revenue category was lower than in the corresponding period of 2020 was the Movies and Books segment. The value of advertising revenues in cinemas decreased by 73.8% to PLN 1.7 million as compared to the corresponding period of 2020 due to the administrative closure of cinemas lasting until 20 May 2021.

In the first half of 2021, **revenues from tickets sold in the cinemas** comprising the Helios network decreased by 73.3% yoy and amounted to PLN 16.5 million. This drop resulted from the administrative closure of cinemas lasting until 20 May 2021. In the period considered, the number of tickets sold in the Helios cinemas amounted to 0.9 million, which meant a year-on-year decrease of 72.9%. In the same period, the overall number of cinema tickets sold in Poland amounted to over 3.0 million and decreased by 75.5% [9].

In the first half of 2021, **the Group's copy sales revenues** amounted to PLN 68.9 million and increased by 6.7% as compared to the corresponding period of 2020. This was due to higher year-on-year revenues from the sale of

publications published by the Agora's Publishing House. At the same time, profits recorded in the Press segment decreased, mainly due to the cancellation of some press titles and lower proceeds from the sale of the paper edition of *Gazeta Wyborcza*, with higher revenues from subscriptions of *Wyborcza.pl*.

Revenues from concession sales in cinemas decreased by 79.5% to PLN 5.3 million, mainly due to the administrative closure of cinemas until 20 May 2021.

In the first half of 2021, **revenues from the food business** were higher by 56.6% and amounted to PLN 11.9 million. This was possible owing to the development of Step Inside, running restaurants under the Pasibus brand, despite restrictions on the catering business in 2021 and 2020 related to the COVID-19 pandemic and the sale of Foodio Concepts in the second quarter of 2020.

In the first half of 2021, **revenues from the film activities** of the Agora Group decreased to PLN 2.4 million. The corresponding period of 2020 was a record one in terms of revenue for this segment of the Group. In the first half of 2021, NEXT FILM launched only one Polish production – *W jak morderstwo* ("W for murder").

Revenues from other sales amounted to PLN 33.8 million and were lower by 8.6% than those recorded in the first half of 2020, mainly due to a decrease in revenues from printing activities.

2.2. Operating cost

Tab. 7

in million PLN	2Q 2021	% share	2Q 2020	% share	% change yoy
Operating cost net, including:	(229.4)	100.0%	(182.9)	100.0%	25.4%
Operating cost net excl. IFRS 16 (1), including:	(222.8)	100.0%	(174.3)	100.0%	27.8%
External services	(74.2)	32.3%	(56.0)	30.6%	32.5%
External services excl. IFRS 16 (1)	(84.0)	37.7%	(64.1)	36.8%	31.0%
Staff cost	(76.4)	33.3%	(52.8)	28.9%	44.7%
Raw materials, energy and consumables	(20.1)	8.8%	(18.2)	10.0%	10.4%
D&A	(39.9)	17.4%	(41.5)	22.7%	(3.9%)
D&A excl. IFRS 16 (1)	(24.0)	10.8%	(24.0)	13.8%	-
Promotion and marketing	(10.7)	4.7%	(6.9)	3.8%	55.1%
Cost of restructuring (2)	-	-	(1.4)	0.8%	-
Impairment losses (3)	(2.4)	1.0%	(7.5)	4.1%	(68.0%)

in million PLN	1H 2021	% share	1H 2020	% share	% change yoy
Operating cost net, including:	(424.9)	100.0%	(492.0)	100.0%	(13.6%)
Operating cost net excl. IFRS 16 (1), including:	(411.2)	100.0%	(482.3)	100.0%	(14.8%)
External services	(133.7)	31.5%	(172.4)	35.0%	(22.4%)
External services excl. IFRS 16 (1)	(153.6)	37.4%	(197.8)	41.0%	(22.3%)
Staff cost	(148.7)	35.0%	(134.8)	27.4%	10.3%
Raw materials, energy and consumables	(38.1)	9.0%	(49.2)	10.0%	(22.6%)
D&A	(81.3)	19.1%	(84.2)	17.1%	(3.4%)
D&A excl. IFRS 16 (1)	(48.0)	11.7%	(48.1)	10.0%	(0.2%)
Promotion and marketing	(17.3)	4.1%	(19.2)	3.9%	(9.9%)
Cost of restructuring (2)	-	-	(1.4)	0.3%	-
Impairment losses (3)	(2.4)	0.6%	(28.9)	5.9%	(91.7%)

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

(2) cost of restructuring in Internet segment in the second quarter of 2020;

(3) the amount includes impairment losses on fixed assets of the companies Agora S.A. (real estate after a closed printing facility in Tychy) and AMS Group in the second quarter of 2021 and companies Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and AMS S.A. in the first half of 2020, the impairment losses were mainly related to tangible fixed assets and intangible assets, including goodwill of Domiporta Sp. z o.o. in the first half of 2020.

In the second quarter of 2021, the **net operating costs** of the Agora Group increased by 25.4% to PLN 229.4 million. The comparability of data in relation to the second quarter of 2020 was significantly influenced by a number of one-off events that occurred in 2020. The total impact of these events on the level of operating costs amounted to PLN 19.6 million in the first half of 2020 and PLN 4.9 million in the second quarter of 2020 [10]. In the second quarter of 2021, the value of impairment losses on non-current assets, mainly in the AMS group, amounted to PLN 2.4 million.

The highest expense item were **staff costs**, which amounted to PLN 76.4 million and were 44.7% higher than the costs recorded in the second quarter of 2020. This increase, recorded in comparison to the second quarter of 2020, is primarily the effect of a 20.0% reduction in remuneration in the Agora Group from 15 April to 15 October 2020, the postponement of discretionary bonus payments in the Group and the lack of provision for incentive plans in the first half of 2020.

At the end of June 2021, **full-time employment** at the Agora Group (after eliminating the effect of reducing the working time in 2020) amounted to 2,287 FTEs and was 46 FTEs lower than at the end of June 2020. The biggest decrease in the number of full-time employees was in the Press segment. The increase in the number of full-time employees was visible in the Movies and Books as well as the Internet segments.

The costs of third-party services were higher by 32.5% as compared to the corresponding period of 2020 and amounted to PLN 74.2 million. This cost item increased in most of the Agora Group's business areas. The highest growth was recorded in the Movies and Books segment, mainly due to the reopening of the Helios cinema network on 21 May 2021. The costs of third-party services increased also in the Outdoor segment, due to an increased number of advertising campaigns and higher costs of system maintenance as a result of limitation in temporary reduction of rent rates for advertising space and the development of the digital indoor media system. The Internet segment recorded an increase by 11.0% to PLN 27.2 million in this category, which was related to an increase in profits in this business. In the Press segment, the increase in this cost item resulted mainly from higher costs of computer services and higher transport costs. In the Radio segment, the costs of third-party services were higher by 37.3% and amounted to PLN 7.0 million, mainly due to higher costs of purchase of airtime in third-party radio stations, in connection with the advertising sales brokerage services provided and higher costs related to the provision of sales brokerage services for the Helios cinema network.

The increase in the **cost of materials and energy consumed, and goods and materials sold** by 10.4% yoy to PLN 20.1 million, was primarily due to an increase in this type of expenses in the Movies and Books segment, mainly due to the lifting of restrictions on cinema and catering business, which made it possible to conduct operations in these business areas. This category of expenses, however, recorded a decline in the Press segment, which was related to the reduction of printing activities and a lower number of titles published.

The costs of depreciation and amortisation were lower by 3.9% and amounted to PLN 39.9 million. Their decrease occurred in the Movies and Books segment. This resulted from the modification of lease agreements, which translated into the adjustment of depreciation and amortisation. In other business areas, this cost item was higher than in the previous year. The costs of depreciation and amortisation increased most in the Outdoor segment, which was the effect of qualifying to IFRS16 rental contracts with a greater total value than the contracts qualified in the second quarter of 2020. This cost position increased also in the Press segment due to the implementation of projects supporting the development of the Wyborcza.pl website. The amortisation 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 improved the visibility of Gazeta.pl in the results generated by the most popular search engines. The costs of amortisation and depreciation were also slightly higher in the Radio segment.

The Group's promotion and marketing costs amounted to PLN 10.7 million and were 55.1% higher than those recorded in the second quarter of 2020. They increased in most operating segments of the Agora Group. The biggest growth was recorded in the Movies and Books segment, in particular in Helios, which was related to the reopening of Helios cinemas on 21 May 2021. This cost position increased also in the Press, Radio and Internet segments.

The net operating expenses of the Group in the second quarter of 2021, reported without IFRS 16, amounted to PLN 222.8 million and were 27.8% higher than in the corresponding period of 2020.

In the first half of 2021, the **net operating expenses** of the Agora Group decreased by 13.6% to PLN 424.9 million.

It is worth noting that their year-on-year comparability was affected by a number of events. In 2020, these included primarily write-downs on fixed assets of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o.,

the AMS group and Agora S.A. (real estate after a closed printing facility) totalling PLN 28.9 million, as well as costs of employment restructuring in Goldenline Sp. z o.o. and Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) totalling PLN 1.4 million. However, the Group's net operating expenses were affected positively by the profit on the disposal of a part of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in the amount of PLN 3.6 million and the profit on the disposal of real estate in the amount of PLN 7.1 million. The total negative impact of these events on the Group's operating expenses in the first half of 2020 amounts to PLN 19.6 million. Significant factors affecting the reduction of the Group's operating expenses included administrative prohibition on cinema operations (from 12 March until 5 June 2020) as well as saving measures taken up by the Group in relation to the outbreak of the COVID-19 pandemic. In the second quarter and in the first half of 2021, the Agora Group's results were affected by the costs of impairment losses on this company's non-current assets totalling PLN 2.4 million, mainly in AMS group.

The reduction in operating expenses of the Group in the period from January to June 2021 was also affected by the cost reductions carried out in most of the segments. The largest decrease in operating expenses was recorded in the Movies and Books segment, which was mainly related to the administrative suspension of cinema and catering businesses in the first half of 2021. The operating expenses were also lower in the Internet and Outdoor segments. In the Press segment, the operating expenses decreased by 4.2% and amounted to PLN 87.5 million. This is mainly due to lower costs of materials, energy, printing goods and services as well as representation and advertising expenses, despite an increase in staff costs and depreciation. The operating expenses were lower also in the Internet and Outdoor segments, but their level was significantly affected by revaluation write-downs on assets that took place in 2020. There was an increase in the operating expenses in the Radio segment and it was related to higher profits due to the sale of airtime in third-party radio stations and the sales brokerage services provided in the Helios cinema network.

In the first half of 2021, the **costs of third-party services** decreased by 22.4% to PLN 133.7 million. The decrease in this cost position was mainly due to the Movies and Books segment because of the limited film activities forced by anti-pandemic restrictions and a ban on cinemas in force until 20 May 2021. An insignificant decrease in this cost position occurred in the Press segment – the costs of third-party services were limited in printing activities due to the lower volume of printing, but increased in press activities due to higher costs of computer services and transport. In other business areas, this expense category was higher than in the corresponding period of 2020, mainly due to the unfreezing of more branches of the economy and greater advertising activity by businesses.

In the first half of 2021, **staff costs** increased by 10.3% to PLN 148.7 million. They were higher in most business segments of the Agora Group. This increase is mainly the result of a 20.0% remuneration reduction implemented in the Group, effective from 15 April to 15 October 2020. In the Helios group, the reduction was introduced as early as on 12 March 2020. Additionally, in the first half of 2020 the value of remuneration was also impacted by the fact that there was no provision for the Group's incentive plans and by the reduction in the amount of the variable component of remuneration depending on sales results due to a significant decline of advertising expenses in Poland.

The costs of materials and energy consumed and the value of goods and materials sold decreased in the first half of 2021 by 22.6% to PLN 38.1 million. This was mainly due to the decrease in the value of this cost item in the Movies and Books as well as Press segments.

The costs of depreciation and amortisation decreased by 3.4% to PLN 81.3 million. This was mainly due to the restrictions in the Movies and Books segment, especially in the cinema business. The largest increase in expenditures on depreciation was recorded in the Press and Outdoor segments. In the first one, it resulted from the implementation of projects supporting the development of the Wyborcza.pl website, and in the second, it was the effect of qualifying to IFRS16 rental contracts with a greater total value than the contracts qualified in the second quarter of 2020. This cost item was also higher in the Internet segment, which was related to the modernisation of the technological infrastructure enabling the development of advertising products and improved Gazeta.pl portal visibility in the results generated by the most popular search engines. A slight increase in costs of depreciation and amortisation was also recorded in the Radio segment.

The promotion and marketing costs were also lower by 9.9% in the period concerned, amounting to PLN 17.3 million. The biggest decrease took place in the following segments: Movies and Books, Press and Outdoor. However, they were higher in the Internet and Radio segments.

In the first half of 2021, the Group's net operating expenses without IFRS 16 amounted to PLN 411.2 million, i.e. they decreased by 14.8% as compared to the corresponding period in 2020.

3. PROSPECTS

The COVID-19 pandemic and government actions undertaken to reduce the further spread of coronavirus will have a significant negative impact on the financial performance of Agora and its subsidiaries in the following quarters of 2021, in particular in the event of a further increase in the number of diseases. Despite the challenges related to functioning in a market environment with negative consequences of the pandemic and a high level of uncertainty as to possible restrictions on business activities in the future, the Management Board of the Company does not see any indications that would raise serious doubts as to the continuation of business performance of the Company and the Agora Group.

In order to ensure financial liquidity, the Company and its subsidiary Helios S.A. secured additional financing. In addition, extra initiatives are being implemented by Helios to prevent a liquidity gap in the future in the event of the pandemic situation becoming worse and further restrictions on cultural activities being applied. On 8 June 2021, Helios S.A. signed a preferential loan agreement in the amount of approximately PLN 5.0 million. The Company reported this event in detail in regulatory filing no. 12/2021 of 9 June 2021. Additionally, in the first half of 2021, companies functioning within the Movies and Books segment received total aid as a part of the so called anti-crisis shield in the amount of PLN 7.3 million. As at the balance sheet date, Agora S.A. had a working capital loan granted and fully available in the amount of PLN 100.0 million to finance operating activities. On the other hand, Helios S.A. had a working capital loan of PLN 108.0 million (including PLN 2.0 million of sublimit for Step Inside Sp. z o.o.) and the funds available as at the balance sheet date amounted to PLN 40.5 million. The Company's Management Board carries out intensified monitoring activities of receivables inflow in order to secure the financial liquidity of the Group and takes other measures to secure its liquidity in the foreseeable future. However, the result of these actions depends to a large extent on the pace of economic recovery following the corona crisis and the magnitude of the restrictions associated with the potential increase of COVID-19 infections. A significant risk to the liquidity of the Agora Group may be the scale of revenues generated, in particular in the event of a recurrence of a pandemic which will result in a resuspension of operations of certain sectors of the economy. Both Agora and all companies from its capital group took a number of actions aimed at minimising the losses caused by the COVID-19 pandemic, providing financial security for the Group and returning the Group to the path of growing revenues and operating results.

In the opinion of the Company's Management Board, in connection with the extension of the closure of cultural facilities until 20 May 2021, the largest negative impact of the pandemic on the Group's operations was visible in the first half of 2021. In subsequent periods, depending on the available cinema repertoire and the applicable sanitary regime, the Movies and Books segment should generate higher revenues than a year before and improve its financial results, which will have an impact on the results of the Agora Group as a whole.

The resumption of cinema activities on 21 May 2021 resulted in a dynamic increase in revenues of the Movies and Books segment as compared to the corresponding period of 2020. The interesting repertoire planned for the remaining quarters of 2021 suggests that the pace of recovery of the cinema market could further accelerate, unless further restrictions on cinema activity are introduced.

The second quarter of 2021, in addition to the reopening of cultural facilities, also brought clear signals of advertising market recovery in Poland. According to the Company's estimates, in 2021, the value of advertising market in Poland in the first half of 2021 outgrew that recorded in the first half of 2019. In the coming quarters online advertising spending will be significantly higher than in 2019. The value of expenditure on advertising on radio and television will be basically at the same level as in 2019. On the other hand, outdoor advertising and cinema, ie the sectors most affected by the negative effects of the pandemic, will, in the Company's opinion, need more time to rebuild their value.

As a result, in 2021, according to the Company's estimates, advertisers will increase their spending on promoting their goods and services by approximately 8% -11% compared to 2020. This is a result of the fact that the reconstruction of the advertising market value has already started in in the first quarter of 2021, and in the second quarter it accelerated significantly thanks to the unfreezing of other sectors of the economy. In the opinion of the Company, the only market segment in which the value of advertising expenditure will shrink throughout 2021 will be traditional press. This decrease may amount to 9-12% compared to 2020. In cinemas, due to the longer than expected closure of cultural facilities, the growth dynamics will be lower than the Company expected and will amount to 6-9%. Based on the available market data, Agora decided to leave the estimated growth in TV advertising spending unchanged at 5-8%. The dynamic increase in the value of expenses will take place in the outdoor advertising segment - it may reach 15-18%. Advertising expenditure will increase by 9-12% yoy in Internet, and by 8-11% yoy in radio.

The above estimates and expectations carry the risk of a renewed aggravation of the pandemic and an increase in the number of sickness cases in the second half of 2021. If the government decides to introduce sanitary restrictions similar in scale to those introduced in previous periods, the above estimates of the reconstruction of the advertising market are subject to the risk of failure to implement them.

At the same time, it is worth noting that during the so-called "third wave of the pandemic", the reaction of the advertising market was less violent than in previous periods. Advertisers did not drastically reduce their total advertising budgets. Their activity was only halted in the sectors that were most affected by sanitary restrictions, namely cinemas and outdoor advertising.

Due to a significant improvement in these two areas, namely cinema activities and the advertising market, the rate of restoration of the Agora Group's revenue in the following quarters should accelerate, provided, provided, however, that the scale of restrictions related to the prevention of another wave of pandemic in the second half of 2021 will not be similar to that of last year. The experience of other countries in the same situation shows that, once the restrictions on cultural activities have been lifted, viewers are rapidly returning to watching movies in cinemas. The pace of this return depends not only on the repertoire available, but largely on the scale of the sanitary restrictions and the severity of the pandemic in a given country. In the opinion of the Management Board of Helios S.A. there is a chance - that owing to the opening of multiroom cinemas on 21 May 2021 - the attendance in the current year should be comparable to the one recorded in 2020.

One of the segments of the advertising market most affected by the pandemic is outdoor advertising, which is sensitive to the number of contacts between the public and the promotional message. A reduction in advertising expenditures in this market area will have a significant impact on the results of the Agora Group. AMS is the leader of the outdoor advertising market in Poland with modern panels in the most popular locations. Lifting restrictions on the movement of population, increase in the number of contacts with advertising messages and subsequent stages of "unfreezing" of the Polish economy should result in a more rapid return of advertising campaigns to AMS advertising panels than on the market in general.

The effects of the pandemic and the limited advertising expenditure significantly affected the radio business of the Agora Group. The Agora Radio Group is one amongst the smallest players on the radio market in Poland, and therefore, it can experience more difficulties in competing for significantly limited advertising budgets than large broadcasters. However, the elimination of business restrictions has already had a positive impact on the segment's revenues, mainly due to the increased activity of local entrepreneurs. It is worth noting that the current situation in Poland has contributed to the growing listeners' interest in the offer of Radio TOK FM, whose audience has recently reached the highest levels in the history of this radio station. The audience results of other radio stations belonging to Agora have also been improving. In the long term, this should translate into a greater interest of clients in the radio advertising offer.

The pandemic also significantly affected the digitalisation processes in the press market. The digitalisation of press titles accelerated, which in the Company's opinion will continue in subsequent periods of 2021. As a result, the offer of traditional press will continue to shrink and the digital offer will become even more essential. Agora is the leader of the Polish market in the area of digital subscriptions. The number of active subscriptions of Wyborcza.pl has been growing steadily – at the end of June 2021 it amounted to over 258 thousand. The share of daily's digital revenue has been increasing constantly, and optimization measures in the area of traditional press will contribute to improvement of the performance of the entire Press segment.

The Company expects a further increase in revenue in the Internet segment, both as a result of significant improvement in the quality of advertising space of Gazeta.pl, as well as the fast-growing Yieldbird company. In the opinion of the Management Board of Agora, the development initiatives undertaken by individual Internet projects of the Group significantly improved the quality of digital advertising space and the safety of advertising messages, which are increasingly important from the customers' point of view. This translates into an increasing share of digital inflows in total advertising sales of the Group (51.8% in the first half of 2021). With subsequent initiatives to improve the effectiveness of the introduced solutions and the increase in spending on online advertising, the share of digital revenues in total advertising revenue of the Agora Group in 2021 will be even higher.

The Agora Group develops food services activities within Step Inside Sp. z o.o. company, which runs the Pasibus brand restaurants. Revenues from the company's operations have been growing steadily – in the second quarter of 2021, they amounted to PLN 6.6 million. The dynamic increase in revenue in this business area was linked to the lifting of

further restrictions, in particular the opening of shopping malls and the permission to serve food on site in restaurants.

The copy sales of titles in traditional form will decrease in the second half of 2021 due to not only the market trends but also the Poles quickly getting used to reading digital publications. However, the Agora Group is actively developing the digital subscription of *Gazeta Wyborcza* and the sale of books and music in digital form or via online outlets. This results in a steady increase in the share of digital revenues both from the sale of publications (30.2% in the first half of 2021) and more broadly from sales of content in the Agora Group (35.9% in the first half of 2021). The Company's Management Board estimates that by investing in projects supporting digital growth in the Group, this trend will further accelerate in 2021.

Taking all these issues into account, the Management Board of Agora estimates that throughout 2021, the revenues of the Agora Group will increase as compared to 2020, and the Group will start a gradual recovery of its financial results. The EBIT operating loss will decrease and the Group will record a profit at EBITDA level. The businesses that will be the fastest to start reconstructing their results are: Cinemas, Food Services Activities, Outdoor and Radio.

At the same time, the Management Board of Agora continues initiatives supporting the improvement of the Group's operating results, as well as financial and liquidity security of the Company and of the Agora Group as a whole, taking into account the possibility of the pandemic recurring later this year.

However, it is worth remembering that due to the difficulty in predicting the further developments in the situation related to the pandemic and its economic consequences, the above assumptions may be erroneous and their accuracy is much smaller than in periods of greater predictability.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The condensed semi-annual consolidated financial statements of the Agora Group for the first half of 2021 includes Agora S.A. and 19 subsidiaries, which operate principally in the internet, cinema, radio, gastronomy and outdoor segments. Additionally, as at 30 June 2021 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. 8

<i>in PLN million</i>	2Q 2021	2Q 2020	% change yoy	1H 2021	1H 2020	% change yoy
Total sales (1)	201.8	129.5	55.8%	347.8	419.1	(17.0%)
<i>Advertising revenue</i>	118.4	77.3	53.2%	209.0	191.0	9.4%
<i>Ticket sales</i>	16.5	0.1	16,400.0%	16.5	61.7	(73.3%)
<i>Copy sales</i>	35.6	29.5	20.7%	68.9	64.6	6.7%
<i>Concession sales in cinemas</i>	5.3	-	-	5.3	25.8	(79.5%)
<i>Gastronomic sales (2)</i>	6.5	1.8	261.1%	11.9	7.6	56.6%
<i>Revenues from film activities</i>	1.9	6.2	(69.4%)	2.4	31.4	(92.4%)
<i>Other (3)</i>	17.6	14.6	20.5%	33.8	37.0	(8.6%)
Operating cost net, including:	(229.4)	(182.9)	25.4%	(424.9)	(492.0)	(13.6%)
<i>External services</i>	(74.2)	(56.0)	32.5%	(133.7)	(172.4)	(22.4%)
<i>Staff cost</i>	(76.4)	(52.8)	44.7%	(148.7)	(134.8)	10.3%
<i>Raw materials, energy and consumables</i>	(20.1)	(18.2)	10.4%	(38.1)	(49.2)	(22.6%)
<i>D&A</i>	(39.9)	(41.5)	(3.9%)	(81.3)	(84.2)	(3.4%)
<i>Promotion and marketing</i>	(10.7)	(6.9)	55.1%	(17.3)	(19.2)	(9.9%)
<i>Cost of restructuring (4)</i>	-	(1.4)	-	-	(1.4)	-
<i>Gain on sale of property (5)</i>	-	0.4	-	-	7.1	-
<i>Gain on sale of the enterprise (6)</i>	-	3.6	-	-	3.6	-
<i>Impairment losses (7)</i>	(2.4)	(7.5)	(68.0%)	(2.4)	(28.9)	(91.7%)
Operating result - EBIT	(27.6)	(53.4)	48.3%	(77.1)	(72.9)	(5.8%)
<i>Operating result - EBIT excl. IFRS 16 (8)</i>	(21.0)	(44.8)	53.1%	(63.4)	(63.2)	(0.3%)
Finance cost, net, incl.:	12.2	6.8	79.4%	1.0	(26.0)	-
<i>Income from short-term investment</i>	-	0.1	-	-	0.3	-
<i>Costs related to bank loans and leasing</i>	(4.8)	(4.6)	4.3%	(10.3)	(10.2)	1.0%
<i>including interest costs related to IFRS 16</i>	(3.5)	(3.4)	2.9%	(7.0)	(7.3)	(4.1%)
<i>Foreign exchange (losses) / gains</i>	16.4	7.8	110.3%	10.8	(19.3)	-
<i>including interest costs related to IFRS 16</i>	16.9	8.0	111.3%	11.1	(19.7)	-
<i>Revaluation of put options (9)</i>	-	2.2	-	-	2.2	-
Share of results of equity accounted investees	2.0	(0.2)	-	4.2	(0.4)	-

<i>in PLN million</i>	2Q 2021	2Q 2020	% change yoy	1H 2021	1H 2020	% change yoy
Loss before income tax	(13.4)	(46.8)	71.4%	(71.9)	(99.3)	27.6%
Income tax	3.5	5.7	(38.6%)	2.6	11.1	(76.6%)
Net loss for the period	(9.9)	(41.1)	75.9%	(69.3)	(88.2)	21.4%
<i>Net loss for the period excl. IFRS 16 (8)</i>	<i>(15.4)</i>	<i>(38.1)</i>	<i>59.6%</i>	<i>(61.5)</i>	<i>(58.6)</i>	<i>(4.9%)</i>
Attributable to:						
Equity holders of the parent	(9.2)	(38.6)	76.2%	(65.5)	(81.3)	19.4%
Non - controlling interest	(0.7)	(2.5)	72.0%	(3.8)	(6.9)	44.9%
EBIT margin (EBIT/Sales)	(13.7%)	(41.2%)	27.5pp	(22.2%)	(17.4%)	(4.8pp)
<i>EBIT margin excl. IFRS 16 (8)</i>	<i>(10.4%)</i>	<i>(34.6%)</i>	<i>24.2pp</i>	<i>(18.2%)</i>	<i>(15.1%)</i>	<i>(3.1pp)</i>
EBITDA (10)	14.7	(4.4)	-	6.6	40.2	(83.6%)
EBITDA margin (EBITDA/Sales)	7.3%	(3.4%)	10.7pp	1.9%	9.6%	(7.7pp)
<i>EBITDA excl. IFRS 16 (8)</i>	<i>5.4</i>	<i>(13.4)</i>	-	<i>(13.0)</i>	<i>13.8</i>	-
<i>EBITDA margin excl. IFRS 16 (8)</i>	<i>2.7%</i>	<i>(10.3%)</i>	<i>13.0pp</i>	<i>(3.7%)</i>	<i>3.3%</i>	<i>(7.0pp)</i>

- (1) particular sales positions, apart from revenues from cinema activities and gastronomic sales, 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;
- (2) in 2021, the Group amended the presentation of gastronomic sales, these revenues include activities of companies Step Inside Sp. z o.o. and Foodio Concepts Sp. z o.o. (till 2 June, 2020), in the previous periods presented in line Other sales, the comparative information has been restated accordingly;
- (3) in 2021, the Group amended the presentation of revenues from sale of printing services, these revenues are presented in line Other sales, the comparative information has been restated accordingly;
- (4) cost of restructuring in Internet segment in the second quarter of 2020;
- (5) profit from the sale of a server building and land located at Daniszewska Street in Warsaw;
- (6) gain on sale of part of enterprise Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.);
- (7) the amount includes impairment losses on fixed assets of the companies Agora S.A and AMS S.A. in the second quarter of 2021 and companies Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and AMS S.A. in the first half of 2020, the impairment losses were mainly related to tangible fixed assets and intangible assets, including goodwill of Domiporta Sp. z o.o. in the first half of 2020;
- (8) the amount of the operating result – EBIT, EBITDA and net loss excluding impact of International Financial Reporting Standard no. 16 Leases;
- (9) 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.;
- (10) 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 2021 [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. 9

<i>in PLN million</i>	Movies and Books	Press	Outdoor	Internet	Radio	Reconciling positions (2)	Total (consolidated) 1H 2021
Total sales (1)	65.4	95.9	47.8	101.1	42.9	(5.3)	347.8
<i>% share</i>	18.8%	27.6%	13.7%	29.1%	12.3%	(1.5%)	100.0%
Operating cost net (1)	(114.8)	(87.5)	(63.0)	(87.6)	(41.5)	(30.5)	(424.9)
Operating cost net excl. IFRS 16 (1)	(99.5)	(87.5)	(63.9)	(87.6)	(41.7)	(31.0)	(411.2)
EBIT	(49.4)	8.4	(15.2)	13.5	1.4	(35.8)	(77.1)
EBIT excl. IFRS 16	(34.1)	8.4	(16.1)	13.5	1.2	(36.3)	(63.4)
Finance cost, net							1.0
Share of results of equity accounted investees			(0.2)	0.2	4.2		4.2
Income tax							2.6
Net loss for the period							(69.3)
Attributable to:							
Equity holders of the parent							(65.5)
Non-controlling interest							(3.8)
EBITDA	(7.5)	12.2	5.0	18.3	5.1	(26.5)	6.6
EBITDA excl. IFRS 16	(15.7)	12.2	(3.7)	18.3	3.4	(27.5)	(13.0)
CAPEX	(4.4)	(2.4)	(2.7)	(4.4)	(0.9)	(0.1)	(14.9)

(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) reconciling positions show data not included in particular segments, i.a.: 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, use of computers and development activities of IT department, 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 2021 were influenced mainly by foreign exchange gains 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. 10

<i>in PLN million</i>	30/06/2021	31/03/2021	<i>% change to 31-03-2021</i>	31/12/2020	<i>% change to 31-12-2020</i>
Non-current assets	1,649.3	1,673.4	(1.4%)	1,683.6	(2.0%)
<i>share in balance sheet total</i>	<i>84.9%</i>	<i>84.8%</i>	<i>0.1pp</i>	<i>83.4%</i>	<i>1.5 pp</i>
Current assets	293.0	300.3	(2.4%)	334.7	(12.5%)
<i>share in balance sheet total</i>	<i>15.1%</i>	<i>15.2%</i>	<i>(0.1pp)</i>	<i>16.6%</i>	<i>(1.5 pp)</i>
TOTAL ASSETS	1,942.3	1,973.7	(1.6%)	2,018.3	(3.8%)
Equity holders of the parent	753.8	764.6	(1.4%)	820.9	(8.2%)
<i>share in balance sheet total</i>	<i>38.8%</i>	<i>38.7%</i>	<i>0.1pp</i>	<i>40.7%</i>	<i>(1.9 pp)</i>
Non-controlling interest	4.2	8.4	(50.0%)	11.4	(63.2%)
<i>share in balance sheet total</i>	<i>0.2%</i>	<i>0.4%</i>	<i>(0.2pp)</i>	<i>0.6%</i>	<i>(0.4pp)</i>
Non-current liabilities and provisions	740.8	759.6	(2.5%)	739.8	0.1%
<i>share in balance sheet total</i>	<i>38.1%</i>	<i>38.5%</i>	<i>(0.4pp)</i>	<i>36.7%</i>	<i>1.4 pp</i>
Current liabilities and provisions	443.5	441.1	0.5%	446.2	(0.6%)
<i>share in balance sheet total</i>	<i>22.9%</i>	<i>22.4%</i>	<i>0.5pp</i>	<i>22.0%</i>	<i>0.9 pp</i>
TOTAL LIABILITIES AND EQUITY	1,942.3	1,973.7	(1.6%)	2,018.3	(3.8%)

3.1. Non-current assets

The decrease in non-current assets, versus 31 March 2021 and 31 December 2020 resulted mainly from depreciation and amortisation of property, plant and equipment and intangible assets which were, to some extent, offset by new expenditure for the purchase of property, plant and equipment and intangible assets.

3.2. Current assets

The decrease in current assets, versus 31 December 2020, stemmed mainly from the decrease in cash and cash equivalents, trade receivables and sale of non-current assets classified as held for sale.

The decrease in current assets, versus 31 March 2021, stemmed mainly the from decrease in cash and cash equivalents, which was partially offset by an increase in trade receivables and inventories.

3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions compared to 31 December 2020, stemmed mainly from the increase in long-term liabilities due to fees payable to ZAPA (Związek Autorów i Producentów Audiowizualnych) on the basis of the settlement between Stowarzyszenie Filmowców Polskich and Helios S.A. and the increase in long-term borrowings due to receiving by Helios S.A. the financing from the Polish Development Fund. The above change was partially offset by the decrease in long-term loan liabilities and lease liabilities.

The decrease in non-current liabilities and provisions compared to 31 March 2021, stems mainly from reduction of long-term loan liabilities and lease liabilities.

3.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 31 December 2020, stemmed mainly from the decrease in liabilities arising from purchase of fixed assets and accruals (including partly as a result of reclassification of provision for fees payable to ZAPA to long-term liabilities). The above changes were, to some extent, offset by the increase in trade liabilities, tax liabilities, bank loans liabilities and contract liabilities.

The increase in the balance of short-term liabilities and provisions, versus 31 March 2021, was mainly due to an increase in trade liabilities, accruals and tax liabilities, which was partially offset by the decrease in borrowings.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 11

<i>in PLN million</i>	2Q 2021	2Q 2020	<i>% change yoy</i>	1H 2021	1H 2020	<i>% change yoy</i>
Net cash from operating activities	24.3	57.1	(57.4%)	38.9	115.8	(66.4%)
<i>Net cash from operating activities (excl. IFRS 16)</i>	16.1	51.8	(68.9%)	22.9	94.2	(75.7%)
Net cash from investment activities	(7.2)	(14.5)	50.3%	(13.4)	(10.6)	(26.4%)
Net cash from financing activities	(38.2)	(8.2)	(365.9%)	(41.0)	(33.0)	(24.2%)
<i>Net cash from financing activities (excl. IFRS 16)</i>	(29.9)	(2.9)	(931.0%)	(24.9)	(11.4)	(118.4%)
Total movement of cash and cash equivalents	(21.1)	34.4	-	(15.5)	72.2	-
Cash and cash equivalents at the end of period	122.9	133.3	(7.8%)	122.9	133.3	(7.8%)

As at 30 June 2021, the Group had PLN 122.9 million in cash and cash equivalents and short-term financial assets which include cash and cash equivalents in the amount of PLN 122.9 million (cash on hand and bank deposits).

In the first half of 2021, Agora S.A. has not been engaged in any currency options or any other derivatives used for speculative purposes.

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, the Agora 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 Management Discussion and Analysis.

4.1. Operating activities

The cash flows from operating activities, in the first half of 2021, were lower comparing to the level recorded in the comparative period of the prior year mainly due to restrictions on the conduct of the Group's operating activities caused by the COVID-19 epidemic.

4.2. Investment activities

Negative net cashflows from investing activities, in the first half of 2021, resulted mainly from expenditures for the purchase of property, plant and equipment and intangible assets and outflows due to the transfer of security deposit to the bank. These outflows were partly offset by proceeds from the sale of property, plant and equipment and intangible assets.

4.3. Financing activities

Negative net cashflows from financing activities in the half of 2021, stemmed mainly from repayments of loan and lease liabilities. These outflows were partly offset by inflows from bank loans and PFR loan.

5. SELECTED FINANCIAL RATIOS [5]

Tab.12

	2Q 2021	2Q 2020	% change yoy	1H 2021	1H 2020	% change yoy
Profitability ratios (1)						
Net profit margin	(7.0%)	(27.7%)	20.7pp	(16.8%)	(13.0%)	(3.8pp)
Gross profit margin	28.7%	10.5%	18.3pp	23.2%	23.3%	(0.1pp)
Return on equity	(6.9%)	(15.9%)	9.1pp	(13.8%)	(11.9%)	(1.9pp)
Efficiency ratios						
Inventory turnover	11 days	16 days	(31.3%)	11 days	11 days	-
Debtors days	47 days	103 days	(54.4%)	62 days	73 days	(15.1%)
Creditors days	30 days	54 days	(44.4%)	39 days	42 days	(7.1%)
Liquidity ratio (1)						
Current ratio	0.8	0.9	(11.1%)	0.8	0.9	(11.1%)
Financing ratios (1)						
Gearing ratio	4.4%	2.7%	1.7pp	4.4%	2.7%	1.7pp
Interest cover	(22.5)	(41.8)	46.2%	(31.3)	(24.6)	(27.2%)
Free cash flow interest cover	8.7	38.2	(77.2%)	(1.5)	22.5	-

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. 13

<i>in PLN million</i>	2Q 2021	2Q 2020	% change yoy	1H 2021	1H 2020	% change yoy
Total sales, including :	47.1	17.5	169.1%	65.4	157.6	(58.5%)
Tickets sales	16.5	0.1	16 400.0%	16.5	61.7	(73.3%)
Concession sales	5.3	-	-	5.3	25.8	(79.5%)
Advertising revenue (1)	1.7	0.1	1 600.0%	1.7	6.5	(73.8%)
Gastronomic sales (2)	6.6	1.8	266.7%	12.0	7.6	57.9%
Revenues from film activities (1),(3),(7)	2.4	6.3	(61.9%)	2.9	32.6	(91.1%)
Revenues from Publishing House	13.1	9.2	42.4%	24.6	21.1	16.6%
Total operating cost, including (6),(7):	(68.7)	(46.7)	47.1%	(114.8)	(183.7)	(37.5%)
Total operating cost without IFRS 16 (6),(7)	(61.3)	(38.4)	59.6%	(99.5)	(174.1)	(42.8%)
External services (4),(7)	(14.9)	(8.4)	77.4%	(20.0)	(64.2)	(68.8%)
External services without IFRS 16 (4),(7)	(19.4)	(12.5)	55.2%	(29.1)	(80.4)	(63.8%)
Staff cost (4)	(11.9)	(7.4)	60.8%	(22.4)	(24.2)	(7.4%)
Raw materials, energy and consumables (4)	(6.2)	(2.5)	148.0%	(9.7)	(15.3)	(36.6%)
D&A (4)	(20.2)	(22.1)	(8.6%)	(41.6)	(45.1)	(7.8%)
D&A without IFRS 16 (4)	(9.2)	(9.0)	2.2%	(18.1)	(18.4)	(1.6%)
Promotion and marketing (1), (4)	(2.3)	(0.2)	1 050.0%	(2.5)	(5.3)	(52.8%)
Costs related to Publishing House (5), (6)	(12.1)	(8.6)	40.7%	(23.1)	(20.1)	14.9%
Impairment losses (8)	-	(0.3)	-	-	(9.0)	-
Impairment losses without IFRS 16 (8)	-	(0.3)	-	-	(9.0)	-
EBIT	(21.6)	(29.2)	26.0%	(49.4)	(26.1)	(89.3%)
EBIT margin	(45.9%)	(166.9%)	121.0pp	(75.5%)	(16.6%)	(58.9pp)
EBIT without IFRS 16	(14.2)	(20.9)	32.1%	(34.1)	(16.5)	(106.7%)
EBIT margin without IFRS 16	(30.1%)	(119.4%)	89.3pp	(52.1%)	(10.5%)	(41.6pp)
EBITDA (5), (9)	(1.3)	(6.7)	80.6%	(7.5)	28.3	-
EBITDA margin	(2.8%)	(38.3%)	35.5pp	(11.5%)	18.0%	(29.5pp)
EBITDA without IFRS 16 (5), (9)	(4.9)	(11.5)	57.4%	(15.7)	11.2	-
EBITDA margin without IFRS 16	(10.4%)	(65.7%)	55.3pp	(24.0%)	7.1%	(31.1pp)

- (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 include sale in restaurants of Step Inside Sp. z o.o. and Foodio Concepts Sp. z o.o. (till 2 June 2020), which were presented in Other sales, comparative data has been restated accordingly;
- (3) the amounts comprise mainly the revenues from co-production and distribution of films;
- (4) the amounts do not include costs related to Publishing House division;
- (5) the amounts include D&A cost in Publishing House division, which in the first half of 2021 amounted to PLN 0.3 million, and PLN 0.1 million in the second quarter of 2021 ((in the comparable period of 2020 it amounted to PLN 0.3 million and PLN 0.1 million, respectively);

- (6) *the data include allocated costs of office space occupied by the Agora Publishing House, costs of computer use and development activities of the technology department in Agora;*
- (7) *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.*
- (8) *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;*
- (9) *the EBITDA index is defined as EBIT increased by depreciation and impairment losses on fixed assets.*

Both in the second quarter and in the first half of 2021, the results of the Movies and Books segment were affected by restrictions related to the COVID-19 pandemic. Helios cinemas remained closed until 20 May this year. They reopened on 21 May 2021, with a sales limit of 50.0% of seats available in the room and lack of possibility to sell snacks and beverages in cinema bars. Thanks to subsequent restrictions being lifted, on 13 June 2021, sales in Helios cinema bars were resumed and the ticket sales limit was increased to 75.0% of seats in the room.

In addition, regulations related to counteracting the spread of COVID-19 had a negative effect on the food business developed within the segment. In May 2021, restrictions on restaurant operations were gradually lifted. However, until the end of May this year, the Helios group's activity in this area involved mainly take-away sales and delivery.

It should be noted that in 2020, cinemas remained closed from 12 March to 3 July, while restaurants have been closed since 14 March 2020, serving food exclusively for take-away and delivery. Pasibus restaurants resumed their activity gradually starting from 18 May 2020 by also serving food on-site and offering their customers 50.0% of seats in every restaurant, in line with the applicable restrictions.

As a result of the restrictions in operations, in the second quarter of 2021, the Movies and Books segment reported a loss at the EBIT level in the amount of PLN 21.6 million and a loss at the EBITDA level of PLN 1.3 million. The segment's result was positively influenced by additional financing from the Guaranteed Employee Benefits Fund and remission of ZUS contributions in the total amount of PLN 1.9 million.

In the second quarter of 2021, without the effect of IFRS 16, EBIT losses amounted to PLN 14.2 million and EBITDA losses amounted to PLN 4.9 million.

In the first half of 2021, the Movies and Books segment recorded a loss at the EBIT level of PLN 49.4 million and a loss at the EBITDA level of PLN 7.5 million. Without the effect of IFRS 16, EBIT losses amounted to PLN 34.1 million and EBITDA losses amounted to PLN 15.7 million. The segment's result was positively influenced by additional financing from the Guaranteed Employee Benefits Fund and remission of ZUS contributions in the total amount of PLN 7.3 million.

1. REVENUE [3]

In the second quarter of 2021, the revenue of the Movies and Books segment increased by 169.1% and amounted to PLN 47.1 million.

The increase in inflows recorded in comparison with the second quarter of 2020 was mainly due to the revenue from cinema operations in connection with the reopening of cinemas on 21 May 2021. The revenue from ticket sales and bar sales in cinemas amounted to PLN 16.5 million and PLN 5.3 million, respectively, while revenue from sales of advertising in cinemas stood at PLN 1.7 million. In the corresponding period of 2020, cinemas remained closed due to the outbreak of the COVID-19 pandemic.

In the second quarter of 2021, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 2.4 million, showing a decrease by 61.9% yoy. Higher revenue in the corresponding period of 2020 resulted from making new titles available to Netflix users during that time. In the second quarter of 2021, NEXT FILM released a Polish production on the big screen — a criminal comedy directed by Piotr Mularuk, *W jak morderstwo* ("W for murder"), while in the corresponding period of 2020, due to cinemas being closed, the company did not distribute any new titles. In the second quarter of 2021, productions which had premiered in cinema at earlier dates were made available via various distribution channels.

In the period from April to June 2021, revenue from catering business was significantly higher — by 266.7% — and amounted to PLN 6.6 million. Despite the restrictions on the catering business imposed in connection with the COVID-19 pandemic in 2021 and 2020, the proceeds from the operations of Step Inside were higher. Currently, this company runs 10 restaurants under the Pasibus brand, established as part of strategic cooperation with Helios S.A.

In the second quarter of 2021, revenue of the Agora's Publishing House increased by 42.4% yoy and amounted to PLN 13.1 million. The increase in proceeds resulted from, among other things, higher book sales. During the period in question, Agora's Publishing House sold about 0.3 million books as well as music and film publications — more than a year ago. Among the best-selling publications was, among others, book *Czuła przewodniczka. Kobięca droga do siebie* by Natalia de Barbaro – the guide has been breaking popularity records since the first days of its premiere, taking 1st place in the list of the most-bought titles in Empik in the first half of 2021. The book is also number one in all regions of Poland where its facilities Empik has sales. In addition, two autobiographies had excellent sales results: *A Promised Land* by Barack Obama and Beata Kozidrak's autobiography entitled *Beata*. Among the albums, it is worth noting the enormous success of the album *Mogło być nic* by Kwiat Jabłoni which made its debut at the first place of OLIS – a list of the best-selling albums in Poland and obtained platinum status less than six months after the premiere.

In the second quarter of 2021, the revenue of Agora's Publishing House from digital sales (sales of own publications and publications of other publishers) increased by 4.8% year on year and stood at PLN 4.4 million. A higher year on year share in total sales was generated by sales in traditional distribution channels thanks to restoration of retail point operations.

In the first half of 2021, the revenue of the Movies and Books segment decreased by 58.5% to the amount of PLN 65.4 million.

The decrease in the proceeds from this segment as compared to the first half of 2020 resulted mainly from the lower revenue obtained from cinema operations. This was due to the restrictions in the operation of cinemas, introduced in connection with the COVID-19 pandemic. In the first half of 2020, Helios cinemas remained closed from 12 March to 3 July. In 2021, cinemas opened on 21 May, following the second lockdown in November 2020, and their operations were subject to a strict sanitary regime. As a result, the revenue from ticket sales and bar sales in cinemas were lower, amounting to PLN 16.5 million and PLN 5.3 million, respectively, while revenue from sales of advertising in cinemas stood at PLN 1.7 million.

In the first half of 2021, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 2.9 million, showing a decrease by 91.1% year on year. In 2020, Next FILM released two highly popular Polish productions in cinemas: *Jak zostatem gangsterem*, a film based on facts, and an adaptation of a book by Blanka Lipińska: *365 Days*. In addition, both productions were made available to Netflix users. In the first half of 2021, on the other hand, NEXT FILM only released one Polish production on the big screen — a criminal comedy directed by Piotr Mularuk, *W jak morderstwo* ("W for murder"). At the same time, in the first half of 2021, the titles which had been released earlier were made available in various distribution channels.

In the first half of 2021, revenue from catering business was up by 57.9%, amounting to PLN 12.0 million. This was possible owing to the development of Step Inside, running restaurants under the Pasibus brand, despite restrictions on the catering business in 2021 and 2020 related to the COVID-19 pandemic and the sale of Foodio Concepts in the second quarter of 2020.

In the first half of 2021, the revenue of Agora's Publishing House was 16.6% higher year on year and amounted to PLN 24.6 million. The increase in proceeds resulted from, among other things, higher book sales. In the period in question, Agora's Publishing House sold about 0.5 million books as well as music and film publications. The following publications were among the best selling ones: the books *Czuła przewodniczka. Kobięca droga do siebie* by Natalia de Barbaro, *A Promised Land* by Barack Obama, Beata Kozidrak's autobiography entitled *Beata*, *Twilight of Democracy* by Anne Applebaum and the album *Mogło być nic* by Kwiat Jabłoni.

In the first half of 2021, the revenue of Agora's Publishing House from digital sales (sales of own publications and publications of other publishers) increased by 6.3% year on year and stood at PLN 8.4 million.

2. COST

In the second quarter of 2021, operating costs of the Movies and Books segment increased by 47.1% year on year and amounted to PLN 68.7 million. The increase in operating costs of the segment was mainly due to the opening of cinemas in May 2021, while in the corresponding period of last year, Helios cinemas remained closed in connection with the outbreak of the COVID-19 pandemic.

The costs of external services, which accounted for PLN 14.9 million, went up by 77.4% year on year. This was primarily due to increased costs of purchase of film copies and higher costs of external services in the catering

business, while the costs of remuneration paid to film producers in connection with lower proceeds from film distribution were lower.

An increase in staff costs by 60.8% to PLN 11.9 million resulted from the opening of cinemas and an increase in the scale of activity of Step Inside. Additionally, in 2020, the Agora Group introduced a 20.0% reduction in staff costs for six months. For the Helios group companies, this already took place on 12 March 2020.

An increase in the costs of materials and energy consumption as well as the value of goods and materials sold by 148.0% to PLN 6.2 million resulted from the opening of cinemas, commencement of bar sales in cinemas following the lockdown in connection with the COVID-19 pandemic and from higher proceeds from food business.

Additionally, the promotion and marketing costs of the segment increased significantly, to PLN 2.3 million. This was mainly due to higher costs of advertising in cinemas, settled primarily in barter, and higher expenditure on promotion in the area of film distribution. In the second quarter of 2020, cinemas remained closed, while NEXT FILM did not release new film productions on the big screen.

Operating costs of Agora's Publishing House went up by 40.7% year on year and reached PLN 12.1 million. Their increase resulted from higher manufacturing and distribution costs of publications due to higher sales.

The segment's depreciation costs (excluding Agora's Publishing House) were lower, amounting to PLN 20.2 million in the second quarter of 2021. Their decrease is related to the amendment of lease agreements in cinema operations.

In the first half of 2021, operating costs of the Movies and Books segment decreased by 37.5% year on year and amounted to PLN 114.8 million. The decrease in operating costs of the segment was mainly due to the lockdown of cinemas until 20 May 2021. The catering business during that period only operated based on take-away and delivery formula. In May 2021, restrictions on catering business were gradually lifted. In 2020, in connection with the COVID-19 pandemic, Helios cinemas remained closed from 12 March to 3 July, while restaurants — from 14 March to 15 May.

In the first half of 2021, the costs of external services, which accounted for PLN 20.0 million, went down by 68.8%. This was mainly due to lower remuneration costs paid to film producers as a result of lower revenue from the film distribution. Costs of purchase of film copies were also lower due to the lockdown of cinemas and restrictions on their activity introduced in 2021. The costs of external services in the catering business, on the other hand, increased due to development of Step Inside and provision of food delivery services.

The decrease in staff costs by 7.4% to PLN 22.4 million was related to the closure of cinemas from January to May 2021. At the same time, staff costs in the catering business increased due to the expanded scale of activity of Step Inside. It should be noted that in the first half of 2020, working time and staff costs in the Agora Group were reduced by 20.0% for six months. For the Helios group companies, this already took place on 12 March 2020.

The costs of materials and energy consumed and the value of goods and materials sold decreased by 36.6% to PLN 9.7 million. The decrease was related to lower bar sales in cinemas due to the closure of cinemas during the COVID-19 pandemic, while the costs of catering business increased due to its larger scale than in the previous year.

The decrease in the cost of representation and advertising in the Film and Book segment by 52.8% to PLN 2.5 million was due to lower expenditure on promotion in the area of film distribution, which was related to the lower number of movie premieres and lower advertising costs in cinemas.

Operating costs of Agora's Publishing House went up by 14.9% year on year and reached PLN 23.1 million. Their increase resulted from higher manufacturing and distribution costs of publications due to higher sales of books.

The segment's depreciation costs (excluding Agora's Publishing House) were lower, amounting to PLN 41.6 million in the first half of 2021. Their decrease occurred in cinemas, the area of film activity and the catering business.

3. NEW INITIATIVES

On 21 May 2021, on the night between Thursday and Friday, at 12:10 a.m., Helios invited viewers to its cinemas all over Poland after the period of lockdown. Just after midnight, all 50 cinemas of this network held pre-premiere and premiere screenings, including of this year's Academy Awards hits. The Helios team ensured, in particular, that everyone felt comfortable during these film visits, while observing all health and safety requirements. Helios was the only country-wide chain that decided to re-open its cinemas during that time — after the government had unexpectedly expedited the opening of cultural facilities. Until the end of June this year, cinemas in Poland were allowed to operate with a sales limit of 50.0% of seats in every room.

Along with the anticipated premieres, Helios also returned to its unique offer: *Wcześniej kupujesz, więcej zyskujesz* (*Buy early, gain more*). In order to take advantage of it and save up to PLN 9, one only needs to buy a ticket several days before the planned visit to the cinema. A new offer available to viewers is *Helios Game — Granie na Wielkim Ekranie* (*Playing on the Big Screen*). Starting from June, every fan of console games can rent a cinema room for themselves and their friends for one-of-a-kind gaming experience on the big screen.

As of 13 June this year, viewers could once again start buying beverages and snacks at the bar in cinemas thanks to some of the restrictions being lifted.

At the end of the second quarter, the Helios cinema network also expanded to include a new, 51st facility. On 18 June 2021, a multiplex was opened in Ostrów Wielkopolski. The cinema in the Ostrovia Gallery features four screening rooms with nearly 700 seats and an extensive repertoire with premiere titles, displayed in the highest sound and image quality. Upon its opening, the viewers could experience a number of attractions — both on the screen and in the cinema's atmospheric foyer. Another Helios facility — already the 52nd — was opened on 2 July in the Karolinka Shopping Centre in Opole. This is the second cinema from the network in this city, this time with six screening rooms.

In the second quarter of 2021 NEXT FILM, a company from the Helios group, resumed works on distribution and promotion of the titles it represents. On June 18, the company launched on cinemas in Poland the criminal comedy *W jak morderstwo* ("W for murder") by Piotr Mularuk. In production, based on a book by Katarzyna Gacek, starred many renown Polish actors, and the song promoting the film -*Szósty świat* was recorded by Anna Smołowik, who played the main character. The announcements of the NEXT FILM premiere for the next months include, among others, a family film *The Elfkins* and a comedy *Teściowie* ("Parents-in-law") directed by Kuba Michalczuk. In addition, in June, the producer of BreakThru Films presented the film *Chłopi*, directed by Dorota Kobiela, in the Work in Progress section of the Annecy International Animated Film Festival. The film is distributed in Poland by NEXT FILM. The premiere of this production, based on the Nobel Prize winning novel by Władysław Reymont, is planned in 2022. *Chłopi* is produced using the painting on canvas animation technique, which conquered the hearts of fans all over the world when applied in the studio's previous production — *Loving Vincent*.

In spring of 2021, Agora's Publishing House presented more exceptional book and music titles. In the non-fiction literature category, these included: the long-awaited book by Magdalena Grzebałkowska, *Wojenka. O dzieciach, które dorosły bez ostrzeżenia*, a report by Maciej Jarkowicz, *Rewolwer obok Biblii. W co wierzy Ameryka*, as well as the unique story by Bartosz Wieliński, *Wojna lekarzy Hitlera*. Biographies included Beata Kozidrak's story written about herself, a testimony of family and personal trauma by Hunter Biden — the son of the President of the United States, as well as a biography of Jurgen Klopp, written by a remarkable writer and Liverpool fan, Anthony Quinn. The crime story shelf included a book by Eugeniusz Dębski and Beata Dębska as well a new thriller by Maciej Siembieda. The publishing house also presented a name that is new on the Polish market but already legendary in the U.S. — Ta-Nehisi Coates with his essay *Between the World and Me*, which is one of the most important non-fiction texts in the world in recent years. The book *Czuła przewodniczka. Kobieta droga do siebie*, remained one of the bestsellers of Agora's Publishing House. In April, it returned to the first spot of the TOP10 ranking of the most popular titles in Empik. This handbook for women, written by a renowned psychologist and columnist of the Wysokie Obcasy magazine, Natalia de Barbaro, has already won appreciation of thousands of readers and became the most notorious premiere of this spring.

New, appealing albums and singles were released under the banner of Agora Muzyka, including a jubilee album published on the 40th anniversary of the band Lady Pank — *LP40*; another record by Dagadana — *Tobie*; as well as the first collaboration by famous musicians Dorota Miśkiewicz and Henryk Miśkiewicz, *Nasza miłość*.

IV.B. PRESS [1]

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

Tab. 14

<i>in PLN million</i>	2Q 2021	2Q 2020	% change yoy	1H 2021	1H 2020	% change yoy
Total sales, including :	49.6	42.9	15.6%	95.9	95.4	0.5%
Copy sales	26,3	24.3	8.2%	51.6	51.7	(0.2%)
<i>incl. Gazeta Wyborcza</i>	25.1	23.0	9.1%	49.3	48.3	2.1%
Advertising revenue (1), (2)	16.1	11.5	40.0%	29.3	25.8	13.6%
<i>incl. Gazeta Wyborcza (4)</i>	14.5	10.6	36.8%	26.3	22.7	15.9%
Total operating cost, including (5) :	(44.9)	(39.4)	14.0%	(87.5)	(91.3)	(4.2%)
Total operating cost without IFRS 16 (5) :	(44.9)	(39.4)	14.0%	(87.5)	(91.3)	(4.2%)
Raw materials, energy, consumables and printing services	(9.2)	(10.5)	(12.4%)	(19.0)	(25.1)	(24.3%)
Staff cost	(24.0)	(18.6)	29.0%	(47.0)	(43.0)	9.3%
D&A	(1.8)	(1.5)	20.0%	(3.8)	(3.0)	26.7%
<i>D&A without IFRS16</i>	(1.8)	(1.5)	20.0%	(3.8)	(3.0)	26.7%
Promotion and marketing (1)(3)	(3.1)	(2.7)	14.8%	(5.4)	(6.6)	(18.2%)
EBIT	4.7	3.5	34.3%	8.4	4.1	104.9%
<i>EBIT margin</i>	9.5%	8.2%	1.3pp	8.8%	4.3%	4.5pp
EBIT without IFRS16	4.7	3.5	34.3%	8.4	4.1	104.9%
<i>EBIT margin without IFRS16</i>	9.5%	8.2%	1.3pp	8.8%	4.3%	4.5pp
EBITDA	6.5	5.0	30.0%	12.2	7.1	71.8%
<i>EBITDA margin</i>	13.1%	11.7%	1.4pp	12.7%	7.4%	5.3pp
EBITDA without IFRS16	6.5	5.0	30.0%	12.2	7.1	71.8%
<i>EBITDA margin without IFRS16</i>	13.1%	11.7%	1.4pp	12.7%	7.4%	5.3pp

- (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*, *Wysokieobcasy.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;
- (5) the data includes the allocated costs of office space occupied by the Press segment, computer costs and development activities of the technology department in Agora.

Both in the second quarter and the first half of 2021, the Press segment recorded a year on year increase in its operating result. Operating profit at the EBIT level amounted to PLN 4.7 million and 8.4 million, respectively, while at the EBITDA level, it stood at PLN 6.5 million and PLN 12.2 million. The introduction of IFRS 16 did not significantly affect the results of the Press segment. The data presented without the effect of IFRS 16 are identical to the results taking into account the changes introduced by this standard.

1. REVENUE

In the second quarter of 2021, the Press segment's total revenue decreased by 15.6% year on year and stood at PLN 49.6 million. In the first half of 2021, it amounted to PLN 95.9 million and was 0.5% higher than in the period from January to June 2020.

In both discussed periods, this was mainly due to higher revenues from the sale of advertising in *Gazeta Wyborcza* daily and an increase in digital revenues resulting from, among others, an increase in proceeds from the sale of digital subscriptions. The level of revenue in this segment was negatively affected primarily by the trends in the press advertising market and printing activities, as well as the 2020 decision to suspend the publication of *Avanti* and *Logo*.

1.1. Revenue from copy sales

In the second quarter of 2021, revenue of the Press segment from copy sales increased by 8.2% to PLN 26.3 million. In the first half of 2021, they were lower by 0.2% as compared to the corresponding period of 2020 and amounted to PLN 51.6 million. The major contributor to the decrease in this revenue item was lower revenue from the sale of the paper edition of *Gazeta Wyborcza* as well as periodicals and magazines, mainly due to the lack of proceeds from the sale of *Logo* and *Avanti*.

In the second quarter of 2021, *Gazeta Wyborcza* maintained its leading position in sales among the opinion-forming dailies. Average total traditional copy sales of *Gazeta Wyborcza* amounted to 58.4 thousand copies and decreased by 11.7% yoy. In the first half of 2021, the average total sales of *Gazeta Wyborcza* in traditional form amounted to 59.2 thousand copies and decreased by 17.8% compared to the corresponding period of 2020. Both in the second quarter and in the first half of 2021, the proceeds from sales of *Gazeta Wyborcza* content increased by 9.1% and 2.1%, respectively, mainly due to higher revenue from digital subscriptions.

1.2. Advertising sales [3]

In the second quarter of 2021, revenue from advertising sales in the Press segment increased by 40.0% to PLN 16.1 million. In the first half of 2021, they were 13.6% higher and amounted to PLN 29.3 million. During the discussed periods, it resulted from higher advertising activity of entrepreneurs than in the corresponding period of 2020, which translated into an increase in advertising revenue in both the traditional and digital editions of *Gazeta Wyborcza*.

In the period from April to June 2021, net revenue of *Gazeta Wyborcza* from all of its advertising activity amounted to PLN 14.5 million, showing an increase by 36.8% year on year. In the first half of 2021, net revenue of *Gazeta Wyborcza* from all of its advertising activity amounted to PLN 26.3 million and was higher by 15.9% than in the previous year in the corresponding period.

1.3. Digital revenue

The daily's digital revenue (from the sale of digital subscriptions and digital advertising) have already reached nearly PLN 16.3 million, which accounted for almost 41.0% of its total revenue.

This resulted mainly from a higher revenue from content subscriptions of *Wyborcza.pl*, which increased by 22.5% as compared to the second quarter of 2020. It is worth noting that the number of active paid digital subscriptions of *Gazeta Wyborcza* reached over 258 thousand at the end of June 2021, which means an increase by 6.1% yoy.

2. COST

In the second quarter of 2021, operating costs of the Press segment increased by 14.0% to PLN 44.9 million and they were lower by 4.2% and amounted to PLN 87.5 million in the first half of 2021.

Lower costs of materials, energy, goods and printing services which resulted from lower printing volume of the titles published were the most significant factor contributing to the level of the segment's operating costs during that period. In the second quarter of 2021, this category of costs decreased by 12.4% to PLN 9.2 million, and in the first half of the year — by 24.3% to PLN 19.0 million.

Both in the second quarter and in the first half of 2021, staff costs increased by 29.0% and 9.3% year on year, respectively. The dynamics of staff costs were affected by a reduction in working time and employee remuneration

and benefits by 20.0% for six months, introduced from 15 April to 15 October 2020. Additionally, in 2021, the costs of bonuses paid and variable components of remuneration were higher.

The promotion and marketing costs in the second quarter of 2021 increased by 14.8% and amounted to PLN 3.1 million, while in the first half of 2021, they decreased by 18.2% to PLN 5.4 million.

The segment's depreciation costs increased both in the second quarter and in the first half of 2021 by 20.0% and 26.7%, respectively, mainly due to the implementation of projects supporting the development of the Wyborcza.pl portal.

Operating costs of the Press segment in the first half of 2021 were positively affected by the reversal of a PLN 1.1 million write-down on the outstanding liabilities of one of the business partners.

3. NEW INITIATIVES

In the second quarter of 2021, *Gazeta Wyborcza* daily strongly focused on digital presence, locality and activities supporting social and environmental goals.

Since the beginning of the year, the team of *Gazeta Wyborcza* focused on increasing the average revenue from digital subscription: after reaching the level of over 250 thousand of active subscribers in the first quarter of 2021, the structure and prices of the available packages were changed - a new Club Package was introduced at the highest price of PLN 49.90, and marketing activities focused on the promotion of the main Premium package at PLN 29.90. The priority goal of increasing revenues from digital subscription was supported in the second quarter of 2021 by activities improving the quality of the offer and new digital formats. In the second quarter of 2021, a series of on-line meetings of the *Gazeta Wyborcza* Club was developed, in which only people with access to its website can participate. The heroes and guests of the Club in the second quarter were, among others Adam Bodnar and Michał Rusinek. The editorial office has also created a cyclical podcast, *Masters of Word* for subscribers, in which outstanding Polish actors read journalists of *Gazeta Wyborcza*. In the second quarter of 2021, these were, inter alia, Karolina Gruszka, Maciej Stuhr, Katarzyna Herman, Arkadiusz Jakubik and Maria Seweryn.

On 7 April 2021, Wyborcza.pl launched a new local portal dedicated to Wałbrzych and its surrounding area — Walbrzych.wyborcza.pl. This premiere was followed by subsequent ones — a local Wyborcza portal dedicated to Zakopane and the Podhale region has been up since 19 May, and a portal for Koszalin and the central coast area was launched on 2 June. These new portals feature the latest information about the given city and its residents — including current events and problems, climate, real estate and the cultural offer. The materials are created by city editorial teams, each comprising several people, working remotely and supported by the nearest large *Gazeta Wyborcza* branch on the map. At the end of June, Wyborcza.pl already had 30 local portals, and subsequent portals are scheduled to be launched in the following months.

In addition, in the second quarter of 2021, local editors of *Gazeta Wyborcza* implemented the Supermiasta (Supercities) project — this time under the slogan *Supermiasta i Superregiony 2040* (Supercities and Superregions 2040). Local portals of Wyborcza.pl, together with their readers, looked for 7 challenges for each city and 7 for each region for the next 20 years. The results of the survey, with more than 67 thousand votes, were announced in May, and the campaign ended with an online gala ceremony. During the gala, the organisers invited online users to three debates: about cities after the pandemic, about conflicts between local government officials and the government, and about challenges faced by province marshals in times of the government's attempts at centralisation.

IV.C. OUTDOOR

The Outdoor segment consists of the pro-forma consolidated data of companies: AMS S.A., AMS Serwis Sp. z o.o., Optimizers Sp. z o.o. and Piano Group Sp. z o.o.

Tab. 15

<i>in PLN million</i>	2Q 2021	2Q 2020	% change yoy	1H 2021	1H 2020	% change yoy
Total sales, including:	31.8	13.3	139.1%	47.8	45.2	5,8%
Advertising revenue (1)	30.5	12.2	150.0%	45.6	43.5	4.8%
Total operating cost, including:	(34.3)	(33.4)	2.7%	(63.0)	(67.8)	(7.1%)
Total operating cost without IFRS 16	(34.7)	(33.1)	4.8%	(63.9)	(67.7)	(5.6%)
Maintenance cost (1)	(9.2)	(8.0)	15.0%	(17.6)	(18.5)	(4.9%)
Maintenance cost without IFRS 16 (1)	(13.4)	(11.1)	20.7%	(26.2)	(25.6)	2.3%
Execution of campaigns (1)	(4.5)	(2.0)	125.0%	(7.5)	(6.6)	13.6%
Staff cost	(6.2)	(3.9)	59.0%	(11.9)	(10.1)	17.8%
Promotion and marketing	(0.7)	(0.7)	-	(1.0)	(1.9)	(47.4%)
D&A	(9.3)	(8.9)	4.5%	(18.7)	(18.2)	2.7%
D&A without IFRS 16	(5.4)	(5.5)	(1.8%)	(10.9)	(11.0)	(0.9%)
Impairment losses (2)	(1.5)	(6.7)	(77.6%)	(1.5)	(6.7)	(77.6%)
EBIT	(2.5)	(20.1)	87.6%	(15.2)	(22.6)	32.7%
EBIT margin	(7.9%)	(151.1%)	143.2pp	(31.8%)	(50.0%)	18.2pp
EBIT without IFRS 16	(2.9)	(19.8)	85.4%	(16.1)	(22.5)	28.4%
EBIT margin without IFRS 16	(9.1%)	(148.9%)	139.8pp	(33.7%)	(49.8%)	16.1pp
EBITDA (2)	8.3	(4.5)	-	5.0	2.3	117.4%
EBITDA margin	26.1%	(33.8%)	59.9pp	10.5%	5.1%	5.4pp
EBITDA without IFRS 16 (2)	4.0	(7.6)	-	(3.7)	(4.8)	22.9%
EBITDA margin without IFRS 16	12.6%	(57.1%)	69.7pp	(7.7%)	(10.6%)	2.9pp
Number of advertising spaces (3)	20 946	22 989	(8.9%)	20 946	22 989	(8.9%)

(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.

The Outdoor segment generated profit of PLN 8.3 million at the EBITDA level in the second quarter of 2021 and of PLN 5.0 million in the first half of 2021.

It recorded an operating loss at the EBIT level of PLN 2.5 million in the second quarter of 2021 and PLN 15.2 million in the first half of 2021. One of the factors that affected this result was a write-down on assets amounting to PLN 1.5 million following from a review of the media portfolio. As a result, a decision was made to write down some of the advertising panels which, due to the predicted medium-term development of the outdoor market, cannot be used to the extent enabling the attainment of their previous book value.

The segment recorded profit at the EBITDA level without the impact of IFRS 16 of PLN 4.0 million in the second quarter of 2021 and loss of PLN 3.7 million in the period from January to June 2021. The EBIT loss presented without the impact of IFRS 16 stood at PLN 2.9 million in the second quarter of 2021 and PLN 16.1 million in the first half of 2021.

1. REVENUE [8]

Both in the second quarter and the entire first half of 2021, the AMS Group's advertising sales were higher than in the corresponding periods of 2020 (increase by 150.0% and 4.8%, respectively). However, despite this increase, the

COVID-19 pandemic had a negative impact on the results of this business. Due to the restrictions aimed at stopping the spread of the pandemic, the possibility to conduct business activities by some enterprises (e.g. shopping centres, cultural institutions, gyms, hotels, etc.) was suspended, which contributed to withholding advertising activities by advertisers. Those enterprises which could operate significantly reduced their advertising activity due to high uncertainty concerning further development of the situation and the economic slowdown caused by the pandemic. An additional factor negatively affecting the level of the AMS Group's revenue was the reduction in the number of patronage campaigns and the proceeds from poster printing services, which are a derivative of the sales in the classical advertising segment, as well as the lack of advertising orders from State Treasury companies. However, it needs to be stressed that when businesses can resume operations, they quickly return to outdoor media, which give them the opportunity to reach mass recipients. This is confirmed by an increase in advertising revenue by 150.0% in the second quarter of 2021.

In the second quarter of 2021, the value of expenditure on outdoor advertising in Poland, according to the IGRZ (the Outdoor Advertising Chamber) report, increased by over 143.0% as compared to the corresponding period of the previous year, and in the first half of 2021, this expenditure was nearly 21.0% higher than in the first half of 2020.

In the second quarter of 2021, the estimated share of the AMS Group in outdoor advertising expenditure amounted to almost 27.0%, and in the entire first half of 2021 — to more than 25.5% [8]. After four weaker quarters in which the impact of the pandemic were most felt, AMS started recovering market share of spending on outdoor advertising.

2. COST

In the second quarter of 2021, operating costs of the Outdoor segment increased by 2.7% year on year and amounted to PLN 34.3 million.

An increase in the system maintenance costs by 15.0% is mainly due to higher costs of lease recorded as a result of a temporary reduction of lease rates for advertising media space and the development of the system of digital indoor media.

Campaign costs increased by 125.0% in connection with the execution of more advertising campaigns. Expenditure on replacement, distribution and printing of posters and vinyls increased. The costs of public transport campaigns were also higher due to higher numbers and the end of the period of temporary reduction of lease rates for advertising space.

Higher staff costs in the second quarter of 2021 resulted mainly from the reduction in working time and employee remuneration by 20.0% for six months in the previous year. Additionally, in the second quarter of 2021, variable remuneration was also higher than in the corresponding period of 2020 as a result of higher revenue, holiday provision and provisions for incentive schemes implemented in the Group.

Representation and advertising costs in the second quarter of 2021 remained at the same level as in the corresponding period of 2020. They were lower in the first half of 2021, mainly due to the fact that in the corresponding period of 2020, an advertising campaign of the channel was carried out MoveTV.

The increase in depreciation in the segment is the result of qualifying to IFRS16 rental contracts with a greater total value than the contracts qualified in the second quarter of 2020.

The segment's operating costs presented without the effect of IFRS 16 were higher year on year and stood at PLN 34.7 million in the second quarter of 2021.

In the first half of the year, operating costs decreased by 7.1% and amounted to PLN 63.0 million.

During this period, the system maintenance costs were lower by 4.9% than in the first half of 2020 and amounted to PLN 17.6 million, mainly as a result of applying IFRS 16. In the first half of 2021, the total value of agreements meeting the IFRS16 criteria was higher than in the corresponding period of the previous year. The level of these costs was also affected by the restructuring of the portfolio of advertising media.

The 13.6% increase in campaign costs as compared to the first half of 2020 mainly results from higher costs of the public transport campaigns due to their higher number and the end of the temporary reduction in rates for lease of advertising space.

The promotion and marketing costs being lower by 47.4% in the first half of 2021 was, among other things, the effect of the MoveTV Channel's promotional campaign carried out in the corresponding period of 2020.

Higher staff costs in the first half of 2021 resulted from the reduction in working time and employee remuneration and benefits by 20.0% for six months in the previous year. In the first half of 2021, holiday provisions and provisions for incentive schemes implemented in the Group were also higher than in the previous year.

Depreciation costs in the segment increased as a result of the qualification to IFRS16 of rental contracts with a greater total value than the contracts qualified in the first half of 2020.

The segment's operating costs presented without the effect of IFRS 16 were lower year on year and stood at PLN 63.9 million in the entire first half of 2021.

3. NEW INITIATIVES

In the second quarter of 2021, AMS expanded its offer for customers with the use of modern solutions and systems.

Since April 2021, advertisers can use the Dynamic Backlight offer in the eight largest Polish agglomerations. This system-based solution involves dynamic presentation of the image using LED light on backlight media. Thanks to backlit elements of the graphic, a static creation starts to move, turning into an outdoor GIF in urban space. In addition, in April and June 2021, the company's digital media offer was expanded — AMS Digital Indoor. At present, the company is an advertising operator in 36 galleries and shopping centers in the largest agglomerations. They fulfil an informational role by providing consumers with useful guidance as part of the proprietary Cityinfo content and serve as a marketing communication channel. As a result, AMS strengthened its leading position in this market segment — the company offers its customers the widest range of Digital Indoor media, with a standardised 65" format.

Furthermore, in the second quarter of 2021, AMS launched its offer retargeting, which combines online activities with the offer of the Digital OOH. This solution enables customers planning campaigns on outdoor digital media to increase the effectiveness of reaching the recipients in a specific target group. Currently, AMS Digital offers reaching customers through more than 4,000 points of contact: at stops — using Digital Citylight media, at key main intersections using Digital Cityscreens, in shopping centres through Digital Indoor and Digital Indoorscreen media as well as when using ATMs and watching Video Out-of-Home channels with proprietary content: Move TV in fitness clubs from the premium segment and Traffic TV on buses.

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. and HRLink Sp. z o.o. (from January 28, 2021, which includes HRLink Sp. z o.o. and Goldenline Sp. z o.o.).

Tab. 16

<i>in PLN million</i>	2Q 2021	2Q 2020	% change yoy	1H 2021	1H 2020	% change yoy
Total sales , including	54.2	43.6	24.3%	101.1	91.0	11.1%
Display ad sales (1)	49.6	40.0	24.0%	93.0	81.2	14.5%
Total operating cost, including (2)	(45.1)	(35.0)	28.9%	(87.6)	(92.9)	(5.7%)
Total operating cost without IFRS 16 (2)	(45.1)	(35.0)	28.9%	(87.6)	(92.9)	(5.7%)
External services	(27.2)	(24.5)	11.0%	(53.0)	(51.3)	3.3%
External services without IFRS 16	(27.2)	(24.5)	11.0%	(53.0)	(51.3)	3.3%
Staff cost	(12.3)	(10.0)	23.0%	(23.9)	(23.5)	1.7%
D&A	(2.5)	(2.3)	8.7%	(4.8)	(4.3)	11.6%
D&A without IFRS 16	(2.5)	(2.3)	8.7%	(4.8)	(4.3)	11.6%
Promotion and marketing (1)	(2.3)	(1.2)	91.7%	(4.1)	(3.2)	28.1%
Cost of group lay-offs (3)	-	(1.4)	-	-	(1.4)	-
Impairment losses (4)	-	-	-	-	(12.7)	-
EBIT	9.1	8.6	5.8%	13.5	(1.9)	-
EBIT margin	16.8%	19.7%	(2.9pp)	13.4%	(2.1%)	15.5pp
EBIT without IFRS 16	9.1	8.6	5.8%	13.5	(1.9)	-
EBIT margin without IFRS 16	16.8%	19.7%	(2.9pp)	13.4%	(2.1%)	15.5pp
EBITDA	11.6	10.9	6.4%	18.3	15.1	21.2%
EBITDA margin	21.4%	25.0%	(3.6pp)	18.1%	16.6%	1.5pp
EBITDA without IFRS 16	11.6	10.9	6.4%	18.3	15.1	21.2%
EBITDA margin without IFRS 16	21.4%	25.0%	(3.6pp)	18.1%	16.6%	1.5pp

(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. The data also includes 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. and HRLink Sp. z o.o. (from January 28, 2021, which includes HRLink Sp. z o.o. and Goldenline 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 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.);

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

The Internet segment ended the second quarter of 2021 with a higher result than in the corresponding period of 2020, both at the level of EBIT and EBITDA year on year. These ratios amounted to PLN 9.1 million and PLN 11.6 million, respectively [1]. The comparability of these results in relation to 2020 was significantly influenced by the costs associated with the voluntary redundancy plan implemented by Goldenline and group redundancies in Plan D (formerly Domiporta), which amounted to PLN 1.4 million.

In the first half of 2021, the Internet segment achieved operating profit at the level of EBIT, which amounted to PLN 13.5 million, while the segment's result at EBITDA level increased by 21.2% to PLN 18.3 million. The comparability of these results in relation to 2020 was influenced by the costs of group lay-offs in Goldenline and Plan D (formerly Domiporta) as well as a write-down on the assets of Plan D, charged to the segment's result in the first quarter of 2020.

The implementation of IFRS 16 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 2021, total revenue of the Internet segment increased by 24.3% and amounted to PLN 54.2 million. The main factor responsible for this increase was higher proceeds from sales of advertisements generated by the Gazeta.pl division and Yieldbird. Revenue of the HRLink group increased as well. The segment's revenue was adversely affected by the reduction in the activity of Plan D Sp. z o.o. as a result of disposal of a part of this enterprise (formerly Domiporta Sp. z o.o.).

In the first half of 2021, total revenue of the Internet segment increased by 11.1% to PLN 101.1 million due to higher sales of online advertising recorded by Gazeta.pl and Yieldbird.

2. COST

In the second quarter of 2021, operating costs of the Internet segment increased by 28.9% and amounted to PLN 45.1 million. The increase during this period was primarily due to higher expenditure on third-party services, mainly related to the costs of lease of advertising space, higher staff costs as well as higher expenditure on promotion and marketing. In the first half of 2021, operating costs decreased by 5.7% and amounted to PLN 87.6 million. The comparability of operating costs in this period was significantly affected by a write-down on the assets of Plan D (formerly Domiporta Sp. z o.o.) in the first quarter of 2020, amounting to PLN 12.7 million.

In the second quarter of 2021, the costs of external services increased by 11.0% and amounted to PLN 27.2 million. This was due to higher costs of lease of advertising space in Yieldbird, sales brokerage costs in the HRLink group and costs of other external services in Gazeta.pl. In the first half of 2021, costs of external services increased by 3.3% to PLN 53.0 million. The increase in expenditure on external services was mostly driven by higher lease costs of advertising spaces in the Yieldbird company. However, the increase in this cost category was offset by higher revenue from advertising sales in the Yieldbird company.

In the second quarter of 2021, staff costs increased by 23.0%, whereas in the entire first half of 2021, they increased by 1.7%. This resulted mainly from temporary reduction in the working time and salaries of employees in 2020. In addition, the costs of the second quarter of 2020 were reduced as a result of an agreement concluded on 15 April 2020 by the Management Board of Agora S.A. 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 GoldenLine were also completed, which allowed for the launch of a voluntary redundancy programme in April 2020, joined by 26 employees. The cost of implementing 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 Plan D — the costs of this process amounted to PLN 0.5 million.

Both in the second quarter and in the first half of 2021, depreciation costs increased by 8.7% and 11.6%, respectively, and amounted to PLN 2.5 million and PLN 4.8 million. The increase in the aforementioned cost category 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 2021, promotion and marketing costs increased by 91.7% yoy and amounted to PLN 2.3 million. Their increase results from higher advertising expenditure in Gazeta.pl. In the first half of 2021, expenditure on promotion and marketing increased by 28.1% to PLN 4.1 million and was also related to higher expenditure on Gazeta.pl advertising. On the other hand, during that period, expenditure in Plan D (formerly Domiporta Sp. z o.o.) was significantly lower as a result of disposal of a part of the enterprise.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In June 2021, the total reach of the Agora Group's websites among Polish Internet users reached 61.3% and the number of users reached 17.7 million, which made the Agora Group the eighth player in the market according to a Mediapanel survey. The total number of page views of the Agora Group's websites reached 579 million, with the average viewing time of 47 minutes per user [6].

In June 2021, 16.8 million Internet users viewed the Agora Group's websites on mobile devices. The number of mobile page views amounted to 453 million, and the share of mobile page views on the websites of the Agora Group stood at 78.0% and was the highest among Polish horizontal portals [6].

The websites of the Agora Group are ranked among the top thematic market players. According to Mediapanel data for June 2021, the Agora Group is the leader of the 'Children and family' category (eDziecko.pl) and the runner-up in the 'Fashion and beauty' category (Avanti24.pl). The Agora Group ranked third in the 'Gossip, celebrities' (Plotek.pl), 'Local and regional news' (local websites of Wyborcza.pl, Metrowarszawa.pl) and 'Sports' categories (Sport.pl). Websites of the Agora group also rank high in the following thematic categories: 'Business, finance, law' (fourth place, among others Next.gazeta.pl and Wyborcza.biz), 'Cuisine, cooking' (fourth place, Haps.pl, Ugotuj.to, Magazyn-kuchnia.pl), 'Automotive' (fifth place, Moto.pl) and 'Information and journalism — general' (fifth place, among others Wyborcza.pl, Wiadomosci.gazeta.pl, Tokfm.pl) [6].

4. NEW INITIATIVES

The editors of Gazeta.pl and related websites prepared new proposals for Internet users — with respect to formats and content. As of the second quarter of 2021, the portal has been creating, among others, new interactive formats that expand its video offer. In June 2020, Gazeta.pl successfully introduced the following formats: Virtual Showroom, Fashion choice and the Click2Shop function. In the second quarter of 2021, the portal presented two completely new projects — Interactive Sport Quiz by the editors of Sport.pl and Plotek's Choice by the editors of Plotek.pl. The former one provides excellent entertainment for all sports fans as it allows them to tackle questions from various disciplines. The latter one is a review of show-business events of the last week, in which the audience decide on their own what they want to hear and what they want to omit — which makes them not only the audience, but also creators of their own video show episode. These are the first such formats on the Polish Internet, engaging the audience and providing online entertainment, which is in even higher demand during the pandemic.

In addition, in May 2021, the eDziecko.pl website, which for years has been supporting parents in the difficult art of raising children and helping in preparations for childbirth, has launched a new, innovative project — the Online Birthing School. It is a unique guide for future parents and, at the same time, a communication platform between the brand and the target group.

Sport.pl prepared numerous proposals for Internet users in connection with football and Euro 2020. In April, the portal cheered on Robert Lewandowski, who repeated the all-time record of German football — 40 goals scored by Gerd Mueller during the 1971-1972 season. The editors launched, among others, a special section with the record counter, containing information and recollections. For the European Championship, in turn, the Sport.pl portal planned reports and exclusive materials, which started appearing on the portal and on Gazeta.pl already on 11 June. Internet users could also watch several dozen live video programmes as part of EuroSekcja and EuroSekcja Live. Moreover, the legendary 'Z czuba' report and live reports also returned to Sport.pl for the duration of the championship — this time, for all matches of the Polish team. Moreover, Sport.pl made further steps in the e-sport industry — it became a media partner of the prestigious ESL Polish Championship and the TripleA Bydgoszcz tournament.

On 30 June 2021, Yieldbird terminated the cooperation agreement with one of its key customers due to its violation of the rules of cooperation as well as the SSP platform rules. This decision may affect the company's contribution to the result of the Internet segment.

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. 17

<i>in PLN million</i>	2Q 2021	2Q 2020	% change yoy	1-2Q 2021	1-2Q 2020	% change yoy
Total sales, including :	23.0	14.9	54.4%	42.9	38.4	11.7%
Radio advertising revenue (1), (2)	20.3	13.2	53.8%	38.4	32.1	19.6%
Total operating cost, including: (2)	(22.0)	(15.9)	38.4%	(41.5)	(38.0)	9.2%
Total operating cost without IFRS 16 (2)	(22.1)	(16.0)	38.1%	(41.7)	(37.8)	10.3%
External services	(7.0)	(5.1)	37.3%	(13.5)	(12.9)	4.7%
External services without IFRS 16	(7.8)	(5.8)	34.5%	(15.1)	(14.4)	4.9%
Staff cost	(8.8)	(6.2)	41.9%	(17.3)	(14.8)	16.9%
D&A	(1.9)	(1.8)	5.6%	(3.7)	(3.6)	2.8%
D&A without IFRS 16	(1.1)	(1.1)	-	(2.2)	(2.2)	-
Promotion and marketing (2)	(2.9)	(1.8)	61.1%	(4.3)	(3.6)	19.4%
EBIT	1.0	(1.0)	-	1.4	0.4	250.0%
EBIT margin	4.3%	(6.7%)	11.0pp	3.3%	1.0%	2.3pp
EBIT without IFRS 16	0.9	(1.1)	-	1.2	0.6	100.0%
EBIT margin without IFRS 16	3.9%	(7.4%)	11.3pp	2.8%	1.6%	1.2pp
EBITDA	2.9	0.8	262.5%	5.1	4.0	27.5%
EBITDA margin	12.6%	5.4%	7.2pp	11.9%	10.4%	1.5pp
EBITDA without IFRS 16	2.0	0,0	-	3.4	2.8	21.4%
EBITDA margin without IFRS 16	8.7%	0,0%	8.7pp	7.9%	7.3%	0.6pp

(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 2021, operating results of the Radio segment at both the EBIT and EBITDA levels were higher year on year. In the second quarter of 2021, radio activity recorded profit at the EBIT level in the amount of PLN 1.0 million and at the EBITDA level in the amount of PLN 2.9 million. The Radio segment ended the first half of 2021 with a profit both at the EBIT and EBITDA levels in the amount of PLN 1.4 million and PLN 5.1 million, respectively. The segment's results, which were higher than in the previous year, resulted mainly from an increase in revenue from sale of advertising services in own stations.

In the first half of 2021, the operating profit of the Radio segment at the EBIT level without the effect of IFRS 16 amounted to PLN 1.2 million, and in the second quarter of 2021 — to PLN 0.9 million. In the first half of the year, the segment's EBITDA under this approach amounted to PLN 3.4 million, and in the second quarter of 2021 alone — to PLN 2.0 million.

1. REVENUE [3]

In the second quarter of 2021, revenue of the Radio segment increased by 54.4% as compared to the second quarter of 2020 and amounted to PLN 23.0 million. In the first half of 2021, it went up by 11.7% year on year and amounted to PLN 42.9 million. Both discussed periods saw an increase in revenues from the sale of airtime in stations belonging to the Agora Radio Group and the proceeds from brokerage services for the sale of airtime in third-party radio stations.

Notably, in the second quarter of 2021, total radio advertising expenditure increased by 53.0% yoy. In the period from January to June 2021, advertisers increased their radio advertising expenditure in Poland by 19.0% yoy.

In the second quarter of 2021, the segment's online revenue was higher by 49.0%, and in the first half of the year — by 44.3%. In both periods, revenues from online advertising services as well as from the sale of the Premium TOK FM subscriptions increased. The number of Premium TOK FM subscriptions amounted to 25.4 thousand at the end of the first half of 2021 and was 4.4% higher than in the corresponding period of 2020.

In the second quarter of 2021, the proceeds from the sales brokerage services provided to the Helios cinema network were also higher. In the first half of 2021, this revenue was lower than in the corresponding period of 2020 due to the lack of revenue on this account until May 2021. The COVID-19 pandemic was a contributing factor, as a result of which Helios cinemas could only resume their operations on 21 May 2021.

2. COST

In the second quarter of 2021, operating costs of the Radio segment increased by 38.4% year on year and amounted to PLN 22.0 million. In the first half of 2021, the segment's operating costs increased by 9.2% and amounted to PLN 41.5 million.

In the second quarter of 2021, costs of external services increased by 37.3% to PLN 7.0 million and they were higher by 4.7% and amounted to PLN 13.5 million in the first half of 2021. The increase in expenditure in the two periods was mainly due to higher cost of airtime purchase in third-party radio stations in connection with the advertising sales brokerage services provided. In the second quarter of 2021, the costs related to the sales brokerage services for the Helios cinema network were also higher. These costs were lower in the first half of 2021 in connection with the administrative decision to suspend cinema operations until 20 May 2021.

Apart from the costs related to sales brokerage for Helios cinemas and advertising sales brokerage in third-party radio stations, the external services item also includes rental costs and lease fees, costs of production services as well as operator fees.

The staff cost increased by 41.9%, to PLN 8.8 million in the second quarter of 2021 and by 16.9%, to PLN 17.3 million in the first half of 2021. A factor which contributed to the increase in this cost category in both discussed periods was the decision to temporarily reduce remuneration and working time by 20.0% in the Agora Group from 15 April 2020 for a period of six months. In addition, variable components of remuneration increased, as did the provision for unused holidays.

The promotion and marketing costs in the second quarter of 2021 increased by 61.1% and amounted to PLN 2.9 million. This translated into an increase by 19.4% in the first half of the year, to PLN 4.3 million. This is primarily due to the reduction of promotion and marketing in 2020.

In the second quarter of 2021, operating costs of the Radio segment presented without considering the impact of the IFRS 16 standard amounted to PLN 22.1 million and were higher by 38.1% year on year. In the first half of 2021, these costs on the same basis amounted to PLN 41.7 million and were higher by 10.3% than in the first half of 2020. The outlays on external services presented in this way increased by 34.5% to PLN 7.8 million in the second quarter of 2021, and this increase reached 4.9%, amounting to PLN 15.1 million in the first half of 2021. Depreciation costs remained at the same level both in the second quarter and in the entire first half of 2021.

3. AUDIENCE SHARES [8]

Tab. 18

% share in listening	2Q 2021	change in pp yoy	1H 2021	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	2.9%	0.2pp	2.7%	0.3pp

It is worth noting that radio stations of the Agora Group do not have national coverage. The Agora Group's music stations are present mainly in cities with more than 100 thousand inhabitants, and although on a national scale, the Agora Radio Group ranks fifth in terms of audience share, in cities with a population over 100 thousand, it already ranks third, exceeding much larger groups, such as TIME and Polish Radio. TOK FM news radio broadcasts primarily in

cities with the population of over 200 thousand, where it holds the third position among the most popular radio stations in Poland. The second quarter of 2021 was a record-breaking quarter in the history of Tok FM Radio audience numbers — the station reached 2.9% of the market share among the group of listeners over 15 years of age.

4. NEW INITIATIVES

The TOK FM Radio and tokfm.pl team is continuously developing the digital offer of the station, expanding it by adding new services, podcasts and series. In April, a new series of podcasts, entitled *Rzeczpospolita Kościelna*, appeared on the TOK FM podcast platform. Over the course of 6 episodes in the series, Magdalena Rigamonti talked to Polish politicians about the Church in Poland and how its position became as strong as it is at present. Also in April, a radio documentary series — *Rok, którego nie było* — dedicated to education during the pandemic, was broadcast on tokfm.pl and in the TOK FM application, as well as on the station during the Mikrofon TOK FM programme. On 1 June — on the Children's Day — the second edition of the TOK FM series *Piecza* premiered. It comprised four consecutive episodes of a series about the foster care system, highly appreciated by the audience. In total, the podcast library of the station already includes over 200 broadcasts and thematic cycles with a variety of topics, such as politics, economics, society, research and guides.

In addition, since May 2021, the TOK FM Radio has been available online in a new version. Apart from the programme known from the airwaves, there is a TOK + Muzyka station available. This is an offer for Premium TOK FM subscribers in every package and can be tested free of charge for 14 days in the TOK FM application. The programme of TOK + Muzyka is created live fully automatically. It broadcasts the same shows and information as the radio station, while commercial content is replaced by customised music and additional information modules. The appearance of this new station in TOK FM's online offer involved changes in the price list for new users.

In addition, in the second quarter of 2021, TOK FM encouraged all inhabitants of the Silesian agglomeration to listen to the station's programme online in a special campaign. Advertisements including the slogan: *Śłuchaj, gdziekolwiek jesteś* [Listen, wherever you are] presented the possibility of turning on the TOK FM Radio online — in the TOK FM mobile application and on the tokfm.pl website.

Thanks to the changes and new offers, the number of subscribers of the station's paid offer — Premium TOK FM — is constantly growing. The station has also recorded new record audiences on the airwaves. Its audience share already increased to 2.9% during the period from March to May. At the same time, the TOK FM Radio claimed the second place in all cities with more than 500 thousand inhabitants, while in cities with populations over 200 thousand and over 100 thousand, it was on the third place. In addition, during the six months from December 2020 to May 2021, TOK FM again became the most popular radio broadcaster in Warsaw and was the runner-up in terms of audience numbers in the Tri-City, Wrocław and Poznań. TOK FM is an extraordinary station on Polish airwaves — an opinion-forming medium in which talking takes up approximately 90% of the air time.

Interesting information concerning the digital audio market, and more specifically — podcasts, was prepared by the Tandem Media team. The second edition of the survey Podcast Listener in Poland was executed by a radio and cinema broker together with Publicis Groupe in November 2020 and presented in a detailed version in June 2021. The survey showed high growth dynamics of the audience's interest in audio-on-demand content and uniqueness of the audience members themselves. It also confirmed the reports of other research institutions, indicating that Poland is among the fastest-growing podcast markets in the world. According to the data from the report, in 2020, nearly one in three Internet users, i.e. almost 9 million people, listened to podcasts on a regular basis. Almost two thirds have begun to listen to them recently, while current users tuned in more frequently than a year ago. In addition, podcasts invariably enjoy the opinion of a reliable medium, while the associated advertising messages have a high level of acceptance among the audience.

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.

The performance measures „EBIT" and "EBITDA without IFRS 16" are defined as EBIT and EBITDA excluding impact of International Financial Reporting Standard no. 16 Leasing.

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 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 the data on ad spend in dailies and magazines in the first and second quarter of 2020 and in the first quarter of 2021.

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 Publicis Media; 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:

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

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

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

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

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

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

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

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

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

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

* 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] Data on real users, page views and time spent by users come from the Mediapanel study. The data covers users aged 7 or more, connecting from servers located in Poland, and concerns domains assigned to Agora SA in Gemius SA's Register of Service Providers and Groups of Service Providers. Data on Agora Group services are audited by Gemius SA.

As of October 2020, a new study methodology has been in force: the Mediapanel cross-media study has replaced the previous study called Gemius / PBI, and thus the results are not comparable to previous periods.

The data reflects both the data of PC and mobile platforms, both traffic via the website and via mobile applications (Gazeta.pl LIVE, Sport.PL LIVE, My Child, Moja Ciqza, Tuba.fm, Gazeta Wyborcza application, Clou). Totals are also shown.

[7] Source: report prepared by Izba Gospodarcza Reklamy Zewnętrznej (IGRZ) in cooperation with Publicis Media 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 April to June (sample for 2020: 20,980; sample for 2021: 21,021), from January to June (sample for 2020: 42,011; for 2021: 41,855).

[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.

[10] The one-off events include: the profit on sale of real estate of PLN 6.7 million in the first quarter of 2020; in the second quarter of 2020 the profit on sale of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) of PLN 3.6 million and the profit on the sale of real estate of PLN 0.4 million, write-downs on assets, mainly in Plan D Sp. z o.o. (formerly: Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and the AMS S.A. group totalling PLN 28.9 million in the first half of 2020; the restructuring measures taken up in Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) and GoldenLine Sp. z o.o., the cost of which amounted to PLN 1.4 million in the second quarter of 2020.

V. ADDITIONAL INFORMATION

1. IMPORTANT EVENTS

► Significant events for the Company's business activities

In the current report of June 9, 2021 The Management Board of Agora S.A. with its registered office in Warsaw ("Agora", "the Company") provided delayed confidential information that on 8 June 2021 it made a decision to start the process of reviewing strategic options for Agora Group's internet operations in order to effectively achieve Agora's strategic goal related to the development of the subscription model and an increase in revenues from the sale of advertising services.

The review of strategic options is aimed at selecting the most advantageous way to achieve the long-term goal of the Company, which is the development of the Group leading to maximization of value for the current and future shareholders of the Company. As part of the review, the Company intends to analyze various scenarios related to, i.a., the reorganization of the group in order to organize its structure. The above list of options is not exhaustive and does not preclude the consideration of other options, not listed above, if such appear as a result of the review, including the sale of assets.

The Company decided to delay the publication on 8 June 2021, as the publication of information on the commencement of the strategic options review process could infringe the Company's legitimate interest by adversely affecting this process, as well as the Company's development and image. The company indicates that the delay in disclosing the above information did not mislead the public, and that it has taken all steps to ensure the confidentiality of the information. The reason for the disclosure of delayed confidential information is the decision made by the Management Board of the Company to merge the current Press segment with the Gazeta.pl division into one business area of the Agora Group, pursuing the common goal of increasing digital subscriptions and advertising revenues from all areas of Agora S.A.'s websites. The integration plan for both businesses will be developed by the end of the year. At the same time, additional scenarios related to the business strategy of the Internet segment of the Agora Group will be analyzed.

In connection with the above decision, the Management Board of Agora starts a simultaneous analysis of other possible scenarios of the Agora Group's Internet segment operations. In particular, this will include verification of the advertising potential of the Group's internet assets due to the long-term goal of increasing the value of the Agora Group.

Text of the delayed information:

The Management Board of Agora S.A. with its seat in Warsaw ("Agora", " the Company") announces that on 8 June 2021, it made a decision to start the process of reviewing strategic options for Agora Group's internet operations in order to effectively implement Agora's strategic goal related to the development of the subscription model and increase in revenues from the sale of advertising services.

As part of the process, the Management Board of Agora intends to maximize the chances of exploiting the potential of the Company's websites to accelerate the increase in the number of Wyborcza.pl digital subscriptions and increase of revenues from the sale of advertising services. For this purpose, it intends to merge the Gazeta.pl division and the Press segment in Agora S.A.

Additionally, the Agora's Management Board plans to analyze the possible scenarios of the Agora Group's Internet segment operations. In particular, this will include verification of the advertising potential of the Group's internet assets due to the long-term goal of increasing the value of the Agora Group. Thus, the process of reviewing strategic options for the Agora Group's internet operations is a multi-stage process.

The list of scenarios is not exhaustive and does not exclude the consideration of other options, not mentioned above, if such appear as a result of the review. It is uncertain whether and when a decision to choose a particular option will be made. The Management Board of Agora will publish information on the review process in accordance with applicable law.

Conclusion of a real estate sale agreement.

In the current report of January 29, 2021 the Management Board of Agora S.A. informed that that on 29 January 2021, the Company concluded a preliminary agreement for the sale of the perpetual usufruct right to a developed real estate with a total area of 7.46 ha, including the ownership title to buildings constituting an object of ownership separate from the land, located in Pila at ul. Krzywa 35, for which the District Court in Pila, VI Division of Land Registry, keeps a land and mortgage register with the number PO11/00009141/0 ("Property").

The decision to sell the Property resulted from the fact that after the restructuring of the printing activity and the phasing out of printing plant in Pila in the second half of 2019 (about which Agora informed in regulatory filings No. 5/2019 of 5 March 2019 and No. 7/2019 of 25 March 2019) the Company did not effectively use the area of the Property for operating activities.

The estimated total value of the Property amounted to PLN 14.5 million net and its sale was not affect the operating result of the Agora Group in 2021, as the selling price of the Property was, as a general rule, in line with its book value. The transaction will be visible in the Group's cash flows and will result in a decrease in the value of the Group's fixed assets in the future.

The value of the Property being the subject of the agreement did not meet the established materiality criteria for this type of transactions, however, the Management Board decided that due to the one-off and non-operational nature of the transaction, information about it should be disclosed to the public in the form of a regulatory filing.

Pursuant to art. 17 sec. 4, third paragraph of the MAR Regulation, the Issuer will inform the Polish Financial Supervision Authority of the delay in disclosing the above confidential information immediately after the publication of this filing, by submitting a written explanation on the fulfillment of the conditions specified in Art. 17 sec. 4 points a) - c) of the MAR Regulation.

At the same time, the Management Board of the Company informs that the process of concluding the contract for the sale of the perpetual usufruct right to the Property (hereinafter referred to as the "Agreement") has been recognized as a process extended in time. In the course of this process, the Company identified an intermediate stage which itself meets the criteria for being classified as confidential. Providing confidential information about the occurrence of an intermediate stage in the sales process was delayed until the conclusion of the Agreement 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 legitimate interests of the Issuer, ie. the risk of a negative impact of providing information on the possibility of concluding the Agreement. The intermediate stage referred to above was the commencement of negotiations on the sale of the perpetual usufruct right to the Property on 23 December 2020 and the signing by the Company of a letter of intent containing the boundary conditions of the considered transaction for the sale of the perpetual usufruct right to the Property.

Content of delayed confidential information as of 23 December 2020:

The Management Board of Agora S.A. with its seat in Warsaw ("Agora") hereby informs that on 23 December 2020 Agora S.A. began negotiations on the sale of a developed property located in Pila at ul. Krzywa 35, for which the District Court in Pila, 6th Land Registry Department keeps a land and mortgage register with the number PO11/00009141/0 ("Property") ("Transaction").

Therefore, on 23 December 2020, Agora signed a non-binding letter of intent ("Term Sheet") with the potential buyer regarding the basic terms of the Transaction under consideration. The condition for carrying out the Transaction is, i.a., agreeing on the detailed terms of the Property sale agreement and obtaining by the buyer financing for the purchase of the Property. The commencement of the negotiations described above does not mean that the negotiations will end in establishing the final terms of the Transaction. The Company will inform about the further stages of the Transaction in accordance with the requirements imposed by law. The decision to sell the Property results from the fact that the Company, after the phasing out of part of its printing activities, no longer uses the Property for operating activities.

The estimated total value of the Property and Movable Property amounts to PLN 14.5 million net.

The value of the Property being the subject of the agreement is not significant from the point of view of the Company, however, the Management Board concluded that due to the one-off and non-operational nature of the transaction and its potential impact on the Agora Group's operating results by the second quarter of 2021, it should be disclosed to the public in the form of a regulatory filing.

The commencement of negotiations is an intermediate stage of the extended process aimed at Agora's sale of the ownership of the Property.

In the current report of March 4, 2021 the Management Board of Agora S.A., in relation to regulatory filing 03/2021 of 29 January 2021, informed that on the March 4th, 2021, the Company concluded a promised agreement on sale of the perpetual usufruct rights to a developed real estate with a total area of 7.46 ha, including the ownership title to buildings constituting an object of ownership separate from the land, located in Pila at ul. Krzywa 35, for which the District Court in Pila, 6th Land Registry Department keeps a land and mortgage register with the number PO11/00009141/0.

The decision to sell the Property resulted from the fact that after the restructuring of the printing activity and the phasing out of printing plant in Pila in the second half of 2019 (about which Agora informed in regulatory filings No. 5/2019 of 5 March 2019 and No. 7/2019 of 25 March 2019) the Company did not effectively use the area of the Property for operating activities.

The estimated total value of the Property amounts to PLN 14.5 million net and its sale did not affect the operating result of the Agora Group in 2021, as the selling price of the Property was, as a general rule, in line with its book value. The transaction will be visible in the Group's cash flows and will result in a decrease in the value of the Group's fixed assets.

► Information on impairment tests conducted

In the current report of January 28, 2021, The Management Board of Agora S.A. ("Company", "Agora") informed that in the course of works on the annual report of the Agora Group, including the process of verifying the valuation of its assets and the completeness of the recognition of provisions, it made a decision on the necessary write-offs or increase of provisions in the Movie and Books segment, the Outdoor segment and Agora company. The total amount of the above mentioned impairments affects both the net results and the operating result of the Agora Group.

In the fourth quarter of 2020, additional factors that had a negative impact on Helios' financial results were the increase in the provision for the fee for Związek Autorów i Producentów Audiowizualnych ("ZAPA", Union of Audiovisual Authors and Producers) and the write-off of assets in two cinemas.

The increase in the provision for ZAPA fees was related to the change in the method of calculating contributions to the organization for collective management of the rights of authors associated in this organization in connection with the settlement between ZAPA and Helios S.A. Therefore, in the fourth quarter of 2020 alone, the value of the provision related to previous years' fees for ZAPA and interest on them amounted to an additional nearly PLN 12.5 million. Moreover, Helios made a write-off of assets in two cinemas. Their total impact on the operating result of the Agora Group amounted to PLN 4.2 million.

The company also decided to increase the impairment loss in the Outdoor segment, with the largest part of the write-off related to the liquidation of disassembled materials. The total amount of additional write-offs and costs related to the disposal of materials in the fourth quarter of 2020 in this segment amounted to approximately PLN 1.6 million.

The company also decided to write off the value of the property in Pila in the amount of PLN 4.4 million and to reverse the write-off of some receivables from RUCH S.A. in connection with their repayment in the amount of PLN 3.2 million.

Total negative impact of the above mentioned events on the operating result of Agora amounts to approximately PLN 1.2 million, and on the net result of the Company PLN 0.9 million.

On the other hand, the total negative impact of the above mentioned events on the operating result of the Agora Group amounts to approximately PLN 19.5 million, and on the net result of the Agora Group approximately PLN 15.7 million.

► Changes in the composition of the Management Board

In the current report of May 18, 2021, the Management Board of Agora S.A. informed that pursuant to the provisions of par. 28 sec. 3 of the Company's Articles of Association, the Management Board appointed on May 18, 2021, by co-opting, Mr Tomasz Grabowski with effect on June 1, 2021.

In the Management Board of Agora S.A. he supervises the central Technology department and technology departments responsible for the development of functionalities for Gazeta.pl and Wyborcza.pl as well as the development of technological innovations and the Big Data department.

On June 24, 2021, the General Meeting of Agora S.A. approved the appointment of Mr Tomasz Grabowski to the Management Board of the Company by way of co-option.

The above change was registered by the District Court for the capital city of Warsaw in Warsaw on July 23, 2021.

In the current report of July 30, 2021, the Management Board of Agora S.A. informed that on 30 July 2021 the Company received from Ms. Agnieszka Sadowska a declaration of intention to resign from the position of a Member of the Management Board of the Company, effective at the latest on 31 October 2021.

In the current report of August 5, 2021, the Management Board of Agora S.A. informed that pursuant to the provisions of par. 28 sec. 3 of the Company's Articles of Association, the Management Board appointed on August 5, 2021, by coopting, Ms Agnieszka Siuzdak-Zyga. In the Management Board of Agora S.A. she will supervise the Gazeta.pl department.

► The General Meeting of Agora S.A.

In the current report of May 27, 2021, the Management Board of Agora S.A. informed about convening, for June 24, 2021, at 11 a.m., the Ordinary General Meeting of Shareholders of Agora S.A.

In the current report of May 27, 2021, draft resolutions to be submitted to the General Meeting were published.

In the current report of June 10, 2021, supplementary documentation for the General Meeting was published.

In the current report of June 24, 2021, 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) on the approval of the appointment of a Member of the Management Board of the Company by co-option, (ii) on the assessment of the "Report of the Supervisory Board on the remuneration of individual members of the Management Board and Supervisory Board of Agora S.A. for the years 2019 - 2020".

In the current report of June 24, 2021, the Management Board of Agora S.A. informed that at the General Meeting of Shareholders held on June 24, 2021, 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. 51.25% of votes at that Ordinary General Meeting of Shareholders and 35.36% of the total number of votes;

- Otwarty Fundusz Emerytalny PZU "Zlota Jesien": 8,126,000 votes, i.e. 18.48% 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. 12.18% of votes at that Ordinary General Meeting of Shareholders and 8.41% of the total number of votes;

- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4,119,000 votes, i.e. 9.37% of votes at that Ordinary General Meeting of Shareholders and 6.47% of the total number of votes.

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

▶ Eurozet Sp. z o.o.

In the current report of January 7, 2021, the Management Board of Agora S.A. with its seat in Warsaw ("Agora", "Company"), with reference to the current reports: no. 1/2019 of 25 January 2019, 3/2019 of 20 February 2019, 27/2019 of 18 September 2019 and 39/2020 of 10 November 2020, informed that on 7 January 2021, the Company learned from the official website uokik.gov.pl about issuing a decision of the President of the Office of Competition and Consumer Protection ("President of UOKiK") to prohibit the concentration consisting of taking control by the Company over Eurozet Sp. z o.o.

The company disagrees with the merits of the decision of the President of UOKiK. In the opinion of the Company, the decision was issued in breach of anti-monopoly regulations and administrative proceedings. Additionally, the decision does not take into account the evidence, in particular the economic analyzes presented by the Company.

Therefore, Agora will take all actions provided for by law in this matter. The decision of the President of UOKiK is not yet final and the Company appealed against the decision to the Court of Competition and Consumer Protection within one month from the date of its delivery.

In the current report of February 8, 2021, the Management Board of Agora S.A. with reference to the current reports: no. 1/2019 of 25 January 2019, 3/2019 of 20 February 2019, 27/2019 of 18 September 2019, 39/2020 of 10 November 2020 and 01/2021 of 7 January 2021, informed that on 8 February 2021, the Company filed to the District Court in Warsaw – the Competition and Consumers Protection Court - an appeal against the decision of the President of the Office of Competition and Consumer Protection ("President of UOKiK"), issued on 7 January 2021, prohibiting Agora taking control over Eurozet Sp. z o.o.

The Company appealed to the District Court in Warsaw, requesting the court to issue a reformative ruling which will allow the concentration to be carried out without any further conditions. The evidence gathered in the case clearly indicates that all the conditions for issuing such a decision are met.

On May 6, 2021, the President of the Office of Competition and Consumer Protection transferred the case files to the District Court in Warsaw - the Court of Competition and Consumer Protection.

On May 27, 2021, Agora S.A. filed an application for review of the appeal against the decision of the President of the Office of Competition and Consumer Protection prohibiting Agora's concentration with Eurozet beyond the order in which cases were received by the competent court. On June 2, 2021, the court granted Agora's request, which means that the case will be examined in an expedited manner.

▶ Goldenline Sp. z o.o.

On January 28, 2021, Agora S.A. ("Seller") concluded a share sale agreement with HRLink sp. z o.o. ("Buyer") regarding the sale of all shares in Goldenline sp. z o.o. Agora S.A. sold to the Buyer 3,221 shares with a nominal value of PLN 1,000 each and the total nominal value of PLN 3,221,000, constituting in total 100% of the share capital of Goldenline Sp. z o.o.

Currently Agora S.A. does not have any shares in Goldenline Sp. z o.o.

On April 1, 2021, the Extraordinary General Meeting of Goldenline Sp. z o.o. pursuant to art. 233 of the Commercial Companies Code, adopted a resolution on the continued existence of the company.

▶ 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) par. 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) par. 6 of the CCC, and based on Article 418(1) par. 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 Srodmiemie 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 and September 19, 2020, the appeal of the other minority shareholders having rights under 1,460 shares was dismissed.

(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.

On January 21, 2021, a subsidiary of Agora S.A. - AMS Serwis Sp.z o.o. signed with BNP Paribas Bank Polska S.A. with its seat in Warsaw Agreement for the acquisition of an amount as security (deposit) for the amount of PLN 4 million. The funds are collateral for the loan granted by BNP Paribas Bank Polska S.A. to the company Helios S.A. The deposit has been submitted and will be kept until March 23, 2023.

In the current report of April 30, 2021 The Management Board of Agora S.A. informed that in the course of preparations for the publication of financial results for the first quarter of 2021, it became aware of the failure of Helios S.A. to maintain one of the financial ratios specified in loan agreements – the capitalization ratio calculated as the equity-to-asset ratio, included in the loan agreement with BNP Paribas Bank Polska S.A. ("Bank").

The failure to maintain the ratio was mainly due to the prolonged closure of cinemas connected to the outbreak of the COVID-19 pandemic. As a result of the failure to maintain the ratio Helios S.A. will reclassify PLN 5 million of long-term liabilities into short-term ones at the balance sheet date. The total value of the loan used under the loan agreement amounted to PLN 7.2 million as at the balance sheet date.

At the same time, Agora S.A. received information that the Bank informed the management board of Helios S.A. that the failure to maintain the capitalization ratio was not considered a breach of the terms of the loan agreement. As at the date of the publication of these condensed financial statements, Helios S.A. is in the possession of the Bank's approval to the break of the capitalization ratio by Helios S.A. as at June 30, 2021. Therefore, any failure to meet the capitalization ratio in the second quarter of 2021 did not constitute a breach of the provisions of the loan agreement. Due to the continued uncertainty of the economic situation in the context of the ongoing covid-19 pandemic, it is highly probable that Helios S.A. will not meet the current financial ratios indicated in the agreement with the Bank also in the third quarter of 2021. The Company will provide detailed information on this in the financial statements for the period to which this will apply.

In the current report of June 9, 2021 The Management Board of Agora S.A. ("Agora", "the Company") informed that it learned about the signing on 8 June 2021 by the subsidiary of Agora, i.e. by Helios S.A. ("Helios") a preferential loan agreement in the amount of PLN 5,031,000.00 ("Agreement") with Polski Fundusz Rozwoju S.A. (Polish Development Fund, "PFR") with its seat in Warsaw under the Government Program - Financial Shield of the Polish Development Fund for Large Companies ("Program").

Helios may request the payment of the loan amount by 30 June 2021, after meeting the conditions specified in the Agreement. The deadline for repayment of the loan is 31 December 2023. The loan may be used to finance Helios' day-to-day operations.

The Program regulations regarding the terms of granting the loan provide for the possibility of remitting its repayment up to 75% of the amount received, depending on the fulfillment by Helios of the conditions specified in the Agreement. The outstanding portion of the loan is to be repaid in 10 equal quarterly installments. The annual interest rate on the loan is fixed.

The loan repayment is secured by: (i) ordinary pledge and registered pledge on the Helios trademark with the highest priority up to the highest security amount of PLN 7,546,500.00, (ii) registered pledge on the shares of Helios subsidiary - Step Inside Sp. z o.o. based in Łódź with the highest priority to the highest security amount of PLN 7,546,500.00 and (iii) declaration of submission to enforcement up to the amount of PLN 7,546,500.00 with the deadline for PFR to apply for an enforcement clause as of 31 December 2026.

► **Plan D Sp. z o.o.**

On April 1, 2021, the Extraordinary Meeting of Shareholders of Plan D Sp. z o.o. pursuant to art. 233 of the Commercial Companies Code, adopted a resolution on the continued existence of the company.

► **Yieldbird Sp. z o.o.**

On April 15, 2021, Agora S.A. acquired 35 shares in Yieldbird Sp. z o. o. from minority shareholders. The total purchase price of the shares was PLN 2.380.632,00. As a result of this transaction, Agora S.A. z o. o. currently holds 926 shares in the share capital of Yieldbird sp. z o. o. with a total nominal value of PLN 46.300,00 ie 95.8% of the share capital.

The above change was registered by the District Court for the capital city of Warsaw in Warsaw on May 31, 2021.

2. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY MANAGEMENT BOARD MEMBERS IN THE SECOND QUARTER OF 2021 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 19

shares	As of May 21, 2021	decrease	increase	As of August 13, 2021
Bartosz Hojka	2 900	-	-	2 900
Tomasz Grabowski (1)	0	-	-	0
Tomasz Jagiełło	0	-	-	0
Anna Kryńska - Godlewska	0	-	-	0
Agnieszka Sadowska	0	-	-	0
Agnieszka Siuzdak – Zyga	-	-	-	0

(1) was appointed to the Management Board of the Company on June 1, 2021

(2) was appointed to the Management Board of the Company on August 5, 2021

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 2021 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 20

shares	As of May 21, 2021	decrease	increase	As of August 13, 2021
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 21, 2021) 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.21

	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 2021, 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 continued to be felt and had a significant negative impact on the financial results of Agora and its subsidiaries in the first half of 2021. They will also be felt in the following quarters of this year.

In the second quarter of 2021, two main factors contributed to the decline in the Group's revenue - the administrative closure of cinemas (Helios cinemas remained closed from November 7, 2020 to May 20, 2021). This had a significant impact on the results of the Agora Group, as revenues from cinema operations constitute one of the 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 from actions taken by state authorities, the pace of return of various sectors of the economy to full operational activity and changes in the value of GDP 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. The efforts made are starting to bring a positive effect, but as of the date of this report it is difficult to assess its scale and foresee its further development.

► Macroeconomic risk

The amount of advertising revenues depends on the general economic situation in Poland and in Europe. It grows in periods of economic upswing, and is reduced during an economic downturn. In the first half of 2021, the factors that had a significant impact on the Polish economy, the value of the advertising market and the activity of advertisers were the ongoing 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 about the further development of the pandemic and its consequences for the economy in the country. We estimate that in the first half of 2021, advertisers spent 20.0% more on representation and advertising than in the previous year. It should be remembered that the value of advertising revenues depends not only on the volume of advertisements and advertisements, but also on the prices obtained for the publication of these advertisements 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 2021, 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 2021, the structure of the advertising market was severely affected by the ongoing 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 from their segments, but also with television broadcasters, which accounted for 43.0% of the advertising market in 2021. Internet was the segment of the advertising market with 43.5% share. Ad spend in magazines and newspapers accounted for 2.5% and 1.0% of all ad spend, respectively. In 2020, using outdoor advertising media accounted for 3.5% of all advertising expenditure, while radio advertising expenditure accounted for 6.5% of all advertising expenditure. During that time, 0.0% of all advertising expenditure was spent on advertising in cinemas. Observing the dynamics of individual media and taking into account the high uncertainty regarding the value of the advertising market in 2021, 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 2021 will be the effects of the COVID-19 pandemic, which affected individual segments of the advertising market to a different extent. In addition, as a result of the changes described above and the consolidation of the advertising market, competition between individual media intensifies, which may have an impact on the Group's advertising revenues. Moreover, due to changes taking place in the media

and technological development, there is no certainty that the Group will be able to respond 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 way media is consumed, 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, RUCH S.A. was acquired by PKN Orlen S.A. It is currently difficult to assess how this ownership change will affect the distribution of press in Poland in the coming years. 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. The dynamics of the above mentioned processes may have a negative impact on dailies copy sales and the revenues of the Group. In 2014 the Group introduced system of paid access to the digital content of *Gazeta Wyborcza*. As of June 2021, the number of subscriptions of content of Wyborcza.pl reached almost 260 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, and the fact that more and more websites are investing in high-quality journalism.

▸ **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. 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 and revenue from online advertising 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. 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 2021, the ongoing COVID-19 pandemic had a significant impact on the shape of the outdoor advertising market and its further development prospects. 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. In the second quarter of 2021, we observed a revival and an increase in expenditure in this market segment by 143.0%, in the first half of this year. the value of expenditure in the outdoor advertising segment increased by nearly 21.0%. The industry is also counting on a good second half of the year. It is estimated that spending on outdoor advertising in Poland in 2021 may increase at a low double-digit pace, and it may take 2-3 years for the market to recover to the pre-pandemic level.

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. 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

Cinemas in Poland were closed by an administrative decision from November 7, 2020. In February 2021, the Polish government allowed the opening of cinemas conditionally for two weeks. Only some of the non-chain cinemas took advantage of this option. Large cinema chains, including Helios, did not decide to open their facilities conditionally for two weeks due to too difficult logistics and related costs. On March 20, 2021, the Polish government decided to close conditionally open cinemas again. The re-opening of cinemas, in strict sanitary regime and with a limit of 50% of seats, took place on May 21, 2021. The possibility of opening cinemas at this date was mainly used by small studio cinemas and Helios, as the only cinema network (other networks postponed the opening by a week). The attractive repertoire and the desire to return to the cinema attracted a large group of people already on the opening weekend - Helios cinemas sold over 56 thousand. tickets. The attendance observed in cinemas after their opening in May and the good repertoire announced for the remainder of the year give hope for a good pace of market recovery.

Helios opens new cinemas in shopping and entertainment centers. The further development of the network depends on the pace of construction of such facilities in Polish cities and on the effective competition with other cinema operators on the Polish market for space in a given shopping center. As a result of the outbreak of the pandemic, work on the construction of new commercial facilities may be suspended. Both the pace of infrastructure development in Polish cities and the condition of the real estate market (including rental prices) may affect the results achieved by cinemas. Cinema performance depends on the repertoire available. Lack of an attractive film offer, inability to promote films or their poor quality can have a negative impact on cinema attendance. Additionally, the bad economic

situation may translate into a reduction in consumer spending on entertainment, which may contribute to a decline in ticket sales and a lower inclination to buy drinks and snacks in cinema bars. In addition, during the pandemic, streaming platforms have gained popularity, therefore cinema operators are competing to a greater extent than before with other movie playback technologies, including online. The weather and the ban on Sunday trading, which causes an outflow of customers from shopping malls, also have a significant impact on attendance. Periodic closures of shopping malls and cinemas may permanently change the habits of consumers - it is currently impossible to assess how they will change their habits and the way they spend their free time after fighting the pandemic.

▸ 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

The radio advertising market in Poland is very competitive and Agora Group's radio stations compete for audience results and advertising revenues with other radio stations, including nationwide stations, as well as with other media: television, 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 recover to the value before the outbreak of the pandemic.

The format of the stations is of great importance for the audience of music stations. It is not certain whether the current position of the Group's radio stations on the audience market will not change. By competing on the advertising market, individual radio stations, including those belonging to various media groups, create advertising packages whose popularity among advertisers may significantly affect the market position of individual radio stations in the advertising market. Additionally, it should be remembered that radio stations are increasingly fighting for the listener's attention with other media, including in particular 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. In the Company's opinion 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 assurance that future asset impairment tests will give positive results, particularly in the period of gradual recovery in most sectors of the economy following the COVID-19 crisis and the next wave of pandemic.

▸ 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 secured long-term external financing for the Company and the Group. 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.

▶ The risk resulting from the dispute with the *Gazeta Wyborcza* team

On June 9, 2021, the Management Board of Agora announced its intention to merge the current Press segment with the *Gazeta.pl* division into one business area of the Agora Group, pursuing the common goal of increasing digital subscriptions and advertising revenues from all areas of Agora S.A.'s websites. The chief executive of *Gazeta Wyborcza* and some journalists protested against the planned merger, and announced the establishment of a trade union, the *Gazeta Wyborcza* Defense Committee. On June 29, 2021, a declaration was signed between the Management Board of Agora and the *Gazeta Wyborcza* team expressing mutual readiness for talks. It has been agreed that the integration process will be suspended and an analysis of the feasibility of spinning off *Gazeta Wyborcza* into a separate subsidiary of Agora S.A. will be carried out. It is difficult to assess how long the above analysis will take, what conclusions will be drawn from it and whether the prolonged situation of tension will have a negative impact on both the employees and the financial results of the Company and the Group.

▶ Risk of receivables collection

As a result 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.

▶ Risk related to operating within a tax capital group (PGK)

Operating within PGK requires Agora S.A. obligation to maintain at least 75.0% of shares in subsidiaries being part of the TCG for the period of operation of the TCG extended for 2021. Taking into account the changes in the market environment and the implementation of the Agora Group's strategy, it may be necessary to make changes to the ownership structure, which - if the value of the aforementioned shares in any of the companies is reduced below the 75.0% threshold, it will be retroactive, from January 1, 2021 with the loss of the PGK status. This is related to the loss of tax savings, an increase in the costs of the fiscal year closing and the need to prepare additional transfer pricing documentation.

In addition, functioning within the TCG imposes a number of statutory requirements on the organization, such as achieving at least 2.0% of the tax profitability level of TCG. Based on the financial forecasts prepared for the period of extending the operation of TCG and in connection with the amendments to the CIT Act stipulating that in the years 2020-2021 the profitability condition is considered to be met when the taxpayer suffered negative economic consequences due to COVID-19, the Company expects that all the statutory requirements will be met throughout the duration of the TCG

▶ 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., 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. In June 2021, the Company was notified of the creation of a third trade union organization - the *Gazeta Wyborcza* Defense Committee in Warsaw.

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, August 12, 2021.

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

Tomasz Grabowski - Member of the Management Board

Signed on the Polish original

Agnieszka Siuzdak-Zyga - Member of the Management Board

Signed on the Polish original

Signatures submitted electronically.