AGORA SA

# AGORA GROUP

Report for

## 1q 2021

May 20, 2021

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# AGORA GROUP

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

**REVENUE PLN 146.0 MILLION**
**EBITDA PLN (8.1) MILLION**
***EBITDA EXCL. IFRS 16 PLN (18.4) MILLION***
**NET LOSS PLN (59.4) MILLION**
***NET LOSS EXCL. IFRS 16 PLN (46.1) MILLION***
**OPERATING CASH FLOW PLN 14.6 MILLION**
***OPERATING CASH FLOW EXCL. IFRS 16 PLN 6.8 MILLION***

*Unless indicated otherwise, all data presented herein represent the period of January – March 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 [1]

- In the first quarter of 2021, the revenue of the Agora Group (the "Group") amounted to PLN 146.0 million and were lower by 49.6% yoy. The level of the Group's revenue in the period concerned was affected by the ongoing COVID-19 pandemic and its effects for individual businesses of the Group related to decreased revenue. The Movies and Books segment was most affected by the effects of the pandemic due to the fact that in the first quarter of 2021, Helios cinemas remained closed. For this reason, the Group did not record any revenue from cinema operations in the period from January to March 2021. NEXT FILM was also forced to significantly reduce its operations. It was unable to release film productions in cinemas which translated into a substantial decrease in its revenue. Revenue from food business was slightly lower year on year but this was only due to the decrease in the scale of activity of Foodio Concepts, which was sold in the second quarter of 2020. The revenue of Step Inside Sp. z o.o. was higher than in the previous year due to the increase in the number of restaurants. The revenue of Agora's Publishing House was lower than in the first quarter of 2020 primarily as a result of lower revenue from the music business. The Outdoor Advertising segment was another segment with lower revenue as compared to the previous year. The decline in revenue in this business area by 49.8% yoy to PLN 16.0 million resulted mainly from the reduction in expenditure on advertising on outdoor advertising media. In the Press segment, revenue decreased by 11.8% yoy, to PLN 46.3 million. This drop was primarily driven by lower revenue from printing activities, mainly due to a decline in the volume of orders for printing services. Another significant factor affecting the level of revenue in the Press segment was a 7.7% yoy lower revenue from copy sales, despite higher revenue from the sale of access to the content of Wyborcza.pl, and lower revenue from advertising sales. In the Radio segment, the revenue decreased by 15.3% yoy to PLN 19.9 million, also due to reductions in advertising expenditure on the market. An insignificant decline in revenue in the Internet segment resulted mainly from organisational and restructuring changes carried out in this area (disposal of a part of the enterprise of Plan D Sp. z o.o. – formerly known as Domiporta Sp. z o.o., reduction in the sale of programming services by Yieldbird and lower revenue of the HRlink group).

- In the first quarter of 2021, Agora Group's operating costs decreased by 36.8% yoy and amounted to PLN 195.5 million. Their decline was recorded in all operating segments of the Group. It is worth noting that the comparability of data was affected by the costs of impairment losses on assets in the Internet and Movies and Books segments, which amounted to a total of PLN 21.4 million in the first quarter of 2020, and the profit from the sale of real property amounting to PLN 6.7 million. In the period from January to March 2021, the largest decrease in operating costs by 66.4% yoy to PLN 46.1 million occurred in the Movies and Books segment and resulted mainly from the closure of cinemas in the entire period concerned. Operating costs in this area were also lowered due to the reduction of the scale of operations of Foodio Concepts Sp. z o.o., and in the first quarter of 2020, the Movies and Books segment was charged with the costs of impairment losses on this company's assets amounting to PLN 8.7 million. The Internet segment was the second segment in which operating costs were most reduced – by 26.6% yoy to PLN 42.5 million. Importantly, the comparability of data in this segment was also affected by the costs of impairment losses on assets of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) in the amount of PLN 12.7 million that were recorded in the first quarter of 2020. Additionally, staff costs and costs of external services dropped significantly. The Press segment was another area where a decrease in operating costs was recorded. The segment's operating expenses went down by 17.9% yoy to PLN 42.6 million. 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 their decrease. In addition, promotion and marketing costs were reduced in the period concerned. The staff costs also decreased, mainly due to the reduced number of full-time employees. The costs of depreciation and amortisation increased, primarily as a result of the implementation of projects supporting the digital development of Wyborcza.pl. Operating costs in the Outdoor Advertising segment were reduced by 16.6% yoy to PLN 28.7 million. All categories of operating expenses decreased, except for depreciation and amortisation. The system maintenance costs showed a decline due to the restructuring of the advertising media portfolio, reduction of rental costs as well as the costs of ongoing maintenance and repair of advertising media. Lower campaign costs resulted mainly from fewer advertising campaigns, while decreased promotion and marketing costs were the consequence of lower total costs of patronage and commercial campaigns. Reduction in staff costs in this segment is the result of a decrease in the variable component of remuneration due to poorer performance in terms of sales targets. In the first quarter of 2021, the Radio segment's operating costs declined by 11.8% yoy to PLN 19.5 million. The largest decrease was recorded in the costs of external services. This was attributable to lower expenditure related to the provision of sales brokerage services for Helios cinemas as a result of the administrative decision to suspend cinema operations. An increase was recorded in the cost of airtime purchase in third-party radio stations in connection with the advertising sales brokerage services provided. Promotion and marketing costs as well as staff costs showed a decline.

- Operating costs without the effect of IFRS 16 decreased by 38.8% yoy to PLN 188.4 million. From the perspective of this standard's impact on the reported values, the most significant cost items are external services and depreciation and amortisation. Costs of external services were lower yoy, and depreciation and amortisation costs excluding IFRS 16 reached a level similar to those recorded in the first quarter of 2020.

- There are several events that affected the comparability of results of the Agora Group in the first quarter of 2021 as compared to the corresponding period in 2020. In the first quarter of 2020, the Group's results were affected by the costs of impairment losses on fixed assets of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) and Foodio Concepts Sp. z o.o., amounting to a total of PLN 21.4 million. Gains on sales of real property in the amount of PLN 6.7 million had a positive impact on the results of the Agora Group. The total negative impact of one-off events on the Agora Group's results in the period from January to March 2020 amounted to PLN 14.7 million.

- In the first quarter of 2021, the Agora Group recorded a loss at EBITDA level of PLN 8.1 million, and the Group's loss at EBIT level amounted to PLN 49.5 million. In the period concerned, the Group recorded a net loss of PLN 59.4 million, with the net loss attributable to equity holders of the parent company amounting to PLN 56.3 million.

  The Group's EBITDA loss presented without the effect of IFRS 16 amounted to PLN 18.4 million. According to this presentation, the Group's EBIT loss stood at PLN 42.4 million in the first quarter of 2021, and the net loss presented without the effect of IFRS 16 – at PLN 46.1 million.

- As at 31 March 2021, the Group's monetary assets and short-term financial assets amounted to PLN 144.1 million, which comprised cash and cash equivalents in the amount of PLN 144.0 million (cash in hand, bank accounts and deposits) and short-term financial assets in the amount of PLN 0.1 million.

- As at the end of March 2021, the Group's debt due to loans and leases amounted to PLN 898.1 million (including lease liabilities under IFRS 16 that amounted to PLN 690.9 million). The Group's net debt in this approach amounted to PLN 754.1 million, while excluding the impact of IFRS 16, the Group's net debt as at 31 March 2021 amounted to PLN 63.2 million.

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

## 1. EXTERNAL FACTORS

### 1.1 Advertising market [3]

According to the Agora S.A. estimates ("Company", "Agora"), based on public data sources, in the first quarter of 2021, total advertising spending in Poland amounted to ca. PLN 2.2 billion and increased by 1.5% yoy. At that time, advertisers limited their expenditure in all of the advertising market segments except for the Internet.

***Tab.1***

| | I Q 2019 | II Q 2019 | III Q 2019 | IV Q 2019 | I Q 2020 | II Q 2020 | III Q 2020 | IV Q 2020 | I Q 2021 |
|---|---|---|---|---|---|---|---|---|---|
| % change yoy in ad market value | (0.5%) | 2.5% | 6.0% | 3.5% | 0.0% | (29.0%) | (3.5%) | (2.0%) | 1.5% |

The data relating to the changes in the value of advertising expenditure in particular media segments in the first quarter of 2021 are presented in the table below:

***Tab.2***

| Total advertising expenditure | Television | Internet | Radio | Outdoor | Magazines | Dailies | Cinema |
|---|---|---|---|---|---|---|---|
| 1.5% | (1.5%) | 17.5% | (3.5%) | (35.5%) | (29.5%) | (25.5%) | (100.0%) |

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

***Tab. 3***

| Advertising spendings, in total | Television | Internet | Radio | Outdoor | Magazines | Dailies | Cinema |
|---|---|---|---|---|---|---|---|
| 100.0% | 42.5% | 44.0% | 7.0% | 3.0% | 2.5% | 1.0% | 0.0% |

### 1.2 Copy sales of dailies [4]

In the first quarter of 2021, the paid circulation of daily newspapers in Poland decreased by 17.0%. The smallest decline took place in the segment of specialized dailies, while the largest decreases were recorded in the segment of local general-interest dailies.

### 1.3. Cinema admissions [9]

In the first quarter of 2021, the number of tickets sold in Polish cinemas decreased by 95.6% yoy and amounted to 533.3 thousand (this figure does not include film productions distributed by UIP due to the lack of information from this distributor). The cinemas in Poland were closed by an administrative decision from 7 November 2020. In February 2021 the Polish government allowed the opening of cinemas for two weeks. Only some of the non-chain cinemas took advantage of this option. The large cinema network decided not to conditionally open its facilities for two weeks due to the very difficult logistics and costs associated with it. On 20 March 2021 the Polish government decided to close conditionally open cinemas again. The reopening of cinemas is scheduled for 21 May 2021. In the first quarter of 2020 cinemas in Poland functioned for most of that period. They were closed by an administrative decision only from 12 March 2020.

## 2. INTERNAL FACTORS

### 2.1. Revenue

***Tab. 4***

| *in million PLN* | **1Q 2021** | **% share** | **1Q 2020** | **% share** | ***% change yoy*** |
|---|---|---|---|---|---|
| **Total sales (1)** | **146.0** | ***100.0%*** | **289.6** | ***100.0%*** | ***(49.6%)*** |
| *Advertising revenue* | 90.6 | *62.1%* | 113.7 | *39.3%* | *(20.3%)* |
| *Revenues from cinema activities (2)* | - | *0.0%* | 87.4 | *30.2%* | - |
| *Copy sales* | 33.3 | *22.8%* | 35.1 | *12.1%* | *(5.1%)* |
| *Revenues from film activities* | 0.5 | *0.3%* | 25.2 | *8.7%* | *(98.0%)* |
| *Other (3)* | 21.6 | *14.8%* | 28.2 | *9.7%* | *(23.4%)* |

*(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) the amount includes revenues from ticket and concession sales in cinemas, 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 first quarter of 2021, total **revenue of the Agora Group** amounted to PLN 146.0 million and was lower by 49.6% yoy.

In the period from January to March 2021, the Group's **sales of advertising services** decreased by 20.3% yoy and stood at PLN 90.6 million. This is primarily a consequence of the ongoing COVID-19 pandemic which negatively affected the level of revenue earned in the Group's business segments. The Outdoor Advertising segment was the area most affected by the reductions in advertising budgets. Its revenue from the sales of advertising services shrank by 51.8% to PLN 15.1 million. Advertising revenues decreased also in the Movies and Books, Radio and Press segments. However, the Internet segment recorded an increase in advertising revenue – mainly due to higher revenue of Gazeta.pl and Yieldbird. It is worth noting that the share of digital and internet revenues in the total advertising revenues of the Agora Group amounted to 55.1% and increased by 12.5pp compared to the corresponding period of 2020.

In the first quarter of 2021, Helios cinemas did not record any **revenue from cinema operations** (from ticket sales and concession sales) because all the network facilities remained closed. According to a government's decision, cinemas in Poland were able to resume their operations in the period from 12 February to 20 March 2021. This option benefited some of the small cinemas. In the period when cinemas were open, the number of tickets sold in Poland amounted to 533.3 thousand showing a decrease by 95.6% yoy (this figure does not include film productions distributed by UIP due to the lack of information from this distributor) *[9]*.

**Revenue from copy sales** reached PLN 33.3 million and were lower by 5.1% as compared to the first quarter of 2020. The decrease was primarily triggered by a drop in revenue from the sale of traditional edition of *Gazeta Wyborcza*, magazines and periodicals, as well as Agora's Publishing House, with increasing revenue from the digital subscription of *Gazeta Wyborcza*. The share of digital revenues in the total revenues from the copy sales of the Agora Group amounted to 29.4% and increased by 7.5pp as compared to the first quarter of 2020. Additionally, it is worth noting that the Agora Group, apart from selling publications, also offers other digital content (including podcasts). Sales of content (including the sale of publications and other content), especially in digital form, is growing dynamically. The share of revenues from the sale of content in the period January-March 2021 was 34.8% and increased by 7.3pp compared to the corresponding period of 2020.

**Revenue from film business** amounted to PLN 0.5 million in the first quarter of 2021 and was significantly lower year on year. The closure of cinemas in Poland, which made it impossible for NEXT FILM to release film productions to the big screen, was the main factor affecting the level of revenue from this business segment.

**Revenue from other sales** amounted to PLN 21.6 million and decreased by 23.4%. The main reason behind this decrease was lower revenue from sales of printing services and lower other revenues from operations in the Movies and Books segment (film business, cinemas, Agora's Publishing House and food business). Revenue from the sales of printing services in the Group amounted to PLN 6.4 million showing a decrease of 31.9% yoy. This mainly resulted from a decline in the volume of orders for printing services. Revenues from gastronomic sales were lower yoy, mainly due to the limited scale of operations of Foodio Concepts Sp. z o.o. On the other hand, the revenues of Step Inside Sp. z o.o. developing gastronomic premises under the Pasibus brand recorded an increase in revenue.

## 2.2. Operating cost

***Tab. 5***

| *in million PLN* | **1Q 2021** | **% share** | **1Q 2020** | **% share** | ***% change yoy*** |
|---|---|---|---|---|---|
| ***Operating cost net, including:*** | **(195.5)** | ***100.0%*** | **(309.1)** | ***100.0%*** | ***(36.8%)*** |
| *Operating cost net excl. IFRS 16 (1), including:* | (188.4) | *100.0%* | (308.0) | *100.0%* | *(38.8%)* |
| *External services* | (59.5) | *30.4%* | (116.4) | *37.7%* | *(48.9%)* |
| *External services excl. IFRS 16 (1)* | *(69.6)* | *36.9%* | *(133.7)* | *43.4%* | *(47.9%)* |
| *Staff cost* | (72.3) | *37.0%* | (82.0) | *26.5%* | *(11.8%)* |
| *Raw materials, energy and consumables* | (18.0) | *9.2%* | (31.0) | *10.0%* | *(41.9%)* |
| *D&A* | (41.4) | *21.2%* | (42.7) | *13.8%* | *(3.0%)* |
| *D&A excl. IFRS 16 (1)* | *(24.0)* | *12.7%* | *(24.1)* | *7.8%* | *(0.4%)* |
| *Promotion and marketing* | (6.6) | *3.4%* | (12.3) | *4.0%* | *(46.3%)* |
| *Impairment losses (2)* | - | - | (21.4) | *6.9%* | - |

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

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

In the first quarter of 2021, **net operating costs of the Agora Group** decreased by 36.8% and amounted to PLN 195.5 million. It is worth noting that one-off events affected the comparability of data with the corresponding period of 2020. In the first quarter of 2020, the total negative impact of one-off events on the Agora Group's results amounted to PLN 14.7 million. The Agora Group's results were affected by the costs of impairment losses on fixed assets of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) and Foodio Concepts Sp. z o.o., amounting to a total of PLN 21.4 million. Gains on sales of real property in the amount of PLN 6.7 million had a positive impact on the results of the Agora Group.

In the first quarter of 2021, the Group did not record any material one-off events.

The decline in the **costs of external services** by 48.9% to PLN 59.5 million was primarily caused by the closure of cinemas and the absence of screenings which significantly decreased the revenue from film copy fees. Due to the closure of cinemas, fees for film producers were also lower in the Agora Group's film business run by NEXT FILM. This cost item decreased also in other operating segments of the Group.

In the first quarter of 2021, the **staff costs** went down by 11.8% to PLN 72.3 million due to their reduction in all of the Group's business segments. The sharpest decrease in this cost category occurred in the Movies and Books segment and was related to the closure of Helios cinemas throughout the first quarter of 2021 and to the reduction in the scale of food business following the reduction of Foodio Concepts Sp. z o.o. operations. The decrease in this cost item in the Internet segment mainly results from the reduction in FTEs, in particular in Plan D Sp. z o.o. and

Yieldbird, as well as in the HRlink group. In the Press segment, the decrease in staff costs was primarily attributable to a lower number of full-time employees, and in the Outdoor Advertising segment – to lower variable remuneration relating to the level of performance in terms of sales targets. In the Radio segment, staff costs were slightly lower than in the corresponding period of 2020.

The Group's **headcount** as at the end of March 2021 amounted to 2,247 full-time employees and was lower by 198 FTEs year on year. The main reason for this decrease was the reduction in the number of full-time employees in the Company's press business and in the Internet segment. The headcount was lower also in most other areas of the Group's operations.

The decrease in the **cost of materials and energy consumed, and goods and materials sold**, as compared to the first quarter of 2020, results mainly from the closure of cinemas and lower printing volume.

The Group's **promotion and marketing costs** declined in the first quarter of 2021 by 46.3% to PLN 6.6 million. The most significant decrease in these costs was reported in the Movies and Books segment and resulted from reduced promotional activities related to the Group's film business and lower advertising costs in cinemas. This cost item decreased also in the Press, Outdoor Advertising, Radio and Internet segments.

In the first quarter of 2021, the **depreciation and amortisation costs** went down by 3.0% to PLN 41.4 million. This was largely due to lower depreciation and amortisation in the Movies and Books segment (fewer restaurants following the reduction in the scale of operations of Foodio Concepts Sp. z o.o.). In the Press, Internet and Outdoor Advertising segments, this category of costs recorded an increase, and it remained at the same level in the Radio segment.

## 3. PROSPECTS

The COVID-19 pandemic and the measures taken by the government administration to limit further spread of the virus will have a negative impact on the financial performance of Agora and its subsidiaries in the next quarters of 2021. Despite material challenges related to the operation in the market environment burdened with the negative effects of the pandemic, the Management Board of the Company does not recognise any significant uncertainty arising from these circumstances that would give rise to serious doubts as to the Company's and the Agora Group's going concern. In order to ensure financial liquidity, the Company and its subsidiary Helios S.A. secured additional financing. Only in the case of Helios additional initiatives are introduced to prevent the occurrence of a liquidity gap in the future, if there was a deterioration of the pandemic situation and introduction of further restrictions on the operation of culture facilities. As at the balance sheet date, Agora S.A. had a granted and fully available working capital loan in the amount of PLN 100 million for the financing of operating activities. Helios S.A. was granted working capital loans in the amount of PLN 106 million and financial means available at the balance sheet date amounted to PLN 38.2 million. The Company's Management Board carefully monitors the flow of receivables in order to secure the Group's financial liquidity, while undertaking actions to secure the Group's 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. The scale of generated revenue may pose a major risk to the Agora Group's liquidity, in particular if the pandemic returned, leading to another suspension of operations in certain sectors of the economy. Both Agora and all the companies of the Group have taken a number of measures aimed at minimising the losses caused by the COVID-19 pandemic, ensuring the Group's financial security and the Group's return to growth in terms of revenue and operating results. The Management Board of Agora also decided to recommend non-payment of the dividend for 2020 to the Supervisory Board and the General Meeting. This decision results from high uncertainty related to further developments in the pandemic situation and its impact on the operations and results of the Company and the Agora Group.

In the opinion of the Company's Management Board, due to the extension of the closure of cultural facilities by 21 May 2021, the greatest negative impact of the pandemic on the Group's operations will be visible in the first half of 2021. In the subsequent periods, depending on the available cinema repertoire and the applicable sanitary regime, the Movies and Books segment should generate revenue and improve its financial results, which will affect the results of the entire Agora Group. Consequently, according to the Agora's projections, the rate of decrease in the Group's revenue in subsequent quarters should be lower than in the first quarter of 2021, provided that the pandemic is not going to return in the second half of 2021. The observation of experiences of other countries affected by the pandemic shows that after lifting the restrictions on the operation of cultural facilities, viewers are quick to return to watching films in cinemas. The pace of this return depends not only on the available repertoire, but largely on the scale of sanitary restrictions and the degree of extinction of the pandemic in a given country. At present, it is difficult to estimate what cinema attendance is going to look like in 2021. However, in the opinion of the Management Board of Helios S.A., there is a chance that if multiplexes were opened on 21 May 2021, the attendance in the current year should be comparable to the one recorded in 2020.

One of the major factors that will decide on the level of the Group's revenue will be the situation on the advertising market in Poland. According to the Company's estimates, the advertising market in Poland should start a gradual reconstruction of its value after the crisis caused by the outbreak of the coronavirus pandemic and its effects for the Polish economy in 2021. According to the Company's estimates, advertisers will increase their expenditure on the promotion of their goods and services by approximately 4.0% to 7.0% as compared to 2020. The first signs of reconstruction of the advertising market's value are already visible in the first quarter of 2021. In the Company's opinion, the Press published in traditional form will be the only market segment in which advertising expenditure will shrink in the entire 2021. Other segments of the advertising market will record increases in the value of advertising expenditure, although some uncertainty is still associated with cinemas and the pace of lifting restrictions in which they will resume their operations.

Outdoor Advertising that is sensitive to the number of customer contacts with promotional messages is the segment most affected by the effects of the pandemic. Reduction in advertising expenditure in this area of the market will have a significant impact on the Agora Group's results. AMS is the leader of the outdoor advertising market, having modern media 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 "defrosting" of the Polish economy should result in a more rapid return of advertising campaigns to AMS advertising media than on the general market.

The effects of the pandemic and the limited advertising expenditure will significantly affect the radio business of the Agora Group. Agora's Radio Group is one of 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, lifting of restrictions on economic activities should have a positive impact on the ability to generate revenue by this segment. It is worth noting that the current situation in Poland contributes to an increase in the audience's interest in the TOK FM Radio, the audience of which has recently noticeably grown. Also the listening ratings of other radio stations from Agora's Radio Group have been improving. In the long term, this should translate into a greater interest of advertisers in the radio advertising offer.

The outbreak of the pandemic significantly accelerated the digitization processes in the press market, including the digitization of the press, which, in the opinion of the Company, will continue in 2021. As a result, the offer of traditional press will continue to shrink and the digital offer will come even more to the foreground. Agora is the leader in the Polish market when it comes to digital subscription of press titles. The number of active subscriptions of Wyborcza.pl has been increasing steadily – as at the end of March 2021, it amounted to more than 258 thousand. The share of the daily's digital proceeds is also continuously growing, and thanks to the optimisation measures in the area of traditional press, the result of the entire Press segment is improving.

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 and the fast growing Yieldbird. In the opinion of the Management Board of the Company, development initiatives undertaken by individual Internet undertakings of the Group significantly improved both the quality of digital advertising space and the security of the advertising messages, which is so important from the advertisers' point of view. This translates into a growing share of digital revenues in the Group's total advertising sales (55.1% in the first quarter of 2021). Thanks to further initiatives improving the effectiveness of the implemented solutions and increasing online advertising spending, the share of digital revenues in the total advertising revenues of the Agora Group will accelerate in 2021.

Due to the pandemic and its effects, the Agora Group desisted from further development of Foodio Concepts Sp. z o.o. As a result, the Group is currently developing only the activities of Step Inside Sp. z o.o., operator of restaurants under the Pasibus brand, in the food segment. The revenue from the company's operations is growing steadily. In the first quarter of 2021, it amounted to PLN 5.4 million and the re-opening of shopping centres and restaurants should significantly accelerate this growth.

The sales of titles in traditional form will decrease in 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 bookshops. As a result, the share of digital revenues is systematically growing, both from the sale of publications (29.4% in the first quarter of 2021) and more broadly from the sale of content (34.8% in the first quarter of 2021) in the Agora Group. The Management Board of the Company estimates that thanks to active investments in projects supporting digital development in Agora Group, this trend will accelerate in 2021.

Taking into account all these issues, the Management Board of Agora estimates that revenue of the Agora Group will increase throughout 2021 and the Group will start a gradual reconstruction 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: Cinema, Food, Internet and Radio.

At the same time, the Management Board of Agora continues its initiatives to improve the Group's operating results and conducts activities supporting the financial and liquidity security of the Company and the entire Agora Group, taking into account the possibility that the pandemic will return later in the year.

# III. FINANCIAL RESULTS

## 1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the first quarter of 2021 include: Agora S.A. and 19 subsidiaries, which operate principally in the internet, cinema, radio, gastronomy and outdoor advertising segments. Additionally, as at 31 March 2021 the Group held shares in jointly controlled entity Instytut Badan 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 selected financial data together with translation into EURO are presented in note 18 and 19 to the condensed interim consolidated financial statements. The changes in the composition of the Group are described in note 12 to the condensed interim consolidated financial statements.

## 2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

***Tab. 6***

| *in PLN million* | **1Q 2021** | **1Q 2020** | ***% change yoy*** |
|---|---|---|---|
| **Total sales (1)** | **146.0** | **289.6** | ***(49.6%)*** |
| *Advertising revenue* | 90.6 | 113.7 | *(20.3%)* |
| *Revenues from cinema activities (2)* | - | 87.4 | - |
| *Copy sales* | 33.3 | 35.1 | *(5.1%)* |
| *Revenues from film activities* | 0.5 | 25.2 | *(98.0%)* |
| *Other (3)* | 21.6 | 28.2 | *(23.4%)* |
| **Operating cost net, including:** | **(195.5)** | **(309.1)** | ***(36.8%)*** |
| *External services* | (59.5) | (116.4) | *(48.9%)* |
| *Staff cost* | (72.3) | (82.0) | *(11.8%)* |
| *Raw materials, energy and consumables* | (18.0) | (31.0) | *(41.9%)* |
| *D&A* | (41.4) | (42.7) | *(3.0%)* |
| *Promotion and marketing* | (6.6) | (12.3) | *(46.3%)* |
| *Gain on sale of property (4)* | - | 6.7 | - |
| *Impairment losses (5)* | - | (21.4) | - |
| **Operating result - EBIT** | **(49.5)** | **(19.5)** | ***(153.8%)*** |
| *Operating result - EBIT excl. IFRS 16 (6)* | *(42.4)* | *(18.4)* | *(130.4%)* |
| **Finance cost, net, incl.:** | **(11.2)** | **(32.8)** | ***65.9%*** |
| *Income from short-term investment* | - | 0.2 | - |
| *Costs related to bank loans and leasing* | (5.5) | (5.6) | *(1.8%)* |
| *including interest costs related to IFRS 16* | (3.5) | (3.9) | (10.3%) |
| *Foreign exchange (losses) / gains* | (5.6) | (27.1) | *(79.3%)* |
| *including interest costs related to IFRS 16* | *(5.8)* | *(27.7)* | *(79.1%)* |
| **Share of results of equity accounted investees** | **2.2** | **(0.2)** | **-** |
| **Loss before income tax** | **(58.5)** | **(52.5)** | ***(11.4%)*** |
| Income tax | (0.9) | 5.4 | - |
| **Net loss for the period** | **(59.4)** | **(47.1)** | ***(26.1%)*** |
| *Net loss for the period excl. IFRS 16 (6)* | (46.1) | *(20.5)* | *(124.9%)* |

| in PLN million | 1Q 2021 | 1Q 2020 | % change yoy |
|---|---|---|---|
| **Attributable to:** | | | |
| Equity holders of the parent | (56.3) | (42.7) | *(31.9%)* |
| Non - controlling interest | (3.1) | (4.4) | *29.5%* |
| EBIT margin (EBIT/Sales) | *(33.9%)* | *(6.7%)* | *(27.2pp)* |
| *EBIT margin excl. IFRS 16 (6)* | *(29.0%)* | *(6.4%)* | *(22.6pp)* |
| **EBITDA (7)** | **(8.1)** | **44.6** | **-** |
| EBITDA margin (EBITDA/Sales) | *(5.5%)* | *15.4%* | *(20.9pp)* |
| *EBITDA excl. IFRS 16 (6)* | *(18.4)* | *27.2* | - |
| *EBITDA margin excl. IFRS 16 (6)* | *(12.6%)* | *9.4%* | *(22.0pp)* |

*(1) particular sales positions, apart from revenues from cinema activities, include sales of Agora Publishing House and film activities (functioning within the Movies and Books segment), described in details in point IV.A in this report;*

*(2) the amount includes revenues from ticket and concession sales in cinemas, the comparative information has been restated accordingly;*

*(3) in 2021, the Group amended the presentation of revenues from printing services, these revenues are presented in line Other sales, the comparative information has been restated accordingly;*

*(4) profit from the sale of a server building located at Daniszewska Street in Warsaw;*

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

*(6) the amount of the operating result – EBIT, EBITDA and net loss excluding impact of International Financial Reporting Standard no. 16 Leases;*

*(7) 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 quarter 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. 7**

| *in PLN million* | **Movies and Books** | **Press** | **Outdoor** | **Internet** | **Radio** | **Reconciling positions (2)** | **Total (consoli-dated) 1Q 2021** |
|---|---|---|---|---|---|---|---|
| **Total sales (1)** | **18.3** | **46.3** | **16.0** | **46.9** | **19.9** | **(1.4)** | **146.0** |
| *% share* | 12.5% | 31.7% | 11.0% | 32.1% | 13.6% | (0.9%) | 100.0% |
| **Operating cost net (1)** | **(46.1)** | **(42.6)** | **(28.7)** | **(42.5)** | **(19.5)** | **(16.1)** | **(195.5)** |
| ***Operating cost net excl. IFRS 16 (1)*** | ***(38.2)*** | ***(42.6)*** | ***(29.2)*** | ***(42.5)*** | ***(19.6)*** | ***(16.3)*** | ***(188.4)*** |
| **EBIT** | **(27.8)** | **3.7** | **(12.7)** | **4.4** | **0.4** | **(17.5)** | **(49.5)** |
| ***EBIT excl. IFRS 16*** | ***(19.9)*** | ***3.7*** | ***(13.2)*** | ***4.4*** | ***0.3*** | ***(17.7)*** | ***(42.4)*** |
| Finance cost, net | | | | | | | (11.2) |
| Share of results of equity accounted investees | | | - | 0.6 | 1.6 | | 2.2 |
| Income tax | | | | | | | (0.9) |
| **Net loss for the period** | | | | | | | **(59.4)** |
| **Attributable to:** | | | | | | | |
| Equity holders of the parent | | | | | | | (56.3) |
| Non-controlling interest | | | | | | | (3.1) |
| **EBITDA** | **(6.2)** | **5.7** | **(3.3)** | **6.7** | **2.2** | **(13.2)** | **(8.1)** |
| ***EBITDA excl. IFRS 16*** | ***(10.8)*** | ***5.7*** | ***(7.7)*** | ***6.7*** | ***1.4*** | ***(13.7)*** | ***(18.4)*** |
| CAPEX | (0.8) | (0.9) | (1.4) | (2.3) | (0.2) | 0.1 | (5.5) |

*(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 quarter of 2021 were influenced mainly by foreign exchange losses on the carrying amount of lease liabilities recognized in accordance with IFRS 16 and by commission and interest expenses related to bank loans and lease liabilities.

## 3. BALANCE SHEET OF THE AGORA GROUP

**Tab. 8**

| *in PLN million* | 31/03/2021 | 31/12/2020 | *% change to 31-12-2020* |
|---|---|---|---|
| **Non-current assets** | **1,673.4** | **1,683.6** | **(0.6%)** |
| *share in balance sheet total* | *84.8%* | *83.4%* | *1.4pp* |
| **Current assets** | **300.3** | **334.7** | **(10.3%)** |
| *share in balance sheet total* | *15.2%* | *16.6%* | *(1.4pp)* |
| **TOTAL ASSETS** | **1,973.7** | **2,018.3** | **(2.2%)** |
| **Equity holders of the parent** | **764.6** | **820.9** | **(6.9%)** |
| *share in balance sheet total* | *38.7%* | *40.7%* | *(2.0pp)* |
| **Non-controlling interest** | **8.4** | **11.4** | **(26.3%)** |
| *share in balance sheet total* | *0.4%* | *0.6%* | *(0.2pp)* |
| **Non-current liabilities and provisions** | **759.6** | **739.8** | **2.7%** |
| *share in balance sheet total* | *38.5%* | *36.7%* | *1.8pp* |
| **Current liabilities and provisions** | **441.1** | **446.2** | **(1.1%)** |
| *share in balance sheet total* | *22.4%* | *22.0%* | *0.4pp* |
| **TOTAL LIABILITIES AND EQUITY** | **1,973.7** | **2,018.3** | **(2.2%)** |

### 3.1. Non-current assets

The decrease in non-current assets, versus 31 December 2020 resulted mainly from depreciation and amortisation.

### 3.2. Current assets

The decrease in current assets, versus 31 December 2020, stemmed mainly from the decrease in trade receivables and sale of non-current assets classified as held for sale. The above changes were, to some extent, offset by an increase in cash and cash equivalents.

### 3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions compared to 31 December 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., the increase in lease liabilities due to changes in lease agreements and the valuation of lease liabilities denominated in foreign currencies. The increase in lease liabilities was partially offset by the decrease in loan liabilities.

### 3.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 31 December 2020, stemmed mainly from the decrease in trade liabilities, 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, compensated by the increase in bank loans liabilities and contract liabilities.

# 4. CASH FLOW STATEMENT OF THE AGORA GROUP

***Tab. 9***

| *in PLN million* | **1Q 2021** | **1Q 2020** | *% change yoy* |
|---|---|---|---|
| Net cash from operating activities | 14.6 | 58.7 | *(75.1%)* |
| *Net cash from operating activities (excl. IFRS 16)* | *6.8* | *42.4* | *(84.0%)* |
| Net cash from investment activities | (6.2) | 3.9 | - |
| Net cash from financing activities | (2.8) | (24.8) | *88.7%* |
| *Net cash from financing activities (excl. IFRS 16)* | *5.0* | *(8.5)* | - |
| **Total movement of cash and cash equivalents** | **5.6** | **37.8** | ***(85.2%)*** |
| **Cash and cash equivalents at the end of period** | **144.0** | **98.9** | ***45.6%*** |

As at 31 March 2021, the Group had PLN 144.1 million in cash and and cash equivalents and short-term financial assets which include cash and cash equivalents in the amount of PLN 144.0 million (cash on hand and bank deposits) and short-term financial assets in the amount of PLN 0.1 million.

In the first quarter 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 Group does not anticipate any liquidity problems. At the same time, consideration should be given to the uncertainty factors accompanying these projections, as further described in Chapter II.3 Prospects of this Management Discussion and Analysis.

## 4.1. Operating activities

The cash flows from operating activities, in the first quarter 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 quarter of 2021, resulted mainly from expenditures on the purchase of property, plant and equipment and intangible assets and outflows due to the transfer of security deposits 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 casflow from financing activities in the first quarter of 2021 stemmed mainly from repayments of loan and lease liabilities. These outflows were partly offset by inflows from bank loans.

## 5. SELECTED FINANCIAL RATIOS [5]

***Tab.10***

| | 1Q 2021 | 1Q 2020 | *% change yoy* |
|---|---|---|---|
| **Profitability ratios (1)** | | | |
| Net profit margin | (30.3%) | (6.4%) | *(23.9pp)* |
| Gross profit margin | 15.6% | 29.0% | *(13.4pp)* |
| Return on equity | (20.7%) | (8.0%) | *(12.7pp)* |
| **Efficiency ratios** | | | |
| Inventory turnover | 12 days | 10 days | *20.0%* |
| Debtors days | 70 days | 59 days | *18.6%* |
| Creditors days | 37 days | 35 days | *5.7%* |
| **Liquidity ratio (1)** | | | |
| Current ratio | 0.8 | 1.0 | *(20.0%)* |
| **Financing ratios (1)** | | | |
| Gearing ratio | 4.6% | 5.0% | *(0.4pp)* |
| Interest cover | (38.9) | (12.3) | *(216.3%)* |
| Free cash flow interest cover | (10.1) | 14.1 | - |

*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 (till June 2, 2020) and Step Inside Sp. z o.o. which form the Helios group, and Agora Publishing House.

***Tab. 11***

| *in PLN million* | **1Q 2021** | **1Q 2020** | ***% change yoy*** |
|---|---|---|---|
| **Total sales, including :** | **18.3** | **140.1** | ***(86.9%)*** |
| Cinema sales (1),(2) | - | 93.8 | - |
| Gastronomic sales | 5.4 | 5.8 | *(6.9%)* |
| Revenues from film activities (2),(3),(7) | 0.5 | 26.3 | *(98.1%)* |
| Revenues from Publishing House | 11.5 | 11.9 | *(3.4%)* |
| **Total operating cost, including (6),(7):** | **(46.1)** | **(137.0)** | ***(66.4%)*** |
| ***Total operating cost without IFRS 16 (6),(7)*** | ***(38.2)*** | ***(135.7)*** | ***(71.8%)*** |
| External services (4),(7) | (5.1) | (55.8) | *(90.9%)* |
| *External services without IFRS 16 (4),(7)* | *(9.7)* | *(67.9)* | *(85.7%)* |
| Staff cost (4) | (10.5) | (16.8) | *(37.5%)* |
| Raw materials, energy and consumables (4) | (3.5) | (12.8) | *(72.7%)* |
| D&A (4) | (21.4) | (23.0) | *(7.0%)* |
| *D&A without IFRS 16 (4)* | *(8.9)* | *(9.4)* | *(5.3%)* |
| Promotion and marketing (2), (4) | (0.2) | (5.1) | *(96.1%)* |
| Costs related to Publishing House (5), (6) | (11.0) | (11.5) | *(4.3%)* |
| Impairment losses (8) | - | (8.7) | - |
| *Impairment losses without IFRS 16 (8)* | - | (8.7) | - |
| **EBIT** | **(27.8)** | **3.1** | **-** |
| *EBIT margin* | *(151.9%)* | *2.2%* | *(154.1pp)* |
| ***EBIT without IFRS 16*** | ***(19.9)*** | ***4.4*** | **-** |
| *EBIT margin without IFRS 16* | *(108.7%)* | *3.1%* | *(111.8pp)* |
| **EBITDA (5), (9)** | **(6.2)** | **35.0** | **-** |
| *EBITDA margin* | *(33.9%)* | *25.0%* | *(58.9pp)* |
| ***EBITDA without IFRS 16 (5), (9)*** | ***(10.8)*** | ***22.7*** | **-** |
| *EBITDA margin without IFRS 16* | *(59.0%)* | *16.2%* | *(75.2pp)* |

*(1) the amounts comprise tickets sales, concession sales and cinema advertising sales;*

*(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;*

*(3) the amounts comprise mainly the revenues from co-production and distribution of films;*

*(4) the amounts do not include costs related to Agora Publishing House;*

*(5) the amounts include D&A cost in Agora Publishing House, which in the first quarter of 2021 amounted to PLN 0.2 million (in the comparable period of 2020 it amounted to PLN 0.2 million);*

*(6) the amounts include rental fees for the office space allocated to Agora Publishing House;*

*(7) the revenues from film activities and costs of external services have been cleared out of mutual transactions within the Helios group: between Helios S.A. and NEXT FILM Sp. z o.o.;*

*(8) the amount includes impairment loss of non-current assets of Foodio Concepts in the first quarter of 2020 which amounted to PLN 8.7 million;*

*(9) the EBITDA index is defined as EBIT increased by D&A and impairment losses of non-current assets.*

The results of the Movies and Books segment in the first quarter of 2021 were primarily impacted by the fact that Helios cinemas remained closed throughout the period. In addition, regulations related to counteracting the spread of COVID-19 had a negative effect on the food business developed within the segment. Under the regulations issued, this business could only sell take-outs and make deliveries.

In the first quarter of 2021, the Movies and Books segment recorded a loss at the EBIT level of PLN 27.8 million and a loss at the EBITDA level of PLN 6.2 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 5.4 million.

In the first quarter of 2021, without the effect of IFRS 16, EBIT loss amounted to PLN 19.9 million and EBITDA loss amounted to PLN 10.8 million.

## 1. REVENUE [3]

In the first quarter of 2021, revenue of the Movies and Books segment decreased by 86.9% year on year and amounted to PLN 18.3 million.

As compared to the first quarter of 2020, the decline in revenue was primarily due to the absence of revenue from cinema operations related to the administrative closure of cinemas as of 7 November 2020.

In the first quarter of 2021, the total revenue of the Movies and Books segment from film co-production and distribution amounted to PLN 0.5 million and was 98.1% lower year on year. This was due to the closing of cinemas – NEXT FILM did not release any new titles to the big screen in the period concerned, whereas in the corresponding period of 2020, the company distributed two Polish productions: *Jak zostałem gangsterem* which was based on a true story and the film adaptation of a book by Blanka Lipińska – *365 dni*. In the first quarter of 2021, the titles which were released earlier were made available in various distribution channels.

Food business revenue was only slightly lower (by 6.9%) in the period from January to March 2021. As compared to the corresponding period of 2020, it was affected by the lack of revenue generated by Foodio Concepts which was sold in the second quarter of 2020. Despite the restrictions on the food business in 2021 that were introduced due to the COVID-19 pandemic, the revenue generated by Step Inside, which currently operates 10 restaurants under the Pasibus brand created in the strategic cooperation with Helios S.A., was higher.

In the first quarter of 2021, the revenue of Agora's Publishing House decreased by 3.4% year on year and amounted to PLN 11.5 million. The decline in revenue was related to the music business, among other business segments. In the period in question, Agora's Publishing House sold about 0.2 million books as well as music and film publications. The following publications were among the best selling ones: the books *Czuła przewodniczka. Kobieca droga do siebie* by Natalia de Barbaro, *A Promised Land* by Barack Obama, *Twilight of Democracy* by Anne Applebaum, and the album of Kwiat Jabłoni titled *Mogło być nic*.

In the first quarter of 2021, the revenue of Agora Publishing House from digital sales (sales of own publications and publications of other publishers) increased by 8.1% year on year and amounted to PLN 4.0 million.

## 2. COST

It is worth noting that the comparability of the segment data was influenced by the write-down updating the value of non-current assets of Foodio Concepts Sp. z o.o. in the amount of PLN 8.7 million, which was charged to the segment's costs in the first quarter of 2020.

In the first quarter of 2021, the operating costs of the Movies and Books segment decreased by 66.4% year on year and amounted to PLN 46.1 million.

The decrease in operating costs of the segment was mainly influenced by the closure of cinemas related to the COVID-19 pandemic. The costs of external services were lower by 90.9% year on year and amounted to PLN 5.1 million. This was mainly due to lower purchase costs of film copies and lower remuneration costs paid to film producers as a result of no new titles in cinema distribution and lower revenue from film distribution.

The decrease in staff costs by 37.5% to PLN 10.5 million was related to the closure of cinemas and the reduction of the scale of operations of Foodio Concepts Sp. z o.o.

The decrease in cost of materials and energy consumption and value of goods and materials sold by 72.7% to PLN 3.5 million resulted from the lack of bar sales in cinemas due to their closure during the COVID-19 pandemic and lower revenue from the food business, primarily relating to the lower scale of operations of Foodio Concepts Sp. z o.o.

In addition, promotion and marketing costs of the Movies and Books segment decreased by 96.1% to PLN 0.2 million. This was primarily caused by lower costs of advertising in cinemas, mainly settled in barter, and lower promotion expenditure in the area of film distribution due to the lack of new releases in the first quarter of 2021 relating to the closure of cinemas.

Operating costs of Agora Publishing House decreased by 4.3% and amounted to PLN 11.0 million. Their decline resulted from lower revenue from the music business.

The segment's depreciation costs were lower and amounted to PLN 21.4 million in the first quarter of 2021. They dropped in the areas of film operations, food business and in cinemas.

## 3. NEW INITIATIVES

Helios cinemas remained closed in the first quarter of 2021. Despite the government's decision on the possibility of a conditional reopening of cinemas in February, Helios – just like the other major operators – decided not to resume its operations due to the pandemic-related situation being too unpredictable. This decision proved to be right because on 20 March 2021, all cultural facilities were closed again under an administrative decision. The re-opening of cinemas in Poland is planned for May 21, 2021. In the first quarter of 2021, Agora Publishing House offered new interesting publications to literature and music enthusiasts. On 16 February 2021, the book titled *How to Avoid a Climate Disaster: The Solutions We Have and the Breakthroughs We Need* by Bill Gates appeared in Poland under its imprint, simultaneously with its world premiere. On 17 March 2021, Agora Publishing House released A *Promised Land*, the Polish edition of the first volume of Barack Obama's memoirs of his presidency. Both books are available in brick-and-mortar and online bookshops, including Kulturalnysklep.pl and Publio.pl.

At the end of March 2021, Agora's new publishing line was released in relation to the International Children's Book Day. Premiere titles for the youngest readers have been published since then under the banner Agora Publishing House for children. As many as 12 are scheduled for 2021, including 2 new detective series. Recently, Agora Publishing House for children has published the books titled *Przygoda dzika Toniego Halika* by Mirosław Wlekły and *Kocia szajka i zagadka znikających śledzi* by Agata Romaniuk.

*Wszystkie kolory świata* – another literary charity event as part of which a book-donation was released on 16 February 2021, was also an important project of Agora Publishing House. All proceeds from its sale will go towards psychological support for children and youth. The book is a unique collection of 20 works for young readers that was prepared thanks to the involvement of 43 well-known and respected writers and illustrators creating culture for children. The partners of the initiative are Empowering Children Foundation, the Ombudsman and Empik. *Wszystkie kolory świata* is the third charity project of Agora Publishing House and Polish authors and artists. Last year, thanks to the sale of the book-donation titled *Nadzieja*, Agora Publishing House managed to collect PLN 1,570,000 which helped support as many as 58 welfare centres and hospices.

Agora's food business which is developed within the Helios group is centred around the Pasibus brand. In the first quarter of 2021, the chain's restaurants were still closed under the administrative decision, but were able to sell take-outs and make deliveries. Therefore, Pasibus developed its own delivery service which was launched at the end of April 2020 in Wrocław. In November, it was already available in 11 of the chain's restaurants located in other cities, and from mid-January 2021 – also in Opole.

## IV.B. PRESS [1]

The Press segment includes the pro-forma consolidated financials of *Gazeta Wyborcza*, magazines and other periodicals as well as printing division.

***Tab. 12***

| *in PLN million* | **1Q 2021** | **1Q 2020** | ***% change yoy*** |
|---|---|---|---|
| **Total sales, including :** | **46.3** | **52.5** | ***(11.8%)*** |
| Copy sales | 25.3 | 27.4 | *(7.7%)* |
| *incl. Gazeta Wyborcza* | *24.2* | 25.3 | *(4.3%)* |
| Advertising revenue (1), (2) | 13.2 | 14.3 | *(7.7%)* |
| *incl. Gazeta Wyborcza (4)* | *11.8* | 12.1 | *(2.5%)* |
| **Total operating cost, including (5) :** | **(42.6)** | **(51.9)** | ***(17.9%)*** |
| ***Total operating cost without IFRS 16 (5) :*** | ***(42.6)*** | ***(51.9)*** | ***(17.9%)*** |
| Raw materials, energy, consumables and printing services | (9.8) | (14.6) | *(32.9%)* |
| Staff cost | (23.0) | (24.4) | *(5.7%)* |
| D&A | (2.0) | (1.5) | *33.3%* |
| *D&A excl. IFRS 16* | *(2.0)* | *(1.5)* | *33.3%* |
| Promotion and marketing (1), (3) | (2.3) | (3.9) | *(41.0%)* |
| **EBIT** | **3.7** | **0.6** | ***516.7%*** |
| *EBIT margin* | *8.0%* | *1.1%* | *6.9pp* |
| ***EBIT without IFRS 16*** | **3.7** | **0.6** | ***516.7%*** |
| *EBIT margin without IFRS 16* | *8.0%* | *1.1%* | *6.9pp* |
| **EBITDA** | **5.7** | **2.1** | ***171.4%*** |
| *EBITDA margin* | *12.3%* | *4.0%* | *8.3pp* |
| ***EBITDA without IFRS 16*** | **5.7** | **2.1** | ***171.4%*** |
| *EBITDA margin without IFRS 16* | *12.3%* | *4.0%* | *8.3pp* |

*(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 given include, production costs and promotion of gadgets attached to* Gazeta Wyborcza *and other periodicals;*

*(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; ;*

In the first quarter of 2021, the Press segment recorded a higher operating result compared to the corresponding period of 2020. Profit at the level of EBIT was PLN 3.7 million, and at the level of EBITDA PLN 5.7 million. The introduction of IFRS 16 did not have a significant impact on the results of the Press segment - data presented without the impact of IFRS 16 are identical to the results taking into account the changes introduced by this standard.

## 1. REVENUE

In the first quarter of 2021, the Press segment's total revenue decreased by 11.8% yoy and stood at PLN 46.3 million.

The decline was primarily driven by negative trends in the press advertising market and printing activities, as well as the decision to suspend the publication of *Avanti* and *Logo* taken in 2020. On the other hand, the segment's revenue was positively affected by the increase in digital revenue resulting from, inter alia, a higher number of Wyborcza.pl subscriptions and an increase in revenues from this.

### 1.1. Revenue from copy sales

In the first quarter of 2021, revenue of the Press segment from copy sales went down by 7.7% to PLN 25.3 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 first quarter of 2021, *Gazeta Wyborcza* maintained its leading position among the opinion-forming dailies. The average copy sales of *Gazeta Wyborcza* in the traditional form amounted to 60 thousand copies and decreased by 22.9% yoy. In the first quarter of 2021, the revenue from copy sales of *Gazeta Wyborcza* decreased by 4.3% yoy, despite growing revenues from digital subscription.

### 1.2. Advertising revenues [3]

In the first quarter of 2021, advertising revenue in the Press segment decreased by 7.7% yoy to PLN 13.2 million. In the period concerned, this was primarily caused by lower revenue from sales of advertising services in the paper editions of *Gazeta Wyborcza* as well as periodicals and magazines.

In the period from January to March 2021, net revenue of *Gazeta Wyborcza* from all of its advertising activity amounted to PLN 11.8 million, showing a decrease by 2.5% yoy. The main reason for the decline was the reduction by advertisers of spending in the printed press on the entire market.

### 1.3. Digital revenue

The daily's digital revenue (from the sale of digital subscriptions and digital advertising) already reached nearly PLN 13.6 million which accounted for almost 37.4% of its total revenue.

It was mainly the result of higher revenue from content subscriptions of Wyborcza.pl, which increased by 29.0% yoy. It is worth noting that the number of active paid digital subscriptions of *Gazeta Wyborcza* reached over 258 thousand at the end of March 2021, which means an increase by 9.1% yoy.

## 2. COST

In the first quarter of 2021, the operating costs of the Press segment were reduced by 17.9% yoy to PLN 42.6 million.

At that time, the most significant impact on the reduction of the segment's operating costs in the first quarter of 2021 was lower costs of printing materials, energy, consumables and printing services, which resulted from lower printing volume of the titles published during that period. In the first quarter of 2021, this category of costs decreased by 32.9% yoy to PLN 9.8 million.

In addition, in the first quarter of 2021, staff costs were reduced by 5.7% yoy. This was mainly attributable to a lower number of full-time employees.

Promotion and marketing costs were also lower by 41.0% yoy and amounted to PLN 2.3 million.

The segment's depreciation and amortisation expenses increased by 33.3% yoy to PLN 2.0 million, primarily due to the implementation of projects supporting the development of Wyborcza.pl.

Operating costs of the Press segment 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 first quarter of 2021, the team of *Gazeta Wyborcza* and the magazines it publishes made further efforts focused on developing traditional and digital offers for readers. The most important event in this respect was the introduction of changes to the subscription offer of Wyborcza.pl in January 2021. Currently, internet users interested in *Gazeta Wyborcza's* publications may purchase one of three digital packages. They can choose between the basic and premium subscription as well as the new Club Package, prepared for readers who treat *Wyborcza* as *their newspaper*. After the changes, the Basic package will satisfy subscribers who are looking for news, opinions and investigative reporting, while the Premium package includes an additional section with articles from the daily's European partners. The Club package enables subscription to the content of Wyborcza.pl and joining the Wyborcza.pl Club which offers direct contact with the editorial team and participation in online meetings. Five such meetings had been held by the end of the first quarter of 2021. New users could take advantage of the promotional offer providing access to digital content of *Gazeta Wyborcza* for PLN 1 during the first 4 weeks of subscription in all 3 packages.

Also since January, the users of devices equipped with the Android operating system can use the new version of *Gazeta Wyborcza* application that offers clearer and more legible layout and easier navigation. The launch on Google Play is another new option for the daily's readers. Since November 2020, iPhone and iPad owners can download the new version of the application.

The team of *Gazeta Wyborcza* also created new publications, sections and campaigns corresponding to the interests of its readers, e.g. from the area of ecology and concerning local communities. A new Climate and Environment section was created on Wyborcza.pl. In addition, the editorial team prepared a special digital subscription offer, all proceeds from which were donated to the Wild Poland Foundation to support the Tree Emergency project. The goal of the campaign was to help this organisation fight against urban and forest logging.

Readers could also buy the next special editions of *Wysokie Obcasy*. In the first quarter of 2021, these included *Psychologia dla rodziców. Czego potrzebują dziś dzieci* and *Kobiety rządzą światem*. With regard to internet users visiting Wyborcza.pl websites, a new series of podcasts by *Wysokie Obcasy* entitled *Bądź dla siebie dobra* that is prepared in cooperation with BBC Lifestyle and focuses on the issues concerning diet, cosmetology and sex was launched in January. Since March, Wyborcza.pl invites its readers not only to read the most interesting articles, but also to listen to them. The website offers podcasts titled *Mistrzowie Słowa* in which stage masters read master writers – eminent actresses and actors present the best texts written by the journalists from *Gazeta Wyborcza*. This is yet another podcast proposal from the editorial team apart from the *8:10*, *Jutronauci*, and *RADIO KSIĄŻKI* online broadcasts.

*Gazeta Wyborcza* cooperates with the participants and creators of the EU Periscope project within the framework of which experts from European universities, research institutions and think tanks describe the socio-economic effects of the COVID-19 pandemic. As the only medium from Europe, *Wyborcza* will publicise the scientists' work in its traditional daily edition and on Wyborcza.pl throughout the coming year. Additionally, the issue of contemporary challenges facing Europe and the European future is discussed as part of a new project of *Gazeta Wyborcza* titled *Nasza Europa* [*Our Europe*] which is developed with the support of the European Parliament. The series consists of analyses, reports, interviews and foreign press reviews concerning the ideas and processes shaping the European Union in the face of the global COVID-19 pandemic that are published on Wyborcza.pl and on the pages of *Wolna Sobota*, i.e. *Gazeta Wyborcza's* Saturday magazine.

The sales team of the Press segment has also expanded its offer for the customers. In February 2021, an innovative Content Categories solution was extended. It allows for the effective display of promotional content within thematic categories matching the articles on Wyborcza.pl websites. Currently, customers can use the Custom Categories tool which enables them to create their own phrases or categories compatible with the marketing strategy of a given brand. The Sensitive Subjects category which makes it possible to exclude from the advertising campaign articles on sensitive subjects, describing e.g. tragedies and conflicts, fights or wars, sensitive social issues, is a particularly important element of the offer. This solution is in line with the Brand Safety policy implemented on Wyborcza.pl websites.

## 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. 13***

| *in PLN million* | **1Q 2021** | **1Q 2020** | ***% change yoy*** |
|---|---|---|---|
| **Total sales, including:** | **16.0** | **31.9** | ***(49.8%)*** |
| Advertising revenue (1) | 15.1 | 31.3 | *(51.8%)* |
| **Total operating cost, including:** | **(28.7)** | **(34.4)** | ***(16.6%)*** |
| ***Total operating cost without IFRS 16*** | ***(29.2)*** | ***(34.6)*** | ***(15.6%)*** |
| Maintenance cost (1) | (8.4) | (10.5) | *(20.0%)* |
| *Maintenance cost without IFRS 16 (1)* | *(12.8)* | *(14.5)* | *(11.7%)* |
| Execution of campaigns (1) | (3.1) | (4.6) | *(32.6%)* |
| Staff cost | (5.7) | (6.2) | *(8.1%)* |
| Promotion and marketing | (0.3) | (1.2) | *(75.0%)* |
| D&A | (9.4) | (9.3) | *1.1%* |
| *D&A without IFRS 16* | *(5.5)* | *(5.5)* | *-* |
| **EBIT** | **(12.7)** | **(2.5)** | ***(408.0%)*** |
| *EBIT margin* | *(79.4%)* | *(7.8%)* | *(71.6pp)* |
| ***EBIT without IFRS 16*** | ***(13.2)*** | ***(2.7)*** | ***(388.9%)*** |
| *EBIT margin without IFRS 16* | *(82.5%)* | *(8.5%)* | *(74.0pp)* |
| **EBITDA** | **(3.3)** | **6.8** | **-** |
| *EBITDA margin* | *(20.6%)* | *21.3%* | *(41.9pp)* |
| ***EBITDA without IFRS 16*** | ***(7.7)*** | ***2.8*** | **-** |
| *EBITDA margin without IFRS 16* | *(48.1%)* | *8.8%* | *(56.9pp)* |
| Number of advertising spaces (2) | 21 492 | 22 824 | *(5.8%)* |

*(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) excluding advertising panels on buses, trams and cash machines as well as Cityinfo and MoveTV.*

In the first quarter of 2021, due to the decrease in revenue caused by the COVID-19 pandemic, the Outdoor Advertising segment recorded an operating loss at the EBIT level of PLN 12.7 million. The segment's EBITDA loss amounted to PLN 3.3 million.

The segment's result presented without the effect of IFRS 16 has also deteriorated. The loss at the EBIT level was PLN 13.2 million and at the EBITDA level – PLN 7.7 million.

### 1. REVENUE [7]

According to the IGRZ (Outdoor Advertising Chamber) report, in the first quarter of 2021, outdoor advertising spending in Poland decreased by more than 35.5% yoy, whereas a decline in the traditional advertising segment was over 34.5% yoy *[7]*.

The AMS Group's revenue from advertising sales went down by 51.8% yoy as compared to the first quarter of 2020. The COVID-19 pandemic had a negative impact on the advertising revenue dynamics. Due to the restrictions aimed at stopping the spread of the SARS-CoV-2 coronavirus, 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. The 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 adversely affecting the revenue level of the AMS Group was the reduction of patronage campaigns and revenue from poster printing services, which are a derivative of sales in the traditional advertising segment.

In the first quarter of 2021, the estimated share of the AMS Group in the outdoor advertising spending amounted to almost 23.5% *[8]*.

### 2. COST

The segment's operating costs were reduced by 16.6% yoy to PLN 28.7 million in the period concerned. All categories of operating costs decreased except for depreciation and amortisation, which increased as a result of the application of IFRS 16.

The system maintenance costs were reduced by 20.0% yoy to PLN 8.4 million due to the restructuring of the advertising media portfolio and continuation of savings programmes in respect of rental costs as well as ongoing maintenance and repair of advertising media.

The campaign costs decreased by 32.6% yoy to PLN 3.1 million in the first quarter of 2021 mainly as a result of conducting fewer advertising campaigns. In particular, the costs of printing, exchange and distribution of posters and the purchase of advertising space on public transport means were reduced.

The decrease by 75.0% yoy in promotion and marketing costs was triggered by lower total costs of patronage and commercial campaigns, where the patronage part is settled in the form of barter and charged to promotion and marketing costs.

The 8.1% yoy decrease in staff costs to PLN 5.7 million in the first quarter of 2021 was the consequence of a reduction in the variable component of remuneration as a result of poorer performance in terms of sales targets.

The segment's operating costs presented without the effect of IFRS 16 were lower by 15.6% yoy and stood at PLN 29.2 million in the first quarter of 2021.

### 3. NEW INITIATIVES

In the first quarter of 2021, AMS offered further innovative solutions to customers interested in promotional activities on outdoor advertising media. Since March, they can launch retargeting campaigns not only as part of their online activities but also in synergy with the Digital OOH offer of AMS. This ensures a large reach and greater precision in reaching the right target groups, while improving the effectiveness of both advertising channels – DOOH+mobile. Retargeting is yet another proposal in the comprehensive offer of AMS. In December 2020, the company's customers were able to use another new product for the first time – native advertising, which allows for the message to go beyond the poster layout and blend with the content and layout of the news ticker on digital media.

Moreover, EKO Backlight joined the portfolio of AMS pro-environmental offers for customers. This is a set of eco-friendly solutions that include energy-efficient LED lighting, reduction of light smog through the option to switch off the lighting, and ecologically certified printing of advertising materials. AMS is the only out-of-home advertising company on the Polish market to offer a system of intelligent backlights controlled online. By using a remote control system, it is possible to switch off the lighting on more than 800 backlights between 1 and 4 a.m., which will reduce CO2 emissions by about 684 tons and particulate (dust) emissions by up to 6 tons per year. Additionally, since January 2021, AMS has the EKO Biznes certificate confirming that the energy purchased from Tauron comes from low-emission sources. The new offer is addressed especially to those customers who want to advertise their products in keeping with the message of responsible thinking about the use of our planet's resources. Currently, the AMS EKO Offer also includes: a system of ECO bus/tram shelters with stonecrop roofs in four cities, ECO posts – the largest network of solar powered posts in Poland, EKO Busback – urban advertising on zero- and low-emission public transport vehicles. AMS also conducts educational campaigns as part of the AMS ECO Initiative project.

## 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. (previously Domiporta Sp. z o.o.), Yieldbird Sp. z o.o. and HRlink Group (since January 28, 2021 includes Goldenline Sp. z o.o. and HRlink Sp. z o.o.).

***Tab. 14***

| *in PLN million* | **1Q 2021** | **1Q 2020** | ***% change yoy*** |
|---|---|---|---|
| **Total sales , including** | **46.9** | **47.4** | ***(1.1%)*** |
| Display ad sales (1) | 43.4 | 41.2 | *5.3%* |
| **Total operating cost, including (1,2)** | **(42.5)** | **(57.9)** | ***(26.6%)*** |
| ***Total operating cost without IFRS 16 (1,2)*** | ***(42.5)*** | ***(57.9)*** | ***(26.6%)*** |
| External services | (25.8) | (26.8) | *(3.7%)* |
| *External services without IFRS 16* | *(25.8)* | *(26.8)* | *(3.7%)* |
| Staff cost | (11.6) | (13.5) | *(14.1%)* |
| D&A | (2.3) | (2.0) | *15.0%* |
| *D&A without IFRS 16* | *(2.3)* | *(2.0)* | *15.0%* |
| Promotion and marketing (1) | (1.8) | (2.0) | *(10.0%)* |
| Impairment losses (3) | - | (12.7) | - |
| **EBIT** | **4.4** | **(10.5)** | **-** |
| *EBIT margin* | *9.4%* | *(22.2%)* | *31.6pp* |
| ***EBIT without IFRS 16*** | ***4.4*** | ***(10.5)*** | **-** |
| *EBIT margin without IFRS 16* | *9.4%* | *(22.2%)* | *31.6pp* |
| **EBITDA** | **6.7** | **4.2** | ***59.5%*** |
| *EBITDA margin* | *14.3%* | *8.9%* | *5.4pp* |
| ***EBITDA without IFRS 16*** | ***6.7*** | ***4.2*** | ***59.5%*** |
| *EBITDA margin without IFRS 16* | *14.3%* | *8.9%* | *5.4pp* |

*(1) the amounts do not include total revenues and cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation, as well as exclude the inter-company sales between Agora's Internet Department, Plan D Sp. z o.o. (previously Domiporta Sp. z o.o.), Yieldbird Sp. z o.o., and HRlink Sp. z o.o.* (since January 28, 2021 includes Goldenline Sp. z o.o. and HRlink Sp. z o.o.

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

*(3) the amounts include impairment losses of the segment`s non-current assets in Plan D Sp. z o.o. (previously Domiporta Sp. z o.o.).*

The Internet segment ended the first quarter of 2021 with a significantly higher result at both EBIT and EBITDA levels yoy. These ratios amounted to PLN 4.4 million and PLN 6.7 million, respectively *[1]*. The results of the first quarter of 2020 were significantly affected by an impairment loss on the assets of Plan D (formerly known as Domiporta Sp. z o.o.) amounting to PLN 12.7 million. It is worth noting that also after eliminating the effect of the aforementioned impairment loss, the segment's result at EBIT level improved significantly.

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

The Internet segment's total revenue decreased by 1.1% to PLN 46.9 million in the first quarter of 2021. However, revenue from online advertising sales was 5.3% higher year on year and stood at PLN 43.4 million. Higher online advertising sales by Gazeta.pl and Yieldbird were the largest contributor to the increase in advertising revenue. The segment reported lower revenue from announcements and other online services. This is attributable to the disposal of a part of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.), reduced sales of programming services by Yieldbird and lower revenue of the HRlink group.

## 2. COST

In the first quarter of 2021, the Internet segment's operating costs decreased by 26.6% yoy to PLN 42.5 million. This was primarily due to a 14.1% drop in staff costs resulting from a reduction in the number of full-time employees, in particular in Plan D, the HRlink group and Yieldbird. The costs of external services also decreased, mainly as a result of the reduction in the operations of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.). Promotion and marketing costs were lower by 10.0% as compared to the first quarter of 2020. The main reason for this was the reduction in the operations of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.), with the increase in this cost category in Gazeta.pl.

In the first quarter of 2021, depreciation and amortisation costs increased by 15.0% to PLN 2.3 million. The increase of this expenditure was mostly driven by investments in the optimisation of programmatic space and development of e-commerce products on the websites of Gazeta.pl.

The comparability of the segment's data was largely affected by the impairment loss on the assets of Plan D Sp. z o.o. (formerly known as Domiporta Sp. z o.o.) in the amount of PLN 12.7 million that was recognised in the first quarter of 2020.

## 3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In March 2021, the total reach of the Agora Group's websites among Polish internet users amounted to 60.4% and the number of users reached 17.6 million, which made the Agora Group the ninth player in the market according to the Mediapanel survey. The total number of page views of the Agora Group's websites reached 618 million, with the average viewing time of 49 minutes per user [6].

In March 2021, 16.7 million internet users viewed the Agora Group's websites on mobile devices. The number of mobile page views amounted to 459 million, and the share of mobile page views on the websites of the Agora Group stood at 74% 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 March 2021, the Agora Group is the leader in the 'Children and family' category (edziecko.pl) and a runner-up in the 'Gossip, celebrity life' category (Plotek.pl). The Agora Group ranked third in the 'Local and regional news' (local websites of Wyborcza.pl, Metrowarszawa.pl) and 'Sports' (Sport.pl) categories. The websites of the Agora Group also rank high in the following thematic categories: 'Information and journalism – general' (fourth place, Wyborcza.pl, Wiadomosci.gazeta.pl, tokfm.pl), 'Automotive' (fourth place, Moto.pl), 'Websites for women' (fourth place, Kobieta.gazeta.pl and Wysokieobcasy.pl), 'Fashion and beauty' (fourth place, Avanti24.pl), 'Business, finance, law' (sixth place, Next.gazeta.pl and Wyborcza.biz) and 'Cuisine and cooking' (sixth place, Haps.pl, Ugotuj.to, Magazyn-kuchnia.pl) *[6].*

## 4. NEW INITIATIVES

In the first quarter of 2021, the team of Gazeta.pl presented new editorial proposals to internet users and undertook further actions aimed at expanding the portal's advertising offer.

In March 2021, the next season of *Studio Biznes* began. This extremely dynamic live programme which combines topics attractive to the readers of Gazeta.pl has so far consisted of several thematic sections: economic section, debate, TopTech section dedicated to news from the world of technology and automotive section. In the new season, *Studio Biznes* has been expanded to include sports marketing thanks to a new host from the Sport.pl editorial team.

Earlier – in February – Sport.pl, which is one of the most important sports websites in Poland, took the next step in e-sports. Thanks to the partnership with Anonymo Esports, Sport.pl is developing its offer of unique e-sports content.

The advertising office of Gazeta.pl expanded its Content Studio offer in the first quarter of 2021. Following the expectations of marketers, services that support customers in content positioning by enabling them to make their quality and credible content stand out in the plethora of information and contribute to the achievement of individual brand objectives have been added to the portfolio. Content Studio creates content plans and assists in the proper selection of keywords for specific parameters and needs, as well as conducts a full analysis of the service (website) indicating the potential and development activities for SEO. The offer of Content Studio has been included in the standard advertising offer of Gazeta.pl, thanks to which the services of the studio can be used by the customers of the portal's advertising office. This resulted in expanding the sales offer and increasing the consistency of content efforts. Content Studio services are used on customers' websites, social media, websites of other publishers and print.

In addition, another series of webinars created by the team of Gazeta.pl for customers and marketers was launched in February 2021. Gazeta.pl also wishes to respect its users' choices as much as possible and maintain a safe ecosystem for advertisers. In the first quarter of 2021, the portal partnered with OneTrust, a leader in technology solutions for managing data privacy and security, ensuring the highest standard in this area both for the users and advertisers. At the same time, Gazeta.pl started creating its first campaigns based on 1st party cookies.

It is also worth mentioning that Gazeta.pl started 2021 with yet another editorial statement. Reliable and well-researched information, involvement in the defense of minorities, women's rights and environmental protection, among others issues. The statement includes the team's commitments regarding both the content of publications and the manner in which they are prepared.

In early 2021, the acquisition of Goldenline by its new owner, HRlink, was completed. Both companies are members of the Agora capital group. Combining the potentials of Goldenline and HRlink brought many innovations supporting job search and career development of candidates and providing effective support to Polish entrepreneurs looking to strengthen their teams. The change also brought a new opening for the Goldenline career portal. Refreshed user profile, new candidate search engine, dedicated teams operating the platform, and a noticeable increase in the number of users – these are the first effects of the integration between Goldenline and HRlink. According to Mediapanel data, in January 2021, the number of Goldenline users was higher by 15 percentage points than when the company began integrating with HRlink in October 2020. The number of subpages visited and visits to the website increased by 1/4. The ambition of the combined team is to create a unique HR Tech platform which will provide a comprehensive approach to employee experience: from employee search through recruitment and onboarding, and even to offboarding and outplacement support.

## 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 (Zlote 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. 15***

| *in PLN milion* | **1Q 2021** | **1Q 2020** | ***% change yoy*** |
|---|---|---|---|
| **Total sales, including :** | **19.9** | **23.5** | ***(15.3%)*** |
| Radio advertising revenue (1), (2) | 18.1 | 18.9 | *(4.2%)* |
| **Total operating cost, including: (2)** | **(19.5)** | **(22.1)** | ***(11.8%)*** |
| ***Total operating cost without IFRS 16 (2)*** | ***(19.6)*** | ***(21.8)*** | ***(10.1%)*** |
| External services | (6.5) | (7.8) | *(16.7%)* |
| *External services without IFRS 16* | *(7.3)* | *(8.6)* | *(15.1%)* |
| Staff cost | (8.5) | (8.6) | *(1.2%)* |
| D&A | (1.8) | (1.8) | - |
| *D&A without IFRS 16* | *(1.1)* | *(1.1)* | - |
| Promotion and marketing (2) | (1.4) | (1.8) | *(22.2%)* |
| **EBIT** | **0.4** | **1.4** | ***(71.4%)*** |
| *EBIT margin* | *2.0%* | *6.0%* | *(4.0pp)* |
| ***EBIT without IFRS 16*** | ***0.3*** | ***1.7*** | ***(82.4%)*** |
| *EBIT margin without IFRS 16* | *1.5%* | *7.2%* | *(5.7pp)* |
| **EBITDA** | **2.2** | **3.2** | ***(31.3%)*** |
| *EBITDA margin* | *11.1%* | *13.6%* | *(2.5pp)* |
| ***EBITDA without IFRS 16*** | ***1.4*** | ***2.8*** | ***(50.0%)*** |
| *EBITDA margin without IFRS 16* | *7.0%* | *11.9%* | *(4.9pp)* |

*(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 first quarter of 2021, the operating result of the Radio segment, both at EBIT and EBITDA levels, was lower yoy and stood at PLN 0.4 million and PLN 2.2 million, respectively. The negative effects of the COVID-19 pandemic had a significant impact on these results. The Radio segment recorded a decrease in revenue from sales brokerage services provided to Helios cinemas which had to suspend their operations due to an administrative decision. Revenue from sales of advertising services at own stations was also lower.

In the first quarter of 2021, the segment's operating result at EBIT level (without the effect of IFRS 16) was PLN 0.3 million and the segment's EBITDA amounted to PLN 1.4 million in accordance with this presentation.

### 1. REVENUE [3]

In the first quarter of 2021, the revenue of the Radio segment decreased by 15.3% yoy and amounted to PLN 19.9 million. The COVID-19 pandemic due to which the segment did not record any revenue from sales brokerage services for Helios cinemas that remained closed throughout the first quarter of 2021 contributed to the decline in revenue. In the period concerned, revenue from the sale of airtime in the radio stations of Agora's Radio Group also showed a decrease. The revenue from sales brokerage services of third-party airtime recorded an increase.

In the period concerned, the total radio advertising expenditure in Poland decreased by over 3.5% yoy.

Revenue from the segment's online operations was 39.0% higher in the first quarter of 2021, mainly due to higher revenue from online advertising services and rising revenue from sales of Premium TOK FM subscriptions. The number of Premium TOK FM subscriptions amounted to 25.7 thousand at the end of the first quarter of 2021 and was 16.0% higher yoy.

## 2. COST

In the first quarter of 2021, the Radio segment's operating costs declined by 11.8% to PLN 19.5 million.

The sharpest decrease was recorded in the costs of external services which went down by 16.7% to PLN 6.5 million. This was attributable to lower costs related to the provision of sales brokerage services for Helios cinemas as a result of the administrative decision to suspend cinema operations in Poland. An increase was recorded in the cost of airtime purchase in third-party radio stations in connection with the advertising sales brokerage services provided. 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.

In the period concerned, staff costs declined by 1.2% yoy to PLN 8.5 million.

In the first quarter of 2021, the segment's promotion and marketing costs were also reduced by 22.2% to PLN 1.4 million.

The Radio segment's operating costs presented without the effect of IFRS 16 amounted to PLN 19.6 million and were lower by 10.1% yoy. Costs of external services presented under this approach decreased by 15.1% to PLN 7.3 million.

## 3. AUDIENCE SHARES [8]

***Tab. 16***

| **% share in listening** | **IQ 2021** | **change in pp yoy** |
|---|---|---|
| Group's music radio stations (Rock Radio, Zlote Przeboje and Radio Pogoda) | 4,2% | (0,0pp) |
| News talk radio station TOK FM | 2,5% | 0,3pp |

It is worth noting that the Agora Group's radio stations do not have a nationwide coverage. Music radio stations from Agora's Radio Group are present mainly in cities with the population of over 100,000 and although the Agora's Radio Group is the fifth largest radio group in terms of audience share, in cities with more then 100,000 it ranks third, ahead of much larger groups such as TIME and Polskie Radio. TOK FM news radio broadcasts primarily in cities with the population of over 200,000, where it holds the third position among the most popular radio stations in Poland.

## 4. NEW INITIATIVES

Thanks to the expansion of the digital offer, the Agora's Radio Group records further increases in sales of access to digital content of Radio TOK FM and tokfm.pl. The number of Premium TOK FM subscriptions at the end of first quarter of 2021 was 16% higher and amounted to 25.7 thousand, which in turn resulted in an increase in digital inflows in the revenues of the Radio segment. In this area, the Agora's Radio Group benefits from positive trends related not only to the increasingly common payments for premium content, but also to the growth of the podcast market in Poland, which is among the fastest growing in the world. The monthly reach of podcasts in Poland, according to the data obtained in the Tandem Media research from 2020, already amounted to 31%, which means that almost every third Internet user listens to the programs available on demand online.

## 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 of assets.*

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

*Moreover, EBIT of particular operating segments does not include depreciation and amortisation recognised on consolidation as described in note 4 to the condensed interim 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 refer to advertising expenditures in six media (press, radio, TV, outdoor, Internet, cinema). In this MD&A, Agora corrected the data on advertising expenditure in cinemas (in the first quarter of 2020), ad spend in dailies (in the first quarter of 2020) and advertising expenditure in TV (in the first quarter of 2020).*

*Unless explicitly stated otherwise, press and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure as well as advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods. In case of press, the data include only display advertising, excluding classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Kantar Media monitoring, Agora S.A. monitoring.*

*Presented TV, Internet and cinema figures are based on initial Starcom media house estimates; TV estimates include regular ad broadcast and sponsoring with product placement, exclude teleshopping and other advertising forms.*

*Internet ad spend estimates include display, search engines (Search Engine Marketing), e-mail marketing and video advertising.*

*Outdoor advertising figures are based on Izba Gospodarcza Reklamy Zewnetrznej estimates [7].*

*The Company would like to stress that one should bear in mind that these advertising market estimations may represent some margin of error due to significant discount pressure on the market and lack of reliable data on the average market discount rates. Once the Company has a more reliable market data in consecutive quarters, it may correct the ad spending estimations in particular media.*

*[4] The data on the number of copies sold (total paid circulation) of daily newspapers is derived from the National Circulation Audit Office (ZKDP). The term "copy sales" used in this MD&A is consistent with the sales declarations of publishers to the National Circulation Audit Office. However, "average daily circulation" is similar to "average one-off circulation" included also in the declaration for ZKPD.*

*[5] Definition of ratios:*

| | |
|---|---|
| *Net profit margin =* | *Net profit /(loss) attributable to equity holders of the parent* / *Revenue* |
| *Gross profit margin =* | *Gross profit / (loss) on sales* / *Revenue* |
| *Return on equity =* | *Net profit / (loss) attributable to equity holders of the parent* / *(Equity attributable to equity holders of the parent at the beginning of the period + Equity attributable to equity holders of the parent at the end of the period) /2/(1 for yearly results and 4 for quarterly results)* |
| *Debtors days =* | *(Trade receivables gross at the beginning of the period + Trade receivables gross at the end of the period) / 2* / *Revenue / no. of days* |
| *Creditors days =* | *(Trade creditors at the beginning and the end of the period + accruals for uninvoiced costs at the beginning and the end of the period) / 2* / *(Cost of sales + selling expenses + administrative expenses) / no. of days* |
| *Inventory turnover =* | *(Inventories at the beginning of the period + Inventories at the end of the period) / 2* / *Cost of sales / no. of days* |
| *Current ratio I =* | *Current Assets* / *Current liabilities* |
| *Gearing ratio =* | *Current and non-current liabilities from loans and leases– cash and cash equivalents – highly liquid short-term monetary assets* / *Total equity and liabilities* |
| *Interest cover =* | *Operating profit / (loss)* / *Interest charge* |
| *Free cash flow interest cover =* | *Free cash flow ** / *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 to which they are resold to the owners of the real estate in which the cinemas are located.*

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

*[7] Source: report prepared by Izba Gospodarcza Reklamy Zewnetrznej (IGRZ) in cooperation with Starlink company about situation of OOH advertising in Poland.*

*[8] Audience market data referred herein are based on RadioTrack 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 January to March (sample for 2020: 21,031; sample for 2021: 20,834).*

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

# V. ADDITIONAL INFORMATION

## 1. IMPORTANT EVENTS

### Significant events for the Company’s business activities

### 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 PO1I/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 does 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 will not affect the operating result of the Agora Group in 2021, as the selling price of the Property is, 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 does 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 PO1I/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 PO1I/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 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. with its registered seat in Warsaw (“Company”, “Agora”) hereby 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.

- **Appointment of a new member 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 will supervise 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.

- **Changes in subsidiaries**

- **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.

- **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 Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed a registered auditor to value shares under this procedure, both for the sell-out of the Minority Shareholder's shares with regard to 318,930 shares, and for other minority shareholders with regard to 1,460 shares in total.

The Minority Shareholder and other minority shareholders referred to in the preceding sentence which had rights under 1,460 shares appealed from the Court's decision appointing the registered auditor. By a valid decision of the Regional Court in Lodz, the 13th Business Appeal Department of February 20, 2019 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.

**On 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. At the date of the publication of these condensed financial statements, Helios S.A. was in the possession of the Bank's approval to the break of the capitalization ratio by Helios S.A. as at March 31, 2021.

Due to the ban on the operation of cinemas until 21 May 2021, there is a high probability that Helios S.A. will not meet the current financial ratios indicated in the agreement with the Bank also in the second quarter of 2021. The company will provide detailed information on this in the financial statements for the period to which this will apply.

- **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 95.7% of the share capital.

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

***Tab. 17***

| **shares** | As of May 21, 2021 | *decrease* | *increase* | As of March 19, 2021 |
|---|---|---|---|---|
| Bartosz Hojka | 2,900 | - | - | 2,900 |
| Tomasz Jagiello | 0 | - | - | 0 |
| Anna Krynska - Godlewska | 0 | - | - | 0 |
| Agnieszka Sadowska | 0 | - | - | 0 |

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

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

## 3. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY SUPERVISORY BOARD MEMBERS IN THE FIRST QUARTER OF 2021 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

***Tab. 18***

| **shares** | As of May 21, 2021 | *decrease* | *increase* | As of March 19, 2021 |
|---|---|---|---|---|
| Andrzej Szlezak | 0 | - | - | 0 |
| Dariusz Formela | 0 | - | - | 0 |
| Tomasz Karusewicz | 0 | - | - | 0 |
| Tomasz Sielicki | 33 | - | - | 33 |
| Wanda Rapaczynski | 882,990 | - | - | 882,990 |
| Maciej Wisniewski | 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. March 19, 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. 19***

| | no. of shares | % of share capital | no. of votes | % of voting rights |
|---|---|---|---|---|
| **Agora-Holding Sp. z o.o.** *(in accordance with last notification of 24th Sept 2015) (1)* | 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)** *(in accordance with last notification of 27th Dec 2012 )(1)* | 7,594,611 | 16.30 | 7,594,611 | 11.92 |
| **including:** PZU "Zlota Jesien" Open Pension Fund *(in accordance with last notification of 27th Dec 2012)(1)* | 7,585,661 | 16.28 | 7,585,661 | 11.91 |
| **Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC)** *(in accordance with formal notification received on 6th June 2016)(1)* | 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)** *(in accordance with last notification of 9th June 2016)(1)* | 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

### Legal Actions concerning liabilities or debts of the issuer or its subsidiaries

In the first quarter of 2021, there were no significant legal actions in court, competent authority for arbitration procedures or public institutions related to liabilities or debts Agora S.A. or its subsidiaries.

### 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.

### 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.

### Recommendation of the Management Board concerning payment of dividend

**On March 17, 2021,** the Management Board of Agora S.A. adopted a resolution on the submission of a motion to the Annual General Meeting of Shareholders to withhold the payment of dividend for 2020.

The above departure from the dividend policy announced on 14 February 2005, is related to the economic uncertainty and the further impact of the COVID-19 pandemic and its effects on the operating activities and financial results of both Agora and the Agora Group, which is difficult to estimate.

In the circumstances of such high uncertainty, the Management Board of Agora considered it justified to keep the financial resources in the Company and recommend not to pay dividends for 2020 in order to strengthen the financial position of the Group.

The above decision received a positive opinion from the members of the Supervisory Board.

# AGORA GROUP

# CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as at 31 March 2021 and for 3 month period ended thereon

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

| | Note | As at 31 March 2021 unaudited | As at 31 December 2020 audited |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets:** | | | |
| Intangible assets | | 418,257 | 422,900 |
| Property, plant and equipment | | 388,489 | 401,157 |
| Right-of-use assets | | 660,928 | 659,372 |
| Long-term financial assets | | 506 | 522 |
| Investments in equity accounted investees | | 151,708 | 149,549 |
| Receivables and prepayments | | 12,390 | 8,416 |
| Deferred tax assets | | 41,115 | 41,682 |
| | | **1,673,393** | **1,683,598** |
| **Current assets:** | | | |
| Inventories | | 16,657 | 15,235 |
| Accounts receivable and prepayments | | 138,434 | 165,374 |
| Income tax receivable | | 1,178 | 1,159 |
| Short-term securities and other financial assets | | 77 | 77 |
| Cash and cash equivalents | | 143,957 | 138,355 |
| | | **300,303** | **320,200** |
| Non-current assets held for sale | 14 | - | 14,500 |
| | | **300,303** | **334,700** |
| **Total assets** | | **1,973,696** | **2,018,298** |

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

(all amounts in PLN thousands unless otherwise indicated) translation only

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021 (CONTINUED)

| | Note | As at 31 March 2021 unaudited | As at 31 December 2020 audited |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **Equity attributable to equity holders of the parent:** | | | |
| Share capital | | 46,581 | 46,581 |
| Share premium | | 147,192 | 147,192 |
| Retained earnings and other reserves | | 570,784 | 627,169 |
| | | **764,557** | **820,942** |
| **Non-controlling interest** | | **8,415** | **11,381** |
| **Total equity** | | **772,972** | **832,323** |
| **Non-current liabilities:** | | | |
| Deferred tax liabilities | | 6,000 | 6,132 |
| Long-term borrowings | 3 | 688,260 | 687,292 |
| Other financial liabilities | 15 | 34,548 | 34,548 |
| Retirement severance provision | | 2,855 | 2,855 |
| Provisions | | 178 | 286 |
| Accruals and other liabilities | | 26,236 | 7,164 |
| Contract liabilities | | 1,541 | 1,507 |
| | | **759,618** | **739,784** |
| **Current liabilities:** | | | |
| Retirement severance provision | | 242 | 242 |
| Trade and other payables | | 208,406 | 244,770 |
| Income tax liabilities | | 634 | 919 |
| Short-term borrowings | 3 | 209,845 | 180,691 |
| Provisions | | 3,101 | 3,388 |
| Contract liabilities | | 18,878 | 16,181 |
| | | **441,106** | **446,191** |
| **Total equity and liabilities** | | **1,973,696** | **2,018,298** |

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## CONSOLIDATED INCOME STATEMENT FOR THREE MONTHS ENDED 31 MARCH 2021

| | Three months ended 31 March 2021 unaudited | Three months ended 31 March 2020 unaudited |
|---|---|---|
| Revenue | 145,952 | 289,589 |
| Cost of sales | (130,713) | (206,904) |
| **Gross profit** | **15,239** | **82,685** |
| Selling expenses | (34,737) | (48,642) |
| Administrative expenses | (38,337) | (38,990) |
| Other operating income | 9,036 | 9,498 |
| Other operating expenses | (797) | (23,613) |
| Impairment losses for receivables - net | 85 | (481) |
| **Operating loss** | **(49,511)** | **(19,543)** |
| Finance income | 30 | 349 |
| Finance costs | (11,158) | (33,159) |
| Share of results of equity accounted investees | 2,159 | (165) |
| **Loss before income taxes** | **(58,480)** | **(52,518)** |
| Income tax | (940) | 5,429 |
| **Net loss for the period** | **(59,420)** | **(47,089)** |
| **Attributable to:** | | |
| Equity holders of the parent | (56,280) | (42,728) |
| Non-controlling interest | (3,140) | (4,361) |
| | **(59,420)** | **(47,089)** |
| Basic/diluted earnings per share (in PLN) | (1.21) | (0.92) |

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THREE MONTHS ENDED 31 MARCH 2021

| | Three months ended 31 March 2021 unaudited | Three months ended 31 March 2020 unaudited |
|---|---|---|
| **Net loss for the period** | **(59,420)** | **(47,089)** |
| **Other comprehensive income for the period** | **-** | **-** |
| **Total comprehensive income for the period** | **(59,420)** | **(47,089)** |
| **Attributable to:** | | |
| Shareholders of the parent | (56,280) | (42,728) |
| Non-controlling interests | (3,140) | (4,361) |
| | **(59,420)** | **(47,089)** |

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS ENDED 31 MARCH 2021

| | Attributable to equity holders of the parent | | | | | |
|---|---|---|---|---|---|---|
| | Share capital | Share premium | Retained earnings and other reserves | **Total** | **Non-controlling interest** | **Total equity** |
| **Three months ended 31 March 2021** | | | | | | |
| **As at 31 December 2020 audited** | **46,581** | **147,192** | **627,169** | **820,942** | **11,381** | **832,323** |
| **Total comprehensive income for the period** | | | | | | |
| Net loss for the period | - | - | (56,280) | (56,280) | (3,140) | (59,420) |
| **Total comprehensive income for the period** | **-** | **-** | **(56,280)** | **(56,280)** | **(3,140)** | **(59,420)** |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| **Contributions by and distributions to owners** | | | | | | |
| Equity-settled share-based payments (note 5) | - | - | - | - | 70 | 70 |
| **Total contributions by and distributions to owners** | **-** | **-** | **-** | **-** | **70** | **70** |
| **Changes in ownership interests in subsidiaries** | | | | | | |
| Additional contribution of non-controlling shareholders | - | - | (105) | (105) | 105 | - |
| Other | - | - | - | - | (1) | (1) |
| **Total changes in ownership interests in subsidiaries** | **-** | **-** | **(105)** | **(105)** | **104** | **(1)** |
| **Total transactions with owners** | **-** | **-** | **(105)** | **(105)** | **174** | **69** |
| **As at 31 March 2021 unaudited** | **46,581** | **147,192** | **570,784** | **764,557** | **8,415** | **772,972** |

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

(all amounts in PLN thousands unless otherwise indicated) translation only

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS ENDED 31 MARCH 2021 (CONTINUED)

| | Attributable to equity holders of the parent | | | | | |
|---|---|---|---|---|---|---|
| | Share capital | Share premium | Retained earnings and other reserves | **Total** | **Non-controlling interest** | **Total equity** |
| **Three months ended 31 March 2020** | | | | | | |
| **As at 31 December 2019 audited** | **46,581** | **147,192** | **737,470** | **931,243** | **20,932** | **952,175** |
| **Total comprehensive income for the period** | | | | | | |
| Net loss for the period | - | - | (42,728) | (42,728) | (4,361) | (47,089) |
| **Total comprehensive income for the period** | **-** | **-** | **(42,728)** | **(42,728)** | **(4,361)** | **(47,089)** |
| **Transactions with owners, recorded directly in equity** | | | | | | |
| **Contributions by and distributions to owners** | | | | | | |
| Equity-settled share-based payments (note 5) | - | - | - | - | 163 | 163 |
| **Total contributions by and distributions to owners** | **-** | **-** | **-** | **-** | **163** | **163** |
| **Changes in ownership interests in subsidiaries** | | | | | | |
| Acquisition of non-controlling interests | - | - | 266 | 266 | (276) | (10) |
| Expiration of put option liability | - | - | 1,760 | 1,760 | - | 1,760 |
| Additional contribution of non-controlling shareholders | - | - | (1,663) | (1,663) | 1,679 | 16 |
| **Total changes in ownership interests in subsidiaries** | **-** | **-** | **363** | **363** | **1,403** | **1,766** |
| **Total transactions with owners** | **-** | **-** | **363** | **363** | **1,566** | **1,929** |
| **As at 31 March 2020 unaudited** | **46,581** | **147,192** | **695,105** | **888,878** | **18,137** | **907,015** |

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## CONSOLIDATED CASH FLOW STATEMENT FOR THREE MONTHS ENDED 31 MARCH 2021

| | Three months ended 31 March 2021 unaudited | Three months ended 31 March 2020 unaudited |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Loss before income taxes** | **(58,480)** | **(52,518)** |
| Adjustments for: | | |
| Share of results of equity accounted investees | (2,159) | 165 |
| Depreciation and amortisation | 41,446 | 42,710 |
| Foreign exchange loss | 5,814 | 27,795 |
| Interest, net | 5,483 | 5,591 |
| Loss on investing activities | 551 | 14,675 |
| Decrease in provisions | (395) | (512) |
| Increase in inventories | (1,422) | (1,088) |
| Decrease in receivables | 26,848 | 37,780 |
| Decrease in payables | (5,128) | (14,829) |
| Increase in contract liabilities | 2,729 | 467 |
| Equity-settled share-based payments | 70 | 163 |
| **Cash generated from operations** | **15,357** | **60,399** |
| Income taxes paid | (789) | (1,742) |
| **Net cash from operating activities** | **14,568** | **58,657** |
| **Cash flows from investing activities** | | |
| Proceeds from sale of property, plant and equipment and intangibles | 15,716 | 15,143 |
| Disposal of subsidiaries (net of cash disposed), associates and jointly controlled entities | - | 4 |
| Loan repayment received | 13 | 113 |
| Interest received | 3 | 12 |
| Disposal of short-term securities | - | 24,282 |
| Other inflows (1) | - | 2,800 |
| Purchase of property, plant and equipment and intangibles | (17,849) | (23,413) |
| Acquisition of short-term securities | - | (15,000) |
| Other outflows (2) | (4,000) | - |
| **Net cash from/(used in) investing activities** | **(6,117)** | **3,941** |

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## CONSOLIDATED CASH FLOW STATEMENT FOR THREE MONTHS ENDED 31 MARCH 2021 (CONTINUED)

| | Three months ended 31 March 2021 unaudited | Three months ended 31 March 2020 unaudited |
|---|---|---|
| **Cash flows from financing activities** | | |
| Proceeds from borrowings | 21,660 | - |
| Other inflows | - | 16 |
| Acquisition of non-controlling interest | - | (10) |
| Repayment of borrowings | (10,143) | (4,252) |
| Payment of lease liabilities | (10,324) | (15,308) |
| Interest paid | (4,042) | (5,200) |
| **Net cash used in financing activities** | **(2,849)** | **(24,754)** |
| **Net increase in cash and cash equivalents** | **5,602** | **37,844** |
| Cash and cash equivalents | | |
| At start of period | 138,355 | 61,065 |
| At end of period | 143,957 | 98,909 |

*(1) Other inflows relate to the refund of cash deposits to company AMS S.A. connected with collateral securing the concession contract for construction and utilization of bus shelters in Warsaw.*

*(2) Other outflows relate to cash deposit paid in by company AMS Serwis Sp. z o.o. to bank BNP Paribas Bank Polska S.A. The cash deposit is a collateral of loan facility granted to company Helios S.A.*

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021 AND FOR THREE MONTHS ENDED 31 MARCH 2021

## 1. GENERAL INFORMATION

Agora S.A. with its registered seat in Warsaw, Czerska 8/10 street ("the Company") principally conducts publishing activity (including *Gazeta Wyborcza*, magazines, periodicals and books) and carries out internet activity. Additionally, the Agora Group ("the Group") is active in the cinema segment through its subsidiary Helios S.A. and in the outdoor segment through its subsidiary AMS S.A. The Group also engages in projects related to production and co-production of movies through the company Next Film Sp.z o.o. and in gastronomy activity through the company Step Inside Sp. z o.o.

As at 31 March 2021 the Agora Group comprised: the parent company Agora S.A. and 19 subsidiaries. Additionally, the Group held shares in jointly controlled entity Instytut Badan Outdooru IBO Sp. z o.o. and in associates: ROI Hunter a.s. and Eurozet Sp. z o.o.

The Group operates in all major cities in Poland.

The condensed interim consolidated financial statements were prepared as at and for three months ended 31 March 2021, with comparative figures presented as at 31 December 2020 and for three months ended 31 March 2020.

The condensed interim consolidated financial statements were authorized for issue by the Management Board of Agora S.A. on May 20, 2021.

## 2. STATEMENT OF COMPLIANCE

The condensed interim consolidated financial statements as at 31 March 2021 and for three months ended 31 March 2021 have not been audited. The Consolidated Financial Statements as at and for twelve months ended 31 December 2020 have been audited by an independent auditor who issued an unqualified opinion.

The Condensed Interim Financial Statements have been prepared under International Accounting Standard 34 "Interim Financial Reporting", according to art. 55 point 5 and art. 45 point 1a-1c of Accounting Act (Official Journal from 2021, item 217), regulations issued based on that Act and the Decree of Minister of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2018, item 757).

The condensed interim consolidated financial statements as at 31 March 2021 should be read together with the audited consolidated financial statements as at 31 December 2020. In the preparation of these condensed interim consolidated financial statements as at 31 March 2021, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2020, except for changes described below.

For the Group's financial statements for the year started with January 1, 2021 the following new standards and amendments to existing standards, which were endorsed by the European Union, are effective:

1) Exemption from IFRS 9 (Amendements to IFRS 4);

2) Interest Rate Benchmark Reform – Phase 2 (Amendements to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

The application of the above amendments to the standards did not have any impact on the condensed interim consolidated financial statements of the Group.

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## 3. LONG-TERM AND SHORT-TERM BORROWINGS

The amount of the Group's loan and lease liabilities as at the balance sheet date is presented below:

| | 31 March 2021 | 31 December 2020 |
|---|---|---|
| Long term bank loans | 39,115 | 51,647 |
| Finance lease liabilities | 649,145 | 635,645 |
| **Total long term borrowings** | **688,260** | **687,292** |
| *including: Lease liabilities resulting from application of IFRS 16* | *609,021* | *591,947* |
| | | |
| Short term bank loans | 110,408 | 86,370 |
| Finance lease liabilities | 99,437 | 94,321 |
| **Total short term borrowings** | **209,845** | **180,691** |
| *including: Lease liabilities resulting from application of IFRS 16* | *81,911* | *75,677* |

- **Failure to meet the financial ratio in the loan agreement by the subsidiary Helios S.A.**

The subsidiary Helios S.A. did not 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. At the date of the publication of these condensed financial statements, Helios S.A. was in the possession of the Bank's approval to the break of the capitalization ratio by Helios S.A. as at March 31, 2021.

Due to the ban on the operation of cinemas until 21 May 2021, there is a high probability that Helios S.A. will not meet the current financial ratios indicated in the agreement with the Bank also in the second quarter of 2021. The company will provide detailed information on this in the financial statements for the period to which this will apply.

## 4. SALES AND SEGMENT INFORMATION

In accordance with IFRS 8 *Operating segments,* in these condensed interim consolidated financial statements information on operating segments are presented on the basis of components of the Group about which separate financial information is available, that is evaluated regularly by the chief operating decision maker in the process of decision making regarding allocation of resources and assessing the performance of the Group.

For management purposes, the Group is organized into business units based on their products and services.

The Group activities are divided into five major reportable operating segments as follows:

1) the *Movies and Books* segment includes the Group's activities within the cinema management of Helios S.A., film distribution and production activities of Next Film Sp. z o.o. and Next Script Sp. z o.o. as well as food service activities of Foodio Concepts Sp. z o.o. (till May 31, 2020), Step Inside Sp. z o.o. and Agora`s Publishing House,

2) the *Press* segment includes the Group's activities related to publishing of the daily *Gazeta Wyborcza* (including digital subscriptions), special editions of *Gazeta Wyborcza* magazines as well as publishing of the periodicals, as well as the printing activities (in printing plant in Warsaw that provides printing services mainly for *Gazeta Wyborcza*,

3) the *Outdoor* segment includes the activities within the AMS Group, which provides advertising services on different forms of outdoor advertising panels,

4) the *Internet* segment includes the following Group's activities: the Internet and multi-media products and services within the Agora's Internet department as well as the activities of companies: Plan D Sp. z o.o., Yieldbird Sp. z o.o., GoldenLine Sp. z o.o. and HRlink Sp. z o.o.,

5) the *Radio* segment includes the Group's activities within local radio stations, super-regional *TOK FM* radio and Agora's Radio Department,

Accounting policies for operating segments are the same as followed by the Agora Group, besides some issues described below.

The Management Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss EBIT, including EBIT excluding impact of IFRS 16.

Operating results of reportable segments do not include:

a) 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,

b) amortisation recognised on consolidation (described below).

Group financing (including finance costs and finance revenue) and income tax are managed on a Group level and are not allocated to operating segments. Transfer prices between operating segments are set on the market basis in the manner similar to transactions with third parties.

*Reconciling positions* show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.), the Management Board, Agora TC Sp. z o.o., 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.

Operating depreciation and amortisation includes amortisation of intangible assets, depreciation of right-of-use assets recognised according to IFRS 16 and fixed assets of each segment. Amortisation recognised on consolidation can be defined as consolidation adjustments, inter alia: the amortisation of intangible assets and adjustments to property, plant and equipment recognised directly on consolidation.

Impairment losses and reversals of impairment losses show impairment losses and their reversals presented in other operating expenses and income.

Amount of investment in associates and joint ventures accounted for by the equity method include the amount of acquired shares adjusted by the Group`s share of net results of those entities accounted for by the equity method. The financials presented for three months ended 31 March 2021 and 31 March 2020 relate to Instytut Badan Outdooru Sp. z o.o., Hash.fm Sp. z o.o. (till 27 February 2020), ROI Hunter a.s. and Eurozet Sp. z o.o.

Capital expenditure consists of additions based on the invoices booked in the reported period connected to purchases of intangible and fixed assets.

The Agora Group does not present geographical reporting segments, because its business activities are carried out mainly in Poland.

(all amounts in PLN thousands unless otherwise indicated) translation only

## 4. SALES AND SEGMENT INFORMATION (CONTINUED)

| | Three months ended 31 March 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Movies and books** | **Press** | **Outdoor** | **Internet** | **Radio** | **Total segments** | **Reconciling positions** | **Total Group** |
| Revenues from external customers | 18,234 | 44,882 | 15,786 | 46,265 | 18,923 | 144,090 | 1,862 | 145,952 |
| Intersegment revenues (2) | 81 | 1,405 | 183 | 626 | 1,027 | 3,322 | (3,322) | - |
| **Total revenues** | **18,315** | **46,287** | **15,969** | **46,891** | **19,950** | **147,412** | **(1,460)** | **145,952** |
| **Total operating cost (1), (2), (3)** | **(46,130)** | **(42,600)** | **(28,632)** | **(42,493)** | **(19,564)** | **(179,419)** | **(16,044)** | **(195,463)** |
| **Operating profit / (loss) (1)** | **(27,815)** | **3,687** | **(12,663)** | **4,398** | **386** | **(32,007)** | **(17,504)** | **(49,511)** |
| ***Total operating cost (excl. IFRS 16) (1), (2), (3)*** | ***(38,212)*** | ***(42,601)*** | ***(29,124)*** | ***(42,493)*** | ***(19,666)*** | ***(172,096)*** | ***(16,265)*** | ***(188,361)*** |
| **Operating profit / (loss) (excl. IFRS 16) (1)** | ***(19,897)*** | ***3,686*** | ***(13,155)*** | ***4,398*** | ***284*** | ***(24,684)*** | ***(17,725)*** | ***(42,409)*** |
| Net finance income and cost | | | | | | | (11,128) | (11,128) |
| Share of results of equity accounted investees | - | - | (62) | 606 | 1,615 | 2,159 | - | 2,159 |
| Income tax | | | | | | | (940) | (940) |
| **Net loss** | | | | | | | | **(59,420)** |

*(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;*
*(2) 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;*
*(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space in the Company`s headquarters), the Management Board, Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 21,240 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.*

(all amounts in PLN thousands unless otherwise indicated) translation only

## 4. SALES AND SEGMENT INFORMATION (CONTINUED)

| | Three months ended 31 March 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Movies and books** | **Press** | **Outdoor** | **Internet** | **Radio** | **Total segments** | **Reconciling positions** | **Total Group** |
| Operating depreciation and amortisation | (21,642) | (1,995) | (9,368) | (2,333) | (1,831) | (37,169) | (4,062) | (41,231) |
| *Operating depreciation and amortisation (excl. IFRS 16)* | *(9,132)* | *(1,993)* | *(5,442)* | *(2,333)* | *(1,123)* | *(20,023)* | *(3,973)* | *(23,996)* |
| Amortisation recognised on consolidation (1) | (129) | - | - | (149) | - | (278) | 63 | (215) |
| Impairment losses | (78) | (97) | (409) | (30) | (73) | (687) | 9 | (678) |
| Reversals of impairment losses | 11 | 134 | 414 | 112 | 85 | 756 | - | 756 |
| *including non-current assets* | - | - | *17* | - | - | *17* | - | *17* |
| Equity-settled share-based payments | - | - | - | (70) | - | (70) | - | (70) |
| Capital expenditure | 803 | 869 | 1,357 | 2,317 | 234 | 5,580 | (41) | 5,539 |

| | As at 31 March 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Movies and books** | **Press** | **Outdoor** | **Internet** | **Radio** | **Total segments** | **Reconciling positions (2)** | **Total Group** |
| Property, plant and equipment and intangible assets | 226,290 | 86,998 | 244,998 | 34,569 | 80,259 | 673,114 | 133,632 | 806,746 |
| Right-of-use assets | 554,607 | 17 | 66,545 | 54 | 14,585 | 635,808 | 25,120 | 660,928 |
| Investments in associates and joint ventures accounted for by the equity method | - | - | 150 | 18,405 | 133,153 | 151,708 | - | 151,708 |

*(1) is not presented in operating result of the Group's segments;*
*(2) reconciling positions include mainly Company's headquarter (PLN 88,492 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.*

(all amounts in PLN thousands unless otherwise indicated) translation only

## 4. SALES AND SEGMENT INFORMATION (CONTINUED)

| | Three months ended 31 March 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Movies and books | Press | Outdoor | Internet | Radio | Total segments | Reconciling positions | Total Group |
| Revenues from external customers | 137,609 | 50,541 | 31,572 | 46,661 | 22,177 | 288,560 | 1,029 | 289,589 |
| Intersegment revenues (2) | 2,446 | 1,996 | 304 | 771 | 1,367 | 6,884 | (6,884) | - |
| **Total revenues** | **140,055** | **52,537** | **31,876** | **47,432** | **23,544** | **295,444** | **(5,855)** | **289,589** |
| **Total operating cost (1), (2), (3)** | **(136,940)** | **(51,937)** | **(34,395)** | **(57,963)** | **(22,084)** | **(303,319)** | **(5,813)** | **(309,132)** |
| **Operating profit / (loss) (1)** | **3,115** | **600** | **(2,519)** | **(10,531)** | **1,460** | **(7,875)** | **(11,668)** | **(19,543)** |
| ***Total operating cost (excl. IFRS 16) (1), (2), (3)*** | ***(135,648)*** | ***(51,937)*** | ***(34,562)*** | ***(57,963)*** | ***(21,851)*** | ***(301,961)*** | ***(5,991)*** | ***(307,952)*** |
| ***Operating profit / (loss) (excl. IFRS 16) (1)*** | ***4,407*** | ***600*** | ***(2,686)*** | ***(10,531)*** | ***1,693*** | ***(6,517)*** | ***(11,846)*** | ***(18,363)*** |
| Net finance income and cost | | | | | | | (32,810) | (32,810) |
| Share of results of equity accounted investees | - | - | (9) | (145) | (11) | (165) | - | (165) |
| Income tax | | | | | | | 5,429 | 5,429 |
| **Net profit** | | | | | | | | **(47,089)** |

*(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;*
*(2) 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;*
*(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space in the Company`s headquarters), the Management Board, Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 14,749 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.*

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## 4. SALES AND SEGMENT INFORMATION (CONTINUED)

| | Three months ended 31 March 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Movies and books** | **Press** | **Outdoor** | **Internet** | **Radio** | **Total segments** | **Reconciling positions** | **Total Group** |
| Operating depreciation and amortisation | (23,113) | (1,467) | (9,347) | (2,047) | (1,778) | (37,752) | (4,596) | (42,348) |
| *Operating depreciation and amortisation (excl. IFRS 16)* | *(9,508)* | *(1,455)* | *(5,478)* | *(2,047)* | *(1,067)* | *(19,555)* | *(4,586)* | *(24,141)* |
| Amortisation recognised on consolidation (1) | (129) | - | - | (416) | - | (545) | 183 | (362) |
| Impairment losses | (9,249) | (359) | (280) | (12,690) | (403) | (22,981) | 349 | (22,632) |
| *including non-current assets* | *(8,735)* | - | - | *(12,660)* | - | *(21,395)* | - | *(21,395)* |
| Reversals of impairment losses | 64 | 121 | 323 | 65 | 136 | 709 | - | 709 |
| Equity-settled share-based payments | - | - | - | (163) | - | (163) | - | (163) |
| Capital expenditure | 10,019 | 2,000 | 1,630 | 3,070 | 455 | 17,174 | 1,333 | 18,507 |

| | As at 31 March 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Movies and books** | **Press** | **Outdoor** | **Internet** | **Radio** | **Total segments** | **Reconciling positions (3)** | **Total Group** |
| Property, plant and equipment and intangible assets | 229,202 | 89,456 | 280,718 | 44,680 | 82,395 | 726,451 | 141,120 | 867,571 |
| Right-of-use assets | 487,226 | 22 | 60,513 | - | 13,334 | 561,095 | 29,333 | 590,428 |
| Investments in associates and joint ventures accounted for by the equity method | - | - | 62 | 16,967 | 136,924 | 153,953 | - | 153,953 |

*(1) is not presented in operating result of the Group’s segments;*
*(2) reconciling positions include mainly Company’s headquarter (PLN 93,387 thousand) and other property, plant and equipment and intangible assets of Agora’s support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.*

(all amounts in PLN thousands unless otherwise indicated) translation only

## 4. SALES AND SEGMENT INFORMATION (CONTINUED)

### Disaggregation of revenue into main categories based on the nature of transferred goods and services.

| | Three months ended 31 March 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Movies and books | Press | Outdoor | Internet | Radio | Total segments | Reconciling positions | Total Group |
| Advertising revenue | 218 | 13,198 | 15,150 | 44,500 | 18,917 | 91,983 | (1,338) | 90,645 |
| Copy sales | 8,074 | 25,269 | - | - | - | 33,343 | (8) | 33,335 |
| Printing services | - | 6,441 | - | - | - | 6,441 | - | 6,441 |
| Food services | 5,414 | - | - | - | - | 5,414 | - | 5,414 |
| Film distribution and production sales | 511 | - | - | - | - | 511 | - | 511 |
| Other | 4,098 | 1,379 | 819 | 2,391 | 1,033 | 9,720 | (114) | 9,606 |
| **Total sales by category** | **18,315** | **46,287** | **15,969** | **46,891** | **19,950** | **147,412** | **(1,460)** | **145,952** |

| | Three months ended 31 March 2020 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Movies and books | Press | Outdoor | Internet | Radio | Total segments | Reconciling positions | Total Group |
| Advertising revenue | 6,802 | 14,286 | 31,305 | 44,256 | 22,328 | 118,977 | (5,285) | 113,692 |
| Ticket sales | 61,643 | - | - | - | 11 | 61,654 | (34) | 61,620 |
| Copy sales | 8,086 | 27,432 | - | 100 | - | 35,618 | (480) | 35,138 |
| Concession sales in cinemas | 25,784 | - | - | - | - | 25,784 | - | 25,784 |
| Printing services | - | 9,439 | - | - | - | 9,439 | - | 9,439 |
| Food services (1) | 5,830 | - | - | - | - | 5,830 | (1) | 5,829 |
| Film distribution and production sales | 25,170 | - | - | - | - | 25,170 | - | 25,170 |
| Other | 6,740 | 1,380 | 571 | 3,076 | 1,205 | 12,972 | (55) | 12,917 |
| **Total sales by category** | **140,055** | **52,537** | **31,876** | **47,432** | **23,544** | **295,444** | **(5,855)** | **289,589** |

*(1) In 2020 Food services include activity of Step Inside Sp. z o.o. and Foodio Concepts Sp. z o.o.*

## 5. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

### Incentive Plan for the Management Board members

Management Board members of the Company participate in an incentive program ("Incentive Plan"), within which one of the components (related to the Company`s share price increase) is accounted for as a cash-settled share-based payment. According to the Incentive Plan Management Board members are eligible to receive an Annual Bonus based on two components described below:

(i) the stage of realisation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The amount of a potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target fulfillment, which is specified as the EBITDA level of the Agora Group to be reached in the given financial year determined by the Supervisory Board. The fulfillment of the EBITDA target will be determined on the basis of the audited consolidated financial statements of the Agora Group for the given financial year;

(ii) the percent of Company's share price increase ("the Target of Share Price Increase"). The amount of a potential bonus in this component of the Incentive Plan will depend on the percent of Company's share price increase in the future. The share price increase will be calculated as a difference between the average of the quoted closing Company's share prices in the first quarter of the financial year commencing after the financial year for which the bonus is calculated ("the Average Share Price in IQ of Next Year") and the average of the quoted closing Company's share prices in the first quarter of the financial year for which the bonus is calculated ("the Average Share Price in IQ of Bonus Year"). If the Average Share Price in IQ of Next Year will be lower than the Average Share Price in IQ of Bonus Year, the Target of Share Price Increase is not satisfied and the bonus in this component of the Incentive Plan will not be granted, however, the Supervisory Board retains a right to the final verification of the Target of Share Price Increase by reference to the dynamics of changes in stock exchange indexes on capital markets.

The bonus from the Incentive Plan depends also on the fulfillment of a non-market condition, which is the continuation of holding the post of the Management Board member within the period, for which the bonus is calculated.

The rules, goals, adjustments and conditions for the Incentive Plan fulfillment for the Management Board members are specified in the Supervisory Board resolution.

As at 31 March 2021, the value of the provision for the EBITDA reward includes the provision for the year 2019 recognized in the balance sheet at the end of 2020, which has not been paid at the balance sheet date,and the value of the potential reward on the basis of the best estimate of the expected value of achieving the EBITDA target in 2021, which was recognised in the profit and loss account.

The value of the potential reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. That value is charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan. As at 31 March 2021, the estimated Average Share Price in IQ of Next Year was below the Target of Share Price Increase and the accrual for this component of the Incentive Plan was not recognised in the balance sheet. As at March 31, 2021 the value of the potential reward concerning the realization of the Target of Share Price Increase includes a provision for the share price element of the Plan for year 2019 that has not been paid at the balance sheet date.

(all amounts in PLN thousands unless otherwise indicated) translation only

**Total impact of the Incentive Plan on the consolidated financial statements of the Agora Group:**

| | Three months ended 31 March 2021 | Three months ended 31 March 2020 |
|---|---|---|
| Income statement – increase/(decrease) of staff costs | (298) | - |
| Income statement - deferred income tax | 57 | - |
| Liabilities: accruals - as at the end of the period | 3,147 | 1,494 |
| Deferred tax asset - as at the end of the period | 598 | 284 |

### b) Equity - settled incentive plan based on shares of a subsidiary

The eligible employees of subsidiaries Yieldbird Sp. z o.o. participate in an equity-settled incentive program. On the basis of the plan, the eligible employees received or have rights to receive shares in these companies. The grant of shares is dependent on the fulfilment of a non-market condition, which is the continuation of employment within the agreed vesting period. The fair value of the shares determined at the grant date is recognised in staff costs over the vesting period with a corresponding increase in equity.

The detailed information about measurement and settlement conditions of the incentive plan were described in the consolidated financial statements of the Agora Group for year 2020.

**The impact of the incentive plan on the consolidated financial statements of the Agora Group is presented in the table below:**

| | Three months ended 31 March 2021 | Three months ended 31 March 2020 |
|---|---|---|
| Income statement – staff costs | (70) | (163) |
| Equity - non-controlling interests | 70 | 163 |

## 6. CHANGES IN PROVISIONS AND IMPAIRMENT LOSSES FOR ASSETS

In the period from January 1, 2021 to March 31, 2021 the following changes in impairment losses were accounted:

- impairment loss for receivables: decrease by PLN 292 thousand,
- impairment loss for inventory: decrease by PLN 285 thousand,
- impairment loss for property, plant and equipment and intangible assets: decrease by PLN 4 670 thousand (the use in the amount of PLN 4 653 thousand and the reversal in the amount of PLN 17 thousand);

Additionally in the period from January 1, 2021 to to March 31, 2021 the following provisions were changed:

- provision for litigation: decrease in the amount of PLN 3 thousand,
- provision for costs related to restructuring was used by PLN 102 thousand,
- provision for restructuring of advertising media was used by PLN 215 thousand,
- provision for severance payments for former members of the Management Board was used by PLN 75 thousand.

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## 7. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As at 31 March 2021, the Group had contingencies to third parties as presented below:

| Benefiting party | Debtor | Valid till | Amount As at 31 March 2021 | Amount As at 31 December 2020 | Scope of collateral |
|---|---|---|---|---|---|
| **Guarantees provided by Agora S.A.** | | | | | |
| Bank Pekao S.A. | Agora's employees | 16 Jun 2021 | 18 | 18 | loans for the purchase of photographic equipment |

Information on contingent liabilities related to legal disputes is described in note 8.

## 8. COURT CASES

As at March 31, 2021, the Group has not entered into significant litigation for claims. Provision for legal claims as at March 31, 2021, amounted to PLN 77 thousand (as at December 31, 2020: PLN 80 thousand).

Additionally, as at March 31, 2021, the companies of the Group are a party of legal disputes in the amount of PLN 2,671 thousand (as at December 31, 2020: PLN 2,565 thousand) in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

## 9. SEASONALITY

Advertising revenues are subject to seasonality – revenues earned in the first and third quarter are usually lower than in the second and fourth quarter.

Cinema revenues are subject to seasonality – revenues earned in the second and third quarter are usually lower than in the first and fourth quarter.

## 10. RELATED PARTY TRANSACTIONS

**(a) Management Board and Supervisory Board remuneration**

The remuneration paid by Agora S.A. to Management Board members during the three months period ended March 31, 2021 amounted to PLN 564 thousand (three months ended March 31, 2020: PLN 715 thousand).

The remuneration paid by Agora S.A. to Supervisory Board members during the three months period ended March 31, 2021 amounted to PLN 156 thousand (three months ended March 31, 2020: PLN 156 thousand).

(all amounts in PLN thousands unless otherwise indicated) translation only

**(b) Other related parties (not consolidated)**

There were no material transactions and balances with related entities other that disclosed below:

| | Three months ended 31 March 2021 | Three months ended 31 March 2020 |
|---|---|---|
| **Jointly controlled entities** | | |
| Purchases | (241) | (51) |
| **Associates** | | |
| Sales | 22 | 25 |
| Purchases | (72) | (49) |
| Interest on loans granted | - | 5 |
| **Major shareholder** | | |
| Sales | 6 | 6 |
| Other operating income | 239 | 192 |

| | As at 31 March 2021 | As at 31 December 2020 |
|---|---|---|
| **Jointly controlled entities** | | |
| Shares | 150 | 211 |
| **Associates** | | |
| Shares | 151,558 | 149,338 |
| Trade receivables | 8 | - |
| Trade liabilities | 37 | 37 |
| **Major shareholder** | | |
| Trade receivables | 2 | 1 |
| Other liabilities | 7 | 210 |
| **Management Board of the Company** | | |
| Put option liabilities (1) | 23,856 | 23,856 |
| **Management Boards of group companies** | | |
| Receivables | 14 | 8 |
| Put option liabilities (1) | 9,723 | 9,723 |
| Other liabilities | 23 | 8 |

*(1) refers to put options related to shares of Helios S.A. and shares in HRlink Sp. z o.o. and Piano Group Sp. z o.o.*

(all amounts in PLN thousands unless otherwise indicated) translation only

## 11. DESCRIPTION OF THE GROUP

The list of companies within the Group:

| | | % of shares held (effectively) | |
|---|---|---|---|
| | | 31 March 2021 | 31 December 2020 |
| | **Subsidiaries consolidated** | | |
| 1 | Agora TC Sp. z o.o., Warsaw | 100.0% | 100.0% |
| 2 | AMS S.A., Warsaw | 100.0% | 100.0% |
| 3 | AMS Serwis Sp. z o.o., Warsaw (1) | 100.0% | 100.0% |
| 4 | Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw | 100.0% | 100.0% |
| 5 | Doradztwo Mediowe Sp. z o.o., Warsaw (2) | 100.0% | 100.0% |
| 6 | IM 40 Sp. z o.o., Warsaw (2) | 72.0% | 72.0% |
| 7 | Inforadio Sp. z o.o., Warsaw (2) | 66.1% | 66.1% |
| 8 | Helios S.A. , Lodz | 91.4% | 91.4% |
| 9 | Next Film Sp. z o.o., Warsaw (3) | 91.4% | 91.4% |
| 10 | Next Script Sp. z o.o., Warsaw (4) | 75.9% | 75.9% |
| 11 | Plan D Sp. z o.o., Warsaw | 100.0% | 100.0% |
| 12 | Optimizers Sp. z o.o., Warsaw (1) | 100.0% | 100.0% |
| 13 | Yieldbird Sp. z o.o., Warsaw | 92.1% | 92.1% |
| 14 | GoldenLine Sp. z o.o., Szczecin (5) | 79.8% | 100.0% |
| 15 | Plan A Sp. z o.o., Warsaw | 100.0% | 100.0% |
| 16 | Agora Finanse Sp. z o.o. , Warsaw | 100.0% | 100.0% |
| 17 | Step Inside Sp. z o.o., Lodz (3) | 82.3% | 82.3% |
| 18 | HRlink Sp. z o.o., Szczecin | 79.8% | 79.8% |
| 19 | Piano Group Sp. z o.o., Warsaw (1) | 92.0% | 92.0% |
| | **Joint ventures and associates accounted for the equity method** | | |
| 20 | Instytut Badań Outdooru IBO Sp. z o.o., Warsaw (1) | 50.0% | 50.0% |
| 21 | ROI Hunter a.s., Brno | 23.9% | 23.9% |
| 22 | Eurozet Sp. z o.o., Warsaw | 40.0% | 40.0% |
| | **Companies excluded from consolidation and equity accounting** | | |
| 23 | Polskie Badania Internetu Sp. z o.o., Warsaw | 16.7% | 16.7% |

*(1) indirectly through AMS S.A.;*
*(2) indirectly through GRA Sp. z o.o.;*
*(3) indirectly through Helios S.A.;*
*(4) indirectly through Next Film Sp. z o.o.;*
*(5) indirectly through HRlink Sp. z o.o., purchase of shares in Goldenline Sp. z o.o. by HRlink Sp. z o.o. on January 28, 2021*

## 12. CHANGES IN THE COMPOSITION OF THE GROUP

### Sale of shares in the company Goldenline Sp. z o.o.

**On January 28, 2021,** Agora S.A. ('the Seller') concluded a sales agreement of shares with HRlink Sp. z o.o ('the Buyer') concerning the sale of all the shares in the company Goldenline Sp. z o.o. Agora S.A. has transferred to the Buyer 3,221 shares of nominal value PLN 1 thousand each and total nominal value of PLN 3,221 thousand constituting a total of 100% of Goldenline Sp. z o.o. share capital. Currently Agora S.A. does not have any share in Goldenline Sp. z o.o.

### Call for repurchase of shares in associate Helios S.A.

**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 the issue of passing a resolution on mandatory sell-out of the Shares ("the Call") on its agenda.

As a result of: (i) the Call, (ii) the subsequent 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 Art. 418 of the CCC) are currently pending at Helios S.A., aimed at the purchase of the Shares held by the Minority Shareholder and other minority shareholders by two shareholders of Helios S.A. (including Agora S.A.).

**i. Sell-out**

As part of the sell-out, until 30 June 2016 Agora S.A. transferred to Helios S.A. the amount of PLN 2,938 thousand as payment of the sell-out price calculated in accordance with Art. 418(1) § 6 of the CCC. In its balance sheet as at 31 December 2016, the Agora Group recognized a liability in respect of the purchase of the Shares from the minority shareholders of Helios S.A. totalling PLN 3,185 thousand. This amount comprised PLN 2,938 thousand transferred by Agora S.A. to Helios S.A. (which was also recognized in the Group's equity under retained earnings/accumulated losses and current year profit/(loss)) and the total amount transferred by the other shareholder of Helios S.A. as part of the execution of the sell-out procedures. As part of the sell-out procedure, the amount of PLN 3,171 thousand was transferred by Helios S.A. to the Minority Shareholder on 2 June 2017 for the purchase of 318,930 shares. Moreover, on 2 June 2017, a total of PLN 14 thousand was transferred to the other minority shareholders for the purchase of 1,460 shares. As a result of these transactions, the Group met the commitment to purchase shares, which was recognized in the Group's balance sheet. As a result of the procedures described above, Agora S.A. increased its block of shares in Helios S.A. from 10,277,800 to 10,573,352 shares, i.e. by 295,552 shares. Agora S.A. currently holds 91.44% of the shares of Helios S.A.

The shareholders whose shares are being purchased under the sell-out procedure did not accept the price calculated in accordance with Art. 418(1) § 6 of the CCC and, based on Art. 418(1) § 7 of the CCC, applied to the registration court to appoint a registered auditor who would determine the price for the shares on behalf of the Court. The final valuation of the Shares that are subject to the sell-out procedures will be determined by the registration court having jurisdiction over the registered office of Helios S.A. based on the opinion of an expert appointed by the registration court having jurisdiction over the registered office of Helios S.A. A change in such valuation, if any, will result in an adjustment to the price of the shares purchased. As at the date of the publication of this report, the District Court for Lodz-Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed an expert for the purpose of the valuation of the shares to be purchased from the Minority Shareholder (318,930 shares) and from other minority shareholders (1,460 shares in total).

The Minority Shareholder described in the previous sentence, as well as other minority shareholders who were entitled from 1 460 shares, appealed against the decision of the Court on the selection of an expert. All the appeals described above were dismissed by final decisions of the District Court in Łódź, XIII Commercial Appeal Division of February 20, 2019 and September 19, 2019.

**(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 publication of these consolidated financial statements, the squeeze-out and share buyback procedures have not been completed.

## 13. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A. AND THE TRANSLATION METHOD OF FINANCIAL DATA

The functional and presentation currency for Agora S.A. and other companies as well as for the presented condensed interim consolidated and unconsolidated financial statements is Polish zloty, except of assosciate ROI Hunter a.s. which functional currency is Czech crown.

Selected financial data presented in the financial statements has been translated into EURO in the following way:

- income statement and cash flow statement figures for first quarter of 2021 (first quarter of 2020) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month of the quarter. For the first quarter of 2021 EURO 1 = PLN 4.5721 (EURO 1 = PLN 4.3963).
- balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. The exchange rate as at 31 March 2021 – EURO 1 = PLN 4.6603, as at 31 December 2020 – EURO 1 = PLN 4.6148 PLN, 31 March 2020 – EURO 1 = PLN 4.5523.

## 14. PROPERTY, PLANT AND EQUIPMENT

In the period from January 1, 2021 to March 31, 2021, the Group purchased property, plant and equipment in the amount of PLN 2,466 thousand (in the period of January 1, 2020 to March 31, 2020: PLN 9,024 thousand).

As at March 31, 2021, the commitments for the purchase of property, plant and equipment amounted to PLN 13,594 thousand (as at December 31, 2020: PLN 13,779 thousand).

The commitments for the purchase of property, plant and equipment include inter alia future liabilities resulting from the signed agreements related to the realization of the concession contract for the construction and utilization of bus shelters in Cracow and building new cinemas and investments in IT infrastructure.

**Sale of the property**

**On January 29, 2021** the Management Board of Agora S.A. informed that on January, 29 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 PO1I/00009141/0 ("Property").

The decision to sell the Property results 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 does not effectively use the area of the Property for operating activities.

**On March 4, 2021** Agora S.A. concluded a promised agreement on sale of the property described above.

The net sales price of the Property amounts to PLN 14.5 million and its sale will not affect the operating result of the Agora Group in 2021, as the selling price of the Property is 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, which as at December 31, 2020, were presented in the balance sheet as assets held for sale.

## 15. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Group applies the following hierarchy for disclosing information about fair value of financial instruments – by valuation technique:

Level 1: quoted prices in active markets (unadjusted) for identical assets or liabilities;
Level 2: valuation techniques in which inputs that are significant to fair value measurement are observable, directly or indirectly, market data;
Level 3: valuation techniques in which inputs that are significant to fair value measurement are not based on observable market data.

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

The table below shows financial instruments measured at fair value at the balance sheet date:

| | As at 31 March 2021 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Certificates in investment funds | 1 | - | 1 | - |
| **Financial assets measured at fair value** | **1** | **-** | **1** | **-** |
| Put option liabilities | 34,548 | - | - | 34,548 |
| **Financial liabilities measured at fair value** | **34,548** | **-** | **-** | **34,548** |

| | As at 31 December 2020 | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| Certificates in investment funds | 1 | - | 1 | - |
| **Financial assets measured at fair value** | **1** | **-** | **1** | **-** |
| Put option liabilities | 34,548 | - | - | 34,548 |
| **Financial liabilities measured at fair value** | **34,548** | **-** | **-** | **34,548** |

Key assumptions that are most significant to the fair value measurement of financial instruments in Level 3 of the fair value hierarchy include: estimated level of the operating result EBIT during the period specified in put option conditions and discount rate.

In the period from January 1, 2021 to March 31, 2021 there were no changes in the value of the financial instruments categorised within Level 3 of the fair value hierarchy and there were no changes in valuation techniques.

## 16. OTHER INFORMATION

- **Impact of the COVID-19 pandemic on the Agora Group**

The COVID-19 pandemic and the measures taken by the government administration to limit further spread of the virus will have a negative impact on the financial performance of Agora and its subsidiaries in the next quarters of 2021. Despite material challenges related to the operation in the market environment burdened with the negative effects of the pandemic, the Management Board of the Company does not recognise any significant uncertainty arising from these circumstances that would give rise to serious doubts as to the Company's and the Agora Group's going concern. In order to ensure financial liquidity, the Company and its subsidiary Helios S.A. secured additional financing. Only in the case of Helios additional initiatives are introduced to prevent the occurrence of a liquidity gap in the future, if there was a deterioration of the pandemic situation and introduction of further restrictions on the operation of culture facilities. As at the balance sheet date, Agora S.A. had a granted and fully available working capital loan in the amount of PLN 100 million for the financing of operating activities. Helios S.A. was granted working capital loans in the amount of PLN 106 million and financial means available at the balance sheet date amounted to PLN 38.2 million. The Company's Management Board carefully monitors the flow of receivables in order to secure the Group's financial liquidity, while undertaking actions to secure the Group's 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. The scale of generated revenue may pose a major risk to the Agora Group's liquidity, in particular if the pandemic returned, leading to another suspension of operations in certain sectors of the economy. Both Agora and all the companies of the Group have taken a number of measures aimed at minimising the losses caused by the COVID-19 pandemic, ensuring the Group's financial security and the Group's return to growth in terms of revenue and operating results. The Management Board of Agora also decided to recommend non-payment of the dividend for 2020 to the Supervisory Board and the General Meeting. This decision results from high uncertainty related to further developments in the pandemic situation and its impact on the operations and results of the Company and the Agora Group.

In the opinion of the Company's Management Board, due to the extension of the closure of cultural facilities by 21 May 2021, the greatest negative impact of the pandemic on the Group's operations will be visible in the first half of 2021. In the subsequent periods, depending on the available cinema repertoire and the applicable sanitary regime, the Movies and Books segment should generate revenue and improve its financial results, which will affect the results of the entire Agora Group. Consequently, according to the Agora's projections, the rate of decrease in the Group's revenue in subsequent quarters should be lower than in the first quarter of 2021, provided that the pandemic is not going to return in the second half of 2021. The observation of experiences of other countries affected by the pandemic shows that after lifting the restrictions on the operation of cultural facilities, viewers are quick to return to watching films in cinemas. The pace of this return depends not only on the available repertoire, but largely on the scale of sanitary restrictions and the degree of extinction of the pandemic in a given country. At present, it is difficult to estimate what cinema attendance is going to look like in 2021. However, in the opinion of the Management Board of Helios S.A., there is a chance that if multiplexes were opened on 21 May 2021, the attendance in the current year should be comparable to the one recorded in 2020.

One of the major factors that will decide on the level of the Group's revenue will be the situation on the advertising market in Poland. According to the Company's estimates, the advertising market in Poland should start a gradual reconstruction of its value after the crisis caused by the outbreak of the coronavirus pandemic and its effects for the Polish economy in 2021. According to the Company's estimates, advertisers will increase their expenditure on the promotion of their goods and services by approximately 4.0% to 7.0% as compared to 2020. The first signs of reconstruction of the advertising market's value are already visible in the first quarter of 2021. In the Company's opinion, the Press published in traditional form will be the only market segment in which advertising expenditure will shrink in the entire 2021. Other segments of the advertising market will record increases in the value of advertising expenditure, although some uncertainty is still associated with cinemas and the pace of lifting restrictions in which they will resume their operations.

Outdoor Advertising that is sensitive to the number of customer contacts with promotional messages is the segment most affected by the effects of the pandemic. Reduction in advertising expenditure in this area of the market will have a significant impact on the Agora Group's results. AMS is the leader of the outdoor advertising market, having modern media 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 "defrosting" of the Polish economy should result in a more rapid return of advertising campaigns to AMS advertising media than on the general market.

The effects of the pandemic and the limited advertising expenditure will significantly affect the radio business of the Agora Group. Agora's Radio Group is one of 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, lifting of restrictions on economic activities should have a positive impact on the ability to generate revenue by this segment. It is worth noting that the current situation in Poland contributes to an increase in the audience's interest in the TOK FM Radio, the audience of which has recently noticeably grown. Also the listening ratings of other radio stations from Agora's Radio Group have been improving. In the long term, this should translate into a greater interest of advertisers in the radio advertising offer.

The outbreak of the pandemic significantly accelerated the digitization processes in the press market, including the digitization of the press, which, in the opinion of the Company, will continue in 2021. As a result, the offer of traditional press will continue to shrink and the digital offer will come even more to the foreground. Agora is the leader in the Polish market when it comes to digital subscription of press titles. The number of active subscriptions of Wyborcza.pl has been increasing steadily – as at the end of March 2021, it amounted to more than 258 thousand. The share of the daily's digital proceeds is also continuously growing, and thanks to the optimisation measures in the area of traditional press, the result of the entire Press segment is improving.

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 and the fast growing Yieldbird. In the opinion of the Management Board of the Company, development initiatives undertaken by individual Internet undertakings of the Group significantly improved both the quality of digital advertising space and the security of the advertising messages, which is so important from the advertisers' point of view. This translates into a growing share of digital revenues in the Group's total advertising sales (55.1% in the first quarter of 2021). Thanks to further initiatives improving the effectiveness of the implemented solutions and increasing online advertising spending, the share of digital revenues in the total advertising revenues of the Agora Group will accelerate in 2021.

Due to the pandemic and its effects, the Agora Group desisted from further development of Foodio Concepts Sp. z o.o. As a result, the Group is currently developing only the activities of Step Inside Sp. z o.o., operator of restaurants under the Pasibus brand, in the food segment. The revenue from the company's operations is growing steadily. In the first quarter of 2021, it amounted to PLN 5.4 million and the re-opening of shopping centres and restaurants should significantly accelerate this growth.

The sales of titles in traditional form will decrease in 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 bookshops. As a result, the share of digital revenues is systematically growing, both from the sale of publications (29.4% in the first quarter of 2021) and more broadly from the sale of content (34.8% in the first quarter of 2021) in the Agora Group. The Management Board of the Company estimates that thanks to active investments in projects supporting digital development in Agora Group, this trend will accelerate in 2021.

Taking into account all these issues, the Management Board of Agora estimates that revenue of the Agora Group will increase throughout 2021 and the Group will start a gradual reconstruction 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: Cinema, Food, Internet and Radio.

At the same time, the Management Board of Agora continues its initiatives to improve the Group's operating results and conducts activities supporting the financial and liquidity security of the Company and the entire Agora Group, taking into account the possibility that the pandemic will return later in the year.

- **Proceedings of UOKiK regarding Eurozet Sp. z o.o.**

**On January 7, 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 analyses 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 will appeal against the decision to the Court of Competition and Consumer Protection within one month from the date of its delivery.

**On February 8,2021,** 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.

In the opinion of the Company, supported by the opinions of experts in the field of economy, competition law and the radio market attached to the appeal, the decision issued by the President of the Office of Competition and Consumer Protection raises serious concerns as to its factual correctness, therefore the Company requests its amendment by issuing a decision consenting to the concentration of Agora and Eurozet.

First of all, the President of the Office of Competition and Consumer Protection violated substantive law by issuing a decision without proving that the concentration will significantly restrict competition, which is a prerequisite for blocking the transaction. Instead, for the purpose of the decision prohibiting the concentration, a theory of harm was created based on the theory of the 'quasi-duopoly' unknown in the law of competition and economics, suggesting the tacit coordination of the merged entity (Agora and Eurozet) with the market leader, RMF FM group. In the opinion of the Company, the decision was based on assumptions and hypotheses regarding what may happen on the market after the concentration, while according to the law, in order to prohibit the concentration the antitrust authority must prove, on the basis of the conducted economic analysis that, in certain market circumstances, the concentration will significantly restrict competition. Series of detailed economic analyses prepared by renowned specialists and presented to the President of UOKiK have shown that the concentration will not lead to a significant infringement of competition, therefore, in the opinion of the Company, the President of UOKiK should, in accordance with the law, authorize it.

In connection with the above circumstances, 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. In the opinion of the Management Board the evidence gathered in the case clearly indicates that all the conditions for issuing such a decision are met.

- **Tax control**

**On February 28, 2019,** Agora S.A. ("Company") received a tax control protocol related to the accuracy of VAT settlements for the period of September to December 2017. The Tax Office is questioning the way that the Company applies certain VAT regulations for selected goods and services. Subsequently, the Tax Office opened a tax procedure and on 26 December 2019 the Company received a tax assessment dimensional decision by the tax authority of first instance determining the VAT arrears in the amount of PLN 0.5 million (principal amount). The amount resulting from the decision together plus interests has been paid on 7 January, 2020. Simultaneously, The Company's Management Board did not agree with the findings of the decision and has filed an appeal on 9 January 2020 to the Director of the Chamber of Tax Administration in Warsaw. The Management Board of the Company considers the adopted method of evidence to be appropriate and will defend it in further administrative or court proceedings. In the Company's Management Board opinion, following appeal or legal proceedings, the amount paid shall be refunded and there is no basis to recognise a provision for potential tax losses. As at the date of these financial statements the tax procedure is pending.

- **Recommendation of the Management Board of Agora S.A. to withhold the payment of dividend for 2020**

**On March 17, 2021** the Management Board of Agora S.A. adopted a resolution on the submission of a motion to the Annual General Meeting of Shareholders to withhold the payment of dividend for 2020.

The above departure from the dividend policy announced on 14 February 2005, is related to the economic uncertainty and the further impact of the COVID-19 pandemic and its effects on the operating activities and financial results of both Agora and the Agora Group, which is difficult to estimate.

In the circumstances of such high uncertainty, the Management Board of Agora considered it justified to keep the financial resources in the Company and recommend not to pay dividends for 2020 in order to strengthen the financial position of the Group.

The above decision received a positive opinion from the members of the Supervisory Board.

- **Inflow of funds from the Guaranteed Employee Benefits Fund to the Group**

In the first quarter of 2021 subsidiaries Helios S.A. and Step Inside Sp. z o.o. received employee remuneration subsidy from the Guaranteed Employee Benefits Fund in the amount of PLN 1.595 thousand.

Additionally, companies Helios S.A. and Next Film Sp. z o.o. received decisions of the Social Security Office to exempt from payment social security contributions for the year 2020 amounting to PLN 3.733 thousand.

The impact of these events was recognized in the Group's other operating income.

- **Other information**

Income tax recognized in the Group's Income Statement differs from the theoretical amount resulting from the application of the tax rate valid in Poland equal to 19% mainly due to the non-recognition of deferred tax assets due to tax losses incurred in the taxation of the Tax Capital Group due to uncertainty as to achievement future tax profits enabling them to be settled.

## 17. POST BALANCE-SHEET EVENTS

- **Acquisition of additional shares in Yieldbird Sp. z o.o.**

**On April 15, 2021,** Agora S.A. acquired from minority shareholders 35 shares in the company Yieldbird Sp. z o. o. The total purchase price of shares in Yieldbird Sp. z o.o. amounted to PLN 2,380,632.00. As a result of the above transaction, Agora currently holds 926 shares in the share capital of Yieldbird Sp. z o. o. in the nominal value of PLN 46,300, constituting a total of 95.7% of share capital.

- **Failure to meet the financial ratio in the loan agreement by the subsidiary Helios S.A.**

Information on the failure to meet the financial ratio in the loan agreement by the subsidiary Helios S.A. is presented in note 3.

- **Appointment of a new member of the Management Board**

**On May 18, 2021** The Management Board of Agora S.A. informed that pursuant to the provisions of § 28 section 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 will supervise 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.

## 18. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

| | in PLN thousand | | | in EUR thousand | | |
|---|---|---|---|---|---|---|
| | Three months ended 31 March 2021 unaudited | As at 31 December 2020 audited | Three months ended 31 March 2020 unaudited | Three months ended 31 March 2021 unaudited | As at 31 December 2020 audited | Three months ended 31 March 2020 unaudited |
| Revenue | 145,952 | | 289,589 | 31,922 | | 65,871 |
| Operating loss | (49,511) | | (19,543) | (10,829) | | (4,445) |
| Loss before income taxes | (58,480) | | (52,518) | (12,791) | | (11,946) |
| Net loss for the period attributable to equity holders of the parent | (56,280) | | (42,728) | (12,309) | | (9,719) |
| Net cash from operating activities | 14,568 | | 58,657 | 3,186 | | 13,342 |
| Net cash used in investing activities | (6,117) | | 3,941 | (1,338) | | 896 |
| Net cash used in financing activities | (2,849) | | (24,754) | (623) | | (5,631) |
| Net increase in cash and cash equivalents | 5,602 | | 37,844 | 1,225 | | 8,608 |
| Total assets | 1,973,696 | 2,018,298 | | 423,513 | 437,353 | |
| Non-current liabilities | 759,618 | 739,784 | | 162,998 | 160,307 | |
| Current liabilities | 441,106 | 446,191 | | 94,652 | 96,687 | |
| Equity attributable to equity holders of the parent | 764,557 | 820,942 | | 164,057 | 177,893 | |
| Share capital | 46,581 | 46,581 | | 9,995 | 10,094 | |
| Weighted average number of shares | 46,580,831 | 46,580,831 | 46,580,831 | 46,580,831 | 46,580,831 | 46,580,831 |
| Basic/diluted earnings per share (in PLN / in EURO) | (1.21) | | (0.92) | (0.26) | | (0.21) |
| Book value per share (in PLN / in EURO) | 16.41 | 17.62 | - | 3.52 | 3.82 | - |

(all amounts in PLN thousands unless otherwise indicated) translation only

## 19. CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A.

### Unconsolidated balance sheet as at 31 March 2021

| | As at 31 March 2021 unaudited | As at 31 December 2020 audited |
|---|---|---|
| **Assets** | | |
| **Non-current assets:** | | |
| Intangible assets | 44,507 | 46,295 |
| Property, plant and equipment | 152,515 | 155,959 |
| Right-of-use assets | 25,116 | 26,662 |
| Long term financial assets | 621,992 | 621,992 |
| Receivables and prepayments | 824 | 915 |
| Deferred tax assets | 10,857 | 8,369 |
| | **855,811** | **860,192** |
| **Current assets:** | | |
| Inventories | 10,585 | 9,607 |
| Accounts receivable and prepayments | 77,757 | 83,189 |
| Income tax receivable | 744 | 733 |
| Short-term securities and other financial assets | 995 | 263 |
| Cash and cash equivalents | 76,626 | 73,506 |
| | **166,707** | **167,298** |
| Non-current assets held for sale | - | 14,500 |
| | **166,707** | **181,798** |
| **Total assets** | **1,022,518** | **1,041,990** |

(all amounts in PLN thousands unless otherwise indicated) translation only

## Unconsolidated balance sheet as at 31 March 2021 (continued)

| | As at 31 March 2021 unaudited | As at 31 December 2020 audited |
|---|---|---|
| **Equity and liabilities** | | |
| **Equity:** | | |
| Share capital | 46,581 | 46,581 |
| Share premium | 147,192 | 147,192 |
| Other reserves | 123,053 | 123,053 |
| Retained earnings | 444,643 | 456,562 |
| | **761,469** | **773,388** |
| **Non-current liabilities:** | | |
| Long-term borrowings | 56,738 | 64,989 |
| Retirement severance provision | 1,756 | 1,756 |
| Provisions | 178 | 286 |
| Accruals and other liabilities | 1,590 | 1,705 |
| Contract liabilities | 211 | 177 |
| | **60,473** | **68,913** |
| **Current liabilities:** | | |
| Retirement severance provision | 159 | 159 |
| Trade and other payables | 110,736 | 106,886 |
| Short-term borrowings | 33,009 | 36,279 |
| Other financial liabilities | 48,024 | 48,741 |
| Provisions | 1,119 | 1,150 |
| Contract liabilities | 7,529 | 6,474 |
| | **200,576** | **199,689** |
| **Total equity and liabilities** | **1,022,518** | **1,041,990** |

(all amounts in PLN thousands unless otherwise indicated) translation only

## Unconsolidated income statement for three months ended 31 March 2021

| | Three months ended 31 March 2021 unaudited | Three months ended 31 March 2020 unaudited |
|---|---|---|
| Revenue | 82,333 | 85,873 |
| Cost of sales | (44,860) | (47,849) |
| **Gross profit** | **37,473** | **38,024** |
| Selling expenses | (27,832) | (31,733) |
| Administrative expenses | (24,302) | (22,966) |
| Other operating income | 1,949 | 7,198 |
| Other operating expenses | (551) | (202) |
| Impairment losses for receivables - net | 79 | (273) |
| **Operating loss** | **(13,184)** | **(9,952)** |
| Finance income | 12 | 169 |
| Finance costs | (1,022) | (60,728) |
| **Loss before income taxes** | **(14,194)** | **(70,511)** |
| Income tax | 2,274 | 1,129 |
| **Net loss for the period** | **(11,920)** | **(69,382)** |
| Basic/diluted earnings per share (in PLN) | (0.26) | (1.49) |

## Unconsolidated statement of comprehensive income for three months ended 31 March 2021

| | Three months ended 31 March 2021 unaudited | Three months ended 31 March 2020 unaudited |
|---|---|---|
| **Net loss for the period** | **(11,920)** | **(69,382)** |
| **Other comprehensive income:** | | |
| **Items that will not be reclassified to profit or loss** | | |
| | - | - |
| **Items that will be reclassified to profit or loss** | | |
| | - | - |
| **Other comprehensive income/loss for the period** | **-** | **-** |
| **Total comprehensive income for the period** | **(11,920)** | **(69,382)** |

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## Unconsolidated statement of changes in equity for three months ended 31 March 2021

| | Share capital | Share premium | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Three months ended 31 March 2021** | | | | | |
| **As at 31 December 2020 audited** | **46,581** | **147,192** | **123,053** | **456,562** | **773,388** |
| **Total comprehensive income for the period** | | | | | |
| Net loss | - | - | - | (11,920) | (11,920) |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **(11,920)** | **(11,920)** |
| **Transactions with owners, recorded directly in equity** | | | | | |
| **Contributions by and distributions to owners** | | | | | |
| Other | - | - | - | 1 | 1 |
| **Total transactions with owners** | **-** | **-** | **-** | **1** | **1** |
| **As at 31 March 2021 unaudited** | **46,581** | **147,192** | **123,053** | **444,643** | **761,469** |

| | Share capital | Share premium | Other reserves | Retained earnings | Total equity |
|---|---|---|---|---|---|
| **Three months ended 31 March 2020** | | | | | |
| **As at 31 December 2019 audited** | **46,581** | **147,192** | **121,302** | **506,381** | **821,456** |
| **Total comprehensive income for the period** | | | | | |
| Net loss | - | - | - | (69,382) | (69,382) |
| **Total comprehensive income for the period** | **-** | **-** | **-** | **(69,382)** | **(69,382)** |
| **Transactions with owners, recorded directly in equity** | | | | | |
| **Contributions by and distributions to owners** | | | | | |
| Other | - | - | - | 1 | 1 |
| **Total transactions with owners** | **-** | **-** | **-** | **1** | **1** |
| **As at 31 March 2020 unaudited** | **46,581** | **147,192** | **121,302** | **437,000** | **752,075** |

*(all amounts in PLN thousands unless otherwise indicated)* *translation only*

## Unconsolidated cash flow statement for three months ended 31 March 2021

| | Three months ended 31 March 2021 unaudited | Three months ended 31 March 2020 unaudited |
|---|---|---|
| **Cash flows from operating activities** | | |
| **Loss before income taxes** | **(14,194)** | **(70,511)** |
| Adjustments for: | | |
| Depreciation and amortisation | 8,206 | 7,191 |
| Foreign exchange loss | 1 | 45 |
| Interest, net | 781 | 1,039 |
| (Profit)/loss on investing activities | (95) | 52,825 |
| Decrease in provisions | (140) | (101) |
| Increase in inventories | (978) | (1,553) |
| Decrease in receivables | 5,257 | 7,045 |
| Increase in payables | 6,937 | 4,728 |
| Increase in contract liabilities | 1,088 | 664 |
| **Cash generated from operations** | **6,863** | **1,372** |
| Income taxes inflows / (outflows) (1) | (414) | 636 |
| **Net cash from operating activities** | **6,449** | **2,008** |
| **Cash flows from investing activities** | | |
| Proceeds from sale of property, plant and equipment, and intangibles | 14,569 | 9,872 |
| Disposal of subsidiaries, associates and jointly controlled entities | - | 4 |
| Repayment of loans granted | - | 100 |
| Interest received | 2 | 74 |
| Proceeds/(outflows) from cash pooling | (730) | 1,554 |
| Purchase of property, plant and equipment, and intangibles | (5,422) | (6,359) |
| Acquisition of subsidiaries, associates and jointly controlled entities | - | (10) |
| **Net cash from investing activities** | **8,419** | **5,235** |
| **Cash flows from financing activities** | | |
| Repayment of borrowings | (8,333) | (2,083) |
| Proceeds/(outflows) from cash pooling | (717) | 9,669 |
| Payment of finance lease liabilities | (992) | (299) |
| Interest paid | (1,577) | (877) |
| Other | (129) | (20) |
| **Net cash from/(used in) financing activities** | **(11,748)** | **6,390** |
| **Net increase in cash and cash equivalents** | **3,120** | **13,633** |
| Cash and cash equivalents | | |
| At start of period | 73,506 | 13,174 |
| At end of period | 76,626 | 26,807 |

1) *The amount includes settlements with the companies participating in the Tax Capital Group.*

## Additional information to unconsolidated financial statements of Agora S.A.

In the period from January 1, 2021 to March 31, 2021 the following impairment losses and provisions were changed in the unconsolidated financial statements of Agora S.A.:

- impairment loss for receivables: decrease by PLN 203 thousand;
- impairment loss for inventory: decrease by PLN 285 thousand;
- impairment loss for property, plant and equipment and intangible assets: used in the amount of PLN 4,450 thousand, mainly related to sale of the assets of the printing activity;
- provision for litigation: increase in the amount of PLN 37 thousand,
- impairment loss for shares: used in the amount of PLN 24,500 thousand (due to the sale of shares of Goldenline Sp. z o.o. to HRlink Sp. z o.o., shares in Goldenline Sp. z o.o. were fully covered by impairment loss);
- provision for restructuring cost: used in the amount of PLN 102 thousand;
- provision for severance payments for former members of the Management Board: used in the amount of PLN 75 thousand.

In the period from January 1, 2021 to March 31, 2021, the Company purchased property, plant and equipment in the amount of PLN 611 thousand (in the period of January 1, 2020 to March 31, 2020: PLN 2,254 thousand).

As at March 31, 2021 the commitments for the purchase of property, plant and equipment amounted to PLN 69 thousand (as at December 31,2020: PLN 69 thousand).

As at March 31,2021 and as at December 31, 2020 other short - term financial liabilities include liabilities of Agora S.A. to subsidiaries (resulting from settlements related to the cash pooling system, which functions within Agora Group).

As at March 31, 2021 and as at December 31, 2020 the Company had no financial instruments measured at fair value.

(all amounts in PLN thousands unless otherwise indicated) translation only

## Related party transactions

There were no material transactions and balances with related entities other that disclosed below:

| | Three months ended 31 March 2021 | Three months ended 31 March 2020 |
|---|---|---|
| **Subsidiaries** | | |
| Sales | 13,446 | 13,086 |
| Purchases | (4,300) | (5,213) |
| Other finance income | 4 | 70 |
| Other finance costs | (170) | - |
| Finance cost - interests on cash pooling | - | (66) |
| **Associates** | | |
| Sales | 16 | 14 |
| Purchases | (17) | - |
| Interest on loans granted | - | 5 |
| **Major shareholder** | | |
| Sales | 6 | 5 |
| Other operating income | 239 | 192 |

| | As at 31 March 2021 | As at 31 December 2020 |
|---|---|---|
| **Subsidiaries** | | |
| Shares | 465,414 | 465,414 |
| Cash pooling receivables | 995 | 263 |
| Trade receivables | 10,008 | 5,505 |
| Other receivables | 8,045 | 8,158 |
| Cash pooling liabilities | 48,024 | 48,741 |
| Trade liabilities | 2,134 | 2,764 |
| Other liabilities and accruals | 1,167 | 1,542 |
| **Associates** | | |
| Shares | 156,257 | 156,257 |
| **Major shareholder** | | |
| Trade receivables | 2 | - |
| Other liabilities and accruals | 7 | 210 |

## Selected unconsolidated financial data together with translation into EURO

| | in PLN thousand | | | in EUR thousand | | |
|---|---|---|---|---|---|---|
| | Three months ended 31 March 2021 unaudited | As at 31 December 2020 audited | Three months ended 31 March 2020 unaudited | Three months ended 31 March 2021 unaudited | As at 31 December 2020 audited | Three months ended 31 March 2020 unaudited |
| Revenue | 82,333 | | 85,873 | 18,008 | | 19,533 |
| Operating loss | (13,184) | | (9,952) | (2,884) | | (2,264) |
| Loss before income taxes | (14,194) | | (70,511) | (3,104) | | (16,039) |
| Loss for the period | (11,920) | | (69,382) | (2,607) | | (15,782) |
| Net cash from operating activities | 6,449 | | 2,008 | 1,411 | | 457 |
| Net cash from investing activities | 8,419 | | 5,235 | 1,841 | | 1,191 |
| Net cash from/(used in) financing activities | (11,748) | | 6,390 | (2,569) | | 1,453 |
| Net increase in cash and cash equivalents | 3,120 | | 13,633 | 682 | | 3,101 |
| Total assets | 1,022,518 | 1,041,990 | | 219,410 | 225,793 | |
| Non-current liabilities | 60,473 | 68,913 | | 12,976 | 14,933 | |
| Current liabilities | 200,576 | 199,689 | | 43,039 | 43,271 | |
| Equity | 761,469 | 773,388 | | 163,395 | 167,589 | |
| Share capital | 46,581 | 46,581 | | 9,995 | 10,094 | |
| Weighted average number of shares | 46,580,831 | 46,580,831 | | 46,580,831 | 46,580,831 | |
| Basic/diluted earnings per share (in PLN / in EURO) | (0.26) | | (1.49) | (0.06) | | (0.34) |
| Book value per share (in PLN / in EURO) | 16.35 | 16.60 | | 3.51 | 3.60 | |

Warsaw, May 20, 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* |

Signatures submitted electronically.