

Management  
Discussion and  
Analysis for  
**the first half of 2022**  
to the financial  
statements

August 11, 2022

## TABLE OF CONTENTS

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&amp;A) OF THE GROUP'S RESULTS FOR THE FIRST HALF OF 2022 ..... 4

|  |    |
|--|----|
| I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP .....                                | 4  |
| II. EXTERNAL AND INTERNAL FACTORS IMPORTANT FOR THE DEVELOPMENT OF THE GROUP .....                               | 7  |
| 1. EXTERNAL FACTORS .....  | 7  |
| 1.1. Advertising market [3] .....  | 7  |
| 1.2. Copy sales of dailies [4] .....   | 8  |
| 1.3. Cinema admissions [9] .....   | 8  |
| 2. INTERNAL FACTORS .....  | 9  |
| 2.1. Revenue .....   | 9  |
| 2.2. Operating cost .....  | 12 |
| 3. PROSPECTS .....   | 15 |
| 3.1. REVENUES .....  | 15 |
| 3.1.1 Advertising market [3] .....   | 15 |
| 3.1.2. Ticket sales .....  | 15 |
| 3.1.3 Copy sales .....   | 16 |
| 3.2 Operating costs .....  | 16 |
| 3.2.1 Costs of external services .....   | 16 |
| 3.2.2 Staff costs .....  | 17 |
| 3.2.3 Promotion and marketing costs .....  | 17 |
| 3.2.4 Cost of materials and energy .....   | 17 |
| 3.3 Financial standing .....   | 17 |
| III. FINANCIAL RESULTS .....   | 18 |
| 1. THE AGORA GROUP .....   | 18 |
| 2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP .....  | 18 |
| 2.1. Financial results presented according to major segments of the Agora Group for the first half of 2022[1] .. | 20 |
| 2.2. Finance cost, net .....   | 20 |
| 3. BALANCE SHEET OF THE AGORA GROUP .....  | 21 |
| 3.1. Non-current assets .....  | 21 |
| 3.2. Current assets .....  | 21 |
| 3.3. Non-current liabilities and provisions .....  | 21 |
| 3.4. Current liabilities and provisions .....  | 22 |
| 4. CASH FLOW STATEMENT OF THE AGORA GROUP .....  | 23 |
| 4.1. Operating activities .....  | 23 |
| 4.2. Investment activities .....   | 23 |
| 4.3. Financing activities .....  | 23 |
| 5. SELECTED FINANCIAL RATIOS [5] .....   | 24 |
| IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP .....   | 25 |
| IV.A. MOVIES AND BOOKS [1] .....   | 25 |
| 1. Revenue [3] .....   | 26 |
| 2. Cost .....  | 27 |
| 3. New initiatives .....   | 28 |
| IV.B. PRESS [1] .....  | 30 |
| 1. Revenue .....   | 31 |
| 1.1. Revenue from copy sales .....   | 31 |
| 1.2. Advertising sales [3] .....   | 31 |
| 1.3. Digital revenue .....   | 31 |
| 2. Cost .....  | 31 |
| 3. New initiatives .....   | 32 |

|   |    |
|---|----|
| IV.C. OUTDOOR .....   | 34 |
| 1. Revenue [8] .....  | 34 |
| 2. Cost .....   | 35 |
| 3. New initiatives.....   | 35 |
| IV.D. INTERNET [1], [6] .....   | 37 |
| 1. Revenue .....  | 37 |
| 2. Cost .....   | 38 |
| 3. Important information on internet activities.....  | 38 |
| 4. New initiatives.....   | 38 |
| IV.E. RADIO.....  | 40 |
| 1. Revenue [3] .....  | 40 |
| 2. Cost .....   | 41 |
| 3. Audience shares [8].....   | 41 |
| 4. New initiatives.....   | 41 |
| NOTES .....   | 43 |
| V. ADDITIONAL INFORMATION .....   | 46 |
| 1. Important events.....  | 46 |
| 1A. Changes in capital connections of the issuer with other entities .....  | 51 |
| 2. Changes in ownership of shares or other rights to shares (options) by Management Board members in the second quarter of 2022 and until the date of publication of the report.....                        | 55 |
| 3. Changes in ownership of shares or other rights to shares (options) by Supervisory Board Members in the second quarter of 2022 and until the date of publication of the report.....                       | 55 |
| 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 ..... | 55 |
| 5. Other information .....  | 56 |
| 6. The description of basic hazards and risk connected with the upcoming months of the current financial year .....   | 57 |
| VI. MANAGEMENT BOARD'S REPRESENTATIONS .....  | 63 |

# AGORA GROUP

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OF THE GROUP'S RESULTS FOR THE FIRST HALF OF 2022

REVENUE PLN 514.9 MILLION

EBITDA PLN 43.7 MILLION

NET LOSS PLN (50.7) MILLION

OPERATING CASH FLOW PLN 3.2 MILLION

*Unless indicated otherwise, all data presented herein represent the period of January – June 2022, while comparisons refer to the same period of 2021. All data sources are presented in part IV of this MD&A.*

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

- In the first half of 2022, the Agora Group ("Group") earned revenues amounting to PLN 514.9 million, i.e. 48.0% higher yoy. This is mainly due to the return of cinemas to full-scale operations and the lifting of restrictions introduced by the government in earlier periods as part of the fight against the pandemic. Consequently, proceeds from the Movies and Books segment increased by 220.3% yoy to PLN 209.5 million in the first half of 2022 and by 103.0% yoy to PLN 95.6 million in the second quarter of 2022. The most significant yoy increase in revenues in this area was recorded by the cinema business. Proceeds from tickets sold in the Helios cinema network in the second quarter of 2022 amounted to PLN 39.1 million and in the first half of 2022 to PLN 86.4 million, which represents an increase of 137.0% yoy and 423.6% yoy, respectively. Revenues from sales in cinema bars increased by 756.6% yoy and amounted to PLN 45.4 million in the first half of 2022, and in the second quarter of 2022 alone they equalled PLN 23.0 million and were 334.0% higher than in the second quarter of 2021. Revenues from sales of advertising in cinemas also increased – in the first half of 2022 they amounted to PLN 11.0 million, and in the second quarter of 2022 to PLN 6.3 million. The lifting of restrictions in cinemas also had a positive impact on the Group's film operations. In the first half of 2022, the proceeds from this segment increased by 679.2% yoy to PLN 18.7 million, partly thanks to the four new film titles hitting the big screens. In the second quarter of 2022, they were 52.6% higher yoy and amounted to PLN 2.9 million. Revenues from the Agora Group's food business also increased. They were higher both in the first half of 2022 - by 50.4% yoy and amounted to PLN 17.9 million, and in the second quarter of 2022 - by 55.4% yoy and amounted to PLN 10.1 million. This was fuelled, on the one hand, by the lifting of sanitary restrictions and, on the other, by the greater number of restaurants under the Pasibus brand. By contrast, revenues from the operations of the Agora Publishing House were lower yoy. These decreased by 14.5% yoy to PLN 11.2 million in the second quarter of 2022 and by 8.1% yoy to PLN 22.6 million in the first half of 2022, mainly due to lower revenues from book sales. The second segment in terms of growth in sales was Outdoor Advertising. Revenues from this business increased by 61.1% yoy to PLN 77.0 million in the first half of 2022, including a 46.5% yoy increase to PLN 46.6 million in the second quarter of 2022. This was driven by the rapid recovery of the outdoor advertising market and the huge popularity of advertising campaigns using media such as citylight, digital, backlight and city transport. Another segment with growing sales was Radio. Revenues generated by this business area increased by 17.2% yoy to PLN 50.3 million in the first half of 2022 and by 19.6% yoy to PLN 27.5 million in months from April to June 2022. This is due to higher proceeds from the brokerage of sales for the Helios cinema network and from the sale of airtime in stations owned by the Agora Radio Group in both of the analysed periods, as well as due to higher revenues from the sale of airtime in other broadcasters' stations in the first half of 2022. In the Press segment, revenues increased by 8.3% yoy to PLN 53.7 million in the second quarter of 2022 and by 4.9% yoy to PLN 100.6 million in the first half of

2022. In the first of the discussed periods, this was mainly due to higher revenues from the printing business, from the sale of advertisements in *Gazeta Wyborcza* and from the sale of Wyborcza.pl subscriptions, while in the second period - in addition to revenues from the printing business - the increase was also attributable to revenues from the sale of digital subscriptions. The only operating segment of the Group in which revenues were lower than in the previous year - both in the second quarter and in the first half of 2022 - was Internet. In both periods discussed, this was mainly a result of lower inflows in Yieldbird, related to the transformation of the company's business model, with higher revenues from ads and other online services, primarily recorded in the HRLink group.

- ▶ In the first half of 2022, the operating costs of the Agora Group were higher by 29.3% yoy and amounted to PLN 549.4 million. They increased in all segments except the Internet. In the second quarter of 2022 alone, the Group's operating expenses increased by 19.3% yoy to PLN 273.6 in all business segments except the Internet. In both analysed periods, the area in which operating costs increased the most was the Movies and Books segment. This was mainly impacted by the return of cinemas to operation without restrictions, which translated into a rapid return of audiences to cinema halls. In the period from January to June 2022, operating costs in the Movies and Books segment increased by 88.8% yoy to PLN 216.7 million. This period was marked by higher operating expenses of all categories in this business, except for the operating costs of the Agora Publishing House, as well as the costs of depreciation and amortisation. In the second quarter of 2022, the operating costs of the Movies and Books segment increased by 48.2% yoy to PLN 101.8 million. During this period, all cost categories were also higher, except for the operating costs of the Agora Publishing House. It is also worth noting that the comparability of the figures for the year 2022 and 2021 was affected by the different duration and severity of the sanitary restrictions in place. The second segment in terms of the value of increase in operating costs in both the first half of 2022 and the second quarter of 2022 was Press. Operating expenses of this business increased by 16.9% yoy to PLN 102.3 million in January-June 2022 and by 18.7% yoy to PLN 53.3 million in the second quarter of 2022. Both periods under review were marked by an increase in all categories of operating costs, except depreciation and amortisation. The increase was decisively influenced by higher expenditure on materials, energy, goods and printing services, staff costs, as well as promotion and marketing. In the first half of 2022, operating costs of the Outdoor Advertising segment increased by 18.1% yoy to PLN 74.4 million and by 16.0% yoy to PLN 39.8 million in the second quarter of 2022. An increase was recorded in all categories of operating expenses of this business, most notably – the costs of implementation of campaigns, due to a larger number of produced advertising campaigns and the systematic recovery of the value of the OOH market. Significant increases were also recorded in the items such as system maintenance costs and staff costs. In the Radio segment, all cost categories increased in both analysed periods, except for depreciation and amortisation, which remained stable. In Radio in the first half of 2022, operating expenses were 19.5% higher yoy and amounted to PLN 49.6 million, while in the second quarter of 2022 they were 16.4% higher yoy and amounted to PLN 25.6 million. The major impact on the increase in expenses in this business area was a result of higher costs of third-party services and staff costs. In the Internet segment, operating costs decreased by 10.0% yoy to PLN 78.8 million in the period from January to June 2022 and by 14.6% yoy to PLN 38.5 million in the second quarter of 2022. This was mainly attributable to lower third-party service costs recorded in both periods in question. The decrease was a result of lower costs of lease of advertising space and lower inflows from the sale of advertising on that space.
- ▶ The impact of one-off events on the Agora Group's performance in the first half of 2022 is immaterial. In the second quarter and first half of 2022, the Group's operating result was positively impacted by the reversal of the impairment loss on Helios S.A.'s fixed assets amounting to PLN 1.7 million made in the fourth quarter of 2021, and negatively – by the impairment loss on Helios S.A.'s fixed assets amounting to PLN 0.6 million in the first half of 2022. In the corresponding periods of 2021, the Group's results were reduced by PLN 2.4 million as a result of impairment losses on fixed assets of Agora S.A. and AMS S.A.
- ▶ In the first half of 2022, Agora Group's EBITDA amounted to PLN 43.7 million. In the second quarter of 2022, the Group recorded EBITDA profit of PLN 26.1 million, which represents a significant yoy improvement. At the same time, the Group significantly reduced its EBIT loss, both in the second quarter and in the first half of 2022. In the period from April to June 2022 the loss at the EBIT level was PLN 11.8 million and from January to June 2022 - PLN 34.5 million. In both periods concerned, the Group recorded a net loss – in the second quarter of 2022 it amounted to PLN 17.6 million and in the first half of 2022 to PLN 50.7 million. Whereas the net loss attributable to equity holders of the parent company was PLN 16.0 million in the second quarter of 2022 and PLN 47.8 million between January and June 2022.
- ▶ Without taking into account the impact of IFRS 16, the Agora Group recorded EBITDA loss of PLN 0.1 million in the first half of 2022, and EBITDA profit of PLN 4.2 million in the second quarter of 2022. The EBIT loss under this

approach amounted to PLN 17.0 million in the period between April and June 2022, and PLN 45.0 million in the period between January and June 2022.

- ▶ As of 30 June 2022, the Group's cash and short-term financial assets amounted to PLN 75.2 million, which comprised PLN 74.2 million in cash and cash equivalents (cash in hand and at bank and bank deposits) and loans granted in amount of PLN 1 million.
- ▶ As of the end of June 2022, the Group's loans and leases amounted to PLN 838.3 million (including lease liabilities under IFRS 16 in the amount of PLN 670.7 million). The Group's net debt in this approach amounted to PLN 764.1 million, while excluding the impact of IFRS 16, the Group's net debt as at 30 June 2022 amounted to PLN 93.4 million.

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

### 1. EXTERNAL FACTORS

#### 1.1. Advertising market [3]

According to the Agora S.A. estimates ("Company", "Agora"), based on public data sources, in the second quarter of 2022, total advertising spending in Poland amounted to over PLN 2.8 billion and increased by 4.5% yoy. This is the effect of the entrepreneurs' return to promoting their products and services. Their activity was limited as a result of the introduction of sanitary restrictions aimed at preventing the spread of the COVID-19 pandemic, which significantly disturbed the functioning of the economy in the country in earlier periods.

Tab. 1

|                                 | 2Q 2020 | 3Q 2020 | 4Q 2020 | 1Q 2021 | 2Q 2021 | 3Q 2021 | 4Q 2021 | 1Q 2022 | 2Q 2022 |
|---------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| % change yoy in ad market value | (29.0%) | (2.5%)  | (1.0%)  | 4.0%    | 42.5%   | 12.0%   | 11.5%   | 7.0%    | 4.5%    |

In the second quarter of 2022, advertisers increased their advertising spending in all market segments, except for TV. The segment in which the value of advertising expenditure increased the most was internet. On the other hand, the value of cinema expenses grew the fastest, and they quickly rebuilt their attendance results after the lifting of sanitary restrictions. Advertising spending was also higher in the press, outdoor advertising and radio. The data on the dynamics of changes in estimates in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 2

| Total advertising expenditure | Television | Internet | Radio | Outdoor | Magazines | Dailies | Cinema |
|-------------------------------|------------|----------|-------|---------|-----------|---------|--------|
| 4.5%                          | (3.5%)     | 8.0%     | 3.0%  | 33.5%   | 5.0%      | 8.0%    | 270.0% |

The share of particular media segment in total advertising expenditure, in the second quarter of 2022, is presented in the table below:

Tab. 3

| Advertising spendings, in total | Television | Internet | Radio | Outdoor | Magazines | Dailies | Cinema |
|---------------------------------|------------|----------|-------|---------|-----------|---------|--------|
| 100.0%                          | 40.5%      | 44.0%    | 5.5%  | 5.5%    | 2.5%      | 1.0%    | 1.0%   |

In the first half of 2022, the value of total advertising expenditure in Poland amounted to over PLN 5.2 billion and increased by 5.5% compared to the first half of 2021. At that time, advertising expenditure was lower compared to the corresponding period of 2021 in TV. The value of expenses in other market segments increased. The data on the dynamics of changes in estimates in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 4

| Total advertising expenditure | Television | Internet | Radio | Outdoor | Magazines | Dailies | Cinema |
|-------------------------------|------------|----------|-------|---------|-----------|---------|--------|
| 5.5%                          | (1.5%)     | 8.5%     | 0.0%  | 47.0%   | 6.0%      | 9.0%    | 538.5% |

The share of particular media segment in total advertising expenditure, in the first half of 2022, is presented in the table below:

Tab. 5

| Advertising spendings, in total | Television | Internet | Radio | Outdoor | Magazines | Dailies | Cinema |
|---------------------------------|------------|----------|-------|---------|-----------|---------|--------|
| 100.0%                          | 40.5%      | 44.0%    | 6.0%  | 5.0%    | 2.5%      | 1.0%    | 1.0%   |

## 1.2. Copy sales of dailies [4]

In the second quarter of 2022, newspaper sales in Poland decreased by 12.8% yoy, and in the first half of 2022 the decrease amounted to 11.5% yoy. In both periods, the biggest drops were recorded in the segment of regional dailies.

## 1.3. Cinema admissions [9]

The number of tickets sold in Polish cinemas in the second quarter of 2022 amounted to nearly 8.9 million, which means an increase of 150.2% compared to the second quarter of 2021. It is worth remembering, however, that cinemas in 2021 were closed by administration decision until May 20, 2021, and later operated with a limit on the sale of seats in the screening room.

As a result, the number of tickets sold in Polish cinemas amounted to over 3.5 million tickets in the second quarter of 2021, and over 4.0 million in the first half of 2021. However, in the first half of 2022, the number of cinema tickets sold in Poland amounted to 19.4 million and was higher by nearly 375.0%.



## 2. INTERNAL FACTORS

### 2.1. Revenue

Tab. 6

| <i>in million PLN</i>                | <b>2Q 2022</b> | <b>2Q 2021</b> | <b>% change yoy</b> |
|--------------------------------------|----------------|----------------|---------------------|
| <b>Total sales (1)</b>               | <b>261.8</b>   | <b>201.8</b>   | <b>29.7%</b>        |
| <i>Advertising revenue</i>           | 129.7          | 118.4          | 9.5%                |
| <i>Ticket sales</i>                  | 39.1           | 16.5           | 137.0%              |
| <i>Copy sales</i>                    | 33.2           | 35.6           | (6.7%)              |
| <i>Concession sales in cinemas</i>   | 23.0           | 5.3            | 334.0%              |
| <i>Gastronomic sales</i>             | 10.1           | 6.5            | 55.4%               |
| <i>Revenues from film activities</i> | 2.9            | 1.9            | 52.6%               |
| <i>Other</i>                         | 23.8           | 17.6           | 35.2%               |

| <i>in million PLN</i>                | <b>1H 2022</b> | <b>1H 2021</b> | <b>% change yoy</b> |
|--------------------------------------|----------------|----------------|---------------------|
| <b>Total sales (1)</b>               | <b>514.9</b>   | <b>347.8</b>   | <b>48.0%</b>        |
| <i>Advertising revenue</i>           | 234.2          | 209.0          | 12.1%               |
| <i>Ticket sales</i>                  | 86.4           | 16.5           | 423.6%              |
| <i>Copy sales</i>                    | 66.2           | 68.9           | (3.9%)              |
| <i>Concession sales in cinemas</i>   | 45.4           | 5.3            | 756.6%              |
| <i>Gastronomic sales</i>             | 17.9           | 11.9           | 50.4%               |
| <i>Revenues from film activities</i> | 18.7           | 2.4            | 679.2%              |
| <i>Other</i>                         | 46.1           | 33.8           | 36.4%               |

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

In the second quarter of 2022, **the Agora Group's total revenues** amounted to PLN 261.8 million, having increased by 29.7% yoy. As a result of the gradual lifting of restrictions and the opening up of more industries, most of the Group's revenue categories increased, except for revenues from the sale of publications. This was primarily affected by the growing sales in the cinema business observed due to the recovery in attendance and the absence of restrictions.

In the second quarter of 2022, **the Group's advertising revenues** increased by 9.5% yoy and amounted to PLN 129.7 million. They were higher in all business segments of the Agora Group except for the Internet. This increase resulted from higher advertising activity by entrepreneurs, which translated into an increase in the value of advertising expenditure in Poland in the second quarter of 2022. The business in which advertising spending grew the most and which contributed the strongest to the increase in the entire Group's advertising revenues was the Outdoor Advertising segment. The advertising proceeds from this business activity increased by 46.9% yoy and amounted to PLN 44.8 million. Meanwhile, the value of advertising spending in cinemas increased to PLN 6.3 million in the period under review, which was mainly due to the lack of restrictions in the cinema business and an increase in attendance. In the Radio segment, the proceeds from the sales of radio advertising were higher by 8.4% yoy and amounted to PLN 22.0 million. This is mainly the effect of higher revenues from selling airtime in the radio stations owned by the Agora Radio Group. An increase in advertising revenues, by 3.1% yoy to PLN 16.6 million, was also recorded in the Press segment. This was influenced by higher revenues from online advertising. In the Internet segment, advertising revenues decreased by 22.2% yoy to PLN 38.6 million. This was mainly due to lower revenues from the sale of

advertising services at Yieldbird. It is worth noting that the **share of digital and Internet revenues in the Agora Group's total proceeds from advertising sales** amounted to 39.7% and decreased compared to the second quarter of 2021, mainly due to a significant increase in advertising revenues from campaigns executed on outdoor panels and in cinemas, with lower revenues recorded by Yieldbird.

In the second quarter of 2022, **the revenues from the sale of publications** amounted to PLN 33.2 million and decreased by 6.7% yoy. The main reason for this decline was the 14.5% lower revenues of the Agora Publishing House, which shrank to PLN 11.2 million. Meanwhile, revenues from the sales of *Gazeta Wyborcza* decreased by 1.2% yoy to PLN 24.8 million, and proceeds from digital subscriptions increased by 10.2% yoy. **The share of digital revenues in total proceeds from the sale of publications** of the Agora Group amounted to 41.0% and increased by 10.1% pp compared to the second quarter of 2021. It is also worth noting that, apart from the sale of publications, the Agora Group also offers other content in digital form (e.g. podcasts). Sales of digital content, including the sale of publications and other content, are growing dynamically. The share of these revenues between April and June 2022 was 41.7%, which represents a 4.7pp increase yoy.

In the second quarter of 2022, the largest contributor to the growth of the Agora Group's total revenues was the increase in sales in the cinema business. This was mainly influenced by the growing cinema attendance and the lack of restrictions. Consequently, **revenues from tickets sold** in the Helios cinema network increased to PLN 39.1 million, and **revenues from concession sales increased** to PLN 23.0 million. It is noteworthy that thus defined proceeds from the cinema business were higher not only in relation to the second quarter of 2021, but also to that of the second quarter of 2019. In the contemplated period, the Helios network sold nearly 2.1 million tickets, which is 132.4% more than in the second quarter of 2021 and just 1.5% less than in the second quarter of 2019.

In the second quarter of 2022, **revenues from the food business** increased by 55.4% yoy and amounted to PLN 10.1 million. Proceeds from Step Inside's operations were higher due to the growing number of restaurants and the lack of restrictions in the business. Currently, this company runs 12 restaurants under the Pasibus brand, established as part of strategic cooperation with Helios S.A. In June 2021, there were 10 of them.

In the second quarter of 2022, **proceeds from the Agora Group's film activities** increased by 52.6% yoy and amounted to PLN 2.9 million. In the corresponding period of the previous year, the revenues in this business were generated mainly by the sale of distribution rights in non-cinema channels due to the closing of cinema operations in Poland. In the second quarter of 2022, NEXT FILM introduced one movie title in cinemas.

**Revenues from other sales** amounted to PLN 23.8 million and were 35.2% higher yoy. This was mainly determined by higher revenues from the printing business and sales of other products and services in the Press segment, the opening of the Helios cinema network, as well as revenues recorded by the Company's supporting divisions.

In the first half of 2022, **the Group's total revenues** amounted to PLN 514.9 million, having gone up by 48.0% yoy. The main reason for this growth was the reopening of cinemas and the significantly more lenient restrictions on their operations in 2022 compared to the corresponding period in 2021. This translated into a major increase in the proceeds from the cinema and film businesses.

Between January and June 2022 period, **proceeds from the sale of the Agora Group's advertising services** increased by 12.1% yoy and amounted to PLN 234.2 million. They were higher in most business segments of the Agora Group. Their highest increase – by 60.7%, yoy to PLN 73.3 million – was observed in the Outdoor segment. This is mainly a result of higher proceeds from campaigns executed on digital, citylight, backlight and city transport panels. The value of advertising proceeds in cinemas increased by 547.1% yoy and amounted to PLN 11.0 million. This was influenced by the reopening of cinemas and a smaller extent of restrictions compared to the corresponding period of 2021. Revenues from the sale of radio advertising in the Radio segment were 6.0% higher yoy and amounted to PLN 40.7 million. This was due to, among other things, an increase in spending in this segment of advertising market. By contrast, proceeds from sales of advertising services in the Internet segment were lower yoy. This resulted primarily from reduced advertising inflows at Yieldbird due to the transformation of its business model. The slight decrease - by 2.0% yoy to PLN 28.7 million - of advertising inflows in the Press segment was mainly related to lower revenues from the custom publishing business due to a smaller number of completed projects. It is worth noting that in the January-June 2022 period the **share of digital and Internet revenues in the Agora Group's total proceeds from advertising sales** amounted to 42.7% and decreased yoy, mainly due to a significant increase in advertising revenues from campaigns executed on outdoor advertising panels and in cinemas, with lower revenues recorded by Yieldbird.

In the first half of 2022, **revenues from tickets sold in the Helios cinema network** increased by 423.6% yoy and amounted to PLN 86.4 million. This increase was due to the reopening of the cinema business, significantly more

lenient restrictions compared to the corresponding period of 2021 and an increase in cinema attendance. In the period under review, more than 4.6 million tickets were sold in the Helios cinemas, marking a yoy increase of 409.7%. In the same period, the total number of cinema tickets sold in Poland was over 19.4 million and increased by almost 375.0% yoy [9].

**Revenues from concession sales** in cinemas increased by 756.6% yoy to PLN 45.4 million, primarily due to the lifting of the administrative closure of cinemas and a smaller extent of restrictions than in the corresponding period of 2021.

In the first half of 2022, **revenues from the sale of publications** amounted to PLN 66.2 million and decreased by 3.9% yoy. This was due to lower yoy proceeds from the sale of titles published by the Agora Publishing House. At the same time, the revenue recorded in the Press segment increased yoy. The reason for this was mainly the higher proceeds from subscriptions to the Wyborcza.pl content, with lower proceeds from the sale of the paper issue of the daily. **The share of digital revenues in total sales from sales of publications** of the Agora Group amounted to 40.8% and increased by 10.6pp yoy. It is also worth noting that, apart from the sale of publications, the Agora Group also offers other content in digital form (e.g. podcasts). Sales of digital content, including the sale of publications and other releases, are growing dynamically. In the period from January to June 2022, the share of these revenues was 41.4% and increased by 5.5pp yoy.

In the first half of 2022, **revenues from the food business** increased by 50.4% yoy and amounted to PLN 17.9 million. This was possible thanks to the development of Step Inside, a company which runs restaurants under the Pasibus brand, and the lifting of restrictions on the food business.

In the first half of 2022, **proceeds from the film activities** of the Agora Group increased by 679.2% yoy to PLN 18.7 million. This is an effect of the reopening of the cinema business and a significantly more lenient restrictions compared to the corresponding period of 2021. As a result, in the period between January and June 2022, NEXT FILM introduced four Polish titles in cinemas. Revenues from film activities in the first half of 2022 were also impacted by revenues from productions for the Netflix platform, as well as revenues from productions made available through other distribution channels.

**Revenues from other sales** amounted to PLN 46.1 million and were 36.4% higher than those recorded in the first half of 2021, mainly due to increased proceeds from the printing business and from the sale of other products and services in the Press segment, the reopening of the cinema business, higher proceeds from the Agora Publishing House and an increase in other proceeds in the Outdoor Advertising segment.

## 2.2. Operating cost

Tab. 7

| <i>in million PLN</i>                     | <b>2Q 2022</b> | <b>2Q 2021</b> | <b>% change yoy</b> |
|---|----------------|----------------|---------------------|
| <b>Operating cost net (1), including:</b> | <b>(273.6)</b> | <b>(229.4)</b> | <b>19.3%</b>        |
| External services                         | (87.9)         | (74.2)         | 18.5%               |
| Staff cost                                | (91.6)         | (76.4)         | 19.9%               |
| Raw materials, energy and consumables     | (33.7)         | (20.1)         | 67.7%               |
| D&A                                       | (39.7)         | (39.9)         | (0.5%)              |
| Promotion and marketing                   | (14.0)         | (10.7)         | 30.8%               |
| Impairment losses (2)                     | 1.8            | (2.4)          | -                   |

| <i>in million PLN</i>                     | <b>1H 2022</b> | <b>1H 2021</b> | <b>% change yoy</b> |
|---|----------------|----------------|---------------------|
| <b>Operating cost net (1), including:</b> | <b>(549.4)</b> | <b>(424.9)</b> | <b>29.3%</b>        |
| External services                         | (181.6)        | (133.7)        | 35.8%               |
| Staff cost                                | (181.8)        | (148.7)        | 22.3%               |
| Raw materials, energy and consumables     | (65.8)         | (38.1)         | 72.7%               |
| D&A                                       | (79.4)         | (81.3)         | (2.3%)              |
| Promotion and marketing                   | (25.8)         | (17.3)         | 49.1%               |
| Impairment losses (2)                     | 1.2            | (2.4)          | -                   |

(1) the amount of the cost excluding impact of International Financial Reporting Standard no. 16 Leases amounted to PLN 555.9 million in the first half of 2022 and PLN 278.8 million in the second quarter of 2022 (in the first half of 2021: PLN 411.2 million and PLN 222.8 million in the second quarter of 2021);

(2) the amount in 2022 includes the reversal of impairment loss on property, plant and equipment in Helios S.A. in the second quarter of 2022, impairment loss on right-of-use assets in Helios S.A. in the first quarter of 2022, the amount in 2021 includes impairment losses on fixed assets of the companies Agora S.A. and AMS Group.

In the second quarter of 2022, the **net operating costs** of the Agora Group increased by 19.3% yoy to PLN 273.6 million. This resulted mainly from an increase in operating expenses in the Movies and Books segment, linked, among other things, to an increase in the sales. This change was primarily due to the possibility of conducting cinema activity without restrictions and because of growing attendance. Operating costs also increased in the Group's other business areas, except for the Internet segment. In the second quarter of 2022, the impairment loss on fixed assets, which reduced the Group's results in the fourth quarter of 2021, was reversed.

The largest item of expenses was **staff costs**, which amounted to PLN 91.6 million and was 19.9% higher than that recorded in the second quarter of 2021. This was also the category of operating costs that increased the most among all categories of expenses during the discussed period. Staff costs were higher in all operating segments of the Group and in its supporting divisions.

The sharpest increase was recorded in the Movies and Books, supporting divisions, Outdoor Advertising and Press segments. The increase in this category of expenses resulted from higher employment, higher fixed remuneration and higher costs of civil law contracts, particularly in the cinema business.

At the end of June 2022, **headcount** in the Agora Group was 2,375 FTEs, and increased by 88 FTEs yoy. The increase in headcount was recorded in all areas of the Group's business, with the largest growth occurring in the Press and Internet segments.

**The costs of third-party services** were higher by 18.5% yoy and amounted to PLN 87.9 million. This cost item increased in most of the Agora Group's business areas. Its sharpest increase – by 107.4%, to PLN 30.9 million, was recorded in the Movies and Books segment (without Agora Publishing House), mainly due to the lifting of restrictions in the cinema business and an increase in attendance. Costs of third-party services also increased in the Outdoor Advertising segment due to a higher number of advertising campaigns produced and higher costs of system maintenance. Third-party service expenses in the Radio segment increased by 31.4% and amounted to PLN 9.2 million, mainly due to higher costs related to the provision of sales intermediation service to the Helios cinema network, which was associated with an increase in proceeds from this area. In the Press segment, the increase in this cost item resulted mainly from the costs of organising concerts and higher costs of computer services. As far as this cost category is concerned, the Internet segment recorded a decrease of 30.5% and amounted to PLN 18.9 million, which was related to lower proceeds from Yieldbird's operations.

The increase in the **cost of materials and energy consumption and goods and materials sold** of 67.7% to PLN 33.7 million recorded in the second quarter of 2022 was primarily the result of an increase in this type of expenses in the Movies and Books segment, mainly due to the lack of restrictions in the cinema and food businesses. This cost category was also higher in the Press segment, due to an increase in sales from printing activities.

**The costs of depreciation and amortisation** were lower by 0.5% and amounted to PLN 39.7 million. This cost item decreased in the Internet and Press segments due to the completion of depreciation and amortisation of projects carried out in earlier periods. In turn, depreciation and amortisation costs in the Radio segment remained at the same level as in the second quarter of 2021. Depreciation and amortisation costs increased in the Outdoor Advertising segment, which was related to the qualification under IFRS16 of rental agreements with a higher total value than the agreements qualified in the second quarter of 2021. These costs were also higher in the Movies and Books segment, which was i.a. related to the expansion of the Pasibus network.

**The promotion and marketing costs** of the Agora Group amounted to PLN 14.0 million and were 30.8% higher than those recorded in the second quarter of 2021. They increased in all of the Group's operating segments. Their biggest increase was recorded in the Movies and Books segment, and in particular in Helios, which was related to the regular and restriction-less operation of the cinema network.

The Group's net operating costs in the second quarter of 2022, reported without IFRS 16, amounted to PLN 278.8 million and were 25.1% higher than in the corresponding period of 2021.

In the first half of 2022, the Agora Group's **net operating costs** increased by 29.3% to PLN 549.4 million.

This was supported by the increase in such costs in most of the Group's segments. The largest increase in operating costs - by 88.8%, amounting to PLN 216.7 million - was recorded in the Movies and Books segment and was mainly related to the lifting of restrictions on the cinema and food businesses. Operating costs were also higher in the Press segment – they went up by 16.9% to reach PLN 102.3 million. This is mainly the result of higher costs of materials, energy, printing goods and services, staff costs, representation and advertising. In the Outdoor Advertising segment, all categories of operating costs increased. Consequently, expenses of the entire business increased by 18.1% to PLN 74.4 million. This was mainly impacted by an increase in the cost of campaign execution, the cost of system maintenance and staff costs. In turn, the increase in operating costs in the Radio segment was related to higher proceeds from the sales brokerage service provided to the Helios cinema network, the sale of airtime in third party radio stations and an increase in staff costs. Operating expenses were 10.0% lower in the Internet segment and amounted to PLN 78.8 million. This was mainly caused by a reduction in the costs of third-party services, particularly at Yieldbird, due to a decrease in expenditure on lease of advertising space.

In the first half of 2022, the **costs of third-party services** increased by 35.8% to PLN 181.6 million. The growth of this item was mainly driven by the Movies and Books segment due to return to full-scale operation by cinema business, film and food operations. These expenditures were also significantly higher in the Outdoor Advertising segment, which was mainly attributable to higher costs of campaign execution and system maintenance. This category of operating costs also increased in the Radio segment, due to the sales brokerage service provided to the Helios cinema network and the sale of airtime in third party radio stations. This area was also marked by increased costs of marketing services and lease fees. The costs of third-party services also increased in the Press segment - expenditure on third-party service increased due to the organisation of concerts and higher cost of computer services. However, this category of operating costs was lower in the Internet segment. This was mainly related to lower revenues from the sale of advertising services at Yieldbird due to the ongoing transformation of the company's business model.

In the first half of 2022, **staff costs** increased by 22.3% to PLN 181.8 million. They were higher in all business segments of the Agora Group and in its supporting divisions. Compared to the first half of 2021, these costs increased the most in the Movies and Books segment, which was primarily caused by the return to regular operations without restrictions or limits in cinemas and food business and which necessitated i. a. the return to presence of complete teams in individual locations. Another segment that recorded an increase in this expense category was Press, where this was mainly due to an increase in full-time employment and fixed remuneration. In Outdoor Advertising, the main reason for the increase in staff expenses was the increase in fixed remuneration and variable components of remuneration due to the achievement of higher sales targets. In the Internet segment, the increase in this cost item was driven by an increase in full-time employment and fixed remuneration. In the Radio segment, in addition to higher fixed remuneration resulting from the hiring of new staff, there was an increase in expenditure on courses, training and conferences.

**The costs of materials and energy consumption and the value of goods and materials sold** increased in the first half of 2022 by 72.7% to PLN 65.8 million. This was mainly due to an increase in the value of this cost item in the Movies and Books, as well as Press segments. In the former segment, this was associated with the lifting of restrictions and the return to full-scale operations, in particular in cinemas and food business, which was free from restrictions, and in the latter segment – mainly with the price of paper. This expense item also increased in the Group's other business areas, except for the Internet segment.

**The costs of depreciation and amortisation** decreased by 2.3% and amounted to PLN 79.4 million. This was mainly due to their reduction in the Movies and Books segment, especially in the cinema business. The decrease in depreciation and amortisation expenses was also observed in the Press and Internet segments. In the former segment, this was related to the end of the period of depreciation and amortisation of some of the digital projects implemented by the Wyborcza.pl team and fixed assets in the printing business, while in the latter segment, this was related to their decrease in the Gazeta.pl division. However, this cost item increased slightly in the Outdoor Advertising segment.

In the contemplated period, the Group's **representation and advertising costs** increased by 49.1%, amounting to PLN 25.8 million. They increased in each of the Group's business areas. Their biggest increases were recorded in the Movies and Books, Internet and Press segments.

In the first half of 2022, the Group's net operating costs without IFRS 16 amounted to PLN 559.9 million, i.e. they increased by 36.2% year on year.



### 3. PROSPECTS

According to available macroeconomic forecasts, following quarters of 2022 will bring a slowdown in economic growth, continuation of high inflation, as well as high prices for energy, raw materials, food, goods and services. The development of the economic situation in the country in the next quarters is also characterised by high uncertainty due, but not limited to, the further course of the armed conflict in Ukraine and its geopolitical consequences. An additional factor of uncertainty is the increasing incidence of COVID-19 and the possibility of the reintroduction of restrictions on business activities.

The above factors will affect both the revenue potential of the Agora Group and the increase in operating costs.

Work on the development strategy for the entire Agora Group for 2023-2027 remains a key project affecting the long-term prospects of the Agora Group. The result of the work on the strategy is expected to be, inter alia, preparing Agora for quick and effective minimization of the impact of negative market factors on its results and the effective use of upward trends to strengthen the Group's key businesses.

#### 3.1. REVENUES

##### 3.1.1 Advertising market [3]

The advertising market in Poland grew by 4.5% yoy in the second quarter of 2022, and advertisers spent over PLN 2.8 billion on promoting their products and services. In the first half of 2022, the value of advertising spending increased by 5.5% yoy to over PLN 5.2 billion. This is a faster pace of market value growth than assumed at the beginning of 2022.

Despite this, after an analysis of the available data and observation of market trends, the Company decided to maintain its estimates of the dynamics of advertising expenditure in Poland in 2022 at an unchanged level of approximately 3.0-6.0%, due to high uncertainty as to the scale of the possible economic slowdown in Poland in the coming periods.

Only in the case of outdoor advertising and cinemas, Agora decided to raise its expectations regarding the full-year recovery in the value of advertising expenditure in these market segments due to a significantly faster than estimated increase in their value in the first half of 2022. Previous estimates assumed an increase in spending on campaigns carried out on outdoor advertising panels in the range between 15.0% and 18.0%. Currently, the company estimates that in 2022 it may be at the level of 20.0-25.0%. This increase will be additionally supported by sports events that will take place in the second half of 2022 and which traditionally result in greater activity of advertisers in this market segment. For cinema advertising, the previous estimates assumed an increase in expenses in the range between 75.0% and 85.0%. The company estimates that in 2022 they may be at the level of 80.0-90.0%, provided the cinemas will continue to operate normally in the second half of 2022.

The current data on the dynamics of changes in estimates in the value of advertising expenditure in particular media segments are presented in the table below:

**Tab. 8**

| Total advertising expenditure | Television  | Internet  | Radio     | Outdoor     | Press       | Cinema      |
|-------------------------------|-------------|-----------|-----------|-------------|-------------|-------------|
| 3.0%-6.0%                     | (1.0%)-2.0% | 5.0%-8.0% | 1.0%-4.0% | 20.0%-25.0% | (1.0%)-2.0% | 80.0%-90.0% |

At the same time, due to many factors of uncertainty and rapid changes in the market environment caused by macroeconomic and geopolitical factors as well as decisions of the government administration, it is difficult to make long-term assumptions, therefore the above estimates may be biased, and their accuracy is much lower than in periods of greater predictability.

##### 3.1.2. Ticket sales

Apart from sanitary restrictions, the most significant factors affecting attendance in Polish cinemas include: the repertoire, the weather conditions, the affinity of the Polish society and distance to the cinema. Based on the available information, the number of tickets sold in Polish cinemas in the first half of 2022 amounted to more than 19.4 million, which means an increase by almost 375.0% compared to the respective period of 2021 [9]. This

difference in the number of tickets sold is primarily due to fewer restrictions on cinema operations related to preventing the spread of COVID-19 than in the preceding year. Until the end of February 2022, a cinema ticket sales limit of 30.0% of available seats in the screening room was in place. Vaccinated persons were not included in the limit. As of 1 March 2022, the cinema ticket sales limits were lifted. In 2021, cinemas remained closed until 20 May due to an administrative ban on their operation. Since 21 May 2021, cinemas could sell tickets with the limit of 50.0% of seats available in the screening room and lack of possibility to sell snacks and beverages in cinema bars. Thanks to subsequent lifting of restrictions, on 13 June 2021, concession sales in Helios cinemas were resumed and the ticket sales limit was increased to 75.0% of seats in the screening room. It is worth noting that a noticeable negative impact on the dynamics of the recovery of cinema business after the COVID-19 pandemic was exerted by Russia's armed invasion on Ukraine. The rapid recovery of the cinema market after the lifting of restrictions is evidenced by the fact that the number of tickets sold in the second quarter of 2022 reached 91.7% of the number of tickets sold in the second quarter of 2019, i.e., before the pandemic outbreak.

Taking into account the repertoire for the rest of this year and assuming the absence of new sanitary restrictions, the Company believes that throughout 2022 attendance will be closer to that recorded in 2019 and will return to pre-pandemic levels as early as 2023. At the same time, it should be noted that the deterioration of the financial situation of households may have a negative impact on cinema attendance and bar sales in the second half of 2022.

### 3.1.3 Copy sales

In the second half of 2022, negative trends relating to copy sales of dailies and magazines in their print versions will continue. Agora is developing sales of access to Wyborcza.pl content in the form of digital subscription. As of the end of June 2022, the number of paid digital subscriptions of *Gazeta Wyborcza* amounted to nearly 296 thousand and increased by 14.6% yoy. In the Company's opinion, these actions, among other factors, will stabilise the financial results of the Press segment in the long term. In the first half of 2022, revenues from the copy sales in the Press segment were 0.4% higher than in the first half of 2021, mainly due to an increase in revenues from the sale of Wyborcza.pl subscriptions. In the Company's opinion, the trend of revenue growth from the sale of Wyborcza.pl subscriptions will continue in the next quarters of 2022.

The level of revenue of Agora Publishing House in the first half of 2022 was 8.1% lower than in the corresponding period of 2021 due to the market-wide trend of declining sales of paper books. The events in Ukraine and the unrelenting issue of paper availability, as well as extreme increases in raw material prices, are the main reasons for this decline. Agora Publishing House is focusing on the development of digitalisation of music on streaming platforms and books in the form of audiobooks and e-books. For the second half of 2022, Agora Publishing House has planned to publish the first biography of Bono, Marcin Prokop's extended interview with Jan Borysewicz, as well as another publication by Bill Gates.

## 3.2 Operating costs

Agora Group's total operating costs in 2022 will be higher than those recorded in 2021. This is primarily influenced by the removal of restrictions in functioning of many businesses that were in place in 2021 and early 2022. The decisive influence on the increase in the Group's operating expenses will be higher costs of external services, staff costs, as well as costs of marketing and promotion.

### 3.2.1 Costs of external services

The cost of external services in the next quarters of 2022 will largely depend on the costs of film copy purchase related directly to the cinema attendance and the level of revenue from ticket sales, the EUR/PLN exchange rate, the cost of space leasing in advertising and the number of campaigns executed. The increase in this cost item will be further impacted by the cinemas and restaurants opened in the previous months of 2022, as well as the implementation of other development projects. The decrease in this cost item will be affected by the change in Yieldbird's business model.



### 3.2.2 Staff costs

According to the Company's estimates, in 2022 the costs of salaries and employee benefits will be higher than in 2021. This results from the employment growth planned in the Group and salary increases in 2022. Additionally, in the third quarter of 2022, employees of the Agora Group will be paid one-off inflation allowance. Their cost is approximately PLN 3.1 million in the third quarter of 2022. The company also decided to increase the minimum wage for editorial and administrative positions.

For the above reasons, this cost category will be higher in each of the Group's operating segments and its supporting divisions. Its largest increase compared to 2021 will be observed in the Movies and Books segment, mainly due to the return of the Helios cinema network to full operations after the lifting of sanitary restrictions and the need to re-hire full teams to operate the cinemas. In 2021, the cinemas of the Helios network were closed for 140 days. In 2022, the cinemas were not closed, but until the end of February 2022, they operated under the ticket sales limit of 30.0% of available seats in the screening room. Vaccinated persons were not included in the limit. As of 1 March 2022, the cinema ticket sales limits were lifted.

### 3.2.3 Promotion and marketing costs

In the next quarters of 2022, the Agora Group plans further promotional activities in most of its businesses, in order to rebuild their individual market position. The dynamics of changes in individual media, the number of launched development projects, as well as market activities of the Group's competitors will affect the level of expenses incurred in this respect. Considering these factors, the Company estimates that the promotion and marketing costs will be higher in most of the Group's businesses in 2022. Their largest increase will occur in the Movies and Books segment – due to the lifting of restrictions in the film and cinema business. This cost category will also increase significantly in the Internet and Radio segments.

### 3.2.4 Cost of materials and energy

In the first half of 2022, the Group's costs of material and energy consumption increased by 57.6% yoy, due, but not limited to, the significant market increase in electricity and paper prices. Higher energy consumption costs, which increased by 66.1% yoy, made the largest impact on this cost item. Another factor that impacted the increase in this expense category was higher costs of production materials (mainly in the printing business and in the Outdoor segment) and other materials (mainly in the cinema business). In next quarters of the 2022, the Group's printing activity will impact this cost item, especially the cost of production materials, the volume of production and the EUR/PLN exchange rate. This cost item will also increase in the Movies and Books segment (due to the return of cinemas and catering business to full operations), as well as the Outdoor segment.

For several years energy purchasing group which contracts energy on the stock exchange for Agora S.A. (including the printing business) and the Agora Radio Group has been operating in the Agora Group. As a result, energy has been secured for these areas for the whole of 2023, making us independent of further price fluctuations in the market. Moreover, thanks to the energy performance modification project for the building at Czerska 8/10 Street in Warsaw initiated in 2018, reduced energy consumption by approximately 30.0%. As part of the project, elements of the building's infrastructure were replaced with energy-efficient ones, and photovoltaic panels were installed on the roof of the Company's headquarters and on the printing house premises.

Businesses where fluctuations in energy costs could affect results in 2022 are the cinema business and the Outdoor segment.

## 3.3 Financial standing

Considering the funding available to the Agora Group, the condition of individual businesses and the actions taken to counteract the negative consequences of the economic crisis, in the opinion of the Company's Management Board, it is reasonable to assume that Agora and the Agora Group will continue as a going concern, despite the uncertainty related mainly to the consequences of the Russia's attack on Ukraine and the development of the domestic epidemiological situation. At the end of June 2022, free cash at the Agora Group amounted to PLN 74.2 million.

### III. FINANCIAL RESULTS

#### 1. THE AGORA GROUP

The condensed semi-annual consolidated financial statements of the Agora Group for the first half of 2022 includes Agora S.A. and 19 subsidiaries, which operate principally in the internet, cinema, radio, gastronomy and outdoor segments. Additionally, as at 30 June 2022 the Group held shares in jointly controlled entity Instytut Badań Outdooru IBO Sp. z o.o., as well as in associated companies ROI Hunter a.s. and Eurozet Sp. z o.o.

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

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

Tab. 9

| <i>in PLN million</i>                                 | 2Q 2022        | 2Q 2021        | % change<br>yoy | 1H 2022        | 1H 2021        | % change<br>yoy |
|---|----------------|----------------|-----------------|----------------|----------------|-----------------|
| <b>Total sales (1)</b>                                | <b>261.8</b>   | <b>201.8</b>   | <b>29.7%</b>    | <b>514.9</b>   | <b>347.8</b>   | <b>48.0%</b>    |
| Advertising revenue                                   | 129.7          | 118.4          | 9.5%            | 234.2          | 209.0          | 12.1%           |
| Ticket sales  | 39.1           | 16.5           | 137.0%          | 86.4           | 16.5           | 423.6%          |
| Copy sales  | 33.2           | 35.6           | (6.7%)          | 66.2           | 68.9           | (3.9%)          |
| Concession sales in cinemas                           | 23.0           | 5.3            | 334.0%          | 45.4           | 5.3            | 756.6%          |
| Gastronomic sales                                     | 10.1           | 6.5            | 55.4%           | 17.9           | 11.9           | 50.4%           |
| Revenues from film activities                         | 2.9            | 1.9            | 52.6%           | 18.7           | 2.4            | 679.2%          |
| Other   | 23.8           | 17.6           | 35.2%           | 46.1           | 33.8           | 36.4%           |
| <b>Operating cost net, including:</b>                 | <b>(273.6)</b> | <b>(229.4)</b> | <b>19.3%</b>    | <b>(549.4)</b> | <b>(424.9)</b> | <b>29.3%</b>    |
| External services                                     | (87.9)         | (74.2)         | 18.5%           | (181.6)        | (133.7)        | 35.8%           |
| Staff cost  | (91.6)         | (76.4)         | 19.9%           | (181.8)        | (148.7)        | 22.3%           |
| Raw materials, energy and consumables                 | (33.7)         | (20.1)         | 67.7%           | (65.8)         | (38.1)         | 72.7%           |
| D&A   | (39.7)         | (39.9)         | (0.5%)          | (79.4)         | (81.3)         | (2.3%)          |
| Promotion and marketing                               | (14.0)         | (10.7)         | 30.8%           | (25.8)         | (17.3)         | 49.1%           |
| Impairment losses (2)                                 | 1.8            | (2.4)          | -               | 1.2            | (2.4)          | -               |
| <b>Operating result - EBIT</b>                        | <b>(11.8)</b>  | <b>(27.6)</b>  | <b>57.2%</b>    | <b>(34.5)</b>  | <b>(77.1)</b>  | <b>55.3%</b>    |
| Operating result - EBIT excl. IFRS 16 (3)             | (17.0)         | (21.0)         | 19.0%           | (45.0)         | (63.4)         | 29.0%           |
| <b>Finance cost, net, incl.:</b>                      | <b>(5.1)</b>   | <b>12.2</b>    | <b>-</b>        | <b>(18.5)</b>  | <b>1.0</b>     | <b>-</b>        |
| Income from short-term investment                     | 0.7            | -              | -               | 1.1            | -              | -               |
| Costs related to bank loans and leasing               | (8.9)          | (4.8)          | 85.4%           | (16.4)         | (10.3)         | 59.2%           |
| including interest costs related to IFRS 16           | (5.8)          | (3.5)          | 65.7%           | (11.2)         | (7.0)          | 60.0%           |
| Foreign exchange losses                               | (3.0)          | 16.4           | -               | (9.3)          | 10.8           | -               |
| including interest costs related to IFRS 16           | (3.2)          | 16.9           | -               | (9.5)          | 11.1           | -               |
| Revaluation of put options (4)                        | 6.0            | -              | -               | 6.0            | -              | -               |
| <b>Share of results of equity accounted investees</b> | <b>2.9</b>     | <b>2.0</b>     | <b>45.0%</b>    | <b>4.1</b>     | <b>4.2</b>     | <b>(2.4%)</b>   |
| <b>Loss before income tax</b>                         | <b>(14.0)</b>  | <b>(13.4)</b>  | <b>(4.5%)</b>   | <b>(48.9)</b>  | <b>(71.9)</b>  | <b>32.0%</b>    |
| Income tax  | (3.6)          | 3.5            | -               | (1.8)          | 2.6            | -               |
| <b>Net loss for the period</b>                        | <b>(17.6)</b>  | <b>(9.9)</b>   | <b>(77.8%)</b>  | <b>(50.7)</b>  | <b>(69.3)</b>  | <b>26.8%</b>    |
| <b>Attributable to:</b>                               |                |                |                 |                |                |                 |

| <i>in PLN million</i>           | 2Q 2022     | 2Q 2021     | % change<br>yoy | 1H 2022     | 1H 2021    | % change<br>yoy |
|---------------------------------|-------------|-------------|-----------------|-------------|------------|-----------------|
| Equity holders of the parent    | (16.0)      | (9.2)       | (73.9%)         | (47.8)      | (65.5)     | 27.0%           |
| Non - controlling interest      | (1.6)       | (0.7)       | (128.6%)        | (2.9)       | (3.8)      | 23.7%           |
| EBIT margin (EBIT/Sales)        | (4.5%)      | (13.7%)     | 9.2pp           | (6.7%)      | (22.2%)    | 15.5pp          |
| EBIT margin excl. IFRS 16 (3)   | (6.5%)      | (10.4%)     | 3.9pp           | (8.7%)      | (18.2%)    | 9.5pp           |
| <b>EBITDA (5)</b>               | <b>26.1</b> | <b>14.7</b> | <b>77.6%</b>    | <b>43.7</b> | <b>6.6</b> | <b>562.1%</b>   |
| EBITDA margin (EBITDA/Sales)    | 10.0%       | 7.3%        | 2.7pp           | 8.5%        | 1.9%       | 6.6pp           |
| EBITDA excl. IFRS 16 (3)        | 4.2         | 5.4         | (22.2%)         | (0.1)       | (13.0)     | 99.2%           |
| EBITDA margin excl. IFRS 16 (3) | 1.6%        | 2.7%        | (1.1pp)         | (0.0%)      | (3.7%)     | 3.7pp           |

- (1) particular sales positions, apart from revenues from ticket sales, concession sales in cinemas and gastronomic sales, include sales of the Agora's Publishing House and film activities (functioning within the Movies and Books segment), described in details in point IV.A in this report;
- (2) the amount in 2022 includes the reversal of impairment loss on property, plant and equipment in Helios S.A. in the second quarter of 2022, impairment loss on right-of-use assets in Helios S.A. in the first quarter of 2022, the amount in 2021 includes impairment losses on fixed assets of the companies Agora S.A. and AMS Group.
- (3) the amount of the operating result – EBIT, EBITDA and net loss excluding impact of International Financial Reporting Standard no. 16 Leases;
- (4) concerns the revaluation of put option liabilities granted to shareholders/non-controlling shareholders of Helios S.A., Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.) and HRLink Sp. z o.o.;
- (5) the performance measure "EBITDA" is defined as EBIT increased by depreciation and amortization and impairment losses of property, plant and equipment, intangible assets and right-of-use assets. Detailed information on definitions of financial ratios are presented in the Notes to part IV of this MD&A.

## 2.1. Financial results presented according to major segments of the Agora Group for the first half of 2022[1]

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

Tab. 10

| <i>in PLN million</i>                          | <b>Movies<br/>and<br/>Books</b> | <b>Press</b>   | <b>Outdoor</b> | <b>Internet</b> | <b>Radio</b>  | <b>Reconciling<br/>positions<br/>(2)</b> | <b>Total<br/>(consoli-<br/>dated)<br/>1HY 2022</b> |
|--|---------------------------------|----------------|----------------|-----------------|---------------|--|--|
| <b>Total sales (1)</b>                         | <b>209.5</b>                    | <b>100.6</b>   | <b>77.0</b>    | <b>86.8</b>     | <b>50.3</b>   | <b>(9.3)</b>                             | <b>514.9</b>                                       |
| % share  | 40.7%                           | 19.5%          | 15.0%          | 16.9%           | 9.8%          | (1.9%)                                   | 100.0%   |
| <b>Operating cost net (1)</b>                  | <b>(216.7)</b>                  | <b>(102.3)</b> | <b>(74.4)</b>  | <b>(78.8)</b>   | <b>(49.6)</b> | <b>(27.6)</b>                            | <b>(549.4)</b>                                     |
| <b>Operating cost net excl. IFRS 16 (1)</b>    | <b>(225.3)</b>                  | <b>(102.3)</b> | <b>(75.4)</b>  | <b>(78.8)</b>   | <b>(50.1)</b> | <b>(28.0)</b>                            | <b>(555.9)</b>                                     |
| <b>EBIT</b>                                    | <b>(7.2)</b>                    | <b>(1.7)</b>   | <b>2.6</b>     | <b>8.0</b>      | <b>0.7</b>    | <b>(36.9)</b>                            | <b>(34.5)</b>                                      |
| <b>EBIT excl. IFRS 16</b>                      | <b>(15.8)</b>                   | <b>(1.7)</b>   | <b>1.6</b>     | <b>8.0</b>      | <b>0.2</b>    | <b>(37.3)</b>                            | <b>(45.0)</b>                                      |
| Finance cost, net                              |                                 |                |                |                 |               |  | (18.5)   |
| Share of results of equity accounted investees |                                 |                | (0.1)          | (0.7)           | 4.9           |  | 4.1  |
| Income tax                                     |                                 |                |                |                 |               |  | (1.8)  |
| <b>Net loss for the period</b>                 |                                 |                |                |                 |               |  | <b>(50.7)</b>                                      |
| <b>Attributable to:</b>                        |                                 |                |                |                 |               |  |  |
| Equity holders of the parent                   |                                 |                |                |                 |               |  | (47.8)   |
| Non-controlling interest                       |                                 |                |                |                 |               |  | (2.9)  |
| <b>EBITDA</b>                                  | <b>32.4</b>                     | <b>1.6</b>     | <b>21.6</b>    | <b>12.6</b>     | <b>4.4</b>    | <b>(28.9)</b>                            | <b>43.7</b>  |
| <b>EBITDA excl. IFRS 16</b>                    | <b>0.7</b>                      | <b>1.6</b>     | <b>12.4</b>    | <b>12.6</b>     | <b>2.5</b>    | <b>(29.9)</b>                            | <b>(0.1)</b>                                       |
| CAPEX  | (5.2)                           | (2.1)          | (6.4)          | (3.3)           | (2.3)         | (4.0)                                    | (23.3)   |

(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 and parking lots in the Company's headquarters, use of computers and development and maintenance activities of IT and Big Data departments, which are allocated to segments), the Management Board of Agora S.A., Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o., intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

## 2.2. Finance cost, net

Net financial activities of the Group for the first half of 2022 were influenced mainly by cost of commissions and interest on bank loans and lease liabilities and foreign exchange losses related to lease liabilities recognized under IFRS 16, which were partially offset by gains on put option revaluation and interest on bank deposits.

## 3. BALANCE SHEET OF THE AGORA GROUP

Tab. 11

| <i>in PLN million</i>                         | 30/06/2022     | 31/03/2022     | % change to<br>31/03/2022 | 31/12/2021     | % change to<br>31/12/2021 |
|---|----------------|----------------|---------------------------|----------------|---------------------------|
| <b>Non-current assets</b>                     | <b>1,569.0</b> | <b>1,575.4</b> | <b>(0.4%)</b>             | <b>1,587.4</b> | <b>(1.2%)</b>             |
| <i>share in balance sheet total</i>           | <i>84.8%</i>   | <i>84.7%</i>   | <i>0.1pp</i>              | <i>82.6%</i>   | <i>2.2pp</i>              |
| <b>Current assets</b>                         | <b>280.4</b>   | <b>284.2</b>   | <b>(1.3%)</b>             | <b>333.9</b>   | <b>(16.0%)</b>            |
| <i>share in balance sheet total</i>           | <i>15.2%</i>   | <i>15.3%</i>   | <i>(0.1pp)</i>            | <i>17.4%</i>   | <i>(2.2pp)</i>            |
| <b>TOTAL ASSETS</b>                           | <b>1,849.4</b> | <b>1,859.6</b> | <b>(0.5%)</b>             | <b>1,921.3</b> | <b>(3.7%)</b>             |
| <b>Equity holders of the parent</b>           | <b>726.6</b>   | <b>742.6</b>   | <b>(2.2%)</b>             | <b>774.4</b>   | <b>(6.2%)</b>             |
| <i>share in balance sheet total</i>           | <i>39.3%</i>   | <i>39.9%</i>   | <i>(0.6pp)</i>            | <i>40.3%</i>   | <i>(1.0pp)</i>            |
| <b>Non-controlling interest</b>               | <b>1.6</b>     | <b>4.6</b>     | <b>(65.2%)</b>            | <b>5.9</b>     | <b>(72.9%)</b>            |
| <i>share in balance sheet total</i>           | <i>0.1%</i>    | <i>0.2%</i>    | <i>(0.1pp)</i>            | <i>0.3%</i>    | <i>(0.2pp)</i>            |
| <b>Non-current liabilities and provisions</b> | <b>696.4</b>   | <b>676.4</b>   | <b>3.0%</b>               | <b>694.3</b>   | <b>0.3%</b>               |
| <i>share in balance sheet total</i>           | <i>37.6%</i>   | <i>36.5%</i>   | <i>1.1pp</i>              | <i>36.2%</i>   | <i>1.4pp</i>              |
| <b>Current liabilities and provisions</b>     | <b>424.8</b>   | <b>436.0</b>   | <b>(2.6%)</b>             | <b>446.7</b>   | <b>(4.9%)</b>             |
| <i>share in balance sheet total</i>           | <i>23.0%</i>   | <i>23.4%</i>   | <i>(0.4pp)</i>            | <i>23.2%</i>   | <i>(0.2pp)</i>            |
| <b>TOTAL LIABILITIES AND EQUITY</b>           | <b>1,849.4</b> | <b>1,859.6</b> | <b>(0.5%)</b>             | <b>1,921.3</b> | <b>(3.7%)</b>             |

## 3.1. Non-current assets

The decrease in non-current assets, versus 31 March 2022 and 31 December 2021 resulted mainly from depreciation and amortisation of property, plant and equipment and intangible assets which were, to some extent, offset by new expenditure for the purchase of property, plant and equipment and intangible assets.

## 3.2. Current assets

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

The decrease in current assets, versus 31 March 2022, stemmed mainly from the decrease in cash and cash equivalents, which was partially offset by an increase in trade receivables and inventories.

## 3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions compared to 31 December 2021, stemmed mainly from the increase in long-term borrowings due to receiving by Helios S.A. the financing from the Polish Development Fund. The above change was partially offset by the decrease in put option liabilities, lease liabilities and other long-term liabilities.

The increase in non-current liabilities and provisions compared to 31 March 2022, stems mainly from the increase in long-term borrowings and loans, which was partially offset by the decrease in put option liabilities, lease liabilities and other long-term liabilities.

### 3.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 31 December 2021, stemmed mainly from the decrease in tax liabilities, accruals, provisions for rebates, liabilities arising from purchase of fixed assets, contract liabilities, other liabilities and provisions for returns. The above changes were, to some extent, offset by the increase in bank loans, borrowings and lease liabilities, deferred income and trade liabilities.

The decrease in the balance of short-term liabilities and provisions, versus 31 March 2022, was mainly due to decrease in bank loans liabilities, provisions for rebates and accruals. The above changes were, to some extent, offset by the increase in trade liabilities, borrowings, lease liabilities, accrued income, tax liabilities and contract liabilities.

## 4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 12

| <i>in PLN million</i>                                 | <b>2Q 2022</b> | <b>2Q 2021</b> | <i>% change<br/>yoy</i> | <b>1H 2022</b> | <b>1H 2021</b> | <i>% change<br/>yoy</i> |
|---|----------------|----------------|-------------------------|----------------|----------------|-------------------------|
| Net cash from operating activities                    | 0.4            | 24.3           | (98.4%)                 | 3.2            | 38.9           | (91.8%)                 |
| Net cash from investment activities                   | (18.3)         | (7.2)          | (154.2%)                | (35.1)         | (13.4)         | (161.9%)                |
| Net cash from financing activities                    | (6.5)          | (38.2)         | 83.0%                   | (28.7)         | (41.0)         | 30.0%                   |
| <b>Total movement of cash and cash equivalents</b>    | <b>(24.4)</b>  | <b>(21.1)</b>  | <b>(15.6%)</b>          | <b>(60.6)</b>  | <b>(15.5)</b>  | <b>(291.0%)</b>         |
| <b>Cash and cash equivalents at the end of period</b> | <b>74.2</b>    | <b>122.9</b>   | <b>(39.6%)</b>          | <b>74.2</b>    | <b>122.9</b>   | <b>(39.6%)</b>          |

As at 30 June 2022, the Group had PLN 75.2 million in cash and cash equivalents and short-term financial assets which include cash and cash equivalents in the amount of PLN 74.2 million (cash on hand and bank deposits) and borrowings granted in the amount of PLN 1.0 million.

In the first half of 2022, Agora S.A. has not been engaged in any currency options or any other derivatives used for speculative purposes.

As at the date of this MD&A report, considering the cash position, the cash pooling system functioning in the Group and available credit facility, the Agora Group does not anticipate any liquidity problems. At the same time, attention should be paid to the uncertainties accompanying these predictions, described in more detail in Chapter II.3 Perspectives of this Management Discussion and Analysis.

## 4.1. Operating activities

The cash flows from operating activities, in the first half of 2022, were lower comparing to the level recorded in the comparative period of the prior year mainly due to changes in the Group's working capital, mainly including higher repayment of liabilities when compared to the corresponding period of prior year.

## 4.2. Investment activities

Negative net cashflows from investing activities, in the first half of 2022, resulted mainly from expenditures for the purchase of property, plant and equipment and intangible assets. These outflows were partly offset by proceeds from the sale of property, plant and equipment and intangible assets.

## 4.3. Financing activities

Negative net cashflows from financing activities in the half of 2022, stemmed mainly from repayments of loan and lease liabilities. These outflows were partly offset by inflows from bank loans and PFR loan.

## 5. SELECTED FINANCIAL RATIOS [5]

Tab.13

|                               | 2Q 2022 | 2Q 2021 | % change<br>yoy | 1H 2022 | 1H 2021 | % change<br>yoy |
|-------------------------------|---------|---------|-----------------|---------|---------|-----------------|
| <b>Profitability ratios</b>   |         |         |                 |         |         |                 |
| Net profit margin             | (6.1%)  | (4.6%)  | (1.5pp)         | (9.3%)  | (18.8%) | 9.5pp           |
| Gross profit margin           | 28.9%   | 25.6%   | 3.3pp           | 26.8%   | 19.2%   | 7.6pp           |
| Return on equity              | (8.7%)  | (4.9%)  | (3.9pp)         | (12.7%) | (16.6%) | 3.9pp           |
| <b>Efficiency ratios</b>      |         |         |                 |         |         |                 |
| Inventory turnover            | 13 days | 11 days | 18.2%           | 11 days | 11 days | -               |
| Debtors days                  | 41 days | 47 days | (12.8%)         | 46 days | 62 days | (25.8%)         |
| Creditors days                | 27 days | 28 days | (3.6%)          | 29 days | 37 days | (21.6%)         |
| <b>Liquidity ratio (1)</b>    |         |         |                 |         |         |                 |
| Current ratio                 | 0.8     | 0.8     | -               | 0.8     | 0.8     | -               |
| <b>Financing ratios (1)</b>   |         |         |                 |         |         |                 |
| Gearing ratio                 | 7.3%    | 4.4%    | 2.9pp           | 7.3%    | 4.4%    | 2.9pp           |
| Interest cover                | (6.5)   | (22.5)  | 71.1%           | (10.9)  | (31.3)  | 65.2%           |
| Free cash flow interest cover | (15.7)  | 8.7     | -               | (18.9)  | (1.5)   | (1,160.0%)      |

1) financial ratios excluding impact of debt resulting from 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. and Step Inside Sp. z o.o. which form the Helios group, and Agora's Publishing House.

Tab. 14

| <i>in PLN million</i>                               | 2Q 2022        | 2Q 2021        | % change<br>yoy | 1H 2022        | 1H 2021        | % change<br>yoy |
|---|----------------|----------------|-----------------|----------------|----------------|-----------------|
| <b>Total sales, including :</b>                     | <b>95.6</b>    | <b>47.1</b>    | <b>103.0%</b>   | <b>209.5</b>   | <b>65.4</b>    | <b>220.3%</b>   |
| Tickets sales                                       | 39.1           | 16.5           | 137.0%          | 86.4           | 16.5           | 423.6%          |
| Concession sales                                    | 23.0           | 5.3            | 334.0%          | 45.4           | 5.3            | 756.6%          |
| Advertising revenue (1)                             | 6.3            | 1.7            | 270.6%          | 11.0           | 1.7            | 547.1%          |
| Gastronomic sales (2)                               | 10.1           | 6.6            | 53.0%           | 17.9           | 12.0           | 49.2%           |
| Revenues from film activities (1),(3),(7)           | 3.1            | 2.4            | 29.2%           | 20.6           | 2.9            | 610.3%          |
| Revenues from Publishing House                      | 11.2           | 13.1           | (14.5%)         | 22.6           | 24.6           | (8.1%)          |
| <b>Total operating cost, including (6),(7):</b>     | <b>(101.8)</b> | <b>(68.7)</b>  | <b>48.2%</b>    | <b>(216.7)</b> | <b>(114.8)</b> | <b>88.8%</b>    |
| <b>Total operating cost without IFRS 16 (6),(7)</b> | <b>(105.9)</b> | <b>(61.3)</b>  | <b>72.8%</b>    | <b>(225.3)</b> | <b>(99.5)</b>  | <b>126.4%</b>   |
| External services (4),(7)                           | (30.9)         | (14.9)         | 107.4%          | (71.0)         | (20.0)         | 255.0%          |
| Staff cost (4)                                      | (20.1)         | (11.9)         | 68.9%           | (41.1)         | (22.4)         | 83.5%           |
| Raw materials, energy and consumables (4)           | (15.8)         | (6.2)          | 154.8%          | (30.4)         | (9.7)          | 213.4%          |
| D&A (4)   | (20.4)         | (20.2)         | 1.0%            | (40.4)         | (41.6)         | (2.9%)          |
| Promotion and marketing (1), (4)                    | (3.7)          | (2.3)          | 60.9%           | (9.0)          | (2.5)          | 260.0%          |
| Costs related to Publishing House (5), (6)          | (10.6)         | (12.1)         | (12.4%)         | (21.7)         | (23.1)         | (6.1%)          |
| Impairment losses (8)                               | 1.7            | -              | -               | 1.1            | -              | -               |
| <b>EBIT</b>   | <b>(6.2)</b>   | <b>(21.6)</b>  | <b>71.3%</b>    | <b>(7.2)</b>   | <b>(49.4)</b>  | <b>85.4%</b>    |
| <i>EBIT margin</i>                                  | <i>(6.5%)</i>  | <i>(45.9%)</i> | <i>39.4pp</i>   | <i>(3.4%)</i>  | <i>(75.5%)</i> | <i>72.1pp</i>   |
| <b>EBIT without IFRS 16</b>                         | <b>(10.3)</b>  | <b>(14.2)</b>  | <b>27.5%</b>    | <b>(15.8)</b>  | <b>(34.1)</b>  | <b>53.7%</b>    |
| <i>EBIT margin without IFRS 16</i>                  | <i>(10.8%)</i> | <i>(30.1%)</i> | <i>19.3pp</i>   | <i>(7.5%)</i>  | <i>(52.1%)</i> | <i>44.6pp</i>   |
| <b>EBITDA (5), (9)</b>                              | <b>12.6</b>    | <b>(1.3)</b>   | <b>-</b>        | <b>32.4</b>    | <b>(7.5)</b>   | <b>-</b>        |
| <i>EBITDA margin</i>                                | <i>13.2%</i>   | <i>(2.8%)</i>  | <i>16.0pp</i>   | <i>15.5%</i>   | <i>(11.5%)</i> | <i>27.0pp</i>   |
| <b>EBITDA without IFRS 16 (5), (9)</b>              | <b>(3.3)</b>   | <b>(4.9)</b>   | <b>32.7%</b>    | <b>0.7</b>     | <b>(15.7)</b>  | <b>-</b>        |
| <i>EBITDA margin without IFRS 16</i>                | <i>(3.5%)</i>  | <i>(10.4%)</i> | <i>6.9pp</i>    | <i>0.3%</i>    | <i>(24.0%)</i> | <i>24.3pp</i>   |

- (1) the amounts do not include revenues and total cost of cross-promotion of Agora's different media (only the direct variable cost of campaigns carried out on advertising panels) if such a promotion was executed without prior reservation;
- (2) the amounts include sales in restaurants operated by Step Inside Sp. z o.o.;
- (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 second quarter of 2022 amounted to PLN 0.1 million and PLN 0.3 million in the first half of 2022 (in the comparable period of 2021 it amounted to PLN 0.1 million and PLN 0.3 million, respectively);
- (6) the data include the allocated costs of office, warehouse and parking space, occupied by the Agora Publishing House, costs of computers and development and maintenance activities of the technology department in Agora S.A. and the costs of Big Data department;
- (7) mutual transactions within the Helios group have been eliminated from film revenues and costs of external services: between Helios S.A. and NEXT FILM Sp. z o.o.;

- (8) *the position Impairment losses include in the second quarter of 2022 and in the first half of 2022 the reversal of write-down of fixed assets related to the activities of Helios S.A. in the amount of PLN 1.7 million (it was charged to the segment's results in 2021) and write-down of fixed assets related to Helios S.A. which in the first half of 2022 amounted to PLN 0.6 million;*
- (9) *the EBITDA index is defined as EBIT increased by depreciation and impairment losses on tangible fixed assets, intangible assets and right-of-use assets.*

Both in the second quarter and in the first half of 2022, the improved results of the Movies and Books segment resulted from the fact that restrictions on cinema and restaurant operations in connection with preventing the spread of COVID-19 were less severe than a year before. Until the end of February 2022, a cinema ticket sales limit of 30.0% of available seats in the cinema auditorium was in place. Vaccinated viewers were not included in the limit. As of March 1, 2022, the cinema ticket sales limits have been lifted. In 2021, cinemas were closed until May 20 due to an administrative ban on their operations. Since May 21, 2021, cinemas could sell tickets with the limit of 50.0% of seats available, with no possibility to sell snacks and beverages in cinema bars. Thanks to subsequent restrictions being lifted, on June 13, 2021, sales in Helios cinema bars were resumed and the ticket sales limit was increased to 75.0% of seats in the room. The operation of restaurants was also subject to restrictions. The 30.0% limit on available seats in restaurants was in force, similarly to cinema ticket sales, until the end of February 2022, with the vaccinated persons not being included in the limit. In the first half of 2021, the operation of restaurants was subject to more severe restrictions. In May 2021, restrictions on restaurant operations were gradually lifted. However, until the end of the period, the Helios group's operation in this area involved mainly take-away and delivery sales. It is worth noting that a noticeable negative impact on the dynamics of the reconstruction of cinema and restaurant business after the COVID-19 pandemic was exerted by the armed invasion into Ukraine, which, on the one hand, kept some Poles at home and motivated others to provide various forms of assistance to Ukrainian refugees.

Both in the second quarter of 2022 and in the first half of 2022, the Movies and Books segment improved its operating results. The loss at the EBIT level decreased significantly in both periods under review compared to the corresponding months of 2021. In the second quarter of 2022, it amounted to PLN 6.2 million, and in the first half of 2022 – to PLN 7.2 million. The operating result at the EBIT level was positively affected in the second quarter of 2022 by the reversal of the write-down of fixed assets relating to the operations of Helios S.A. in the amount of PLN 1.7 million (it was charged to the segment's results in the fourth quarter of 2021). The write-down of fixed assets in Helios S.A. in the amount of PLN 0.6 million in the first quarter of 2022 negatively impacted the results of the segment in the first half of 2022. It was connected with the fixed assets under lease taken over from Foodio Concepts Sp. z o.o. in connection with filing a bankruptcy petition by this entity.

In the second quarter of 2022, the segment reported an EBITDA profit of PLN 12.6 million, and in the first half of 2022 – of PLN 32.4 million. At the same time, it is worth recalling that the comparability of the data was affected by a subsidy from the Guaranteed Employee Benefits Fund and a redemption of Social Insurance contributions in the total amount of PLN 1.9 million in the second quarter of 2021. In the first half of 2021, the segment's result was positively affected by a subsidy from the Guaranteed Employee Benefits Fund and a redemption of Social Insurance contributions in the total amount of PLN 7.3 million.

In the second quarter of 2022, without the effect of IFRS 16, the EBIT loss amounted to PLN 10.3 million and the EBITDA loss – to PLN 3.3 million. In the first half of 2022, the loss at the EBIT level stood at PLN 15.8 million and the profit at the EBITDA level at PLN 0.7 million.

## 1. REVENUE [3]

Revenues of the Movies and Books segment were higher in the second quarter as well as in the first half of 2022 in comparison to the same periods of 2021. This was mainly the result of lifting the restrictions on cinema and restaurant operations. In the second quarter of 2022, the segment's revenue was not only higher as compared to the second quarter of 2021 – an increase by 103.0% to PLN 95.6 million, but also increased by 13.8% compared to the second quarter of 2019, in which they accounted for PLN 84.0 million. In the first half of 2022, the segment's revenue increased by as much as 220.3% yoy to PLN 209.5 million.

The increase in proceeds recorded in comparison to the second quarter and the first half of 2021 resulted mainly from higher revenue from cinema operations. In the second quarter of 2022, the Helios chain sold 2.1 million tickets in cinemas – it translated into higher revenues from ticket sales and concession sales, which amounted to PLN 39.1 million and PLN 23.0 million, respectively – a total of PLN 62.1 million. Revenues from cinema operations defined in

this way were also higher by 8.6% than those recorded in the second quarter of 2019. It is worth adding that online ticket sales accounted for 43.7% of total proceeds from ticket sales in cinemas in the second quarter of 2022.

In the period from January to June 2022, 4.6 million tickets were sold in Helios cinemas. This contributed to a dynamic increase in revenue from ticket sales and concession sales in cinemas, which amounted to PLN 86.4 million and PLN 45.4 million, respectively. In the first half of 2022, online ticket sales accounted for 44.9% of total proceeds from ticket sales in cinemas. Revenue from sales of advertisements in cinemas was higher both in the second quarter and in the first half of 2022 and accounted for PLN 6.3 million and PLN 11.0 million, respectively. It is worth mentioning that in the previous year, the cinemas in Poland were closed by administrative decision until May 20, 2021, and then their operations were restricted due to the COVID-19 pandemic.

In the second quarter of 2022, total revenues of the Movies and Books segment from film operations increased to PLN 3.1 million and in the first half of 2022 – to PLN 20.6 million, and were significantly higher than those earned in the corresponding periods of 2021. In the first half of 2022, NEXT FILM introduced to cinemas four Polish productions: the comedy *Koniec świata czyli Kogel Mogel 4 (The End of the World or Kogel Mogel 4)* – the latest part of the cult series, directed by Anna Wieczur, a sequel to the 2016 comedy hit – *8 rzeczy, których nie wiecie o facetach (8 Things You Don't Know about Guys)*, directed by Sylwester Jakimow, the family film *Za duży na bajki (Too Big for Fairy Tales)*, directed by Kristoffer Rus, and the comedy-drama *Fucking Bornholm* directed by Anna Kazejak (the second quarter of 2022). The level of revenues from film operations in the period from January to June 2022 was significantly impacted by revenues from production for the Netflix streaming platform. Moreover, in the first half of 2022, productions that had a cinema release on earlier dates were also made available in various distribution channels.

In the second quarter of 2022, the revenues from restaurant operations were higher by 53.0% yoy and amounted to PLN 10.1 million due to an increase in Step Inside revenues recorded as a result of less severe COVID-19-related restrictions on restaurant operations and thanks to a larger number of establishments – there are currently as many as 12. This also contributed to an increase in proceeds from this business in the first half of 2022 – they were higher by 49.2% yoy and amounted to PLN 17.9 million.

Revenue of Agora Publishing House decreased both in the second quarter of 2022 and in the first half of 2022. In the period of April – June 2022 it was lower by 14.5% yoy and amounted to PLN 11.2 million, and in the first half of 2022 – by 8.1% and amounted to PLN 22.6 million. In the second quarter of 2022, Agora sold approx. 0.3 million books and music and film publications, and 0.5 million in the first half of 2022. The most frequently purchased publications between January and June 2022 included i.a. the book *Czuła przewodniczka. Kobięca droga do siebie (An Affectionate Guide. A Woman's Road to Herself)* by Natalia de Barbaro, *Wybór (The Choice)* by Anne Applebaum and Donald Tusk, and *No i pogadali. Szkło Kontaktowe, gdy gasną kamery (So They Had a Chat. Contact Glass, When the Cameras Turn Off)* by Tomasz Jachimek, as well as *Ostatni śnieg (The Last Snow)* by Rafał Pacześ. The best-selling music album remained *Mogło być nic (It Could Have Been Nothing)* by the band Kwiat Jabłoni. The main reasons for the decline in sales revenue of Agora Publishing House were Russia's military invasion of Ukraine and rising inflation.

In the second quarter of 2022, the revenue of Agora Publishing House from digital sales (sales of own publications and publications of other publishers) increased by 6.8% yoy and stood at PLN 4.7 million, while in the first half of 2022 they increased by 7.1% yoy and stood at PLN 9.0 million.

## 2. COST

The operating expenses of the Movies and Books segment were higher both in the second quarter and in the first half of 2022. Their increase in comparison to 2021 was primarily due to the fact that the cinemas were closed by administrative decision until May 20, 2021, and their operations were still reduced later on due to the introduced ticket sales limits. Only as of June 13, 2021 was it possible to conduct concession sales in cinema bars.

In addition, the level of operating expenses of this business in the second quarter of 2022 was also affected by the reversal of the write-down of fixed assets of Helios S.A. in the amount of PLN 1.7 million made in the fourth quarter of 2021, and in the first half of 2022 the write-down of fixed assets of Helios S.A. in the amount of PLN 0.6 million made in the first quarter of 2022 in connection with the filing a bankruptcy petition by Foodio Concepts Sp. z o.o. Helios lent the equipment which it did not use for other purposes to Foodio Concept for its business operations. Helios sold its shares in Foodio Concepts in June 2020.

As a result, in the second quarter of 2022, the operating expenses of the segment were higher by 48.2% yoy and amounted to PLN 101.8 million. In the first half of 2022, they went up by 88.8% yoy and amounted to PLN 216.7 million.

The largest category of costs was expenditure for external services, which increased in the second quarter of 2022 to PLN 30.9 million, and in the first half of 2022 to PLN 71.0 million. In both periods discussed, the costs of purchasing film copies and those of restaurant operations were higher. In the first case, this was related to the growing cinema attendance, while in the second case, this was due to less severe operating restrictions than a year before and the development of Step Inside. The increase in costs of external services was also due to expenses related to the cinemas resuming their operations, and costs related to the production of the movie *Jeszcze przed świętami (Just Before Christmas)* for Netflix. In addition, in the first half of 2022, the costs of remuneration paid to film producers were higher due to higher film distribution proceeds.

The costs of salaries and employee benefits also increased – by 68.9% to PLN 20.1 million in the second quarter of 2022, and by 83.5% to PLN 41.1 million in the first half of 2022. This resulted mainly from the fact that in the second quarter of 2022, COVID-19-related restrictions on the cinema and restaurant business were no longer in force, while in the second quarter of 2021 the operation of cinemas and restaurants was subject to restrictions.

In the first half of 2022, despite restrictions on the cinema and restaurant business still in force until the end of February 2022, cinemas and restaurants were already operating. In the first half of 2021, Helios chain cinemas were closed until May 20, and then their operation was restricted, while the operation of restaurants involved mainly take-away and delivery sales.

In addition, full-time salaries at Helios were higher in both the second quarter and in the first half of 2022. The costs of salaries and employee benefits in the first half of 2022 were also increased by a part of the costs related to the production of the movie *Jeszcze przed świętami (Just Before Christmas)*.

The increase in the costs of materials and energy consumption and value of goods and materials sold to PLN 15.8 million in the second quarter of 2022 and to PLN 30.4 million in the first half of 2022 was due to the launch of concession sales in cinemas after its closure due to the COVID-19 pandemic and higher proceeds from the restaurant business.

In addition, the promotion and marketing costs in the segment increased, both in the second quarter and in the first half of 2022. In the period from April to June 2022, they increased to PLN 3.7 million, which resulted mainly from higher costs of advertising in cinemas, including barter-settled advertising. In the first half of 2022, the promotion and marketing costs in the segment increased to PLN 9.0 million. This resulted from higher costs of promotion in the film distribution business in connection with the release of four new movies, while in the first half of 2021 NEXT FILM released only one cinema production. In the first half of 2022 promotion and marketing cost increased also in cinemas.

In both periods discussed, in turn, the operating costs of Agora Publishing House were lower, amounting to PLN 10.6 million in the second quarter of 2022 and PLN 21.7 million in the first half of 2022. This was due to the decrease in production costs due to, i.a., lower sales of products.

The segment's depreciation costs (excluding Agora Publishing House) were slightly higher, amounting to PLN 20.4 million in the second quarter of 2022. This was due to i.a. the higher number of restaurants being developed under the Pasibus brand. By contrast, in the first half of 2022, the depreciation costs were lower than in the corresponding period of 2022 and amounted to PLN 40.4 million, which resulted mainly from a reduction in the value of assets in cinemas in the fourth quarter of 2021.

### 3. NEW INITIATIVES

In the second quarter of 2022, the Helios chain cinemas invited viewers to many screenings of Polish and foreign films – attractive productions for both adults and children. There were also screenings as part of special projects known to movie goers, including concerts and theatre performances in the “Helios na Scenie” (“Helios on Stage”) series and films in the “Helios Sport” series, as well as exceptional broadcasts, such as UEFA Champions League semifinal and final matches. In addition, the chain expanded its unique Helios Game offer – “Granie na Wielkim Ekranie” (“Gaming on the Big Screen”), which involves renting a cinema room for gaming; it is a project addressed to the most demanding computer gamers.

On June 3, 2022 Helios S.A. received PLN 18.9 million under a preferential loan agreement with Polski Fundusz Rozwoju S.A. with its registered office in Warsaw, as part of the government programme “Financial Shield of the Polish Development Fund for Large Companies”.

In turn, NEXT FILM, a Helios group company engaged in film production and distribution, released another Polish title in the second quarter of 2022. The movie *Fucking Bornholm*, starring i.a. Agnieszka Grochowska, Maciej Stuhr, Grzegorz Damięcki and Jaśmina Polak, premiered on May 6. Also in May, the film was included in the selection of the 56th Karlovy Vary International Film Festival and presented in the Main Competition – Crystal Globe Competition.

Agora Publishing House has offered yet other outstanding premieres to literature and music lovers. They included the book *Nigdy nie odpuszczę (I Will Never Give Up)*, published at the end of May 2022, in which former Polish Ombudsman Adam Bodnar, in conversation with journalist Bartosz Bartosik, takes an in-depth look at the current situation in Poland and in the world.

In the first half of 2022, the number of Pasibus restaurants has increased – on February 25, 2022, a location in Galeria Katowicka became part of the chain, and on May 7, 2022 a restaurant in Św. Marcin street in Poznań opened its doors to customers.

## IV.B. PRESS [1]

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

Tab. 15

| <i>in PLN milion</i>                                     | 2Q 2022       | 2Q 2021       | % change<br>yoy | 1H 2022        | 1H 2021       | % change<br>yoy |
|--|---------------|---------------|-----------------|----------------|---------------|-----------------|
| <b>Total sales, including:</b>                           | <b>53.7</b>   | <b>49.6</b>   | <b>8.3%</b>     | <b>100.6</b>   | <b>95.9</b>   | <b>4.9%</b>     |
| Copy sales   | 26.2          | 26.3          | (0.4%)          | 51.8           | 51.6          | 0.4%            |
| incl. <i>Gazeta Wyborcza</i>                             | 24.8          | 25.1          | (1.2%)          | 49.3           | 49.3          | -               |
| Advertising revenue (1), (2)                             | 16.6          | 16.1          | 3.1%            | 28.7           | 29.3          | (2.0%)          |
| incl. <i>Gazeta Wyborcza</i> (4)                         | 15.0          | 14.5          | 3.4%            | 26.1           | 26.3          | (0.8%)          |
| <b>Total operating cost, including (5):</b>              | <b>(53.3)</b> | <b>(44.9)</b> | <b>18.7%</b>    | <b>(102.3)</b> | <b>(87.5)</b> | <b>16.9%</b>    |
| <b>Total operating cost without IFRS 16 (5) :</b>        | <b>(53.3)</b> | <b>(44.9)</b> | <b>18.7%</b>    | <b>(102.3)</b> | <b>(87.5)</b> | <b>16.9%</b>    |
| Raw materials, energy, consumables and printing services | (12.4)        | (9.2)         | 34.8%           | (24.0)         | (19.0)        | 26.3%           |
| Staff cost   | (25.3)        | (24.0)        | 5.4%            | (50.5)         | (47.0)        | 7.4%            |
| D&A  | (1.7)         | (1.8)         | (5.6%)          | (3.3)          | (3.8)         | (13.2%)         |
| Promotion and marketing (1), (3)                         | (3.9)         | (3.1)         | 25.8%           | (6.4)          | (5.4)         | 18.5%           |
| <b>EBIT</b>  | <b>0.4</b>    | <b>4.7</b>    | <b>(91.5%)</b>  | <b>(1.7)</b>   | <b>8.4</b>    | <b>-</b>        |
| <i>EBIT margin</i>                                       | 0.7%          | 9.5%          | 8.8pp           | (1.7%)         | 8.8%          | (10.5pp)        |
| <b>EBIT without IFRS16</b>                               | <b>0.4</b>    | <b>4.7</b>    | <b>(91.5%)</b>  | <b>(1.7)</b>   | <b>8.4</b>    | <b>-</b>        |
| <i>EBIT margin without IFRS16</i>                        | 0.7%          | 9.5%          | 8.8pp           | (1.7%)         | 8.8%          | (10.5pp)        |
| <b>EBITDA</b>  | <b>2.1</b>    | <b>6.5</b>    | <b>(67.7%)</b>  | <b>1.6</b>     | <b>12.2</b>   | <b>(86.9%)</b>  |
| <i>EBITDA margin</i>                                     | 3.9%          | 13.1%         | (9.2pp)         | 1.6%           | 12.7%         | (11.1pp)        |
| <b>EBITDA without IFRS16</b>                             | <b>2.1</b>    | <b>6.5</b>    | <b>(67.7%)</b>  | <b>1.6</b>     | <b>12.2</b>   | <b>(86.9%)</b>  |
| <i>EBITDA margin without IFRS16</i>                      | 3.9%          | 13.1%         | (9.2pp)         | 1.6%           | 12.7%         | (11.1pp)        |

- (1) the amounts do not include revenues and total cost of cross-promotion of different media between the Agora Group segments (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation;
- (2) the data include inflows from the sales of advertising on the websites: *Wyborcza.pl*, *Wyborcza.biz*, *Wysokieobcasy.pl* as well as on the local websites;
- (3) the amounts include, inter alia, costs of producing and promoting gadgets attached to *Gazeta Wyborcza* and other publications;
- (4) the data includes advertising revenues in *Gazeta Wyborcza*'s paper editions as well as advertisements published on *Wyborcza.pl*, *Wyborcza.biz*, *Wysokieobcasy.pl* and local websites;
- (5) the data include the allocated costs of office, warehouse and parking space, occupied by the Press segment, costs of computers and development and maintenance activities of the technology department in Agora S.A. and the costs of Big Data department.

Both in the second quarter of 2022 and in the first half of 2022, the Press segment recorded a lower operating result as compared to the same months of 2021. In both discussed periods, it resulted mainly from an increase in operating expenses. The operating profit of the segment at the EBIT level in the second quarter of 2022 amounted to PLN 0.4 million, while in the first half of 2022 the Press segment recorded a loss of PLN 1.7 million. The segment's result at the EBITDA level was positive both in the second quarter and in the entire first half of 2022, amounting to PLN 2.1 million and PLN 1.6 million, respectively.

The introduction of IFRS 16 did not significantly affect the results of the Press segment. The data presented without the effect of IFRS 16 are identical to the results taking into account the changes introduced by this standard.



## 1. REVENUE

In the second quarter of 2022, the total revenues of the Press segment amounted to PLN 53.7 million and were 8.3% higher than in the second quarter of 2021. In the first half of 2022, they accounted for PLN 100.6 million and increased by 4.9% compared to those earned in the months from January to June 2021.

In the second quarter of 2022, the increase in the segment's proceeds resulted mainly from higher revenue from printing operations, subscriptions of Wyborcza.pl and from advertising sales in *Gazeta Wyborcza*. In the first half of 2022, the increase in the segment's revenue resulted from higher proceeds from printing operations and from digital subscriptions sales.

The segment's revenue in the second quarter of 2022 was negatively affected by a decrease in proceeds from the sale of the paper edition of *Gazeta Wyborcza*, whereas in the entire first half of the year a lower level of segment's revenue was mainly due to a decrease in advertising sales.

### 1.1. Revenue from copy sales

In the second quarter of 2022, the proceeds of the Press segment from copy sales decreased by 0.4% to PLN 26.2 million. This was mainly due to the lower revenues from the sale of the paper edition of *Gazeta Wyborcza* with growing revenues from the sale of Wyborcza.pl subscriptions. In the first half of 2022, the proceeds from copy sales in the segment were higher by 0.4% as compared to the corresponding period of 2021 and amounted to PLN 51.8 million. This was mainly driven by higher revenues from sales of digital access to Wyborcza.pl content, with declining proceeds from the sales of the paper edition of the daily.

In the second quarter of 2022, *Gazeta Wyborcza* maintained its leading position in sales among the opinion-forming dailies. The average total sales of *Gazeta Wyborcza* to 48.8 thousand copies and decreased by 16.4% yoy. In the first half of 2022, the average total sales of *Gazeta Wyborcza* in traditional form amounted to 50.2 thousand copies and decreased by 15.2% as compared to the same period of 2020. In the second quarter of 2022, the proceeds from sales of *Gazeta Wyborcza* content decreased by 1.2%, while in the first half of 2022 they remained at the same level as in the corresponding period of 2021, primarily due to higher revenues from digital subscriptions.

### 1.2. Advertising sales [3]

In the second quarter of 2022, revenue from advertising sales in the Press segment increased by 3.1% yoy to PLN 16.6 million, i.a. thanks to higher revenues from digital advertising sales. In the first half of 2022, revenue from advertising sales declined by 2.0% yoy and amounted to PLN 28.7 million. This was mainly attributable to lower revenues from custom publishing, recorded due to a lower number of projects in progress compared to the same period in 2021.

In the period from April to June 2022, net revenue of *Gazeta Wyborcza* from the entire advertising business stood at PLN 15.0 million and was higher by 3.4% than in the same period of 2021 as a result of higher revenues from online sales of advertising services. In the first half of 2022, net revenue of *Gazeta Wyborcza* from the entire advertising business amounted to PLN 26.1 million and was lower by 0.8% yoy due to the decline in advertising revenue in the paper edition of the daily.

### 1.3. Digital revenue

In the first half of 2022, the daily's digital revenue (from the sale of digital subscriptions and digital advertising) reached nearly PLN 33.3 million, which accounted for 43.2% of its total revenue.

This was primarily the result of higher revenues from subscriptions to Wyborcza.pl content, which grew by 10.2% compared to the second quarter of 2021. It is worth noting that the number of active paid digital subscriptions to *Gazeta Wyborcza* at the end of June 2022 amounted to nearly 296 thousand, which represents a 14.6% increase compared to the same period of 2021.

## 2. COST

Both in the second quarter and in the first half of 2022, the operating costs of the Press segment increased - by 18.7% yoy to PLN 53.3 million and by 16.9% yoy to PLN 102.3 million, respectively.

The major impact on the segment's operating expenses in both periods had the higher cost of materials, energy, goods and printing services, which was mainly due to an increase in paper prices. In the second quarter of 2022, this category of costs increased by 34.8% to PLN 12.4 million, and in the first half of the year – by 26.3% yoy to PLN 24.0 million.

Both in the second quarter and in the first half of 2022, the staff costs increased – by 5.4% and 7.4% yoy, respectively. The growth in the staff costs was driven by increases in the fixed salary and a higher headcount in the Press segment.

In the second quarter of 2022 and in the first half of 2022, the promotion and marketing costs were higher – they increased by 25.8% yoy to PLN 3.9 million and by 18.5% to PLN 6.4 million, respectively. The increase in this category of expenses was mainly related to stronger promotion supporting sales of Wyborcza.pl digital subscriptions, with a decrease in spending on promoting the traditional edition of *Gazeta Wyborcza*. In both periods discussed, the expenditure on promotion of cultural events and computer services was also higher. The level of costs allocated to the Press segment from the cost pool not allocated to the Group's individual businesses also increased.

The costs of the segment's depreciation decreased both in the second quarter of 2022 and in the first half of 2022 - by 5.6% and 13.2%, respectively. This was mainly the effect of the termination of the depreciation period of projects implemented in earlier periods and of fixed assets related to the printing business.

It is worth noting that the operating costs of the Press segment in the first half of 2021 were positively affected by the reversal of the PLN 1.1 million write-off on the outstanding liabilities of one of the business partners.

### 3. NEW INITIATIVES

In the second quarter of 2022, the team of the Press segment – *Gazeta Wyborcza* and Wyborcza.pl implemented further changes in the offer for readers of the traditional and digital version of the daily, as well as for customers.

Since 8 April 2022, *Gazeta Wyborcza* has been sold at a new price on Fridays and Saturdays – it is PLN 7.99 and PLN 8.99, respectively, i.e. PLN 1 more than before. The change was related to a significant increase in publishing costs. In turn, since mid-May this year, the weekend issues of *Gazeta Wyborcza* have a chiefly magazine profile – the main issue consists of the *Wolna Sobota* magazine. In addition, readers receive *Ale Historia* and *Wysokie Obcasy* weeklies, and in Warsaw – *Gazeta Stołeczna*. Thus, an unique serving of reading is placed in their hands: the best, longer content, including reportages, profiles, interviews, columns and drawings prepared by Wyborcza journalists, experts and publicists.

In addition, in May – for its 33rd birthday – Wyborcza prepared a special offer to subscribe to its digital editions with a fixed discount of 33% and best-selling e-books as gifts. In the second quarter of 2022, the team also developed its cooperation with external partners, creating attractive packages with other subscription providers. One example is a special offer prepared by Wyborcza.pl together with Cineman for internet users on the occasion of the Children's Day: access to the Wyborcza Premium package and the FILMKLUB+ package with cinema hits.

On Monday, 13 June, Wyborcza.pl premiered in a completely new – more visually appealing and more intuitive version. Thanks to the new solutions, following the latest trends in the design of press title websites, users can navigate the site even more easily and are able to quickly find information that is interesting to them. Together with the premiere of the new Wyborcza.pl, changes were also introduced on the website presenting the offer of *Gazeta Wyborcza* for advertisers – the wyborcza.pl/reklama website of the Wyborcza Group. It features a wide and unique portfolio of Wyborcza and Wyborcza.pl solutions along with attractive case studies, i.e. examples of the implementation of promotional and sales activities which the Wyborcza Group has successfully conducted for many years. Changes in Wyborcza.pl were accompanied by a promotional campaign.

The *Wysokie Obcasy Extra* magazine has also been redesigned. Its July issue featured new journalistic formats, the texts of yet another valued female authors and experts, all in the graphical layout which has been revised, made more modern and more comfortable to read. Importantly, the change has allowed the magazine to maintain its unique value in the market of women's magazines – the issues are as packed with interesting content as they used to be, and now include more texts on psychology or advice.

In addition, Agora decided to discontinue the publication of the *Wysokie Obcasy Praca* magazine – a quarterly associated with the *Wysokie Obcasy* brand, the content of which was addressed to female readers wanting to develop socially and professionally. The issue of the magazine of 2 June 2022 was the last one to appear in the press market.



A new addition to the Wyborcza.pl online offer was a podcast on health issues. *Zdrowa rozmowa* (A healthy conversation), which premiered in mid-June 2022, is authored by Katarzyna Staszak and Margit Kossobudzka, journalists of the Science and Health section of Wyborcza. The podcast is available every Wednesday on Wyborcza.pl, as well as – free of charge – on streaming platforms. In addition to *Zdrowa rozmowa*, Wyborcza.pl publishes a daily podcast 8:10, and as its parts – the *Jutronauci* and *Książki. Magazyn do słuchania* (The Books. A Magazine to Listen to) series, the podcast *Warszawa nadaje* (Warsaw Broadcasts) – about life in the capital, produced by the editors of *Gazeta Stołeczna* and *Warszawa.wyborcza.pl*, as well as online broadcasts *Mistrzowie Słowa* (Masters of the Word) and podcasts of *Wysokie Obcasy*.

Intensive efforts were also carried out by local editorial offices of *Gazeta Wyborcza*, which in the second quarter of 2022 were involved in the third edition of the *Supermiasta i Superregiony* campaign, this time with the central theme of ecology and greenery. In June, at the final gala of the project, the daily's team i.a. summarized a survey in which readers selected their favourite green areas in each city and region.

Also in the second quarter of 2022, the Wyborcza team implemented further ecological and social activities. They included the *Odpowiedzialni – Solidarni. Odpowiedzialny biznes dla lepszego świata* (The Responsible – The Solidary. Responsible Business for a Better World) programme, as part of which the journalists looked at how Polish companies put their corporate social responsibility into practice. Also, the sixth edition of the environmental project by *Gazeta Wyborcza* and Wyborcza.pl *JednaPlaneta.JednoŻycie* (OnePlanet.OneLife) was started, aimed at providing reliable, expert knowledge about global and local ecological challenges.

In late May 2022, the second edition of the *Pod dobrą opieką* (Well Taken Care of) project was also launched by *Gazeta Wyborcza* and the Supreme Chamber of Nurses and Midwives, devoted to the quality of care for the dependent and support for their caregivers. The editorial team was also constantly involved in helping the struggling Ukraine and its people, including a supplement *Wiersze dla Ukrainy* (Poems for Ukraine) with pieces by Ukrainian poets and poetesses. On Monday, 20 June – the World Refugee Day – the editors of *Gazeta Wyborcza* offered their pages to immigrants from different parts of the world who came to Poland, fleeing wars and persecution. A special edition titled *Gazeta Uchodźców* (The Newspaper of Refugees) was available at press sales points and on Wyborcza.pl.

Taking into account the repertoire for the rest of this year and assuming the absence of new sanitary restrictions, the Company believes that throughout 2022 attendance will be closer to that recorded in 2019 and will return to pre-pandemic levels as early as 2023. At the same time, it should be noted that the deterioration of the financial situation of households may have a negative impact on cinema attendance and bar sales in the second half of 2022. Agora and Wyborcza also became involved in the organization of subsequent summer music festivals. In the second quarter of 2022, it was Co Jest Grane Festival. Women's Voices Edition, which took place on June 17 and 18, 2022 in Łazienki Królewskie in Warsaw.

## 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 Video OOH Sp. z o.o. (on 22 July 2022 the change in name from Piano Group Sp. z o.o. to Video OOH Sp. z o.o. was registered).

Tab. 16

| <i>in PLN million</i>                       | 2Q 2022       | 2Q 2022       | % change<br>yoy | 1H 2022       | 1H 2022       | % change<br>yoy |
|---|---------------|---------------|-----------------|---------------|---------------|-----------------|
| <b>Total sales, including:</b>              | <b>46.6</b>   | <b>31.8</b>   | <b>46.5%</b>    | <b>77.0</b>   | <b>47.8</b>   | <b>61.1%</b>    |
| Advertising revenue (1)                     | 44.8          | 30.5          | 46.9%           | 73.3          | 45.6          | 60.7%           |
| <b>Total operating cost, including:</b>     | <b>(39.8)</b> | <b>(34.3)</b> | <b>16.0%</b>    | <b>(74.4)</b> | <b>(63.0)</b> | <b>18.1%</b>    |
| <b>Total operating cost without IFRS 16</b> | <b>(40.3)</b> | <b>(34.7)</b> | <b>16.1%</b>    | <b>(75.4)</b> | <b>(63.9)</b> | <b>18.0%</b>    |
| Maintenance cost (1)                        | (10.5)        | (9.2)         | 14.1%           | (20.9)        | (17.6)        | 18.8%           |
| Execution of campaigns (1)                  | (6.9)         | (4.5)         | 53.3%           | (11.0)        | (7.5)         | 46.7%           |
| Staff cost                                  | (7.7)         | (6.2)         | 24.2%           | (14.6)        | (11.9)        | 22.7%           |
| Promotion and marketing                     | (1.3)         | (0.7)         | 85.7%           | (1.8)         | (1.0)         | 80.0%           |
| D&A   | (9.5)         | (9.3)         | 2.2%            | (19.0)        | (18.7)        | 1.6%            |
| Impairment losses (2)                       | -             | (1.5)         | -               | -             | (1.5)         | -               |
| <b>EBIT</b>                                 | <b>6.8</b>    | <b>(2.5)</b>  | <b>-</b>        | <b>2.6</b>    | <b>(15.2)</b> | <b>-</b>        |
| EBIT margin                                 | 14.6%         | (7.9%)        | 22.5pp          | 3.4%          | (31.8%)       | 35.2pp          |
| <b>EBIT without IFRS 16</b>                 | <b>6.3</b>    | <b>(2.9)</b>  | <b>-</b>        | <b>1.6</b>    | <b>(16.1)</b> | <b>-</b>        |
| EBIT margin without IFRS 16                 | 13.5%         | (9.1%)        | 22.6pp          | 2.1%          | (33.7%)       | 35.8pp          |
| <b>EBITDA (2)</b>                           | <b>16.3</b>   | <b>8.3</b>    | <b>96.4%</b>    | <b>21.6</b>   | <b>5.0</b>    | <b>332.0%</b>   |
| EBITDA margin                               | 35.0%         | 26.1%         | 8.9pp           | 28.1%         | 10.5%         | 17.6pp          |
| <b>EBITDA without IFRS 16 (2)</b>           | <b>11.6</b>   | <b>4.0</b>    | <b>190.0%</b>   | <b>12.4</b>   | <b>(3.7)</b>  | <b>-</b>        |
| EBITDA margin without IFRS 16               | 24.9%         | 12.6%         | 12.3pp          | 16.1%         | (7.7%)        | 23.8pp          |
| Number of advertising spaces (3)            | 23 577        | 24 634        | (4.3%)          | 23 577        | 24 634        | (4.3%)          |

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

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

(3) excluding advertising panels on buses, trams and Cityinfo.

Thanks to a significant increase in revenue, the Outdoor segment improved its operating results both in the second quarter and in the first half of 2022.

In the second quarter of 2022 the segment's EBITDA increased by 96.4% yoy and amounted to PLN 16.3 million. The segment also improved its EBIT result, which reached PLN 6.8 million.

In the first half of 2022, the segment's operating result at EBIT level increased to PLN 2.6 million, the segment's EBITDA increased by 332.0% yoy to PLN 21.6 million, and the EBITDA margin increased by 17.6 pp to 28.1%.

Segment results presented without the impact of IFRS 16 also improved in both the second quarter, and the entire first half of 2022. EBIT amounted to PLN 6.3 million and PLN 1.6 million, respectively, compared to losses of PLN 2.9 million and PLN 16.1 million in the corresponding periods of 2021. EBITDA result presented without the impact of IFRS 16 stood at PLN 11.6 million in the second quarter of 2022 and PLN 12.4 million in the first half of 2022.

### 1. REVENUE [8]

In both the second quarter and the entire first half of 2022, AMS group revenues were higher than in the corresponding periods of 2021. In the second quarter of 2022, the segment's advertising revenues increased by 46.9% yoy to PLN 44.8 million, and in the first half of 2022 by 60.7% yoy to PLN 73.3 million. This primarily results from

higher spending on campaigns carried out on citylight, digital, backlight, and city transport panels. The return to high revenue growth on citylight media marks a change in the unfavourable trend caused by the effects of the pandemic.

In the second quarter of 2022, the value of expenditure on outdoor in Poland, according to the IGRZ (the Outdoor Advertising Chamber) report, increased by 33.5% yoy, and in the first half of 2022, this expenditure was almost by 47.0% higher than in the first half of 2021.

In the second quarter of 2022, the estimated share of the AMS Group in outdoor expenditure amounted to over 29.5%, and in the entire first half of 2022 — to over 28.0% [8].

## 2. COST

Segment's operating costs increased both in the second quarter of 2022 – by 16.0% yoy and amounted to PLN 39.8 million, as well as in the first half of 2022 – by 18.1% yoy to PLN 74.4 million.

All categories of operating costs increased in both periods under review.

The largest increase was in campaign implementation costs due to the higher number of campaigns. In the second quarter of 2022, this category of operating costs was 53.3% higher and accounted for PLN 6.9 million. In the first half of 2022, it increased by 46.7% compared to the first half of 2021, and amounted to PLN 11.0 million. Costs for the replacement, distribution and printing of posters and vinyls, as well as for the implementation of the campaign on public transport were higher.

The increase in system maintenance costs in the second quarter of 2022 by 14.1% to PLN 10.5 million, and in the first half of 2022 by 18.8% to PLN 20.9 million mainly due to higher costs of operation and development of the system of digital indoor panels, an increase in renovation costs and the ongoing maintenance of advertising panels.

Staff costs increased by 24.2% yoy to PLN 7.7 million in the second quarter of 2022 and by 22.7% yoy to PLN 14.6 million in the first half of 2022. This is a result of an increase in fixed salaries and the amount of the variable component of remuneration due to higher achievement of sales targets.

An increase in promotion and marketing costs in both the second quarter of 2022 – by 85.7% to PLN 1.3 million, and in the first half of 2022 – by 80.0% yoy to PLN 1.8 million, was mainly from higher sponsorship and other representation costs.

The increase in depreciation and amortisation cost in the segment, in both periods under review, is the result of the IFRS16 qualification of rental contracts with a higher total value than those qualified in the corresponding periods of 2021.

The segment's operating costs presented without the effect of IFRS 16 were higher than in the corresponding periods of 2021 and stood at PLN 40.3 million in the second quarter of 2022 and at PLN 75.4 million in the first half of 2022.

## 3. NEW INITIATIVES

In the second quarter of 2022, AMS focused in particular on developing its digital offer. At the turn of May and June, the company's Digital Indoor offer expanded to include 12 shopping malls owned by Atrium Poland Real Estate. Thanks to the partnership with iPoster, AMS has strengthened its leading position in this segment of the outdoor advertising market - the entire Digital Indoor AMS offer includes a total of 415 digital panels, of which 375 in a standardized vertical layout, located in 38 towns and 20 agglomerations. The company provides its customers with the flexibility to display content depending on the day of the week, which enables the optimization and adaptation of the message being broadcasted. Moreover, in May, AMS announced the implementation – together with the research company CitiesAI – of a ground-breaking method for measuring traffic around indoor media located in shopping malls. This standard is based on hundreds of thousands of images analysed by artificial intelligence. AMS and CitiesAI's data provide precise knowledge of traffic volumes on individual floors and in specific areas of the mall, including the immediate vicinity of a single AMS Digital Indoor medium, as well as basic data on customer demographics – key information for both indoor media operators and advertisers.

The company also implemented further campaigns in the second quarter of 2022, using its eco-friendly solutions. Among other things, 11 new ECO shelters were erected in Warsaw for the promotional activities of an IT company, which became part of the largest system of environmentally friendly bus stops in Poland. In addition, the campaign was implemented in a closed loop, i.e., after its completion, the advertising materials have undergone 100% certified recycling.

AMS has also always supported a number of initiatives in the field of widely understood corporate social responsibility, and one of the pillars of this activity is culture and art. This is why the company has partnered with three national institutions – the National Museum in Krakow, the National Museum in Warsaw, and the Wawel Royal Castle Museum. In April 2022, posters promoting the *Chagall* exhibition at the National Museum in Warsaw were displayed on the company's citylights, placed at public transport stops. AMS also continued its activities in support of refugees from Ukraine. On 1 April 2022, an exhibition of graphic artists' works dedicated to the war in Ukraine opened at the Open–Air Gallery of the Royal Lazienki in Warsaw. The organisers, the Association of Applied Graphic Designers and AMS, together with collaborating institutions from Ukraine, presented 30 posters, which were then displayed on bus stops and digital media in the largest Polish cities.

## 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., Yeldbird Sp. z o.o. and HRlink Sp. z o.o. (from January 28, 2021, which includes HRlink Sp. z o.o. and Goldenline Sp. z o.o.).

Tab. 17

| in PLN million                                    | 2Q 2022       | 2Q 2021       | % change<br>yoy | 1-2Q 2022     | 1-2Q 2021     | % change<br>yoy |
|---|---------------|---------------|-----------------|---------------|---------------|-----------------|
| <b>Total sales , including</b>                    | <b>42,9</b>   | <b>54,2</b>   | <b>(20,8%)</b>  | <b>86,8</b>   | <b>101,1</b>  | <b>(14,1%)</b>  |
| Display ad sales (1)                              | 38,6          | 49,6          | (22,2%)         | 78,2          | 93,0          | (15,9%)         |
| <b>Total operating cost, including (1,2)</b>      | <b>(38,5)</b> | <b>(45,1)</b> | <b>(14,6%)</b>  | <b>(78,8)</b> | <b>(87,6)</b> | <b>(10,0%)</b>  |
| <b>Total operating cost without IFRS 16 (1,2)</b> | <b>(38,5)</b> | <b>(45,1)</b> | <b>(14,6%)</b>  | <b>(78,8)</b> | <b>(87,6)</b> | <b>(10,0%)</b>  |
| External services                                 | (18,9)        | (27,2)        | (30,5%)         | (39,5)        | (53,0)        | (25,5%)         |
| Staff cost  | (13,3)        | (12,3)        | 8,1%            | (26,5)        | (23,9)        | 10,9%           |
| D&A   | (2,3)         | (2,5)         | (8,0%)          | (4,6)         | (4,8)         | (4,2%)          |
| Promotion and marketing (1)                       | (2,9)         | (2,3)         | 26,1%           | (5,9)         | (4,1)         | 43,9%           |
| <b>EBIT</b>                                       | <b>4,4</b>    | <b>9,1</b>    | <b>(51,6%)</b>  | <b>8,0</b>    | <b>13,5</b>   | <b>(40,7%)</b>  |
| EBIT margin                                       | 10,3%         | 16,8%         | (6,5pp)         | 9,2%          | 13,4%         | (4,2pp)         |
| <b>EBIT without IFRS 16</b>                       | <b>4,4</b>    | <b>9,1</b>    | <b>(51,6%)</b>  | <b>8,0</b>    | <b>13,5</b>   | <b>(40,7%)</b>  |
| EBIT margin without IFRS 16                       | 10,3%         | 16,8%         | (6,5pp)         | 9,2%          | 13,4%         | (4,2pp)         |
| <b>EBITDA</b>                                     | <b>6,7</b>    | <b>11,6</b>   | <b>(42,2%)</b>  | <b>12,6</b>   | <b>18,3</b>   | <b>(31,1%)</b>  |
| EBITDA margin                                     | 15,6%         | 21,4%         | (5,8pp)         | 14,5%         | 18,1%         | (3,6pp)         |
| <b>EBITDA without IFRS 16</b>                     | <b>6,7</b>    | <b>11,6</b>   | <b>(42,2%)</b>  | <b>12,6</b>   | <b>18,3</b>   | <b>(31,1%)</b>  |
| EBITDA margin without IFRS 16                     | 15,6%         | 21,4%         | (5,8pp)         | 14,5%         | 18,1%         | (3,6pp)         |

- (1) the amounts do not include total revenues and cost of cross-promotion of Agora's different media (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation. The data also includes the inter-company sales between Agora's Internet Department, Plan D Sp. z o.o., Yeldbird Sp. z o.o. and HRlink Sp. z o.o. (from January 28, 2021, which includes HRlink Sp. z o.o. and Goldenline Sp. z o.o.);
- (2) the data include the allocated costs of office, warehouse and parking space, occupied by the Internet segment, costs of computers and development and maintenance activities of the technology department in Agora S.A. and the costs of Big Data department.

The Internet segment ended the second quarter of 2022 with a lower result than in the corresponding period of 2021, both at EBIT and EBITDA level. These ratios amounted to PLN 4.4 million and PLN 6.7 million, respectively [1]. This result was driven by lower segment revenues from the sale of online advertising than in the previous year.

In the first half of 2022, the Internet segment's operating profit at EBIT level amounted to PLN 8.0 million, while the segment's result at EBITDA level decreased by 31.1% to PLN 12.6 million. The main reason for this result was the segment's lower revenue from the sale of online advertising compared to the previous year.

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

## 1. REVENUE

In the second quarter of 2022, total revenue of the Internet segment decreased by 20.8% yoy and amounted to PLN 42.9 million. Internet advertising sales revenue decreased by 22.2% compared to the second quarter of 2021 and accounted for PLN 38.6 million. The decline in advertising revenues was primarily driven by lower online advertising

sales by Yieldbird, mainly due to a change in the customer portfolio, and a focus on working with higher margin clients. In turn, the segment noted higher revenues from advertisements and other Internet services - resulting mainly from an increase in revenues of the HRlink group.

In the first half of 2022, total revenue of the Internet segment decreased by 14.1% yoy to PLN 86.8 million due to lower sales of online advertising recorded by Yieldbird. On the other hand, advertising sales revenue generated by the Gazeta.pl division was higher yoy, mainly due to an increase in revenue from the sale of advertising services in the first quarter of 2022. The segment also reported higher revenues from classifieds and other online services – resulting mainly from an increase in revenues of the HRlink group.

## 2. COST

Operating costs of the Internet segment were lower both in the second quarter of 2022 – by 14.6% yoy and amounted to PLN 38.5 million, and in the first half of 2022 – by 10.0% yoy and amounted to PLN 78.8 million. This was primarily driven by a reduction in costs of external services - by 30.5% to PLN 18.9 million in the period between April and June 2022 and by 25.5% to PLN 39.5 million in the period between January and June 2022. These costs were lower primarily in Yieldbird, reflecting a decrease in the cost of leasing advertising space and lower revenue from the sale of advertising services. On the other hand, the costs of external services increased in the Gazeta.pl division and the HRlink group.

Staff costs were higher by 8.1% and stood at PLN 13.3 million in the second quarter of 2022, while in the first half of 2022 they increased by 10.9% to PLN 26.5 million. This is the result of higher employment and an increase in fixed wages across the segment.

In turn, depreciation and amortisation costs were lower - decreased by 8.0% to PLN 2.3 million in the second quarter of 2022 and by 4.2% to PLN 4.6 million in the first half of 2022. These mainly decreased in the Gazeta.pl division.

Promotion and marketing costs increased by 26.1% to PLN 2.9 million in the second quarter of 2022 and by 43.9% to PLN 5.9 million in the first half of 2022. In both periods, it was mainly due to higher barter expenses in Gazeta.pl and in the HRlink group.

## 3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In June 2022, the total reach of the Agora Group websites among Polish Internet users stood at 60.2% and the number of users reached 17.9 million, which made the Agora Group the eighth player in the market according to the Mediapanel survey (ranking of publisher groups and ungrouped domains). The total number of page views of the Agora Group's websites reached 539 million, with the average viewing time of 44 minutes per user [6].

In June 2022, 17.2 million Internet users viewed the Agora Group's websites on mobile devices. The number of mobile page views amounted to 437 million, and the share of mobile page views on the websites of the Agora Group amounted to 81.0% and was the highest among Polish horizontal portals [6].

The websites of the Agora Group are ranked among the top thematic market players. According to the Mediapanel's data for June 2022, the Agora Group is the leader in the 'Parenthood' category (eDziecko.pl). Agora Group ranks third in the following categories: 'Information and journalism – general' (including i.a. Wyborcza.pl, Wiadomosci.Gazeta.pl, Tokfm.pl), 'Sport' (Sport.pl) and 'Gossip, celebrity life' (Plotek.pl) as well as 'Multi-themed websites for women' (Kobieta.Gazeta.pl, Wysokieobcasy.pl). Agora Group's websites also hold high positions in thematic categories such as: 'Local and regional information' (fourth place, local websites of Wyborcza.pl, Metrowarszawa.pl), 'Fashion and beauty' (fourth place, Avanti24.pl), 'Automotive' (fifth place, Moto.pl), 'Travel and tourism' (sixth place, Podroze.Gazeta.pl), 'Cuisine, cooking' (sixth place, Haps.pl, Ugotuj.to, Magazyn-kuchnia.pl), 'Business, finance, law' (seventh place, Next.Gazeta.pl and Wyborcza.biz) [6].

## 4. NEW INITIATIVES

In the second quarter of 2022, the team of the Gazeta.pl portal and related websites worked to strengthen its position in the Polish online market. To this end, among others, the editorial teams prepared new formats and interesting campaigns for users, and the advertising office team prepared further attractive projects for customers.

May 2022 saw the premiere of a new video format created with young audiences in mind – *Dlaczego?(Why?)* video series. It explains interesting issues to viewers in an accessible way. The subjects are selected on the basis of the most popular questions from online search engines. The script of each episode is consulted with scientists from the Gdansk

University of Technology. New episodes of the series premier every Saturday on the homepage of Gazeta.pl and at Next.Gazeta.pl. Since the beginning of June this year, a series of podcasts *Zetka z Zetką (Gen-Z on Gen-Z)* is available at Gazeta.pl, which shows today's twenty-year-olds' outlook on the world. Gazeta.pl has always focused on the development of engaging content, and more and more of it is created with generation Z in mind. The portal's team develops, inter alia, the Plotek.pl, Gazeta.pl and Sport.pl TikTok channels, where it presents dedicated formats hosted by journalists and influencers.

In June 2022, Moto.pl presented another report on the automotive market. The editors of the website, together with the Minds & Roses research agency, investigated how the market conditions influence the purchasing decisions of Polish drivers, as well as their attitudes towards electromobility.

In addition, Gazeta.pl continued its commitment to supporting Ukraine and its residents fleeing the war. In April, the portal, together with Ukayina.pl and *The City is Ours* association, conducted a campaign entitled *Nie karm Putina (Don't feed Putin)*, which included suggestions on how to help reduce Russia's profits from the oil trade by means of ecology. Moreover, Gazeta.pl and Ukayina.pl, together with the Polish Centre for International Aid and the Allegro Charity platform, raised over PLN 120 thousand in an auction of unique stamps issued by the Ukrainian Post Office.

In May 2022, Gazeta.pl's advertising office reengaged in a hugely popular *Reklama dla klimatu (Ads for Climate)* project, which aims to promote pro-environmental attitudes among entrepreneurs. As in the previous edition, in order to showcase your project on the portal's homepage, you have to pay at least one thousand zlotys, which will be donated to the Natural Heritage Foundation. Across three editions of the project so far, the portal received 155 submissions from advertisers, and Gazeta.pl users had the opportunity to learn about as many as 46 initiatives.

In the first half of 2022, the HRlink group worked tirelessly on the development of its products, especially in terms of adapting them to the needs of specific customers. In addition to standard solutions, HRlink offered new functionalities to further facilitate the recruitment process. At the same time, Goldenline conducted works aimed at increasing the effectiveness of job advertisements and their results. The number of employer profiles available on the site also increased.

In the second quarter of 2022, the Yieldbird team has been working to further transform the company's business model from offering services to offering products. This is a process dictated by market conditions – publishers now expect solutions that help them manage their ad space efficiently and are increasingly less interested in a comprehensive ad space monetization service. As a result of activities initiated in earlier periods, Yieldbird's portfolio now already includes five proprietary products and two services – one related to direct ad space sales, and the other to consultancy on ad space monetization. Work has also begun on further solutions including a platform enabling customers to easily change product settings, monitor performance or test new products. A project is also underway to improve the efficiency of the sales and marketing process, which is already yielding the first positive results. The test phase of the PriceGenius product has also been successfully completed.



## IV.E. RADIO

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

Tab. 18

| <i>in PLN million</i>                           | <b>2Q 2022</b> | <b>2Q 2021</b> | <b>% change<br/>yoy</b> | <b>1-2Q 2022</b> | <b>1-2Q 2021</b> | <b>% change<br/>yoy</b> |
|---|----------------|----------------|-------------------------|------------------|------------------|-------------------------|
| <b>Total sales, including :</b>                 | <b>27.5</b>    | <b>23.0</b>    | <b>19.6%</b>            | <b>50.3</b>      | <b>42.9</b>      | <b>17.2%</b>            |
| Radio advertising revenue (1), (2)              | 22.0           | 20.3           | 8.4%                    | 40.7             | 38.4             | 6.0%                    |
| <b>Total operating cost, including: (2)</b>     | <b>(25.6)</b>  | <b>(22.0)</b>  | <b>16.4%</b>            | <b>(49.6)</b>    | <b>(41.5)</b>    | <b>19.5%</b>            |
| <b>Total operating cost without IFRS 16 (2)</b> | <b>(25.9)</b>  | <b>(22.1)</b>  | <b>17.2%</b>            | <b>(50.1)</b>    | <b>(41.7)</b>    | <b>20.1%</b>            |
| External services                               | (9.2)          | (7.0)          | 31.4%                   | (18.5)           | (13.5)           | 37.0%                   |
| Staff cost                                      | (9.8)          | (8.8)          | 11.4%                   | (19.6)           | (17.3)           | 13.3%                   |
| D&A   | (1.9)          | (1.9)          | -                       | (3.7)            | (3.7)            | -                       |
| Promotion and marketing (2)                     | (3.1)          | (2.9)          | 6.9%                    | (4.8)            | (4.3)            | 11.6%                   |
| <b>EBIT</b>                                     | <b>1.9</b>     | <b>1.0</b>     | <b>90.0%</b>            | <b>0.7</b>       | <b>1.4</b>       | <b>(50.0%)</b>          |
| EBIT margin                                     | 6.9%           | 4.3%           | 2.6pp                   | 1.4%             | 3.3%             | (1.9pp)                 |
| <b>EBIT without IFRS 16</b>                     | <b>1.6</b>     | <b>0.9</b>     | <b>77.8%</b>            | <b>0.2</b>       | <b>1.2</b>       | <b>(83.3%)</b>          |
| EBIT margin without IFRS 16                     | 5.8%           | 3.9%           | 1.9pp                   | 0.4%             | 2.8%             | (2.4pp)                 |
| <b>EBITDA</b>                                   | <b>3.8</b>     | <b>2.9</b>     | <b>31.0%</b>            | <b>4.4</b>       | <b>5.1</b>       | <b>(13.7%)</b>          |
| EBITDA margin                                   | 13.8%          | 12.6%          | 1.2pp                   | 8.7%             | 11.9%            | (3.2pp)                 |
| <b>EBITDA without IFRS 16</b>                   | <b>2.8</b>     | <b>2.0</b>     | <b>40.0%</b>            | <b>2.5</b>       | <b>3.4</b>       | <b>(26.5%)</b>          |
| EBITDA margin without IFRS 16                   | 10.2%          | 8.7%           | 1.5pp                   | 5.0%             | 7.9%             | (2.9pp)                 |

(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 second quarter of 2022, the operating results of the Radio segment, both at the EBIT and EBITDA levels, were higher than in the corresponding period of 2021. During that time, Agora's radio operations recorded an EBIT profit of PLN 1.9 million and an EBITDA profit of PLN 3.8 million.

The Radio segment ended the first half of 2022 with a profit both at the EBIT and EBITDA levels in the amount of PLN 0.7 million and PLN 4.4 million, respectively.

In the first half of 2022, the operating profit of the Radio segment at the EBIT level without the effect of IFRS 16 amounted to PLN 0.2 million, and in the second quarter of 2022 — to PLN 1.6 million. In the first half of the year, the segment's EBITDA under this approach amounted to PLN 2.5 million, and in the second quarter of 2022 alone — to PLN 2.8 million.

### 1. REVENUE [3]

In the second quarter of 2022, revenue of the Radio segment increased by 19.6% yoy and amounted to PLN 27.5 million. In the first half of 2022, it went up by 17.2% yoy and stood at PLN 50.3 million.

The increase results mainly from higher revenues from the provided sales agency service for the cinemas of the Helios network, which in the corresponding period of 2021 remained closed for most of the time by an administrative ban.

In both periods in question, there was an increase in revenues from airtime sales in the radio stations of Agora Radio Group. In the first half, there was also an increase in proceeds from brokerage airtime sales service in the stations of other broadcasters.



It is also worth noting that in the second quarter of 2022, market expenditure on radio advertising grew by 3.0% compared to the corresponding period of 2021. In the period from January to June 2022, the level of radio advertising expenditure was flat yoy.

In the second quarter of 2022, the segment's online revenue was higher by 11.1%, yoy and in the first half of 2022 — by 12.5% yoy. In both periods, revenue from online advertising services and from the sale of the Premium TOK FM subscriptions increased. The number of Premium TOK FM subscriptions sold amounted to 27.6 thousand at the end of the first half of 2022 and was 9.1% higher than in the corresponding period of 2021.

## 2. COST

In the second quarter of 2022, operating costs of the Radio segment increased by 16.4% yoy and amounted to PLN 25.6 million. In the first half of 2022, these costs increased by 19.5% yoy and amounted to PLN 49.6 million.

In the second quarter of 2022, costs of external services increased by 31.4% yoy to PLN 9.2 million and they were higher by 37.0% yoy and amounted to PLN 18.5 million in the first half of 2022. The increase in costs in both periods under review was mainly driven by higher costs related to the provision of sales agency services to the Helios cinema network. In the previous year, until May, the cinemas remained closed by an administrative decision. In the first half of 2022, higher costs were also incurred for the purchase of airtime in stations belonging to other broadcasters in connection with the advertising sales agency services, as well as marketing services, rents and lease payments. The third-party services item includes, in addition to the agency costs in the sale for Helios cinemas and in the advertising sales in stations of other broadcasters, among others: costs of production services, as well as operator fees.

The staff cost increased by 11.4% yoy to PLN 9.8 million in the second quarter of 2022 and by 13.3% yoy to PLN 19.6 million in the first half of 2022. Fixed remuneration costs were higher due to higher headcount and expenditure on courses, trainings and conferences.

Promotion and marketing costs increased by 6.9% yoy to PLN 3.1 million in the second quarter of 2022 and by 11.6% yoy to PLN 4.8 million in the first half of 2022. This resulted from higher sales costs, corporate media spending, as well as promotion of TOK FM and Rock Radio stations.

Radio segment operating costs presented without the impact of the IFRS 16 standard amounted to PLN 25.9 million in the second quarter of 2022 and were 17.2% higher than in the corresponding period of 2021. In the first half of 2022, operating costs as presented above stood at PLN 50.1 million and increased by 20.1% compared to the corresponding period of 2021.

## 3. AUDIENCE SHARES [8]

Tab. 19

| % share in listening   | 2Q 2022 | change in pp yoy | 1H 2022 | change in pp yoy |
|--|---------|------------------|---------|------------------|
| Group's music radio stations (Rock Radio, Złote Przeboje and Radio Pogoda) | 4.4%    | 0.2pp            | 4.1%    | (0.1pp)          |
| News talk radio station TOK FM   | 3.0%    | 0.1pp            | 3.0%    | 0.3pp            |

It is worth noting that the Agora Group's radio stations do not have a nationwide coverage. Agora Radio Group's music stations are present mainly in cities with more than 100,000 inhabitants, and although the Agora Radio Group is the fifth largest radio group in terms of audience share, it is already in cities with more than 100,000. it ranks third, ahead of much larger groups such as TIME and Polskie Radio, and in 500+ cities it comes second, ahead of the Eurozet group and only slightly losing to the RMF group.

## 4. NEW INITIATIVES

In the second quarter of 2022, Agora's radio stations expanded their offer for listeners, both on air and online.

Since the end of April, Tokfm.pl and the TOK FM app featured Magdalena Rigamonti's new podcast titled *Rosja. Stan umysłu* (Russia. State of mind). In successive episodes of the series, the respected journalist asked experts on Russia about the current situation in this country. In turn, a new series of *Rzeczpospolita Kościelna* podcast premiered on TOK

FM's podcast platform in mid-May. It includes conversations between Magdalena Rigamonti and politicians about Church in Poland. The series received the Grand Press industry award in 2021. TOK FM Premium subscribers can listen to both new podcasts. Moreover, on 26 May this year, i.e., on Mother's Day, TOK FM offered its subscribers a series prepared specifically with parents in mind – *Co z Ciebie wyrośnie? (What will you become?)* by Karolina Oponowicz. The host, with help from the invited guests, dispels parental fears and suggests how to cope with the difficult challenge of raising a child.

In May, TOK+Muzyka, the online version of Radio TOK FM offering only programmes, information and exceptional music, celebrated its first anniversary. On this occasion, in mid-June 2022, the TOK FM editorial team invited everyone to experience listening to such program – the station's traditional airwaves hosted several hours of broadcasts, where commercial content was replaced by a specially selected playlist. Moreover, TOK+Muzyka received a refreshed music database, and prepared a special price offer for those interested in subscribing the station, as Radio TOK+Muzyka is available only to Premium TOK FM subscribers.

In addition, Radio TOK FM launched an image campaign in May 2022, emphasising the uniqueness and importance of the topics undertaken by its editorial team. The station's advertisements with the slogan *Mówimy o tym, co ważne (We talk about what's important)* encouraged people to listen to TOK FM programmes also in the mobile app and on tokfm.pl.

## NOTES

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

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

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

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

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

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

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

*[3] The data relate to advertisements and listings in six media (press, radio, television, outdoor advertising, internet, cinema). In this report, Agora revised the data on ad spend in dailies and magazines in the first quarter of 2022 and TV advertising expenditure in the second quarter of 2021.*

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

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

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

*[4] Information on the sales dynamics of newspapers and Gazeta Wyborcza is prepared by Agora S.A. based on the data of the Polish Readership Survey (PBC) on "total issue sales" in 2021 and "issue sales" in 2022. Due to changes in the PBC survey indicators, no yoy comparison PBC data is available. All average measures (grouping more than one title) are calculated according to the principle of Total Sales / Number of Issues for the title that has the most issues during the period. On the basis of the calculated average, the yoy dynamics are shown.*

*[5] Definition of ratios:*

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

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

$$\text{Return on equity} = \frac{\text{Net profit / (loss) attributable to equity holders of the parent}}{(\text{Equity attributable to equity holders of the parent at the beginning of the period} + \text{Equity attributable to equity holders of the parent at the end of the period}) / 2}$$

*/2/2 for semi-annual results and 4 for quarterly results)*

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

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

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

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

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

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

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

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

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

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

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

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

*[8] Audience market data referred herein are based on Radio Track surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarter) in whole population and in the age group of 15+, from April to June (sample for 2021: 21,021; sample for 2022: 20,907), from January to June (sample for 2021: 41,855; for 2022: 41 940).*

*[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 an overdraft agreement and a term loan refinancing Agora's current debt

**In the current report of March 28, 2022** the Management Board of Agora S.A. hereby informed about agreeing on 28 March 2022, on the preliminary material terms of financing ("Termsheet") for Agora S.A. with Santander Bank Polska S.A. ("Bank") and disclosed the delayed confidential information of 26 January 2022 regarding the commencement of the negotiation process to obtain financing for Agora S.A., i.e. an overdraft facility and a loan refinancing Agora S.A.'s current term debt in the total amount of up to PLN 67 million.

The Termsheet defined the rules on which the Bank will provide Agora S.A. financing in the form of a refinancing loan of up to PLN 32 million with a 3-year repayment period and an overdraft facility of PLN 35 million with a 2-year availability period from the date of concluding a binding loan agreement with the Bank (jointly "Loan" and "Loan Agreements").

The Termsheet did not create financial obligations for the Company. The effect of defining the terms of the Termsheet was the negotiation of the content of the Loan Agreements, and making the Loan available to the Company required the fulfilment of conditions precedent, i.e., such as the establishment of appropriate collateral, standard in this type of loan agreement.

The Termsheet stipulated that the clauses in the Loan Agreements regarding the Company's obligations, breaches, grounds for its termination or withdrawal from the Loan Agreements by the Bank, would not differ from the terms commonly used in such agreements. They included, i.e., clauses regarding the possibility of selling non-current assets, selling shares in Agora Group companies, establishing collateral on the Company's assets, the possibility of further incurring debt by the Company, limiting the distribution of profits, changing control over the Company or maintaining certain financial ratios.

Detailed terms of the loan were agreed as part of the process of negotiating the Loan Agreements.

The Company informed about further stages of the process of obtaining financing in accordance with the requirements imposed by law.

#### **Content of the delayed Confidential Information:**

#### **Commencement of negotiations on obtaining financing for Agora S.A.**

*The Management Board of Agora S.A. with its seat in Warsaw ("Agora", "Company") announces the start of negotiations on obtaining financing for Agora S.A. The obtained financing will be used to refinance the existing Credit Limit Agreement at DNB Bank Polska S.A. consisting of the Non-renewable Loan and the Overdraft Loan, about which the Company informed in the current report 6/2017 as amended. Agora will apply for financing in the amount of approximately PLN 67 million.*

*As at the date of commencement the negotiations, Agora decided to apply for financing to two financial institutions.*

*The commencement of the negotiations described above does not mean that the negotiations will end in obtaining financing by the Company. Agora will inform about further stages of the process in accordance with the requirements imposed by law.*

*The decision to start negotiations on obtaining financing is due to the fact that DNB Bank Polska S.A. withdraws from activity in Poland.*

*The Company will inform in a separate regulatory filing about the possible finalization of negotiations on financing, financing conditions and the signing of relevant documents.*

The Company informed in accordance with the regulations, a justification for the delay of confidential information. It is available on the Company's corporate website.

**In the current report of April 14, 2022** the Management Board of Agora S.A. informed that on 14 April 2022, the Company concluded an overdraft agreement and a loan refinancing Agora's current term debt in the total amount of

up to PLN 67 million (jointly "Loan" and "Loan Agreements") with Santander Bank Polska S.A. ("Bank"). The Company announced the commencement of negotiations and the arrangement of preliminary material terms of credit agreements in the current report No. 10/2022 of 28 March 2022. The change of the entity providing financing to Agora results from the withdrawal of Agora S.A.'s existing creditor from its activities in Poland.

Pursuant to the signed Loan Agreements and after meeting the conditions for establishing legal security for the repayment of the loan and meeting other requirements usually applied when granting loans of a comparable amount, the Company has an investment loan of PLN 32 million with a 3-year repayment period and an overdraft facility in the amount of PLN 35 million with a 2-year availability period from the date of concluding a binding loan agreement with the Bank.

The funds from the investment loan in the amount of PLN 31.8 million were used on April 26, 2022 to refinance the existing term loan at DNB Bank Polska S.A. and the funds from the investment loan remaining after refinancing will be redeemed. An overdraft facility in the amount of PLN 35 million can be used to financing of day-to-day business activities.

The collaterals for the granted financing are typical for such agreements and, in accordance with the provisions of the Loan Agreements, they include: declaration of voluntary submission to enforcement by the Company and guarantors (Grupa Radiowa Agory Sp. z o.o. and Yieldbird Sp. z o.o.), contractual mortgage, established for the benefit of the Bank on real estate located in Warsaw at Czerska 8/10 Street, of which the Company has the right of perpetual usufruct and the ownership of the building located thereon, transfer of rights from the insurance policy on the above mentioned real estate, a guarantee from Bank Gospodarstwa Krajowego under the PLG FGP portfolio guarantee line secured with a blank promissory note, covering 80% of credit amounts in the current account, surety granted by companies from the Agora Group (Grupa Radiowa Agory Sp. z o.o. and Yieldbird Sp. z o.o.) in the amount of 150% of the Loan amount, registered and financial pledge on selected bank accounts of Agora S.A.

Moreover, during the financing period, the Company is obliged to maintain at a certain level the financial ratios related to the EBITDA result increased by received dividends and the agreed debt ratio.

Additionally, the Company and the guarantors (Grupa Radiowa Agory Sp. z o.o. and Yieldbird Sp. z o.o.), without the Bank's written consent, may not (except for cases specified in the contract) use the components of fixed assets, establish security over fixed assets, incur additional financial liabilities, except for debt up to the limit of PLN 10 million for current operations and the existing debt as at the date of signing the agreement and the debt available in the cash pool system.

Without the consent of the Bank, Agora cannot, among others, sell shares in dividend companies included in its capital group (AMS S.A., Agora TC Sp. z o.o., Grupa Radiowa Agory Sp. z o.o., Yieldbird Sp. z o.o., Eurozet Sp. z o.o., Helios S.A.), with exceptions specified in the contract, sell real estate in Tychy, grant loans and pay dividends to shareholders earlier than in 2023 after meeting the financial ratios specified in the Loan Agreements and with no breach of the agreement, purchase shares, stocks and securities apart from obligatory buyouts from companies from the capital group, as well as make transformations or mergers, division, liquidation or disposal of the enterprise, disposal of an organized part of the enterprise, charging it to a third party or a significant change in the subject of the Company's activity.

The Bank may, among others, terminate the Credit Agreements or withdraw from the payment of funds from the Loan or limit the amount of available funds in the event of, among others, lack of achievement agreed upon financial ratios, a change of control over the Company, submission of a motion for bankruptcy of the Company, initiation of restructuring proceedings or commenced enforcement of liabilities in the amount specified in the contract.

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

#### ► Commencement of works on the Agora Group's strategy for 2023 - 2027

**In the current report of February 16, 2022** The Management Board of Agora S.A. informed that on 16 February, 2022 it made a decision to extend the process of reviewing strategic options for the Agora Group's internet operations, including the process of integrating the current Press segment with the Gazeta.pl division in one business area of the Agora Group, the commencement of which the Company announced in the current report no. 11/2021 of 9 June



2021, to all areas of the Agora Group's operations as part of work on the preparation of the Agora Group's development strategy for the years 2023-2027.

Conclusions from the review of strategic options for the Agora Group's internet operations will be used in the course of work on the Agora Group's development strategy for the years 2023-2027. The Company plans to complete the work on a new strategic perspective in 2022.

## ■ The General Meetings of Agora S.A.

**In the current report of March 24, 2022** the Management Board of the Company, informed about convening of the Extraordinary General Meeting of Agora S.A. for 21 April 2022, 11 a.m. (hereinafter: "General Meeting").

**In the current report of March 24, 2022** draft resolutions to be submitted to the General Meeting were published.

**In the current report of March 24, 2022** the Management Board informed that on March 24, 2022, in accordance with the provisions of §30 section 1 of the Company's Articles of Association, a shareholder of the Company - Agora-Holding sp.z o.o., a shareholder holding 100% of the preferred series A registered shares - submitted Wojciech Bartkowiak as a candidate for the Management Board of the Company. The candidate's detailed resume has been published on the Company's website.

**In the current report of April 21, 2022** the Management Board informed that shareholders who participated in the Extraordinary General Meeting of Agora S.A. on 21 April, 2022 held 43,847,644 votes. As a result, the statutory capital of the Company in the amount of 46 580 831 shares was represented at the General Meeting in 57.36% (26,721,064 shares).

At least 5.0% of the total number of votes during the Annual General Meeting was held by:

- Agora - Holding Sp. z o.o.: 22,528,252 votes, i.e. 51.38% votes during the Extraordinary General Meeting and 35.36% total number of votes.
- Otwarty Fundusz Emerytalny PZU "Złota Jesień": 8,126,434 votes, i.e. 18.53% votes during the Extraordinary General Meeting and 12.76% total number of votes.
- MDIF Media Holdings I, LLC: 5,355,645 votes i.e. 12.21% votes during the Extraordinary General Meeting and 8.41% total number of votes.
- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4 119 487 votes i.e. 9.40% votes during the Extraordinary General Meeting and 6.47% total number of votes.

**In the current report of April 21, 2022** the Management Board published resolutions adopted by the Extraordinary General Meeting, which took place on April 21, 2022 at 11:00 am at the Company's headquarters at ul. Czerska 8/10 in Warsaw.

**In the current report of April 21, 2022** the Management Board informed that on April 21, 2022, the Extraordinary General Meeting of Shareholders of Agora S.A., pursuant to § 28 sec. 1 and § 29 sec. 2 of the Company's Statute resolved to appoint Mr. Wojciech Bartkowiak as a member of the Management Board of Agora S.A. for a joint term of office that will expire on the date of approval by the General Meeting of Shareholders Agora's financial statements for 2022.

The Extraordinary General Meeting of Shareholders also approved the co-option of Ms Agnieszka Siuzdak-Zyga to the Management Board of Agora S.A. which took place on August 5, 2021. The Company informed about this event in current report no. 17/2021 on August 5, 2021, in which it also presented information related to this appointment to the Company's Management Board.

**In the current report of May 26, 2022** the Management Board informed about convening of the Annual General Meeting of Agora S.A. for 21 June 2022, 11 a.m.

**In the current report of May 26, 2022** draft resolutions to be submitted to the General Meeting were published.

**In the current report of June 2, 2022** the content of the draft resolution on appointing members of the Supervisory Board, was corrected.

**In the current report of June 10, 2022** the Management Board informed that on June 10, 2022, it received information that in accordance with the provisions of §21 section 1 (a) (ii) of the Company's Statutes Powszechne

Towarzystwo Emerytalne PZU S.A. - representing the Open Pension Fund PZU "Złota Jesień" (shareholder of Agora S.A.) – informed that it intends to propose the candidacy of Mr. Tomasz Karusewicz to the Supervisory Board of the Company at the General Meeting of Shareholders of Agora S.A. convened on June 21, 2022. The candidate's detailed resume has been published on the Company's website.

**In the current report of June 13, 2022** the Management Board informed that on June 13, 2022, it received information - according to § 21 section 1 (a) (i) of Agora's Statute- that Agora-Holding Sp. z o.o., the shareholder holding 100% of the registered preferred series A shares, submitted the following persons as candidates to the Supervisory Board of Agora S.A: Dariusz Formela, Tomasz Sielicki, Ph.D. Andrzej Szlęzak, Wanda Rapaczynski, Maciej Wiśniewski. The candidates' detailed resume have been published on the Company's website.

**In the current report of June 13, 2022** the Management Board announced resolutions adopted by the Ordinary General Meeting of Shareholders including resolutions on: (i) appointing Dariusz Formela, Tomasz Sielicki, Andrzej Szlęzak, Wanda Rapaczynski, Maciej Wiśniewski i Tomasz Karusewicz to the Supervisory Board for a joint term of office beginning at the end of this General Meeting, (ii) appointing Andrzej Szlęzak to the position of the President of the Supervisory Board for the new term of office, (iii) appropriation of the Company's net profit for the year 2021, (iv) adopting the Diversity Policy by Agora S.A. with respect to Members of the Management Board and of the Supervisory Board, (v) adopting the "Regulations on participation in meetings of the Supervisory Board of Agora S.A. using remote means of direct communication", (vi) amending the Company's Statutes

**In the current report of June 21, 2022** the Management Board informed that shareholders who participated in the Annual General Meeting of Agora S.A. on 21 June 2022 held 40,841,270 votes. As a result, the statutory capital of the Company in the amount of 46,580,831 shares, was represented at the Annual General Meeting in 50.91% (23,714,870 shares).

At least 5% of the total number of votes during this Ordinary General Meeting of Agora S.A. was held by:

- Agora-Holding Sp. z o.o.: 22,281,822 votes, i.e. 54.56% votes during the Annual General Meeting and 34.98% total number of votes.
- Otwarty Fundusz Emerytalny PZU "Złota Jesień": 8,126,400 votes, i.e. 19.90% votes during the Annual General Meeting and 12.76% total number of votes.
- MDIF Media Holdings I, LLC: 5,355,645 votes, i.e. 13.11% votes during the Annual General Meeting and 8.41% total number of votes.
- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4,119,000 votes, i.e. 10.09% votes during the Annual General Meeting and 6.47% total number of votes.

**In the current report of June 21, 2022**, the Management Board of Agora S.A. informed that on the 21 June 2022 the Annual General Meeting of the Company ("AGM") acting pursuant to the provisions of article 385 § 1 of Commercial Companies Code and pursuant to § 20 and 21 of the Company's Statute appointed:

- Dariusz Formela,
- Tomasz Karusewicz
- Wanda Rapaczynski,
- Tomasz Sielicki,
- Andrzej Szlęzak,
- Maciej Wiśniewski

to the Company's Supervisory Board for the common three-year term of office commencing with the end of the General Meeting of the Company approving the financial statements for 2021.

In addition, the Management Board informs that pursuant to § 18 point 2 of the Company's Statute AGM appointed Andrzej Szlęzak to the position of the Chairman of the Supervisory Board.

The present composition of the Supervisory Board is following: Andrzej Szlęzak - chairman of the Supervisory Board, members: Wanda Rapaczynski, Tomasz Sielicki, Maciej Wiśniewski, Dariusz Formela and Tomasz Karusewicz.

## ► Changes in the Management Board of the Company

**In the current report of April 21, 2022** the Management Board informed that on April 21, 2022, the Extraordinary General Meeting of Shareholders of Agora S.A., pursuant to § 28 sec. 1 and § 29 sec. 2 of the Company's Statute resolved to appoint Mr. Wojciech Bartkowiak as a member of the Management Board of Agora S.A. for a joint term of office that will expire on the date of approval by the General Meeting of Shareholders Agora's financial statements for 2022.

The Extraordinary General Meeting of Shareholders also approved the co-option of Ms Agnieszka Siuzdak-Zyga to the Management Board of Agora S.A. which took place on August 5, 2021. The Company informed about this event in current report no. 17/2021 on August 5, 2021, in which it also presented information related to this appointment to the Company's Management Board.

**In the current report of June 23, 2022**, the Management Board of Agora S.A. informed that on 23 June 2022, Ms. Agnieszka Siuzdak-Zyga resigned from the position of a Member of the Management Board of Agora S.A., effective from 31 August 2022 for personal and health reasons and related to them longer absence.

Ms. Agnieszka Siuzdak-Zyga will remain an employee of Agora S.A.

## ► Changes to the Company's Statute

**In the current report of June 30, 2022**, the Management Board of Agora S.A. informed that it has learned about the registration by the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, on 30 June, 2022, changes to the Statutes of Agora, made pursuant to resolution no. 31 of the Ordinary General Meeting of the Company, adopted on 21 June, 2022, with the following wording:

§36 of the Company's Statutes in its to date wording:

*"Each member of the Management Board shall be authorised to make binding statements with respect to property rights and obligations of the Company and to sign on behalf of the Company."*

as amended, shall read as follows:

*"Two Members of the Management Board jointly shall be authorised to make binding statements with respect to property rights and obligations of the Company and to sign on behalf of the Company."*

Thus, from June 30, 2022, the new consolidated text of Agora's Statutes adopted by resolution no. 32 of Agora's Ordinary General Meeting as of 21 June 2022 applies. The Company hereby publishes the consolidated text of the Company's Statutes taking into account the above changes.

## ► Validation of the court decision on the approval of a partial arrangement in restructuring proceeding of Garmond Press S.A.

**On June 28, 2022**, the court decision of the District Court for Kraków-Śródmieście in Kraków of December 20, 2021, file ref. act: VIII Grz 66/21/S on the approval of a partial arrangement in restructuring proceeding of Garmond Press S.A. in restructuring based in Kraków (KRS 0000077450) was validated. According to the court decision:

- 20% of the main claim of Agora S.A. towards Garmond Press S.A. has been redeemed;
- all interest and incidental claims accrued on Agora S.A.'s principal claim towards Garmond Press S.A. as well as costs of court and enforcement proceedings, costs of legal representation and other administrative costs and handling fees have been redeemed entirely;
- 40% of the main claim of Agora S.A. towards Garmond Press S.A. is subject to repayment in 18 equal, interest-free monthly installments starting from the first full month after the lapse of 6 months from the delivery of a final court decision approving the arrangement to the debtor;
- 40% of the main claim of Agora S.A. towards Garmond Press S.A. is converted into shares in the share capital of Garmond Press S.A.

The increase in the company's capital was entered into the National Court Register on July 13, 2022 and on that date Agora S.A. became the owner of 3.51% of shares in the share capital of Garmond Press S.A. and 2.31% of votes at the company's general meeting.

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

### ► Eurozet Sp. z o.o.

**In the current report of February 1, 2022** The Management Board of Agora S.A. informed that on January 31, 2022, the Company started negotiations with the majority shareholder of Eurozet Sp. z o.o. with its seat in Warsaw („Eurozet”), ie. with SFS Ventures s.r.o. based in Prague (Czech Republic) („SFS Ventures”) on the amendment to the provisions of the shareholders' agreement concluded on February 20, 2019 regarding the conditions for the exercise of Agora's right to acquire all remaining shares in Eurozet belonging to SFS Ventures ("Call Option"). The initiated negotiations include, inter alia, the issue of extending the period of exercising the Call Option by Agora, which began after 12 months and ends 36 months from the date of concluding the shareholders' agreement.

The commencement of the negotiations described above does not mean that they will finally end with the change of the terms and conditions of the shareholders' agreement of February 20, 2019 in the scope mentioned above.

**In the current report of February 16, 2022** The Management Board of Agora S.A. informed that on 16 February 2022, the Company signed with the majority shareholder of Eurozet sp. z o.o. with its seat in Warsaw ("Eurozet"), i.e. with SFS Ventures sro with its seat in Prague (Czech Republic) ("SFS Ventures") an annex to the shareholders' agreement concluded on 20 February 2019 regarding the extension of the term for Agora to exercise the Call Option by 3 months, which will therefore end 39 months from the date of conclusion of the shareholders' agreement.

During this time the partners will continue negotiations on the amendment of the shareholders' agreement, in particular with regard to the conditions for exercising Agora's right to acquire all remaining shares in Eurozet belonging to SFS Ventures ("Call Option"), about which the Company informed in the current report 1/2022 of 1 February 2022.

**In the current report of May 12, 2022** the Management Board of Agora S.A. with reference to the current report 4/2021 of 8 February 2021, informed that the District Court in Warsaw - Competition and Consumer Protection Court ("Court"), after conducting proceedings on the appeal of the Company, on 12 May 2022, announced a judgment amending in its entirety the decision of the President of the Office of Competition and Consumer Protection ("President of UOKiK") of 7 January 2021, prohibiting Agora from taking control over Eurozet Sp. z o.o. ("Decision").

The Decision was changed by the Court in such a way that it expressed unconditional consent to the takeover of Eurozet sp.z o.o. by Agora ("Transaction").

The oral reasons for the ruling presented show that the Court, taking into account the arguments contained in Agora's appeal, concluded that the Transaction would not significantly restrict competition on the market.

The Court emphasized that the condition for issuing a decision prohibiting a concentration is to demonstrate a high probability of restriction of competition resulting directly from the concentration.

In the opinion of the Court, the hypothetical scenarios of the coordination activities of entrepreneurs presented in the Decision of the President of UOKiK, which may significantly restrict competition, are speculative and are not highly likely. In the opinion of the Court, they are not based on the market realities and economic conditions established in the course of evidence proceedings.

Moreover, the Court established that the evidence proceedings did not demonstrate the direct impact of the Transaction on such a change in market conditions that would lead to a high probability of giving up competition between competitors for mutual coordination and tacit collusion. The conducted evidence also did not confirm the hypothesis about the possible marginalization of competitors.

The judgment is not final and the parties may appeal against it within two weeks of receiving the written justification for the judgment.

**In the current report of May 19, 2022** The Management Board of Agora S.A. with reference to current report no. 1/2019 of 25 January 2019, no. 3/2019 of 20 February 2019, and referring to current reports no. 26/2019 of 17 September 2019, no. 27/2019 of 18 September 2019, as well as no. 1/2022 of 1 February 2022 and no. 2/2022 of 16 February 2022, hereby informs that the Company signed with the majority shareholder of Eurozet Sp. z o. o. with its seat in Warsaw ("Eurozet"), i.e. with SFS Ventures s.r.o. based in Prague (Czech Republic) ("SFS Ventures") Annex No. 2 to the shareholders' agreement concluded on 20 February 2019 regarding the extension by the end of June 2022 of the deadline for Agora to execute the Call Option.

**In the current report of June 29, 2022** The Management Board of Agora S.A. with reference to current report no. 1/2019 of 25 January 2019, no. 3/2019 of 20 February 2019, and referring to current reports no. 26/2019 of 17 September 2019, no. 27/2019 of 18 September 2019, as well as no. 1/2022 of 1 February 2022, no. 2/2022 of 16 February 2022 and no. 16/2022 of 19 May 2022, informed that the Company signed with the majority shareholder of Eurozet Sp. z o. o. with its seat in Warsaw ("Eurozet"), i.e. with SFS Ventures s.r.o. based in Prague (Czech Republic) ("SFS Ventures") Annex No. 3 to the shareholders' agreement concluded on 20 February 2019 regarding the extension by the end of July 2022 of the deadline for Agora to execute the Call Option.

During this time, the partners will continue negotiations on the amendment to the shareholders' agreement, in particular with regard to the date of exercising Agora's right to acquire all remaining shares of Eurozet belonging to SFS Ventures, about which the Company informed in the current report no. 1/2022 of 1 February 2022, no. 2/2022 of 16 February 2022 and no. 16/2022 of 19 May 2022.

**In the current report of July 28, 2022** The Management Board of Agora S.A. with reference to the current report 4/2021 of 8 February 2021 and of 15/2022 of 12 May 2022, informed that on 28 July 2022 on the basis of information obtained at the registry of the District Court in Warsaw - Court of Competition and Consumer Protection ("Court"), the Company learned that on 26 July 2022, the President of the Office of Competition and Consumer Protection ("President of UOKiK") appealed against the judgment of the Court of 12 May 2022 amending in its entirety the decision of the President of the Office of Competition and Consumer Protection of 7 January 2021, prohibiting Agora taking control over Eurozet Sp. z o.o. ("Decision").

The President of UOKiK appealed against the above judgment. As at the date of publication of this current report, the Company has not been formally served with the appeal of the President of UOKiK. After the formal delivery of the document, about which Agora will inform separately, the Company plans to respond to the appeal of the President of UOKiK.

**In the current report of July, 29 2022** The Management Board of Agora S.A. with reference to current report no. 1/2019 of 25 January 2019, no. 3/2019 of 20 February 2019, and referring to current reports no. 26/2019 of 17 September 2019, no. 27/2019 of 18 September 2019, as well as no. 1/2022 of 1 February 2022, no. 2/2022 of 16 February 2022, no. 16/2022 of 19 May 2022 and no. 26/2022 of 29 June 2022, informed that the Company signed on July, 29 2022 with the majority shareholder of Eurozet Sp. z o. o. with its seat in Warsaw ("Eurozet"), i.e. with SFS Ventures s.r.o. based in Prague (Czech Republic) ("SFS Ventures") Annex No. 4 to the shareholders' agreement concluded on 20 February 2019 regarding the extension until 19 August 2022 of the deadline for Agora to execute the Call Option.

During this time, the partners will continue negotiations on the amendment to the shareholders' agreement, in particular with regard to the date of exercising Agora's right to acquire all remaining shares of Eurozet belonging to SFS Ventures, about which the Company informed in the current report no. 1/2022 of 1 February 2022, no. 2/2022 of 16 February 2022, no. 16/2022 of 19 May 2022 and no. 26/2022 of 29 June 2022.

## ■ 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 thousand 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 still in progress.

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

**In the current report of March 28, 2022** the Management Board of Agora S.A. ("Agora", "the Company") informed that it learned about the signing on 28 March 2022 by Agora's subsidiary - Helios S.A. ("Helios") a preferential loan agreements in the amount of PLN 18,912,907.00 ("Agreement") with Polski Fundusz Rozwoju S.A. based in Warsaw ("PFR") under the Government Program - Financial Shield of the Polish Development Fund for Large Companies ("Program").



Helios may apply for a loan payment until 30 June 2022, after meeting the conditions specified in the Agreement. The deadline for repayment of the loan is 31 December 2027. The loan can be used to finance Helios' day-to-day operations.

The Program Regulations concerning the terms of granting the loan provide for the possibility of redemption of its repayment up to 75% of the amount received, depending on the fulfillment by Helios of the conditions specified in the Agreement. The unredeemed part of the loan is to be repaid in 22 equal quarterly installments starting from 30 September 2022. The loan bears interest at a fixed annual rate.

The loan repayment is secured by: (i) ordinary pledge and registered pledge on the Helios trademark with the highest priority up to the highest security amount of PLN 28,369,360.50, (ii) registered pledge on the shares of the subsidiary Helios - Step Inside Sp. z o.o. based in Łódź with the highest priority to the highest security amount of PLN 28,369,360.50 and (iii) a declaration of submission to enforcement up to the amount of PLN 28,369,360.50 with the deadline for PFR to apply for an enforcement clause as of 31 December 2029.

On April 25, 2022, Helios applied for the loan to be redeemed.

**In the current report of June 3, 2022** the Management Board of Agora S.A. with reference to the current report 9/2022 of 28 March 2022, informed that the Company learned that Agora's subsidiary - Helios S.A. ("Helios") received funds in the amount of PLN 18,912,907.00 under a preferential loan agreement ("Agreement") with Polski Fundusz Rozwoju S.A. based in Warsaw ("PFR") under the Government Program - Financial Shield of the Polish Development Fund for Large Companies ("Program") on 3 June, 2022.

The conditions for receiving funds under the Agreement and the security for the loan repayment have not changed compared to those described in the report no. 9/2022 of 28 March 2022.

Under the terms of the Program, Helios also applied for redemption of part of the received funds.

**In the current report of August 5, 2022** the Management Board of Agora S.A. informed that the subsidiary - Helios S.A. received a declaration on the cancellation of a part of the preferential loan granted to Helios S.A. by the Polish Development Fund S.A. effective from 9 August 2022.

The value of the redemption is PLN 14,070,705.00. The remaining part of the loan amounts to PLN 4,842,202 and will be payable in 22 quarterly installments by the end of 2027.

#### Plan A Sp. z o.o.

**On June 2, 2022**, the Extraordinary Shareholders Meeting of Plan A Sp. z o.o. adopted a resolution on increasing the share capital of Plan A Sp. z o.o. from PLN 10 thousand to PLN 15 thousand by creating of 100 new equal and indivisible shares with a nominal value of PLN 50.00 each, with a total nominal value of PLN 5,000.00. All newly created shares in the number of 100 were intended for acquisition by the sole shareholder of the Company, i.e. Agora S.A., and will be fully covered by a cash contribution in the amount of PLN 50,000.00. The surplus over the nominal value of the shares taken up, i.e. the amount of PLN 45,000.00, will be transferred to the company's supplementary capital.

#### Plan D Sp. z o.o.

**On July 18, 2022** the Extraordinary Meeting of Shareholders of Plan D Sp. z o.o., pursuant to §7(1) of the Articles of Association, appointed Mr Paweł Czajkowski to serve as a Member of the company's Management Board.

#### Step Inside Sp. z o.o.

**On March 25, 2022**, AMS SERWIS Sp. z o.o. and Step Inside sp. z o.o. concluded an agreement whereby Step Inside sp. z o.o. was granted a cash loan of PLN 3,700,000.00 to be repaid within 3 years from the date of conclusion of the loan agreement.

#### Yieldbird International Ltd

**On July 27, 2022** Yieldbird International Ltd was incorporated, which is a company under UK law with Yieldbird Sp. z o.o. as the sole shareholder. Agora S.A. holds 95.8% of the shares in Yieldbird Sp. z o.o.



## 2. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY MANAGEMENT BOARD MEMBERS IN THE SECOND QUARTER OF 2022 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 20

| shares                   | As of<br>August 11, 2022 | decrease | increase | As of<br>June 30, 2022 |
|--------------------------|--------------------------|----------|----------|------------------------|
| Bartosz Hojka            | 2,900                    | -        | -        | 2,900                  |
| Wojciech Bartkowiak (1)  | 0                        | -        | -        | 0                      |
| Tomasz Grabowski         | 0                        | -        | -        | 0                      |
| Tomasz Jagiełło          | 0                        | -        | -        | 0                      |
| Anna Kryńska - Godlewska | 0                        | -        | -        | 0                      |
| Agnieszka Siuzdak – Zyga | 0                        | -        | -        | 0                      |

(1) was appointed to the Management Board of the Company on April 21, 2022.

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

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

## 3. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY SUPERVISORY BOARD MEMBERS IN THE SECOND QUARTER OF 2022 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 21

| shares            | As of<br>August 11, 2022 | decrease | increase | As of<br>June 30, 2022 |
|-------------------|--------------------------|----------|----------|------------------------|
| Andrzej Szlęzak   | 0                        | -        | -        | 0                      |
| Dariusz Formela   | 0                        | -        | -        | 0                      |
| Tomasz Karusewicz | 0                        | -        | -        | 0                      |
| Wanda Rapaczynski | 882,990                  | -        | -        | 882,990                |
| Tomasz Sielicki   | 33                       | -        | -        | 33                     |
| Maciej Wiśniewski | 0                        | -        | -        | 0                      |

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

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

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

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, the shareholders' structure actual as of the day of publication of former report (i.e. May 19, 2022) 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.22

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

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

## 5. OTHER INFORMATION

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

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

### ■ Changes in contingences and court cases

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

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

In the first half of 2022, there were no significant legal actions in court, competent authority for arbitration procedures or public institutions related to liabilities or receivables Agora S.A. or its subsidiaries.

### ■ Related party transactions

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

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

### ► Risk related to COVID-19

The COVID-19 pandemic and the actions of the government administration to limit the further spread of the virus continued to be felt and had a significant negative impact on the financial results of Agora and its subsidiaries in 2020 - 2021.

At the beginning of 2022, the last business restrictions related to countering the spread of the COVID-19 pandemic were lifted. From information available to the public, the number of disease cases in Poland is increasing again. There is currently no information on planned restrictions in connection with the increasing number of cases. However, it cannot be ruled out that they will be introduced if there is a risk of inefficiency in the Polish health care system.

### ► Macroeconomic risk

The amount of advertising revenues depends on the general economic situation in Poland and in Europe. It grows in periods of economic upswing, and is reduced during an economic downturn.

In the first half of 2022, the factors that had a significant impact on the Polish economy, the value of the advertising market and the activity of advertisers were, on the one hand, the lifting of sanitary restrictions on doing business and, on the one hand, the suspension of promotional spending due to uncertainty about the further development of the pandemic, Russia's armed invasion of Ukraine and their consequences for the economy in the country.

We estimate that in the first half of 2022, advertisers spent 5.5% more on representation and advertising than in the previous year. It should be remembered that the value of advertising revenues depends not only on the volume of advertisements and announcements, but also on the prices obtained for the publication of these advertisements by the media.

A serious risk for Poland's economic situation in the second half of the year is steadily rising inflation, high prices of products and services, and increasingly higher costs of obtaining financing. According to available forecasts, the Polish economy is facing a period of stagnation in the second half of 2022, which may significantly affect the behaviour of advertisers and consumers.

### ► Seasonality of advertising spending

The Group advertising revenues are marked by seasonal variation. The Group's revenues in the first and third quarter are usually lower than in the second and fourth quarter of a given financial year. In 2022, the cyclicity of advertising revenues was severely disrupted, on the one hand, by the gradual lifting of sanitary restrictions related to combating the spread of the COVID-19 pandemic and Russia's military invasion of Ukraine.

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

The Group's advertising revenues are generated by the following media: press, outdoor advertising, radio stations, the Internet and cinemas. As a result of structural changes taking place in the media and their convergence, the media in the Group's portfolio compete for advertising revenues not only with other entities from their segments, but also with television broadcasters, which accounted for 40.5% of the advertising market in the first half of 2022.

Another large segment of the advertising market, with a 44.0% share, was the internet. Ad spend in magazines and newspapers accounted for 2.5% and 1.0% of all ad spend, respectively. Through outdoor advertising media, 5% of all advertising expenditure was realized in the first half of 2022, while radio advertising expenditure accounted for 6.0% of all advertising expenditure. During this period, 1.0% of all advertising expenditure was spent on advertising in cinemas. Observing the dynamics of individual media and taking into account the high uncertainty regarding the value of the advertising market in the second half of 2022, there is a risk that the shares of individual media in the total advertising market will change, which may have an impact on the Group's position and revenues.

The factor that will affect the structure of this market in 2022 will be the potential next waves of the COVID-19 pandemic, which have so far affected the various segments of the advertising market to varying degrees. In addition, as a result of the changes described above and the consolidation of the advertising market, competition between individual media intensifies, which may have an impact on the Group's advertising revenues.

Moreover, due to changes taking place in the media and technological development, there is no certainty that the Group will be able to respond to the above changes in an appropriate degree and time, which may have a negative impact on its position and results. Advertising revenues also depend on the position in the readership market, audience and viewership. Due to the process of structural changes in the way media are consumed, the market is changing dynamically and some segments may gain and others may lose their position in this market. There is no certainty that the Group's position in particular media segments will not change.

#### ► Press distribution

The main distribution channel for newspapers, which is used by all press publishers in Poland, are networks of newspaper sales points located in high-traffic areas, as well as grocery shop chains and petrol stations. Historically, the distribution market in Poland was concentrated - the two largest distributors had over 80% share in press distribution.

In 2018, RUCH S.A. has stopped paying its fees to publishers. Financial problems of RUCH S.A. affected the cooperation with the company and caused further decreases in the sale of copy printed press. In 2020, RUCH S.A. was acquired by PKN Orlen S.A. The outbreak of the COVID-19 pandemic in 2020, apart from a periodic reduction in the number of retail outlets, resulted in a sharp drop in sales of paper press. This has translated into the profitability of the distributors' business and consequently further perturbations on the distribution market. As of 1 August 2021, the third largest press distributor, Garmond Press S.A. - commenced simplified arrangement proceedings and the proposed arrangement was validly approved in June 2022. Restructuring processes are currently underway at the company. RUCH S.A. has not rebuilt its pre-collapse position in 2018 however, thanks to ownership support in PKN Orlen S.A., it is carrying out processes to optimise its business, which is naturally hampered by the occurrence of the COVID19 pandemic. In the situation of problems at the listed distributors - the largest Kolporter S.A. increased its market share and reports positive results from its operations.

The pandemic situation has caused many changes in the way media, including the press, are consumed. As a result, some readers of the printed press have switched from traditional to digital editions. This partially compensates for the decline in print sales, but at the same time involves a change in the operating model of most print publishers and has a significant impact on the condition of the print distribution market.

#### ► Press

Presently paid press segment experiences a worldwide trend of copy sales decrease and shrinking of advertising expenditure. This trend has been further accelerated and exacerbated by the pandemic. Press titles, published by the Group and its competitors, are not resistant to the changes taking place on the press market - their number and volume are shrinking. The dynamics of the above mentioned processes may have a negative impact on the sales of press copies and the revenues of the Group. In addition, the press publishers' operations and their financial results are seriously affected by problems related to the availability of paper across Europe and its rising prices.

At the same time, the Group is digitising its content and in 2014 introduced the so-called measured paywall system on Gazeta Wyborcza-related websites. As of June 2022, the number of paid active digital subscriptions reached nearly 296 thousands. The Company is currently focusing its efforts on increasing the average revenues per subscription and increasing advertising revenue on Gazeta Wyborcza-related websites. Yet, it is difficult to assess whether these targets will be achieved by the Company given the high competition in the online market.

#### ► Internet

Polish Internet advertising market is highly competitive and the number of Internet users in Poland is not growing as fast as it used to. The Internet activity largely depends on technological development and the number of users, and maintaining strong position on the Internet market is made possible by investment in modern and innovative technological solutions. The development of this medium is also determined by the available infrastructure. The way of accessing the Internet is also changing, which can significantly influence the dynamics of the market. The number of mobile internet users is increasing. Both changes in the way the Internet is used and an increase in connection speeds can influence the dynamics of the growth of individual segments of the Internet advertising market. In this segment, the Group competes with local and international entities. In such a competitive market, there is no guarantee that the Group's position and revenue from online advertising will remain unchanged. What is more, the Internet advertising market is undergoing major transformations. Search engines and social media advertising, as well as programmatic, video and mobile advertising are becoming increasingly popular. Strong position in the rapidly changing Internet advertising market requires investment in advanced technology. There is no certainty that the Group will be able to compete in this area with large domestic and international players with financial background.

## ► Responsibility for published content

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

## ► Outdoor

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

On September 11, 2015, the Act amending certain acts in connection with the strengthening of the tools for protection of landscape entered into force. Pursuant to its provisions, local governments have acquired wider powers to enact local law regulating the presence of outdoor advertising and small architecture in public space and to implement the so-called advertising fees. In April 2020 the adaptation period of the Gdańsk landscape resolution came to an end, and in July 2022 of the Krakow resolution. The costs of dismantling the advertising panels affected the company's current results. The decreased supply of outdoor advertising panels in these cities has not caused any significant reactions from customers to date.

The impact of the resolutions in the remaining major cities is not expected until 2024 at the earliest.

However, it should be noted that the outdoor advertising market has been significantly undermined by the effects of the COVID-19 pandemic in 2020 - 2021. Although it is currently recovering dynamically, facing the requirements of the landscape resolutions may mean a periodic deterioration in performance during the transition period of the new local regulations for outdoor advertising.

## ► Cinema

In 2021, due to the COVID-19 pandemic, the cinemas of the Helios network remained closed for 140 days and then operated with limits on ticket sales and bar sales. Such severe operational restrictions raised the risk of a permanent change in consumer behaviour. Ticket sales figures for the first half of 2022 indicate that the cinema market has managed to recover from the suspensions and restrictions caused by the previous waves of the COVID-19 pandemic. The next potential waves of the pandemic and the scale of any operational restrictions remain a significant operational risk and a major uncertainty factor. Long periods of administrative closure of cultural facilities may result in irreversible shifts in customer behaviour that may be difficult to change once again.

Cinema performance depends on the repertoire available. Lack of an attractive film offer, inability to promote films or their poor quality can have a negative impact on cinema

The outbreak of the COVID-19 pandemic has severely disrupted the film production cycle at the major production studios. As a result, approximately 75% of the repertoire that was available before the pandemic outbreak is in distribution in 2022, and of this, the majority of films were produced before the pandemic.

In order to fully rebuild the performance of the cinema industry, it is essential to re-establish a regular cycle of film production for cinemas. All the more so because, after the failed experiments, the film industry has abandoned for good the ideas of simultaneously release of productions on streaming platforms and in cinemas. Producers and distributors have become convinced that the production costs of films, especially blockbusters, can only be recouped if the films are released in cinemas. Therefore, we will see a distinction between films that go straight to streaming platforms and high-budget productions that will hit the big screen first.

The economic downturn and the deterioration of household finances may translate into reduced consumer spending on entertainment, which may contribute to a decline in cinema ticket sales and a lower propensity to purchase drinks and snacks at cinema bars.

A challenging and highly unpredictable factor is energy costs, whose rate of change makes it impossible to estimate their scale. In addition, currency (PLN/EUR) fluctuations related to cinema space lease agreements or the purchase of equipment and spare parts for cinemas have an increasingly significant impact on the performance of cinemas. Another burden on cinema operations may be the double adjustment of the minimum wage announced by the government next year.

It is unclear whether the current operating model of cinemas will be able to cope with so many additional burdens in such a short period of time and whether this will not hinder the recovery of this market after the crisis caused by the outbreak of the COVID-19 pandemic.

#### ▮ **Risks of running licensed business**

The Group has been operating for many years in the radio market, which is subject to licensing, and the content of the licence provisions define the scope and forms of activity for the period for which a radio broadcaster is granted a licence.

There is a risk, therefore, that the demand of the listeners for a given format may decrease, and the license propositions may significantly limit the possibility of adapting the Group to the needs of the listeners for a given format. There is also a risk that any failure to comply with the provisions of the license or regulations, in particular with regard to program content, may result in sanctions imposed by the National Broadcasting Council ("KRRiT"). It cannot be excluded that KRRiT will refuse to re-grant concessions after the period for which they were originally issued, or that the conditions of re-issued concessions (or concession-related contracts) will be less favorable than those currently exercised by the Group. The risks associated with this activity are also increased by the government's efforts to introduce changes as to the entities eligible to receive broadcasting concessions.

Regulator proceeds with the process of implementing DAB + digital radio in Poland. Due to the low interest of radio players and therefore the launch of DAB in Poland does not represent a significant risk for the radio market in the coming years.

#### ▮ **Radio stations**

The radio advertising market in Poland is very competitive and Agora Group's radio stations compete for audience results and advertising revenues with other radio stations, including nationwide stations, as well as with other media: television, press, internet and outdoor advertising. The outbreak of the COVID-19 pandemic had a significant impact on the value of spending in this segment of the advertising market. It is difficult to clearly estimate when the value of expenditure on radio advertising will recover to the value before the outbreak of the pandemic.

The format of the stations is of great importance for the audience of music stations. It is not certain whether the current position of the Group's radio stations on the audience market will not change. By competing on the advertising market, individual radio stations, including those belonging to various media groups, create advertising packages whose popularity among advertisers may significantly affect the market position of individual radio stations in the advertising market. Additionally, it should be remembered that radio stations are increasingly fighting for the listener's attention with other media, including in particular the Internet.

#### ▮ **Movie business**

Movie distribution and co-production is of project nature, which may cause the volatility of its results and lead to periodic distortions of the Group's results. The majority of outlays, especially those related to movie co-production, is incurred long before the revenues related to that field of operations occur.

The impact of this activity on the Group's results depends also on the popularity of particular film productions. During the pandemic, work on all film sets was suspended and cinemas were closed for a specified period of time, which significantly affects the volatility of results from this activity.

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

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



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

Due to the fact that legal regulations in Poland are subject to frequent changes, they may adversely affect the Group's activities and entail risks in the conduct of its business. In particular, the Group's activities may be affected by changes in the law regulating the activities performed, including changes in the provisions of the Broadcasting Act and its implementing regulations, the Copyright and Related Rights Act, in particular regulations concerning related rights of press publishers, as well as changes in acts regulating capital market activities in Poland and the Digital Services Act (DSA) and the Digital Markets Act (DMA).

Legal regulations may also potentially give rise to certain risks related to interpretation problems, lack of jurisprudence practice, unfavourable interpretations adopted by courts or public administration bodies. In addition, legal regulations in Poland are characterised by high volatility. Possible changes in the taxation of business activities, both with respect to income tax, value added tax and other taxes and levies, may adversely affect the Group's operations and performance. The Group is also exposed to the risk of possible changes in the interpretation of both tax law and other public levies, which may affect its operations and financial results.

**■ Risk related to proceedings before supervisory authorities**

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

**■ Impairment tests**

In accordance with International Financial Reporting Standards, the Group carries out asset impairment tests. In the past, in several cases where the results of the tests were negative, appropriate write-downs were made, which were charged to the income statement (individual or consolidated). There can be no assurance that the results of asset impairment tests carried out in the future will yield positive results, particularly in the period of recovery of most sectors of the economy after the COVID-19 crisis and in the face of the first symptoms of recession in Poland.

**■ Liquidity risk**

The pace of the Agora Group's revenue recovery, the increase in the cost of doing business, high inflation, increasing cost of obtaining financing and problems with the repayment of maturing receivables by Agora's debtors may have a negative impact on the Group's liquidity.

In the face of negative developments in the market environment, the Company and the Group may also find themselves in a situation where they are unable to secure the external financing necessary to cover the Group's maturing liabilities. In order to minimise this risk, the Management Board of Agora S.A. monitors the collectability of receivables and has secured long-term external financing for the Company and the Group. As part of securing the Group's liquidity, Agora's Management Board has also decided to apply for funds from the so-called Crisis Shield in selected businesses of the Group. In view of the uncertainty about the further course of the pandemic and its economic impact, the announced economic slowdown and the lower propensity of financial institutions to grant loans, the risk of liquidity problems in the Group is higher than usual.

**■ Currency risk**

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



**► Risk of losing key employees**

The success achieved by the Company depends, among other things, on the commitment and skills of its key employees. The managerial staff employed by the Company has contributed significantly to both the Group's growth and the effective optimisation of its operational processes. Due to market competition for highly qualified specialists, the Group is uncertain whether it will be able to retain all key employees.

**► Risk of receivables collection**

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

**► Risk related to operating within a tax capital group (TCG)**

Operating within PGK requires Agora S.A. obligation to maintain at least 75.0% of shares in subsidiaries being part of the PGK for the period of operation of the PGK extended for 2022.

Taking into account the changes in the market environment and the implementation of the Agora Group's strategy, it may be necessary to make changes to the ownership structure, which - if the value of the aforementioned shares in any of the companies is reduced below the 75.0% threshold, it will be retroactive, from January 1, 2022 with the loss of the TCG status. This is related to the loss of tax savings, an increase in the costs of the fiscal year closing and the need to prepare additional transfer pricing documentation. However, the Company assumes that all statutory requirements will be met throughout the duration of the TCG.

**► The risk of collective dispute**

On December 12, 2011, the Inter-union Trade Organization of NSZZ "Solidarność" AGORA S.A. and INFORADIO SP. Z.O.O ("OM") was created. It operates at Agora S.A., Inforadio Sp. z o.o., AMS S.A., Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) and Grupa Radiowa Agory Sp. z o.o.

In December 2018, OM expanded its reach to GoldenLine Sp. z o.o., and in January 2019 to Doradztwo Mediowe Sp. z o.o. In accordance with legal requirements, the management boards of companies in which trade unions operate, conduct consultations or agree legal decisions with OM accordingly.

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

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

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

## VI. MANAGEMENT BOARD'S REPRESENTATIONS

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

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

Warsaw, August 11, 2022.

*Bartosz Hojka - President of the Management Board*

*Signed on the Polish original*

*Tomasz Jagiello - Member of the Management Board*

*Signed on the Polish original*

*Anna Krynska-Godlewska - Member of the Management Board*

*Signed on the Polish original*

*Tomasz Grabowski - Member of the Management Board*

*Signed on the Polish original*

*Agnieszka Siuzdak-Zyga - Member of the Management Board*

*Signed on the Polish original*

*Wojciech Bartkowiak - Member of the Management Board*

*Signed on the Polish original*

*Signatures submitted electronically.*