

AGORA GROUP

Management
Discussion and
Analysis for
the first half of 2023
to the financial
statements

August 17, 2023

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AGORA GROUP

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OF THE GROUP'S RESULTS FOR THE FIRST HALF OF 2023

REVENUE PLN 622.7 MILLION

EBITDA PLN 80.5 MILLION

NET PROFIT PLN 47.2 MILLION

OPERATING CASH FLOW PLN 89.5 MILLION

Unless indicated otherwise, all data presented herein represent the period of January – June 2023, while comparisons refer to the same period of 2022. All data sources are presented in part IV of this MD&A.

Since the first quarter of 2023, there has been a change in the presentation of segments' results. It involves allocating the costs of a part of supporting divisions to business segments. In previous years, these costs were not allocated to business segments to such a significant extent. Allocated costs are visible under external services, as well as depreciation and amortisation, and they also affect the segments' EBIT and EBITDA. This decision is justified by the commencement of the reorganisation process of Agora S.A. and the transfer of organised parts of the enterprise, including the businesses currently operating within the company, to subsidiaries. Cost allocation aims to increase the transparency and comparability of individual segments' data and to help standardise the costs and their presentation.

Comparative data have been restated accordingly. The above change does not affect the presentation of the Group's results.

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

▶ In the second quarter of 2023, the **Agora Group** ("Group") earned revenues in the amount of PLN 326.9 million, and they were higher by 24.9% year-on-year. The revenue level of the second quarter of 2023 was significantly affected by the consolidation with the Eurozet Group, thanks to which the **Radio** segment recorded the largest increase in revenue among all operating segments.

The second segment in terms of revenue increase was the **Movies and Books** segment. The most significant year-on-year increase in revenue was recorded by cinema operations. They include sales of cinema tickets, concession sales and sales of advertising in cinemas. Agora's Publishing House, catering activities and film activities also generated higher revenue.

Outdoor Advertising was another segment with rising revenue. This was driven by the huge popularity of advertising campaigns using traditional media, such as citylight, and public transport media, the so-called city transport.

The **Internet** is a segment in which the revenue was lower year-on-year. This was caused to the largest extent by the decrease in the revenue from online advertisements in Yieldbird. The segment also recorded lower revenue from announcements, which is the result of a decline in the revenue of the HRLink group. Revenue from other online services was higher in the second quarter of 2022 due to higher revenue in Yieldbird.

In the second quarter of 2023, also the revenue of the **Digital and Printed Press** segment went down. The decline in the segment's revenue was mainly determined by lower revenue from advertising sales and from copy sales of the paper edition of *Gazeta Wyborcza*. The segment's revenue in the second quarter of 2023 was positively impacted by the increase in printing revenue and the revenue from sales of digital subscriptions.

- ▶ In the first half of 2023, the **Agora Group** earned revenues of PLN 622.7 million, 20.9% higher than in the same period of 2022.

The **Radio** segment recorded the most significant increase in revenue as compared to the first half of the previous year. The increase in this segment's revenue is the result of the consolidation with the Eurozet Group from 1 March 2023 and the introduction of a joint sales offer.

Another area in which a significant increase in revenue was visible in the first half of 2023 was the **Movies and Books** segment. Revenue from cinema operations was higher due to higher sales of tickets in Helios cinemas, higher revenue from concession sales and higher revenue from sales of advertising in cinemas. In the first half of 2023, the segment's revenue from catering activities and the revenue of Agora's Publishing House also increased. However, the film business generated lower revenue.

In the first half of 2023, revenue of the **Outdoor Advertising** segment recorded an increase. Their positive dynamics was influenced by higher advertising revenue, especially expenditure on campaigns carried out on traditional media, such as citylight and billboard 18m, as well as on digital and public transport media, the so-called city transport.

The increase in the revenue of the **Digital and Printed Press** segment resulted from higher revenue from printing operations and sales of Wyborcza.pl's subscriptions. Throughout the first half of 2023, revenue was adversely affected mainly by the drop in advertising revenue, both in paper and online versions of the daily.

The Group's only operating segment with lower revenues in January-June 2023 than a year earlier was the **Internet**. This was caused to the largest extent by the decrease in the revenue from the sale of online advertisements in Yieldbird. In contrast, Gazeta.pl recorded higher advertising sales revenue year-on-year. The segment also recorded lower revenue from announcements due to decreased revenue of the HRlink group. Revenue from other online services was higher year-on-year due to higher revenue in Yieldbird.

- ▶ In the second quarter of 2023, the **Agora Group's** operating costs increased by 19.2% and reached PLN 326.2 million. The level of the costs from the second quarter of 2023 was significantly affected by the consolidation with the Eurozet Group.

The **Radio** segment was the area where operating costs increased the most. This was primarily related to the consolidation with the Eurozet Group. All categories of the segment's costs increased in the period under review, with higher costs of external services and staff costs having the most significant impact on the increase in expenses in this business area.

The second segment in terms of the increase in operating costs in the second quarter of 2023 was the **Movies and Books** segment. The costs of external services increased the most. The increase in this cost category was related to the film business and the activities of Agora's Publishing House. In the second quarter of 2023, the costs of materials and energy consumed and the value of goods and materials sold, as well as depreciation and amortisation also increased, while the staff costs and the costs of promotion and marketing decreased. The level of operating costs of the second quarter of 2022 was positively impacted by the reversal of a write-down on fixed assets of Helios S.A. of PLN 1.7 million made in the fourth quarter of 2021.

Operating costs of the **Outdoor Advertising** segment also went up in the second quarter of 2023. The increase was mainly attributable to higher costs of external services, staff costs as well as the costs of materials and energy consumed and the value of goods and materials sold. Depreciation and amortisation as well as promotion and marketing costs were lower.

In the second quarter of 2023, almost all categories of operating costs in the **Digital and Printed Press** segment decreased – except for the costs of materials and energy consumed and the value of goods and materials sold, whose increase was caused by higher prices of production materials (mainly paper) and energy.

Another segment which recorded a decrease in operating costs in the second quarter of 2023 was the **Internet**. This was mainly due to lower costs of external services, which was related to lower costs of lease of advertising space and, at the same time, lower revenue from the sale of advertising on that space in Yieldbird and lower costs of purchase of brokerage announcements in the HRlink group. Depreciation and amortisation costs also decreased. However, staff costs as well as costs of promotion and marketing increased.

- ▶ In the first half of 2023, the **Agora Group's** operating costs increased by 14.1% and reached PLN 627.0 million. The level of the costs of the first half of 2023 was significantly affected by the consolidation with the Eurozet Group since 1 March 2023.

The **Radio** segment was the area where operating costs increased the most. This was primarily related to the consolidation with the Eurozet Group. All categories of the segment's costs increased in the period under review, with the costs of external services and staff costs having the most significant impact on the increase in expenses in this business area, similarly as in the second quarter of 2023 alone.

The second segment in terms of the increase in operating costs in the first half of 2023 was the **Movies and Books** segment. The costs of materials and energy consumed and the value of goods and materials sold increased the most, which was due to higher revenue from concession sales and sales in restaurants. In the first half of 2023, the costs of external services were also significantly higher. Their growth was visible in cinema operations and in Agora's Publishing House, and their drop in the film business and catering activities. The depreciation and amortisation costs of the segment also grew slightly. The costs of promotion and marketing as well as staff costs were lower between January and June 2023. The level of operating costs of the first half of 2022 was positively affected by the reversal of the revaluation write-down on tangible fixed assets of PLN 1.7 million recognised in the second quarter of 2022, and negatively – by the impairment write-down on the rights to use assets of PLN 0.6 million recognised in the first quarter of 2022. Both write-downs concerned Helios S.A.

Almost all categories of operating costs of the **Outdoor Advertising** segment increased in the first half of 2023, except for depreciation and amortisation costs.

The segment which recorded a decrease in operating costs in the first half of 2023 was the **Internet**. This was mainly due to lower costs of external services, which was related to lower costs of lease of advertising space and, at the same time, lower revenue from the sale of advertising on that space in Yieldbird and lower costs of purchase of announcements in the HRlink group. However, staff costs as well as costs of promotion and marketing increased. Depreciation and amortisation remained at the level of costs of the corresponding period of the previous year.

Another segment which recorded a decrease in operating costs in the first half of the year was the **Digital and Printed Press**. The decrease was related to lower staff costs and concerned primarily fixed remuneration related to lower employment. The costs of promotion and marketing as well as depreciation and amortisation were also lower between January and June. In the first half of 2023, consumption of materials and energy was the most rapidly growing category of costs. Costs of external services increased slightly.

- ▶ In the second quarter of 2023, the Agora Group generated an EBITDA profit of PLN 44.8 million and an EBIT profit of PLN 0.7 million, which represents a significant improvement in both ratios year-on-year. In the second quarter of 2023, the Group generated a net profit of PLN 12.5 million, while the net profit attributable to shareholders of the parent company amounted to PLN 6.9 million. In the quarter of 2023 under review, the Group did not record any one-off events. The level of operating costs of the second quarter of 2022 was positively impacted by the reversal of the previously recognised revaluation write-down on assets of PLN 1.8 million, mainly in Helios S.A.

- ▶ In the first half of 2023, the Agora Group generated an EBITDA profit of PLN 80.5 million and an EBIT loss of PLN 4.3 million, which represented a significant improvement in both ratios year-on-year. In the period from January to June 2023, the Group generated a net profit of PLN 47.2 million, while the net profit attributable to shareholders of the parent company amounted to PLN 39.5 million. The net profit was positively affected by the remeasurement of shares of the Eurozet Group as at the control takeover date, in the amount of PLN 47.9 million, that was carried out in the first quarter of 2023. The level of operating costs of the first half of 2022 was positively affected by the reversal of the revaluation write-down on tangible fixed assets of PLN 1.8 million recognised in the second quarter of 2022, and negatively – by the impairment write-down on the rights to use assets of PLN 0.6 million recognised in the first quarter of 2022. Both write-downs concerned mainly Helios S.A.
- ▶ In the second quarter of 2023, without the effect of IFRS 16, the Agora Group recorded an EBITDA profit of PLN 18.2 million. The EBIT loss amounted to PLN 5.8 million in accordance with this presentation.
- ▶ In the first half of 2023, without the effect of IFRS 16, the Agora Group recorded an EBITDA profit of PLN 28.7 million. The EBIT loss amounted to PLN 17.1 million in the period from January to June 2023 in accordance with this presentation.
- ▶ As at 30 June 2023, the Group's cash and short-term financial assets amounted to PLN 83.3 million and comprised PLN 82.4 million in cash and cash equivalents (cash in hand and at bank and bank deposits) and PLN 0.9 million in the loans granted.
- ▶ As at the end of June 2023, the Agora Group's loans and leases amounted to PLN 838.5 million (including lease liabilities under IFRS 16 of PLN 679.4 million). The Group's net debt under this approach amounted to PLN 756.1 million, while without the effect of IFRS 16, the Group's net debt as at 30 June 2023 stood at PLN 76.7 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 2023, total advertising spending in Poland amounted to approx. PLN 3.1 billion and increased by almost 6.5% yoy. During this period, advertisers increased their ad spending in all segments of the advertising market except dailies.

Tab. 1

	2Q 2021	3Q 2021	4Q 2021	1Q 2022	2Q 2022	3Q 2022	4Q 2022	1Q 2023	2Q 2023
% change yoy in ad market value	44.5%	13.5%	13.0%	8.0%	5.0%	3.5%	4.0%	6.0%	6.5%

The segment in which the value of advertising expenditures increased the most was the Internet and television. On the other hand, advertising expenditures in cinemas grew the fastest. Data on estimates of the dynamics of changes in the value of advertising expenditures in individual media are presented in the table below:

Tab. 2

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
6.5%	4.5%	9.0%	2.5%	7.0%	1.5%	(6.0%)	33.5%

The share of particular media segment in total advertising expenditure, in the second quarter of 2023, is presented in the table below:

Tab. 3

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	39.5%	44.5%	6.5%	5.5%	2.0%	1.0%	1.0%

In the first half of 2023, the value of total advertising expenditure in Poland amounted to over PLN 5.6 billion and increased by 6.0% compared to the first half of 2022. At that time, advertising expenditure was lower compared to the corresponding period of 2022 in press. The value of expenses in other market segments increased. The data on the dynamics of changes in estimates in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 4

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
6.0%	4.0%	8.5%	3.5%	6.5%	(3.0%)	(4.5%)	34.5%

The share of particular media segment in total advertising expenditure, in the first half of 2023, is presented in the table below:

Tab. 5

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	39.5%	44.5%	7.0%	5.0%	2.0%	1.0%	1.0%

1.2. Cinema admissions [9]

According to Helios' estimates, the number of tickets sold in Polish cinemas in the second quarter of 2023 amounted to nearly 8.8 million, down 6.4% year-on-year. In the first half of the year, according to Helios' estimates, the number of tickets sold amounted to nearly 21.4 million tickets against 19.8 million a year earlier - a year-on-year increase of 8.1%.

1.3. Copy sales of dailies [4]

In the second quarter of 2023, sales of daily newspapers in Poland decreased by 4.4% compared to the second quarter of 2022, and in the first half of 2023, the decrease was 15.1% compared to the first half of 2022. In both periods, the largest declines occurred in the specialty press segment.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 6

<i>in million PLN</i>	2Q 2023	2Q 2022	<i>% change yoy</i>
Total sales (1)	326.9	261.8	24.9%
<i>Advertising revenue</i>	181.8	129.7	40.2%
<i>Ticket sales</i>	42.1	39.1	7.7%
<i>Copy sales</i>	33.9	33.2	2.1%
<i>Concession sales in cinemas</i>	25.1	23.0	9.1%
<i>Gastronomic sales</i>	10.7	10.1	5.9%
<i>Revenues from film activities</i>	3.1	2.9	6.9%
<i>Other</i>	30.2	23.8	26.9%

<i>in million PLN</i>	1H 2023	1H 2022	<i>% change yoy</i>
Total sales (1)	622.7	514.9	20.9%
<i>Advertising revenue</i>	306.1	234.2	30.7%
<i>Ticket sales</i>	104.1	86.4	20.5%
<i>Copy sales</i>	67.4	66.2	1.8%
<i>Concession sales in cinemas</i>	59.0	45.4	30.0%
<i>Gastronomic sales</i>	19.8	17.9	10.6%
<i>Revenues from film activities</i>	8.6	18.7	(54.0%)
<i>Other</i>	57.7	46.1	25.2%

(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 2023, **the Agora Group's total revenues** amounted to PLN 326.9 million, having increased by 24.9% year-on-year. All categories of the Group's revenues increased during the period under review. The level of the revenues from the second quarter of 2023 was significantly affected by the consolidation with the Eurozet Group and the introduction of a joint sales offer.

In the period from April to June 2023, the **sales of advertising services** of the Agora Group increased by 40.2% year-on-year and amounted to PLN 181.8 million. The Radio segment was the business in which advertising spending grew the most and which contributed the strongest to the increase in the entire Group's advertising revenue. The segment's revenue from the sale of radio advertising increased by 225.5% to PLN 71.6 million. This deviation was driven by the consolidation with the Eurozet Group and the introduction of a joint sales offer. Advertising revenue in the Outdoor Advertising segment was 12.5% higher and amounted to PLN 50.4 million. The positive dynamics of the revenue in this segment was mainly impacted by expenditure on campaigns carried out on citylight and city transport media. The advertising spending in cinemas increased by 23.8% to PLN 7.8 million in the period under review. Revenue from sales of advertising services decreased in other business segments. The sharpest drop in advertising revenue was recorded by the Internet segment. The segment's revenue from the sale of online advertising decreased by 13.5% to PLN 33.4 million. The decline in advertising revenue was primarily driven by lower online advertising sales

by Yieldbird, mainly due to changes in the customer portfolio as well as changes resulting from the development of cooperation in the SaaS model and limiting the sales of advertising services. The Internet segment also recorded lower revenue from announcements, which is the result of a decline in the revenue of the HRlink group. Advertising revenue in the Digital and Printed Press segment decreased by 10.8% to PLN 14.8 million. This was due to a drop in advertising revenue, both in paper and online versions of *Gazeta Wyborcza*.

In the second quarter of 2023, the **revenue from the sale of tickets in Helios cinemas** increased by 7.7% to PLN 42.1 million and the **revenue from concession sales in cinemas** – by 9.1% to PLN 25.1 million. In the period under review, 2.0 million tickets were sold in Helios cinemas.

In the second quarter of 2023, **the Group's copy sales revenue** amounted to PLN 33.9 million and increased by 2.1% year-on-year. The increase in this revenue category resulted from higher revenue of Agora's Publishing House. Revenues of the Digital and Printed Press segment remained at a level similar to the second quarter of 2022 – only the structure of these revenues changed as the revenue from the digital subscriptions of *Gazeta Wyborcza* increased and the revenue from its paper edition decreased.

The **revenue from catering activities** amounted to PLN 10.7 million, i.e. 5.9% more year-on-year. This was related to increased revenue from the operations of Step Inside recorded especially thanks to expanding the offer and the accompanying promotional activities.

In the second quarter of 2023, **revenue from the Agora Group's film business** increased by 6.9% and amounted to PLN 3.1 million. NEXT FILM released one new film production in the second quarter of 2023. The level of this revenue category was significantly affected by the sale in various distribution channels of features that had been released earlier.

In the second quarter of 2023, the **revenue from other sales** amounted to PLN 30.2 million and was 26.9% higher year-on-year. This resulted from an increase in revenues in all segments, including higher sales of other products and services as well as printing services.

In the first half of 2023, the **Agora Group's total revenues** amounted to PLN 622.7 million, having increased by 20.9% year-on-year. All categories of the Group's revenues increased, except for the revenue related to film operations. The level of the revenues in the second quarter of 2023 was significantly affected by the consolidation with the Eurozet Group since 1 March 2023.

In the period from January to June 2023, the **sales of advertising services** of the Agora Group increased by 30.7% year-on-year and amounted to PLN 306.1 million. The Radio segment was the one in which advertising spending grew the most and which contributed the strongest to the increase in the entire Group's advertising revenue. The segment's revenue from the sale of radio advertising increased by 162.4% to PLN 106.8 million. This deviation was driven by the consolidation with the Eurozet Group and the introduction of a joint sales offer. Advertising revenue in the Outdoor Advertising segment was 15.7% higher and amounted to PLN 84.8 million. The positive dynamics of the revenue in this segment was mainly impacted by expenditure on campaigns carried out on citylight, digital, billboard 18m and city transport media. The advertising spending in cinemas increased by 37.3% to PLN 15.1 million in the period under review. Revenue from sales of advertising services decreased in other business segments. The sharpest drop in advertising revenue was recorded by the Internet segment. The segment's revenue from the sale of online advertising decreased by 14.6% to PLN 66.8 million. The decline in advertising revenue was primarily driven by lower online advertising sales recorded by Yieldbird. In contrast, advertising revenue generated by the Gazeta.pl division was higher year-on-year. The segment also recorded lower revenue from announcements due to decreased revenue of the HRlink group. Advertising revenue in the Digital and Printed Press segment decreased by 9.1% to PLN 26.1 million. This was, similarly as in the case of the second quarter alone, due to a drop in advertising revenue, both in paper and online versions of *Gazeta Wyborcza*.

In the first half of 2023, the **revenue from the sale of tickets in Helios cinemas** increased by 20.5% to PLN 104.1 million and the **revenue from concession sales in cinemas** – by 30.0% to PLN 59.0 million. This increase was related to higher cinema attendance. In the period under review, 4.9 million tickets were sold in Helios cinemas, i.e. 6.5% more than in the first half of 2022.

In the first half of 2023, **the Group's copy sales revenue** amounted to PLN 67.4 million and increased by 1.8% year-on-year. The increase in this revenue category resulted from higher revenue of Agora's Publishing House. The revenue of the Digital and Printed Press segment was slightly lower than the revenue generated in the first half of 2022. This was mainly driven by declining revenue from the sale of the paper edition of the daily, with higher revenue from the sale of digital access to the content of Wyborcza.pl.

The **revenue from catering activities** amounted to PLN 19.8 million, i.e. 10.6% more year-on-year. This was related to increased revenue from the operations of Step Inside recorded thanks to a larger number of restaurants.

In the first half of 2023, the **revenue from the film business** of the Agora Group decreased by 54.0% and amounted to PLN 8.6 million. NEXT FILM released four new film productions in the first half of 2023. Moreover, features which had been released earlier were also sold via various distribution channels.

In the first half of 2023, the **revenue from other sales** amounted to PLN 57.7 million and was 25.2% higher year-on-year. This resulted from an increase in revenues in all segments, including higher sales of other products and services, sales of printing services and other sales of goods and services.

2.2. Operating cost

Tab. 7

<i>in million PLN</i>	2Q 2023	2Q 2022	% change yoy
Operating cost net (1), including:	(326.2)	(273.6)	19.2%
<i>External services</i>	(112.5)	(87.9)	28.0%
<i>Staff cost</i>	(105.0)	(91.6)	14.6%
<i>Raw materials, energy and consumables</i>	(37.6)	(33.7)	11.6%
<i>D&A</i>	(44.1)	(39.7)	11.1%
<i>Promotion and marketing</i>	(19.1)	(14.0)	36.4%
<i>Impairment losses (2)</i>	-	1.8	-

<i>in million PLN</i>	1H 2023	1H 2022	% change yoy
Operating cost net (1), including:	(627.0)	(549.4)	14.1%
<i>External services</i>	(213.0)	(181.6)	17.3%
<i>Staff cost</i>	(201.9)	(181.8)	11.1%
<i>Raw materials, energy and consumables</i>	(78.3)	(65.8)	19.0%
<i>D&A</i>	(84.8)	(79.4)	6.8%
<i>Promotion and marketing</i>	(30.7)	(25.8)	19.0%
<i>Impairment losses (2)</i>	-	1.2	-

(1) the amount of the cost excluding impact of International Financial Reporting Standard no. 16 Leases amounted to PLN 639.8 million in the first half of 2023 and PLN 332.7 million in the second quarter of 2023 (in the first half of 2022: PLN 559.9 million and PLN 278.8 million in the second quarter of 2022);

(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 and impairment loss on right-of-use assets in Helios S.A. in the first quarter of 2022.

In the second quarter of 2023, the **net operating costs** of the Agora Group increased by 19.2% to PLN 326.2 million. They were higher in the Radio, Movies and Books and Outdoor Advertising segments, but they fell in the Internet as well as Digital and Printed Press segments. The level of the operating costs from the second quarter of 2023 was significantly affected by the consolidation with the Eurozet Group. In the second quarter of 2023, there were no one-off events. In the same period of the previous year, a revaluation write-down previously made on assets worth PLN 1.8 million, primarily in Helios S.A., was reversed in the Movies and Books segment.

The largest item of the Group's expenses in the period from April to June 2023 was the **costs of external services** which amounted to PLN 112.5 million and were 28.0% higher year-on-year. Their largest increase was recorded in the Radio segment and was caused by the consolidation of the Eurozet Group's results. The external services item includes in the Radio segment, in addition to the costs of advertising sales brokerage services in third-party radio stations and advertising sales brokerage services in Helios cinemas (service provided until the end of 2022), e.g. costs of rents and lease fees, marketing services, production services, as well as operator fees. Another segment where the costs of external services increased was the Movies and Books segment. Their increase was related to the film business and the activities of Agora's Publishing House. Costs of external services incurred by the Outdoor Advertising segment were also higher than in the second quarter of 2022. This increase was mainly due to higher costs of system maintenance and advertising campaigns. The segment in which the decrease in the costs of external services was observed was the Internet. Lower costs of the Internet resulted from lower costs in Yieldbird, reflecting mainly a

decrease in the cost of leasing advertising space and lower revenue from the sale of advertising services. The costs of external services in the HRLink group were also lower – mainly as a result of lower costs of purchasing announcements. The increase in the costs of external services was observed in Gezeta.pl. The costs incurred by the Digital and Printed Press segment decreased year-on-year. The largest decrease was recorded in space lease costs and IT costs due to restructuring changes introduced in the segment.

Staff costs reached PLN 105.0 million and increased by 14.6% year-on-year. Staff costs were higher in almost all operating segments of the Group and in its supporting divisions. The only exceptions were the Digital and Printed Press as well as the Movies and Books segments, which was the result of restructuring carried out in these areas in the fourth quarter of 2022. The largest increase in this category was recorded in the Radio segment, mainly due to the consolidation of the Eurozet Group's results.

At the end of June 2023, **headcount** in the Agora Group was 2,593 FTEs, and increased by 218 FTEs year-on-year. This increase was mainly due to the inclusion in the Agora Group's data of the number of employees in the Eurozet Group, which amounted to 358 FTEs in June 2023. A significant drop in the headcount occurred in the Digital and Printed Press as well as in the Movies and Books segments as a result of the restructuring carried out last year.

The increase in **the costs of materials and energy consumed and the value of goods and materials sold** of 11.6% to PLN 37.6 million recorded in the second quarter of 2023 was the result of an increase in this type of expenditure in almost all segments (except for the Internet, where this type of cost remained unchanged and very low). The largest increase in this cost item was visible in the Movies and Books segment and it was mainly related to the increase in the revenue from concession sales in cinemas.

The **costs of depreciation and amortisation** were higher by 11.1% and amounted to PLN 44.1 million. The largest increase in this cost item was visible in the Radio segment (consolidation of the Eurozet Group's results). The Movies and Books segment also recorded a slight increase in depreciation and amortisation (depreciation and amortisation in catering activities due to a larger number of restaurants developed under the Pasibus brand). In addition, depreciation and amortisation of fair values of the Eurozet Group assets acquired has been recognised in the Agora Group since 1 March 2023. Depreciation and amortisation costs of other segments were lower year-on-year in the second quarter of 2023.

The **promotion and marketing costs** of the Agora Group increased by 36.4% year-on-year to PLN 19.1 million. This was mainly the result of the consolidation of the Radio segment with the results of the Eurozet Group. Due to higher advertising spending in Gazeta.pl, higher costs were also borne in the Internet segment. Promotion and marketing costs of other segments were lower year-on-year in the second quarter of 2023.

In the second quarter of 2023, the net operating costs of the Group, reported without IFRS 16, amounted to PLN 332.7 million and were 19.3% higher year-on-year.

In the first half of 2023, the **net operating costs** of the Agora Group increased by 14.1% to PLN 627.0 million. They were higher in the Radio, Movies and Books and Outdoor Advertising segments, but they fell in the Internet as well as Digital and Printed Press segments. The level of operating costs of the first half of 2023 was significantly affected by the consolidation with the Eurozet Group since 1 March 2023. In the period between January and June 2023, there were no one-off events. The level of operating costs of the first half of 2022 was positively affected by the reversal of the revaluation write-down on tangible fixed assets of PLN 1.8 million recognised in the second quarter of 2022, and negatively – by the impairment write-down on the rights to use assets of PLN 0.6 million recognised in the first quarter of 2022. Both write-downs concerned mainly Helios S.A.

Similarly to the second quarter alone, the largest item of the Group's expenses in the first half of 2023 was the **costs of external services** which amounted to PLN 213.0 million and were 17.3% higher year-on-year. These costs increased in almost all segments, except for the Internet. Their largest increase was recorded in the Radio segment and was caused by the consolidation of the Eurozet Group's results. The external services item includes in the Radio segment, in addition to the costs of advertising sales brokerage services in third-party radio stations and advertising sales brokerage services in Helios cinemas (service provided until the end of 2022), e.g. costs of rents and lease fees, marketing services, production services, as well as operator fees. Another segment where the costs of external services increased was the Movies and Books segment. Their increase was related to cinema operations – to higher costs of purchasing film copies. The costs of external services in Agora's Publishing House were also higher, while the costs of the film business and catering activities were lower. The increase in the costs of external services of the Outdoor Advertising segment was mainly due to higher costs of system maintenance and advertising campaigns. The Digital and Printed Press segment also incurred higher costs of external services. Sales brokerage services, rents and lease fees contributed most to the increase in this cost category. In the first half of 2023, space rental costs and IT costs decreased due to restructuring changes introduced in the Digital and Printed Press segment. The segment in which the decrease in the costs of external services was observed was the Internet. Lower costs of the Internet resulted from lower costs in Yieldbird, reflecting mainly a decrease in the cost of leasing advertising space and lower revenue from the sale of advertising services. The costs of external services in the HRLink group were also lower – mainly as a result of lower costs of purchasing announcements. The increase in the costs of external services was observed in Gezeta.pl.

Staff costs reached PLN 201.9 million and increased by 11.1% year-on-year. Staff costs were higher in almost all operating segments of the Group and in its supporting divisions. The only exceptions were the Digital and Printed Press as well as the Movies and Books segments, which was the result of restructuring carried out in these areas in the fourth quarter of 2022. The largest increase in this category was recorded in the Radio segment, mainly due to the consolidation of the Eurozet Group's results.

The increase in the **costs of materials and energy consumed and the value of goods and materials sold** of 19.0% to PLN 78.3 million recorded in the first half of 2023 was the result of an increase in this type of expenditure in all segments. The largest increase in this cost item was visible in the Movies and Books segment and it was mainly related to the increase in the revenue from concession sales in cinemas and from sales in restaurants.

The **costs of depreciation and amortisation** were higher by 6.8% and amounted to PLN 84.8 million. The increase in this cost item was visible in the Radio segment (consolidation of the Eurozet Group's results) and in the Movies and Books segment (depreciation and amortisation in catering activities due to a larger number of restaurants developed under the Pasibus brand). In addition, amortisation of fair values of the Eurozet Group assets acquired has been recognised in the Agora Group since 1 March 2023. Depreciation and amortisation costs of the Outdoor Advertising and Digital and Printed Press segments were lower year-on-year in the first half of 2023. The costs of the Internet segment remained unchanged.

The **promotion and marketing costs** of the Agora Group increased by 19.0% year-on-year to PLN 30.7 million. This was mainly the result of the consolidation of the Radio segment with the results of the Eurozet Group. Due to higher advertising spending in Gazeta.pl, higher costs were also borne in the Internet segment. The marketing and promotion costs of the Movies and Books as well as Digital and Printed Press segments were lower year-on-year in the first half of 2023. The costs of the Outdoor Advertising segment remained at the same level.

In the first half of 2023, the Group's net operating costs without IFRS 16 amounted to PLN 639.8 million, i.e. they increased by 14.3% year-on-year.

3. PROSPECTS

According to available macroeconomic forecasts, the third and fourth quarters of 2023 will bring a stabilisation of slow economic growth, continually high inflation, and high prices for energy raw materials, food, goods, and services. The development of the economic situation in Poland in the subsequent periods will also be characterised by high uncertainty due to the further course of the armed conflict in Ukraine and its geopolitical consequences, among other factors. An important factor affecting the Agora Group is also the wage pressure and the increase in minimum wage in 2023. From 1 January 2023, the minimum gross remuneration for work increased from PLN 3,010 to PLN 3,490, and the minimum hourly rate is PLN 22.80. The next increase in the minimum wage took place on 1 July 2023, when it increased to PLN 3,600 gross and the minimum hourly rate will be PLN 23.50.

In the first quarter of 2023, Agora S.A. took control of the Eurozet Group and as of 1 March 2023, the results of the Eurozet Group are consolidated with the results of Agora S.A. The strengthening of the Radio segment by other stations will help strengthen the market position and increase the sales potential in the following quarters of 2023. This change will have a significant impact on the revenues and costs in the Radio segment.

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

3.1. REVENUES

3.1.1 Advertising market [3]

In the second quarter of 2023, the value of advertising spending in Poland increased by almost 6.5% compared to the same period in 2022. Advertisers spent about PLN 3.1 billion on promoting their products and services during this period. The increase in advertising spending affected all market segments except dailies. In the first quarter of 2023, the dynamics of the advertising market was almost 6.0%, and the increase in spending affected all media except newspapers.

The dynamics of the advertising market, both in the first and second quarters of 2023, were better than expectations. The company has decided to revise its expectations for the growth rate of the overall advertising market and almost all market segments throughout 2023. Agora expects the dynamics of advertising spending in Poland in 2023 to be at around 4.0 - 6.0%. The company decided to revise its forecasts, despite high uncertainty about the scale of the economic slowdown in the country, the level of inflation and operating costs for businesses, and in view of the geopolitical situation in the region.

Current data on the estimated dynamics of changes in the value of advertising expenditures by media are presented in the table below:

Tab. 8

Total advertising expenditure	Television	Internet	Radio	Outdoor	Press	Cinema
4.0-6.0%	1.0-4.0%	4.0-7.0%	2.0-5.0%	5.0-10.0%	(8.0%)-(5.0%)	20.0-25.0%

The investment in the Eurozet Group had a positive impact on the revenue generated by the Radio segment. The segment recorded an increase in revenue by 138.8% in the first half of 2023 year-on-year. Both the consolidation of the radio group and the increase in advertising spending in the Radio segment will contribute to a gradual increase in advertising revenue in the following quarters of 2023.

At the same time, it is worth noting that due to many uncertainties and abrupt changes in the market environment caused by macroeconomic and geopolitical factors, it is difficult to make long-term assumptions, therefore the above estimates may be biased, and their relevance can be much smaller than in periods of more predictability.

3.1.2. Ticket sales

The most significant factors affecting attendance in Polish cinemas include: the repertoire, the weather conditions, the affluence 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 2023 amounted to almost 21.4 million, which represents an increase by 8.1% as compared to 2022. It is worth noting that a noticeable negative impact on the dynamics of the reconstruction of cinema operations after the pandemic is caused by an economic slowdown, high inflation and the turmoil on the Polish film production market.

Agora estimates that cinema attendance in 2023 will be about 10.0% higher than in 2022, but still lower than in the record-breaking 2019. The estimate was based on Helios chain cinema ticket sales in the first seven months of 2023. The eventual full recovery of the audience, in the company's assessment, will take no less than several years.

3.1.3 Copy sales

In subsequent quarters of 2023, negative trends relating to a decrease in copy sales of printed press will continue. Agora develops sales of access to Wyborcza.pl content in the form of digital subscriptions. The number of paid digital subscriptions of Gazeta Wyborcza reached 295 thousand at the end of June 2023, which means maintaining a similar level year-on-year. Between January and June 2023, revenue from copy sales in the Digital and Printed Press segment was at a similar level as in the same period in 2022. This was mainly due to lower sales of the paper edition of *Gazeta Wyborcza*, with the increase of sales revenue from Wyborcza.pl subscriptions. As a result, Agora expects to maintain the sales trends of Gazeta Wyborcza, both the paper edition and the digital version.

3.2 Operating costs

Total operating costs of the Agora Group in 2023 will be higher than those recorded in 2022. This will be primarily driven by the increase in the costs of materials and energy as well as the costs of external services following the ongoing economic downturn. Higher costs of material and energy consumption, external services, staff – except for the Digital and Printed Press segment, as well as promotion and marketing will have the decisive influence on the increase in the Group's operating costs. In the first quarter of 2023, Agora S.A. acquired the Eurozet Group, which will translate into higher costs in each cost item. A detailed impact on the costs of the first half of the year is described in part IV B Radio. In addition, due to the limited costs of investments in the Group, mainly in the Movies and Books segment, depreciation and amortisation costs will be lower.

3.2.1 Costs of external services

The costs of external services in the third quarter of 2023 will largely depend on the costs of film copy purchase related directly to cinema attendance and the level of revenue from ticket sales, the EUR/PLN exchange rate, the costs of leasing advertising space, and the number of advertising campaigns. The decrease in this cost item will be affected by the change in Yieldbird's business model towards the product model.

3.2.2 Staff costs

According to the company's estimates, staff costs will be higher in 2023 than in 2022. In 2023, in accordance with the Regulation of the Council of Ministers of 13 September 2022, the minimum remuneration increased from 1 January from PLN 3,010 to PLN 3,490, and from 1 July, it increased to PLN 3,600, which will also have an impact on the increase in staff costs in 2023. This cost category will increase in each of the Group's operating segments and its supporting divisions, and in particular in the cinema segment.

3.2.3 Promotion and marketing costs

In the third quarter of 2023, the Agora Group plans further promotional activities in most of its businesses, in order to restore their market position. The dynamics of changes in individual media, the number of development projects launched as well as market activities of the Group's competitors will affect the level of expenditure incurred in this respect. Considering these factors, the company estimates that in 2023, the promotion and marketing costs will be similar as in 2022 in most of the Group's businesses. This cost category will increase in the Internet and Radio segments.

3.2.4 Cost of materials and energy

In 2023, the Group's printing activities will impact this cost item, especially the cost of production materials, the volume of production and the EUR/PLN exchange rate. This cost category will also increase in the Movies and Books as well as the Outdoor Advertising segments.

For several years, the Agora Group has been operating a purchasing group which contracts energy on the exchange for Agora S.A. (including the printing business) and Agora Radio Group. As a result, energy has been secured for these areas for the whole of 2023. Moreover, the energy performance modification project for the building at ul. Czerska 8/10 in Warsaw reduced energy consumption by approximately 30.0%.

3.3 Strategic directions for 2023-2026

In addition to improved results, the first quarter of 2023 also brought two important events for Agora. These were the approval by the Extraordinary General Meeting of Shareholders of the spin-off of companies from Agora S.A. and the acquisition of Eurozet, the realization of the next stage of the largest investment in media in the Group's history. Thanks to this transaction, the Agora Group is now the 4th largest media group in Poland, after the largest TV stations.

Following on from the events of early 2023, the Agora's Board presented strategic directions for 2023-2026 on April 26. They provide the foundation for the developmental activities of the entire organization and build on the Group's strengths, which are primarily the high quality of content and services offered, an attractive audience and a very broad media reach, as well as the advantages associated with the development of digital and subscription solutions achieved to date.

The strategic development directions for the Agora Group for 2023-2026 are:

- Development of media businesses and their outreach to audiences in Poland;
- Diversity and autonomy of businesses and opening to external investors;
- New management operating model to standardize back-office processes while taking into account the autonomy of businesses;
- Increasing shareholder value and improving the financial efficiency of the entire organization;
- Achieving an EBITDA result of more than PLN 200 million (excluding IFRS 16).

As a result, in 2026 Agora Group wants to be in the TOP3 of the largest Polish media companies, reaching tens of millions of people with important, attractive content and providing customers with the most effective advertising offer.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The condensed semi-annual consolidated financial statements of the Agora Group for the first half of 2023 includes Agora S.A. and 28 subsidiaries, which operate principally in the internet, cinema, radio, gastronomy and outdoor segments. Additionally, as at 30 June 2023 the Group held shares in jointly controlled entity Instytut Badań Outdooru IBO Sp. z o.o., as well as in associated company ROI Hunter a.s.

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.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 9

in PLN million	2Q 2023	2Q 2022	% change yoy	1H 2023	1H 2022	% change yoy
Total sales (1)	326.9	261.8	24.9%	622.7	514.9	20.9%
Advertising revenue	181.8	129.7	40.2%	306.1	234.2	30.7%
Ticket sales	42.1	39.1	7.7%	104.1	86.4	20.5%
Copy sales	33.9	33.2	2.1%	67.4	66.2	1.8%
Concession sales in cinemas	25.1	23.0	9.1%	59.0	45.4	30.0%
Gastronomic sales	10.7	10.1	5.9%	19.8	17.9	10.6%
Revenues from film activities	3.1	2.9	6.9%	8.6	18.7	(54.0%)
Other	30.2	23.8	26.9%	57.7	46.1	25.2%
Operating cost net, including:	(326.2)	(273.6)	19.2%	(627.0)	(549.4)	14.1%
External services	(112.5)	(87.9)	28.0%	(213.0)	(181.6)	17.3%
Staff cost	(105.0)	(91.6)	14.6%	(201.9)	(181.8)	11.1%
Raw materials, energy and consumables	(37.6)	(33.7)	11.6%	(78.3)	(65.8)	19.0%
D&A	(44.1)	(39.7)	11.1%	(84.8)	(79.4)	6.8%
Promotion and marketing	(19.1)	(14.0)	36.4%	(30.7)	(25.8)	19.0%
Impairment losses (2)	-	1.8	-	-	1.2	-
Operating result - EBIT	0.7	(11.8)	-	(4.3)	(34.5)	87.5%
Operating result - EBIT excl. IFRS 16 (3)	(5.8)	(17.0)	65.9%	(17.1)	(45.0)	62.0%
Finance cost, net, incl.:	20.8	(5.1)	-	13.9	(18.5)	-
Income from short-term investment	1.4	0.7	100.0%	2.4	1.1	118.2%
Costs related to bank loans and leasing including interest costs related to IFRS 16	(11.1)	(8.9)	24.7%	(21.4)	(16.4)	30.5%
Foreign exchange gains/(losses) including foreign exchange gains/(losses) related to IFRS 16	(7.3)	(5.8)	25.9%	(14.0)	(11.2)	25.0%
Revaluation of put options (4)	28.5	(3.0)	-	30.4	(9.3)	-
	26.6	(3.2)	-	28.4	(9.5)	-
	2.5	6.0	(58.3%)	2.5	6.0	(58.3%)
Gain on remeasurement of shares in subsidiary (5)	-	-	-	47.9	-	-
Share of results of equity accounted investees	(0.5)	2.9	-	(3.8)	4.1	-
Profit/(loss) before income tax	21.0	(14.0)	-	53.7	(48.9)	-
Income tax	(8.5)	(3.6)	(136.1%)	(6.5)	(1.8)	(261.1%)
Net profit/(loss) for the period	12.5	(17.6)	-	47.2	(50.7)	-
Attributable to:						
Equity holders of the parent	6.9	(16.0)	-	39.5	(47.8)	-
Non - controlling interest	5.6	(1.6)	-	7.7	(2.9)	-

<i>in PLN million</i>	2Q 2023	2Q 2022	% change yoy	1H 2023	1H 2022	% change yoy
EBIT margin (EBIT/Sales)	0.2%	(4.5%)	4.7pp	(0.7%)	(6.7%)	6.0pp
EBIT margin excl. IFRS 16 (3)	(1.8%)	(6.5%)	4.7pp	(2.7%)	(8.7%)	6.0pp
EBITDA (6)	44.8	26.1	71.6%	80.5	43.7	84.2%
EBITDA margin (EBITDA/Sales)	13.7%	10.0%	3.7pp	12.9%	8.5%	4.4pp
EBITDA excl. IFRS 16 (3)	18.2	4.2	333.3%	28.7	(0.1)	-
EBITDA margin excl. IFRS 16 (3)	5.6%	1.6%	4.0pp	4.6%	(0.0%)	4.6pp

- (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 detail 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 and impairment loss on right-of-use assets in Helios S.A. in the first quarter of 2022.*
- (3) *the amount of the operating result – EBIT, EBITDA and net loss excluding impact of International Financial Reporting Standard no. 16 Leases;*
- (4) *in 2023 concerns the revaluation of put option liabilities granted to shareholders of Helios S.A.; in 2022 concerns the revaluation of put option liabilities granted to shareholders/non-controlling shareholders of Helios S.A., Video OOH Sp. z o.o. and HRLink Sp. z o.o.;*
- (5) *remeasurement of equity interest as at the acquisition date relates to obtaining control of Eurozet Group that is consolidated using the full method from March 1, 2023 (additional information concerning the transaction is disclosed in note 12 to the condensed semi-annual consolidated financial statements);*
- (6) *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 is 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 2023 [1]

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

Tab. 10

<i>in PLN million</i>	Movies and Books	Radio	Digital and printed press	Outdoor	Internet	Reconciling positions (2)	Total (consolidated) 1HY 2023
Total sales (1)	240.2	120.1	101.1	89.2	75.2	(3.1)	622.7
<i>% share</i>	38.6%	19.3%	16.2%	14.3%	12.1%	(0.5%)	100.0%
Operating cost net (1)	(230.6)	(104.6)	(109.2)	(78.5)	(80.8)	(23.3)	(627.0)
Operating cost net excl. IFRS 16 (1)	(240.7)	(105.2)	(109.2)	(80.1)	(80.8)	(23.8)	(639.8)
EBIT	9.6	15.5	(8.1)	10.7	(5.6)	(26.4)	(4.3)
EBIT excl. IFRS 16	(0.5)	14.9	(8.1)	9.1	(5.6)	(26.9)	(17.1)
Finance income and cost							13.9
Gain on remeasurement of shares in subsidiary							47.9
Share of results of equity accounted investees		(2.5)		-	(1.3)		(3.8)
Income tax							(6.5)
Net profit for the period							47.2
Attributable to:							
Equity holders of the parent							39.5
Non-controlling interest							7.7
EBITDA	51.2	23.0	(3.7)	27.9	0.4	(18.3)	80.5
EBITDA excl. IFRS 16	15.3	19.5	(3.7)	16.6	0.4	(19.4)	28.7
CAPEX	(3.8)	(2.6)	(0.5)	(7.8)	(3.4)	(3.4)	(21.5)

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

(2) reconciling positions show data not included in particular segments, i.a.: other revenues and costs of Agora’s supporting divisions (centralized IT, administrative and finance functions excluding costs which are allocated to segments), corporate and the Management Board of Agora S.A. costs, 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 income and cost

Net financial activities of the Group for the first half of 2023 were influenced mainly by financial income from the remeasurement of equity interest as at the date of obtaining control over the Eurozet Group in amount of PLN 47.9 million, foreign exchange gains due to balance sheet valuation of lease liabilities recognized in accordance with IFRS 16, gains on put option revaluation and interest related to cash and cash equivalents. This income was partially offset by commission and interest expenses related to bank loans and lease liabilities.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 11

<i>in PLN million</i>	30/06/2023	31/03/2023	% change to 31/03/2023	31/12/2022	% change to 31/12/2022
Non-current assets	1,733.9	1,762.2	(1.6%)	1,496.3	15.9%
<i>share in balance sheet total</i>	83.2%	82.2%	1.0pp	83.4%	(0.2pp)
Current assets	350.1	380.8	(8.0%)	296.8	18.0%
<i>share in balance sheet total</i>	16.8%	17.8%	(1.0pp)	16.6%	0.2pp
TOTAL ASSETS	2,084.0	2,143.0	(2.8%)	1,793.1	16.2%
Equity holders of the parent	713.5	706.6	1.0%	674.1	5.8%
<i>share in balance sheet total</i>	34.2%	33.0%	1.2pp	37.6%	(3.4pp)
Non-controlling interest	97.3	111.7	(12.9%)	(0.1)	-
<i>share in balance sheet total</i>	4.7%	5.2%	(0.5pp)	-	4.7pp
Non-current liabilities and provisions	736.8	781.9	(5.8%)	708.6	4.0%
<i>share in balance sheet total</i>	35.4%	36.5%	(1.1pp)	39.5%	(4.1pp)
Current liabilities and provisions	536.4	542.8	(1.2%)	410.5	30.7%
<i>share in balance sheet total</i>	25.7%	25.3%	0.4pp	22.9%	2.8pp
TOTAL LIABILITIES AND EQUITY	2,084.0	2,143.0	(2.8%)	1,793.1	16.2%

3.1. Non-current assets

The increase in non-current assets, versus 31 December 2022 resulted mainly from the increase in intangible assets as a result of obtaining control over Eurozet Group and recognition of goodwill as well as with valuation of assets of Eurozet Group at fair value. The above changes were, to some extent, offset by decrease in investments accounted for using the equity method as a result of obtaining control over Eurozet Group and decrease due to depreciation and amortisation which were, to some extent, compensated by new expenditure for the purchase of property, plant and equipment and intangible assets.

The decrease in non-current assets, versus 31 March 2023 resulted mainly from depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use of 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 increase in current assets, versus 31 December 2022, stemmed mainly from the increase in trade receivables and cash and cash equivalent due to obtaining control over Eurozet Group, classification of non-current assets held for sale as current assets and increase in short-term prepayments.

The decrease in current assets, versus 31 March 2023, stemmed mainly from the decrease in cash and cash equivalents resulting i.a. from payment of the dividend to non-controlling shareholders, which was partially offset by an increase in trade receivables.

3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions compared to 31 December 2022, stemmed mainly from obtaining control over Eurozet Group and from the increase in lease liabilities due to changes in lease agreements. The above change was partially offset by the decrease in bank loan liabilities, put option liabilities and other long-term liabilities.

The decrease in non-current liabilities and provisions compared to 31 March 2023, stems mainly from the decrease in lease liabilities, long-term bank loans, put option liabilities and other long-term liabilities, which was partially offset by the increase in contract liabilities.

3.4. Current liabilities and provisions

The increase in current liabilities and provisions, versus 31 December 2022, stemmed mainly from increase in loan liabilities in connection with taking out a loan from SFS Ventures s.r.o. for the acquisition of shares in Eurozet Group and increase in provision for customer rebates and in dividend liabilities in connection with obtaining control over Eurozet Group.

The decrease in the balance of short-term liabilities and provisions, versus 31 March 2023, was mainly due to decrease in dividend liabilities, deferred income, accruals, lease liabilities, loan liabilities, contract liabilities, provisions for rebates and special funds. The above decrease was, to some extent, offset by the increase in trade liabilities, bank loan liabilities, put option liabilities and tax liabilities.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 12

<i>in PLN million</i>	2Q 2023	2Q 2022	<i>% change yoy</i>	1H 2023	1H 2022	<i>% change yoy</i>
Net cash from operating activities	39.0	0.4	9,650.0%	89.5	3.2	2,696.9%
Net cash from investment activities	(11.5)	(18.3)	37.2%	(11.3)	(35.1)	67.8%
Net cash from financing activities	(72.1)	(6.5)	(1,009.2%)	(64.9)	(28.7)	(126.1%)
Total movement of cash and cash equivalents	(44.6)	(24.4)	(82.8%)	13.3	(60.6)	-
Cash and cash equivalents at the end of period	82.4	74.2	11.1%	82.4	74.2	11.1%

As at 30 June 2023, the Group had PLN 83.3 million in cash and cash equivalents and short-term financial assets which include cash and cash equivalents in the amount of PLN 82.4 million (cash on hand and bank deposits) and loans granted in the amount of PLN 0.9 million.

In the first half of 2023, Agora S.A. has not been engaged in any currency options or any other derivatives used for speculative purposes.

As at the date of this MD&A report, considering the cash position, the cash pooling system functioning in the Group and available credit facility, the Group does not anticipate any liquidity problems in connection with the implementation of investment intentions.

4.1. Operating activities

The cash flows from operating activities, in the first half of 2023, were higher comparing to the level recorded in the comparative period of the prior year mainly due to higher operating result as well as changes in the Group's working capital, mainly including lower 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 2023, resulted mainly from expenditures for the purchase of property, plant and equipment and intangible assets. These outflows were partly offset by obtaining control over Eurozet Group and 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 2023, stemmed mainly from repayments of loan and lease liabilities and dividends paid to non-controlling shareholders. These outflows were partly offset by inflows from loans in connection with taking out a loan from SFS Ventures s.r.o. for the acquisition of shares in Eurozet Group.

5. SELECTED FINANCIAL RATIOS [5]

Tab.13

	2Q 2023	2Q 2022	% change yoy	1H 2023	1H 2022	% change yoy
Profitability ratios						
Net profit margin	2.1%	(6.1%)	8.2pp	6.3%	(9.3%)	15.6pp
Gross profit margin	33.1%	28.9%	4.2pp	31.9%	26.8%	5.1pp
Return on equity	3.9%	(8.7%)	12.6pp	11.4%	(12.7%)	24.1pp
Efficiency ratios						
Inventory turnover	12 days	13 days	(7.7%)	13 days	11 days	18.2%
Debtors days	43 days	41 days	4.9%	44 days	46 days	(4.3%)
Creditors days	27 days	27 days	-	29 days	29 days	-
Liquidity ratio (1)						
Current ratio	0.8	0.8	-	0.8	0.8	-
Financing ratios (1)						
Gearing ratio	5.2%	7.3%	(2.1pp)	5.2%	7.3%	(2.1pp)
Interest cover	(1.6)	(6.5)	75.4%	(2.6)	(10.9)	76.1%
Free cash flow interest cover	(0.5)	(15.7)	96.8%	1.4	(18.9)	-

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., Helios Media Sp. z o.o. 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 2023	2Q 2022	% change yoy	1H 2023	1H 2022	% change yoy
Total sales, including :	105.0	95.6	9.8%	240.2	209.5	14.7%
Tickets sales	42.1	39.1	7.7%	104.1	86.4	20.5%
Concession sales	25.1	23.0	9.1%	59.0	45.4	30.0%
Advertising revenue (1)	7.8	6.3	23.8%	15.1	11.0	37.3%
Gastronomic sales (2)	10.7	10.1	5.9%	19.8	17.9	10.6%
Revenues from film activities (1),(3),(4)	3.5	3.1	12.9%	9.8	20.6	(52.4%)
Revenues from Publishing House	12.4	11.2	10.7%	24.6	22.6	8.8%
Total operating cost, including (5):	(111.4)	(103.0)	8.2%	(230.6)	(219.1)	5.2%
Total operating cost without IFRS 16 (5)	(116.3)	(107.1)	8.6%	(240.7)	(227.7)	5.7%
External services (4),(5)	(37.1)	(34.2)	8.5%	(82.0)	(78.2)	4.9%
Staff cost	(21.3)	(22.2)	(4.1%)	(43.3)	(45.2)	(4.2%)
Raw materials, energy and consumables	(20.6)	(18.7)	10.2%	(43.0)	(36.2)	18.8%
D&A (5)	(20.8)	(20.6)	1.0%	(41.6)	(41.2)	1.0%
Promotion and marketing (1)	(4.5)	(4.8)	(6.3%)	(8.9)	(11.4)	(21.9%)
Impairment losses (6)	-	1.7	-	-	1.1	-
EBIT	(6.4)	(7.4)	13.5%	9.6	(9.6)	-
<i>EBIT margin</i>	<i>(6.1%)</i>	<i>(7.7%)</i>	<i>1.6pp</i>	<i>4.0%</i>	<i>(4.6%)</i>	<i>8.6pp</i>
EBIT without IFRS 16	(11.3)	(11.5)	1.7%	(0.5)	(18.2)	97.3%
<i>EBIT margin without IFRS 16</i>	<i>(10.8%)</i>	<i>(12.0%)</i>	<i>1.2pp</i>	<i>(0.2%)</i>	<i>(8.7%)</i>	<i>8.5pp</i>
EBITDA (7)	14.4	11.5	25.2%	51.2	30.5	67.9%
<i>EBITDA margin</i>	<i>13.7%</i>	<i>12.0%</i>	<i>1.7pp</i>	<i>21.3%</i>	<i>14.6%</i>	<i>6.7pp</i>
EBITDA without IFRS 16 (7)	(3.6)	(4.3)	16.3%	15.3	(1.2)	-
<i>EBITDA margin without IFRS 16</i>	<i>(3.4%)</i>	<i>(4.5%)</i>	<i>1.1pp</i>	<i>6.4%</i>	<i>(0.6%)</i>	<i>7.0pp</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) 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.;
- (5) data include allocated costs of some of the supporting departments; in previous years, these costs were not allocated to business segments to such a significant extent; comparative data have been restated accordingly;

(6) *the item of write-downs in the second quarter and first half of 2022 includes the reversal of the write-down of Helios S.A.'s fixed assets of PLN 1.7 million made in 2021 and the write-down of Helios S.A.'s fixed assets of PLN 0.6 million in the first half of 2022;*

(7) *the EBITDA index is defined as EBIT increased by depreciation and impairment losses on tangible fixed assets, intangible assets and right-of-use assets.*

In the second quarter of 2023, the Movies and Books segment improved its operating results thanks to better results of its cinema operations. The loss at the EBIT level decreased to PLN 6.4 million, and the profit at the EBITDA level increased to PLN 14.4 million. It is worth noting that 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.

In the second quarter of 2023, without the effect of IFRS 16, the segment's EBIT loss amounted to PLN 11.3 million and EBITDA loss amounted to PLN 3.6 million.

In the first half of 2023, the operating results of the Movies and Books segment were significantly better than those recorded in the same period of the previous year. The profit at the EBIT level amounted to PLN 9.6 million, and the profit at the EBITDA level increased to PLN 51.2 million.

The comparability of the segment's results with the same period of the previous year was affected by the restrictions related to the COVID-19 pandemic in force in the first half of 2022. The limits on cinema ticket sales and seats in restaurants of 30.0%, excluding vaccinated customers, were lifted on 1 March 2022. In addition, a noticeable negative impact on the performance of cinema operations and food business in the first half of 2022 was exerted by the military invasion on Ukraine, which kept some Poles at home and motivated others to provide assistance to refugees from the attacked country. Moreover, in the first half of 2022, the EBIT result was positively affected by the reversal of the write-down on fixed assets relating to the operations of Helios S.A. in the amount of PLN 1.7 million, and a write-down on fixed assets in Helios S.A. in the amount of PLN 0.6 million had a negative effect thereon.

In the first half of 2023, without the effect of IFRS 16, the segment's EBIT loss amounted to PLN 0.5 million and EBITDA profit amounted to PLN 15.3 million.

1. REVENUE [3]

In the second quarter of 2023, the revenue of the Movies and Books segment increased by 9.8% year-on-year and amounted to PLN 105.0 million.

All revenue categories recorded an increase. Revenue from cinema operations was higher due to increases in the prices of tickets and products in cinema bars. In the second quarter of 2023, 2.0 million tickets were sold in Helios cinemas. The revenue from this sale increased by 7.7% to PLN 42.1 million, while the revenue from concession sales increased by 9.1% to PLN 25.1 million. In the second quarter of 2023, online ticket sales accounted for 44.4% of the total revenue from ticket sales in cinemas. The revenue from the sale of advertisements in cinemas amounted to PLN 7.8 million, showing an increase by 23.8% year-on-year.

In the second quarter of 2023, the segment's revenue from food business was up by 5.9%, which accounted for PLN 10.7 million. This was related to increased revenue from the operations of Step Inside recorded especially thanks to expanding the offer and the accompanying promotional activities.

The revenue from the film business recorded by the Movies and Books segment increased by 12.9% and amounted to PLN 3.5 million. NEXT FILM released one new film production in the second quarter of 2023, a romantic comedy *Skołowani* directed by Jan Macierewicz. Moreover, in the second quarter of 2023, features which had been released earlier were also sold via various distribution channels.

In the second quarter of 2023, the revenue of Agora's Publishing House increased by 10.7% to PLN 12.4 million. This increase resulted from higher sales, and the publications of Agora's Publishing House that were among the best-selling ones include the books *Przędza. W poszukiwaniu wewnętrznej wolności* and *Czuła przewodniczka. Kobięca droga do siebie* by Natalia de Barbaro as well as a thriller entitled *Nemesis* by Maciej Siembieda. In the second quarter of 2023, the revenue from digital sales (sales of own publications and publications of other publishers) of Agora's Publishing House was 8.5% higher year-on-year and amounted to PLN 5.1 million.

In the first half of 2023, the revenue of the Movies and Books segment increased by 14.7% year-on-year and amounted to PLN 240.2 million.

Revenue from cinema operations was higher due to an increase in ticket sales in Helios cinemas – in the first half of 2023, 4.9 million tickets were sold. The revenue from this sale increased by 20.5% to PLN 104.1 million, while the revenue from concession sales increased by 30.0% to PLN 59.0 million. In the first half of 2023, online ticket sales accounted for 45.1% of the total revenue from ticket sales in cinemas. The revenue from sales of advertising in cinemas, which amounted to PLN 15.1 million, was higher by 37.3% year-on-year.

In the first half of 2023, the segment's revenue from food business was up by 10.6%, which accounted for PLN 19.8 million. This was due to an increase in Step Inside revenue recorded thanks to a higher number of restaurants.

The revenue from the film business recorded by the Movies and Books segment decreased by 52.4% and amounted to PLN 9.8 million. In the first half of 2023, NEXT FILM released four new features: a comedy *Na twoim miejscu* directed by Antonio Galdámez, *Fenomen* directed by Małgorzata Kowalczyk – a documentary about Jurek Owsiak, founder of the Great Orchestra of Christmas Charity, a film adaptation of the best-selling novel *Pokolenie Ikea (The Ikea Generation)* directed by Dawid Gal and a romantic comedy *Skołowani* directed by Jan Macierewicz. Moreover, features which had been released earlier were also sold via various distribution channels in the period under review.

In the first half of 2023, the revenue of Agora's Publishing House increased by 8.8% to PLN 24.6 million. This increase resulted from higher sales, and the publications of Agora's Publishing House that were among the best-selling ones include the books *Przędza. W poszukiwaniu wewnętrznej wolności* and *Czuła przewodniczka. Kobięca droga do siebie* by Natalia de Barbaro, *Maxima Culpa. Jan Paweł II wiedział* by Ekke Overbeek and Jarosław Kurski's *Dziady i dybuki*. In the first half of 2023, the revenue from digital sales (sales of own publications and publications of other publishers) of Agora's Publishing House was 13.3% higher year-on-year and amounted to PLN 10.2 million.

2. COST

The operating costs of the Movies and Books segment increased in the second quarter of 2023 by 8.2% to PLN 111.4 million. The level of operating costs of this business in the second quarter of 2022 was impacted by the reversal of a write-down on fixed assets of Helios S.A. of PLN 1.7 million made in the fourth quarter of 2021.

The largest category was expenditure on external services, which accounted for PLN 37.1 million in the second quarter of 2023 and was 8.5% higher year-on-year. The increase in this cost category was related to the film business and the activities of Agora's Publishing House.

The segment's staff costs decreased by 4.1% to PLN 21.3 million. The decrease in this cost category was primarily related to cinema operations, while the staff costs increased in Agora's Publishing House.

An increase in the costs of materials and energy consumption as well as the value of goods and materials sold by 10.2% to PLN 20.6 million resulted from higher revenue from concession sales.

Promotion and marketing costs of the Movies and Books segment decreased by 6.3% to PLN 4.5 million. Advertising costs in the cinema operations and Agora's Publishing House were lower, while advertising costs in the film business were higher.

The depreciation and amortisation costs of the segment, which amounted to PLN 20.8 million, increased slightly. Depreciation and amortisation in food business was higher due to a higher number of restaurants developed under the Pasibus brand.

The operating costs of the Movies and Books segment increased in the second quarter of 2023 by 8.6% to PLN 116.3 million, without the effect of IFRS 16.

In the first half of 2023, the operating costs of the Movies and Books segment increased by 5.2% and amounted to PLN 230.6 million. It is worth noting that the level of operating costs of this business in the first half of 2022 was affected by a write-down on fixed assets in Helios S.A. in the amount of PLN 0.6 million and a reversal of a write-down on fixed assets of Helios S.A. in the amount of PLN 1.7 million.

As compared to the first half of 2022, costs of external services increased by 4.9% and amounted to PLN 82.0 million, which was related to cinema operations, i.e. higher costs of purchasing film copies. The costs of external services in Agora's Publishing House were also higher, while in the film business and food business they were lower.

The segment's staff costs decreased by 4.2% to PLN 43.3 million. The staff costs in cinema operations and film business were lower and, at the same time, they increased in in Agora's Publishing House , as well as in food business.

An increase in the costs of materials and energy consumption as well as the value of goods and materials sold by 18.8% to PLN 43.0 million resulted from higher revenue from concession sales and sales in restaurants.

Promotion and marketing costs of the Movies and Books segment decreased by 21.9% to PLN 8.9 million. Advertising costs in the film business, Agora's Publishing House and cinema operations were lower, while in food business they were higher.

The depreciation and amortisation costs of the segment, which amounted to PLN 41.6 million, increased slightly. Depreciation and amortisation was higher in food business as a result of a larger number of restaurants developed under the Pasibus brand.

The operating costs of the Movies and Books segment increased in the first half of 2023 by 5.7% to PLN 240.7 million, without the effect of IFRS 16.

3. NEW INITIATIVES

Helios Media began its operations in early 2023. It took over all advertising agency services provided to Helios cinemas, which contributed to the increase in the revenue of the Movies and Books segment.

On 6 April 2023, Helios opened a 6-screen cinema in Koszalin, with 898 seats and 12 additional seats for people with disabilities. Two of the auditoriums in the new cinema were built in the unique Helios Dream concept.

IV.B. RADIO

The Radio segment includes consolidated pro-forma data of the radio division in Agora S.A., i.e., the nationwide station Radio ZET, 3 supra-regional stations broadcasting under the brands Antyradio, Chillizet and TOK FM, and 67 local stations broadcasting under the brands Złote Przeboje, Plus Radio, Meloradio, Rock Radio and Radio Pogoda. Eurozet Group's results are consolidated as of March 1, 2023.

Tab. 15

<i>in PLN million</i>	2Q 2023	2Q 2022	% change yoy	1H 2023	1H 2022	% change yoy
Total sales, including :	80.0	27.5	190.9%	120.1	50.3	138.8%
Radio advertising revenue (1), (2)	71.6	22.0	225.5%	106.8	40.7	162.4%
Total operating cost, including: (2), (3)	(65.3)	(26.5)	146.4%	(104.6)	(51.3)	103.9%
Total operating cost without IFRS 16 (2), (3)	(65.7)	(26.7)	146.1%	(105.2)	(51.7)	103.5%
External services	(28.3)	(9.9)	185.9%	(43.0)	(19.6)	119.4%
Staff cost	(22.8)	(9.8)	132.7%	(37.7)	(19.6)	92.3%
D&A	(4.6)	(2.3)	100.0%	(7.5)	(4.4)	70.5%
Promotion and marketing (2)	(8.9)	(3.1)	187.1%	(12.0)	(4.8)	150.0%
EBIT	14.7	1.0	1 370.0%	15.5	(1.0)	-
<i>EBIT margin</i>	18.4%	3.6%	14,8pp	12.9%	(2.0%)	14,9pp
EBIT without IFRS 16	14.3	0.8	1 687.5%	14.9	(1.4)	-
<i>EBIT margin without IFRS 16</i>	17.9%	2.9%	15,0pp	12.4%	(2.8%)	15,2pp
EBITDA	19.3	3.3	484.8%	23.0	3.4	576.5%
<i>EBITDA margin</i>	24.1%	12.0%	12,1pp	19.2%	6.8%	12,4pp
EBITDA without IFRS 16	17.1	2.3	643.5%	19.5	1.5	1 200.0%
<i>EBITDA margin without IFRS 16</i>	21.4%	8.4%	13,0pp	16.2%	3.0%	13,2pp

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

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

(3) data include allocated costs of some of the supporting departments; in previous years, these costs were not allocated to business segments to such a significant extent; comparative data have been restated accordingly.

In the second quarter of 2023, the operating results of the Radio segment, both at the EBIT and EBITDA levels, were higher year-on-year and amounted to PLN 14.7 million and PLN 19.3 million, respectively. These results were driven by the consolidation with the Eurozet Group.

In the first half of 2023, the operating results of the Radio segment, both at the EBIT and EBITDA levels, were higher year-on-year and amounted to PLN 15.5 million and PLN 23.0 million, respectively. These results were driven by the consolidation with the Eurozet Group.

In the second quarter of 2023, the segment's operating result at the EBIT level (without the effect of IFRS 16) was PLN 14.3 million and the result at the EBITDA level amounted to PLN 17.1 million in accordance with this presentation.

In the first half of 2023, the segment's operating result at the EBIT level (without the effect of IFRS 16) was PLN 14.9 million and the result at the EBITDA level amounted to PLN 19.5 million in accordance with this presentation.

1. REVENUE [3]

In the second quarter of 2023, the revenue of the Radio segment increased by 190.9% year-on-year and amounted to PLN 80.0 million. In this period, radio advertising sales increased by 225.5% to PLN 71.6 million. This deviation was driven by the consolidation with the Eurozet Group and the introduction of a joint sales offer.

In the second quarter of 2023, the segment's digital revenue was 190.0% higher year-on-year. Such results were driven by the consolidation with the Eurozet Group. Both the revenue from online advertising services and the revenue from the sale of Premium TOK FM subscriptions increased. The number of Premium TOK FM subscriptions sold increased to 34.1 thousand at the end of the second quarter of 2023.

In the first half of 2023, the Radio segment's revenue increased by 138.8% year-on-year and amounted to PLN 120.1 million. The revenue from the sale of radio advertising increased by 162.4% to PLN 106.8 million. This deviation was driven by the consolidation with the Eurozet Group and the introduction of a joint sales offer.

In the first half of 2023, the segment's digital revenue was 152.8% higher year-on-year. Such results were driven by the consolidation with the Eurozet Group. Both the revenue from online advertising services and the revenue from the sale of Premium TOK FM subscriptions increased.

In addition, at the beginning of 2023, Helios Media Sp. z o.o. took over the advertising agency services provided to Helios cinemas, which adversely affected the level of revenue in the Radio segment.

2. COST

In the second quarter of 2023, operating costs of the Radio segment increased by 146.4% year-on-year and amounted to PLN 65.3 million. The level of each of the presented cost categories was affected by the consolidation with the Eurozet Group.

In the second quarter, the costs of external services increased by 185.9% and amounted to PLN 28.3 million. The external services item includes, in addition to the costs of advertising sales brokerage services in third-party radio stations and advertising sales brokerage services in Helios cinemas (service provided until the end of 2022), e.g. costs of rents and lease fees, marketing services, production services, as well as operator fees.

Staff costs amounted to PLN 22.8 million and were 132.7% higher year-on-year.

In the period from April to June 2023, promotion and marketing costs increased by 187.1% to the amount of PLN 8.9 million.

The Radio segment's operating costs presented without the effect of IFRS 16 amounted to PLN 65.7 million and were 146.1% higher year-on-year.

In the first half of 2023, the operating costs of the Radio segment increased by 103.9% year-on-year and amounted to PLN 104.6 million. The level of each of the presented cost categories was affected by the consolidation with the Eurozet Group.

The costs of external services increased by 119.4% and amounted to PLN 43.0 million. The external services item includes, in addition to the costs of advertising sales brokerage services in third-party radio stations and advertising sales brokerage services in Helios cinemas (service provided until the end of 2022), e.g. costs of rents and lease fees, marketing services, production services, as well as operator fees.

Staff costs in the first half of 2023 amounted to PLN 37.7 million and were 92.3% higher year-on-year.

In the period from January to June 2023, promotion and marketing costs increased by 150.0% to the amount of PLN 12.0 million.

In the first half of 2023, operating costs of the Radio segment presented without the effect of IFRS 16 amounted to PLN 105.2 million and were higher by 103.5% year-on-year.

3. AUDIENCE SHARES [8]

Tab. 16

Share % in listening time in group all 15+	2Q 2023	change in pp yoy	1H 2023	change in pp yoy
Eurozet Group [71*]	26.0%	0.8 p.p.	26.0%	0.6 p.p.
Radio ZET	13.5%	0.2 p.p.	13.5%	0.0 p.p.
Music stations [69*]	9.4%	0.5 p.p.	9.4%	0.5 p.p.
Radio TOK FM	3.1%	0.1 p.p.	3.1%	0.1 p.p.

Share of % in listening time among residents of cities of 100,000+	2Q 2023	change in pp yoy	1H 2023	change in pp yoy
Eurozet Group [71*]	33.2%	(0.5 p.p.)	33.7%	0.0 p.p.
Radio ZET	9.5%	(0.2 p.p.)	9.5%	(0.5 p.p.)
Music stations [69*]	15.9%	(0.6 p.p.)	16.5%	0.5 p.p.
Radio TOK FM	7.7%	0.3 p.p.	7.6%	(0.1 p.p.)

* music stations include stations and radio networks: Antyradio, Meloradio, Chillizet, Złote Przeboje, Rock Radio, Pogoda and 9 stations included in the Plus network.

The combined portfolio of the Eurozet Group contains 71 radio stations, including 1 nationwide station – Radio ZET, 3 supra-regional stations – Antyradio, Chillizet and TOK FM, and 67 local stations.

Due to the acquisition of the Eurozet stations, the difference in audience share between the new Eurozet Group and the market leader, the RMF Group, decreased to 9.9 p.p. (it ended the first half of 2023 with the same result) in the second quarter of 2023, and in the group of residents of cities of 100,000+ the Eurozet Group holds a leading position by 0.5 p.p. in the second quarter of 2023, and in the first half of 2023 – by 1.6 p.p.

A great value of the new Eurozet Group is the diversity of radio and programming formats, which allows potential advertisers to conduct advertising campaigns tailored to their needs.

The Eurozet Group is also one of the largest brokers of radio advertising in Poland. It works closely with local stations which form the Independent Package, with an audience share (in the age group 15–75) of 8.0% in the second quarter of 2023 (and in the first half of 2023 – 8.3%). The Independent Package is part of the Eurozet Group's commercial offer – Audio ZET Boost, whose audience share in the second quarter of 2023 was 34.0% (all respondents aged 15–75); in the first half of 2023, it was 34.2%. In the second quarter of 2023, Audio ZET Boost reached an audience share of 38.2% in the group of residents of cities of 100,000+, and in the first half of 2023, it was 39.4%.

At the same time, the TOK FM station received a positive decision from the KRRiT (National Broadcasting Council) to extend its license for another 10 years. The Office of Electronic Communications has already carried out the process of agreeing on the technical parameters, and TOK FM's broadcaster, Inforadio, has accepted all the agreements, so formally nothing now stands in the way of the station receiving a license. The final stage is for the KRRiT Chairman to sign the decision and hand it over to the broadcaster.

4. NEW INITIATIVES

In early April 2023, the Eurozet Group, under whose banner the combined structures of the Agora Radio Group and Eurozet conduct their operations, introduced a new sales offer – two advertising packages – Audio ZET and Audio ZET Boost, which together cover the largest portfolio of radio stations in the Polish market. These are 133 radio stations (including those of Eurozet, Agora Radio Group and the Independent Package) with an audience of over 9.1 million people listening to them every day. The packages include 9 out of 20 radio stations that are most frequently listened to in Poland, as well as audio digital solutions. The offer enables customers to carry out promotional activities on a nationwide and local scale, with particular emphasis on urban audiences – the Audio ZET Boost stations reach 5.5 million city residents, which is the largest value among all offers available in Poland.

IV.C. DIGITAL AND PRINTED PRESS [1]

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

Tab. 17

<i>in PLN million</i>	2Q 2023	2Q 2022	<i>% change yoy</i>	1H 2023	1H 2022	<i>% change yoy</i>
Total sales, including:	52.5	53.7	(2.2%)	100.1	100.6	0.5%
Copy sales	26.1	26.2	(0.4%)	51.7	51.8	(0.2%)
<i>incl. Gazeta Wyborcza</i>	24.7	24.8	(0.4%)	49.1	49.3	(0.4%)
Advertising revenue (1)	14.8	16.6	(10.8%)	26.1	28.7	(9.1%)
<i>incl. Gazeta Wyborcza</i>	13.2	15.0	(12.0%)	23.5	26.1	(10.0%)
Total operating cost, including (2):	(55.1)	(58.3)	(5.5%)	(109.2)	(111.9)	(2.4%)
Total operating cost without IFRS 16 (2):	(55.1)	(58.3)	(5.5%)	(109.2)	(111.9)	(2.4%)
Raw materials, energy, consumables	(11.5)	(10.8)	6.5%	(23.9)	(20.9)	14.4%
External services (2)	(13.8)	(14.5)	(4.8%)	(26.5)	(26.4)	0.4%
Staff cost	(23.6)	(25.3)	(6.7%)	(47.0)	(50.5)	(6.9%)
D&A (2)	(2.1)	(2.7)	(22.2%)	(4.4)	(5.4)	(18.5%)
Promotion and marketing (1)	(2.9)	(3.9)	(25.6%)	(5.2)	(6.4)	(18.8%)
EBIT	(2.6)	(4.6)	43.5%	(8.1)	(11.3)	28.3%
<i>EBIT margin</i>	<i>(5.0%)</i>	<i>(8.6%)</i>	<i>3.6pp</i>	<i>(8.0%)</i>	<i>(11.2%)</i>	<i>3.2pp</i>
EBIT without IFRS16	(2.6)	(4.6)	43.5%	(8.1)	(11.3)	28.3%
<i>EBIT margin without IFRS16</i>	<i>(5.0%)</i>	<i>(8.6%)</i>	<i>3.6pp</i>	<i>(8.0%)</i>	<i>(11.2%)</i>	<i>3.2pp</i>
EBITDA	(0.5)	(1.9)	73.7%	(3.7)	(5.9)	37.3%
<i>EBITDA margin</i>	<i>(1.0%)</i>	<i>(3.5%)</i>	<i>2.5pp</i>	<i>(3.7%)</i>	<i>(5.9%)</i>	<i>2.2pp</i>
EBITDA without IFRS16	(0.5)	(1.9)	73.7%	(3.7)	5.9	37.3%
<i>EBITDA margin without IFRS16</i>	<i>(1.0%)</i>	<i>(3.5%)</i>	<i>2.5pp</i>	<i>(3.7%)</i>	<i>(5.9%)</i>	<i>2.2pp</i>

(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 allocated costs of some of the supporting departments; in previous years, these costs were not allocated to business segments to such a significant extent; comparative data have been restated accordingly.

In the second quarter of 2023, operating results of the Digital and Printed Press segment, both at the EBIT and EBITDA levels were higher year-on-year. The loss at the EBIT level amounted to PLN 2.6 million and at the EBITDA level – to PLN 0.5 million. This was mainly due to a decrease in operating costs.

In the first half of 2023, the segment's result was higher year-on-year, both at the EBIT and EBITDA levels. The loss for the first half of 2023 amounted to PLN 8.1 million and PLN 3.7 million, respectively. This was also due to the decrease in operating costs during this period.

The introduction of the IFRS 16 did not significantly affect the results of the Digital and Printed 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 2023, the Digital and Printed Press segment's total revenue decreased by 2.2% year-on-year and stood at PLN 52.5 million. The decline in the segment's revenue was mainly determined by lower revenue from advertising sales and from copy sales of the paper edition of *Gazeta Wyborcza*. The segment's revenue in the second quarter of 2023 was positively impacted by the increase in printing revenue and the revenue from sales of digital subscriptions.

In the first half of 2023, revenue amounted to PLN 101.1 million and was 0.5% higher year-on-year. The increase in the revenue resulted from higher revenue from printing operations and from sales of digital subscriptions. Throughout the first half of 2023, revenue was adversely affected mainly by the drop in advertising revenue, both in paper and online versions of the daily.

1.1. Revenue from copy sales

In the second quarter of 2023, the revenue of the Digital and Printed Press segment from copy sales remained at a similar level year-on-year and amounted to PLN 26.1 million. This is mainly due to the decrease in the revenue from the sale of the paper edition of *Gazeta Wyborcza*, with growing revenue from the sale of *Wyborcza.pl* subscriptions.

In the first half of 2023, the segment's revenue from copy sales remained at a similar level year-on-year and amounted to PLN 51.7 million. This was mainly driven by declining revenue from the sale of the paper edition of the daily and higher revenue from the sale of digital access to the content of *Wyborcza.pl*.

In the second quarter of 2023, *Gazeta Wyborcza* maintained its leading position in sales among the opinion-forming dailies. Average traditional copy sales of *Gazeta Wyborcza* amounted to 40.0 thousand copies and decreased by 4.1% year-on-year. In the first half of 2023, average traditional copy sales of *Gazeta Wyborcza* amounted to 40.9 thousand copies and decreased by 18.2% year-on-year. In the second quarter of 2023, the revenue from the sale of the content of *Gazeta Wyborcza* decreased by 0.4%, similarly, in the first half of 2023, they decreased by 0.4%, mainly due to lower sales of the paper version of the daily.

1.2. Advertising sales [3]

In the second quarter of 2023, the revenue from advertising sales in the Digital and Printed Press segment decreased by 10.8% year-on-year to PLN 14.8 million. This was primarily due to a drop in advertising revenue, both in paper and online versions of the daily.

In the first half of 2023, the revenue from advertising sales declined by 9.1% year-on-year and amounted to PLN 26.1 million. As above, this was due to lower revenue from advertising sales in both business categories.

1.3. Digital revenue

The daily's digital revenue (from the sale of digital subscriptions and digital advertising) already reached nearly PLN 17.8 million in the second quarter of 2023. This accounted for 45.8% of the total revenue, which means an increase of 2.5 p.p. compared to the same period a year earlier. This was primarily a result of higher revenue from subscriptions of the content of *Wyborcza.pl*. It is worth noting that the number of active paid digital subscriptions of *Gazeta Wyborcza* reached over 295 thousand at the end of June 2023, which means maintaining a similar level year-on-year.

In the first half of 2023, this revenue already reached nearly PLN 33.4 million, which accounted for 45.1% of the total revenue – an increase of 1.9 p.p. year-on-year. This was also a result of higher revenue from subscriptions of the content of *Wyborcza.pl*.

2. COST

In the second quarter of 2023, the operating costs of the Digital and Printed Press segment decreased by 5.5% year-on-year and amounted to PLN 55.1 million.

The costs of raw materials, energy, and consumables increased by 6.5% year-on-year to PLN 11.5 million. This was mainly due to an increase in the prices of materials used directly for production, and of electricity.

In the second quarter of 2023, the costs of external services dropped by 4.8% year-on-year to PLN 13.8 million. This decrease is primarily due to the reduction of space lease and IT costs resulting from restructuring changes in the segment.

In this period, the highest decline was recorded in staff costs as they dropped by 6.7% to PLN 23.6 million. The costs of fixed remuneration accounted for the largest decrease.

In the second quarter of 2023 the segment's depreciation and amortisation costs decreased by 22.2% year-on-year, to PLN 2.1 million. This resulted mainly from the end of the amortisation period of *Gazeta Wyborcza's* development projects launched in previous periods.

Promotion and marketing costs were lower by 25.6% year-on-year and amounted to PLN 2.9 million. This is the result of the postponement of promotional activities of *Gazeta Wyborcza*.

In the first half of 2023, the operating costs of the Digital and Printed Press segment decreased by 2.4% year-on-year and stood at PLN 109.2 million.

In the first half of 2023, the costs of raw materials, energy and consumables increased by 14.4% to PLN 23.9 million. This increase was mainly linked to a higher price of materials used directly for production, and of electricity.

The costs of external services increased by 0.4% as compared to the first half of 2022 to PLN 26.5 million. Sales brokerage services, rents and lease fees contributed most to the increase in this cost category. A decrease was recorded in space lease and IT costs.

Staff costs also accounted for the largest decline in this period, the highest of which was recorded in fixed remuneration.

In the first half of 2023, depreciation and amortisation costs decreased by 18.5% year-on-year and amounted to 4.4 million.

Throughout the first half of 2023, promotion and marketing costs declined by 18.8% year-on-year and stood at PLN 5.2 million. This is the result of the postponement of promotional activities of *Gazeta Wyborcza*.

3. NEW INITIATIVES

On 26 May *Gazeta Wyborcza* and *Wyborcza.pl* were awarded prizes by the jury of the prestigious INMA Global Media Awards 2023. *Gazeta Wyborcza* received the 2nd prize in the "Best use of print" category for its 'School without nonsense' campaign, which encouraged its readers to protest against false, harmful and unreliable content from school textbooks. *Wyborcza.pl* was also recognised in the "Best initiative to attract subscribers" category – for its employee benefit subscription offer. This is an offer to subscribe to *Wyborcza.pl's* content, available from July 2022 under the slogan "Unlock the employee's potential".

The editorial team of *Gazeta Wyborcza* was also the organiser of the conference "Media Freedom in the countries of the Visegrád Group", held at the Agora Group's headquarters at 8/10 Czerska St. During the conference, the results of the Media Freedom Poll 2023 were presented, and Vera Jourova, Deputy Head of the European Commission, was the special guest of the event.

During the second quarter of this year, the *Wyborcza.pl* team also carried out a number of technological and editorial works aimed at personalising the website and the application.

IV.D. 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. 18

<i>in PLN million</i>	2Q 2023	2Q 2022	<i>% change yoy</i>	1H 2023	1H 2022	<i>% change yoy</i>
Total sales, including:	52.4	46.6	12.4%	89.2	77.0	15.8%
Advertising revenue (1)	50.4	44.8	12.5%	84.8	73.3	15.7%
Total operating cost, including (1),(2):	(41.8)	(40.7)	2.7%	(78.5)	(76.2)	3.0%
Total operating cost without IFRS 16 (1),(2)	(42.7)	(41.3)	3.4%	(80.1)	(77.3)	3.6%
External services (1),(2)	(20.7)	(19.2)	7.8%	(37.9)	(34.8)	8.9%
Staff cost	(9.0)	(7.7)	16.9%	(17.2)	(14.6)	17.8%
Raw materials, energy and consumables (1)	(2.5)	(2.1)	19.0%	(5.0)	(4.5)	11.1%
D&A (2)	(8.9)	(9.6)	(7.3%)	(17.2)	(19.4)	(11.3%)
Promotion and marketing	(1.0)	(1.3)	(23.1%)	(1.8)	(1.8)	-
EBIT (1) (2)	10.6	5.9	79.7%	10.7	0.8	1 237.5%
<i>EBIT margin</i>	20.2%	12.7%	7.5pp	12.0%	1.0%	11.0pp
EBIT without IFRS 16 (1),(2)	9.7	5.3	83.0%	9.1	(0.3)	-
<i>EBIT margin without IFRS 16</i>	18.5%	11.4%	7.1pp	10.2%	(0.4%)	10.6pp
EBITDA (1),(2)	19.5	15.5	25.8%	27.9	20.2	38.1%
<i>EBITDA margin</i>	37.2%	33.3%	3.9pp	31.3%	26.2%	5.1pp
EBITDA without IFRS 16 (1),(2)	13.5	10.8	25.0%	16.6	11.0	50.9%
<i>EBITDA margin without IFRS 16</i>	25.8%	23.2%	2.6pp	18.6%	14.3%	4.3pp
Number of advertising spaces (3)	24 186	23 577	2.6%	24 186	23 577	2.6%

(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 data include allocated costs of some of the supporting departments; in previous years, these costs were not allocated to business segments to such a significant extent; comparative data have been restated accordingly;

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

In the second quarter of 2023, the result at the EBIT level increased by 79.7% compared to the same period of 2022 and amounted to PLN 10.6 million. The segment also improved its EBITDA result, which reached PLN 19.5 million.

In the first half of 2023, EBITDA of the segment increased by 38.1% and amounted to PLN 27.9 million. The segment's EBIT result was also significantly higher than in 2022 and amounted to PLN 10.7 million.

In the second quarter of 2023, the segment's operating result at the EBIT level excluding the impact of IFRS 16 was PLN 9.7 million, while the result at the EBITDA level accounted for PLN 13.5 million.

In the first half of 2023, the segment's operating result at the EBIT level without IFRS 16 was PLN 9.1 million, while the result at the EBITDA level accounted for PLN 16.6 million.

1. REVENUE [8]

In the second quarter of 2023, the revenue from the AMS Group's advertising sales increased by 12.5% year-on-year to PLN 50.4 million. This positive dynamics was mainly impacted by expenditure on campaigns carried out on citylight and city transport media. As reported by IGRZ (the Outdoor Advertising Chamber), the value of expenditure on outdoor advertising in Poland increased by over 7.0% as compared to the second quarter of 2022. The estimated share of the AMS Group in the expenditure on outdoor advertising during that period was over 31% [7].

In the first half of 2023, the revenue from the AMS Group's advertising sales increased by 15.7% year-on-year to PLN 84.8 million. The positive dynamics of this revenue was mainly impacted by expenditure on campaigns carried out on citylight, digital, billboard 18m² and city transport panels. At that time, outdoor advertising spending in Poland, as estimated by IGRZ, increased by almost 6.5% year-on-year. In the first half of 2023, the estimated share of the AMS Group in the outdoor advertising spending amounted to over 30.5% [7].

2. COST

In the second quarter of 2023, the operating costs of the segment slightly increased by 2.7% year-on-year and amounted to PLN 41.8 million.

The increase in the costs of external services in the second quarter of 2023 by 7.8% to PLN 20.7 million was mainly due to higher costs of system maintenance and campaigns. The increase in the costs of maintaining the system was mainly due to the development of the system of digital indoor panels, as well as the increase in the costs of repairs and ongoing maintenance of advertising panels. The costs of MoveTV, printing and replacing posters increased in the campaign costs due to an increase in the number of advertising campaigns.

Staff costs increased by 16.9% to PLN 9.0 million in the second quarter of 2023. This resulted from higher fixed remuneration and an increase in the variable component of remuneration due to the achievement of higher sales targets.

In the second quarter of 2023, the costs of materials and energy consumption were higher, which resulted from higher costs of lighting of advertising panels than in 2022.

The 23.1% lower promotion and marketing costs in the second quarter of 2023 result from the high base of 2022.

Depreciation and amortisation costs in the second quarter of 2023 were lower by 7.3% year-on-year, which was due to the total depreciation/amortisation of some assets at the end of 2022.

In the first half of 2023, the operating costs of the segment slightly increased by 3.0% to PLN 78.5 million.

The increase in the costs of external services in the first half of 2023 by 8.9% to PLN 37.9 million was due to higher costs of system maintenance and campaigns' implementation costs. The increase in the costs of maintaining the system was mainly due to the development of the system of digital indoor panels, as well as the increase in the costs of repairs and ongoing maintenance of advertising panels. In turn, the costs of printing, related to higher revenue from the printing of posters and vinyls, increased in the campaign costs.

Staff costs increased by 17.8% to PLN 17.2 million in the first half of 2023. This resulted from an increase in the variable component of remuneration due to the achievement of higher sales targets and higher fixed remuneration.

The costs of materials and energy consumption also increased, and in the first half of 2023, they were higher by 11.1% year-on-year. The increase was due to higher costs of electricity used to illuminate advertising panels.

Depreciation and amortisation costs in the first half of 2023 were lower by 11.3% year-on-year, reaching PLN 17.2 million. The decrease is due to the total depreciation/amortisation of some assets at the end of 2022.

The segment's operating costs presented without the effect of IFRS 16 were higher than in the corresponding periods of 2022 and stood at PLN 42.7 million in the second quarter of 2022 and at PLN 80.1 million in the first half of 2023.

3. NEW INITIATIVES

In the second quarter of 2023, AMS won a tender for the lease of 205 bus/tram shelters organized by Gdansk Roads and Greenery Authority [Gdański Zarząd Dróg i Zieleni] , which ensures the continuity of advertising activities on citylights over the next 12 years. The contract was signed on July 2023 and it contributed to the 36% increase in the number of Premium Citylights offered by AMS in Gdansk.

As part of the continuation of the pro-environmental modernisation of the urban furniture system, the company put into public service the first of 22 green bus/tram shelters in Katowice, which are created as part of the cooperation between AMS and the city. It was the residents of the city and passengers of public transport in Katowice who decided on the locations of the self-sufficient ECO bus/tram shelters in a poll. The first ECO bus/tram shelter was also created in Wroclaw. Thus, the company's offer includes nine cities with green bus/tram shelters.

As regards the Digital OOH offer, AMS extended the CPM DOOH settlement to digital citylights and introduced layout change triggers. In addition, the company conducted the first test campaign using the Affinity Index to plan broadcasting in Digital Out-of-Home.

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

The Internet segment includes pro-forma consolidated data of Agora S.A.'s Internet division. (Gazeta.pl), Plan D Sp. z o.o., Yieldbird Sp. z o.o. and the HRLink group.

Tab. 19

<i>in PLN million</i>	2Q 2023	2Q 2022	% change yoy	1H 2023	1H 2022	% change yoy
Total sales, including (1):	37.8	42.9	(11.9%)	75.2	86.8	(13.4%)
Display ad sales (1)	33.4	38.6	(13.5%)	66.8	78.2	(14.6%)
Total operating cost, including (1,2)	(40.1)	(41.5)	(3.4%)	(80.8)	(84.7)	(4.6%)
Total operating cost without IFRS 16 (1,2)	(40.1)	(41.5)	(3.4%)	(80.8)	(84.7)	(4.6%)
External services (2)	(18.9)	(22.1)	(14.5%)	(38.0)	(45.7)	(16.8%)
Staff cost	(14.1)	(13.3)	6.0%	(29.0)	(26.5)	9.4%
D&A (2)	(2.9)	(3.0)	(3.3%)	(6.0)	(6.0)	-
Promotion and marketing (1)	(3.7)	(2.9)	27.6%	(6.6)	(5.9)	11.9%
EBIT	(2.3)	1.4	-	(5.6)	2.1	-
<i>EBIT margin</i>	<i>(6.1%)</i>	<i>3.3%</i>	<i>(9.4pp)</i>	<i>(7.4%)</i>	<i>2.4%</i>	<i>(9.8pp)</i>
EBIT without IFRS 16	(2.3)	1.4	-	(5.6)	2.1	-
<i>EBIT margin without IFRS 16</i>	<i>(6.1%)</i>	<i>3.3%</i>	<i>(9.4pp)</i>	<i>(7.4%)</i>	<i>2.4%</i>	<i>(9.8pp)</i>
EBITDA	0.6	4.4	(86.4%)	0.4	8.1	(95.1%)
<i>EBITDA margin</i>	<i>1.6%</i>	<i>10.3%</i>	<i>(8.7pp)</i>	<i>0.5%</i>	<i>9.3%</i>	<i>(8.8pp)</i>
EBITDA without IFRS 16	0.6	4.4	(86.4%)	0.4	8.1	(95.1%)
<i>EBITDA margin without IFRS 16</i>	<i>1.6%</i>	<i>10.3%</i>	<i>(8.7pp)</i>	<i>0.5%</i>	<i>9.3%</i>	<i>(8.8pp)</i>

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

(2) the data include allocated costs of some of the supporting departments; in previous years, these costs were not allocated to business segments to such a significant extent; comparative data have been restated accordingly.

The Internet segment ended the second quarter of 2023 with a lower result year-on-year, both at the EBIT and EBITDA levels. These ratios amounted to, respectively, a loss of PLN 2.3 million and a profit of PLN 0.6 million [1]. This was primarily driven by lower segment revenue from the sale of online advertising than in the previous year.

In the first half of 2023, the Internet segment achieved lower EBIT and EBITDA levels as compared to the previous year. These ratios amounted to, respectively, a loss of PLN 5.6 million and a profit of PLN 0.4 million [1]. The main reason for this state of affairs was the segment's lower revenue from the sale of online advertising year-on-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 2023, the total revenue of the Internet segment decreased by 11.9% and amounted to PLN 37.8 million. Revenue from the sale of online advertising decreased by 13.5% year-on-year and accounted for PLN 33.4 million. The decline in advertising revenue was primarily driven by lower online advertising sales by Yieldbird, mainly due to changes in the customer portfolio as well as changes resulting from the development of cooperation in the SaaS model and limiting the sales of advertising services. The Internet segment also recorded lower revenue from classifieds, which is the result of a decline in the revenue of the HRLink Group. Meanwhile the revenue from advertising sales generated by the Gazeta.pl division was at a similar level as in the same period last year. Revenue from other online services was higher in the second quarter of 2022 due to higher revenue in Yieldbird.

In the first half of 2023, the total revenue of the Internet segment decreased by 13.4% to PLN 75.2 million due to lower sales of online advertising recorded by Yieldbird. In contrast, advertising revenue generated by the Gazeta.pl division was higher year-on-year. The segment also recorded lower revenue from classifieds due to decreased revenue of the HRlink Group. Revenue from other online services was higher year-on-year due to higher revenue in Yieldbird.

2. COST

In the second quarter of 2023, the Internet segment's operating costs decreased by 3.4% year-on-year to PLN 40.1 million. This was primarily driven by a 14.5% decrease in the costs of external services to PLN 18.9 million. These costs were lower in Yieldbird, mainly reflecting a decrease in the cost of leasing advertising space and lower revenue from the sale of advertising services. In the HRlink Group, this was primarily the result of lower costs of purchasing classifieds. The increase in the costs of external services was observed in Gazeta.pl. In the second quarter of 2023, amortisation and depreciation costs also decreased year-on-year. They dropped by 3.3% to PLN 2.9 million and their decrease was recorded in Gazeta.pl. Staff costs were 6.0% higher and amounted to PLN 14.1 million. This is the result of higher employment, increased fixed remuneration and costs of commissions in Gazeta.pl. The costs of promotion and marketing increased in the second quarter of 2023 by 27.6% year-on-year to PLN 3.7 million. This was due to higher advertising spending in Gazeta.pl.

In the first half of 2023, the Internet segment's operating costs decreased by 4.6% year-on-year to PLN 80.8 million. This was primarily driven by a 16.8% decrease in the costs of external services to PLN 38.0 million. These costs were lower in Yieldbird, reflecting a decrease in the cost of leasing advertising space and lower revenue from the sale of advertising services. In the HRlink Group, this was primarily the result of lower costs of purchasing classifieds. The increase in the costs of external services was observed in Gazeta.pl. In the period of 2023 under review, staff costs were 9.4% higher year-on-year and amounted to PLN 29.0 million. This is the result of higher employment, increased fixed remuneration and costs of commissions in Gazeta.pl. The costs of promotion and marketing increased in the first half of 2023 by 11.9% year-on-year to PLN 6.6 million, which was the result of higher advertising spending in Gazeta.pl.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In June 2023, the total reach of the Agora Group's websites among Polish Internet users stood at 65% and the number of users reached 19.2 million, which made the Agora Group the seventh 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 695 million, with the average viewing time of 44 minutes per user [6].

In June 2023, 18.6 million Internet users viewed the Agora Group's websites on mobile devices. The number of mobile page views amounted to 582 million, and the share of mobile page views on the websites of the Agora Group stood at 84% and was the highest among Polish horizontal portals [6].

The websites of the Agora Group are ranked among the top thematic market players. According to Mediapanel data for June 2023, the Agora Group is a runner-up in the following categories: 'Information and journalism – general' (including Wyborcza.pl, Wiadomosci.Gazeta.pl, Wiadomosci.Radiozet.pl, tokfm.pl), 'Parenting' (eDziecko.pl), 'Gossip, celebrity life' (Plotek.pl) and 'Multi-themed websites for women' (Kobieta.Gazeta.pl, Stylzycia.Radiozet.pl, Wysokieobcasy.pl). The websites of the Agora Group also rank high in the following thematic categories: 'Sports' (fourth place, Sport.pl, Sport.Radiozet.pl), 'Local and regional news' (fourth place, local websites Wyborcza.pl, Metrowarszawa.pl), 'Fashion and beauty' (fourth place, Avanti24.pl), 'Cuisine, cooking' (fourth place, Haps.pl, Ugotuj.to, Magazyn-kuchnia.pl), 'Travel and tourism' (fourth place, Podroze.Gazeta.pl, Podroze.Radiozet.pl), 'Automotive' (sixth place, Moto.pl), 'Business, finance, law' (seventh place, Next.Gazeta.pl, Wyborcza.biz, Wiadomosci.Radiozet.pl/biznes) [6].

4. NEW INITIATIVES

In April this year, Gazeta.pl launched the Cztery Kąty marketplace, i.e. an e-commerce platform whose users can use useful information on furnishing apartments and houses and purchase products presented by the website's partners.

In June, the successful launch of the Yieldbird Platform took place. It became the world's first application for website publishers to enable the convenient management of a number of monetisation parameters of their site in one place. Publishers are able to manage the automatic valuation of advertising space using Yieldbird's advanced AI algorithms (Price Genius), manage demand sources in the Header Bidding system, control advertisement refreshing, anti ad block modules, advanced demand source analytics, Universal IDs (solutions to replace the 3rd party cookies currently used to identify users) and many more.

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 operating 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 most of the 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 relates to advertising and advertisements in six media (print, radio, television, outdoor advertising, internet, cinema). In this report, Agora has adjusted the data for advertising expenditures in dailies and magazines in the first quarter of 2023, radio advertising expenditures in the first, second, third and fourth quarters of 2022 and in the first quarter of 2023, and television advertising expenditures in the second quarter of 2022.

Unless expressly stated otherwise, the data presented in the body of this commentary on the level of market advertising expenditures in print and radio are estimated by Agora taking into account the level of average discount and are given in current prices. Therefore, given the discount pressure and the media's selling off of advertising time/space, these figures may be subject to certain errors, which will be corrected on an ongoing basis by the Company.

The data for the press are for dimensional ads only, excluding inserts, classified ads and obituaries. Price list expenditures from Kantar Media monitoring were used as the basis for estimates.

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). The term "sales" used in this commentary means "issue sales" from declarations submitted by publishers to the PBC. 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:

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

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

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

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

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

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

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

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

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

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

* 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 Group about situation of OOH advertising in Poland.

[8] Audience market data referred herein are based on RadioTrack surveys, carried out by Kantar Polska on the Polish population in the 15+ age group; nationwide sample for April-June in 2022: 20,907, in 2023: 20,963; sample of cities of 100,000+ for April-June in 2022: 11,265, in 2023: 10,394; nationwide sample for January-June in 2022: 41,940, in 2023: 41,902; sample of cities of 100,000+ for January-June in 2022: 22,878, in 2023: 20 619

[9] As film distributor UIP Poland does not report the performance of its films, market data on ticket sales are Helios Group estimates based on Boxoffice.pl (cinema) data based on information provided by other film distributors and cinema chains. Cinema ticket sales are reported in periods that are not the same as a calendar month, quarter or year. The number of tickets sold in a given period is measured starting from the first Friday of a given month, quarter or year until the first Thursday falling in the following reporting month, quarter or year.

V. ADDITIONAL INFORMATION

1. IMPORTANT EVENTS

▶ Significant events for the Company's business activities

▶ The General Meetings of Agora S.A.

In the regulatory filings of February 2, 2023 the Management Board of the Company, informed about convening the Extraordinary General Meeting of Agora S.A. for March 1, 2023 (hereinafter: "Extraordinary General Meeting") and published draft resolutions to be submitted to the Extraordinary General Meeting.

In the regulatory filing of March 1, 2023 the Management Board informed of the adjournment of the Extraordinary General Meeting until March 27, 2023 at 12:00 pm and resolutions adopted until the adjournment.

In the regulatory filing of March 24, 2023 the Management Board informed that on March 24, 2023 shareholder of the Company – Agora Holding sp. z o.o. filed, pursuant to art. 401 § 4 of the Commercial Companies Code, draft resolutions concerning items 4)-10) to the agenda of the Extraordinary General Meeting of Shareholders which will be continued after adjournment on March 27, 2023. Draft resolutions filed by the shareholder were published on the Company's website.

In the regulatory filing of March 27, 2023 the Management Board announced wording of resolutions Nos. 6-12 adopted by the Extraordinary General Meeting after the adjournment on March 27, 2023 at 12:00 pm at the Company's seat at 8/10 Czerska Street in Warsaw. Adopted resolutions concerned consent to the disposal of organized parts of organized parts of the enterprise to a subsidiary, dedicated to operate: (i) Agora Publishing House, (ii) Gazeta.pl web portal, (iii) Gazeta Wyborcza, (iv) IT services for the Company and companies from Agora capital group, (v) support in the field of employee, social and social insurance matters for the Company and companies from Agora capital group, (vi) accounting, bookkeeping, finance and taxation activities, as well as management and financial reporting, (vii) maintenance, use and enjoyment of the Company's real estate.

In the regulatory filing of March 27, 2023, the Management Board informed that shareholders who participated in the Extraordinary General Meeting of Agora S.A. convened on March 1, 2023 and resumed after adjournment on March 27, 2023 ("Meeting") held:

- a) 48,216,971 votes during the first part of the Meeting, which means that the share capital of the Company in the amount of 46,580,831 shares, was represented at the Meeting in 66.74% (31,090,571 shares);
- b) 48,216,970 votes during the second part of the Meeting, which means that the share capital of the Company in the amount of 46,580,831 shares, was represented at the Meeting in 66.74% (31,090,570 shares);

At least 5% of the total number of votes during the first and second part of the Meeting of the Company was held by:

- Agora-Holding Sp. z o.o.: 22,528,252 votes, i.e. 46.72% votes during the Meeting and 35.36% total number of votes.
- Otwarty Fundusz Emerytalny PZU "Złota Jesień": 8,126,434 votes, i.e. 16.85% votes during the Meeting and 12.76% total number of votes.
- MDIF Media Holdings I, LLC: 5,355,645 votes, i.e. 11.11% votes during the Meeting and 8.41% total number of votes.
- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4,119,000 votes, i.e. 8.54% votes during the Meeting and 6.47% total number of votes.

In the regulatory filings of May 29, 2023 the Management Board of the Company, informed about convening the Annual General Meeting of Agora S.A. for June 26, 2023 (hereinafter: "General Meeting") and published draft resolutions to be submitted to the General Meeting.

In the regulatory filing of June 26, 2023 the Management Board announced wording of resolutions adopted by the General Meeting, including the resolution on amending the Company's Statutes.

In the regulatory filing of June 26, 2023 the Management Board informed that shareholders who participated in the General Meeting of Agora S.A. on June 26, 2023 held 48,652,812 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 67.95% (31,652,812 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. 46.30% 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. 16.70% votes during the Extraordinary General Meeting and 12.76% total number of votes.
- MDIF Media Holdings I, LLC: 5,355,645 votes i.e. 11.01% votes during the Extraordinary General Meeting and 8.41% total number of votes.
- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4,119,000 votes i.e. 8.47% votes during the Extraordinary General Meeting and 6.47% total number of votes.

▶ **Acquisition of 110 shares in the share capital of Eurozet sp. z o.o.**

▶ **Signing of Annex No. 6 to the Shareholders Agreement concluded on February 20, 2019 by Agora S.A. and SFS Ventures s.r.o. with seat in Prague**

In the regulatory filing of February 19, 2023 the Management Board of Agora S.A., in connection, in particular, with regulatory filings No. 3/2019 of February 20, 2019 and also regulatory filings Nos. 1/2022 of February 1, 2022, 2/2022 of February 16, 2022, 16/2022 of May 19, 2022, 26/2022 of June 29, 2022, 29/2022 of July 29, 2022 and 31/2022 of August 19, 2022 hereby informs that today the Company commenced negotiations to conclude Annex No. 6 to the Shareholders Agreement concluded on February 20, 2019 by the Company and SFS Ventures s.r.o. with its seat in Prague ("SFS Ventures") ("Annex").

The Company commenced negotiations with SFS Ventures – majority shareholder of the company Eurozet sp. z o.o. ("Eurozet") – on amendment to the Shareholders Agreement concluded on February 20, 2019 (amended by annexes 1-5) ("Agreement"). The amendment consists of, in particular:

- amendment to the principles of exercising the right to purchase shares of Eurozet held by SFS Ventures ("Call Option") in such a way that the Company shall be entitled to exercise the Call Option in two phases, i.e. in phase one the Company shall be entitled to purchase from SFS Ventures shares allowing the Company to hold a majority stake in Eurozet shares ("Call Option 1"), and in phase two the Company shall be entitled to purchase all remaining shares in Eurozet held by SFS Ventures ("Call Option 2");
- amendment to Eurozet's corporate governance rules in the event of exercising Call Option 1 by the Company and change in the ownership structure, i.e. change of the majority shareholder of Eurozet;
- establishing rules of mutual cooperation and information exchange between the Company and SFS Ventures as shareholders of Eurozet.

In the regulatory filing of February 27, 2023 the Management Board of Agora S.A., with reference to regulatory filing No. 7/2023 of February 19, 2023 and regulatory filing No. 3/2019 of February 20, 2019, together with regulatory filings Nos. 1/2022 of February 1, 2022, 2/2022 of February 16, 2022, 16/2022 of May 19, 2022, 26/2022 of June 29, 2022, 29/2022 of July 29, 2022 and 31/2022 of August 19, 2022, informed that today the Company has completed negotiations with SFS Ventures s.r.o. with its seat in Prague ("SFS Ventures"), the effect of which is conclusion of Annex No. 6 to the Shareholders' Agreement of February 20, 2019 ("Annex") ("Agreement").

The Annex amended, in particular:

- a. the principles of exercising the right to purchase shares of Eurozet held by SFS Ventures ("Call Option") in such a way that the Company shall be entitled to exercise the Call Option in two phases, i.e. in phase one the Company shall be entitled to purchase from SFS Ventures 110 shares constituting 11% of Eurozet's share capital and 11% of the total number of votes at the Eurozet's shareholders' meeting, the execution of which shall allow the Company to hold a majority stake in Eurozet shares ("Call Option 1"), and in phase two the Company or a third party indicated by the Company shall be entitled to purchase all remaining shares in Eurozet held by SFS Ventures ("Call Option 2"). The term to exercise Call Option 2 shall expire on July 31, 2025 (in accordance with provisions of the Agreement). The Annex also introduces changes adapting rules of determining and adjusting the price to the change in exercising the Call Option by the Company. The Company and SFS Ventures also determined the minimum price of shares purchased under Call Option 2, determined in accordance with the formula stipulated in the Agreement;
- b. Eurozet's corporate governance rules to protect rights of the minority shareholder in the event of exercising Call Option 1 by the Company and holding the majority stake in Eurozet by the Company, including (i) personal rights of the Company and SFS Ventures to appoint members of the company's corporate bodies, according to which Agora, as majority shareholder, shall have the personal right to appoint all members of the Management Board and two members of the Supervisory Board, including the Chairperson, (ii) matters in which the consent of the Supervisory Board granted with a qualified majority is required, including agreements concluded with parties related to the Company, the value of which exceeds amount stated in the Agreement;
- c. rules of mutual cooperation and information exchange between the Company and SFS Ventures during the term after exercising Call Option 1 by the Company.

Additionally, the Agreement determines the possibility of reduction of the term to exercise Call Option 2 in the event the Company would not repay the loan granted by the Company by SFS Ventures to purchase 110 shares under Call Option 1 in additional term resulting from the loan agreement concluded between the Company and SFS Ventures.

Other provisions of the contract have not been materially changed.

▶ **Amendment to the overdraft agreement and a term loan concluded by the Company with Santander Bank Polska S.A.**

In the regulatory filing of February 27, 2023 the Management Board of Agora S.A., in connection with regulatory filing No. 11/2022 of April 14, 2022 informed of the amendment to the overdraft agreement and a term loan concluded by the Company with Santander Bank Polska S.A. ("Bank").

In accordance with the amendment, the term in which the Company cannot pay dividends to shareholders is extended until January 1, 2024. Moreover, until the loan granted to the Company by SFS Ventures s.r.o. with its seat in Prague is fully repaid, the Bank's consent for payment of the dividend will have to be granted.

Other provisions of the agreement remain unchanged.

▶ **Conclusion of a loan agreement between the Company and SFS Ventures s.r.o. to finance purchase of additional package of shares in the company Eurozet sp. z o.o.**

In the regulatory filing of February 27, 2023 on the basis of Article. 17 sec. 1 and 4 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (regulation on market abuse) and repealing Directive 2003/6 / EC of the European Parliament and of the Council and Commission directive 2003 / 124 / WE, 2003/125 / EC and 2004/72 / EC ("MAR"), the Management Board of Agora SA hereby disclosed confidential information on the initiation of negotiations from February 19, 2023 to conclude with SFS Ventures s.r.o. with its seat in Prague a loan agreement to finance purchase of additional package of shares in the company Eurozet sp. z o.o. from SFS Ventures s.r.o., as result of which, the Company would become the majority shareholder of the company Eurozet sp. z o.o. ("Confidential Information").

The Management Board of Agora S.A. with its registered office in Warsaw ("Company") hereby informs that today the Company commenced negotiations to with SFS Ventures s.r.o. with its seat in Prague ("SFS Ventures") a loan agreement ("Loan Agreement") to finance purchase of additional package of shares in the company Eurozet sp. z o.o. from SFS Ventures s.r.o., as result of which, the Company would become the majority shareholder of the company Eurozet sp. z o.o. ("Shares").

The Loan Agreement is aimed at ensuring means for the Company to finance acquisition of Shares, as a result of the potential execution by the Company of the Shares call option resulting from the Shareholders Agreement of February 20, 2019 concluded between the Company and SFS Ventures as amended ("Call Option"). In case the Call Option is executed, the Company shall become the majority shareholder of the company Eurozet sp. z o.o.

Negotiations shall include, i.a., setting means and range of financing acquisition of Shares by the Company, in particular, the amount of the Loan Agreement, terms and conditions of its repayment and means of securing the lender receivables and also responsibilities of the Company as a borrower.

The commencement of the negotiations described above does not mean that they will end with the establishment of final conditions or conclusion of the negotiated agreement.

Reasons for delaying the transfer of Confidential Information to the public:

In the opinion of the Management Board, the delay in disclosure of the above Confidential Information met the conditions set out in the MAR and the guidelines of the European Securities and Markets Authority (ESMA) regarding the delay in disclosure of confidential information and interactions with prudential supervision of April 13, 2022 ("ESMA Guidelines") at the time of the decision on delay.

In the Management Board's opinion, the immediate disclosure of Confidential Information generated the risk of a negative impact on the course and outcome of the negotiations, the terms of the Loan Agreement and the probability of its conclusion. Considering the materiality of matters covered by the Loan Agreement for the rules of acquiring shares of the company Eurozet sp. z o.o. and the execution of the long-term strategy of Agora Group, disclosing information about the Company's negotiations on the Loan Agreement could contribute to third party interference, which could have a negative impact on the duration and the terms of the Loan Agreement and its very conclusion.

The above could, in particular, result in obtaining conditions worse than in the case of keeping the information confidential, and even the lack of successful completion of the negotiation in future. In the opinion of the Management Board, the above premises meet the criteria for the possibility of infringement of the legally legitimate interest of the issuer specified in point 5.1.10a of the ESMA Guidelines.

Due to the unpredictable outcome of the negotiations, the Management Board decided that publication of the Confidential Information to the public could result in inappropriate assessment of this information and its potential impact on the Company's value by the public.

In the opinion of the Management Board, there were no indications that delay in disclosing Confidential Information could mislead the public, in particular due to the fact that the considered finalization the purchase of the majority package of shares of Eurozet sp. z o.o. from SFS Ventures s.r.o. through external financing (without determining the character of such financing or subject providing such financing) was communicated by the Company as part of its filings and execution of responsibilities of a public company, which shares are listed on the regulated market. In view of the above, there were no grounds to consider that the delay in publishing the Confidential Information to the public contrasts with the market expectations based on the communication previously conducted by the Company.

The Company also took and implemented measures necessary to keep Confidential Information confidential, until it was made public, in particular by implementing, at the level of the Capital Group of the Company, the internal circulation and information protection procedure. At the time of the decision to delay disclosure of the Confidential Information, pursuant to Art. 18 MAR, a list of persons having access to Confidential Information was prepared, which was monitored on an ongoing basis and updated as necessary.

According to art. 17 sec. 4 MAR, immediately after the publication of this report, the Company will inform the Polish Financial Supervision Authority about the delay of disclosure of the Confidential Information together with an indication of the fulfilment of the reasons for such delay.

In the regulatory filing of February 27, 2023 the Management Board of Agora S.A., in connection with the delayed confidential information, of which the Company informed in the regulatory filing No. 9/2023 of February 27, 2023, hereby informed that today the Company has concluded with SFS Ventures s.r.o. with its seat in Prague (“**SFS Ventures**”) a loan agreement to finance purchase of 110 shares in the company Eurozet sp. z o.o. (“**Eurozet**”)(“**Loan Agreement**”).

In connection with the provisions of the Loan Agreement, SFS Ventures shall grant the Company a loan in the amount of EUR 9,170,000. The loan will be used to finance the purchase of 110 shares of Eurozet from SFS Ventures. The amount of the loan may be increased in future (as a result of the share price adjustment) up to the amount of maximum EUR 11,000,000.

The Company is obligated to repay the loan within 12 months from conclusion of the Loan Agreement, i.e. until February 27, 2024. The Loan Agreement provides for the possibility for early repayment of the loan in whole or in part.

Together with the Loan Agreement, today the Company has signed the following loan repayment security documents:

- a. registered and civil pledge agreement providing for: (i) establishing in favour of SFS Ventures a civil and registered pledge over 220 shares of Eurozet owned by the Company (and in case of the registered pledge – up to the maximum secured amount of EUR 22,000,000), and assignment of the Company’s property rights for dividends and similar payments, attaching all the shares in Eurozet owned by the Company;
- b. the Company’s statement of submission to execution in favour of SFS Ventures in accordance with Article 777 § 1(5) of the Code of Civil Procedure as to the obligation to repay the principal amount of the loan, together with incidental receivables.

The Company shall not sell the shares subject to the pledges referred to above without the prior consent of the pledgee and shall allocate the proceeds from any sale of the shares in Eurozet first to the repayment of receivables of SFS Ventures under the loan.

SFS Ventures may demand early repayment of the loan in case of event of default stated in the Loan Agreement.

The loan bears interest at a rate of 9.5% per annum. Interest is payable quarterly, on the dates specified in the Loan Agreement. If the loan is not repaid on time, the interest rate is subject to increase by 3 percentage points, i.e. to 12.5% per year.

In the regulatory filing of July 12, 2023, the Management Board of the Company informed that the Company made a voluntary partial prepayment of the loan granted to the Company by SFS Ventures s.r.o. to finance purchase of 110 shares in the share capital of the company Eurozet sp. z o.o.

The Company prepaid part of the loan capital in the amount of EUR 4,400,000.00, together with due interest.

▀ **Strategic Directions of Agora Group for years 2023-2026**

In the regulatory filing of April 26, 2023 the Management Board of the Company published Strategic Directions of Agora Group for years 2023-2026. The Directions include, i.a.:

- Development of media businesses and their outreach to audiences in Poland;
- Diversity and autonomy of businesses and opening to external investors;

- New management operating model to standardize back-office processes while taking into account the autonomy of businesses;
- Increasing shareholder value and improving the financial efficiency of the entire organization;
- Achieving an EBITDA result of more than PLN 200 million (excluding IFRS 16).

As a result, in 2026 Agora Group wants to be in the TOP3 of the largest Polish media companies, reaching tens of millions of people with important, attractive content and providing customers with the most effective advertising offer.

► **Change of the method of reporting financial consolidated results in periodic reports**

In the regulatory filing of April 5, 2023, The Management Board of the Company informed that on April 5, 2023 it decided to the change of the method of reporting financial consolidated results in periodic reports of Agora Group.

The change consists in allocation of costs of part of back office units into results of the business segments of Agora Group: Movies and Books, Digital and Printed Press, Outdoor, Internet and Radio. So far, these costs have not been allocated into business segments.

Change of the method of reporting through allocation of costs of part of back office units shall be presented in the Management's discussions and analysis to periodic reports (including the Management's discussions and analysis to activities of Agora Group). Allocated costs shall be presented in the section "costs of external services".

Allocated costs shall influence, in particular, EBIT and EBITDA indicators of individual business segments that shall be presented in future reports of Agora Group, but will not influence those indicators at the Agora Group level.

Decision of the Management Board of the Company is justified by the fact of the commencement of the Company's reorganization process and the transfer of organized parts of the enterprise of the Company, including businesses operating within the Company, to subsidiaries, in line with the consent of the Extraordinary General Meeting of the Company, which was communicated by the Company in the regulatory filing No. [18/2023](#) of March 27, 2023. Allocation of costs aims at the increase of transparency and comparability of data concerning individual segments and is to help standardize costs and the manner of their presentation.

Change of the method of reporting was implemented starting from the consolidated report for Q1 2023.

► **Conclusion of the agreement transferring ownership of the real estate in Tychy**

On March 29, 2023 the Company commenced negotiations concerning sale of a developed real estate located in Tychy at 4 Towarowa Street, for which the District Court in Tychy, 5th Division of Land Registry keeps a land and mortgage register with the number KA1T/00004100/9 ("Property")("Transaction") entering into a non-binding letter of intent with a potential buyer on negotiation on the basic conditions of the Transaction.

On June 14, 2023 the Company concluded a conditional agreement for the sale of the Property, in which the parties agreed to conclude a sale agreement under the condition that Katowicka Specjalna Strefa Ekonomiczna shall not exercise its pre-emptive right.

On July 6, 2023, the Company concluded the agreement transferring ownership of the Property upon fulfilment of the condition.

The price for the Property was PLN 19.65 mio net.

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

▶ Eurozet Sp. z o.o.

On February 27, 2023 the Company purchased 110 shares in the share capital of the company Eurozet sp. z o.o. Details of the transaction are described in point 1 above.

▶ Helios S.A.

On July 24, 2023, Agora S.A. concluded a share purchase agreement with one of the shareholders of Helios S.A. Under this agreement Agora S.A. purchased 34,000 shares in the share capital of Helios S.A. constituting 0.29% of the share capital of this company.

On August 2, 2023, Agora S.A. concluded share purchase agreements with shareholders of Helios S.A. Under these agreements, Agora S.A. purchased a total of 60,561 shares in the share capital of Helios S.A. constituting 0.52% of the share capital of this company.

After the transactions, Agora S.A. shall own 10,674,113 shares of the share capital of Helios S.A. constituting 92.31% of the share capital of this company. Transactions shall be effective upon entry in the shareholder register of 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 Srodmiemie in

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

The Minority Shareholder and other minority shareholders referred to in the preceding sentence which had rights under 1,460 shares appealed from the Court's decision appointing the registered auditor. By a valid decision of the Regional Court in Lodz, the 13th Business Appeal Department of February 20, 2019 and September 19, 2020, the appeal of the other minority shareholders having rights under 1,460 shares was dismissed.

(ii) Squeeze-out procedure

The squeeze out procedure which entered into force on July 14, 2016 is carried out with respect to 10 shares. The holder of these shares did not respond to the Company's call published in accordance with the applicable procedure in Monitor Sadowy i Gospodarczy (Court and Business Gazette) calling minority shareholders holding the said shares to submit the share documents to the Company, within two weeks of the publication of the call, under the sanction of cancelling the shares after that date. In connection with the above, on April 7, 2017, the Management Board of Helios S.A. adopted a resolution cancelling these shares and announced this in Monitor Sadowy i Gospodarczy of May 8, 2017. Currently, the valuation of the shares by the registered auditor nominated by the Court is still in progress.

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

▶ Plan G Sp. z o.o.

On June 30, 2023, the Extraordinary Shareholders Meeting of Plan G Sp. z o.o. adopted a resolution on increasing the share capital of Plan G Sp. z o.o. from PLN 5 thousand to PLN 15 thousand by creating of 200 new equal and indivisible shares with a nominal value of PLN 50.00 each, with a total nominal value of PLN 10,000.00. All newly created shares in the number of 200 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 10,000.00.

▶ Yieldbird International Ltd

On June 13, 2023 Yieldbird International Ltd., a company under British law, was liquidated.

▶ Optimizers sp. z o.o.

On August 1, 2023 the company AMS.S.A. disposed of 100% shares in the share capital of the company Optimizers sp. z o.o. for the benefit of the company AMS Serwis 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 2023 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 20

shares	As of August 17, 2023	decrease	increase	As of June 30, 2023
Bartosz Hojka	2,900	-	-	2,900
Wojciech Bartkowiak	0	-	-	0
Tomasz Grabowski	0	-	-	0
Tomasz Jagiełło	0	-	-	0
Anna Kryńska - Godlewska	0	-	-	0

In the periods described, 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 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 2023 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 21

shares	As of August 17, 2023	decrease	increase	As of June 30, 2023
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 periods described, 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 list received by the Company from KDPW as of the registration day to attend in the General Meeting of the Company.

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 following the shareholders' formal notifications and as of the day of publication of former report (i.e. May 25, 2023) and as of the day of publication of this report (i.e. August 17, 2023), has not significantly changed.

According to the abovementioned list, 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
Agora-Holding Sp. z o.o. <i>(in accordance with list from KDPW as of the registration date for the Annual General Meeting on June 26, 2023)(1)</i>	5,401,852	11.60	22,528,252	35.36
Powszechne Towarzystwo Emerytalne PZU S.A. (PZU "Zlota Jesien" Open Pension Fund and PZU Voluntary Pension Fund) <i>(in accordance with list from KDPW as of the registration date for the Annual General Meeting on June 26, 2023)(1)</i>	7,235,951	17.68	8,235,951	12.93
including: PZU "Zlota Jesien" Open Pension Fund <i>(in accordance with list from KDPW as of the registration date for the Annual General Meeting on June 26, 2023)(1)</i>	8,126,434	17.44	8,126,434	12.76
Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC) <i>(in accordance with list from KDPW as of the registration date for the Annual General Meeting on June 26, 2023)(1)</i>	5,355,645	11.49	5,355,645	8.41
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale – Open Pension Fund and Nationale Nederlanden Voluntary Pension Fund) <i>(in accordance with list from KDPW as of the registration date for the Annual General Meeting on June 26, 2023)(1)</i>	4,119,000	8.84	4,119,000	6.47

(1) 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 as of August 23, 2018.

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 2023, 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 a 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 government actions taken to limit further spread of the virus had a significant impact on Agora Group's business in both 2020, 2021 and 2022. With new variants of the virus and business restrictions being introduced, Agora Group's results will remain vulnerable to the negative impact of sanitary restrictions caused by a possible pandemic.

Most of the factors related to the pandemic, which have determined and may determine the Agora Group's results in the future, are completely beyond Agora's influence and depend on, among other things, actions taken by government authorities (including restrictions on business activities introduced), the pace at which various sectors of the economy return to full operations, changes in the value of GDP or the level of inflation in Poland.

Both Agora and all the companies in its Group have taken and will continue to take a number of measures to minimize the losses caused by the COVID-19 pandemic and to quickly return the Group to a path of growth in both revenues and operating results. As of the date of this report, Agora's Management Board expects that the efforts undertaken, will have a positive effect. However, the above assumptions are based on analyses and forecasts whose accuracy cannot be assessed, due to the fact that they were prepared in an unprecedented situation. The outbreak of the COVID-19 pandemic has forced governments around the world to take actions that have significantly interfered with the economic development of each of them by imposing restrictions aimed at further spread of the virus. The further development of the COVID-19 pandemic and subsequent actions that may be introduced by the Polish government to combat the pandemic are unknown to the Company. Their duration and scale may materially affect the analyses and estimates prepared by the Company, particularly with regard to the value of the advertising market, the number of cinema tickets sold and bar sales, as well as revenues from the sale of publications.

▶ Macroeconomic risk

The amount of advertising revenues depends on the general economic situation in Poland and Europe. These revenues increase during periods of economic recovery and decrease during economic downturns. In 2023, the macroeconomic situation in Poland may be affected by the still ongoing war following Russia's invasion of Ukraine. Its effects are already evident in the weakening of the Polish currency, which, together with rising commodity prices, particularly for fuel, will keep inflation high. Raising interest rates may further reduce consumer demand. This will have a dampening effect on economic growth and may lead businesses to reduce investment in advertising.

► Climate risk

Climate risks, or risks arising from the consequences of climate change. These are risks both determined by violent weather events and arising from the need for the economy to adapt to gradual climate change, in particular the use of low-carbon solutions. Climate risks pose a real threat to Agora's business, as in the event of a shortage/reduction of raw materials to enable all Group companies to manufacture products and provide services, the organization will be forced to change the way it conducts its current business. In 2021 The Agora Group conducted an identification and analysis of climate risks and the resulting threats and opportunities. In addition, their time horizon and management were determined.

The study was conducted in accordance with the **AXIS** (Amplification, eXclusion, Intensification, Seizure) methodology and included three stages:

1. analysis of significant climate risks in a group of companies comparable to the Agora Group;
2. a questionnaire survey involving the Board of Directors and executives of all operating segments of the Agora Group;
3. calculation of results and categorization of identified risks, threats and opportunities.

In accordance with the methodology used, 2 opportunities and 4 threats were classified in category **S (Seizure)**, that is, they were considered significant and subject to active management. Threats and opportunities belonging to categories **I (Intensification)** and **A (Amplification)** are subject to monitoring and, in selected cases, management. Most risks and opportunities belonging to category **X (eXclusion)** are subject only to monitoring. Conclusions from the survey of climate risks have been incorporated into the Agora Group's risk management system in place. Further monitoring and identification of climate change risks is carried out periodically as part of the review of non-financial risks. The study was conducted in cooperation with the external consulting firm.

The results of the climate risk analysis conducted in 2021 are also valid for 2022 and 2023. The study will be updated in 2024.

The results and a detailed description of the methodology of the current study can be found in the "**ESG Report of the Agora S.A. Group and Agora S.A. Company.**" available at: reportesg.agora.pl

► Seasonality of advertising spending

The Group's revenues from the sale of advertising services are characterized by seasonality. They tend to be lower in the first and third quarters than those obtained in the second and fourth quarters of a given fiscal year. In 2021, the cyclicity of advertising revenues was severely disrupted by the outbreak of the COVID-19 pandemic. In 2022, the market partially recovered, although it is currently difficult to assess how advertising spending will develop in 2023 in Poland and in which quarter. This is also related to the fact that it is hard to estimate how the impact of the war in Ukraine will disrupt economic activity.

► 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, internet and cinemas. In 2022, the structure of the advertising market was seriously affected by the course of the war in Ukraine. As a result of the structural changes taking place in the media and their convergence, the media in the Group's portfolio are competing for advertising revenues not only with other players in their segments, but also with TV broadcasters, which accounted for 40.0% of the advertising market in 2023. Another large segment of the advertising market, with a 44.5% share, was the Internet. Advertising spending in magazines and dailies accounted for 2.0% and 1.0% of total ad spending, respectively. By means of outdoor advertising media, the following were realized in 2023 5.5% of all advertising expenditures, while radio advertising accounted for 6.0% of all advertising expenditures. Meanwhile, cinema advertising accounted for 1.0% of all advertising spending. Observing the dynamics of individual media and given the high uncertainty about the value of the advertising market in 2023, there is a risk that the shares of individual media in the total advertising market will fluctuate, which could affect the Group's position and revenues. A factor that will affect the structure of this market in 2023 will be the effects of the war in

Ukraine and the macroeconomic situation in Poland, which have affected different segments of the advertising market to varying degrees. In addition, as a result of the changes described above and consolidation in the advertising market, competition between different media is intensifying, which may affect the Group's advertising revenues. Furthermore, due to changes in the media and technological developments, there is no assurance that the Group will be able to respond to the above changes to the right degree and at the right time, which may have a negative impact on its position and results. Advertising revenues also depend on the Group's position in the reading, listening and viewing markets. Due to the process of structural changes taking place in the way media are consumed, the market is changing dynamically and some segments may gain and others lose their position in this market. There can be no assurance that the Group's position in individual media segments will not change.

▶ **Press distribution**

The main distribution channel for newspapers, which is used by all press publishers in Poland, are the networks of newspaper sales points located in places with high traffic, chains of grocery stores 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 publisher accounts. The poor financial condition of this entity had an impact on the limitation of cooperation with him and 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 the periodic reduction in the number of retail outlets, caused a sharp decline in sales of the paper press. This affected the profitability of distributors' operations, and thus further perturbations on the distribution market. As of August 1, 2021, the third largest press distributor - Garmond Press S.A. - launched a simplified arrangement proceeding, which was approved by the court of first instance in December 2021. Currently, restructuring processes are being introduced in the company. RUCH S.A. did not rebuild its position from before the collapse of 2018, however, thanks to the ownership support of PKN Orlen S.A. conducts optimizing processes of its activities, which is naturally restricted by the COVID-19 pandemic. With the problems with the above-mentioned distributors - the largest Kolporter S.A. has increased its market share and reports positive results.

The pandemic situation caused many changes in the way media, including the press, were consumed. As a result, some readers of the printed press switched traditional editions to digital ones. This partially compensates for the decline in sales of the printed press but is also associated with a change in the operating model of most press publishers and has a significant impact on the condition of the press distribution market.

▶ **Press and subscriptions**

Presently press market experiences a worldwide trend of copy sales decrease and shrinking of advertising expenditure. This trend has been accelerated and enhanced by the pandemic. Press titles issued by the Group, like competing press titles, are not immune to changes in the market - their number and volume are shrinking. The dynamics of the above processes may have a negative impact on press copy sales and the Group's revenues. In addition, the operations of press publishers 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 digitizing its content and in 2014 introduced a system of so-called measured paywall on Gazeta Wyborcza-related websites. At the end of June 2023, the number of paid active digital subscriptions reached more than 295,000, and the Company is currently focusing its efforts on increasing the average revenue per subscription and increasing advertising revenue on Gazeta Wyborcza-related sites. It is difficult to assess whether these goals will be achieved by the Company given the high competition in the online market.

▶ **Internet**

Polish Internet advertising market is highly competitive and number of internet users in Poland is not growing so fast as in the past. Internet business is highly dependent on technology progress and number of Internet users and maintaining a strong position on that market is possible by means of investment in modern and innovative technology. The development of this medium is also determined by the available infrastructure. The method of access to the Internet is also changing, which may significantly affect the dynamics of the development of this market. The number of mobile internet users is increasing. Both, changes in the internet usage and increase of internet speed may also affect growth dynamics of individual segments of the internet advertising market. In this segment of advertising market the Group competes with local and international players. There is no guarantee, that on such a competitive

market, the Group's position and ad revenues will be unchanged. Additionally, online advertising market is undergoing transformation. Search advertising and social media, as well as programmatic, video and mobile advertising are becoming more popular among advertisers. Maintenance of the strong position in rapidly changing market requires investment in advanced technological solutions. Due to that fact there is no guarantee that the Group will be able to compete with national and foreign players with larger financial resources.

► Responsibility for published content

The Group's activity is based, in its many aspects, on publishing the content created by journalists, writers, publicists or users of Internet forums. This can result in publisher's responsibility or co-responsibility for distribution of information contradictory to law regulations, including infringement of personal interests. It cannot be ruled out, that the Group could inadvertently violate such laws and as a result it could be a subject of claims relating to that and as a result it may have to pay relevant compensations.

► Outdoor

The outdoor advertising market in Poland is very competitive. AMS S.A. competes with Polish companies and international concerns both to acquire and retain customers, as well as to extend and win new contracts for the disposal of locations for advertising panels. In addition, operations in the outdoor advertising market are subject to high risks associated with the possibility of changes in the law, including construction and tax law, and its interpretation. The introduction of new rules for advertising activities in metropolitan areas, as well as changes in the interpretation and application of existing laws and agreements, imply the amount of fees, taxes and potential penalties associated with the business, which may affect the Group's result.

On September 11, 2015, the Law on Amending Certain Laws in Connection with Strengthening Landscape Protection Tools came into force. Under its provisions, municipal governments acquired broader powers to enact local laws regulating the presence of visual advertising and small architecture in public space and to collect so-called advertising fees. In April 2020, the adjustment period of the Gdansk landscape resolution ended. The costs of dismantling advertising media in Gdansk charged the company's current results. The reduced supply of media in the city has not caused significant negative reactions from customers as of today. As of July 2020, a landscape resolution is in force in Krakow. Its consequences, after the end of the adjustment period in July 2022, do not significantly affect the Group's results. In January 2023, the resolution was also adopted by the Poznań City Council. The real effects of this resolution, as well as those of resolutions in other major cities, are expected gradually after 2024. It should be noted, however, that for the outdoor advertising market, despite a significant recovery from the losses resulting from the COVID - 19 pandemic, facing the requirements of landscape resolutions may mean a periodic deterioration in performance during the transition period of the first years of the new local regulations on outdoor advertising.

On August 31, 2020 AMS has received information that the president of the OCCP has opened an investigation into a possible violation of competition law as a result of its cooperation with Ströer. AMS is fully cooperating with the OCCP for the clarification of doubts about a possible violation of antitrust laws. However, this does not affect the company's ongoing operational activities.

The current economic situation and uncertainty as to the GDP dynamics in 2023 is a source of risk as to the results in 2023. However, given the increase in spending in this market segment by more than 30% in 2022 indicates a significant increase in customer interest in outdoor advertising and thus significantly reduces the potential risks associated with it.

► Cinema

During the COVID-19 pandemic, the cinemas of the Helios chain remained closed for 140 days, and then operated with limits on ticket sales and the conduct of bar sales. Such severe operating restrictions bred the risk of a permanent change in consumer behavior. Ticket sales data for the first half of 2023 indicate that the cinema market has managed to recover from the suspensions and restrictions caused by 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 cause irreversible changes in customer behavior that may be difficult to change once again.

The two-year COVID-19 period influenced the stoppage of work on many film sets by which noticeably fewer film titles found their way to cinema screens. This situation is slowly returning to normal, but the supply of such a number of films per year as before the pandemic will not be expected until 2024 at the earliest. In the 3rd and 4th quarters of 2022 it was also possible to additionally observe a sudden decline in the interest of viewers in Polish films. It is uncertain whether this trend is short-lived and already in 2023 Polish titles will reach attendance levels comparable to those prior to the pandemic and so far Polish films have had their clear share of cinema attendance. The release of movie titles in theaters may still be indirectly affected by the situation in Hollywood and the strike of screenwriters and actors, which has been going on for several weeks. At the moment it is difficult to estimate the impact of these events on cinema business.

In addition, streaming platforms became popular during the pandemic, and as a result, cinema operators are competing to a greater extent than before with other technologies for playing movies on the Internet, among others. Attendance is also significantly affected by the weather and the Sunday trading ban, which causes an exodus of customers from shopping malls. Periodic closures of shopping malls and cinema venues may permanently change consumers' habits - it is currently impossible to assess how they will change their habits and the way they spend their leisure time.

The poor economy and deterioration in 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, the dynamics of which make it impossible to estimate their scale. In addition, the results of cinemas are increasingly affected by fluctuations in currency exchange rates (PLN/EUR) related to agreements for the lease of space for cinema operations or the purchase of equipment and spare parts for cinemas. Another burden on cinema operations may be the valorization of the minimum wage announced by the government in future periods.

It remains to be seen whether the current model of cinema operations can handle so many additional burdens in such a short period of time, and whether this will not hamper the recovery of this market from the crisis caused by the outbreak of the COVID-19 pandemic, or the current economic crisis.

▮ Risks of running licensed business

The Group has been operating on the licensed radio market for many years, and the license terms define the scope and forms of activity during the period for which a radio broadcaster obtains a license. Therefore, there is a risk that the audience's demand for a given format may decrease, and the concession provisions may significantly limit the Group's ability to adapt to the audience's demand for a given format.

Additionally, there is a risk that, the Group may not fulfill the disposition of concession or regulations, especially in relation to programme content or cease the broadcasting of the programme which may result in sanctions from The National Broadcasting Council (KRRiT). It cannot be ruled out that KRRiT will refuse to grant the concession the Group again, after the time for which they had been granted previously, or the conditions of newly granted concessions (or contracts related to those concessions) will be less beneficial from the Group's perspective.

The regulator is working on the implementation of DAB+ digital radio in Poland. Due to the lack of clear guidelines and uniform policy of state authorities, it is not possible to estimate the impact of implementing the new mode of broadcasting on the current analogue broadcasting market.

▮ Radio stations

Polish radio ad market is highly competitive. Agora Group's radio stations compete with other radio broadcasters, with national reach, as well as other media – TV, press, internet and outdoor advertising. The outbreak of the COVID-19 pandemic had a significant impact on the value of spending in this segment of the advertising market. It is difficult to clearly estimate when the value of expenditure on radio advertising will recover to the value before the outbreak of the pandemic.

To maintain audience share it is important to have a demanded radio format. There is no certainty that the Group's current position in the radio audience market will be unchanged. Competing for ad revenue, radio stations (also belonging to different media concerns), create joint advertising offers. The popularity of these offers may significantly

influence the shares of particular radio broadcasters in radio ad market. Additionally, radio stations compete for audience with other media, especially with Internet.

▶ **Movie business**

Movie distribution and co-production is of project nature, which may result in volatility of its results – it may also impact the Group's results. The majority of costs incurred, especially those related to movie co-production, burdens the Group results long before the profits related to that fields of operations. The degree of impact of this activity on the Group's results also depends on the popularity and attendance of a given film.

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

The Group's activity is based in its many aspects on using the intellectual property rights and on license agreements. In the Group's opinion it does not infringe the intellectual property rights of the third parties. However, it cannot be ruled out that the Group may unintentionally violate such laws. As a result the Group could be a subject of claims and could be forced to pay relevant compensations.

▶ **Risk of rapid changes in law regulations, especially those relating the Group's operations**

Due to the fact that legal regulations in Poland change quite often, they may negatively impact the Group's operations and carry risk in business operations. This risk is especially associated with regulations that directly influence the day-to-day business, including those related to the processing of personal data, changes to the Broadcasting Act and the regulations implementing those changes, Copyright and related rights Act, as well as acts regulating capital market in Poland and rules of commercial activities in Poland. New regulations may pose a risk, due to the problems with their interpretation, lack of judicial practice, unfavourable interpretations adopted by courts or public institutions.

Additionally, tax regulations in Poland are a subject to often changes. Changes in VAT and other kinds of tax burden may negatively impact the operations and financial results of the Group. Possible changes in business taxation, both in terms of income tax, VAT, and other taxes and levies, may affect the Group's operations and results. The Group is also a subject of risk in changes of tax rules interpretation by tax organs which may affect operations and financial results of the Group.

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

As part of its business operations, the 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, which is why - despite the fact that the Company currently does not 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 - neither is it certain that the final result of current or future proceedings will not have such an effect on the results or financial situation of the Group.

▸ Impairment tests

In line with the *International Financial Reporting Standards*, the Group runs impairment tests. In the past and in the current period, some of the tests resulted in impairment loss which was reflected in the income statement (unconsolidated and/or consolidated). There can be no assurance that the results of asset impairment tests performed in the future will yield positive results, particularly in a period when the negative effects caused by the war in Ukraine are affecting most sectors of the economy.

▸ Liquidity risk

The prolonged economic downturn triggered by the war in Ukraine may cause the Agora Group to generate lower revenues, with increased costs of doing business, high inflation and the cost of obtaining financing. These factors, as well as 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 unable to secure the external financing necessary to cover the Group's maturing liabilities. In order to minimize this risk, the Management Board of Agora S.A. is conducting increased monitoring of debt collection and has secured long-term external financing for the Company and the Group. In view of the huge uncertainty about the further course of the war in Ukraine and its economic consequences, as well as the lower propensity of financial institutions to grant loans, the risk of liquidity problems in the Group is higher than in the pre-2020 period, i.e. even before the outbreak of the COVID-19 pandemic.

▸ Currency risk

Revenues earned by the Group are expressed in Polish zlotys. Part of the Group's operating expenses related mainly to cinema operations, services and production materials (paper) and IT services, are linked to foreign currency exchange rates. A deepening depreciation of the Polish currency, particularly in the PLN/EUR ratio, may affect the level of operating expenses and the Group's results.

▸ Risk of losing key employees

The successes achieved by the Group depend, among other things, on the commitment and skills of key employees. The Company's managerial staff has made a significant contribution to both the Group's growth and the effective optimization of its operational processes. Due to market competition for highly qualified personnel, the Group is uncertain whether it will be able to retain all of its key employees in the face of increasing salary pressure.

▸ Risk of receivables collection

As a result of the outbreak of the Covid-19 pandemic, the outbreak of war in Ukraine and the deteriorating macroeconomic situation, the number of companies in Poland that declare bankruptcy has increased - this includes contractors with whom the Group works. The financial difficulties of contractors working with the Group's various segments may affect the Group's results. There can also be no assurance that the Group will recover all its receivables in the event of the bankruptcy of a particular entrepreneur.

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

Operating within TCG requires Agora S.A. obligation to maintain at least 75.0% of shares in subsidiaries that are part of the TCG for the period of operation of the TCG extended for 2023. 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 in 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, 2023 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

There are currently three union organizations in the Agora Group. The first of them - the Inter-Union Organization of the Solidarity Trade Union of AGORA S.A. and INFORADIO SP. Z.O.O ("OM") - was established on December 12, 2011 and 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.), Goldenline Sp. z o.o. and Agora Radio Group Sp. z o.o.

In May 2020, Agora S.A. received formal notification of the establishment of a second trade union organization - the Company Commission of the OZZ Inicjatywa Pracownicza at Agora S.A.

In mid-2021, the Group received notification of the establishment of a third trade union - the Trade Union of the Gazeta Wyborcza Defense Committee operating at Agora S.A. This organization was formed after the Agora S.A. Management Board announced a plan to integrate the Gazeta.pl division and the Company's press operations. The main assumption and idea gathering activists of the new union is to defend the independence of Gazeta Wyborcza. The risk of an industrial dispute announced by the Committee for the Defense of Gazeta Wyborcza is high, in the event of a decision by Agora S.A.'s Management Board on business activities involving the Press division.

In December 2022, the Inter-Union Organization of the Solidarity Trade Union of AGORA S.A. and INFORADIO SP. Z.O.O ("OM") also included Helios S.A. in its activities.

As required by law, the boards of directors of the companies at which the trade unions operate consult or respectively agree on the decisions specified by law with OM.

The Group strives to maintain good relations with its employees and resolve any problems that arise on an ongoing basis. However, the risk of industrial disputes in cases prescribed by law cannot be ruled out.

In addition, internal regulations at Agora S.A. that were created to safeguard Gazeta Wyborcza's editorial independence were used in the past year to halt work on business activities aimed at effectively achieving Agora's strategic objective of developing the subscription model and increasing revenue from advertising sales. Despite efforts to clarify the situation, it cannot be ruled out that it may recur in the future and have a negative impact on the development activities of Agora S.A. and the entire Agora Group.

VI. MANAGEMENT BOARD'S REPRESENTATIONS

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

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

Warsaw, August 17, 2023.

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

Wojciech Bartkowiak - Member of the Management Board

Signed on the Polish original

Signatures submitted electronically.