

AGORA S.A.

Condensed
semi-annual
unconsolidated
financial statements
as at 30 June 2023
and for three and six
month period ended
thereon

August 17, 2023

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2023

	Note	As at 30 June 2023 unaudited	As at 31 December 2022 audited
Assets			
Non-current assets:			
Intangible assets		36,768	39,621
Property, plant and equipment		111,398	137,546
Right-of-use assets		27,770	28,122
Long term financial assets	7	673,388	627,351
Receivables and prepayments		336	430
Deferred tax assets		14,881	11,977
		864,541	845,047
Current assets:			
Inventories		18,468	23,304
Accounts receivable and prepayments		84,355	81,818
Income tax receivable		251	129
Short-term securities and other financial assets		1,747	2,371
Cash and cash equivalents		24,984	26,565
		129,805	134,187
Non-current assets held for sale	3	19,650	-
		149,455	134,187
Total assets		1,013,996	979,234

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

UNCONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2023 (CONTINUED)

	Note	As at 30 June 2023 unaudited	As at 31 December 2022 audited
Equity and liabilities			
Equity:			
Share capital		46,581	46,581
Share premium		147,192	147,192
Other reserves		123,279	123,279
Retained earnings		482,900	480,860
		799,952	797,912
Non-current liabilities:			
Long-term borrowings		30,415	36,348
Retirement severance provision		1,705	1,647
Accruals and other liabilities		398	1,911
Contract liabilities		249	67
		32,767	39,973
Current liabilities:			
Retirement severance provision		116	269
Trade and other payables		87,973	94,453
Short-term borrowings	7	53,290	12,619
Other financial liabilities	5	32,027	25,232
Provisions		438	1,149
Contract liabilities		7,433	7,627
		181,277	141,349
Total equity and liabilities		1,013,996	979,234

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

UNCONSOLIDATED INCOME STATEMENT FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023

	Note	Three months ended 30 June 2023 not reviewed	Six months ended 30 June 2023 unaudited	Three months ended 30 June 2022 not reviewed	Six months ended 30 June 2022 unaudited
Revenue		96,480	187,736	95,436	182,453
Cost of sales		(57,295)	(113,744)	(54,182)	(104,927)
Gross profit		39,185	73,992	41,254	77,526
Selling expenses		(30,092)	(58,280)	(31,300)	(61,594)
Administrative expenses		(28,434)	(57,191)	(25,941)	(50,419)
Other operating income		577	902	801	1,257
Other operating expenses		(777)	(2,721)	(470)	(705)
Impairment losses for receivables - net		83	(3)	(47)	(157)
Operating loss		(19,458)	(43,301)	(15,703)	(34,092)
Dividend income	4	41,602	41,602	40,635	40,635
Finance income		2,158	2,674	653	849
Finance costs		(2,166)	(3,763)	(1,954)	(3,043)
Profit/(loss) before income taxes		22,136	(2,788)	23,631	4,349
Income tax	8	115	4,828	(934)	1,423
Net profit for the period		22,251	2,040	22,697	5,772
Basic/diluted earnings per share (in PLN)		0.48	0.04	0.49	0.12

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THREE AND SIX MONTHS ENDED 30 JUNE 2023

	Three months ended 30 June 2023 not reviewed	Six months ended 30 June 2023 unaudited	Three months ended 30 June 2022 not reviewed	Six months ended 30 June 2022 unaudited
Net profit for the period	22,251	2,040	22,697	5,772
Other comprehensive income/loss for the period	-	-	-	-
Total comprehensive income for the period	22,251	2,040	22,697	5,772

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2023

	Share capital*	Share premium	Other reserves	Retained earnings*	Total equity
Six months ended 30 June 2023					
As at 31 December 2022 audited	46,581	147,192	123,279	480,860	797,912
Total comprehensive income for the period					
Net profit	-	-	-	2,040	2,040
Total comprehensive income for the period	-	-	-	2,040	2,040
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Total transactions with owners	-	-	-	-	-
As at 30 June 2023 unaudited	46,581	147,192	123,279	482,900	799,952

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

* at the beginning of 90s Polish economy was considered a hyperinflationary economy under IAS 29 "Financial Reporting in Hyperinflationary Economies". Retrospective application of IAS 29 with regard to the Company's equity would result in an increase in the Company's share capital in correspondence with a decrease of retained earnings by the same value of PLN 95,092 thousand. Due to lack of impact on total equity of the Company of the hyperinflationary adjustment and lack of regulations in Polish law regarding the recognition of such changes in the equity of commercial companies the Company did not reclassify any amounts in equity due to hyperinflation, as reported in the notes to the financial statements for the years 2005-2016.

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Six months ended 30 June 2022					
As at 31 December 2021 audited	46,581	147,192	122,674	484,325	800,772
Total comprehensive income for the period					
Net profit	-	-	-	5,772	5,772
Total comprehensive income for the period	-	-	-	5,772	5,772
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Other	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
As at 30 June 2022 unaudited	46,581	147,192	122,674	490,097	806,544

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

UNCONSOLIDATED CASH FLOW STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2023

	Note	Six months ended 30 June 2023 unaudited	Six months ended 30 June 2022 unaudited
Cash flows from operating activities			
Profit/(loss) before income taxes		(2,788)	4,349
Adjustments for:			
Depreciation and amortization		13,985	15,052
Foreign exchange (gain)/loss		(2,464)	11
Interest, net		3,431	2,761
(Profit)/loss on investing activities		2,002	(287)
Dividend income	4	(41,602)	(40,635)
Decrease in provisions		(806)	(322)
(Increase)/decrease in inventories		4,836	(7,150)
Decrease in receivables		16,931	9,459
Decrease in payables		(5,699)	(18,273)
Increase/(decrease) in contract liabilities		(12)	194
Cash generated used in operations		(12,186)	(34,841)
Income taxes inflows (1)		2,208	323
Net cash used in operating activities		(9,978)	(34,518)
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and intangibles		72	49
Dividends received		21,879	35,635
Interest received		103	16
Inflows/(outflows) from cash pooling		663	(870)
Purchase of property plant and equipment, and intangibles		(8,287)	(11,048)
Acquisition of subsidiaries, associates and jointly controlled entities	7	(46,076)	(50)
Net cash from/(used in) investing activities		(31,646)	23,732

UNCONSOLIDATED CASH FLOW STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2023 (CONTINUED)

	Note	Six months ended 30 June 2023 unaudited	Six months ended 30 June 2022 unaudited
Cash flows from financing activities			
Proceeds from borrowings	7	43,248	31,838
Repayment of borrowings		(5,333)	(39,024)
Inflows/(outflows) from cash pooling		6,776	(17,505)
Payment of lease liabilities		(606)	(1,245)
Interest paid		(3,904)	(2,482)
Other		(138)	(171)
Net cash from/(used in) financing activities		40,043	(28,589)
Net decrease in cash and cash equivalents		(1,581)	(39,375)
Cash and cash equivalents			
At start of period		26,565	83,563
At end of period		24,984	44,188

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

Accompanying notes are an integral part of these condensed semi-annual unconsolidated financial statements.

NOTES

1. General information

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

Detailed information about the structure and the scope of activity of the Agora Group have been included in the condensed semi-annual consolidated financial statement as at 30 June 2023 and for three and six month period ended thereon.

Company's advertising revenues are subject to seasonality – revenues earned in the first and third quarter are usually lower than in the second and fourth quarter.

The condensed semi-annual unconsolidated financial statements were prepared as at 30 June 2023 and for three and six months ended 30 June 2023 with comparative figures as at 31 December 2022 and for three and six months ended 30 June 2022.

The condensed semi-annual unconsolidated financial statements were authorised for issue by the Management Board on August 17, 2023.

2. Changes in provisions and impairment losses for assets

In the period from January 1, 2023 to June 30, 2023 the following impairment losses were changed in the condensed semi-annual unconsolidated financial statements of Agora S.A.:

- impairment loss for receivables: decrease by PLN 815 thousand;
- impairment loss for inventory: decrease by PLN 245 thousand;
- impairment loss for property, plant and equipment: increase by PLN 2,059 thousand related with property in Tychy classified as held for sale (note 3).

In the period from January 1, 2023 to June 30, 2023 the following provisions were changed:

	Provision for restructuring	Provision for the cost of compensation and severances for the former Management Board Members	Provision for legal claims	Total
As at 31 December 2022	733	25	391	1,149
Set up of provisions	-	-	141	141
Provisions used during the period	(733)	(25)	(94)	(852)
As at 30 June 2023	-	-	438	438
	-	-	-	-
Non-current part	-	-	-	-
Current part	-	-	438	438

Additionally, retirement severance provision decreased by PLN 95 thousand.

3. Property, plant and equipment

In the period from January 1, 2023 to June 30, 2023, the Company purchased property, plant and equipment in the amount of PLN 2,774 thousand (in the period of January 1, 2022 to June 30, 2022: PLN 3,714 thousand).

As at June 30, 2023 commitments for the purchase of property, plant and equipment amounted to PLN 237 thousand (December 31, 2022: PLN 443 thousand).

As at 30 June 2023, non-current assets with the carrying amount of PLN 19,650 thousand were presented as held for sale in the unconsolidated balance sheet of the Company and included ownership of the buildings and land located at Towarowa Street in Tychy.

As at 30 June 2023 the Company took active steps to sell the above assets. On June 14, 2023 the Company concluded a conditional agreement for the sale and after the balance sheet date i.e. on July 6, 2023 in connection with fulfillment of the condition for the sale of Property, i.e. resignation by the Katowice Special Economic Zone from exercising its pre-emptive right, the Company concluded the agreement transferring ownership of the Property for a price of PLN 19.65 million net.

4. Related party transactions

(a) Management Board and Supervisory Board remuneration

The remuneration of Management Board members of Agora S.A. amounted to PLN 1,630 thousand (six months ended June 30, 2022: PLN 3,841 thousand; this amount includes also one-off bonus payments, inter alia, the one resulting from realization of Incentive Plan for 2021). The amounts include remuneration paid during the period of holding the post of a Management Board Member.

As at June 30, 2023 value of the provision for reward concerning the realization of the Plan for the Management Board members for year 2023 amounted to PLN 1,744 thousand.

The remuneration of Supervisory Board members of Agora S.A. amounted to PLN 312 thousand (six months ended June 30, 2022: PLN 312 thousand).

(b) Entities related to Agora S.A.

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

	Six months ended 30 June 2023	Six months ended 30 June 2022
Subsidiaries		
Sales	9,391	33,287
Purchases	(11,068)	(11,883)
Other operating income	1	5
Finance income - dividends received	41,602	40,635
Finance income - interests on cash pooling	80	22
Finance income - interests on borrowings granted	24	-
Other finance income	84	4
Finance cost - credit guarantee	(123)	(165)
Finance cost - interests on cash pooling	(409)	(645)
Income tax -income on TCG settlements	2,170	215
Major shareholder		
Sales	16	13
Other operating income	1	1
	As at 30 June 2023	As at 31 December 2022
Subsidiaries		
Shares	653,588	470,312
Non-current loans granted	422	460
Current loans granted	38	-
Cash pooling receivables	1,709	2,371
Trade receivables	2,664	14,567
Dividend receivables	19,723	-
Other receivables	541	749
Cash pooling liabilities	32,027	25,232
Trade liabilities	2,361	2,904
Other liabilities and accruals	2,374	1,777
Associates		
Shares	19,057	156,257
Major shareholder		
Trade receivables	4	3
Other liabilities and accruals	7	6

5. Other financial liabilities

Other short - term financial liabilities include liabilities of Agora S.A. to subsidiaries resulting from settlements related to the cash pooling system, which functions within Agora Group.

6. Financial instruments measured at fair value

As at 30 June 2023 and 31 December 2022 the Company had no financial instruments measured at fair value.

7. Purchase of shares in Eurozet Sp. z o.o.

On February 27, 2023 Agora S.A. concluded the Share Purchase Agreement with SFS Ventures s.r.o. with its seat in Prague ("SFS Ventures") under which the Company purchased 110 shares in the share capital of Eurozet sp. z o.o. ("Eurozet") ("Agreement") constituting 11% of the share capital of Eurozet and 11% of the total number of votes at the Eurozet's shareholders' meeting ("Shares"), in accordance with the Shareholders' Agreement concluded between the Company and SFS Ventures on February 20, 2019 as amended ("Shareholders' Agreement"). Purchase of Shares took place under Call Option 1 described in the Shareholders' Agreement.

As a result of the Agreement, the Company became owner of 510 shares of Eurozet, constituting 51% of the share capital of Eurozet and 51% of the total number of votes at the Eurozet's shareholders' meeting and the majority shareholder of Eurozet.

As at June 30, 2023, the total expenditure of Agora S.A. for the acquisition of shares amounted to PLN 46,076 thousand (purchase price of shares in the amount of PLN 43,248 thousand PLN and capitalized transaction costs in the amount of PLN 2,828 thousand).

The Company (or a third party indicated by the Company) is entitled to purchase remaining 490 shares of Eurozet under Call Option 2 until July 31, 2025.

On February 27, 2023 Agora S.A. concluded with SFS Ventures s.r.o. a loan agreement to finance purchase of 110 shares in the company Eurozet sp. z o.o. ("Loan Agreement").

In connection with the provisions of the Loan Agreement, SFS Ventures granted the Company a loan in the amount of EUR 9,170,000 (what amounts to PLN 43,248 thousand translated at average NBP rate as at acquisition date). 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.

Additional information on the terms of the contracts concluded and the settlement of purchase of shares in the company Eurozet are presented in the condensed semi-annual consolidated financial statements of the Agora Group.

8. Other information

► Extraordinary General Meeting of Agora S.A.

On March 27, 2023, the Management Board of Agora S.A. announced resolutions Nos. 6-12 adopted by the Extraordinary General Meeting of Agora S.A. resumed after adjournment on March 27, 2023 at 12:00 a.m., held at the Company's registered seat in Warsaw at 8/10 Czerska Street. Resolutions adopted concerned the consent to the disposal of an organized part of the enterprise to a subsidiary of the Company dedicated to: (i) operate Agora Publishing House, (ii) maintenance of gazeta.pl web portal, (iii) operations of Gazeta Wyborcza, (iv) running IT services for the Company and companies from the Group, (v) carry out the support in the field of employee, social and social insurance matters for the Company and companies from the Group, (vi) conducting accounting, bookkeeping, finance and taxation activities, as well as management and financial reporting, (vii) the maintenance, use and enjoyment of the Company's real estate. As at the date of publication of these condensed semi-annual unconsolidated financial statements, the Company's Management Board is in the process of analysing the scope of aforementioned reorganisation and its impact on Company's unconsolidated financial statements.

► Income tax

Income tax recognised in in the Company's Income Statement differs from the theoretical amount that would arise using the tax rate ruling in the particular year in Poland mainly due to dividend income that are exempt from taxation and non-recognition of deferred tax assets on tax losses arising under Tax Capital Group due to uncertainty about achieving sufficient future tax profits.

Reconciliation of the income tax recognised in the Company's Income Statement with the theoretical amount that would arise using the tax rate ruling in the particular year (19%) as follows:

	Six months ended 30 June 2023 unaudited	Six months ended 30 June 2022 unaudited
Profit/(loss) before tax	(2,788)	4,349
Tax calculated at a rate of 19% (2022: 19%)	530	(826)
Tax effect of:		
Dividend income	7,904	7,721
Tax losses with no deferred tax recognised	(8,641)	(9,226)
Decrease of temporary differences with no deferred tax recognised	2,653	3,899
Tax Capital Group settlement	2,170	215
Other	212	(360)
Tax calculated at an effective rate	4,828	1,423

9. Post balance-sheet events

On July 6, 2023 in connection with fulfillment of the condition for the sale of Property (described in note 3), i.e. resignation by the Katowice Special Economic Zone from exercising its pre-emptive right, the Company concluded the agreement transferring ownership of the Property for a price of PLN 19.65 million net.

On July 12, 2023 the Company made a partial voluntary early repayment of the loan granted by SFS Ventures s.r.o. (described in note 7). The Company repaid part of the loan principal in the amount of EUR 4,400,000.00 plus accrued interest. The funds for repayment came from the sale of the property in Tychy.

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.

10. Other notes

The Management Board of Agora S.A. believes that the notes to Agora Group's condensed semi-annual consolidated financial statements present all other material information required to assess the Company's and Group's financial position and financial results for six months ended 30 June 2023 and therefore the condensed semi-annual unconsolidated financial statements should be read together with the condensed semi-annual consolidated financial statements, which are included in the semi-annual report.

The condensed semi-annual unconsolidated financial statements have been prepared according to International Accounting Standard 34 "Interim Financial Reporting" on the basis of art. 45 point 1a-1c of Accounting Act (Official Journal from 2023, item 120, 295 with subsequent amendments). The condensed semi-annual unconsolidated financial statements as at 30 June 2023 should be read together with the audited unconsolidated financial statements as at 31 December 2022.

In the preparation of these condensed semi-annual unconsolidated financial statements, the Company has followed the same accounting policies as used in the unconsolidated financial statements as at 31 December 2022 taking into account the changes introduced by new or amended standards, which were endorsed by the European Union. The application of the amendments to standards had no significant impact on the condensed semi-annual unconsolidated financial statements.

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.