

AGORA GROUP

Consolidated financial
statements

**as at 31 December
2022 and for
the year ended
thereon**

March 16, 2023

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CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	31 December 2022	31 December 2021
Assets			
Non-current assets:			
Intangible assets	3	365,517	410,192
Property, plant and equipment	4	356,884	366,730
Right-of-use assets	5	587,338	610,108
Long-term financial assets	6	2,203	3,158
Investments in equity accounted investees	7	127,446	142,910
Receivables and prepayments	8	7,415	6,360
Deferred tax assets	16	49,484	47,937
		1,496,287	1,587,395
Current assets:			
Inventories	9	30,433	19,994
Accounts receivable and prepayments	10	195,211	177,366
Income tax receivable		1,120	599
Short-term securities and other financial assets	11	968	1,024
Cash and cash equivalents	12	69,054	134,878
		296,786	333,861
Total assets		1,793,073	1,921,256

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022 (CONTINUED)

	Note	31 December 2022	31 December 2021
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital	13	46,581	46,581
Share premium		147,192	147,192
Retained earnings and other reserves	14	480,350	580,582
		674,123	774,355
Non-controlling interest		(99)	5,929
Total equity		674,024	780,284
Non-current liabilities:			
Deferred tax liabilities	16	5,630	5,841
Long-term borrowings	15	641,237	630,182
Other financial liabilities	17	37,606	34,344
Retirement severance provision	18	2,525	3,401
Provisions	19	7,857	93
Accruals and other liabilities	20	13,167	18,312
Contract liabilities	21	533	2,126
		708,555	694,299
Current liabilities:			
Retirement severance provision	18	376	344
Trade and other payables	20	233,240	246,531
Income tax liabilities		1,845	642
Short-term borrowings	15	155,519	176,541
Provisions	19	2,218	2,052
Contract liabilities	21	17,296	20,563
		410,494	446,673
Total equity and liabilities		1,793,073	1,921,256

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
Revenue	22	1,113,119	965,874
Cost of sales	23	(783,672)	(691,891)
Gross profit		329,447	273,983
Selling expenses	23	(189,417)	(169,109)
Administrative expenses	23	(175,407)	(155,748)
Other operating income	24	27,294	22,311
Other operating expenses	25	(54,251)	(10,792)
Impairment losses for receivables - net	25	(2,488)	(2,496)
Operating loss		(64,822)	(41,851)
Finance income	29	6,528	4,730
Finance cost	30	(53,897)	(22,192)
Share of results of equity accounted investees		8,536	9,361
Loss before income taxes		(103,655)	(49,952)
Income tax expense	31	(2,008)	3,310
Net loss for the period		(105,663)	(46,642)
Attributable to:			
Equity holders of the parent		(102,658)	(44,568)
Non-controlling interest		(3,005)	(2,074)
		(105,663)	(46,642)
Basic/diluted earnings per share (in PLN)	32	(2.20)	(0.96)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	2021
Net loss for the period	(105,663)	(46,642)
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit plans	1,148	(448)
Income tax effect	(218)	88
	930	(360)
Other comprehensive income/(loss) for the period	930	(360)
Total comprehensive income for the period	(104,733)	(47,002)
Attributable to:		
Shareholders of the parent	(101,714)	(44,932)
Non-controlling interests	(3,019)	(2,070)
	(104,733)	(47,002)

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

Equity attributable to equity holders of the parent

	Share capital	Share premium	Retained earnings and other reserves	Total	Non-controlling interest	Total equity
Twelve months ended 31 December 2022						
As at 31 December 2021	46,581	147,192	580,582	774,355	5,929	780,284
Total comprehensive income for the period						
Net loss for the period	-	-	(102,658)	(102,658)	(3,005)	(105,663)
Other comprehensive income	-	-	944	944	(14)	930
Total comprehensive income for the period	-	-	(101,714)	(101,714)	(3,019)	(104,733)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends of subsidiaries	-	-	-	-	(1,422)	(1,422)
Total contributions by and distributions to owners	-	-	-	-	(1,422)	(1,422)
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests (note 33)	-	-	1,482	1,482	(1,587)	(105)
Total changes in ownership interests in subsidiaries	-	-	1,482	1,482	(1,587)	(105)
Total transactions with owners	-	-	1,482	1,482	(3,009)	(1,527)
As at 31 December 2022	46,581	147,192	480,350	674,123	(99)	674,024

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

	Equity attributable to equity holders of the parent			Total	Non-controlling interest	Total equity
	Share capital	Share premium	Retained earnings and other reserves			
Twelve months ended 31 December 2021						
As at 31 December 2020	46,581	147,192	627,169	820,942	11,381	832,323
Total comprehensive income for the period						
Net loss for the period	-	-	(44,568)	(44,568)	(2,074)	(46,642)
Other comprehensive income	-	-	(364)	(364)	4	(360)
Total comprehensive income for the period	-	-	(44,932)	(44,932)	(2,070)	(47,002)
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Equity-settled share-based payments (note 28)	-	-	-	-	(976)	(976)
Dividends of subsidiaries	-	-	-	-	(1,654)	(1,654)
Total contributions by and distributions to owners	-	-	-	-	(2,630)	(2,630)
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests	-	-	(1,550)	(1,550)	(857)	(2,407)
Additional contribution of non-controlling shareholders	-	-	(105)	(105)	105	-
Total changes in ownership interests in subsidiaries	-	-	(1,655)	(1,655)	(752)	(2,407)
Total transactions with owners	-	-	(1,655)	(1,655)	(3,382)	(5,037)
As at 31 December 2021	46,581	147,192	580,582	774,355	5,929	780,284

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
Cash flows from operating activities			
Loss before income taxes		(103,655)	(49,952)
Adjustments for:			
Share of results of equity accounted investees		(8,536)	(9,361)
Depreciation and amortisation	23	158,137	161,379
Foreign exchange (gain) /loss		10,796	(2,204)
Interest, net		36,333	19,616
Loss on investing activities		22,191	2,344
Increase in inventories		(10,439)	(4,759)
Increase in receivables		(10,467)	(6,226)
Increase/(decrease) in payables		(20,752)	14,825
Increase/(decrease) in provisions		8,234	(1,328)
Increase/(decrease) in contract liabilities		(4,860)	4,999
Remeasurement of put options	35	3,262	(4)
Equity-settled share-based payments	28	-	139
Cash generated from operations		80,244	129,468
Income taxes paid		(3,427)	(2,663)
Net cash from operating activities		76,817	126,805
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangibles		12,561	22,264
Dividends received	39	24,000	16,000
Loan repayment received		962	60
Interest received		354	13
Purchase of property, plant and equipment and intangibles		(76,486)	(49,463)
Loans granted		-	(3,600)
Other outflows (1)		-	(4,000)
Net cash used in investing activities		(38,609)	(18,726)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

		2022	2021
	Note		
Cash flows from financing activities			
Proceeds from borrowings		81,895	27,771
Acquisition of non-controlling interest	33	(2,318)	(2,607)
Dividends paid to non-controlling shareholders		(1,422)	(1,654)
Repayment of borrowings		(65,697)	(59,964)
Payment of lease liabilities		(80,874)	(54,180)
Interest paid		(35,616)	(20,922)
Net cash used in financing activities		(104,032)	(111,556)
Net increase in cash and cash equivalents		(65,824)	(3,477)
Cash and cash equivalents			
At start of period		134,878	138,355
At end of period		69,054	134,878

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2022 AND FOR THE YEAR ENDED THEREON

1. GENERAL INFORMATION

(a) Core business activity

Agora S.A. with its registered seat in Warsaw, Czerska 8/10 street ("the Company", "parent entity") 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 gastronomic activity through the company Step Inside Sp. z o.o.

As at 31 December 2022 the Agora Group ("the Group") comprised: the parent company Agora S.A. and 22 subsidiaries. Additionally, the Group held shares in jointly controlled entity: Instytut Badan Outdooru IBO Sp. z o.o. and in associates: ROI Hunter a.s. and Eurozet Sp. z o.o.

The Group carries out activity in all major cities of Poland.

There was no change in name of reporting entity from the end of the preceding reporting period.

(b) Registered Office

Czerska 8/10 Street
00-732 Warsaw, Poland

(c) Registration of the Company in the National Court Register

Seat of the court: Regional Court in Warsaw, XIII Commercial Department
Registration number: KRS 0000059944

(d) Tax Office and Provincial Statistical Office registration of the Company

NIP: 526-030-56-44
REGON: 011559486

(e) Management Board

During the period reported in the consolidated financial statements, the Management Board of the Company comprised the following members:

Bartosz Hojka	President	for the whole year
Tomasz Jagiello	Member	for the whole year
Anna Krynska-Godlewska	Member	for the whole year
Tomasz Grabowski	Member	for the whole year
Wojciech Bartkowiak	Member	from 21 April 2022
Agnieszka Siuzdak-Zyga	Member	till 31 August 2022

(f) Supervisory Board

The Supervisory Board of the Company comprised the following members:

Andrzej Szlezak	Chairman	for the whole year
Tomasz Sielicki	Member	for the whole year
Wanda Rapaczynski	Member	for the whole year
Dariusz Formela	Member	for the whole year
Maciej Wisniewski	Member	for the whole year
Tomasz Karusewicz	Member	for the whole year

(g) Information about the financial statements

The consolidated financial statements were authorised for issue by the Management Board on March 16, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) applicable to financial reporting, adopted by the European Union.

Information about standards and interpretations, which were published and become effective after the balance sheet date, including those awaiting endorsement by the European Union, is presented in point (aa).

(b) Basis of preparation

The consolidated financial statements are presented in PLN thousands. Polish zloty is functional currency of parent company and its subsidiaries, associates and joint-ventures, except of associate ROI Hunter a.s. which functional currency is Czech crown. All amounts (unless otherwise indicated) are recalculated and rounded to nearest thousand. The consolidated financial statements are prepared on the historical cost basis except that financial instruments are stated at their fair value.

The consolidated financial statements of the Group were prepared with the assumption that the Company and its Group would continue their business activities in the foreseeable future. Additional information on the Group's liquidity risk management is included in note 34.

In the preparation of these consolidated financial statements, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2021, except for the changes described below.

The following amendments to existing standards, which were endorsed by the European Union, were effective for the year started with January 1, 2022:

- 1) Package of amendments (Amendments to IFRS 3, IAS 16, IAS 37),
- 2) Annual Improvements to IFRS 2018-2020.

The application of the above amendments had no impact on the consolidated financial statements.

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities, which are controlled by the Group. Control exists when the Group due to its involvement in an investee is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over the investee. The Group has power over an investee when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns.

The acquisition method of accounting is applied to account for the acquisition of subsidiaries by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control commences until the date that control ceases to exist. Contingent consideration is initially recognised at the acquisition date fair value. Subsequent changes in the value of the contingent payment liability are recognised through the income statement. Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Joint ventures and associates

An associate is that entity in which the Group has significant influence, but not control. Joint venture is an entity which is jointly controlled by the Group and other shareholders on the basis of a statute, company's act or other agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and joint ventures from the date that significant influence or joint control commences until the date that significant influence or joint control ceases to exist. The investments in associates and joint ventures are accounted for using the equity method. An interest in a joint venture or associate is initially recorded at cost and adjusted thereafter for the

post-acquisition change in the Group's share of net assets of the joint venture or associate. When the Group's share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate or joint venture. The Group presents its share of the net assets of equity accounted investees below operating profit/(loss) in the income statement and the proceeds from dividends received are presented as investing activities in the cash flow statement.

(iii) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains or losses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity against the investment in the associate and the joint venture.

(iv) *Put options granted to non-controlling interests*

When an agreement signed by the Group with non-controlling shareholders grants a conditional put option for the shares, which they possess and the put option granted meets the definition of a financial liability under *IAS 32 Financial Instruments: Presentation* and at the same time, the non-controlling shareholders holding put options have retained their rights to the economic benefits associated with the underlying shares, the Group recognises the financial liability in the consolidated balance sheet (line item: other financial liabilities) equal to the estimated, discounted redemption amount of the put option and decreases other reserves (line item in the consolidated balance sheet: Retained earnings and other reserves). Subsequent changes in the value of the liability are recognised through the income statement.

(d) Property, plant and equipment

Items of property, plant and equipment are stated at historical cost or cost incurred for their manufacture, development or modernization, less accumulated depreciation and impairment losses, if any (see accounting policy from point v).

The cost of property, plant and equipment comprises costs incurred in their purchase or development and modernisation and includes capitalised borrowing costs.

Depreciation is calculated on the straight line basis over the estimated useful life of each asset. Estimated useful life of property, plant and equipment, by significant class of asset, is usually as follows:

Buildings	2 - 40 years
Plant and machinery	2 - 20 years
Motor vehicles	3 - 8 years
Other equipment	1 - 20 years

Repairs and renewals are charged to the income statement when the expenditure is incurred; in other cases are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The provision for the dismantling of advertising panels in Outdoor segment relates to future costs associated with removing the media panel and restoring the site on which it is located to its pre-installation condition.

Most of agreements under which companies operating in Outdoor segment obtain the right to install an advertising panel at a given location contain an obligation to remove the panel and restore the site to its pre-installation condition. These agreements are concluded for a finite or indefinite period of time with a specified notice period, usually shorter than the useful life of the advertising panel in question. The need to incur expenses to dismantle the advertising panel is the result of future decisions made by the parties at the end of the contract period. In the event that the parties to the leases decide to renew them for a further period, AMS S.A. shall not incur dismantling cost in the period given, which has hitherto been a common practice.

In 2022 in connection with the dynamically changing market environment, work on a future strategy of Agora Group (including Outdoor segment) and the changing legal environment for outdoor advertising activities (including an increase in the number of municipalities enacting local regulations for the placement of advertising panels under the so-called Landscape Act), AMS Group analysed the impact of these factors on potential dismantling liabilities. As a result of the analysis the AMS group assumed that the dismantling of some advertising panels (or their replacement with other types of advertising panels) is possible in the foreseeable future and decided to recognise a provision for future panel dismantling costs. In accordance with IAS 16, the discounted value of the long-term provision for future dismantling of property, plant and equipment is recognised as an increase in the value of property, plant and equipment and then depreciated over the estimated period from initial recognition to the expected date of dismantling.

The provision for the dismantling of advertising panels is recognised on the basis of estimates of possible dismantling costs depending on the type of panel and on the basis of forecasts of the possible dismantling period, which may range from 2 to 10 years. In reality, it is also possible to keep an advertising panel on site longer than the originally estimated dismantling period. In such a situation, the created provision is kept on the balance sheet until the given advertising panel type is actually dismantled.

The provision for the dismantling of advertising panels is an estimate that is a subject to revision at the balance sheet date for changes in the assumed cost of dismantling, the assumed date of dismantling and the assumed discount rate, which is based on the yield on government bonds at the end of the reporting period with maturities closest to the dates of planned dismantling. In accordance with IFRIC 1, a change in the value of the provision due to changes in the above estimates adjusts the value of depreciable property, plant and equipment. In contrast, the increase in the value of the provision that reflects the passage of time (the so-called unwinding of the discount) is recognised in finance costs.

(e) Intangible assets

Goodwill arising on an acquisition represents the excess of the consideration transferred over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less impairment losses, if any (see accounting policy point v). Goodwill is tested annually for impairment or more often if there are indications of impairment.

In respect of associates and joint-ventures accounted for the equity method, the carrying amount of goodwill is included in the carrying amount of the investment in the associate and the joint-venture.

Intangible assets, except for goodwill and acquired magazine titles, that are acquired by the Group are stated at purchase price or cost incurred for generating assets less accumulated amortisation and impairment losses, if any (see accounting policy point v).

Intangibles (including mainly acquired concessions, licences and software) are depreciated using the straight line method over the estimated useful life of each asset, except for some special projects related to distribution and co-operation rights for movies and computer games, in case of which the consumption of economic benefits may significantly differ from the straight line approach and the pattern of consumption of economic benefits in particular periods can be reliably determined based on generated revenue and it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated.

Estimated useful lives of intangible assets (apart from acquired magazine titles) are usually as follows:

Concessions	2 - 20 years
Licences, software and others	2 - 15 years
Internally generated intangible assets	2 - 5 years

Acquired magazine titles have indefinite useful lives and are not amortised. Their market position and lack of legal and market barriers for their publishing determined such qualification. Instead they are tested annually for impairment or more often if there are indications of impairment (see accounting policy v).

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Internally generated intangible assets comprise expenditure related to developing computer software and internet applications, including costs of employee benefits, which can be directly allocated to the development phase of an internal project. During the development phase and after its completion the internally generated intangible assets are assessed whether there are indications of impairment according to the accounting policy described in point v.

(f) Right-of-use assets and lease liabilities

Lease contract is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date of the lease agreement, the lessee recognizes existing operating leases in balance sheet as a new asset – the right-of-use the underlying asset – and a new liability – the obligation to make lease payments. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

At the commencement date, a lessee shall measure the right-of-use asset at cost, comprising:

- a) the amount of the initial measurement of the lease liability;
- b) any lease payments made at or before the commencement date, less any lease incentives received;
- c) any initial direct costs incurred by the lessee;
- d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

After the commencement date, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) fixed payments, less any lease incentives receivable;
- b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- c) amounts expected to be payable by the lessee under residual value guarantees;
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability by:

- a) increasing the carrying amount to reflect interest on the lease liability;
- b) reducing the carrying amount to reflect the lease payments made; and
- c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Variable lease payments not included in the measurement of the lease liability shall be recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

To either short-term leases or leases for which the underlying asset is of low value, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Lease term is the non-cancellable period for which a lessee has the right to use an underlying asset, together with both: periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

When estimating the lease term for contracts concluded for an indefinite period, the Group takes into account the contract enforcement period, which is usually the period of notice and uses the exemption for short-term contracts, if the contract enforcement period is no longer than 12 months.

Lessee's incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

When estimating the discount rate, the Group takes into account the estimated interest margin that the Group would have to incur in order to finance the subject of the agreement on the financial market, considering the duration of the contract and the contract currency.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and demand deposits up to 3 months.

(h) Derivative financial instruments

Derivative financial instruments are recognized initially and subsequently measured at fair value. The Group does not apply hedge accounting and any gain or loss relating to the change in the fair value of the derivative financial instrument is recognized in the income statement.

Upon signing an agreement that includes derivative financial instruments embedded, the Group assesses whether the economic characteristics of the embedded derivative instrument are closely related to the economic characteristics of the financial instrument ("host contract") and whether the agreement that embodies both the embedded derivative instrument and the host contract is currently measured at fair value with changes in fair value reported in earnings, and whether a separate instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. Derivatives embedded in foreign currency non-financial instrument contracts are not separated from the host contracts if these contracts are in currencies which are commonly used in the economic environment in which transactions take place. If the embedded derivative instrument is determined not to be closely related to the host contract and the embedded derivative instrument would qualify as a derivative instrument, the embedded derivative instrument is separated from the host contract and valued at fair value with changes recorded in the income statement.

(i) Financial assets measured at amortized cost

A financial asset is classified to those measured at amortized cost if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

The Group's category financial assets measured at amortized cost includes cash and cash equivalents, loans granted, trade receivables and other receivables.

The Group recognises a loss allowance for expected credit losses on financial assets that are classified to financial assets measured at amortized cost. If the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for expected credit losses for that financial instrument at an amount equal to the lifetime expected credit losses. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for expected credit losses for that financial instrument at an amount equal to 12-month expected credit losses. Trade receivables of the Group do not contain a significant financing component and the loss allowance for them is measured at an amount equal to lifetime expected credit losses.

The Group measures expected credit losses of a financial instrument in a way that reflects:

- (a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- (b) the time value of money; and
- (c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group estimates the expected credit losses related to trade receivables by applying an individual loss assessment and a collective loss assessment determined on the basis of historical payment statistics. The Group regularly reviews its method and assumptions used for estimating expected credit losses to reduce any differences between estimates and actual credit loss experience.

Changes in impairment losses are recognized in the profit and loss respectively in other operating expenses or financial costs, depending on the type of receivables to which the impairment loss relates. The Group creates loss allowance for doubtful interest in the same period in which the interest is accrued.

Interest income is recognised in the period to which it relates using the effective interest rate method.

(j) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those that the Group principally holds for the purpose of short-term profit taking. Subsequent to initial recognition (at which date available-for-sale financial assets are stated at cost), all available-for-sale financial assets are measured at fair value. Financial gains or losses on financial assets are recognised in net profit or loss for the period (finance income or cost).

The Group's category financial assets measured at fair value through profit or loss includes short-term investments in securities, including certificates in investment funds.

(k) Derecognition of financial instruments

Financial assets are derecognised, when the contractual rights to the cash flows from the financial asset have expired or the Group has transferred the contractual rights to the cash flows to a third party and simultaneously transferred substantially all the risks and rewards of ownership of the asset.

The financial liabilities are removed from the balance sheet, when the obligation specified in the contract is discharged, cancelled or has expired.

(l) Foreign currency transactions

Presentation currency for consolidated financial statements is Polish zloty. Functional currency for Agora S.A., its subsidiaries and associates is Polish zloty Polish zloty, except of associate ROI Hunter a.s. which functional currency is Czech crown.

Foreign currency transactions are translated at the foreign exchange rates prevailing at the date of the transactions using:

- ▶ the purchase or selling rate of the bank whose services are used by the Group entity – in case of foreign currency sales or purchase transactions, as well as of the debt or liability payment transactions,
- ▶ the average rate specified for a given currency by the National Bank of Poland as on the preceding date before that date – in case of other transactions.

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised as financial income or expense in the consolidated income statement. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to PLN at the foreign exchange rate set by the National Bank of Poland ruling for that date.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less VAT, discounts and the costs of completion and selling expenses. Inventories comprise goods for resale, materials, finished goods and work in progress, including production cost of own movies.

Cost is determined at actual prices for printing paper, at weighted average cost for inks and other production materials and by the first-in, first-out (FIFO) method for other materials, goods for resale and finished goods.

(n) Equity

(i) Share capital

The share capital of the parent company is also the share capital of the Group and is presented at the nominal value of registered stock, in accordance with the parent company's statute and commercial registration.

(ii) Treasury shares purchased for their redemption

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

Share premium

The share premium is a capital reserve arising on the Group's initial public offering ("IPO") during 1999 and is presented net of the IPO costs, decreased by the tax shield on the costs.

(iii) Retained earnings and other reserves

Retained earnings represent accumulated net profits / losses, including reserve capital accumulated from prior year's profits. Other reserves include also:

- the recognition of share-based payments transactions in accordance with IFRS 2 in relation to the incentive plans based on Agora S.A.'s shares, which ended in the first half of 2013,
- the initial recognition of put options granted to the non-controlling shareholders,
- actuarial gains and losses on defined benefit plans recognised in accordance with the policy described in point (q),
- changes in ownership interests in subsidiaries, i.e. the effects of disposals or acquisitions of non-controlling interests accounted for in the Group's equity in accordance with IFRS 10.

(o) Income taxes and deferred income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax expense is calculated according to tax regulations, including mutual settlements of benefits between companies included in the Tax Capital Group described in note 16.

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and for tax losses carried forward, except for:

- (i) the initial recognition of assets or liabilities that in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit (tax loss) and
- (ii) differences relating to investments in subsidiaries and associates to the extent the parent are able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The principal temporary differences arise on depreciation of property, plant and equipment and various transactions not considered to be taxable or tax-deductible until settlement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. At each balance sheet date deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group set off for the presentation proposes deferred income tax assets against deferred income tax liabilities at the companies' level.

(p) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the value of money over time and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Accounting policies concerning the provision for dismantling of advertising panels are described in point (d).

(q) Retirement severance provision

The Group makes contributions to the Government's retirement defined benefit scheme. The state plan is funded on a pay-as-you-go basis, i.e. the Group is obliged to pay the contributions as they fall due and if the Group ceases to employ members of the state plan, it will have no obligation to pay any additional benefits. The state plan is defined contribution plan. The expense for the contributions is charged to the income statement in the period to which they relate.

Employees of the Group are entitled to retirement severance payment which is paid out on the non-recurrent basis at the moment of retiring. The amount of payment is defined in the labour law. The Group does not exclude assets that might serve in the future as a source of settling liabilities resulting from retirement payments. The Group creates provision for future liabilities in order to allocate costs to the periods they relate to. The Group's obligation in respect of retirement severance provision is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The amount of the liability is calculated by actuary and is based on forecasted individual's entitlements method. Changes in the value of the liability are recognized in profit or loss, except for actuarial gains and losses, which are recognized in other comprehensive income.

(r) Interest-bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method.

(s) Grants related to property, plant and equipment or intangible assets

Grants received for the financing of acquisition or construction of property, plant and equipment or intangible assets are recognised, when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching thereto. The grants are initially recognised at fair value as deferred income and credited to the income statement as other operating income on a systematic basis over the useful life of the respective assets.

(t) Trade payables and other financial liabilities

Trade payables and other financial liabilities are stated at amortised cost.

(u) Revenue recognition

The Group recognises revenue when (or as) it transfers control of promised goods or services to a customer at the amount of the transaction price to which it expects to be entitled with respect to any variable amounts such as rebates granted and sales with a right of return. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the entity's performance or at a point in time, when control of the goods or services is transferred to the customer.

Revenue is disaggregated into the following main categories based on the nature of transferred goods and services:

- Advertising revenue - revenue is recognised in the period in which the service is provided to the customer i.e. during the advertising campaign period. The level of fulfilment of the obligation to provide the service is measured in proportion to the duration of the service provided.
- Sales of cinema tickets - revenue is recognised in the period in which the film screening service is provided, in case of tickets pre-sale and cinema vouchers revenue is recognised when the ticket is used by the customer or when the right to use the ticket expires.
- Copy sales - in case of paper editions revenue is recognised when the good is transferred to the customer and in case of paid access to digital subscription during the period of the content available.
- Bar sales in cinemas and gastronomic sales – revenue is recognised when the good or product is transferred to the customer.
- Printing services - revenue is recognised in the period in which the service is provided to the customer.
- Film distribution and production sales - revenue is recognised during the period of film distribution in cinemas and depends on inflows from sales of cinema tickets, while in case of the sale of film licences revenue is recognised when the customer acquires the right to use the licences. For film productions commissioned and exclusive to a specific customer, revenue is recognised over time according to the degree of fulfilment of the performance obligation measured in proportion to the advancement of the production work.

Revenue from advertising services, film distribution in cinemas and from selling a digital access to internet services of *Gazeta Wyborcza* represent revenue recognised over time, because advertising campaigns, film distribution and access to digital subscription represent services performed throughout the specified time agreed in contracts with customers. Revenue from other goods and services of the Group usually represent revenue recognised at a point in time, when control of the goods or services is transferred to the customer, which is at the moment, when the service is completed or goods are delivered to a customer.

Advance consideration received for goods and services, which were not transferred to customers at the balance sheet date and will be realized in future accounting periods are presented in the balance sheet in the line item "*Contract liabilities*".

Sale with a right of return

In the area of press sales (*Gazeta Wyborcza* and periodicals) and copy sales, the Group sells its goods with the right to return goods during the period agreed with the customers. The Group recognises the refund liability (returns liability) in the amount of consideration which, in line with expectations, will be refundable by adjusting the amount of revenue recognised. The returns liability is estimated using the expected value method based on past experience and on-going monitoring of sales of individual press and book titles. Due to the nature of goods which can be returned and taking into account the decrease in their value, the Group does not recognise a returns asset.

Customer rebates

In accordance with its trade policy, the Group provides its clients with commercial rebates, including annual rebates dependent on turnover, which can be determined by amount or as a percentage of turnover. The Group estimates the value of the refund liability (rebates liability) based on the terms of signed agreements and the forecasted turnover of individual clients. The final value of customer rebates is known after the end of a financial year and may differ from the estimates recognised during the year.

(v) Impairment losses

The carrying amount of the Group's assets, other than inventories (see accounting policy m), and deferred tax assets (see accounting policy o) for which other procedures should be applied, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated (the higher of net selling price and value in use). The value in use is assumed to be a present value of discounted future economic benefits which will be generated by the assets.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

At each balance sheet date the Group reviews recognised impairment losses whether there is any indication showing that some of the recognised impairment losses should be reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversal on an impairment loss is recognised in the income statement.

An impairment loss for goodwill is not reversed.

(w) Borrowing costs

Interest and other costs of borrowing are recorded in the income statement using effective interest rate in the period to which they relate, unless directly related to investments in qualifying assets, which require a substantial period of time to get ready for its intended use or sale, in which case they are capitalised.

(x) Share-based payments

Within the Agora Group there are incentive plans carried out, which are accounted for in accordance with IFRS 2 *Share-based payments*. In the Incentive Plan for Management Board members of the Company described in note 28 one of the components (based on share price appreciation) is accounted for as a cash-settled share-based payment in accordance with IFRS 2. In this plan, members of the Management Board of the Company are entitled to a reward based on the realization of the Target of Share Price Rise. The value of the provision for the cost of the reward concerning the realization of the Target of Share Price Rise, is estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. The value is charged to the staff costs in Income Statement in proportion to the vesting period with a corresponding figure recognised within accruals. The changes in the value of this accrual are included in staff costs.

Moreover, the eligible employees of a subsidiary participated in an equity-settled incentive program. On the basis of the plan, the eligible employees were entitled to receive shares in the company. The fair value of shares determined at the grant date was recognised in staff costs over the vesting period with a corresponding increase in Group equity allocated to non-controlling interests. In the second quarter of 2021 Agora S.A. concluded an agreement with program participants on the basis of which the end of the vesting period of the last tranche of shares was extended from July 1, 2021 to November 1, 2022 and Agora S.A. undertook obligation to purchase the last tranche of shares. On December 9, 2022 Agora S.A. acquired 41 shares as part of the redemption of the last tranche of shares and, as a result of this transaction, the liabilities related to the incentive plans were settled.

(y) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the resolution of the Company's shareholders.

(z) Related parties

For the purposes of these consolidated financial statements, related parties comprise significant shareholders, subsidiaries, associates, joint ventures and members of the Management and Supervisory Boards of the parent and group entities and their immediate family, and entities under their control.

(aa) New accounting standards and interpretations of International Financial Reporting Interpretations Committee (IFRIC)

The Group did not early apply new standards and interpretations, which were published and endorsed by the European Union or which will be endorsed in the nearest future and which become effective after the balance sheet date.

Standards and interpretations endorsed by the European Union:

1) IFRS 17 *Insurance Contracts* (effective for annual periods beginning on January 1, 2023), including amendments to IFRS 17

IFRS 17, which supersedes the interim standard, IFRS 4 *Insurance Contracts*, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope.

The amendments will have no impact on the consolidated financial statements.

2) Amendments to IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting policies* (effective for annual periods beginning on January 1, 2023)

The amendments to IAS 1 require entities to disclose their material accounting policy information rather than significant accounting policies.

The Group does not expect that the amendments will have impact on the consolidated financial statements.

3) Amendments to IAS 8 *Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* (effective for annual periods beginning on January 1, 2023)

The amendments introduced a definition of “accounting estimates” and included other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.

The Group does not expect that the amendments will have impact on the consolidated financial statements.

4) Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (effective for annual periods beginning on January 1, 2023)

The Amendments revise IAS 12 to require entities not to apply the IAS 12 initial recognition exemption to transactions that, on initial recognition, give rise to equal and taxable temporary differences.

The Group does not expect that the amendments will have impact on the consolidated financial statements.

5) Amendments to IFRS 17 *Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative information* (effective for annual periods beginning on January 1, 2023)

The amendments will have no impact on the consolidated financial statements.

Standards and interpretations awaiting on endorsement by the European Union:

1) Amendments to IAS 1 *Presentation of Financial Statements* (effective for annual periods beginning on 1 January 2024)

The amendments clarify the criteria for classifying a liability as non-current depending on rights at end of the reporting period and the conditions with which an entity must comply within twelve months after the reporting period.

The Group does not expect that the amendments will have impact on the consolidated financial statements.

2) Amendments to IFRS 16 *Leases: lease liability in sale and leaseback* (effective for annual periods beginning on 1 January 2024).

The amendments clarify how a seller-lessee measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

The Group does not expect that the amendments will have impact on the consolidated financial statements.

3) Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures - Sales or contributions of assets between an investor and its associate/joint venture* (effective for annual periods beginning on or after 1 January 2016, although The European Commission deferred the endorsement of changes indefinitely)

The amendments remove the acknowledged inconsistency between the requirements of IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture concerning the recognition of profit or loss on the loss of control of subsidiary and require a full gain or loss to be recognised when the assets transferred meet the definition of a business under IFRS 3 *Business Combinations*.

The amendments will have no impact on the consolidated financial statements.

3. INTANGIBLE ASSETS

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Cost as at 1 January 2022	45,715	404,174	256,982	49,280	59,251	815,402
Additions	-	-	19,754	1,991	8,255	30,000
Acquisitions	-	-	16,290	1,991	-	18,281
Transfer from assets under construction	-	-	2,200	-	-	2,200
Internal development	-	-	-	-	8,255	8,255
Reclassifications	-	-	1,264	-	-	1,264
Disposals	-	-	(3,322)	-	-	(3,322)
Liquidation	-	-	(2,623)	-	-	(2,623)
Reclassifications	-	-	(699)	-	-	(699)
Cost as at 31 December 2022	45,715	404,174	273,414	51,271	67,506	842,080

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Amortisation and impairment losses as at 1 January 2022	36,440	86,370	200,949	46,136	35,315	405,210
Amortisation charge for the period	-	-	18,225	1,342	10,723	30,290
Impairment losses (note 40)	-	43,375	-	-	122	43,497
Liquidation	-	-	(2,434)	-	-	(2,434)
Amortisation and impairment losses as at 31 December 2022	36,440	129,745	216,740	47,478	46,160	476,563
Carrying amounts						
As at 1 January 2022	9,275	317,804	56,033	3,144	23,936	410,192
As at 31 December 2022	9,275	274,429	56,674	3,793	21,346	365,517

As at the balance sheet date, 31 December 2022, concessions, patents and licences category included mainly concessions related to advertising activities in the Outdoor segment (PLN 21,862 thousand), radio concessions (PLN 7,199 thousand) and software licenses (PLN 27,552 thousand).

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Cost as at 1 January 2021	45,715	404,174	247,707	48,724	48,762	795,082
Additions	-	-	10,790	556	10,489	21,835
Acquisitions	-	-	7,661	555	-	8,216
Transfer from assets under construction	-	-	3,129	1	-	3,130
Internal development	-	-	-	-	10,489	10,489
Disposals	-	-	(1,515)	-	-	(1,515)
Sale	-	-	(139)	-	-	(139)
Liquidation	-	-	(1,376)	-	-	(1,376)
Cost as at 31 December 2021	45,715	404,174	256,982	49,280	59,251	815,402

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Amortisation and impairment losses as at 1 January 2021	36,440	86,370	183,011	43,344	23,017	372,182
Amortisation charge for the period	-	-	19,453	2,792	11,585	33,830
Impairment losses (note 40)	-	-	-	-	713	713
Sale	-	-	(139)	-	-	(139)
Liquidation	-	-	(1,376)	-	-	(1,376)
Amortisation and impairment losses as at 31 December 2021	36,440	86,370	200,949	46,136	35,315	405,210
Carrying amounts						
As at 1 January 2021	9,275	317,804	64,696	5,380	25,745	422,900
As at 31 December 2021	9,275	317,804	56,033	3,144	23,936	410,192

As at the balance sheet date, 31 December 2021 category Licences and patents included mainly concessions related to advertising activities in the Outdoor segment (PLN 26,993 thousand), radio concessions (PLN 6,305 thousand) and software licenses (PLN 22,645 thousand).

Amortisation of intangibles is recognised in “cost of sales”, “selling expenses” and “administrative expenses”. Impairment losses are recognised in “other operating expenses” in the income statement.

Contractual commitments connected to intangible assets are disclosed in note 36.

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 1 January 2022	24,757	511,154	497,379	4,002	196,999	30,017	1,264,308
Additions	-	7,171	30,457	169	17,709	39,566	95,072
Acquisitions	-	400	7,451	18	1,133	38,209	47,211
Transfer from assets under construction	-	6,317	12,314	29	6,281	-	24,941
Reclassifications	-	425	-	-	72	699	1,196
Purchase of leased assets	-	-	10,334	122	2,717	-	13,173
Other *	-	29	358	-	7,506	658	8,551
Disposals	-	(2,988)	(12,694)	(382)	(7,719)	(42,842)	(66,625)
Sale	-	(1,259)	(442)	(382)	(198)	(13,370)	(15,651)
Liquidation	-	(1,729)	(12,252)	-	(7,479)	(798)	(22,258)
Reclassifications	-	-	-	-	-	(1,264)	(1,264)
Transfer from assets under construction	-	-	-	-	-	(27,141)	(27,141)
Other	-	-	-	-	(42)	(269)	(311)
Cost as at 31 December 2022	24,757	515,337	515,142	3,789	206,989	26,741	1,292,755

* the item Other in the category Plant, machinery and equipment and Other includes mainly the creation of provision for dismantling of advertising panels in the total amount of PLN 7,857 thousand, more information on provision is disclosed in notes 2(d) and 19.

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Depreciation and impairment losses as at 1 January 2022	-	282,443	432,393	3,354	172,461	6,927	897,578
Depreciation charge for the period	-	20,157	22,733	224	7,952	-	51,066
Impairment losses (note 40)	-	2,424	687	-	227	439	3,777
Reversal of impairment losses	-	(1,685)	(22)	-	(13)	(121)	(1,841)
Sale	-	(1,248)	(416)	(379)	(183)	(774)	(3,000)
Liquidation	-	(1,476)	(12,047)	-	(7,269)	(129)	(20,921)
Reclassifications	-	332	-	-	165	-	497
Purchase of leased assets	-	-	6,443	122	2,150	-	8,715
Depreciation and impairment losses as at 31 December 2022	-	300,947	449,771	3,321	175,490	6,342	935,871
Carrying amounts							
As at 1 January 2022	24,757	228,711	64,986	648	24,538	23,090	366,730
As at 31 December 2022	24,757	214,390	65,371	468	31,499	20,399	356,884

4. PROPERTY, PLANT AND EQUIPMENT - CONT.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 1 January 2021	24,757	523,217	474,988	4,482	198,389	33,643	1,259,476
Additions	-	3,086	29,935	621	8,595	27,297	69,534
Acquisitions	-	175	8,894	501	513	26,119	36,202
Transfer from assets under construction	-	2,911	9,087	10	2,283	-	14,291
Purchase of leased assets	-	-	11,954	110	5,798	-	17,862
Other	-	-	-	-	1	1,178	1,179
Disposals	-	(15,149)	(7,544)	(1,101)	(9,985)	(30,923)	(64,702)
Sale	-	(11,617)	(5,662)	(1,101)	(4,558)	(11,833)	(34,771)
Liquidation	-	(3,532)	(1,882)	-	(5,427)	(896)	(11,737)
Transfer from assets under construction	-	-	-	-	-	(17,421)	(17,421)
Other	-	-	-	-	-	(773)	(773)
Cost as at 31 December 2021	24,757	511,154	497,379	4,002	196,999	30,017	1,264,308

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Depreciation and impairment losses as at 1 January 2021	-	274,023	410,508	3,619	164,547	5,622	858,319
Depreciation charge for the period	-	20,469	21,151	344	8,824	-	50,788
Impairment losses	-	2,452	131	-	241	1,572	4,396
Reversal of impairment losses	-	-	-	-	(100)	(108)	(208)
Sale	-	(11,350)	(5,551)	(719)	(1,752)	-	(19,372)
Liquidation	-	(3,151)	(1,672)	-	(4,856)	(159)	(9,838)
Purchase of leased assets	-	-	7,826	110	5,557	-	13,493
Depreciation and impairment losses as at 31 December 2021	-	282,443	432,393	3,354	172,461	6,927	897,578
Carrying amounts							
As at 1 January 2021	24,757	249,194	64,480	863	33,842	28,021	401,157
As at 31 December 2021	24,757	228,711	64,986	648	24,538	23,090	366,730

Depreciation of property, plant and equipment is recognised in “cost of sales”, “selling expenses” and “administrative expenses”. Impairment losses are recognised in “other operating expenses” in the income statement. Reversals of impairment losses are recognised in “other operating income” in the income statement.

The category assets under construction mainly includes capital expenditure related to the construction of outdoor advertising panels and the construction of cinema facilities.

4. PROPERTY, PLANT AND EQUIPMENT – CONT.**a) Collateral for assets**

The following property, plant and equipment are pledged as security for loan facility concerning Agora S.A. as well as bank loans concerning Helios S.A.

No. Assets	Net book value at 31 December 2022
1 Land	10,496
2 Buildings	107,919
3 Plant, machinery and equipment	4,100
4 Other fixed assets	67
	122,582

b) Contractual investment commitments

Contractual investment commitments are disclosed in note 36.

5. RIGHT-OF-USE ASSETS

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other right-of- use assets	Total
Cost as at 1 January 2022	124,488	625,387	62,657	3,547	18,841	834,920
Additions	27,118	39,694	613	1,419	-	68,844
Increases due to leases*	27,118	39,694	613	1,419	-	68,844
Disposals	(8,408)	(7,874)	(10,334)	(270)	(2,717)	(29,603)
Decreases due to leases	(8,408)	(7,874)	-	(148)	-	(16,430)
Purchase of leased assets	-	-	(10,334)	(122)	(2,717)	(13,173)
Cost as at 31 December 2022	143,198	657,207	52,936	4,696	16,124	874,161

* increases and decreases due to leases in 2022 resulted mainly from the modifications of existing lease agreements due to revision of rates and change of lease periods.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other right-of- use assets	Total
Depreciation and impairment losses as at 1 January 2022	38,642	152,075	24,171	1,789	8,135	224,812
Depreciation charge for the period	17,068	49,942	6,507	1,071	2,194	76,782
Impairment losses (note 40)	-	-	477	-	97	574
Reversal of impairment losses	-	-	(16)	-	(6)	(22)
Decreases due to leases	(4,457)	(2,029)	-	(122)	-	(6,608)
Purchase of leased assets	-	-	(6,443)	(122)	(2,150)	(8,715)
Depreciation and impairment losses as at 31 December 2022	51,253	199,988	24,696	2,616	8,270	286,823
Carrying amounts						
As at 1 January 2022	85,846	473,312	38,486	1,758	10,706	610,108
As at 31 December 2022	91,945	457,219	28,240	2,080	7,854	587,338

5. RIGHT-OF-USE ASSETS – CONT.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other right-of- use assets	Total
Cost as at 1 January 2021	117,231	612,171	74,616	3,086	24,639	831,743
Additions	23,440	59,731	-	633	-	83,804
Increases due to leases	23,440	59,731	-	633	-	83,804
Disposals	(16,183)	(46,515)	(11,959)	(172)	(5,798)	(80,627)
Liquidation	-	-	(5)	-	-	(5)
Decreases due to leases	(16,183)	(46,515)	-	(62)	-	(62,760)
Purchase of leased assets	-	-	(11,954)	(110)	(5,798)	(17,862)
Cost as at 31 December 2021	124,488	625,387	62,657	3,547	18,841	834,920

5. RIGHT-OF-USE ASSETS – CONT.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other right-of- use assets	Total
Depreciation and impairment losses as at 1 January 2021	29,410	107,015	23,975	1,205	10,766	172,371
Depreciation charge for the period	16,287	48,781	8,025	742	2,926	76,761
Liquidation	-	-	(3)	-	-	(3)
Decreases due to leases	(7,055)	(3,721)	-	(48)	-	(10,824)
Purchase of leased assets	-	-	(7,826)	(110)	(5,557)	(13,493)
Depreciation and impairment losses as at 31 December 2021	38,642	152,075	24,171	1,789	8,135	224,812
Carrying amounts						
As at 1 January 2021	87,821	505,156	50,641	1,881	13,873	659,372
As at 31 December 2021	85,846	473,312	38,486	1,758	10,706	610,108

The rights-of-use assets relate to assets used by The Group under long-term lease agreements, which include: Lease agreements for office space, finance lease agreements for cars, cinema equipment and catering facilities, and lease agreements for external advertising media in the *Outdoor* segment (In the table above presented in the category Land), the radio station location in the *Radio* segment and Helios cinema locations and the location of the restaurants in the *Film and Book* segment. The Group also holds perpetual usufruct of land, which are eligible under IFRS 16 for lease agreements.

In case of office space and locations for cinemas and restaurants, the contractual period is between 1 and 12 years, car leasing and equipment leasing contracts cover a period between 2 and 5 years, outdoor media locations have 1 to 16 year contractual periods, and radio station locations for which concession periods are adopted are typically 10 years. The right of perpetual usufruct of land shall be valid for a further period of 67 years from the balance sheet date.

In case of equipment under financial lease, which the Group intends to purchase after the lease term, the depreciation periods taken exceed the contractual period and are up to 10 years depending on the type of equipment. The right of perpetual usufruct of land in the amount of PLN 26,714 thousand is pledged as security for loan facility described in note 15.

6. LONG-TERM FINANCIAL ASSETS

Long-term financial assets include shares and loans granted to the unconsolidated companies.

	2022	2021
Balance as at beginning of the period	3,158	522
Shares	83	83
Loans granted	2,837	201
Additional paid-in capital	238	238
Additions	1,026	3,600
Shares	1,026	-
- reclassifications*	1,026	-
Loans granted	-	3,600
- grant of loans	-	3,600
Disposals	(1,981)	(964)
Shares	(1,026)	-
- reclassifications*	(1,026)	-
Loans granted	(955)	(964)
- reclassifications	(955)	(964)
Balance as at end of the period	2,203	3,158
Shares	83	83
Loans granted	1,882	2,837
Additional paid-in capital	238	238

* The reclassification of shares relates to conversion of claim of Agora S.A. towards Garmond Press S.A. into shares in the share capital of Garmond Press S.A., detailed information is disclosed in note 33.

The value of shares relates to held shares constituting 16.7% of the share capital of an unquoted company Polskie Badania Internetu Sp. z o.o., which deals with the research of internet market for participants of this market. In the Group's opinion, the value of shares included in the purchase price does not significantly differ from its fair value.

The loans granted relate to loans granted by the Group companies to their permanent business partners. In the Group's opinion as at 31 December 2022, the loan amount is not significant and is not subject to significant credit risk. Therefore, the Group assessed that the measurement of the loss allowance for expected credit losses for that financial instrument does not have a material impact on the consolidated financial statements.

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2022	2021
Investments in associates	127,271	142,697
Investments in joint ventures	175	213
Total investments in equity accounted investees	127,446	142,910
Balance as at beginning of the period	142,910	149,549
Additions	8,536	9,361
Share in net profits	8,536	9,361
Disposals	(24,000)	(16,000)
Dividends received	(24,000)	(16,000)
Balance as at end of the period	127,446	142,910

Financial information about associates is presented in note 38.

8. RECEIVABLES AND PREPAYMENTS

	31 December 2022	31 December 2021
Prepayments	2,082	1,147
Other	5,333	5,213
Total accounts receivable and prepayments	7,415	6,360

The company AMS Serwis Sp. z o.o. provided the bank with cash deposits as a cash collateral securing the bank loan granted to Helios S.A. As at 31 December 2022 deposit receivable amounted to PLN 4.0 million and is presented within other long-term receivables. The deposit will be kept until September 24, 2026.

9. INVENTORIES

	31 December 2022	31 December 2021
Raw materials and consumables	13,694	8,020
Work in progress	5,027	6,657
Finished goods	7,806	2,449
Goods for resale	3,906	2,868
	30,433	19,994
Impairment losses recognised	10,346	11,202
Total inventories, gross	40,779	31,196

Finished goods and work in progress comprises mainly costs related to the production of own movies and publications. The cost of inventories recognised as an expense amounted to PLN 105,285 thousand (2021: PLN 68,406 thousand) and is presented in "cost of sales" in the income statement.

Impairment losses and reversals of impairment losses are recognised in "cost of sales" in the income statement (in 2022 increase of impairment losses in the amount of PLN 1,552 thousand, decrease of impairment losses in the amount of PLN 2,408 thousand, in 2021 increase of impairment losses in the amount of PLN 2,988 thousand, decrease of impairment losses in the amount of PLN 2,531 thousand).

10. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2022	31 December 2021
Trade receivables	130,211	125,787
Taxes, social security and similar	22,433	25,287
Prepayments	10,258	8,202
Other	32,309	18,090
	195,211	177,366
Impairment losses recognised	9,911	9,800
Total accounts receivable and prepayments, gross	205,122	187,166

Other receivables include mainly loans granted to employees from the Group's social fund in the amount of PLN 10,151 thousand (31 December 2021: PLN 8,476 thousand). Loans are granted for periods up to 7 years and are repayable in monthly instalments. Loans granted bear a fixed interest rate that amounts to 2%.

Accounts receivable include receivables from related parties – details are presented in note 39.

Trade receivables are non-interest bearing and payment terms vary usually from 7 to 30 days.

In 2021 the company AMS Serwis Sp. z o.o. provided the bank with cash deposits as a cash collateral securing the bank loan granted to Helios S.A. As at 31 December 2022 deposit receivable amounted to PLN 4.0 million and is presented within other short-term receivables. The deposit will be kept until March 23, 2023.

Analysis of credit risk exposure on the basis of ageing of trade receivables

	31 December 2022			
	Range of expected credit loss rate*	Gross value	Impairment losses	Net value
Current receivables	0,07 - 0,9	101,909	250	101,659
Overdue receivables within 1 month	0,32 - 1,17	25,308	139	25,169
Overdue receivables between 1 and 3 months	1,47 - 4,34	3,514	1,117	2,397
Overdue receivables between 3 and 6 months	11,69 - 40,3	696	194	502
Overdue receivables between 6 months and 1 year	42,03 - 68,54	1,280	982	298
Overdue receivables more than 1 year	100.00	7,415	7,229	186
		140,122	9,911	130,211

* the amount of impairment loss as at the balance sheet date in individual age categories may also include additional impairment losses up to 100% of receivables balance by applying an individual loss assessment; additional information on expected credit loss policies and credit risk management policies are included in note 2i) and 34 to consolidated financial statements.

31 December 2021

	Range of expected credit loss rate	Gross value	Impairment losses	Net value
Current receivables	0.07 - 0.9	106,351	232	106,119
Overdue receivables within 1 month	0.32 - 1.17	15,398	76	15,322
Overdue receivables between 1 and 3 months	1.47 - 4.34	4,272	630	3,642
Overdue receivables between 3 and 6 months	11.69 - 40.3	2,448	2,017	431
Overdue receivables between 6 months and 1 year	42.03 - 68.54	233	104	129
Overdue receivables more than 1 year	100.00	6,885	6,741	144
		135,587	9,800	125,787

Changes in impairment losses on accounts receivable

	2022	2021
Balance as at beginning of the period	9,800	10,623
Additions	3,010	4,231
Reversals	(522)	(1,735)
Used impairment losses	(2,377)	(3,319)
Balance as at end of the period	9,911	9,800

11. SHORT-TERM SECURITIES AND OTHER FINANCIAL ASSETS

	31 December 2022	31 December 2021
Certificates in investment funds	-	1
Loans granted	968	1,023
	968	1,024

12. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash at bank and in hand	33,458	82,477
Short-term bank deposits	35,306	52,285
Cash in transit	229	70
Other	61	46
	69,054	134,878

Cash and cash equivalents includes the amount of PLN 4,295 thousand representing cash held on behalf of the Group's social fund (31 December 2021: PLN 6,192 thousand) and cash held in the VAT account in amount of PLN 2,606 thousand (31 December 2021: PLN 2,165 thousand).

13. SHARE CAPITAL

Registered share capital as at 31 December, 2022

Series	Type of shares	Type of preference	Amount of shares	Par value	Origin of capital
A	preference	voting	4,281,600	4,282	conversion
BiD	ordinary	none	42,299,231	42,299	conversion, share issue
			46,580,831	46,581	

The nominal value of each share amounts to PLN 1.

Each Registered A share carries five votes at general meetings.

All issued shares are fully paid.

14. RETAINED EARNINGS AND OTHER RESERVES

Dividends

Retained earnings may be distributed subject to regulations, stipulated in the commercial companies' code and according to dividend policy announced by the Company.

Frame dividend policy announced by the Company on 14 February of 2005 provides for return of excess cash to shareholders, depending on the Company's perspectives and market conditions, through annual dividend and through share repurchases for the purpose of their redemption.

On March 24, 2022 the Management Board of Agora S.A. adopted a resolution on the submission of a motion to the Annual General Meeting of Shareholders to withhold the payment of dividend for 2021.

The above departure from the dividend policy announced on 14 February 2005, results from two years of the Company's struggle with the effects of the COVID-19 pandemic, which prevented the implementation of the Agora Group's strategy and forced the Company to make significant savings and discontinue development investments. The negative effects of the pandemic caused by restrictions and limitations in the activities of many enterprises also had a significant impact on the current condition of the Polish economy.

An additional factor increasing the uncertainty about the country's economic situation is difficult to estimate impact of Russian Federation's armed aggression in Ukraine on the Polish economy. It may significantly influence the growth rate of the Polish economy.

In the circumstances of such high uncertainty in the market environment, the Management Board of Agora considered it justified to keep the financial resources in the Company and recommend the General Meeting of Shareholders not to pay dividend for 2021 in order to strengthen the financial position of the Group. Additionally, the Management Board of Agora, after two years of limiting investments only to the essential ones, plans to allocate free funds to the implementation of growth and maintenance projects in the current businesses of the Agora Group.

The above decision received a positive opinion from the Supervisory Board in the form of resolution.

In accordance with the resolution adopted on June 21, 2022 the General Meeting of Shareholders decided to allocate the net profit of Agora S.A. for the financial year 2021 in the amount of PLN 27,763 thousand to Company's reserve capital.

15. LONG-TERM AND SHORT-TERM BORROWINGS

	31 December 2022	31 December 2021
Long term bank loans	49,199	21,907
Long term loans (1)	3,662	761
Lease liabilities	588,376	607,514
Total long term borrowings	641,237	630,182
<i>of which: Lease liabilities resulting from the application of IFRS 16*</i>	<i>570,679</i>	<i>578,029</i>
Short term bank loans	50,175	79,274
Short term loans (1)	1,641	761
Lease liabilities	103,703	96,506
Total short term borrowings	155,519	176,541
<i>of which: Lease liabilities resulting from the application of IFRS 16*</i>	<i>91,534</i>	<i>82,156</i>

* relates to lease liabilities that would not have been recognised as lease liabilities in the Group's balance sheet if IFRS 16 had not been in force.

(1) relates mainly to preferential loans granted to Helios S.A. in 2022 and 2021 under the Government Program - Financial Shield of the Polish Development Fund for Large Companies.

Future cash flows from bank loans and lease liabilities and changes in lease liabilities are disclosed in note 35.

Lease liabilities relate to right-of-use assets described in note 5.

On April 14, 2022 Agora S.A. concluded an overdraft agreement and a loan refinancing Agora's current term debt in the total amount of up to PLN 67 million (jointly "Loan" and "Loan Agreements") with Santander Bank Polska S.A. ("Bank"). The company announced the commencement of negotiations and the arrangement of preliminary material terms of credit agreements in the current report No. 10/2022 of 28 March 2022. The change of the entity providing financing to Agora results from the withdrawal of Agora S.A.'s existing creditor from its activities in Poland.

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

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

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

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

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

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

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

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

On March 28, 2022 Helios S.A. ("Helios") signed a preferential loan agreements in the amount of PLN 18,912,907.00 ("Agreement") with Polski Fundusz Rozwoju S.A. based in Warsaw ("PFR") under the Government Program - Financial Shield of the Polish Development Fund for Large Companies ("Program").

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

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

The loan was received on June 3, 2022. Under the terms of the Program, Helios applied for redemption of part of the received funds.

The deadline for repayment of the loan is 31 December 2027. The loan can be used to finance Helios' day-to-day operations.

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

The value of the redemption amounted to PLN 14,070,705.00 and was recognised in Group's other operating income. The remaining part of the loan amounts to PLN 4,842,202 and is payable in 22 quarterly instalments by the end of 2027.

On August 26, 2022 Helios S.A. concluded Annex no. 1 to the revolving loan agreement with Santander Bank Polska S.A. based in Warsaw ("Santander") with a guarantee of repayment of 80.0% of the loan by Bank Gospodarstwa Krajowego ("BGK"). Under the signed Annex no. 1, the loan repayment date, originally on 26 August 2022, was changed to 26 May 2026. Additionally, the loan repayment in the amount of PLN 20.0 million from a one-off payment has been spread into 44 monthly instalments, the repayment of which will start on 26 September 2022.

On 27 September, 2022 the Management Board of Agora S.A. learned about the change introduced to the overdraft agreement concluded by the subsidiary Helios S.A. with BNP Paribas Bank Polska S.A. based in Warsaw with a repayment guarantee of 80.0% of the loan by Bank Gospodarstwa Krajowego. Pursuant to the introduced changes, the loan repayment date originally falling on September 24, 2022 was changed to June 24, 2026. Additionally, the loan repayment in the amount of PLN 20.0 million from a one-off payment was spread over 45 monthly instalments, the repayment of which will start from 27 September 2022.

On October 14, 2022 the Management Board of Agora S.A. with its registered office in Warsaw ("Company") obtained information on the execution by the subsidiary Helios S.A. ("Helios") of an amending agreement (the "Agreement") to the revolving loan agreement of 23 December 2020 with Santander Bank Polska S.A. based in Warsaw ("Santander") with a guarantee of repayment of 80.0% of the loan by Bank Gospodarstwa Krajowego, the conclusion of which was reported by the Company in current report no. 45/2020 of 23 December 2020. Under the executed Agreement, it was agreed that Helios will be able to draw the above mentioned revolving loan up to the amount of PLN 11 million, with the condition that amounts exceeding the amount of credit utilisation as of 14 October 2022 will be disbursed upon granting by the Company of a surety for the liabilities of Helios arising out of the disbursement instruction. The drawdown of the given revolving loan over the amount of PLN 11 million will require a separate decision of Santander. The other provisions of the revolving loan agreement of 23 December 2020 remain unchanged.

On December 23, 2022 the Management Board of Agora S.A. obtained information that the company Helios S.A. ("Helios") obtained from BNP Paribas Bank Polska S.A. with its registered office in Warsaw ("BNP") information on pending decision process concerning extension of repayment date of loan granted under overdraft agreement dated December 23, 2020 ("Agreement"). In accordance with information obtained by Helios, until the final loan decision, BNP shall not exercise its rights concerning repayment of debt under the Agreement (details on the final credit decision and the signed amendment is presented in note 42).

On December 23, 2022 the company Helios S.A. concluded the annex ("Annex") to the revolving loan agreement with Santander Bank Polska S.A. based in Warsaw ("Santander") with a guarantee of repayment of 80.0% of the loan by Bank Gospodarstwa Krajowego.

Under the Annex, it was decided that the amount of the loan was reduced to PLN 8.5 million, and repayment was spread over a period until December 23, 2025. Accordingly, the loan repayment guarantee by Bank Gospodarstwa Krajowego is reduced accordingly, i.e. to PLN 6,800,000.00.

The Annex provides, inter alia, the obligation of Helios to maintain DSCR (debt-service coverage ratio) and Net Debt / EBITDA ratio on a certain level, as well as achievement of certain levels of EBITDA and CAPEX (capital expenditures). In addition, Helios has been obliged to establish additional collateral for Santander: i) a mortgage up to PLN 90,000,000.00, ii) an assignment of receivables from real estate insurance contracts, and iii) the granting of a surety by the Company up to PLN 9 million.

Additional information connected to bank loans and borrowings agreements is included in the table below.

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2022	31 December 2021	31 December 2022		31 December 2021					
			Long term	Short term	Long term	Short term				
Credits										
Santander Bank Polska S.A.	32,000	-	13,131	10,635	-	-	WIBOR 3M + bank margin	Investment loan; quarterly 12 instalments from June 30, 2022 to March 31, 2025.	Contractual mortgage, transfer of rights from the insurance policy on the real estate, financial and registered pledge on bank accounts held in Santander Bank Polska S.A. and BNP Paribas Bank Polska S.A., guarantee pursuant to the Civil Code granted by company Grupa Radiowa Agory Sp. z o.o. and guarantee pursuant to the Civil Code granted by company Yieldbird Sp. z o.o.	Investment loan Agora S.A. refinancing debt due to non-renewable credit line in DNB
Santander Bank Polska S.A.	35,000	-	-	-	-	-	WIBOR 3M + bank margin	Credit facility in the current account - may be used by April 14, 2024.	Guarantee from Bank Gospodarstwa Krajowego under the PLG FGP portfolio guarantee line secured with a blank promissory note, contractual mortgage, transfer of rights from the insurance policy on the real estate, financial and registered pledge on bank accounts held in Santander Bank Polska S.A. and BNP Paribas Bank Polska S.A., guarantee pursuant to the Civil Code granted by company Grupa Radiowa Agory Sp. z o.o. and guarantee pursuant to the Civil Code granted by company Yieldbird Sp. z o.o.	Credit facility in the current account

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2022	31 December 2021	31 December 2022		31 December 2021					
			Long term	Short term	Long term	Short term				
DNB Bank Polska S. A.	-	135,000	-	-	17,321	19,322	WIBOR 1 M or 3 M + bank margin	The non-renewable credit - 1st tranche quarterly 12 instalments from July 1, 2018 to April 1, 2021 (two instalments from 2020 moved to the end of the repayment period) - fully repaid; 2nd tranche quarterly 12 instalments from April 1, 2020 to January 2, 2023 (first two instalments moved to the end of the repayment period); credit facility in the current account - may be used by September 28, 2022 - fully repaid on April 26, 2022.	Mortgages on properties in Warsaw (including perpetual usufruct and buildings located on them), pledge on insurance policies, Guarantee from Bank Gospodarstwa Krajowego granted under the portfolio guarantee line PLG FGP, blank promissory note to the Bank Gospodarstwa Krajowego, financial and registered pledge on shares in Yeldbird Sp. z o.o., financial and registered pledge on shares of AMS S.A., The guarantee granted by GRA Sp. z o.o. together with a declaration of execution under Article 777 par. 1 point 5. Code of Civil procedure, statement by Agora S.A. on the establishment of the enforcement order in accordance with Article 777 par. 1 point 5. The Code of Civil procedure - the securities have expired or have been released on the date of full repayment of the loan.	Credit line granted to Agora S.A. (divided into parts: non-renewable credit and ready to use credit facility in the current account)

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2022	31 December 2021	31 December 2022		31 December 2021					
			Long term	Short term	Long term	Short term				
DNB Bank Polska S. A.	-	65,000	-	-	-	-	WIBOR 1M + bank margin	Credit facility in the current account - may be used by September 22, 2022 - fully repaid on April 21, 2022.	Guarantee from Bank Gospodarstwa Krajowego granted under the portfolio guarantee line PLG FGP, blank promissory note to the Bank Gospodarstwa Krajowego, mortgages on properties in Warsaw (including perpetual usufruct and buildings located on them), pledge on insurance policies, financial and registered pledge on shares in Yeldbird Sp. z o.o., financial and registered pledge on shares of AMS S.A., the guarantee granted by GRA Sp. z o.o. together with a declaration of execution under Article 777 par. 1 point 5. Code of Civil procedure, statement by Agora S.A. on the establishment of the enforcement order in accordance with Article 777 par. 1 point 5. The Code of Civil procedure - the securities have expired or have been released on the date of full repayment of the loan.	Credit facility in the current account
Santander Bank Polska S.A.	5,000	5,000	-	917	917	1,000	1M WIBOR + bank margin	Monthly instalments until May 30, 2023	Mortgage on properties in Bialystok, Radom, Sosnowiec and Opole, pledge on insurance policy, blank promissory note, patronage declaration from Agora S.A.	investment credit granted to Helios S.A.
Santander Bank Polska S.A.	23,000	23 000	-	15,526	-	16,170	1M WIBOR + bank margin	Repayment in one instalment in January 2023	Blank promissory note, joint mortgage on properties in Bialystok, Radom, Opole, Sosnowiec, pledge on insurance policy, contractual mortgage, registered pledge, patronage declaration of Agora S.A., statement on voluntary submission to enforcement, subordination agreement of debt	credit facility in the current account granted to Helios S.A.

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2022	31 December 2021	31 December 2022		31 December 2021					
			Long term	Short term	Long term	Short term				
Santander Bank Polska S.A.	20,000	20,000	13,718	4,951	-	20,000	1M WIBOR + bank margin	Repayment according to schedule up to May 26, 2026	Liquidity guarantee by PLG FGP, financial pledge, pledge on current accounts, patronage declaration, statement on voluntary submission to enforcement	revolving credit granted to Helios S.A.
Santander Bank Polska S.A.	8,500	20,000	6,800	1,700	-	-	1M WIBOR + bank margin	Repayment according to schedule up to December 23, 2025	Liquidity guarantee by PLG FGP, contractual mortgage, pledge on insurance policy on buildings on real estate; financial pledge and pledge on current accounts, patronage declaration, statement on voluntary submission to enforcement, guarantee pursuant to the Civil Code granted by Agora S.A.	revolving credit granted to Helios S.A.
BNP Paribas Bank Polska S.A.	10,000	10,000	1,670	2,027	3,669	2,014	1M WIBOR + bank margin	Monthly instalments until March 29, 2024	Power of attorney for current account, blank promissory note with promissory note declaration, mortgage on property in Opole, Bialystok, Sosnowiec and Radom with pledge on insurance policy, pledge on receivables from a contract.	investment credit granted to Helios S.A.
BNP Paribas Bank Polska S.A.	20,000	20,000	13,880	5,385	-	20,000	1M WIBOR + bank margin	Credit facility repayment according to schedule up to June 24, 2026	Blank promissory note, bank guarantee or cash deposit from one of entities from Agora Group, guarantee of granting credit facility provided by BGK.	credit facility in the current account granted to Helios S.A.
BNP Paribas Bank Polska S.A.	20,000	20,000	-	9,034	-	768	1M WIBOR + bank margin	repayment of limit in the amount of PLN 20 million in one installment in December 2022 (1)	Liquidity guarantee by PLG FGP, financial pledge and pledge on current accounts, patronage declaration, statement on voluntary submission to enforcement.	credit facility in the current account granted to Helios S.A.

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2022	31 December 2021	31 December 2022		31 December 2021					
			Long term	Short term	Long term	Short term				
mBank SA	1,000	1,000	-	-	-	-	WIBOR ON+ bank margin	credit facility in the current account until November 29, 2023	Statement on voluntary submission to enforcement, financial pledge on bank account of AMS S.A. with power of attorney.	credit facility in the current account AMS S.A.

(1) as a result of completed negotiations the repayment date was extended until December 31, 2025, more information is disclosed in note 42.

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2022	31 December 2021	31 December 2022		31 December 2021					
			Long term	Short term	Long term	Short term				
Loans										
Polski Fundusz Rozwoju	5,031	5,031	-	761	761	761	first year 1.25%, second year 1.75%, third year 2.75%	final repayment in December 2023	Ordinary and registered pledge on trademark, pledge on shares in Step Inside Sp. z o.o., statement on voluntary submission to enforcement, part of the loan in the amount of PLN 3,129 thousand was cancelled in 2021	preferential loan granted to Helios S.A.
Polski Fundusz Rozwoju	18,913	-	3,522	880	-	-	first year 1.25%, second year 1.75%, third year 2.75%	final repayment in December 2024	Ordinary and registered pledge on trademark, pledge on shares in Step Inside Sp. z o.o., statement on voluntary submission to enforcement, part of the loan in the amount of PLN 14,071 thousand was cancelled in 2022	preferential loan granted to Helios S.A.
Arkadiusz Kuchto	140	-	140	-	-	-	WIBOR 3M + margin	Quarterly from June 2024 to March 2027	none	loan granted to HRLink Sp. z o.o.

16. DEFERRED INCOME TAXES

Deferred income taxes are calculated using a rate of 19% and 9% (2021: 19% and 9%). The tax rate of 9% (for a small CIT taxpayer) applies to subsidiaries IM 40 Sp. z o.o., Optimizers Sp. z o.o., Goldenline Sp. z o.o., Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.) and Next Script Sp. z o.o. and Agora Finance Sp. z o.o. (in 2021 IM 40 Sp. z o.o., Optimizers Sp. z o.o., Goldenline Sp. z o.o., Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.) and Next Script Sp. z o.o.).

Deferred tax assets

	As at 1 January 2022	Recognised in the income statement	Recognised in other comprehensive income	As at 31 December 2022
Accruals	14,809	(2,236)	-	12,573
F/X differences	14	2	-	16
Interests liabilities	665	62	-	727
Liabilities for rebates, returns and deferred income	10,083	89	-	10,172
Provisions	842	1,579	(218)	2,203
Accelerated depreciation and amortisation	3,775	642	-	4,417
Impairment losses for inventories	2,123	(190)	-	1,933
Impairment losses for accounts receivable	903	129	-	1,032
Tax losses	2,128	(511)	-	1,617
Lease	133,814	(2,267)	-	131,547
Other	106	(103)	-	3
	169,262	(2,804)	(218)	166,240

Deferred tax liabilities

Accelerated depreciation and amortisation	11,157	(481)	-	10,676
Financial assets and liabilities	8	1	-	9
F/x differences	11	16	-	27
Interest receivables	33	6	-	39
Lease	115,356	(4,184)	-	111,172
Other	601	(138)	-	463
	127,166	(4,780)	-	122,386

Deferred tax asset

	As at 1 January 2021	Recognised in the income statement	Recognised in other comprehensive income	As at 31 December 2021
Accruals	21,849	(7,040)	-	14,809
F/X differences	1	13	-	14
Interests liabilities	688	(23)	-	665
Liabilities for rebates, returns and deferred income	8,352	1,731	-	10,083
Provisions	963	(209)	88	842
Accelerated depreciation and amortisation	3,639	136	-	3,775
Impairment losses for inventories	2,085	38	-	2,123
Impairment losses for accounts receivable	707	196	-	903
Tax losses	905	1,223	-	2,128
Lease	138,960	(5,146)	-	133,814
Other	-	106	-	106
	178,149	(8,975)	88	169,262

Deferred tax liabilities

Accelerated depreciation and amortisation	16,884	(5,727)	-	11,157
Financial assets and liabilities	1	7	-	8
F/x differences	30	(19)	-	11
Interests liabilities	2	31	-	33
Lease	124,775	(9,419)	-	115,356
Other	907	(306)	-	601
	142,599	(15,433)	-	127,166

Deferred tax assets and liabilities

	Before offsetting	Offsetting	31 December 2022 Carrying amount
Assets	166,240	(116,756)	49,484
Liabilities	122,386	(116,756)	5,630

Deferred tax assets and liabilities

	Before offsetting	Offsetting	31 December 2021 Carrying amount
Assets	169,262	(121,325)	47,937
Liabilities	127,166	(121,325)	5,841

Deferred tax assets recognized in 2022 relate mainly to deductible temporary differences that are expected to be realized during periods in which the Group expects to obtain sufficient taxable profits for their realization.

Unrecognised tax assets

The Group did not recognise certain deferred tax assets concerning some unused tax losses and part of deductible temporary differences due to uncertainty about the availability of sufficient future tax profits within the next five years when these losses can be carried forward or within periods when realization of temporary differences is expected.

The amounts of unused tax losses and other deductible temporary differences available together with expiry dates for which the deferred tax assets have not been recognised are shown in the table below:

	31 December 2022	31 December 2021	Expiry date
Unused tax losses	176,209	95,133	up to 2027
Other deductible temporary differences	24,822	30,592	up to 2028

Tax Capital Group**▶ The establishment of the tax capital group**

On December 21, 2017, the Management Board of Agora S.A. adopted a resolution expressing the intention to establish a Tax Capital Group ("TCG") which shall include Agora and its subsidiaries: Grupa Radiowa Agory Sp. z o.o., Agora TC Sp. z o.o., Domiporta Sp. z o.o. (currently Plan D Sp.z o.o.), Helios S.A., AMS S.A., Yieldbird Sp. z o.o., and Plan A Sp. z o.o.

On February 15, 2018, the Management Board of Agora S.A. received a decision issued by the Head of the Second Mazovian Tax Office in Warsaw on the registration of the contract on the establishment of TCG.

TCG will be established on March 1, 2018, and each subsequent tax year will overlap with the calendar year. The agreement shall be in force till December 31, 2020.

In the agreement on the establishment of the Tax Capital Group, Agora was designated as the company representing the TCG with respect to the obligations arising from the Corporate Income Tax Act and from the provisions of the Tax Ordinance.

▶ The extension of the period of operation of the tax capital group

On December, 10 2020 the Management Board of Agora S.A. received the decision dated 8 December 2020 issued by the Head of the Second Mazovian Tax Office in Warsaw on the registration of the agreement to extend the period of operation of the TCG. The agreement on extending the period of operation of the TCG was concluded for the period until 31 December 2021.

On December 9, 2021, Agora received the decision dated 8 December 2021 issued by the Head of the First Mazovian Tax Office in Warsaw on the registration of the agreement to extend the period of operation of the TCG. The operating period of the TCG was extended until 31 December 2022.

On December 30, 2022, Agora received the decision dated 29 December 2022 issued by the Head of the First Mazovian Tax Office in Warsaw on the registration of the agreement to extend the period of operation of the TCG. The operating period of the TCG was extended until 31 December 2023.

17. OTHER FINANCIAL LIABILITIES

	2022	2021
Long term		
Put option liabilities	37,606	34,344
	37,606	34,344

Put option liabilities concern the estimated redemption amount of the put options granted to non-controlling shareholders.

As at December 31, 2022, its value amounted to:

- for non-controlling shareholders of Helios S.A. PLN 36,818 thousand (31 December 2021: PLN 30,114 thousand),
- for non-controlling shareholders of Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.): PLN 788 thousand (31 December 2021: 960 thousand),
- for non-controlling shareholders of HRlink Sp. z o.o.: PLN - thousand (31 December 2021: 3,270 thousand).

Additional information on changes in put option liabilities is disclosed in note 35 point 3.

18. RETIREMENT SEVERANCE PROVISION

According to the Polish employment regulations, employees have the right to the retirement severances payments. The amount provided as at December 31, 2022 amounted to PLN 2,901 thousand (31 December 2021: PLN 3,745 thousand), including long-term retirement severance provision of PLN 2,525 thousand (31 December 2021: PLN 3,401 thousand).

19. PROVISIONS

	Provision for restructuring	Provision for dismantling of advertising panels	Provision for guarantees	Provision for penalties, interests and similar	Provision for the cost of compensation and severances for the former Management Board Members	Provision for legal claims	Total
As at 1 January 2022	225	83	373	913	360	191	2,145
Additions	5,361	7,857	22	27	-	200	13,467
Set up of provisions	5,361	7,857	22	27	-	200	13,467
Disposals	(4,699)	(83)	(395)	(25)	(335)	-	(5,537)
Provisions used during the period	(4,629)	(39)	(395)	-	(335)	-	(5,398)
Unused provisions reversed	(70)	(44)	-	(25)	-	-	(139)
As at 31 December 2022	887	7,857	-	915	25	391	10,075
Long term portion	-	7,857	-	-	-	-	7,857
Short term portion	887	-	-	915	25	391	2,218

(i) *Provision for restructuring*

The increase in provision for restructuring relates mainly to the cost of group lay-offs connected with the restructuring of Digital and Printed Press segment and Movies and Books segment announced in fourth quarter of 2022. As at 31 December 2022 the remaining provision amounted to PLN 869 thousand.

Moreover, provision for restructuring relates to the cost of group lay-offs connected with the restructuring of Digital and Printed Press segment conducted in 2018-2019. As at 31 December 2022 the remaining provision amounted to PLN 18 thousand.

On October 28, 2022 the Management Board of Agora S.A. informed that, in accordance with the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees, resolved to initiate the consultation on group layoffs with the trade unions operating in the Company. Additionally, in accordance with the Act of April 7th, 2006 on informing and consulting employees, the Company's works council was also consulted on the group layoff process.

The reason for the planned group layoffs is the Company's aim to increase the effectiveness of processes functioning within the Company and to reduce operating costs. Due to economic and financial factors, i.e. economic crisis caused by the conflict in Ukraine resulting i.a. in the increase of the price of paper and due to adverse prognosis concerning economic growth in the coming quarters, the changes of the organizational structure of the Company are essential.

The intention of the Management Board of Agora SA was to lay off up to 84 employees of the Company (which is ca. 5.9% of employees of the Company) between November 21st and December 20th, 2022.

The Company went through these changes with care for its employees, offering the dismissed employees a range of protective and supportive initiatives.

On October 28th, 2022 the Management Board of the Company requested the trade unions operating at the Company and the Company's works council to join in the consultation on collective redundancy process and provided the relevant Labor Office with information on the intention to execute group layoffs in the Company.

On November 14, 2022 the Management Board of Agora S.A. ("Company") informed about:

(i) concluding on November 14th, 2022 an agreement with trade unions operating at the Company (which fulfills the provisions of article 3, Section 1 of the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees) and with work council in the Company (which constitutes an agreement in accordance with the Act of April 7th, 2006 on informing and consulting employees) ("Agreement"),

(ii) adopting by the Management Board of the Company on November 14th, 2022 resolution to execute collective redundancies in the Company, in accordance with the provisions of the Agreement.

The collective redundancies were executed from November 17th until December 16th, 2022, and affected 81 employees.

In accordance with the agreement, the laid-off employees were provided by the Company with a wider range of supportive measures than required by law. The redundancy payment estimated according to law regulations was increased by an additional compensation in the amount depending on the seniority at Agora Group. The laid-off employees were supported by additional protective measures provided by the Company, i.a. help in searching for new job and reskilling, psychological care and basic medical care. The Company, in accordance with requirements of law, submitted an appropriate set of information, together with the signed Agreement, to a relevant Labor Office.

On November 14, 2022 the Management Board of Helios S.A. ("Company") in accordance with the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees, resolved to commence the consultation on group layoffs with the representatives of the Company's employees.

The reason for the planned group layoffs is the current economic and financial situation of the Company which has recently been gravely affected by i.a.: lower than the pre-pandemic frequency in Polish cinemas, energy price increase, minimum wage and minimum rate increase, EUR rate increase, other doing business costs increase, and commencement of repayment of loans taken out in connection with tackling Covid-19 effects and doubling of this debt service cost.

The intention of the Management Board of Helios S.A. was to lay off up to 80 employees of the Company (which is ca. 20% of employees of the Company as of November 14th, 2022) between November 22nd and 21st December, 2022.

The Company went through these difficult changes with care for its employees, offering the dismissed employees a range of protective and supportive initiatives.

On November 14th, 2022 the Management Board of the Company requested the representatives of the Company's employees to join in the consultation on collective redundancy process and provided the relevant Labour Office with information on the intention to execute group layoffs in the Company.

On November 22, 2022 the Management Board of Agora S.A. informed about being informed by the Management Board of the company Helios S.A. ("Company") – subsidiary of Agora S.A. of:

(i) concluding by the Company the consultation process with employees' representatives, under provisions of the Act of March 13, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees,

(ii) adopting by the Management Board of the Company on resolution to execute collective redundancies in the Company, in accordance with the provisions of the regulations as agreed during the consultation process.

Collective redundancies were executed from November 22 until December 23, 2022, and affected 52 employees. Additionally, the Company decided not to prolong given agreements or fill vacancies, which decreased headcount of the Company by further 16 employees.

In accordance with the regulations, the laid-off employees were provided by the Company with a wider range of supportive measures than required by law. The redundancy payment estimated according to law regulations was increased by an additional compensation in the amount up to PLN 30,800, depending on the seniority at the Company. The laid-off employees were supported by additional protective measures provided by the Company, i.a. basic medical care. The Company, in accordance with requirements of law, submitted an appropriate set of information, together with the signed consultation minutes, to a relevant Labour Office.

(ii) Advertising panels dismantling costs

The provision for the dismantling of advertising panels in Outdoor segment relates to future costs associated with removing the media panels and restoring the site on which it is located to its pre-installation condition.

Additional information on the principles of accounting for this provision were described in note 2(d).

The amounts of used and reversed provision presented for the year 2022 relate to the provision for restructuring of advertising panels created in previous years, which ceased to be accounted for in 2022.

(iii) Provision for penalties, interests and similar

Provision for penalties, interests and similar includes mainly penalties for putting advertising panels on the waysides by the companies of the AMS Group.

(iv) Provision for legal claims

The Group is a defendant in court cases. As at 31 December 2022 the Group evaluated the risk of loss and payment of indemnities in those cases. The amount of indemnities was determined based on consultation with Group's lawyers taking into account the present status of those cases and information available.

Additionally, the companies of the Group are the party of legal disputes in the amount of PLN 2,900 thousand (as at December 31, 2021: PLN 1,743 thousand), in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

20. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

Non-current	31 December 2022	31 December 2021
Other non-current liabilities	13,167	18,312
- related to purchase of non-current assets	4,960	1,760
- other (1)	8,207	16,552
Accruals and other liabilities	13,167	18,312

(1) the amount includes the liability of Helios S.A. related to the implementation of the settlement with ZAPA (Związek Autorów i Producentów Audiowizualnych) in the amount of PLN 7,247 thousand (as at 31 December 2021 PLN 14,233 thousand).

Current	31 December 2022	31 December 2021
Trade payables	52,105	44,907
Other taxes and social security	19,486	34,972
Current accruals, including:	68,718	76,293
- employee benefits (remuneration, vacation pay, bonuses, incentive plans)	25,367	30,207
- accrual for costs	43,351	46,086
Rebates liability	44,763	42,973
Returns liability	5,623	6,069
Liabilities related to purchase of non-current assets	10,190	13,717
Other (2)	17,974	13,007
Social Fund	14,381	14,593
Trade and other payables	233,240	246,531

(2) the amount includes the liability of Helios S.A. related to the implementation of the settlement with ZAPA (Związek Autorów i Producentów Audiowizualnych) in the amount of PLN 6,986 thousand (as at 31 December 2021 PLN 6,986 thousand).

Trade payables are non-interest bearing and are normally settled usually within 14 - 30 days.

Taxes and social security payables are non-interest bearing and are usually settled monthly. In 2021 the Group benefitted from the possibility of deferring payments of tax liabilities and social security contributions implemented under anti-crisis law.

Accounts payable include payables to related parties – details are presented in note 39.

21. CONTRACT LIABILITIES

The following table presents contract liabilities as at the balance sheet date:

	31 December 2022	31 December 2021
Non-current		
Prepayments for advertising services	445	1,778
Prepayments for subscriptions	7	30
Prepayments for film's licences	81	318
Non-current contract liabilities	533	2,126
Current		
Prepayments for advertising services	3,395	5,391
Prepayments for subscriptions	6,630	6,520
Prepayments for film's licences	434	3,092
Sale of coupons to cinemas	6,763	5,455
Other contract liabilities	74	105
Current contract liabilities	17,296	20,563

The following table presents changes in the contract liabilities during the financial year:

	Non-current	Current	Total
As at 1 January 2022	2,126	20,563	22,689
Increase from prepayments received	533	15,170	15,703
Decrease from recognised revenue	-	(20,563)	(20,563)
Reclassification	(2,126)	2,126	-
As at 31 December 2022	533	17,296	17,829

	Non-current	Current	Total
As at 1 January 2021	1,507	16,181	17,688
Increase from prepayments received	2,126	19,056	21,182
Decrease from recognised revenue	-	(16,181)	(16,181)
Reclassification	(1,507)	1,507	-
As at 31 December 2021	2,126	20,563	22,689

22. REVENUE AND OPERATING SEGMENT INFORMATION

(a) Operating segment information

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

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

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

1) the *Movies and Books* segment includes the Group's activities within the cinema management of Helios S.A., film distribution and production activities of Next Film Sp. z o.o. and Next Script Sp. z o.o. as well as the gastronomic activities of Step Inside Sp. z o.o. and Agora's Publishing House,

2) the *Digital and Printed Press* segment includes the Group's activities related to publishing of the daily *Gazeta Wyborcza* (including digital subscriptions), special editions of *Gazeta Wyborcza* magazines as well as publishing of the periodicals, as well as the printing activities (in printing plant in Warsaw that provides printing services mainly for *Gazeta Wyborcza*); in 2022 the Group changed the segment name from *Press* into *Digital and Printed Press*,

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

4) the *Internet* segment includes the following Group's activities: the Internet and multi-media products and services (mainly in terms of advertising services) within the Agora's Internet department as well as the activities of companies: Plan D Sp. z o.o., Yieldbird Sp. z o.o. and HRLink Group (from January 28, 2021 comprised of HRLink Sp. zo.o. and GoldenLine Sp. z o.o.),

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

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

The Management Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, including operating profit or loss excluding the impact of IFRS 16 (i.e. EBIT adjusted for leases that would not have been recognised as depreciated rights-of-use assets and lease liabilities, but as operating rental payments if IFRS 16 had not been in force).

Operating results of reportable segments do not include:

- a) revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable costs of campaigns carried out on advertising panels are the only cost that are included above; they are allocated from the *Outdoor* segment to other segments,
- b) amortisation recognised on consolidation (described below).

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

Reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space and parking lots in the Company's headquarters, use of computers and development and maintenance activities of IT and Big Data departments, which are allocated to segments), the Management Boards of Agora S.A., Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o., intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

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

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

Amount of investment in associates and joint ventures accounted for by the equity method include the amount of acquired shares adjusted by the Group's share of net results of those entities accounted for by the equity method. The financials presented for twelve months ended 31 December 2022 and 31 December 2021 relate to Instytut Badan Outdooru Sp. z o.o., ROI Hunter a.s. and Eurozet Sp. z o.o.

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

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2022							
	Movies and books	Digital and printed press	Outdoor	Internet	Radio	Total segments	Reconciling positions	Total Group
Revenues from external customers	449,794	205,095	165,336	176,207	109,552	1,105,984	7,135	1,113,119
Intersegment revenues (2)	10,736	4,151	2,651	4,923	6,489	28,950	(28,950)	-
Total revenues	460,530	209,246	167,987	181,130	116,041	1,134,934	(21,815)	1,113,119
Total operating cost (1), (2), (3)	(444,534)	(260,105)	(152,279)	(157,137)	(107,853)	(1,121,908)	(56,033)	(1,177,941)
Operating profit / (loss) (1)	15,996	(50,859)	15,708	23,993	8,188	13,026	(77,848)	(64,822)
Total operating cost (excl. IFRS 16) (1), (2), (3)	(463,519)	(260,107)	(154,758)	(157,137)	(108,660)	(1,144,181)	(56,824)	(1,201,005)
Operating profit / (loss) (excl. IFRS 16) (1)	(2,989)	(50,861)	13,229	23,993	7,381	(9,247)	(78,639)	(87,886)
Net finance income and cost							(47,369)	(47,369)
Share of results of equity accounted investees	-	-	(38)	(2,259)	10,833	8,536	-	8,536
Income tax							(2,008)	(2,008)
Net loss								(105,663)

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;

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

(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space and parking space in the Company's headquarters, use of computers and development and maintenance activities of IT and Big Data departments, which are allocated to segments), the Management Boards of Agora S.A., Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 92,909 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

(a) Operating segment information, continued

Twelve months ended 31 December 2022

	Movies and books	Digital and printed press	Outdoor	Internet	Radio	Total segments	Reconciling positions	Total Group
Operating depreciation and amortisation	(81,464)	(7,266)	(36,359)	(8,893)	(7,488)	(141,470)	(15,807)	(157,277)
Amortisation recognised on consolidation (1)	(517)	-	-	(597)	-	(1,114)	254	(860)
Impairment losses	(4,008)	(43,532)	(2,977)	(472)	(403)	(51,392)	(337)	(51,729)
<i>including non-current assets</i>	<i>(3,912)</i>	<i>(43,375)</i>	<i>(439)</i>	<i>(122)</i>	<i>-</i>	<i>(47,848)</i>	<i>-</i>	<i>(47,848)</i>
Reversals of impairment losses	1,799	86	413	21	34	2,353	31	2,384
<i>including non-current assets</i>	<i>1,742</i>	<i>-</i>	<i>121</i>	<i>-</i>	<i>-</i>	<i>1,863</i>	<i>-</i>	<i>1,863</i>
Cost of restructuring (2)	(1,849)	(3,367)	-	-	-	(5,216)	(75)	(5,291)
Capital expenditure	15,616	3,360	16,386	7,483	6,177	49,022	9,421	58,443

As at 31 December 2022

	Movies and books	Digital and printed press	Outdoor	Internet	Radio	Total segments	Reconciling positions (2)	Total Group
Property, plant and equipment and intangible assets	210,683	36,282	238,773	30,567	82,534	598,839	123,562	722,401
Right-of-use assets	469,671	71	65,762	66	23,422	558,992	28,346	587,338
Investments in associates and joint ventures accounted for by the equity method	-	-	175	15,311	111,960	127,446	-	127,446

(1) is not presented in operating result of the Group's segments;

(2) reconciling positions include mainly Company's headquarters (PLN 81,718 thousand) and other property, plant and equipment and intangible assets of Agora S.A. and Agora TC Sp. z o.o. support divisions not included in particular segments and intercompany eliminations.

(a) Operating segment information, continued

	Twelve months ended 31 December 2021							Total Group
	Movies and books	Digital and printed press	Outdoor	Internet	Radio	Total segments	Reconciling positions	
Revenues from external customers	305,875	198,657	128,539	228,992	98,382	960,445	5,429	965,874
Intersegment revenues (2)	6,645	5,494	1,691	4,108	6,004	23,942	(23,942)	-
Total revenues	312,520	204,151	130,230	233,100	104,386	984,387	(18,513)	965,874
Total operating cost (1), (2), (3)	(335,695)	(188,090)	(134,887)	(198,230)	(93,934)	(950,836)	(56,889)	(1,007,725)
Operating profit / (loss) (1)	(23,175)	16,061	(4,657)	34,870	10,452	33,551	(75,402)	(41,851)
<i>Total operating cost (excl. IFRS 16) (1), (2), (3)</i>	<i>(318,379)</i>	<i>(188,090)</i>	<i>(136,263)</i>	<i>(198,230)</i>	<i>(94,361)</i>	<i>(935,323)</i>	<i>(57,659)</i>	<i>(992,982)</i>
<i>Operating profit / (loss) (excl. IFRS 16) (1)</i>	<i>(5,859)</i>	<i>16,061</i>	<i>(6,033)</i>	<i>34,870</i>	<i>10,025</i>	<i>49,064</i>	<i>(76,172)</i>	<i>(27,108)</i>
Net finance income and cost							(17,462)	(17,462)
Share of results of equity accounted investees	-	-	2	(230)	9,589	9,361	-	9,361
Income tax							3,310	3,310
Net loss								(46,642)

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;

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

(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding office space costs of the Company's headquarters, use of computers and development activities of IT department, which are allocated to segments), the Management Boards of Agora S.A., Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 88,216 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

(a) Operating segment information, continued

	Twelve months ended 31 December 2021							
	Movies and books	Digital and printed press	Outdoor	Internet	Radio	Total segments	Reconciling positions	Total Group
Operating depreciation and amortisation	(82,944)	(7,409)	(37,404)	(9,688)	(7,297)	(144,742)	(15,777)	(160,519)
Amortisation recognised on consolidation (1)	(517)	-	-	(597)	-	(1,114)	254	(860)
Impairment losses	(2,221)	(3,552)	(2,442)	(113)	(663)	(8,991)	(1,190)	(10,181)
<i>including non-current assets</i>	(1,720)	(713)	(1,793)	-	-	(4,226)	(883)	(5,109)
Reversals of impairment losses	408	534	686	142	140	1,910	33	1,943
<i>including non-current assets</i>	-	-	208	-	-	208	-	208
Equity-settled share-based payments	-	-	-	(139)	-	(139)	-	(139)
Capital expenditure	12,512	4,087	8,680	8,842	4,401	38,522	5,197	43,719
	As at 31 December 2021							
	Movies and books	Digital and printed press	Outdoor	Internet	Radio	Total segments	Reconciling positions (2)	Total Group
Property, plant and equipment and intangible assets	215,763	84,129	235,558	33,262	81,130	649,842	127,080	776,922
Right-of-use assets	500,112	55	62,235	44	22,145	584,591	25,517	610,108
Investments in associates and joint ventures accounted for by the equity method	-	-	213	17,569	125,128	142,910	-	142,910

(1) is not presented in operating result of the Group's segments;

(2) reconciling positions include mainly Company's headquarters (PLN 85,436 thousand) and other property, plant and equipment and intangible assets of Agora S.A. and Agora TC Sp. z o.o. support divisions not included in particular segments and intercompany eliminations.

(b) Operating segment information, continued

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

Twelve months ended 31 December 2022

	Movies and books	Digital and printed press	Outdoor	Internet	Radio	Total segments	Reconciling positions	Total Group
Advertising revenue	32,996	60,868	159,444	171,668	109,768	534,744	(22,863)	511,881
Ticket sales	192,406	-	-	-	27	192,433	(85)	192,348
Copy sales	32,335	104,632	-	-	-	136,967	(70)	136,897
Concession sales in cinemas	103,554	-	-	-	-	103,554	(8)	103,546
Printing services	-	32,821	-	-	-	32,821	-	32,821
Gastronomic sales	38,252	-	-	-	-	38,252	-	38,252
Film distribution and production sales	31,152	-	-	-	-	31,152	-	31,152
Other	29,835	10,925	8,543	9,462	6,246	65,011	1,211	66,222
Total sales by category	460,530	209,246	167,987	181,130	116,041	1,134,934	(21,815)	1,113,119

Twelve months ended 31 December 2021

	Movies and books	Digital and printed press	Outdoor	Internet	Radio	Total segments	Reconciling positions	Total Group
Advertising revenue	18,921	64,711	122,681	222,368	98,576	527,257	(17,893)	509,364
Ticket sales	126,859	-	-	-	1	126,860	(25)	126,835
Copy sales	37,321	105,584	-	1	-	142,906	(92)	142,814
Concession sales in cinemas	62,404	-	-	-	-	62,404	-	62,404
Printing services	-	26,780	-	-	-	26,780	-	26,780
Gastronomic sales	28,685	-	-	-	-	28,685	(34)	28,651
Film distribution and production sales	12,716	-	-	-	-	12,716	-	12,716
Other	25,614	7,076	7,549	10,731	5,809	56,779	(469)	56,310
Total sales by category	312,520	204,151	130,230	233,100	104,386	984,387	(18,513)	965,874

In Movies and Books segment other revenue include among other revenues from catering business and sales of external publications.

Revenues from advertising services, film distribution in cinemas and from selling the digital access to internet services of *Gazeta Wyborcza* represent revenue recognised over time, because advertising campaigns, film distribution in cinemas and access to digital subscription represent services performed throughout the specified time agreed in contracts with customers. Revenue from other goods and services of the Company usually represent revenue recognised at a point in time, when control of the goods or services is transferred to the customer, which is at the moment, when the service is completed or goods are delivered to a customer.

23. EXPENSES BY NATURE

	2022	2021
Depreciation of property, plant and equipment (note 4)	51,066	50,788
Amortisation of intangibles (note 3)	30,290	33,830
Amortisation of right-of-use assets (note 5)	76,781	76,761
Raw materials, energy and consumables	140,826	98,894
Advertising and promotion costs	57,746	47,567
Expense relating to short-term leases	29,846	31,267
Expense relating to leases of low-value assets (that are not short-term leases)	290	225
Expense relating to variable lease payments	2,972	3,361
Taxes and similar charges	6,544	6,771
Other external services rendered	381,498	351,481
Staff costs (note 26)	370,689	315,840
Total expenses by nature	1,148,548	1,016,785
Change in the balance of products	(4)	13
Cost of production for in-house use	(48)	(50)
Total operating expenses	1,148,496	1,016,748
Selling expenses	(189,417)	(169,109)
Administrative expenses	(175,407)	(155,748)
Cost of sales	783,672	691,891

In the *Movies and Books* segment the part of rental agreements related to locations of Helios cinemas also contains variable lease payments in addition to the fixed fee, depending on the level of revenue from the sale of tickets or on the level of participation in cinemas. According to the Group's estimates for the locations covered by these conditions, an increase in income or attendance in cinemas by 1% would result in an increase in lease payments of approximately PLN 46 thousand.

24. OTHER OPERATING INCOME

	2022	2021
Gain on disposal of non-financial non-current assets	1,253	1,073
Grants received	5,586	7,123
Reversal of impairment losses for non-financial non-current assets (note 4, 5)	1,863	208
Reversal of provisions	69	1,266
Donations received	148	741
Liabilities written off	95	788
Profit from decrease of lease scope	1,235	-
Other (1)	17,045	11,112
	27,294	22,311

(1) In 2022 the item 'Other' include mainly the cancellation of preferential loan granted to Helios S.A. in the amount of PLN 14,071 thousand; in 2021 the item 'Other' includes mainly the cancellation of preferential loan granted to Helios S.A. in the amount of PLN 3,129 thousand and exemption from social security contributions for 2020 for companies Helios S.A. and Next Film Sp. z o.o. in the total amount of PLN 3,948 thousand.

► Inflow of funds from the Guaranteed Employee Benefits Fund to the Group and exemption from social security contributions

In 2021 subsidiaries Helios S.A., Step Inside Sp. z o.o. and Next Film Sp. z o.o. received employee remuneration subsidy from the GEBF in the amount of PLN 2,401 thousand. Subsidies were recognized in the other operating income of the Group in the item 'Grants received'.

Additionally, in 2021 companies Helios S.A. and Next Film Sp. z o.o. received decisions of the Social Security Office to exempt from payment social security contributions for the year 2021 and 2020 in the total amount of PLN 4,943 thousand (including exemption for 2020 recognised in Group's other operating income for 2021 amounting to PLN 3,948 thousand).

The positive impact of these events on the Group result amounted to PLN 7,344 thousand in 2021.

25. OTHER OPERATING EXPENSE

	2022	2021
Impairment losses recognised for non-financial non-current assets (note 3, 4, 5)	47,848	5,109
Donations	860	1,057
Provisions recognised	249	1,229
Liquidation of fixed assets including dismantling panels	1,863	1,130
Loss on the decrease of lease scope	-	498
Other	3,431	1,769
	54,251	10,792
Impairment losses recognised for receivables - net		
Impairment losses recognised for receivables (note 10)	3,010	4,231
Reversal of impairment losses for receivables (note 10)	(522)	(1,735)
	2,488	2,496

26. STAFF COSTS

	2022	2021
Wages and salaries	304,642	263,152
Costs related to group layoffs (note 19)	5,291	-
Social security costs	60,756	52,688
	370,689	315,840
Average number of employees	2,363	2,288

The headcount figure include employees of Agora S.A. and of the companies consolidated using the full consolidation method (see note 38).

27. MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

The remuneration of the Management Board members is based on three elements – fixed remuneration (base salary), variable component (motivation plans and discretionary bonuses) and non-wage benefits, whose scope is determined by the Supervisory Board.

Remuneration paid to Management Board members for the period of holding the post of a Management Board member is presented in the table below:

	2022	base salary	variable component	other benefits
Management Board				
Bartosz Hojka	1,687	850	832	5
Tomasz Jagiełło	728	254	474	-
Anna Kryńska - Godlewska	1,111	632	474	5
Tomasz Grabowski	1,040	756	278	6
Agnieszka Siuzdak-Zyga (1)	609	415	194	-
Wojciech Bartkowiak (2)	436	434	-	2
Agnieszka Sadowska (3)	395	-	395	-
	6,006	3,341	2,647	18

	2021	base salary	variable component	other benefits
Management Board				
Bartosz Hojka	1,621	800	817	4
Tomasz Jagiełło	724	240	484	-
Anna Kryńska - Godlewska	1,088	600	484	4
Agnieszka Sadowska (3)	988	500	484	4
Tomasz Grabowski (4)	420	420	-	-
Agnieszka Siuzdak-Zyga (1)	205	205	-	-
Grzegorz Kania (5)	484	-	484	-
	5,530	2,765	2,753	12

- (1) *Agnieszka Siuzdak-Zyga was the member of the Company's Management Board from August 5, 2021 till August 31, 2022;*
- (2) *Wojciech Bartkowiak is the member of the Company's Management Board from April 21, 2022;*
- (3) *Agnieszka Sadowska was the member of the Company's Management Board until October 20, 2021; variable remuneration paid in 2022 relates to the Incentive Plan for the period of holding the post of a Management Board member in 2021;*
- (4) *Tomasz Grabowski is the member of the Company's Management Board from June 1, 2021;*
- (5) *Grzegorz Kania was the member of the Company's Management Board until September 28, 2020; variable remuneration paid in 2021 relates to the Incentive Plan for the period of holding the post of a Management Board member in 2019.*

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 386 thousand (in 2021: in the amount of PLN 423 thousand). The other members of Agora's Management and Supervisory Board did not receive any remuneration for serving as board members in subsidiaries, joint ventures and associates.

The impact on staff costs of the incentive plan for the Management Board of Agora S.A. based on financial instruments is described in note 28.

The information related to liabilities to formerly Management Board members is described in note 19.

Remuneration paid to Supervisory Board members comprised fixed salary and is presented in the table below:

Supervisory Board	2022	2021
Andrzej Szlezak	144	144
Wanda Rapaczynski	96	96
Tomasz Sielicki	96	96
Dariusz Formela	96	96
Maciej Wisniewski	96	96
Tomasz Karusewicz	96	96
	624	624

28. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

a) Incentive Plan for the Management Board members

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

- (i) the stage of realisation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The amount of a potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target fulfilment, which is specified as the EBITDA level of the Agora Group to be reached in the given financial year determined by the Supervisory Board. The fulfilment of the EBITDA target will be determined on the basis of the audited consolidated financial statements of the Agora Group for the given financial year;
- (ii) the percentage of Company's share price increase ("the Target of Share Price Increase"). The amount of a potential bonus in this component of the Incentive Plan will depend on the percentage of Company's share price increase in the future. The share price increase will be calculated as a difference between the average of the quoted closing Company's share prices in the first quarter of the financial year commencing after the financial year for which the bonus is calculated ("the Average Share Price in IQ of Next Year") and the average of the quoted closing Company's share prices in the first quarter of the financial year for which the bonus is calculated ("the Average Share Price in IQ of Bonus Year"). If the Average Share Price in IQ of Next Year will be lower than the Average Share Price in IQ of Bonus Year, the Target of Share Price Increase is not satisfied and the bonus in this component of the Incentive Plan will not be granted, however, the Supervisory Board retains a right to the final verification of the Target of Share Price Increase by reference to the dynamics of changes in stock exchange indexes on capital markets.

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

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

As at 31 December 2022 the Company did not include a reserve for potential reward from the fulfilment of the EBITDA target in 2022 due to the failure to reach the EBITDA result to pay the incentive plan element. As at 31 December 2021, the value of the potential reward was estimated on the basis of the best estimate of the expected value of achieving the EBITDA target in 2021.

The value of the potential reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. That value is charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan. As at 31 December 2022, the estimated Average Share Price in IQ of Next Year was below the Target of Share Price Increase and the accrual for this component of the Incentive Plan was not recognised in the balance sheet. As at 31 December 2021, the value of the provision for the Target of Share Price Increase includes estimated value of the potential reward for share price component of Plan for 2021, which was charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan.

Total impact of the Incentive Plan on the consolidated financial statements of Agora S.A. is presented below:

	2022	2021
Income statement – increase of staff cost	-	(2,572)
Income statement - deferred income tax	-	489
Liabilities - accruals - as at the end of the period	-	2,572
Deferred tax asset - as at the end of the period	-	489

The cost of the Incentive Plan concerning the Management Board of Agora S.A.:

	2022	2021
Bartosz Hojka	-	808
Tomasz Jagiełło	-	460
Agnieszka Sadowska (1)	-	383
Anna Kryńska - Godlewska	-	460
Tomasz Grabowski (2)	-	270
Agnieszka Siuzdak - Zyga (3)	-	191
	-	2,572

(1) Agnieszka Sadowska was the member of the Company's Management Board until October 20, 2021;

(2) Tomasz Grabowski is the member of the Company's Management Board from June 1, 2021;

(3) Agnieszka Siuzdak-Zyga was the member of the Company's Management Board from August 5, 2021 till August 31, 2022.

b) Incentive plan based on shares in subsidiary

In 2017 the eligible employees of subsidiary Yieldbird Sp. z o.o. joined an equity-settled incentive program based on company shares. On the basis of the plan, the eligible employees received three tranches of shares in this company. The grant of shares was dependent on the fulfilment of a non-market condition, which is the continuation of employment within the agreed vesting period. The fair value of the shares determined at the grant date was recognised in staff costs over the vesting period with a corresponding increase in equity. In the second quarter of 2021 Agora S.A. concluded an agreement with program participants on the basis of which the end of the vesting period of the last tranche of shares was extended from July 1, 2021 to November 1, 2022 and Agora S.A. undertook obligation to purchase the last tranche of shares. On December 9, 2022 Agora S.A. acquired 41 shares as part of the redemption of the last tranche of shares and, as a result of this transaction, the liabilities related to the incentive plans were settled.

The impact of the incentive plan based on shares in subsidiary Yieldbird on the consolidated financial statements of the Agora Group is presented in the table below:

	Twelve months ended 31 December 2022	Twelve months ended 31 December 2021
Income statement - staff costs	(380)	(858)
<i>including recognition of cost of equity-settled plan</i>	-	(139)
<i>including remeasurement of cash-settled plan</i>	(380)	(719)
Equity - non-controlling interest	-	(976)
<i>including recognition of cost of equity-settled plan</i>	-	139
<i>including reclassification of equity-settled plan to liabilities</i>	-	(1 115)
Liability arising from incentive plans	-	1 834
<i>including reclassification of equity-settled plan to liabilities</i>	-	1 115
<i>including remeasurement of cash-settled plan</i>	-	719
<i>including the amount of liability as at 31 December 2021</i>	1 834	-
<i>including remeasurement of liability in 2022</i>	380	-
<i>including settlement of liability in 2022</i>	(2 214)	-

29. FINANCE INCOME

	2022	2021
Interests on loans and similar items	305	59
Other interest and income from short-term financial assets	2,446	668
Reversal of impairment losses for financial assets	63	64
F/x gains	-	2,054
Valuation of put option (note 35)	3,442	1,883
Other (2)	272	2
	6,528	4,730

30. FINANCE COST

	2022	2021
Interest on loans payable and similar items	9,891	4,330
Lease interest	26,603	15,304
Other interest (1)	455	679
Valuation of put options	6,704	1,879
F/x losses	10,244	-
	53,897	22,192

31. INCOME TAXES**Income tax recognised in the consolidated income statement**

	2022	2021
Current tax expense		
Current year	(4,130)	(3,394)
Adjustments for prior periods	146	246
	(3,984)	(3,148)
Deferred tax expense		
Origination and reversal of temporary differences	2,488	6,508
Utilization of tax loss	(131)	(6)
Origination of tax loss	452	158
Change in tax rate	-	(191)
The amount of benefit from a previously unrecognised tax loss	239	489
The amount of benefit from a temporary difference of a prior period	-	(294)
The adjustment of deferred tax related to tax losses	(1,072)	(206)
	1,976	6,458
Total tax expense recognised in the income statement	(2,008)	3,310

Income tax expense recognised in other comprehensive income

	2022	2021
Actuarial gains/(losses) on defined benefit plans	(218)	88
Total tax expense recognised in other comprehensive income	(218)	88

Current tax receivables and liabilities are expected to be recovered or settled within one year.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate ruling in the particular year 19% as follows:

	2022	2021
Loss before tax	(103,655)	(49,952)
Tax calculated at a rate of 19% (2021: 19%)	19,695	9,491
Tax effect of:		
Share of results of equity accounted investees	1,622	1,779
Other non-taxable revenues	3,220	1,305
Impairment losses for other assets	(109)	-
Other non-deductible expenses	(5,498)	(2,369)
Impairment loss recognised for goodwill	(8,241)	-
Temporary differences for which deferred tax was not recognised	1,073	175
Utilisation of tax losses for which deferred tax was not recognised	19	-
Tax losses for which deferred tax was not recognised	(14,123)	(7,383)
Recognition of deferred tax on tax losses from previous periods	239	489
Recognition/(derecognition) of deferred tax for temporary differences from previous period	-	(294)
Other	95	117
Tax calculated at an effective rate of 1,9% (2021: 6,6%)	(2,008)	3,310

32. EARNINGS PER SHARE

In calculating earnings per share the following variables were used:
as numerators – net profits/(losses) attributable to equity holders of the Company for the respective years,
as denominators - the average number of shares in the current year which is 46,580,831 for 2022 (2021: 46,580,831).

Weighted average number of shares

	2022	2021
At the beginning of the period	46,580,831	46,580,831
At the end of the period	46,580,831	46,580,831

There are no dilutive factors.

33. BUSINESS COMBINATIONS

▶ Eurozet Sp. z o.o.

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

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

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

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

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

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

The judgment was not final and the parties had right to appeal against it within two weeks of receiving the written justification for the judgment.

On 28 July, 2022 on the basis of information obtained at the registry of the District Court in Warsaw - Court of Competition and Consumer Protection ("Court"), Agora S.A. ("Company", "Agora") learned that on 26 July 2022, the President of the Office of Competition and Consumer Protection ("President of UOKiK") appealed against the judgment of the Court of 12 May 2022 amending in its entirety the decision of the President of the Office of Competition and Consumer Protection of 7 January 2021, prohibiting Agora taking control over Eurozet Sp. z o.o. ("Decision").

After conducting the proceedings on the appeal of the Company on 12 May 2022, the Court announced a judgment changing in its entirety the decision of the President of UOKiK of 7 January 2021.

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

The President of UOKiK appealed against the above judgment. Company responded to the appeal of the President of UOKiK.

On August 19, 2022 Agora S.A. ("Agora") completed negotiations on the amendment of the Shareholders' Agreement conducted so far with SFS Ventures. As a result of the completed negotiations, Agora concluded with SFS Ventures Annex No. 5 to the Shareholders' Agreement ("Annex No. 5"). In particular, the Annex no. 5 changed the date of exercising the Call Option. Under the Annex No. 5, Agora is entitled (but not obliged) to exercise the Call Option in the period that commenced 12 months after 20 February 2019, i.e. the date of purchase of 40% of Eurozet shares by Agora S.A. and 60% of Eurozet shares by SFS Ventures, and ending on 31 July 2025.

At the same time, provisions were added to the Shareholders' Agreement regarding the possibility of shortening the period of exercising the Call Option in the event of a significant deterioration of the aggregate net debt ratio to the adjusted aggregate EBITDA ratio, in each case calculated jointly for the consolidated data of Agora Group and Eurozet Group, in accordance with the calculation mechanism specified in detail in the Shareholders' Agreement.

Changes were also made to the method of considering some of the financial ratios achieved by SFS Ventures, which affect the determination of the purchase price of Eurozet shares covered by the Call Option by Agora.

The other provisions of the contract have not been materially changed.

On November 15, 2022 the Management Board of Agora S.A. ("Company") informed that the Company was informed of the delivery to Agora's proxy, of the appeal of the President of the Office of Competition and Consumer Protection

against the judgment of the Warsaw District Court – Court for Competition and Consumer Protection of May 12, 2022 (case No. XVII AmA 61/21) (“Judgement”) amending in its entirety the decision of the President of the Office of Competition and Consumer Protection dated January 7, 2021 (“Decision”), prohibiting the concentration – taking control over Eurozet sp. z o.o. by the Company (“Transaction”). The Judgement amended the Decision so that an unconditional consent for the Transaction was granted.

The Company analysed the content of the appeal. In the appeal, the President of the Office of Competition and Consumer Protection demands amendment of the appealed Judgement through dismissal of the Company’s appeal in its entirety, alternatively, revocation of the appealed Judgement in its entirety and referring the case back for rehearing to the Warsaw District Court – Court for Competition and Consumer Protection.

The Company finds the Judgement correct and does not agree with the position presented in the appeal. Consequently, in accordance with the former regulatory filing, the Company responded to the appeal.

Further events after the balance sheet date related to the completion of the litigation and the acquisition of additional shares in Eurozet Sp. z o.o. were disclosed in note 42.

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

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

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

The increase in the company's capital was entered into the National Court Register on July 13, 2022 and on that date Agora S.A. became the owner of 3.54% of shares in the share capital of Garmond Press S.A. and 2.33% of votes at the company's general meeting. As a result of conducted conversion the written-off receivables in the amount of PLN 1,026 thousand were converted to shares of Garmond Press S.A. (note 6).

► **Yieldbird International Ltd**

On July 27, 2022 Yieldbird International Ltd was incorporated, which is a company under UK law with Yieldbird Sp. z o.o. as the sole shareholder. Agora S.A. holds 100% of shares in Yieldbird Sp. z o.o. The company Yieldbird International Ltd did not undertake any business activities until the balance sheet date.

► **Helios Media Sp. z o.o.**

On September 1, 2022 the Company Helios Media Sp. z o.o., with Helios S.A. acting as the sole shareholder, has been registered in the National Court Register. Agora S.A. holds 91.5% of shares in Helios S.A.

► **Plan G Sp. z o.o.**

On October 5, 2022 the company Plan G Sp. z o.o., whose sole shareholder is Agora S.A. As, was established. At the publication date of the report, the company has not yet been registered with the National Court Register. The company was registered in the National Court Register on January 27, 2023.

► **Next Script Sp. z o.o.**

On October 27, 2022 Next Film Sp. z o.o. acquired from Last Moment Production Sp. z o.o. 800 shares in Next Script Sp. z o.o.

On 14 November 2022 Next Film Sp z o.o. acquired 800 shares in Next Script Sp. z o.o. from Dariusz Michalczewski, thereby Next Film on 14 November 2022 became the sole shareholder in Next Script Sp. z o.o. holding all 9400 shares of the share capital.

The total expenditure for acquisition of 1 600 shares in the company Next Script Sp. z o.o. including transaction cost amounted to PLN 80,800.

The sole shareholder of the company Next Film Sp. z o.o. is the company Helios S.A., in which Agora S.A. holds 91,5 % of shares.

► **Yieldbird Sp. z o.o.**

On December 9, 2022, Agora S.A. acquired 41 shares in Yieldbird Sp. z o. o. from minority shareholders. The total purchase price of the shares was PLN 2,215 thousand while the total expenditure for acquisition of shares including transaction costs amounted to PLN 2,237 thousand. As a result of this transaction, Agora S.A. z o. o. became the sole shareholder of the company and holds 967 shares in the share capital of Yieldbird sp. z o. o. with a total nominal value of PLN 48.350,00.

The above change was registered by the District Court for the capital city of Warsaw in Warsaw on January 19, 2023.

► **Call for repurchase of shares in associate Helios S.A.**

On 29 March 2016, a minority shareholder ("the Minority Shareholder") of Helios S.A. holding 320,400 shares in that company, which represent 2.77% of the share capital ("the Shares"), addressed to Helios S.A. a call under Art. 418 (1) of the Code of Commercial Companies (hereinafter: "CCC") for convening the General Shareholders' Meeting and putting the issue of passing a resolution on mandatory sell-out of the Shares ("the Call") on its agenda.

As a result of: (i) the Call, (ii) the subsequent calls made under Article 418(1) of the CCC by the Minority Shareholder and other minority shareholders of Helios S.A. who acquired a part of the Shares from the Minority Shareholder, and (iii) the resolutions passed by the General Shareholders' Meeting of Helios S.A. on 10 May 2016 and 13 June 2016, two sell-out procedures (under Art. 418(1) of the CCC) and one squeeze-out procedure (under Art. 418 of the CCC) are currently pending at Helios S.A., aimed at the purchase of the Shares held by the Minority Shareholder and other minority shareholders by two shareholders of Helios S.A. (including Agora S.A.).

i. Sell-out

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

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

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

(ii) Squeeze-out procedure

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

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

34. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- credit risk,
- liquidity risk,
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The Management Board of the parent entity has overall responsibility for the establishment and oversight of the Group's risk management framework. The Policy of Risk Management functions within the Group that determines the rules and the framework of risk management process as well as establishes the responsibilities of its participants.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Company Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, granted loans and investment securities.

The maximum exposure to credit risk corresponds to the carrying amount of financial instruments.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group's credit risk is limited due to a great number and diversification of customers. The biggest customers (in respect of the turnover) are press distributors and advertisers (companies unrelated to the Group). The value of transactions with one of customers of the Group (Google Ireland Ltd) exceeded 10% of the total revenue of the Group in 2022. Revenue from sale to this customer in 2022 amounted to PLN 131,914 thousand and was disclosed in Internet segment.

The Group establishes an allowance for impairment that represents its estimate of expected credit losses. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective expected loss component established based on historical data of payment statistics for group of similar financial assets and future expectations.

The analysis of credit risk exposure on the basis of ageing of trade receivables as at balance sheet date and changes in impairment losses for receivables are presented in note 10.

Investments

The Group limits its exposure to credit risk by diversification of its investments in investment funds, which invest in different classes of debt instruments. The Group does not acquire securities directly, but only through investment funds. At the same time, the Company invest only in liquid securities or bank deposits.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group generates positive operating cash flow and has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. In addition, as at December 31, 2022, the Group maintains credit facilities in Santander Bank Polska S.A., BNP Paribas Bank Polska S.A. oraz mBank S.A (described in note 15). As at 31 December 2022 the value of available and undrawn loan financing amounted to PLN 48.5 million.

Helios S.A. completed negotiations with the banks and signed annexes to the loan agreements, in which it agreed new loan repayment schedules adapted to its current financial capacity.

In addition, the Company has implemented a liquidity management system, which functions within the Group ("the Cash Pooling Agreement"). The agreement was signed on June 14, 2022 between Santander Bank Polska S.A. on the one side and Agora S.A. and selected subsidiaries companies from the group from the other side. In 2021 the Company was a participant of the cash pool agreement signed on May 25, 2017 between DNB Bank Polska S.A. on the one side and Agora S.A. and selected subsidiaries companies from the group from the other side. The Cash Pooling Agreement aims to optimize cash liquidity and the most efficient management of cash for entities participating in the cash pooling system. Agora S.A. acts as a cash pool leader within the system. Intra-group balances and transactions related to cash pooling agreement are eliminated in the consolidated financial statements.

Payment deadlines concerning trade payables are described in note 20 and bank loans in note 15. Future estimated cash flows related to financial liabilities are described in note 35.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the rate of return.

Foreign currency risk

Foreign exchange risk is related to sales of printing services, advertising services, copy sales to foreign customers, purchases of newsprint which is contracted in EURO, fixed asset purchases and rent of premises, which are also partly

contracted in foreign currencies, mainly EURO and USD. The Group's foreign currency risk is significantly impacted by the carrying valuation of lease liabilities.

Cash and cash equivalents denominated in foreign currency amounted to PLN 5,682 thousand as at balance sheet date (31 December 2021: PLN 5,137 thousand), mainly in EURO (PLN 3,602 thousand) and USD (PLN 2,081 thousand).

Accounts receivable in foreign currency amounted to PLN 6,665 thousand as at balance sheet date (31 December 2021: PLN 7,624 thousand), principally in EURO (PLN 4,383 thousand) and USD (PLN 2,240 thousand).

Liabilities requiring settlement in foreign currency amounted to PLN 519,137 thousand as at balance sheet date (31 December 2021: PLN 542,570 thousand), payable principally in EURO (PLN 518,704 thousand) and USD (PLN 389 thousand) and mainly related to leases.

The Group does not hedge against exchange rate risk by entering into long-term hedging contracts.

In 2022, Agora S.A. was not engaged in any currency option instruments or other derivatives (used for hedging or speculative ones).

Interest rate risk

The Group invests in short-term deposits and short-term securities with variable interest rates. All the deposits and securities mature within one year.

Additionally, the Group has interest bearing bank loans, borrowings and finance lease agreements with interest at a floating rate based on WIBOR 1M or 3M.

Further information on balances as at balance sheet date are presented in note 35.

Sensitivity analysis

a) Interest rate risk

The Group has financial instruments (including bank deposits, credits and loans). Their fair values and the fair value of future cash flows connected with them may fluctuate due to changes in interest rates. As at 31 December 2022, assuming a +/- 1pp change in interest rates, the impact of changes in fair value of financial instruments is estimated at the level of net loss/profit of PLN 507 thousand (as at December 31, 2021: net loss/profit of PLN 63 thousand).

b) Foreign currency risk

The Group has financial instruments (including bank deposit, receivables, and payables) and lease liabilities. Their fair values and the fair value of future cash flows connected with them may fluctuate due to changes in interest rates. As at 31 December 2022, assuming the appreciation/depreciation of Polish zloty by 5%, the fair value of financial instruments that will fluctuate, is estimated to impact the net profit/loss in the amount of PLN 20,525 thousand (as at December 31, 2021: PLN the net profit/loss in the amount of 21,457 thousand).

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Further growth of the Group is the Management Board's overarching priority and the Group plans to use its capital in order to achieve that objective, building its long term value for shareholders. The Management Board monitors the ratio levels: ROCE and the paid dividend per share. Each decision concerning dividend payments or share repurchases is made after conducting proper analyses of the Company's financial position, investment capacity at the time, the balance sheet structure, bank loans requirements and the Company's share price quoted on the stock exchange and is approved by the General Meeting of Shareholders.

In the reported period there were no changes in the capital management policy.

The Management Board focuses on keeping the balance between possibility to reach higher rate of return ratio (if the debt level is higher) and advantages and security reached at the stable capital level.

35. FINANCIAL INSTRUMENTS

1) General information

	Short-term financial assets	Bank deposits	Loans granted	Bank and other loans received
a) Classification	Certificates in investment funds – financial asset at fair value through profit or loss	Financial assets measured at amortized cost	Financial assets measured at amortized cost	Financial liability
b) Nature of the instrument	Short-term low risk investments	Short-term low risk investments	Long- and short-term loans	Bank loans and non-current loans
c) Carrying value of the instrument	2022: PLN did not occur 2021: PLN 1 thousand	2022: PLN 35,306 thousand 2021: PLN 52,285 thousand	2022: PLN 2,850 thousand 2021: PLN 3,860 thousand	Bank loans 2022: PLN 99,374 thousand 2021: PLN 101,181 thousand Loans: 2022: PLN 5,303 thousand 2021: 1,522 thousand
d) Value of the instrument in foreign currency, if applicable	n/a	n/a	n/a	n/a
e) Purpose of the instrument	Investing of cash surpluses	Investing of cash surpluses	Financing of related companies and entities co-operating with the Group	Bank loan – investment needs Bank overdraft – operating needs Preferential loan – operating needs
f) Amount on which future payments are based	Total value of assets	Total value of deposits	Face value	Face value
g) Amount and timing of future cash receipts or payments	Interest depending on maturity	Interest depending on maturity	Interest depending on maturity	Bank loans - Interests paid monthly, preferential loan – interest paid quarterly
h) Date of repricing, maturity, expiry or execution	Liquid	Liquid – overnight or within 3 months	According to maturity dates in agreements repaid in instalments till 30 December 2025	Payment terms for all loans are described in note 15
i) Early settlement option	Any time	Any time	Possible	Possible
j) Execution price or range of prices	Market value	Face value plus interests	Face value plus interests	Face value plus interests
k) Option to convert or exchange instrument to other asset or liability	None	None	None	None

	Short-term financial assets	Bank deposits	Loans granted	Bank and other loans received
l) Stated rate or amount of interest, dividend or other periodic return and the timing of payments	According to valuation of certificates, based on currency market instruments Timing of payments – at maturity, on the basis of the Group’s decision	WIBID minus margin Timing of payments – at maturity	WIBOR + margin Timing of payments – instalments or at maturity date	Bank loans – WIBOR + bank margin Preferential loan – fixed rate Timing of payments – monthly or quarterly
m) Collateral held or pledged	None	None	Registered pledge on advertising panels in case of loan in the carrying amount of PLN 2,700 thousand	Collaterals are described in note 15
n) Other conditions	None	None	None	Bank loans are due in case of breach of covenants included in agreements
o) Type of risk associated with the instrument	Interest rate, credit risk of financial institution	Interest rate, credit risk of financial institution	Interest rate, credit risk of subsidiaries and associates	Interest rate
p) Fair value of the instrument	Equal to carrying value	Close to carrying value	Close to carrying value	Close to carrying value
q) Method of fair value determination	Market quotations	Discounted cash flow	Discounted cash flow	Discounted cash flow
Interest rate risk				
r) Description of the risk	Due to floating rate	Due to floating rate	Due to floating rate	Due to floating rate
s) Contractual repricing or maturity date	See point h)	See point h)	See point h)	See point h)
t) Effective interest rate	Close to nominal	Close to nominal	Close to nominal	Close to nominal
Credit risk				
u) Description of the risk	Depending on the creditworthiness of the financial institution	Depending on the creditworthiness of the bank	Depending on the creditworthiness of the borrowers	None
w) Maximum credit risk exposure	Amount deposited	Amount deposited less amount from BFG	Amount deposited	n/a

The information about trade receivables is included in note 10 and about trade payables in note 20.

2) Detailed information on financial instruments

	2022	2021
Interest income on financial assets		
Bank deposits	2,380	107
Loans granted	305	59
Other	8	2
Interest and commissions expense on financial liabilities		
Bank loans	(9,837)	(4,317)
Lease liabilities	(26,603)	(15,304)
Loans received	(54)	(13)
Other	(171)	(109)

3) Fair value hierarchy for financial instruments

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

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

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

	As at 31 December 2022	Level 1	Level 2	Level 3
Certificates in investment funds	-	-	-	-
Financial assets measured at fair value	-	-	-	-
Put option liabilities	37,606	-	-	37,606
Financial liabilities measured at fair value	37,606	-	-	37,606
	As at 31 December 2021	Level 1	Level 2	Level 3
Certificates in investment funds	1	-	1	-
Financial assets measured at fair value	1	-	1	-
Put option liabilities	34,344	-	-	34,344
Financial liabilities measured at fair value	34,344	-	-	34,344

The table below shows reconciliation from the beginning balance to the ending balance for financial instruments in Level 3 of the fair value hierarchy:

	As at 31 December 2022	As at 31 December 2021
Opening balance	34,344	34,548
Remeasurement recognised in profit or loss, incl.:		
- <i>finance income</i> (1)	3,262	(4)
- <i>finance cost</i> (2)	3,442	1,883
- <i>finance cost</i> (2)	(6,704)	(1,879)
Exercise of the put option (3)	-	(200)
Closing balance	37,606	34,344

(1) in 2022 relates to the change in the valuation of put options for non-controlling shareholders of Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.) and HRlink Sp. z o.o.; in 2021 relates to the change in the valuation of put options for non-controlling shareholders of HRlink Sp. z o.o.

(2) in 2022 relates to the change in the valuation of put options for non-controlling shareholders of Helios S.A.; in 2021 concerns the change in the valuation of put options for non-controlling shareholders of Helios S.A. and Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.).

(3) relates to a call to purchase 0.04% shares of Helios S.A. exercised on October 29, 2021 by a non-controlling shareholder pursuant to the provisions of an option agreement dated October 29, 2010.

In case of Helios S.A. options, the estimated value of liability depends mainly on the estimated operational result EBIT for two financial years preceding the agreed dates of exercising the option and discount rate adopted for valuation.

In case of HRlink Sp. z o.o. options, the future price of acquiring the shares depends on the value of company EBITDA and the level and structure of revenues in the financial year preceding the exercising of the put option.

Key assumptions that are most significant to the fair value measurement of financial instruments in Level 3 of the fair value hierarchy include Helios put options parameters, i.e. estimated level of the operating result EBIT and discount rate.

In case of the put option granted to the non-controlling shareholders of Helios S.A., an increase of the estimated EBIT level over the period specified in put option conditions by 10%, would cause an increase of put option liability by c.a. PLN 4,369 thousand, while an increase of the discount rate by 1pp, would cause a decrease of the liability by c.a. PLN 1,635 thousand.

4) Cash flows related to financial liabilities

The future estimated undiscounted cash flows related to financial liabilities based on contractual maturities at the balance sheet date are presented below:

	31 December 2022					
	Contractual cash flows	6 months or less	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bank loans	111,381	40,810*	16,929	33,616	20,026	-
Loans received						
Lease liabilities	897,136	54,819	51,861	100,487	239,403	450,566
<i>including: Lease liabilities resulting from the application of IFRS 16</i>	<i>864,995</i>	<i>47,311</i>	<i>45,148</i>	<i>88,888</i>	<i>233,082</i>	<i>450,566</i>
Trade payables	52,105	52,105	-	-	-	-
Put option liabilities	59,060	-	-	916	58,144**	-
Liabilities related to purchase of non-current assets	14,646	9,826	364	533	1,733	2,190
Total	1,139,847	158,411	70,009	136,521	322,150	452,756

* as at December 31, 2022 there is PLN 9 million of overdraft of Helios S.A. presented in the amount of bank loans with maturity date up to 6 months, which according to an amendment signed in February 2023 will be repaid in installments in future periods (additional information on concluded amendment in note 42).

** liquidity period according to the estimated optimal economic period of put option realisation by non-controlling shareholders of Helios S.A. based on long-term financial forecasts included in the valuation of the put option. According to option agreements, there is also a possibility of settling part of options in former liquidity periods (additional information about put option valuation is disclosed in note 35 point 3).

	31 December 2021					
	Contractual cash flows	6 months or less	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bank loans	102,151	68,567	11,505	20,397	1,682	-
Loans received						
Lease liabilities	890,931	49,335	48,459	93,021	235,850	464,266
<i>including: Lease liabilities resulting from the application of IFRS 16</i>	<i>843,928</i>	<i>41,305</i>	<i>40,623</i>	<i>79,963</i>	<i>217,771</i>	<i>464,266</i>
Trade payables	44,907	44,907	-	-	-	-
Put option liabilities	49,853	-	-	-	5,943	43,910*
Liabilities related to purchase of non-current assets	15,827	13,093	624	247	795	1,068
Total	1,105,221	176,295	60,978	114,434	244,270	509,244

* liquidity period according to the estimated optimal economic period of put option realisation by non-controlling shareholders of Helios S.A. based on long-term financial forecasts included in the valuation of the put option. According to option agreements, there is also a possibility of settling part of options in former liquidity periods (additional information about put option valuation is disclosed in note 35 point 3).

Additional information on liquidity risk management is disclosed in note 34.

5) Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities (including changes arising from cash flows and non-cash changes) are presented in table below:

	Cash flows			Non-cash changes				As at 31 December 2022	
	As at 31 December 2021	Capital	Interests and commissions	Recognition of assets under lease	Interests and commissions accrued	Loan cancellation	F/X differences		Reducing the scope of the agreements
Bank loans	101,181	(1,654)	(9,582)	-	9,679	(250)	-	-	99,374
Lease liabilities	704,020	(80,874)	(25,837)	65,502	26,603	-	10,796	(8,131)	692,079
Loans received	1,522	17,852	(54)	-	54				5,303

	Cash flows			Non-cash changes				As at 31 December 2021	
	As at 31 December 2020	Capital	Interests and commissions	Recognition of assets under lease	Interests and commissions accrued	Loan cancellation	F/X differences		Reducing the scope of the agreements
Bank loans	138,017	(36,844)	(3,711)	-	3,719	-	-	-	101,181
Lease liabilities	729,966	(54,180)	(17,079)	69,927	15,304	-	(2,204)	(37,714)	704,020
Loans received	-	4,651	(13)	-	13	(3,129)	-	-	1,522

36. CONTRACTUAL INVESTMENT COMMITMENTS

Contractual investment commitments related to property, plant and equipment existing at the balance sheet date amounted to PLN 10,858 thousand (31 December 2021: PLN 12,227 thousand) and to intangible assets amounted to PLN 680 thousand (31 December 2021: 383 PLN thousand).

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

37. CONTINGENCIES

As of 31 December 2022 and 31 December 2021, the Group had no contingencies to third parties.

Information on contingent liabilities related to legal disputes is described in note 19.

38. GROUP COMPANIES

Basic information about the companies composing the Agora Group is presented in the tables below:

		31 December 2022							
		% of shares held (effectively)	Assets		Liabilities		Revenue	Net result	Other comprehensive income
			Non-current	Current	Non-current	Current			
Companies consolidated (1)									
1	AMS S.A., Warsaw	100.0%	208,165	69,685	57,187	77,934	165,107	14,452	99
2	IM 40 Sp. z o.o., Warsaw (2)	72.0%	1,142	3,453	964	673	3,286	1,381	-
3	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	55,673	13,533	20,986	11,652	53,031	27	58
4	AMS Serwis Sp. z o.o., Warsaw (3)	100.0%	32,681	31,267	1,498	7,105	28,981	2,679	5
5	Inforadio Sp. z o.o., Warsaw (2)	66.1%	3,960	7,045	2,917	2,069	16,647	2,841	15
6	Agora TC Sp. z o.o., Warsaw	100.0%	326	1,832	37	830	5,467	879	3
7	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	4,708	29,322	259	23,732	111,240	5,981	33
8	Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Warsaw	100.0%	2	3,043	-	22	-	39	-
9	Helios S.A., Lodz (8)	91.5%	636,017	31,079	525,974	173,444	338,064	(36,118)	101
10	Next Film Sp. z o.o., Warsaw (4)	91.5%	7,770	10,972	32	9,180	39,430	2,195	4
11	Yieldbird Sp. z o.o., Warsaw (7)	100.0%	8,492	25,837	6	22,026	107,726	343	4
12	Next Script Sp. z o.o., Warsaw (4),(5)	91.5%	-	342	-	-	350	(23)	-
13	Optimizers Sp. z o.o., Warsaw (3)	100.0%	7,942	6,449	12,358	3,780	3,720	(781)	-
14	Goldenline Sp. z o.o., Szczecin (6)	79.8%	62	163	2	1,829	2,001	(1,049)	2
15	Plan A Sp. z o.o., Warsaw	100.0%	-	37	-	5	-	(21)	-
16	Agora Finanse Sp. z o.o., Warsaw	100.0%	19	624	-	194	1,537	261	-
17	Step Inside Sp. z o.o. (4)	82.3%	30,075	3,208	19,908	12,718	38,613	(4,706)	1
18	Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.), Warsaw (3)	92.0%	299	3,329	-	3,705	8,894	106	-
19	HRLink Sp. z o.o., Szczecin	79.8%	2,305	627	600	1,059	10,690	(1,010)	-
20	Yieldbird International Ltd, London (7)	100.0%	-	-	-	-	-	-	-
21	Helios Media Sp. z o.o., Lodz (4),(8)	91.5%	18	9	-	24	-	(2)	-
22	Plan G Sp. z o.o., Warsaw (9)	100.0%	-	4	-	-	-	(1)	-

- (1) *the presented data are before elimination of intergroup transactions;*
- (2) *indirectly through GRA Sp. z o.o.;*
- (3) *indirectly through AMS S.A.;*
- (4) *indirectly through Helios S.A.;*
- (5) *indirectly through Next Film Sp. z o.o.;*
- (6) *indirectly through HRlink Sp. z o.o.;*
- (7) *indirectly through Yieldbird Sp. z o.o., the company incorporated on July 27, 2022;*
- (8) *company registered in the National Court Register on September 1, 2022;*
- (9) *company registered in the National Court Register on January 27, 2023.*

38. GROUP COMPANIES, CONTINUED

		31 December 2021							
		% of shares held (effectively)	Assets		Liabilities		Revenue	Net result	Other comprehensive income
Companies consolidated (1)			Non-current	Current	Non-current	Current			
1	AMS S.A., Warsaw	100.0%	201,974	57,746	48,245	63,296	128,177	(1,810)	40
2	IM 40 Sp. z o.o., Warsaw (2)	72.0%	1,396	2,586	1,114	352	2,898	938	-
3	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	60,693	16,186	17,343	10,421	52,198	(71)	(59)
4	AMS Serwis Sp. z o.o., Warsaw (3)	100.0%	27,259	33,780	920	6,629	26,725	829	(21)
5	Inforadio Sp. z o.o., Warsaw (2)	66.1%	4,897	6,217	3,277	2,257	15,257	2,417	(33)
6	Agora TC Sp. z o.o., Warsaw	100.0%	424	1,082	144	637	4,252	314	2
7	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	3,565	27,596	269	21,990	99,469	4,877	4
8	Plan D Sp. z o.o., Warsaw	100.0%	2	3,014	-	32	5	(70)	-
9	Helios S.A., Lodz (8)	91.5%	686,716	27,558	526,801	183,779	216,387	(30,484)	77
10	Next Film Sp. z o.o., Warsaw (4)	91.5%	5,461	10,660	169	8,619	16,266	(2,460)	3
11	Yieldbird Sp. z o.o., Warsaw (7)	95.8%	8,526	43,027	8	31,566	161,309	8,028	3
12	Next Script Sp. z o.o., Warsaw (4),(5)	75.9%	-	405	-	40	-	(47)	-
13	Optimizers Sp. z o.o., Warsaw (3)	100.0%	6,218	2,283	9,000	468	1,577	(1,024)	-
14	Goldenline Sp. z o.o., Warsaw (6)	79.8%	692	234	3	909	1,774	78	4
15	Plan A Sp. z o.o., Warsaw	100.0%	-	8	-	5	-	(18)	-
16	Agora Finanse Sp. z o.o., Warsaw	100.0%	-	187	-	-	-	(35)	-
17	Step Inside Sp. z o.o., Lodz (4)	82.3%	27,736	2,980	14,940	10,415	28,798	(2,817)	-
18	Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.), Warsaw (3)	92.0%	313	1,300	-	1,797	5,180	(1,062)	-
19	HRLink Sp. z o.o., Szczecin	79.8%	2,146	1,232	-	1,094	10,175	(45)	-

(1) the presented data are before elimination of intergroup transactions;

(2) indirectly through GRA Sp. z o.o.;

(3) indirectly through AMS S.A.;

(4) indirectly through Helios S.A.;

(5) indirectly through Next Film Sp. z o.o.;

(6) indirectly through HRLink Sp. z o.o., purchase of shares in Goldenline Sp. z o.o. by HRLink Sp. z o.o. on January 28, 2021;

(7) acquisition of additional shares on April 15, 2021;

(8) acquisition of additional shares on October 29, 2021.

38. GROUP COMPANIES, CONTINUED

31 December 2022

Joint ventures and associates accounted for using the equity method (1)	% of shares held (effectively)	Assets		Liabilities		Revenue	Net result	Other comprehensive income
		Non-current	Current	Non-current	Current			
1 Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (2)	50.0%	-	708	-	91	622	(76)	-
2 ROI Hunter a.s., Brno	23.9%	6,307	22,021	1,610	9,328	26,908	(9,451)	-
3 Eurozet sp. z o.o., Warsaw (3)	40.0%	277,588	94,322	54,926	92,150	217,523	27,081	-

31 December 2021

Joint ventures and associates accounted for using the equity method (1)	% of shares held (effectively)	Assets		Liabilities		Revenue	Net result	Other comprehensive income
		Non-current	Current	Non-current	Current			
1 Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (2)	50.0%	4	784	-	95	685	4	-
2 ROI Hunter a.s., Brno	23.9%	9,093	23,020	2,066	4,541	26,908	(960)	-
3 Eurozet Sp. z o.o., Warsaw (3)	40.0%	293,321	71,990	61,094	46,659	194,978	23,972	-

(1) the presented data are after consolidation adjustments;

(2) indirectly through AMS S.A.;

(3) the presented balance sheet and profit and loss account data include consolidation adjustments resulting from the measurement of assets to fair value at the date of acquisition of the shares in the company in accordance with the requirements of IAS 28, adjustment of net result due to amortisation of revaluation to fair value after deferred tax in amount of PLN 11,679 thousand in 2022 and 2021 was taken into account.

38. GROUP COMPANIES, CONTINUED

Information concerning the non-controlling interests in subsidiaries is presented in the table below:

Company	31 December 2022				
	% of shares held by non-controlling shares as at 31 December 2022	Accumulated amount of non-controlling shares as at 31 December 2022	Net profit/(loss) allocated to non-controlling shares in 2022	Other comprehensive income allocated to non-controlling shares in 2022	Dividends paid to non-controlling shareholders in 2022
IM 40 Sp. z o.o.	28.0%	828	387	-	(263)
Inforadio Sp. z o.o.	33.9%	2,035	962	(5)	(819)
Helios S.A.	8.5%	(3,410)	(3,110)	(9)	-
Next Film Sp. z o.o.	8.5%	43	187	-	-
Yieldbird Sp. z o.o.	0.0%	-	25	-	(340)
Next Script Sp. z o.o.	8.5%	28	(5)	-	-
Goldenline Sp. z o.o.	20.2%	(247)	(346)	-	-
Step Inside Sp. z o.o.	17.7%	116	(831)	-	-
Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.)	8.0%	(48)	8	-	-
HRLink Sp. z o.o.	20.2%	556	(282)	-	-
Total		(99)	(3,005)	(14)	(1,422)

Company	31 December 2021				
	% of shares held by non-controlling shares as at 31 December 2021	Accumulated amount of non-controlling shares as at 31 December 2021	Net profit/(loss) allocated to non-controlling shares in 2021	Other comprehensive income allocated to non-controlling shares in 2021	Dividends paid to non-controlling shareholders in 2021
IM 40 Sp. z o.o.	28.0%	704	263	-	(299)
Inforadio Sp. z o.o.	33.9%	1,895	819	11	(911)
Helios S.A.	8.5%	(292)	(2,653)	(7)	-
Next Film Sp. z o.o.	8.5%	(143)	(211)	-	-
Yieldbird Sp. z o.o.	4.2%	1,848	396	-	(444)
Next Script Sp. z o.o.	24.1%	87	(11)	-	-
Goldenline Sp. z o.o.	20.2%	100	(5)	-	-
Step Inside Sp. z o.o.	17.7%	947	(499)	-	-
Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.)	8.0%	(56)	(85)	-	-
HRLink Sp. z o.o.	20.2%	839	(88)	-	-
Total		5,929	(2,074)	4	(1,654)

The effect of transactions with non-controlling interests on the equity attributable to owners of the parent is presented in the table below:

	31 December 2022	31 December 2021
The change in the equity attributable to owners of the parent resulting from:		
- acquisition of additional shares from non-controlling shareholders (1)	1,482	(1,550)
- subscription for shares by non-controlling shareholders (2)	-	(105)
Net impact on the equity attributable to owners of the parent	1,482	(1,655)

(1) in 2022 the change relates to the effect of accounting for the acquisition of shares from non-controlling shareholders of Yieldbird Sp. z o.o. and Next Script Sp. z o.o.; in 2021 the change relates to the effect of accounting for the acquisition of shares from non-controlling shareholders of Yieldbird Sp. z o.o. and Helios S.A.;

(2) the change relates to the effect of accounting for additional contribution of non-controlling shareholders of HRLink Sp. z o.o. to Goldenline Sp. z o.o. in 2021.

39. RELATED-PARTY TRANSACTIONS

Table below presents total investments and the balances with related parties:

	31 December 2022	31 December 2021
Joint ventures		
Shares	175	213
Other liabilities	180	-
Associates		
Shares	127,271	142,697
Trade receivables	137	160
Trade liabilities	265	288
Major shareholder		
Trade receivables	3	3
Other liabilities	6	8
Management Board of the Company		
Put option liabilities (1)	31,007	25,521
Management Boards of group companies		
Receivables	4	14
Non-current loans received	140	-
Put option liabilities (1)	5,811	8,014
Other liabilities	3	8

(1) concerns put options linked to shares in Helios S.A., HRLink Sp. z o.o. and Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.),

Table below presents total transactions with related parties during the year:

	2022	2021
Joint ventures		
Purchases	(180)	(413)
Associates		
Sales	2,022	456
Purchases	(2,592)	(929)
Dividend income (1)	24,000	16,000
Major shareholder		
Sales	27	25
Other operating revenues	2	503
Management Board of the Company		
Sales	-	1
Other operating income	1	-
Finance costs - remeasurment of put options (2)	(5,486)	(1,665)
Management Boards of group companies		
Sales	8	8
Finance income - remeasurment of put options (2)	1,916	1,709
Finance costs on loans received	(2)	-

(1) concerns the associate Eurozet Sp. z o.o.

(2) concerns put options linked to shares in Helios S.A., HRlink Sp. z o.o. and Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.).

Following types of transactions mainly occur within the Agora Group:

- advertising and printing services,
- rent of machinery, office and other fixed assets,
- sale of rights and granting licenses to works,
- production and service of advertising panels,
- providing various services: legal, financial, administration, trade, sharing market research results, data transmission, outsourcing,
- grant and repayment of loans and interest revenues and costs,
- dividend distribution,
- cash pooling settlements,
- settlements within the Tax Capital Group.

Transactions within the Agora Group are carried out on arm's length basis and are within the normal business activities of companies.

40. ACCOUNTING ESTIMATES AND JUDGMENTS

▸ Tests for impairment losses on assets

Estimates and assumptions are continually evaluated and based on historical experience and best knowledge of the Group as at the date of the estimation. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities concern impairment tests for goodwill and intangibles with indefinite useful life (magazine titles). In order to determine their recoverable amounts the value in use for the relevant cash generating units was determined on the basis of long-term cash flow projections.

The Group points out that the value of revenue included in the cash flow projections depends on the general economic situation in Poland and in Europe. Revenues grow in the periods of economic upswing and are marked by considerable decrease in time of the economic slowdown. Changes in factors such as GDP dynamics, unemployment rate, inflation rate, amounts of remuneration or level of consumption may influence the purchasing power of the Group's customers and consumers of its services and goods. In 2022 and 2021 Covid-19 pandemics was an additional factor having impact on economic situation in Poland and in the world. Furthermore, an additional factor of uncertainty about the domestic and global economic situation is the ongoing armed aggression of the Russian Federation against Ukraine. Polish economy is also sensitive to the country political situation and a looming risk of abrupt legislative changes, whose full impact on the conditions of running business activity in Poland is hard to foresee. Moreover, advertising revenues depend also on the readership figures and shares in radio and television audience. Media market changes dynamically – some sectors can take advantage of the current changes while other can lose its position on the market. There is no certainty that the Group's position in the particular media sectors will remain unchanged. The estimated recoverable amount of the assets is also affected by the discount rate and the applied growth rate after the period of detailed forecast in the so-called residual period.

The Group identified three key assumptions, which have the most significant impact on the estimated recoverable amount of the assets:

- 1) the average growth rate of revenue during the period of detailed forecast,
- 2) the applied real long-term growth rate after the period covered by the forecast in the residual period and,
- 3) applied pre-tax discount rate.

Basic information about the method applied is summarized below:

	Goodwill related to activities in HRLink Sp. z o.o. - Internet	Rights related to activities in particular magazine titles	Goodwill related to radio activities	Goodwill related to activities in outdoor segment	Goodwill related to activities in cinema market	Goodwill allocated to activities in press segment
Carrying amount as at 31 December 2022	PLN 11,121 thousand	PLN 9,275 thousand	PLN 63,667 thousand	PLN 159,757 thousand	PLN 39,096 thousand	PLN - thousand
Assumptions	Financial forecasts and projections of the market for next years based on the best knowledge of the market, available market data and experience.					
Detailed forecast period	5 years	5 years	5 years	5 years	5 years	5 years
Years:	The average growth rate of revenue during forecast for the years					
2023-2027	20%	2%	1%	3%	12%	2%
	Discount rate for the years (pre-tax)					
2023-2027	12.1%	11.5%	9.0%	10.1%	10.4%	9.7%
	The applied real long-term growth rate after the period covered by the forecast					
	0.5%	0.0%	0.5%	0.5%	0.5%	0.0%
	The discount and growth rates applied as at the end of previous year					
	Discount rate for the years (pre-tax)					
2022-2026	10.7%	7.2%	6.9%	7.8%	8.1%	9.4%
	The applied real long-term growth rate after the period covered by the forecast					
	0.5%	0.0%	0.5%	0.5%	0.5%	(2,1%)

In 2022 as a result of annual tests for impairment losses the Management Board of Agora S.A. decided to account for impairment loss on total goodwill allocated to Digital and Printed Press segment in the amount of PLN 43,375 thousand. The updated cash flow projection had a significant impact on the test carried out in the press segment. The outbreak of war in Ukraine increased the costs of the printed press, in particular the increase in paper prices in the market. An additional factor materially affecting this business was the increase in other operating costs, which are derived from high inflation in 2022. An additional factor reducing the recoverable amount was also the increase in the discount rate. The impairment loss on goodwill was charged to other operating costs of Agora Group in the fourth quarter of 2022. The value of other property, plant and equipment and intangible assets attributable to the press segment business as at 31 December 2022 amounted to PLN 36,282 thousand and mainly comprises a printing plant at Daniszewska Street in Warsaw, intangible assets related to digital operations of website *wyborcza.pl* and acquired rights to publishing specific magazines (currently operating as online domains, with no paper editions).

As a result of tests that were carried out in respect of other goodwill and rights related to activities in particular magazine titles presented in table above, no impairment loss was recognised.

Reasonable and probable changes in the key assumptions used to measure the recoverable amount of cash-generating units to which goodwill has been allocated would not cause the carrying amount of those units to exceed their recoverable amount.

Moreover, in 2022, based on the analysis of the rationale and verification of recoverable amounts, the Group recognised impairment losses on non-current assets for a total net amount of PLN 2,610 thousand (including recognition of PLN 4,473 thousand and reversal of PLN 1,863 thousand). The impairment losses related to property, plant and equipment in net amount of PLN 1,936 thousand (mainly assets related to the activity of selected Helios network cinemas), intangible assets in the amount of PLN 122 thousand and right-of-use assets in the net amount of PLN 552 thousand.

Additional information on impairment losses breakdown by categories of assets is disclosed in notes 3, 4 and 5 and breakdown by operating segments in note 22.

In 2021 the impairment loss on non-current assets was recognised in the total net amount of PLN 4,901 thousand (including recognition in the amount of PLN 5,109 thousand and reversal in the amount of PLN 208 thousand).

► Other

To the key estimates and assumptions, that may cause a significant adjustment to the amounts recognised in financial statements of the Group, belongs also the recognition of deferred tax assets on unused tax losses. Information on those estimates and judgments was described in note 16.

In addition, the application of IFRS 16 requires the Group to make analyses and estimates relating, inter alia, to the determination of the scope of contracts subject to IFRS 16, the determination of the lease term and the determination of the interest rate used to discount future cash flows. The estimates and assumptions adopted may be reviewed on the basis of changes in market and operational factors taken into account in their performance, new information and market practice regarding the application of the Standard. Additional information on estimates and assumptions is described in note 2(f).

41. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	PLN thousand		EURO thousand	
	2022	2021	2022	2021
Revenue	1,113,119	965,874	237,425	211,005
Operating loss	(64,822)	(41,851)	(13,826)	(9,143)
Loss before income taxes	(103,655)	(49,952)	(22,109)	(10,913)
Net loss for the period attributable to equity holders of the parent	(102,658)	(44,568)	(21,897)	(9,736)
Net cash from operating activities	76,817	126,805	16,385	27,702
Net cash used in investing activities	(38,609)	(18,726)	(8,235)	(4,091)
Net cash used in financing activities	(104,032)	(111,556)	(22,190)	(24,371)
Net decrease in cash and cash equivalents	(65,824)	(3,477)	(14,040)	(760)
Total assets	1,793,073	1,921,256	382,326	417,719
Non-current liabilities	708,555	694,299	151,081	150,954
Current liabilities	410,494	446,673	87,527	97,115
Equity attributable to equity holders of the parent	674,123	774,355	143,739	168,360
Share capital	46,581	46,581	9,932	10,128
Weighted average number of shares	46,580,831	46,580,831	46,580,831	46,580,831
Earnings per share (in PLN / in EURO)	(2.20)	(0.96)	(0.47)	(0.21)
Book value per share (in PLN / in EURO)	14.47	16.62	3.09	3.61

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

- ▶ income statement and cash flow statement figures for 2022 (for 2021) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for four quarters. For the 2022 EURO 1 = 4.6883 PLN (EURO 1 = 4.5775 PLN).
- ▶ balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. The exchange rate as at 31 December 2022 – EURO 1 = 4.6899 PLN; as at 31 December 2021 – EURO 1 = 4.5994 PLN.

42. EVENTS AFTER THE BALANCE SHEET DATE

► **Conclusion of the annex to the revolving loan agreement with Santander Bank Polska S.A. by the subsidiary Helios S.A.**

On **January 27, 2023** the Management Board of Agora S.A. ("Company") obtained information on the conclusion by the subsidiary Helios S.A. of Annex no. 2 ("Annex") to the revolving loan agreement ("Agreement") with Santander Bank Polska S.A. based in Warsaw ("Santander"). The Company, as the guarantor, expressed its consent for conclusion of the Annex on January 27, 2023.

Pursuant to the Annex, collaterals defined by the Agreement have been changed in such a way that within the additional collateral of debt repayment under the Agreement, the Company has secured repayment of debt under the Agreement by means of a surety in the amount of up to PLN 9 million granted in connection with the revolving loan agreement as of December 23, 2020 with Santander with a guarantee of repayment of 80.0% of the loan by Bank Gospodarstwa Krajowego. The surety is additionally secured by means of a declaration of submission to execution made in the form of a notarial deed.

Other provisions on the collaterals remain unaltered.

The Annex also provides for adjustment of the financial indicators (i.a. DSCR (debt-service coverage ratio) and Net Debt / EBITDA ratio) that the company Helios S.A. is required to maintain, parallel to those indicated in regulatory filing No. 44/2022 of December 23, 2022.

► **Amendment to the overdraft agreement with BNP Paribas Bank Polska S.A. executed by the subsidiary Helios S.A.**

On **February 17, 2023** the Management Board of Agora S.A. learned about the change introduced to the overdraft agreement concluded by the subsidiary Helios S.A. with BNP Paribas Bank Polska S.A. based in Warsaw on December 23, 2020 ("Agreement") with a repayment guarantee of 80.0% of the loan by Bank Gospodarstwa Krajowego.

Pursuant to the introduced changes, the amount of the available loan was reduced to the amount of PLN 9 millions. Repayment of the loan will be made until December 31, 2025 in accordance with the schedule accepted by the parties to the Agreement. The amendment also includes replacing the existing loan collateral in the form of a deposit with a surety in the amount of PLN 9 million granted by the Company.

The other provisions of the Agreement remain unchanged.

► **Eurozet Sp. z o.o.**

On **February 27, 2023** the Management Board of Agora S.A. informed on the following events:

1) on February 27, 2023 the Court of Appeal in Warsaw issued a judgement concerning concentration consisting of Agora taking control over Eurozet sp. z o.o. ("**Judgement**").

In accordance with the Judgement, the Court of Appeal upheld the judgment of the Court of 1st instance expressing unconditional consent to the takeover of Eurozet sp. z o.o. by Agora

The Judgement is final and binding.

2) the amendment was introduced 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.

3) Agora S.A. 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, but not obliged 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, including 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.

4) Agora S.A. 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.

5) Agora S.A., in connection with Judgment of the second instance court regarding the appeal of the Company from the decision of the President of the Office of Competition and Consumer Protection prohibiting the concentration consisting in the takeover by the Company control over Eurozet sp. z o.o. ("Eurozet"), decided to exercise, pursuant to the provisions of the Shareholders' Agreement of February 20, 2019 concluded by the Company with SFS Ventures with its seat in Prague ("SFS Ventures") as amended by annexes, in particular Annex No. 6 of February 27, 2023 ("Agreement"), option to purchase form SFS Ventures 110 shares in the share capital of Eurozet constituting 11% of the share capital and 11% of the total number of votes at the Eurozet's shareholders' meeting ("Call Option 1").

Simultaneously, the Company, in compliance with provisions of the Agreement, has submitted to SFS Ventures the Call Option 1 request.

6) Agora S.A. has 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 and in accordance with rules stated thereof.

In compliance with the Shareholders' Agreement, the Company gained ownership of Shares in exchange for the initial sale price 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 final price shall be determined in accordance with the formula stipulated in the Shareholders' Agreement on the basis of financial statements of Eurozet capital group for four full quarters preceding submission of the Call Option 1 request and adjusted by final amounts of some final economic and financial parameters as described in the Shareholders' Agreement.

The Agreement provides for set-off of mutual accounts receivables: (i) of the Company – payment of the loan agreement concluded by the Company and SFS Ventures on February 27, 2023, and (ii) SFS Ventures – payment of the initial sale price for Shares under the Agreement.

Detailed terms of the Agreement (concerning in particular representations and warranties granted by SFS Ventures in connection with the sale of Shares) do not deviate from market solutions used in contracts for similar transactions.

As a result of the Agreement concluded on February 27, 2023, 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.

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.

Business combination accounting

As a result of the above mentioned transaction, the Group has acquired control over the company Eurozet and indirectly over other entities from Eurozet Group. Since the date of acquisition companies will be fully consolidated. The Group measures the non-controlling interest in the acquired company at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

As at the date of publication of these consolidated financial statements the provisionally estimated fair value of acquired assets and liabilities and fair value of consideration transferred as at the acquisition date are as follows based on consolidated net assets of Eurozet Group as at 31 December 2022:

	Fair value as at the acquisition date
	PLN thousand
Assets	
Non-current assets:	
Intangible assets (1)	212,306
Property, plant and equipment	11,574
Right-of-use assets	9,088
Investments in equity accounted investees	10
Long-term receivable and prepayments	1,653
Deferred tax assets	7,531
	242,162
Current assets:	
Inventories	468
Accounts receivable and prepayments	44,656
Cash and cash equivalents	49,198
	94,322
	336,484
Liabilities	
Non-current liabilities:	
Deferred tax liabilities	(37,375)
Long-term lease liabilities	(9,812)
Retirement severance provision	(1,009)
Current liabilities	
Retirement severance provision	(9)
Trade and other payables	(84,639)
Income tax liabilities	(643)
Short-term lease liabilities	(3,862)
Provisions	(641)
Deferred revenues and accruals	(2,355)
	(140,345)
Identifiable net assets at fair value	196,139
Non-controlling interests	(96,108)
Fair value of pre-existing equity interest in the company	(157,264)
Cash consideration transferred	(43,248)
Goodwill as at the acquisition date	100,481

(1) according to IFRS 3, the Group measured the acquired assets of Eurozet Sp. z o.o. at their acquisition-date fair value and recognised the increase in intangible assets in total amount of PLN 196,712 thousand. The revalued intangible assets related to the value of customer relations, trademarks, internet domains and radio concessions, deferred tax liability was also recognised on fair value revaluations.

The Eurozet Group goodwill reflects among others skills, experience and knowledge of the team, development potential of cooperation with customers of Eurozet as well as synergies resulting from the inclusion of the group in the Radio segment and expected increase in share of radio and advertising market. No part of the recognised goodwill is expected to be deductible for tax purposes.

According to IFRS 3, when accounting for acquisition, the Group remeasured also its pre-existing 40% equity interest in the company to its fair value as at the acquisition date, which will result in recognition of profit on remeasurement of previously held interest in the estimated amount of PLN 45,304 thousand (being PLN 157,264 thousand corresponding to fair value of pre-existing equity interest as at the acquisition date less PLN 111,960 thousand related to the carrying amount of the equity-accounted investee at the date of acquisition). The profit on the remeasurement of previously held equity interest will be recognised in finance income in the consolidated income statement of Agora Group for the first quarter of 2023. The provisional estimation was based on the carrying amount of the investment in associate Eurozet as at 31 December 2022. The final revaluation of acquired net assets, goodwill and profit on remeasurement of previously held interest will be disclosed in periodic report of Agora Group for the first quarter of 2023.

The fair value of the acquired trade receivables amounted to PLN 39,682 thousand. The gross contractual amounts of acquired trade receivables was PLN 40,783 thousand, of which PLN 1,101 thousand was expected to be uncollectible.

The provisionally estimated acquisition-related costs amounted to PLN 1,206 thousand and will be included in administrative expenses in the consolidated income statement of the Agora Group for the first quarter of 2023.

Warsaw, March 16, 2023

Bartosz Hojka - President of the Management Board

Tomasz Jagiello - Member of the Management Board

Anna Krynska-Godlewska - Member of the Management Board

Tomasz Grabowski - Member of the Management Board

Wojciech Bartkowiak - Member of the Management Board

Signature of the person responsible for keeping the accounting records

Ewa Kuzio – Chief Accountant

Signatures submitted electronically.