This document is a translation and conversion to pdf format of the official annual financial report that was issued in Polish in xhtml format.

AGORA S.A.

Unconsolidated financial statements

as at 31 December 2022 and for the year ended thereon

March 16, 2023

CONTENTS

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

UNCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022

	Note	As at 31 December 2022	As at 31 December 2021
ASSETS			
Non-current assets:			
Intangible assets	3	39,621	39,757
Property, plant and equipment	4	137,546	145,522
Right-of-use assets	5	28,122	25,336
Long-term financial assets	6	627,351	624,599
Receivables and prepayments	7	430	498
Deferred tax assets	16	11,977	11,130
		845,047	**846,842**
Current assets:			
Inventories	8	23,304	11,425
Accounts receivable and prepayments	9	81,818	81,692
Income tax receivable		129	64
Short-term securities and other financial assets	10	2,371	1,262
Cash and cash equivalents	11	26,565	83,563
		134,187	**178,006**
Total assets		**979,234**	**1,024,848**

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

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

UNCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2022 (CONTINUED)

	Note	As at 31 December 2022	As at 31 December 2021
Equity and liabilities			
Equity			
Share capital	12	46,581	46,581
Share premium		147,192	147,192
Other reserves		123,279	122,674
Retained earnings and other reserves	13	480,860	484,325
		797,912	**800,772**
Non-current liabilities:			
Long-term borrowings	14	36,348	37,664
Retirement severance provision	17	1,647	2,226
Provisions	18	-	93
Accruals and other liabilities	19	1,911	704
Contract liabilities	20	67	192
		39,973	**40,879**
Current liabilities:			
Retirement severance provision	17	269	278
Trade and other payables	19	94,453	114,251
Short-term borrowings	14	12,619	21,046
Other financial liabilities	15	25,232	38,316
Provisions	18	1,149	683
Contract liabilities	20	7,627	8,623
		141,349	**183,197**
Total equity and liabilities		**979,234**	**1,024,848**

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

UNCONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
Revenue	21	393,317	382,920
Cost of sales	22	(229,503)	(194,145)
Gross profit		**163,814**	**188,775**
Selling expenses	22	(127,305)	(124,335)
Administrative expenses	22	(104,788)	(98,698)
Other operating income	23	3,295	4,967
Other operating expenses	24	(1,998)	(4,710)
Impairment losses for receivables - net	24	(323)	(2,346)
Operating loss		**(67,305)**	**(36,347)**
Finance income	28	66,572	64,691
Finance cost	29	(5,526)	(3,268)
Profit/(loss) before income taxes		**(6,259)**	**25,076**
Income tax expense	30	2,794	2,687
Profit/(loss) for the period		**(3,465)**	**27,763**
Basic/diluted earnings per share (in PLN)	31	(0.07)	0.60

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

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

	2022	2021
Net profit/(loss) for the period	**(3,465)**	**27,763**
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit plans	747	(468)
Income tax effect	(142)	89
	605	(379)
Items that will be reclassified to profit or loss		
Other comprehensive income/(loss) for the period	605	(379)
Total comprehensive income/(loss) for the period	**(2,860)**	**27,384**

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

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

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Year ended 31 December 2022					
As at 31 December 2021	**46,581**	**147,192**	**122,674**	**484,325**	**800,772**
Total comprehensive income for the period					
Net loss for the period	-	-	-	(3,465)	(3,465)
Other comprehensive income	-	-	605	-	605
Total comprehensive income for the period	**-**	**-**	**605**	**(3,465)**	**(2,860)**
Transactions with owners, recorded directly in equity					
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
As at 31 December 2022	**46,581**	**147,192**	**123,279**	**480,860**	**797,912**

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

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

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

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Year ended 31 December 2021					
As at 31 December 2020	**46,581**	**147,192**	**123,053**	**456,562**	**773,388**
Total comprehensive income for the period					
Net profit for the period	-	-	-	27,763	27,763
Other comprehensive income	-	-	(379)	-	(379)
Total comprehensive income for the period	**-**	**-**	**(379)**	**27,763**	**27,384**
Transactions with owners, recorded directly in equity					
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
As at 31 December 2021	**46,581**	**147,192**	**122,674**	**484,325**	**800,772**

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

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

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
Cash flows from operating activities			
Profit/(loss) before income taxes		**(6,259)**	**25,076**
Adjustments for:			
Depreciation and amortisation	22	30,897	32,029
Foreign exchange (gain)/loss		13	(12)
Interest, net		5,064	2,488
(Profit)/loss on investing activities		(298)	2,115
Dividend income		(64,635)	(64,052)
Increase/(decrease) in provisions		532	(539)
Increase in inventories		(11,879)	(1,818)
Increase in receivables		(404)	(6,171)
Increase/(decrease) in payables		(18,782)	7,841
Increase/(decrease) in contract liabilities		(1,121)	2,163
Cash generated used in operations		**(66,872)**	**(880)**
Income taxes - inflows/(outflows) (1)		2,017	(479)
Net cash used in operating activities		**(64,855)**	**(1,359)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and intangibles		72	14,702
Dividends received	37	64,635	72,052
Interest received		89	14
Outflows from cash pooling		(1,103)	(996)
Loans granted		(460)	-
Purchase of property, plant and equipment, and intangibles		(21,071)	(16,520)
Acquisition of subsidiaries, associates and jointly controlled entities	6	(2,292)	(2,607)
Net cash from investing activities		**39,870**	**66,645**

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

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

	Note	2022	2021
Cash flows from financing activities			
Proceeds from borrowings		31,838	-
Repayment of borrowings		(44,357)	(40,476)
Outflows from cash pooling		(13,115)	(10,452)
Payment of lease liabilities		(1,724)	(1,028)
Interest paid		(4,317)	(2,834)
Other		(338)	(439)
Net cash used in financing activities		**(32,013)**	**(55,229)**
Net increase/(decrease) in cash and cash equivalents		**(56,998)**	**10,057**
Cash and cash equivalents			
At start of period		83,563	73,506
At end of period		26,565	83,563

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

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

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

NOTES TO THE UNCONSOLIDATED 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") principally conducts publishing activity (including *Gazeta Wyborcza* and books) and carries out internet and radio activity. Additionally, the Company is active in the cinema segment through its subsidiary Helios S.A. and in the outdoor segment through its subsidiary AMS S.A. The Company 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 Agora S.A. controlled 22 subsidiaries, held shares in jointly controlled entity: Instytut Badań Outdooru IBO Sp. z o.o. (indirectly through AMS S.A.) and held shares in two associates: ROI Hunter a.s. and Eurozet Sp. z o.o.

The Company operates in all major cities in 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 unconsolidated financial statements, the Management Board of Agora S.A. 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 April 21, 2022
Agnieszka Siuzdak-Zyga	Member	till August 31, 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

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(g) Information about the financial statements

Agora S.A. is a parent company and prepares consolidated financial statements of the Agora Group ("Group") which is published on www.agora.pl.

The unconsolidated 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 unconsolidated 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 (ac).

(b) Basis of preparation

The financial statements are presented in Polish zloty, which is functional currency of the Company, rounded to the nearest thousand (unless otherwise indicated). They are prepared on the historical cost basis except that financial instruments are stated at their fair value.

The financial statements of the Company were prepared with the assumption that the Company would continue their business activities in the foreseeable future. Additional information concerning liquidity risk management in the Company is disclosed in note 32.

In the preparation of these unconsolidated financial statements, the Company has followed the same accounting policies as used in the Unconsolidated 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, are 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 significant impact on the unconsolidated financial statements.

(c) 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 - 7 years
Other equipment	2 - 20 years

Repairs and renewals are charged to the income statement when the expenditure is incurred; major improvements are capitalised when incurred, providing that they increase the future economic benefits embodied in the item of property, plant and equipment.

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.

(d) Intangible assets

Intangible assets, except for the acquired magazine titles, that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses, if any (see accounting policy from point v).

Intangible assets (mainly containing acquired licenses 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:

Licences, software and other	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 from point 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.

(e) 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, a lessee shall recognise a right-of-use asset and a lease liability. 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 a lessee 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 Company takes into account the estimated interest margin that the Company 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.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and demand deposits.

(g) Derivative financial instruments

Derivative financial instruments are recognized initially and subsequently measured at fair value. The Company 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 Company 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 income statement, 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.

(h) 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 Company`s category financial assets measured at amortized cost includes cash and cash equivalents, loans granted, trade receivables, cash pooling receivables and other receivables.

The Company 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 Company 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 Company 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 Company 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 Company 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 value of money over time; 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 Company 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 Company 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.

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

Financial assets at fair value through profit or loss are those that the Company 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 Company`s category financial assets measured at fair value through profit or loss includes short- term investments in securities, including certificates in investment funds.

(j) The investments in subsidiaries, associates and joint -ventures

The investments in subsidiaries, associates and joint-ventures are stated at cost less impaired losses recognised.

Dividend income is recognized in the period in which the Company has established rights to receive them.

(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 Company 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

Functional and presentation currency for Agora S.A. is Polish zloty. 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 Company – 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 published by the National Bank of Poland as on the date before the transaction 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 recognized as financial income or expense in the 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 cost of own publishing and film production.

Cost is determined by actual prices for printing paper, at the weighted average cost for inks and other 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 company 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.

(iii) Share premium

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

(iv) Other reserves

Other reserves include mainly the equivalent of costs of share-based payments recognised in accordance with the provisions of IFRS 2 in relation to the share incentive plans based on Agora S.A.'s shares, which ended in the first half of 2013 and actuarial gains and losses on defined benefit plans recognised in accordance with the policy described in point (q). Other reserves include also the amount of redemption of share capital from the Share Buyback Program completed in 2018 and 2015.

(v) Retained earnings

Retained earnings represent accumulated net profits / losses, including reserve capital accumulated from prior year's profits.

(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 profit nor taxable profit (tax loss),

(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 Company set off for the presentation purposes deferred income tax assets against deferred income tax liabilities.

(p) Provisions

A provision is recognised in the balance sheet when the Company 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.

A provision for restructuring is recognised when the Company 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.

(q) Retirement severance provision

The Company makes contributions to the Government's retirement benefit scheme. The state plan is funded on a pay-as-you-go basis, i.e. the Company is obliged to pay the contributions as they fall due and if the Company 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 Company 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 Company does not exclude assets that might serve in the future as a source of settling liabilities resulting from retirement payments. The Company creates provision for future liabilities in order to allocate costs to the periods they relate to. The Company'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) Trade and other payables

Trade and other financial payables are stated at amortised cost.

(t) Revenue recognition

The Company 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.
- 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.
- 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 are subject to the proceeds of the sale of tickets, and, 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.
- Other sales - revenue is recognised when the good is transferred to the customer.

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 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.

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 Company sells its goods with the right to return goods during the period agreed with the customers. The Company 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 Company does not recognise a returns asset.

Customer rebates

In accordance with its trade policy, the Company 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 Company 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.

(u) Operating segment reporting

The segment presentation is prepared at the Agora Group level in accordance with the management approach and is presented in 'Consolidated financial statements as at December 31, 2022 and for the year ended thereon'.

(v) Impairment losses

The carrying amount of the Company's assets, other than inventories (see accounting policy from point m), and deferred tax assets (see accounting policy from point 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 Company 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 capitalized.

(x) Share-based payments

Within the Company 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 27 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 these plans, 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.

(y) 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 recognized, when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching thereto. The grants are recognised in the balance sheet as deferred income and credited to the income statement as other operating income proportionately over the useful life of the respective assets.

(z) Dividend distribution

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

(aa) Related parties

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

(ab) Combinations of entities under the joint control

Combinations of entities resulting from the transfer of shares in entities under the joint control of a shareholder who simultaneously controls the group to which the Company belongs are recognized as if the acquisition took place at the beginning of the earliest comparative period or at the date of the establishment of joint control, if later. For this purpose, comparative data shall be restated unless they are immaterial and do not affect the comparability of the data. Acquired assets and liabilities are recognized at the book value presented in the financial statements of the combining entities.

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

The Company 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 unconsolidated 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 Company does not expect that the amendments will have impact on the unconsolidated 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 Company does not expect that the amendments will have impact on the unconsolidated 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 Company does not expect that the amendments will have impact on the unconsolidated 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 unconsolidated 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 Company does not expect that the amendments will have impact on the unconsolidated 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 Company does not expect that the amendments will have impact on the unconsolidated 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 above amendments will have no impact on the unconsolidated financial statements.

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

3. INTANGIBLE ASSETS

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Cost as at 1 January 2022	**45,714**	**3,262**	**105,893**	**14,515**	**41,549**	**210,933**
Additions	-	-	4,873	3,500	5,089	13,462
Acquisitions	-	-	4,809	3,500	-	8,309
Internal development	-	-	-	-	5,089	5,089
Reclassifications	-	-	64	-	-	64
Disposals	-	-	-	-	-	-
Cost as at 31 December 2022	**45,714**	**3,262**	**110,766**	**18,015**	**46,638**	**224,395**
Amortisation and impairment losses as at 1 January 2022	**36,439**	**3,144**	**91,549**	**14,515**	**25,529**	**171,176**
Amortisation charge for the period	-	-	4,843	-	8,755	13,598
Amortisation and impairment losses as at 31 December 2022	**36,439**	**3,144**	**96,392**	**14,515**	**34,284**	**184,774**
Carrying amounts						
As at 1 January 2022	**9,275**	**118**	**14,344**	**-**	**16,020**	**39,757**
As at 31 December 2022	**9,275**	**118**	**14,374**	**3,500**	**12,354**	**39,621**

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

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Cost as at 1 January 2021	**45,714**	**3,262**	**104,072**	**14,515**	**34,168**	**201,731**
Additions	-	-	1,821	-	7,381	9,202
Acquisitions	-	-	1,164	-	-	1,164
Transfer from assets under construction	-	-	657	-	-	657
Internal development	-	-	-	-	7,381	7,381
Disposals	-	-	-	-	-	-
Cost as at 31 December 2021	**45,714**	**3,262**	**105,893**	**14,515**	**41,549**	**210,933**
Amortisation and impairment losses as at 1 January 2021	**36,439**	**3,144**	**86,449**	**14,485**	**14,919**	**155,436**
Amortisation charge for the period	-	-	5,100	30	9,897	15,027
Impairment losses (note 38)	-	-	-	-	713	713
Amortisation and impairment losses as at 31 December 2021	**36,439**	**3,144**	**91,549**	**14,515**	**25,529**	**171,176**
Carrying amounts						
As at 1 January 2021	**9,275**	**118**	**17,623**	**30**	**19,249**	**46,295**
As at 31 December 2021	**9,275**	**118**	**14,344**	**-**	**16,020**	**39,757**

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. Reversals of impairment losses are recognised in “other operating income” in the income statement.

Contractual commitments connected to intangible assets are disclosed in note 34.

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

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 1 January 2022	**7,865**	**265,048**	**333,703**	**2,911**	**15,603**	**456**	**625,586**
Additions	-	1,405	6,075	122	1,029	1,225	9,856
Acquisitions	-	59	6,075	-	758	1,225	8,117
Transfer from assets under construction	-	1,346	-	-	271	-	1,617
Purchase of leased assets	-	-	-	122	-	-	122
Disposals	-	(8)	(4,476)	(144)	(1,655)	(1,681)	(7,964)
Sale	-	-	(256)	(144)	(81)	-	(481)
Liquidation	-	(8)	(4,220)	-	(1,574)	-	(5,802)
Reclassifications	-	-	-	-	-	(64)	(64)
Transfer from assets under construction	-	-	-	-	-	(1,617)	(1,617)
Cost as at 31 December 2022	**7,865**	**266,445**	**335,302**	**2,889**	**14,977**	**-**	**627,478**

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

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	**-**	**148,393**	**315,390**	**2,788**	**13,493**	**-**	**480,064**
Depreciation charge for the period	-	7,057	8,233	63	653	-	16,006
Sale	-	-	(239)	(144)	(79)	-	(462)
Liquidation	-	(7)	(4,217)	-	(1,574)	-	(5,798)
Purchase of leased assets	-	-	-	122	-	-	122
Depreciation and impairment losses as at 31 December 2022	**-**	**155,443**	**319,167**	**2,829**	**12,493**	**-**	**489,932**
Carrying amounts							
As at 1 January 2022	**7,865**	**116,655**	**18,313**	**123**	**2,110**	**456**	**145,522**
As at 31 December 2022	**7,865**	**111,002**	**16,135**	**60**	**2,484**	**-**	**137,546**

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 1 January 2021	**7,865**	**264,237**	**329,399**	**2,996**	**15,815**	**1,020**	**621,332**
Additions	-	811	5,346	110	682	3,232	10,181
Acquisitions	-	101	3,930	-	360	3,232	7,623
Transfer from assets under construction	-	710	1,416	-	322	-	2,448
Other	-	-	-	110	-	-	110
Disposals	-	-	(1,042)	(195)	(894)	(3,796)	(5,927)
Sale	-	-	(277)	(195)	(169)	-	(641)
Liquidation	-	-	(765)	-	(725)	(691)	(2,181)
Removal of fully depreciated assets	-	-	-	-	-	(3,105)	(3,105)
Cost as at 31 December 2021	**7,865**	**265,048**	**333,703**	**2,911**	**15,603**	**456**	**625,586**

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

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	**-**	**140,533**	**308,233**	**2,727**	**13,880**	**-**	**465,373**
Depreciation charge for the period	-	6,977	8,184	100	507	-	15,768
Impairment losses (note 38)	-	883	-	-	-	-	883
Sale	-	-	(264)	(149)	(169)	-	(582)
Liquidation	-	-	(763)	-	(725)	-	(1,488)
Purchase of leased assets	-	-	-	110	-	-	110
Depreciation and impairment losses as at 31 December 2021	**-**	**148,393**	**315,390**	**2,788**	**13,493**	**-**	**480,064**
Carrying amounts							
As at 1 January 2021	**7,865**	**123,704**	**21,166**	**269**	**1,935**	**1,020**	**155,959**
As at 31 December 2021	**7,865**	**116,655**	**18,313**	**123**	**2,110**	**456**	**145,522**

Depreciation of property, plant and equipment is recognised “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.

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

(a) Collateral for assets

The following property, plant and equipment constitute collateral for the credit line described in note 14:

No.	Assets	Net book value as at 31 December 2022
1	Buildings	73,675
2	Plant, machinery and equipment	4,060
	Total	**77,735**

(b) Contractual commitments

Contractual commitments are disclosed in note 34.

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

5. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
Cost as at 1 January 2022	**30,974**	**3,907**	**390**	**35,271**
Additions	3,462	234	383	4,079
Increases due to leases	3,462	234	383	4,079
Disposals	-	-	(122)	(122)
Purchase of leased assets	-	-	(122)	(122)
Cost as at 31 December 2022	**34,436**	**4,141**	**651**	**39,228**
Depreciation and impairment losses as at 1 January 2022	**7,323**	**2,444**	**168**	**9,935**
Depreciation charge for the period	399	769	125	1,293
Purchase of leased assets	-	-	(122)	(122)
Depreciation and impairment losses as at 31 December 2022	**7,722**	**3,213**	**171**	**11,106**
Carrying amounts				
As at 1 January 2022	**23,651**	**1,463**	**222**	**25,336**
As at 31 December 2022	**26,714**	**928**	**480**	**28,122**

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

5. RIGHT-OF-USE ASSETS - CONT.

	Land	Buildings	Vehicles	Total
Cost as at 1 January 2021	**32,258**	**3,672**	**349**	**36,279**
Additions	57	964	194	1,215
Increases due to leases	57	964	194	1,215
Disposals	(1,341)	(729)	(153)	(2,223)
Decreases due to leases	(1,341)	(729)	(43)	(2,113)
Purchase of leased assets	-	-	(110)	(110)
Cost as at 31 December 2021	**30,974**	**3,907**	**390**	**35,271**
Depreciation and impairment losses as at 1 January 2021	**7,008**	**2,364**	**245**	**9,617**
Depreciation charge for the period	351	807	76	1,234
Decreases due to leases	(36)	(727)	(43)	(806)
Purchase of leased assets	-	-	(110)	(110)
Depreciation and impairment losses as at 31 December 2021	**7,323**	**2,444**	**168**	**9,935**
Carrying amounts				
As at 1 January 2021	**25,250**	**1,308**	**104**	**26,662**
As at 31 December 2021	**23,651**	**1,463**	**222**	**25,336**

The rights-of-use assets relate to assets used by the Company under long-term lease agreements for office space, finance lease agreements for cars and the rights of perpetual usufruct of land. In the case of office space, the contractual period is between 1 and 5 years, car leasing contracts cover a period between 2 and 5 years, and the right of perpetual usufruct of land having the greatest impact on the carrying amount of recognized right-of-use assets shall be valid for a further period of 67 years from the balance sheet date.

The right of perpetual usufruct of land with a book value of PLN 26,714 thousand constitutes the collateral of the credit line described in note 14.

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

6. LONG-TERM FINANCIAL ASSETS

Long-term financial assets include primarily shares in and loans granted to related companies.

	2022	2021
Balance as at the beginning of the period	**624,599**	**621,992**
Shares	624,361	621,754
Additional paid-in capital	238	238
Additions	**3,778**	**27,107**
Shares	3,318	27,107
- acquisitions (note 36)	2,242	2,607
- increase of share capital (note 36)	50	-
- use of impairment losses	-	24,500
- reclassifications*	1,026	-
Loans granted	460	-
- grant of loans**	460	-
Disposals	**(1,026)**	**(24,500)**
Shares	(1,026)	(24,500)
- sale of shares	-	(24,500)
- reclassifications*	(1,026)	-
Balance as at the end of the period	**627,351**	**624,599**
Shares	626,653	624,361
Loans granted	460	-
Additional paid-in capital	238	238

** The reclassification relates to conversion of claim of Agora S.A. towards Garmond Press S.A. into shares in the share capital of this company, additional information is disclosed in note 36.*

*** Relates to loan granted to the subsidiary Hrlink Sp. z o.o. on November 23, 2022 with interest rate based on WIBOR 3M increased by a margin of 3.5%, with the maturity on March 31, 2027.*

Basic information on subsidiaries, joint ventures and associates of the Company is set out in note 36.

7. NON-CURRENT RECEIVABLES AND PREPAYMENTS

	31 December 2022	31 December 2021
Other long term receivables	346	353
Long term prepayments	84	145
	430	**498**

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

8. INVENTORIES

	31 December 2022	31 December 2021
Raw materials and consumables	11,276	5,438
Work in progress	4,342	3,448
Finished goods	7,579	2,449
Goods for resale	107	90
	23,304	**11,425**
Impairment losses recognised	9,814	10,943
Total inventories, gross	**33,118**	**22,368**

The cost of inventories recognised as an expense amounted to PLN 55,090 thousand (2021: PLN 41,913 thousand) and is presented in "cost of sales" in the income statement.

Impairment losses and reversals of impairment losses were recognised in "cost of sales" in the income statement (in 2022 increase of impairment losses amounted to PLN 1,191 thousand and decrease of impairment losses amounted to PLN 2,320 thousand, in 2021: increase of impairment losses amounted to PLN 2,868 thousand and decrease of impairment losses amounted to PLN 2,704 thousand).

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2022	31 December 2021
Trade receivables	68,092	69,050
Taxes, social security and similar	1,488	1,786
Prepayments	2,054	2,016
Other	10,184	8,840
	81,818	**81,692**
Impairment losses recognised	4,420	6,079
Total accounts receivable and prepayments, gross	**86,238**	**87,771**

Other receivables include i.a. loans granted to employees from the social fund in the amount of PLN 8,950 thousand (31 December 2021: PLN 7,443 thousand). Loans are granted for periods up to 7 years and are repayable in monthly instalments. Loans granted bear a fixed interest rate of 2%.

As at 31 December 2022 other receivables include intercompany receivables related to settlement with subsidiaries within Tax Capital Group in the amount of PLN 635 thousand (31 December 2021: PLN 705 thousand).

Accounts receivable include receivables from related parties – details are presented in note 37.

Trade receivables are non-interest bearing and payment terms vary usually from 14 to 30 days.

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

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

	31 December 2022			
	Expected credit loss ratio %*	Gross value	Impairment losses	Net value
Current receivables	0.30%	61,361	113	61,248
Overdue receivables within 1 month	0.48%	5,180	25	5,155
Overdue receivables between 1 and 3 months	2.17%	1,005	20	985
Overdue receivables between 3 and 6 months	13.99%	406	32	374
Overdue receivables between 6 months and 1 year	42.03%	434	197	237
Overdue receivables more than 1 year	100.00%	4,126	4,033	93
		72,512	**4,420**	**68,092**

** 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 2h) and 32 to unconsolidated financial statements.*

	31 December 2021			
	Expected credit loss ratio %	Gross value	Impairment losses	Net value
Current receivables	0.30%	62,211	100	62,111
Overdue receivables within 1 month	0.48%	5,199	25	5,174
Overdue receivables between 1 and 3 months	2.17%	1,997	587	1,410
Overdue receivables between 3 and 6 months	13.99%	2,183	1,968	215
Overdue receivables between 6 months and 1 year	42.03%	110	43	67
Overdue receivables more than 1 year	100.00%	3,429	3,356	73
		75,129	**6,079**	**69,050**

Changes in impairment losses on accounts receivable

	2022	2021
Balance as at beginning of the period	**6,079**	**6,081**
Additions	488	3,101
Reversals	(165)	(755)
Used impairment losses	(1,982)	(2,348)
Balance as at end of the period	**4,420**	**6,079**

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

10. SHORT-TERM SECURITIES AND OTHER FINANCIAL ASSETS

	31 December 2022	31 December 2021
Cash pooling receivables (note 32)	2,371	1,262
	2,371	**1,262**

11. CASH AND CASH EQUIVALENTS

	31 December 2022	31 December 2021
Cash at bank and in hand	16,201	61,248
Short-term bank deposits	10,273	22,261
Other	91	54
	26,565	**83,563**

Cash and cash equivalents is cash include cash held on behalf of the social fund in the amount of PLN 4,129 thousand representing (31 December 2021: PLN 5,482 thousand) and cash collected in the VAT account in amount of PLN 233 thousand (31 December 2021: PLN 128 thousand).

12. SHARE CAPITAL

Capital registered 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, issued
			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.

13. 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.

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

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 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 supplementary capital.

14. LONG TERM AND SHORT-TERM BORROWINGS

	31 December 2022	31 December 2021
Long term bank loans	13,131	17,321
Lease liabilities	23,217	20,343
Total long term borrowings	**36,348**	**37,664**
*of which: Lease liabilities resulting from the application of IFRS 16**	*23,202*	*20,312*
Short term bank loans	10,635	19,322
Lease liabilities	1,984	1,724
Total short term borrowings	**12,619**	**21,046**
*of which: Lease liabilities resulting from the application of IFRS 16**	*1,969*	*1,699*

**relates to liabilities under lease agreements and right of perpetual usufruct of land that would not be recognised as lease liabilities in the Company's balance sheet if IFRS 16 were not applied.*

Future cash flows related to loans and lease liabilities are disclosed in note 33.

Finance lease liabilities relate to rights-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 Czerska 8/10 Street, of which the Company has the right of perpetual usufruct and the ownership of the building located thereon, transfer of rights from the insurance policy on the above mentioned real estate, a guarantee from Bank Gospodarstwa Krajowego under the PLG FGP portfolio guarantee line secured with a blank promissory note, covering 80% of credit amounts in the current account, surety granted by companies from the Agora Group (Grupa Radiowa Agory Sp. z o.o. and Yieldbird Sp. z o.o.) in the amount of 150% of the Loan amount, registered and financial pledge on selected bank accounts of Agora S.A.

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

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

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

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

The loan 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.

Additional information on the loan agreement is presented in the table below:

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

Creditor	Amount to agreement		Outstanding				Interest	Repayment schedule	Collaterals	Other
	31 December 2022	31 December 2021	31 December 2022		31 December 2021					
			long-term	short-term	long-term	short-term				
Credits and loans										
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

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

Creditor	Amount to agreement		Outstanding				Interest	Repayment schedule	Collaterals	Other
	31 December 2022	31 December 2021	31 December 2022		31 December 2021					
			long-term	short-term	long-term	short-term				
Credits and loans										
DNB Bank Polska S. A.	-	135,000	-	-	17,321	19,322	WIBOR 1M or 3M + 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)
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

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

15. OTHER FINANCIAL LIABILITIES

	31 December 2022	31 December 2021
Short-term		
Cash pooling liabilities	25,232	38,316
	25,232	**38,316**

As at December 31, 2022 and as at December 31, 2021 other short - term financial liabilities include liabilities of Agora S.A. to related parties resulting from settlements related to the cash pooling system functioning within Agora Group.

16. DEFERRED INCOME TAXES

Deferred income taxes are calculated using a rate of 19% (2021: 19%).

Deferred tax assets

	2022	2021
Balance as at the beginning of the period	**16,006**	**19,155**
Accruals	3,358	7,457
F/x differences (unrealised)	2	2
Interests liabilities	5	28
Liabilities for rebates, returns and deferred income	5,232	4,133
Provisions	587	630
Impairment losses for inventories	2,079	2,048
Impairment losses for accounts receivable	550	268
Lease	4,193	4,589
Recognised in the income statement	**783**	**(3,238)**
Accruals	(607)	(4,099)
F/x differences (unrealised)	(2)	-
Interests liabilities	6	(23)
Liabilities for rebates, returns and deferred income	(632)	1,099
Provisions	63	(132)
Accelerated depreciation and amortisation	1,731	-
Impairment losses for inventories	(214)	31
Impairment losses for accounts receivable	(157)	282
Lease	595	(396)
Recognised in other comprehensive income	**(142)**	**89**
Provisions	(142)	89

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

	2022	2021
Balance as at the end of the period	**16,647**	**16,006**
Accruals	2,751	3,358
F/x differences	-	2
Interests liabilities	11	5
Liabilities for rebates, returns and deferred income	4,600	5,232
Provisions	508	587
Accelerated depreciation and amortisation	1,731	-
Impairment losses for inventories	1,865	2,079
Impairment losses for accounts receivable	393	550
Lease	4,788	4,193

Deferred tax liabilities

	2022	2021
Balance as at the beginning of the period	**4,876**	**10,786**
Accelerated depreciation and amortisation	734	6,102
Financial assets and liabilities	3	-
Interests receivable	1	-
Lease	4,046	4,287
Other	92	397
Recognised in the income statement	**(206)**	**(5,910)**
Accelerated depreciation and amortisation	(734)	(5,368)
Financial assets and liabilities	(1)	3
F/x differences	12	-
Interests receivable	1	1
Lease	541	(241)
Other	(25)	(305)
Balance as at the end of the period	**4,670**	**4,876**
Accelerated depreciation and amortisation	-	734
Financial assets and liabilities	2	3
F/x differences	12	-
Interests receivable	2	1
Lease	4,587	4,046
Other	67	92

	31 December 2022	31 December 2021
Deferred tax assets	16,647	16,006
Deferred tax liabilities	(4,670)	(4,876)
Tax assets net	**11,977**	**11,130**

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.

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

Unrecognised tax assets

The Company did not recognise deferred tax assets related to deductible temporary differences arising from the impairment of investments in subsidiaries due to the long term nature of these investments, tax losses and part of deductible temporary differences due to uncertainty about the availability of sufficient future tax profits within the next five years, in which it is possible to settle those losses or in the periods during which the temporary differences are expected to be realized. The amounts of deductible temporary differences and unused tax losses 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*	152,040	85,230	Up to 2027
Temporary differences associated with investments in subsidiaries	115,678	115,678	indefinite
Other deductible temporary differences	24,822	30,592	Up to 2028

** The value of unused tax losses as at the balance sheet date of 31 December 2022 covers in full the losses incurred during the operating period of the Tax Capital Group ('TCG'), a possible cut-off date was indicated on the assumption that the operating period of the existing TCG was extended until the period during which the resulting tax losses could be used.*

Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised

Due to the long term nature of investments in subsidiaries and the Company's ability to control reversals of temporary differences for tax purposes, the Company has not recognised certain deferred tax liabilities. The amount of deferred tax liability would amount to PLN 4,346 thousand (31 December 2021: PLN 4,346 thousand).

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 S.A. and its subsidiaries: Grupa Radiowa Agory Sp. z o.o., Agora TC Sp. z o.o., Plan D Sp. z o.o. (formerly: Domiporta 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 the TCG.

The TCG has been established on March 1, 2018, and each subsequent tax year overlapped 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 S.A. 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 tax capital group's operation period**

On 10 December 2020, the Management Board of Agora S.A. received a decision of 8 December 2020 issued by the Chief of the second Mazovian Tax Office in Warsaw to register an 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 agreement on extending the period of operation of the TCG was concluded for the period 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 agreement on extending the period of operation of the TCG was concluded for the period until 31 December 2023.

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17. RETIREMENT SEVERANCE PROVISION

According to the Polish employment regulations, employees have the right to the retirement severances payments. The amount of estimated provision as at 31 December 2022 amounted to PLN 1,916 thousand (31 December 2021: PLN 2,504 thousand), including long – term part of the amount of PLN 1,647 thousand (31 December 2021: PLN 2,226 thousand).

18. PROVISIONS

	Provision for restructuring	Provision for the cost of compensation and severances for the former Management Board Members	Provision for legal claims	Total
As at 31 January 2022	**225**	**360**	**191**	**776**
Additional provisions	3,442	-	200	3,642
Provisions used during the period	(2,934)	(335)	-	(3,269)
Unused provisions reversed	-	-	-	-
As at 31 December 2022	**733**	**25**	**391**	**1,149**
Non-current part	**-**	**-**	**-**	**-**
Current part	**733**	**25**	**391**	**1,149**

Provision for restructuring

The increase of the provision for restructuring mainly concerns the costs of group redundancies related to the restructuring of Digital and Printed Press segment announced in the fourth quarter of 2022. As at 31 December 2022, the provision remaining to be used amounted to PLN 715 thousand.

Additionally, the provision for restructuring concerns the costs of group redundancies related to the restructuring of the Print segment carried out in 2018-2019. As at 31 December 2022, the provision remaining to be used 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 were 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 difficult changes in a thought out manner and 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 was executed between November 17th and 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.

Provision for legal claims

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

Additionally, the Company is a party of legal disputes in the amount of PLN 1,700 thousand (as at December 31, 2021: PLN 467 thousand). The Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

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

19. TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES

Non-current

	31 December 2022	31 December 2021
Liabilities related to purchase of non-current assets	1,332	-
Other	579	704
Accruals and other liabilities	**1,911**	**704**

Current

	31 December 2022	31 December 2021
Trade payables	17,183	17,356
Other taxes and social security	6,973	19,756
Current accruals, including:	28,459	32,032
- employee benefits (remuneration, vacation pay, bonuses)	*12,851*	*15,908*
- accrual for costs	*15,608*	*16,124*
Rebates liability	17,723	19,311
Returns liability	5,623	6,069
Other	5,491	6,729
Social Fund	13,001	12,998
Trade and other payables	**94,453**	**114,251**

Trade payables are non-interest bearing and are usually settled within 14-30 days. Taxes and social security payables are non-interest bearing and are settled monthly. In 2021 the Company benefitted from the possibility of deferring payments of tax liabilities and social security contributions implemented under anti-crisis law.

Accounts payables include payables to related parties – details are disclosed in note 37.

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

20. CONTRACT LIABILITIES

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

Non-current	31 December 2022	31 December 2021
Prepayments for film's licences	60	162
Prepayments for subscriptions	7	30
Non-current contract liabilities	**67**	**192**

Current	31 December 2022	31 December 2021
Prepayments for advertising services	753	2,037
Prepayments for subscriptions	6,629	6,520
Prepayments for film's licences	220	63
Other contract liabilities	25	3
Current contract liabilities	**7,627**	**8,623**

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

	Non-current	**Current**	**Total**
As at 1 January 2022	**192**	**8,623**	**8,815**
Increase from prepayments received	67	7,435	7,502
Decrease from recognised revenue	-	(8,623)	(8,623)
Reclassification	(192)	192	-
As at 31 December 2022	**67**	**7,627**	**7,694**

	Non-current	**Current**	**Total**
As at 1 January 2021	**177**	**6,474**	**6,651**
Increase from prepayments received	192	8,446	8,638
Decrease from recognised revenue	-	(6,474)	(6,474)
Reclassification	(177)	177	-
As at 31 December 2021	**192**	**8,623**	**8,815**

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

21. REVENUE

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

	2022	2021
Advertising revenue	174,847	172,345
Copy sales	137,261	142,905
Sales of printing services	32,822	26,780
Sales of goods for resale	22,219	17,868
Film distribution and production sales	950	1,061
Other sales	25,218	21,961
	393,317	**382,920**

Revenue from advertising services, film distribution 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 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.

22. EXPENSES BY NATURE

	2022	2021
Depreciation of property, plant and equipment (note 4)	16,006	15,768
Amortisation of intangibles (note 3)	13,598	15,027
Amortisation of right-of-use assets (note 5)	1,293	1,234
Raw materials, energy and consumables	64,540	51,261
Advertising and promotion costs	40,706	37,350
Expenses relating to short-term leases	912	1,022
Expenses relating to leases of low-value assets (other than short-term leases)	174	168
Taxes and similar charges	3,944	3,891
Other external services rendered	113,321	104,302
Staff costs (note 25)	207,154	187,192
Total expenses by nature	**461,648**	**417,215**
Change in the balance of products	(4)	13
Cost of production for in-house use	(48)	(50)
Total operating costs	**461,596**	**417,178**
Selling expenses	(127,305)	(124,335)
Administrative expenses	(104,788)	(98,698)
Cost of sales	**229,503**	**194,145**

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

23. OTHER OPERATING INCOME

	2022	2021
Gain on disposal of non-financial non-current assets	52	143
Grants received	2,503	2,210
Reversal of provisions	-	186
Donations received	147	741
Other (1)	593	1,687
	3,295	**4,967**

(1) In 2021, Other includes, i.a., the value of the recovered VAT tax in the amount of PLN 1.1 million.

24. OTHER OPERATING EXPENSES

	2022	2021
Impairment losses recognised for non-financial non-current assets (note 3 and 4)	-	1,596
Donations	626	997
Provisions recognised	200	614
Liquidation of fixed assets	4	693
Other	1,168	810
	1,998	**4,710**
Impairment losses recognised for receivables - net		
Impairment losses recognised for receivables (note 9)	488	3,101
Reversal of impairment losses for receivables (note 9)	(165)	(755)
	323	**2,346**

25. STAFF COSTS

	2022	2021
Wages and salaries	168,348	154,613
Social security and other costs	35,364	32,579
Cost of group lay-offs (note 18)	3,442	-
	207,154	**187,192**
Average number of employees	**1,353**	**1,322**

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

26. 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 in scope 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.

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

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 27.

The information related to liabilities to former Management Board members is described in note 18.

Remuneration paid to Supervisory Board members comprised of 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**

27. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

Incentive Plan for the Management Board members

The 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.

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

Total impact of the Incentive Plan on the unconsolidated financial statements of Agora S.A.:

	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

Total impact 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 is the member of the Company's Management Board from August 5, 2021 till August 31, 2022.

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

28. FINANCE INCOME

	2022	2021
Dividends	64,635	64,052
Interests on loans and similar items	5	-
Other interest and income from short-term financial assets	1,367	584
Reversal of impairment losses for financial assets	29	48
F/x gains	282	-
Other	254	7
	66,572	**64,691**

29. FINANCE COST

	2022	2021
Interest and commissions on loans	3,081	1,551
Interest on lease liabilities	1,063	914
Other interest	1,063	64
F/x losses	-	240
Provisions for guarantees	319	499
	5,526	**3,268**

30. INCOME TAXES

Income tax expense recognised in the income statement

	2022	2021
Current tax expense		
Current tax expense	1,984	(178)
Adjustments for prior periods	(179)	193
	1,805	15
Deferred tax expense		
Origination and reversal of temporary differences	989	2,672
	989	2,672
Total tax expense recognised in the income statement	**2,794**	**2,687**

Income tax expense recognised in other comprehensive income

	2022	2021
Actuarial gains/(losses) on defined benefit plans	(142)	89
Total tax expense recognised in other comprehensive income	**(142)**	**89**

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

The tax on the Company'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
Profit/(loss) before tax	**(6,259)**	**25,076**
Tax calculated at a rate of 19% (2021: 19%)	1,189	(4,764)
Tax effect of:		
Dividends	12,281	12,170
Other non-taxable revenues	318	320
Other non-deductible expenses	(995)	(777)
Other temporary differences with no deferred tax recognised	1,067	204
Tax losses with no deferred tax recognised	(12,871)	(4,836)
Tax Capital Group settlement	1,984	178
Other	(179)	192
Tax calculated at an effective rate of 44.6% (2021: -10.7%)	**2,794**	**2,687**

31. EARNINGS PER SHARE

In calculating earnings per share the following variables were used:

a) as numerators – net profits/(losses) attributable to equity holders of the Company for the respective years,
b) as denominators - the average number of shares in the current year which is 46,580,831 (2021: 46,580,831).

WEIGHTED AVERAGE NUMBER OF ORDINARY 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.

32. FINANCIAL RISK MANAGEMENT

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

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

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

Risk management framework

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. 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 Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans granted and investment securities.

The maximum amount exposed to credit risk shall be the carrying amount of the financial instruments held.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company'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 Agora S.A.). The share of the transaction value with none of the distributors of the Company exceeded 10% of the total revenue of Agora S.A.

The Company 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.

Based on historic and expected default rates, the Company do not create impairment allowances for receivables from related companies or for barter receivables.

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 9.

Investments

The Company limits its exposure to credit risk by investing also its free cash only in liquid securities, bank deposits or in cash pooling system functioning in the Group. In the case of investments in securities, the Company diverts its investments in investment funds which invest in different classes of debt instruments. The Company does not acquire securities directly, but only through investment funds. As at 31 December 2022, the Company did not have investments in the units of investment funds.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. As the parent company of the Group, the Company receives cash to cover its operating expenses also in the form of dividends received from subsidiaries and associates, which in the cash flow statement are presented in investment activity. The Company also notes that in 2022 it recorded one-off operational outflows related i.a. to the payment of tax liabilities due to ZUS, which were deferred in 2021 due to the application of the provisions of anti-COVID shields, paid one-off inflation allowances for employees, incurred one-off expenses related to the group lay-offs in the fourth quarter of 2022 and spent money on the purchase of an increased supply of printing paper due to the uncertainty of supplies resulting from the war in Ukraine.

In addition, on 31 December 2022, the Company had a credit facility and an available credit facility in the current account in Santander Bank Polska S.A. (described in note 14). As at 31 December 2022, the value of available and unused bank loans amounted to PLN 35 million. Moreover, the Company was a participant of the agreement regarding the implementation of liquidity management system 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. In accordance with this agreement, the Company may use the funds collected by other participants of the cash pooling system.

Payment deadlines concerning trade payables are described in note 19 and bank loan in note 14. Future estimated cash flows related to financial liabilities are described in note 33.

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 Company'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 return rate.

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.

Accounts receivable in foreign currency amounted to PLN 2,458 thousand (31 December 2021: PLN 1,689 thousand), principally in EURO (PLN 2,184 thousand) and USD (PLN 233 thousand).

Accounts payable requiring settlement in foreign currency amounted to PLN 2,117 thousand (31 December 2021: PLN 3,222 thousand), payable principally in EURO (PLN 2,016 thousand) and USD (PLN 96 thousand).

The Company does not hedge against exchange rate risk on a long-term basis.

In 2022 the Company was not engaged in any currency option instruments or other derivatives (used for hedging or speculative ones).

Interest rate risk

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

Additionally, the Company is a party of an interest bearing bank loan with interest at a floating rate based on WIBOR 3M + bank margin, current account overdraft with interest at a floating rate based on WIBOR 3M + bank margin and has cash pooling receivables and liabilities with interest at a floating rate based on WIBID O/N.

Sensitivity analysis

a) Interest rate risk

The Company has financial instruments (including bank deposits and credits, cash pool receivables and liabilities), which fair values and 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 159 thousand (as at December 31, 2021 at the level of net profit/loss PLN 79 thousand).

Additional information on carrying amounts as at balance sheet date is disclosed in note 33.

b) Foreign currency risk

The Company has financial instruments (including bank deposits, bank loans, cash pooling receivables and payables). 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 86 thousand (as at December 31, 2021: at the level of net profit/loss PLN 41 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 is the Management Board's overarching priority and the Company plans to use its capital in order to achieve that objective, building its long term value. 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, conditions resulting from loan agreements 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 possible to reach higher rate on return ratio (if the debt level is higher) and advantages and security reached at the stable capital level.

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

33. INFORMATION ABOUT FINANCIAL INSTRUMENTS

1) General information

	Bank deposits	Loans granted	Bank loan
a) Classification	Financial assets measured at amortized cost	Financial assets measured at amortized cost	Financial liability
b) Nature of the instrument	Short-term low investments	Long- and short-term loans	Bank loan
c) Carrying value of the instrument	As at December 31, 2022: PLN 10,273 thousand As at December 31, 2021: PLN 22,261 thousand	As at December 31, 2022: PLN 460 thousand. As at December 31, 2021: did not occur	As at December 31, 2022: PLN 23,766 thousand As at December 31, 2021: PLN 36,643 thousand
d) Value of the instrument in foreign currency, if applicable	n/a	n/a	n/a
e) Purpose of the instrument	Investing of cash surpluses	Financing of related companies	Investment credit and current account facility
f) Amount on which future payments are based	Total value of deposits	Face value	Face value
g) Date of repricing, maturity, expiry or execution	Liquid – overnight or within 3 months	According to maturity date in agreement repaid in instalments till 31 March 2027	Credit line described in note 14.
h) Early settlement option	Any time	Possible	Possible
i) Execution price or range of prices	Face value plus interests	Face value plus interests	Face value plus interests
j) Option to convert or exchange instrument to other asset or liability	None	Conversion to borrower shares under certain conditions	None
k) Stated rate or amount of interest, dividend or other periodic return and the timing of payments	WIBID minus margin. Timing of payments–at maturity	WIBOR + margin. Timing of payments–instalments or at maturity date	Bank loan – WIBOR + margin. Timing of payments – quarterly
l) Collateral held or pledged	None	None	Bank loans – collateral described in note 14.
m) Other conditions	None	None	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.
n) Type of risk associated with the instrument	Interest rate, credit risk of financial institution	Interest rate, credit risk of subsidiaries and associates	Interest rate
o) Fair value of the instrument	Equal to carrying value	Close to carrying value	Close to carrying value
p) Method of fair value determination	Discounted cash flow	Discounted cash flow	Discounted cash flow

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

Interest rate risk

r) Description of the risk	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)
t) Effective interest rate	Close to nominal	Close to nominal	Close to nominal

Credit risk

u) Description of the risk	Depending on the creditworthiness of the bank	Depending on the creditworthiness of the borrowers	None
w) Maximum credit risk exposure	Amount deposited less amount from BFG	Amount deposited	n/a

The information about trade receivables is included in note 9, about trade payables in note 19 and about cash pooling receivables and payables in notes 10, 15 and 32.

2) Detailed information about financial instruments

	2022	2021
Interest income on financial assets		
Bank deposits	1,272	25
Loans granted	5	-
Cash pooling	93	17
Other	2	1
Interest and commissions expense on financial liabilities		
Bank loans	(3,081)	(1,551)
Lease liabilities	(1,063)	(914)
Cash pooling	(1,018)	(40)

3) Fair value hierarchy for financial instruments

The Company 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.

As at December 31, 2022 and as at December 31, 2021 the Company had no financial instruments measured at fair value.

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

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:

As at 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	26,406	6,301	6,084	11,463	2,558	-
Lease liabilities	73,162	1,623	382	1,551	3,331	66,275
including: Lease liabilities resulting from the application of IFRS 16	*73,131*	*1,615*	*374*	*1,536*	*3,331*	*66,275*
Cash pooling liabilities	25,232	25,232	-	-	-	-
Trade payables	17,183	17,183	-	-	-	-
Payables related to purchase of property, plant and equipment	4,294	2,425	539	1,071	260	-
Total	**146,277**	**52,764**	**7,005**	**14,085**	**6,149**	**66,275**

As at 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	37,300	10,030	9,911	17,359	-	-
Lease liabilities	63,905	1,336	399	1,538	3,077	57,555
including: Lease liabilities resulting from the application of IFRS 16	*63,847*	*1,318*	*391*	*1,521*	*3,062*	*57,555*
Cash pooling liabilities	38,316	38,316	-	-	-	-
Trade payables	17,356	17,356	-	-	-	-
Payables related to purchase of property, plant and equipment	3,994	3,994	-	-	-	-
Total	**160,871**	**71,032**	**10,310**	**18,897**	**3,077**	**57,555**

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

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 2021	Capital	Interests and commissions	Recognition of assets under lease	Interests and commissions accrued	F/X differences	Offset	As at 31 December 2022
Bank loans	36,643	(12,519)	(3,037)	-	2,678	-	-	23,765
Finance lease liabilities	22,067	(1,724)	(296)	4,079	1,063	13	-	25,202
Cash pooling, incl:	37,054	(14,218)	(900)	-	925	-	-	22,861
Receivables	*(1,262)*	*(1,103)*	*84*	-	*(93)*	-	*3*	*(2,371)*
Liabilities	*38,316*	*(13,115)*	*(984)*	-	*1,018*	-	*(3)*	*25,232*

		Cash flows		Non-cash changes				
	As at 31 December 2020	Capital	Interests and commissions	Recognition of assets under lease	Interests and commissions accrued	F/X differences	Decrease in the scope of the lease	As at 31 December 2021
Bank loans	77,112	(40,476)	(982)	-	989	-	-	36,643
Finance lease liabilities	24,156	(1,028)	(1,839)	1,212	914	(12)	(1,336)	22,067
Cash pooling, incl:	48,478	(11,448)	1	-	23	-	-	37,054
Receivables	*(263)*	*(996)*	*14*	-	*(17)*	-	-	*(1,262)*
Liabilities	*48,741*	*(10,452)*	*(13)*	-	*40*	-	-	*38,316*

34. FUTURE CONTRACTUAL COMMITMENTS

Contractual investment commitments

As at December 31, 2022 the commitments for the purchase of property, plant and equipment did not occur (as at December 31, 2021: PLN 53 thousand). As at December 31, 2022 and as at December 31, 2021 there were no commitments for the purchase of intangible assets.

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

35. CONTINGENCIES

As at 31 December 2022 and 31 December 2021, the Company's contingencies, were as follows:

Benefiting party	Debtor	Valid till	Amount As at 31 December 2022	Amount As at 31 December 2021	Scope of collateral
Guarantees provided by Agora S.A.					
DNB Bank Polska S.A.	Companies holding payment cards in DNB Bank	31 Dec 2023*	-	1,200	receivables from payment card contracts

**The Guarantee Agreement expired on June 30, 2022 along with the termination of Payment Card Agreements by DNB Bank Polska S.A.*

Information on contingent liabilities related to legal disputes is described in note 18.

Information on guarantees granted after the balance sheet date is described in note 40.

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

36. GROUP COMPANIES

Basic information about the companies in which Agora S.A. holds shares (directly or indirectly) are presented in the table below:

		% of shares held (effectively)	
		31 December 2022	31 December 2021
	Subsidiaries consolidated		
1	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
2	AMS S.A., Warsaw	100.0%	100.0%
3	AMS Serwis Sp. z o.o., Warsaw (1)	100.0%	100.0%
4	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
5	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	100.0%
6	IM 40 Sp. z o.o., Warsaw (2)	72.0%	72.0%
7	Inforadio Sp. z o.o., Warsaw (2)	66.1%	66.1%
8	Helios S.A. , Lodz	91.5%	91.5%
9	Next Film Sp. z o.o., Warsaw (3)	91.5%	91.5%
10	Next Script Sp. z o.o., Warsaw (4)	91.5%	75.9%
11	Plan D Sp. z o.o., Warsaw	100.0%	100.0%
12	Optimizers Sp. z o.o., Warsaw (1)	100.0%	100.0%
13	Yieldbird Sp. z o.o., Warsaw (5)	100.0%	95.8%
14	GoldenLine Sp. z o.o., Szczecin (6)	79.8%	79.8%
15	Plan A Sp. z o.o., Warsaw	100.0%	100.0%
16	Agora Finanse Sp. z o.o. , Warsaw	100.0%	100.0%
17	Step Inside Sp. z o.o., Lodz (3)	82.3%	82.3%
18	HRlink Sp. z o.o., Szczecin	79.8%	79.8%
19	Video OOH Sp. z o.o. (formerly Piano Group Sp. z o.o.), Warsaw (1), (7)	92.0%	92.0%
20	Yieldbird International Ltd, London (8)	100.0%	-
21	Helios Media Sp. z o.o., Lodz (3),(9)	91.5%	-
22	Plan G Sp. z o.o., Warsaw (10)	100.0%	-
	Joint ventures and associates accounted for the equity method		
23	Instytut Badań Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
24	ROI Hunter a.s., Brno	23.9%	23.9%
25	Eurozet Sp. z o.o., Warsaw	40.0%	40.0%
	Companies excluded from consolidation and equity accounting		
26	Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%
27	Garmond Press S.A., Cracow (11)	3.5%	-

(1) indirectly through AMS S.A.;
(2) indirectly through GRA Sp. z o.o.;
(3) indirectly through Helios S.A.;
(4) indirectly through Next Film Sp. z o.o., acquisition of additional shares on October 27, 2022 and November 14, 2022;
(5) acquisition of additional shares on December 9, 2022;
(6) indirectly through HRlink Sp. z o.o.;
(7) change of the company`s business name from Piano Group Sp. z o.o. to Video OOH Sp. z o.o. on July 22, 2022;
(8) indirectly through Yieldbird Sp. z o.o., company incorporated on July 27, 2022;
(9) company registered in the National Court Register on September 1, 2022;
(10) company registered in the National Court Register on January 27, 2023;
(11) acquisition of shares in the company registered in the National Court Register on July 13, 2022.

- **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 might 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 analyzed 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 legal process and the acquisition of additional shares in Eurozet Sp. z o.o. are described in note 40.

- **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 convertion the written-off receivables in the amount of PLN 1,026 thousand were reclassified into 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. Until the balance sheet date Yieldbird International Ltd did not undertake business activities.

- **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.

On January 27, 2023 the company Plan G Sp. z o.o. was registered in the National Court Register.

- **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 9,400 shares of the share capital.

The sole shareholder of Next Film Sp. z o.o. is Helios S.A. Agora S.A. holds 91.5% of shares in Helios S.A.

- **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 purchase price of the shares was PLN 2,215 thousand (the purchase price with transaction cost 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-Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed an expert for the purpose of the valuation of the shares to be purchased from the Minority Shareholder (318,930 shares) and from other minority shareholders (1,460 shares in total).

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

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.

37. RELATED PARTY TRANSACTIONS

Table below presents total investments and balances with related parties as at 31 December 2022 (with comparative figures):

	31 December 2022	31 December 2021
Subsidiaries		
Shares	470,312	468,020
Non-current loans granted	460	-
Cash pooling receivables	2,371	1,262
Trade receivables	14,567	16,044
Other receivables and accruals	749	783
Cash pooling liabilities	25,232	38,316
Trade liabilities	2,904	2,652
Other liabilities and accruals	1,777	1,218
Contract liabilities	-	8
Associates		
Shares	156,257	156,257
Major shareholder		
Trade receivables	3	3
Other liabilities	6	8

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

Table below presents total transactions with related parties in 2022 (with comparative figures):

	2022	2021
Subsidiaries		
Sales	71,467	68,038
Purchases	(25,555)	(20,750)
Other operating income	8	54
Dividend income	40,635	48,052
Finance interests	98	17
Other finance income	4	7
Finance cost - credit guarantee	(319)	(499)
Finance cost - interests on cash pooling	(1,018)	(40)
Finance cost - other interests	-	(18)
Income tax - TCG settlements	(1,984)	178
Associates		
Sales	-	37
Purchases	(6)	(54)
Dividend income	24,000	16,000
Major shareholder		
Sales	27	25
Other operating income	2	503
Management Board of the Company		
Sales	-	1
Other operating income	1	-

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, administrative, 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.

38. 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 Company as at the date of the estimation. The Company 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 selected investments in subsidiaries, 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 Company points out that the value of revenue included in the cash flow projections depends on the general economic situation in Poland and in Europe. They 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 Company`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. Additionally, the other factor of uncertainty about economic situation in Poland and in the world is ongoing military aggression of the Russian Federation against Ukraine. Polish economy is sensitive to the country political situation and a looping 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 Company'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 Company identified three key assumptions, which have the most significant impact on the estimated recoverable amount of the assets:

1) average growth rate of revenue during forecast for the years,

2) applied real long-term growth rate after the period of detailed forecast in the so-called residual period,

3) applied pre-tax discount rate.

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

Basic information about the method applied is summarized below:

	Rights and goodwill related to activities in particular magazine titles
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
Years:	The average growth rate of revenue during forecast for the years
2023-2027	2%
	Discount rate for the years (pre-tax)
2023-2027	11.5%
	The applied real long-term growth rate after the period covered by the forecast
	0.0%
	The discount and growth rates applied as at the end of previous year
	Discount rate for the years (pre-tax)
2022-2026	7.2%
	The applied real long-term growth rate after the period covered by the forecast
	0.0%

In 2022 and 2021 in result of annual tests for impairment losses, that were carried out in respect of goodwill and rights related to activities in magazine titles presented in table above, no impairment loss was recognized.

In 2022, there was no impairment loss in respect of other non-currents assets recognized.

In 2021, impairment losses were made in the total amount of PLN 1,596 thousand in relation to real estate in Tychy in the amount of PLN 883 thousand based on the valuation of an independent expert and in relation to the website Odeszli.pl in the amount of PLN 713 thousand due to the failure to achieve the planned revenues from its activities.

- **Other**

To the key estimates and assumptions, that may cause a significant adjustment to the amounts recognised in unconsolidated 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(e).

39. SELECTED UNCONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

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

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

	PLN thousand		EURO thousand	
	Year 2022	Year 2021	Year 2022	Year 2021
Revenue	393,317	382,920	83,893	83,653
Operating loss	(67,305)	(36,347)	(14,356)	(7,940)
Profit/(loss) before income taxes	(6,259)	25,076	(1,335)	5,478
Net profit/(loss)	(3,465)	27,763	(739)	6,065
Net cash used in operating activities	(64,855)	(1,359)	(13,833)	(297)
Net cash from investing activities	39,870	66,645	8,504	14,559
Net cash used in financing activities	(32,013)	(55,229)	(6,828)	(12,065)
Net increase/(decrease) in cash and cash equivalents	(56,998)	10,057	(12,157)	2,197
Total assets	979,234	1,024,848	208,796	222,822
Non-current liabilities	39,973	40,879	8,523	8,888
Current liabilities	141,349	183,197	30,139	39,831
Equity	797,912	800,772	170,134	174,104
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
Basic/diluted earnings per share (in PLN / in EURO)	(0.07)	0.60	(0.02)	0.13
Book value per share (in PLN / in EURO)	17.13	17.19	3.65	3.74

40. 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, has 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 mio 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.

- **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 load 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 form 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.

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.