AGORA SA

AGORA GROUP

Report for
1q 2023

May 25, 2023

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AGORA GROUP

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

REVENUE PLN 295.8 MILLION
EBITDA PLN 35.7 MILLION
NET PROFIT PLN 34.7 MILLION
OPERATING CASH FLOW PLN 50.5 MILLION

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

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

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

I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP [1]

- In the first quarter of 2023, the **Agora Group** ("Group") earned revenue in the amount of PLN 295.8 million, and it was higher by 16.9% year on year. This was mainly due to the return of cinemas to full-scale operations and the lifting of restrictions introduced by the government in earlier periods as part of the fight against the pandemic, and thus the increase in the revenue of the Movies and Books segment. The revenue level of the first quarter of 2023 was significantly affected also by consolidation with the Eurozet group (since 1 March 2023).

The most significant year on year increase in the revenue in the **Movies and Books** segment was recorded by cinema operations. They include sales of cinema tickets, concession sales and sales of advertising in cinemas. Catering activities and Agora's Publishing House also generated higher revenue. In the first case, this was due to an increase in Step Inside revenue recorded thanks to a larger number of restaurants, and in the second case, the increase resulted from the implementation of an advertising campaign, among other factors. In contrast, the segment's revenue from the film business was lower year on year.

The second segment in terms of revenue increase was **Radio**. A significant increase in this segment's revenue is due to the consolidation with the Eurozet group since 1 March 2023. The segment's revenue, without the results of the Eurozet group, was lower year on year in the first quarter of 2023. This was due to lower inflows from the airtime brokerage services in other broadcasters' stations. At the beginning of 2023, Helios Media Sp. z o.o. took over the advertising agency services provided to Helios cinemas, which also affected the level of revenue in the Radio segment.

The **Outdoor Advertising** was another segment with rising revenue. This was driven by the huge popularity of advertising campaigns using citylight and digital, billboard18, as well as city transport panels.

In the first quarter of 2023, also the revenue of the **Digital and Printed Press** segment went up. This was mainly due to increased sales of printing services. Sales of digital subscriptions of *Gazeta Wyborcza* also increased, with decreasing revenue from its paper edition. The segment's income from advertising sales was also lower.

The only operating segment of the Group which recorded lower revenue year on year was the **Internet**. This was caused to the largest extent by the decrease in the revenue from the sale of online advertisements in Yieldbird. In contrast, Gazeta.pl recorded higher online advertising sales revenue year on year. The segment's revenue from announcements declined, which was the result of lower revenue of the HRlink group. Revenue from other online services stood at the same level as in the first quarter of 2022.

- In the first quarter of 2023, the **Agora Group's** operating costs increased by 9.1% and reached PLN 300.8 million. They were higher in all segments except for the Internet. The level of the costs for the first quarter of 2023 was significantly affected by consolidation with the Eurozet group since 1 March 2023. The costs of the Agora Group excluding the results of the Eurozet group amounted in the first quarter of 2023 to PLN 285.9 million and were 3.7% higher than the costs incurred in the same period last year.

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

The second segment in terms of the increase in operating expenses in the first quarter of 2023 was the **Movies and Books** segment. The costs of materials and energy consumption and the value of goods and materials sold increased the most. This resulted from higher revenue from concession sales in cinemas and higher revenue from sales in restaurants. In the first quarter of 2023, the costs of external services and depreciation and amortisation also increased, while the costs of promotion and marketing, as well as staff costs decreased. It is also worth remembering that the comparability of data was affected by sanitary restrictions related to the COVID-19 pandemic in force in the first quarter of 2022. In the first quarter of 2022, the segment also recorded a write-off on its assets in the amount of PLN 0.6 million.

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

The increase in operating costs of the **Digital and Printed Press** segment resulted primarily from higher prices of electricity and production materials, including paper, as well as higher costs of external services. In contrast, staff costs, depreciation and amortisation, as well as promotion and marketing costs were lower.

The **Internet** segment recorded a decrease in operating costs. This was mainly due to lower costs of external services, which was related to lower costs of lease of advertising space and, at the same time, lower revenue from the sale of advertising on that space in Yieldbird and lower costs of purchase of broker advertisements in the HRlink group. Promotion and marketing costs also decreased. However, staff costs as well as depreciation and amortisation costs increased.

- In the first quarter of 2023, the Agora Group generated an EBITDA profit of PLN 35.7 million and an EBIT loss of PLN 5.0 million, which represents a significant improvement in both ratios year on year. The revaluation write-off on assets in the amount of PLN 0.6 million negatively affected the level of costs in 2022. In the first quarter of 2023, the Group generated a net profit of PLN 34.7 million, while the net profit attributable to shareholders of the parent company amounted to PLN 32.6 million. The net profit was positively affected by the valuation of the Eurozet group's shares as at the date of acquisition of control, in the amount of PLN 47.9 million.

- The results of the first quarter of 2023 were significantly affected by consolidation with the Eurozet group since 1 March 2023. Excluding the Eurozet group's results, the Agora Group recorded an EBITDA profit of PLN 31.3 million in the first quarter of 2023, which represents an increase by 77.8% year on year.
- In the first quarter of 2023, without the effect of IFRS 16, the Agora Group recorded an EBITDA profit of PLN 10.5 million. The EBIT loss amounted to PLN 11.3 million in accordance with this presentation.
- As at 31 March 2023, the Group's cash and short-term financial assets amounted to PLN 128.0 million, which comprised PLN 127.0 million in cash and cash equivalents (cash in hand and at bank and bank deposits) and PLN 1 million in short-term financial assets.
- As at the end of March 2023, the Group's debt due to loans and leases amounted to PLN 876.0 million (including lease liabilities under IFRS 16 that amounted to PLN 708.5 million). The Group's net debt under this approach equalled PLN 749.0 million, while without the effect of IFRS 16, the Group's net debt as at 31 March 2023 stood at PLN 40.5 million.

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

1. EXTERNAL FACTORS

1.1 Advertising market [3]

According to the Agora S.A. estimates ("Company", "Agora"), based on public data sources, in the first quarter of 2023, total advertising spending in Poland amounted to almost PLN 2.53 billion and increased by over 5.5% yoy. At that time, advertisers increased their expenditure in all of the advertising market segments except for press.

Tab.1

	I Q 2021	II Q 2021	III Q 2021	IV Q 2021	I Q 2022	II Q 2022	III Q 2022	IV Q 2022	I Q 2023
% change yoy in ad market value	4.5%	44.5%	13.5%	13.0%	7.5%	4.0%	3.5%	4.0%	5.5%

The data relating to the changes in the value of advertising expenditure in particular media segments in the first quarter of 2023 are presented in the table below:

Tab.2

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
5.5%	4.0%	8.0%	5.0%	5.5%	(9.0%)	(3.0%)	36.5%

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

Tab. 3

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	40.0%	45.5%	6.0%	4.5%	2.0%	1.0%	1.0%

1.2 Cinema admissions [9]

According to Helios' estimates, the number of tickets sold in Polish cinemas in the first quarter of 2023 amounted to nearly 12.8 million and was higher by 23.1% yoy.

1.3 Copy sales of dailies [4]

In the first quarter of 2023, the sales of daily newspapers in Poland decreased by 15.3% yoy. The smallest decline took place in the segment of main dailies, while the largest decreases were recorded in the segment of specialized dailies.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 4

in million PLN	**1Q 2023**	**1Q 2022**	***% change yoy***
Total sales (1)	**295.8**	**253.1**	***16.9%***
Advertising revenue	124.3	104.5	*18.9%*
Ticket sales	62.0	47.3	*31.1%*
Copy sales	33.5	33.0	*1.5%*
Concession sales in cinemas	33.9	22.4	*51.3%*
Gastronomic sales	9.1	7.8	*16.7%*
Revenues from film activities	5.5	15.8	*(65.2%)*
Other	27.5	22.3	*23.3%*

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

In the first quarter of 2023, the **Agora Group's total revenues** amounted to PLN 295.8 million, having increased by 16.9% year on year. All categories of the Group's revenues increased, except for the revenue related to film operations. The revenue level of the first quarter of 2023 was significantly affected by consolidation with the Eurozet Group since 1 March 2023. Without taking into account the Eurozet Group, the revenues of the Agora Group were 10.0% higher and amounted to PLN 278.3 million.

In the period from January to March 2023, the **sales of advertising services** of the Agora Group increased by 18.9% year on year and amounted to PLN 124.3 million. The Radio segment was the business in which advertising spending grew the most and which contributed the strongest to the increase in the entire Group's advertising revenue. The sales of radio advertising in this segment increased by 88.2% to PLN 35.2 million, and without taking the Eurozet Group into account – by 3.2% and amounted to PLN 19.3 million. The revenue from sales of airtime in the Agora Radio Group stations was higher and the revenue from brokerage of third-party airtime was lower. At the beginning of 2023, Helios Media Sp. z o.o. took over the advertising agency services provided to Helios cinemas, which also contributed to the reduction in revenue in the Radio segment. Advertising revenue in the Outdoor Advertising segment was 20.7% higher and amounted to PLN 34.4 million. The positive dynamics of the revenue in this segment was mainly impacted by expenditure on campaigns carried out on citylight, digital, billboard18 and city transport. The advertising spending in cinemas increased by 55.3% to PLN 7.3 million in the period under review. Revenue from sales of advertising services decreased in other business segments. The sharpest drop in advertising revenue was recorded by the Internet segment – they decreased by 15.7% to PLN 33.4 million. This was primarily driven by lower online advertising sales by Yieldbird, mainly due to a change in the customer portfolio and a focus on working with higher margin contractors. Advertising revenue generated by the Gazeta.pl division was higher year on year. The Internet segment also recorded a decline in revenue from announcements, which is the result of lower revenue of the HRlink group. Advertising revenue in the Digital and Printed Press segment decreased by 6.6% to PLN 11.3 million. This decrease was caused by lower revenue of *Gazeta Wyborcza*.

In the first quarter of 2023, the **revenue from the sale of tickets to Helios cinemas** increased by 31.1% to PLN 62.0 million and the **revenue from concession sales in cinemas** – by 51.3% to PLN 33.9 million. In the period under review, 2.9 million tickets were sold in Helios cinemas, i.e. 16.0% more than in the first quarter of 2022.

In the period from January to March 2023, the **copy sales revenue** amounted to PLN 33.5 million and increased by 1.5% year on year. The increase in this revenue category resulted from higher revenue of Agora Publishing House. Revenues of the Digital and Printed Press segment remained at a level similar to the first quarter of 2022 – only the structure of these revenues changed as the revenue from the digital subscription of *Gazeta Wyborcza* increased and the revenue from its paper edition decreased.

The **revenue from catering activities** amounted to PLN 9.1 million, i.e. 16.7% more year on year. This was related to increased revenue from the operations of Step Inside recorded thanks to a larger number of restaurants.

In the first quarter of 2023, the **revenue from the film business** of the Agora Group decreased by 65.2% and amounted to PLN 5.5 million. This was due to the high popularity of film productions released in the first quarter of the previous year. It should also be noted that the level of revenue at that time was significantly affected by the revenue from productions for the streaming platform.

In the first quarter of 2023, the **revenue from other sales** amounted to PLN 27.5 million and was 23.3% higher year on year. This resulted from an increase in revenues in all segments, including higher sales of printing services and other sales of goods and materials.

2.2. Operating cost

Tab. 5

in million PLN	**1Q 2023**	**1Q 2022**	***% change yoy***
Operating cost net (1), including:	**(300.8)**	**(275.8)**	***9.1 %***
External services	(100.5)	(93.7)	*7.3%*
Staff cost	(96.9)	(90.2)	*7.4%*
Raw materials, energy and consumables	(40.7)	(32.1)	*26.8%*
D&A	(40.7)	(39.7)	*2.5%*
Promotion and marketing	(11.6)	(11.8)	*(1.7%)*
Impairment losses (2)	-	(0.6)	-

(1) the amount of the net operating cost excluding impact of International Financial Reporting Standard no. 16 Leases amounted to PLN 307.1 million (in the first quarter of 2022: PLN 281.1 million);

(2) the amount includes an impairment loss for right-of-use assets in Helios S.A.

In the first quarter of 2023, the **net operating costs** of the Agora Group increased by 9.1% to PLN 300.8 million. They were higher in all operating segments of the Group, except Internet. The level of the operating costs of the first quarter of 2023 was significantly affected by consolidation with the Eurozet Group since 1 March 2023. Without taking into account the Eurozet Group, the net operating costs were 3.7% higher and amounted to PLN 285.9 million. In the first quarter of 2023, there were no one-off events. In the same period of the previous year, a revaluation write-down was made on assets worth PLN 0.6 million in the Movies and Books segment.

The largest item of the Group’s expenses in the period from January to March 2023 was the **costs of external services** which amounted to PLN 100.5 million and were 7.3% higher year on year. Their largest increase was recorded in the Radio segment and was caused by the consolidation of the Eurozet Group’s results. After the elimination of the effect of the Eurozet Group, the costs of external services of the Radio segment were lower in the first quarter of 2023 than in the previous year. This decrease is attributable to discontinuation of the provision of sales brokerage for the Helios cinema network and to lower costs of airtime purchase in third-party radio stations in connection with the advertising sales brokerage service provided. Costs of external services incurred by the Outdoor segment were also higher than in the first quarter of 2022. This increase was mainly due to higher costs of system maintenance and advertising campaigns. Another segment where the costs of external services increased was the

Movies and Books segment. Their increase was related to cinema operations – to higher costs of purchasing film copies. The costs of remuneration paid to film producers and the costs associated with film production recorded a decrease. The costs incurred by the Digital and Printed Press segment also increased year on year. The factor that affected the increase in this category the most was the costs of lease of advertising space and legal services. The only segment in which the decrease in the costs of external services was observed was the Internet. They decreased mainly in Yieldbird, which was related to the reduction of lease costs of advertising space, and in the HRlink group, primarily due to lower costs of purchase of brokerage announcements. The increase in the costs of external services was observed in Gazeta.pl.

Staff costs reached PLN 96.9 million and increased by 7.4% year on year. Staff costs were higher in almost all operating segments of the Group and in its supporting divisions. The only exceptions were the Digital and Printed Press as well as the Movies and Books segments, which was the result of restructuring carried out in these areas in the fourth quarter of 2022.The largest increase in this category was recorded in the Radio segment, mainly due to the consolidation of the Eurozet Group's results.

At the end of March 2023, **headcount** in the Agora Group was 2,579 FTEs, and increased by 223 FTEs year on year. This increase was mainly due to the inclusion in the Agora Group's data of the number of employees in the Eurozet Group, which amounted to 359 FTEs in March 2023. The Agora Group's headcount without the Eurozet Group was lower by 136 FTEs. A significant drop in the headcount occurred in the Digital and Printed Press as well as in the Movies and Books segments as a result of the restructuring carried out last year.

The increase in the **cost of materials and energy consumption and goods and materials sold** of 26.8% to PLN 40.7 million recorded in the first quarter of 2023 was primarily the result of an increase in this type of expenses in the following segments: Movies and Books and Digital and Printed Press. In the first one, higher costs were mainly related to the increase in revenue from concession sales and sales in restaurants. The dynamics of this cost category in the Digital and Printed Press segment was largely influenced by the increase in market prices of electricity and production materials, in particular paper.

The **costs of depreciation and amortisation** were higher by 2.5% and amounted to PLN 40.7 million. This cost item increased in the Radio segment (consolidation of Eurozet Group's results), supporting divisions (e.g. centralisation of Agora's hardware since 2023 in IT), as well as in the Movies and Books segment (depreciation and amortisation in catering activities due to more restaurants developed under the Pasibus brand) and in the Internet segment. In addition, since March 1 2023, depreciation and amortisation of fair values of the Eurozet Group assets acquired has been recognised in the Agora Group. The costs of Outdoor decreased as a result of total depreciation and amortisation of certain assets, while the decrease in the costs of Digital and Printed Press was due to the end of the depreciation/amortisation period of development projects of *Gazeta Wyborcza* launched in earlier periods.

The **promotion and marketing costs** of the Agora Group decreased by 1.7% year on year to PLN 11.6 million. The largest drop in this item took place in the Movies and Books segment – the marketing costs in the film business and in Agora Publishing House were lower. The decrease in promotion and marketing costs in the Digital and Printed Press segment was a result of the postponement of *Gazeta Wyborcza's* promotional activities. The Internet segment also incurred lower costs. The costs of promotion and marketing increased in the Radio segment due to the consolidation of the Eurozet Group's results and higher expenditure on the promotion of Radio Złote Przeboje. The increase in Outdoor Advertising expenditure resulted from higher total barter costs of patronage campaigns due to their larger number.

In the first quarter of 2023, the Group's net operating costs, reported without the effect of IFRS 16, amounted to PLN 307.1 million and were 9.2% higher year on year.

3. PROSPECTS

According to available macroeconomic forecasts, the second quarter and the next quarters of 2023 will bring a slowdown in economic growth, continually high inflation, and high prices for energy raw materials, food, goods, and services. The development of the economic situation in Poland in the subsequent periods will also be characterised by high uncertainty due, but not limited to, the further course of the armed conflict in Ukraine and its geopolitical consequences. Wage pressure and the increase in the minimum wage in 2023 is also an important factor affecting the Agora Group. As of January 1, 2023, the gross minimum wage increased from PLN 3,010 to PLN 3,490 and the minimum hourly rate is PLN 22.80. The next increase in the minimum wage will be from July 1, 2023, when it will rise to PLN 3,600 gross, and the minimum hourly rate will be PLN 23.50.

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

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

3.1. Revenues

3.1.1 Advertising market [3]

The advertising market in Poland grew by over 5.5% yoy in the first quarter of 2023, and advertisers spent around PLN 2.53 billion on promoting their products and services at that time. The increase in advertising spending was in all market segments except press.

The value of advertising spending in the first quarter of 2023 was higher compared to the first quarter of 2019 and the first quarter of 2020. - The increase to those periods was more than 18.5%.

The dynamics of the advertising market in the first quarter of 2023 was slightly better than expectations, but the company does not change its expectations for the growth rate of the entire advertising market and its individual segments throughout 2023. Agora expects the dynamics of advertising spending in Poland in 2023 to be around 2.0 - 4.0%. Despite high uncertainty regarding the scale of a possible economic slowdown in the country, the level of inflation and operating costs of businesses, and in view of the situation in the region, Agora expects the value of the advertising market to grow throughout the year rather closer to the upper limit of the indicated range.

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

Tab. 8

Total advertising expenditure	Television	Internet	Radio	Outdoor	Press	Cinema
2.0-4.0%	(1.0%)-2.0%	2.0-5.0%	1.0-4.0%	5.0-10.0%	(10.0%)-(7.0%)	9.0-14.0%

The investment in the Eurozet group had a positive impact on the achieved revenues of the Radio segment. The segment recorded a 75.9% increase in revenue in the first quarter of 2023 yoy. Both the consolidation of the radio group and the increase in advertising spending in the Radio segment will contribute to a gradual increase in advertising revenues in the following quarters of 2023.

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

3.1.2. Ticket sales

The most significant factors affecting attendance in Polish cinemas include: the repertoire, the weather conditions, the affluence of the Polish society and distance to the cinema. Based on the available information, the number of tickets sold in Polish cinemas in the first quarter of 2023 amounted to almost 12.8 million, which represents an increase by 23.1% as compared to 2022 [9]. It is worth noting that a noticeable negative impact on the dynamics of the reconstruction of cinema operations after the pandemic is caused by economic downturn, high inflation and disorders in the market of Polish film production.

Agora estimates that in 2023, cinema attendance will be approximately 20,0% lower than in record 2019. In the company's opinion, the possible full restoration of the audience will last for at least a few years.

3.1.3 Copy sales

In subsequent quarters of 2023, negative trends relating to copy sales of printed press will continue. Agora develops sales of access to Wyborcza.pl content in the form of digital subscriptions. At the end of March 2023, the number of paid digital subscriptions of *Gazeta Wyborcza* amounted to 300.0 thousand and was higher by 3.4% year on year. Between January and March 2023, revenue from the sale of publications in the Digital and Printed Press segment was at a similar level as in the same period in 2022. This was mainly due to lower sales of the paper edition of *Gazeta Wyborcza*, with the increase of sales of Wyborcza.pl subscriptions.

3.2 Operating costs

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

3.2.1 Costs of external services

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

3.2.2 Staff costs

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

3.2.3 Promotion and marketing costs

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

3.2.4 Cost of materials and energy

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

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

Businesses where fluctuations in energy costs could affect results in 2023 include the cinema business and the Outdoor Advertising segment.

3.3 Strategic directions for 2023-2026

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

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

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

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

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

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the first quarter of 2023 includes: Agora S.A. and 29 subsidiaries, which operate principally in the internet, cinema, radio, gastronomy and outdoor advertising segments. Additionally, as at 31 March 2023 the Group held shares in jointly controlled entity Instytut Badan Outdooru IBO Sp. z o.o., as well as in associated company ROI Hunter a.s.

A detailed list of companies of the Agora Group is presented in note 11. The changes in the composition of the Group are described in note 12 to the condensed interim consolidated financial statements.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 7

in PLN million	**1Q 2023**	**1Q 2022**	***% change yoy***
Total sales (1)	**295.8**	**253.1**	***16.9%***
Advertising revenue	124.3	104.5	*18.9%*
Ticket sales	62.0	47.3	*31.1%*
Copy sales	33.5	33.0	*1.5%*
Concession sales in cinemas	33.9	22.4	*51.3%*
Gastronomic sales	9.1	7.8	*16.7%*
Revenues from film activities	5.5	15.8	*(65.2%)*
Other	27.5	22.3	*23.3%*
Operating cost net, including:	**(300.8)**	**(275.8)**	***9.1%***
External services	(100.5)	(93.7)	*7.3%*
Staff cost	(96.9)	(90.2)	*7.4%*
Raw materials, energy and consumables	(40.7)	(32.1)	*26.8%*
D&A	(40.7)	(39.7)	*2.5%*
Promotion and marketing	(11.6)	(11.8)	*(1.7%)*
Impairment losses (2)	-	(0.6)	-
Operating result - EBIT	**(5.0)**	**(22.7)**	***78.0%***
Operating result - EBIT excl. IFRS 16 (3)	*(11.3)*	*(28.0)*	59.6%
Finance cost, net, incl.:	**41.0**	**(13.4)**	**-**
Income from short-term investment	1.0	0.4	*150.0%*
Costs related to bank loans and leasing	(10.3)	(7.5)	*37.3%*
including interest costs related to IFRS 16	*(6.7)*	*(5.4)*	*24.1%*
Foreign exchange losses	1.9	(6.3)	-
including foreign exchange losses related to IFRS 16	*1.8*	*(6.3)*	-
Remeasurement of equity interest at the acquisition date (4)	47.9	-	-
Share of results of equity accounted investees	**(3.3)**	**1.2**	**-**
Profit/(loss) before income tax	**32.7**	**(34.9)**	**-**
Income tax	2.0	1.8	*11.1%*
Net profit/(loss) for the period	**34.7**	**(33.1)**	**-**
Attributable to:			
Equity holders of the parent	32.6	(31.8)	-
Non - controlling interest	2.1	(1.3)	-

in PLN million	**1Q 2023**	**1Q 2022**	***% change yoy***
EBIT margin (EBIT/Sales)	*(1.7%)*	*(9.0%)*	*7.3pp*
EBIT margin excl. IFRS 16 (3)	*(3.8%)*	*(11.1%)*	*7.3pp*
EBITDA (5)	**35.7**	**17.6**	***102.8%***
EBITDA margin (EBITDA/Sales)	*12.1%*	*7.0%*	*5.1pp*
EBITDA excl. IFRS 16 (3)	*10.5*	*(4.3)*	*-*
EBITDA margin excl. IFRS 16 (3)	*3.5%*	*(1.7%)*	*5.2pp*

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

(2) the amount includes an impairment loss for right-of-use assets in Helios S.A. not related to cinema activities;

(3) operating result EBIT and EBITDA excluding impact of International Financial Reporting Standard no. 16 Leases;

(4) remeasurement of equity interest as at the acquisition date relates to obtaining control of Eurozet Group that is consolidated using the full method from March 1, 2023 (additional information concerning the transaction is disclosed in note 12 to the condensed interim consolidated financial statements);

(5) the performance measure "EBITDA" is defined as EBIT increased by depreciation and amortization and impairment losses of property, plant and equipment, intangible assets and right-of-use assets. Detailed information on definitions of financial ratios are presented in the Notes to part IV of this MD&A.

2.1. Financial results presented according to major segments of the Agora Group for the first quarter of 2023 [1]

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

Tab. 8

in PLN million	**Movies and Books**	**Radio**	**Digital and printed press**	**Outdoor**	**Internet**	**Reconciling positions (2)**	**Total (consoli-dated) 1Q 2023**
Total sales (1)	**135.2**	**40.1**	**48.6**	**36.8**	**37.4**	**(2.3)**	**295.8**
% share	45.7%	13.6%	16.4%	12.4%	12.6%	(0.7%)	100.0%
Operating cost net (1)	**(119.2)**	**(39.3)**	**(54.1)**	**(36.7)**	**(40.7)**	**(10.8)**	**(300.8)**
Operating cost net excl. IFRS 16 (1)	***(124.4)***	***(39.5)***	***(54.1)***	***(37.4)***	***(40.7)***	***(11.0)***	***(307.1)***
EBIT	**16.0**	**0.8**	**(5.5)**	**0.1**	**(3.3)**	**(13.0)**	**(5.0)**
EBIT excl. IFRS 16	***10.8***	***0.6***	***(5.5)***	***(0.6)***	***(3.3)***	***(13.3)***	***(11.3)***
Finance income, net							41.0
Share of results of equity accounted investees		(2.5)		-	(0.8)		(3.3)
Income tax							2.0
Net profit for the period							**34.7**
Attributable to:							
Equity holders of the parent							32.6
Non-controlling interest							2.1
EBITDA	**36.8**	**3.7**	**(3.2)**	**8.4**	**(0.2)**	**(9.8)**	**35.7**
EBITDA excl. IFRS 16	***18.9***	***2.4***	***(3.2)***	***3.1***	***(0.2)***	***(10.5)***	***10.5***
CAPEX	(4.2)	(0.9)	(0.2)	(4.4)	(1.3)	(0.6)	(11.6)

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

(2) reconciling positions show data not included in particular segments, i.a.: other revenues and costs of Agora's supporting divisions (centralized IT, administrative and finance functions excluding costs which are allocated to segments), corporate and the Management Board of Agora S.A. costs, intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

2.2. Financial income and cost

Net financial activities of the Group for the first quarter of 2023 were influenced mainly by financial income from the remeasurement of equity interest as at the date of obtaining control over the Eurozet Group in amount of PLN 47.9 million, foreign exchange gains due to balance sheet valuation of lease liabilities recognized in accordance with IFRS 16 and interest related to cash and cash equivalents. These income were, to some extent, compensated by commission and interest expenses related to bank loans and lease liabilities.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 9

in PLN million	31/03/2023	31/12/2022	*% change to 31/12/2022*
Non-current assets	**1,762.2**	**1,496.3**	**17.8%**
share in balance sheet total	*82.2%*	*83.4%*	*(1.2pp)*
Current assets	**380.8**	**296.8**	**28.3%**
share in balance sheet total	*17.8%*	*16.6%*	*1.2pp*
TOTAL ASSETS	**2,143.0**	**1,793.1**	**19.5%**
Equity holders of the parent	**706.6**	**674.1**	**4.8%**
share in balance sheet total	*33.0%*	*37.6%*	*(4.6pp)*
Non-controlling interest	**111.7**	**(0.1)**	**-**
share in balance sheet total	*5.2%*	*-*	*5.2pp*
Non-current liabilities and provisions	**781.9**	**708.6**	**10.3%**
share in balance sheet total	*36.5%*	*39.5%*	*(3.0pp)*
Current liabilities and provisions	**542.8**	**410.5**	**32.2%**
share in balance sheet total	*25.3%*	*22.9%*	*2.4pp*
TOTAL LIABILITIES AND EQUITY	**2,143.0**	**1,793.1**	**19.5%**

3.1. Non-current assets

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

3.2. Current assets

The increase in current assets, versus 31 December 2022, stemmed mainly from the increase in cash and cash equivalents due to obtaining control over Eurozet Group, classification of non-current assets held for sale as current assets and increase in short-term prepayments and trade receivables. The above changes were, to some extent, offset by decrease in other receivables.

3.3. Non-current liabilities and provisions

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

3.4. Current liabilities and provisions

The increase in current liabilities and provisions, versus 31 December 2022, stemmed mainly from increase in loan liabilities in connection with taking out a loan from SFS Ventures s.r.o. for the acquisition of shares in Eurozet Group, increase in dividend liabilities in connection with obtaining control over Eurozet Group, increase in provision for customer rebates, accruals and lease liabilities. The above changes were, to some extent, compensated by decrease in liabilities arising from purchase of fixed assets, trade liabilities and decrease in bank loan liabilities.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 10

in PLN million	**1Q 2023**	**1Q 2022**	*% change yoy*
Net cash from operating activities	50.5	2.8	*1,703.6%*
Net cash from investment activities	0.2	(16.8)	-
Net cash from financing activities	7.2	(22.2)	-
Total movement of cash and cash equivalents	**57.9**	**(36.2)**	**-**
Cash and cash equivalents at the end of period	**127.0**	**98.7**	***28.7%***

As at 31 March 2023, the Group had PLN 128.0 million in cash and and cash equivalents and short-term financial assets which include cash and cash equivalents in the amount of PLN 127.0 million (cash on hand and bank deposits) and short-term financial assets in the amount of PLN 1 million.

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

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

4.1. Operating activities

The cash flows from operating activities, in the first quarter of 2023, were higher comparing to the level recorded in the comparative period of the prior year. The comparability of both periods was affected, among others, by changes in Group working capital, including mainly by the lower level of outflows for settlement of liabilities comparing to corresponding period of previous year.

4.2. Investment activities

Positive net cashflows from investing activities, in the first quarter of 2023, resulted mainly from obtaining control over Eurozet Group, inflows from the return of deposits and proceeds from the sale of property, plant and equipment. These inflows were partly offset by expenditures on the purchase of property, plant and equipment and intangible assets.

4.3. Financing activities

Positive net casflow from financing activities in the first quarter of 2023 stemmed mainly from inflows from loans in connection with taking out a loan from SFS Ventures s.r.o. for the acquisition of shares in Eurozet Group. These inflows were partly offset by repayments of loan and lease liabilities.

5. SELECTED FINANCIAL RATIOS [5]

Tab.11

	1Q 2023	**1Q 2022**	***% change yoy***
Profitability ratios			
Net profit margin	11.0%	(12.6%)	*23.6pp*
Gross profit margin	30.6%	24.6%	*6.0pp*
Return on equity	18.9%	(16.8%)	*35.7pp*
Efficiency ratios			
Inventory turnover	13 days	11 days	*18.2%*
Debtors days	44 days	44 days	-
Creditors days	28 days	27 days	*3.7%*
Liquidity ratio (1)			
Current ratio	0.8	0.8	-
Financing ratios (1)			
Gearing ratio	2.7%	3.9%	*(1.2pp)*
Interest cover	(3.7)	(18.2)	*79.7%*
Free cash flow interest cover	3.6	(24.5)	-

1) financial ratios excluding impact of IFRS 16.

Definitions of financial ratios *[5]* are presented at the end of part IV of this MD&A *("Operating review – major segments of the Agora Group").*

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP

IV.A. MOVIES AND BOOKS [1]

The Movies and Books segment includes the pro-forma consolidated financials of Helios S.A., Helios Media Sp. z o.o., NEXT FILM Sp. z o.o., Next Script Sp. z.o.o. and Step Inside Sp. z o.o. which form the Helios group, and Agora Publishing House.

Tab. 12

in PLN milion	**1Q 2023**	**1Q 2022**	***% change yoy***
Total sales, including :	**135.2**	**113.9**	***18.7%***
Tickets sales	62.0	47.3	*31.1%*
Concession sales	33.9	22.4	*51.3%*
Advertising revenue (1)	7.3	4.7	*55.3%*
Gastronomic sales (2)	9.1	7.8	*16.7%*
Revenues from film activities (1),(3),(4)	6.3	17.5	*(64.0%)*
Revenues from Publishing House	12.2	11.4	*7.0%*
Total operating cost, including (5):	**(119.2)**	**(116.1)**	***2.7%***
Total operating cost without IFRS 16 (5)	***(124.4)***	***(120.6)***	***3.2%***
External services (4),(5)	(44.9)	(44.0)	*2.0%*
Staff cost	(22.0)	(23.0)	*(4.3%)*
Raw materials, energy and consumables	(22.4)	(17.5)	*28.0%*
D&A (5)	(20.8)	(20.6)	*1.0%*
Promotion and marketing (1)	(4.4)	(6.6)	*(33.3%)*
Impairment losses (6)	-	(0.6)	-
EBIT	**16.0**	**(2.2)**	**-**
EBIT margin	*11.8%*	*(1.9%)*	*13.7pp*
EBIT without IFRS 16	***10.8***	***(6.7)***	**-**
EBIT margin without IFRS 16	*8.0%*	*(5.9%)*	*13.9pp*
EBITDA (7)	**36.8**	**19.0**	***93.7%***
EBITDA margin	*27.2%*	*16.7%*	*10.5pp*
EBITDA without IFRS 16 (7)	***18.9***	***3.1***	***509.7%***
EBITDA margin without IFRS 16	*14.0%*	*2.7%*	*11.3pp*

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

(2) the amounts include sales in restaurants operated by Step Inside Sp. z o.o.;

(3) the amounts comprise mainly the revenues from co-production and distribution of films;

(4) mutual transactions within the Helios group have been eliminated from film revenues and costs of external services: between Helios S.A. and NEXT FILM Sp. z o.o.;

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

(6) the item Imparment losses includes write-down of assets related to the activities of Helios S.A. in the first quarter of 2022 amounting to PLN 0.6 million;

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

The Movies and Books segment recorded a profit in the first quarter of 2023, both at the EBIT and EBITDA levels. They amounted to PLN 16.0 million and PLN 36.8 million respectively.

The comparability of the segment's results with the same period of the previous year was affected by the restrictions related to the COVID-19 pandemic in force in the first quarter of 2022. The limits on cinema ticket sales and available seats in restaurants of 30.0%, excluding vaccinated customers, were lifted on 1 March 2022. In addition, a noticeable negative impact on the performance of cinema and catering businesses in the first quarter of 2022 was exerted by the military invasion on Ukraine, which kept some Poles at home and motivated others to provide assistance in various forms to refugees from the attacked country.

In the first quarter of 2023, the segment's profit at the EBIT level amounted to PLN 10.8 million and the profit at the EBITDA level – to PLN 18.9 million, without the effect of IFRS 16.

1. REVENUE [3]

In the first quarter of 2023, the revenue of the Movies and Books segment increased by 18.7% year on year and amounted to PLN 135.2 million.

The increase was mainly due to higher revenue from cinema operations. In the first quarter of 2023, 2.9 million tickets were sold in Helios cinemas. The revenue from this sale increased by 31.1% to PLN 62.0 million, while the revenue from concession sales increased by 51.3% to PLN 33.9 million. In the first quarter of 2023, online ticket sales accounted for 45.5% of the total revenue from ticket sales in cinemas. The revenue from sales of advertising in cinemas, which amounted to PLN 7.3 million, was higher by 55.3% year on year.

The revenue from the film business recorded by the Movies and Books segment decreased year on year by 64.0% and amounted to PLN 6.3 million. In the first quarter of 2023, NEXT FILM released three new features: a comedy *Na Twoim miejscu* directed by Antonio Galdámez, *Fenomen* directed by Małgorzata Kowalczyk – a documentary about Jurek Owsiak, founder of the Great Orchestra of Christmas Charity, and a film adaptation of the best-selling novel *Pokolenie Ikea* directed by Dawid Gral. Moreover, in the first quarter of 2023, productions which had been released earlier were also sold via various distribution channels. In contrast, in the first quarter of 2022, NEXT FILM released three film productions that were highly popular among the audiences: comedies *Koniec świata, czyli Kogel Mogel 4* and *8 rzeczy, których nie wiecie o facetach*, as well as a family feature *Za duży na bajki*. It should also be noted that the level of revenue at that time was significantly affected by the revenue from a production for the streaming platform.

In the first quarter of 2023, the segment's revenue from catering activities was up by 16.7%, which accounted for PLN 9.1 million. This was due to an increase in Step Inside revenue recorded due to a larger number of restaurants.

In the first quarter of 2023, the revenue of Agora's Publishing House increased by 7.0% to PLN 12.2 million. This increase resulted from the implementation of an advertising campaign for one of the customers, among other factors. The following publications of Agora's Publishing House were among the best-selling ones: the books *Przędza. W poszukiwaniu wewnętrznej wolności* and *Czuła przewodniczka. Kobieca droga do siebie* by Natalia de Barbaro, *Maxima Culpa. Jan Paweł II wiedział* by Ekke Overbeek and Jarosław Kurski's *Dziady i dybuki*.

In the first quarter of 2023, the revenue from digital sales (sales of own publications and publications of other publishers) of Agora's Publishing House was 18.6% higher year on year and amounted to PLN 5.1 million.

2. COST

The operating costs of the Movies and Books segment increased in the first quarter of 2023 by 2.7% to PLN 119.2 million.

The largest category was expenditure on external services, which accounted for PLN 44.9 million in the period from January to March 2023 and was 2.0% higher year on year. Its increase was related to cinema operations – to higher costs of purchasing film copies. The costs of remuneration paid to film producers and those associated with film production recorded a decrease.

The segment's staff costs decreased by 4.3% to PLN 22.0 million. Remuneration costs in the film business were lower due to lower film production costs and the costs of cinema operations. In contrast, staff costs increased in Agora's Publishing House and in catering activities due to the development of Step Inside.

An increase in the costs of materials and energy consumption as well as the value of goods and materials sold by 28.0% to PLN 22.4 million resulted from higher revenue from concession sales and sales in restaurants.

Promotion and marketing costs of the Movies and Books segment decreased by 33.3% to PLN 4.4 million. The marketing costs in the film business and in Agora's Publishing House were lower.

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

The operating costs of the Movies and Books segment increased in the first quarter of 2023 by 3.2% to PLN 124.4 million, without the effect of IFRS 16.

3. NEW INITIATIVES

54th Helios cinema, which is located in Koszalin, was opened on 6 April 2023. The viewers can enjoy 6 screening rooms, including 2 in the Helios Dream concept, as well as 910 seats, 210 of which for people with physical disabilities.

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

NEXT FILM, a Helios group company involved in film distribution and production, offered 3 new titles to cinemagoers in the first quarter of 2023. NEXT FILM productions are recognised not only by viewers, but also by the film industry. During this year's gala of the Polish Film Academy – Eagles 2023, *Johnny* – a feature directed by Daniel Jaroszek, received 4 awards, including for the Best Actor in a Leading Role.

In the first quarter of 2023, Agora's Publishing House had two important book releases – on Women's Day, *Przędza* – the second book by Natalia de Barbaro, author of the bestseller *Czuła przewodniczka*, appeared on the shelves and has been featured in the bestseller lists ever since. Also in March, Agora released a book titled *Maxima Culpa. Jan Paweł II wiedział* by Ekke Overbeek.

IV.B. RADIO

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

Tab. 13

in PLN milion	**1Q 2023**	**1Q 2022**	***% change yoy***
Total sales, including :	**40.1**	**22.8**	***75.9%***
Radio advertising revenue (1), (2)	35.2	18.7	*88.2%*
Total operating cost, including: (2), (3)	**(39.3)**	**(24.8)**	***58.5%***
Total operating cost without IFRS 16 (2), (3)	***(39.5)***	***(25.0)***	***58.0%***
External services	(14.7)	(9.7)	*51.5%*
Staff cost	(14.9)	(9.8)	*52.0%*
D&A	(2.9)	(2.1)	*38.1%*
Promotion and marketing (2)	(3.1)	(1.7)	*82.4%*
EBIT	**0.8**	**(2.0)**	**-**
EBIT margin	*2.0%*	*(8.8%)*	*10.8pp*
EBIT without IFRS 16	***0.6***	***(2.2)***	**-**
EBIT margin without IFRS 16	*1.5%*	*(9.6%)*	*11.1pp*
EBITDA	**3.7**	**0.1**	***3,600.0%***
EBITDA margin	*9.2%*	*0.4%*	*8.8pp*
EBITDA without IFRS 16	***2.4***	***(0.8)***	**-**
EBITDA margin without IFRS 16	*6.0%*	*(3.5%)*	*9.5pp*

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

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

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

In the first quarter of 2023, the operating profits of the Radio segment, both at the EBIT and EBITDA levels, were higher year on year and amounted to PLN 0.8 million and PLN 3.7 million, respectively. These results were driven by the consolidation with the Eurozet Group. Without this change, the Radio segment recorded an operating loss at the EBIT level of PLN 2.8 million and at the EBITDA level – of PLN 0.7 million.

In the first quarter of 2023, the segment's operating result at the EBIT level (without the effect of IFRS 16) was PLN 0.6 million and the result at the EBITDA level amounted to PLN 2.4 million in accordance with this presentation.

1. REVENUE [3]

In the first quarter of 2023, the Radio segment's revenue increased by 75.9% year on year and amounted to PLN 40.1 million. This deviation was driven by the consolidation with the Eurozet Group. Revenue without the part of the acquired Eurozet Group was lower by 1.3%. At the beginning of 2023, Helios Media Sp. z o.o. took over the advertising agency services provided to Helios cinemas, which contributed to the level of revenue in the Radio segment.

The revenue from sales of radio advertising without the part of the acquired Eurozet Group increased by 3.2%. The revenue from sales of airtime in the Agora Radio Group stations was higher and the revenue from brokerage of third-party airtime was lower.

It is worth noting that market expenditures on radio advertising in Poland increased by 5.0% year on year.

In the first quarter of 2023, the segment's digital revenue was higher by 100% year on year. Such results were driven by the consolidation with the Eurozet Group. Both the revenue from online advertising services and the revenue from the sale of Premium TOK FM subscriptions increased. The number of Premium TOK FM subscriptions sold increased to 33.1 thousand at the end of the first quarter of 2023.

2. COST

In the first quarter of 2023, the operating costs of the Radio segment increased by 58.5% year on year and amounted to PLN 39.3 million. This was driven by the consolidation with the Eurozet Group.

The costs of external services increased by 51.5%, and without the part of the acquired Eurozet Group, these costs were lower by 11.3%. Such results are attributable to discontinuation of the provision of sales brokerage service for the Helios cinema network and to lower costs of airtime purchase in third-party radio stations in connection with the advertising sales brokerage service provided.

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

Staff costs amounted to PLN 14.9 million and were 52.0% higher year on year. After the elimination of the effect of the Eurozet Group, the costs went up by 6.1%, mainly due to higher fixed remuneration costs.

In the period from January to March 2023, promotion and marketing costs increased by 82.4% to the amount of PLN 3.1 million. These expenditures, without the part of the acquired Eurozet Group, increased by 23.5%, driven by higher expenditures on the promotion of Radio Złote Przeboje.

The Radio segment's operating costs presented without the effect of IFRS 16 amounted to PLN 39.5 million and were 58.0% higher year on year.

3. AUDIENCE SHARES [8]

THE NEWLY FORMED EUROZET GROUP IS MADE UP OF THE FOLLOWING RADIO STATIONS AND NETWORKS: RADIO ZET, TOK FM, ANTYRADIO, ZŁOTE PRZEBOJE, CHILLIZET, MELORADIO, POGODA, ROCK RADIO AND 9 STATIONS THAT ARE PART OF THE PLUS NETWORK.

Share % in listening time in group all 15+	I Q 2023	Change in pp yoy
Eurozet Group [70*]	26.0%	0.5 pp
Radio ZET	13.5%	(0.1 pp)
Music stations [68*]**	9.3%	0.6 pp
Radio TOK FM	3.1%	0.0 pp

Share of % in listening time among residents of cities of 100,000+	I Q 2023	Change in pp yoy
Eurozet Group [70*]	34.1%	0.4 pp
Radio ZET	9.5%	(0.8 pp)
Music stations [68*]**	17.1%	1.6 pp
Radio TOK FM	7.5%	(0.5 pp)

** data does not include the Meloradio Tarnobrzeg station, which began broadcasting on March 1, 2023, and whose results will be published starting with the May wave;*

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

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

Due to the acquisition of the Eurozet stations, the difference in the share between the new Eurozet Group and the market leader, the RMF Group, decreased to 9.8 pp, and in the group of inhabitants of cities with over 100 thousand inhabitants, the Eurozet Group holds a leading position by 2.8 pp.

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

The Eurozet Group is also one of the largest brokers of radio advertising in Poland. It works closely with local stations which form the Independent Package with a market share of 8.5% (in the group all 15+) in the first quarter of 2023. The Independent Package is part of the Eurozet Group’s commercial offer – Audio ZET Boost, whose market share in the first quarter of 2023 was 34.4% for all respondents aged 15–75 and 40.7% for inhabitants of cities with over 100 thousand inhabitants.

4. NEW INITIATIVES

On 27 February 2023, Agora finalised its largest ever investment in the media and, under an agreement signed, it became the owner of a controlling stake in Eurozet Sp. z o.o. Following the addition of Eurozet to the Agora Group, its radio business, which is now the largest media segment of the Group, will comprise 9 radio stations ranked among TOP20 most frequently listened to radio stations in Poland.

The combination of the structures of Eurozet and the Agora Radio Group has resulted in the creation of a common identifier under the banner of the Eurozet Group. The next step was the implementation of a new logo, which is closely linked to the existing Eurozet graphic symbol with a characteristic red bracket, and the creation of a new corporate website.

Radio TOK FM is currently broadcasting under a license that expires on November 3, 2023. In accordance with the applicable procedure, in October 2022, Inforadio, the broadcaster of TOK FM, applied to the National Broadcasting Council (KRRiT) for an extension of this license for another ten-year period. The case has been pending with the KRRiT for more than six months, with numerous program monitoring efforts underway. The broadcaster has so far not received any signals from the regulator about comments on how the concession provisions are being implemented.

On April 28, 2023, the Chairman of the National Broadcasting Council announced his decision to impose a fine of PLN 80,000 on broadcaster TOK FM for violating Article 18(1) of the Broadcasting Law. Inforadio had been in correspondence with the Chairman of the National Broadcasting Council for many months on the matter. The penalty imposed on TOK FM was met with numerous protests from viewers and the media community, being judged unjustified, and by some as an impediment to the station's reconcession process.

IV.C. DIGITAL AND PRINTED PRESS [1]

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

Tab. 15

in PLN milion	**1Q 2023**	**1Q 2022**	***% change yoy***
Total sales, including:	**48.6**	**46.9**	***3.6%***
Copy sales	25.6	25.6	-
incl. Gazeta Wyborcza	*24.4*	24.5	*(0.4%)*
Advertising revenue (1)	11.3	12.1	*(6.6%)*
incl. Gazeta Wyborcza	*10.3*	11.1	*(7.2%)*
Total operating cost, including (2):	**(54.1)**	**(53.6)**	***0.9%***
Total operating cost without IFRS 16 (2):	***(54.1)***	***(53.6)***	***0.9%***
Raw materials, energy and consumables	(12.4)	(10.1)	*22.8%*
External services (2)	(12.7)	(11.9)	*6.7%*
Staff cost	(23.4)	(25.2)	*(7.1%)*
D&A (2)	(2.3)	(2.7)	*(14.8%)*
Promotion and marketing (1)	(2.3)	(2.5)	*(8.0%)*
EBIT	**(5.5)**	**(6.7)**	***17.9%***
EBIT margin	*(11.3%)*	*(14.3%)*	*3.0pp*
EBIT without IFRS 16	**(5.5)**	**(6.7)**	***17.9%***
EBIT margin without IFRS 16	*(11.3%)*	*(14.3%)*	*3.0pp*
EBITDA	**(3.2)**	**(4.0)**	***20.0%***
EBITDA margin	*(6.6%)*	*(8.5%)*	*1.9pp*
EBITDA without IFRS 16	**(3.2)**	**(4.0)**	***20.0%***
EBITDA margin without IFRS 16	*(6.6%)*	*(8.5%)*	*1.9pp*

(1) *the amounts do not include revenues and total cost of cross-promotion of different media between the Agora Group segments (only direct variable cost of campaigns carried out on advertising panels) if such promotion is executed without prior reservation;*

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

In the first quarter of 2023, the Digital and Printed Press segment recorded an improved operating result year on year. The loss at the EBIT level amounted to PLN 5.5 million and at the EBITDA level – to PLN 3.2 million.

1. REVENUE

In the first quarter of 2023, the total revenue of the Digital and Printed Press segment amounted to PLN 48.6 million and was 3.6% higher year on year. This increase was primarily driven by higher revenue from digital subscription sales and revenue from the sale of printing services, which increased by 25.0% to nearly PLN 9.5 million. The segment's revenue from advertising sales was lower.

1.1. Revenue from copy sales

In the first quarter of 2023, the revenue of the Digital and Printed Press segment from copy sales remained at a similar level as compared to the corresponding period of 2022, amounting to PLN 25.6 million. This was mainly due to higher sales of the digital subscriptions of *Gazeta Wyborcza*, with decreasing revenue from the paper edition of *Wyborcza*.

In the first quarter of 2023, *Gazeta Wyborcza* maintained its leading position in sales among the opinion-forming dailies. During this period, the average sales of *Wyborcza* editions amounted to 41.7 thousand copies and decreased by 18.7% year on year. The revenue from the sale of the content of *Gazeta Wyborcza* amounted to PLN 24.4 million and decreased by 0.4% year on year.

1.2. Advertising revenues [3]

In the first quarter of 2023, revenue from advertising sales in the Digital and Printed Press segment decreased by 6.6% to PLN 11.3 million year on year.

In the first quarter of 2023, the net revenue of *Gazeta Wyborcza* from all of its advertising activities amounted to PLN 10.3 million and were lower by 7.2% year on year.

1.3. Digital revenue

The daily's digital revenue, i.e. from digital subscription sales and digital advertising, dropped slightly to PLN 15.5 million. It is worth noting that the share of digital revenues in *Gazeta Wyborcza's* total revenues increased compared to the corresponding period of 2022 and accounted for 44.2%. This increase indicates a steady successive transformation of the business model.

It is also notable that number of active paid digital subscriptions of *Gazeta Wyborcza* reached 300.0 thousand at the end of March 2023.

2. COST

In the first quarter of 2023, the operating costs of the Digital and Printed Press segment increased by 0.9% to PLN 54.1 million. This was driven by the increase in the costs of materials and energy as well as external services.

In the period from January to March 2023, consumption of materials and energy increased the most – by 22.8% to PLN 12.4 million, mainly due to an increase in the prices of electricity and production materials, including paper.

The second factor behind the increase in the segment's operating costs was higher costs of external services. They increased by 6.7% to PLN 12.7 million. The factor that affected the increase in this cost category the most was the costs of lease of advertising space and legal services.

Between January and March 2023, staff costs were lower by 7.1% and amounted to PLN 23.4 million. Both fixed and variable remuneration and benefits under civil law contracts were lower.

In the first quarter of 2023, the segment's promotion and marketing costs dropped by 8.0% to PLN 2.3 million. This is the result of the postponement of promotional activities of *Gazeta Wyborcza*.

The segment's costs of depreciation and amortisation decreased by 14.8% to PLN 2.3 million. This resulted mainly from the end of the depreciation and amortisation period of *Gazeta Wyborcza's* development projects launched in the earlier periods.

3. NEW INITIATIVES

In the first quarter of 2023, Gazeta Wyborcza's team prepared a new, competitively priced digital subscription offer for the Internet users that enables them to become Wyborcza.pl subscribers for as long as three years. The offer is addressed to readers who do not currently have a digital subscription, and addresses the interest in longer and more convenient subscription periods for some subscribers.

The team of *Wyborcza* has also had an international success. INMA Global Media Awards, granted by the International News Media Association INMA, are among the most prestigious awards for publishers worldwide. 775 projects from 40 countries were submitted to this year's edition of the competition. Projects of *Gazeta Wyborcza* and Wyborcza.pl – the campaign *Szkoła bez bzdur* [*School without rubbish*] and the offer of Wyborcza.pl subscription available under the slogan *Odblokuj potencjał pracownika* [*Unlock the Employee's Potential*] were among the finalists.

IV.D. OUTDOOR

The Outdoor segment consists of the pro-forma consolidated data of companies: AMS S.A., AMS Serwis Sp. z o.o., Optimizers Sp. z o.o. and Video OOH Sp. z o.o. (on July 22, 2022, the change of name of Piano Group Sp. z o.o. to Video OOH Sp. z o.o. was registered).

Tab. 16

in PLN milion	**1Q 2023**	**1Q 2022**	***% change yoy***
Total sales, including:	**36.8**	**30.4**	***21.1%***
Advertising revenue (1)	34.4	28.5	*20.7%*
Total operating cost, including (1),(2):	**(36.7)**	**(35.5)**	***3.4%***
Total operating cost without IFRS 16 (1),(2)	***(37.4)***	***(36.0)***	***3.9%***
External services (1),(2)	(17.2)	(15.6)	*10.3%*
Staff cost	(8.2)	(6.9)	*18.8%*
Raw materials, energy and consumables (1)	(2.5)	(2.4)	*4.2%*
D&A (2)	(8.3)	(9.8)	*(15.3%)*
Promotion and marketing	(0.8)	(0.5)	*60.0%*
EBIT (1) (2)	**0.1**	**(5.1)**	**-**
EBIT margin	*0.3%*	*(16.8%)*	*17.1pp*
EBIT without IFRS 16 (1),(2)	***(0.6)***	***(5.6)***	***(89.3%)***
EBIT margin without IFRS 16	*(1.6%)*	*(18.4%)*	*16.8pp*
EBITDA (1),(2)	**8.4**	**4.7**	***78.7%***
EBITDA margin	*22.8%*	*15.5%*	*7.3pp*
EBITDA without IFRS 16 (1),(2)	***3.1***	***0.2***	***1,450.0%***
EBITDA margin without IFRS 16	*8.4%*	*0.7%*	*7.7pp*
Number of advertising spaces (3)	23,709	23,768	*(0.2%)*

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

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

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

The increase in the Outdoor segment's revenue by 21.1% to PLN 36.8 million translated into a significant improvement in its performance in the first quarter of 2023 year on year.

The profit at the EBIT level was PLN 0.1 million against the loss of PLN 5.1 million from the first quarter of 2022. The segment also improved the result at the EBITDA level (which increased to PLN 8.4 million), and the EBITDA margin was 22.8%.

The segment's result presented without the effect of IFRS 16 also improved. The loss at the EBIT level represented PLN 0.6 million as compared to PLN 5.6 million in the corresponding period of 2022. The profit at the EBITDA level presented without the effect of IFRS 16 amounted to PLN 3.1 million in the first quarter of 2023.

1. REVENUE [7]

In the first quarter of 2023, revenue from the AMS group's advertising sales increased by 20.7% year on year. The positive dynamics of the Outdoor segment's advertising revenue was mainly impacted by expenditure on campaigns carried out on citylight, digital, billboard18 and city transport panels.

As reported by IGRZ (the Outdoor Advertising Chamber of Commerce), in the first quarter of 2023, the spending on outdoor advertising in Poland increased by over 5.5% year on year.

In the first quarter of 2023, the estimated share of the AMS group in the outdoor advertising spending amounted to more than 29.5% *[7]*.

2. COST

In the first quarter of 2023, the operating costs of the Outdoor segment increased by 3.4% to PLN 36.7 million. All main categories of operating expenses have increased, except for depreciation and amortisation.

The increase in the costs of external services by 10.3% to PLN 17.2 million was mainly due to higher costs of system maintenance and campaigns. The increase in the costs of maintaining the system was mainly due to the increase in the costs of operating the system of digital indoor media in connection with its development, as well as the increase in the costs of repairs and ongoing maintenance of advertising media. The costs of printing and replacing posters increased in the implementation costs due to an increase in the number of advertising campaigns.

Staff costs increased by 18.8% to PLN 8.2 million in the first quarter of 2023. This resulted from an increase in the variable component of remuneration due to the achievement of higher sales targets. Provisions for incentive schemes significantly influenced the amount of those costs. Fixed remuneration was also higher.

The increase in promotion and marketing costs in the first quarter of 2023 resulted from higher total barter costs of patronage campaigns due to their larger number.

Depreciation and amortisation costs in the segment were reduced as a result of the total amortisation and depreciation of certain assets.

The segment's operating costs presented without the effect of IFRS 16 were higher year on year and stood at PLN 37.4 million in the first quarter of 2023.

3. NEW INITIATIVES

In the first quarter of 2023, AMS carried out further investment projects in the Digital OOH segment. The company expanded its portfolio of Digital Indoor media to include 16 shopping centres owned by EPP, the largest manager of shopping centres in Poland, thus confirming its position of an unquestionable leader in this segment of the Digital OOH market. Owing to this, the company's offer includes a total of 71 shopping centres located in 22 agglomerations and cities inhabited by about 50% of the Polish population.

In the area of research and development of its commercial offer, the company expanded – in cooperation with CitiesAI – an innovative artificial intelligence research programme used to measure traffic around the media in shopping centres. It also introduced the CPM DOOH settlement for the nationwide Digital Indoor network – its currency, similarly as in online media, are only real displays.

In February 2023, AMS published an updated price list with its commercial policy, effective as of April. It takes into account further updates to the results of the Outdoor Track study carried out by the Institute for Outdoor Studies (IBO) in 2022.

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

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department (Gazeta.pl), Plan D Sp. z o.o. (previously Domiporta Sp. z o.o.), Yieldbird Sp. z o.o. and HRlink group.

Tab. 17

in PLN milion	**1Q 2023**	**1Q 2022**	***% change yoy***
Total sales , including (1):	**37.4**	**43.9**	***(14.8%)***
Display ad sales (1)	33.4	39.6	*(15.7%)*
Total operating cost, including (1),(2)	**(40.7)**	**(43.2)**	***(5.8%)***
Total operating cost without IFRS 16 (1),(2)	***(40.7)***	***(43.2)***	***(5.8%)***
External services (2)	(19.1)	(23.6)	*(19.1%)*
Staff cost	(14.9)	(13.2)	*12.9%*
D&A (2)	(3.1)	(3.0)	*3.3%*
Promotion and marketing (1)	(2.9)	(3.0)	*(3.3%)*
EBIT	**(3.3)**	**0.7**	-
EBIT margin	*(8.8%)*	*1.6%*	*(10.4pp)*
EBIT without IFRS 16	***(3.3)***	***0.7***	-
EBIT margin without IFRS 16	*(8.8%)*	*1.6%*	*(10.4pp)*
EBITDA	**(0.2)**	**3.7**	-
EBITDA margin	*(0.5%)*	*8.4%*	*(8.9pp)*
EBITDA without IFRS 16	***(0.2)***	***3.7***	-
EBITDA margin without IFRS 16	*(0.5%)*	*8.4%*	*(8.9pp)*

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

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

The Internet segment ended the first quarter of 2023 with a lower result at the level of both EBIT and EBITDA as compared to the corresponding period of 2022. These indicators amounted to PLN (3.3) million and PLN (0.2) million, respectively *[1].* The main reason for this state of affairs was the segment's lower revenue from the sale of online advertising as compared to the previous year.

1. REVENUE

In the first quarter of 2023, total revenue of the Internet segment decreased by 14.8% year on year and amounted to PLN 37.4 million.

Revenue from the sale of online advertising was lower by 15.7% year on year and stood at PLN 33.4 million. The decline in advertising revenue was primarily driven by lower online advertising sales by Yieldbird, mainly due to a change in the customer portfolio, and a focus on working with higher margin contractors. In contrast, advertising sales revenue generated by the Gazeta.pl division was higher year on year. This was mainly due to an improvement in the quality of the portal's advertising space. The Internet segment also recorded lower revenue from announcements, which is the result of a decline in the revenue of the HRlink group. Revenue from other online services was at the same level as in the first quarter of 2022.

2. COST

In the first quarter of 2023, the Internet segment's operating costs decreased by 5.8% year on year to PLN 40.7 million. This was primarily driven by a 19.1% decrease to PLN 19.1 million in the costs of external services. They were lower mainly in Yieldbird, which was related to reduced costs of lease of advertising space, and in the HRlink group – primarily as a result of lower costs of purchase of brokerage announcements. The increase in the costs of external services was observed in Gazeta.pl. Staff costs were 12.9% higher and amounted to PLN 14.9 million. This is the result of increased headcount and higher commission at the portal. Promotion and marketing costs were 3.3% lower year on year, mainly due to lower spending in the HRlink group.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES [6]

In March 2023, the total reach of the Agora Group websites among Polish Internet users stood at 61.8% and the number of users reached 18.3 million, which made the Agora Group the seventh player in the market according to the Mediapanel survey (ranking of publisher groups and ungrouped domains) and the fourth place among Polish media groups. The total number of page views of the Agora Group's websites reached 668 million, with the average viewing time of 50 minutes per user. [6]

In March 2023, 17.6 million Internet users viewed the Agora Group's websites on mobile devices. The number of mobile page views amounted to 553 million, and the share of mobile page views on the websites of the Agora Group stood at 83% and was the highest among Polish horizontal portals ('Wirtualna Polska Group', 'RAS Poland Group', 'Polsat-Interia Group', 'Agora Group'. [6]

The websites of the Agora Group are ranked among the top thematic market players. According to Mediapanel data for March 2023, Agora is a runner-up in the 'Parenting' (eDziecko.pl) and 'Multi-themed websites for women' (Kobieta.Gazeta.pl, Buzz.Gazeta.pl, Wysokieobcasy.pl) categories. Plotek.pl was third in the thematic category 'Gossip, celebrity life'. [6]

4. NEW INITIATIVES

Gazeta.pl's editorial team, operating in a new structure since autumn 2022, has been intensively developing its projects and content, ensuring that they are tailored to the needs of its users - in line with the slogan portal for new times. In the first quarter of 2023, a new format debuted on Gazeta.pl - an extended podcast. *Kwaśniewski Story. Podcast rzeka z prezydentem Aleksandrem Kwaśniewskim* [*Extended Podcast with President Aleksander Kwaśniewski*] is five hour-long conversations conducted with the former president, which can be listened to not only on the portal's homepage, but also on Wiadomosci.Gazeta.pl and on podcast platforms.

The Gazeta.pl team also carries out interesting special campaigns, such as the Weekend.Gazeta.pl project dedicated to young reporters - Polska Stories. The portal's editorial team was also among the finalists of the prestigious INMA Global Media Awards, organised by the International News Media Association INMA. It recognised the project "One day in..." created in collaboration with the Outriders reporter collective and the Ukrayina.pl website, which was dedicated to the wartime everyday life of Ukrainian cities and realised using VR/360 technology.

In the first quarter of 2023, Yieldbird focused on further expanding its sales structures in foreign markets, allowing the company to increase its international presence. As part of its expansion efforts, Yieldbird has begun preparations to host its own industry conference in the UK to promote products from its portfolio and build relationships with partners. The company has recently made significant changes and improvements to its flagship product Price Genius. Changes include: the release of a new performance monitoring dashboard and a number of improvements to internal analytics, as well as automation of the service process.

NOTES

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

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

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

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

EBIT and EBITDA for operating segments are calculated on the basis of cost directly attributable to the appropriate segment of the Agora Group and cost attributed to segments excluding allocations of Company's overheads (such as: coroporate cost and cost of Agora's Management Board), which are included in reconciling positions.

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

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

[3] The data refer to advertising expenditures in six media (press, radio, TV, outdoor, Internet, cinema). In this MD&A, Agora corrected the data on advertising expenditure in TV (in the first quarter of 2022).

Unless explicitly stated otherwise, press and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure as well as advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods. In case of press, the data include only display advertising, excluding classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Kantar Media monitoring, Agora S.A. monitoring.

Presented TV, Internet and cinema figures are based on initial Publicis media house estimates; TV estimates include regular ad broadcast and sponsoring with product placement, exclude teleshopping and other advertising forms.Internet ad spend estimates include display, search engines (Search Engine Marketing), e-mail marketing and video advertising.

Outdoor advertising figures are based on Izba Gospodarcza Reklamy Zewnetrznej estimates in cooperation with Starcom (part of Publicis Media [7].

The Company would like to stress that one should bear in mind that these advertising market estimations may represent some margin of error due to significant discount pressure on the market and lack of reliable data on the average market discount rates. Once the Company has a more reliable market data in consecutive quarters, it may correct the ad spending estimations in particular media.

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

[5] Definition of ratios:

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

Gross profit margin = $\dfrac{\textit{Gross profit / (loss) on sales}}{\textit{Revenue}}$

Return on equity = $\dfrac{\textit{Net profit / (loss) attributable to equity holders of the parent}}{\textit{(Equity attributable to equity holders of the parent at the beginning of the period + Equity attributable to equity holders of the parent at the end of the period) /2/(1 for yearly results and 4 for quarterly results)}}$

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

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

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

Current ratio I = $\dfrac{\textit{Current Assets}}{\textit{Current liabilities}}$

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

Interest cover = $\dfrac{\textit{Operating profit / (loss)}}{\textit{Interest charge}}$

Free cash flow interest cover = $\dfrac{\textit{Free cash flow *}}{\textit{Interest charge}}$

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

[6] Real users, page views and spent time on the basis of Gemius PBI, cover Internet users age 7 years and above, connecting to Internet from the territory of Poland and include only Internet domains registered on Agora S.A. in Gemius SA's Registry of Service Providers. Real users data of the Gazeta.pl group services are audited by Gemius SA.

[7] Source: report prepared by Izba Gospodarcza Reklamy Zewnetrznej (IGRZ) in cooperation with Starcom company about situation of OOH advertising in Poland.

[8] Audience market data referred herein are based on RadioTrack surveys, carried out by Kantar Polska (all places, all days and all quarter) in whole population and in the age group of 15+, from January to March (sample for 2022: 21,033; sample for 2023: 20,939; sample of cities of 100,000+ for January-March in 2022: 11,613, in 2023: 10,225).

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

V. ADDITIONAL INFORMATION

1. IMPORTANT EVENTS

Significant events for the Company's business activities

Impairment of assets

In the regulatory filings of January 18, 2023, the Management Board of Agora S.A. informed that in accordance with the International Financial Reporting Standards, Agora Group ("Group") was in the process of verifying the valuation of its assets, i.a. on the basis of an analysis of long-term financial forecasts for all of the business segments of the Group.

The abovementioned analyses showed the necessity to incur impairment loss of assets in the Digital and Printed Press segment. The amount of the abovementioned impairment had an impact on the net results of Agora SA and the Agora Group, in the fourth quarter of 2022.

The impairment loss of assets concerned the amount of goodwill related to the Digital and Printed Press segment. Its impact on the net result of the Agora Group amounted to PLN 43.4 mio.

The individual value of the remaining impairment losses was not significant from the Company's and the Group's perspective.

All of the above data were preliminary, non-audited estimates. Additional information was provided in the financial statements for the fiscal year 2022.

The impairment loss is one-off and non-cash and did not affect the liquidity of both, the Company and of the Group, or the strategic intentions of Agora S.A.

The Extraordinary General Meeting of Shareholders

In the regulatory filing of February 2, 2023 the Management Board of Agora S.A. informed about convening the Extraordinary General Meeting of Agora S.A. for March 1, 2023 ("Extraordinary General Meeting").

In the regulatory filing of February 2, 2023 the Management Board of Agora S.A. submitted draft resolutions which the Management Board intended to present to the Extraordinary General Meeting.

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

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

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

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

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

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

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

Conclusion of Annex No. 6 to the Shareholders Agreement concluded between the Company and SFS Ventures s.r.o. with its seat in Prague

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

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

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

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

The Annex amended, in particular:

a. the principles of exercising the right to purchase shares of Eurozet held by SFS Ventures ("Call Option") in such a way that the Company shall be entitled to exercise the Call Option in two phases, i.e. in phase one the Company shall be entitled to purchase from SFS Ventures 110 shares constituting 11% of Eurozet's share capital and 11% of the total number of votes at the Eurozet's shareholders' meeting, the execution of which shall allow the Company to hold a majority stake in Eurozet shares ("Call Option 1"), and in phase two the Company or a third party indicated by the Company shall be entitled to purchase all remaining shares in Eurozet held by SFS Ventures ("Call Option 2"). The term to exercise Call Option 2 shall expire on July 31, 2025 (in accordance with provisions of the Agreement). The Annex also introduces changes adapting rules of determining and adjusting the price to the change in exercising the Call Option by the Company. The Company and SFS Ventures also determined the minimum price of shares purchased under Call Option 2, determined in accordance with the formula stipulated in the Agreement;

b. Eurozet's corporate governance rules to protect rights of the minority shareholder in the event of exercising Call Option 1 by the Company and holding the majority stake in Eurozet by the Company, including (i) personal rights of the Company and SFS Ventures to appoint members of the company's corporate bodies, according to which Agora, as majority shareholder, shall have the personal right to appoint all members of the Management Board and two members of the Supervisory Board, including the Chairperson, (ii) matters in which the consent of the Supervisory Board granted with a qualified majority is required, including agreements concluded with parties related to the Company, the value of which exceeds amount stated in the Agreement;

c. rules of mutual cooperation and information exchange between the Company and SFS Ventures during the term after exercising Call Option 1 by the Company.

Additionally, the Agreement determines the possibility of reduction of the term to exercise Call Option 2 in the event the Company would not repay the 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.

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

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

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

Other provisions of the agreement remain unchanged.

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

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

<u>Contents of the delayed Confidential Information:</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

In connection with the provisions of the Loan Agreement, SFS Ventures shall grant the Company a loan in the amount of EUR 9,170,000. The loan will be used to finance the purchase of 110 shares of Eurozet 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.

Strategic Directions of Agora Group for years 2023-2026

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

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

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

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

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

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

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

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

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

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

- **Changes in subsidiaries**

- **Eurozet Sp. z o.o.**

In the regulatory filing of February 27, 2023 the Management Board of Agora S.A., with reference to the regulatory filings Nos. 4/2021 of February 8, 2021, 15/2022 of May 12, 2022, 28/2022 of July 28, 2022 and 40/2022 of November 15, 2022, hereby informed that 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.

In the regulatory filing of February 27, 2023 the Management Board of Agora S.A., referring to the Company's regulatory filing No. 11/2023 of February 27, 2023 and 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"), of which the Company informed in the regulatory filing No. 8/2023 of February 27, 2023, informed that the Company 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.

In the regulatory filing of February 27, 2023 the Management Board of Agora S.A., with reference to regulatory filings Nos. 8, 11, 12, 13 of February 27, 2023, informed that the Company 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. 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.

In line with previous communication (regulatory filing No. 11/2023 of February 27, 2023, in connection with rules stated in the Shareholders' Agreement, 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.

Helios S.A.

Call for the repurchase of shares in a subsidiary

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

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

(i) Sell-out procedure

As part of the sell-out of the Shares, by June 30, 2016, Agora transferred to Helios S.A. PLN 2,938 thousand representing the sell-out price calculated in accordance with Article 418(1) par. 6 of the CCC. As at December 31, 2016, the Agora Group recognized on its balance sheet an obligation to purchase the Shares from minority shareholders of Helios S.A. totalling PLN 3,185 thousand. This included PLN 2,938 thousand already transferred by Agora S.A. to Helios S.A. (with the corresponding entry in the Group's equity under retained earnings/(accumulated losses) and the net profit or loss for the current year) and the total amount transferred by another shareholder of Helios S.A. under the sell-out procedure. As part of the sell-out procedure, on June 2, 2017, PLN 3,171 was transferred by Helios S.A. to the Minority Shareholder for 318,930 shares sold out. Also on June 2, 2017, a total of PLN 14 thousand was transferred to other minority shareholders for the sell-out of 1,460 shares in total. As a result of these transactions, the Group fulfilled its obligation to buy shares recognized on the Group's balance sheet. As a result, Agora S.A. increased its shareholding in Helios S.A. from 10,277,800 to 10,573,352 shares, i.e. by 295,552 shares. Currently, Agora S.A. holds 91.44% of the shares in Helios S.A.

The shareholders whose shares are subject to the sell out and squeeze out procedures did not agree to the sell-out share price calculated in accordance with Article 418(1) par. 6 of the CCC, and based on Article 418(1) par. 7 of the CCC submitted a motion to the registration court to appoint a registered auditor to determine the price of the shares being sold. The final price of the Shares being subject to the sell out and squeeze out procedures will be determined by the registration court competent for the registered office of Helios S.A. on the basis of an opinion of the registered auditor appointed by the registration court competent for the registered office of Helios S.A., A change in the valuation will result in an adjustment of the price of the shares being sold. The District Court for Lodz Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed a registered auditor to value shares under this procedure, both for the sell-out of the Minority Shareholder's shares with regard to 318,930 shares, and for other minority shareholders with regard to 1,460 shares in total.

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

(ii) Squeeze-out procedure

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

Currently, the valuation of the shares by the registered auditor nominated by the Court is still in progress.

As at the date of this report, both procedures have not been completed.

In the current report of January 27, 2023, the Management Board of the Company with reference to regulatory filings Nos. 35/2020 of September 24, 2020, 32/2022 of August 26, 2022 and 44/2022 of December 23, 2022, informs that it obtained information on the conclusion by the subsidiary Helios S.A. of Annex no. 2 ("Annex") to the revolving loan agreement with Santander Bank Polska S.A. based in Warsaw ("Santander"), which was communicated by the Company in regulatory filing No. 35/2020 of September 24, 2020 ("Agreement"). 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 with Santander with a guarantee of repayment of 80.0% of the loan by Bank Gospodarstwa Krajowego, the conclusion of which was communicated by the Company in the regulatory filing No. 44/2020 of December 23, 2020. 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.

In the current report of February 17, 2023, the Management Board of the Company, with reference to the regulatory filing Nos. 43/2022 of December 23, 2022, 34/2022 of September 27, 2022 and 35/2020 of September 24, 2020, informs that it learned about the change introduced to the overdraft agreement concluded by the subsidiary Helios S.A. with BNP Paribas Bank Polska S.A. based in Warsaw on December 23, 2020 ("Agreement") with a repayment guarantee of 80.0% of the loan by Bank Gospodarstwa Krajowego.

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

The other provisions of the Agreement remain unchanged.

- **Plan G Sp. z o.o.**

On January 27, 2023, the Company Plan G sp. z o.o. was registered with the National Court Register.

- **Step Inside Sp. z o.o.**

On January 31, 2023, AMS Serwis sp. z o.o. and Step Inside sp. z o.o. concluded a loan agreement in the amount of PLN 2 mio for the benefit of Step Inside sp. z o.o. Repayment of the loan was scheduled for 8 instalments paid quarterly. Repayment of the last instalment was scheduled for December 30, 2025.

- **Yieldbird sp. z o.o.**

On March 30, 2023, The Supervisory board of Yieldbird sp. z o.o. appointed Mr. Józef Skóra as member of the Management Board of this company as of April 1, 2023.

2. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY MANAGEMENT BOARD MEMBERS IN THE FIRST QUARTER OF 2023 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 18

shares	As of May 25, 2023	*decrease*	*increase*	As of March 31, 2023
Bartosz Hojka	2,900	-	-	2,900
Wojciech Bartkowiak	0	-	-	0
Tomasz Grabowski	0	-	-	0
Tomasz Jagiello	0	-	-	0
Anna Krynska - Godlewska	0	-	-	0

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

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

3. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY SUPERVISORY BOARD MEMBERS IN THE FIRST QUARTER OF 2023 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 19

shares	As of May 25, 2023	*decrease*	*increase*	As of March 31, 2023
Andrzej Szlezak	0	-	-	0
Dariusz Formela	0	-	-	0
Tomasz Karusewicz	0	-	-	0
Tomasz Sielicki	33	-	-	33
Wanda Rapaczynski	882,990	-	-	882,990
Maciej Wisniewski	0	-	-	0

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

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

The shareholders' structure is updated on the basis of the list received by the Company from KDPW as of the registration day to attend in the General Meeting of the Company.

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, the shareholders' structure actual as of the day of publication of former report (i.e. March 17, 2023) and as of the day of publication of this report (i.e. May 25, 2023), has not significantly changed.

According to the abovementioned list, the following shareholders were entitled to exercise over 5% of the total voting rights at the General Meeting of the Company as of the date of submission of this report:

Tab. 20

	no. of shares	*% of share capital*	no. of votes	*% of voting rights*
Agora-Holding Sp. z o.o. *(in accordance with la list from KDPW as of the registration day to attend the Extraordinary General Meeting of the Company on March 1, 2023) (1)*	5,401,852	11.60	22,528,252	35.36
Powszechne Towarzystwo Emerytalne PZU S.A. (PZU "Zlota Jesien" Open Pension Fund and PZU Voluntary Pension Fund) *(in accordance with la list from KDPW as of the registration day to attend the Extraordinary General Meeting of the Company on March 1, 2023)(1)*	8,235,951	17.68	8,235,951	12.92
including: PZU "Zlota Jesien" Open Pension Fund (*in accordance with la list from KDPW as of the registration day to attend the Extraordinary General Meeting of the Company on March 1, 2023)(1)*	8,126,434	17.44	8,126,434	12.75
Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC) *(in accordance with la list from KDPW as of the registration day to attend the Extraordinary General Meeting of the Company on March 1, 2023)(1)*	5,355,645	11.49	5,355,645	8.40
Nationale – Nederlanden Open Pension Fund (*in accordance with la list from KDPW as of the registration day to attend the Extraordinary General Meeting of the Company on March 1, 2023)(1)*	4,119,000	8.84	4,119,000	6.46

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

5. OTHER INFORMATION

Legal Actions concerning liabilities or debts of the issuer or its subsidiaries

In the first quarter of 2023, there were no significant legal actions in court, competent authority for arbitration procedures or public institutions related to liabilities or debts Agora S.A. or its subsidiaries.

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

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

Changes in contingences and court cases

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

Related party transactions

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

Change of the publication date of the financial report for Q1 2023

In the regulatory filing of March 31, 2023 The Management Board of Agora S.A. informed about the change of the date of publication of the consolidated report for the first quarter of 2023, originally scheduled for May 19, 2023 (according to the regulatory filing No. 42/2022 as of November 23, 2022). The new publication date was set to May 26, 2023.

AGORA GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as at 31 March 2023 and for 3 month period ended thereon

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

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023

	Note	As at 31 March 2023 unaudited	As at 31 December 2022 audited
Assets			
Non-current assets:			
Intangible assets		699,908	365,517
Property, plant and equipment		346,279	356,884
Right-of-use assets		629,296	587,338
Long-term financial assets		1,962	2,203
Investments in equity accounted investees		14,782	127,446
Receivables and prepayments		8,506	7,415
Deferred tax assets		61,374	49,484
		1,762,107	**1,496,287**
Current assets:			
Inventories		30,052	30,433
Accounts receivable and prepayments		203,897	195,211
Income tax receivable		734	1,120
Short-term securities and other financial assets		977	968
Cash and cash equivalents		126,981	69,054
		362,641	**296,786**
Non-current assets held for sale	14	18,152	-
		380,793	**296,786**
Total assets		**2,142,900**	**1,793,073**

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

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

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023 (CONTINUED)

	Note	As at 31 March 2023 unaudited	As at 31 December 2022 audited
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital		46,581	46,581
Share premium		147,192	147,192
Retained earnings and other reserves		512,808	480,350
		706,581	**674,123**
Non-controlling interest		**111,728**	**(99)**
Total equity		**818,309**	**674,024**
Non-current liabilities:			
Deferred tax liabilities		50,296	5,630
Long-term borrowings	3	671,511	641,237
Other financial liabilities	15	37,606	37,606
Retirement severance provision		3,742	2,525
Provisions		7,898	7,857
Accruals and other liabilities		10,403	13,167
Contract liabilities		303	533
		781,759	**708,555**
Current liabilities:			
Retirement severance provision		386	376
Trade and other payables		314,996	233,240
Income tax liabilities		2,556	1,845
Short-term borrowings	3	204,516	155,519
Provisions		1,994	2,218
Contract liabilities		18,384	17,296
		542,832	**410,494**
Total equity and liabilities		**2,142,900**	**1,793,073**

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

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

CONSOLIDATED INCOME STATEMENT FOR THREE MONTHS ENDED 31 MARCH 2023

	Note	Three months ended 31 March 2023 unaudited	Three months ended 31 March 2022 unaudited
Revenue	4	295,815	253,091
Cost of sales		(205,309)	(190,937)
Gross profit		**90,506**	**62,154**
Selling expenses		(43,604)	(43,660)
Administrative expenses		(52,422)	(40,993)
Other operating income		2,514	2,286
Other operating expenses		(1,035)	(1,680)
Impairment losses for receivables - net		(946)	(820)
Operating loss		**(4,987)**	**(22,713)**
Finance income		51,519	509
Finance costs		(10,540)	(13,861)
Share of results of equity accounted investees		(3,254)	1,175
Profit/(loss) before income taxes		**32,738**	**(34,890)**
Income tax		1,988	1,790
Net profit/(loss) for the period		**34,726**	**(33,100)**
Attributable to:			
Equity holders of the parent		32,564	(31,804)
Non-controlling interest		2,162	(1,296)
		34,726	**(33,100)**
Basic/diluted earnings per share (in PLN)		0.70	(0.68)

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THREE MONTHS ENDED 31 MARCH 2023

	Three months ended 31 March 2023 unaudited	Three months ended 31 March 2022 unaudited
Net profit/(loss) for the period	**34,726**	**(33,100)**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial losses on defined benefit plans	(209)	-
Other comprehensive income for the period	**(209)**	**-**
Total comprehensive income for the period	**34,517**	**(33,100)**
Attributable to:		
Shareholders of the parent	32,457	(31,804)
Non-controlling interests	2,060	(1,296)
	34,517	**(33,100)**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS ENDED 31 MARCH 2023

	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Three months ended 31 March 2023						
As at 31 December 2022 audited	**46,581**	**147,192**	**480,350**	**674,123**	**(99)**	**674,024**
Total comprehensive income for the period						
Net profit for the period	-	-	32,564	32,564	2,162	34,726
Other comprehensive income	-	-	(107)	(107)	(102)	(209)
Total comprehensive income for the period	**-**	**-**	**32,457**	**32,457**	**2,060**	**34,517**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**-**
Changes in ownership interests in subsidiaries						
Acquisition of a subsidiary (note 12)	-	-	-	-	109,768	109,768
Other	-	-	1	1	(1)	-
Total changes in ownership interests in subsidiaries	**-**	**-**	**1**	**1**	**109,767**	**109,768**
Total transactions with owners	**-**	**-**	**1**	**1**	**109,767**	**109,768**
As at 31 March 2023 unaudited	**46,581**	**147,192**	**512,808**	**706,581**	**111,728**	**818,309**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS ENDED 31 MARCH 2023 (CONTINUED)

	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Three months ended 31 March 2022						
As at 31 December 2021 audited	**46,581**	**147,192**	**580,582**	**774,355**	**5,929**	**780,284**
Total comprehensive income for the period						
Net loss for the period	-	-	(31,804)	(31,804)	(1,296)	(33,100)
Total comprehensive income for the period	**-**	**-**	**(31,804)**	**(31,804)**	**(1,296)**	**(33,100)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**-**
Changes in ownership interests in subsidiaries						
Other	-	-	-	-	(1)	(1)
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Total transactions with owners	**-**	**-**	**-**	**-**	**(1)**	**(1)**
As at 31 March 2022 unaudited	**46,581**	**147,192**	**548,778**	**742,551**	**4,632**	**747,183**

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

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

CONSOLIDATED CASH FLOW STATEMENT FOR THREE MONTHS ENDED 31 MARCH 2023

	Note	Three months ended 31 March 2023 unaudited	Three months ended 31 March 2022 unaudited
Cash flows from operating activities			
Profit/(loss) before income taxes		**32,738**	**(34,890)**
Adjustments for:			
Share of results of equity accounted investees		3,254	(1,175)
Depreciation and amortisation		40,676	39,722
Foreign exchange (profit)/loss		(5,653)	6,309
Interest, net		9,963	7,426
Profit on investing activities		(66)	(240)
Decrease in provisions		(819)	(183)
(Increase)/decrease in inventories		957	(4,755)
Decrease in receivables		23,318	23,528
Decrease in payables		(3,907)	(27,768)
Decrease in contract liabilities		(1,095)	(4,109)
Gain on remeasurement of shares in subsidiary	12	(47,853)	-
Cash generated from operations		**51,513**	**3,865**
Income taxes paid		(984)	(1,090)
Net cash from operating activities		**50,529**	**2,775**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangibles		2,353	1,253
Loan repayment received		273	242
Interest received		162	83
Other inflows (1)		4,000	-
Purchase of property, plant and equipment and intangibles		(18,140)	(18,349)
Acquisition of subsidiaries (net of cash acquired)	12	11,540	-
Net cash from/(used in) investing activities		**188**	**(16,771)**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THREE MONTHS ENDED 31 MARCH 2023 (CONTINUED)

	Note	Three months ended 31 March 2023 unaudited	Three months ended 31 March 2022 unaudited
Cash flows from financing activities			
Proceeds from borrowings		44,462	11,454
Repayment of borrowings		(7,680)	(5,897)
Payment of lease liabilities		(18,487)	(20,476)
Interest paid		(11,085)	(7,272)
Net cash from/(used in) financing activities		**7,210**	**(22,191)**
Net increase/(decrease) in cash and cash equivalents		**57,927**	**(36,187)**
Cash and cash equivalents			
At start of period		69,054	134,878
At end of period		126,981	98,691

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2023 AND FOR THREE MONTHS ENDED 31 MARCH 2023

1. GENERAL INFORMATION

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

As at 31 March 2023 the Agora Group comprised: the parent company Agora S.A. and 29 subsidiaries. Additionally, the Group held shares in jointly controlled entity Instytut Badan Outdooru IBO Sp. z o.o. and in associate ROI Hunter a.s.

The Group operates in all major cities in Poland.

The condensed interim consolidated financial statements were prepared as at and for three months ended 31 March 2023, with comparative figures presented as at 31 December 2022 and for three months ended 31 March 2022.

The condensed interim consolidated financial statements were authorized for issue by the Management Board of Agora S.A. on May 25, 2023.

2. STATEMENT OF COMPLIANCE

The condensed interim consolidated financial statements as at 31 March 2023 and for three months ended 31 March 2023 have not been audited. The Consolidated Financial Statements as at and for twelve months ended 31 December 2022 have been audited by an independent auditor who issued an unqualified opinion.

The Condensed Interim Financial Statements have been prepared under International Accounting Standard 34 "Interim Financial Reporting", according to art. 55 point 5 and art. 45 point 1a-1c of Accounting Act (Official Journal from 2023, item 120, 295), regulations issued based on that Act and the Decree of Minister of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2018, item 757).

The condensed interim consolidated financial statements as at 31 March 2023 should be read together with the audited consolidated financial statements as at 31 December 2022. In the preparation of these condensed interim consolidated financial statements as at 31 March 2023, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2022, except for changes described below.

The following standards and amendments to existing standards, which were endorsed by the European Union, were effective for the year started with January 1, 2023:

1) IFRS 17,
2) Amendments to IAS 8,
3) Amendments to IAS 1,
4) Amendments to IAS 12,
5) Package of amendments (Amendments to IFRS 17 and IFRS 9).

The application of the above amendments to the standards did not have any impact on the condensed interim consolidated financial statements of the Group.

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

3. LONG-TERM AND SHORT-TERM BORROWINGS

The amount of the Group's loan and lease liabilities as at the balance sheet date is presented below:

	31 March 2023	31 December 2022
Long-term bank loans	47,598	49,199
Long-term loans (1)	3,442	3,662
Finance lease liabilities	620,471	588,376
Total long-term borrowings	**671,511**	**641,237**
*including: Lease liabilities resulting from application of IFRS 16**	*605,665*	*570,679*
Short-term bank loans	45,528	50,175
Short-term loans (1)	44,325	1,641
Finance lease liabilities	114,663	103,703
Total short-term borrowings	**204,516**	**155,519**
*including: Lease liabilities resulting from application of IFRS 16**	*102,801*	*91,534*

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

(1) relates mainly to a loan from SFS Ventures s.r.o. and to preferential loans granted to Helios S.A. in 2022 and 2021 under the Government Program - Financial Shield of the Polish Development Fund for Large Companies.

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

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

Other provisions on the collaterals remain unaltered.

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

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

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

The other provisions of the Agreement remain unchanged.

On February 27, 2023 the Management Board of Agora S.A. informed about the amendment that 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.

On February 27, 2023 Agora S.A. 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 granted the Company a loan in the amount of EUR 9,170,000. The loan was 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 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.

4. SALES AND SEGMENT INFORMATION

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

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

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

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

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

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

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

5) the *Internet* segment includes the following Group's activities: the Internet and multi-media products and services within the Agora's Internet department as well as the activities of companies: Plan D Sp. z o.o., Yieldbird Sp. z o.o. and HRlink group (includes HRlink Sp. z o.o. and GoldenLine Sp. z o.o.),

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

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

Operating results of reportable segments do not include:

a) revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments,

b) amortisation recognised on consolidation (described below).

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

Reconciling positions show data not included in particular segments, i.a.: other revenues and costs of Agora's supporting divisions (centralized IT, administrative and finance functions excluding costs which are allocated to segments), corporate and the Management Board of Agora S.A. costs, intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

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

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

Amount of investment in associates and joint ventures accounted for by the equity method include the amount of acquired shares adjusted by the Group`s share of net results of those entities accounted for by the equity method. The financials presented for three months ended 31 March 2023 and 31 March 2022 relate to Instytut Badan Outdooru Sp. z o.o., ROI Hunter a.s. and Eurozet Sp. z o.o. (till February 28, 2023).

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

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

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 March 2023							
	Movies and books	**Radio**	**Digital and printed press**	**Outdoor**	**Internet**	**Total segments**	**Reconciling positions**	**Total Group**
Revenues from external customers	133,960	38,661	48,349	36,457	35,950	293,377	2,438	295,815
Intersegment revenues (2)	1,245	1,434	225	381	1,484	4,769	(4,769)	-
Total revenues	**135,205**	**40,095**	**48,574**	**36,838**	**37,434**	**298,146**	**(2,331)**	**295,815**
Total operating cost (1), (2), (3)	**(119,252)**	**(39,284)**	**(54,030)**	**(36,718)**	**(40,744)**	**(290,028)**	**(10,774)**	**(300,802)**
Operating profit / (loss) (1)	**15,953**	**811**	**(5,456)**	**120**	**(3,310)**	**8,118**	**(13,105)**	**(4,987)**
Total operating cost (excl. IFRS 16) (1), (2), (3)	***(124,366)***	***(39,536)***	***(54,031)***	***(37,480)***	***(40,744)***	***(296,157)***	***(10,971)***	***(307,128)***
Operating profit / (loss) (excl. IFRS 16) (1)	***10,839***	***559***	***(5,457)***	***(642)***	***(3,310)***	***1,989***	***(13,302)***	***(11,313)***
Net finance income and cost							40,979	40,979
Share of results of equity accounted investees	-	(2,549)	-	(17)	(688)	(3,254)	-	(3,254)
Income tax							1,988	1,988
Net profit								**34,726**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;
(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative and finance functions excluding costs which are allocated to segments), corporate and the Management Board of Agora S.A. costs (PLN 16,077 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

(all amounts in PLN thousands unless otherwise indicated)

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 March 2023							
	Movies and books	Radio	Digital and printed press	Outdoor	Internet	Total segments	Reconciling positions	Total Group
Operating depreciation and amortisation	(20,839)	(2,938)	(2,287)	(8,313)	(3,101)	(37,478)	(1,940)	(39,418)
Amortisation recognised on consolidation (1)	(129)	(1,042)	-	-	(149)	(1,320)	62	(1,258)
Impairment losses	(111)	(595)	(134)	(389)	(194)	(1,423)	4	(1,419)
Reversals of impairment losses	16	102	218	10	13	359	7	366
including non-current assets	*6*	-	-	*3*	-	*9*	-	*9*
Capital expenditure	4,161	861	223	4,431	1,267	10,943	649	11,592

	As at 31 March 2023							
	Movies and books	Radio	Digital and printed press	Outdoor	Internet	Total segments	Reconciling positions (2)	Total Group
Property, plant and equipment and intangible assets	210,162	194,437	34,319	239,234	27,933	706,085	358,254	1,064,339
Right-of-use assets	493,997	35,153	89	72,185	57	601,481	27,815	629,296
Investments in associates and joint ventures accounted for by the equity method	-	-	-	159	14,623	14,782	-	14,782

(1) is not presented in operating result of the Group's segments;
(2) reconciling positions include mainly Company's headquarters (PLN 80,648 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations. Reconciliing positions also include property, plant and equipment which as at 31 March 2023 were presented in the balance sheet as non-current assets held for sale as described in note 14.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 March 2022							
	Movies and books	Radio	Digital and printed press	Outdoor	Internet	Total segments	Reconciling positions	Total Group
Revenues from external customers	111,804	21,578	45,616	29,818	42,659	251,475	1,616	253,091
Intersegment revenues (2)	2,119	1,264	1,282	571	1,216	6,452	(6,452)	-
Total revenues	**113,923**	**22,842**	**46,898**	**30,389**	**43,875**	**257,927**	**(4,836)**	**253,091**
Total operating cost (1), (2), (3)*	**(116,113)**	**(24,832)**	**(53,551)**	**(35,463)**	**(43,188)**	**(273,147)**	**(2,657)**	**(275,804)**
Operating profit / (loss) (1)	**(2,190)**	**(1,990)**	**(6,653)**	**(5,074)**	**687**	**(15,220)**	**(7,493)**	**(22,713)**
Total operating cost (excl. IFRS 16) (1), (2), (3)*	***(120,576)***	***(24,993)***	***(53,552)***	***(35,961)***	***(43,188)***	***(278,270)***	***(2,857)***	***(281,127)***
Operating profit / (loss) (excl. IFRS 16) (1)*	***(6,653)***	***(2,151)***	***(6,654)***	***(5,572)***	***687***	***(20,343)***	***(7,693)***	***(28,036)***
Net finance income and cost							(13,352)	(13,352)
Share of results of equity accounted investees	-	1,598	-	(83)	(340)	1,175	-	1,175
Income tax							1,790	1,790
Net loss								**(33,100)**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;
(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative and finance functions excluding costs which are allocated to segments), corporate and the Management Board of Agora S.A. costs (PLN 10,989 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.*

** due to the change in the allocation of supporting divisions costs to the operating segments, the comparative data has been restated accordingly.*

(all amounts in PLN thousands unless otherwise indicated)

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 March 2022							
	Movies and books	Radio	Digital and printed press	Outdoor	Internet	Total segments	Reconciling positions	Total Group
Operating depreciation and amortisation*	(20,574)	(2,145)	(2,669)	(9,775)	(3,043)	(38,206)	(1,301)	(39,507)
Amortisation recognised on consolidation (1)	(129)	-	-	-	(149)	(278)	63	(215)
Impairment losses	(615)	(213)	(108)	(560)	(41)	(1,537)	(22)	(1,559)
including non-current assets	*(573)*	-	-	-	-	*(573)*	-	*(573)*
Reversals of impairment losses	36	15	30	17	20	118	6	124
including non-current assets	-	-	-	*6*	-	*6*	-	*6*
Capital expenditure	2,344	1,474	1,338	1,824	1,474	8,454	897	9,351

	As at 31 March 2022							
	Movies and books	Radio	Digital and printed press	Outdoor	Internet	Total segments	Reconciling positions (2)	Total Group
Property, plant and equipment and intangible assets	213,040	81,378	83,874	231,804	32,258	642,354	124,472	766,826
Right-of-use assets	494,862	22,737	50	62,567	40	580,256	28,630	608,886
Investments in associates and joint ventures accounted for by the equity method	-	126,725	-	130	17,230	144,085	-	144,085

(1) is not presented in operating result of the Group's segments;
(2) reconciling positions include mainly Company's headquarters (PLN 84,481 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.

** due to the change in the allocation of supporting divisions costs to the operating segments, the comparative data has been restated accordingly.*

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

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

	Three months ended 31 March 2023							
	Movies and books	Radio	Digital and printed press	Outdoor	Internet	Total segments	Reconciling positions	Total Group
Advertising revenue	8,612	38,187	11,345	34,441	34,980	127,565	(3,243)	124,322
Ticket sales	61,956	-	-	-	-	61,956	(4)	61,952
Copy sales	7,842	-	25,644	-	-	33,486	(25)	33,461
Concession sales in cinemas	33,884	-	-	-	-	33,884	-	33,884
Printing services	-	-	9,462	-	-	9,462	-	9,462
Gastronomic sales	9,126	-	-	-	-	9,126	-	9,126
Film distribution and production sales	5,498	-	-	-	-	5,498	-	5,498
Other	8,287	1,908	2,123	2,397	2,454	17,169	941	18,110
Total sales by category	**135,205**	**40,095**	**48,574**	**36,838**	**37,434**	**298,146**	**(2,331)**	**295,815**

	Three months ended 31 March 2022							
	Movies and books	Radio	Digital and printed press	Outdoor	Internet	Total segments	Reconciling positions	Total Group
Advertising revenue	6,015	21,523	12,089	28,523	41,485	109,635	(5,087)	104,548
Ticket sales	47,289	2	-	-	-	47,291	(5)	47,286
Copy sales	7,352	-	25,620	-	-	32,972	(13)	32,959
Concession sales in cinemas	22,439	-	-	-	-	22,439	-	22,439
Printing services	-	-	7,557	-	-	7,557	-	7,557
Gastronomic sales	7,819	-	-	-	-	7,819	-	7,819
Film distribution and production sales	15,804	-	-	-	-	15,804	-	15,804
Other	7,205	1,317	1,632	1,866	2,390	14,410	269	14,679
Total sales by category	**113,923**	**22,842**	**46,898**	**30,389**	**43,875**	**257,927**	**(4,836)**	**253,091**

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

5. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

Incentive Plan for the Management Board members

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

(i) the stage of realisation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The amount of a potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target fulfillment, 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 fulfillment 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 percent 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 percent 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 fulfillment 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 fulfillment for the Management Board members are specified in the Supervisory Board resolution.

As at 31 March 2023, the value of the provision for reward from the fulfilment of the EBITDA target includes the potential reward on the basis of the best estimate of the expected value of achieving the EBITDA target in 2023, which was recognised in the profit and loss account.

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 March 2023 the estimated Average Share Price in IQ of Next Year was above the Target of Share Price Increase and the accrual for this component of the Incentive Plan was recognised in the balance sheet.

The basic parameters of the Binomial Option Price Model used for calculation of the fair value of the potential reward from the realization of the Target of Share Price Increase are described below:

the share price of Agora S.A. as at the current balance sheet date	PLN	6.88
volatility of the share price of Agora S.A. during the last twelve months	%	34.97
the Average Share Price in IQ of Bonus Year	PLN	5.67
risk-free rate	%	5.84-6.86 (at the maturity dates)

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

Total impact of the Incentive Plan on the consolidated financial statements of the Agora Group:

	Three months ended 31 March 2023	Three months ended 31 March 2022
Income statement – (increase)/decrease of staff costs	(764)	(357)
Income statement - deferred income tax	145	68
Liabilities: accruals - as at the end of the period	764	2,929
Deferred tax asset - as at the end of the period	145	557

6. CHANGES IN PROVISIONS AND IMPAIRMENT LOSSES FOR ASSETS

In the period from January 1, 2023 to March 31, 2023 the following changes in impairment losses were accounted for:

- impairment loss for receivables: increase by PLN 1,983 thousand,
- impairment loss for inventory: decrease by PLN 469 thousand,
- impairment loss for property, plant and equipment and intangible assets: decrease by PLN 23 thousand (the use in the amount of PLN 20 thousand and the reversal in the amount of PLN 3 thousand),
- impairment loss for right-of-use assets: decrease by PLN 6 thousand.

In the period from January 1, 2023 to to March 31, 2023 the following provisions were changed:

	Provision for restructuring	Provision for dismantling of advertising panels	Provision for penalties, interests and similar	Provision for the cost of compensation and severances for the former Management Board Members	Provision for legal claims	**Total**
As at 31 December 2022	**887**	**7,857**	**915**	**25**	**391**	**10,075**
Set up of provisions	-	-	-	-	109	109
Acquisition of a subsidiary	-	-	1	-	634	635
Discount change	-	127	-	-	-	127
Provisions used during the period	(881)	(85)	-	(25)	(55)	(1,046)
Unused provisions reversed	(6)	(1)	(1)	-	-	(8)
As at 31 March 2023	**-**	**7,898**	**915**	**-**	**1,079**	**9,892**
Non-current part	**-**	**7,898**	**-**	**-**	**-**	**7,898**
Current part	**-**	**-**	**915**	**-**	**1,079**	**1,994**

Additionally, retirement severance provision increased by PLN 1,227 thousand as a result of acquisition of a subsidiary.

7. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As at 31 March 2023, the Group had no contingencies to third parties.

Information on contingent liabilities related to legal disputes is described in note 8.

8. COURT CASES

As at March 31, 2023, the Group has not entered into significant litigation for claims. Provision for legal claims as at March 31, 2023 amounted to PLN 1,079 thousand (as at December 31, 2022: PLN 391 thousand).

Additionally, as at March 31, 2023, the companies of the Group are a party of legal disputes in the amount of PLN 3,859 thousand (as at December 31, 2022: PLN 2,900 thousand) in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

9. SEASONALITY

Advertising revenues are subject to seasonality – revenues earned in the first and third quarter are usually lower than in the second and fourth quarter.

Cinema revenues are subject to seasonality – revenues earned in the second and third quarter are usually lower than in the first and fourth quarter.

10. RELATED PARTY TRANSACTIONS

(a) Management Board and Supervisory Board remuneration

The remuneration paid by Agora S.A. to Management Board members during the three months period ended March 31, 2023 amounted to PLN 820 thousand (three months ended March 31, 2022: PLN 745 thousand).

The remuneration paid by Agora S.A. to Supervisory Board members during the three months period ended March 31, 2023 amounted to PLN 156 thousand (three months ended March 31, 2022: PLN 156 thousand).

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

(b) Other related parties (not consolidated)

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

	Three months ended 31 March 2023	Three months ended 31 March 2022
Associates		
Sales	556	190
Purchases	(149)	(323)
Major shareholder		
Sales	9	7
Other operating income	1	1

	As at 31 March 2023	As at 31 December 2022
Jointly controlled entities		
Shares	158	175
Other liabilities and accruals	-	180
Associates		
Shares	14,624	127,271
Trade receivables	21	137
Trade liabilities	-	265
Major shareholder		
Trade receivables	4	3
Other liabilities	6	6
Management Board of the Company		
Put option liabilities (1)	23,605	31,007
Management Boards of group companies		
Receivables	14	4
Non-current loans received	140	140
Put option liabilities (1)	5,811	5,811
Other payables	-	3

(1) refers to put options related to shares of Helios S.A. and Video OOH Sp. z o.o.

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

11. DESCRIPTION OF THE GROUP

The list of companies within the Group:

		% of shares held (effectively)	
		31 March 2023	31 December 2022
	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%	91.5%
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	100.0%	100.0%
14	GoldenLine Sp. z o.o., Szczecin (5)	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., Warsaw (1)	92.0%	92.0%
20	Yieldbird International Ltd, London (6), (13)	100.0%	100.0%
21	Helios Media Sp. z o.o., Lodz (3)	91.5%	91.5%
22	Plan G Sp. z o.o., Warsaw	100.0%	100.0%
23	Eurozet Sp. z o.o., Warsaw (7)	51.0%	40.0%
24	Eurozet Radio Sp. z o.o., Warsaw (8)	51.0%	-
25	Eurozet Consulting Sp. z o.o., Warsaw (8)	51.0%	-
26	Radio Plus Polska Sp. z o.o., Warsaw (9)	40.8%	-
27	Radio Plus Polska Centrum Sp. z o.o., Warsaw (10)	51.0%	-
28	Radio Plus Polska Zachód Sp. z o.o., Warsaw (11)	32.6%	-
29	Spółka Producencka Plus Polska Sp. z o.o., Warsaw (12)	20.4%	-
	Joint ventures and associates accounted for the equity method		
30	Instytut Badań Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
31	ROI Hunter a.s., Brno	23.9%	23.9%
	Companies excluded from consolidation and equity accounting		
32	Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%
33	Garmond Press S.A., Cracow	3.5%	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.;
(5) indirectly through HRlink Sp. z o.o.;
(6) indirectly through Yieldbird Sp. z o.o.;

(7) acquisition of additional shares on February 27, 2023;
(8) indirectly through Eurozet Sp. z o.o., which holds 100% of the company's shares;
(9) indirectly through Eurozet Radio Sp. z o.o., which holds 80% of the company's shares;
(10) indirectly through Eurozet Radio Sp. z o.o., which holds 100% of the company's shares;
(11) indirectly through Radio Plus Polska Sp. z o.o., which holds 80% of the company's shares;
(12) indirectly through Radio Plus Polska Sp. z o.o., which holds 50% of the company's shares and on the basis of contractual provisions has control over the company;
(13) in March 2023 an application was submitted to close the company.

12. CHANGES IN THE COMPOSITION OF THE GROUP

- **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) Agora S.A. completed negotiations with SFS Ventures s.r.o. with its seat in Prague ("SFS Ventures"), the effect of which was 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.

3) 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, submitted to SFS Ventures the Call Option 1 request.

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

<u>Business combination accounting</u>

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

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

	Fair value as at the acquisition date
	PLN thousand
Assets	
Non-current assets:	
Intangible assets (1)	251,752
Property, plant and equipment	11,236
Right-of-use assets	9,918
Investments in equity accounted investees	10
Long-term receivable and prepayments	1,653
Deferred tax assets	8,171
	282,740
Current assets:	
Inventories	577
Accounts receivable and prepayments	36,448
Cash and cash equivalents	54,788
	91,813
	374,553
Liabilities	
Non-current liabilities:	
Deferred tax liabilities (1)	(44,952)
Lease liabilities	(10,263)
Retirement severance provision	(1,009)
Current liabilities	
Retirement severance provision	(9)
Trade and other payables	(87,343)
Income tax liabilities	(127)
Lease liabilities	(4,244)
Provisions	(635)
Deferred revenues and accruals	(1,954)
	(150,536)
Identificable net assets at fair value	**224,017**
Non-controlling interests	(109,768)
Fair value of pre-existing equity interest in the company	(157,264)
Cash consideration transferred	(43,248)
Goodwill as at the acquisition date	**86,263**

(1) according to IFRS 3, the Group measured the acquired assets of Eurozet Sp. z o.o. at their acquisition-date fair value and recognised the increase in intangible assets in total amount of PLN 236,594 thousand. The revalued intangible assets related to the value of customer relations, trademarks, internet domains and radio concessions, deferred tax liability was also recognised on fair value revaluations.

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

According to IFRS 3, when accounting for acquisition, the Group remeasured also its pre-existing 40% equity interest in the company to its fair value as at the acquisition date, which resulted in recognition of profit on remeasurement of previously held interest in the estimated amount of PLN 47,853 thousand (being PLN 157,264 thousand corresponding to fair value of pre-existing equity interest as at the acquisition date less PLN 109,411 thousand related to the carrying amount of the equity-accounted investee at the date of acquisition). The profit on the remeasurement of previously held equity interest was recognised in finance income in the consolidated income statement of Agora Group for the first quarter of 2023.

The fair value of the acquired trade receivables amounted to PLN 31,837 thousand. The gross contractual amounts of acquired trade receivables was PLN 32,874 thousand, of which PLN 1,037 thousand was expected to be uncollectible.

The acquisition-related costs amounted to PLN 2,523 thousand and are included in administrative expenses in the consolidated income statement of the Agora Group for the first quarter of 2023.

In the period from the date of acquisition till March 31, 2023, consolidated revenue and net profit of the Eurozet Group included in consolidated revenue and net result of the Agora Group respectively amounted to PLN 17,520 thousand and PLN 2,294 thousand. If the business combination had taken place at the beginning of the year, Agora Group's revenue and net profit for the period ended March 31, 2023 would have respectively amounted to PLN 324,718 and PLN 28,331.

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).

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 condensed interim consolidated financial statements, the squeeze-out and share buyback procedures have not been completed.

13. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A.

The functional and presentation currency for Agora S.A. and other companies as well as for the presented condensed interim consolidated and unconsolidated financial statements is Polish zloty, except of assosciate ROI Hunter a.s. which functional currency is Czech crown.

14. PROPERTY, PLANT AND EQUIPMENT

In the period from January 1, 2023 to March 31, 2023, the Group purchased property, plant and equipment in the amount of PLN 9,626 thousand (in the period of January 1, 2022 to March 31, 2022: PLN 5,941 thousand).

As at March 31, 2023, the commitments for the purchase of property, plant and equipment amounted to PLN 8,236 thousand (as at December 31, 2022: PLN 10,858 thousand).

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

- **Property, plant and equipment held for sale as at the balance sheet date**

As at 31 March 2023, non-current assets with the carrying amount of PLN 18,152 thousand were presented as held for sale in the consolidated balance sheet of the Group and included ownership of the buildings and land located at Towarowa Street in Tychy. The information about operating segments presented in note 4 includes above mentioned assets in the reconciling positions.

As at 31 March 2023 the Group took active steps to sell the above assets. Company's Management Board expects to complete the sale in less than 12 months from the balance sheet date and assesses fair value of assets held for sale less cost to sell to be higher than it's carrying amount.

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

15. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

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

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

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

	As at 31 March 2023	Level 1	Level 2	Level 3
Put option liabilities	37,606	-	-	37,606
Financial liabilities measured at fair value	**37,606**	**-**	**-**	**37,606**

	As at 31 December 2022	Level 1	Level 2	Level 3
Put option liabilities	37,606	-	-	37,606
Financial liabilities measured at fair value	**37,606**	**-**	**-**	**37,606**

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

In the period from January 1, 2023 to March 31, 2023 there were no changes in the value of the financial instruments categorised within Level 3 of the fair value hierarchy and there were no changes in valuation techniques.

16. OTHER INFORMATION

Extraordinary General Meeting of Agora S.A.

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

- **Other information**

Income tax recognized in the Group's Income Statement differs from the theoretical amount resulting from the application of the tax rate valid in Poland equal to 19% mainly due to the non-recognition of deferred tax assets due to tax losses incurred in the taxation of the Tax Capital Group due to uncertainty as to achievement of future tax profits enabling them to be settled.

17. POST BALANCE-SHEET EVENTS

- **Strategic Directions**

On April 26,2023, The Management Board of Agora S.A. passed a resolution on adoption of Agora Group's Strategic Directions for 2023-2026 ("Strategic Directions"). The Management Board consulted principles of the Strategic Directions with the Supervisory Board of the Company. Additional information on the adopted Strategic Directions are presented in part II.3 of this MD&A *("Perspectives")*.

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

CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A.

Unconsolidated balance sheet as at 31 March 2023

	As at 31 March 2023 unaudited	As at 31 December 2022 audited
Assets		
Non-current assets:		
Intangible assets	37,484	39,621
Property, plant and equipment	112,604	137,546
Right-of-use assets	28,046	28,122
Long term financial assets	673,122	627,351
Receivables and prepayments	375	430
Deferred tax assets	15,320	11,977
	866,951	**845,047**
Current assets:		
Inventories	22,084	23,304
Accounts receivable and prepayments	63,897	81,818
Income tax receivable	189	129
Short-term securities and other financial assets	2,722	2,371
Cash and cash equivalents	19,929	26,565
	108,821	**134,187**
Non-current assets held for sale	19,977	-
	128,798	**134,187**
Total assets	**995,749**	**979,234**

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

Unconsolidated balance sheet as at 31 March 2023 (continued)

	As at 31 March 2023 unaudited	As at 31 December 2022 audited
Equity and liabilities		
Equity:		
Share capital	46,581	46,581
Share premium	147,192	147,192
Other reserves	123,279	123,279
Retained earnings	460,649	480,860
	777,701	**797,912**
Non-current liabilities:		
Long-term borrowings	32,918	36,348
Retirement severance provision	1,647	1,647
Accruals and other liabilities	859	1,911
Contract liabilities	171	67
	35,595	**39,973**
Current liabilities:		
Retirement severance provision	269	269
Trade and other payables	89,169	94,453
Short-term borrowings	55,459	12,619
Other financial liabilities	29,099	25,232
Provisions	404	1,149
Contract liabilities	8,053	7,627
	182,453	**141,349**
Total equity and liabilities	**995,749**	**979,234**

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

Unconsolidated income statement for three months ended 31 March 2023

	Three months ended 31 March 2023 unaudited	Three months ended 31 March 2022 unaudited
Revenue	91,256	87,017
Cost of sales	(56,449)	(50,745)
Gross profit	**34,807**	**36,272**
Selling expenses	(28,188)	(30,294)
Administrative expenses	(28,757)	(24,478)
Other operating income	325	456
Other operating expenses	(1,944)	(235)
Impairment losses for receivables - net	(86)	(110)
Operating loss	**(23,843)**	**(18,389)**
Finance income	516	239
Finance costs	(1,597)	(1,132)
Loss before income taxes	**(24,924)**	**(19,282)**
Income tax	4,713	2,357
Net loss for the period	**(20,211)**	**(16,925)**
Basic/diluted earnings per share (in PLN)	(0.43)	(0.36)

Unconsolidated statement of comprehensive income for three months ended 31 March 2023

	Three months ended 31 March 2023 unaudited	Three months ended 31 March 2022 unaudited
Net loss for the period	**(20,211)**	**(16,925)**
Other comprehensive income:		
	-	-
Other comprehensive income/loss for the period	**-**	**-**
Total comprehensive income for the period	**(20,211)**	**(16,925)**

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

Unconsolidated statement of changes in equity for three months ended 31 March 2023

	Share capital	Share premium	Other reserves	Retained earnings	**Total equity**
Three months ended 31 March 2023					
As at 31 December 2022 audited	**46,581**	**147,192**	**123,279**	**480,860**	**797,912**
Total comprehensive income for the period					
Net loss for the period	-	-	-	(20,211)	(20,211)
Total comprehensive income for the period	**-**	**-**	**-**	**(20,211)**	**(20,211)**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
As at 31 March 2023 unaudited	**46,581**	**147,192**	**123,279**	**460,649**	**777,701**

	Share capital	Share premium	Other reserves	Retained earnings	**Total equity**
Three months ended 31 March 2022					
As at 31 December 2021 audited	**46,581**	**147,192**	**122,674**	**484,325**	**800,772**
Total comprehensive income for the period					
Net loss	-	-	-	(16,925)	(16,925)
Total comprehensive income for the period	**-**	**-**	**-**	**(16,925)**	**(16,925)**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Total transactions with owners	**-**	**-**	**-**	**-**	**-**
As at 31 March 2022 unaudited	**46,581**	**147,192**	**122,674**	**467,400**	**783,847**

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

Unconsolidated cash flow statement for three months ended 31 March 2023

	Three months ended 31 March 2023 unaudited	Three months ended 31 March 2022 unaudited
Cash flows from operating activities		
Loss before income taxes	**(24,924)**	**(19,282)**
Adjustments for:		
Depreciation and amortisation	7,388	7,558
Foreign exchange (profit)/loss	(374)	8
Interest, net	1,374	929
Loss on investing activities	1,692	1
Decrease in provisions	(745)	(128)
(Increase)/decrease in inventories	1,220	(5,022)
Decrease in receivables	17,943	12,135
Decrease in payables	(2,865)	(16,525)
Increase in contract liabilities	530	643
Cash generated from/(used in) operations	**1,239**	**(19,683)**
Income taxes inflows (1)	712	469
Net cash from/(used in) operating activities	**1,951**	**(19,214)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangibles	21	2
Interest received	46	7
Inflows/(outflows) from cash pooling	(343)	167
Purchase of property, plant and equipment, and intangibles	(4,460)	(5,622)
Acquisition of subsidiaries, associates and jointly controlled entities	(45,770)	-
Net cash used in investing activities	**(50,506)**	**(5,446)**
Cash flows from financing activities		
Proceeds from borrowings	43,248	-
Repayment of borrowings	(2,667)	(4,821)
Outflows from cash pooling	3,863	(831)
Payment of finance lease liabilities	(322)	(1,030)
Interest paid	(2,130)	(695)
Other	(73)	(92)
Net cash from/(used in) financing activities	**41,919**	**(7,469)**
Net decrease in cash and cash equivalents	**(6,636)**	**(32,129)**
Cash and cash equivalents		
At start of period	26,565	83,563
At end of period	19,929	51,434

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

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

Additional information to unconsolidated financial statements of Agora S.A.

In the period from January 1, 2023 to March 31, 2023 the following impairment losses and provisions were changed in the unconsolidated financial statements of Agora S.A.:

- impairment loss for receivables: decrease by PLN 674 thousand;
- impairment loss for inventory: decrease by PLN 133 thousand;
- impairment loss for property, plant and equipment: increase by PLN 1,709 thousand related with property in Tychy.

In the period from January 1, 2023 to to March 31, 2023 the following provisions were changed:

	Provision for restructuring	Provision for the cost of compensation and severances for the former Management Board Members	Provision for legal claims	**Total**
As at 31 December 2022	**733**	**25**	**391**	**1,149**
Set up of provisions	-	-	67	67
Provisions used during the period	(733)	(25)	(54)	(812)
As at 31 March 2023	**-**	**-**	**404**	**404**
Non-current part	**-**	**-**	**-**	**-**
Current part	**-**	**-**	**404**	**404**

In the period from January 1, 2023 to March 31, 2023, the Company purchased property, plant and equipment in the amount of PLN 602 thousand (in the period of January 1, 2022 to March 31, 2022: PLN 1,584 thousand).

As at March 31, 2023 and as at December 31,2022 there were no commitments for the purchase of property, plant and equipment.

As at March 31,2023 and as at December 31, 2022 other short - term financial liabilities include liabilities of Agora S.A. to subsidiaries (resulting from settlements related to the cash pooling system, which functions within Agora Group).

As at March 31, 2023 and as at December 31, 2022 the Company had no financial instruments measured at fair value.

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

Related party transactions

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

	Three months ended 31 March 2023	Three months ended 31 March 2022
Subsidiaries		
Sales	5,818	16,187
Purchases	(6,300)	(5,803)
Other operating income	-	3
Finance income - interests on cash pooling	54	7
Other finance income	35	2
Finance cost - credit guarantee	(65)	(79)
Finance cost - interests on cash pooling	(184)	(198)
Income tax -TCG settlements	(1,370)	(67)
Major shareholder		
Sales	9	6
Other operating income	1	1

	As at 31 March 2023	As at 31 December 2022
Subsidiaries		
Shares	653,283	470,312
Non-current loans granted	460	460
Cash pooling receivables	2,722	2,371
Trade receivables	3,019	14,567
Other receivables	781	749
Cash pooling liabilities	29,099	25,232
Trade liabilities	2,014	2,904
Other liabilities and accruals	1,046	1,777
Associates		
Shares	19,057	156,257
Major shareholder		
Trade receivables	4	3
Other liabilities and accruals	6	6

Warsaw, May 25, 2023

Bartosz Hojka - President of the Management Board	*Signed on the Polish original*
Tomasz Jagiello - Member of the Management Board	*Signed on the Polish original*
Anna Krynska-Godlewska - Member of the Management Board	*Signed on the Polish original*
Tomasz Grabowski - Member of the Management Board	*Signed on the Polish original*
Wojciech Bartkowiak - Member of the Management Board	*Signed on the Polish original*

Signatures submitted electronically.