AGORA S.A.

Unconsolidated financial statements

as at 31 December 2021 and for the year ended thereon

March 24, 2022

CONTENTS

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

UNCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021

	Note	As at 31 December 2021	As at 31 December 2020
Assets			
Non-current assets:			
Intangible assets	3	39,757	46,295
Property, plant and equipment	4	145,522	155,959
Right-of-use assets	5	25,336	26,662
Long-term financial assets	6	624,599	621,992
Receivables and prepayments	7	498	915
Deferred tax assets	16	11,130	8,369
		846,842	**860,192**
Current assets:			
Inventories	8	11,425	9,607
Accounts receivable and prepayments	9	81,692	83,189
Income tax receivable		64	733
Short-term securities and other financial assets	10	1,262	263
Cash and cash equivalents	11	83,563	73,506
		178,006	**167,298**
Non-current assets held for sale	4	-	14,500
		178,006	**181,798**
Total assets		**1,024,848**	**1,041,990**

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

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

UNCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2021 (CONTINUED)

	Note	As at 31 December 2021	As at 31 December 2020
Equity and liabilities			
Equity			
Share capital	12	46,581	46,581
Share premium		147,192	147,192
Other reserves		122,674	123,053
Retained earnings and other reserves	13	484,325	456,562
		800,772	**773,388**
Non-current liabilities:			
Long-term borrowings	14	37,664	64,989
Retirement severance provision	17	2,226	1,756
Provisions	18	93	286
Accruals and other liabilities	19	704	1,705
Contract liabilities	20	192	177
		40,879	**68,913**
Current liabilities:			
Retirement severance provision	17	278	159
Trade and other payables	19	114,251	106,886
Short-term borrowings	14	21,046	36,279
Other financial liabilities	15	38,316	48,741
Provisions	18	683	1,150
Contract liabilities	20	8,623	6,474
		183,197	**199,689**
Total equity and liabilities		**1,024,848**	**1,041,990**

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

UNCONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
Revenue	21	382,920	343,186
Cost of sales	22	(194,145)	(178,342)
Gross profit		**188,775**	**164,844**
Selling expenses	22	(124,335)	(109,019)
Administrative expenses	22	(98,698)	(85,737)
Other operating income	23	4,967	20,761
Other operating expenses	24	(4,710)	(9,859)
Impairment losses for receivables - net	24	(2,346)	2,996
Operating loss		**(36,347)**	**(16,014)**
Finance income	28	64,691	20,806
Finance cost	29	(3,268)	(64,542)
Profit/(loss) before income taxes		**25,076**	**(59,750)**
Income tax expense	30	2,687	4,891
Profit/(loss) for the period		**27,763**	**(54,859)**
Basic/diluted earnings per share (in PLN)	31	0.60	(1.18)

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

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
Net profit/(loss) for the period	**27,763**	**(54,859)**
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit plans	(468)	676
Income tax effect	89	(128)
	(379)	548
Items that will be reclassified to profit or loss		
Other comprehensive income/(loss) for the period	(379)	548
Total comprehensive income/(loss) for the period	**27,384**	**(54,311)**

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

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Year ended 31 December 2020					
As at 31 December 2019	**46,581**	**147,192**	**121,302**	**506,381**	**821,456**
Total comprehensive income for the period					
Net loss for the period	-	-	-	(54,859)	(54,859)
Other comprehensive income	-	-	548	-	548
Total comprehensive income for the period	**-**	**-**	**548**	**(54,859)**	**(54,311)**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Result of the merger of the companies	-	-	1,203	5,040	6,243
Total transactions with owners	**-**	**-**	**1,203**	**5,040**	**6,243**
As at 31 December 2020	**46,581**	**147,192**	**123,053**	**456,562**	**773,388**

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

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021	2020
Cash flows from operating activities			
Profit/(loss) before income taxes		**25,076**	**(59,750)**
Adjustments for:			
Depreciation and amortisation	22	32,029	31,718
Foreign exchange (gain)/loss		(12)	47
Interest, net		2,488	3,511
Loss on investing activities		2,115	58,687
Dividend income		(64,052)	(20,537)
Decrease in provisions		(539)	(777)
(Increase)/decrease in inventories		(1,818)	4,105
(Increase)/decrease in receivables		(6,171)	17,890
Increase in payables		7,841	9,806
Increase in contract liabilities		2,163	2,299
Cash generated from/(used in) operations		**(880)**	**46,999**
Income taxes - inflows/(outflows) (1)		(479)	1,899
Net cash from/(used in) operating activities		**(1,359)**	**48,898**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and intangibles		14,702	11,269
Disposal of subsidiaries, associates and jointly controlled entities		-	85
Dividends received		72,052	12,537
Repayment of loans granted		-	150
Interest received		14	44
Proceeds/(outflows) from cash pooling		(996)	4,524
Purchase of property, plant and equipment, and intangibles		(16,520)	(17,419)
Acquisition of subsidiaries, associates and jointly controlled entities	6	(2,607)	(4,156)
Net cash from investing activities		**66,645**	**7,034**

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

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	2021	2020
Cash flows from financing activities			
Repayment of borrowings		(40,476)	(10,417)
Proceeds/(outflows) from cash pooling		(10,452)	19,479
Payment of lease liabilities		(1,028)	(993)
Interest paid		(2,834)	(3,649)
Other		(439)	(20)
Net cash from/(used in) financing activities		**(55,229)**	**4,400**
Net increase in cash and cash equivalents		**10,057**	**60,332**
Cash and cash equivalents			
At start of period		73,506	13,174
At end of period		83,563	73,506

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

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2021 AND FOR THE YEAR ENDED THEREON

1. GENERAL INFORMATION

(a) Core business activity

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

As at 31 December 2021 Agora S.A. controlled 19 subsidiaries, held shares in jointly controlled entity: Instytut Badań Outdooru IBO Sp. z o.o. (indirectly through AMS S.A.) and held shares in two associates: ROI Hunter a.s. and Eurozet Sp. z o.o.

The Company operates in all major cities in Poland.

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

(b) Registered Office

Czerska 8/10 street,
00-732 Warsaw, Poland

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

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

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

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

(e) Management Board

During the period reported in the unconsolidated financial statements, the Management Board of Agora S.A. comprised the following members:

Bartosz Hojka	President	for the whole year
Tomasz Jagiello	Member	for the whole year
Anna Krynska-Godlewska	Member	for the whole year
Agnieszka Sadowska	Member	till October 20, 2021
Tomasz Grabowski	Member	from June 1, 2021
Agnieszka Siuzdak-Zyga	Member	from August 5, 2021

(f) Supervisory Board

The Supervisory Board of the Company comprised the following members:

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

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(g) Information about the financial statements

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

The unconsolidated financial statements were authorised for issue by the Management Board on March 24, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation

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

The financial statements of the Company were prepared with the assumption that the Company would continue their business activities in the foreseeable future. Additional information concerning the impact of Covid-19 pandemic on Company business activities is disclosed in note 38.

In the preparation of these unconsolidated financial statements, the Company has followed the same accounting policies as used in the Unconsolidated Financial Statements as at 31 December 2020, except for the changes described below.

For the Company’s financial statements for the year started with January 1, 2021 the following new standards and amendments to existing standards, which were endorsed by the European Union, are effective:

1) Exemption from IFRS 9 (Amendments to IFRS 4);
2) Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
3) Covid-19-Related Rent Concessions – extension (Amendments to IFRS 16).

The application of the amendments in points 1)-2) had no significant impact on the unconsolidated financial statements. The Company did not apply the amendments to IFRS 16 in terms of accounting for rent concessions.

(c) Property, plant and equipment

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

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

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

Buildings	2 - 40 years
Plant and machinery	2 - 20 years
Motor vehicles	3 - 7 years
Other equipment	2 - 20 years

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

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

(d) Intangible assets

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

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

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

Licences, software and other	2-15 years
Internally generated intangible assets	2-5 years

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

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

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

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

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

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

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

a) the amount of the initial measurement of the lease liability;

b) any lease payments made at or before the commencement date, less any lease incentives received;

c) any initial direct costs incurred by the lessee;

d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

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

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

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

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

a) fixed payments, less any lease incentives receivable;

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable by the lessee under residual value guarantees;

d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;

e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

a) increasing the carrying amount to reflect interest on the lease liability;

b) reducing the carrying amount to reflect the lease payments made; and

c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

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

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

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

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

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

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

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

(f) Cash and cash equivalents

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

(g) Derivative financial instruments

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

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

If the embedded derivative instrument is determined not to be closely related to the host contract and the embedded derivative instrument would qualify as a derivative instrument, the embedded derivative instrument is separated from the host contract and valued at fair value with changes recorded in the income statement.

(h) Financial assets measured at amortized cost

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

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

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

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

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

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;

(b) the value of money over time; and

(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

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

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

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

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

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

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

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

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

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

(k) Derecognition of financial instruments

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

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

(l) Foreign currency transactions

Functional and presentation currency for Agora S.A. is Polish zloty. Foreign currency transactions are translated at the foreign exchange rates prevailing at the date of the transactions using:

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

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

(m) Inventories

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

Cost is determined by specific identification of their individual costs for paints and paper and by the first-in, first-out (FIFO) method for other materials, goods for resale and finished goods.

(n) Equity

(i) Share capital

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

(ii) Treasury shares (purchased for their redemption)

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

(iii) Share premium

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

(iv) Other reserves

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

(v) Retained earnings

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

(o) Income taxes and deferred income taxes

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

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

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

(i) the initial recognition of assets or liabilities that in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss),

(ii) differences relating to investments in subsidiaries and associates to the extent the parent are able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

(p) Provisions

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

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

(q) Retirement severance provision

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

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

(r) Interest-bearing borrowings

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

(s) Trade and other payables

Trade and other payables are stated at amortised cost.

(t) Revenue recognition

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

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

- Advertising revenue - revenue is recognised in the period in which the service is provided to the customer i.e. during the advertising campaign period. The level of fulfilment of the obligation to provide the service is measured in proportion to the duration of the service provided.
- Copy sales - in case of paper editions revenue is recognised when the good is transferred to the customer and in case of paid access to digital subscription during the period of the content available.
- Printing services - revenue is recognised in the period in which the service is provided to the customer.
- Film distribution and production sales - revenue is recognised during the period of film distribution in cinemas and are subject to the proceeds of the sale of tickets, and, in case of the sale of film licences revenue is recognised when the customer acquires the right to use the licences.
- Other sales - revenue is recognised when the good is transferred to the customer.

Revenue from advertising services, film distribution in cinemas and from selling a digital access to internet services of *Gazeta Wyborcza* represent revenue recognised over time, because advertising campaigns, film distribution and access to digital subscription represent services performed throughout the specified time agreed in contracts with customers. Revenue from other goods and services of the Company usually represent revenue recognised at a point in time, when control of the goods or services is transferred to the customer, which is at the moment, when the service is completed or goods are delivered to a customer.
Advance consideration received for goods and services, which were not transferred to customers at the balance sheet date and will be realized in future accounting periods are presented in the balance sheet in the line item "*Contract liabilities*".

Sale with a right of return

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

Customer rebates

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

(u) Operating segment reporting

The segment presentation is prepared at the Agora Group level in accordance with the management approach and is presented in 'Consolidated financial statements as at December 31, 2021 and for the year ended thereon'.

(v) Impairment losses

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

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

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

An impairment loss for goodwill is not reversed.

(w) Borrowing costs

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

(x) Share-based payments

There are incentive plans carried out in the Company, described in note 27, in which one of the components is accounted for in accordance with IFRS 2. These are cash-settled plans with rules based on - inter alia - share price quotations and appreciation. In these plans, members of the Management Board of the Company are entitled to a reward based on the realization of the Target of Share Price Rise. The value of the provision for the cost of the reward concerning the realization of the Target of Share Price Rise, is estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. The value is charged to the staff costs in Income Statement in proportion to the full period of the Plan with a corresponding figure recognised within accruals. The changes in the value of this accrual are included in staff costs.

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

Grants received for the financing of acquisition or construction of property, plant and equipment or intangible assets are recognized, when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching thereto. The grants are recognised in the balance sheet and credited to the income statement as other operating income proportionately over the useful life of the respective assets.

In addition, in 2020, the Company received grants on salaries and wages which were included in other operating income (details described in note 23).

(z) Dividend distribution

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

(aa) Related parties

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

(ab) Combinations of entities under the joint control

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

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

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

Standards and interpretations endorsed by the European Union:

1) Amendments to IFRS 3 *Business Combinations*, IAS 16 *Property, Plant and Equipment*, IAS 37 *Provisions, Contingent Liabilities and Contingent Assets and Annual Improvements 2018-2020* (effective for annual periods beginning on or after 1 January 2022)

The package of amendments includes three narrow scope amendments to standards:

- update a reference in IFRS 3 *Business Combinations to the Conceptual Framework for Financial Reporting* without changing the accounting requirements for business combinations,
- prohibit an entity from deducting from the cost of property plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead an entity will recognize such sales proceeds and related cost in profit or loss,
- specify which costs an entity includes when assessing whether a contract will be loss-making.

The package also includes the annual improvements including changes that clarify the wording or correct minor consequences, oversights or conflicts between requirements in IFRS 1 Fir*st-time Adoption of International Financial Reporting Standards*, IFRS 9 *Financial Instruments*, IAS 41 *Agriculture* and the Illustrative Examples accompanying IFRS 16 *Leases*.

The Company does not expect that the amendments will have impact on the unconsolidated financial statements.

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

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

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

Standards and interpretations awaiting on endorsement by the European Union:

1) Amendments to IAS 1 *Presentation of Financial Statements* (effective for annual periods beginning on 1 January 2023)

The amendments clarify the criteria for classifying a liability as non-current depending on rights at end of the reporting period.

The Company does not expect that the amendments will have impact on the unconsolidated financial statements.

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

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

The Company does not expect that the amendments will have impact on the unconsolidated financial statements.

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

The Amendments revise IAS 8 to replace the definition of a change in accounting estimates with a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. The distinction is important as changes in accounting policies are generally applied retrospectively while changes in estimates are accounted for in the period in which the change occurs.

The Company does not expect that the amendments will have impact on the unconsolidated financial statements.

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

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

The Company does not expect that the amendments will have impact on the unconsolidated financial statements.

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

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

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

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

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

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

3. INTANGIBLE ASSETS

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

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

3. INTANGIBLE ASSETS – CONT .

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Cost as at 1 January 2020	**45,714**	**3,262**	**100,139**	**14,855**	**23,995**	**187,965**
Additions	-	-	4,193	-	10,173	14,366
Acquisitions	-	-	2,681	-	-	2,681
Transfer from assets under construction	-	-	1,373	-	-	1,373
Internal development	-	-	-	-	10,173	10,173
Result of the merger of the companies	-	-	139	-	-	139
Disposals	-	-	(260)	(340)	-	(600)
Sale	-	-	-	(340)	-	(340)
Liquidation	-	-	(260)	-	-	(260)
Cost as at 31 December 2020	**45,714**	**3,262**	**104,072**	**14,515**	**34,168**	**201,731**
Amortisation and impairment losses as at 1 January 2020	**36,439**	**3,144**	**81,353**	**14,729**	**7,445**	**143,110**
Amortisation charge for the period	-	-	5,216	96	7,474	12,786
Sale	-	-	-	(340)	-	(340)
Liquidation	-	-	(259)	-	-	(259)
Result of the merger of the companies	-	-	139	-	-	139
Amortisation and impairment losses as at 31 December 2020	**36,439**	**3,144**	**86,449**	**14,485**	**14,919**	**155,436**
Carrying amounts						
As at 1 January 2020	**9,275**	**118**	**18,786**	**126**	**16,550**	**44,855**
As at 31 December 2020	**9,275**	**118**	**17,623**	**30**	**19,249**	**46,295**

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

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

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

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

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 1 January 2020	**7,238**	**236,007**	**494,972**	**2,954**	**16,044**	**1,806**	**759,021**
Additions	884	64,920	162,834	1,541	1,130	1,475	232,784
Acquisitions	-	29	4,370	-	351	1,475	6,225
Transfer from assets under construction	-	518	-	-	370	-	888
Result of the merger of the companies	884	64,373	158,464	1,541	409	-	225,671
Disposals	(257)	(36,690)	(328,407)	(1,499)	(1,359)	(2,261)	(370,473)
Sale (1)	(257)	-	(307,585)	(1,499)	(182)	-	(309,523)
Liquidation	-	(531)	(8,625)	-	(1,169)	-	(10,325)
Transfer from assets under construction	-	-	-	-	-	(2,261)	(2,261)
Reclassification to non-current assets held for sale (note 4b)	-	(36,159)	(12,197)	-	(8)	-	(48,364)
Cost as at 31 December 2020	**7,865**	**264,237**	**329,399**	**2,996**	**15,815**	**1,020**	**621,332**

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Depreciation and impairment losses as at 1 January 2020	**-**	**114,496**	**469,036**	**2,470**	**14,378**	**-**	**600,380**
Depreciation charge for the period	-	7,910	9,028	133	449	-	17,520
Impairment losses (note 38)	-	4,909	-	-	-	-	4,909
Sale (1)	-	-	(307,073)	(1,417)	(181)	-	(308,671)
Liquidation	-	(522)	(8,571)	-	(1,167)	-	(10,260)
Result of the merger of the companies	-	37,092	157,751	1,541	409	-	196,793
Reclassification to non-current assets held for sale (note 4b)	-	(23,352)	(11,938)	-	(8)	-	(35,298)
Depreciation and impairment losses as at 31 December 2020	**-**	**140,533**	**308,233**	**2,727**	**13,880**	**-**	**465,373**
Carrying amounts							
As at 1 January 2020	**7,238**	**121,511**	**25,936**	**484**	**1,666**	**1,806**	**158,641**
As at 31 December 2020	**7,865**	**123,704**	**21,166**	**269**	**1,935**	**1,020**	**155,959**

(1) Sales in 2020 were mainly related to the sale of plant, machinery and equipment related to the company's printing activities.

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

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

(a) Collateral for assets

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

No.	Assets	Net book value as at 31 December 2021
1	Buildings	77,606
2	Plant, machinery and equipment	3,787
	Total	**81,393**

(b) Property, plant and equipment held for sale as at the balance sheet date

As at 31 December 2021, non-current assets held for sale did not occur.

As at 31 December 2020, non-current assets with the carrying amount of PLN 14,500 thousand were presented as held for sale and included right of perpetual usufruct of land and ownership of the buildings located at Krzywa Street, Piła.

As at 31 December 2020 the Company took active steps to sell the above assets. Company's Management Board expected to complete the sale in less than 12 months from the balance sheet date. The Company made a write down of the value of the assets held for sale in amount of PLN 4,373 thousand in order to adjust the value of these assets to the sale price.

- **Sale of the right of perpetual usufruct of land and ownership of the buildings in Piła**

On January 29, 2021, the Management Board of Agora S.A. informed that on 29 January 2021, the Company concluded a preliminary agreement for the sale of the perpetual usufruct right to a developed real estate with a total area of 7.46 ha, including the ownership title to buildings constituting an object of ownership separate from the land, located in Pila at ul. Krzywa 35, for which the District Court in Pila, VI Division of Land Registry, keeps a land and mortgage register with the number PO1I/00009141/0 ("Property").

The decision to sell the Property resulted from the fact that after the restructuring of the printing activity and the phasing out of printing plant in Pila in the second half of 2019 (about which Agora informed in regulatory filings No. 5/2019 of 5 March 2019 and No. 7/2019 of 25 March 2019). The Company did not effectively use the area of the Property for operating activities.

On March 4, 2021, Agora S.A. signed a sale agreement for the above property.

The net sales price of the Property amounted to PLN 14.5 million and its sale did not affect the operating result of the Agora Group in 2021, as the selling price of the Property was in line with its book value. The transaction is visible in the Group's cash flows and resulted in a decrease in the value of the Group's fixed assets, which as at December 31, 2020, were presented in the balance sheet as assets held for sale.

(c) Contractual commitments

Contractual commitments are disclosed in note 34.

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

5. RIGHT-OF-USE ASSETS

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

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

5. RIGHT-OF-USE ASSETS - CONT.

	Land	Buildings	Vehicles	Total
Cost as at 1 January 2020	**35,392**	**3,757**	**361**	**39,510**
Additions	-	123	-	123
Increases due to leases	-	123	-	123
Disposals	(3,134)	(208)	(12)	(3,354)
Decreases due to leases	-	(208)	(12)	(220)
Reclassification to non-current assets held for sale (note 4b)	(3,134)	-	-	(3,134)
Cost as at 31 December 2020	**32,258**	**3,672**	**349**	**36,279**
Depreciation and impairment losses as at 1 January 2020	**8,324**	**1,416**	**169**	**9,909**
Depreciation charge for the period	384	952	76	1,412
Decreases due to leases	-	(4)	-	(4)
Reclassification to non-current assets held for sale (note 4b)	(1,700)	-	-	(1,700)
Depreciation and impairment losses as at 31 December 2020	**7,008**	**2,364**	**245**	**9,617**
Carrying amounts				
As at 1 January 2020	**27,068**	**2,341**	**192**	**29,601**
As at 31 December 2020	**25,250**	**1,308**	**104**	**26,662**

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

The rights-of-use assets relate to assets used by the Company under long-term lease agreements for office space, finance lease agreements for cars and the rights of perpetual usufruct of land. In the case of office space, the contractual period is between 1 and 5 years, car leasing contracts cover a period between 2 and 5 years, and the right of perpetual usufruct of land having the greatest impact on the carrying amount of recognized right-of-use assets shall be valid for a further period of 68 years from the balance sheet date.

The right of perpetual usufruct of land with a book value of PLN 23,651 thousand constitutes the collateral of the credit line described in note 14 (including the value excluding the impact of IFRS 16 amounting to PLN 4,043 thousand).

6. LONG-TERM FINANCIAL ASSETS

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

	2021	2020
Balance as at the beginning of the period	**621,992**	**693,391**
Shares	621,754	692,953
Loans granted	-	200
Additional paid-in capital	238	238
Additions	**27,107**	**5,005**
Shares	27,107	5,005
- acquisitions (note 36)	2,607	10
- increase of share capital	-	4,146
- use of impairment losses (note 36)	24,500	849
Disposals	**(24,500)**	**(76,404)**
Shares	(24,500)	(76,204)
- sale of shares (note 36)	(24,500)	(949)
- impairment losses	-	(60,687)
- result of the merger of the companies	-	(14,568)
Loans granted	-	(200)
- repayment of loans	-	(100)
- impairment losses	-	(50)
- reclassifications	-	(50)
Balance as at the end of the period	**624,599**	**621,992**
Shares	624,361	621,754
Additional paid-in capital	238	238

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

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

7. NON-CURRENT RECEIVABLES AND PREPAYMENTS

	31 December 2021	31 December 2020
Other long term receivables	353	324
Long term prepayments	145	591
	498	**915**

8. INVENTORIES

	31 December 2021	31 December 2020
Raw materials and consumables	5,438	4,221
Work in progress	3,448	3,525
Finished goods	2,449	1,788
Goods for resale	90	73
	11,425	**9,607**
Impairment losses recognised	10,943	10,779
Total inventories, gross	**22,368**	**20,386**

The cost of inventories recognised as an expense amounted to PLN 41,913 thousand (2020: PLN 45,439 thousand) and is presented in “cost of sales” in the income statement.

Impairment losses and reversals of impairment losses were recognised in “cost of sales” in the income statement (in 2021 increase of impairment losses amounted to PLN 2,868 thousand and decrease of impairment losses amounted to PLN 2,704 thousand, in 2020: increase of impairment losses amounted to PLN 4,063 thousand and decrease of impairment losses amounted to PLN 4,046 thousand).

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2021	31 December 2020
Trade receivables	69,050	61,646
Taxes, social security and similar	1,786	2,203
Prepayments	2,016	1,879
Other	8,840	17,461
	81,692	**83,189**
Impairment losses recognised	6,079	6,081
Total accounts receivable and prepayments, gross	**87,771**	**89,270**

Other receivables include i.a. loans granted to employees from the social fund in the amount of PLN 7,443 thousand (31 December 2020: PLN 8,731 thousand). Loans are granted for periods up to 7 years and are repayable in monthly instalments. Loans granted bear a fixed interest rate of 2%.

As at 31 December 2021 other receivables include intercompany receivables related to settlement with subsidiaries within Tax Capital Group in the amount of PLN 705 thousand (31 December 2020: PLN 122 thousand).

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

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

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

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

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

** the amount of impairment loss as at the balance sheet date in individual age categories may also include additional impairment losses up to 100% of receivables balance by applying an individual loss assessment; additional information on expected credit loss policies and credit risk management policies are included in note 2h) and 32 to unconsolidated financial statements.*

	31 December 2020			
	Expected credit loss ratio %	Gross value	Impairment losses	Net value
Current receivables	0.28%	54,350	101	54,249
Overdue receivables within 1 month	0.42%	5,811	24	5,787
Overdue receivables between 1 and 3 months	1.84%	1,244	33	1,211
Overdue receivables between 3 and 6 months	11.69%	328	48	280
Overdue receivables between 6 months and 1 year	47.79%	181	141	40
Overdue receivables more than 1 year	100.00%	5,813	5,734	79
		67,727	**6,081**	**61,646**

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

Changes in impairment losses on accounts receivable

	2021	2020
Balance as at beginning of the period	**6,081**	**28,697**
Additions	3,101	687
Reversals	(755)	(3,683)
Result of the merger of the companies	-	139
Used impairment losses	(2,348)	(19,759)
Balance as at end of the period	**6,079**	**6,081**

10. SHORT-TERM SECURITIES AND OTHER FINANCIAL ASSETS

	31 December 2021	31 December 2020
Cash pooling receivables (note 32)	1,262	263
	1,262	**263**

11. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Cash at bank and in hand	61,248	73,167
Short-term bank deposits	22,261	311
Other	54	28
	83,563	**73,506**

Cash and cash equivalents is cash include cash held on behalf of the social fund in the amount of PLN 5,482 thousand representing (31 December 2020: PLN 4,913 thousand) and cash collected in the VAT account in amount of PLN 128 thousand (31 December 2020: PLN 263 thousand).

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

12. SHARE CAPITAL

Registered share capital

Capital registered at 31 December 2021.

Series	Type of shares	Type of preference	Amount of shares	Par value	Origin of capital
A	preference	voting	4,281,600	4,282	conversion
B&D	ordinary	none	42,299,231	42,299	conversion, issued
			46,580,831	**46,581**	

The nominal value of each share amounts to PLN 1.

Each Registered A share carries five votes at general meetings.

All issued shares are fully paid.

13. RETAINED EARNINGS AND OTHER RESERVES

Dividends

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

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

On March 17, 2021 the Management Board of Agora S.A. adopted a resolution on the submission of a motion to the Annual General Meeting of Shareholders to withhold the payment of dividend for 2020.

The above departure from the dividend policy announced on 14 February 2005, was related to the economic uncertainty and the further impact of the COVID-19 pandemic and its effects on the operating activities and financial results of both Agora and the Agora Group, which is difficult to estimate.

In the circumstances of such high uncertainty, the Management Board of Agora considered it justified to keep the financial resources in the Company and recommend not to pay dividends for 2020 in order to strengthen the financial position of the Group.

The above decision received a positive opinion from the members of the Supervisory Board

In accordance with the resolution adopted on June 24, 2021 the General Meeting of Shareholders decided to cover the net loss of Agora S.A. for the financial year 2020 in the amount of PLN 54,859 thousand with profits from previous years.

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

14. LONG TERM AND SHORT-TERM BORROWINGS

	31 December 2021	31 December 2020
Long term bank loans	17,321	43,682
Lease liabilities	20,343	21,307
Total long term borrowings	**37,664**	**64,989**
of which: Lease liabilities resulting from the application of IFRS 16	*20,312*	*21,252*
Short term bank loans	19,322	33,430
Lease liabilities	1,724	2,849
Total short term borrowings	**21,046**	**36,279**
of which: Lease liabilities resulting from the application of IFRS 16	*1,699*	*2,801*

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

Finance lease liabilities relate to rights-of-use assets described in note 5.

Conclusion of annexes with DNB Bank Polska S.A.

On October 15, 2021, Agora S.A. concluded: (i) Annex No. 10 to the Credit Limit Agreement No. 1661/001/2017 of May 25, 2017 as amended (ii) Annex No. 2 to the Overdraft Agreement No. 1735/119/2020 of September 24, 2020, as amended, with DNB Bank Polska S.A.

The above-mentioned annexes modify: the value of the Receivables Turnover Ratio, rules regarding the prohibition of selling the Company's assets and rules for acquiring shares / stocks in subsidiaries, as well as specifying the rules for providing the lender with financial data of entities from the Agora S.A. Capital Group.

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

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

Creditor	Amount to agreement		Outstanding				Interest	Repayment schedule	Collaterals	Other
	31 December 2021	31 December 2020	31 December 2021		31 December 2020					
			long-term	short-term	long-term	short-term				
Credits and loans										
DNB Bank Polska S. A.	135,000	135,000	17,321	19,322	43,682	33,430	WIBOR 1 M or 3 M + bank margin	The non-renewable credit - 1st tranche quarterly 12 instalments from July 1, 2018 to April 1, 2021 (two instalments from 2020 moved to the end of the repayment period) - fully repaid; 2nd tranche quarterly 12 instalments from April 1, 2020 to January 2, 2023 (first two instalments moved to the end of the repayment period); credit facility in the current account - may be used by September 28, 2022.	Mortgages on properties in Warsaw (including perpetual usufruct and buildings located on them), pledge on insurance policies, Guarantee from Bank Gospodarstwa Krajowego granted under the portfolio guarantee line PLG FGP, blank promissory note to the Bank Gospodarstwa Krajowego, financial and registered pledge on shares in Yieldbird Sp. z o.o., financial and registered pledge on shares of AMS S.A., The guarantee granted by GRA Sp. z o.o. together with a declaration of execution under Article 777 par. 1 point 5. Code of Civil procedure, statement by Agora S.A. on the establishment of the enforcement order in accordance with Article 777 par. 1 point 5. The Code of Civil procedure.	credit line granted to Agora S.A. (divided into parts: non-renewable credit and ready to use credit facility in the current account)
DNB Bank Polska S. A.	65,000	65,000	-	-	-	-	WIBOR 1M + bank margin	Credit facility in the current account - may be used by September 22, 2022.	Guarantee from Bank Gospodarstwa Krajowego granted under the portfolio guarantee line PLG FGP, blank promissory note to the Bank Gospodarstwa Krajowego, mortgages on properties in Warsaw (including perpetual usufruct and buildings located on them), pledge on insurance policies, financial and registered pledge on shares in Yieldbird Sp. z o.o., financial and registered pledge on shares of AMS S.A., the guarantee granted by GRA Sp. z o.o. together with a declaration of execution under Article 777 par. 1 point 5. Code of Civil procedure, statement by Agora S.A. on the establishment of the enforcement order in accordance with Article 777 par. 1 point 5. The Code of Civil procedure.	credit facility in the current account

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

15. OTHER FINANCIAL LIABILITIES

	31 December 2021	31 December 2020
Short-term		
Cash pooling liabilities	38,316	48,741
	38,316	**48,741**

As at December 31, 2021 and as at December 31, 2020 other short - term financial liabilities include liabilities of Agora S.A. to related parties resulting from settlements related to the cash pooling system functioning within Agora Group.

16. DEFERRED INCOME TAXES

Deferred income taxes are calculated using a rate of 19% (2020: 19%).

Deferred tax assets

	2021	2020
Balance as at the beginning of the period	**19,155**	**17,392**
Accruals	7,457	5,376
F/x differences (unrealised)	2	-
Interests liabilities	28	52
Liabilities for rebates, returns and deferred income	4,133	4,114
Provisions	630	877
Impairment losses for inventories	2,048	2,045
Impairment losses for accounts receivable	268	317
Lease (1)	4,589	4,611
Recognised in the income statement	**(3,238)**	**1,789**
Accruals	(4,099)	2,039
Financial assets and liabilities	-	(1)
F/x differences (unrealised)	-	1
Interests liabilities	(23)	(27)
Liabilities for rebates, returns and deferred income	1,099	17
Provisions	(132)	(155)
Impairment losses for inventories	31	3
Impairment losses for accounts receivable	282	(66)
Lease (1)	(396)	(22)
Recognised in other comprehensive income	**89**	**(128)**
Provisions	89	(128)

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

	2021	2020
Result of the merger of the companies	**-**	**102**
Accruals	-	42
Financial assets and liabilities	-	1
F/x differences (unrealised)	-	1
Interests liabilities	-	3
Liabilities for rebates, returns and deferred income	-	2
Provisions	-	36
Impairment losses for accounts receivable	-	17
Balance as at the end of the period	**16,006**	**19,155**
Accruals	3,358	7,457
F/x differences	2	2
Interests liabilities	5	28
Liabilities for rebates, returns and deferred income	5,232	4,133
Provisions	587	630
Impairment losses for inventories	2,079	2,048
Impairment losses for accounts receivable	550	268
Lease (1)	4,193	4,589

Deferred tax liabilities

	2021	2020
Balance as at the beginning of the period	**10,786**	**14,219**
Accelerated depreciation and amortisation	6,102	9,614
F/x differences	-	1
Interests receivable	-	6
Lease (1)	4,287	4,558
Other	397	40
Recognised in the income statement	**(5,910)**	**(3,433)**
Accelerated depreciation and amortisation	(5,368)	(3,512)
Financial assets and liabilities	3	-
F/x differences	-	(1)
Interests receivable	1	(6)
Lease (1)	(241)	(271)
Other	(305)	357
Balance as at the end of the period	**4,876**	**10,786**
Accelerated depreciation and amortisation	734	6,102
Financial assets and liabilities	3	-
Interests receivable	1	-
Lease (1)	4,046	4,287
Other	92	397

(1) In 2021, in this note, the Company changed the presentation of the deferred tax assets and liabilities related to lease agreements presenting them separately, the comparative data was appropriately restated. The above change did not affect the presentation of net deferred tax assets in the Company's balance sheet.

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

	31 December 2021	31 December 2020
Deferred tax assets	16,006	19,155
Deferred tax liabilities	(4,876)	(10,786)
Tax assets net	**11,130**	**8,369**

Deferred tax assets recognized in 2021 relate mainly to deductible temporary differences that are expected to be realized during periods in which the Group expects to obtain sufficient taxable profits for their realization.

Unrecognised tax assets

The Company did not recognise deferred tax assets related to deductible temporary differences arising from the impairment of investments in subsidiaries due to the long term nature of these investments, tax losses and part of deductible temporary differences due to uncertainty about the availability of sufficient future tax profits within the next five years, in which it is possible to settle those losses or in the periods during which the temporary differences are expected to be realized. The amounts of deductible temporary differences and unused tax losses available together with expiry dates for which the deferred tax assets have not been recognised are shown in the table below:

	31 December 2021	31 December 2020	Expiry date
Unused tax losses	85,230	129,690	Up to 2026 *
Temporary differences associated with investments in subsidiaries	115,678	140,179	indefinite
Other deductible temporary differences	30,592	5,614	Up to 2027

** The value of unused tax losses as at the balance sheet date of 31 December 2021 covers in full the losses incurred during the operating period of the Tax Capital Group ('TCG'), a possible cut-off date was indicated on the assumption that the operating period of the existing TCG was extended until the period during which the resulting tax losses could be used.*

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

Due to the long term nature of investments in subsidiaries and the Company's ability to control reversals of temporary differences for tax purposes, the Company has not recognised certain deferred tax liabilities. The amount of deferred tax liability would amount to PLN 4,346 thousand (31 December 2020: PLN 4,359 thousand).

Tax Capital Group

- **The establishment of the tax capital group**

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

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

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

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

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- **The extension of the tax capital group's operation period**

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

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

17. RETIREMENT SEVERANCE PROVISION

According to the Polish employment regulations, employees have the right to retirement severances payments. The amount of estimated provision as at 31 December 2021 amounted to PLN 2,504 thousand (31 December 2020: PLN 1,915 thousand), including long – term part of the amount of PLN 2,226 thousand (31 December 2020: PLN 1,756 thousand).

18. PROVISIONS

	Provision for restructuring	Provision for the cost of compensation and severances for the former Management Board Members	Provision for legal claims	Other	Total
As at 31 January 2021	**846**	**225**	**40**	**325**	**1,436**
Additional provisions	-	463	151	-	614
Provisions used during the period	(461)	(328)	-	(299)	(1,088)
Unused provisions reversed	(160)	-	-	(26)	(186)
As at 31 December 2021	**225**	**360**	**191**	**-**	**776**
Non-current part	**93**	**-**	**-**	**-**	**93**
Current part	**132**	**360**	**191**	**-**	**683**

Provision for restructuring

The provision for restructuring mainly concerns the costs of group redundancies related to the restructuring of the Print segment carried out in 2018-2019. As at 31 December 2021, the reserve remaining to be used amounted to PLN 225 thousand.

Provision for legal claims

The Company is a defendant in court cases. As at 31 December 2021 the Company evaluated the risk of loss and payment of indemnities in those cases. The amount of indemnities was determined based on consultation with Company's lawyers taking into account the present status of those cases and information available.

Additionally, the Company is a party of legal disputes in the amount of PLN 467 thousand (as at December 31, 2020: PLN 465 thousand). The Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

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19. TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES

Non-current	31 December 2021	31 December 2020
Other	704	1,705
Accruals and other liabilities	**704**	**1,705**

Current	31 December 2021	31 December 2020
Trade payables	17,356	15,527
Other taxes and social security	19,756	19,666
Current accruals, including:	32,032	30,929
- employee benefits (remuneration, vacation pay, bonuses)	*15,908*	*16,728*
- accrual for costs	*16,124*	*14,201*
Rebates liability	19,311	14,314
Returns liability	6,069	5,853
Other	6,729	6,931
Social Fund	12,998	13,666
Trade and other payables	**114,251**	**106,886**

Trade payables are non-interest bearing and are usually settled within 14-30 days. Taxes and social security payables are non-interest bearing and are settled monthly. In 2021 and 2020 the Company benefitted from the possibility of deferring payments of tax liabilities and social security contributions implemented under anti-crisis law.

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

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

20. CONTRACT LIABILITIES

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

Non-current	31 December 2021	31 December 2020
Prepayments for film's licences	162	129
Prepayments for subscriptions	30	48
Non-current contract liabilities	**192**	**177**

Current	31 December 2021	31 December 2020
Prepayments for advertising services	2,037	1,603
Prepayments for subscriptions	6,520	4,800
Prepayments for film's licences	63	50
Other contract liabilities	3	21
Current contract liabilities	**8,623**	**6,474**

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

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

	Non-current	**Current**	**Total**
As at 1 January 2020	**98**	**4,254**	**4,352**
Increase from prepayments received	177	6,376	6,553
Decrease from recognised revenue	-	(4,254)	(4,254)
Reclassification	(98)	98	-
As at 31 December 2020	**177**	**6,474**	**6,651**

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

21. REVENUE

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

	2021	2020
Advertising revenue	172,345	142,272
Copy sales	142,905	134,443
Sales of printing services	26,780	28,635
Sales of goods for resale	17,868	15,284
Film distribution and production sales	1,061	515
Other sales	21,961	22,037
	382,920	**343,186**

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

22. EXPENSES BY NATURE

	2021	2020
Depreciation of property, plant and equipment (note 4)	15,768	17,520
Amortisation of intangibles (note 3)	15,027	12,786
Amortisation of right-of-use assets (note 5)	1,234	1,412
Raw materials, energy and consumables	51,261	55,789
Advertising and promotion costs	37,350	32,289
Expenses relating to short-term leases	1,022	1,634
Expenses relating to leases of low-value assets (other than short-term leases)	168	227
Expenses due to variable lease payments	-	24
Taxes and similar charges	3,891	4,072
Other external services rendered	104,302	89,299
Staff costs (note 25)	187,192	157,853
Total expenses by nature	**417,215**	**372,905**
Change in the balance of products	13	274
Cost of production for in-house use	(50)	(81)
Total operating costs	**417,178**	**373,098**
Selling expenses	(124,335)	(109,019)
Administrative expenses	(98,698)	(85,737)
Cost of sales	**194,145**	**178,342**

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

23. OTHER OPERATING INCOME

	2021	2020
Gain on disposal of non-financial non-current assets (1)	143	7,604
Grants received	2,210	9,066
Reversal of provisions	186	1,995
Donations received	741	1,452
Other (2)	1,687	644
	4,967	**20,761**

(1) In 2020 gain on disposal of non-financial non-current assets includes mainly gain on sale of property at Daniszewska street in Warsaw.
(2) In 2021, Other includes, i.a., the value of the recovered VAT tax in the amount of PLN 1.1 million.

Inflow of funds from the Guaranteed Employee Benefits Fund

In 2020 Agora S.A. submitted a request to receive employee remuneration subsidy from the Voivodship Labor Office in Warsaw from the Guaranteed Employee Benefits Fund.

Receiving of the subsidy was connected with the obligation to submit documents necessary for its settlement within 30 days from the day of obtaining the last tranche of payment.

The total amount of co-financing from the Guaranteed Employee Benefits Fund received by the Company in 2020 amounted to PLN 8.1 million and was recognized in the other operating income of the Company. In 2021 the Company did not receive the co-financing from the Guaranteed Employee Benefits.

24. OTHER OPERATING EXPENSES

	2021	2020
Impairment losses recognised for non-financial non-current assets (note 3 and 4)	1,596	4,909
Donations	997	2,650
Provisions recognised	614	1,640
Liquidation of fixed assets	693	67
Other	810	593
	4,710	**9,859**
Impairment losses recognised for receivables - net		
Impairment losses recognised for receivables (note 9)	3,101	687
Reversal of impairment losses for receivables (note 9)	(755)	(3,683)
	2,346	**(2,996)**

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

25. STAFF COSTS

	2021	2020
Wages and salaries	154,613	132,910
Social security and other costs	32,579	24,943
	187,192	**157,853**
Average number of employees	**1,322**	**1,237**

Procedure of a temporary reduction in the cost of remuneration in the Agora Group

On April 15, 2020, the Management Board of Agora S.A., with reference to the reports: No. 10/2020 of 23 March 2020 on the negative impact of a pandemic on the results of the Agora Group and No. 13/2020 on commencing on 6 April 2020 consultation procedure with the inter-enterprise commission of NSZZ "Solidarność" Agora SA and Inforadio Sp. z o.o. ("Commission") regarding actions planned by the Company to reduce the staff cost in the Group, including, inter alia, a temporary reduction by 20% remuneration paid on the basis of employment contracts, mandate contracts and service contracts for the period of six months in companies subject to the Commission's action, informed about the conclusion of an appropriate agreement on this matter on 15 April 2020.

From April 15 to October 15, 2020, by a decision of the Management Board of Agora S.A. the salaries of Agora Group employees were reduced by 20.0%. The larger scale of the reductions covered the Management Board and Supervisory Board of the Company. Savings due to the reduction of salaries and benefits for employees and regular associates amounted to PLN 17.1 million.

26. MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

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

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

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

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

	2020	base salary (5)	variable component	other benefits
Management Board				
Bartosz Hojka	687	683	-	4
Tomasz Jagiello	205	205	-	-
Agnieszka Sadowska	513	510	-	3
Anna Krynska - Godlewska	514	510	-	4
Grzegorz Kania (4)	438	435	-	3
	2,357	**2,343**	**-**	**14**

(1) Agnieszka Sadowska was the member of the Company's Management Board until October 20, 2021;
(2) Tomasz Grabowski is the member of the Company's Management Board from June 1, 2021;
(3) Agnieszka Siuzdak-Zyga is the member of the Company’s Management Board from August 5, 2021;
(4) Grzegorz Kania was the member of the Company's Management Board until September 28, 2020; variable remuneration paid in 2021 relates to the Incentive Plan for the period of holding the post of a Management Board member in 2019;
(5) significant decrease in the remuneration paid to the members of the Management Board of Agora S.A. in 2020 results from a reduction in the basic salary by 30.0% for a period of six months (15 April to 15 October 2020) and a suspension of the payment of the bonus for 2019.

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 423 thousand (in 2020: in the amount of PLN 297 thousand). Tomasz Jagiello’s basic remuneration in 2020 was reduced on the same basis as all employees of Helios S.A. The other members of Agora’s Management and Supervisory Board did not receive any remuneration for serving as board members in subsidiaries, joint ventures and associates.

The impact on staff costs of the incentive plan for the Management Board of Agora S.A. based on financial instruments is described in note 27.

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

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

Supervisory Board	2021	2020
Andrzej Szlezak	144	130
Wanda Rapaczynski	96	86
Tomasz Sielicki	96	86
Dariusz Formela	96	86
Maciej Wisniewski	96	86
Tomasz Karusewicz	96	86
	624	**560**

27. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

Incentive Plan for the Management Board members

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

(i) the stage of realisation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The amount of a potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target fulfilment, which is specified as the EBITDA level of the Agora Group to be reached in the given financial year determined by the Supervisory Board. The fulfilment of the EBITDA target will be determined on the basis of the audited consolidated financial statements of the Agora Group for the given financial year;

(ii) the percentage of Company's share price increase ("the Target of Share Price Increase"). The amount of a potential bonus in this component of the Incentive Plan will depend on the percentage of Company's share price increase in the future. The share price increase will be calculated as a difference between the average of the quoted closing Company's share prices in the first quarter of the financial year commencing after the financial year for which the bonus is calculated ("the Average Share Price in IQ of Next Year") and the average of the quoted closing Company's share prices in the first quarter of the financial year for which the bonus is calculated ("the Average Share Price in IQ of Bonus Year"). If the Average Share Price in IQ of Next Year will be lower than the Average Share Price in IQ of Bonus Year, the Target of Share Price Increase is not satisfied and the bonus in this component of the Incentive Plan will not be granted, however, the Supervisory Board retains a right to the final verification of the Target of Share Price Increase by reference to the dynamics of changes in stock exchange indexes on capital markets.

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

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

As at 31 December 2021, the value of the potential reward was estimated on the basis of the best estimate of the expected value of achieving the EBITDA target in 2021. As at 31 December 2020, The Company did not include a reserve for potential reward from the fulfilment of the EBITDA target in 2020 due to the failure to reach the EBITDA result to pay the incentive plan element. As at 31 December 2020, the value of potential reward from the fulfilment of the EBITDA target includes the premium reserve included in the balance sheet at the end of 2019 based on the level of achievement of the EBITDA target in 2019.

The value of the potential reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. That value is charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan. As at 31 December 2021, the value of the provision for the Target of Share Price Increase includes estimated value of the potential reward for share price component of Plan for 2021, which was charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan. As at 31 December 2020, the estimated Average Share Price in IQ of Next Year was below the Target of Share Price Increase and the accrual for this component of the Incentive Plan for 2020 was not recognised in the balance sheet. As at 31 December 2020, on the basis of a Resolution of the Supervisory Board in the third quarter of 2020, the Company recognized the provision for the share of the Incentive Plan for 2019 after considering the impact of the outbreak of the Covid-19 pandemic on the dynamics of the changes of stock indices in the first quarter of 2020.

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

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

	2021	2020
Income statement – increase of staff cost*	(2,572)	(1,355)
Income statement - deferred income tax	489	257
Liabilities - accruals - as at the end of the period	2,572	2,849
Deferred tax asset - as at the end of the period	489	541

** the total amount of the cost presented in 2020 includes the costs of the share price component for 2019.*

Total impact of the Incentive Plan concerning the Management Board of Agora S.A.:

	2021	2020
Bartosz Hojka	808	415
Tomasz Jagiello	460	235
Agnieszka Sadowska (1)	383	235
Anna Krynska - Godlewska	460	235
Tomasz Grabowski (2)	270	-
Agnieszka Siuzdak - Zyga (3)	191	-
Grzegorz Kania (4)	-	235
	2,572	**1,355**

(1) Agnieszka Sadowska was the member of the Company's Management Board until October 20, 2021;
(2) Tomasz Grabowski is the member of the Company's Management Board from June 1, 2021;
(3) Agnieszka Siuzdak-Zyga is the member of the Company's Management Board from August 5, 2021;
(4) Grzegorz Kania was the member of the Company's Management Board until September 28, 2021.

28. FINANCE INCOME

	2021	2020
Dividends	64,052	20,537
Interests on loans and similar items	-	13
Other interest and income from short-term financial assets	584	71
Gain on sale of financial assets (1)	-	135
Reversal of impairment losses for financial assets	48	50
Other	7	-
	64,691	**20,806**

(1) The profit from the disposal of financial fixed assets in 2020 relates to the disposal of shares in Hash.fm Sp. z o.o.

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

29. FINANCE COST

	2021	2020
Interest and commissions on loans	1,551	2,507
Interest on lease liabilities	914	981
Other interest	64	98
Impairment losses recognised for financial assets (note 38)	-	60,750
F/x losses	240	7
Provisions for guarantees	499	199
	3,268	**64,542**

30. INCOME TAXES

Income tax expense recognised in the income statement

	2021	2020
Current tax expense		
Current tax expense	(178)	(369)
Adjustments for prior periods	193	38
	15	(331)
Deferred tax expense		
Origination and reversal of temporary differences	2,672	2,685
The amount of benefit from a temporary difference of a prior period	-	2,537
	2,672	5,222
Total tax expense recognised in the income statement	**2,687**	**4,891**

Income tax expense recognised in other comprehensive income

	2021	2020
Actuarial gains/(losses) on defined benefit plans	89	(128)
Total tax expense recognised in other comprehensive income	**89**	**(128)**

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

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

	2021	2020
Profit/(loss) before tax	**25,076**	**(59,750)**
Tax calculated at a rate of 19% (2020: 19%)	(4,764)	11,353
Tax effect of:		
Dividends	12,170	3,902
Other non-taxable revenues	320	184
Other non-deductible expenses	(777)	(1,116)
Other temporary differences with no deferred tax recognised	204	(11,782)
Tax losses with no deferred tax recognised	(4,836)	(594)
Recognition of deferred tax on temporary differences from previous period	-	2,537
Tax Capital Group settlement	178	369
Other	192	38
Tax calculated at an effective rate of -10.7% (2020: -8.2%)	**2,687**	**4,891**

31. EARNINGS PER SHARE

In calculating earnings per share the following variables were used:

a) as numerators – net profits attributable to equity holders of the Company for the respective years,
b) as denominators - the average number of shares in the current year which is 46,580,831 (2020: 46,580,831).

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES:

	2021	2020
At the beginning of the period	46,580,831	46,580,831
At the end of the period	**46,580,831**	**46,580,831**

There are no dilutive factors.

32. FINANCIAL RISK MANAGEMENT

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

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

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

Risk management framework

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

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

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

Credit risk

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

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

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's credit risk is limited due to a great number and diversification of customers. The biggest customers (in respect of the turnover) are press distributors and advertisers (companies unrelated to Agora S.A.). The value of transactions with one of distributors of the Company (Kolporter Sp. z o.o. sp. k.) has reached PLN 37,637 thousand, what represents near 10% of the total revenue of Agora S.A.

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

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

The analysis of credit risk exposure on the basis of ageing of trade receivables as at balance sheet date and changes in impairment losses for receivables are presented in note 9.

Investments

The Company limits its exposure to credit risk by investing also its free cash only in liquid securities, bank deposits or in cash pooling system functioning in the Group. In the case of investments in securities, the Company diverts its investments in investment funds which invest in different classes of debt instruments. The Company does not acquire securities directly, but only through investment funds. As at 31 December 2021, the Company did not have investments in the units of investment funds.

Liquidity risk

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

The Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

In addition, on 31 December 2021, the Company maintains a credit facility in DNB Bank Polska S.A. (described in note 14). As at 31 December 2021, the value of available and unused bank loans amounted to PLN 100 million. Moreover, the Company was a participant of the agreement regarding the implementation of liquidity management system within the Group ("the Cash Pooling Agreement"). The agreement was signed on May 25, 2017 between DNB Bank Polska S.A. on the one side and Agora S.A. and selected subsidiaries companies from the group from the other side. The Cash Pooling Agreement aims to optimize cash liquidity and the most efficient management of cash for entities participating in the cash pooling system. Agora S.A. acts as a cash pool leader within the system. In accordance with this agreement, the Company may use the funds collected by other participants of the cash pooling system.

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

Market risk

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

Foreign currency risk

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

Accounts receivable in foreign currency amounted to PLN 1,689 thousand (31 December 2020: PLN 1,206 thousand), principally in EURO (PLN 1,600 thousand) and USD (PLN 72 thousand).

Accounts payable requiring settlement in foreign currency amounted to PLN 3,222 thousand (31 December 2020: PLN 2,052 thousand), payable principally in EURO (PLN 2,838 thousand) and USD (PLN 380 thousand).

The Company does not hedge against exchange rate risk on a long-term basis, however, from time to time, the Company may enter into short-term forward currency contracts with maturity up to six months.

In 2021 the Company was not engaged in any currency option instruments or other derivatives (used for hedging or speculative ones).

Interest rate risk

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

Additionally, the Company is a party of an interest bearing bank loan with interest at a floating rate based on WIBOR 1M or 3M + bank margin, current account overdraft with interest at a floating rate based on WIBOR 1M + bank margin and has cash pooling receivables and liabilities with interest at a floating rate based on WIBOR 1M.

Sensitivity analysis

a) Interest rate risk

The Company has many financial instruments (including bank deposits and credits, cash pool receivables and liabilities), which fair values and future cash flows connected with them may fluctuate due to changes in interest rates. As at 31 December 2021, assuming a +/- 1pp change in interest rates, the impact of changes in fair value of financial instruments is estimated at the level of net profit/loss of PLN 79 thousand (as at December 31, 2020 at the level of net loss/profit PLN 423 thousand).

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

b) Foreign currency risk

The Company has financial instruments (including bank deposits, bank loans, cash pooling receivables and payables). Their fair values and the fair value of future cash flows connected with them may fluctuate due to changes in interest rates. As at 31 December 2020, assuming the appreciation/depreciation of Polish zloty by 5%, the fair value of financial instruments that will fluctuate, is estimated to impact the net profit/loss in the amount of PLN 41 thousand (as at December 31, 2020: at the level of net profit/loss PLN 10 thousand).

Capital management

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

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

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

Neither the Company nor its subsidiaries are obligated to obey externally defined capital rules.

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

33. INFORMATION ABOUT FINANCIAL INSTRUMENTS

1) General information

	Bank deposits	Bank loan
a) Classification	Financial assets measured at amortized cost	Financial liability
b) Nature of the instrument	Short-term low investments	Bank loan
c) Carrying value of the instrument	As at December 31, 2021: PLN 22,261 thousand As at December 31, 2020: PLN 311 thousand	As at December 31, 2021: PLN 36,643 thousand As at December 31, 2020: PLN 77,112 thousand
d) Value of the instrument in foreign currency, if applicable	n/a	n/a
e) Purpose of the instrument	Investing of cash surpluses	Investment credit and current account facility
f) Amount on which future payments are based	Total value of deposits	Face value
g) Date of repricing, maturity, expiry or execution	Liquid – overnight or within 3 months	Credit line described in note 14.
h) Early settlement option	Any time	Possible
i) Execution price or range of prices	Face value plus interests	Face value plus interests
j) Option to convert or exchange instrument to other asset or liability	None	None
k) Stated rate or amount of interest, dividend or other periodic return and the timing of payments	WIBID minus margin. Timing of payments–at maturity	Bank loan – WIBOR + margin. Timing of payments– monthly
l) Collateral held or pledged	None	Bank loans – collateral described in note 14.
m) Other conditions	None	Financial ratios; EBITDA plus dividends, maximum amount of investment expenditures, turnover ratio of receivables, total bad debt write-offs, total of impairment losses on tangible fixed assets, investments and intangible assets. Breaking each of them causes a breach of the Loan Agreement
n) Type of risk associated with the instrument	Interest rate, credit risk of financial institution	Interest rate
o) Fair value of the instrument	Equal to carrying value	Close to carrying value
p) Method of fair value determination	Discounted cash flow	Discounted cash flow

Interest rate risk

r) Description of the risk	Due to floating rate	Due to floating rate
s) Contractual repricing or maturity date	See point h)	See point h)
t) Effective interest rate	Close to nominal	Close to nominal

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Credit risk

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

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

2) Detailed information about financial instruments

	2021	2020
Interest income on financial assets		
Bank deposits	25	33
Loans granted	-	13
Cash pooling	17	35
Other	1	3
Impairment losses recognised for financial assets		
Loans granted	-	(63)
Interest and commissions expense on financial liabilities		
Bank loans	(1,551)	(2,507)
Lease liabilities	(914)	(981)
Cash pooling	(40)	(71)

3) Fair value hierarchy for financial instruments

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

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

As at December 31, 2021 and as at December 31, 2020 the Company had no financial instruments measured at fair value.

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

4) Cash flows related to financial liabilities

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

As at 31 December 2021

	Contractual cash flows	6 months or less	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bank loans	37,300	10,030	9,911	17,359	-	-
Lease liabilities	63,905	1,336	399	1,538	3,077	57,555
including: Lease liabilities resulting from the application of IFRS 16	*63,847*	*1,318*	*391*	*1,521*	*3,062*	*57,555*
Cash pooling liabilities	38,316	38,316	-	-	-	-
Trade payables	17,356	17,356	-	-	-	-
Payables related to purchase of property, plant and equipment	3,994	3,994	-	-	-	-
Total	**160,871**	**71,032**	**10,310**	**18,897**	**3,077**	**57,555**

As at 31 December 2020

	Contractual cash flows	6 months or less	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bank loans	78,942	21,519	13,010	25,629	18,784	-
Lease liabilities	68,891	1,456	435	1,384	3,148	62,468
including: Lease liabilities resulting from the application of IFRS 16	*68,780*	*1,426*	*413*	*1,357*	*3,116*	*62,468*
Cash pooling liabilities	48,741	48,741	-	-	-	-
Trade payables	15,527	15,527	-	-	-	-
Payables related to purchase of property, plant and equipment	4,206	4,206	-	-	-	-
Total	**216,307**	**91,449**	**13,445**	**27,013**	**21,932**	**62,468**

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

5) Changes in liabilities arising from financing activities

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

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

		Cash flows		Non-cash changes					
	As at 31 December 2019	Capital	Interests and commissions	Recognition of assets under lease	Interests and commissions accrued	Result of the merger of the companies	F/X differences	Decrease in the scope of the lease	As at 31 December 2020
Bank loans	87,552	(10,417)	(3,511)	-	3,488	-	-	-	77,112
Finance lease liabilities	24,270	(993)	(55)	102	981	-	47	(196)	24,156
Cash pooling, incl:	16,003	24,003	(46)	-	37	8,481	-	-	48,478
Receivables	*(13,270)*	*4,524*	*37*	-	*(35)*	*8,481*	-	-	*(263)*
Liabilities	*29,273*	*19,479*	*(83)*	-	*72*	-	-	-	*48,741*

34. FUTURE CONTRACTUAL COMMITMENTS

Contractual investment commitments

As at December 31, 2021 the commitments for the purchase of property, plant and equipment amounted to PLN 53 thousand (as at December 31, 2020: PLN 69 thousand). As at December 31, 2021 and as at December 31, 2020 there were no commitments for the purchase of intangible assets.

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

35. CONTINGENCIES

As at 31 December 2021 and 31 December 2020, the Company's contingencies, were as follows:

Benefiting party	Debtor	Valid till	Amount 31 December 2021	Amount 31 December 2020	Scope of collateral
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	16/06/2021	-	18	Loans for the purchase of photographic equipment
DNB Polska S.A.	Companies holding payment cards in DNB Bank	31/12/2023	1,200	1,200	Receivables from payment card contracts

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

Other information

On February 28, 2019, Agora S.A. ("Company") received a tax control protocol related to the accuracy of VAT settlements for the period of September to December 2017. The Tax Office is questioning the way that the Company applies certain VAT regulations for selected goods and services. Subsequently, the Tax Office opened a tax procedure and on 26 December 2019 the Company received a tax assessment dimensional decision by the tax authority of first instance determining the VAT arrears in the amount of PLN 0.5 million (principal amount). The amount resulting from the decision together plus interests has been paid on 7 January, 2020. Simultaneously, The Company's Management Board did not agree with the findings of the decision and has filed an appeal on 9 January 2020 to the Director of the Chamber of Tax Administration in Warsaw. On September 20, 2021, the Company received the decision of the Director of the Chamber of Tax Administration in Warsaw, in which the second-instance authority slightly reduced the amount of the Company's tax arrears, but essentially upheld the decision of the first-instance authority. On October 18, 2021, the Company filed a complaint with the Provincial Administrative Court in Warsaw against the decision of the second instance authority. The Management Board of the Company considers the adopted method of evidence to be appropriate and will defend it in further administrative or court proceedings. In the Company's Management Board's opinion, following appeal or legal proceedings, the amount paid shall be refunded.

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

36. GROUP COMPANIES

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

		% of shares held (effectively)	
		31 December 2021	31 December 2020
	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 (7)	91.5%	91.4%
9	Next Film Sp. z o.o., Warsaw (3)	91.5%	91.4%
10	Next Script Sp. z o.o., Warsaw (4)	75.9%	75.9%
11	Plan D Sp. z o.o., Warsaw	100.0%	100.0%
12	Optimizers Sp. z o.o., Warsaw (1)	100.0%	100.0%
13	Yieldbird Sp. z o.o., Warsaw (6)	95.8%	92.1%
14	GoldenLine Sp. z o.o., Szczecin (5)	79.8%	100.0%
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	Piano Group Sp. z o.o., Warsaw (1)	92.0%	92.0%
	Joint ventures and associates accounted for the equity method		
20	Instytut Badań Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
21	ROI Hunter a.s., Brno	23.9%	23.9%
22	Eurozet Sp. z o.o., Warsaw	40.0%	40.0%
	Companies excluded from consolidation and equity accounting		
23	Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%

(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., purchase of shares in Goldenline Sp. z o.o. by HRlink Sp. z o.o. on January 28, 2021;
(6) acquisition of additional shares on April 15, 2021.
(7) acquisition of additional shares on October 29, 2021.

- **Sale of shares in the company Goldenline Sp. z o.o.**

On January 28, 2021, Agora S.A. ('the Seller') concluded a sales agreement of shares with HRlink Sp. z o.o ('the Buyer') concerning the sale of all the shares in the company Goldenline sp. z o.o. Agora S.A. has transferred to the Buyer 3,221 shares of nominal value PLN 1 thousand each and total nominal value of PLN 3,221 thousand constituting a total of 100% of Goldenline Sp. z o.o. share capital with the sale amount of PLN 1 per share. Agora S.A. does not have any share in Goldenline Sp. z o.o. As at date of sale, the shares in Goldenline Sp. z o.o. were fully written-off in the amount of PLN 24,500 thousand and the transaction did not affect the Company's financial result.

- **Acquisition of shares in Yieldbird Sp. z o.o.**

On April 15, 2021, Agora S.A. acquired 35 shares in Yieldbird Sp. z o. o. from minority shareholders. The total purchase price of the shares was PLN 2,381 thousand, while the total expenditure for share purchase including transaction costs amounted to PLN 2,404 thousand. As a result of this transaction, Agora S.A. z o. o. holds 926 shares in the share capital of Yieldbird sp. z o. o. with a total nominal value of PLN 46,300 ie 95.8% of the share capital.

- **Acquisition of additional shares in Helios S.A.**

On September 30, 2021, Agora S.A. received from the Minority Shareholders of Helios S.A. Joint tender offer to acquire shares in Helios S.A. ("Tender Offer") on the basis of and under the terms of the Surety Agreement - Option Agreement concluded on October 29, 2010, as amended by the annex of October 3, 2017 and the annex of September 21, 2021.

Under this Tender Offer, the Minority Shareholders of Helios S.A. called Agora S.A. to conclude a promised share sale agreement with one of the Minority Shareholders of Helios S.A. of 6,200 (say: six thousand two hundred) shares for the total amount of PLN 200,260 (say: two hundred thousand two hundred and sixty zlotys). The expenditure on the purchase of shares after taking into account transaction costs amounted to PLN 203 thousand.

On October 29, 2021, Agora S.A. concluded a promised share sale agreement with one of the Minority Shareholders of Helios S.A. as part of the implementation of the Tender Offer received. As a result of the acquisition, Agora S.A. owns 91.49% of the share capital of Helios S.A. and 91.49% of votes at the General Meeting of Helios S.A.

- **Call for the repurchase of shares in a subsidiary 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. currently holds 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 this unconsolidated financial statements, the sell out and squeeze out procedures have not been completed.

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

37. RELATED PARTY TRANSACTIONS

Table below presents total investments and balances with related parties as at 31 December 2021 (with comparative figures):

	31 December 2021	31 December 2020
Subsidiaries		
Shares	468,020	465,414
Cash pooling receivables	1,262	263
Trade receivables	16,044	5,505
Other receivables and accruals	783	8,158
Cash pooling liabilities	38,316	48,741
Trade liabilities	2,652	2,764
Other liabilities and accruals	1,218	1,542
Contract liabilities	8	-
Associates		
Shares	156,257	156,257
Major shareholder		
Trade receivables	3	-
Other liabilities	8	210

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

Table below presents total transactions with related parties in 2021 (with comparative figures):

	2021	2020
Subsidiaries		
Sales	68,038	53,355
Purchases	(20,750)	(19,243)
Other operating income	54	1
Dividend income	48,052	8,537
Finance interests	17	35
Other finance income	7	-
Finance cost - credit guarantee	(499)	(199)
Finance cost - interests on cash pooling	(40)	(71)
Finance cost - other interests	(18)	-
Income tax - TCG settlements	178	369
Associates		
Sales	37	16
Purchases	(54)	(6)
Dividend income	16,000	12,000
Interests income on loans granted	-	5
Major shareholder		
Sales	25	23
Other operating income	503	1,145
Management Board of the Company		
Sales	1	4
Other operating income	-	20

Following types of transactions mainly occur within the Agora Group:

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

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

38. ACCOUNTING ESTIMATES AND JUDGMENTS

Impact of the COVID-19 pandemic and the armed conflict in Ukraine on Agora and the Agora Group

The outbreak of the COVID-19 pandemic forced governments around the world to introduce restrictions aimed at stopping further spread of the virus. However, governments of countries with high vaccination rates among the population have recently chosen to lift majority of pandemic restrictions. Since March 1, 2022 also Polish government decided to withdraw most of the limits regarding numbers of people in cinemas or restaurants. Further development of the pandemic and measures to be implemented by the Polish government in order to fight it are unknown to the Company. A new additional factor generating uncertainty as to the further development of the economic situation in Poland is Russia's attack on Ukraine and the ongoing war there. The duration and scale of both - the pandemic and the war - may significantly affect the analyzes and estimates prepared by the Company, in particular with regard to the value of the advertising market, the number of cinema tickets sold as well as bar and food sales. The scale of this impact is not known to the Company. Therefore, the Management Board of Agora decided to recommend to the Supervisory Board and the General Meeting not to pay the dividend for 2021. This decision results from the uncertainty and unpredictability related both to the armed conflict in Ukraine and the further development of the pandemic situation and their impact on the Company's operations and results and Agora Group.

Despite the material challenges related to operating in a market environment negatively affected by the pandemic for yet another year, the Management Board of the Company does not recognise any significant uncertainty resulting from these circumstances that would raise serious doubts as to the continuation of operations for the Company and the Agora Group.

The aforementioned uncertainty factors may also have a significant impact on liquidity of the Group. The Company's Management Board carefully monitors the flow of receivables in order to secure the Group's financial liquidity and undertaking actions to secure the Group's liquidity in the foreseeable future. However, the result of these actions depends to a large extent on the pace of economic recovery following the pandemic crisis. The scale of generated revenues may pose a risk for the Agora Group's liquidity, in particular if prolonged duration of the pandemic leads to another suspension of operations in certain sectors of the economy or if worsening economic situation would lead Poles to resignation from expenditure on culture and entertainment.

In 2021, the Company and its subsidiary Helios S.A. secured additional financing to prevent the occurrence of a liquidity gap in the future, should the pandemic situation fail to improve. As at the balance sheet date, Agora S.A. had a granted and fully available working capital loan in the amount of PLN 100 million for the financing of operating activities available until September 22, 2022 in the amount of PLN 65 million and until September 28, 2022 in the amount of PLN 35 million. On the other hand, Helios S.A. had working capital loans in the amount of PLN 108 million, available in tranches till September 24, 2022, August 24, 2022 and December 23, 2022. As at the balance sheet date Helios still had not used PLN 51.1 million.

Free cash in the Agora Group at the end of 2021 amounted to PLN 134.9 million.

On 8 June 2021, Helios S.A. signed a preferential loan agreement for the amount of approximately PLN 5.0 million. The Company described this event in detail in current report 12/2021 of 9 June 2021. The funds from the above loan were used in July 2021 and the Company announced the cancellation of PLN 3.1 million from the above preferential loan in current report 19/2021 of 22 September 2021. Additionally, in 2021, companies in the Movies and Books segment received total aid as part of the so-called anti-crisis shield in the amount of PLN 11.3 million. The Company's Management Board carries out intensified monitoring of receivables inflow in order to secure the financial liquidity of the Group and takes other measures to secure its liquidity in the foreseeable future.

Both Agora and all the companies of the Group have taken a number of measures aimed at minimising the losses caused by the COVID-19 pandemic, ensuring the Group's financial security and the Group's return to the path of revenue growth and operating results. Some of the Group's businesses continued to face severe operating restrictions in 2021, ranging from an administrative ban on activity to various levels of restrictions, which directly or indirectly affected the economy.

Among all of the Group's businesses, Helios cinemas were most affected by direct state intervention into their activity. They remained closed from November 2020 until 20 May 2021. They reopened on 21 May 2021, with a sales limit of 50.0% of seats available in the screening room and lack of possibility to sell snacks and beverages in cinema bars. Thanks to further restrictions being lifted, on 13 June 2021, sales in Helios cinema bars were resumed and as of 26 June 2021, the ticket sales limit was increased to 75.0% of seats in the room. Moreover, this limit did not include vaccinated customers. Sanitary restrictions were tightened once again 1 December 2021 - the limit of 50% of cinema seats available for sale was introduced, while on 15 December this limit was reduced to 30% (not including vaccinated persons). However, the scale of restrictions in the cinema business in 2021 was smaller than in 2020, mainly due to the fact that the limit imposed on ticket sales did not include vaccinated persons, whose number is slowly but steadily increasing. In 2021, cinemas remained closed for 140 days based on an administrative decision, while in 2020, they were closed for 168 days.

In the Company's opinion, the scale of restrictions introduced to prevent the spread of the pandemic in 2022 should be smaller than in 2021, which will allow the Group to effectively fight for recovery of its results. It will depend on the number of people vaccinated and those who have acquired immunity after being infected with the coronavirus. Based on the available information, it appears that in 2022, the pandemic restrictions will have the strongest impact on the Group's cinema business in the first quarter of the year. On March 1, 2022 Polish government decided to relax the restrictions in the cinemas. The second factor that will affect the cinema attendance in the first quarter of 2022 in Poland is Russia's attack on Ukraine. In subsequent periods, depending on the available cinema repertoire and the sanitary regime in force, the Movies and Books segment should generate more revenue than in the previous year and improve its financial results, which will affect the results of the entire Agora Group.

In addition, to-date regulations related to counteracting the spread of COVID-19 had a negative effect on the food business developed through Step Inside company. In May 2021, restrictions on restaurant operations were gradually lifted. However, until the end of May 2021, the Helios group's activities in this area involved mainly take-away sales and delivery. Starting from 26 June 2021, the limit of seats that could be offered by restaurants to customers was increased to 75.0% of all available seats. As of 5 December 2021, the limit of available seats in restaurants was reduced to 50.0% and as of 15 December 2021, restaurants could offer 30.0% of available seats, excluding fully vaccinated customers.

In 2022, these two business areas of the Group will also be most exposed to restrictions on their operations. Thanks to the increasing number of vaccinated individuals, the effects of restrictions on ticket sales or available tables are less severe than at the beginning of the pandemic. The Group's business which may be affected by the consequences of restrictions introduced in other sectors is outdoor advertising. However, it appears that in 2022, the scale of restrictions introduced should be significantly smaller than in 2021, although this obviously remains beyond the Company's control.

As the vaccination programme proceeds and new medications are becoming available on the market, the direct impact of the coronavirus on the Group's operations and financial results should become less and less perceptible each quarter. However, the pandemic and its impact, in particular on the economy and the financial market, will continue to affect the operations of businesses in Poland in 2022. A new uncertainty factor that may affect the economic activity of enterprises is the ongoing war in Ukraine.

In 2021, the Group's revenue was influenced by two main factors: the administrative lockdown of cinemas and the pace of recovery of advertising spending in Poland. As regards the cinema business, its results were significantly better than in 2020, which was directly linked to the smaller scale of restrictions compared with those imposed on this segment in 2020. Nevertheless, the attendance and value of the cinema market in Poland have not yet returned to the record levels from 2019. The further pace of the reconstruction of the cinema market will be influenced, among others, by potential restrictions on cinema operations and the ongoing war in Ukraine. In the opinion of the Company, in 2022, cinema attendance will be higher than that recorded in 2021, but may not yet reach the level recorded in 2019.

It is worth noting that 2021 brought not only an increase in spending on the advertising market as compared with 2020, but also with 2019. Advertising spending was higher in every segment of the advertising market.

Nevertheless, the majority of segments of the advertising market have not recovered their value from before the pandemic. The crisis caused by the pandemic has led to advertising budgets being redirected mainly to the Internet, whose share in the market for advertising spending has grown significantly at the expense of other media. Television has also emerged from the crisis largely unscathed. Other segments of the advertising market are in the process of recovering their value. In terms of value, the biggest decline in advertising spending compared with 2019 was recorded in traditional press. The pandemic has changed the habits of some readers of the press and has significantly accelerated digitisation processes on this market, which has also changed the publishers' business model. *Gazeta Wyborcza* is an unquestionable leader in the digital transformation in Poland. At the end of December 2021, the number of digital subscriptions of Wyborcza.pl reached 286.1 thousand. Growing revenues from this form of content sales have significantly increased the share of digital revenues of the daily in its total revenues — to nearly 40.0%.

Another segment of the market which was hit hard by the reduction in advertising spending by entrepreneurs in response to the negative impact of the pandemic was outdoor advertising. It needs to be stressed that businesses are eagerly returning to outdoor panels, which give them the opportunity to reach mass recipients. However, as the Outdoor Chamber of Commerce states, it may take approximately 2 years to rebuild the value of outdoor advertising market to its 2019 level. AMS is putting more and more emphasis on developing of the digital part of its business, which has suffered the least in the course of the pandemic. DOOH media, offered by the company to a greater extent than before, will appear in those buildings which must remain operational also during the pandemic.

The outbreak of the pandemic has also resulted in large drops in advertising spending in radio stations, especially with regard to smaller market players. The prompt return of advertisers to this medium meant that spending on radio advertising was already only slightly lower than in 2019. Further recovery of the value of this market will certainly be facilitated by the loosening of sanitary restrictions and return to a stationary work model. In 2022, due to the increased number of COVID-19 cases between January and March this year, the pandemic will continue to have a negative impact on the audience and advertising revenue of radio stations.

On the other hand, advertisers have increased their activity in the two largest segments of the advertising market. TV advertising spending increased by just under 1.0% compared to 2019, showing how strong TV activity remains. However, it was the Internet that was the main beneficiary of structural changes on the advertising market, accelerated by the outbreak of the pandemic. Online advertising spending increased by nearly 27.0% and overtook television in terms of the advertising spending value.

Based on the available market data, the Company estimates that the value of the advertising market in Poland in 2022 will increase compared to 2021 by approximately 4.5–6.5%. Due to the fact that it is difficult to predict the further development of the situation related to the pandemic and the armed conflict in Ukraine, as well as their economic consequences, the above assumptions may be flawed and their accuracy is much lower than in periods of greater predictability. For this reason, the Management Board of the Company decided to postpone the publication of the estimated changes in the value of advertising expenditure in individual segments of the advertising market.

The Management Board of Agora estimates that in 2022, the revenues of the Agora Group may be higher than in 2021. At the beginning of the outbreak of the pandemic, the Agora Group undertook restructuring and austerity measures. In 2021, the Agora Group continued to operate under a more severe cost discipline, in particular in those businesses which could not go back to full operations. However, 2022 began in circumstances unfavourable to the development of enterprises. The majority of businesses continue to suffer the negative effects of the pandemic and are fighting to recover from the losses caused by its outbreak. On top of it, they are now facing the highest inflation Poland has seen in years, high increases in the prices of materials, energy and services, as well as growing financing costs. The wage pressure on all jobs is also high. These factors will contribute to the increase in the Group's operating costs, in particular the costs of external services and staff costs. For this reason, the Management Board of Agora estimates that in 2022, the Agora Group may record results comparable to those for 2021.

A risk to this assumption is the deteriorating economic situation, which is expressed in rising prices of goods and services, high inflation, rising interest rates and energy and fuel costs. The deteriorating condition of the Polish economy is reflected in the weakening value of the Polish currency, which is important for the Group, in particular with regard to the PLN/EUR exchange rate. Russia's attack on Ukraine may aggravate these negative phenomena and may significantly slow down economic growth and increase inflation and fuel costs. Additionally, it is worth noting that the advertising market is correlated with the pace of economic growth, and the above factors are cooling down expectations as to the dynamics of the advertising market in 2022.

After limitation of investments only to those necessary in 2020 and 2021, in 2022 the Management Board of Agora plans to return to an active investment policy. In 2021, the capital expenditures of the Agora Group amounted to PLN 43.7 million, in 2022 they will increase approximately twice. In the event of a deterioration in the market situation, these expenses will be limited.

Agora plans to use the growth in the advertising market to further improve Agora's results, in particular in the area of Internet operations. Therefore, capital expenditures will be focused on increasing the quality of advertising space and the effectiveness of digital advertising offers. Yieldbird will focus on activities in Poland and selected European countries. The company will invest in technology supporting its strategic goals and in acquiring key competences from the market.

AMS will focus on investments in modern technological tools allowing for further development and strengthening of the position in the DOOH segment, automation of the sales process and greater use of data in building competitive offers.

In its radio activity, Agora will focus on activities strengthening the programming offer, which translates into the popularity of individual stations and thus the tendency of advertisers to place their campaigns on the stations of Agora's Radio Group. In 2021, such activities translated into record audience results for Agora's radio stations and a higher than market increase in advertising revenues.

In the case of cinema operations in 2022, Helios will focus on replacement investments and increasing the number of Dream rooms in the existing facilities, as well as on the opening of a new cinema.

The gastronomic activity developed within the Helios group under the Pasibus brand returns to investments in new premises and plans to open at least two new eateries in 2022, which should translate into development of the chain and an increase in its scale.

At the same time, the Management Board of the Company points out that in the event of a deteriorating economic situation or an increase in interest rates, it may be forced to resign from certain investments which, due to the higher cost of capital, will not provide the Group with the required rate of return within a specified period of time.

A key project influencing the long-term prospects of the Agora Group is the work on the development strategy for the entire Group for the years 2023 - 2027. In February 2022, the Management Board of Agora S.A. informed that it starts the process of analyzing the development potential of the Agora Group, its business portfolio and the market environment in order to finalize work on the development strategy for the Agora Group for the coming years in 2022.

Taking into account the funding available to the Group, the condition of individual Group businesses and the measures taken to counteract the negative effects of the pandemic, in the opinion of the Company's Management Board, it is reasonable to assume that the Company and the Group will continue as a going concern, despite the uncertainty related to the development of the pandemic.

Tests for impairment losses on assets

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

The Company points out that the value of revenue included in the cash flow projections depends on the general economic situation in Poland and in Europe. They grow in the periods of economic upswing and are marked by considerable decrease in time of the economic slowdown. Changes in factors such as GDP dynamics, unemployment rate, inflation rate, amounts of remuneration or level of consumption may influence the purchasing power of the Company`s customers and consumers of its services and goods. In 2021 and 2020 Covid-19 pandemics is an additional factor having impact on economic situation in Poland and in the world. Polish economy is sensitive to the country political situation and a looping risk of abrupt legislative changes, whose full impact on the conditions of running business activity in Poland is hard to foresee. Moreover, advertising revenues depend also on the readership figures and shares in radio and television audience. Media market changes dynamically – some sectors can take advantage of the current changes while other can lose its position on the market. There is no certainty that the Company's position in the particular media sectors will remain unchanged. The estimated recoverable amount of the assets is also affected by the discount rate and the applied growth rate after the period of detailed forecast in the so-called residual period.

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

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

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

3) applied pre-tax discount rate.

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

Basic information about the method applied is summarized below:

	Rights and goodwill related to activities in magazine titles
Assumptions	Financial forecasts and projections of the market for next years based on the best knowledge of the market, available market data and experience, including also the described above impact of Covid.
Detailed forecast period	5 years
Years:	The average growth rate of revenue during forecast for the years
2022-2026	1%
	Discount rate for the years (pre-tax)
2022-2026	7.2%
	The applied real long-term growth rate after the period covered by the forecast
	0.0%

	The discount and growth rates applied as at the end of previous year
	Discount rate for the years (pre-tax)
2021-2025	5.9%
	The applied real long-term growth rate after the period covered by the forecast
	0.0%

In 2021 and 2020 in result of annual tests for impairment losses, that were carried out in respect of goodwill and rights related to activities in magazine titles presented in table above, no impairment loss was recognized.

Below the information on impairment loss on non-currents assets (other than goodwill and rights related to activities in magazine titles) recognised in the total amount of PLN 1,596 thousand during 2021 is disclosed:

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

In 2020, the Company wrote off a part of the value of the property connected with downsized printing activity in Pila and Tychy in the total amount of PLN 4,909 thousand. In case of the property in Pila, as at 31 December 2020 the Company took active steps to sell the above assets and recognised impairment loss on the assets sold in the amount of PLN 4,373 thousand in order to adjust their value to expected sale price (additional information on the sale of real estate in Piła are disclosed in Note 4b). The remaining part of the impairment loss in the amount of PLN 536 thousand was related to property in Tychy and was based on valuation conducted by independent real estate expert.

Additionally, in 2020, the Company recognized impairment loss on shares in Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) in amount of PLN 56,531 thousand in connection with the disposal of the enterprise and impairment loss on shares in the increased share capital of Goldenline Sp. z o.o. in the amount of PLN 4,156 thousand due to the limitation of the operating activity of the company. In addition, the Company included an additional write-off for the loan granted to Hash.fm Sp. z o.o. in the amount of PLN 63 thousand. In 2020, part of this loan was repaid and the remaining part that was covered by the write-off was cancelled. The above impairment losses were recognized in the Company's financial cost.

- **Other**

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

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

39. SELECTED UNCONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

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

- income statement and cash flow statement figures using arithmetic average of exchange rates published by NBP and ruling on the last day of each month of four quarters. For the year of 2021 EURO 1 = 4.5775; for the year of 2020 EURO 1 = PLN 4.4742.
- balance sheet figures using the average exchange rates published by NBP and ruling on the last day of the year. Exchange rate as at 31 December 2021 – EURO 1 = PLN 4.5994; as at 31 December 2020 – EURO 1 = PLN 4.6148.

	PLN thousand		EURO thousand	
	Year 2021	Year 2020	Year 2021	Year 2020
Revenue	382,920	343,186	83,653	76,703
Operating loss	(36,347)	(16,014)	(7,940)	(3,579)
Profit/(loss) before income taxes	25,076	(59,750)	5,478	(13,354)
Net profit/(loss)	27,763	(54,859)	6,065	(12,261)
Net cash from/(used in) operating activities	(1,359)	48,898	(297)	10,929
Net cash from investing activities	66,645	7,034	14,559	1,572
Net cash from/(used in) financing activities	(55,229)	4,400	(12,065)	983
Net increase in cash and cash equivalents	10,057	60,332	2,197	13,484
Total assets	1,024,848	1,041,990	222,822	225,793
Non-current liabilities	40,879	68,913	8,888	14,933
Current liabilities	183,197	199,689	39,831	43,271
Equity	800,772	773,388	174,104	167,589
Share capital	46,581	46,581	10,128	10,094
Weighted average number of shares	46,580,831	46,580,831	46,580,831	46,580,831
Basic/diluted earnings per share (in PLN / in EURO)	0.60	(1.18)	0.13	(0.26)
Book value per share (in PLN / in EURO)	17.19	16.60	3.74	3.60

40. EVENTS AFTER THE BALANCE SHEET DATE

- **On January 31, 2022** Agora S.A. with its registered office in Warsaw („the Company" or „Agora") started negotiations with the majority shareholder of Eurozet sp. z o.o. with its seat in Warsaw („Eurozet"), ie. with SFS Ventures s.r.o. based in Prague (Czech Republic) („SFS Ventures") on the amendment to the provisions of the shareholders' agreement concluded on February 20, 2019 regarding the conditions for the exercise of Agora's right to acquire all remaining shares in Eurozet belonging to SFS Ventures ("Call Option"). The initiated negotiations include, inter alia, the issue of extending the period of exercising the Call Option by Agora, which began after 12 months and ends 36 months from the date of concluding the shareholders' agreement.

- **On February 16, 2022** Agora S.A. signed with the majority shareholder of Eurozet sp. z o.o. with its seat in Warsaw ("Eurozet"), i.e. with SFS Ventures sro with its seat in Prague (Czech Republic) ("SFS Ventures") an annex to the shareholders' agreement concluded on 20 February 2019 regarding the extension of the term for Agora to exercise the Call Option by 3 months, which will therefore end 39 months from the date of conclusion of the shareholders' agreement.

  During this time the partners will continue negotiations on the amendment of the shareholders' agreement, in particular with regard to the conditions for exercising Agora's right to acquire all remaining shares in Eurozet belonging to SFS Ventures ("Call Option"), about which the Company informed in the current report 1/2022 of 1 February 2022.

- **On February 16, 2022** the Management Board of Agora S.A. made a decision to extend the process of reviewing strategic options for the Agora Group's internet operations, including the process of integrating the current Press segment with the Gazeta.pl division in one business area of the Agora Group to all areas of the Agora Group's operations as part of work on the preparation of the Agora Group's development strategy for the years 2023-2027.

  Conclusions from the review of strategic options for the Agora Group's internet operations will be used in the course of work on the Agora Group's development strategy for the years 2023-2027. The Company plans to complete the work on a new strategic perspective in 2022.

- **On February 24, 2022** Russia attacked Ukraine. The impact of the armed conflict in Ukraine on Agora S.A. is described in note 38.

Warsaw, March 24, 2022

Bartosz Hojka - President of the Management Board ……………………………………………..

Tomasz Jagiello - Member of the Management Board ……………………………………………..

Anna Krynska-Godlewska - Member of the Management Board ……………………………………………..

Tomasz Grabowski - Member of the Management Board ……………………………………………..

Agnieszka Siuzdak-Zyga - Member of the Management Board ……………………………………………..

Signature of the person responsible for keeping the accounting records

Ewa Kuzio – Chief Accountant ……………………………………………

Signatures submitted electronically.