

## LETTER OF THE PRESIDENT OF THE MANAGEMENT BOARD OF AGORA S.A.



Dear Shareholders!

We present to you the materials summarising 2022 - a year which, contrary to our hopes and initial market forecasts, extended a series of years full of uncertainty and unprecedented events. For all of us - entrepreneurs, the media, society as a whole - it was a very challenging year. Several unfavourable market trends converged - many industries had not yet managed to recover from the pandemic, but they already had to face another economic crisis, soaring costs and galloping inflation. Uncertainty on the market was deepened by the outbreak of war in Ukraine, which brought temporary perturbations in many areas of the economy.

The Agora Group's businesses were also subjected to this market test. In 2022, we were particularly affected by the turbulence in the cinema market, which had a significant impact on the Group's results and its largest operating segment Movies and Books. In the second quarter, we were pleased with the rocketing pace of audience recovery in cinemas, but in the following months of 2022 we already observed a big drop in attendance and a change in the preferences of cinema goers, who are still keen on high-budget Hollywood productions but far less willing to watch Polish films. On such a rocked market, the Helios cinema network additionally had to face rising operating costs, including a jump in energy prices, exchange rates and interest rates, as well as repaying liabilities incurred during the pandemic, at the time decisive for the survival of this business. The second segment of the Agora Group under severe pressure from the market situation, persistent unfavourable trends and increased operating costs was the Digital and Printed Press. In order to stabilize the position of both these areas, we decided on restructuring measures, painful but necessary to ensure the profitability of our largest segments in the coming years.

Equally important for the Agora Group is the situation on the advertising market. In 2022, fortunately, we saw advertising spending return to pre-pandemic levels and even exceed them - the market grew by double digits in the entire year compared to 2019. Of particular importance for the Group was the recovery of the outdoor advertising market - it was a good time for outdoor and AMS, our largest advertising business, which also suffered heavily during the pandemic. In the past 12 months, this segment of the Agora Group's operations recorded the best results, which was especially favored by intensive development activities, including those related to expanding the digital offer.

Digital was an important source of revenue for the entire Agora Group in 2022 - both advertising and content sales. Flexibly adjusting to the requirements of our audiences and customers, while at the same time taking advantage of modern trends, we are developing digital projects in all areas of our business - from music distribution, ticket sales and digital OOH, to sales of attractive premium content. The subscription teams of Wyborcza.pl and Radio TOK FM noted historic records at the end of last year, exceeding successive sales levels and achieving results worthy not only of Polish market leaders, but also of global players. At the same time Agora consistently invests in technological solutions which are to support us in the competition in the area of e-commerce and programmatic advertising, but also in offering Internet users the broadest and most user-friendly access to our online offer.

Thanks to all these measures and reactions to market conditions, despite a weaker fourth quarter and huge cost pressure, we closed 2022 with revenue growth and improved EBITDA. This would not have been possible without the efforts of the entire dedicated team of the Agora Group, to whom I am extremely grateful.

The Group's wellbeing is extremely important for the fulfilment of Agora's mission, which is to provide Poles with access to verified news. This is particularly important at a time of news manipulation and disinformation, in the face of the war in Ukraine, as well as attacks on independent editorial offices by those in power. Indeed, 2022 was another year in which the free media in Poland - including ourselves - struggled with financial pressure in the advertising sphere, attempts to limit freedom of speech or legal and regulatory impediments. Suffice it to recall that the past 12 months were still full of waiting for the possibility of us acquiring shares in Eurozet. In 2023, after four years of patiently conducted battle, we finally reached a decision - on 27 February the court dismissed the appeal of the President of UOKiK, who had prohibited Agora from taking over Eurozet. As a result, we finalized Agora's largest ever investment in the media and became the owner of a controlling stake in this company. After joining forces of the Agora Radio Group and Eurozet, as the second largest broadcaster in Poland, we are now competing for the leadership position on the Polish radio market. Importantly, the verdict of the court of second instance has given wings to us and,

I believe, to other entrepreneurs, especially those operating in the Polish media market – because it shows that it is possible to successfully resist the unlawful actions of regulators.

As we plan the intensive development of our radio offer - with the Radio segment as our largest media business - we want to focus on operating as efficiently as possible and ensure the growth of the entire Agora Group. To this end, we have, among other things, prepared a project to spin off companies from Agora S.A., which we have submitted to your vote.

I am convinced that after a good opening of 2023 and the execution of the investment in Eurozet, i.e. one of the strategic goals - strengthening our position in the existing important business segments, we will be able to gradually but effectively implement further key projects for the Group allowing us to increase shareholder value and improve the financial efficiency of the entire organization. We will be supported by the strength of the Agora Group's brands and the competence of the teams that create them, which in their actions are guided by the values underlying our company - such as democracy, freedom of speech, diversity, respect for human rights, including minorities. Social commitment and responsibility are invariably of paramount importance to us, and you can additionally read about the implementation of projects or tasks in this area - of which I am immensely proud - in the Agora Group's ESG report for 2022.

On behalf of our entire team, thank you for your kindness and support.

Bartosz Hojka  
President of the Management Board of Agora S.A.