AGORA SA

AGORA GROUP

Condensed semi-annual consolidated financial statements **as at 30 June 2019 and for six month period ended thereon**

September 5, 2019

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

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019

	Note	As at 30 June 2019 unaudited	As at 31 December 2018 audited
Assets			
Non-current assets:			
Intangible assets		418,439	420,680
Property, plant and equipment		450,450	519,472
Right-of-use assets	2	541,910	-
Long-term financial assets		1,413	379
Investments in equity accounted investees		160,752	11,295
Receivables and prepayments		13,786	14,573
Deferred tax assets		17,835	14,899
		1,604,585	**981,298**
Current assets:			
Inventories		26,108	35,777
Accounts receivable and prepayments		205,467	226,764
Income tax receivable		1,905	534
Short-term securities and other financial assets		59,606	122,450
Cash and cash equivalents		42,022	33,003
		335,108	**418,528**
Total assets		**1,939,693**	**1,399,826**

Accompanying notes are an integral part of these condensed semi-annual consolidated financial statements.

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

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2019 (CONTINUED)

	Note	As at 30 June 2019 unaudited	As at 31 December 2018 audited
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital		46,581	46,581
Share premium		147,192	147,192
Retained earnings and other reserves		745,793	781,237
		939,566	**975,010**
Non-controlling interest		19,708	21,149
Total equity		**959,274**	**996,159**
Non-current liabilities:			
Deferred tax liabilities		10,567	9,544
Long-term borrowings	3	534,507	64,586
Other financial liabilities	15	33,237	33,237
Retirement severance provision		3,080	2,916
Provisions		1,171	1,316
Accruals and other liabilities		3,401	2,950
Contract liabilities		271	450
		586,234	**114,999**
Current liabilities:			
Retirement severance provision		113	241
Trade and other payables		252,422	232,914
Income tax liabilities		698	4,298
Short-term borrowings	3	123,905	33,209
Other financial liabilities	15	1,607	1,607
Provisions		2,566	2,453
Contract liabilities		12,874	13,946
		394,185	**288,668**
Total equity and liabilities		**1,939,693**	**1,399,826**

Accompanying notes are an integral part of these condensed semi-annual consolidated financial statements.

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

CONSOLIDATED INCOME STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2019

	Note	Six months ended 30 June 2019 unaudited	Six months ended 30 June 2018 unaudited
Revenue	4	578,224	536,255
Cost of sales		(411,149)	(378,549)
Gross profit		**167,075**	**157,706**
Selling expenses		(98,358)	(96,064)
Administrative expenses		(75,500)	(70,750)
Other operating income		4,002	18,211
Other operating expenses		(3,221)	(2,283)
Impairment losses for receivables - net		(2,697)	(16,536)
Operating loss		**(8,699)**	**(9,716)**
Finance income		5,661	28,329
Finance costs		(10,485)	(2,102)
Share of results of equity accounted investees		2,751	(715)
Profit/(loss) before income taxes		**(10,772)**	**15,796**
Income tax		791	(5,914)
Profit/(loss) for the period		**(9,981)**	**9,882**
Attributable to:			
Equity holders of the parent		(11,268)	8,511
Non-controlling interest		1,287	1,371
		(9,981)	**9,882**
Basic/diluted earnings per share (in PLN)		(0.24)	0.18

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June 2019 unaudited	Six months ended 30 June 2018 unaudited
Profit/(loss) for the period	**(9,981)**	**9,882**
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
	-	-
Items that will be reclassified to profit or loss		
	-	-
Other comprehensive income for the period	**-**	**-**
Total comprehensive income for the period	**(9,981)**	**9,882**
Attributable to:		
Shareholders of the parent	(11,268)	8,511
Non-controlling interests	1,287	1,371
	(9,981)	**9,882**

Accompanying notes are an integral part of these condensed semi-annual consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2019

	Attributable to equity holders of the parent						
	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Six months ended 30 June 2019							
As at 31 December 2018 audited	**46,581**	**-**	**147,192**	**781,237**	**975,010**	**21,149**	**996,159**
Total comprehensive income for the period							
Net profit for the period	-	-	-	(11,268)	(11,268)	1,287	(9,981)
Total comprehensive income for the period	**-**	**-**	**-**	**(11,268)**	**(11,268)**	**1,287**	**(9,981)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments (note 5)	-	-	-	-	-	808	808
Dividends declared	-	-	-	(23,290)	(23,290)	-	(23,290)
Dividends of subsidiaries	-	-	-	-	-	(4,422)	(4,422)
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**(23,290)**	**(23,290)**	**(3,614)**	**(26,904)**
Changes in ownership interests in subsidiaries							
Additional contribution of non-controlling shareholders	-	-	-	(886)	(886)	886	-
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(886)**	**(886)**	**886**	**-**
Total transactions with owners	-	-	-	(24,176)	(24,176)	(2,728)	(26,904)
As at 30 June 2019 unaudited	**46,581**	**-**	**147,192**	**745,793**	**939,566**	**19,708**	**959,274**

Accompanying notes are an integral part of these condensed semi-annual consolidated financial statements.

(all amounts in PLN thousands unless otherwise indicated)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS ENDED 30 JUNE 2019 (CONTINUED)

	Attributable to equity holders of the parent						
	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Six months ended 30 June 2018							
As at 31 December 2017 audited	**47,665**	**(21,744)**	**147,192**	**822,505**	**995,618**	**19,065**	**1,014,683**
Total comprehensive income for the period							
Net profit for the period	-	-	-	8,511	8,511	1,371	9,882
Total comprehensive income for the period	**-**	**-**	**-**	**8,511**	**8,511**	**1,371**	**9,882**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments (note 5)	-	-	-	-	-	713	713
Dividends declared	-	-	-	(23,290)	(23,290)	-	(23,290)
Dividends of subsidiaries	-	-	-	-	-	(4,244)	(4,244)
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**(23,290)**	**(23,290)**	**(3,531)**	**(26,821)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	-	(15)	(15)	15	-
Additional contribution of non-controlling shareholders	-	-	-	(885)	(885)	886	1
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(900)**	**(900)**	**901**	**1**
Total transactions with owners	-	-	-	(24,190)	(24,190)	(2,630)	(26,820)
As at 30 June 2018 unaudited	**47,665**	**(21,744)**	**147,192**	**806,826**	**979,939**	**17,806**	**997,745**

Accompanying notes are an integral part of these condensed semi-annual consolidated financial statements.

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

CONSOLIDATED CASH FLOW STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2019

		Six months ended 30 June 2019 unaudited	Six months ended 30 June 2018 unaudited
Cash flows from operating activities			
Profit/(loss) before income taxes		**(10,772)**	**15,796**
Adjustments for:			
Share of results of equity accounted investees		(2,751)	715
Depreciation of property, plant and equipment		25,731	31,228
Amortization of intangible assets		13,911	12,600
Depreciation of right-of-use assets		37,048	-
Foreign exchange (gain)/loss		(4,429)	-
Interest, net		9,853	1,187
(Profit) / loss on investing activities		(878)	(41,862)
(Decrease) / increase in deferred revenues and accruals		4	1,330
(Increase) / decrease in inventories		9,669	3,847
(Increase) / decrease in receivables and prepayments		15,385	26,437
(Decrease) / increase in payables		2,268	(21,988)
(Decrease) / increase in contract liabilities		(1,251)	384
Equity-settled share-based payments		808	713
Other adjustments		280	293
Cash generated from operations		**94,876**	**30,680**
Income taxes paid		(6,089)	(6,982)
Net cash from operating activities		**88,787**	**23,698**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and intangibles		28,093	40,513
Disposal of subsidiaries (net of cash disposed), associates and joint ventures		-	32,111
Loan repayment received		12	1,030
Interest received		78	181
Disposal of short-term securities		89,022	123,298
Other inflows (1)		-	10,800
Purchase of property, plant and equipment and intangibles		(58,335)	(46,190)
Acquisition of financial assets	12	(145,196)	-
Acquisition of short-term securities		(25,000)	(149,000)
Loans granted		(830)	-
Net cash used in investing activities		**(112,156)**	**12,743**

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

	Six months ended 30 June 2019 unaudited	Six months ended 30 June 2018 unaudited
Cash flows from financing activities		
Proceeds from borrowings	90,886	8,626
Other inflows	-	1
Dividends paid to non-controlling shareholders	(3,902)	(1,303)
Repayment of borrowings	(9,392)	(12,155)
Payment of lease liabilities	(35,061)	(6,436)
Interest paid	(9,638)	(1,344)
Other	(505)	(288)
Net cash used in financing activities	**32,388**	**(12,899)**
Net increase / (decrease) in cash and cash equivalents	**9,019**	**23,542**
Cash and cash equivalents		
At start of period	33,003	19,198
At end of period	42,022	42,740

(1) other inflows relate to the partial refund of cash deposits to company AMS S.A. connected with collateral securing the concession contract for construction and utilization of bus shelters in Warsaw

Accompanying notes are an integral part of these condensed semi-annual consolidated financial statements.

NOTES TO THE CONDENSED SEMI-ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2019 AND FOR SIX MONTH PERIOD ENDED THEREON

1. GENERAL INFORMATION

Agora S.A. with its registered seat in Warsaw, Czerska 8/10 street ("the Company") principally conducts publishing activity (including *Gazeta Wyborcza*, magazines, periodicals and books) and carries out internet activity. Additionally, the Agora Group ("the Group") is active in the cinema segment through its subsidiary Helios S.A. and in the outdoor segment through its subsidiary AMS S.A. Moreover, the Group controls 4 radio broadcasting companies and offers printing services for external clients in printing houses belonging to the Company and to its subsidiary Agora Poligrafia Sp. z o.o. The Group also engages in projects related to production and co-production of movies through the company Next Film Sp.z o.o. and in gastronomy activity through the company Foodio Concepts Sp. z o.o. and Step Inside Sp. z o.o.

As at 30 June 2019 the Agora Group comprised: the parent company Agora S.A. and 19 subsidiaries. Additionally, the Group held shares in jointly controlled entities: Online Technologies HR Sp. z o.o. and Instytut Badan Outdooru IBO Sp. z o.o. and in associates: Hash.fm Sp. z o.o., ROI Hunter a.s. and Eurozet Sp. z o.o.

The condensed semi-annual consolidated financial statements were prepared as at and for six months ended 30 June 2019, with comparative figures presented as at 31 December 2018 and for six months ended 30 June 2018.

The condensed semi-annual consolidated financial statements were authorized for issue by the Management Board of Agora S.A. on September 5, 2019.

2. STATEMENT OF COMPLIANCE

The condensed semi-annual consolidated financial statements as at 30 June 2019 and for six months ended 30 June 2019 have not been audited by an independent auditor. The consolidated financial statements as at 31 December 2018 and for twelve months ended 31 December 2018 have been audited by an independent auditor who issued an unmodified opinion.

The condensed semi-annual consolidated financial statements have been prepared under International Accounting Standard 34 "Interim Financial Reporting" according to art. 55 point 5 and art. 45 point 1a-1c of Accounting Act (Official Journal from 2019, item 351), regulations issued based on that Act and the Decree of Minister of Finance dated 29 March 2018 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2018, item 757).

The condensed semi-annual consolidated financial statements as at 30 June, 2019 should be read together with the audited consolidated financial statements as at December 31, 2018. In the preparation of these condensed semi-annual consolidated financial statements, the Group has followed the same accounting policies as used in the consolidated financial statements as at December 31, 2018, except for changes described below.

For the Group's financial statements for the year started with January 1, 2019 the following new standards and amendments to existing standards, which were endorsed by the European Union, are effective:

1) IFRS 16 *Leases;*
2) IFRIC 23 *Uncertainty over Income Tax Treatments;*
3) Amendments to IFRS 9 *Financial Instruments;*
4) Amendments to IAS 28 *Investments in Associates and Joint Ventures.*

The application of the amendments had no significant impact on the condensed semi-annual consolidated financial statements except for changes resulting from the implementation of IFRS 16.

Application of IFRS 16

IFRS 16 supersedes IAS 17 Leases and related interpretations. The Standard eliminates the current dual accounting model for lessees by eliminating the distinction between operating and finance leases. According to IFRS 16 a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Bringing existing operating leases in balance sheet results in recognising a new asset – the right to use the underlying asset – and a new liability – the obligation to make lease payments. The right-of-use asset is depreciated and the liability accrues interest. Lessor accounting shall remain largely unchanged as the distinction between operating and finance leases is retained.

The Group assessed the impact that the application of the new standard had on the condensed semi-annual consolidated financial statements. On the basis of the current analysis, the Group assessed that a significant part of the long-term operating lease contracts, in particular the rights of perpetual usufruct of land, locations for advertising panels in the Outdoor segment, locations for Radio stations in the Radio segment, the locations for Helios cinemas and locations for gastronomy points in the Film and Book segment are classified as lease contracts under IFRS 16.

The initial application of the standard resulted in increasing assets and liabilities in the balance sheet and increasing costs of depreciation and interest expense in the income statement while decreasing the rental costs. However, it should be noted that the rent operating lease costs were recognised on a straight line basis according to IAS 17, while after the implementation of IFRS 16 the recognised right-of-use assets are also settled on a straight line basis through depreciation charges, however the interest costs are recognised by using the effective interest method, which causes higher interest costs at the beginning of the contract and diminishing interest charges over the repayments of lease installments.

The Group applies the exemptions for short term leases and leases of low value assets. The Group decided to apply the practical expedient as described in IFRS 16, paragraph C.10. (c) i.e. to apply the exemption for leases for which the lease term ends within 12 months of the date of initial application. The Group applied IFRS 16 retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application i.e. January 1, 2019, without adjustments to comparative amounts.

At the date of initial application of IFRS 16 the Group recognised right-of-use assets together with the corresponding lease liabilities measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. As at the date of initial application, the initial value of recognised additional right-of-use assets and lease liabilities amounted to PLN 458 thousand. The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the Group balance sheet on the date of initial application was 3.2%.

The application of IFRS 16 requires the Group to perform analyses and estimates regarding, inter alia, determining the scope of contracts under IFRS 16, determining the lease term and the interest rate used to discount future cash flows. The adopted estimates and assumptions may be verified based on changes in market and operational factors taken into account, new information and market practice regarding the application of the standard.

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.

In accordance with the requirements of the standard in determining the lease term and assessing the length of the non-cancellable period of a lease, an entity shall apply the definition of a contract and determine the period for which the contract is enforceable. A lease is no longer enforceable when the lessee and the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

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 lease term for contracts concluded for an indefinite period, the Group takes into account the contract enforcement period, which is usually the period of notice and uses the exemption for short-term contracts, if the contract enforcement period is no longer than 12 months. In case of rental agreements regarding locations for radio stations in the Radio segment, the Group assumed that the lease term corresponds to the period of the radio license related to the particular radio station location.

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

On the date of application of the standard as at 30 June 2019 the Group recognised additional assets as right-of-use assets in the amount of PLN 475,581 thousand and the total value of the right-of-use assets amounted to PLN 541,910 thousand (including the net carrying value of property, plant and equipment in the amount of PLN 66,329 thousand relating to assets in the current finance lease and rights of perpetual usufruct of land, which were reclassified to right-of-use assets balance sheet line). The Group recognised also additional lease liabilities in the amount of PLN 471,614 thousand. In the Group, there was an increase in depreciation and interest expenses as well as a decrease in the cost of external services due to rental costs. The above changes had a positive impact on the Group's operating result. In addition, the Group recognised foreign exchange gains arising from the conversion of lease liabilities. The total effect of the above adjustments increased the net result. The implementation of IFRS 16 also has an impact on the presented level of operating and financial cashflows of the Group due to the transfer of rental payments under lease agreements recognised in accordance with IFRS 16 from operating activities to financing activities.

The Group notes that the change in the structure of the balance sheet and profit and loss resulting from the application of IFRS 16 has also a significant impact on commonly used financial ratios such as: debt ratio, liquidity ratio and interest cover ratio.

The selected items of the condensed semi-annual financial statements reflecting the impact of applying the new standard are presented in the tables below:

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

	As at 30 June 2019 (excl. IFRS 16)	Application of IFRS 16	As at 30 June 2019 (as reported)
Non-current assets:			
Property, plant and equipment	516,779	(66,329)	450,450
Right-of-use assets	-	541,910	541,910
Receivables and prepayments	15,701	(1,915)	13,786
Deferred tax assets	17,690	145	17,835
	1,130,774	**473,811**	**1,604,585**
Current assets:			
Accounts receivable and prepayments	207,376	(1,909)	205,467
	337,017	**(1,909)**	**335,108**
Total assets	**1,467,791**	**471,902**	**1,939,693**

	As at 30 June 2019 (excl. IFRS 16)	Application of IFRS 16	As at 30 June 2019 (as reported)
Total equity	**959,174**	**100**	**959,274**
Non-current liabilities:			
Deferred tax liabilities	10,398	169	10,567
Long-term borrowings	131,847	402,660	534,507
including: lease liabilities	*40,722*	*402,660*	*443,382*
	183,405	**402,829**	**586,234**
Current liabilities:			
Trade and other payables	252,402	19	252,421
Short-term borrowings	54,951	68,954	123,905
including: lease liabilities	*11,963*	*68,954*	*80,917*
	325,212	**68,973**	**394,185**
			-
Total equity and liabilities	**1,467,791**	**471,902**	**1,939,693**

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

	Six months ended As at 30 June 2019 2019 (excl. IFRS 16)	Application of IFRS 16	Six months ended As at 30 June 2019 2019 (as reported)
Revenue	578,224	-	578,224
Operating cost net, incl.:	(590,079)	3,156	(586,923)
D&A	*(44,383)*	*(32,307)*	*(76,690)*
External services	*(240,813)*	*34,978*	*(205,835)*
Taxes and fees	*(3,951)*	*485*	*(3,466)*
Operating profit/(loss)	**(11,855)**	**3,156**	**(8,699)**
Finance income	1,237	4,424	5,661
F/x losses	*(181)*	*4,424*	*4,243*
Finance costs, incl.:	(3,029)	(7,456)	(10,485)
Interest costs	*(2,702)*	*(7,456)*	*(10,158)*
Share of results of equity accounted investees	2,751	-	2,751
Loss before income taxes	**(10,896)**	**124**	**(10,772)**
Income tax	815	(24)	791
Loss for the period	**(10,081)**	**100**	**(9,981)**

	Six months ended As at 30 June 2019 2019 (excl. IFRS 16)	Application of IFRS 16	Six months ended As at 30 June 2019 (as reported)
Net cash from operating activities	53,303	35,484	88,787
Net cash used in investing activities	(112,156)	-	(112,156)
Net cash used in financing activities	67,872	(35,484)	32,388
Net cash	**9,019**	**-**	**9,019**
Cash and cash equivalents	**42,022**	**-**	**42,022**

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

3. LONG-TERM AND SHORT-TERM BORROWINGS

On 20 February 2019, Agora used the available credit facility in the amount of PLN 75,000 thousand due to the transaction of purchase of shares in Eurozet Sp. z o.o., which shall be repaid in 12 quarterly instalments starting from April 2020.

On 11 March 2019 the Company and its subsidiaries AMS S.A. and Helios S.A. started negotiations with a consortium of banks in order to obtain loan, i.a. for financing or refinancing the acquisition and investment expenses of the Agora Group, in accordance with the business strategy for 2018-2022, as well as for financing working capital and general corporate goals. The amount of financing that the Company is planning to apply for is up to PLN 500 million.

On 29 March 2019 Agora S.A. signed Annex no. 2 to the Credit Limit Agreement ("Agreement") with DNB Bank Polska S.A. signed on 25 May 2017, according to which the Company was provided with a credit facility in the amount of PLN 35,0 million, which may be used until 29 August 2019 on the same principles as specified in the Agreement. The signing of Annex no. 2 is related to negotiations initiated by the Company with a consortium of banks regarding obtaining financing for the Agora Group. The leading bank in the consortium of banks with which the Company negotiated was DNB Bank Polska Spolka Akcyjna. On 29 August 2019 the Company signed Annex no. 4 to the Agreement according to which the Company is provided with the credit facility until 27 December 2019.

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

	30 June 2019	31 December 2018
Long term bank loans	91,125	30,623
Finance lease liabilities	443,382	33,963
Total long term borrowings	**534,507**	**64,586**
including: Lease liabilities resulting from IFRS 16	*402,660*	-
Short term bank loans	42,988	21,725
Finance lease liabilities	80,917	11,484
Total short term borrowings	**123,905**	**33,209**
including: Lease liabilities resulting from IFRS 16	*68,954*	-

4. SALES AND SEGMENT INFORMATION

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

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

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

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

2) the *Press* segment includes the Group's activities related to publishing of the daily *Gazeta Wyborcza* (including digital subscriptions), special editions of *Gazeta Wyborcza* magazines as well as publishing of the magazines: *Kuchnia, Avanti, Logo, Opiekun*,

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

4) the *Internet* segment includes the following Group's activities: the Internet and multi-media products and services within the Agora's Internet department as well as the activities of companies: Domiporta Sp. z o.o. (previous Trader.com (Polska) Sp. z o.o.), Yieldbird Sp. z o.o. and GoldenLine Sp. z o.o.,

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

6) the *Print* segment includes the Group's activities related to printing services within the Agora's Printing Department and Agora Poligrafia Sp. z o.o.

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

Data within each reportable segment are consolidated pro-forma. The Management Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Press segment operating costs associated with the production of *Gazeta Wyborcza* are settled on the basis of the allocation of costs from the Print segment. The production costs are settled by allocation of printing services according to a card rate set on the market basis. Segment performance is evaluated based on operating profit or loss.

Operating results of reportable segments do not include:
a) revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments,
b) amortisation recognised on consolidation (described below).

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

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

Operating depreciation and amortisation includes amortisation of intangible assets, depreciation of right-of-use assets recognised according to IFRS 16 and fixed assets of each segment. Amortisation recognised on consolidation can be defined as consolidation adjustments, inter alia: the amortisation of intangible assets and adjustments to property, plant and equipment recognised directly on consolidation.

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

Amount of investment in associates and joint ventures accounted for by the equity method includes the amount of acquired shares adjusted by the Group`s share of net results of those entities accounted for by the equity method. The financials presented for six months ended 30 June 2019 and 30 June 2018 relate to Online Technologies HR Sp. z o.o, Instytut Badan Outdooru Sp. z o.o., Stopklatka S.A. (in 2018), Hash.fm Sp. z o.o., ROI Hunter a.s. (in 2019) and Eurozet Sp. z o.o. (from 1 March 2019).

Capital expenditure consists of additions based on the invoices booked in the reported period connected to purchases of intangible and fixed assets. In case of Movies and Books segment capital expenditure do not include outlays related to the cinema fit-out works to the extent in which those outlays are reimbursed by the owners of the premises, in which those cinemas are located.

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

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2019							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Revenues from external customers	235,425	93,550	84,671	84,732	47,850	28,365	3,631	578,224
Intersegment revenues (2)	6,589	5,025	1,976	1,321	2,141	520	(17,572)	-
Total revenues	**242,014**	**98,575**	**86,647**	**86,053**	**49,991**	**28,885**	**(13,941)**	**578,224**
Total operating cost (1), (2), (3)	**(227,598)**	**(99,304)**	**(73,510)**	**(79,766)**	**(45,288)**	**(39,370)**	**(22,087)**	**(586,923)**
Operating profit / (loss) (1)	**14,416**	**(729)**	**13,137**	**6,287**	**4,703**	**(10,485)**	**(36,028)**	**(8,699)**
Total operating cost (excl. IFRS 16) (1), (2), (3)	**(230,130)**	**(99,305)**	**(73,671)**	**(79,766)**	**(45,384)**	**(39,390)**	**(22,433)**	**(590,079)**
Operating profit / (loss) (excl. IFRS 16) (1)	***11,884***	***(730)***	***12,976***	***6,287***	***4,607***	***(10,505)***	***(36,374)***	***(11,855)***
Net finance income and cost							(4,824)	(4,824)
Share of results of equity accounted investees (3)	-	-	-	(1,342)	4,093	-	-	2,751
Income tax							791	791
Net loss								**(9,981)**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;
(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments), the Management Board, Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 42,514 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2019							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(41,444)	(584)	(14,277)	(3,153)	(3,490)	(4,064)	(8,382)	(75,394)
Operating depreciation and amortisation (excl. IFRS 16)	*(16,106)*	*(577)*	*(9,667)*	*(3,153)*	*(2,135)*	*(4,056)*	*(8,689)*	*(44,383)*
Amortisation recognised on consolidation (1)	(259)	-	-	(1,164)	-	-	127	(1,296)
Impairment losses	(467)	(691)	(791)	(598)	(298)	(340)	(322)	(3,507)
including non-current assets	-	-	*(37)*	-	-	-	-	*(37)*
Reversals of impairment losses	91	163	119	90	149	84	-	696
including non-current assets	-	-	*69*	-	-	-	-	*69*
Equity-settled share-based payments	(204)	-	-	(604)	-	-	-	(808)
Cost of restructuring (2)	-	-	-	-	-	(4,923)	(710)	(5,633)
Capital expenditure (3)	30,586	4,299	4,048	6,759	374	400	4,250	50,716

	As at 30 June 2019							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	230,801	58,950	254,977	38,145	83,092	74,533	128,391	868,889
Right-of-use assets	468,021	95	30,823	-	12,048	2,738	28,185	541,910
Investments in associates and joint ventures accounted for by the equity method	-	-	-	19,469	141,283	-	-	160,752

(1) is not presented in operating result of the Group's segments;
(2) cost of restructuring (including group lay-offs) in Print segment and IT in the first quarter of 2019.
(3) based on invoices booked in the period, Movies and books data include also finance lease of property, plant and equipment in the amount of PLN 14,271 thousand;
(4) reconciling positions include mainly Company's headquarter (PLN 96,918 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2018							
	Movies and books	Press	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Revenues from external customers	175,811	100,577	82,449	85,133	53,690	35,459	3,136	536,255
Intersegment revenues (2)	7,006	3,855	763	1,575	1,466	633	(15,298)	-
Total revenues	**182,817**	**104,432**	**83,212**	**86,708**	**55,156**	**36,092**	**(12,162)**	**536,255**
Total operating cost (1), (2), (3)	**(175,969)**	**(125,554)**	**(69,121)**	**(78,196)**	**(47,031)**	**(38,321)**	**(11,780)**	**(545,972)**
Operating profit/(loss) (1)	**6,848**	**(21,122)**	**14,091**	**8,512**	**8,125**	**(2,229)**	**(23,942)**	**(9,717)**
Net finance income and cost							26,228	26,228
Share of results of equity accounted investees (3)	-	-	-	(148)	-	-	(567)	(715)
Income tax							(5,914)	(5,914)
Net profit								**9,882**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;
(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments since the first quarter of 2018), the Management Board, Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 29,782 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group. In case of equity accounted investees, the reconciling positions include the investment in Stopklatka S.A.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Six months ended 30 June 2018							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(15,032)	(679)	(9,842)	(2,300)	(2,006)	(3,792)	(8,677)	(42,328)
Amortisation recognised on consolidation (1)	(259)	-	-	(1,368)	-	-	127	(1,500)
Impairment losses	(110)	(16,765)	(592)	(154)	(157)	(148)	(52)	(17,978)
including non-current assets	-	-	-	-	-	-	-	-
Reversals of impairment losses	87	538	572	151	80	74	9	1,511
including non-current assets	-	-	*163*	-	-	-	-	*163*
Equity-settled share-based payments	(109)	-	-	(604)	-	-	-	(713)
Cost of group lay-offs (2)	-	(2,200)	-	-	-	(1,418)	-	(3,618)
Capital expenditure (3)	22,861	616	3,769	3,294	817	172	3,020	34,549

	As at 30 June 2018							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	268,184	57,758	267,225	42,631	85,364	80,667	137,715	939,544
Investments in associates and joint ventures accounted for by the equity method	-	-	-	1,750	-	-	-	1,750

(1) is not presented in operating result of the Group's segments;
(2) cost related to group lay-offs executed in Print segment in the first quarter of 2018 and costs relating to restructuring in Magazine's Division in second quarter of 2018;
(3) based on invoices booked in the period, Movies and books data include also lease property, plant and equipment in the amount of PLN 13,362 thousand;
(4) reconciling positions include mainly Company's headquarter (PLN 101,455 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

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

	Six months ended 30 June 2019							
	Movies and books	Press	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Advertising revenue	15,143	41,786	85,389	81,054	47,293	-	(12,947)	257,718
Ticket sales	116,068	-	-	-	189	-	(210)	116,047
Copy sales	17,197	54,343	-	55	-	-	(1,722)	69,873
Concession sales in cinemas	48,804	-	-	-	-	-	(25)	48,779
Printing services	-	7	-	-	-	25,531	-	25,538
Film distribution and production sales	30,732	-	-	-	-	-	-	30,732
Other	14,070	2,439	1,258	4,944	2,509	3,354	963	29,537
Total sales by category	**242,014**	**98,575**	**86,647**	**86,053**	**49,991**	**28,885**	**(13,941)**	**578,224**

	Six months ended 30 June 2018							
	Movies and books	Press	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Advertising revenue	12,537	49,821	82,447	81,130	52,404	-	(11,329)	267,010
Ticket sales	101,275	-	-	-	307	-	(412)	101,170
Copy sales	14,839	52,349	-	-	-	-	(1,699)	65,489
Concession sales in cinemas	37,845	-	-	-	-	-	(32)	37,813
Printing services	-	10	-	-	-	32,064	-	32,074
Film distribution and production sales	6,449	-	-	-	-	-	(129)	6,320
Other	9,872	2,252	765	5,578	2,445	4,028	1,439	26,379
Total sales by category	**182,817**	**104,432**	**83,212**	**86,708**	**55,156**	**36,092**	**(12,162)**	**536,255**

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

5. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

a) Incentive Plan for the Management Board members

Starting from the second quarter 2018, Management Board members of the Company participate in an incentive program ("Incentive Plan"), within which one of the components (related to the Company`s share price increase) is accounted for as a cash-settled share-based payment. According to the Incentive Plan Management Board members are eligible to receive an Annual Bonus based on two components described below:

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

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

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

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

As at 30 June 2018, the value of potential reward from the fulfillment of the EBITDA target has been calculated on the basis of the best estimate of the expected fulfillment value of the EBITDA target for 2019 and was charged to the Income Statement in proportion of the time that elapsed till the balance sheet date.

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.

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

the share price of Agora S.A. as at the current balance sheet date	PLN	13.20
volatility of the share price of Agora S.A. during the last twelve months	%	33.59
the Average Share Price in IQ of Bonus Year	PLN	11.18
risk-free rate	%	1.24-1.75 (at the maturity dates)

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

Total impact of the Incentive Plan on the condensed semi-annual consolidated financial statements of the Agora Group:

	Six months ended 30 June 2019	Six months ended 30 June 2018
Income statement – increase of staff costs	(1,281)	(1,164)
Income statement - deferred income tax	243	221
Liabilities: accruals - as at the end of the period	1,281	454
Deferred tax asset - as at the end of the period	243	86

b) Equity - settled incentive plans based on shares in subsidiaries

The eligible employees of subsidiaries Yieldbird Sp. z o.o. and Foodio Concepts Sp. z o.o. participate in an equity-settled incentive programs. On the basis of the plan, the eligible employees received or have rights to receive shares in these companies. The fair value of the shares determined at the grant date is recognised in staff costs over the vesting period with a corresponding increase in equity. The detailed information about measurement and settlement conditions of the incentive plan were described in the consolidated financial statements of the Agora Group for year 2018.

The impact of the incentive plans based on shares in subsidiaries on the condensed semi-annual consolidated financial statements of the Agora Group is presented in the table below:

	Six months ended 30 June 2019	Six months ended 30 June 2018
Income statement – staff costs	(808)	(713)
Equity - non-controlling interests	808	713

6. CHANGES IN PROVISIONS AND IMPAIRMENT LOSSES FOR ASSETS

In the period from January 1, 2019 to June 30, 2019 the following changes in impairment losses were recognised:

- impairment loss for receivables: increase by PLN 1,398 thousand,
- impairment loss for inventory: increase by PLN 1,176 thousand,
- impairment loss for tangible assets and intangible assets: decrease by PLN 296 thousand.

Additionally in the period from January 1, 2019 to to June 30, 2019 the following provisions were changed:

- provision for penalties, interests and similar: increase by PLN 18 thousand,
- provision for onerous contracts: decrease by PLN 18 thousand,
- provision for legal claims and similar: decrease by PLN 116 thousand,
- provision for the remuneration and severances for the former Management Board Members: decrease by PLN 74 thousand,
- retirement severance provision: increase by PLN 37 thousand,
- provision for restructuring: increase by PLN 158 thousand including: set-up in the amount of PLN 5,633 thousand and the use in the amount of PLN 5,475 thousand.

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

7. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As at 30 June 2019 the Group had contingencies, guarantees and other collaterals arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, other than those noted below:

Benefiting party	Debtor	Valid till	Amount		Scope of collateral
			30 June 2019	31 December 2018	
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	29 Sep 2019 - 16 Jun 2021	126	126	loans for the purchase of photographic equipment
DNB Bank Polska S.A.	Online Technologies HR Sp. z o.o.	30 Aug 2019	750	-	guarantee provided for credit
Guarantees provided by Agora Finanse Sp. z o.o.					
DNB Bank Polska S.A.	Agora S.A.	1 Apr 2024	202,500	202,500	Agora SA's liabilities from credit agreement
Guarantees provided by Adpol Sp. z o.o.					
mBank S.A.	AMS S.A.	2 Mar 2020 - 24 Apr 2020	16,200	16,200	bank guarantees related to the contract for the construction of bus shelters in Warsaw
Bills of exchange issued by AMS S.A. and Adpol Sp. z o.o.					
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	rent agreements on advertising panels
Zarząd Dróg Miejskich Warszawa	Adpol Sp. z o.o.	1 Jan 2022	200	200	contract for construction and exploitation of MSI panels

The total value of loan guarantees granted to entities from outside the Agora Group is not significant.

Additionally, Helios S.A. issued blank promissory notes as collaterals for bank loan agreements and finance lease agreements and guarantees on rent agreements.

Moreover, AMS S.A. provided to the bank cash deposits as a cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw. As at 30 June 2019 the deposit receivable amounts to PLN 10.8 million and is presented within long-term receivables.

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

8. COURT CASES

As at June 30, 2019, the Group has not entered into significant litigation for claims pending before court, arbitration authority or public administration authority. Provision for legal claims as at June 30, 2019, amounted to PLN 119 thousand (as at December 31, 2018: PLN 137 thousand).

Additionally, as at June 30, 2019, the companies of the Group are a party of legal disputes in the amount of PLN 1,624 thousand (as at December 31, 2018: PLN 2,033 thousand) in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

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

9. SEASONALITY

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

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

10. RELATED PARTY TRANSACTIONS

(a) Management Board and Supervisory Board remuneration

The remuneration paid to Management Board members of Agora S.A. amounted to PLN 3,341 thousand (six months ended June 30, 2018: PLN 3,492 thousand). The amounts include remuneration paid during the period of holding the post of a Management Board member.

The remuneration paid to Supervisory Board members of Agora S.A. amounted to PLN 231 thousand (six months ended June 30, 2018: PLN 234 thousand).

(b) companies related to Agora Group (not consolidated)

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

	Six months ended 30 June 2019	Six months ended 30 June 2018
Jointly controlled entities		
Sales	15	277
Purchases of goods and services	(6)	(98)
Interest on loans granted	-	16
Associates		
Sales	92	41
Purchases of goods and services	(86)	(47)
Interest on loans granted	10	-
Other operating income	2	-
Major shareholder		
Sales	12	12
Other operating income	633	-

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

	As at 30 June 2019	As at 31 December 2018
Jointly controlled entities		
Shares	903	1,007
Trade receivables	-	6
Other receivables and accruals	200	-
Trade liabilities	1	8
Other liabilities and accruals	-	2
Associates		
Shares	159,850	10,288
Non-current loans granted	800	-
Current loans granted	7	-
Trade receivables	139	128
Trade liabilities	8	19
Major shareholder		
Trade receivables	1	1
Other liabilities and accruals	378	10
Management Board of the Company		
Receivables	1	4
Put option liabilities (1)	27,991	27,991
Management Boards of group companies		
Receivables	9	24
Put option liabilities (1)	3,769	3,769
Other liabilities and accruals	3	2
Dividend liabilities	378	-

(1) concerns put options linked to shares in Helios S.A.

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

11. DESCRIPTION OF THE GROUP

The list of companies within the Group:

		% of shares held (effectively)	
		30 June 2019	31 December 2018
	Subsidiaries consolidated		
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
3	AMS S.A., Warsaw	100.0%	100.0%
4	Adpol Sp. z o.o., Warsaw (1)	100.0%	100.0%
5	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
6	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	100.0%
7	IM 40 Sp. z o.o., Warsaw (2)	72.0%	72.0%
8	Inforadio Sp. z o.o., Warsaw (2)	66.1%	66.1%
9	Helios S.A. , Lodz	91.4%	91.4%
10	Next Film Sp. z o.o., Warsaw (3)	91.4%	91.4%
11	Next Script Sp. z o.o., Warsaw (4)	75.9%	75.9%
12	Doimporta Sp. z o.o., Warsaw	100.0%	100.0%
13	Optimizers Sp. z o.o., Warsaw	100.0%	100.0%
14	Yieldbird Sp. z o.o., Warsaw	81.5%	81.5%
15	GoldenLine Sp. z o.o., Warsaw	92.7%	92.7%
16	Plan A Sp. z o.o., Warsaw	100.0%	100.0%
17	Agora Finanse Sp. z o.o. , Warsaw	100.0%	100.0%
18	Foodio Concepts Sp. z o.o., Lodz (3)	82.3%	82.3%
19	Step Inside Sp. z o.o., Lodz (3), (5)	91.4%	-
	Joint ventures and associates accounted for the equity method		
20	Online Technologies HR Sp. z o.o., Szczecin	46.2%	46.2%
21	Hash.fm Sp. z o.o., Warsaw	49.5%	49.5%
22	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
23	ROI Hunter a.s., Brno (6)	23.9%	13.4%
24	Eurozet Sp. z o.o., Warsaw (7)	40.0%	-
	Companies excluded from consolidation and equity accounting		
25	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) on January 11, 2019 the District Court for Lodz - Srodmiescie registered the company set up, in which Helios S.A. holds 100% share in equity;
(6) on June 17, 2019 Agora S.A. increased its share in the company ROI Hunter Sp. z o.o. by buying additional shares;
(7) acquisition of shares on February 20, 2019.

12. CHANGES IN THE COMPOSITION OF THE GROUP

Acquisition of shares in an associated company Eurozet Sp. z o.o.

In the current report of January 25, 2019, the Management Board of Agora S.A. informed that the Company started negotiations regarding the potential acquisition of shares in Eurozet sp. o.o. with its registered office in Warsaw ('Eurozet') from their current owner.

The company started negotiations with the seller together with SFS Ventures s.r.o. with its registered office in Prague (Czech Republic) ('SFS Ventures') concerning the purchase of all the shares in the share capital of Eurozet as follows:

- SFS Ventures would acquire 60% of shares in Eurozet;
- Agora would acquire 40% of shares in Eurozet.

SFS Ventures is a company incorporated under Czech law. The majority stake is owned by a subsidiary, Sourcefabric z.ú., with its registered office in Prague (the Czech Republic), offering open source software solutions for the media and the minority stake is owned by Salvatorska Ventures LCC, a US registered subsidiary of Media Development Investment Fund.

At the same time, in connection with the commencement of the said negotiations, the Company also started negotiations with SFS Ventures to establish detailed principles of the potential investment in Eurozet by SFS Ventures as a majority shareholder and the Company as a minority shareholder, as well as of the future cooperation of the two as shareholders of Eurozet.

The Company and SFS Ventures are conducting negotiations of the acquisition of shares in Eurozet on a non-exclusive basis. The potential transaction is in line with the long-term strategy of the Agora Group, in particular with the plan to strengthen the position of the Agora Group on selected markets on which it already operates.

In the current report of February 20, 2019, the Management Board of Agora S.A. informed on closing negotiations on: (i) acquisition of a legal title to shares in Eurozet Sp. z o.o. with its registered office in Warsaw ('Eurozet') and (ii) determination of detailed rules for an investment in Eurozet by SFS Ventures s.r.o. with its registered office in Prague (the Czech Republic) ('SFS Ventures') as a majority shareholder and the Company as a minority shareholder and the cooperation of both entities as shareholders of Eurozet.

As a result of the negotiations on February 20, 2019, the following were concluded:

- a preliminary agreement on the sale of shares in the share capital of Eurozet ('Preliminary Agreement') between Czech Radio Centers., with its registered office in Prague (the Czech Republic), as a seller ('Seller'), Czech Media Invest a.s., with its registered office in Prague (the Czech Republic), as a guarantor of the Seller's obligations and:
    a. SFS Ventures, as a buyer of 60% of the shares in Eurozet, and
    b. the Company, as a buyer of 40% of the shares in Eurozet;
- a final agreement for the sale of the above-mentioned shares in Eurozet, by and between the Company, SFS Ventures and the Seller ('Final Agreement'), concluded as part fulfilling the Preliminary Agreement, and
- a shareholders' agreement between the Company and SFS Ventures regulating the detailed rules for investment in Eurozet by SFS Ventures, as a majority shareholder, and the Company as a minority shareholder and the cooperation of both entities as shareholders in Eurozet ('Shareholders' Agreement').

Under the Final Agreement, the Company acquired 400 shares in the share capital of Eurozet with a nominal value of PLN 50 each, representing 40% of the share capital of Eurozet and entitling the holder to exercise 40% of the total voting rights at the shareholders' meeting of Eurozet in exchange for an initial consideration of PLN 130,754,689 million. The Preliminary Agreement provides for an adjustment of the initial consideration based on the Eurozet Group's ('Group') audited financial statements for 2018 and the final values of certain economic and financial parameters of the Group, as set forth in the Preliminary Agreement. In line with the above, Agora, based on the audited financial statements for 2018, verified the purchase price and presented the final purchase price. The company does not anticipate a material adjustment to the purchase price of shares in Eurozet.

In accordance with the provisions of the Shareholders' Agreement, with a view to protecting Agora's investment in Eurozet and protecting Agora's position as a minority shareholder of Eurozet, Agora has been granted the typical rights of a minority shareholder, including the right to appoint and dismiss one member of the Supervisory Board of Eurozet and the right to influence decisions on selected key issues concerning, in particular, the capital structure, amendment of the company deed, changes in the share capital or liquidation of the company. Agora will have these rights as long as Agora and its related entities have at least 34% plus one shares / voting rights in the share capital of Eurozet / at the Eurozet shareholders' meeting. However, Agora, as a minority shareholder, will not have influence on, among other things, the operating activities of Eurozet or the programming strategy of the radio station.

The Shareholders' Agreement also contains the following provisions governing the rules of cooperation between the shareholders, should they exit their investment in Eurozet:

- the right to demand that the second shareholder join in the sale with respect to all its shares ('Drag Along Right'), together with the principles for securing the effective sale of the shares in relation to which the Drag Along Right has been exercised,
- a shareholder's right to join in the sale of all shares held by the shareholder in the case of the sale of shares by the other shareholder ('Tag Along Right'); and
- Agora's right to acquire all the remaining shares of Eurozet held by SFS Ventures ('Callable Shares') ('Call Option'), together with the principles for securing the effective acquisition of the shares in the event of exercising the Call Option.

Agora has the right (but not an obligation) to exercise the Call Option during the period commencing after the lapse of 12 months and ending after the lapse of 36 months from the date of conclusion of the Final Agreement ('Call Option Period') or until June 20, 2022, if Agora submits to SFS Ventures a declaration of will to exercise the Call Option. In specific cases described in the Shareholders' Agreement concerning a substantial reduction in the scope of the Group's core activities, the Call Option Period may be shortened. Should Agora exercise the Call Option, the purchase price of the Callable Shares for Agora will be determined on the basis of a formula set out in the Shareholders' Agreement, which takes into account SFS Ventures' achievement of certain financial indices. In accordance with the Shareholders' Agreement, Agora will be able to exercise the Call Option, and thereby take control over Eurozet, after obtaining the legally required antimonopoly permission.

Within the meaning of the Polish Accounting Act, Eurozet is an associate of Agora S.A.

The acquisition of 40% of shares in Eurozet was financed partially from the Company's own resources, and PLN 75.0 million was financed with an overdraft facility which will be converted into a non-revolving loan on the basis of a Credit Line Agreement executed on May 25, 2017 with DNB Bank Polska S.A and amended by Annex no. 1 of May 18, 2018. As at 30 June 2019 the total acquisition price including transaction costs amounted to PLN 137,190 thousand.

On March 6, 2019, the Company received a letter from the President of the Office of Competition and Consumer Protection calling on the Company to provide information and documents as part of an investigation procedure aimed at determining whether or not an obligation to notify of an intended concentration involving the Company, SFS Ventures s.r.o. and Eurozet sp. z o.o. exists. The investigation procedure is an inquiry and is not conducted against the Company. As at the date of these financial statements the investigation procedure is pending.

Starting business of subsidiary Step Inside Sp. z o.o.

On February 28, 2019, the Management Board of Agora S.A. informed that on February 28, 2019 Helios S.A., a subsidiary of Agora ('Helios'), commenced negotiations with some of the partners ('Partners') of Food for Nation, Sp. z o.o. sp. k. ('FFN'), which is the owner of a restaurant chain under the brand Pasibus, on the joint development of the Pasibus brand.

In connection with the above, on February 28, 2019, Helios and Partners signed a letter of intent ('Term Sheet') on the basic terms of planned cooperation within an SPV which is a subsidiary of Helios S.A. (Step Inside Sp. z o. o. with its registered office in Lodz ('Step Inside'). Pre-requisites for establishing cooperation include agreeing detailed principles of cooperation and obtaining the consent of the President of the Office of Competition and Consumer Protection ('the President of UOKiK').

At the same time, on February 28, 2019, Step Inside and FFN signed a cooperation agreement, based on which Step Inside is entitled to, among other things, operate up to 10 eateries under the Pasibus brand. For this purpose, Helios provided funds of PLN 10 million to Step Inside. If the consent of the President of UOKiK is obtained and an investment agreement concluded, the Partners will take up shares in Step Inside which will open up to 40 eateries under the Pasibus brand. Simultaneously, the Company informed that the Term Sheet does not constitute binding obligations of the parties.

On February 28, 2019, the Extraordinary Shareholders Meeting of Step Inside Sp. z o.o. (Step Inside) adopted a resolution on increasing the share capital of Step Inside from PLN 5 thousand to PLN 100 thousand by creating 1,900 new shares to be taken up by Helios S.A. in exchange for a cash contribution of PLN 9,995 thousand. On April 15, 2019, the District Court for Lodz-Srodmiescie in Lodz registered the said change. Currently, Helios S.A. holds 2,000 shares in Step Inside representing 100% of its share capital and giving rights to 2,000 votes representing 100% of the voting rights at the Company's Shareholders' meeting.

On April 23, 2019 the Management Board of Agora S.A. informed that the President of the Office of Competition and Consumer Protection granted a consent to concentration by creating a joint venture by Helios S.A. with its registered seat in Lodz (a subsidiary company of Agora) and three entrepreneurs (natural persons) on the basis of existing company Step Inside sp. z o.o. with its registered seat in Lodz ("Step Inside") regulated by rules set out in term sheet, the Company informed about execution of the Term Sheet in regulatory filing 4/2019.

The consent of the President of the Office of Competition and Consumer Protection is a significant step in negotiations of detailed principles of cooperation and managing of a joint venture created on the basis of existing company, Step Inside. The joint venture shall develop and operate a network of eateries under the brand Pasibus, which - from the Agora Group's perspective - means increasing the scale of operations on food market. The restaurants will be located in high streets and shopping centres.

Changes in subsidiaries

On March 5, 2019, the Extraordinary Shareholders Meeting of Agora Poligrafia Sp. z o.o. adopted a resolution on phasing out the business activities of Agora Poligrafia Sp. z o.o. in the area of printing services. At the same time, the Extraordinary Shareholders' Meeting of Agora Poligrafia Sp. z o.o. stated that the said resolution did not represent a resolution on the dissolution of a company referred to in Article 270 point 2) of the Commercial Companies Code.

On May 28, 2019, the Extraordinary Shareholders Meeting of Foodio Concepts Sp. z o.o. (Foodio) adopted a resolution on increasing the share capital of Step Inside from PLN 5 thousand to PLN 10 thousand by creating 100 new shares to be taken up by Foodio's shareholders. Helios S.A. took up 90 new shares in exchange for a cash contribution of PLN 5 million, with an amount of PLN 4,995 thousand was allocated for supplementary capital. On June 28, 2019, the District Court for Lodz-Srodmiescie in Lodz registered the above change. Currently, Helios S.A. holds 180 shares in Foodio representing 90% of its share capital and giving rights to 180 votes representing 90% of the voting rights at the Company's Shareholders' meeting.

On June 6, 2019, the Extraordinary Shareholders Meeting of Agora Finanse Sp. z o.o. (Agora Finanse) adopted a resolution on increasing the share capital of Agora Finanse from PLN 5 thousand to PLN 205 thousand by creating 4,000 new shares to be taken up by Agora S.A. On July 4, 2019, the District Court for Warsaw in Warsaw registered the above change. Currently, Agora S.A. holds 4,000 shares in Agora Finanse representing 100% of its share capital and giving rights to 4,000 votes representing 100% of the voting rights at the company's shareholders' meeting.

Additional aquisition of shares in associate ROI Hunter a.s.

On June 17, 2019, the shareholders' meeting of ROI Hunter a.s. with its registered office in the Czech Republic ("ROI") adopted a resolution to increase the share capital of ROI from 2,647,860 CZK to 2,970,961 CZK by creating 323,100 shares to be taken up by Agora SA, in exchange for a cash contribution of 51,252,000 CZK with the amount 50,928,899 CZK allocated to the supplementary capital ROI.

As a result of this agreement, Agora S.A. acquired 32,310 shares in ROI for 5,125,200 CZK.
Currently, Agora S.A. holds 710,823 shares in ROI Hunter a.s., representing 23.9% of the share capital of ROI Hunter and 710,823 votes constituting 23.9% of votes at the Shareholders' Meeting. Total acquisition price of additional shares amounted to PLN 9,516 thousand.

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, untill 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 shareholders referred to in the previous sentence appealed against the decision on appointing an expert.

By a valid decision of the Regional Court in Lodz, the 13th Business Appeal Department of February 20, 2019, the appeal of the other minority shareholders having rights under 1,460 shares was dismissed. To date, the appeal of the Minority Shareholder has not been considered yet.

(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 financial stetements, the sell out and squeeze out procedures have not been completed.

- **Other information**

On March 6, 2019, the shareholders of Polskie Badania Internetu Sp. z o.o. ('PBI') adopted a resolution obligating all shareholders of PBI to make contributions totalling PLN 1,429,056. Based on the resolution, each of the shareholders is obliged to contribute an amount attributable to the shareholder corresponding to the percentage share of the shareholder in the share capital of PBI. The contribution attributable to Agora S.A amounted to PLN 238,152.

13. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY FOR THE CONDENSED SEMI – ANNUAL CONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A. AND THE TRANSLATION METHOD OF FINANCIAL DATA

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

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

- income statement and cash flow statement figures for the two quarters of 2019 (two quarters of 2018) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for two quarters. For the two quarters of 2019 EURO 1 = PLN 4.2880 (EURO 1 = PLN 4.2395).
- balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. The exchange rate as at 30 June 2019 – EURO 1 = PLN 4.2520; as at 31 December 2018 – EURO 1 = PLN 4.3000, as at 30 June 2018 – EURO 1 = PLN 4,3616.

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

14. PROPERTY, PLANT AND EQUIPMENT

In the period from January 1, 2019 to June 30, 2019, the Group purchased property, plant and equipment in the amount of PLN 45,765 thousand (in the period of January 1, 2018 to June 30, 2018: PLN 44,342 thousand).

As at June 30, 2019, the commitments for the purchase of property, plant and equipment amounted to PLN 19,648 thousand (as at December 31,2018: PLN 23,715 thousand).

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

15. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Group applies the following hierarchy for disclosing information about fair value of financial instruments – by valuation technique:
Level 1: quoted prices in active markets (unadjusted) for identical assets or liabilities;
Level 2: valuation techniques in which inputs that are significant to fair value measurement are observable, directly or indirectly, market data;
Level 3: valuation techniques in which inputs that are significant to fair value measurement are not based on observable market data.

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

	As at 30 June 2019	Level 1	Level 2	Level 3
Certificates in investment funds	59,529	-	59,529	-
Financial assets measured at fair value	**59,529**	**-**	**59,529**	**-**
Put option liabilities	34,844	-	-	34,844
Financial liabilities measured at fair value	**34,844**	**-**	**-**	**34,844**

	As at 31 December 2018	Level 1	Level 2	Level 3
Certificates in investment funds	122,407	-	122,407	-
Financial assets measured at fair value	**122,407**	**-**	**122,407**	**-**
Put option liabilities	34,844	-	-	34,844
Financial liabilities measured at fair value	**34,844**	**-**	**-**	**34,844**

Key assumptions that are most significant to the fair value measurement of financial instruments in Level 3 of the fair value hierarchy include: estimated level of the operating result EBIT during the period specified in put option conditions and discount rate.

In the period from January 1, 2019 to June 30, 2019 there were no changes in the value of the financial instruments categorised within Level 3 of the fair value hierarchy and there were no changes in valuation techniques.

16. NET RESULT DISTRIBUTION FOR THE YEAR 2018

In accordance with the resolution adopted by the General Meeting of Shareholders on June 12, 2019, the net loss of Agora S.A. for the financial year 2018 in the amount of PLN 15,169 thousand hereby decided to earmark for paying a dividend to the Company's shareholders.

Besides, in accordance with the resolution No.7 on June 12, 2019, the General Meeting hereby decided to earmark PLN 8,121 thousand from the Company's supplementary capital for paying a dividend to the Company's shareholders.

The total amount allocated for dividend payment was PLN 23,290 thousand which means that the dividend amount per one share of the Company was PLN 0.50 and the shareholders entitled to shares of the Company on July 12, 2019 were authorized to it. The dividend payment date was August 1, 2019.

17. OTHER INFORMATION

Group lay-off in Agora Group related to restructuring in the Print segment

In the current report of March 5, 2019, the Management Board of Agora S.A. informed that on March 5, 2019, in accordance with the provisions of the Act of March 13, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees, the Management Board adopted a resolution on initiating the consultation procedure relating to group layoffs with the trade unions operating in the Company. Additionally, in accordance with the Act of April 7, 2006 on informing and consulting employees, consultations will also be conducted with the works councils of the Company and Agora Poligrafia Sp. z o.o.

Agora's decision to undertake optimization measures, including group layoffs, is related to the ongoing decrease in revenues from the sale of print services in the coldset technology in which Agora Group's printing plants specialize. This trend mainly results from the drop in circulation of printed press, whose publishers are the largest group of clients of the Company's coldset printing plants. Orders from clients from other market segments, including those executed in the heatset technology, have a significantly lower contribution to the Group's revenue from the printing activity; due to infrastructural constraints, they never were nor are able to compensate the decrease in revenues from coldset printing services.

Considering the prospects for coldset printing services and the progressing digitization of the media, it is not possible to stop the downward trend in the coldset printing business of Agora Group in its current form. Therefore, the Management Board of the Company decided that it was necessary to take decisive optimization measures aimed at concentrating Agora's printing business in the Warsaw printing plant and gradually phasing out the operating activity of the printing plants in Pila and Tychy until June 30, 2019. The printing plant in Warsaw offers the largest range of printing services both in coldset and heatset technologies, thereby it most fully meets the needs of Agora and its customers. A decrease in the scale of Agora Group's printing business entails a significant reduction in employment in the Print segment.

The Management Board of Agora intended to lay off up to 153 employees, mainly in the Print segment of the Agora Group (which represented 57% of all employees of this segment, including 90% of employees in the Tychy print plant and 90% of employees in the Pila print plant, as at March 1, 2019) within up to 30 days from the date of signing an agreement on the terms and conditions of group layoffs with the trade unions and works councils of both companies in which the layoffs will take place.

On March 5, 2019, the Management Board of Agora requested that the trade unions operating at the Company and the works councils operating in Agora S.A. and in Agora Poligrafia Sp. z o.o. participate in consultations on the said matter, and notified the relevant Labour Offices of its intention to conduct group lay-offs in Agora S.A. and Agora Poligrafia Sp. z o.o.

On March 25, 2019, with reference to current report no. 5/2019 of March 5, 2019, the Management Board of Agora S.A. informed about:

- concluding on March 25, 2019 trilateral agreements ('Agreements') with trade unions operating at the Company (in compliance with the provisions of article 3, Section 1 of the Act of March 13, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees) and with work councils in the Company and in Agora Poligrafia Sp. z o.o. (which constitute agreements as specified in the Act of April 7, 2006 on informing and consulting employees);

- adopting by the Management Board of the Company, on March 22, 2019, a resolution to execute group lay-offs in the Print segment of the Agora Group, in accordance with the provisions of the Agreements.

The group lay off was executed between March 25 and April 23, 2019 and covered 147 employees, mainly of the Print segment of the Agora Group (which represented 56% of all employees of this segment, including 89% of employees of Agora S.A.'s Pila print plant and 88% of employees of Agora Poligrafia Sp. z o.o.'s Tychy print plant, as at March 1, 2019).

Under the Agreements concluded, the dismissed employees received wider support than that resulting from the applicable laws. Additional cash benefits equal to the gross basic salary received by an employee during the notice period, plus a compensation equal to 2-month's gross basic salary of the employee, was added to the severance pay resulting from the applicable law, provided that the employee actually performed work during the notice period. On the same terms, the Company and Agora Poligrafia Sp. z o.o. dismissed their employees who will still be employed in the printing plants in Tychy and Pila after June 30, 2019. Employees were also covered by protective measures, including job search support and retraining.

In accordance with the requirements of the law, the Company submitted appropriate information, including the contents of the Agreements signed, to the Poviat Labour Office.

The Company implemented these changes taking care of the employees by offering them a number of protective and supporting measures.

The provision for group restructuring, which was charged to the Agora Group's result in 1Q2019 amounted to PLN 5.6 million.

Loan for an associated company

On February 28, 2019, Agora S.A., as a Lender, concluded a loan agreement with Hash.fm sp. z o.o. with its registered office in Warsaw, as a Borrower. Based on the agreement, Agora S.A. granted a cash loan of PLN 800,000.00 repayable by the Borrower in quarterly instalments until December 31, 2022. The interest rate on the loan corresponds to market conditions. The loan has been secured by, among others, a pledge established on a part of the shares owned by a shareholder of Hash.fm Sp. z o.o.

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. The Management Board does not agree with the arguments presented in the received protocol and on March 14, 2019 submitted various objections and explanations to the document. In response the Tax Office upheld its position and on May 6, 2019 started tax proceeding. Despite this, the Management Board of the Company disagrees with the position of the Tax Office and considers the adopted method of evidence to be appropriate and will defend it in further administrative or court proceedings. Therefore, in the Company's opinion, at the current stage of this case there is no basis to recognise a provision. Potential tax arrears (the main amount) for the period of September to December 2017, which can be determined by the Tax Office as a result of the control amounts to ca. PLN 0.5 million. As at the date of these financial statements the tax procedure is pending.

On June 7, 2019, AMS S.A. concluded a contract with Poznan International Fair Sp. z o.o. on the basis of which it became an operator of advertisement space on bus and tram shelters in Poznan effective as of 1 July 2019 for the next 10 years. As a result of the signed contract, in the third quarter of 2019, AMS S.A. will recognise additional right-of-use assets and lease liabilities in the amount of approx. PLN 27 million.

18. POST BALANCE-SHEET EVENTS

Aquisition of shares in Piano Group Sp. z o.o.

On July 15, 2019, The Management Board of Agora S.A. ('Agora'), with reference to the Current Report No 21/2019, hereby announces that AMS S.A. ("AMS"), i.e. a company from the Agora capital group, concluded an agreement for the sale of 30 shares representing 60% of the shares of Piano Group sp. z o.o., with its registered office in Warsaw ('Piano Group') and carrying 60% of the votes at the General Shareholders' Meeting ('Shares') with three natural persons (two sellers and a guarantor) ('Seller') following the negotiations conducted on 15 July 2019. Pursuant to the Agreement, AMS paid the amount of PLN 6.5 million for the Shares, which constituted an advance payment towards the final Share purchase price.

The final Share purchase price depends on the EBITDA for 2019 and the agreed multiplier, and will be decreased by the net debt. The final Share purchase price will be determined on the basis of the financial statements of Piano Group for the financial year 2019.

In addition, AMS, the Seller and Piano Group Sp. z o.o. concluded a Shareholders' Agreement governing the mutual rights and obligations of the shareholders, in particular the principles regarding further operation and management of the company, as well as transactions and restrictions related to the sale of shares in the Company's share capital. AMS is entitled to appoint the majority of the members of the Management Board and the Supervisory Board of Piano Group, and the Sellers are obliged not to conduct any competitive activities.

AMS was also granted a call option for all the remaining shares in Piano Group, which can be exercised after the approval of the financial statements of Piano Group for the financial year 2021 (call option 1), or after the approval of the financial statements of Piano Group for the financial year 2022 (call option 2), but no later than by the end of 2022, or by the end of 2023, respectively.

AMS was also obliged under the put option granted to the Sellers to purchase from the Sellers, respectively: (i) 50% of the remaining shares in Piano Group after the approval of the financial statements of Piano Group for 2021 (put option 1); (ii) all the remaining shares in Piano Group after the approval of the financial statements of Piano Group for 2022 (put option 2).

The Share purchase price covered by the options will be determined based on the formula specified in the Shareholders' Agreement including the achievement of specific financial ratios by the Piano Group in the periods covered by the options.

The acquisition of the Shares was financed from AMS's own resources.

Piano Group is the holder of 100% of shares in Benefit Multimedia Sp. z o.o. SKA and the sole shareholder of Benefit Multimedia Sp. z o.o., which acts as the sole general partner of Benefit Multimedia Sp. z o.o. SKA.

Benefit Multimedia Sp. z o.o. SKA is a provider of services in the DOOH (digital out-of-home) market, in the area of internal advertising of content broadcasting, the sale of advertising content, screen installation and the use of video/TV infrastructure to broadcast video content. Benefit Multimedia Sp. z o.o. SKA cooperates with more than 190 fitness clubs in Poland where the company's infrastructure is installed.

The acquisition of the Shares constitutes a long-term investment by the Agora capital group and is in line with the strategy announced by Agora in June 2018. The transaction will strengthen the position of the Company's capital group in the DOOH market.

Business combination accounting

As a result of the above mentioned transaction, the Group has obtained control over the company Piano Group and its subsidiaries. Since the date of its acquisition the company is fully consolidated. The Group measured the non-controlling interest in the acquired company at the non-controlling interest`s proportionate share of the acquiree`s identifiable consolidated net assets.

The fair value of acquired assets and assumed liabilities and fair value of consideration transferred as at the acquisition date is as follows:

	Fair value as at the acquisition date
	PLN '000
Assets	
Property, plant and equipment	190
Long-term receivable and prepayments	99
Accounts receivable and prepayments	1,346
Other current financial assets	146
Cash and cash equivalents	210
	1,991
Liabilities	
Long-term borrowings	(26)
Other long-term liabilities	(96)
Trade and other payables	(260)
Short-term borrowings	(241)
	(623)
Identificable net assets at fair value	**1,368**
Non-controlling interests	(547)
Cash consideration transferred	(6,500)
Goodwill as at the acquisition date	**5,679**

The Piano Group's goodwill reflects among others skills, experience and knowledge of the team, development potential of cooperation with fitness clubs, contractors and customers of the Company, as well as the synergies resulting from the Company's inclusion in the Outdoor segment and the expected increase of share in the DOOH market. No part of the recognised goodwill is expected to be deductible for tax purposes.

The fair value of the acquired trade receivables amounted to PLN 1,236 thousand and loans granted amounted to PLN 146 thousand and is the gross value of amounts due to contracts. As at the acquisition date, it was estimated that the total amount would be recoverable.

The acquisition-related costs amounted to PLN 227 thousand and will be included in administrative expenses in the income statement of the Agora Group for the third quarter of 2019.

The right granted to the non-controlling shareholder to sell his remaining equity interest in the company to AMS (“put option”) meets the definition of a financial liability under IAS 32 and was recognised in the consolidated balance sheet of Agora Group at its estimated and discounted redemption amount amounting to PLN 4,857 thousand as at the acquisition date. According to the Group accounting policy, at the initial recognition, the value of this liability will decrease the line retained earnings within the Group`s equity.

Other information

On July 22, 2019, Agora S.A., as the seller, concluded a share sale agreement in a limited liability company, concerning the sale of all shares in Optimizers Sp. z o.o., with AMS S.A., as a buyer, for a total price of PLN 45 thousand. As a result of the above transaction, Agora S.A. does not currently hold any shares in Optimizers Sp. z o.o, but indirectly (through AMS S.A.) Optimizers Sp. z o.o. still remains a subsidiary of the Agora Group.

On 8 August 2019, Agora S.A. has concluded three share purchase agreements regarding the purchase of shares in the company Yieldbird Sp. z o.o., with three shareholders of this company. The agreements included acquisition by Agora S.A., from three partners of Yieldbird Sp. z o.o., in total 116 shares of the company Yieldbird sp. o.o., for the total price PLN 8 024 thousand. As a result of the above transaction, Agora S.A. currently holds 891 shares in the share capital of this company, constituting 93.69% of shares in the share capital of this company and entitling to 891 votes, constituting 93.69% of votes at the Shareholders' Meeting.

On August 29, 2019, The Management Board of Agora S.A. informed that on 29 August, 2019, the Company received an offer to conclude an investment agreement regulating the rules for the acquisition of existing and taking up new shares in the jointly controlled company Online Technologies HR Sp. z o.o. ("Online Technologies"), developing cutting-edge application HRLink.pl.

The offer anticipates the acquisition of 32 shares in Online Technologies' share capital from existing shareholders and taking up 15 newly created shares in the company's increased share capital. The potential total amount of Agora's investment in Online Technologies based on the submitted offer is about PLN 7.7 million.

If an investment agreement were concluded on the terms set out in the offer, Agora's share in Online Technologies would increase to 79.8%, thus Agora S.A. would become the majority shareholder of this company. Presently, Agora S.A. holds 48 shares, representing a total of 46.15% of the share capital of Online Technologies.

The company will inform in a separate regulatory filing about the acceptance or rejection of the offer.

On August 29, 2019, Agora S.A. signed a loan agreement as a lender with the company Online Technlogies HR Sp. o.o., as a Borrower. Under this agreement, Agora S.A. granted a cash loan in the amount of PLN 600 thousand, which will be repaid until September 11, 2019. The interest rate on the loan corresponds to market conditions.

On August 29, 2019, the Management Board of Agora S.A. in reference to report no. 6/2017 of May 25, 2017, and no. 13/2018 of May 18, 2018, and no. 8/2019 of March 29, 2019 regarding the Credit Line Agreement ("Agreement") with DNB Bank Polska S.A.("Bank") informed about signing Annex no. 4 to this Agreement today ("Annex no. 4").

Signing of Annex no. 4 extending validity of the Credit Line Agreement until December 27, 2019 is related to the negotiations initiated by the Company with a consortium of banks regarding obtaining financing for the Agora Group. The Company informed about the commencement of the above negotiations in the regulatory filing no. 6/2019 on March 11, 2019. The leading bank in the bank consortium with which the Company conducts negotiations was DNB Bank Polska S.A.

Pursuant to the Annex no. 4, the Company will have at its disposal a credit limit of PLN 35,000,000.00 (thirty five million zlotys), which may be used until December 27, 2019 on principles analogous to those specified in the Agreement, about which the Company informed in the regulatory filings on May 25, 2018; May 18, 2018, and March 29, 2019.

The Credit Limit will bear the WIBOR rate for one-month deposits in PLN plus the Bank's margin. In the event of failure to pay within the deadline specified in the Agreement some or all of the Bank's receivables, the Company will be charged interest at the base rate plus penalty interest. There are no other provisions on contractual penalties in Annex no. 4.

The repayment security of the Credit Limit has been maintained, as indicated in current reports no. 6/2017 of May 25, 2017 and no. 13/2018 of May 18, 2018.

19. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	PLN thousand			EURO thousand		
	Six months ended 30 June 2019 unaudited	As at 31 December 2018 audited	Six months ended 30 June 2018 unaudited	Six months ended 30 June 2019 unaudited	As at 31 December 2018 audited	Six months ended 30 June 2018 unaudited
Sales	578,224		536,255	134,847		126,490
Operating profit/(loss)	(8,699)		(9,716)	(2,029)		(2,292)
Profit before income taxes	(10,772)		(15,796)	(2,512)		(3,726)
Net profit/(loss) loss for the period attributable to equity holders of the parent	(11,268)		8,511	(2,628)		2,008
Net cash from operating activities	88,787		23,698	20,706		5,590
Net cash used in investing activities	(112,156)		12,743	(26,156)		3,006
Net cash used in financing activities	32,388		(12,899)	7,553		(3,043)
Net increase / (decrease) in cash and cash equivalents	9,019		23,542	2,103		5,553
Total assets	1,939,693	1,399,826		456,184	325,541	
Non-current liabilities	586,234	114,999		137,873	26,744	
Current liabilities	394,185	288,668		92,706	67,132	
Equity attributable to equity holders of the parent	939,566	975,010		220,970	226,747	
Share capital	46,581	46,581		10,955	10,833	
Weighted average number of shares	46,580,831	46,580,831	-	46,580,831	46,580,831	-
Earnings per share (in PLN / in EURO)	(0.24)		0.18	(0.06)		0.04
Book value per share (in PLN / in EURO)	20.17	20.93		4.74	4.87	

Warsaw, September 5, 2019

Bartosz Hojka - President of the Management Board	*Signed on the Polish original*
Tomasz Jagiello - Member of the Management Board	*Signed on the Polish original*
Agnieszka Sadowska - Member of the Management Board	*Signed on the Polish original*
Anna Krynska-Godlewska - Member of the Management Board	*Signed on the Polish original*
Grzegorz Kania - Member of the Management Board	*Signed on the Polish original*

Signatures submitted electronically.