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AGORA SA

AGORA GROUP

Management Discussion and Analysis for **the first half of 2019** to the financial statements

September 5, 2019

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AGORA GROUP

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) OF THE GROUP'S RESULTS FOR THE FIRST HALF OF 2019

REVENUE PLN 578.2 MILLION
EBITDA PLN 68.0 MILLION
EBITDA (excl. IFRS 16) PLN 32.5 MILLION
NET LOSS PLN 10.0 MILLION
NET LOSS (excl. IFRS 16) PLN 10.1 MILLION
OPERATING CASH FLOW PLN 88.8 MILLION
OPERATING CASH FLOW (EXCL. IFRS 16) PLN 53.3 MILLION

All data (unless otherwise indicated) covers the period January - June 2019, while the comparisons refer to the corresponding period of 2018. Data sources are presented at the end of Part IV of this commentary. The new IFRS 16 standard has been in force since 2019, which affected the presentation of selected categories of the income statement and balance sheet. The data has been presented, taking into account the impact of IFRS 16 on the Group's results and without it.

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

- It is worthwhile to note that some events affected the comparability of results of the Agora Group ("Agora") in the first half of 2019 vs. the same period in 2018. In the first half of 2018, the sale of the perpetual usufruct in the Agora Group's property in Gdańsk and Warsaw had a positive impact on the Agora Group's operating result. The positive impact of these transactions on the operating result was PLN 13.9 million. In the same period, the operating result of the Group was affected by a PLN 3.6 million provision for restructuring in the Press and Print segment and a PLN 16.3 million write-off of receivables from RUCH S.A. In the first half of 2019, costs of restructuring activities carried out mainly in the Print segment, amounting to PLN 5.6 million, negatively affected the result of the Agora Group.
- Additionally, when analyzing results of the Agora Group, changes in the income statement and balance sheet resulting from IFRS 16 coming into force need to be taken into consideration. According to IFRS 16, the Group's EBITDA increased to PLN 68.0 million in the first half of 2019, and to PLN 30.1 million in the second quarter of 2019. The operating loss on the EBIT level amounted to PLN 8.7 million. Total negative impact of those events on Group's operating results amounted to PLN 6.0 million. In the period under review, the Group recorded a net loss of PLN 10.0 million, with the net loss attributable to equity holders of the parent company amounting to PLN 11.3 million.
- In the first half of 2019, the Agora Group ("Group") generated PLN 578.2 million in revenue, an increase by 7.8% yoy, mainly driven by higher inflows of the Movies and Books segment and the Outdoor segment. The income of the former increased by as much as 32.4% to PLN 242.0 million. The sharpest increase in revenue in the first quarter of 2019 was recorded in the movie business. The increase in revenue of the Movies and Books segment was additionally driven by ticket sales which rose by 14.6% to PLN 116.1 million. Cinema concession sales improved significantly by 29.1% to PLN 48.8 million as well, due to higher cinema attendance and other factors. Improvement was also observed in other revenue lines in this segment: the restaurant business, Agora's

Publishing House and advertising sales in cinemas. An increase in the revenue of the Outdoor segment by 4.1% to PLN 86.6 million was driven by a higher-than-market growth rate of advertising proceeds both in the second quarter and in the first half of 2019. Lower revenues were recorded both in the first half and in the second quarter of 2019 in the Print, Press and Radio segments. A decrease in the revenue of the Group's printing business to PLN 28.9 million in the first half of 2019 and to PLN 13.1 million in the second quarter of 2019 was mainly due to a lower volume of print services provided, especially in the coldset technology. At the same time, the income of the Press segment in the first half of 2019 decreased to PLN 98.6 million, and in the second quarter of this year alone to PLN 52.2 million. This was mainly due to a difficult situation on the printed press market and discontinuation of some titles. The revenue of the Radio segment was also lower, amounting to PLN 27.9 million in the second quarter and PLN 50.0 million in the first half of 2019. In both periods under review, the decline was driven by lower revenue from sales of own and third party air time. The Internet segment recorded a slight decrease in revenue in the first half of 2019, mainly due to the completion of some projects. In the second quarter of 2019 alone, segment revenue went up by 4.3% to PLN 48.5 million, owing to i.a. dynamic development of the Yieldbird company.

- In the first half of 2019, the Group's operating costs excluding IFRS 16 were 8.1% higher and stood at PLN 590.1 million, despite a decline to PLN 280.9 million in the second quarter of 2019. The growth between January and June 2019 was driven by a PLN 5.6 million restructuring provision created in the first quarter of 2019 for phasing out of the printing business. The segment which noted the highest growth in operating costs was Movies and Books. The operating expenses increased by 23.0% to PLN 95.3 million in the second quarter of 2019, and by 30.7% to PLN 230.1 million in the first half of 2019. In both periods under review, the growth was mainly attributable to higher costs of external services, staff costs, as well as the cost of materials and energy consumed and value of goods and materials sold. These cost items increased mainly due to development activities: expansion of the Helios cinema network and growing scale of the restaurant business. The Outdoor segment recorded an increase in operating expenses without IFRS 16 by 6.0% to PLN 38.8 million in the second quarter of 2019 and by 6.5% to PLN 73.6 million in the first half of 2019. The development of this business segment had a decisive influence on the increased level of expenses, translating into higher costs of staff, system maintenance and execution of marketing campaigns. Operating expenses excluding IFRS 16 increased also in the Internet segment. The operating costs in this business were higher by 7.4% and stood at PLN 43.6 million in the second quarter of 2019, and by 2.0% in the first half of 2019 amounting to PLN 79.8 million. This increase was driven by higher costs of external services related to leasing of advertising space, mostly by Yieldbird, which were offset by higher advertising revenue. In the Print segment, the operating expenses in the first half of 2019 increased by 2.9% to PLN 39.4 million, driven mainly by the cost of the restructuring provision amounting to PLN 4.9 million, incurred in the first quarter of 2019. In the second quarter of 2019 alone, the operating expenses in this business decreased by 18.8% to PLN 15.5 million. The steepest decline was observed in materials and energy consumed and value of goods and materials sold, arising from a lower production volume, mainly in the coldset technology. Operating costs were reduced in the first half of 2019 in the Press and Radio segments. In the former, operating expenses dropped by 28.8% to PLN 50.8 million in the second quarter of 2019, resulting in an overall decline by 20.9% to PLN 99.3 million over the first half of 2019. The decrease was mainly due to the lower staff costs related to the reduced full-time employment. Operating expenses of the Radio segment increased by 3.8% to PLN 24.3 million in the second quarter of 2019, mainly due to higher marketing and promotion expenditure. Yet, in the entire first half of 2019, the operating expenses were lower by 3.6% and amounted to PLN 45.4 million. The decline was mostly due to a lower cost of external services.
- In the first half of 2019, the Group's EBITDA excluding IFRS 16 stood at PLN 32.5 million. In the second quarter of 2019, the Group generated PLN 11.9 million in EBITDA. At the same time, the Group recorded an EBIT loss excluding IFRS 16 both in the second quarter and in the first half of 2019: PLN 11.1 million between April and June 2019 and PLN 11.9 million between January and June 2019. In both periods under review, the Group reported a net loss excluding IFRS 16: PLN 8.7 million in the second quarter of 2019 and PLN 10.1 million in the first half of 2019. Meanwhile, the net loss attributable to equity holders of the parent company amounted to PLN 6.3 million in the second quarter of 2019 and PLN 11.3 million between January and June 2019.
- The Group's EBITDA presented according to IFRS 16 stood at PLN 68.0 million in the first half of 2019 and PLN 30.1 million in the second quarter of 2019. The Group recorded an EBIT loss both in the second quarter of 2019 and over the first half of 2019: PLN 9.2 million and PLN 8.7 million respectively. The net loss amounted to PLN 6.6 million in the second quarter of 2019 and PLN 10.0 million in the first half of 2019. Exchange rate differences resulting from IFRS 16 had a positive effect on the Group's net result.

- It is also noteworthy that the profit from the sale of shares in Stopklatka S.A. had a significant impact on the Group's net result both in the second quarter and in the first half of 2018. As a result of this transaction, Agora disposed of all shares in Stopklatka (4,596,203 ordinary shares representing 41.14% of Stopklatka's share capital). The price per share was PLN 7.0 and the value of the deal added up to PLN 32.1 million. Meanwhile, in the first half of 2019, Agora consolidated its share in the profit of Eurozet of PLN 4.1 million for the first time (PLN 3.5 million in the second quarter of 2019).The Company acquired a 40% shares in Eurozet on 20 February 2019 for PLN 137.2 million.
- As a result of IFRS 16 coming into force, the Group changed the method of recognizing operating leases in the income statement and the balance sheet. This resulted in recognizing a new asset on the balance sheet– the right-of-use the underlying leased asset, as well as a corresponding new balance sheet liability representing the obligation to make lease payments. Right-of-use assets under long term leases are subject to depreciation, while interest is calculated on liabilities. Based on analysis carried out, the Group classified a significant portion of long-term operating leases, in particular those involving perpetual usufruct of land, locations of outdoor advertising media in the Outdoor segment, locations of radio transmitters in the Radio segment, locations of Helios network cinemas, as well as locations of restaurants in the Movies and Books segment as leases within the meaning of IFRS 16. As a result, the value of assets and liabilities in the balance sheet increased, and so did the depreciation costs and interest costs in the income statement, while rental costs decreased. In consequence, the Group recorded an increase in depreciation and interest costs and a parallel decline in the cost of external services, which rental fees had been recognised before. These changes had a positive effect on the Group's operating result. Relevant details along with a quantified effect on individual line items of the income statement and balance sheet are presented in Note 2 to the consolidated financial statements for the first half of 2019.
- As at 30 June of 2019, the Group's cash and short-term financial assets amounted to PLN 101.5 million, which comprised PLN 42.0 million in cash and cash equivalents (cash in hand, bank accounts and deposits) and PLN 59.5 million invested in short-term securities.
- As at the end of June 2019, the Group's loans and leases amounted to PLN 658.4 million (including lease liabilities under IFRS 16 of PLN 471.6 million).

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

1. EXTERNAL FACTORS

1.1. Advertising market [3]

According to the Agora S.A. estimates ("Company", "Agora"), based on public data sources, in the second quarter of 2019, total advertising spending in Poland amounted to ca PLN 2.6 billion and increased by almost 2.0% yoy.

Tab. 1

	2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018	1Q 2019	2Q 2019
% change yoy in ad market value	0.5%	1.5%	5.5%	8.5%	9.0%	7.5%	4.5%	(0.5%)	2.0%

In the second quarter of 2019 advertisers increased advertising expenditure in Internet, cinema and outdoor. They spent less in press, radio and in TV. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 2

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
2.0%	(0.5%)	8.0%	(5.5%)	4.0%	(6.5%)	(8.5%)	6.0%

The share of particular media segment in total advertising expenditure, in the second quarter of 2019, is presented in the table below:

Tab. 3

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	45.5%	35.5%	6.0%	6.0%	4.0%	1.5%	1.5%

In the first half of 2019, total advertising spending in Poland amounted to ca PLN 4.76 billion and increased by almost 1.0% yoy. At that time, advertisers limited their expenditure in press, radio, TV and outdoor. The growth of advertising expenditure was visible in Internet and in cinema. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 4

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
1.0%	(2.0%)	8.0%	(5.5%)	(0.5%)	(7.5%)	(11.5%)	6.5%

The share of particular media segment in total advertising expenditure, in the first half of 2019, is presented in the table below:

Tab. 5

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	45.5%	35.5%	6.5%	5.5%	4.0%	1.5%	1.5%

1.2. Copy sales of dailies [4]

In the second quarter of 2019, the total paid circulation of dailies decreased by 11.0% yoy and in the first half of 2019 by 10.9% yoy. In both periods under discussion the largest decrease was observed in regional dailies.

1.3. Cinema admissions [10]

In the second quarter of 2019, the number of tickets sold in Polish cinemas increased by 1.7% yoy and amounted to 9.7 million.

In the first half of 2019, the number of tickets sold in Polish cinemas increased by 6.2% yoy to 28.5 million.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 6

in million PLN	**2Q 2019**	**% share**	**2Q 2018**	**% share**	***% change yoy***
Total sales (1)	**269.8**	***100.0%***	**258.3**	***100.0%***	***4.5%***
Advertising revenue	147.4	*54.6%*	146.8	*56.8%*	*0.4%*
Ticket sales	39.2	*14.5%*	35.0	*13.6%*	*12.0%*
Copy sales	35.4	*13.1%*	31.6	*12.2%*	*12.0%*
Concession sales in cinemas	17.9	*6.6%*	13.8	*5.3%*	*29.7%*
Printing services	11.2	*4.2%*	16.5	*6.4%*	*(32.1%)*
Revenues from film activities	3.0	*1.1%*	1.3	*0.5%*	*130.8%*
Other	15.7	*5.9%*	13.3	*5.2%*	*18.0%*

in million PLN	**1H 2019**	**% share**	**1H 2018**	**% share**	***% change yoy***
Total sales (1)	**578.2**	***100.0%***	**536.3**	***100.0%***	***7.8%***
Advertising revenue	257.7	*44.6%*	267.0	*49.8%*	*(3.5%)*
Ticket sales	116.0	*20.1%*	101.2	*18.9%*	*14.6%*
Copy sales	69.9	*12.1%*	65.5	*12.2%*	*6.7%*
Concession sales in cinemas	48.8	*8.4%*	37.8	*7.0%*	*29.1%*
Printing services	25.5	*4.4%*	32.1	*6.0%*	*(20.6%)*
Revenues from film activities	30.7	*5.3%*	6.3	*1.2%*	*387.3%*
Other	29.6	*5.1%*	26.4	*4.9%*	*12.1%*

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

In the second quarter of 2019, **the Group's total revenues** amounted to PLN 269.8 million and increased by 4.5% yoy.

In the second quarter of 2019, Agora Group's **advertising revenue** increased by 0.4% yoy and amounted to PLN 147.4 million. The sharpest increase, by 7.2% to PLN 50.3 million, was reported in the Outdoor segment, mainly due to revenue from advertising campaigns executed on Premium Citylight and Digital panels. A strong growth in advertising revenue, by 5.6% to PLN 43.5 million, was also recorded in the Internet segment, mostly owing to the significantly higher revenue of Yieldbird. The Movies and Books segment also saw a step up in advertising revenue by 12.3% to PLN 6.4 million. On the other hand, advertising revenue in the Press segment decreased by 14.7% to PLN 23.7 million. Advertising income dynamics in this area were affected not only by market trends but also by the decision to discontinue the publication of some press titles. In early 2018, the Company sold its publishing rights to *Swiat Motocykli* to a company founded by a member of the editorial team, and in the following months decided to discontinue the publication of *Cztery Katy*, *Ladny Dom*, *Dziecko* and *Niezbednik ogrodnika* magazines.

Advertising revenues in the Radio segment decreased by 9.6% to PLN 22.7 million, mainly due to lower proceeds from the sale of own air time and brokerage of third party air time.

In the second quarter of 2019, the **revenues from copy sales** amounted to PLN 35.4 and increased by 12.0% yoy. This growth was mostly driven by higher sales revenues of Agora's Publishing House and improved sales of *Gazeta Wyborcza*, both online access to Wyborcza.pl and the paper issue/edition of the daily.

In the second quarter of 2019, **revenues from tickets sold in the Helios cinema network** increased by 12.0% to PLN 39.2 million. In the period under review, more than 2.1 million tickets were sold in the Helios cinemas, marking a yoy increase by 14.5%. In the same period, the total number of cinema tickets sold in Poland amounted to almost 9.6 million and increased by 0.3% *[10]*. As a result the share of Helios in the number of tickets sold in Poland grew to 22.8%.

In the second quarter of 2019, **revenues from the sales of printing services** in the Agora Group amounted to PLN 11.2 million and decreased by 32.1% yoy. This mainly resulted from a lower volume of orders, particularly in the coldset technology.

Cinema concession sales increased by 29.7% to PLN 17.9 million. It was mainly due to higher cinema attendance in the second quarter of 2019 and higher average prices in the cinema bars.

The revenues from other sales amounted to PLN 15.7 million and were 18.0% higher yoy. The Group's revenue from the restaurant business was the main driver behind this increase.

In the first half of 2019, **the Group's total revenues** amounted to PLN 578.2 million, growing by 7.8% yoy.

In the first half of 2019, the Agora Group's **advertising revenues** decreased by 3.5% yoy to PLN 257.7 million. A decline in this category occurred in the Radio and Press segments. A 13.9% drop in the Radio's advertising revenues to PLN 40.4 million was related to the condition of the radio advertising market. In the Press segment, the decline of advertising revenues by 16.1% to PLN 41.8 million was associated with the condition of the press advertising market and the discontinuation of publication of some titles. The highest increase in advertising income, on the other hand, by 3.6% to PLN 85.4 million, was recorded in the Outdoor segment. Advertising revenues in the Movies and Books segment increased by 10.8% to PLN 13.3 million, while in the Internet segment this income category went up by 0.9% to PLN 76.3 million.

In the first half of 2019, **the Group's copy sales revenues** amounted to PLN 69.9 million and increased by 6.7% yoy. The factors behind this included: improved revenue from sales of the publications of Agora's Publishing House, subscriptions to Wyborcza.pl content and the *Gazeta Wyborcza* paper issues, despite a ongoing downward trend in copy sales of printed press, as well as discontinuation of publishing of some press titles.

In the first half of 2019, **revenues from tickets sold in the Helios cinemas** increased by 14.6% to PLN 116.0 million. In the period under review, more than 6.3 million tickets were sold in the Helios cinemas, marking a yoy increase by 17.5%. In the same period, the total number of cinema tickets sold in Poland amounted to almost 28.4 million and increased by 5.8% *[10]*. As a result the share of Helios in the number of tickets sold in Poland grew to 22.3%.

In the first half of 2019, the Group generated record-high revenues from the movie business of PLN 30.7 million. In the first quarter of 2019, NEXT FILM – a Helios group company – released 3 movie productions. These included *MiszMasz czyli Kogel Mogel 3*, distributed by NEXT FILM. The second movie was *Cale szczescie*. One of the most popular movies was also *Underdog*. NEXT FILM was the movie's co-producer and distributor. In the second quarter of 2019, *Slodki koniec dnia* had its silver screen debut. It was distributed by NEXT FILM.

In the first half of 2019, the Group's **revenues from the sales of printing services** stood at PLN 25.5 million (down by 20.6% yoy). This was mainly due to a lower volume of orders, especially in the coldset technology, and the gradual reduction of the scale of the Group's printing business.

Cinema concession sales increased by 29.1% to PLN 48.8 million, mostly owing to higher cinema attendance and higher average prices at cinema bars.

Revenue from other sales amounted to PLN 29.6 million and increased by 12.1% yoy. This was mainly driven by revenue generated by the Group's restaurant business.

2.2. Operating cost

Tab. 7

in million PLN	**2Q 2019**	**% share**	**2Q 2018**	**% share**	***% change yoy***
Operating cost net, including:	**(279.0)**	***100.0%***	**(281.1)**	***100.0%***	***(0.7%)***
Operating cost net excl. IFRS 16 (1), including:	*(280.9)*	*100.7%*	*(281.1)*	*100.0%*	*(0.1%)*
External services	(91.5)	32.8%	(100.9)	35.9%	(9.3%)
External services excl. IFRS 16 (1)	*(109.5)*	*39.2%*	*(100.9)*	*35.9%*	*8.5%*
Staff cost	(85.3)	30.6%	(80.9)	28.8%	5.4%
Raw materials, energy and consumables	(36.8)	13.2%	(35.8)	12.7%	2.8%
D&A	(39.3)	14.1%	(20.5)	7.3%	91.7%
D&A excl. IFRS 16 (1)	*(22.9)*	*8.2%*	*(20.5)*	*7.3%*	*11.7%*
Promotion and marketing	(16.1)	5.8%	(15.6)	5.5%	3.2%
Cost of restructuring (2)	-	-	(2.2)	0.8%	-

in million PLN	**1H 2019**	**% share**	**1H 2018**	**% share**	**% change yoy**
Operating cost net, including:	**(586.9)**	**100.0%**	**(546.0)**	**100.0%**	**7.5%**
Operating cost net excl. IFRS 16 (1), including:	*(590.1)*	*100.5%*	*(546.0)*	*100.0%*	*8.1%*
External services	(205.8)	35.1%	(209.0)	38.3%	(1.5%)
External services excl. IFRS 16 (1)	*(240.8)*	*41.0%*	*(209.0)*	*38.3%*	*15.2%*
Staff cost	(168.4)	28.7%	(164.6)	30.1%	2.3%
Raw materials, energy and consumables	(78.4)	13.4%	(73.0)	13.4%	7.4%
D&A	(76.7)	13.1%	(43.8)	8.0%	75.1%
D&A excl. IFRS 16 (1)	*(44.4)*	*7.6%*	*(43.8)*	*8.0%*	*1.4%*
Promotion and marketing	(30.7)	5.2%	(29.1)	5.3%	5.5%
Cost of restructuring (2)	(5.6)	1.0%	(3.6)	0.7%	55.6%

(1) the amount of the cost excluding impact of International Financial Reporting Standard no. 16 Leases;
(2) cost of restructuring (including group lay-offs) in Print segment and Agora's support divisions in the first quarter of 2019; in 2018 includes costs related to group lay-offs executed in Print segment in the first quarter of 2018 and costs of restructuring in Magazines division in the second quarter of 2018;

In the second quarter of 2019, the **net operating expenses** of the Agora Group excluding IFRS 16 decreased to PLN 280.9 million. They increased in the Movies and Books, Internet, Outdoor and Radio segments and were lower in the Press and Print segments.

It should be noted that the level of operating costs in the second quarter of 2018 was significantly affected by the following factors: a write-off of receivables from RUCH S.A., which are at risk of being uncollectible, in the amount of PLN 15.7 million and a restructuring provision of PLN 2.2 million in the Press segment.

The largest cost item was costs of external services excluding IFRS 16, which increased by 8.5% yoy to PLN 109.5 million. This cost item increased considerably in the Movies and Books segment due to higher rental costs of cinemas, fees for film copies and costs related to the restaurant and movie business. The Internet segment recorded a considerable increase in the costs of external services, by 24.9% to PLN 26.1 million, resulting from higher expenditure for lease of advertising space, mainly by Yieldbird. On the other hand, the costs of external services were 9.6% lower in the Radio segment, mostly because of the lower cost of marketing services and costs of sales.

Staff costs stood at PLN 85.3 million and increased by 5.4% yoy, mostly due to the growth of this cost item in most operating segments of the Group. The sharpest increase was recorded in the Movies and Books segment, due to the development of Helios cinema network and food business, while a decline was seen in the Press and Internet segments. In both of these units, this was attributed to a lower headcount.

The Group's headcount at the end of June 2019 was 2,628 FTEs, having decreased by 148 FTEs yoy. This decline is mainly due to a lower level of employment in the Press, Internet, Print and Outdoor segments, as well as in supporting divisions. Meanwhile, number of employees increased in the Movies and Books segment. The Group offers various incentive plans for its employees (for example: cash motivation plans, incentive plans in sales departments, incentive schemes for Board Members and key managers, etc.), which costs are recognised as the Group's staff costs.

The yoy increase in **costs of materials and energy consumed and the value of goods and materials sold** occured mainly due to higher expenses in the Movies and Books segment and Outdoor segment. In the case of the former, this was connected with higher revenues from concession sales, development of the restaurant business and reprints of popular books. As regards the latter, the increase is attributable mainly to the costs of lighting of the advertising panels.

Costs of depreciation and amortisation excluding IFRS 16 increased by 11.7% to PLN 22.9 million. The sharpest increase was recorded in the Movies and Books, Print and Internet segments. The increase was driven by the expansion of Helios cinema network in the Movies and Books segment, accelerated depreciation of machinery in closed printing plants in the Print segment, and by investments in IT infrastructure upgrades, development of advertising products and improvement of website visibility in search results of the most popular search engines in the Internet segment. This cost item was lower in the Outdoor and Press segments.

The Group's **promotion and marketing costs** amounted to PLN 16.1 million and were slightly higher than in the second quarter of 2018. They increased in the Radio, Press, and Movies and Books segments, but declined in the Internet and Outdoor segments.

The Group's net operating cost in the second quarter of 2019 reported in accrodance with IFRS 16 amounted to PLN 279.0 million and were lower by 0.7% yoy.

In the first half of 2019, the segment's **net operating costs excluding IFRS 16** increased by 8.1% yoy to PLN 590.1 million.

It is noteworthy that their yoy comparability was affected by a number of events. In the first half of 2018 a write-off of receivables from RUCH S.A., which are at risk of being uncollectible, in the amount of PLN 16.3 million was recognised and a restructuring provision of PLN 3.6 million was created. On the other hand, the Group's operating costs in the first half of 2018 were pressed down by PLN 13.9 million in proceeds from the disposal of the Company's real property in Gdańsk and in Warsaw recorded in the first quarter of 2018.

The increase in the Group's operating costs between January and June 2019 was mainly driven by higher operating expenses in the Movies and Books, Outdoor, Internet and Print segments. Operating costs were lower in the Press segment (mainly due to a write-off of receivables from RUCH S.A., which are at risk of being uncollectible and a restructuring provision in the first half of 2018, as well as reductions in most cost categories) and in the Radio segment.

In the first half of 2019, **costs of external services** excluding IFRS 16 increased by 15.2% to PLN 240.8 million. The increase in this cost item was mainly driven by the Movies and Books, Internet, Outdoor and Print segments. In the Movies and Books segment, the increase was attributable primarily to higher rental costs of cinemas, fees for film copies and costs related to the restaurant and movie business. In the Internet segment, operating expenses were pushed up by higher lease costs of advertising space for Yieldbird and offset by corresponding higher advertising revenues. The increased costs of external services resulted from higher system maintenance costs in the Outdoor segment, and from a change in accounting for magazine printing by third party printing plants in the Print segment. On the other hand, the lower costs of external services in the Press segment resulted from a reduced number of paper copies of publications, due to discontinuation of publishing of some titles and other factors. In the Radio segment, the lower costs of external services were related to a smaller scale of business in the area of brokerage for other radio broadcasters.

In the first half of 2019, **staff costs** increased by 2.3% to PLN 168.4 million. The strongest growth was visible in the Movies and Books segment, due to the higher number of cinemas and development of the restaurant business. This cost category was also higher in the Radio and Outdoor segments, but it declined in the Press and Internet segments and remained unchanged yoy in the Print segment. This cost category was also affected by the restructuring provision associated with phasing out the printing business, amounting to PLN 5.6 million.

The costs of materials and energy consumed and the value of goods and materials sold increased in the first half of 2019 by 7.4% to PLN 78.4 million, mainly as a result of an increase in this cost item in the Movies and Books segment and Outdoor segment.

Costs of depreciation and amortisation excluding IFRS 16 increased by 1.4% to PLN 44.4 million. The sharpest increase was recorded in the Movies and Books, Print and Internet segments. This growth was driven by the expansion of Helios cinema network in the Movies and Books segment, accelerated depreciation of machinery in closed printing plants in the Print segment, and by investments in IT infrastructure upgrades, development of advertising products and improvement of Gazeta.pl visibility in search results of the most popular search engines in the Internet segment. A slight increase in costs of depreciation and amortisation was also recorded in the Radio segment. In contrast, this cost item was lower in the Outdoor and Press segments.

Promotion and marketing costs increased slightly in the period under review, amounting to PLN 30.7 million. They were higher in the Movies and Books, Radio and Outdoor segments, but lower in the Internet and Press segments.

In the first half of 2019 the net operating cost of the Agora Group reported in accrodance with IFRS 16 increased by 7.5% to PLN 586.9 million.

3. PROSPECTS

On April 15, 2019, the creditors covered by both restructuring proceedings of RUCH S.A. voted to adopt partial arrangements. On May 29, 2019, the District Court for the capital city of Warsaw in Warsaw, 10th Commercial Division for bankruptcy and restructuring issues issued decisions refusing to approve arrangements adopted by creditors on April 15, 2019 (reference number X GRp 22/18 and X GRp 2/19). These provisions were appealed against, among others by Ruch S.A. and Agora S.A.

On August 30, 2019, the company received from Ruch S.A. information about the final approval by the court of second instance of both partial arrangements, which opens the way for further actions of Ruch S.A. and PKN Orlen S.A. in order to meet the conditions of the arrangements and the implementation of the arrangements. If these conditions are fulfilled and the arrangements are made, the Company will recover 15% of the main claim and 15% of the interest covered by the arrangement.

3.1. Revenue

3.1.1. Advertising market[3]

In the second quarter of 2019, the advertising market in Poland increased by 2.0% yoy. Advertisers spent ca. PLN 2.6 billion yoy to promote their products and services. In the first half of 2019, the total amount of expenditure on advertising increased by 1.0% and amounted to ca PLN 4.7 billion.

Having analysed available data on advertising market and observed market trends, the Company decided to modify its estimates regarding the growth dynamics of advertising market segments and total expenditure on advertising in Poland in 2019. Currently the Company estimates that advertising market expenditure in 2019 shall grow in the range from 1.5-3.5% yoy. The data on estimated changes in the dynamics of particular media segments are presented in the table below:

Tab. 8

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
1.5 – 3.5%	0.5-2.5%	5-8%	(10%)-(8%)	1-3%	2-4%	(13%)-(11%)	3-5%

The Company did not change its estimates relating to the growth of expenditure in Internet, outdoor and in press. At the same time, the Company is of the opinion that there is a high probability that in TV – the largest segment of the advertising market - the reported growth dynamics will be lower yoy. Similarly, the Company decided to decrease expected growth dynamics in radio advertising expenditure.
On the other hand, taking into account development of cinema market in Poland, the company expects higher yoy growth dynamics of advertising expenditure in that segment.

3.1.2. Copy sales

In the second half of 2019, negative trends relating to copy sales of dailies and magazines shall continue, although the dynamics of drop shall not be higher yoy. It's worth to notice that the decisions to cease publication of selected titles undertook by Agora will affect the comparability of copy sales data. In the beginning of 2018 Agora also sold rights to publish *Swiat Motocykli* to the company established by an employee of an editorial team. The above decisions affected the level of revenues in the Magazines division. In the second quarter of 2018, the Company decided to discontinue publication of consecutive four titles since October 2018. In 2018 Agora decided to write-off receivables from RUCH S.A. This write-off burdened the results of Press segment in the second quarter and in the first half of 2018. Further problems of this partner may adversely affect the level of Company's revenues from copy sales of press publications in the printed version. The Company is continuously developing its offer of digital content. As at the end of June 2019, the number of digital subscriptions of *Gazeta Wyborcza* reached 193 thousand. In the Company's opinion, such activities, together with other factors, should stabilise the Press segment's financial results in the long term. In the first half of 2019 revenues from copy sales in Press segment increased by 3.8% yoy, mainly as a result of 8.3% yoy growth *of Gazeta Wyborcza*'s revenues from copy sales which amounted to PLN 54.3 million.

3.1.3. Ticket sales

The most significant factors affecting attendance in Polish cinemas are: the repertoire as well as weather conditions, wealth of Polish people and distance from the nearest cinema location. According to the available data, the number of tickets sold in Polish cinemas in the first half of 2019 amounted to over 28.4 million, which means growth by 5.8% yoy *[10]*. Taking into account information about the repertoire for the coming months, the Company is of the opinion that in 2019 cinema market attendance rates should be similar to those reported in 2018. The Company also draws attention to continued exceptional warm and sunny weather which may further affect number of tickets sold in the second half of 2019.

3.2. Operating cost

Total, comparable operating costs, excl. IFRS 16, in 2019 should be higher yoy. The main reason for that is expected growth of inter alia, external services cost, staff cost as well as amortization and depreciation.

3.2.1. Costs of external services excl.IFRS 16

The cost of external services recorded in consecutive quarters of 2019 will largely depend on level of demand for advertising space in third party services — in particular in the Internet segment, costs of film copy purchase related directly to the level of revenue from ticket sales and the EUR/PLN exchange rate. In addition, the increase in this cost item will be affected by opening of new cinema and food facilities in 2019, as well as by execution of other development projects. On the other hand, the decision to cease publication of selected press titles will decrease this cost position.

3.2.2. Staff cost

According to the Company's estimates, in 2019 staff costs will be higher yoy. This cost category will grow in the Movies and Books segment, mainly due to development of Helios cinema network and opening of new cinema facilities, as well as another change in minimum hourly wage. The increase of staff costs is planned also in the Radio segment. The process of the group lay-offs executed in connection with decrease in the scale of printing business will contribute to the reduction in this cost item. In the first quarter of 2019, Agora executed group lay-offs mainly in the Print business, which burdened financial results of the Group with PLN 5.6 million. It will decrease the staff cost in this area of activity in the consecutive quarters of 2019. Lower yoy staff cost should be expected in internet and Press segments.

3.2.3. Promotion and marketing cost

In the consecutive quarters of 2019, the Agora Group is planning to implement another development activities, with which promotional activities are related. The dynamics of changes in individual media, the number of launched development projects, as well as market activities of the Group's competitors may affect the level of these expenses. Considering the above factors, the Company estimates that in 2019 this cost item may slightly increase yoy.

3.2.4. Cost of raw materials and energy

In the first half of 2019, the cost of energy in Agora Group grew by 13.1% yoy, inter alia due to the growth of energy prices. So far, the Group's Print segment had the largest impact on this cost item, especially the cost of production materials, the volume of production and the EUR/PLN exchange rate. The Company estimates that due to scaling down the priniting business of the Group as well as reduction in volume of printed titles, the value of this cost item related to printing business will be significantly lower yoy. The growth of this cost item is expected in Movies and Books (due to the development of cinema network and food business) as well as Outdoor segments.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the first half of 2019 includes: Agora S.A. and 19 subsidiaries, which operate principally in the internet, print, cinema, radio, gastronomy and outdoor segments. Additionally, as at 30 June 2019 the Group held shares in jointly controlled entities Online Technologies HR Sp. z o.o. and Instytut Badan Outdooru IBO Sp. z o.o., as well as in associated companies Hash.fm Sp. z o.o, ROI Hunter a.s. and Eurozet Sp. z o.o.

A detailed list of companies of the Agora Group is presented in note 11 and the changes in the composition of the Group are described in note 12 to the condensed semi-annual consolidated financial statements. The selected financial data together with translation into EURO are presented in note 19 to the condensed semi-annual consolidated financial statements.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 9

in PLN million	**2Q 2019**	**2Q 2018**	*% change yoy*	**1H 2019**	**1H 2018**	*% change yoy*
Total sales (1)	**269.8**	**258.3**	***4.5%***	**578.2**	**536.3**	***7.8%***
Advertising revenue	147.4	146.8	*0.4%*	257.7	267.0	*(3.5%)*
Ticket sales	39.2	35.0	*12.0%*	116.0	101.2	*14.6%*
Copy sales	35.4	31.6	*12.0%*	69.9	65.5	*6.7%*
Concession sales in cinemas	17.9	13.8	*29.7%*	48.8	37.8	*29.1%*
Printing services	11.2	16.5	*(32.1%)*	25.5	32.1	*(20.6%)*
Revenues from film activities	3.0	1.3	*130.8%*	30.7	6.3	*387.3%*
Other	15.7	13.3	*18.0%*	29.6	26.4	*12.1%*
Operating cost net, including:	**(279.0)**	**(281.1)**	***(0.7%)***	**(586.9)**	**(546.0)**	***7.5%***
External services	(91.5)	(100.9)	*(9.3%)*	(205.8)	(209.0)	*(1.5%)*
Staff cost	(85.3)	(80.9)	*5.4%*	(168.4)	(164.6)	*2.3%*
Raw materials, energy and consumables	(36.8)	(35.8)	*2.8%*	(78.4)	(73.0)	*7.4%*
D&A	(39.3)	(20.5)	*91.7%*	(76.7)	(43.8)	*75.1%*
Promotion and marketing	(16.1)	(15.6)	*3.2%*	(30.7)	(29.1)	*5.5%*
Cost of restructuring (2)	-	(2.2)	-	(5.6)	(3.6)	*55.6%*
Gain on sale of property (3)	-	-	-	-	13.9	-
Operating result - EBIT	**(9.2)**	**(22.8)**	***59.6%***	**(8.7)**	**(9.7)**	***10.3%***
Operating result - EBIT excl. IFRS 16 (4)	*(11.1)*	*(22.8)*	*51.3%*	*(11.9)*	*(9.7)*	*(22.7%)*
Finance cost, net, incl.:	**(0.5)**	**26.3**	**-**	**(4.9)**	**26.2**	**-**
Income from short-term investment	0.7	0.5	*40.0%*	1.2	1.1	*9.1%*
Costs related to bank loans and leasing	(5.4)	(0.8)	*575.0%*	(10.2)	(1.6)	*537.5%*
including interest costs related to IFRS 16	*(3.8)*	-	-	*(7.5)*	-	-
Foreign exchange (losses) / gains	4.3	-	-	4.2	0.3	*1,300.0%*
including interest costs related to IFRS 16	*4.5*	-	-	*4.4*	-	-
Gain on sale of shares (5)	-	26.7	-	-	26.7	-
Share of results of equity accounted investees	**2.6**	**(0.2)**	**-**	**2.8**	**(0.7)**	**-**

Profit/(loss) before income tax	**(7.1)**	**3.3**	**-**	**(10.8)**	**15.8**	**-**
Income tax	0.5	(3.1)	-	0.8	(5.9)	-
Net profit/(loss) for the period	**(6.6)**	**0.2**	**-**	**(10.0)**	**9.9**	**-**
Net profit/(loss) for the period excl. IFRS 16 (4)	*(8.7)*	*0.2*	*-*	*(10.1)*	*9.9*	*-*
Attributable to:						
Equity holders of the parent	(6.3)	0.3	-	(11.3)	8.5	-
Non - controlling interest	(0.3)	(0.1)	*(200.0%)*	1.3	1.4	*(7.1%)*
EBIT margin (EBIT/Sales)	*(3.4%)*	*(8.8%)*	*5.4pp*	*(1.5%)*	*(1.8%)*	*0.3pp*
EBIT margin excl. IFRS 16 (4)	*(4.1%)*	*(8.8%)*	*4.7pp*	*(2.1%)*	*(1.8%)*	*(0.3pp)*
EBITDA (6)	**30.1**	**(2.4)**	**-**	**68.0**	**33.9**	***100.6%***
EBITDA margin (EBITDA/Sales)	*11.2%*	*(0.9%)*	*12.1pp*	*11.8%*	*6.3%*	*5.5pp*
EBITDA excl. IFRS 16 (4)	*11.9*	*(2.4)*	*-*	*32.5*	*33.9*	*(4.1%)*
EBITDA margin excl. IFRS 16 (4)	*4.4%*	*(0.9%)*	*5.3pp*	*5.6%*	*6.3%*	*(0.7pkt%)*

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

(2) includes costs of restructuring (including group lay-offs) in Print segment and in Agora's support divisions in the first quarter of 2019; in 2018 includes costs related to group lay-offs executed in Print segment in the first quarter of 2018 and costs of restructuring in Magazines division in the second quarter of 2018;

(3) the line item includes the gain achieved by Agora S.A. on sale of properties located in Gdansk and Warsaw in the first quarter of 2018;

(4) the amount of the operating result – EBIT, EBITDA and net loss excluding impact of International Financial Reporting Standard no. 16 Leases;

(5) relates to gain on sale of shares in Stopklatka S.A in the second quarter of 2018.;

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

2.1. Financial results presented according to major segments of the Agora Group for the first half of 2019 [1]

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

Tab. 10

in PLN million	**Movies and Books**	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions (3)**	**Total (consoli-dated) 1-2Q 2019**
Total sales (1)	**242.0**	**98.6**	**86.6**	**86.1**	**50.0**	**28.9**	**(14.0)**	**578.2**
% share	41.9%	17.1%	15.0%	14.9%	8.6%	5.0%	(2.5%)	100.0%
Operating cost net (1)	**(227.6)**	**(99.3)**	**(73.5)**	**(79.8)**	**(45.3)**	**(39.4)**	**(22.0)**	**(586.9)**
Operating cost net excl. IFRS 16 (1)	***(230.1)***	***(99.3)***	***(73.6)***	***(79.8)***	***(45.4)***	***(39.4)***	***(22.5)***	***(590.1)***
EBIT	**14.4**	**(0.7)**	**13.1**	**6.3**	**4.7**	**(10.5)**	**(36.0)**	**(8.7)**
EBIT excl. IFRS 16	***11.9***	***(0.7)***	***13.0***	***6.3***	***4.6***	***(10.5)***	***(36.5)***	***(11.9)***
Finance cost, net								(4.9)
Share of results of equity accounted investees								2.8
Income tax								0.8
Net loss for the period								**(10.0)**
Attributable to:								
Equity holders of the parent								(11.3)
Non-controlling interest								1.3
EBITDA	**55.9**	**(0.1)**	**27.4**	**9.4**	**8.2**	**(6.4)**	**(26.4)**	**68.0**
EBITDA excl. IFRS 16	***28.0***	***(0.1)***	***22.6***	***9.4***	***6.7***	***(6.4)***	***(27.7)***	***32.5***
CAPEX (2)	(30.6)	(4.3)	(4.0)	(6.8)	(0.4)	(0.4)	(4.2)	(50.7)

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

(2) based on invoices booked in the period, the amount in the Movies and Books segment includes also PLN 14.3 million of non-current assets in finance lease;

(3) reconciling positions show data not included in particular segments, i.a.: other revenues and costs of Agora's supporting divisions (centralized IT, administrative, finance and HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments), the Management Board of Agora S.A., Agora TC Sp. z o.o. and 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.

2.2. Finance cost, net

Net financial activities of the Group for the first half of 2019 were influenced mainly by foreign exchange gains related mainly to lease liabilities, interest from bank deposits and cost of commissions and interest on bank loans and lease liabilities. Significant impact on the increase of finance costs had an increase in the costs of interest from lease liabilities in the amount of PLN 7.5 million resulting from recognition of lease contracts under IFRS 16.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 11

in PLN million	30-06-2019	31-03-2019	*% change to 31-03-2019*	31-12-2018	*% change to 31-12-2018*
Non-current assets	**1,604.6**	**1,596.8**	**0.5%**	**981.3**	**63.5%**
share in balance sheet total	*82.7%*	*82.3%*	*0.4 pp*	*70.1%*	*12.6 pp*
Current assets	**335.1**	**343.1**	**(2.3%)**	**418.5**	**(19.9%)**
share in balance sheet total	*17.3%*	*17.7%*	*(0.4 pp)*	*29.9%*	*(12.6 pp)*
TOTAL ASSETS	**1,939.7**	**1,939.9**	**(0.0%)**	**1,399.8**	**38.6%**
Equity holders of the parent	**939.6**	**970.0**	**(3.1%)**	**975.0**	**(3.6%)**
share in balance sheet total	*48.4%*	*50.0%*	*(1.6 pp)*	*69.7%*	*(21.3 pp)*
Non-controlling interest	**19.7**	**23.2**	**(15.1%)**	**21.1**	**(6.6%)**
share in balance sheet total	*1.0%*	*1.2%*	*(0.2 pp)*	*1.5%*	*(0.5 pp)*
Non-current liabilities and provisions	**586.2**	**596.5**	**(1.7%)**	**115.0**	**409.7%**
share in balance sheet total	*30.2%*	*30.7%*	*(0.5 pp)*	*8.2%*	*22.0 pp*
Current liabilities and provisions	**394.2**	**350.2**	**12.6%**	**288.7**	**36.5%**
share in balance sheet total	*20.4%*	*18.1%*	*2.3 pp*	*20.6%*	*(0.2 pp)*
TOTAL LIABILITIES AND EQUITY	**1,939.7**	**1,939.9**	**(0.0%)**	**1,399.8**	**38.6%**

3.1. Non-current assets

The increase in non-current assets, versus 31 December 2018 results mainly from the recognition of the new right-of-use assets in accordance with IFRS 16 in the amount of PLN 475.6 million (including property, plant and equipment in finance lease reclassified from property, plant and equipment to right-of-use assets, the total balance sheet value of right-of-use assets as at 30 June 2019 amounted to PLN 541.9 million) and increase in investment in associates accounted for the equity method (including the acquisition of a 40.0% shares in Eurozet Sp. z o.o. which with transaction costs amounted to PLN 137.2 million and additional acquisition of share of ROI Hunter a.s. which purchase price amounted to PLN 9.5 million).

The increase in non-current assets, versus 31 March 2019 results mainly from the increase in investment in associates accounted for the equity method. In the discussed period, the Group also incurred capital expenditure on property, plant and equipment and intangible assets, which were offset by decreases in depreciation of assets.

3.2. Current assets

The decrease in current assets, versus 31 December 2018, stems mainly from the decrease in short-term financial assets, trade receivables and inventories.

The decrease in current assets, versus 31 March 2019, stems mainly from the decrease in short-term financial assets and inventories.

3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions compared to 31 December 2018, stems mainly from the increase in long-term bank loans (including the transfer of loan tranche in the first quarter of 2019 by Agora S.A. in the amount of PLN 75.0 million due to the purchase of shares in Eurozet Sp z o. o.), an increase in lease liabilities due to recognition of the new lease liabilities resulting from future payments regarding right-of-use assets in accordance with IFRS 16 (additional information concern the value of loans and leases as at 30 June 2019 is presented in note 3 to the condensed semi-annual consolidated financial statements).

The decrease in non-current liabilities and provisions compared to 31 March 2019, stems mainly from the decrease in long-term bank loans which was related to reclassification part of loans to short-term liabilities.

3.4. Current liabilities and provisions

The increase in current liabilities and provisions, versus 31 December 2018, stems mainly from the increase in lease liabilities related to recognition of the lease liabilities resulting from future payments regarding right-of-use assets in accordance with IFRS 16, increase in short-term bank loans and dividend liabilities.

The increase in current liabilities and provisions, versus 31 March 2019, stems mainly from the increase in short-term bank loans, dividend liabilities and increase in trade liabilities.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 12

in PLN million	**2Q 2019**	**2Q 2018**	*% change yoy*	**1H 2019**	**1H 2018**	*% change yoy*
Net cash from operating activities	34.4	(3.4)	-	88.8	23.7	*274.7%*
Net cash from operating activities (excl. IFRS 16)	*16.8*	*(3.4)*	-	*53.3*	*23.7*	*124.9%*
Net cash from investment activities	(0.4)	(77.8)	*(99.5%)*	(112.2)	12.7	-
Net cash from financing activities	(22.3)	(4.1)	*443.9%*	32.4	(12.9)	-
Net cash from financing activities (excl. IFRS 16)	*(4.7)*	*(4.1)*	*14.6%*	*67.9*	*(12.9)*	-
Total movement of cash and cash equivalents	**11.7**	**(85.3)**	**-**	**9.0**	**23.5**	***(61.7%)***
Cash and cash equivalents at the end of period	**42.0**	**42.7**	***(1.6%)***	**42.0**	**42.7**	***(1.6%)***

As at 30 June 2019, the Group had PLN 101.5 million in cash and and cash equivalents and short-term securities which include cash and cash equivalents in the amount of PLN 42,0 million (cash on hand and bank deposits) and PLN 59,5 million invested in short-term securities.

In the first half of 2019, Agora S.A. has not been engaged in any currency options or any other derivatives used for speculative purposes.

On 20 February 2019, Agora used the available credit facility in the amount of PLN 75 million 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 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.

As at the date of this MD&A report, considering the cash position, the cash pooling system functioning in the Group and available credit facility, the Group does not anticipate any liquidity problems with regards to its further investment plans (including capital investments).

4.1. Operating activities

The cash flows from operating activities, in the first half of 2019, were higher comparing to the level recorded in the comparative period of the prior year. A significant impact on a higher level of operating activities has the transfer of rental payments under lease agreements recognised in the balance sheet in accordance with IFRS 16 to the financing activities.

4.2. Investment activities

Negative net cashflows from investing activities, in the first half of 2019, result mainly from expenditure on the purchase of shares in Eurozet Sp. z o.o and ROI Hunter a.s. as well expenditure on property, plant and equipment and intangibles. Those outflows were, to some extent, compensated by net inflows from disposal of short-term securities.

4.3. Financing activities

Net inflows from financing activities in the first half of 2019, stems mainly from the loans inflows (including the transfer of loan tranche by Agora S.A. in the amount of PLN 75.0 million in connection with the acquisition of shares in Eurozet Sp. z o. o.). The above inflows were to some extent, compensated by an expenditure on repayment of loan and lease liabilities.

5. SELECTED FINANCIAL RATIOS [5]

Tab.13

	2Q 2019	2Q 2018	*% change yoy*	1H 2019	1H 2018	*% change yoy*
Profitability ratios (1)						
Net profit margin	(3.0%)	0.1%	*(3.1pp)*	(2.0%)	1.6%	*(3.6pp)*
Gross profit margin	28.7%	29.6%	*(0.9pp)*	28.4%	29.4%	*(1.0pp)*
Return on equity	(3.4%)	0.1%	*(3.5pp)*	(2.4%)	1.7%	*(4.1pp)*
Efficiency ratios						
Inventory turnover	14 days	15 days	*(6.7%)*	13 days	16 days	*(18.8%)*
Debtors days	61 days	64 days	*(4.7%)*	62 days	66 days	*(6.1%)*
Creditors days	31 days	27 days	*14.8%*	31 days	29 days	*6.9%*
Liquidity ratio (1)						
Current ratio	1.0	1.5	*(33.3%)*	1.0	1.5	*(33.3%)*
Financing ratios (1)						
Gearing ratio (2)	5.8%	-	-	5.8%	-	-
Interest cover	(7.6)	(34.5)	*(78.0%)*	(4.8)	(7.4)	*(35.1%)*
Free cash flow interest cover	1.0	(30.1)	-	5.1	(17.1)	-

1) financial ratios excluding impact of IFRS 16;

2) as at 30 June 2018 the Group had net cash position.

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

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP

IV.A. MOVIES AND BOOKS [1]

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

Tab. 14

in PLN million	**2Q 2019**	**2Q 2018**	***% change yoy***	**1H 2019**	**1H 2018**	***% change yoy***
Total sales, including :	**84.0**	**67.7**	***24.1%***	**242.0**	**182.8**	***32.4%***
Tickets sales	39.3	35.0	*12.3%*	116.1	101.3	*14.6%*
Concession sales	17.9	13.8	*29.7%*	48.8	37.8	*29.1%*
Advertising revenue (1)	6.4	5.7	*12.3%*	13.3	12.0	*10.8%*
Revenues from film activities (1),(2),(6)	3.8	1.7	*123.5%*	32.1	7.1	*352.1%*
Revenues from Publishing House	11.7	9.6	*21.9%*	23.6	20.3	*16.3%*
Total operating cost, including (5),(6):	**(93.9)**	**(77.5)**	***21.2%***	**(227.6)**	**(176.0)**	***29.3%***
Total operating cost without IFRS 16 (5),(6)	***(95.3)***	***(77.5)***	***23.0%***	***(230.1)***	***(176.0)***	***30.7%***
External services (3),(6)	(27.7)	(35.8)	*(22.6%)*	(89.5)	(85.8)	*4.3%*
External services without IFRS 16 (3),(6)	*(42.0)*	*(35.8)*	*17.3%*	*(117.4)*	*(85.8)*	*36.8%*
Staff cost (3)	(17.3)	(12.4)	*39.5%*	(34.0)	(26.1)	*30.3%*
Raw materials, energy and consumables (3)	(10.3)	(6.8)	*51.5%*	(22.1)	(16.3)	*35.6%*
D&A (3)	(20.6)	(6.9)	*198.6%*	(41.3)	(14.6)	*182.9%*
D&A without IFRS 16 (3)	*(7.7)*	*(6.9)*	*11.6%*	*(15.9)*	*(14.6)*	*8.9%*
Promotion and marketing (1), (3)	(4.8)	(4.4)	*9.1%*	(12.9)	(9.1)	*41.8%*
Costs related to Publishing House (4), (5)	(11.1)	(9.4)	*18.1%*	(22.8)	(19.4)	*17.5%*
EBIT	**(9.9)**	**(9.8)**	***(1.0%)***	**14.4**	**6.8**	***111.8%***
EBIT margin	*(11.8%)*	*(14.5%)*	*2.7pp*	*6.0%*	*3.7%*	*2.3pp*
EBIT without IFRS 16	***(11.3)***	***(9.8)***	***(15.3%)***	***11.9***	***6.8***	***75.0%***
EBIT margin without IFRS 16	*(13.5%)*	*(14.5%)*	*1.0pp*	*4.9%*	*3.7%*	*1.2pp*
EBITDA (4)	**10.8**	**(2.6)**	**-**	**55.9**	**21.9**	***155.3%***
EBITDA margin	*12.9%*	*(3.8%)*	*16.7pp*	*23.1%*	*12.0%*	*11.1pp*
EBITDA without IFRS 16 (4)	***(3.5)***	***(2.6)***	***(34.6%)***	***28.0***	***21.9***	***27.9%***
EBITDA margin without IFRS 16	*(4.2%)*	*(3.8%)*	*(0.4pp)*	*11.6%*	*12.0%*	*(0.4pp)*

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

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

(3) the amounts do not include costs related to Publishing House division;

(4) the amounts include D&A cost in Publishing House division, which in the first half of 2019 amounted to PLN 0.2 million, and PLN 0.1 million in the second quarter of 2019 (in the comparable period of 2018 it amounted to PLN 0.5 million and PLN 0.3 million, respectively);

(5) the data include allocated costs of office space occupied by the Agora Publishing House;

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

In the second quarter of 2019, the Movies and Books segment recorded a greater loss at the EBIT level excluding IFRS 16 than in the previous year, which amounted to PLN 11.3 million. The loss at the EBITDA level excluding IFRS 16 increased to PLN 3.5 million. The results of the segment were adversely affected by the food business developed by Foodio Concepts. In the current phase of the project development, the costs of launching further restaurants exceed the revenue generated by the business.

In the first half of 2019, the Movies and Books segment significantly improved its result at the EBIT level excluding IFRS 16, which amounted to PLN 11.9 million and was higher by 75.0% than the result recorded in the first half of 2018. The segment's EBITDA also increased – by 27.9% to PLN 28.0 million.

The increase in the segment's revenue recorded in the second quarter resulted mainly from higher sales of tickets in Helios cinemas, higher concession sales and higher revenue from the food business. The growth in the segment's revenue in the first half of 2019 was the result of high revenue from the Group's film business due to high popularity of the film productions released to cinemas by NEXT FILM in the first half of 2019. In addition, the level of the segment's revenue was positively affected by higher than market dynamics of the increase in the number of tickets sold in Helios cinemas, due to, among others, development of the network and the pricing policy.

In the second quarter of 2019, in line with the IFRS 16 standard, the Movies and Books segment recorded a loss at the EBIT level of PLN 9.9 million. In the first half of 2019, EBIT result amounted to PLN 14.4 million. The EBITDA result in this respect amounted to PLN 10.8 million in the second quarter of 2019 and PLN 55.9 million in the first half of 2019.

The data presented in accordance with IFRS 16 standard are not comparable to the data for the second quarter and the first half of 2018. In the second quarter and the first half of 2019, in accordance with IFRS 16, the costs of agreements for the lease of space, both in the Helios cinemas and the Foodio Concepts facilities, have not been recognised in the presented segment's results in the external services item where they were presented before. They formed the basis for the creation of a long-term asset (due to the right to use space), which is subject to depreciation and affects the growth of this cost item in the segment. At the same time, in view of recognized liabilities under long-term rental agreements, interest expenses included in financial expenses are recognized in the income statement. This method of recognition of expenses improves the presented operating profits, in particular at the EBITDA level, due to the increase in depreciation. Reclassification of lease agreements also has a positive effect on the value of EBIT.

1. REVENUE [3]

In the second quarter of 2019, revenue of the Movies and Books segment increased by 24.1% yoy and amounted to PLN 84.0 million.

The most significant contributing factor was higher sales of tickets in Helios cinemas, which amounted to PLN 39.3 million, showing an increase by 12.3% compared to the second quarter of 2018. That was due to higher attendance at Helios cinemas, which increased by 14.5% and translated into 2.1 million tickets sold. Concession sales amounted to PLN 17.9 million, also showing an increase – by 29.7% yoy, and sales of advertisements in the cinemas increased to PLN 6.4 million.

In the second quarter of 2019, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 3.8 million, showing a considerable increase yoy. This was due to, among other factors, more new titles distributed in cinemas and the distribution of movies through the Netflix platform. In the second quarter of 2019, NEXT FILM released to the cinemas a Polish film– *Dolce Fine Giornata (Slodki koniec dnia),* with the leading role played by Krystyna Janda. At the same time, films introduced to the cinemas in the earlier periods were still screened.

In the second quarter of 2019, the revenue of Agora's Publishing House amounted to PLN 11.7 million and increased by 21.9% year on year as a result of higher book sales. In that period, Agora's Publishing House sold approximately 0.4 million books as well as film and music publications. The bestsellers included: *Kolejne 365 dni* by Blanka Lipinska, *In the Closet of the Vatican: Power, Homosexuality, Hypocrisy* by Frédéric Martel and *Becoming* – Michelle Obama's memoir.

In the first half of 2019, the revenue of the Movies and Books segment increased by 32.4% to PLN 242.0 million.

In that period, the largest impact on the segment's revenue growth was attributable to higher revenue from film activities at PLN 32.1 million, related to the box office success of titles distributed by NEXT FILM. The sales of tickets in Helios cinemas were also significantly higher at PLN 116.1 million and increased by 14.6% compared to the first half of 2018. A contributing factor was higher number of viewers (by 17.5%) visiting Helios cinemas, translating into 6.3 million tickets sold. Concession sales amounted to PLN 48.8 million, also showing an increase – by 29.1% yoy. Revenue from advertising sales in Helios cinemas also increased and stood at PLN 13.3 million.

In the first half of 2019, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 32.1 million, showing a considerable increase year on year. In the first half of 2019, NEXT FILM released four Polish productions for cinema distribution: an action movie *Underdog,* a sequel of the iconic franchise *Eggnog (Kogel Mogel)* – *Eggnog 3* (*Miszmasz, czyli Kogel Mogel 3)* with nearly 2.4 million viewers, a romantic comedy *Their Lucky Stars* (*Cale Szczescie)* and a drama movie *Dolce Fine Giornata* (*Slodki koniec dnia)*. At the same time, films introduced to the cinemas in the earlier periods were still screened.

In the first half of 2019, the revenue of Agora's Publishing House amounted to PLN 23.6 million and increased by 16.3% year on year as a result of higher book sales. In that period, Agora's Publishing House sold approximately 0.7 million books as well as film and music publications. The bestselling titles included: *Becoming* – Michelle Obama's memoir, *Kolejne 365 dni* by Blanka Lipinska, *In the Closet of the Vatican: Power, Homosexuality, Hypocrisy* by Frédéric Martel, biography *Czapkins*. *Historia Tomka Mackiewicza*, Fisz Emade's *Radar* CD and *The Butler* (*Kamerdyner)* DVD.

2. COST

In the second quarter of 2019, the Movies and Books segment's operating cost, excluding the effect of IFRS 16, increased by 23.0% yoy and amounted to PLN 95.3 million.

The increase in the segment's operating costs presented in this way resulted mainly from higher costs of external services – up by 17.3% to PLN 42.0 million. The increase was mainly a result of higher rental costs for Helios cinemas and food business and higher costs of film copy purchase due to higher cinema attendance in Helios facilities.

As a result of higher concession sales, expansion of the Helios cinema network and food business, a 51.5% increase (to PLN 10.3 million) was recorded in the costs of materials and energy consumed and in the value of goods and materials sold.

The staff costs increased by 39.5% to PLN 17.3 million. The increase was attributable mostly to a higher headcount – due to a greater number of Helios cinemas, an increase in the minimum hourly wage from PLN 13.7 to PLN 14.7, and development of operations on the food service market.

Promotion and marketing costs also increased, amounting to PLN 4.8 million. That was mainly related to the larger expenditure on promotion in the area of film distribution.

The segment's depreciation costs were also higher, amounting to PLN 7.7 million in the second quarter of 2019. That was due to development of the Helios cinema network and of the operations in the food business.

Operating costs of Agora's Publishing House, which reached PLN 11.1 million, went up by 18.1%. The increase was associated with higher book sales and the cost of printing additional copies of popular titles.

In the second quarter of 2019, the operating costs of the Movies and Books segment, presented in accordance with IFRS 16, amounted to PLN 93.9 million. The implementation of this standard had the greatest impact on the recognition of the costs of external services and depreciation which, according to the standard, amounted to PLN 27.7 million and PLN 20.6 million, respectively.

In the first half of 2019, the operating costs of the Movies and Books segment excluding IFRS 16 increased by 30.7% year on year and amounted to PLN 230.1 million.

The increase in the segment's operating costs presented in this way resulted from higher costs of external services – up by 36.8% to PLN 117.4 million. The increase was mainly attributable to higher fees for movie producers in connection with film operations and higher rental costs in Helios cinemas. As a result of higher concession sales, expansion of the Helios cinema network and development of business on the food service market, a 35.6% increase (to PLN 22.1 million) was recorded in the costs of materials and energy consumed and in the value of goods and materials sold. There was also an increase in depreciation costs, which amounted to PLN 15.9 million, mainly as a result of development of the Helios cinema network.

The staff costs also increased – by 30.3% to PLN 34.0 million. The increase was attributable mostly to a higher headcount – due to a greater number of Helios cinemas, an increase in the minimum hourly wage from PLN 13.7 to PLN 14.7, and development of operations on the food service market.

Promotion and marketing costs also increased, amounting to PLN 12.9 million. That was mainly related to the larger expenditure on promotion in the area of film distribution and on cinema advertising.

The operating costs of Agora's Publishing House were also higher (up by 17.5% yoy) and amounted to PLN 22.8 million. The increase was associated with higher book sales and the cost of printing additional copies of popular titles.

In the first half of 2019, the operating costs of the Movies and Books segment, presented in accordance with IFRS 16, amounted to PLN 227.6 million. The implementation of this standard had the greatest impact on the recognition of the costs of external services and depreciation which, according to the standard, amounted to PLN 89.5 million and PLN 41.3 million, respectively.

3. NEW INITIATIVES

In the first half of 2019, the Helios cinema network opened its 47th facility – the first Helios cinema in Warsaw was opened in Blue City (Ochota district) in February. There are eight cinema rooms for 850 viewers at the Warsaw multiplex, including as many as three Helios Dream screening rooms with recliner seats and top-quality image and sound systems. In the upcoming months of 2019 Helios plans to open new cinemas in Legionowo and Pabianice.

Helios is also constantly expanding its repertoire offer by preparing proposals for various groups of filmgoers. In the first half of this year, this included showings of Polish films with subtitles, which is a response to the needs of deaf people as well as subsequent shows of films with Ukrainian dubbing. In addition, Helios also screened broadcasts of the most prestigious football competitions in the world; namely Champions League matches, as well as the first episode of the iconic HBO series *Game of Thrones*. Viewers could also take part in gaming tournaments at the multiplex in Gdansk, Poznan and Warsaw in specially prepared cinema rooms. Competitions took place with the participation of the audience along with the transmission of the action games.

Other interesting titles appeared in the portfolio of the film company NEXT FILM. In January 2019, the film *Underdog* was released - a movie full of sports emotions inspired by the real story of an MMA fighter, starring Eryk Lubos, Mamed Khalidov and Aleksandra Poplawska. NEXT FILM was one of the co-producers of the film and its distributor. In January, the company also released *Eggnog 3* (*Miszmasz czyli Kogel Mogel 3*), which is the third part of the iconic Polish comedy franchise, available in cinemas nationwide. The film has been viewed by nearly 2.4 million viewers. Starting in March, a romantic comedy entitled *Their Lucky Stars* (*Cale Szczescie*) produced by TVN S.A. was introduced to the screens, while *Dolce Fine Giornata* (*Slodki Koniec Dnia*), with the leading role played by Krystyna Janda, premiered in May 2019. The latter was highly acclaimed at the Sundance and OFF Camera festivals. NEXT FILM was the distributor of both productions. Furthermore, starting in March 2019, NEXT FILM has been cooperating with Netflix, and 21 films that have been co-produced and distributed by the company have been gradually introduced to the platform. This complements the existing NEXT FILM distribution channels.

In the first half of 2019, Agora's Publishing House proposed new attractive publications to its readers. The most awaited book launch was *Becoming* by Michelle Obama - the personal memoir of the former First Lady of the United States. Other new books included *Kolejne 365 Dni* by Blanka Lipinska and *In the Closet of the Vatican: Power, Homosexuality, Hypocrisy* by Frederic Martel. Both books were listed as Empik's bestsellers for many weeks. Musical publications were also popular, such as the latest album by PRO8L3M and Fisz Emade Tworzywo. The first album went platinum, while the second was awarded with gold.

The food business is also dynamically growing in the Helios capital group. In March, Helios signed a letter of intent regarding cooperation with some partners of Food for Nation, the owner of Pasibus burger restaurants, while in April, it obtained a consent of the Office of Competition and Consumer Protection for developing the above-mentioned business. A new Pasibus burger joint was opened in May in the Warsaw-based Galeria Mlociny Shopping Centre. This is the second location of this brand in Warsaw, and the first one created in cooperation with Helios. As part of the collaboration, it is planned that 40 facilities will be opened under the Pasibus brand. Galeria Młociny Shopping Centre is also the third place in Warsaw since June 2019 where one can taste Mexican cuisine served by Papa Diego as well as the surprising flavor combinations of the Van Dog brand. Papa Diego and Van Dog also operate in Katowice, Gdansk, Poznan, Wolomin, Pruszkow and Opole. Both brands were developed by Foodio Concepts, a subsidiary of Helios.

IV.B. PRESS [1]

The Press segment includes the pro-forma consolidated financials of *Gazeta Wyborcza* and Magazines division.

Tab. 15

in PLN million	**2Q 2019**	**2Q 2018**	*% change yoy*	**1H 2019**	**1H 2018**	*% change yoy*
Total sales, including :	**52.2**	**54.7**	***(4.6%)***	**98.6**	**104.4**	***(5.6%)***
Copy sales	27.0	25.5	*5.9%*	54.3	52.3	*3.8%*
incl. Gazeta Wyborcza	*23.9*	*21.8*	*9.6%*	*48.3*	*44.6*	*8.3%*
incl. Magazines (6)	*3.0*	*3.7*	*(18.9%)*	*5.9*	*7.5*	*(21.3%)*
Advertising revenue (1), (2)	23.7	27.8	*(14.7%)*	41.8	49.8	*(16.1%)*
incl. Gazeta Wyborcza (4)	*19.9*	*22.0*	*(9.5%)*	*34.7*	*39.2*	*(11.5%)*
incl. Magazines (6)	*3.7*	*5.7*	*(35.1%)*	*6.9*	*10.5*	*(34.3%)*
Total operating cost, including :	**(50.8)**	**(71.2)**	***(28.7%)***	**(99.3)**	**(125.5)**	***(20.9%)***
Total operating cost without IFRS 16 :	***(50.8)***	***(71.2)***	***(28.7%)***	***(99.3)***	***(125.5)***	***(20.9%)***
Raw materials, energy, consumables and printing services	(13.8)	(13.9)	*(0.7%)*	(27.1)	(27.9)	*(2.9%)*
Staff cost	(23.0)	(24.9)	*(7.6%)*	(46.4)	(50.8)	*(8.7%)*
D&A	(0.3)	(0.4)	*(25.0%)*	(0.6)	(0.7)	*(14.3%)*
D&A without IFRS16	*(0.3)*	*(0.4)*	*(25.0%)*	*(0.6)*	*(0.7)*	*(14.3%)*
Promotion and marketing (1)(3)	(6.8)	(6.4)	*6.3%*	(11.1)	(11.8)	*(5.9%)*
Impairment loss for receivables from Ruch S.A.(5)	-	(15.6)	-	-	(16.3)	-
Cost of restructuring (7)	-	(2.2)	-	-	(2.2)	-
EBIT	**1.4**	**(16.5)**	**-**	**(0.7)**	**(21.1)**	***96.7%***
EBIT margin	*2.7%*	*(30.2%)*	*32.9pp*	*(0.7%)*	*(20.2%)*	*19.5pp*
EBIT without IFRS16	***1.4***	***(16.5)***	-	***(0.7)***	***(21.1)***	***96.7%***
EBIT margin without IFRS16	*2.7%*	*(30.2%)*	*32.9pp*	*(0.7%)*	*(20.2%)*	*19.5pp*
EBITDA	**1.7**	**(16.1)**	**-**	**(0.1)**	**(20.4)**	***99.5%***
EBITDA margin	*3.3%*	*(29.4%)*	*32.7pp*	*(0.1%)*	*(19.5%)*	*19.4pp*
EBITDA without IFRS16	***1.7***	***(16.1)***	-	***(0.1)***	***(20.4)***	***99.5%***
EBITDA margin without IFRS16	*3.3%*	*(29.4%)*	*32.7pp*	*(0.1%)*	*(19.5%)*	*19.4pp*

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

(2) the data include inflows from the sales of advertising on the websites: Wyborcza.pl, Wyborcza.biz, Wysokie obcasy.pl as well as on the local webistes;

(3) the amounts include, inter alia, costs of producing and promoting gadgets attached to Gazeta Wyborcza *and other publications;*

(4) the data includes advertising revenues in Gazeta Wyborcza's *paper editions as well as advertisements published on Wyborcza.pl, Wyborcza.biz, Wysokieobcasy.pl and local websites. The comparative data for 2018 have been restated accordingly;*

(5) the amounts include write-off of receivables from RUCH S.A.;

(6) the amounts include revenues of Gazeta Wyborcza*'s magazines and monthlies. The comparative figures for 2018 have been restated accordingly;*

(7) the amounts include the costs of the provision related to the restructuring of the publishing activity in the Magazine division due to the suspension of publishing selected titles: Cztery Katy, Ladny Dom, Dziecko *i* Niezbednik ogrodnika*;*

Both in the second quarter and the first half of 2019, the Press segment recorded a year-on-year increase in its financial result. That was influenced to a large extent by impairment write-downs on receivables from RUCH S.A.

amounting to PLN 15.6 million recognised in the second quarter of 2018 (in the entire first half of 2018, the write-downs totalled PLN 16.3 million). At the same time, in June 2018, Agora decided to suspend the publication of four magazines: *Cztery Katy, Ladny Dom, Dziecko* and *Niezbednik ogrodnika*, starting from their October issues. Consistently, a restructuring provision of PLN 2.2 million was established and charged to the financial results for the second quarter and the first half of 2018.

In the second quarter and the first half of 2019, the Press segment's advertising revenue continued to be under market pressure, while revenue of *Gazeta Wyborcza* (including digital revenue) and lower staff costs had, among other factors, a positive impact on the segment's financial results.

The implementation of the IFRS 16 standard had no significant impact on the method of recognizing operating costs in the Press segment.

1. REVENUE

In the second quarter of 2019, the total revenue of the Press segment decreased by 4.6% yoy and amounted to PLN 52.2 million. In the first half of 2019, the total revenue of the Press segment decreased by 5.6% yoy and amounted to PLN 98.6 million. In both the periods, the decreased revenue resulted mainly from negative trends on the press advertising market.

1.1. Revenue from copy sales

Both in the second quarter and in the first half of 2019, the segment's revenue from copy sales increased. In the second quarter of 2019, they increased by 5.9% to PLN 27.0 million, and by 3.8% to PLN 54.3 million in the period January–June 2019. That was mainly a result of higher revenue from subscription of Wyborcza.pl content and higher sales of paper editions of the daily. However, sales of periodicals and magazines decreased, mainly due to the smaller number of the published titles.

Both in the second quarter and in the entire first half of 2019, Gazeta Wyborcza maintained its leading position in sales among the opinion-forming dailies. In the second quarter of 2019, the average payable distribution of Gazeta Wyborcza amounted to 97 thousand copies and decreased by 8.4% year on year. At that time, sales of *Gazeta Wyborcza* decreased by 10.3%, and the weekly readership of *Gazeta Wyborcza* stood at 3.8% (1.16 million readers; CCS, weekly readership index).

In the first half of 2019, the average payable distribution of Gazeta Wyborcza amounted to 99.9 thousand copies and decreased by 7.7% year on year. At that time, sales of *Gazeta Wyborcza* decreased by 9.2%, and the weekly readership of *Gazeta Wyborcza* stood at 4.1% (1.23 million readers; CCS, weekly readership index).

In addition to the trends on the printed press market, the growth rate of the sales of magazines both in the second quarter and the first half of 2019 was adversely affected by the decision to discontinue the publication or sales of the following titles: *Cztery Katy*, *Ladny Dom*, *Dziecko* and *Niezbednik ogrodnika*. As a result, in the second quarter of 2019, the revenue from copy sales of periodicals and *Gazeta Wyborcza*'s magazines decreased by 18.9% and amounted to PLN 3.0 million, and by 21.3% to PLN 5.9 million in the first half of 2019.

1.2. Advertising sales

The second quarter of 2019 saw a decrease in the segment's revenue resulting from a decrease in advertising sales by 14.7% (to PLN 23.7 million). In the first half of 2019, the decrease in the segment's revenue was a consequence of the advertising revenue decreasing by 16.1% (to PLN 41.8 million). In both cases, that was mainly due to lower sales of advertising services in the paper edition of *Gazeta Wyborcza* and the absence of revenue from magazines that have been suspended or sold (*Cztery Katy*, *Ladny Dom*, *Dziecko* and *Niezbednik Ogrodnika)*.

In the second quarter of 2019, *Gazeta Wyborcza*'s net advertising revenue from all of its advertising activity amounted to PLN 19.9 million (down by 9.5% yoy). In the first half of 2019, *Gazeta Wyborcza*'s net advertising revenue from all of its advertising activity amounted to PLN 34.7 million (down by 11.5% yoy). The decreases were mainly caused by advertisers' cut-downs on printed press expenditure.

In addition to the trends on the printed press market, the dynamics of sales of advertisements in periodicals and *Gazeta Wyborcza*'s magazines, both in the second quarter and the first half of 2019, was adversely affected by the decision to discontinue the publication or sales of selected titles. As a result, sales of advertisements in periodicals and *Gazeta Wyborcza*'s magazines decreased by 35.1% to PLN 3.7 million and by 34.3% to PLN 6.9 million in the first half of 2019.

2. COST

In the second quarter of 2019, the segment's operating costs decreased by 28.7% to PLN 50.8 million, and by 20.9% to PLN 99.3 million in the entire first half of 2019. The decreases were influenced to a large extent by events recorded in the same periods of 2018, i.e. by impairment write-downs on receivables from RUCH S.A. (amounting to PLN 15.6 million in the second quarter of 2018 and PLN 16.3 million in the first half of 2018) and the establishment of a PLN 2.2 million provision related to the costs of discontinuation of several periodicals.

In the second quarter of 2019, the cost of representation and advertising increased by 6.3%, mainly due to the image campaign for *Gazeta Wyborcza*. In the entire first half of 2019, these costs were reduced by 5.9% to PLN 11.1 million.

Both in the second quarter and the entire first half of 2019, staff costs were reduced by 7.6% and 8.7% respectively, mainly due to a lower number of full-time employees.

Both periods saw lower costs of materials, energy, printing goods and services, which was due to lower printing volumes of titles issued.

3. NEW INITIATIVES

In the first half of 2019, the team of Agora's Press segment developed projects related to the online presence of its titles. In February, *Gazeta Wyborcza* offered its digital subscribers a number of novelties and features, such as unlimited access to the paid application of the daily newspaper available on iOS and Android, a full printed issue on a convenient reader as well as two additional subscriptions for family and friends in the Premium package. At the end of June 2019, the number of active subscribers to Wyborcza.pl amounted to 193 thousand - yet another success in the growth of digital subscriptions of *Gazeta Wyborcza*. The increased number of digital subscribers is due to changes in the online offer, outstanding journalism, the increasing popularity of the mobile application and new members joining the team for developing digital subscriptions, among others. With its previous result of 170 thousand active subscriptions, *Gazeta Wyborcza* occupied 15th position on the list of the most eagerly purchased digital issues, according to a report prepared by the Global Digital Subscription Snapshot 2019, published in April by the international FIPP association. *Gazeta Wyborcza* is the only Polish title to be included in this global ranking of 52 press editorial offices.

In May 2019, *Gazeta Wyborcza* celebrated its 30th anniversary. The exceptional jubilee of the daily and the benefits of the digital subscription were presented in the image campaign of *Gazeta Wyborcza* and Wyborcza.pl entitled *Co pokolenie, to Wyborcza* (*Wyborcza over generations*). The advertising creations which were presented in June on TV, at cinemas and on the Internet, among others, reminded that *Gazeta Wyborcza* has been accompanying different generations and transformations taking place in Poland for the last 30 years.

On 4 June 2019, on the 30th anniversary of the 1989 elections, the new design of the *Gazeta Wyborcza* mockup was presented. It was prepared by Jacek Utko, a recognised creator of graphic designs of newspapers from all over the world. With enlarged font, larger spacing in the design of particular pages and better exposed photos, the daily has gained a modern and consistent layout, presented in a more structured way, making it clearer and more readable. Additionally, the new version of *Gazeta Wyborcza*, offers 'Topic of the Day' and 'Tips' sections, while on Fridays, local weekly issues combine the content of the previous magazines and the *Co Jest Grane 24* cultural guide.

In the first half of 2019, *Gazeta Wyborcza* was eager to engage in international activities. In March, it joined this year's edition of Google News Initiative Fellowship, offering a journalistic internship. It also launched the Europe Talks platform, connecting people with different political views from all over Europe as part of cooperation between over 15 media outlets before the European Parliament elections. Additionally, the editors of *Gazeta Wyborcza* are uniting forces with the teams of *Le Soir*, *Le Figaro* and *El Pais*, which belong to the prestigious European LENA association (Leading European Newspaper Alliance), creating a new media project called Sonar Europe. As a result, attractive multimedia data-based materials will be created, concerning a variety of subjects and presenting diverse points of view from different countries of the European Union.

The *Gazeta Wyborcza* team has also prepared new proposals for its readers – in March, the first issue of *Nasza Europa* (*Our Europe*) magazine appeared, which is a new weekend addition created jointly with LENA. Readers can also access special editions of *Magazyn Swiateczny*, such as *Wyborcza na Majowke* (*Wyborcza for the May Weekend*), *Wyborcza na Wielkanoc* (*Wyborcza for Easter*) and *Wyborcza na Wakacje* (*Wyborcza for the summer holidays*); weekly issues and magazines *Tylko Zdrowie, Psychologia milosci* (*Psychology of Love*), *Kobiety rzadza swiatem* (*Women rule the world*) and *Polish Your English* as well as topic-specific issues, e.g. *Czarna ksiega PiS 3* (*Black book of PiS 3*), *Katastrofa w edukacji* (*Catastrophe in Education*) and *Czarna ksiega pedofilii w polskim Kosciele* (*Black book of paedophilia in the Polish church*). The editorial staff paid particular attention to the European Parliament elections, as a special issue of the *Nasza Europa* magazine was dedicated to this subject, as well as a video series called *Studio EuroWyborcza,* and a series of articles entitled *Eurowybory daleko od szosy* (*European elections away from the highway*)*,* which appeared in all 20 local issues. The editorial team also supported striking teachers by preparing a free addition entitled *Gazeta dla nauczycieli, uczniow i rodzicow. Szkola mowi dosc!!!* (*Newspaper for teachers, pupils and parents. Schools have said 'enough!!!'*) which was a strike-related newsletter and a campaign for selling a special digital subscription, all the revenue from which was used to support the striking teachers. Thanks to the readers who joined the campaign, PLN 200,000 were collected.

Instytut Dobrego Zycia (The Good Life Institute) was officially opened in April 2019, which is a project of *Wysokie Obcasy* brand. It is a guide and a place for meetings and inspiration as well as a training platform offering paid e-learning videos. Online participants can find out how to care for themselves and access information about mindfulness and more.

The summer urban *Co Jest Grane Festival* took place for the fourth time in June 2019. This year, the stage hosted musicians such as Mela Koteluk, Pawel Domagala, Mazolewski/Porter, Daria Zawialow and O.S.T.R. Also in June, a concert was organised in Warsaw opening a cycle of events entitled *Women's Voices*. This year, it was organised under the slogan *Women save the planet*. Kayah, Edyta Bartosiewicz, Julia Pietrucha, Mela Koteluk, Paulina Przybysz and Monika Brodka are the female artists who will perform at five concerts as part of the project, in Wroclaw, Gdansk and Krakow, among others.

IV.C. OUTDOOR

The Outdoor segment consists of the pro-forma consolidated data of companies constituting the AMS group (AMS S.A. and Adpol Sp. z o.o.).

Tab. 16

in PLN million	**2Q 2019**	**2Q 2018**	*% change yoy*	**1-2Q 2019**	**1-2Q 2018**	*% change yoy*
Total sales, including:	**50.7**	**47.3**	***7.2%***	**86.6**	**83.2**	***4.1%***
Advertising revenue (1)	50.3	46.9	*7.2%*	85.4	82.4	*3.6%*
Total operating cost, including:	**(38.7)**	**(36.6)**	***5.7%***	**(73.5)**	**(69.1)**	***6.4%***
Total operating cost without IFRS 16	***(38.8)***	***(36.6)***	***6.0%***	***(73.6)***	***(69.1)***	***6.5%***
Maintenance cost (1)	(12.0)	(14.1)	*(14.9%)*	(23.5)	(27.5)	*(14.5%)*
Maintenance cost without IFRS 16 (1)	*(14.6)*	*(14.1)*	*3.5%*	*(28.3)*	*(27.5)*	*2.9%*
Execution of campaigns (1)	(7.5)	(7.1)	*5.6%*	(12.7)	(12.5)	*1.6%*
Staff cost	(6.1)	(5.9)	*3.4%*	(11.9)	(11.4)	*4.4%*
Promotion and marketing	(1.3)	(1.5)	*(13.3%)*	(2.8)	(2.5)	*12.0%*
D&A	(7.3)	(5.0)	*46.0%*	(14.3)	(9.9)	*44.4%*
D&A without IFRS 16	*(4.8)*	*(5.0)*	*(4.0%)*	*(9.6)*	*(9.9)*	*(3.0%)*
Impairment losses (2)	-	0.1	-	-	0.2	-
EBIT	**12.0**	**10.7**	***12.1%***	**13.1**	**14.1**	***(7.1%)***
EBIT margin	*23.7%*	*22.6%*	*1.1pp*	*15.1%*	*16.9%*	*(1.8pp)*
EBIT without IFRS 16	***11.9***	***10.7***	***11.2%***	***13.0***	***14.1***	***(7.8%)***
EBIT margin without IFRS 16	*23.5%*	*22.6%*	*0.9pp*	*15.0%*	*16.9%*	*(1.9pp)*
EBITDA (2)	**19.3**	**15.6**	***23.7%***	**27.4**	**23.8**	***15.1%***
EBITDA margin	*38.1%*	*33.0%*	*5.1pp*	*31.6%*	*28.6%*	*3.0pp*
EBITDA without IFRS 16 (2)	***16.7***	***15.6***	***7.1%***	***22.6***	***23.8***	***(5.0%)***
EBITDA margin without IFRS 16	*32.9%*	*33.0%*	*(0.1pp)*	*26.1%*	*28.6%*	*(2.5pp)*
Number of advertising spaces (3)	23,579	24,322	*(3.1%)*	23,579	24,322	*(3.1%)*

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

(2) the amounts include reversals of impairment losses on non-current assets included in the calculation of the EBIDTA index;

(3) excluding small advertising panels of AMS group installed on bus shelters as well as advertising panels on busses and trams as well as ATMs and CityInfo panels.

Owing to an increase in revenue recorded in the second quarter of 2019, the Outdoor Advertising segment's operating profit at the EBIT level excluding IFRS 16 increased by 11.2% yoy and amounted to PLN 11.9 million. The segment's result at the EBITDA level excluding IFRS 16 increased by 7.1% and amounted to PLN 16.7 million, whereas EBITDA margin excluding IFRS 16 was 32.9%.

In the first half of 2019, due to an increase in operating costs excluding IFRS 16 (by 6.5% to PLN 73.6 million), EBIT excluding IFRS 16 recorded by AMS Group was lower yoy and amounted to PLN 13.0 million. The increase in these costs was mainly caused by higher one-time write-offs of receivables as well as costs of bus shelters handed over to MPK in Poznan in the second quarter of 2019. EBIT margin excluding IFRS 16 was 15.0%. The segment's result at the EBITDA level excluding IFRS 16 was PLN 22.6 million, and EBITDA margin excluding IFRS 16 was 26.1%.

In line with the IFRS 16 standard, the segment's operating profit at the EBIT level was PLN 12.0 million in the second quarter of 2019 and PLN 13.1 million in the entire first half of 2019. In this respect, the segment's EBITDA was PLN 19.3 million in the second quarter of 2019 and PLN 27.4 million in the entire first half of 2019.

The Outdoor Advertising segment is one of the Group's businesses for which the adoption of the IFRS 16 standard means a change in the way results are presented. After the entry into force of the IFRS 16 standard, certain long-term lease agreements have ceased to be included in the cost of system maintenance. At the same time, the AMS balance sheet recognised assets (rights to use space) equal to the discounted amount of future payments under rental agreements. Depreciation of this right increases depreciation costs recognised in the segment's income statement. At the same time, in connection with the obligation to pay the discounted rental charges, part of the costs is recognised as interest on lease liabilities, and it is charged to the financial costs. Such inclusion increases the position of depreciation and the segment's result at the EBITDA level. There is little impact on the segment's result at the EBIT level.

1. REVENUE [8]

Both in the second quarter and the entire first half of 2019, the AMS Group's advertising sales were higher yoy (increase by 7.2% and 3.6%, respectively), and their growth rate was higher than expenditure on the outdoor advertising market. In the second quarter of 2019, outdoor advertising spending in Poland, as estimated by IGRZ (the Outdoor Advertising Chamber), increased by over 4.0% yoy, and in the entire first half of 2019, expenditure in the outdoor advertising market was lower by nearly 0.5% yoy. The AMS Group owes faster than the market growth in outdoor advertising expenditure mainly to the advertisers' higher spending on campaigns on panels in the Premium Citylight and Digital segments.

In the second quarter of 2019, the estimated share of AMS in outdoor advertising spending amounted to over 34.0%, and in the entire first half of 2019 to nearly 35.0% *[8]*.

2. COST

Excluding IFRS 16, AMS Group recorded a year-on-year increase in operating costs, both in the second quarter and in the entire first half of 2019 – by 6.0% and 6.5%, respectively. The increase was largely impacted by higher net value of other operating costs, the increase of which resulted from higher one-time write-offs of receivables and costs of public transport shelters, handed over to MPK in Poznan in the second quarter of 2019. In addition, in the second quarter of 2018, the net value of other operating costs was positively impacted by a reversal of some provisions as a result of completion of certain sanction proceedings, initiated for taking up a road lane.

The costs of executed campaigns increased by 5.6% in the second quarter of 2019 and by 1.6% in the first half of 2019 as a result of an increased number of completed non-standard projects and more orders for poster printing services.

Excluding IFRS 16, the costs of maintaining the system increased by 3.5% yoy in the second quarter of 2019 and by 2.9% yoy in the entire first half of 2019 as a result of higher costs of renovation and ongoing use of advertising panels, as well as an increase in electricity prices for their lighting.

The staff cost increased by 3.4% yoy in the second quarter of 2019 and by 4.4% yoy in the first half of 2019 mainly as a result of changes to remuneration introduced in the second half of 2018. Factors that largely contributed to the increased costs was higher expenditure on health care and training.

A decrease in promotion and marketing costs in the second quarter of 2019 by 13.3% was triggered by lower total costs of non-profit/commercial campaigns, where the non-profit part is settled in the form of barter and charged to promotion and marketing costs. In the entire first half of 2019, marketing and promotion expenses increased by 12.0% year on year due to higher total costs of non-profit/commercial campaigns.

The segment's operating costs presented in accordance with IFRS 16 amounted to PLN 38.7 million in the second quarter of 2019 and PLN 73.5 million in the entire first half of 2019. The implementation of the above standard exerted the greatest impact on the cost of system maintenance and depreciation, which amounted to PLN 12.0 million and PLN 7.3 million in the second quarter of 2019 and PLN 23.5 million and PLN 14.3 million in the entire first half of 2019, respectively.

3. NEW INITIATIVES

In the second quarter of 2019, through the signing of a long-term cooperation contract with MPK Lodz, AMS initiated renovation of 250 bus and tram shelters in Lodz. After renovation, each of them will be fitted with at least three Premium Citylight advertising panels. The new design of the bus and tram shelters will be determined not only by advertisement panels, but also modernised benches and energy-saving LED bars that illuminate the interior and exterior of the stop platform. In this way, the bus or tram shelters will become an 'illuminated island', improving the aesthetics and safety of stops. A digital panel will be available at selected locations, offering the possibility of providing important local information online, charging a phone or using free Wi-Fi.

In June 2019, AMS concluded a contract with Miedzynarodowe Targi Poznanskie on the basis of which it became an operator of advertisements on bus and tram shelters in Poznan as of 1 July 2019, for the next 10 years. In line with the contract, Poznan citylight panels will be upgraded to Premium standard within three years.

In the period in question, promotional campaigns for customers were consistently implemented using non-standard effects and outdoor panels, e.g. in a campaign for one of the alcohol brands, lenticular printing was used, animating the static poster as well as additional elements on panel structures, to make the campaign multi-dimensional. The company also promoted the 'WAJDA' exhibit at the National Museum in Krakow in a unique way. As part of the above campaign, residents of Szczecin, Gdansk, Poznan, Warsaw, Lodz, Wroclaw, Katowice and Krakow, were able to see iconic photos from films by Andrzej Wajda, incorporated into the local surroundings.

AMS won a silver award in the Innovation 2019 competition for its pro-ecological project 'Green Stops', carried out jointly with the city of Krakow. This is just one of the company's projects that has been carried out in the public space. To date, AMS has equipped more than 30 towns and cities with bus shelters and other types of urban furniture, on the basis of contracts with the largest communes in Poland. These include the Polish market's pioneer investment, as part of a public-private partnership, involving the construction of 1,580 bus and tram shelters in Warsaw.

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

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department, Domiporta Sp. z o.o., Yieldbird Sp. z o.o., , GoldenLine Sp. z o.o. and Optimizers Sp.z o.o.

Tab. 17

in PLN million	**2Q 2019**	**2Q 2018**	***% change yoy***	**1-2Q 2019**	**1-2Q 2018**	***% change yoy***
Total sales , including	**48.5**	**46.5**	***4.3%***	**86.1**	**86.7**	***(0.7%)***
Display ad sales (1)	43.5	41.2	*5.6%*	76.3	75.6	*0.9%*
Total operating cost, including (2)	**(43.6)**	**(40.6)**	***7.4%***	**(79.8)**	**(78.2)**	***2.0%***
Total operating cost without IFRS 16 (2)	***(43.6)***	***(40.6)***	***7.4%***	***(79.8)***	***(78.2)***	***2.0%***
External services	(26.1)	(20.9)	*24.9%*	(44.2)	(39.0)	*13.3%*
External services without IFRS 16	*(26.1)*	*(20.9)*	*24.9%*	*(44.2)*	*(39.0)*	*13.3%*
Staff cost	(12.3)	(13.6)	*(9.6%)*	(25.2)	(28.0)	*(10.0%)*
D&A	(1.7)	(1.1)	*54.5%*	(3.1)	(2.3)	*34.8%*
D&A without IFRS 16	*(1.7)*	*(1.1)*	*54.5%*	*(3.1)*	*(2.3)*	*34.8%*
Promotion and marketing (1)	(1.9)	(3.7)	*(48.6%)*	(4.4)	(6.3)	*(30.2%)*
EBIT	**4.9**	**5.9**	***(16.9%)***	**6.3**	**8.5**	***(25.9%)***
EBIT margin	*10.1%*	*12.7%*	*(2.6pp)*	*7.3%*	*9.8%*	*(2.5pp)*
EBIT without IFRS 16	***4.9***	***5.9***	***(16.9%)***	***6.3***	***8.5***	***(25.9%)***
EBIT margin without IFRS 16	*10.1%*	*12.7%*	*(2.6pp)*	*7.3%*	*9.8%*	*(2.5pp)*
EBITDA	**6.6**	**7.0**	***(5.7%)***	**9.4**	**10.8**	***(13.0%)***
EBITDA margin	*13.6%*	*15.1%*	*(1.5pp)*	*10.9%*	*12.5%*	*(1.6pp)*
EBITDA without IFRS 16	***6.6***	***7.0***	***(5.7%)***	***9.4***	***10.8***	***(13.0%)***
EBITDA margin without IFRS 16	*13.6%*	*15.1%*	*(1.5pp)*	*10.9%*	*12.5%*	*(1.6pp)*

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

(2) the data include the allocated costs of office space occupied by the Agora's Internet Department.

In the second quarter of 2019, the result of the Internet segment at the EBIT level excluding IFRS 16 decreased to PLN 4.9 million and to PLN 6.6 million at the EBITDA level excluding IFRS 16 *[1]*. In the entire first half of 2019, the Internet segment's EBIT excluding IFRS 16 amounted to PLN 6.3 million and decreased by 25.9% year on year, whereas the segment's EBITDA excluding IFRS 16 decreased by 13.0% to PLN 9.4 million. Higher operating costs had a significant impact on the financial results for the second quarter and the first half of 2019.

The implementation of the IFRS 16 standard had no significant impact on the method of recognizing operating costs in the Internet segment or the segment's operating profits.

1. REVENUE

In the second quarter of 2019, the total revenue of the Internet segment increased by 4.3% and amounted to PLN 48.5 million. In the first half of 2019, the Internet segment's total revenue decreased by 0.7% and amounted to PLN 86.1 million. In the second quarter of 2019, significantly higher advertising sales generated by Yieldbird were the main factor behind the increase in the segment's revenue. The factor that affected the segment's level of revenue in both periods was the discontinuation of Agora Performance operations in November 2018, and lower revenue generated by GoldenLine.

2. COST

In the second quarter of 2019, the Internet segment's operating costs excluding IFRS 16 went up by 7.4%, and in the entire first half of 2019 they increased by 2.0% to PLN 79.8 million. The increase in operating costs was largely driven by higher spending on external services, associated mainly with the lease of advertising space.

In the second quarter of 2019, the cost of external services increased by 24.9% to PLN 26.1, while in the entire first half of 2019 they went up by 13.3%. The increase in expenditure on external services was mostly driven by higher lease costs of advertising space for Yieldbird. The increase in this cost category was, however, offset by higher revenue from the sale of advertising.

In the second quarter of 2019, staff costs decreased by 9.6%, whereas in the entire first half of 2019, they decreased by 10.0%. That was mainly the effect of a reduced number of full-time employees in the Gazeta.pl division and in the GoldenLine company.

Both in the second quarter and in the first half of 2019, depreciation costs increased by 54.5% and 34.8%, respectively. The increase in the mentioned costs was mostly driven by investments in modernization of the technological infrastructure, which allowed the development of advertising products and improved website visibility in search results of the most popular search engines.

In the second quarter of 2019, promotion and marketing costs decreased by 48.6% year on year. The decrease was mainly due to lower expenditure on the promotion of Gazeta.pl and Goldenline.pl. In the first half of 2019, the decrease in expenditure on marketing and promotion was 30.2% and, as in the second quarter of 2019, it was associated with lower expenditure on the promotion of Gazeta.pl and GoldenLine.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In June 2019, the overall reach of the Gazeta.pl group websites among Polish Internet users stood at 55.8%, and the number of users reached 15.6 million, which made the Gazeta.pl group the tenth market player according to a survey by Gemius PBI. The total number of page views of the Gazeta.pl group websites reached 518 million, with the average viewing time of 49 minutes per user *[6]*.

In June 2019, 12.3 million Internet users (reach of 43.9%) viewed the websites of Gazeta.pl group on mobile devices. The number of mobile page views amounted to 374 million, and the share of mobile page views on the websites of Gazeta.pl group stood at 72% and was the highest among Polish horizontal portals *[6]*.

The websites of Gazeta.pl group are ranked among the top thematic market players. In accordance with the data from Gemius PBI for June 2019, Gazeta.pl group is ranked second in the following categories: 'Local and regional news' (e.g. Wyborcza.pl and Wiadomosci.gazeta.pl) and 'Gossip, celebrity life' (Plotek.pl), and third in the following categories: 'Sport' (e.g. Sport.pl) and 'Children and family' (eDziecko.pl).

The websites of Gazeta.pl group are also highly ranked in the following categories: 'Fashion and beauty' (fifth place, *Avanti24.pl),* 'Work' (sixth place, Goldenline.pl), 'Diets, slimming, fitness' (sixth place, e.g. *Myfitness.gazeta.pl*).

4. NEW INITIATIVES

In the first half of 2019, the editorial team of the Gazeta.pl portal prepared more novelties for their users. Haps - a popular culinary video format created by the lifestyle editorial team of Gazeta.pl was extended and developed into a new website. Sport.pl introduced new video formats, including a football show called *Sekcja piłkarska* (*Football section*) broadcast live, which is hosted by journalists and the chief editor of Sport.pl as well as *F1 Sport*, which summarises the tournaments of Grand Prix Formula 1. *Studio Biznes*, hosted by the chief editor of Next.Gazeta.pl, is the latest live video format in portal's portfolio. It features conversations with guests about the trendiest business topics and more and is available every Wednesday.

Gazeta.pl celebrated the milestone anniversary of Poland's presence in the European Union in a special way by organising a special debate in Strasbourg with Polish Members of the European Parliament. The launch of the programme on Gazeta.pl started a series of special daily interviews from Strasbourg and articles about Poland in the EU as well as the future of the European Community, called *European month on Gazeta.pl.* The website also invited internet users to the *Swieto Wolnosci* (*Liberty Holiday*) event, which was organised to celebrate the 30th anniversary of partially free elections of 1989. On this occasion, Gazeta.pl researched the values that are important for Poles and how they evaluate the most popular Polish politicians. Additionally, website users could benefit from attractive discounts as part of the *Pin do wolnosci* (*PIN to liberty*) campaign. In April Moto.pl, the automotive website of Gazeta.pl, gained a new logo and a modern layout, in which videos created by the editing team are more visible. In June, Gazeta.pl along with VMLY&R Poland, MasterCard and BNP Paribas was awarded the Grand Prix award during Cannes Lions in the category of Glass: The Lion for Change and Titanium Lion for the campaign around the last issue of *Twoj Weekend* magazine, formerly known for its erotic content and objectification of women. This is the first ever Polish campaign awarded with the Grand Prix in the most prestigious international contest in the field of advertising and communication. The project was also awarded with bronze statuettes in three other categories.

With the safety of users and advertisers in mind, in June 2019, the Gazeta.pl team implemented on all of its pages the ABT Shield tool, developed by NPD Edge. This is an innovative solution that uses artificial intelligence to limit the distribution of misleading information as well as the negative impact of bots and trolls on the experience of readers and the effectiveness of advertising campaigns.

The internet companies, in which Agora Group holds shares, also developed their portfolio and scope of activities. Yieldbird continued to develop international operations, as it attracted customers in the United States, Denmark, Ireland and Serbia, and established partnerships with Brazilian Premium Ads and Swedish Yield Optimisers. Similar activities were initiated by ROI Hunter – its new European sales office was established in London. Additionally, ROI Hunter established a partnership cooperation with BigCommerce, one of the largest e-commerce platforms in the US, and introduced a new tool to its portfolio, namely Creative Factory, which enables marketers to create video advertising for Facebook and Instagram in a simple way, so that they can fully benefit from the advertising possibilities of these channels. In June 2019, in line with the investment agreement concluded in September 2018, Agora acquired further shares in ROI Hunter during the second round of financing, and currently holds 24% of the company's shares. Domiporta Sp. z o.o. prepared two innovative tools for its commercial customers: a mobile application (social manager) which makes it possible to create marketing campaigns automatically on social platforms and manage marketing-related expenses, as well as the possibility of booking real estate online by potential buyers. Hash.FM, the agency that conducts marketing campaigns with social media influencers, launched Fameshop - the first store created specifically for influencers. It also started surveying the audience of each influencers – the quality of followers of all the influencers with whom the agency cooperates, in order to obtain additional information about the target groups of its campaigns.

IV.E. RADIO

The Radio segment includes the pro-forma consolidated financials of Agora's Radio Department, all local radio stations and a super-regional radio TOK FM, which are parts of the Agora Group. These include: 24 Golden Hits (Zlote Przeboje) local radio stations (in August 2018 Złote Przeboje started broadcasting in Bieszczady mountains), 4 local radio stations under the brand Rock Radio, 8 local stations broadcasting under the brand Radio Pogoda (since March 2018 Radio Pogoda broadcasts in Gdansk) and a super-regional news radio TOK FM broadcasting in 23 metropolitan areas.

Tab. 18

in PLN million	**2Q 2019**	**2Q 2018**	***% change yoy***	**1-2Q 2019**	**1-2Q 2018**	***% change yoy***
Total sales, including :	**27.9**	**29.2**	***(4.5%)***	**50.0**	**55.2**	***(9.4%)***
Radio advertising revenue (1), (2)	22.7	25.1	*(9.6%)*	40.4	46.9	*(13.9%)*
Total operating cost, including: (2)	**(24.3)**	**(23.4)**	***3.8%***	**(45.3)**	**(47.1)**	***(3.8%)***
Total operating cost without IFRS 16 (2)	***(24.3)***	***(23.4)***	***3.8%***	***(45.4)***	***(47.1)***	***(3.6%)***
External services	(8.7)	(10.4)	*(16.3%)*	(16.3)	(21.4)	*(23.8%)*
External services without IFRS 16	*(9.4)*	*(10.4)*	*(9.6%)*	*(17.7)*	*(21.4)*	*(17.3%)*
Staff cost	(8.5)	(8.2)	*3.7%*	(17.1)	(16.3)	*4.9%*
D&A	(1.8)	(1.0)	*80.0%*	(3.5)	(2.0)	*75.0%*
D&A without IFRS 16	*(1.0)*	*(1.0)*	-	*(2.1)*	*(2.0)*	*5.0%*
Promotion and marketing (2)	(3.6)	(1.9)	*89.5%*	(5.3)	(4.0)	*32.5%*
EBIT	**3.6**	**5.8**	***(37.9%)***	**4.7**	**8.1**	***(42.0%)***
EBIT margin	*12.9%*	*19.9%*	*(7.0pp)*	*9.4%*	*14.7%*	*(5.3pp)*
EBIT without IFRS 16	***3.6***	***5.8***	***(37.9%)***	***4.6***	***8.1***	***(43.2%)***
EBIT margin without IFRS 16	*12.9%*	*19.9%*	*(7.0pp)*	*9.2%*	*14.7%*	*(5.5pp)*
EBITDA	**5.4**	**6.8**	***(20.6%)***	**8.2**	**10.1**	***(18.8%)***
EBITDA margin	*19.4%*	*23.3%*	*(3.9pp)*	*16.4%*	*18.3%*	*(1.9pp)*
EBITDA without IFRS 16	***4.6***	***6.8***	***(32.4%)***	***6.7***	***10.1***	***(33.7%)***
EBITDA margin without IFRS 16	*16.5%*	*23.3%*	*(6.8pp)*	*13.4%*	*18.3%*	*(4.9pp)*

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

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

In the second quarter and the first half of 2019, the operating profits of the Radio segment excluding IFRS 16, at both the EBIT and EBITDA levels, were lower year on year. In the second quarter of 2019, they amounted to PLN 3.6 million and PLN 4.6 million respectively, whereas in the first half of 2019 – to PLN 4.6 million and PLN 6.7 million respectively.
The results of the segment were mainly affected by lower sales of advertising services in the segment's own stations and higher costs of promotion and marketing.

In line with the IFRS 16 standard, the segment's operating profit at the EBIT level was PLN 3.6 million in the second quarter of 2019 and PLN 4.7 million in the entire first half of the year. In this respect, the segment's EBITDA was PLN 5.4 million in the second quarter of 2019 and PLN 8.2 million in the entire first half of 2019.

1. REVENUE [3]

In the second quarter of 2019, revenue of the Radio segment decreased by 4.5% yoy and amounted to PLN 27.9 million. In the first half of 2019, the Radio segment's revenue went down by 9.4% year on year and amounted to PLN 50.0 million. In both periods discussed, the decrease in revenue was attributable mostly to lower sales of airtime in the Agora Radio Group stations and to lower revenue from brokerage of third-party airtime.

Notably, in the second quarter of 2019, total radio advertising expenditure decreased by 5.4% year on year. In the period January–June 2019, advertisers reduced their radio advertising expenditure by 5.5%.

In both periods discussed, there was higher year-on-year revenue recorded from the brokerage services provided for Helios cinemas and from Internet activities.

2. COST

In the second quarter of 2019, the operating costs of the Radio segment excluding IFRS 16 increased by 3.8% compared to the segment's operating costs in the second quarter of 2018, and they amounted to PLN 24.3 million. However, in the first half of 2019, the segment managed to reduce these costs by 3.6% to PLN 45.4 million.

In the second quarter of 2019, costs of external services excluding IFRS 16 decreased by 9.6% to PLN 9.4 million, and in the first half of 2019, they were lower by 17.3% and amounted to PLN 17.7 million. In both periods, a decrease was recorded in the cost of air time purchase in third-party radio stations in connection with the sales brokerage in advertising services provided and marketing research costs. Furthermore, in the second quarter of 2019, the costs related to the sales brokerage services for Helios cinemas were higher. Excluding IFRS 16, apart from the costs related to sales brokerage for Helios cinemas and third-party radio stations, the external services item also includes rental fees, production services as well as operator fees.

In both periods discussed, staff costs increased to PLN 8.5 million in the second quarter of 2019 and to PLN 17.1 million in the first half of 2019. The increase was mainly caused by higher costs of remuneration under full-time employment contracts. In the first half of 2019, the costs of courses, trainings and conferences were also higher.

There was an increase in promotion and marketing costs recorded both in the second quarter and the first half of 2019. That was primarily the result of higher expenditure on the promotion of Radio Zlote Przeboje and Radio Pogoda.

3. AUDIENCE SHARES [9]

Tab. 19

% share in listening	**2Q 2019**	**change in pp yoy**	**1H 2019**	**change in pp yoy**
Group's music radio stations (Rock Radio, Zlote Przeboje and Radio Pogoda)	4.2%	(0.2pp)	4.4%	0.2pp
News talk radio station TOK FM	2.1%	0.0pp	2.1%	0.0pp

4. NEW INITIATIVES

In the second quarter of 2019, TOK FM Radio concluded another large campaign involving residents of over ten cities where the station is available. Activities as part of the *Nasza Europa* (*Our Europe*) campaign, included six debates with candidates to the European Parliament in six Polish cities and discussions in the studio dedicated to other electoral regions. Each conversation was transmitted live on TOK FM Radio as well as on Tokfm.pl in a video format. At the beginning of June, the TOK FM Radio editorial team invited everyone to celebrate the 30th anniversary of partially free elections, which took place on 4 June 1989. The station's programmes were broadcast live from Gdansk, from the European Solidarity Centre and field studio, while a model of the Sejm (the lower house of the Polish parliament) by TOK FM Radio was prepared in Targ Weglowy Square, which was the centre of anniversary events and attractions prepared for adults and children.

TOK FM is also developing its premium offer and the portfolio of radio shows. Since March 2019, on each device with the new version of the Android system, it has been possible to control TOK FM Radio by voice, in the Polish language version of Google Assistant. Furthermore, the Agora Radio Group team has implemented an innovative project called 'Search the Radio' that makes it possible to search through the fully transcribed content of radio shows.

In April 2019, a new podcast debuted, entitled *Ekonomia sie chwieje* (*Economy is wobbling*) by Grzegorz Sroczynski, which joined the rich range of TOK FM Radio podcasts available only on the internet. This type of audio materials has

been created since March 2018, specifically for the needs of the digital version of TOK FM Radio. They are provided on Tokfm.pl and in the mobile application. Later, they can also be broadcast on the radio itself.
The number of purchased Premium subscriptions to Radio TOK FM is rapidly growing. At the end of March 2019, the station had over 17 thousand subscribers, which is 70% more compared to last year. Radio TOK FM's digital podcasts range from over 65 thousand. archival broadcasts of Radio TOK FM to new ones added daily, which are created, among others, on the basis of over 19 hours of première programmes broadcasted each day.

The Agora Radio Group music stations also prepared something new for their listeners. In June 2019, a new show was introduced on Rock Radio, called *WyLOGuj sie na weekend z Rock Radiem* (*Log out for the weekend with Rock Radio*), created together with the editorial team of the *Logo* magazine. Złote Przeboje Radio launched a campaign called *Zlote Przeboje na wakacjach* (*Golden Hits on holidays*), in which the station accompanies participants of musical events taking place in more than ten Polish cities, and additionally, the station invites the audience to listen to special shows and to participate in on-air competitions. In March 2019, an image campaign for Zlote Przeboje Radio was launched in which well-known artists from the Polish music scene took part: Patrycja Markowska, KOMBII and De Mono. Promotional activities under the slogan *Tylko dobra muzyka* (*Only good music*), carried out, for example, using outdoor advertising and the internet, were accompanied by special spots with the participation of musicians.

Furthermore, in spring of this year, Zlote Przeboje Radio, Rock Radio and Pogoda Radio launched their newest applications in AppStore and Google Play. Not only do they offer the opportunity to listen to live broadcasts, with local station selection and viewing of the songs being played, but they also make it possible to receive messages about new campaigns and competitions.

IV.F. PRINT [1]

The Print segment includes the pro-forma financials of Agora's Print division and Agora Poligrafia Sp. z o.o.

Tab. 20

in PLN million	2Q 2019	2Q 2018	*% change yoy*	1H 2019	1H 2018	*% change yoy*
Total sales, including:	**13.1**	**18.7**	***(29.9%)***	**28.9**	**36.1**	***(19.9%)***
Printing services (1)	*11.2*	16.5	*(32.1%)*	25.5	32.1	*(20.6%)*
Total operating cost, including:	**(15.5)**	**(19.1)**	***(18.8%)***	**(39.4)**	**(38.3)**	***2.9%***
Total operating cost without IFRS 16	***(15.5)***	***(19.1)***	***(18.8%)***	***(39.4)***	***(38.3)***	***2.9%***
Raw materials, energy and production services	(6.5)	(10.7)	*(39.3%)*	(17.1)	(19.5)	*(12.3%)*
Staff cost	(4.8)	(4.6)	*4.3%*	(9.4)	(9.4)	-
D&A	(2.6)	(1.8)	*44.4%*	(4.1)	(3.8)	*7.9%*
D&A without IFRS 16	(2.6)	(1.8)	*44.4%*	(4.1)	(3.8)	*7.9%*
Restructuring costs (2)	-	-	-	(4.9)	(1.4)	*250.0%*
EBIT	**(2.4)**	**(0.4)**	***(500.0%)***	**(10.5)**	**(2.2)**	***(377.3%)***
EBIT margin	*(18.3%)*	*(2.1%)*	*(16.2pp)*	*(36.3%)*	*(6.1%)*	*(30.2pp)*
EBIT without IFRS 16	***(2.4)***	***(0.4)***	***(500.0%)***	***(10.5)***	***(2.2)***	***(377.3%)***
EBIT margin without IFRS 16	*(18.3%)*	*(2.1%)*	*(16.2pp)*	*(36.3%)*	*(6.1%)*	*(30.2pp)*
EBITDA	**0.2**	**1.4**	***(85.7%)***	**(6.4)**	**1.6**	**-**
EBITDA margin	*1.5%*	*7.5%*	*(6.0pp)*	*(22.1%)*	*4.4%*	*(26.5pp)*
EBITDA without IFRS 16	***0.2***	***1.4***	***(85.7%)***	***(6.4)***	***1.6***	**-**
EBITDA margin without IFRS 16	*1.5%*	*7.5%*	*(6.0pp)*	*(22.1%)*	*4.4%*	*(26.5pp)*

(1) revenues from services rendered for external customers;

(2) cost related to group lay-offs executed in the first quarter of 2018 and 2019.

In the second quarter of 2019, the Print segment achieved a positive result at the EBITDA level amounting to PLN 0.2 million, excluding IFRS 16, while in the first half of 2019, the segment recorded a loss of PLN 6.4 million at the EBITDA level, excluding IFRS 16. This was mainly due to the restructuring provision created in the first quarter of 2019.

The implementation of the IFRS 16 standard had no significant impact on the method of recognizing operating costs in the Print segment.

1. REVENUE

Both in the second quarter and the first half of 2019, the Print segment's revenue from the sale of printing services to external customers decreased yoy to PLN 11.2 million and PLN 25.5 million, respectively. In both cases, the decline resulted from a lower volume of orders for printing services, mainly in the coldset technology.

2. COST

In the second quarter of 2019, the Print segment's operating costs excluding IFRS 16 decreased by 18.8% yoy and amounted to PLN 15.5 million. The level of operating costs recorded by the segment was positively affected by a reversal of PLN 1.3 million from the write-down of the value of expired newsprint. There was also a 39.3% decrease in the costs of materials, energy and production services due to reduced production volume.

In contrast, a factor that contributed adversely to the level of operating costs was the accelerated depreciation of coldset machinery in closed print shops in Pila and Tychy. Moreover, in the second quarter of 2019, there was a minor increase in staff costs caused by, among other factors, a higher holiday provision.

In the first half of 2019, the Print segment's operating costs excluding IFRS 16 were higher by 2.9% yoy and amounted to PLN 39.4 million, mostly due to the restructuring provision related to collective redundancies. However, the costs of materials, energy and production services were lower, mostly due to reduced print volume.

NOTES

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

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

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

EBIT and EBITDA of Press, Internet, Movies and Books as well as Print segments are calculated on the basis of cost directly attributable to the appropriate operating segment of the Agora Group and excludes allocations of all Company's overheads (such as: cost of Agora's Management Board and a majority of cost of the Company`s supporting divisions), which are included in reconciling positions.

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

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

[3] The data relate to advertisements and listings in six media (press, radio, television, outdoor advertising, internet, cinema). In this report, Agora corrected data on expenditure on advertising in newspapers, television, cinema and online in the first quarter of 2019, as well as expenditure on advertising on television in the first and second quarter of 2018 and expenditure on advertising in the cinema in the first quarter 2018.

Unless explicitly stated otherwise, press and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure as well as advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods.

Data for advertising expenditure in press relate only to display advertisements, excluding inserts, classified ads and obituaries. As a basis for estimates rate card data from monitoring of Kantar Media were used.

Expenses for advertising on television, cinema and the Internet are based on preliminary estimates of the Starcom media house; TV market estimates include amounts related to broadcasting regular advertising and sponsorship indications along with product placement, but they do not include amounts related to teleshopping or other forms of promotion.

[4] The data on the number of copies sold (total paid circulation) of daily newspapers is derived from the National Circulation Audit Office (ZKDP). The term "copy sales" used in this MD&A is consistent with the sales declarations of publishers to the National Circulation Audit Office.

The data on dailies readership are based on PBC General, research carried out by Kantar MillwardBrown on a random, nationwide sample of Poles over 15 years of age. The CCS index was used (weekly readership index) - percentage of respondents reading at least one edition of the title within 7 days of the week preceding research. Size of the sample: nationwide PBC General for April-June 2019: N=5,034, for January-June 2019: N= 10,087.

[5] Definition of ratios:

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

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

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

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

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

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

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

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

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

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

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

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

Since May 2016 a new methodology of Gemius PBI research has been introduced. According to the new methodology the data is presented jointly for PCs and mobile platforms, and the reach of websites is reported accordingly. The way of weighing data and the definitions of indices also changed.

The data for mobile platforms present the traffic through www as well as - since December 2016 - through mobile applications (Gazeta.pl LIVE, Sport.PL LIVE, Moje Dziecko, Moja Ciaza, Tuba.fm, Aplikacja Gazeta Wyborcza, Clou).

[7] Average paid circulation of monthlies is based on the Agora's own data.

[8] Source: report prepared by Izba Gospodarcza Reklamy Zewnetrznej (IGRZ) in cooperation with Starlink company.

[9] Audience market data referred herein are based on Radio Track surveys, carried out by Kantar Millward Brown SMG/KRC (all places, all days and all quarter) in whole population and in the age group of 15+, from April to June (sample for 2018: 20,690; sample for 2019: 21,007), form January to June (sample for 2018: 41,517; for 2019: 41,993).

[10] The data on cinema ticket sales are estimates of Helios group prepared on the basis of data received from Boxoffice.pl (based on reports submitted by distributors of film copies). Cinema ticket sales are reported for periods, which do not cover a calendar month, quarter or year. The number of tickets sold in the given period is calculated from the first Friday of a given month, quarter or year until the first Thursday of the next reporting month, quarter or year.

V. ADDITIONAL INFORMATION

1. SIGNIFICANT EVENTS

Information about the significant contract for the Issuer.

In the current report of March 11, 2019, the Management Board of Agora S.A. informed that on March 11, 2019, the Company and its subsidiaries AMS S.A. and Helios S.A. started negotiations with a consortium of banks to obtain credit, among other things for financing or refinancing the acquisition and investment expenses of the Agora Group, consistent with the business strategy for 2018-2022, as well as for financing working capital and general corporate goals. The level of financing that the Company is planning to apply for is up to PLN 500,000,000 (five hundred million zlotys).

In the current report of March 29, 2019, the Management Board of Agora S.A., with reference to report no. 6/2017 of May 25, 2017, and no. 13/2018 of May 18, 2018 regarding the Credit Line Agreement ('Agreement') with DNB Bank Polska S.A.('Bank'), informed about signing Annex no. 2 to the said Agreement ('Annex no. 2').

The signing of Annex no. 2 extending the validity of the Credit Line Agreement until August 29, 2019 was related to negotiations initiated by the Company with a consortium of banks to obtain financing for the Agora Group. DNB Bank Polska S.A. was the leading bank in the bank consortium with which the Company is conducting negotiations.

In accordance with the original terms of the Credit Line Agreement, the Company was entitled to use the credit limit in the total amount of PLN 135,000,000.00 (one hundred and thirty-five million zlotys).

On May 25, 2017, Agora S.A. used a part of the credit limit amounting to PLN 25,000,000.00 (twenty five million zlotys) to repay a term loan from Bank Polska Kasa Opieki SA. On February 20, 2019, Agora used a part of the credit limit amounting to PLN 75,000.00.00 million in connection with the acquisition of shares in Eurozet Sp. z o.o.

Pursuant to Annex no. 2, the Company had at its disposal a credit limit of PLN 35,000,000.00 (thirty five million zlotys), which could be used until August 29, 2019 on terms and conditions similar to those specified in the Agreement referred to in the Company's current reports of May 25, 2017 and May 18, 2018.

The Credit Limit bears the WIBOR rate for one-month deposits in PLN plus the Bank's margin. In the event of the failure to pay some or all of the Bank's receivables within the deadline specified in the Agreement, the Company could be charged interest at the base rate plus penalty interest. There were no other provisions on contractual penalties in Annex no. 2.

The collateral for the repayment 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.

In the current report of 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.

Information on impairment tests conducted

In the current report of February 6, 2019, the Management Board of Agora S.A. informed that in accordance with the requirements of the International Financial Reporting Standards, the Agora Group ('The Group') was in the process of verifying the valuation of its assets, among other things, on the basis of long-term financial forecasts for individual segments of the Group.

The analyses performed showed that impairment losses had to be recognized on assets in the Print and Internet segments. The total amount of the impairment losses recognized had an impact on the net profit of both the Company and the Agora Group for the fourth quarter of 2018.

In the fourth quarter of 2018, the largest impairment loss related to the value of GoldenLine. Its impact on the net profit of Agora S.A. amounted to ca. PLN 9 million, and the impact on the net profit of the Agora Group was PLN 5.6 million.

The individual amounts of the remaining impairment losses were not significant from the Company's and the Agora Group's perspective.

The Company also decided to write-off the remaining part of receivables from RUCH SA which were at risk of being uncollectible. The impact of this write-off on the net profit of both Agora S.A. and the Agora Group amounted to PLN 3.3 million in the fourth quarter of 2018.

The total negative impact of all one-off events amounted to ca. PLN 14.3 million on Agora's net profit and ca. PLN 11.4 million on the Agora Group's net profit.

Consultation procedure on employment reduction in the Print segment of the Agora Group

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 were also 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, was related to the ongoing decrease in revenues from the sale of print services in the coldset technology in which Agora Group's printing plants specialized. 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.

In the current report of 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 lay-offs which will be charged to the Agora Group's result in 1Q2019 amounted to ca. PLN 5.6 million.

Recommendation of the Management Board of Agora S.A. concerning the payment of a dividend

In the current report of May 14, 2019, the Management Board of Agora S.A. informed about adoption of the resolution on May 14, 2019 to recommend to the General Meeting of Shareholders payment of dividend in the amount of PLN 23,290,415.50 (PLN 0.50 per one share).

The dividend was paid in part from the net profit for the financial year 2018, and in part from the supplementary capital of the Company. The proposed dividend day was July 12, 2019, and the proposed distribution date – August 1, 2019.

The proposed period between the date of setting the right to dividend and the date of payment of the dividend does not exceed the period of 15 working days, as recommended by the Best Practices of companies listed on the Warsaw Stock Exchange.

The above recommendation of the Company's Management Board was consistent with the dividend policy announced by the Company on February 14, 2005 and was based on the analyses of Agora's financial situation and its balance sheet structure in the context of the Company's main objectives for the coming years, including further development projects.

The above application received a positive opinion of the Supervisory Board. The recommendation of the Company's Management Board was presented to the General Meeting of Shareholders of the Company, which made the final decision on these matters.

In the current report of June 12, 2019, the Management Board of Agora S.A. informed that the Annual General Meeting of the Company held on June 12th, 2019 adopted a resolution on dividend payment.

The amount of PLN 23,290,415.50 was allotted for dividend, i.e. PLN 0.50 per one share. All shares of the Company, in the number of 46,580,831 were entitled to the dividend.

Record date was July 12, 2019, payment date was August 1, 2019.

General Meeting of Shareholders of Agora S.A.

In the current report of May 16, 2019, the Management Board of Agora S.A. informed about convening, for June 12, 2019, at 11 a.m., the Ordinary General Meeting of Shareholders of Agora S.A. ("General Meeting of Shareholders").

In the current report of May 16, 2019, draft resolutions were published, subject to submission to the General Meeting of Shareholders.

In the current report of June 5, 2019, the Management Board of Agora SA informed that on June 5, 2019, it received by the Company in accordance with the provisions of § 21 section 1 (a) (i) of the Company's Statute, proposal from a shareholder of the Company - Agora-Holding Sp. z o. o., shareholder holding 100% of preferred series A registered shares, including candidates for the Company's Supervisory Board: Mr. Dariusz Formela, Mr. Tomasz Sielicki, Mr. Andrzej Szlezak, Mrs. Wanda Rapaczynski, Mr. Maciej Wisniewski. Detailed CVs of the candidates have been published on the Company's website.

In the current report of June 5, 2019, the Management Board of Agora SA informed that on June 5, 2019 it received information that according to § 21 section 1 (a) (ii) of Company's Statute, Company's shareholder - Powszechne Towarzystwo Emerytalne PZU S.A. representing Otwarty Fundusz Emerytalny PZU "Zlota Jesien", submitted the candidature of Mr. Tomasz Karusewicz to the Supervisory Board of Agora SA. Detailed CV of the candidate has been published on the Company's website.

In the current report of June 12, 2019, the Management Board of Agora S.A. informed the public about the contents of the resolutions adopted by the General Meeting of Shareholders, including the resolutions concerning: (i) appointment of Mr. Dariusz Formela, Mr. Tomasz Sielicki, Mr. Andrzej Szlezak, Mrs. Wanda Rapaczynski, Mr. Maciej Wisniewski and Mr. Tomasz Karusewicz for the Supervisory Board a joint term starting with the end of this General Meeting, which will expire on the day of the General Meeting approving the financial statements for 2021, (ii) appointing Andrzej Szlezak as the Chairman of the Supervisory Board of Agora SA, (iii) changes in the monthly remuneration for members of the Supervisory Board.

In the current report of June 12, 2019, the Management Board of Agora S.A. informed that at the General Meeting of Shareholders held on June 12, 2019, the following shareholders held more than 5% of votes at that general

meeting:
- Agora-Holding Sp. z o.o.: 22,528,252 votes, i.e. 48.89% of votes at that Ordinary General Meeting of Shareholders and 35.36% of the total number of votes;

- Otwarty Fundusz Emerytalny PZU “Zlota Jesien”: 8,126,000 votes, i.e. 17.63% of votes at that Ordinary General Meeting of Shareholders and 12.76% of the total number of votes;

- MDIF Media Holdings I, LL: 5,355,645 votes, i.e. 11.62% of votes at that Ordinary General Meeting of Shareholders and 8.41% of the total number of votes;

- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4,480,000 votes, i.e. 9.72% of votes at that Ordinary General Meeting of Shareholders and 7.03% of the total number of votes.

In the current report of June 12, 2019 the Management Board of Agora SA informed that on June 12, 2019, pursuant to art. 385 § 1 of the Commercial Companies Code and the provisions of § 20 and 21 of the Company's Statute, the Company's General Meeting appointed: Ms. Wanda Rapaczynski, Mr. Andrzej Szlezak, Mr. Maciej Wisniewski, Mr. Tomasz Sielicki, Mr. Dariusz Formela, and Mr. Tomasz Karusewicz for the Supervisory Board.

In the current report of June 26, 2019, the Management Board of Agora S.A. communicated the content of the replies given on 26 June 2019 to shareholder's questions, submitted in accordance with art. 428 couples 5 of the Code of Commercial Companies. The content of the questions and answers provided was published on the Company's website.

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.

Correction of the annual report for 2018

In the current report of April 10, 2019, the Management Board of Agora S.A. informed that due to technical reasons during the publication of the annual report for 2018 on March 8, 2019, an attachment containing, among other things, an Evaluation of the Supervisory Board of Agora S.A. of the compliance of (i) the financial statements of the Company and the Agora Group for 2018; and (ii) the report of the Agora SA Management Board on the business of Agora SA and Agora Group S.A. with the books of account, documentation and the factual situation had not been attached.

Other documents and data included in the separate and consolidated annual report for 2018 submitted by the Company on March 8, 2019 did not change.

The Company submitted an appropriate statement as an appendix to the report and re-submitted a supplemented version of the separate and consolidated annual report for 2018, including all the attachments.

1A. CHANGES IN CAPITAL CONNECTIONS OF THE ISSUER WITH OTHER ENTITIES

Agora Finanse Sp. z o.o.

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 4,100 shares in Agora Finanse representing 100% of its share capital and giving rights to 4,100 votes representing 100% of the voting rights at the company’s shareholders’ meeting.

Agora Poligrafia Sp. z o.o.

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.

AMS S.A.

In the current report of July 15, 2019, the Management Board of Agora S.A. informed, on the basis of Article. 17 sec. 1 and 4 of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (regulation on market abuse) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission directive 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR"), disclosed confidential information on the initiation of negotiations on 23 May 2019 to acquire by AMS S.A. (directly or indirectly) 85% shares in Piano Group sp. z. o. o. and execution of a shareholder agreement with a minority shareholder ("Confidential Information").

Contents of the delayed Confidential Information: “*The Management Board of Agora S.A. with its registered office in Warsaw ("Agora") hereby informs that today the company from the Agora Group - AMS S.A. (AMS) has begun negotiations regarding the acquisition by AMS S.A. (directly or indirectly) 85% shares in Piano Group z o. o. with its registered office in Warsaw and conclusion of a shareholder agreement with a minority shareholder of Piano Group sp. z. o.o., being the sole shareholder of Benefit Multimedia Spolka z ograniczona odpowiedzialnoscia spolka komandytowo-akcyjna with its registered office in Warsaw ("Multimedia Benefit").*

Benefit Multimedia is the owner of Move TV video platform out-of-home available in fitness clubs that enables digital content to be presented in them. The owners of Benefit Multimedia are two natural persons with whom AMS has started negotiations.

At the same time, AMS has entered into negotiations regarding the establishment of detailed rules for future cooperation with the minority partner of Benefit Multimedia and the possible purchase of remaining shares in Multimedia Benefit.

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

Negotiations are conducted exclusively until 15 July 2019. The potential transaction is in line with the long-term strategy of the Agora Group, in particular with the plan to build digital solutions in the out-of-home advertising segment.”

The Management Board of the Company stated as the reason justifying the delay in disclosing the Confidential Information to the public, which at the time of the decision on the delay met the conditions set out in MAR and in the guidelines of the European Securities and Markets Authority ("ESMA") regarding the delay in disclosure of confidential information of 20 October 2016 ("ESMA Guidelines").

In the Management Board's opinion, the immediate disclosure of Confidential Information generated the risk of a negative impact on the course and outcome of the negotiations, the terms of the Transaction and the probability of its implementation. Considering the barriers to entering the digital out-of-home market, especially in the indoor segment and the specificity of solutions in this area, disclosing information about the Company's negotiations on the Transaction could contribute to third party interference, which could have a negative impact on the duration and the terms of the Transaction.

The above could, in particular, result in obtaining conditions worse than in the case of keeping the information confidential, and even the lack of successful completion of the Transaction in the future. In the opinion of the Management Board, the above premises met the criteria for the possibility of infringement of the legally legitimate interest of the issuer specified in point 5, subsection 8a of the ESMA Guidelines.

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

In the opinion of the Management Board, there were no indications that delay in disclosing Confidential Information could mislead the public, in particular due to the fact that the Company's consideration of the Transaction is in line with the Company's investment directions adopted by the Company, as well as because of the lack of previous public announcements on the part of the Company regarding this particular Transaction. In view of the above, there were no grounds to consider that the delay in publishing the Confidential Information to the public contrasts with the market expectations based on the communication previously conducted by the Company.

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

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

In the current report of July 15, 2019, The Management Board of Agora S.A. informed, with reference to the Current Report No 21/2019, 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 will depend on the value of the EBITDA, the multiplier assigned to it and the value of the net debt.

The acquisition of the Shares will be financed from AMS’s own resources.

The turnover of Piano Group did not exceed EUR 10 million in any of the last two financial years.

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 constituted a long-term investment by the Agora capital group and was 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.

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:

1. SFS Ventures would acquire 60% of shares in Eurozet;
2. 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:

1. 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;
2. 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

3. 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') 2018 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.

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.

Foodio Concepts Sp. z o.o.

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.

Helios S.A.

Call for the repurchase of shares in a subsidiary

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

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

(i) Sell-out procedure

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

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

The Minority Shareholder and other minority shareholders referred to in the preceding sentence which had rights under 1,460 shares appealed from the Court's decision appointing the registered auditor.

By a valid decision of the Regional Court in Lodz, the 13th Business Appeal Department of February 20, 2019, 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 report, the sell out and squeeze out procedures have not been completed.

◗ **Online Technologies HR Sp. z o.o.**

In the current report of 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 600,000.00, which will be repaid until September 11, 2019. The interest rate on the loan corresponds to market conditions.

◗ **Optimizers Sp. z o.o.**

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 45,000. As a result of the above transaction, Agora S.A. does not currently hold any shares in Optimizers Sp. z o.o. (directly), but indirectly (through AMS S.A.) Optimizers Sp. z o.o. still remains a subsidiary of the Agora Group.

◗ **Polskie Badania Internetu Sp. z o.o.**

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 was 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.

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 CZK 2,647,860 to CZK 2,970,961 by creating 323,101 shares to be taken up by Agora SA, in exchange for a cash contribution of CZK 51,252,000 with the amount CZK 50,928,899 allocated to the supplementary capital ROI.

On the same day, Agora S.A. has concluded a share sale agreement with an ROI shareholders. As a result of this agreement, Agora S.A. acquired 32,310 shares in ROI for CZK 5,125,200. 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.

Step Inside Sp. z o.o.

In the current report of 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 informs 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 above 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.

In the current report of 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.

Yieldbird Sp. z o.o.

On August 8, 2019, Agora S.A. has concluded three share purchase agreements in a limited liability company 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 million. 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.

2. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY MANAGEMENT BOARD MEMBERS IN THE SECOND QUARTER OF 2019 AND UNTIL THE DATE OF PUBLICATION OF THIS REPORT

Tab. 21

a. shares	as of 15 May 2019	*decrease*	*increase*	as of 5 September 2019
Bartosz Hojka	2,900	-	-	2,900
Tomasz Jagiello	0	-	-	0
Grzegorz Kania	0	-	-	0
Anna Krynska - Godlewska	0	-	-	0
Agnieszka Sadowska	0	-	-	0

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

The members of the Management Board participate in the incentive plan described in the note 5 of the condensed semi-annual consolidated financial statements.

3. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY SUPERVISORY BOARD MEMBERS IN THE SECOND QUARTER OF 2019 AND UNTIL THE DATE OF PUBLICATION OF THIS REPORT

Tab. 22

a. shares	as of 15 May 2019	*decrease*	*increase*	as of 5 September 2019
Andrzej Szlezak	0	-	-	0
Andrzej Dobosz (1)	0	-	-	0
Dariusz Formela	0	-	-	0
Tomasz Karusewicz (2)	0	-	-	0
Wanda Rapaczynski	882,990	-	-	882,990
Tomasz Sielicki	33	-	-	33
Maciej Wisniewski	0	-	-	0

(1) Member of the Supervisory Board of Agora SA previous term of office ending on June 12, 2019
(2) Member of the Supervisory Board of Agora SA the current term of office beginning on June 13, 2019.

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

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

Data update is performed on the basis of the official notifications from shareholders entitled to over 5.0% of total voting rights at the General Meeting of the Company.

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, as of the day of publication of the previous quarterly report (i.e. May 15, 2019), and as of the day of publication of this report, has not significantly changed.

Based on the above notifications, as of the date of provision of this report, the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of Shareholders of the Company:

Tab. 23

	No. of shares	*% of share capital*	no. of votes	*% of voting rights*
Agora-Holding Sp. z o.o. *(in accordance to the last notification of September 24,2015)(1)*	5,401,852	11.60	22,528,252	35.36
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Złota Jesień and Dobrowolny Fundusz Emerytalny PZU) *(in accordance to the last notification of December 27, 2012)(1)*	7,594,611	16.30	7,594,611	11.92
including: Otwarty Fundusz Emerytalny PZU Zlota Jesien *(in accordance to the last notification of December 27, 2012)(1)*	7,585,661	16.28	7,585,661	11.91
Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC) *((in accordance to the last notification of June 6, 2016)(1)*	5,350,000	11.49	5,350,000	8.40
Nationale – Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale – Nederlanden Otwarty Fundusz Emerytalny and Nationale Nederlanden Dobrowolny Fundusz Emerytalny) *(in accordance to the last notification of June 9, 2016)(1)*	4,493,055	9.65	4,493,055	7.05

(1) shares in the votes and share capital of Agora S.A. were converted by the Company after registering the decrease in the Company's share capital on August 23, 2018.

5. OTHER INFORMATION

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

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

- **Changes in contingences and court cases**

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

- **Legal actions concerning liabilities or receivables of the Issuer or its subsidiaries**

In the first half of 2019, there were no significant legal actions in court, competent authority for arbitration procedures or public institutions related to liabilities or receivables Agora S.A. or its subsidiaries.

- **Related party transactions**

Transactions with related parties with the Group are of routine nature and were described in note 10 to the condensed semi-annual consolidated financial statements.

6. THE DESCRIPTION OF BASIC HAZARDS AND RISK CONNECTED WITH THE UPCOMING MONTHS OF THE CURRENT FINANCIAL YEAR

- **Macroeconomic risk**

Advertising revenues depend on the general economic situation in Poland and in Europe. They grow in the periods of economic upswing and are marked by considerable decrease in time of the economic slowdown. According to the Company's estimations in the first half of 2019, advertisers spent 1.0% yoy more on advertising. It should be remembered that the value of advertising revenue depends not only on the volume of ads and advertisements, but also on the prices obtained for the publication of these ads by the media.

- **Seasonality of advertising spending**

The Group advertising revenues are marked by seasonal variation. The Group's revenues in the first and third quarter are usually lower than in the second and fourth quarter of a given financial year.

- **Advertising market structure and the position of individual media in readership, TV and radio audience market**

The Group's advertising revenues are generated by the following media: press, outdoor advertising, radio stations, internet and cinemas. As a result of structural changes and media convergence particular media in the Agora Group's portfolio compete both with their business competitors and with television broadcasters - constituting 45.5% of the advertising market expenditure in the first half of 2019. The next largest segment of advertising market – Internet held 35.5% share in total ad spend. Ad expenditure in magazines and dailies constituted 4.0% and 1.5% share of total ad spend, respectively. Outdoor advertising held in the first half of 2019 5.5% of the advertising market share and radio ad spend constituted 6.5% of total ad expenditure. Cinema advertising in Poland constituted 1.5% of all advertising expenditure. Bearing in mind the dynamics of particular media and the current estimates of advertising market growth in 2019 there is a risk that the share of particular media in the advertising market will change. This may influence the Group's position and its revenues.

Additionally, as a result of the changes in media described above and consolidation on the advertising market the competition between media grows and it may influence Group's advertising revenues. Moreover, due to those changes and technological progress there is no certainty that the Group will be able to react to them in a proper time and manner, which may negatively influence the Group's position and financial results.

Advertising revenue also depends on the position on the readershipt, audience and viewership figures. Due to the process of structural changes taking place in the way media is consumed, the market is changing dynamically and some segments may gain and others lose their position in this market. It is not certain that the Group's position in individual media segments will not change.

- **Press distribution**

The main distribution channel for newspapers, which is used by all press publishers in Poland, are networks of newspaper sales points located in high-traffic areas. Historically, the distribution market in Poland was concentrated - the two largest distributors had over 80% share in press distribution. In 2018, RUCH S.A. has stopped paying its fees to publishers. Financial problems of RUCH S.A. affected the cooperation with the company and caused further decreases in the sale of copy printed press. Financial or operational problems of any of the other distributors will have a negative impact on copy sales and the results of the Group. The internet is becoaming a growing distribution channel for paid press content. Press publishers use either their own websites and e-kiosks or use third party solutions.

- **Press**

Presently paid press segment experiences a worldwide trend of copy sales decrease and shrinking of advertising expenditure. Press titles, published by the Group and its competitors, are not resistant to the changes taking place on the press market. There is also a migration of classified ads from the press to the internet. The dynamics of the above mentioned processes may have a negative impact on dailies copy sales and the revenues of the Group. On February 4, 2014, the Group introduced system of paid access to the digital content of *Gazeta Wyborcza*. As of may 2019, the number of subscriptions of content of Wyborcza.pl reached over 190 thousand active subscriptions. The Company is now focusing on increasing average revenues from the subscriptions as well as increasing revenues from ads on Wyborcza.pl. Yet, it is difficult to estimate whether this is achievable, taking into consideration great online competition.

- **Internet**

Polish Internet advertising market is highly competitive and the number of Internet users in Poland is not growing as fast as it used to. The Internet activity largely depends on technological development and the number of users. Maintaining strong position on the Internet market is made possible by investment in modern and innovative technological solutions. The development of this medium is also determined by the available infrastructure. In Poland, the state of broadband infrastructure development and its utilization is relatively low in comparison with most EU countries. The way of accessing the Internet is also changing, which can significantly influence the dynamics of the market. The number of mobile internet users is increasing. Changes in the way the Internet is used and the speed of connections can influence the dynamics of the growth of individual segments of the Internet advertising market.

In this segment, the Group competes with local and international entities. In such a competitive market, there is no guarantee that the Group's position will remain unchanged. What is more, the Internet advertising market is undergoing major transformations. Advertising in search engines and social media is becoming increasingly popular. The main source of Internet revenue for the Group is display advertising. Programmatic, video, and mobile advertising are becoming increasingly important. Strong position in the rapidly changing Internet advertising market requires investment in advanced technology. There is no certainty that the Group will be able to compete in this area with large domestic and international financial players.

- **Responsibility for published content**

The Group's business is based in many aspects on publishing content of journalists, writers, publicists, and users of online forums. This may involve liability or co-responsibility of the publisher for the dissemination of illegal information, including infringing personal property. It is not possible to exclude situations in which the Group could inadvertently infringe such rights and, as a consequence, claims may be made against it, whereby it may be necessary to pay appropriate compensation.

- **Outdoor**

The outdoor advertising market in Poland is very competitive. AMS S.A. competes with Polish companies and large international corporations both to acquire and retain customers as well as to extend and acquire new contracts for the location of advertising space. In addition, operations on the outdoor advertising market are subject to a high risk of changing the law, including construction and tax law, and its interpretation. The introduction of new rules for conducting advertising activities in urban agglomerations, as well as a change in the interpretation and application of applicable regulations and contracts may affect the amount of fees, taxes and potential penalties related to the business, which may affect the Group's result.

On September 11, 2015, the Act amending some acts in connection with the strengthening of landscape protection tools entered into force. Under its provisions, municipal authorities acquired broader powers to enact local law governing the presence of outdoor advertising and small architecture in public space, and to collect the so-called advertising fees. It is currently difficult to assess the scale and time of impact on the results of the Agora Group by introducing new regulations. Until the date of publication of the report, regulations on advertising fees were in force in three communes, which, however, did not affect the result of AMS S.A.

- **Cinema**

Helios group opens new cinemas in shopping and entertainment centres. Therefore, further development of the cinema network is dependent upon the construction of new shopping and entertainment galleries in Poland and ability to compete with other cinema operators for new space lease contracts. The pace of Polish infrastructure development and the situation on the Polish real estate market (i.e. cost of space rent) may influence the results of cinema operators.

Additionally, the available repertoire affects results of cinema business. Lack of interesting movies, abilities to promote movies or the quality of movies may negatively affect cinema admissions. Moreover, economic downturn may translate into lower expenditure on entertainment which may result in lower revenues from ticket sales and willingness to buy food and beverages in cinema bars. Moreover, the cinema operators compete with other technologies of film screening, inter alia, in Internet. The weather and the ban on trading on selected Sundays, which leads to the outflow of customers from shopping malls, has a significant impact on the turnout.

- **Risks of running licensed business**

The Group has been operating on the radio market , which is subject to licensing for years. The license propositions specify the scope and forms of business in the period for which the radio broadcaster receives the license. There is a risk, therefore, that the demand of the listeners for a given format may decrease, and the license propositions may significantly limit the possibility of adapting the Group to the needs of the listeners for a given format.
There is also a risk that any failure to comply with the provisions of the license or regulations, in particular with regard to program content, may result in sanctions imposed by the National Broadcasting Council ("KRRiT"). It cannot be excluded that KRRiT will refuse to re-grant concessions after the period for which they were originally issued, or that the conditions of re-issued concessions (or concession-related contracts) will be less favorable than those currently exercised by the Group.
Regulator proceeds with the process of implementing DAB + digital radio in Poland. Due to the lack of clear guidelines and uniform policy of state authorities, the impact of the implementation of the new mode of broadcasting on the current market of analogue broadcasting stations cannot be estimated.

- **Radio stations**

Polish radio ad market is highly competitive. Agora’s radio stations compete with other radio broadcasters, with national reach, as well as other media – TV, press, internet and outdoor advertising. To maintain audience share it is important to have a demanded radio format. There is no certainty that the Group’s current position in the radio audience market will remain unchanged. Competing for ad revenue, radio stations (also belonging to different media concerns), create joint advertising offers. The popularity of these offers may significantly influence the shares of particular radio broadcasters in radio ad market. It must also be kept in mind that radio stations are increasingly competing for attention with other media, especially the Internet.

- **Movie business**

Movie distribution and co-production is of project nature, which may cause the volatility of its results and lead to periodic distortions of the Group's results. The majority of outlays, especially those related to movie co-production, is incurred long before the revenues related to that field of operations occur. The impact of this activity on the Group's results depends also on the popularity of particular film productions. In the first half of 2019 the revenues of Agora Group from film activity amounted to PLN 30.7 million.

- **Risk of claims for infringement of intellectual property rights**

The Group's business is largely based on the use of intellectual property rights and licensing agreements. The Group believes that it does not infringe on the intellectual property rights of third parties. However, it is not possible to exclude situations where the Group could inadvertently infringe such rights. As a result, claims could be made against the Group, which could result in the need to pay adequate compensation.

- **Risk of volatility of law regulations, especially those concerning the Group's activities**

Due to the fact that legal regulations are subject to frequent changes in Poland, they may have a negative impact on the activities of the Group and involve risk in conducting business activities. In particular, the Group's activity may be affected by changes in the law governing the activities performed, including introducing provisions on so-called deconcentration of entities on the media market, changes in the provisions of the Act on radio and television and the implementing provisions of this Act, the Act on copyright and related rights, as well as changes in acts regulating the capital market in Poland. Legal regulations may also potentially create some risk related to interpretation problems, lack of jurisprudence practice, unfavorable interpretations adopted by courts or public administration bodies.

In addition, legal regulations in Poland are characterized by high volatility. Possible changes regarding business taxation, both in terms of income tax, value added tax and other taxes and levies, may have a negative impact on the Group's activity and level of results. The Group is also exposed to the risk of changing the interpretation of both tax law and other levies, which may affect operating activities and financial results.

- **Risk related to proceedings before supervisory authorities**

As part of its business operations, Agora Group is regularly monitored by institutions supervising specific areas of its operations. All activities undertaken by the Group are in accordance with applicable law, therefore - although the Company does not currently expect that any of the proceedings to which it is a party may have a significant negative impact on its financial position and results of operations - there is no certainty, that the final result of current or future proceedings will not have such an effect on the results or financial situation of the Group.

- **Impairment tests**

In line with the *International Financial Reporting Standards*, the Group runs impairment tests. In the past, some of the tests resulted in impairment losses, which were reflected in the income statement (unconsolidated or consolidated). There is no certainty that the tests run in the future will give positive effects.

- **Currency risk**

The Group's revenues are expressed in Polish zlotys. Part of the operating cost, connected mainly with cinema activities, the production materials and services and IT services, is related to the currency exchange rates. The volatility of currency exchange rates may have influence on the level of Group's operating cost and its financial results.

- **Risk of losing key employees**

The Group's success is dependent on the involvement and qualifications of its key employees, who contributed immensely to Group's development and effective optimization of the Group's operating processes. Due to the market competition for highly qualified specialists there is no guarantee that the Group will be able to preserve all valuable employees.

- **Risk of receivables collection**

A large number of companies in Poland declares bankruptcy, including customers of the Agora Group. The financial difficulties of customers co-operating with different segments of the Agora Group may affect the Group's financial results. Additionally, there is no certainty, that in case of bankruptcy of its customers the Group will collect all of its receivables.

- **The risk of collective dispute**

On December 12, 2011, the Inter-union Trade Organization of NSZZ "Solidarność" AGORA S.A. and and INFORADIO SP. Z.O.O ("OM") was created. It operates at Agora S.A., Inforadio Sp. z o.o., Agora Poligrafia Sp. z o.o., AMS S.A., Domiporta Sp. z o.o. and Grupa Radiowa Agory Sp. z o.o. In December 2018, OM expanded its reach to GoldenLine Sp. z o.o., and in January 2019 to Doradztwo Mediowe Sp. z o.o. In accordance with legal requirements, the management boards of companies in which trade unions operate, conduct consultations or agree legal decisions with OM accordingly. The Group strives to maintain good relations with its employees and solve any problems on an ongoing basis. However, the risk of collective disputes cannot be excluded in cases provided for by law.

VI. MANAGEMENT BOARD'S REPRESENTATIONS

Management Board of Agora confirms that, to the best knowledge, the condensed semi-annual unconsolidated and consolidated financial statements together with comparative figures, have been prepared according to all applicable accounting standards and give a true and fair view of the state of affairs and the financial result of the Issuer and its Capital Group.

The semi-annual Management Discussion and Analysis of the Group shows true view of the achievements and the state of affairs of the Issuer's Capital Group, including evaluation of risks and dangers.

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.

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

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 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) translation only

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 30 June 2019	Amount 31 December 2018	Scope of collateral
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.

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

Independent Auditor's Report on Review of Condensed Semi-annual Consolidated Financial Statements

To the Shareholders and Supervisory Board of Agora S.A.

Introduction

We have reviewed the accompanying condensed semi-annual consolidated financial statements of Agora S.A. Group (the "Group"), whose parent entity is Agora S.A. (the „Parent Entity"), which comprise:

— the consolidated balance sheet as at 30 June 2019,

and, for the six-month period ended 30 June 2019:

— the consolidated statement of profit or loss;
— the consolidated statement of comprehensive income;
— the consolidated statement of changes in equity;
— the consolidated statement of cash flows;

and

— notes to the condensed semi-annual consolidated financial statements

(the "condensed semi-annual consolidated financial statements").

The Management Board of the Parent Entity is responsible for the preparation and presentation of this condensed semi-annual consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union. Our responsibility is to express a conclusion on these condensed semi-annual consolidated financial statements based on our review.

KPMG Audyt spółka z ograniczoną odpowiedzialnością sp.k.

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Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted by the resolution of the National Council of Certified Auditors as the National Standard on Review 2410. A review of the semi-annual financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with National Standards on Auditing or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed semi-annual consolidated financial statements as at 30 June 2019 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the European Union, and in accordance with the adopted accounting principles (policy).

On behalf of audit firm
KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546

Signed on the Polish original

Marcin Domagała

Key Certified Auditor
Registration No. 90046
Member of the Management Board of KPMG Audyt Sp. z o.o., entity which is the General Partner of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.

Signed on the Polish original

Aleksandra Bujas

Key Certified Auditor
Registration No. 13432

Warsaw, 5 September 2019