AGORA GROUP

Condensed semi-annual consolidated financial statements **as at 30 June 2020 and for six month period ended thereon**

September 24, 2020

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

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020

	Note	As at 30 June 2020 unaudited	As at 31 December 2019 audited
Assets			
Non-current assets:			
Intangible assets		424,667	441,047
Property, plant and equipment		426,674	458,559
Right-of-use assets	17	586,219	590,351
Long-term financial assets		555	783
Investments in equity accounted investees		153,677	154,127
Receivables and prepayments		1,264	2,530
Deferred tax assets		30,676	17,144
		1,623,732	**1,664,541**
Current assets:			
Inventories		18,172	21,308
Accounts receivable and prepayments		140,878	230,095
Income tax receivable		2,245	1,436
Short-term securities and other financial assets		140	9,656
Cash and cash equivalents		133,265	61,065
		294,700	**323,560**
Non-current assets held for sale	14	-	4,344
		294,700	**327,904**
Total assets		**1,918,432**	**1,992,445**

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 2020 (CONTINUED)

	Note	As at 30 June 2020 unaudited	As at 31 December 2019 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		662,687	737,470
		856,460	**931,243**
Non-controlling interest		17,259	20,932
Total equity		**873,719**	**952,175**
Non-current liabilities:			
Deferred tax liabilities		6,159	6,514
Long-term borrowings	3	592,693	558,666
Other financial liabilities	15	43,638	53,354
Retirement severance provision		3,482	3,316
Provisions		484	829
Accruals and other liabilities		6,149	5,500
Contract liabilities		136	98
		652,741	**628,277**
Current liabilities:			
Retirement severance provision		79	277
Trade and other payables		236,145	264,126
Income tax liabilities		2,352	889
Short-term borrowings	3	132,227	127,730
Other financial liabilities	15	-	1,760
Provisions		4,647	3,361
Contract liabilities		16,522	13,850
		391,972	**411,993**
Total equity and liabilities		**1,918,432**	**1,992,445**

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 2020

	Note	Six months ended 30 June 2020 unaudited	Six months ended 30 June 2019 unaudited
Revenue	4	419,122	578,224
Cost of sales		(332,080)	(411,149)
Gross profit		**87,042**	**167,075**
Selling expenses		(78,175)	(98,358)
Administrative expenses		(66,355)	(75,500)
Other operating income		19,770	4,002
Other operating expenses		(33,915)	(3,221)
Impairment losses for receivables - net		(1,233)	(2,697)
Operating loss		**(72,866)**	**(8,699)**
Finance income		4,007	5,661
Finance costs		(29,994)	(10,485)
Share of results of equity accounted investees		(441)	2,751
Loss before income taxes		**(99,294)**	**(10,772)**
Income tax		11,098	791
Net loss for the period		**(88,196)**	**(9,981)**
Attributable to:			
Equity holders of the parent		(81,316)	(11,268)
Non-controlling interest		(6,880)	1,287
		(88,196)	**(9,981)**
Basic/diluted earnings per share (in PLN)		(1.75)	(0.24)

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 2020

	Six months ended 30 June 2020 unaudited	Six months ended 30 June 2019 unaudited
Net loss for the period	**(88,196)**	**(9,981)**
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	**(88,196)**	**(9,981)**
Attributable to:		
Shareholders of the parent	(81,316)	(11,268)
Non-controlling interests	(6,880)	1,287
	(88,196)	**(9,981)**

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 2020

	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Six months ended 30 June 2020						
As at 31 December 2019 audited	**46,581**	**147,192**	**737,470**	**931,243**	**20,932**	**952,175**
Total comprehensive income for the period						
Net loss for the period	-	-	(81,316)	(81,316)	(6,880)	(88,196)
Total comprehensive income for the period	**-**	**-**	**(81,316)**	**(81,316)**	**(6,880)**	**(88,196)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Equity-settled share-based payments (note 5)	-	-	-	-	325	325
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**325**	**325**
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests	-	-	(1,052)	(1,052)	(878)	(1,930)
Expiry of liabilities under the put option (note 15)	-	-	9,248	9,248	-	9,248
Additional contribution of non-controlling shareholders	-	-	(1,663)	(1,663)	1,679	16
Sale of a subsidiary (note 12)	-	-	-	-	2,081	2,081
Total changes in ownership interests in subsidiaries	**-**	**-**	**6,533**	**6,533**	**2,882**	**9,415**
Total transactions with owners	-	-	6,533	6,533	3,207	9,740
As at 30 June 2020 unaudited	**46,581**	**147,192**	**662,687**	**856,460**	**17,259**	**873,719**

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 2020 (CONTINUED)

	Attributable to equity holders of the parent					
	Share capital	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 loss 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 distributions 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 CASH FLOW STATEMENT FOR SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June 2020 unaudited	Six months ended 30 June 2019 unaudited
Cash flows from operating activities			
Loss before income taxes		**(99,294)**	**(10,772)**
Adjustments for:			
Share of results of equity accounted investees		441	(2,751)
Depreciation of property, plant and equipment		26,223	25,731
Amortization of intangible assets		15,843	13,911
Depreciation of right-of-use assets		42,092	37,048
Foreign exchange (gain)/loss		19,772	(4,429)
Interest, net		10,146	9,853
(Profit) / loss on investing activities		15,814	(878)
Increase in deferred revenues and accruals		921	4
Decrease in inventories		3,136	9,669
Decrease in receivables and prepayments		87,419	15,385
(Decrease) / increase in payables		(5,220)	2,268
(Decrease) / increase in contract liabilities		2,722	(1,251)
Remeasurement of put options	15	(2,228)	-
Equity-settled share-based payments		325	808
Other adjustments		-	280
Cash generated from operations		**118,112**	**94,876**
Income taxes outflows		(2,334)	(6,089)
Net cash from operating activities		**115,778**	**88,787**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and intangibles		15,939	28,093
Disposal of subsidiaries (net of cash disposed), associates and joint ventures		3,297	-
Loan repayment received		125	12
Interest received		16	78
Disposal of short-term securities		24,282	89,022
Other inflows (1)		2,800	-
Purchase of property, plant and equipment and intangibles		(34,834)	(58,335)
Acquisition of subsidiary (net of cash acquired), associates and joint ventures	12	(7,180)	(145,196)
Acquisition of short-term securities		(15,000)	(25,000)
Loans granted		-	(830)
Net cash used in investing activities		**(10,555)**	**(112,156)**

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

	Six months ended 30 June 2020 unaudited	Six months ended 30 June 2019 unaudited
Cash flows from financing activities		
Proceeds from borrowings	801	90,886
Other inflows	16	-
Acquisition of non-controlling interests	(1,868)	-
Dividends paid to non-controlling shareholders	-	(3,902)
Loans repayment	(4,252)	(9,392)
Payment of lease liabilities	(20,409)	(35,061)
Interest paid	(7,311)	(9,638)
Other	-	(505)
Net cash used in financing activities	**(33,023)**	**32,388**
Net increase / (decrease) in cash and cash equivalents	**72,200**	**9,019**
Cash and cash equivalents		
At start of period	61,065	33,003
At end of period	133,265	42,022

(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 2020 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. The Group also engages in projects related to production and co-production of movies through the company Next Film Sp.z o.o. and in gastronomy activity through the company Step Inside Sp. z o.o.

As at 30 June 2020 the Agora Group comprised: the parent company Agora S.A. and 22 subsidiaries. Additionally, the Group held shares in jointly controlled entity: Instytut Badań Outdooru IBO Sp. z o.o. and in associates: ROI Hunter a.s. and Eurozet Sp. z o.o.

The Group operates in all major cities in Poland.

The condensed semi-annual consolidated financial statements were prepared as at and for six months ended 30 June 2020, with comparative figures presented as at 31 December 2019 and for six months ended 30 June 2019.

The condensed semi-annual consolidated financial statements were authorized for issue by the Management Board of Agora S.A. on September 24, 2020.

2. STATEMENT OF COMPLIANCE

The condensed semi-annual consolidated financial statements as at 30 June 2020 and for six months ended 30 June 2020 have not been audited by an independent auditor. The consolidated financial statements as at 31 December 2019 and for twelve months ended 31 December 2019 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 with subsequent amendments), 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, 2020 should be read together with the audited consolidated financial statements as at December 31, 2019. 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, 2019, except for changes described below.

For the Group's financial statements for the year started with January 1, 2020 the following new standards and amendments to existing standards, which were endorsed by the European Union, are effective:

1) Amendments to IAS 1 *Presentation of Financial Statements*;
2) Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors;*
3) Amendments to IFRS 9 *Financial Instruments*;
4) Amendments to IAS 39 *Financial Instruments*;
5) Amendments to IFRS 7 *Financial Instruments: Disclosures;*
6) Amendments to IFRS 3 *Business Combinations.*

The application of the above amendments had no significant impact on the condensed semi-annual consolidated financial statements of the Group.

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3. LONG-TERM AND SHORT-TERM BORROWINGS

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

	30 June 2020	31 December 2019
Long term bank loans	66,727	71,085
Finance lease liabilities	525,966	487,581
Total long term borrowings	**592,693**	**558,666**
including: Lease liabilities resulting from application of IFRS 16	*473,597*	*436,764*
Short term bank loans	36,403	35,687
Finance lease liabilities	95,824	92,043
Total short term borrowings	**132,227**	**127,730**
including: Lease liabilities resulting from application of IFRS 16	*80,632*	*77,160*

In the first half of 2020, the Group recorded significantly lower lease payments compared to the corresponding period of the previous year. In connection with the COVID-19 virus pandemic and the decision of the Polish government to close all cinemas in Poland in the period March 12 - June 5, the Helios group took advantage of the law prepared by the Polish government (Act of March 31, 2020 amending the Act on specific solutions related to the preventing, counteracting and combating COVID-19, other infectious diseases and crisis situations caused by them, together with other acts) as part of the anti-crisis shield, under which during the closure of cinemas the Helios group expired mutual obligations of the parties to commercial space lease agreements, which resulted in ceasing to pay rent and other fees for this period. The condition for using the provisions of this law was the signing of relevant annexes extending the term of the lease agreements by the time of closing the cinemas and an additional 6 months. The Helios Group fulfilled this obligation by submitting to all lessors a declaration of will to extend the lease in accordance with these terms. At the same time, the Helios group took advantage of the assistance offered by leasing companies and signed annexes for all concluded contracts under which the principal instalments of the next 6 payments were suspended and transferred to be paid at the end of the contractual period, with the simultaneous extension of the repayment schedules by 6 months.

Additional information regarding the financing of Agora Group, including annexes to the loan agreements signed, is provided in Note 17 and Note 18.

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.

Starting from the third quarter of 2019 the printing activity is not presented as a separate Print segment. It is due to discontinuing the activity of two out of three printing plants in Agora Group and significant downsizing of printing activity resulting from the decrease in market demand for printing in coldset technology. The printing plant in Warsaw, which continues its activity, offers the printing services mainly for *Gazeta Wyborcza* and was included into the Press segment. The comparable figures for the first half of 2019 were restated appropriately.

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

1) the *Movies and Books* segment includes the Group's activities within the cinema management of Helios S.A., film distribution and production activities of Next Film Sp. z o.o. and Next Script Sp. z o.o. as well as the activities of Foodio Concepts Sp. z o.o. (till May 31, 2020), 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 periodicals, as well as the printing activities,

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: Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o., on June 9, 2020, Domiporta enterprise was sold, see note 12), Yieldbird Sp. z o.o., GoldenLine Sp. z o.o. and HRlink Sp. z o.o. (since September 1, 2019),

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

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. 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.

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 2020 and 30 June 2019 relate to HRlink Sp. z o.o. (in 2019), Instytut Badan Outdooru IBO Sp. z o.o., Hash.fm Sp. z o.o. (till 27 February 2020), ROI Hunter a.s. 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 2020						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Revenues from external customers	155,119	91,872	44,777	89,796	36,079	1,479	419,122
Intersegment revenues (2)	2,500	3,485	467	1,195	2,312	(9,959)	-
Total revenues	**157,619**	**95,357**	**45,244**	**90,991**	**38,391**	**(8,480)**	**419,122**
Total operating cost (1), (2), (3)	**(183,739)**	**(91,288)**	**(67,813)**	**(92,913)**	**(38,000)**	**(18,235)**	**(491,988)**
Operating profit / (loss) (1)	**(26,120)**	**4,069**	**(22,569)**	**(1,922)**	**391**	**(26,715)**	**(72,866)**
Total operating cost (excl. IFRS 16) (1), (2), (3)	***(174,155)***	***(91,289)***	***(67,698)***	***(92,913)***	***(37,794)***	***(18,470)***	***(482,319)***
Operating profit / (loss) (excl. IFRS 16) (1)	***(16,536)***	***4,068***	***(22,454)***	***(1,922)***	***597***	***(26,950)***	***(63,197)***
Net finance income and cost						(25,987)	(25,987)
Share of results of equity accounted investees	-	-	(28)	153	(566)	-	(441)
Income tax						11,098	11,098
Net loss							**(88,196)**

(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 32,461 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 2020						
	Movies and books (3)	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(45,418)	(3,050)	(18,137)	(4,320)	(3,594)	(8,941)	(83,460)
Operating depreciation and amortisation (excl. IFRS 16)	*(18,708)*	*(3,026)*	*(10,911)*	*(4,320)*	*(2,169)*	*(8,943)*	*(48,077)*
Amortisation recognised on consolidation (1)	(259)	-	-	(566)	-	127	(698)
Impairment losses	(11,214)	(243)	(7,189)	(12,962)	(499)	1,187	(30,920)
including non-current assets	*(8,996)*	-	*(6,698)*	*(12,660)*	-	*(536)*	*(28,890)*
Reversals of impairment losses	81	148	226	159	119	-	733
Equity-settled share-based payments	-	-	-	(325)	-	-	(325)
Cost of restructuring (2)	-	-	-	(1,429)	-	-	(1,429)
Capital expenditure (3)	19,022	3,645	2,860	5,660	996	2,412	34,595

	As at 30 June 2020						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	227,958	89,381	269,789	34,764	81,835	147,614	851,341
Right-of-use assets	485,671	22	59,331	65	12,307	28,823	586,219
Investments in associates and joint ventures accounted for by the equity method	-	-	43	17,264	136,370	-	153,677

(1) is not presented in operating result of the Group's segments;
(2) relates to restructuring costs in the Internet segment in the second quarter of 2020;
(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 7,751 thousand;
(4) reconciling positions include mainly Company's headquarter (PLN 92,162 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 2019						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Revenues from external customers	235,425	122,708	84,671	84,732	47,850	2,838	578,224
Intersegment revenues (2)	6,589	4,740	1,976	1,321	2,141	(16,767)	-
Total revenues	**242,014**	**127,448**	**86,647**	**86,053**	**49,991**	**(13,929)**	**578,224**
Total operating cost (1), (2), (3)	**(227,598)**	**(138,663)**	**(73,510)**	**(79,766)**	**(45,288)**	**(22,098)**	**(586,923)**
Operating profit / (loss) (1)	**14,416**	**(11,215)**	**13,137**	**6,287**	**4,703**	**(36,027)**	**(8,699)**
Total operating cost (excl. IFRS 16) (1), (2), (3)	***(230,130)***	***(138,683)***	***(73,671)***	***(79,766)***	***(45,384)***	***(22,445)***	***(590,079)***
Operating profit / (loss) (excl. IFRS 16) (1)	***11,884***	***(11,235)***	***12,976***	***6,287***	***4,607***	***(36,374)***	***(11,855)***
Net finance income and cost						(4,824)	(4,824)
Share of results of equity accounted investees	-	-	-	(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 (3)	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(41,444)	(4,648)	(14,277)	(3,153)	(3,490)	(8,382)	(75,394)
Operating depreciation and amortisation (excl. IFRS 16)	*(16,106)*	*(4,633)*	*(9,667)*	*(3,153)*	*(2,135)*	*(8,689)*	*(44,383)*
Amortisation recognised on consolidation (1)	(259)	-	-	(1,164)	-	127	(1,296)
Impairment losses	(467)	(1,031)	(791)	(598)	(298)	(322)	(3,507)
including non-current assets	-	-	*(37)*	-	-	-	*(37)*
Reversals of impairment losses	91	247	119	90	149	-	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	4,699	4,048	6,759	374	4,250	50,716

	As at 30 June 2019						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	230,801	82,562	254,977	38,145	83,092	179,312	868,889
Right-of-use assets	468,021	95	30,823	-	12,048	30,923	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)

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

	Six months ended 30 June 2020						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Advertising revenue	6,983	25,780	43,490	85,908	36,163	(7,355)	190,969
Ticket sales	61,676	-	-	-	11	(34)	61,653
Copy sales	13,343	51,678	-	100	-	(480)	64,641
Concession sales in cinemas	25,784	-	-	-	-	-	25,784
Printing services	-	15,446	-	-	-	-	15,446
Film distribution and production sales	31,423	-	-	-	-	-	31,423
Other	18,410	2,453	1,754	4,983	2,217	(611)	29,206
Total sales by category	**157,619**	**95,357**	**45,244**	**90,991**	**38,391**	**(8,480)**	**419,122**

	Six months ended 30 June 2019						
	Movies and books	Press	Outdoor	Internet	Radio	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	-	25,538	-	-	-	-	25,538
Film distribution and production sales	30,732	-	-	-	-	-	30,732
Other	14,070	5,781	1,258	4,944	2,509	975	29,537
Total sales by category	**242,014**	**127,448**	**86,647**	**86,053**	**49,991**	**(13,929)**	**578,224**

5. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

a) Incentive Plan for the Management Board members

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

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

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

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

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

As at 30 June 2020, the value of potential reward from the fulfillment of the EBITDA target includes the potential reward recognized in the balance sheet at the end of 2019, determined based on the level of achievement of the EBITDA Target in 2019. As at June 30, 2020, the Group does not recognized a provision for the potential bonus for the achievement of the EBITDA target in 2020 in connection with the estimated low probability of its achievement.

The value of the potential reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. That value is charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan. As at June 30, 2020, the estimated Average Share Price of Q1 of the Next Year was below the Share Value Growth Target and the provision for this element of the Incentive Plan is not recognized in the balance sheet.

(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 2020	Six months ended 30 June 2019
Income statement – increase of staff costs	-	(1,281)
Income statement - deferred income tax	-	243
Liabilities: accruals - as at the end of the period	1,494	1,281
Deferred tax asset - as at the end of the period	284	243

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

The eligible employees of subsidiary Yieldbird 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 2019.

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 2020	Six months ended 30 June 2019
Income statement – staff costs	(325)	(808)
Equity - non-controlling interests	325	808

6. CHANGES IN PROVISIONS AND IMPAIRMENT LOSSES FOR ASSETS

In the period from January 1, 2020 to June 30, 2020 the following changes in impairment losses were recognised:

- impairment loss for receivables: decrease by PLN 309 thousand,
- impairment loss for inventory: increase by PLN 96 thousand,
- impairment loss for tangible assets and intangible assets: increase by PLN 119 thousand (including set-up by PLN 26,848 thousand and use in the amount of PLN 26,729 thousand)*,
- impairment loss on the right-of-use assets: increase by PLN 2,042 thousand (includes rights-of-use of assets associated with the activity of Foodio Concepts Sp. z o.o.),
- loan write-offs: increase by PLN 50 thousand,
- write-offs for interest on loans: decrease by PLN 8 thousand,

* the creation of impairment loss concerns mainly the assets of companies Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Foodio Concepts Sp. z o.o. and AMS S.A. (additional information in note 17); the use of write-downs was related to the liquidation of the assets of the printing activity, which were subject to write-downs.

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

Additionally in the period from January 1, 2020 to June 30, 2020 the following provisions were changed:

- provision for penalties, interests and similar: decrease by PLN 140 thousand,
- provision for the restructuring of advertising media: increase by PLN 728 thousand,
- provision for onerous contracts: decrease by PLN 116 thousand,
- retirement severance provision: decrease by PLN 32 thousand,
- provision for restructuring: decrease by PLN 316 thousand including: set-up in the amount of PLN 1,429 thousand and the use in the amount of PLN 1,745 thousand,
- other provisions: increase by PLN 783 thousand.

7. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As at 30 June 2020 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 2020	Amount 31 December 2019	Scope of collateral
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	01 Aug 2020 - 16 Jun 2021	72	89	loans for the purchase of photographic equipment
Guarantees provided by Adpol Sp. z o.o.					
mBank S.A.	AMS S.A.	02 Mar 2021 - 02 May 2023	27,000	24,200	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
Zarzad Drog Miejskich Warszawa	Adpol Sp. z o.o.	1 Jan 2022	200	200	contract for construction and exploitation of MSI panels

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

Moreover, Yieldbird Sp. z o.o. issued blank promissory notes as collaterals for co-financing of the project realized under the operational program "Inteligentny Rozwój".

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

8. COURT CASES

As at June 30, 2020, the companies of the Agora Group have not entered into significant litigation for claims pending before court, arbitration authority or public administration authority. Provision for legal claims as at June 30, 2020, amounted to PLN 40 thousand (as at December 31, 2019: PLN 90 thousand).

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

Additionally, as at June 30, 2020, the companies of the Group are a party of legal disputes in the amount of PLN 1,660 thousand (as at December 31, 2019: PLN 1,844 thousand) in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

9. SEASONALITY

Advertising revenues are subject to seasonality – revenues earned in the first and third 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 1,222 thousand (six months ended June 30, 2019: PLN 3,341 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 285 thousand (six months ended June 30, 2019: PLN 231 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 2020	Six months ended 30 June 2019
Jointly controlled entities		
Sales	-	15
Purchases of goods and services	(51)	(6)
Associates		
Sales	25	92
Purchases of goods and services	(68)	(86)
Interest on loans granted	5	10
Other operating cost	-	2
Major shareholder		
Sales	11	12
Other operating income	349	633

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

	As at 30 June 2020	As at 31 December 2019
Jointly controlled entities		
Shares	43	71
Associates		
Shares	153,634	154,056
Non-current loans granted	-	200
Trade receivables	-	112
Trade liabilities	6	57
Major shareholder		
Trade receivables	9	4
Other liabilities	1,005	276
Management Board of the Company		
Receivables	-	1
Put option liabilities (1)	31,473	31,473
Management Boards of group companies		
Receivables	10	38
Put option liabilities (1)	11,067	13,244
Other liabilities and accruals	6	26

(1) concerns put options linked to shares in Helios S.A. and shares in HRlink Sp. z o.o. and Piano Group Sp. z o.o.

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

11. DESCRIPTION OF THE GROUP

The list of companies within the Group:

		% of shares held (effectively)	
		30 June 2020	31 December 2019
	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	AMS Serwis Sp. z o.o.(formerly Adpol Sp. z o.o.), Warsaw (1), (6)	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	Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), Warsaw (12)	100.0%	100.0%
13	Optimizers Sp. z o.o., Warsaw	100.0%	100.0%
14	Yieldbird Sp. z o.o., Warsaw	93.7%	93.7%
15	GoldenLine Sp. z o.o., Warsaw (7)	100.0%	92.7%
16	Plan A Sp. z o.o., Warsaw	100.0%	100.0%
17	Agora Finanse Sp. z o.o.	100.0%	100.0%
18	Foodio Concepts Sp. z o.o., Lodz (3), (9)	0.0%	82.3%
19	Step Inside Sp. z o.o., Lodz (3), (8)	82.3%	91.4%
20	HRlink Sp. z o.o., Szczecin	79.8%	79.8%
21	Piano Group Sp. z o.o., Warsaw (1), (11)	92.0%	60.0%
22	Benefit Multimedia Sp. z o.o., Warsaw (5), (11)	92.0%	60.0%
23	Benefit Multimedia Sp. z o.o. S.K.A., Warsaw (5), (11)	92.0%	60.0%
	Joint ventures and associates accounted for the equity method		
24	Instytut Badań Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
25	ROI Hunter a.s., Brno	23.9%	23.9%
26	Eurozet Sp. z o.o., Warsaw	40.0%	40.0%
	Companies excluded from consolidation and equity accounting		
27	Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%
28	Hash.fm Sp. z o.o., Warsaw (10)	0.01%	49.5%

(1) indirectly through AMS S.A.;
(2) indirectly through GRA Sp. z o.o.;
(3) indirectly through Helios S.A.;
(4) indirectly through Next Film Sp. z o.o.;
(5) indirectly through Piano Group Sp. z o.o.;
(6) change of the company`s business name from Adpol Sp. z o.o. to AMS Serwis Sp. z o.o. on April 1, 2020;
(7) acquisition of additional shares in Goldenline Sp. z o.o. on January 20, 2020;
(8) the accession of minority shareholders to the company Step Inside Sp. z o.o. on January 31, 2020;
(9) disposal of shares in the company Foodio Concepts Sp. z o.o. on June 2, 2020;
(10) disposal of shares in the company Hash.fm Sp. z o.o. on February 27, 2020;
(11) acquisition of additional shares in Piano Group Sp. z o.o. on June 23, 2020;
(12) change of the company`s business name from Domiporta Sp. z o.o. to Plan D Sp. z o.o. on July 17, 2020.

12. CHANGES IN THE COMPOSITION OF THE GROUP

Changes in Goldenline sp. z o.o.

On January 20, 2020, Agora S.A. concluded an agreement with headquartered in Cyprus, G.C. Geek Code Ltd. The object of the agreement was to buy 22 shares in the share capital of Goldenline Sp. z o.o. with a nominal value of PLN 22,0 thousand for an amount of PLN 10,0 thousand. Agora S.A. holds 300 shares in Goldenline Sp. z o.o. representing 100 of its share capital and giving rights to 300 votes representing 100% of the voting rights at the shareholders' meeting of Goldenline Sp. z o.o.

On April 23, 2020, the Extraordinary General Meeting of Goldenline Sp. z o.o. adopted a resolution to increase the company's share capital from PLN 300,000 up to the amount of PLN 400,000 by creating 100 new shares with a nominal value of PLN 1000 each and with a total nominal value of PLN 100,000. The newly created shares were offered for subscription by the sole shareholder of this company, i.e. Agora S.A. in exchange for a cash contribution of PLN 1 325 thousand. As a result of the above transaction, Agora S.A. helds 400 shares in Goldenline Sp. z o.o. representing 100% of the capital share of this company and giving rights to 400 votes representing 100% of the votes at the shareholders meeting of Goldenline Sp. z o.o

Changes in Step Inside Sp. z o.o.

On January 31, 2020, subsidiaries of Agora S.A.: Helios S.A. and Step Inside sp. z o.o. concluded an agreement ("Investment Agreement") with the part of shareholders ("Shareholders") of Food for Nations sp. z o.o. sp. k. and FFN.

The object of the Investment Agreement is to define the principles of cooperation and joint conduct a joint venture established based on Step Inside. The Step Inside's objective is to open, run and develop restaurants under the commercial brand Pasibus, with planned location mainly on the commerce streets and in shopping galleries.

While entering the Investment Agreement, Shareholders obtained 10% of the share capital of Step Inside (and entitling to exercise 10% of the total number of votes at the shareholders meeting), while Helios provided founds of PLN 5,0 million to Step Inside. The Investment agreement provides for the possibility of increasing the participation of individual investors to total share of 40%, provided that Step Inside meets its established financial targets.

Earlier Helios S.A. on the basis of a cooperation agreement with FFN dated February 28, 2019 provided founds of PLN 10.0 million to Step Inside, as communicated by Agora in the report 4/2019 dated February 28, 2019.

The Investment agreement defines, inter-alia, detailed parameters for investor capital involvement and mutual rights and obligations of the parties.

Merger plan for Agora S.A. and Agora Poligrafia Sp. z o.o.

On February 12, 2020, Agora S.A. ("Agora") has agreed with Agora Poligrafia Sp. z o.o. ("Agora-Poligrafia") the content of the merger plan ("the Merger Plan").

In accordance with The Merger Plan, the connecting entities are Agora ("Acquiring Company") and Agora-Poligrafia ("Acquired Company"). The merger will take place in accordance with Article 492(1) (1) of Commercial Companies Code ("CCC"), i.e. by transferring all the assets of the Acquired Company to the Acquiring Company. In view of the fact that Agora is the sole member of Agora-Printing, the merger will be carried out in a simplified procedure under Article 516(6) of the CCC, without any increase in the share capital of Agora, or without any change in the articles of association of the Company.

In accordance with Article 516(5) of the CCC, Agora and Agora-Poligrafia shall not draw up management reports justifying the merger and shall not subject the Merger Plan to an audit by the auditor in respect of its correctness and reliability.

Together with current report, Agora made public the contents of the Merger Plan drawn up on the basis of Articles 499 and n. of the CCC. In accordance with Article 500(21) of the CCC, the Merger plan is available on Agora's website (agora.pl) and on Agora-Poligrafia's website (agorapoligrafia.pl).

On June 25, 2020, the Ordinary General Meeting of Agora S.A. adopted a resolution to merge Agora S.A. and Agora Poligrafia Sp. z o.o. by transferring all assets of Agora-Poligrafia Sp. z o.o. for Agora S.A. and agreed to the Merger Plan.

The decision to merge companies was justified by the need to consolidate assets in the Acquiring company. Until July 2019, the Acquired Company operated i.a. in the field of printing services, employing staff specialized in printing activities. Currently, the Acquired Company manages only its fixed assets and provides lease services of land exclusively related to this property, mainly to The Acquiring Company and related companies. At the end of February 2020, the company's last employment contract was terminated at the company's acquired plant and its property management was taken over by Agora.

Therefore, the merger is a natural consequence of the changes described above. Its purpose is to simplify the organizational structures of the Acquiring company's capital group, which will improve management and eliminate some unnecessary processes, and as a result it will reduce the costs of managing the Acquired company's assets.

- **Sale of shares of an associate Hash.fm Sp. z o.o.**

On February 27, 2020, Agora S.A. concluded a sales agreement of 4,499 shares in associated company Hash.fm Sp.o.o with a nominal value of PLN 50.00 (fifty zlotys) each and with a total nominal value of PLN 224,950.00 (two hundred twenty four thousand nine hundred and fifty zlotys) to the other partner of this company for the amount of PLN 155 thousand. Currently Agora S.A. holds 1 share of Hash.fm Sp. z o.o. representing 0.01% of the share capital of this company and giving rights to 1 vote representing 0.01% of the vote at the shareholders meeting of Hash.fm Sp. z o.o. Profit from disposal of shares amounted to PLN 146 thousand and was recognized in the Group's financial income.

- **Sale of shares in subsidiary Foodio Concepts Sp. z o.o.**

On June 2, 2020, The Management Board of Agora S.A. with reference to the report no. 19/2020 of 30 April 2020 regarding the submission of a bankruptcy petition by a subsidiary and the commencement of negotiations regarding the sale of its shares, informs about acquiring today information on the conclusion of negotiations and execution of share sales agreement by the subsidiary of Helios SA for the sale of all shares in Foodio Concepts Sp. z o.o. with its registered office in Łódź, which is part of the Helios group ("Foodio Concepts") to the company 5m Square Sp. z o.o. based in Warsaw, which is an external investor interested in continuing the food business of Foodio Concepts.

At the same time, Helios S.A. on June 2, 2020 terminated the investment agreement concluded on 6 March 2018 with Piotr Grajewski and Piotr Komór on a joint investment in Foodio Concepts, of which the Company informed in its current report no. 10/2018 of 6 March 2018.

Information on the net liabilities sold and the company's gain on disposal is presented in the table below:

	PLN thousand Carrying value as at disposal date
Assets	
Right-of-use assets	(6,896)
Deferred tax assets	(207)
Accounts receivable and prepayments	(645)
Cash and cash equivalents	(298)
	(8,046)
Liabilities	
Long-term borrowings	6,108
Deferred revenues and accruals	128
Trade and other payables	2,913
Short-term borrowings	1,999
Deferred revenues and accruals	2
	11,150

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

Net liabilities disposed of	**3,104**
Cash consideration received	-
Non-controlling interests	(2,081)
Gain on disposal of subsidiary*	**1,023**
Provision resulting from sureties granted to Foodio Concepts	(833)
Total impact of the disposal of Foodio Concepts for Agora Group	**190**

* *included in other operating income of the Agora Group*

After the sale of shares in Foodio Concepts, subsidiary Helios S.A. recognized a provision to cover possible future liabilities resulting from sureties granted to Foodio Concepts regarding rent guarantees. The amount of the provision as at June 30, 2020 was PLN 833 thousand. As a result, the total impact of the disposal of Foodio Concepts for the Agora Group in the second quarter was PLN 190 thousand.

Sell of Domiporta enterprise

On April 30, 2020, Management Board of Agora S.A. announced that its subsidiary Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) with its registered office in Warsaw ("Domiporta") started negotiations on the sale of the enterprise to Mieszkanie.pl, whose partners are Piotr Przybysz and Sławomir Gąsiorowski – Members of the Management Board of Domiporta. The subject of negotiations is the sale of an organized set of tangible and intangible assets intended for conducting business activity under the name of Plan D sp. z o.o. (formerly Domiporta Sp. z o.o.) within the meaning of art. 551 of the Civil Code, such as trademarks, rights to internet domains, software, databases, rights from contracts with customers, suppliers and other contractors, employees, bank accounts.

At the same time, the Management Board of Agora informed that due to the negative impact of the COVID-19 pandemic on Domiporta's financial results and the achievable selling price of Domiporta, it has been decided to revaluate its shares in Domiporta. As a result, Agora wrote down the value of shares in Domiporta in the amount of PLN 59,531thousand and Agora Group wrote down the value of assets related to Domiporta's activity in the amount of PLN 12,660 thousand. The recognized write-offs were charged to Agora S.A.'s unit result, respectively and consolidated results of the Agora Group in the first quarter of 2020.

As a consequence of announced information, an entity not personally or capital related to the company came forward to Domiporta, interested in the purchase of an organized set of tangible and intangible assets described above, and as a result on May 20, 2020 the Management Board of Agora S.A. announced that Domiporta also started negotiations with this entity, which ended with the signing of a contract for the sale of the enterprise on June 9, 2020.

On June 9, 2020, The Management Board of Agora S.A. informed that on June 9, 2020 Agora S.A. has received information on the conclusion of negotiations and execution by the subsidiary Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) the sale contract of Domiporta Sp. z o.o. enterprise within the meaning of art. 55^1 of the Civil Code constituting an organized set of tangible and intangible assets intended for conducting business activities of Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.), in particular, among others running an online classifieds website called Domiporta.pl, enabling the placement and viewing of real estate listings, available on the internet domain www.domiporta.pl, ("the Enterprise") for the company Auto Centrum Sp. z o.o. based in Krosno. The transfer of ownership of the Enterprise took place on the day of conclusion of the contract of sale of the Enterprise.

Information on the net liabilities sold and the gain on sales of the Enterprise is presented in the table below:

	PLN thousand
	Carrying value as at disposal date
Assets	
Long-term accounts receivable and prepayments	(14)
Short-term accounts receivable and prepayments	(645)
Cash and cash equivalents	(5)
	(664)
Liabilities	
Retirement severance provision	13
Trade and other payables	679
Contract liabilities	10
	702
Net assets disposed of	**38**
Cash consideration received	3,595
Gain on sale of the enterprise*	**3,633**

* *included in other operating income of the Agora Group*

- **Changes in Piano Group**

On June 23, 2020, The Management Board of Agora S.A. in relation to current report no. 21/2019, no. 22/2019 and no. 3/2020 informed that on June 23, 2020, a subsidiary company - AMS S.A. ("AMS") concluded with three natural persons (two sellers and a guarantor) ("Seller") an agreement based on which AMS and the Seller agreed the final purchase price for the majority stake of 60.0% shares in Piano Group Sp. z o. o. acquired by AMS under a share purchase agreement of 15 July 2019. Additionally, pursuant to the above agreement, the parties changed the option to buy shares in the shareholders' agreement of 15 July 2019 in such a way that AMS acquired shares in Piano Group Sp. z o.o., representing a total of 32.0% of the share capital of Piano Group Sp. z o.o. and entitling to 32.0% of votes at the company's shareholders' meeting earlier than originally planned. The date of acquiring these shares in the agreement of 15 July 2019 was set after the approval of the financial statements of Piano Group Sp. z o.o. for 2021. At the same time, all other shares of Piano Group Sp. z o.o. were covered by the option to purchase (call option) and at the same time the option to sell (put option) to AMS after the approval of the financial statements of Piano Group Sp. z o.o. for the financial year 2023.

The total purchase price of 60.0% of shares in Piano Group Sp. z o.o. amounted to PLN 13.7 million, of which an advance of PLN 6.5 million was paid by AMS on the day of signing the contract from 15 July 2019.

Under the agreement concluded today, the total price for the acquisition of 92.0% of shares in Piano Group Sp. z o.o. amounted to PLN 15.6 million, which includes the advance payment made on 15 July 2019 in the amount of PLN 6.5 million.

The Piano Group is a 100% shareholder of Benefit Multimedia Sp. z o.o. SKA and the sole shareholder of Benefit Multimedia Sp. z o.o. being the sole general partner of Benefit Multimedia Sp. z o.o. SKA. Benefit Multimedia Sp. z o.o. SKA operates in the field of providing services on the DOOH (digital out-of-home) market in the field of indoor advertising, broadcasting and selling advertising content, installing screens and using video / TV infrastructure to broadcast video content.

The acquisition of the shares is a long-term investment of the Agora 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 on the DOOH market.

As a result of the above transaction, the Agora Group recognized financial income in the amount of PLN 1,180 thousand as a result of decrease in liability for the acquisition of shares in Piano Group Sp. z o.o. recognized at the end of 2019 and settle this liability by executing payment in the amount of PLN 7,180 thousand.

In addition, the Group revalued the liability under the put option granted to non-controlling shareholders of Piano Group Sp. z o.o., the carrying amount of which as at June 30, 2020 was PLN 941 thousand.

- **Call for repurchase of shares in associate Helios S.A.**

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

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

i. Sell-out

As part of the sell-out, 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 Shareholder described in the previous sentence, as well as other minority shareholders who were entitled from 1 460 shares, appealed against the decision of the Court on the selection of an expert. All the appeals described above were dismissed by final decisions of the District Court in Łódź, XIII Commercial Appeal Division of February 20, 2019 and September 19, 2019.

(ii) Squeeze-out procedure

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

As at the date of publication of these interim condensed consolidated financial statements, the squeeze-out and share buyback procedures have not been completed.

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 interim consolidated financial statements is Polish zloty, except of associate 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 2020 (two quarters of 2019) 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 2020 EURO 1 = PLN 4.4413 (EURO 1 = PLN 4.2880).
- 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 2020 – EURO 1 = PLN 4.4660; as at 31 December 2019 – EURO 1 = PLN 4.2585, as at 30 June 2019 – EURO 1 = PLN 4.2520.

14. PROPERTY, PLANT AND EQUIPMENT

In the period from January 1, 2020 to June 30, 2020, the Group purchased property, plant and equipment in the amount of PLN 16,447 thousand (in the period of January 1, 2019 to June 30, 2019: PLN 45,765 thousand).

As at June 30, 2020, the commitments for the purchase of property, plant and equipment amounted to PLN 24,255 thousand (as at December 31,2019: PLN 18,469 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, building of new cinemas and building of advertising media.

- **Sale of the property**

On February 6, 2020, The Management Board of Agora S.A. announced that on February 5, 2020 the Company concluded an contract for sale of property rights of plot of land no. 133, precinct: 4-07-05 with an area of 0.4623 ha, constituting property for which District Court for the Capital City of Warsaw - Mokotów in Warsaw, IX Land Registry Department keeps Land Register KW No. WA3M/00516612/1 (formerly: KW No. WA3M/00171401/8) and building and structures planted on the above plot of land (“the Property”).

Decision on sale of the Property stems from the fact The Company did not used effectively the entire area of the Property on the operating activity.

At the same time, the Company’s Management Board announces, that the process of conclusion of the contract for sale the Property is considered to be extended in time. During the process the Company identified milestones, in itself meeting the criteria for classification as confidential information. Disclosure of the confidential information about milestones in sale process was postponed until the time up to the conclusion of the contract on a basis of Article 17(1) and (4) of Regulation (EU) No 596/2014 Of The European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (“MAR regulation”) and Article 4 of Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council (“Implementing Regulation”) for the protection of the Issuer's legitimate interests, i.e. the risk of a negative impact of the information on the possibility of conclusion of the Agreement. One of the milestones referred to above was conclusion of a preliminary sales agreement on December 9, 2019 accompanied by conclusion of contract for sale of certain property rights.

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

The total amount of income generated from the disposal of all assets in the process amounted to PLN 11.0 million, and the profit on disposal amounted to PLN 6.7 million and was included in the other operating income of the Group.

As at 31 December 2019, the property was presented in the balance sheet as assets held-for-sale.

Additionally, on June 19, 2020 Agora S.A. sold an undeveloped plot of land at Daniszewska street in Warsaw, obtaining a sale price of PLN 0.7 million and a profit on the transaction of PLN 0.4 million.

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 2020	Level 1	Level 2	Level 3
Certificates in investment funds	1	-	1	-
Financial assets measured at fair value	**1**	**-**	**1**	**-**
Put option liabilities	43,638	-	-	43,638
Financial liabilities measured at fair value	**43,638**	**-**	**-**	**43,638**

	As at 31 December 2019	Level 1	Level 2	Level 3
Certificates in investment funds	9,582	-	9,582	-
Financial assets measured at fair value	**9,582**	**-**	**9,582**	**-**
Put option liabilities	55,114	-	-	55,114
Financial liabilities measured at fair value	**55,114**	**-**	**-**	**55,114**

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.

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

The following table shows the reconciliation between the opening balance and the closing balance of the financial instruments categorised within Level 3 of the fair value hierarchy:

	As at 30 June 2020	As at 31 December 2019
Opening balance	**55,114**	**34,844**
Additions resulting from initial recognition	-	15,983
Expiration of put option recognised in equity (1)	(9,248)	-
Remeasurement recognised in profit or loss , incl.:	(2,228)	4,287
- finance income (2)	*2,228*	*-*
- finance cost	*-*	*(4,287)*
Closing balance	**43,638**	**55,114**

(1) relates to the expiration of the put option for the non-controlling shareholder of Goldenline Sp. z o.o. under the Annex of 20 January 2020 and the expiration of the put option for the non-controlling shareholder of Piano Group Sp. z o.o. under the Agreement of 23 June 2020;

(2) concerns the change in the valuation of put options for non-controlling shareholders of Piano Group Sp. z o.o. and HRlink Sp. z o.o.

16. NET RESULT DISTRIBUTION FOR THE YEAR 2019

In accordance with the resolution adopted by the General Meeting of Shareholders on June 25, 2020, the net profit of Agora S.A. for the financial year 2019 in the amount of PLN 20,115 thousand General Meeting of Shareholders hereby decided to allocate to the Company's supplementary capital.

17. OTHER INFORMATION

- **Impact of the COVID-19 pandemic on the Agora Group**

The COVID-19 pandemic and the activities of the government administration, undertaken to limit the further spread of the virus, will have a significant negative impact on the financial performance of Agora and its subsidiaries in the next quarters of 2020. Despite the challenges related to operating in the market environment that is burdened with the negative effects of the pandemic, the Management Board of the Company does not see any threats to the going concern either for the Company itself or for the Agora Group.

According to the Company's Management Board, the largest negative impact of the pandemic on the operations of the Agora Group was visible in the second quarter of 2020. Therefore, according to Agora's predictions, the rate of decline in the Group's revenues in the next quarters should be lower than in the second quarter of 2020, provided that the material negative impact of pandemic on the financial results of Agora and its subsidiaries will not deepen. Most of the factors that determined and may determine the results of the Agora Group in the future are completely beyond the influence of Agora, depending on, i.a., actions taken by the government, the pace of return of various sectors of the economy to their full operational capacity, and changes in the GDP value in Poland.

Both Agora and all the companies of the Group have taken a number of measures aimed at minimizing the losses caused by the COVID-19 pandemic and the Group's rapid return to the growth path of both revenues and operating results.

In the second quarter of 2020, the decrease in the value of the Group's revenue was affected by two main factors: the administrative closure of cinemas from 12 March until 5 June 2020, and a 28.5% decrease of the value of advertising expenditure in Poland as a result of the outbreak of the pandemic and the related uncertainty as to further developments. This had a significant impact on the results of the Agora Group, as the proceeds from the cinema activity and the advertising sales constitute its most important sources of revenue. The advertising market segments most affected by the reduction in advertising spending were TV, outdoor advertising and radio. The internet was the market segment least affected by the decline in advertising spending.

For this reason, the Group's operating segment, which was most affected by the reduction of advertising expenditure by entrepreneurs in response to the negative effects of the pandemic, was the Outdoor segment whose inflows shrank by 75.7% compared to the second quarter of 2019. The main reason for limiting advertisers' spending on advertising campaigns on outdoor advertising panels was the uncertainty as to the further development of the situation caused by the pandemic, the deteriorating condition of many entrepreneurs and restrictions related to the movement of the population, which limited contact with advertising messages. Due to the significant decrease in the value of the outdoor market caused by the COVID-19 pandemic, the Management Board decided to write down part of assets of AMS group in the amount of PLN 6.7 million. The write-off concerns the outdoor panels which, due to the predicted medium-term development of the outdoor market, will not be used to the extent enabling the attainment of their previous book value.

The significant decline in advertising sales occurred in radio stations, especially with regards to the smaller market players. For this reason, the radio advertising sales in the Agora Group's Radio segment was lower by 41.9% as compared to the second quarter of 2019. However, the Group managed to minimize the losses incurred by the segment due to loss of inflows due to the saving ventures.

The outbreak of the COVID-19 pandemic has deepened the negative trends on the press advertising market and forced some publishers to close their least promising press titles. Agora also decided to discontinue the publishing of the following titles - *Logo* and *Avanti*, focusing on the main product - *Gazeta Wyborcza* - both in paper and digital form. Due to the pandemic and lower number of published titles the advertising sales of the Press segment decreased by 51.5% as compared to the second quarter of 2019. In spite of that, thanks to the saving measures and restructuring of the printing activities, carried out in 2019, Agora managed to improve the operating results of the segment both at EBIT and EBITDA levels. It is also worth noting a significant increase in the number of digital subscriptions and revenues from this form of content sales, which contributed to a significant increase in the share of the newspaper's digital revenues in its total revenues.

During the pandemic, the medium least affected by its negative effects was internet. The advertising sales in the Internet segment of the Agora Group decreased by 8.0% as compared to the second quarter of 2019. The low decline in revenues combined with saving measures improved the segment's operating results. At the same time, Agora's Management Board, having analyzed the financial condition and development prospects in the post-pandemic reality, decided not to develop further some of its Internet projects. For this reason, the restructuring and disposal of Plan D Sp. z o.o. enterprise (formerly Domiporta Sp. z o.o.) and restructuring of employment and reduction of the scale of Goldenline's operations were carried out, enabling the Group's to focus on the development of largest online Group assets.

Due to the legal regulations aimed at preventing the spread of the COVID-19 pandemic, Helios cinemas were closed in the second quarter of 2020. For this reason, the Helios cinema network was deprived of the ability to generate any inflows. At the same time, it is worth noting that based on the administrative decision the Helios cinema network was exempted from the obligation to pay rent for cinema space in shopping malls from 12 March to 5 June 2020. A similar situation was observed in the food business run by Step Inside Sp. z o.o. and Foodio Concepts Sp. z o.o. Due to the negative effects of the outbreak of the pandemic, the Group analyzed its food services assets and decided on the write-off on the assets of Foodio Concepts Sp. z o.o. and the sale of its shares, focusing on the development of a more prospective - according to Agora - project named Pasibus. On 3 July 2020, most of Helios cinemas reopened and as of 18 May 2020, restaurants under the Pasibus brand began working successively.

Taking into account a significant reduction of inflows, Agora's Management Board has taken a number of saving measures to ensure financial security for the Group. Most of the cost categories and investment expenses were limited, which decreased the amount of operating costs of the Group in the second quarter of 2020 by PLN 96.1 million in comparison with the second quarter of 2019, despite the one-off events.

The Agora's Management Board decided to decrease staff remuneration by 20.0% in the period from 15 April until 15 October 2020. Larger reductions applied to the Company's Management and Supervisory Boards. According to the Company's estimates, savings from the reduction of staff costs will amount to approximately PLN 30.0 million. The decrease in staff remuneration in Helios group took place on March 12, 2020.

Based on the analyses performed by Agora's Management Board in order to ensure financial liquidity in the foreseeable future, the Company and its subsidiary Helios S.A. have ensured another collateral for the liquidity gap expected in the first half of 2021. Agora's Management Board aimed at securing the Group's financial liquidity and as of the date of this report the Group acquired financing in the amount of at least PLN 140.0 million (additional information about acquired financing is disclosed in note 18). The above assumptions are based on the analyses and forecasts the accuracy of which cannot be assessed due to the fact that they have been prepared in an unprecedented situation. The outbreak of the COVID-19 pandemic made governments around the world undertake actions with significant impact on the economic development of each jurisdiction, caused by restrictions aimed at stopping further spread of the virus. The development of the COVID-19 pandemic and further measures to be implemented by the Polish government in order to fight the pandemic are unknown to the Company. Their duration and scale may significantly affect the Company's analyses and estimates, in particular with regard to the value of the advertising market, the number of tickets sold in cinemas and cinema concession sales, as well as copy sales. As the Group has never experienced an administrative ban on the operation of selected businesses, it is difficult to prepare reliable estimates on the matter under discussion. The described uncertainty factors may also have a significant impact on the ability to obtain additional financing for the expected liquidity gap, which may force the Company to seek other methods of securing its financial liquidity. Right now it is difficult to predict which methods will be most adequate to the future development of the COVID-19 pandemic, and the future administrative actions and decisions.

The Company's Management Board carefully monitors the flow of receivables in order to secure the Group's financial liquidity, undertaking actions to secure the Group's liquidity in the foreseeable future. However, the effect of these actions depends - to a large extent - on the pace of economic recovery following the corona crisis. A significant risk to the liquidity of the Agora Group may be the scale of revenue generated, in particular in the event that the outbreak of the second phase of the pandemic leads to the closure of certain economy sectors. The Company's Management Board also recommended to the shareholders that the 2019 dividends not be paid, leaving the profits earned in the Company.

Agora also decided to optimize the portfolio of its investment projects, focusing - during this difficult time - on ensuring the safety of the Group's key assets. As a result, Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) and Foodio Concepts Sp. z o.o. were sold, while the scale of operations of Goldenline Sp. z o.o. was limited.

As of 3 July 2020, Helios network cinemas were open to viewers. Following Helios, other market players also opened their facilities. With the opening of cinemas, the first movie premieres appeared on their screens, which popularity showed that viewers want to go to the cinema, as long as the movie repertoire is available. The audience success of the first film premiere after the opening of the cinemas made the distributors announce the launch of new titles - both Polish and foreign. Every week from the opening of cinemas in Poland the number of tickets sold has been growing steadily, but the return to pre-pandemic attendance levels will be possible, according to the Company, in 2022. For this reason, the Management Board of Helios S.A. renegotiated amounts of rents in all the shopping malls where the cinemas of this network operate, and implemented new expenditure approval procedure. Such action will reduce the Helios cost base in subsequent quarters of 2020, which - along with the return of the viewers to cinemas - should improve Helios performance as compared to the second quarter of 2020.

According to the Company's estimates, the decline in the number of viewers in Polish cinemas in 2020 may reach 50.0% as compared to 2019. However, given the uncertainty as to the further developments related to the spread of the COVID-19 pandemic and the possibility of restoring some restrictions to prevent further spread, as well as unpredictable decisions of film producers and distributors relating to the dates of film premiers, said estimates may be subject to significant errors.

In the second quarter of 2020, the Press segment, despite a decline in revenue, improved its operating results. This was achieved thanks to the systematic work on the transformation of the Agora Group's press operations model. The main product here is still *Gazeta Wyborcza* and further development of subscriptions to the Wyborcza.pl. Agora's Management Board systematically verifies the portfolio of press titles issued, resigning from the publishing of titles whose main clients are increasingly migrating to the Internet. Following implementation of such a process in the second quarter of 2020, Agora's Management Board decided to discontinue publishing of two monthlies and to reduce the volume of the daily published. The price of the Friday edition of the daily has also changed. In addition, as part of the saving activities, Agora resigned from some local editorial offices. Work in these regions is now performed remotely and will remain in this formula also after the pandemic has ended. These actions will have a positive impact on the Press segment cost base in subsequent quarters. Additionally, the level of operating costs of this segment was significantly affected by restructuring of printing activities and reducing its scale, as well as lower headcount in the press division.

Due to a significant decrease in the value of expenditure on the outdoor market, a number of measures were taken to reduce the level of operating costs of the Outdoor segment, and the panel portfolio was duly reviewed. As a result, AMS S.A. decided to write down the value of a part of them which, due to the predicted medium-term development of the outdoor advertising market, will not be used to the extent enabling the attainment of their previous book value. The amount of this write-off stood at PLN 6.7 million in the second quarter of 2020. Saving measures focused mainly on reducing the system maintenance costs by changing the costs of lease of advertising space and reducing the costs of renovation and ongoing use of panels. According to the Company's Management Board, the aforementioned activities, combined with the return of the campaigns to the outdoor media, will improve the operating results of the segment. Following the removal of restrictions on the movement of the population, the advertisers systematically increase their demand for advertising campaigns. According to the Company, AMS as a leader of the outdoor market, with modern panels in the most frequented locations, has a chance of faster return of advertising campaigns to advertising panels from its offer than the rest of the market.

Also in the Radio segment, following the removal of restrictions on the movement of the population and the return of companies to their regular business, there is a demand for radio advertising campaigns. Despite the fact that the Agora Group is one of the smallest players on the radio market in Poland, and it was more difficult for it than for the large players to compete for significantly limited customer advertising budgets, the current rate of return of advertising expenditure in this area is satisfactory. It is worth noting that during the pandemic, there was a significant increase in the interest of listeners in the Radio TOK FM offer. Its audience reached record levels in the period under review.

Agora’s Internet segment was the Group’s business area least affected by the negative consequences of the pandemic. During the pandemic, most advertisers who decided to continue their promotional activities, moved their advertising budgets to the internet. This segment of the advertising market is also faster rebuilding its value. Therefore, the Company expects the quickest recovery of advertising revenues in the Internet segment. Thanks to the restructuring of the asset portfolio, Agora will focus on the development of the most prospective investments in this area. The Group has significant competences in the programmatic area, including through a rapidly developing Yieldbird company whose offer - in times of the crisis - enjoys an increased interest of advertisers. In the first half of 2020, revenue from programmatic advertising accounted for 67.0% of all the Group's revenue from online advertising (including online classifieds). The second largest product of the Group in this area - Gazeta.pl - is also quite successful in its fight for recovering advertising budgets and return to the path of increased advertising revenues.

According to the Company's estimates, all the above measures will result in decrease in operating cost of ca. PLN 209.0 million in the second and third quarter of 2020 as compared to the same period of 2019..

Based on the available market data, the Company estimates that the value of the advertising market in Poland, which is one of the factors determining the Group's revenue level, will not decrease to the extent Agora anticipated in the report for the first quarter of 2020. According to the Company's latest estimates, based on the forecast GDP value in Poland and the data on the advertising market, in 2020, the advertisers will limit their expenditure on promoting their goods and services by approximately 8.0% -12.0% as compared to 2019. Preliminary data related to the subsequent quarters of 2020 show a decrease in the scale of drops in advertising revenues and return of advertisers to the media.

The Group expects the largest falls in advertising spending in the smallest segment of the advertising market - in cinemas. In the opinion of the Company, this decrease may reach approximately 58.0% - 62.0%. The decline in outdoor ad spend may amount to around 29.0% -33.0%. In magazines the value of ad spend may shrink by around 24.0% -28.0%, and in dailies by around 20.0% -24.0%. Advertising expenditure in television and in radio may be lower by ca. 10.0% -14.0%. The Internet will be the market segment least affected by the negative effects of the pandemic. The value of Internet advertising spend will fluctuate in the range: decrease by 1.0% - increase by 3.0%.

At the same time, due to the fact that it is difficult to predict further developments related to the pandemic and its economic impact, the above assumptions may be erroneous and their accuracy is much lower than in the periods of higher predictability.

Both Agora and its subsidiaries also seek to receive the available forms of public support for business. Agora Group companies applied for a total of PLN 13.9 million of co-financing for jobs from the Guaranteed Employee Benefit Fund. Most companies have already received the funding they have applied for. Receiving the financial support is related to the obligation to submit documents necessary for the purposes of their settlement within 30 days of the date of receipt of the last tranche of payment, while the final amount of the financial support may change as a result of the settlement.

Taking into account all these issues, the Agora's Management Board estimates that, as a result of the current pandemic, in the whole 2020 the Group's revenue may significantly decrease, with the Group reporting an operational loss a the EBIT level. The businesses most affected by the consequences of the pandemic are Cinema, Outdoor and Food Business,

- **Write downs of fixed assets**

On 30 April 2020, the Management Board of Agora S.A. informed that on 30 April 2020 its subsidiary Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) with its registered office in Warsaw ("Domiporta") started negotiations on the sale of the enterprise to Mieszkanie.pl, whose partners are Piotr Przybysz and Sławomir Gąsiorowski – members of the management board of Domiporta. The subject of negotiations is the sale of an organized set of tangible and intangible assets intended for conducting business activity under the name Plan D Sp. z o.o. (formerly Domiporta Sp. z o.o.) within the meaning of art. 551 of the Civil Code, such as trademarks, rights to internet domains, software, databases, rights from contracts with customers, suppliers and other contractors, employees, bank accounts.

At the same time, the Management Board of Agora informs that due to the negative impact of the COVID-19 pandemic on Domiporta's financial results and the achievable selling price of Domiporta, it has been decided to revaluate assets in Domiporta. As a result, Agora Group wrote-off the value of assets related to Domiporta's activity in the amount of PLN 12.7 million (twelve million seven hundred thousand zlotys). The recognized write-offs were charged to other operating expenses of the Agora Group in the first quarter of 2020.

As a result of the published information, an entity not related personally or by capital to the company, interested in the acquisition of the above-mentioned organized group of tangible and intangible assets, approached Domiporta, as a result of which, on May 20, 2020, the Management Board of Agora S.A. informed that Domiporta had additionally started negotiations with the same entity, which ended with the signing of an agreement for the sale of the enterprise on June 9, 2020 (the settlement of the sale is presented in Note 12).

On 30 April 2020, the Management Board of Agora S.A., with reference to the report No. 10/2020 of March 23, 2020 on the negative impact of a pandemic on the results of the Agora Group, announces that today the Management Board of an indirect subsidiary of Agora S.A. - Foodio Concepts Sp. z o.o. with its registered office in Łódź, which is a part of the Helios group ("**Foodio Concepts**"), adopted a resolution to file a petition for bankruptcy of Foodio Concepts. The financial situation of the company has deteriorated significantly due to the outbreak of a pandemic, which prevented the company from conducting business activities and taking any corrective actions, therefore, after analyzing the company's economic prospects, the Management Board of Foodio Concepts adopted a resolution on filing for bankruptcy.

At the same time, negotiations were opened on the sale of the company's shares.

Following the resolution of 30 April 2020, the management of the company applied for bankruptcy of Foodio Concepts, which included liquidation of the company's assets to the District Court for Łódź-Śródmieście in Łódź, the Economic Department for Bankruptcy and Restructuring.

When deciding on filing for bankruptcy of Foodio Concepts, the company's management acted with the well-being of Foodio Concepts and its creditors in mind, as well as the need to secure their interests due to the insolvency of Foodio Concepts.

At the same time, the Management Board of Agora informs about becoming aware that its subsidiary Helios S.A. has started today the negotiations with a potential buyer regarding the sale of all shares of Foodio Concepts belonging to Helios S.A. The potential buyer was an investor from outside of the food-service industry. The purchase price remained insignificant.

In connection with the filed petition for bankruptcy, the Agora Group made write-offs of assets related to Foodio Concepts in the amount of approximately PLN 9,079 thousand (including non-current assets in the amount of PLN 8,735 thousand and inventory in the amount of PLN 344 thousand), which charged the consolidated result of the Agora Group in the first quarter of 2020.

On June 2, 2020, the Management Board of Agora S.A. announced that it had received information on the conclusion of negotiations and the conclusion by the subsidiary Helios S.A. sale agreement for all shares in Foodio Concepts Sp. z o.o. for the benefit of 5m Square Sp. z o.o. with its seat in Warsaw (settlement of disposal is presented in note 12).
In addition, in the second quarter of 2020, due to significant declines in the value of outdoor advertising expenses caused by the COVID-19 pandemic, the Management Board decided to review the portfolio of panels in the outdoor segment and write off the value of some of them, which due to the expected growth in the medium term outdoor advertising market, they cannot be used to the extent that it would allow them to recover their book value. The value of this impairment loss in the AMS group amounted to PLN 6,698 thousand.

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

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

From April 15 to October 15, 2020, by a decision of the Management Board of Agora S.A. the salaries of Agora Group employees were reduced by 20.0%. The larger scale of the reductions covered the Management Board and Supervisory Board of the Company. According to the Company's estimates, savings due to the reduction of salaries and benefits for employees and regular associates will amount to approximately PLN 30.0 million.

Voluntary leave program in Goldenline Sp. z o.o.

On April 23, 2020, the Management Board of Agora S.A., with reference to the report no. 13/2020 of 6 April 2020 on commencing consultation with the inter-enterprise commission of NSZZ "Solidarność "Agora SA and Inforadio Sp. z o.o. regarding i.a. agreeing on the conditions of group layoffs in Goldenline Sp. z o.o. with its registered office in Warsaw ("Goldenline"), informs about termination of these consultations due to the termination of employment with majority of Goldenline's employees under the voluntary leave program.

As a part of the voluntary leave program, the employment relationship ended with 26 employees, representing nearly 80% of the Goldenline staff. The cost of implementing the voluntary leave program will amount to PLN 0.9 million and will affect Agora Group's financial results in the second quarter of 2020.

Application of IFRS 16 Leases

The Group notes that since 2019 it has applied IFRS 16 Leases, which has significantly affected the balance sheet and result items of the Agora Group. Detailed information on the impact of IFRS 16 on consolidated financial statements is included in the consolidated financial statements of the Group for 2019.

As at 30 June 2020, as a result of implementation of IFRS 16, the Group recognised additional assets as right-of-use assets in the amount of PLN 586,219 thousand (including the net carrying value of property, plant and equipment in the amount of PLN 76,589 thousand relating to assets in the finance lease and rights of perpetual usufruct of land, which were reclassified to right-of-use assets balance sheet line and PLN 2,278 thousand of the value of the prepaid administrative decisions for the seizure of the road). The Group recognised also additional lease liabilities in the amount of PLN 554,229 thousand.

As a result of implementation of the new standard, 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. Additionally, the Group recognizes exchange differences on translation of lease liabilities, and its financial result depends on the evolution of the

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

EUR/PLN rate. The above changes had in total a negative impact on the Group's net result in the first half of 2020. 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 interim financial statements reflecting the impact of applying the new standard as at 30 June 2020:

	As at 30 June 2020 (excl. IFRS 16)	Application of IFRS 16	As at 30 June 2020 (as reported)
Non-current assets:			
Property, plant and equipment	503,263	(76,589)	426,674
Right-of-use assets	-	586,219	586,219
Receivables and prepayments	2,471	(1,207)	1,264
Deferred tax assets	22,938	7,738	30,676
	1,107,571	**516,161**	**1,623,732**
Current assets:			
Accounts receivable and prepayments	141,949	(1,071)	140,878
	295,771	**(1,071)**	**294,700**
Total assets	**1,403,342**	**515,090**	**1,918,432**

	As at 30 June 2020 (excl. IFRS 16)	Application of IFRS 16	As at 30 June 2020 (as reported)
Eqiuty	**906,708**	**(32,989)**	**873,719**
Non-current liabilities:			
Long-term borrowings	119,096	473,597	592,693
including: lease liabilities	*52,369*	*473,597*	*525,966*
Accruals and other liabilities	8,050	(1,901)	6,149
	181,045	**471,696**	**652,741**
Current liabilities:			
Trade and other payables	240,394	(4,249)	236,145
Short-term borrowings	51,595	80,632	132,227
including: lease liabilities	*15,192*	*80,632*	*95,824*
	315,589	**76,383**	**391,972**
			-
Total equity and liabilities	**1,403,342**	**515,090**	**1,918,432**

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

	Six months ended June 30, 2020 (excl. IFRS 16)	Application of IFRS 16	Six months ended June 30, 2020 (as reported)
Revenue	419,122	-	419,122
Operating cost net, incl.:	(482,319)	(9,669)	(491,988)
D&A	*(48,077)*	*(36,081)*	*(84,158)*
External services	*(197,791)*	*25,355*	*(172,436)*
Taxes and fees	*(3,376)*	*486*	*(2,890)*
Other operating income/other operating expenses	361	571	932
Operating loss	**(63,197)**	**(9,669)**	**(72,866)**
Finance income, incl.:	4,007	-	4,007
Finance costs, incl.:	(2,979)	(27,015)	(29,994)
Interest	*(2,765)*	*(7,319)*	*(10,084)*
F/x losses	*440*	*(19,696)*	*(19,256)*
Share of results of equity accounted investees	(441)	-	(441)
Loss before income taxes	**(62,610)**	**(36,684)**	**(99,294)**
Income tax	3,981	7,117	11,098
Net loss for the period	**(58,629)**	**(29,567)**	**(88,196)**

	Six months ended June 30, 2020 (excl. IFRS 16)	Application of IFRS 16	Six months ended June 30, 2020 (as reported)
Net cash from operating activities	94,247	21,531	115,778
Net cash used in investing activities	(10,555)	-	(10,555)
Net cash used in financing activities	(11,492)	(21,531)	(33,023)
Net cash	**72,200**	**-**	**72,200**
Cash and cash equivalents	**133,265**	**-**	**133,265**

Information on the financing of the Agora Group

On 29 March 2020, the Management Board of Agora S.A., with reference to the report 6/2019 of 11 March 2019 on the commencement of negotiations with a consortium of banks in order to obtain a loan, among others, for financing or refinancing acquisition expenses and investment projects of the Agora Group, in line with the business strategy for 2018-2022, as well as to finance working capital and general corporate goals, informs that due to the pandemic of the coronavirus, these negotiations are suspended until the end of it.

The both parties declare the willingness to resume talks after the pandemic ends and are currently focusing, within bilateral relations, on providing financing to the Company and the Helios group (Helios SA and its subsidiaries) until the end of the fight against the effects of the pandemic.

As part of these talks and with reference to regulatory filings no. 6/2017 of 25 May 2017, no. 13/2018 of 18 May 2018, no. 8/2019 of 29 March 2019, no. 24/2019 of 29 August 2019 and no. 28/2019 of 23 December 2019 regarding the Credit Limit Agreement ("Agreement") with the bank DNB Bank Polska Spółka Akcyjna ("Bank"), Agora informs about signing today the Arrangement to the above Agreement, extending the date of repayment of capital instalments of credit line made available under the Agreement, which are to be repaid on 1 April 2020 in the amount of PLN 8.3 million, by 4 May 2020. The Company also began talks to further prolong the repayment of capital instalments under the above Agreement.

Agora also informs that its subsidiary Helios S.A. with its registered office in Łódź, today also signed with Santander Bank Polska SA annexes to two investment loan agreements of 8 May 2015 and of 25 June 2015 extending the repayment dates of capital instalments to be paid from 31 March to 30 June 2020, in the total amount of PLN 0.7 million, until 30 September 2020 and in the case of one of the investment loan agreements (concluded on 18 May 2018) annex extending the repayment period of capital instalments to be paid from 31 March to 31 August 2020 in the total amount of PLN 0.5 million until 31 May 2023.

Helios S.A. also received a positive decision from Bank BNP Paribas Polska Spółka Akcyjna ("BNP Paribas") to extend the repayment of capital instalments of five investment loans granted by this bank, whose payment date falls from 31 March to 31 May 2020. According to information obtained from BNP Paribas, a new payment date of PLN 0.65 million (the sum of three capital instalments resulting from three investment loan agreements) will be on 31 December 2020. Three capital instalments of a loan resulting from another agreement with this bank in the total amount of PLN 0.41 million will be payable by 29 October 2021, and three capital instalments due under the last contract with this bank, in the total amount of PLN 0.5 million, will be payable by 29 March 2024.

On 24 April 2020 Annex No. 6 to the above Agreement ("Annex No. 6") was signed. Pursuant to the signed Annex No. 6, the period of availability of the credit limit in the amount of 35,000,000.00 PLN (thirty-five million zlotys), which the Company may use, is extended until September 29, 2020 on the same principles as in the Agreement on which the company announced in current reports of May 25, 2017, May 18, 2018, March 29, 2019, August 29, 2019 and No. 28/2019 of December 23, 2019. Annex suspended some of the previous requirements of the Bank and introduced new ones reflecting the current financial situation of the Company, among others announced new requirements as to the Agora Group's result at the EBITDA level in the second quarter of 2020, the amount of cash balance at the end of each month in the loan period to April, 30 2021, and the need to obtain the Bank's consent for dividend payment in 2020.

At the same time, pursuant to Annex No. 6, the repayments of capital instalments for Non-Renewable Credit 1 and Non-Renewable Credit 2 were temporarily suspended for the period up to and including September 30, 2020. The grace period does not include repayment of interest. The repayment of principal instalments due for the grace period for Non-Renewable Credit 1 and Non-Renewable Credit 2 will be made on the day of final repayment of Non-Renewable Credit 1 and on the day of final repayment of Non-Renewable Credit 2.

As a result, two instalments of Non-Renewable Credit 1 (each in the amount of 2.1 million PLN) were postponed until April 1, 2021, and two instalments of Non-Renewable Credit 2 (each in the amount of 6.3 million PLN) were postponed until January 2, 2023.

The Credit Limit bears interest at WIBOR for one-month deposits in PLN increased by the Bank's margin. In the event of a failure to pay part or all of the Bank's receivables by the deadline specified in the Agreement, Bank will charge the Company with interest in the amount of the base rate plus penalty interest. In addition, there are no provisions regarding contractual penalties in Annex No. 6.

Moreover, in June 2020, the subsidiaries: AMS S.A. and Helios S.A. concluded agreements with the banks financing them to suspend some of the banks' existing requirements to maintain financial ratios in order to reflect the current financial situation of these companies caused by the influence of the Covid-19 epidemic.

Tax control

On February 28, 2019, Agora S.A. ("Company") received a tax control protocol related to the accuracy of VAT settlements for the period of September to December 2017. The Tax Office is questioning the way that the Company applies certain VAT regulations for selected goods and services. Subsequently, the Tax Office opened a tax procedure and on 26 December 2019 the Company received a tax assessment dimensional decision by the tax authority of first instance determining the VAT arrears in the amount of PLN 0.5 million (principal amount). The amount resulting from the decision together plus interests has been paid on 7 January, 2020. Simultaneously, The Company's Management Board did not agree with the findings of the decision and has filed an appeal on 9 January 2020 to the Director of the Chamber of Tax Administration in Warsaw. The Management Board of the Company considers the adopted method of evidence to be appropriate and will defend it in further administrative or court proceedings. In the Company's Management Board opinion, following appeal or legal proceedings, the amount paid shall be refunded and there is no basis to recognise a provision for potential tax losses. As at the date of these financial statements the tax procedure is pending.

Other information

Income tax recognized in the Group's profit and loss account differs from the theoretical amount resulting from the application of the Polish tax rate of 19% mainly due to the failure to recognize deferred tax assets due to tax losses arising within the Tax Group due to uncertainty as to achieving future tax profits enabling their settlement and failure to recognize deferred tax on certain temporary differences related mainly to write-offs of fixed assets related to the activities of Foodio Concepts Sp. z o.o.

18. POST BALANCE-SHEET EVENTS

Inflow of funds from the Guaranteed Employee Benefits Fund

On July 14, 2020, The Management Board of Agora S.A. informed about receiving the first tranche of employee remuneration subsidy from the Voivodship Labor Office in Warsaw from the Guaranteed Employee Benefits Fund in the amount of PLN 2.79 million.

The funds received correspond to one third of the total amount requested by the Company (i.e. PLN 8.37 million).

Agora Group companies jointly applied for funding in the amount of PLN 13.9 million.

Receiving of the subsidy is connected with the obligation to submit documents necessary for its settlement within 30 days from the day of obtaining the last tranche of payment, and the final amount of the financing may change as a result of settlement.

Agora Poligrafia Sp. z o.o.

On July 14, 2020, The Extraordinary Shareholders Meeting of Agora Poligrafia Sp. z o.o. adopted a resolution to merge Agora Poligrafia Sp z o.o. ("Acquired Company") with Agora S.A. ("Acquiring Company") by transferring all assets of the Acquired Company to the Acquiring Company and consented to the merger on the terms and conditions set out in the agreed merger plan. On August 13, 2020 in the District Court for the Capital City of Warsaw in Warsaw, a resolution was submitted on the merger of the Acquired Company with the Acquiring Company in order to enter a note of such a resolution in the Register of Entrepreneurs of the National Court Register. On the same day, the merging companies submitted an application for registration of the merger on October 1, 2020. As at the date of publication of this report, the above change has not been registered.

Hash.fm Sp. z o.o.

On August 5, 2020 Agora S.A. concluded an agreement for the sale of 1 share in Hash.fm Sp. z o.o. with a nominal value of PLN 50.00 (fifty zlotys) to a third party. Currently Agora S.A. does not have any share in Hash.fm Sp. z o.o.

Goldenline Sp. z o.o.

On September 16, 2020, the Extraordinary General Meeting of Goldenline Sp. z o.o. adopted a resolution to increase the company's share capital from PLN 400,000 PLN. up to PLN 3,221 thousand by creating 2,821 new shares with a nominal value of PLN 1,000 each. The newly created shares were acquired by the sole shareholder of the company, i.e. Agora S.A. in exchange for a cash contribution of PLN 2,821 thousand. As at the date of publication of this report, the above change has not been registered by the District Court for the capital city of Warsaw in Warsaw.

Yieldbird Sp. z o.o.

On September 21, 2020, the Extraordinary General Meeting of Yieldbird Sp. z o.o. adopted a resolution to increase the company's share capital from the amount of PLN 47,550.00 to the amount of PLN 48,350.00, i.e. by PLN 800.00 by creating 16 new, equal and indivisible shares with a nominal value of PLN 50.00 each. The newly created shares were acquired by two natural persons. Each took up 8 shares in return for a cash contribution of PLN 400. As at the date of publication of this report, the above change has not been registered by the District Court for the capital city of Warsaw in Warsaw.

Agora S.A.

On September 24, 2020, the Management Board of Agora S.A. informed that on September 24, 2020, the Company concluded an overdraft agreement for PLN 65.0 million ("Overdraft Agreement") and Annex No. 7 to the Credit Limit Agreement of May 25, 2017 ("Annex No. 7").

Pursuant to the signed Overdraft Agreement and Annex No. 7, and after meeting the conditions for establishing legal security for the repayment of the loan and meeting other requirements usually applied when granting loans of a comparable amount, the Company will have an available overdraft facility up to a total amount of PLN 100.0 million. ("Credit"). The financing conditions granted under the Overdraft Agreement and Annex 7 are identical. The funds from the credit facility can be used to finance Agora's day-to-day operations, including replacement and development investments, excluding refinancing of other debt.

The funds under the Overdraft Agreement are available till September 22, 2022, and under Annex No. 7 till September 28, 2022.

The collaterals for the financing granted were typical for these agreements and, in accordance with the provisions of the Overdraft Agreement and Annex No. 7 include i.a. a declaration of voluntary submission to enforcement by the Company, a contractual mortgage established for the benefit of the Bank on real estate located in Warsaw at 8/10 Czerska Street, on the real estate of which the Company has the right of perpetual usufruct and the ownership of the building located thereon, transfer of rights under the insurance policy on the above real estate, pledge on shares / stocks of subsidiaries and a guarantee of Bank Gospodarstwa Krajowego under the PLG FGP portfolio guarantee line secured with a blank bill of exchange covering 80% of the overdraft facility amount.

The margin on overdraft facilities was set at a constant level not deviating from the market standards and reflects the financial position of the Company as well as collaterals provided to the Banks, while the margin on non-revolving loans granted under the agreement of May 25, 2017 will depend on the Company's debt ratio in relation to EBITDA topped up by received dividends.

The amount of the fee under BGK's guarantee was in line with the standard values adopted by BGK and reflects the assessment of Agora's financial standing. In addition, during the financing period, the Company is required to maintain at an agreed level the financial ratios relating to investment expenditure, turnover of receivables, receivables write-offs, impairment losses on property, plant and equipment, investments and intangible assets, as well as EBITDA increased by received dividends.

In addition, the Company is obliged, inter alia, to obtain the Bank's consent to pay dividends, implement the share buyback program, make acquisitions, sell shares in subsidiaries or incur additional financial liabilities by the Company and its selected subsidiaries. Nor can it encumber its fixed assets.

The value of the financing granted may be reduced if the Company does not receive the forecasted dividends and at the same time fails to achieve the forecasted EBITDA result increased by the dividends received. The Bank may also decide not to pay the funds under the Overdraft in the event of a change in control over the Company.

The credit will bear interest at the WIBOR rate for one-month deposits in PLN increased by the Bank's margin. In the event of a breach of the contract, the Bank may, inter alia, increase the margin, and in the event of overdue debt, it will charge the Company with interest increased by the Bank's margin. In addition, the Agreement does not contain provisions on contractual penalties.

Helios S.A.

On September 24, 2020 the Management Board of Agora S.A. informed that on September 24, 2020 it acquired information that its subsidiary company Helios S.A. concluded overdraft credit agreement with BNP Paribas Bank Polska S.A. with its registered office in Warsaw ("BNP";) and discloses delayed information on (i) agreement on preliminary conditions for financing Helios S.A. and (ii) conclusion of revolving loan agreement with Santander Bank Polska S.A. based in Warsaw ("Santander") (jointly "Banks") on August 31,2020 with a repayment guarantee of 80% of the loan by Bank Gospodarstwa Krajowego ("BGK").

The total value of the above loans with a BGK guarantee is PLN 40.0 million, i.e. PLN 20.0 million from each of the Banks. The credit repayment period is 24 months, from the date of signing the agreement.

At the same time, the Banks declared their readiness to return to talks on the second tranche of financing - for another PLN 40.0 million - after assessing the financial results of Helios S.A. for the third quarter of 2020 and the economic situation in Poland.

Pursuant to the agreements signed with the Banks for an overdraft and revolving loan and after meeting the conditions for establishing collaterals for the repayment of both loans and meeting other requirements usually applied when granting loans of a comparable amount, Helios will have a credit ("Credit") up to the amount of PLN 40.0 million.

The obtained funds may be used to finance the current business activities of Helios S.A., including replacement and development expenditure, excluding refinancing of other debt.

The financing under the loan agreement with BNP in the amount of PLN 20.0 million will be available for 24 months from the date of signing the agreement.

Collaterals for the funding granted by BNP include, inter alia, a cash deposit and a guarantee of Bank Gospodarstwa Krajowego as part of the PLG FGP portfolio guarantee line, secured with a promissory note, covering 80% of the loan amount.

During the financing period, Helios is obliged to transfer the servicing of current accounts to BNP and maintain at the level agreed with BNP both the amount of sales revenues flowing to the BNP current account and the amount of the agreed maximum debt. In the event of failure to meet any of these conditions, the Bank has the right to increase the loan margin by 1/4 retroactively. The increased margin will apply from the first to the last day of the calendar quarter in which the turnover obligation is not met by Helios. Helios is also obliged to maintain the EBITDA result at the level agreed with BNP. Additionally, Helios, without prior consent of BNP, may not pay dividends, nor encumber or consent to the encumbrance of its assets.

In the case of the agreement signed with Santander on August 31, 2020, the condition for the release of the credit in the amount of PLN 20.0 million was the submission of a promissory note by the company, entry of the loan and BGK guarantee in the register of liquidity guarantees, and a declaration of submission to enforcement. The condition precedent for the release of financing is confirmation of signing and meeting the conditions for receiving financing from BNP. The loan can be used until August 25, 2022, and the repayment date is August 26, 2022.

During the financing period, Helios is obliged to ensure Santander the ability to monitor the company's financial liquidity, as well as ensure the inflow of cash to the account maintained by Santander at the agreed level. Helios is obliged to maintain the level of EBITDA and capital expenditure at the agreed level, and may not dispose of and encumber the company's fixed assets, incur financial liabilities other than the agreed ones, and pay dividends. In the event that Helios breaches the financing conditions, the amount of the loan margin may change.

At the same time, during the financing period, the method of exercising control over Helios should not change, nor should the rights of Agora Holding Sp. z o.o. as a shareholder of Agora S.A. change.

Both loans bear WIBOR rate for one-month deposits in PLN increased by the margin of the Banks. The BGK guarantee fee is in line with the standard values adopted by BGK and reflects the assessment of Helios S.A.'s financial standing. The Agreement does not contain other provisions on contractual penalties.

19. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	PLN thousand			EURO thousand		
	Six months ended 30 June 2020 unaudited	As at 31 December 2019 audited	Six months ended 30 June 2019 unaudited	Six months ended 30 June 2020 unaudited	As at 31 December 2019 audited	Six months ended 30 June 2019 unaudited
Sales	419,122		578,224	94,369		134,847
Operating loss	(72,866)		(8,699)	(16,406)		(2,029)
Loss before income taxes	(99,294)		(10,772)	(22,357)		(2,512)
Net loss for the period attributable to equity holders of the parent	(81,316)		(11,268)	(18,309)		(2,628)
Net cash from operating activities	115,778		88,787	26,068		20,706
Net cash used in investing activities	(10,555)		(112,156)	(2,377)		(26,156)
Net cash used in financing activities	(33,023)		32,388	(7,435)		7,553
Net increase / (decrease) in cash and cash equivalents	72,200		9,019	16,257		2,103
Total assets	1,918,432	1,992,445		429,564	467,875	
Non-current liabilities	652,741	628,277		146,158	147,535	
Current liabilities	391,972	411,993		87,768	96,746	
Equity attributable to equity holders of the parent	856,460	931,243		191,773	218,679	
Share capital	46,581	46,581		10,430	10,938	
Weighted average number of shares	46,580,831	46,580,831	46,580,831	46,580,831	46,580,831	46,580,831
Earnings per share (in PLN / in EURO)	(1.75)		(0.24)	(0.39)		(0.06)
Book value per share (in PLN / in EURO)	18.39	19.99		4.12	4.69	

Warsaw, September 24, 2020

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.