AGORA SA

AGORA GROUP

Report for

1q 2019

14, May 2019

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AGORA GROUP

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

REVENUE PLN 308.4 MILLION

EBITDA PLN 37.9 MILLION

EBITDA EXCL. IFRS 16 PLN 20.6 MILLION

NET LOSS PLN 3.4 MILLION

NET LOSS EXCL. IFRS 16 PLN 1.4 MILLION

OPERATING CASH FLOW PLN 54.4 MILLION

OPERATING CASH FLOW EXCL. IFRS16 PLN 36.5 MILLION

Unless indicated otherwise, all data presented herein represent the period of January – March 2019, while comparisons refer to the same period of 2018. All data sources are presented in part IV of this MD&A. A new IFRS 16 standard has been in force since 2019, which influenced the presentation of selected categories of the income statement and balance sheet. In this document the data were presented both with the impact of IFRS 16 on the Group's results and without it.

I. IMPORTANT EVENTS AND FACTORS WHICH INFLUENCE THE FINANCIALS OF THE GROUP [1]

- It is worthwhile to note that some events affected the yoy comparability of the results of the Agora Group ("Group") in the first quarter of 2019. In the first quarter of 2018, the sale of the Agora Group's properties in Gdańsk and Warsaw had a positive impact on the Agora Group's operating result. The positive impact of these transactions on the operating result was PLN 13.9 million. In the same period, the operating result of the Agora Group was affected by the provision for group lay-offs in the Print segment amounting to PLN 1.4 million and write-off of receivables from RUCH S.A. in the amount of PLN 0.6 million. In the first quarter of 2019, costs of restructuring activities in the amount of PLN 5.6 million carried out mainly in the Print segment negatively affected the result of the Agora Group.
- If the impact of the aforementioned events on the results of the Agora Group were eliminated, the results for the first quarter of 2019 would be significantly better than in the first quarter of 2018. The Group's EBITDA excluding IFRS 16 would have increased to PLN 26.2 million, whereas the operating result at the EBIT level excluding IFRS 16 would have been PLN 4.8 million and net profit excluding IFRS 16 would have been PLN 3.1 million.
- Taking into account the aforementioned factors, in the first quarter of 2019, the Group's result at the EBITDA level excluding IFRS 16 was lower yoy and amounted to PLN 20.6 million. The Group recorded an operating loss at the EBIT level excluding IFRS 16 of PLN 0.8 million, as well as a net loss excluding IFRS 16 of PLN 1.4 million.
- When analyzing results of the Agora Group, it is also necessary to take into account changes in the income statement and the balance sheet resulting from the implemenarion of IFRS 16. In the first quarter of 2019, taking into account the impact of IFRS 16, the Group's result at the EBITDA level increased to PLN 37.9 million and at the EBIT level – to PLN 0.5 million. In the reporting period, the Group recorded a net loss of

PLN 3.4 million, with the net loss attributable to equity holders of the parent company amounting to PLN 5.0 million.

- As a result of IFRS 16 coming into force, the Group changed the method of recognizing operating leases in the income statement and the balance sheet. This resulted in recognizing a new asset – the right to use the underlying leased asset – and a new liability – a liability representing the obligation to make lease payments – in the balance sheet. The rights to use assets under long term leases are subject to depreciation, while interests are calculated on liabilities.

  Based on an analysis carried out, the Group classified a significant part of long-term rental contracts, in particular pertaining to the perpetual usufruct of land, locations for outdoor advertising panels in the Outdoor segment, locations for radio transmitters in the Radio segment, locations of cinemas and restaurants in the Movies and Books segment, as leases within the meaning of IFRS 16. As a result, the value of assets and liabilities in the balance sheet, as well as depreciation costs and interest costs in the income statement increased, while rental costs decreased. Consequently, the Group recorded an increase of amortization and depreciation as well as interest costs together and at the same time the drop in the costs of external services, under which rental fees had been recorded until that time. The aforementioned changes positively affected the Group's operating result, while reducing the net result.

  Detailed information together with amounts that affected particular items of the income statement and the balance sheet are presented in note no. 2 to the financial statements for the first quarter 2019.

- In the first quarter of 2019, revenues of the Agora Group amounted to PLN 308.4 million and increased by 10.9% yoy. The largest impact on the Group's revenue level had higher yoy inflows from the movie business and Helios cinema network. In the first quarter of 2019, NEXT FILM (subsidiary company of Helios S.A.) released the following film productions for cinema distribution: *Underdog*, *MiszMasz czyli Kogel Mogel 3* and *Cale szczescie*, which were some of the most popular Polish films in the first three months of 2019 and provided the Agora Group with record high quarterly inflows from the movie business, amounting to PLN 27.7 million. Higher yoy revenues of the Helios cinema network are a result of the growth in the attendance rates in Polish cinemas in the first quarter of 2019. The dynamics of sales of tickets in the Helios cinema network was two times higher than on the market, which translated into a growth of revenues from admissions by 16.0% yoy to PLN 76.8 million, and from concession sales by 28.8% yoy to PLN 30.9 million. The revenues from advertising sales in the Helios network of cinemas and revenues of the Agora Publishing House also went up yoy. The growth in each of the aforementioned revenue categories translated into record high revenues of the Movies and Books segment in the first quarter of 2019. Revenues of the Outdoor segment remained at the same level as in the first quarter of 2018, despite lower yoy revenues from the sales of advertisements in this segment. However, other business segments recorded a decrease in revenue. The sharpest decline - by 15.0% yoy - was recorded in the Radio segment, whose revenue amounted to PLN 22.1 million. Revenues of the Press segment decreased by 6.6% yoy to PLN 46.4 million, mainly as a result of lower revenues from the sales of advertisements in *Gazeta Wyborcza* and a reduction in the number of press titles published. The revenue of the Internet segment decreased by 6.5% yoy to PLN 37.6 million, mainly due to lower revenues from advertisements recorded in Gazeta.pl division. Total revenues of the Print segment decreased by 9.2% yoy to PLN 15.8 million due to lower volume of orders.

- In the first quarter of 2019, the Group's operating costs excluding IFRS 16 increased by 16.7% yoy and amounted to PLN 309.2 million. The sharpest yoy increase was recorded in the Movies and Books segment, and was related to record high results of the movie business, development of the Helios cinema network and the restaurant business of Foodio Concepts. Costs of the segment excluding IFRS 16 went up by 36.9% yoy to PLN 134.8 million. The highest increase was recorded in external services, and was related both to payments to movie distributors and producers as a consequence of the commercial success of movie business of NEXT FILM, and to a higher yoy number of cinemas and restaurant openings. As a result costs of external services excluding IFRS 16 in this segment went up by 50.8% yoy to PLN 75.4 million. The Print segment was another segment with higher yoy operating costs excluding IFRS 16 in the first quarter of 2019. It increased by 24.5% yoy, to PLN 23.9 million. The main reason of the growth was the cost of the restructuring provision and a write-down of a part of unused paper stock. The Outdoor segment noted an increase in operating costs without IFRS 16 by 7.1% yoy to PLN 34.8 million, mainly due to higher marketing and promotion costs as well as growth of general expenses. In the first quarter of 2019, a decrease in operating costs was recorded in the Press, Radio and Internet segments. Operating costs in the Press segment declined by 10.7% yoy to PLN 48.5 million, mainly owing to lower yoy staff costs and lower yoy promotion and marketing costs. In the Radio segment, a decrease in operating costs excluding IFRS 16 by 11.0% yoy to PLN 21.1 million, resulted mainly from lower yoy costs of external services due to a lower level of sales of air time to the third party stations and a lower yoy sales brokerage cost for Helios cinema network. The key factor causing reduction of operating costs of the Internet segment by 3.7% yoy to PLN 36.2 million involved lower yoy staff costs caused by yoy reduction in the number of full-time employees. Operating costs of the Group, taking into account the impact of IFRS 16, amounted to PLN 307.9 million.

- On February 20, 2019, Agora S.A. acquired 40% of shares in the share capital of Eurozet for PLN 130.7 million. In accordance with the provisions of the Shareholders' Agreement Agora has been granted the typical rights of a minority shareholder. However, Agora, as a minority shareholder, will not have influence on, among other things, the operating activities of Eurozet or the programming strategy of the radio station. Agora has the right (but not an obligation) to exercise the Call Option during the period commencing after the lapse of 12 months and ending after the lapse of 36 months from the date of conclusion of the Final Agreement ('Call Option Period') or until June 20, 2022, if Agora submits to SFS Ventures a declaration of will to exercise the Call Option. Within the meaning of the Polish Accounting Act, Eurozet is an associate of Agora S.A. The acquisition of 40% of shares in Eurozet was financed partially from the Company's own resources, and PLN 75.0 million was financed with non-revolving loan on the basis of a Credit Line Agreement executed on May 25, 2017 with DNB Bank Polska S.A and amended by Annex no. 1 of May 18, 2018. Detailed information on the Transaction can be found in the financial statements for the first quarter of 2019.
- As at 31 March 2019, the Group's monetary assets and short-term financial assets amounted to PLN 104.1 million, which comprised cash and cash equivalents in the amount of PLN 30.2 million (cash in hand, bank accounts and deposits) and PLN 73.9 million invested in short-term securities.
- As at the end of March 2019, the Group's debt due to loans and leases amounted to PLN 654.1 million (including lease liabilities under IFRS 16 that amounted to PLN 477.1 million).

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

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

1. EXTERNAL FACTORS

1.1 Advertising market [3]

According to the Agora S.A. estimates ("Company", "Agora"), based on public data sources, in the first quarter of 2019, total advertising spending in Poland amounted to ca PLN 2.1 billion and was at the comparable level yoy (drop by 0.5%). At that time, advertisers limited their expenditure in most of the advertising market segments. The advertising expenditure grew only in Internet and cinemas

Tab.1

	I Q 2017	II Q 2017	III Q 2017	IV Q 2017	I Q 2018	II Q 2018	III Q 2018	IV Q 2018	I Q 2019
% change yoy in ad market value	2.0%	0.5%	1.5%	5.5%	8.5%	9.0%	7.5%	4.5%	(0.5%)

The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab.2

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
(0.5%)	(3.0%)	7.5%	(5.5%)	(7.0%)	(9.0%)	(15.0%)	5.0%

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

Tab. 3

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	45.5%	35.5%	7.5%	5.0%	3.5%	1.5%	1.5%

1.2 Copy sales of dailies [4]

In the first quarter of 2019, the paid circulation of daily newspapers in Poland decreased by 10.9%. The smallest decreases took place in the segment of national general-interest dailies, while the largest decreases were recorded in the segment of local general-interest dailies. In the reporting period, Gazeta Wyborcza recorded the lowest declines among all general information newspapers.

1.3. Cinema admissions [10]

In the first quarter of 2019, the number of tickets sold in Polish cinemas increased by 8.8% yoy and amounted to 18.8 million tickets. It was the record high first quarter in cinemas in Poland. Four of the top ten most-watched movies were Polish movies. As many as four of top ten movies in this period attracted over 1 million viewers in cinemas, while the remaining movies attracted over a half million viewers each.

The most popular title of the first quarter of the current year was *Misz Masz, czyli Kogel Mogel 3* distributed by NEXT FILM (company of the Helios group). *Underdog*, in the case of which NEXT FILM acted as a co-producer and distributor, was also among leading movies during the period from January to March 2019.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 4

in million PLN	**1Q 2019**	**% share**	**1Q 2018**	**% share**	***% change yoy***
Total sales (1)	**308.4**	***100.0%***	**278.0**	***100.0%***	***10.9%***
Advertising revenue	110.3	*35.8%*	120.2	*43.2%*	*(8.2%)*
Ticket sales	76.8	*24.9%*	66.2	*23.8%*	*16.0%*
Copy sales	34.5	*11.2%*	33.9	*12.2%*	*1.8%*
Concession sales in cinemas	30.9	*10.0%*	24.0	*8.6%*	*28.8%*
Revenues from film activities	27.7	*9.0%*	5.0	*1.8%*	*454.0%*
Printing services	14.3	*4.6%*	15.6	*5.6%*	*(8.3%)*
Other	13.9	*4.5%*	13.1	*4.8%*	*6.1%*

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

In the first quarter of 2019, the **Group's total revenues** amounted to PLN 308.4 million and increased by 10.9% yoy.

In the period from January to March 2019, the Group's **revenues from the sales of advertising services** decreased by 8.2% yoy and amounted to PLN 110.3 million. This was mainly caused by the drop of advertising expenditure in most of advertising market segments in the first quarter of 2019. The Group's segments that recorded lower yoy advertising revenues included Radio, Press, Internet and Outdoor. At the same time, this revenue item increased in the Movies and Books segment.

In the first quarter of 2019, **revenues from tickets sold in Helios cinemas** increased by 16.0% yoy and amounted to PLN 76.8 million. It is worthwhile to note that both - the ticket sale dynamics and the dynamics of related revenues - was significantly higher than market levels. In the period in question, almost 4.15 million tickets were purchased in Helios cinemas, i.e. by 19.0% yoy. In the same period, the overall number of cinema tickets sold in Poland amounted to 18.8 million and increased by 8.8% yoy *[10]*.

Copy sales revenues amounted to PLN 34.5 million and increased by 1.8% vs. the first quarter of 2018. The increase was mainly the result of: growing revenues from the digital subscription to *Wyborcza.pl*, higher revenues from sales of the journal in paper form and higher sales revenues of Agora Publishing House.

Cinema concession sales increased by 28.8% yoy to PLN 30.9 million. This resulted from a significant growth in the Helios cinema attendance during the period from January to March 2019 and higher prices in the cinema bars.

In the first quarter of 2019, **revenues from the movie business** amounted to PLN 27.7 million, and constituted the highest quarterly revenues of this type in the history of the Agora Group. During the period in question, NEXT FILM – a company of the Helios group – released 3 movie productions. They included *MiszMasz, czyli Kogel Mogel 3*, in the case of which NEXT FILM acted as a distributor and which was the most popular movie in Poland in the period from January to March 2019. During that period, the movie was seen by almost 2.4 million viewers. The second movie distributed by the company was *Cale szczescie* seen by 0.4 million viewers. One of the most popular movies was *Underdog* that was seen by over 0.9 million viewers. NEXT FILM was the movie's co-producer and distributor.

Revenues from the sales of printing services in the Group amounted to PLN 14.3 million and decreased by 8.3% yoy. This was due, inter alia, to lower yoy production volume and the restructuring process in the Print segment.

On the other hand, the **revenue from other sales** amounted to PLN 13.9 million and increased by 6.1% yoy. This growth resulted mainly from revenues from restaurant business developed by Foodio Concepts under Papa Diego and Van Dog brands. This category of revenues grew also in Agora Publishing House as well as in Outdoor and Press segments.

2.2. Operating cost

Tab. 5

in million PLN	**1Q 2019**	**% share**	**1Q 2018**	**% share**	***% change yoy***
Operating cost net, including:	**(307.9)**	**100.0%**	**(264.9)**	**100.0%**	**16.2%**
Operating cost net excl. IFRS 16 (1), including:	***(309.2)***	***100%***	***(264.9)***	***100.0%***	***16.7%***
External services	(114.3)	37.1%	(108.1)	40.8%	5.7%
External services excl. IFRS 16 (1)	*(131.3)*	*42.6%*	*(108.1)*	*40.8%*	*21.5%*
Staff cost	(83.1)	27.0%	(83.7)	31.6%	(0.7%)
Raw materials, energy and consumables	(41.6)	13.5%	(37.2)	14.0%	11.8%
D&A	(37.4)	12.1%	(23.3)	8.8%	60.5%
D&A excl. IFRS 16 (1)	*(21.5)*	*7.0%*	*(23.3)*	*8.8%*	*(7.7%)*
Promotion and marketing	(14.6)	4.7%	(13.5)	5.1%	8.1%
Cost of restructuring (2)	(5.6)	1.8%	(1.4)	0.5%	300.0%

(1) the amount of the cost excluding impact of International Financial Reporting Standard no. 16 Leases;

(2) cost of restructuring (including group lay-offs) in Print segment and Agora's support divisions in the first quarter of 2019 and cost related to group lay-off executed in Print segment in the first quarter of 2018.

In the first quarter of 2019, the Group's net operating costs increased by 16.7% yoy and amounted to PLN 309.2 million (data excluding the impact of IFRS 16). Operating costs recognized in accordance with IFRS 16 amounted to PLN 307.9 million. A difference in the amounts of operating costs is due mainly to a change in the method of recognition of contracts regarding space rent, mainly in the Movies and Books, Outdoor and Radio segments, which until that time constituted a material item reported in the category cost of external services. After the Group classified a significant part of long term operating leases as leases within the meaning of IFRS 16, the value of assets and liabilities in the balance sheet, as well as depreciation costs and interest costs in the income statement increased, while rental costs decreased. As a result, the Group recorded an increase of depreciation and interest costs and at the same time drop in the costs of external services, under which rental fees had been recorded until that time.

It is worth noting that the impact on the Group's operating costs in the first quarter of 2019 (both excluding IFRS 16 and with IFRS 16) had the restructuring provision related to the optimization measures, mainly in the Print segment, which amounted to PLN 5.6 million, of which PLN 4.9 million was charged to the results of the Print segment.

An increase of 21.5% in the **costs of external services** excluding IFRS 16 amounting to PLN 131.3 million was mainly due to the significantly higher yoy fees to film producers. Rental fees in the Helios cinema network were also higher yoy. Costs of external services increased also in the Print segment, Agora Publishing House and in the Outdoor segment. The development of restaurant business also impacted this cost position.

In the first quarter of 2019, **staff costs** decreased by 0.7% yoy to PLN 83.1 million. These costs decreased in the Press, Internet and Print segments, which was due to the lower yoy employment in these areas. A significant increase in staff costs (up by 21.9% yoy to PLN 16.7 million) was recorded in the Movies and Books segment. This was mainly the result of the increased headcount due to the development of the Helios cinema network, the changed minimum hourly wage, and the development of the restaurant business. The increase in the cost of salaries and employee benefits in the Radio segment was associated both with a yoy increase in salaries and higher costs of courses, trainings and conferences. A growth of this cost category in the Outdoor segment was due to payroll adjustments carried out in 2018 and creation of the provision for incentive schemes offered by the Group.

The Group's **headcount** as at the end of March 2019 amounted to 2,642 full time employees and decreased by 159 FTEs vs. the end of March 2018. In the first quarter of 2019, 147 employment contracts were terminated within the framework of the group lay-offs process in the Group.

The Group offers various incentive plans for its employees (for example: cash motivation plans, incentive plans in sales departments, incentive schemes for Board Members and key managers, etc.), the cost of which is charged to the Group's staff costs item.

The yoy increase in the **cost of materials and energy consumed and the value of goods and materials sold** resulted mainly from higher costs of newsprint, higher concession sales at cinemas, higher yoy number of cinemas, development of the restaurant business and higher costs of the Agora Publishing House.

The Group's **promotion and marketing costs** increased in the first quarter of 2019 by 8.1% yoy to PLN 14.6 million. This was caused mainly by promotion activities related to the movie business of the Group as well as higher yoy outlays in the Helios cinema network. They were also higher yoy in the Outdoor segment. Other business segments reduced their promotion and marketing costs.

Depreciation and amortization costs without IFRS 16 in the first quarter of 2019 decreased by 7.7% yoy to PLN 21.5 million. This is mainly effect of an acceleration of depreciation in Agora's backoffice departments in previous periods. Depreciation costs in the Print segment were also lower yoy. Depreciation costs increased in the Helios cinema network and the Internet segment.

3. PROSPECTS

On 15 April 2019, the creditors covered by both restructuring proceedings of RUCH S.A. voted to accept partial arrangements. The company expects to receive payment through the trust account of RUCH S.A. in the amount of 15% of the main claim and interest (covered by the restructuring proceedings), if both arrangement proceedings are legally validated by the court, the President of the Office of Competition and Consumer Protection will allow the takeover of RUCH S.A. by PKN Orlen and the court will validly rule on the implementation of both arrangements.

3.1. Revenue

3.1.1 Advertising market [3]

The value of advertising spending in Poland in the first quarter of 2019 was at a level similar to the analogous period of 2018 and amounted to approximately PLN 2.1 billion.

According to the Company's estimates, in 2019 the value of advertising spending in Poland should increase from 2.5 to 4.5% compared to 2018. However, in the first quarter of 2019, there was no increase in advertising spending, but a small drop in its value yoy. This is mainly due to the very high dynamics of ad expenditure growth observed in the first quarter.

2018 It is worth recalling that the increase in advertising spending by 8.5% recorded in the period January – March.

2018 made it the best first quarter for the advertising market since 2008. The high growth rate at that time was mainly due to the very good economic situation. In addition, the factor that was responsible for the high growth rate of spending on the advertising market in the first quarter of 2018 was significantly higher advertising activity of State Treasury companies. The first quarter of 2018 initiated the increased advertising activity of retail chains in connection with the introduction of a trade ban on selected Sundays.

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

Another factor that contributed to the increase in spending on the advertising market in the first quarter of 2018 was the expenses of advertisers associated with the Winter Olympics in Pjongczang.

In addition, the factor that disturbed the comparability of advertising expenditure yoy was the shift of the celebration of Easter - in 2019, it was celebrated in the second quarter, and in 2018 in the first quarter.

At the current stage, the Company decided not to change its estimates of the increase in advertising spending in 2019, although it estimates that its value will be in the lower range of the forecast. At the same time, it is worth remembering that the World Football Championship had a significant impact on the dynamics of advertising spending in the second quarter of 2018. In the second quarter of 2019, there are no sporting events of such magnitude that could arouse such a high interest among advertisers.

Data on specific dynamics of ad spending, in total and broken down by individual media, are presented in the table below:

Tab. 6

Total advertising expenditure	Television	Internet	Magazines	Radio	Outdoor	Dailies	Cinema
2.5%-4.5%	2%-4%	5%-8%	(10%)–(8%)	2%-4%	2%-4%	(13%)-(11%)	1%-3%

3.1.2 Copy sales

In the consecutive quarters of 2019, the prevailing negative trend of copy sales drop with regard to printed dailies and magazines will be maintained, but the drop rate should not be higher than in the preceding years. The Company regularly reviews its press title portfolio. At the end of September 2018, the publication of the *Dziecko* and *Cztery Katy* monthlies as well as the *Niezbednik ogrodnika* quarterly has been suspended. These decisions affected the level of revenues generates by Agora's magazines. At the same time, the Company is working on the sales of its digital content. At the end of December 2018, the number of paid digital subscriptions of Wyborcza.pl amounted to 170.5 thou.

3.1.3. Ticket sales

The most important factors affecting the attendance in Polish cinemas are: repertoire, weather conditions, the wealth of Polish society and the distance to the cinema. The available information shows that the number of tickets sold in Polish cinemas in the first quarter of 2019 amounted to 18.8 million, which means an increase by 8.8% yoy compared to the same period of 2018 *[10]*. The available repertoire of films for 2019 suggests that throughout this year the admissions should be at a similar level to that noted in 2018.

3.2 Operating cost

In 2019, the Agora Group's operating costs will be affected by the optimization carried out mainly in printing business of the Agora Group and the group lay-off process, which included 147 people in the Group. The costs related to the whole optimization process of printing activities in the Group amounted to PLN 5.6 million. In addition, it is worth noting that both - the structure and operating costs of the Group - may be influenced by restaurant business, which the Agora Group intends to develop further in 2019.

It is worth noting that the IFRS 16 standard will change the current presentation of the Group's operating cost structure, mainly in external services and depreciation. In 2019, the Group plans to enter the cost value in accordance with the new reporting standard as well as without considering its impact.

3.2.1 Costs of external services

The costs of external services in 2019 will depend to a large extent on the costs of advertising space especially at Yieldbird, the cost of payment for film copies directly related to the level of revenues from ticket sales and the exchange rate EUR to PLN. The increase in this cost item will be additionally influenced by the opening of new cinema facilities in 2019 (in Warsaw, Legionowo and Pabianice), the cost of payment for film producers in connection with the film business conducted by NEXT FILM, development of restaurant business and implementation of other development projects.

3.2.2 Staff cost

According to the Company's estimates, in 2019 the costs of remuneration and employee benefits will be at a higher level than in 2018. In the first quarter of 2019, the Company announced a group lay-off process, mainly in the Print segment, whose costs were charged to the Group's results, mainly Print segment. In addition, the Group expects that the highest increase in the cost of salaries and employee benefits will take place in the Movies and Books segment due to the development of restaurant business and the opening of new cinema facilities. A significant impact, in particular in the network of Helios cinemas, on the amount of remuneration and benefits for employees also has an increase in the minimum rate per hour of work to PLN 14.7. Increasing the costs of remuneration and benefits was also planned in the Internet, Radio and Outdoor segments. The reduction of this cost item will take place in the Press segment as a result of lower full-time employment and the resignation from issuing selected press titles in 2018.

3.2.3 Promotion and marketing cost

In the consecutive quarters of 2019, the Agora Group plans to implement development activities with which promotional activity is associated. The level of expenditure on representation and advertising depends on the dynamics of changes taking place in particular media, the number of launched development projects, and the market activity of the competition. Considering the above factors, the Company estimates that the cost of representation and advertising may increase in 2019, particularly in connection with the Group's operations in the field of film production and distribution.

3.2.4 Cost of raw materials and energy

In the first quarter of 2019, energy consumption costs increased by 11.2% yoy in the Group. On January 1, 2019, the Act came into force, which provides for the determination of electricity prices for end consumers at the level of tariffs which were in force as of June 30, 2018. Unfortunately, until the date of publication of this report, implementing regulations to the above Act were not adopted, works on their final shape are in progress. Therefore, there is no certainty that it will be possible to maintain energy prices on the level provided for in the Act, despite a significant market increase in electricity prices.

The largest impact on this cost item is exherted by printing activity within the Group, in particular the cost of production materials, production volume and the EUR to PLN exchange rate. The company estimates that due to optimization of printing business and limiting the volume of printed titles, the value of this cost item will be significantly lower yoy. The increase in this cost item will be visible in the Movies and Books segment, which is associated with the development of cinema and restaurant business.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the first quarter of 2019 include: Agora S.A. and 19 subsidiaries, which operate principally in the internet, print, cinema, radio, gastronomy and outdoor segments. Additionally, as at 31 March 2019 the Group held shares in jointly controlled entities Online Technologies HR Sp. z o.o. and Instytut Badan Outdooru IBO Sp. z o.o., as well as in associated companies Hash.fm Sp. z o.o, ROI Hunter a.s. and Eurozet Sp. z o.o.

A detailed list of companies of the Agora Group is presented in note 11 and selected financial data together with translation into EURO are presented in note 18 and 19 to the condensed interim consolidated financial statements. The changes in the composition of the Group are described in note 12 to the condensed interim consolidated financial statements.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 7

in PLN million	**1Q 2019**	**1Q 2018**	*% change yoy*
Total sales (1)	**308.4**	**278.0**	***10.9%***
Advertising revenue	110.3	120.2	*(8.2%)*
Ticket sales	76.8	66.2	*16.0%*
Copy sales	34.5	33.9	*1.8%*
Concession sales in cinemas	30.9	24.0	*28.8%*
Printing services	14.3	15.6	*(8.3%)*
Revenues from film activities	27.7	5.0	*454.0%*
Other	13.9	13.1	*6.1%*
Operating cost net, including:	**(307.9)**	**(264.9)**	***16.2%***
External services	(114.3)	(108.1)	*5.7%*
Staff cost	(83.1)	(83.7)	*(0.7%)*
Raw materials, energy and consumables	(41.6)	(37.2)	*11.8%*
D&A	(37.4)	(23.3)	*60.5%*
Promotion and marketing	(14.6)	(13.5)	*8.1%*
Cost of restructuring (2)	(5.6)	(1.4)	*300.0%*
Gain on sale of property (3)	-	13.9	-
Operating result - EBIT	**0.5**	**13.1**	***(96.2%)***
Operating result - EBIT excl. IFRS 16 (4)	*(0.8)*	*13.1*	-
Finance income and cost, net, incl.:	**(4.4)**	**(0.1)**	***(4,300.0%)***
Income from short-term investment	0.5	0.6	*(16.7%)*
Costs related to bank loans and leases	(4.8)	(0.8)	*500.0%*
including interest costs related to IFRS 16	*(3.7)*	-	-
Share of results of equity accounted investees	**0.2**	**(0.5)**	**-**
Profit/(loss) before income tax	**(3.7)**	**12.5**	**-**
Income tax	0.3	(2.8)	-
Net profit/(loss) for the period	**(3.4)**	**9.7**	**-**
Net profit/(loss) for the period excl. IFRS 16 (4)	*(1.4)*	*9.7*	-

in PLN million	**1Q 2019**	**1Q 2018**	*% change yoy*
Attributable to:			
Equity holders of the parent	(5.0)	8.2	-
Non - controlling interest	1.6	1.5	*6.7%*
EBIT margin (EBIT/Sales)	*0.2%*	*4.7%*	*(4.5pp)*
EBIT margin excl. IFRS 16 (4)	*(0.3%)*	*4.7%*	*(5.0pp)*
EBITDA (5)	**37.9**	**36.3**	***4.4%***
EBITDA margin (EBITDA/Sales)	*12.3%*	*13.1%*	*(0.8pp)*
EBITDA excl. IFRS 16 (4)	*20.6*	*36.3*	*(43.3%)*
EBITDA margin excl. IFRS 16 (4)	*6.7%*	*13.1%*	*(6.4pp)*

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

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

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

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

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

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

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

Tab. 8

in PLN million	**Movies and Books**	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions (3)**	**Total (consoli-dated) IQ 2019**
Total sales (1)	**158.0**	**46.4**	**35.9**	**37.6**	**22.1**	**15.8**	**(7.4)**	**308.4**
% share	51.2%	15.0%	11.6%	12.2%	7.2%	5.1%	(2.3%)	100.0%
Operating cost net, (1)	**(133.7)**	**(48.5)**	**(34.8)**	**(36.2)**	**(21.0)**	**(23.9)**	**(9.8)**	**(307.9)**
Operating cost net excl. IFRS 16, (1)	***(134.8)***	***(48.5)***	***(34.8)***	***(36.2)***	***(21.1)***	***(23.9)***	***(9.9)***	***(309.2)***
EBIT	**24.3**	**(2.1)**	**1.1**	**1.4**	**1.1**	**(8.1)**	**(17.2)**	**0.5**
EBIT excl. IFRS 16	***23.2***	***(2.1)***	***1.1***	***1.4***	***1.0***	***(8.1)***	***(17.3)***	***(0.8)***
Finance income and cost, net								(4.4)
Share of results of equity accounted investees								0.2
Income tax								0.3
Net loss for the period								**(3.4)**
Attributable to:								
Equity holders of the parent								(5.0)
Non-controlling interest								1.6
EBITDA	**45.1**	**(1.8)**	**8.1**	**2.8**	**2.8**	**(6.6)**	**(12.5)**	**37.9**
EBITDA excl. IFRS 16	***31.5***	***(1.8)***	***5.9***	***2.8***	***2.1***	***(6.6)***	***(13.3)***	***20.6***
CAPEX (2)	(13.7)	(1.0)	(2.1)	(3.1)	(0.1)	(0.1)	(1.1)	(21.2)

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

(2) based on invoices booked in the period, the amount in the Movies and Books segment includes also PLN 5.2 million of property, plant and equipment in finance lease;

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

2.2. Finance cost, net

Net financial activities of the Group for the first quarter of 2019 were influenced mainly by interest from bank deposits, cost of commissions and interest on bank loans and lease liabilities. Significant impact on the increase of finance costs had an increase in the costs of interest from lease liabilities in the amount of PLN 3.7 million resulting from recognition of lease contracts under IFRS 16.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 9

in PLN million	**31-03-2019**	**31-12-2018**	***% change to 31-12-2018***
Non-current assets	**1,596.8**	**981.3**	**62.7%**
share in balance sheet total	*82.3%*	*70.1%*	*12.2 pp*
Current assets	**343.1**	**418.5**	**(18.0%)**
share in balance sheet total	*17.7%*	*29.9%*	*(12.2 pp)*
TOTAL ASSETS	**1,939.9**	**1,399.8**	**38.6%**
Equity holders of the parent	**970.0**	**975.0**	**(0.5%)**
share in balance sheet total	*50.0%*	*69.7%*	*(19.7 pp)*
Non-controlling interest	**23.2**	**21.1**	**10.0%**
share in balance sheet total	*1.2%*	*1.5%*	*(0.3pp)*
Non-current liabilities and provisions	**596.5**	**115.0**	**418.7%**
share in balance sheet total	*30.7%*	*8.2%*	*22.5 pp*
Current liabilities and provisions	**350.2**	**288.7**	**21.3%**
share in balance sheet total	*18.1%*	*20.6%*	*(2.5 pp)*
TOTAL LIABILITIES AND EQUITY	**1,939.9**	**1,399.8**	**38.6%**

3.1. Non-current assets

The increase in non-current assets, versus 31 December 2018 results mainly from the recognition of the new right-of-use assets in accordance with IFRS 16 in the amount of PLN 478.6 million (including property, plant and equipment in leasing reclassified from property, plant and equipment to right-of-use assets, the total balance sheet value of right-of-use assets as at 31 March 2019 amounted to PLN 540.2 million). The increase in non-current assets versus 31 December 2018 was also significantly affected by the acquisition of a 40.0% shares in Eurozet Sp. z o.o. amounted to PLN 130.7 million.

3.2. Current assets

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

3.3. Non-current liabilities and provisions

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

3.4. Current liabilities and provisions

The increase in current liabilities and provisions, versus 31 December 2018, stems mainly from the increase in lease liabilities related to recognition of the lease liabilities resulting from future payments regarding right-of-use assets in accordance with IFRS 16, which were, to some extent, compensated by a decrease of trade liabilities and purchase of property, plant and equipment.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 10

in PLN million	**1Q 2019**	**1Q 2018**	*% change yoy*
Net cash from operating activities	54.4	27.1	*100.7%*
Net cash from operating activities (excl. IFRS 16)	*36.5*	*27.1*	*34.7%*
Net cash from investment activities	(111.8)	90.5	-
Net cash from financing activities	54.7	(8.8)	-
Net cash from financing activities (excl. IFRS 16)	*72.6*	*(8.8)*	-
Total movement of cash and cash equivalents	**(2.7)**	**108.8**	**-**
Cash and cash equivalents at the end of period	**30.2**	**128.0**	***(76.4%)***

As at 31 March 2019, the Group had PLN 104.1 million in cash and and cash equivalents and short-term securities which include cash and cash equivalents in the amount of PLN 30,2 million (cash on hand and bank deposits) and PLN 73,9 million invested in short-term securities.

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

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

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

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

4.1. Operating activities

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

4.2. Investment activities

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

4.3. Financing activities

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

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

5. SELECTED FINANCIAL RATIOS [5]

Tab.11

	1Q 2019	1Q 2018	*% change yoy*
Profitability ratios (1)			
Net profit margin	(1.0%)	2.9%	*(4.0pp)*
Gross profit margin	28.2%	29.2%	*(1.0pp)*
Return on equity	(1.3%)	3.3%	*(4.6pp)*
Efficiency ratios			
Inventory turnover	14 days	15 days	*(6.7%)*
Debtors days	57 days	62 days	*(8.1%)*
Creditors days	27 days	27 days	-
Liquidity ratio (1)			
Current ratio	1.2	1.5	*(20.0%)*
Financing ratios (1)			
Gearing ratio (2)	5.0%	-	-
Interest cover	(0.8)	20.0	-
Free cash flow interest cover	11.1	(4.1)	-

1) financial ratios excluding impact of IFRS 16;
2) as at 31 March 2018 the Group had net cash position.

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

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP

IV.A. MOVIES AND BOOKS [1]

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

Tab. 12

in PLN million	**1Q 2019**	**1Q 2018**	***% change yoy***
Total sales, including :	**158.0**	**115.1**	***37.3%***
Tickets sales	76.8	66.3	*15.8%*
Concession sales	30.9	24.0	*28.8%*
Advertising revenue (1)	6.9	6.3	*9.5%*
Revenues from film activities (1), (2), (6)	28.3	5.4	*424.1%*
Revenues from Publishing House	11.9	10.7	*11.2%*
Total operating cost, including (5), (6):	**(133.7)**	**(98.5)**	***35.7%***
Total operating cost without IFRS 16 (5),(6)	***(134.8)***	***(98.5)***	***36.9%***
External services (3),(6)	(61.8)	(50.0)	*23.6%*
External services without IFRS 16 (3),(6)	*(75.4)*	*(50.0)*	*50.8%*
Staff cost (3)	(16.7)	(13.7)	*21.9%*
Raw materials, energy and consumables (3)	(11.8)	(9.5)	*24.2%*
D&A (3)	(20.7)	(7.7)	*168.8%*
D&A without IFRS 16 (3)	*(8.2)*	*(7.7)*	*6.5%*
Promotion and marketing (1), (3)	(8.1)	(4.7)	*72.3%*
Costs related to Publishing House (4), (5)	(11.7)	(10.0)	*17.0%*
EBIT	**24.3**	**16.6**	***46.4%***
EBIT margin	*15.4%*	*14.4%*	*1.0pp*
EBIT without IFRS 16	***23.2***	***16.6***	***39.8%***
EBIT margin without IFRS 16	*14.7%*	*14.4%*	*0.3pp*
EBITDA (4)	**45.1**	**24.5**	***84.1%***
EBITDA margin	*28.5%*	*21.3%*	*7.2pp*
EBITDA without IFRS 16 (4)	***31.5***	***24.5***	***28.6%***
EBITDA margin without IFRS 16	*19.9%*	*21.3%*	*(1.4pp)*

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

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

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

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

(5) the amounts include rental fees for the office space allocated to Agora Publishing House;

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

Excluding the impact of IFRS 16, in the first quarter of 2019, the operating result of the Movies and Books segment at the EBIT level amounted to PLN 23.2 million and was higher yoy by 39.8%. The segment also recorded an increase at the EBITDA level by 28.6% yoy to PLN 31.5 million. The results of the segment were adversely affected by the restaurant business developed by the Foodio Concepts company. In the current phase of the project development, the costs related to the investment in new facilities exceed the revenue.

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

The dynamic growth of the segment's revenues in the first quarter of 2019 was attributable to the record high revenues from the Group's film business due to the high popularity of the film productions released to cinemas by NEXT FILM in the first quarter of 2019 and higher than market dynamics (two times) of the admissions growth in Helios cinemas.

1. REVENUE [3]

In the first quarter of 2019, the revenue of the Movies and Books segment increased by 37.3% yoy and amounted to PLN 158.0 million.

In this period, the largest impact on the segment's revenue growth was attributable to higher revenue from film business activities related to the box office success of films distributed by NEXT FILM, which accounted for PLN 28.3 million. The proceeds from the sales of tickets in Helios cinemas were also significantly higher at PLN 76.8 million and increased by 15.8% yoy. A contributing factor was higher number of viewers (up by 19.0% yoy) visiting Helios cinemas, translating into 4.15 million tickets sold. Concession sales amounted to PLN 30.9 million, also showing a significant increase – up by 28.8% yoy. Revenue from advertising sales in Helios cinemas also increased and stood at PLN 6.9 million.

In the first quarter of 2019, the Movies and Books segment's total revenues from film co-production and distribution amounted to PLN 28.3 million, showing a considerable increase yoy. In the first quarter of 2019, NEXT FILM released three Polish productions for cinema distribution: action movie *Underdog,* sequel of the iconic series *Kogel Mogel – Miszmasz czyli, Kogel Mogel 3* with more than 2 million viewers and romantic comedy *Cale Szczescie*. At the same time, cinemas kept screening films introduced to the big screen in earlier periods.

In the first quarter of 2019, the revenue of Agora Publishing House amounted to PLN 11.9 million, and increased by 11.2% yoy, which was attributable to music business. In that period, Agora Publishing House sold approximately 0.3 million books as well as music and film publications. The bestsellers included: memories of Michelle Obama *Becoming*. *Moja historia,* biography *Czapkins. Historia Tomka Mackiewicza,* Fisz Emade's *Radar* CD and *Kamerdyner* DVD.

2. COST

In the first quarter of 2019, the operating costs of the Movies and Books segment excluding IFRS 16 increased by 36.9% yoy and amounted to PLN 134.8 million.

The increase in the segment's operating costs excluding IFRS in that period resulted from higher costs of external services - up by 50.8% to PLN 75.4 million. This increase is mainly attributable to higher fees for movie producers in connection with film production and distribution business and higher rental costs in Helios cinemas. As a result of higher yoy concession sales and the expansion of Helios cinema network, a 24.2% yoy increase - to PLN 11.8 million - was recorded in the costs of materials and energy and in the value of goods and materials sold. Higher depreciation costs excluding IFRS 16 are related to the growth of Helios network and development of the restaurant business.

There was also an increase in staff costs (up by 21.9% yoy), which were reported at PLN 16.7 million. This increase was attributable mostly to a higher yoy headcount – due to a bigger number of Helios cinemas, an increase in the minimum hourly wage from PLN 13.7 to PLN 14.7, and to the operations in the restaurant business.

Promotion and marketing costs also increased yoy to PLN 8.1 million. This is mainly related to the larger expenditure on promotion in the area of film production and distribution and with higher yoy expenses for advertising campaigns of Helios cinema network.

The operating costs of Agora Publishing House were also higher (up by 17.0% yoy) and amounted to PLN 11.7 million. Their increase is related to the music business.

In the first quarter of 2019, the operating costs of the Movies and Books segment, presented in accordance with IFRS 16, amounted to PLN 133.7 million. The implementation of this standard had the greatest impact on the recognition of costs of external services and depreciation and amortization, which amounted to PLN 61.8 million and PLN 20.7 million, respectively.

3. NEW INITIATIVES

In the first quarter of 2019, the network of Helios cinemas grew by a new 47th facility – on 14 February, the first Helios cinema in Warsaw was opened in Blue City (Ochota). There are 8 theatres for 850 spectators at the Warsaw multiplex, including as many as 3 Helios Dream theatres with reclining seats and top-quality systems – Dolby Atmos digital sound, Christie 4K image resolution and DepthQ 3D technology. The new cinema in the network is a unique combination of innovative technological solutions and the magic of iconic Warsaw cinemas. The Helios team consistently implements the network expansion plan and is planning the opening of new cinemas in 2019 – in Legionowo and Pabianice.

Helios is also constantly expanding its offer, presenting proposals for various groups of moviegoers. In January and March 2019, Helios cinemas invited moviegoers to special screenings of Polish films in the version with subtitles. Special screenings, in response to the needs of people with hearing problems and numerous signals from moviegoers, took place in all Helios cinemas. In addition, the network implemented the project for the second time in cooperation with the #TheMuBa platform, displaying in February a screening for all theatre and cinema lovers – the broadcasting of the play by Mikhail Bulgakov “Heart of a Dog” starring Borys Szyc.

Other interesting titles appeared in the portfolio of NEXT FILM, dealing with film activities. On 11 January 2019, *Underdog* was released – a movie full of sports emotions inspired by the real history of the MMA fighter starring Erik Lubos, Mamed Khalidov and Aleksandra Poplawska. NEXT FILM was one of the co-producers of the film and its distributor. On 25 January, the company released *Miszmasz czyli, Kogel Mogel 3* – the third part of the iconic Polish comedy – in cinemas all over Poland. The film has been viewed by 2.4 million spectators. On 8 March, the romantic comedy *Cale szczescie* was released, produced by TVN. The film is distributed by NEXT FILM.

Since March 2019, NEXT FILM has been cooperating with Netflix, and 21 films co-produced and distributed by the company will gradually be available on the platform. This complements the existing distribution channels of the company.

The Agora publishing house offered the readers more interesting publications. The most awaited book launch was the personal memories of the beloved former First Lady of the United States, in which she discovers the scenes of her life in the most famous home in the world. The book authored by Michelle Obama *Becoming. Moja historia* was released on 13 February 2019. the Agora publishing house was one of several dozen publishers from around the world and the only Polish publisher who obtained the right to publish the book. Musical publications such as the latest albums of Fisz Emade Towrzywo, Voo Voo, albums by Pro8l3m and Nocny Kochanek bands or a joint album byPatrycja and Grzegorz Markowski, have enjoyed great popularity.

The food business is also dynamically growing in the Helios capital group. Foodio Concepts facilities under the Papa Diego brand opened in 7 cities. The first place under the Van Dog brand is already in operation. In addition, on 1 March 2019, the Helios network signed a letter of intent regarding cooperation with some partners of Food for Nation, the owner of Pasibus burger restaurants and foodtrucks. The investment contribution of the Helios network to this business is PLN 10 million. Total of 40 Pasibus facilities will be opened in Poland. The authorisation from the Office of Competetion and Consumer Protection was obtained in April 2019.

IV.B. PRESS [1]

The Press segment includes the pro-forma consolidated financials of *Gazeta Wyborcza* and magazines as well as other periodicals.

Tab. 13

in PLN million	**1Q 2019**	**1Q 2018**	***% change yoy***
Total sales, including :	**46.4**	**49.7**	***(6.6%)***
Copy sales	27.3	26.8	*1.9%*
incl. Gazeta Wyborcza	*24.4*	*22.8*	*7.0%*
incl. Magazines (6)	*2.9*	*3.7*	*(21.6%)*
Advertising revenue (1), (2)	18.1	22.0	*(17.7%)*
incl. Gazeta Wyborcza (4)	*14.8*	*17.2*	*(14.0%)*
incl. Magazines (6)	*3.2*	*4.8*	*(33.3%)*
Total operating cost, including :	**(48.5)**	**(54.3)**	***(10.7%)***
Total operating cost without IFRS 16 :	***(48.5)***	***(54.3)***	***(10.7%)***
Raw materials, energy, consumables and printing services	(13.3)	(14.0)	*(5.0%)*
Staff cost	(23.4)	(25.9)	*(9.7%)*
D&A	(0.3)	(0.3)	-
D&A excl. IFRS 16	*(0.3)*	*(0.3)*	-
Promotion and marketing (1), (3)	(4.3)	(5.4)	*(20.4%)*
Impairment loss for receivables from RUCH S.A. (5)	-	(0.6)	-
EBIT	**(2.1)**	**(4.6)**	***54.3%***
EBIT margin	*(4.5%)*	*(9.3%)*	*4.8pp*
EBIT without IFRS 16	**(2.1)**	**(4.6)**	***54.3%***
EBIT margin without IFRS 16	*(4.5%)*	*(9.3%)*	*4.8pp*
EBITDA	**(1.8)**	**(4.3)**	***58.1%***
EBITDA margin	*(3.9%)*	*(8.7%)*	*4.8pp*
EBITDA without IFRS 16	**(1.8)**	**(4.3)**	***58.1%***
EBITDA margin without IFRS 16	*(3.9%)*	*(8.7%)*	*4.8pp*

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

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

(3) the amounts given include, production costs and promotion of gadgets attached to Gazeta Wyborcza and other periodicals;

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

(5) the amount includes an impairment loss for receivables from RUCH S.A.;

(6) the amounts indicated include the revenues of magazines and and other periodicals of Gazeta Wyborcza. *The comparative data for 2018 have been restated accordingly.*

In the first quarter of 2019, the higher yoy operating result of the Press segment – EBIT excluding IFRS 16 - was attributable to lower yoy operating costs and higher yoy revenue from copy sales *[1].*

1. REVENUE

In the first quarter of 2019, the total revenue of the Press segment amounted to PLN 46.4 million and decreased by 6.6% yoy, mainly due to negative trends in the press market.

A yoy decrease in advertising sales by 17.7% (to PLN 18.1 million) had an impact on the segment's yoy drop of revenues. This is mainly the effect of reduced revenue from the sales of advertising services in the paper edition of *Gazeta Wyborcza* and the absence of revenue from magazines and other periodicals that have been suspended or sold: *Cztery Katy*, *Ladny Dom*, *Dziecko* and *Niezbednik Ogrodnika*.

From January to March 2019, the segment's revenue from copy sales increased and amounted to PLN 27.3 million. This is mainly the effect of higher yoy revenue from the digital subscription of Wyborcza.pl and from paper editions of the daily. The number of issues of the daily in the dual-price offer was significantly lower yoy. Revenues from the sales of magazines and other periodicals were also lower yoy mainly due to smaller number of titles.

1.1. Revenues of *Gazeta Wyborcza*

1.1.1. Copy sales and readership

In the first quarter of 2019 *Gazeta Wyborcza* maintained its leading position among the opinion-forming newspapers. The average paid circulation of *Gazeta Wyborcza* amounted to PLN 102 thousand copies and decreased by 7.8% compared to the analogous period of 2018. At that time, *Gazeta*'s sales revenues increased by 7.0% compared to the first quarter of 2018 and amounted to PLN 24.4 million. This is the second quarter in a row, in which revenues from the sales of *Gazeta Wyborcza*'s publications are significantly higher yoy. Revenues from the sale of digital subscriptions have a positive impact on the level of these revenues. At the end of 2018, the number of paid digital subscriptions was 170.5 thousand.

During the discussed period, *Gazeta*'s reading weekly reach (according to the CCS index) amounted to 4.3% (1.3 million readers).

1.1.2. Advertising revenues

In the first quarter of 2019, Gazeta Wyborcza's net revenues from all advertising activities amounted to PLN 14.8 million and were 14.0% lower than in the first quarter of 2018.

In the first quarter of 2019, advertising expenditure in dailies in Poland decreased by approximately 15.0%. In the period under review, the decrease in ad spend in *Gazeta Wyborcza* was higher than the market one, and its estimated share in these expenses decreased by 3.5pp yoy and constituted almost 26.0%.

In the first quarter of 2019, the share of Gazeta Wyborcza in advertising expenditure in nationwide dailies amounted to over 36.0% and decreased by 0.5pp yoy. During this period, *Gazeta Wyborcza* decreased its share in advertising spending in Warsaw dailies by 5.0pp yoy. The share of *Gazeta Wyborcza* in advertising expenditure in local (non-Warsaw) dailies decreased in the discussed period by ca. 4.0pp compared to the first quarter of 2018.

Estimates of share in advertising expenditure may be subject to error, which is associated with significant rebate pressure from advertisers. Along with obtaining more accurate market information in subsequent quarters, the Company may adjust the estimates regarding these shares.

1.2. Revenues from the sales of magazines and other periodicals of *Gazeta Wyborcza*

In addition to the trends in the printed press market, the factor that affected the dynamics of magazine sales in the first quarter of 2019 was the decision to stop publishing or selling magazines: *Cztery Katy*, *Ladny Dom*, *Dziecko* and *Niezbednik ogrodnika*. As a result, in the first quarter of 2019 revenues from copy sales of magazines and other periodicals of *Gazeta Wyborcza* were by 21.6% yoy lower and amounted to PLN 2.9 million.

During this time, advertising revenues in Agora's magazines and other periodicals of *Gazeta Wyborcza* decreased by 33.3% yoy to PLN 3.2 million.

At the same time, the market decline in advertising expenditure in magazines was around 9.0%. The share of Agora's magazines in advertising expenditures in nationwide magazines was 2.4% (according to the rate card data) *[7],* while in advertising expenditures in monthlies it reached 5.4% (according to the rate card data) *[7].*

2. COST

In the first quarter of 2019, the segment's operating costs excluding IFRS 16 declined by 10.7% yoy to PLN 48.5 million. Major contributing factors were lower yoy staff costs in the amount of PLN 23.4 million mainly due to a lower yoy headcount in the segment. In addition, promotion and marketing expenditures decreased by 20.4% yoy, both at *Gazeta Wyborcza* and magazines, due to the smaller number of titles published. Lower yoy costs of materials, energy, printing goods and services due to lower yoy printing volumes of the *Gazeta Wyborcza* and the decision to discontinue the publication of the following titles: *Cztery Katy*, *Ladny Dom*, *Dziecko* and *Niezbednik Ogrodnika* had a positive impact on the level of segment's operating costs.

3. NEW INITIATIVES

In the first quarter of 2019, the Agora Press segment team developed new projects, and *Gazeta Wyborcza* offered a number of new products and features to its digital subscribers in February. In addition to the access to Wyborcza.pl websites, subscribers to each package now get unlimited access to the daily's paid application for iOS and Android. They can also use a unique option – the review a full printed issue using a convenient browser and share an interesting text with friends who do not yet have a digital subscription to *Gazeta Wyborcza*. The Wyborcza Premium package offers two additional subscriptions for family members or friends.

In the first quarter of 2019, *Gazeta Wyborcza* was eager to engage in international activities. In March 2019, it joined this year's Google News Initiative Fellowship, a programme organised by the European Journalism Centre (EJC). Through this initiative, one person, selected from among the candidates, will participate in an eight-week paid journalist internship with the data department of *Gazeta Wyborcza*. In March 2019, the editorial office has also launched the *Europe Talks* platform connecting people with different political views from all over Europe. It is a joint project of the Polish daily and 15 other European media editorial teams, which is to facilitate the debate of various groups of people before the forthcoming elections to the European Parliament.

Gazeta Wyborcza offered new proposals for readers – in March 2019, the first issue of *Nasza Europa* magazine was published – the new weekend supplement of *Gazeta Wyborcza*. In this supplement, readers will find contents regarding upcoming elections to the European Parliament, analyses, reports and talks on European topics and a review of foreign press. In this project, the daily cooperates with LENA (Leading European Newspaper Alliance). *Nasza Europa* replaced the Saturday's *The Wall Street Journal*, but *Gazeta Wyborcza* still cooperates with the American newspaper, and publishes the most interesting texts in various sections of the printed issue and on the Wyborcza.pl website.

At the beginning of 2019, the team of *Gazeta Wyborcza* also prepared special issues of the newspaper, such as *Wyborcza na Sanki* and *Wyborcza na Nowy Semestr*, and special issues of its weeklies and magazines: *Tylko Zdrowie, Odchudzanie*, *Psychologia milosci, Caly ten seks*, *Kobiety rzadza swiatem* and *Polish Your English.*

In February, the Wysokie Obcasy Praca magazine that provides practical information about work, passion, life, psychology, science and technologies changed its publishing cycle and from the March issue is already a bimonthly, similarly to the lifestyle culinary *Kuchnia* magazine, which additionally refreshed its formula – readers will find even more tips and recipes, original cooking sessions, and more columns and texts from new authors and columnists. The magazine, intended for enthusiasts of the culinary culture, also has a larger volume and a thicker cover. Along with the change in the publishing cycle, the magazine's editorial team plans to develop its online activities. The layout of the *Kuchnia* website – magazyn-kuchnia.pl – will be refreshed and will feature new unique contents, not only recipes but also many inspirations sought after on the Internet by cooking enthusiasts.

IV.C. OUTDOOR

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

Tab. 14

in PLN million	**1Q 2019**	**1Q 2018**	***% change yoy***
Total sales, including:	**35.9**	**35.9**	**-**
Advertising revenue (1)	35.1	35.5	*(1.1%)*
Total operating cost, including:	**(34.8)**	**(32.5)**	***7.1%***
Total operating cost without IFRS 16	*(34.8)*	*(32.5)*	*7.1%*
Maintenance cost (1)	(11.5)	(13.4)	*(14.2%)*
Maintenance cost without IFRS 16 (1)	*(13.7)*	*(13.4)*	*2.2%*
Execution of campaigns (1)	(5.2)	(5.4)	*(3.7%)*
Staff cost	(5.8)	(5.5)	*5.5%*
Promotion and marketing	(1.5)	(1.0)	*50.0%*
D&A	(7.0)	(4.9)	*42.9%*
D&A without IFRS 16	*(4.8)*	*(4.9)*	*(2.0%)*
Impairment losses (2)	-	0.1	-
EBIT	**1.1**	**3.4**	***(67.6%)***
EBIT margin	*3.1%*	*9.5%*	*(6.4pp)*
EBIT without IFRS 16	***1.1***	***3.4***	***(67.6%)***
EBIT margin without IFRS 16	*3.1%*	*9.5%*	*(6.4pp)*
EBITDA (2)	**8.1**	**8.2**	***(1.2%)***
EBITDA margin	*22.6%*	*22.8%*	*(0.2pp)*
EBITDA without IFRS 16 (2)	***5.9***	***8.2***	***(28.0%)***
EBITDA margin without IFRS 16	*16.4%*	*22.8%*	*(6.4pp)*
Number of advertising spaces (3)	23 891	24 311	*(1.7%)*

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

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

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

In the first quarter of 2019, due to an increase in operating costs by 7.1% to PLN 34.8 million excluding IFRS 16, the operating result of the Outdoor segment at the EBIT level was lower yoy and amounted to PLN 1.1 million. The EBIT margin reached the level of 3.1%. The segment's result at the EBITDA level excluding IFRS 16 was PLN 5.9 million, and EBITDA margin excluding IFRS 16 was 16.4%.

Outdoor segment is one of the Group's businesses for which the adoption of the IFRS 16 standard means a change in the presentation of financial results. After the entry into force of the IFRS 16 standard, selected long-term lease agreements have ceased to be included in the cost of system maintenance. At the same time, an asset (right to use space) due to discounted fees under lease agreements was recognized in the AMS's balance sheet. Depreciation of this right increases depreciation costs recognized in the segment's income statement. In view of the obligation to pay discounted rental fees, part of the costs is recognized as interest on obligation to pay lease fees under financial costs. This recognition of data increases the depreciation item and the segment's results at EBITDA level. The impact on EBIT level is not significant.

1. REVENUE [8]

According to the IGRZ (Outdoor Advertising Chamber) report, in the first quarter of 2019, outdoor advertising spending decreased by almost 7.0% yoy. *[8].*

In the analysed period, the AMS Group's revenue from advertising sales remained at an unchanged level yoy (a decrease by 1.1%). The level of AMS Group's revenue was positively affected by advertisers' higher spending on campaigns on panels in the Premium segment. In the first quarter of 2019, the estimated share of the AMS group in the outdoor advertising spending amounted to over 36.0% *[8]*.

2. COST

In the first quarter of 2019, the segment's operating costs excluding IFRS 16 increased by 7.1% yoy to PLN 34.8 million, mainly due to higher yoy promotion and marketing costs, system maintenance and staff costs. The increase in operating costs excluding IFRS 16 in the analysed period was also significantly affected by an increase in the net value of other operating costs, which resulted from higher costs associated with one-time write-off of receivables, costs of implementation of new IT solutions, costs of implementation of a new trade policy and administration costs.

An increase in promotion and marketing costs in the first quarter of 2019 by 50.0% yoy was triggered by a bigger number of non-profit/commercial campaigns, where the non-profit part is settled in the form of barter and charged to promotion and marketing costs.

Staff costs increased by 5.5% yoy mainly as a result of inreases of salaries in the second half of 2018. A factor contributing to the increase in these costs was also the creation of a provision for incentive plans implemented in the Group.

An increase in the system maintenance costs excluding IFRS 16 by 2.2% yoy to PLN 13.7 million, recorded in the analysed period, is mainly the effect of higher yoy energy costs for lighting of media and higher yoy costs of regular maintenance and repairs of advertising panels.

In the first quarter of 2019, the costs of campaign execution decreased by 3.7% yoy to PLN 5.2 million, reflecting a smaller yoy number of non-standard projects completed and a smaller yoy number of advertising campaigns on public transport vehicles.

The segment's operating costs presented in accordance with IFRS 16 amounted to PLN 34.8 million. The implementation of the above standard had the greatest impact on the system maintenance costs and depreciation and amortization, which amounted to PLN 11.5 million and PLN 7.0 million, respectively.

3. NEW INITIATIVES

In January 2019, Instytut Badan Outdooru IBO Sp. z o.o., whose shareholder is AMS, presented a platform for authorisation of the results of the Outdoor Track survey during a workshop for media houses. Thus, the next stage of implementation of results of the outdoor advertising media survey began. The Outdoor Track results form the basis of the new AMS price list published in December 2018, along with the new trade policy, based on the rule of transparency and the relation between the medium's price and the size of audience generated. The new rules have been in force since 1 April 2019, but in the first quarter of 2019, customers had the option of using the AMS offer on current or new terms. AMS representatives carried out regional training conferences for customers on the use of new tools in the outdoor planning process.

In January, AMS expanded the range of the Digital Citylight test programme with Poznan, which is the third city after Gdynia and Krakow, in which AMS offers this type of media. In the first quarter of 2019, AMS carried out the largest number of campaigns in the Premium segment. The campaigns with non-standard use of Premium Citylight media are the most noteworthy. There is also a huge demand for Dynamic Backlight, as exemplified by the campaign for the latest car model of one of the automotive concerns. The project used for the first time a Dynamic Backlight system on such a large scale – over 70 of this type of advertising media. AMS regularly increases the number of Premium Citylight in its offer – in March, it signed a contract with MPK Lodz to modernize over 250 bus shelters.

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

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

Tab. 15

in PLN million	**1Q 2019**	**1Q 2018**	***% change yoy***
Total sales , including	**37.6**	**40.2**	***(6.5%)***
Display ad sales (1)	32.8	34.4	*(4.7%)*
Total operating cost, including (2)	**(36.2)**	**(37.6)**	***(3.7%)***
Total operating cost without IFRS 16 (2)	***(36.2)***	***(37.6)***	***(3.7%)***
External services	(18.1)	(18.1)	-
External services without IFRS 16	*(18.1)*	*(18.1)*	-
Staff cost	(12.9)	(14.4)	*(10.4%)*
D&A	(1.4)	(1.2)	*16.7%*
D&A without IFRS 16	*(1.4)*	*(1.2)*	*16.7%*
Promotion and marketing (1)	(2.5)	(2.6)	*(3.8%)*
EBIT	**1.4**	**2.6**	***(46.2%)***
EBIT margin	*3.7%*	*6.5%*	*(2.8pp)*
EBIT without IFRS 16	***1.4***	***2.6***	***(46.2%)***
EBIT margin without IFRS 16	*3.7%*	*6.5%*	*(2.8pp)*
EBITDA	**2.8**	**3.8**	***(26.3%)***
EBITDA margin	*7.4%*	*9.5%*	*(2.1pp)*
EBITDA without IFRS 16	***2.8***	***3.8***	***(26.3%)***
EBITDA margin without IFRS 16	*7.4%*	*9.5%*	*(2.1pp)*

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

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

Due to the specificity of operations, the Internet segment is the only business segment in which the implementation of IFRS 16 did not affect by the presentation of financial results in the first quarter of 2019.

The Internet segment ended the first quarter of 2019 with a lower operating result yoy. The Internet segment's EBIT amounted to PLN 1.4 million and EBITDA to PLN 2.8 million *[1]*. The results of the first quarter of 2019 were largely impacted by the lower yoy revenues from advertising sales.

1. REVENUE

The Internet segment's total revenue decreased by 6.5% yoy to PLN 37.6 million in the first quarter of 2019. The revenue from the sales of online advertising declined by 4.7% and amounted to PLN 32.8 million. The most important factor contributing to the decrease in the segment's advertising revenue was lower yoy sales of online advertising by the Gazeta.pl, caused mainly by the discontinuation of Agora Performance operations at the end of November 2018. Additionally, the segment recorded lower yoy revenue from recruitment vortals and other online services on recruitment websites.

2. COST

In the first quarter of 2019, the Internet segment's operating costs decreased by 3.7% yoy to PLN 36.2 million. The reduction in operating costs was considerably affected by staff costs which decreased by 10.4% yoy to PLN 12.9 million. This is mainly the effect of lower full-time employment in the Gazeta.pl and in the Goldenline company.

In the first quarter of 2019, depreciation costs increased by 16.7% yoy to PLN 1.4 million. The increase in these costs was mainly affected by the depreciation of intangible assets capitalised by Gazeta.pl and the Yieldbird company.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In March 2019, the overall reach of the Gazeta.pl group websites among Polish Internet users stood at 61.5%, and the number of users reached 17.6 million, which made the Gazeta.pl group the ninth market player according to a survey by Gemius PBI. The total number of page views of the Gazeta.pl group websites reached 614 million, with the average viewing time of 52 minutes per user *[6]*.

In March 2019, 13.6 million Internet users (reach of 47.7%) viewed the websites of Gazeta.pl group on mobile devices. The number of mobile page views amounted to 421 million, and the share of mobile page views on the websites of Gazeta.pl group stood at 68.5% and was the highest among Polish horizontal portals. *[6]*

The websites of Gazeta.pl group are ranked among the top thematic market players. In accordance with the data from Gemius PBI for March 2019, Gazeta.pl group is ranked second in the following categories: “Local and regional news” (e.g. wyborcza.pl and wiadomosci.gazeta.pl) and “Gossip, celebrity life” (plotek.pl), and third in the following categories: “Sport” (e.g. sport.pl) and “Children and family” (eDziecko.pl). The websites of Gazeta.pl group are also highly ranked in the following categories: “Health” (fourth place, e.g. zdrowie.gazeta.pl), “Fashion and beauty” (fifth place, avanti24.pl), “Work” (fifth place, goldenline.pl), “Diets, slimming, fitness” (sixth place, e.g. myfitness.gazeta.pl).

4. NEW INITIATIVES

The Internet segment team even prepared more attractive propositions for the users of the Gazeta.pl group websites, especially in the field of video. At the end of January, the popular culinary format Haps created by the lifestyle editorial team of Gazeta.pl was extended and gained a new website. Users can now find on Haps.pl not only short video-recipes, but also video materials with well-known chefs, culinary tips, recipes, inspirational articles, interviews and reviews. Refreshed Haps offers new opportunities for advertisers, including a range of cooperation opportunities – from editorial cycles, consumer and editorial tests, to native solutions. Sport.pl also created new formats – from February there are live broadcasts of the “Football Section” programme on Mondays, hosted by Sport.pl journalists – editor-in-chief Pawel Wilkowicz, Michal Gasiorowski and Sebastian Staszewski. The guests include players, coaches and people from the world of Polish football and experts – popular sports journalists. In mid-March, “F1 Sport” was launched on Sport.pl, where Michal Gasiorowski and Piotr Majchrzak summarize the efforts of drivers in the Formula 1 Grand Prix. Racing fans can view new episodes on Sport.pl every two weeks – on Tuesdays after every Grand Prix weekend.

In the first quarter of 2019, continued growth was recorded by the Group companies dealing with Internet activities.

Yieldbird continued its international developmenst, as it attracted customers in the United States, and established partnerships with Brazilian Premium Ads and Swedish Yield Optimisers. Similar activities were initiated by ROI Hunter – its office responsible for sales in Europe was established in London. In addition, ROI Hunter began partner collaboration with BigCommerce – one of the largest e-commerce platforms in the United States. Domiporta also focused on new technologies in the first quarter of 2019 – the website introduced an automated process of selling its products to real estate agencies, and also launched a new module enabling fully automatic purchase and edition of real estate ads for individual users.

In February 2019, Hash.FM, the agency conducting marketing campaigns with internet authors, launched Fameshop or the first store only for influencers. Through this solution, internet authors may apply for displayed products and receive them in exchange for publications on social media channels, thus creating new projects in the area of influencer marketing. In addition, Hash.FM started surveying the audience of individual authors – the quality of followers of all influencers with whom the agency cooperates, in order to obtain even more information about the target groups of the campaigns.

IV.E. RADIO

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

Tab. 16

in PLN million	**1Q 2019**	**1Q 2018**	***% change yoy***
Total sales, including :	**22.1**	**26.0**	***(15.0%)***
Radio advertising revenue (1), (2)	17.7	21.8	*(18.8%)*
Total operating cost, including: (2)	**(21.0)**	**(23.7)**	***(11.4%)***
Total operating cost without IFRS 16 (2)	***(21.1)***	***(23.7)***	***(11.0%)***
External services	(7.6)	(11.0)	*(30.9%)*
External services without IFRS 16	*(8.3)*	*(11.0)*	*(24.5%)*
Staff cost	(8.6)	(8.1)	*6.2%*
D&A	(1.7)	(1.0)	*70.0%*
D&A without IFRS 16	*(1.1)*	*(1.0)*	*10.0%*
Promotion and marketing (2)	(1.7)	(2.1)	*(19.0%)*
EBIT	**1.1**	**2.3**	***(52.2%)***
EBIT margin	*5.0%*	*8.8%*	*(3.8pp)*
EBIT without IFRS 16	***1.0***	***2.3***	***(56.5%)***
EBIT margin without IFRS 16	*4.5%*	*8.8%*	*(4.3pp)*
EBITDA	**2.8**	**3.3**	***(15.2%)***
EBITDA margin	*12.7%*	*12.7%*	-
EBITDA without IFRS 16	***2.1***	***3.3***	***(36.4%)***
EBITDA margin without IFRS 16	*9.5%*	*12.7%*	*(3.2pp)*

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

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

In the first quarter of 2019, the operating result of the Radio segment excluding IFRS 16, both at the EBIT and EBITDA levels, was lower yoy and stood at PLN 1.0 million and PLN 2.1 million, respectively. The result was mainly affected by lower revenue recorded by the segment from sales of advertising services, both in its own stations and in other broadcasters.

1. REVENUE [3]

In the first quarter of 2019, the revenue of the Radio segment decreased by 15.0% yoy and amounted to PLN 22.1 million. The decrease in revenue was attributable mostly to lower yoy revenue from sales of airtime in the Agora Radio Group stations and to lower yoy revenue from the sales of airtime to third party radio stations.

In the analysed period, the total radio advertising expenditure in Poland decreased by 5.5% yoy.

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

2. COST

In the first quarter of 2019, the operating costs of the Radio segment excluding IFRS 16 decreased by 11.0% yoy to PLN 21.1 million. The decrease in this item resulted mainly from lower yoy costs of external services and lower yoy expenditure on promotion and marketing.

The costs of external services excluding IFRS 16 decreased by 24.5% yoy to PLN 8.3 million. This decrease is attributable to lower cost of airtime purchase in the third-party radio stations in connection with the service provided, and costs of brokerage sales for the Helios cinema network. Apart from the costs related to brokerage for Helios cinemas and third-party radio stations, the external services item also includes rental fees, production services as well as operator fees.

Promotion and marketing costs declined by 19.0% yoy to PLN 1.7 million, mainly as a result of lower expenditures on promotion of Radio Zlote Przeboje.

The staff costs increased by 6.2% yoy to PLN 8.6 million, mainly as a result of the higher costs of training courses, conferences and full-time salaries.

The operating costs of the Radio segment, taking into account the impact of IFRS 16, amounted to PLN 21.0 million. The implementation of the IFRS 16 standard affected mainly the recognition of costs of external services and depreciation, which amounted to PLN 7.6 million and PLN 1.7 million, respectively.

3. AUDIENCE SHARES [9]

Tab. 17

% share in listening	IQ 2019	change in pp yoy
Group's music radio stations (Rock Radio, Zlote Przeboje and Radio Pogoda)	4.7%	0.7pp
News talk radio station TOK FM	2.1%	0.0pp

4. NEW INITIATIVES

From March 2019, on each device with the new version of Android system, one can start voice control for Radio TOK FM in the Polish language version of the Google Assistant. Radio TOK FM is the first Polish radio available via the Google Assistant, and TOK FM is the first Polish action on this platform offering easy and quick access to interesting podcasts from many thematic categories.

The number of accesses purchased to Radio TOK FM premium is growing rapidly - at the end of March 2019 the offer already had over 17,000 subscribers which means growth by 70.0% yoy. The digital offer of Radio TOK FM in the form of podcasts consists of over 65,000 archival programs of Radio TOK FM and new ones added daily, which are based on over 19 hours of the premiere radio program broadcast every day. The success of Radio TOK FM in the digital world is on the one hand the effect of podcast trend, but above all it is due to the consistent activities of the Agora Radio Group and development of the digital offer and persuasing users, how many benefits access to unique on-demand audio content provides.

At the end of March 2019, Radio TOK FM implemented an innovative *Search the Radio* project, enabling full-text search in the contents of radio programmes. This is the first solution of this type introduced in the European media. Work on creating the database and search engine, available on Tokfm.pl, lasted over a year and was completed with the support from the Google DNI fund.

Also in March, the image campaign for Radio Zlote Przeboje was launched, in which well-known artists from the Polish music scene took part: Patrycja Markowska as well as the KOMBII and De Mono bands. Promotional activities under the slogan *Only good music*, carried out e.g. using outdoor advertising media and on the Internet, were accompanied by special video clips with stars. The campaign was supported by the *Lowcy Przebojow in Radio Zlote Przeboje* contest for listeners.

IV.F. PRINT [1]

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

Tab. 18

in PLN million	**1Q 2019**	**1Q 2018**	***% change yoy***
Total sales, including:	**15.8**	**17.4**	***(9.2%)***
Printing services (1)	*14.3*	15.6	*(8.3%)*
Total operating cost, including:	**(23.9)**	**(19.2)**	***24.5%***
Total operating cost without IFRS 16	***(23.9)***	***(19.2)***	***24.5%***
Raw materials, energy and production services	(10.6)	(8.8)	*20.5%*
Staff cost	(4.6)	(4.8)	*(4.2%)*
D&A	(1.5)	(2.0)	*(25.0%)*
D&A without IFRS 16	(1.5)	(2.0)	*(25.0%)*
Restructuring costs (2)	(4.9)	(1.4)	*250.0%*
EBIT	**(8.1)**	**(1.8)**	***(350.0%)***
EBIT margin	*(51.3%)*	*(10.3%)*	*(41.0pp)*
EBIT without IFRS 16	***(8.1)***	***(1.8)***	***(350.0%)***
EBIT margin without IFRS 16	*(51.3%)*	*(10.3%)*	*(41.0pp)*
EBITDA	**(6.6)**	**0.2**	**-**
EBITDA margin	*(41.8%)*	*1.1%*	*(42.9pp)*
EBITDA without IFRS 16	***(6.6)***	***0.2***	**-**
EBITDA margin without IFRS 16	*(41.8%)*	*1.1%*	*(42.9pp)*

(1) revenues from services rendered for external customers;

(2) cost related to restructuring executed in Print segment in the first quarter of 2018 and in the first quarter of 2019.

In the first quarter of 2019, the Print segment recorded a loss at the EBITDA level excluding IFRS 16 of PLN 6.6 million *[1]*, while a loss at the EBIT level excluding IFRS 16 stood at PLN 8.1 million. The operating results of the segment were significantly affected by the costs of the restructuring provision in the amount of PLN 4.9 million and the lower level of revenue recorded in the segment.

1. REVENUE

In the first quarter of 2019, the total revenue of the Print segment amounted to PLN 15.8 million. The segment's revenue from the sales of printing services to external customers reached PLN 14.3 million and decreased by 8.3% yoy, mainly due to a significantly lower volume of orders.

2. COST

In the first quarter of 2019, the segment's operating costs excluding IFRS 16 increased by 24.5% yoy to PLN 23.9 million.

The segment's operating costs were adversely affected by the provision connected with the restructuring process in the Print segment, which amounted to PLN 4.9 million. As a part of this process, 142 persons were made redundant in the segment.

A yoy increase in costs of raw materials, energy and production services was recorded in the first quarter of 2019 despite lower yoy production volumes. This was mainly attributable to a considerable increase in newsprint prices yoy.

The yoy decrease in the segment's operating costs excluding IFRS 16 was affected by lower yoy depreciation related to the end of depreciation of some fixed assets in the second half of 2018.

NOTES

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

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

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

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

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

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

[3] The data refer to advertising expenditures in six media (press, radio, TV, outdoor, Internet, cinema). In this MD&A Agora has corrected the numbers for radio in the third quarter of 2018.

Unless explicitly stated otherwise, press and radio advertising market data referred to herein are based on Agora's estimates adjusted for average discount rate and are stated in current prices. Given the discount pressure as well as advertising time and space sell-offs, these figures may not be fully reliable and will be adjusted in the consecutive reporting periods. In case of press, the data include only display advertising, excluding classifieds, inserts and obituaries. The estimates are based on rate card data obtained from the following sources: Kantar Media monitoring, Agora S.A. monitoring.

Presented TV, Internet and cinema figures are based on initial Starcom media house estimates; TV estimates include regular ad broadcast and sponsoring with product placement, exclude teleshopping and other advertising forms.

Internet ad spend estimates include display, search engines (Search Engine Marketing), e-mail marketing and video advertising.

Outdoor advertising figures are based on Izba Gospodarcza Reklamy Zewnetrznej estimates [8].

The Company would like to stress that one should bear in mind that these advertising market estimations may represent some margin of error due to significant discount pressure on the market and lack of reliable data on the average market discount rates. Once the Company has a more reliable market data in consecutive quarters, it may correct the ad spending estimations in particular media.

[4] The data on the number of copies sold (total paid circulation) of daily newspapers is derived from the National Circulation Audit Office (ZKDP). The term "copy sales" used in this MD&A is consistent with the sales declarations of publishers to the National Circulation Audit Office. However, "average daily circulation" is similar to "average one-off circulation" included also in the declaration for ZKPD.

The data on dailies readership are based on PBC General, research carried out by Kantar Media company on a random, nationwide sample of Poles over 15 years of age. The CCS index was used (weekly readership index) - percentage of respondents reading at least one edition of the title within 7 days of the week preceding research. Size of the sample: nationwide PBC General for January –March 2019: N=5,053.

[5] Definition of ratios:

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

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

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

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

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

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

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

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

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

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

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

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

[7] Average paid circulation of monthlies is based on the Agora's own data. Rate card data on magazines obtained from Kantar Media monitoring; commercial brand advertising and sponsored articles, excluding specialized monthlies; accounted for 95 monthlies and 80 other magazines; in total 175 press titles for the period of January – March 2019.

[8] Source: report prepared by Izba Gospodarcza Reklamy Zewnetrznej (IGRZ) in cooperation with Starlink company about situation of OOH advertising in Poland.

[9] Audience market data referred herein are based on RadioTrack surveys, carried out by MillwardBrown SMG/KRC (all places, all days and all quarter) in whole population and in the age group of 15+, from January to March (sample for 2018: 20,827; sample for 2019: 20,986).

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

V. ADDITIONAL INFORMATION

1. IMPORTANT EVENTS

Significant events for the Company's business activities

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

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

The signing of Annex no. 2 extending the validity of the Credit Line Agreement until August 29, 2019 is related to negotiations initiated by the Company with a consortium of banks to obtain financing for the Agora Group. The Company informed about the commencement of the above negotiations in the current report no. 6/2019 on March 11, 2019. DNB Bank Polska S.A. is the leading bank in the bank consortium with which the Company is conducting negotiations.

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

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

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

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

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

Information on impairment tests conducted

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

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

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

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

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

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

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

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

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

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

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

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

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

- concluding on March 25, 2019 trilateral agreements ('Agreements') with trade unions operating at the Company (in compliance with the provisions of article 3, Section 1 of the Act of March 13, 2003 on Special Rules for

Termination of Employment for Reasons Not Attributable to Employees) and with work councils in the Company and in Agora Poligrafia Sp. z o.o. (which constitute agreements as specified in the Act of April 7, 2006 on informing and consulting employees);

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

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

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

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

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

The provision for group lay-offs which will be charged to the Agora Group's result in 1Q2019 amounted to ca. PLN 5.6 million.

Loan for an associated company

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

Correction of the annual report for 2018

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

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

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

Changes in subsidiaries

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

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

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

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

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

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

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

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

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

Under the Final Agreement, the Company acquired 400 shares in the share capital of Eurozet with a nominal value of PLN 50 each, representing 40% of the share capital of Eurozet and entitling the holder to exercise 40% of the total voting rights at the shareholders' meeting of Eurozet in exchange for an initial consideration of PLN 130,754,689 million. The Preliminary Agreement provides for an adjustment of the initial consideration based on the Eurozet Group's ('Group') 2018 audited financial statements for 2018 and the final values of certain economic and financial parameters of the Group, as set forth in the Preliminary Agreement.

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

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

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

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

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

The acquisition of 40% of shares in Eurozet was financed partially from the Company's own resources, and PLN 75.0 million was financed with an overdraft facility which will be converted into a non-revolving loan on the basis of a Credit Line Agreement executed on May 25, 2017 with DNB Bank Polska S.A and amended by Annex no. 1 of May 18, 2018.

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

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

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

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

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

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

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

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

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

Call for the repurchase of shares in a subsidiary

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

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

(i) Sell-out procedure

As part of the sell out of the Shares, by June 30, 2016, Agora transferred to Helios S.A. PLN 2,938 thousand representing the sell out price calculated in accordance with Article 418(1) para. 6 of the CCC. As at December 31, 2016, the Agora Group recognized on its balance sheet an obligation to purchase the Shares from minority shareholders of Helios S.A. totalling PLN 3,185 thousand. This included PLN 2,938 thousand already transferred by

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

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

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

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

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

(ii) Squeeze-out procedure

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

Currently, the valuation of the shares by the registered auditor nominated by the Court is being finalized. As at the date of this report, the sell out and squeeze out procedures have not been completed.

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

Tab. 19

a. shares	As of May 15, 2019	*decrease*	*increase*	As of March 8, 2019
Bartosz Hojka	2,900	-	-	2,900
Tomasz Jagiello	0	-	-	0
Grzegorz Kania	0	-	-	0
Anna Krynska - Godlewska	0	-	-	0
Agnieszka Sadowska	0	-	-	0

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

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

The members of the Management Board participated in the incentive plan described in the note 5 to the condensed interim consolidated financial statements.

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

Tab. 20

a. shares	As of May 15, 2019	*decrease*	*increase*	As of March 8, 2019
Andrzej Szlezak	0	-	-	0
Wanda Rapaczynski	882,990	-	-	882,990
Tomasz Sielicki	33	-	-	33
Dariusz Formela	0	-	-	0
Maciej Wisniewski	0	-	-	0
Andrzej Dobosz	0	-	-	0

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

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

The shareholders' structure is updated on the basis of the official notifications from shareholders entitled to over 5% of the total voting rights at the General Meeting of the Company.

According to the formal notifications received from the Company's shareholders, particularly on the basis of art. 69 of Act on Public Offer and the Conditions of Introducing Financial Instruments to the Organized Trading System and on Public Companies dated July 29, 2005, the shareholders' structure actual as of the day of publication of former report (i.e. March 8, 2019) and as of the day of publication of this report, has not significantly changed.

According to the abovementioned notifications, the following shareholders were entitled to exercise over 5% of the total voting rights at the General Meeting of the Company as of the date of submission of this report:

Tab. 21

	no. of shares	% of share capital	no. of votes	% of voting rights
Agora-Holding Sp. z o.o. *(in accordance with last notification of 24th Sept 2015) (1)*	5,401,852	11.60	22,528,252	35.36
Powszechne Towarzystwo Emerytalne PZU S.A. (PZU "Zlota Jesien" Open Pension Fund and PZU Voluntary Pension Fund) *(in accordance with last notification of 27th Dec 2012)(1)*	7,594,611	16.30	7,594,611	11.92
including: PZU "Zlota Jesien" Open Pension Fund *(in accordance with last notification of 27th Dec 2012)(1)*	7,585,661	16.28	7,585,661	11.91

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

	no. of shares	% of share capital	no. of votes	% of voting rights
Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC) *(in accordance with formal notification received on 6th June 2016)(1)*	5,350,000	11.49	5,350,000	8.40
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale – Open Pension Fund and Nationale Nederlanden Voluntary Pension Fund) *(in accordance with last notification of 9th June 2016)(1)*	4,493,055	9.65	4,493,055	7.05

(1) number of shares according to a notification from a shareholder — as at 23rd Aug 2018; share in votes and share capital of Agora SA were calculated by the Company after the registration of the decrease of the share capital of the Company.

5. OTHER INFORMATION

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

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

Changes in contingences and court cases

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

Related party transactions

Transactions carried out with parties related to the Group are of routine nature and were described in note 10 to the condensed interim consolidated financial statements.

Recommendation of the Management Board concerning payment of dividend

On May 14, 2019, The Management Board of Agora S.A. adopted a resolution to recommend to the General Meeting of Shareholders payment of dividend in the amount of PLN 23,290,415.50 (PLN 0.50 per one share).

The dividend will be paid in part from the net profit for the financial year 2018, and in part from the supplementary capital of the Company.

The proposed dividend day is July 12, 2019, and the proposed distribution date – August 1, 2019.

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

The above application received a positive opinion of the Supervisory Board.

The recommendation of the Company's Management Board will be presented to the General Meeting of Shareholders of the Company, which will make the final decision on these matters.

AGORA GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as at 31 March 2019 and for 3 month period ended thereon

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

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

	Note	As at 31 March 2019 unaudited	As at 31 December 2018 audited
Assets			
Non-current assets:			
Intangible assets		418,241	420,680
Property, plant and equipment		463,011	519,472
Right-of-use assets	2	540,211	-
Long-term financial assets		1,167	379
Investments in equity accounted investees		143,570	11,295
Receivables and prepayments		13,062	14,573
Deferred tax assets		17,533	14,899
		1,596,795	**981,298**
Current assets:			
Inventories		32,813	35,777
Accounts receivable and prepayments		205,822	226,764
Income tax receivable		351	534
Short-term securities and other financial assets		73,920	122,450
Cash and cash equivalents		30,240	33,003
		343,146	**418,528**
Total assets		**1,939,941**	**1,399,826**

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

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

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019 (CONTINUED)

	Note	As at 31 March 2019 unaudited	As at 31 December 2018 audited
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital		46,581	46,581
Share premium		147,192	147,192
Retained earnings and other reserves		776,188	781,237
		969,961	**975,010**
Non-controlling interest		**23,209**	**21,149**
Total equity		**993,170**	**996,159**
Non-current liabilities:			
Deferred tax liabilities		9,862	9,544
Long-term borrowings	3	545,605	64,586
Other financial liabilities	15	33,237	33,237
Retirement severance provision		2,916	2,916
Provisions		1,335	1,316
Accruals and other liabilities		3,173	2,950
Contract liabilities		325	450
		596,453	**114,999**
Current liabilities:			
Retirement severance provision		241	241
Trade and other payables		213,871	232,914
Income tax liabilities		5,573	4,298
Short-term borrowings	3	108,473	33,209
Other financial liabilities	15	1,607	1,607
Provisions		7,726	2,453
Contract liabilities		12,827	13,946
		350,318	**288,668**
Total equity and liabilities		**1,939,941**	**1,399,826**

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

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

CONSOLIDATED INCOME STATEMENT FOR THREE MONTHS ENDED 31 MARCH 2019

	Three months ended 31 March 2019 unaudited	Three months ended 31 March 2018 unaudited
Revenue	308,437	277,997
Cost of sales	(220,350)	(196,860)
Gross profit	**88,087**	**81,137**
Selling expenses	(48,479)	(47,013)
Administrative expenses	(37,752)	(34,994)
Other operating income	1,976	15,841
Other operating expenses	(1,514)	(954)
Impairment losses for receivables - net	(1,847)	(951)
Operating profit	**471**	**13,066**
Finance income	635	766
Finance costs	(4,997)	(870)
Share of results of equity accounted investees	213	(464)
Profit/(loss) before income taxes	**(3,678)**	**12,498**
Income tax	285	(2,781)
Profit/(loss) for the period	**(3,393)**	**9,717**
Attributable to:		
Equity holders of the parent	(5,049)	8,176
Non-controlling interest	1,656	1,541
	(3,393)	**9,717**
Basic/diluted earnings per share (in PLN)	(0.11)	0.18

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THREE MONTHS ENDED 31 MARCH 2019

	Three months ended 31 March 2019 unaudited	Three months ended 31 March 2018 unaudited
Profit/(loss) for the period	**(3,393)**	**9,717**
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	**(3,393)**	**9,717**
Attributable to:		
Shareholders of the parent	(5,049)	8,176
Non-controlling interests	1,656	1,541
	(3,393)	**9,717**

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS ENDED 31 MARCH 2019

	Attributable to equity holders of the parent						
	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Three months ended 31 March 2019							
As at 31 December 2018 audited	**46,581**	**-**	**147,192**	**781,237**	**975,010**	**21,149**	**996,159**
Total comprehensive income for the period							
Net profit for the period	-	-	-	(5,049)	(5,049)	1,656	(3,393)
Total comprehensive income for the period	**-**	**-**	**-**	**(5,049)**	**(5,049)**	**1,656**	**(3,393)**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments (note 5)	-	-	-	-	-	404	404
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**-**	**-**	**404**	**404**
Changes in ownership interests in subsidiaries							
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**404**	**404**
As at 31 March 2019 unaudited	**46,581**	**-**	**147,192**	**776,188**	**969,961**	**23,209**	**993,170**

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS ENDED 31 MARCH 2019 (CONTINUED)

	Attributable to equity holders of the parent						
	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Three months ended 31 March 2018							
As at 31 December 2017 audited	**47,665**	**(21,744)**	**147,192**	**822,505**	**995,618**	**19,065**	**1,014,683**
Total comprehensive income for the period							
Net profit for the period	-	-	-	8,176	8,176	1,541	9,717
Total comprehensive income for the period	**-**	**-**	**-**	**8,176**	**8,176**	**1,541**	**9,717**
Transactions with owners, recorded directly in equity							
Equity-settled share-based payments	-	-	-	-	-	302	302
Total contributions by and distribtutions to owners	**-**	**-**	**-**	**-**	**-**	**302**	**302**
Changes in ownership interests in subsidiaries							
Additional contribution of non-controlling shareholders	-	-	-	(885)	(885)	886	1
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(885)**	**(885)**	**886**	**1**
Total transactions with owners	**-**	**-**	**-**	**(885)**	**(885)**	**1,188**	**303**
As at 31 March 2018 unaudited	**47,665**	**(21,744)**	**147,192**	**829,796**	**1,002,909**	**21,794**	**1,024,703**

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

(all amounts in PLN thousands unless otherwise indicated) translation

CONSOLIDATED CASH FLOW STATEMENT FOR THREE MONTHS ENDED 31 MARCH 2019

	Note	Three months ended 31 March 2019 unaudited	Three months ended 31 March 2018 unaudited
Cash flows from operating activities			
Profit/(loss) before income taxes		**(3,678)**	**12,498**
Adjustments for:			
Share of results of equity accounted investees		(213)	464
Depreciation of property, plant and equipment		12,247	16,723
Amortization of intangible assets		6,900	6,610
Depreciation of right-of-use assets		18,261	-
Foreign exchange (gain) /loss		106	-
Interest, net		4,650	593
(Profit) / loss on investing activities		(942)	(14,760)
(Decrease) / increase in provisions		5,292	885
(Increase) / decrease in inventories		2,964	3,328
(Increase) / decrease in receivables		20,538	16,331
(Decrease) / increase in payables		(10,494)	(12,270)
(Decrease) / increase in contract liabilities		(1,244)	479
Equity-settled share-based payments		404	302
Other adjustments		144	128
Cash generated from operations		**54,935**	**31,311**
Income taxes paid		(571)	(4,184)
Net cash from operating activities		**54,364**	**27,127**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangibles		4,429	27,868
Disposal of subsidiaries (net of cash disposed), associates and jointly controlled entities		-	30
Interest received		35	102
Disposal of short-term securities		74,015	108,265
Purchase of property, plant and equipment and intangibles		(32,406)	(29,779)
Acquisition of subsidiary (net of cash acquired), associates and jointly controlled entities	12	(132,062)	-
Acquisition of short-term securities		(25,000)	(16,000)
Loans granted		(800)	-
Net cash used in investing activities		**(111,789)**	**90,486**

(all amounts in PLN thousands unless otherwise indicated) translation

	Three months ended 31 March 2019 unaudited	Three months ended 31 March 2018 unaudited
Cash flows from financing activities		
Proceeds from borrowings	83,543	392
Other inflows	-	1
Repayment of borrowings	(6,808)	(5,189)
Payment of lease liabilities	(17,190)	(3,208)
Interest paid	(4,496)	(680)
Other	(387)	(98)
Net cash used in financing activities	**54,662**	**(8,782)**
Net increase / (decrease) in cash and cash equivalents	**(2,763)**	**108,831**
Cash and cash equivalents		
At start of period	33,003	19,198
At end of period	30,240	128,029

Accompanying notes are an integral part of these condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2019 AND FOR THREE MONTHS ENDED 31 MARCH 2019

1. GENERAL INFORMATION

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

As at 31 March 2019 the Agora Group comprised: the parent company Agora S.A. and 19 subsidiaries. Additionally, the Group held shares in jointly controlled entities: Online Technologies HR Sp. z o.o. and Instytut Badan Outdooru IBO Sp. z o.o. and in associates: Hash.fm Sp. z o.o., ROI Hunter a.s. and Eurozet Sp. z o.o.

The condensed interim consolidated financial statements were prepared as at and for three months ended 31 March 2019, with comparative figures presented as at 31 December 2018 and for three months ended 31 March 2018.

The condensed interim consolidated financial statements were authorized for issue by the Management Board of Agora S.A. on May 14, 2019.

2. STATEMENT OF COMPLIANCE

The condensed interim consolidated financial statements as at 31 March 2019 and for three months ended 31 March 2019 have not been audited. The Consolidated Financial Statements as at and for twelve months ended 31 December 2018 have been audited by an independent auditor who issued an unqualified opinion.

The Condensed Interim 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).

In the preparation of these condensed interim consolidated financial statements as at 31 March 2019, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2018. The condensed interim consolidated financial statements as at 31 March 2019 should be read together with the audited consolidated financial statements as at 31 December 2018, except for changes described below.

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

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

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

Application of IFRS 16

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

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

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

At the date of initial application of IFRS 16 the Group recognised right-of-use assets together with the corresponding lease liabilities measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate.

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

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

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

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

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

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

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

On the date of application of the standard as at 31 March 2019 the Group recognised additional assets as right-of-use assets in the amount of PLN 478,561 thousand and the total value of the right-of-use assets amounted to PLN 540,211 thousand (including the net carrying value of property, plant and equipment in the amount of PLN 61,650 thousand relating to assets in the current finance lease and rights of perpetual usufruct of land, which were reclassified to right-of-use assets balance sheet line). The Group recognised also additional lease liabilities in the amount of PLN 477,099 thousand. In the Group, there was an increase in depreciation and interest expenses as well as a decrease in the cost of external services due to rental costs. The above changes had a positive impact on the Group's operating result while decreasing the net result. The implementation of IFRS 16 also has an impact on the presented level of operating and financial cashflows of the Group due to the transfer of rental payments under lease agreements recognised in accordance with IFRS 16 from operating activities to financing activities.

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

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

(all amounts in PLN thousands unless otherwise indicated) translation

	As at 31 March 2019 (excl. IFRS 16)	Application of IFRS 16	As at 31 March 2019 (as reported)
Non-current assets:			
Property, plant and equipment	524,661	(61,650)	463,011
Right-of-use assets	-	540,211	540,211
Receivables and prepayments	14,811	(1,749)	13,062
Deferred tax assets	17,060	473	17,533
	1,119,510	**477,285**	**1,596,795**
Current assets:			
Accounts receivable and prepayments	207,941	(2,119)	205,822
	345,265	**(2,119)**	**343,146**
Total assets	**1,464,775**	**475,166**	**1,939,941**

	As at 31 March 2019 (excl. IFRS 16)	Application of IFRS 16	As at 31 March 2019 (as reported)
Total equity	**995,186**	**(2,016)**	**993,170**
Non-current liabilities:			
Long-term borrowings	137,707	407,898	545,605
including: lease liabilities	*35,821*	*407,898*	*443,719*
	188,555	**407,898**	**596,453**
Current liabilities:			
Trade and other payables	213,788	83	213,871
Short-term borrowings	39,272	69,201	108,473
including: lease liabilities	*11,894*	*69,201*	*81,095*
	281,034	**69,284**	**350,318**
			-
Total equity and liabilities	**1,464,775**	**475,166**	**1,939,941**

(all amounts in PLN thousands unless otherwise indicated) translation

	Three months ended As at 31 March 2019 (excl. IFRS 16)	Application of IFRS 16	Three months ended As at 31 March 2019 (as reported)
Revenue	308,437	-	308,437
Operating cost net, incl.:	(309,251)	1,285	(307,966)
D&A	*(21,474)*	*(15,933)*	*(37,407)*
External services	*(131,292)*	*16,975*	*(114,317)*
Taxes and fees	*(1,661)*	*243*	*(1,418)*
Operating profit/(loss)	**(814)**	**1,285**	**471**
Finance income	635	-	635
Finance costs, incl.:	(1,223)	(3,774)	(4,997)
Interest	*(1,055)*	*(3,669)*	*(4,724)*
F/x losses	*2*	*(105)*	*(103)*
Share of results of equity accounted investees	213	-	213
Loss before income taxes	**(1,189)**	**(2,489)**	**(3,678)**
Income tax	(188)	473	285
Loss for the period	**(1,377)**	**(2,016)**	**(3,393)**

	Three months ended As at 31 March 2019 (excl. IFRS 16)	Application of IFRS 16	Three months ended As at 31 March 2019 (as reported)
Net cash from operating activities	36,473	17,891	54,364
Net cash used in investing activities	(111,789)	-	(111,789)
Net cash used in financing activities	72,553	(17,891)	54,662
Net cash	**(2,763)**	**-**	**(2,763)**
Cash and cash equivalents	**30,240**	**-**	**30,240**

(all amounts in PLN thousands unless otherwise indicated) translation

3. LONG-TERM AND SHORT-TERM BORROWINGS

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

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

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

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

	31 March 2019	31 December 2018
Long term bank loans	101,886	30,623
Finance lease liabilities	443,719	33,963
Total long term borrowings	**545,605**	**64,586**
including: Lease liabilities resulting from IFRS 16	407,898	-
Short term bank loans	27,378	21,725
Finance lease liabilities	81,095	11,484
Total short term borrowings	**108,473**	**33,209**
including: Lease liabilities resulting from IFRS 16	69,201	-

4. SALES AND SEGMENT INFORMATION

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

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

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

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

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

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

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

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

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

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

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

Operating results of reportable segments do not include:

a) revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the *Outdoor* segment to other segments,

b) amortisation recognised on consolidation (described below).

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

Reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc.), 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 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 three months ended 31 March 2019 and 31 March 2018 relate to Online Technologies HR Sp. z o.o, Instytut Badan Outdooru Sp. z o.o., Stopklatka S.A. (in 2018), Hash.fm Sp. z o.o., ROI Hunter a.s. (in 2019) and Eurozet Sp. z o.o. (from 1 March 2019).

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

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

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 March 2019							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Revenues from external customers	154,799	44,242	34,496	36,849	21,029	15,505	1,517	308,437
Intersegment revenues (2)	3,168	2,137	1,399	768	1,027	258	(8,757)	-
Total revenues	**157,967**	**46,379**	**35,895**	**37,617**	**22,056**	**15,763**	**(7,240)**	**308,437**
Total operating cost (1), (2), (3)	**(133,681)**	**(48,453)**	**(34,843)**	**(36,249)**	**(20,986)**	**(23,822)**	**(9,932)**	**(307,966)**
Operating profit / (loss) (1)	**24,286**	**(2,074)**	**1,052**	**1,368**	**1,070**	**(8,059)**	**(17,172)**	**471**
Total operating cost (excl. IFRS 16) (1), (2), (3)	***(134,725)***	***(48,452)***	***(34,846)***	***(36,249)***	***(21,040)***	***(23,831)***	***(10,106)***	***(309,249)***
Operating profit / (loss) (excl. IFRS 16) (1)	***23,242***	***(2,073)***	***1,049***	***1,368***	***1,016***	***(8,068)***	***(17,346)***	***(812)***
Net finance income and cost							(4,362)	(4,362)
Share of results of equity accounted investees (3)	-	-	-	(453)	666	-	-	213
Income tax							285	285
Net loss								**(3,393)**

(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), the Management Board, Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 20,875 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)

	Three months ended 31 March 2019							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(20,813)	(279)	(7,037)	(1,450)	(1,748)	(1,457)	(3,976)	(36,760)
Operating depreciation and amortisation (excl. IFRS 16)	*(8,252)*	*(276)*	*(4,843)*	*(1,450)*	*(1,069)*	*(1,453)*	*(4,132)*	*(21,475)*
Amortisation recognised on consolidation (1)	(129)	-	-	(582)	-	-	63	(648)
Impairment losses	(220)	(198)	(732)	(218)	(52)	(570)	(220)	(2,210)
including non-current assets	-	-	-	-	-	-	-	-
Reversals of impairment losses	49	70	73	49	63	26	-	330
including non-current assets	-	-	*28*	-	-	-	-	*28*
Equity-settled share-based payments	(102)	-	-	(302)	-	-	-	(404)
Cost of restructuring (2)	-	-	-	-	-	(4,923)	(710)	(5,633)
Capital expenditure (3)	13,722	1,050	2,085	3,117	150	146	924	21,194

	As at 31 March 2019							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	239,635	56,137	258,693	36,620	83,935	76,748	129,484	881,252
Right-of-use assets	474,085	52	22,331	-	12,250	2,747	28,746	540,211
Investments in associates and joint ventures accounted for by the equity method	-	-	-	10,842	132,728	-	-	143,570

(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 lease property, plant and equipment in the amount of PLN 5,237 thousand;
(4) reconciling positions include mainly Company's headquarter (PLN 97,793 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)

	Three months ended 31 March 2018							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Revenues from external customers	111,188	47,660	35,731	39,451	25,418	16,986	1,563	277,997
Intersegment revenues (2)	3,897	2,011	204	792	609	396	(7,909)	-
Total revenues	**115,085**	**49,671**	**35,935**	**40,243**	**26,027**	**17,382**	**(6,346)**	**277,997**
Total operating cost (1), (2), (3)	**(98,445)**	**(54,266)**	**(32,536)**	**(37,612)**	**(23,773)**	**(19,213)**	**914**	**(264,931)**
Operating profit/(loss) (1)	**16,640**	**(4,595)**	**3,399**	**2,631**	**2,254**	**(1,831)**	**(5,432)**	**13,066**
Net finance income and cost							(104)	(104)
Share of results of equity accounted investees (3)	-	-	-	(114)	-	-	(350)	(464)
Income tax							(2,781)	(2,781)
Net profit								**9,717**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;
(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments since the first quarter of 2018), the Management Board, Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 8,397 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group. In case of equity accounted investees, the reconciling positions include the investment in Stopklatka S.A.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 March 2018							
	Movies and books (3)	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(7,867)	(345)	(4,908)	(1,161)	(989)	(2,055)	(5,258)	(22,583)
Amortisation recognised on consolidation (1)	(129)	-	-	(684)	-	-	63	(750)
Impairment losses	(17)	(881)	(421)	(171)	(104)	(81)	(117)	(1,792)
including non-current assets	-	-	-	-	-	-	-	-
Reversals of impairment losses	105	220	323	131	57	46	2	884
including non-current assets	-	-	*98*	-	-	-	-	*98*
Equity-settled share-based payments	-	-	-	(302)	-	-	-	(302)
Cost of group lay-offs	-	-	-	-	-	(1,418)	-	(1,418)
Capital expenditure (2)	8,750	196	1,325	1,536	402	141	609	12,959

	As at 31 March 2018							
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	271,486	57,601	269,794	42,565	85,967	82,373	138,799	948,585
Investments in associates and joint ventures accounted for by the equity method	-	-	-	1,784	-	-	5,599	7,383

(1) is not presented in operating result of the Group's segments;
(2) based on invoices booked in the period;
(3) capital expenditure include lease property, plant and equipment in the amount of PLN 3,422 thousand;
(4) reconciling positions include mainly Company's headquarter (PLN 102,705 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. In case of equity accounted investees, the reconciling positions include the investment in Stopklatka S.A.

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

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

	Three months ended 31 March 2019							
	Movies and books	Press	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Advertising revenue	7,785	18,064	35,150	35,209	20,794	-	(6,671)	110,331
Copy sales	8,049	27,280	-	77	-	-	(862)	34,544
Ticket sales	76,845	-	-	-	127	-	(137)	76,835
Concession sales in cinemas	30,904	-	-	-	-	-	(25)	30,879
Printing services	-	5	-	-	-	14,263	-	14,268
Film distribution and production sales	27,696	-	-	-	-	-	-	27,696
Other	6,688	1,030	745	2,331	1,135	1,500	455	13,884
Total sales by category	**157,967**	**46,379**	**35,895**	**37,617**	**22,056**	**15,763**	**(7,240)**	**308,437**

	Three months ended 31 March 2018							
	Movies and books	Press	Outdoor	Internet	Radio	Print	Reconciling positions	Total
Advertising revenue	6,565	21,974	35,546	37,443	24,522	-	(5,810)	120,240
Copy sales	7,986	26,776	-	-	-	-	(888)	33,874
Ticket sales	66,274	-	-	-	63	-	(163)	66,174
Concession sales in cinemas	24,017	-	-	-	-	-	(33)	23,984
Printing services	-	-	-	-	-	15,570	4	15,574
Film distribution and production sales	4,981	-	-	-	-	-	-	4,981
Other	5,262	921	389	2,800	1,442	1,812	544	13,170
Total sales by category	**115,085**	**49,671**	**35,935**	**40,243**	**26,027**	**17,382**	**(6,346)**	**277,997**

5. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

a) Incentive Plan for the Management Board members

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

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

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

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

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

As at 31 March 2019, the value of the accrual for the bonus concerning the fulfillment of the EBITDA target comprises the accrual for the annual bonus recognised at the end of 2018 on the basis of the fulfillment of the EBITDA target for 2018 and the value of a potential bonus calculated on the basis of the best estimate of the expected fulfillment value of the EBITDA target for 2019, which was charged to the Income Statement.

The value of the potential reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. That value is charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan. As at 31 March 2019, the estimated Average Share Price in IQ of Next Year was below the Target of Share Price Increase and the accrual for this component of the Incentive Plan was not recognised in the balance sheet.

(all amounts in PLN thousands unless otherwise indicated) translation

Total impact of the Incentive Plan on the consolidated financial statements of the Agora Group:

	Three months ended 31 March 2019	Three months ended 31 March 2018
Income statement – increase of staff costs	367	822
Income statement - deferred income tax	(70)	(156)
Liabilities: accruals - as at the end of the period	1,534	2,835
Deferred tax asset - as at the end of the period	291	539

b) Equity - settled incentive plan based on shares of a subsidiary

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

The impact of the incentive plan on the consolidated financial statements of the Agora Group is presented in the table below:

	Three months ended 31 March 2019	Three months ended 31 March 2018
Income statement – staff costs	404	302
Equity - non-controlling interests	404	302

6. CHANGES IN PROVISIONS AND IMPAIRMENT LOSSES FOR ASSETS

In the period from January 1, 2019 to March 31, 2019 the following changes in impairment losses were accounted:

- impairment loss for receivables: increase by PLN 1,413 thousand,
- impairment loss for inventory: increase by PLN 1,817 thousand,
- impairment loss for tangible assets and intangible assets: decrease by PLN 177 thousand.

Additionally in the period from January 1, 2019 to to March 31, 2019 the following provisions were changed:

- provision for onerous contracts: decrease by PLN 58 thousand,
- provision for the remuneration and severances for the former Management Board Members: used in the amount of PLN 74 thousand,
- provision for costs of restructuring: increase in the amount of PLN 5,424 thousand (including: set-up of PLN 5,633 thousand and the use in the amount of PLN 209 thousand).

(all amounts in PLN thousands unless otherwise indicated) translation

7. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As at 31 March 2019, the Group had contingencies, guarantees and other collaterals arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, other than those noted below:

Benefiting party	Debtor	Valid till	Amount As at 31 March 2019	Amount As at 31 December 2018	Scope of collateral
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	29 Sep 2019 - 16 Jun 2021	126	126	loans for the purchase of photographic equipment
Guarantees provided by Agora Finanse Sp. z o.o.					
DNB Bank Polska S.A.	Agora S.A.	1 Apr 2024	202,500	202,500	Agora SA's liabilities from credit agreement
Guarantees provided by Adpol Sp. z o.o.					
mBank S.A.	AMS S.A.	2 Mar 2020 - 24 Apr 2020	16,200	16,200	bank guarantees related to the contract for the construction of bus shelters in Warsaw
Bills of exchange issued by AMS S.A. and Adpol Sp. z o.o.					
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	rent agreements on advertising panels
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, AMS S.A. provided to the bank cash deposits as a cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw. As at 31 March 2019 the deposit receivable amounts to PLN 10.8 million and is presented within long-term receivables.

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

8. COURT CASES

As at March 31, 2019, the Group has not entered into significant litigation for claims. Provision for legal claims as at March 31, 2019, amounted to PLN 137 thousand (as at December 31, 2018: PLN 137 thousand).

Additionally, as at March 31, 2019, the companies of the Group are a party of legal disputes in the amount of PLN 2,211 thousand (as at December 31, 2018: PLN 2,033 thousand) in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

(all amounts in PLN thousands unless otherwise indicated) translation

9. SEASONALITY

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

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

10. RELATED PARTY TRANSACTIONS

(a) Management Board and Supervisory Board remuneration

The remuneration paid by Agora S.A. to Management Board members during the three months period ended March 31, 2019 amounted to PLN 714 thousand (three months ended March 31, 2018: PLN 659 thousand).

The remuneration paid by Agora S.A. to Supervisory Board members during the three months period ended March 31, 2019 amounted to PLN 117 thousand (three months ended March 31, 2018: PLN 117 thousand).

(b) Other related parties (not consolidated)

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

	Three months ended 31 March 2019	Three months ended 31 March 2018
Jointly controlled entities		
Sales	10	79
Purchases of goods and services	(3)	(81)
Interest on loans granted	-	8
Associates		
Sales	45	18
Interest on loans granted	2	-
Major shareholder		
Sales	6	4
Other operating income	89	-

(all amounts in PLN thousands unless otherwise indicated) translation

	As at 31 March 2019	As at 31 December 2018
Jointly controlled entities		
Shares	1,016	1,007
Trade receivables	11	6
Trade liabilities	1	8
Other liabilities	-	2
Associates		
Shares	142,554	10,288
Non-current loans granted	800	-
Current loans granted	2	-
Trade receivables	128	128
Trade liabilities	-	19
Major shareholder		
Trade receivables	1	1
Other liabilities and accruals	535	10
Management Board of the Company		
Receivables	1	4
Put option liabilities	27,991	27,991
Management Boards of group companies		
Receivables	22	24
Put option liabilities	3,769	3,769
Other liabilities	2	2

(all amounts in PLN thousands unless otherwise indicated) translation

11. DESCRIPTION OF THE GROUP

The list of companies within the Group:

		% of shares held (effectively)	
		31 March 2019	31 December 2018
	Subsidiaries consolidated		
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
3	AMS S.A., Warsaw	100.0%	100.0%
4	Adpol Sp. z o.o., Warsaw (1)	100.0%	100.0%
5	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
6	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	100.0%
7	IM 40 Sp. z o.o., Warsaw (2)	72.0%	72.0%
8	Inforadio Sp. z o.o., Warsaw (2)	66.1%	66.1%
9	Helios S.A. , Lodz	91.4%	91.4%
10	Next Film Sp. z o.o., Warsaw (3)	91.4%	91.4%
11	Next Script Sp. z o.o., Warsaw (4)	75.9%	75.9%
12	Doimporta Sp. z o.o., Warsaw	100.0%	100.0%
13	Optimizers Sp. z o.o., Warsaw	100.0%	100.0%
14	Yieldbird Sp. z o.o., Warsaw	81.5%	81.5%
15	GoldenLine Sp. z o.o., Warsaw	92.7%	92.7%
16	Plan A Sp. z o.o., Warsaw	100.0%	100.0%
17	Agora Finanse Sp. z o.o.	100.0%	100.0%
18	Foodio Concepts Sp. z o.o., Lodz (3)	82.3%	82.3%
19	Step Inside Sp. z o.o., Lodz (3), (5)	91.4%	-
	Joint ventures and associates accounted for the equity method		
20	Online Technologies HR Sp. z o.o., Szczecin	46.2%	46.2%
21	Hash.fm Sp. z o.o., Warsaw	49.5%	49.5%
22	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
23	ROI Hunter a.s., Brno	13.4%	13.4%
24	Eurozet Sp. z o.o., Warsaw (6)	40.0%	-
	Companies excluded from consolidation and equity accounting		
25	Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%

(1) indirectly through AMS S.A.;
(2) indirectly through GRA Sp. z o.o.;
(3) indirectly through Helios S.A.;
(4) indirectly through Next Film Sp. z o.o.;
(5) on January 11, 2019 the District Court for Lodz - Srodmiescie registered the company set up, in which Helios S.A. holds 100% share in equity;
(6) acquisition of shares on February 12, 2019.

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

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

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

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

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

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

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

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

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

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

Under the Final Agreement, the Company acquired 400 shares in the share capital of Eurozet with a nominal value of PLN 50 each, representing 40% of the share capital of Eurozet and entitling the holder to exercise 40% of the total voting rights at the shareholders' meeting of Eurozet in exchange for an initial consideration of PLN 130,754,689 million. The Preliminary Agreement provides for an adjustment of the initial consideration based on the Eurozet Group's ('Group') 2018 audited financial statements for 2018 and the final values of certain economic and financial parameters of the Group, as set forth in the Preliminary Agreement.

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

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

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

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

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

The acquisition of 40% of shares in Eurozet was financed partially from the Company's own resources, and PLN 75.0 million was financed with an overdraft facility which will be converted into a non-revolving loan on the basis of a Credit Line Agreement executed on May 25, 2017 with DNB Bank Polska S.A and amended by Annex no. 1 of May 18, 2018.

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

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

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

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

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

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

Call for the repurchase of shares in a subsidiary Helios S.A.

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

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

i. Sell-out

As part of the sell-out, untill 30 June 2016 Agora S.A. transferred to Helios S.A. the amount of PLN 2,938 thousand as payment of the sell-out price calculated in accordance with Art. 418(1) § 6 of the CCC. In its balance sheet as at 31 December 2016, the Agora Group recognized a liability in respect of the purchase of the Shares from the minority shareholders of Helios S.A. totalling PLN 3,185 thousand. This amount comprised PLN 2,938 thousand transferred by Agora S.A. to Helios S.A. (which was also recognized in the Group's equity under retained earnings/accumulated losses and current year profit/(loss)) and the total amount transferred by the other shareholder of Helios S.A. as part of the execution of the sell-out procedures.

As part of the sell-out procedure, the amount of PLN 3,171 thousand was transferred by Helios S.A. to the Minority Shareholder on 2 June 2017 for the purchase of 318,930 shares. Moreover, on 2 June 2017, a total of PLN 14 thousand was transferred to the other minority shareholders for the purchase of 1,460 shares. As a result of these transactions, the Group met the commitment to purchase shares, which was recognized in the Group's balance sheet.
As a result of the procedures described above, Agora S.A. increased its block of shares in Helios S.A. from 10,277,800 to 10,573,352 shares, i.e. by 295,552 shares. Agora S.A. currently holds 91.44% of the shares of Helios S.A.

The shareholders whose shares are being purchased under the sell-out procedure did not accept the price calculated in accordance with Art. 418(1) § 6 of the CCC and, based on Art. 418(1) § 7 of the CCC, applied to the registration court to appoint a registered auditor who would determine the price for the shares on behalf of the Court. The final valuation of the Shares that are subject to the sell-out procedures will be determined by the registration court having jurisdiction over the registered office of Helios S.A. based on the opinion of an expert appointed by the registration court having jurisdiction over the registered office of Helios S.A. A change in such valuation, if any, will result in an adjustment to the price of the shares purchased.

As at the date of the publication of this report, the District Court for Lodz-Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed an expert for the purpose of the valuation of the shares to be purchased from the Minority Shareholder (318,930 shares) and from other minority shareholders (1,460 shares in total). The minority shareholders referred to in the previous sentence appealed against the decision on appointing an expert.

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

(ii) Squeeze-out procedure

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

Currently, the valuation of the shares by the registered auditor nominated by the Court is being finalized. As at the date of this report, the sell out and squeeze out procedures have not been completed.

13. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY FOR THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND CONDENSED INTERIM UNCONSOLIDATED 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 and unconsolidated financial statements is Polish zloty, except of assosciate ROI Hunter a.s. which functional currency is Czech crown.

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

- income statement and cash flow statement figures for first quarter of 2019 (first quarter of 2018) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month of the quarter. For the first quarter of 2019 EURO 1 = PLN 4.2978 (EURO 1 = PLN 4.1784).
- balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. The exchange rate as at 31 March 2019 – EURO 1 = PLN 4.3013, as at 31 December 2018 – EURO 1 =PLN 4.3000 PLN, 31 March 2018 – EURO 1 = PLN 4.2085.

(all amounts in PLN thousands unless otherwise indicated) translation

14. PROPERTY, PLANT AND EQUIPMENT

In the period from January 1, 2019 to March 31, 2019, the Group purchased property, plant and equipment in the amount of PLN 24,132 thousand (in the period of January 1, 2018 to March 31, 2018: PLN 20,256 thousand).

As at March 31, 2019, the commitments for the purchase of property, plant and equipment amounted to PLN 23,224 thousand (as at December 31,2018: PLN 23,715 thousand) and for intangible assets amounted to PLN 130 thousand (as at December 31,2018: PLN 140 thousand)

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

15. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AND OTHER FINANCIAL LIABILITIES

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 31 March 2019	Level 1	Level 2	Level 3
Certificates in investment funds	73,858	-	73,858	-
Financial assets measured at fair value	**73,858**	**-**	**73,858**	**-**
Put option liabilities	34,844	-	-	34,844
Financial liabilities measured at fair value	**34,844**	**-**	**-**	**34,844**

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

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

In the period from January 1, 2019 to March 31, 2019 there were no changes in the value of the financial instruments categorised within Level 3 of the fair value hierarchy and there were no changes in valuation techniques.

16. OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- **Loan for an associated company**

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

- **Other information**

On February 28, 2019, Agora S.A. ("Company") received a tax control protocol related to the accuracy of VAT settlements for the period of September to December 2017. The Tax Office is questioning the way that the Company applies certain VAT regulations for selected goods and services. The Management Board does not agree with the arguments presented in the received protocol and on March 14, 2019 submitted various objections and explanations to the document. In response the Tax Office upheld its position and on May 6, 2019 started tax proceeding. Despite this, the Management Board of the Company disagrees with the position of the Tax Office and considers the adopted method of evidence to be appropriate and will defend it in further administrative or court proceedings. Therefore, in the Company's opinion, at the current stage of this case there is no basis to recognise a provision. Potential tax arrears (the main amount) for the period of September to December 2017, which can be determined by the Tax Office as a result of the control amounts to ca. PLN 0.5 million.

17. POST BALANCE-SHEET EVENTS

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

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

18. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	in PLN thousand			in EUR thousand		
	Three months ended 31 March 2019 unaudited	As at 31 December 2018 audited	Three months ended 31 March 2018 unaudited	Three months ended 31 March 2019 unaudited	As at 31 December 2018 audited	Three months ended 31 March 2018 unaudited
Revenue	308,437		277,997	71,766		66,532
Operating profit/(loss)	471		13,066	110		3,127
Profit/(loss) before income taxes	(3,678)		12,498	(856)		2,991
Net profit/(loss) for the period attributable to equity holders of the parent	(5,049)		8,176	(1,175)		1,957
Net cash from operating activities	54,364		27,127	12,649		6,492
Net cash used in investing activities	(111,789)		90,486	(26,011)		21,656
Net cash used in financing activities	54,662		(8,782)	12,719		(2,102)
Net increase / (decrease) in cash and cash equivalents	(2,763)		108,831	(643)		26,046
Total assets	1,939,941	1,399,826		451,013	325,541	
Non-current liabilities	596,453	114,999		138,668	26,744	
Current liabilities	350,318	288,668		81,445	67,132	
Equity attributable to equity holders of the parent	969,961	975,010		225,504	226,747	
Share capital	46,581	46,581		10,830	10,833	
Weighted average number of shares	46,580,831	46,580,831	-	46,580,831	46,580,831	-
Basic/diluted earnings per share (in PLN / in EURO)	(0.11)		0.18	(0.03)		0.04
Book value per share (in PLN / in EURO)	20.82	20.93	-	4.84	4.87	-

(all amounts in PLN thousands unless otherwise indicated) translation

19. CONDENSED INTERIM UNCONSOLIDATED FINANCIAL STATEMENTS OF AGORA S.A.

Unconsolidated balance sheet as at 31 March 2019

	As at 31 March 2019 unaudited	As at 31 December 2018 audited
Assets		
Non-current assets:		
Intangible assets	39,134	37,695
Property, plant and equipment	164,519	173,076
Right-of-use assets	31,400	-
Long term financial assets	674,893	542,031
Receivables and prepayments	601	608
Deferred tax assets	3,673	2,415
	914,220	**755,825**
Current assets:		
Inventories	21,013	22,408
Accounts receivable and prepayments	89,606	107,758
Short-term securities and other financial assets	31,992	91,503
Cash and cash equivalents	13,195	7,041
	155,806	**228,710**
Total assets	**1,070,026**	**984,535**

(all amounts in PLN thousands unless otherwise indicated) translation

Unconsolidated balance sheet as at 31 March 2019 (continued)

	As at 31 March 2019 unaudited	As at 31 December 2018 audited
Equity and liabilities		
Equity:		
Share capital	46,581	46,581
Share premium	147,192	147,192
Other reserves	121,382	121,382
Retained earnings	489,087	509,557
	804,242	**824,712**
Non-current liabilities:		
Long-term borrowings	107,920	12,555
Retirement severance provision	1,996	1,996
Provisions	1,161	1,084
Accruals and other liabilities	86	90
Contract liabilities	16	17
	111,179	**15,742**
Current liabilities:		
Retirement severance provision	151	151
Trade and other payables	97,618	103,324
Income tax liabilities	4,301	3,910
Short-term borrowings	11,089	9,226
Other financial liabilities	33,734	21,525
Provisions	3,552	603
Contract liabilities	4,160	5,342
	154,605	**144,081**
Total equity and liabilities	**1,070,026**	**984,535**

(all amounts in PLN thousands unless otherwise indicated) translation

Unconsolidated income statement for three months ended 31 March 2019

	Three months ended 31 March 2019 unaudited	Three months ended 31 March 2018 unaudited
Revenue	95,255	99,343
Cost of sales	(65,408)	(66,901)
Gross profit	**29,847**	**32,442**
Selling expenses	(30,046)	(32,195)
Administrative expenses	(21,738)	(23,032)
Other operating income	613	14,495
Other operating expenses	(632)	(355)
Impairment losses for receivables - net	(1,145)	(827)
Operating loss	**(23,101)**	**(9,472)**
Finance income	454	622
Finance costs	(808)	(400)
Loss before income taxes	**(23,455)**	**(9,250)**
Income tax	2,985	1,722
Loss for the period	**(20,470)**	**(7,528)**
Basic/diluted earnings per share (in PLN)	(0.44)	(0.16)

Unconsolidated statement of comprehensive income for three months ended 31 March 2019

	Three months ended 31 March 2019 unaudited	Three months ended 31 March 2018 unaudited
Loss for the period	**(20,470)**	**(7,528)**
Other comprehensive income for the period	**-**	**-**
Total comprehensive income for the period	**(20,470)**	**(7,528)**

(all amounts in PLN thousands unless otherwise indicated) translation

Unconsolidated statement of changes in equity for three months ended 31 March 2019

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Three months ended 31 March 2019						
As at 31 December 2018 audited	**46,581**	**-**	**147,192**	**121,382**	**509,557**	**824,712**
Total comprehensive income for the period						
Net loss	-	-	-	-	(20,470)	(20,470)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(20,470)**	**(20,470)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**
As at 31 March 2019 unaudited	**46,581**	**-**	**147,192**	**121,382**	**489,087**	**804,242**

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Three months ended 31 December 2018						
As at 31 December 2017 audited	**47,665**	**(21,744)**	**147,192**	**122,164**	**537,335**	**832,612**
Total comprehensive income for the period						
Net loss	-	-	-	-	(7,528)	(7,528)
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**(7,528)**	**(7,528)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**
As at 31 March 2018 unaudited	**47,665**	**(21,744)**	**147,192**	**122,164**	**529,807**	**825,084**

Unconsolidated cash flow statement for three months ended 31 March 2019

	Three months ended 31 March 2019 unaudited	Three months ended 31 March 2018 unaudited
Cash flows from operating activities		
Profit/(loss) before income taxes	**(23,455)**	**(9,250)**
Adjustments for:		
Depreciation of property, plant and equipment	3,835	6,276
Amortization of intangible assets	1,761	1,868
Depreciation of right-of-use assets	510	-
Interest, net	280	(5)
(Profit) / loss on investing activities	(224)	(14,212)
(Decrease) / increase in provisions	3,026	621
(Increase) / decrease in inventories	1,395	744
(Increase) / decrease in receivables	13,941	11,884
(Decrease) / increase in payables	(2,731)	(4,324)
(Decrease) / increase in contract liabilities	(1,183)	536
Other adjustments	106	99
Cash generated from operations	**(2,739)**	**(5,763)**
Income taxes – inflows (1)	6,557	-
Net cash from operating activities	**3,818**	**(5,763)**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangibles	263	19,967
Disposal of subsidiaries, associates and jointly controlled entities	-	30
Interest received	472	247
Disposal of short-term securities	-	59,925
Proceeds from cash pooling	59,423	-
Purchase of property, plant and equipment, and intangibles	(7,304)	(3,318)
Acquisition of subsidiaries, associates and jointly controlled entities	(132,062)	(10,005)
Acquisition of short-term securities	-	(12,000)
Loans granted	(800)	-
Net cash used in investing activities	**(80,008)**	**54,846**

Cash flows from financing activities		
Proceeds from borrowings	75,000	392
Proceeds from cash pooling	12,192	7,485
Outflows from cash pooling	-	(3,423)
Repayment of borrowings	(2,863)	-
Payment of lease liabilities	(1,148)	(11)
Interest paid	(490)	(230)
Other	(347)	(66)
Net cash used in financing activities	**82,344**	**4,147**
Net increase / (decrease) in cash and cash equivalents	**6,154**	**53,230**
Cash and cash equivalents		
At start of period	7,041	9,398
At end of period	13,195	62,628

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

Additional information to unconsolidated financial statements of Agora S.A.

In the period from January 1, 2019 to March 31, 2019 the following impairment losses and provisions were changed in the unconsolidated financial statements of Agora S.A.:

- impairment loss for receivables: increase by PLN 925 thousand,
- impairment loss for inventory: increase by PLN 1,712 thousand,
- impairment loss for tangible assets and intangible assets: decrease by PLN 37 thousand,
- provision for the remuneration and severances for the former Management Board Members: used in PLN 74 thousand,
- provision for costs of restucturing: increase the amount of PLN 3,101 thousand (including: set-up of PLN 3,310 thousand and the use in the amount of PLN 209 thousand).

In the period from January 1, 2019 to March 31, 2019, the Company purchased property, plant and equipment in the amount of PLN 1,351 thousand (in the period of January 1, 2018 to March 31, 2018: PLN 1,264 thousand).

As at March 31, 2019 the commitments for the purchase of property, plant and equipment amounted to PLN 400 thousand (as at December 31,2018: PLN 1,099 thousand).

As at March 31,2019 and as at December 31,2018 other short - term financial liabilities include liabilities of Agora S.A. to subsidiaries (resulting from settlements related to the cash pooling system, which functions within Agora Group).

As at 31 March 2019 and 31 December 2018 the Company has no financial instruments measured at fair value.

Information about the impact of applying new standards on financial statements is presented in note 2. As a result of the application of IFRS 16 Leases, the Company recognised in the balance sheet the right-of-use assets in the amount of PLN 31,400 thousand, which mainly concern recognition in the balance sheet of future payments related to the perpetual usufruct right to land and leases of office space.

The selected items of the condensed interim unconsolidated financial statements reflecting the impact of applying the new standard are presented in the tables below:

	As at 31 March 2019 (excl. IFRS 16)	Application of IFRS 16	As at 31 March 2019 (as reported)
Non-current assets:			
Property, plant and equipment	170,316	(5,797)	164,519
Right-of-use assets	-	31,400	31,400
Deferred tax assets	3,660	13	3,673
	888,604	**25,616**	**914,220**
Current assets:			
Accounts receivable and prepayments	90,334	(728)	89,606
	156,534	**(728)**	**155,806**
Total assets	**1,045,138**	**24,888**	**1,070,026**

	As at 31 March 2019 (excl. IFRS 16)	Application of IFRS 16	As at 31 March 2019 (as reported)
Total equity	**804,296**	**(54)**	**804,242**
Non-current liabilities:			
Long-term borrowings	85,475	22,445	107,920
including: lease liabilities	*81*	*22,445*	*22,526*
	88,734	**22,445**	**111,179**
Current liabilities:			
Trade and other payables	97,621	(3)	97,618
Short-term borrowings	8,589	2,500	11,089
including: lease liabilities	*47*	*2,500*	*2,547*
	152,108	**2,497**	**154,605**
Total equity and liabilities	**1,045,138**	**24,888**	**1,070,026**

	Three months ended As at 31 March 2019 (excl. IFRS 16)	Application of IFRS 16	Three months ended As at 31 March 2019 (as reported)
Revenue	95,255	-	95,255
Operating cost net, incl.:	(118,538)	182	(118,356)
D&A	*(7,665)*	*(479)*	*(8,144)*
External services	*(26,636)*	*418*	*(26,218)*
Taxes and fees	*(1,442)*	*243*	*(1,199)*
Operating profit/(loss)	**(23,283)**	**182**	**(23,101)**
Finance income	454	-	454
Finance costs, incl.:	(559)	(249)	(808)
Interest costs	*(443)*	*(249)*	*(692)*
Loss before income taxes	**(23,388)**	**(67)**	**(23,455)**
Income tax	2,972	13	2,985
Loss for the period	**(20,416)**	**(54)**	**(20,470)**

	Three months ended As at 31 March 2019 (excl. IFRS 16)	Application of IFRS 16	Three months ended As at 31 March 2019 (as reported)
Net cash from operating activities	2,431	1,387	3,818
Net cash used in investing activities	(80,008)	-	(80,008)
Net cash used in financing activities	83,731	(1,387)	82,344
Net cash	**6,154**	**-**	**6,154**
Cash and cash equivalents	**13,195**	**-**	**13,195**

Related party transactions

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

	Three months ended 31 March 2019	Three months ended 31 December 2018
Subsidiaries		
Sales	14,276	12,431
Purchases of goods and services	(8,876)	(10,031)
Other finance income	382	292
Finance costs	(112)	(127)
Jointly controlled entities		
Sales	1	31
Purchases of goods and services	(3)	(41)
Finance income	-	8
Associates		
Sales	40	18
Interest on loans granted	2	-
Major shareholder		
Sales	6	4
Other operating income	89	-

	As at 31 March 2019	As at 31 December 2018
Subsidiaries		
Shares	530,458	530,458
Cash pooling receivables	31,990	91,503
Trade receivables	5,314	6,986
Other receivables	2,805	7,114
Cash pooling liabilities	33,734	21,525
Trade liabilities	2,545	4,593
Other liabilities and accruals	2,155	1,494
Jointly controlled entities		
Shares	1,000	1,000
Trade receivables	-	6
Trade liabilities	1	8
Other liabilities and accruals	-	2
Associates		
Shares	142,552	10,490
Non-Current loans granted	800	-
Current loans granted	2	-
Trade receivables	115	122
Major shareholder		
Trade receivables	1	1
Other liabilities and accruals	535	10

Selected unconsolidated financial data together with translation into EURO

	in PLN thousand			in EUR thousand		
	Three months ended 31 March 2019 unaudited	As at 31 December 2018	Three months ended 31 March 2018 unaudited	Three months ended 31 March 2019 unaudited	As at 31 December 2018	Three months ended 31 March 2018 unaudited
Revenue	95,255		99,343	22,164		23,775
Operating loss	(23,101)		(9,472)	(5,375)		(2,267)
Profit before income taxes	(23,455)		(9,250)	(5,457)		(2,214)
Profit for the period	(20,470)		(7,528)	(4,763)		(1,802)
Net cash from operating activities	3,818		(5,763)	888		(1,379)
Net cash used in investing activities	(80,008)		54,846	(18,616)		13,126
Net cash used in financing activities	82,344		4,147	19,160		992
Net increase / (decrease) in cash and cash equivalents	6,154		53,230	1,432		12,739
Total assets	1,070,026	984,535		248,768	228,962	
Non-current liabilities	111,179	15,742		25,848	3,661	
Current liabilities	154,605	144,081		35,944	33,507	
Equity	804,242	824,712		186,976	191,793	
Share capital	46,581	46,581		10,830	10,833	
Weighted average number of shares	46,580,831	46,580,831		46,580,831	46,580,831	
Basic/diluted earnings per share (in PLN / in EURO)	(0.44)		(0.16)	(0.10)		(0.04)
Book value per share (in PLN / in EURO)	17.27	17.70		4.01	4.12	

Warsaw, May 14, 2019

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

Signatures submitted electronically.