AGORA SA

AGORA GROUP

Report for

1q 2020

29, May 2020

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AGORA GROUP

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Unless indicated otherwise, all data presented herein represent the period of January – March 2020, while comparisons refer to the same period of 2019. 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]

- In the first quarter of 2020, the revenues of the Agora Group ("Group") amounted to PLN 289.6 million and were lower by 6.1% yoy. The highest impact on the Group's revenues in the discussed period is attributed to the proceeds from ticket sales in the Helios cinema network, which decreased by 19.8% yoy to the amount of PLN 61.6 million. Behind this decrease lies the administrative decision to close all cinemas in Poland starting on 12 March 2020, issued due to the coronavirus pandemic. This also led to a 16.5% yoy drop in revenues from the cinema concession sales - to the amount of PLN 25.8 million and lower revenues from cinema advertising. The closure of cinemas was also one of the factors leading to a decrease in the Group's revenues generated by the movie business by 9.0%, yoy to the amount of PLN 25.2 million. In the Movies and Books segment, the only area that recorded an increase in the revenues in the discussed period, despite the negative effects of the pandemic, was the Group's food service activities. This was due to a substantial increase in the number of eateries compared to the first quarter of 2019. The revenues of the Agora's Publishing House were at a similar level as in the first quarter last year. As a result, in the period January-March 2020 the revenues of the Movies and Books segment decreased by 11.3% yoy and amounted to PLN 140.1 million. Another segment with revenues having decreased yoy was Press – it recorded a decline of 15.5% yoy to PLN 52.5 million. It was mainly atrributable to lower revenues from printing activities, mainly due to the closure of two out of three Group's printing plants in July 2019 and a drop in the volume of orders for printing services. The second important factor affecting the level of the Press segment revenues was a decrease in the advertising sales by 21.0% yoy. However this business was positively affected by higher revenues from the copy sales, in particular an increase in revenues from the sales of digital subscriptions of *Gazeta Wyborcza*. The Group's lower yoy revenue level was also due to a 11.1% yoy decrease in the Outdoor segment, the revenues of which amounted to PLN 31.9 million. On the other hand, the inflows of the Internet and the Radio segments increased yoy. The largest increase – by 26.1% yoy to PLN 47.4 million – took place in the Internet business, mainly due to the Yieldbird company's higher proceeds. The revenues recorded in the Radio segment were also higher, having grown by 6.3% yoy to PLN 23.5 million.

- In the first quarter of 2020, the Group's operating costs slightly increased by 0.4% yoy and amounted to PLN 309.1 million. The largest impact on the increase in the operating costs was due to the cost of write-offs in the Internet and the Movies and Books segments, which totalled PLN 21.4 million. In the corresponding period of 2019, the Group's operating costs were burdened with the restructuring costs, mainly regarding printing activities, amounting to PLN 5.6 million. In the period January–March 2020, the highest increase in the operating costs took place in the Internet segment and was mainly attributable to the cost of write-offs for assets of the Domiporta company in the amount of PLN 12.7 million. The costs of external services related to the rental of advertising space also significantly increased, mainly in the Yieldbird company. The segment also recorded a slight growth in the costs of depreciation and staff costs. Another area in which an increase in operating costs was recorded was the Movies and Books segment, mainly due to write-offs for assets of Foodio Sp. z o.o. The operating costs in the Radio segment also grew, in particular due to higher expenditure on external services related to proceeds from the advertising sales in third party radio stations, as well as promotion and marketing, depreciation and the financial result on other operating activities. In other business segments, the operating costs decreased yoy. The sharpest decline in the level of operating cost – by 28.2% yoy to PLN 51.9 million – was recorded in the Press segment. This is mainly the result of restructuring the Group's printing business in 2019 and closure of two out of three printing plants. In the Outdoor segment, the operating costs shrank by 1.1% yoy to PLN 34.4 million, mainly due to lower yoy cost of the system maintenance and lower campaign execution cost.

- Operating costs without IFRS 16 decreased by 0.4% yoy to PLN 308.0 million. Introduction of this reporting standard affected most the amounts reported in external services and depreciation cost categories. Expenditure on external services was slightly lower yoy, while depreciation costs without IFRS 16 increased by 12.1% yoy to PLN 24.1 million.

- There are several events that affected the comparability of results of the Agora Group in the first quarter of 2020 as compared to the same period of 2019. In the first quarter of 2019, the costs of restructuring activities, amounting to PLN 5.6 million and carried out mainly in the Print segment, negatively affected the results of the Agora Group. In the first quarter of 2020, the total negative impact of one-off events on the Agora Group's results reached PLN 14.7 million. The results of the Agora Group were affected by fixed assets impairments regarding Domiporta Sp. z o.o. and Foodio Concepts Sp. z o.o. companies, amounting to a total of PLN 21.4 million. On the other hand, a profit on real estate sales in the amount of PLN 6.7 million had a positive impact on the Agora Group's results.

- In the first quarter of 2020 the Group's EBITDA result increased to PLN 44.6 million. The Group's loss on the EBIT level amounted to PLN 19.5 million. In the discussed period, the Group recorded a net loss of PLN 47.1 million, with the net loss attributable to equity holders of the parent company amounting to PLN 42.7 million.

  The Group's result at EBITDA level presented without impact of IFRS 16 increased to PLN 27.2 million. The Group's loss at the EBIT level recognised without taking into account the impact of IFRS 16 amounted in the first quarter of 2020 to PLN 18.4 million and the net loss presented without the impact of IFRS 16 – to PLN 20.5 million.

- As at 31 March 2020, the Group's monetary assets and short-term financial assets amounted to PLN 98.9 million, which comprised cash and cash equivalents in the amount of PLN 98.9 million (cash in hand, bank accounts and deposits).

- As at the end of March 2020, the Group's debt due to loans and leases amounted to PLN 718.8 million (including lease liabilities under IFRS 16 that amounted to PLN 548.2 million).

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

1. EXTERNAL FACTORS

1.1 Advertising market [3]

According to the Agora S.A. estimates ("Company", "Agora"), based on public data sources, in the first quarter of 2020, total advertising spending in Poland amounted to ca PLN 2.1 billion and increased by almost 0.5% yoy. At that time, advertisers limited their expenditure in all of the advertising market segments except for the Internet.

Tab.1

	I Q 2018	II Q 2018	III Q 2018	IV Q 2018	I Q 2019	II Q 2019	III Q 2019	IV Q 2019	I Q 2020
% change yoy in ad market value	8.5%	9.0%	7.0%	4.5%	(0.5%)	2.5%	6.5%	4.0%	0.5%

The data relating to the changes in the value of advertising expenditure in particular media segments in the first quarter of 2020 are presented in the table below:

Tab.2

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
0.5%	(3.0%)	7.5%	(2.0%)	(3.5%)	(7.5%)	(11.0%)	(13.5%)

The share of particular media segment in total advertising expenditure, in the first quarter of 2020, is presented in the table below:

Tab. 3

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	44.0%	38.0%	7.0%	5.0%	3.5%	1.5%	1.0%

1.2 Copy sales of dailies [4]

In the first quarter of 2020, the paid circulation of daily newspapers in Poland decreased by 12.5%. The smallest decline took place in the segment of national general-interest dailies, while the largest decreases were recorded in the segment of local general-interest dailies.

1.3. Cinema admissions [9]

In the first quarter of 2020, the number of tickets sold in Polish cinemas decreased by 35.4% yoy and amounted to 12.2 million tickets. The data does not include the sales of tickets to the movies distributed by one of the market players that resigned from submitting data to Boxoffice.pl in the second half of 2019. In the first quarter of 2020 the most important factor defining the level of admission in Poland was the administrative decision to close the all cinemas on 12 March 2020 due to the pandemic. Due to this also the movie production stopped, which will affect future cinema attendance rates in Poland. The most popular title of the first quarter of 2020 was the *365 days* film, which was co-produced and distributed by NEXT FILM (a company from the Helios group). The production *Jak zostalem gangsterem*, also co-produced and distributed by NEXT FILM, was in the forefront of the most popular film productions in the period January-March 2020.

2. INTERNAL FACTORS

2.1. Revenue

Tab. 4

in million PLN	**1Q 2020**	**% share**	**1Q 2019**	**% share**	***% change yoy***
Total sales (1)	**289.6**	***100.0%***	**308.4**	***100.0%***	***(6.1%)***
Advertising revenue	113.7	*39.3%*	110.3	*35.8%*	*3.1%*
Ticket sales	61.6	*21.3%*	76.8	*24.9%*	*(19.8%)*
Copy sales	35.1	*12.1%*	34.5	*11.2%*	*1.7%*
Concession sales in cinemas	25.8	*8.9%*	30.9	*10.0%*	*(16.5%)*
Revenues from film activities	25.2	*8.7%*	27.7	*9.0%*	*(9.0%)*
Printing services	9.4	*3.2%*	14.3	*4.6%*	*(34.3%)*
Other	18.8	*6.5%*	13.9	*4.5%*	*35.3%*

(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 2020, **the Group's total revenue** amounted to PLN 289.6 million and were lower by 6.1% yoy.

In the period January–March 2020, the Group's **advertising sales** increased by 3.1% yoy and amounted to PLN 113.7 million. This is mainly the result of an increase in Internet advertising sales, especially in the Yieldbird company. The advertising revenue in the Radio segment was also higher yoy. On the other hand, segments that noted lower yoy advertising sales, were Outdoor, Press, as well as Movies and Books.

In the first quarter of 2020, the **tickets sales** in the Helios cinema network decreased by 19.8% yoy and amounted to PLN 61.6 million. It is worth noting that both the dynamics of and revenues from the tickets sales were significantly affected by the pandemic and the closure of cinemas since 12 March 2020. In the discussed period, the Helios multiplexes sold almost 3.3 million tickets, i.e. 21.4% less yoy. In the same period, the overall number of cinema tickets sold in Poland amounted to 12.2 million and decreased by 35.4% *[9]*.

The **copy sales** amounted to PLN 35.1 million and were higher by 1.7% as compared to the first quarter of 2019. This increase was mainly due to the growing revenues from digital subscriptions of *Gazeta Wyborcza*, with stable revenues of the Agora's Publishing House and a fall in inflows from copy sales of magazines, periodicals and traditional edition of *Gazeta Wyborcza*.

The **cinema concession sales** decreased by 16.5% yoy to PLN 25.8 million. It is a consequence of a decline in the Helios cinemas attendance in the period January–March 2020, mainly due to closure of multiplexes starting from 12 March 2020.

The **revenues from movie business** amounted to PLN 25.2 million in the first quarter of 2020 and were by 9.0% lower than in the first quarter of 2019, a record quarter in this regard in the history of the Agora Group. This decline was significantly affected by the outbreak of the pandemic and the closure of cinemas, which made viewing films in cinemas impossible and forced NEXT FILM to cancel the premiere and distribution of the *W lesie już nie zaśnie nikt* movie. During the discussed period, NEXT FILM – a Helios Group company – released 2 movie productions: *Jak zostałem gangsterem*, based on true story, and *365 days,* a film adaptation of the Blanka Lipińska's novel. Both movie productions were among the most popular films in Poland in the first quarter of 2020. The first was viewed by almost 1.1 million and the other by 1.6 million spectators. NEXT FILM was the co-producer and the distributor of both films.

The **revenues from sales of printing services** in the Group amounted to PLN 9.4 million and decreased by 34.3% yoy. It was mainly due to the closure of two out of three Agora Group's printing plants in July 2019 and resulting from that lower yoy production volume.

On the other hand, the **revenue from other sales** amounted to PLN 18.8 million and increased by 35.3% yoy. The most important reason for this growth was an increase in revenues from the food service business developed by Foodio Concepts Sp. z o.o. and Step Inside Sp. z o.o.

2.2. Operating cost

Tab. 5

in million PLN	**1Q 2020**	**% share**	**1Q 2019**	**% share**	**% change yoy**
Operating cost net, including:	**(309.1)**	**100.0%**	**(307.9)**	**100.0%**	**0.4%**
Operating cost net excl. IFRS 16 (1), including:	***(308.0)***	***100.0%***	***(309.2)***	***100.0%***	***(0.4%)***
External services (2)	(116.4)	37.8%	(116.8)	37.9%	(0.3%)
External services excl. IFRS 16 (1) (2)	*(133.7)*	*43.4%*	*(133.8)*	*43.3%*	*(0.1%)*
Staff cost (2)	(82.0)	26.5%	(83.3)	27.1%	(1.6%)
Raw materials, energy and consumables	(31.0)	10.0%	(38.4)	12.5%	(19.3%)
D&A	(42.7)	13.8%	(37.4)	12.1%	14.2%
D&A excl. IFRS 16 (1)	*(24.1)*	*7.8%*	*(21.5)*	*7.0%*	*12.1%*
Promotion and marketing	(12.3)	4.0%	(14.6)	4.7%	(15.8%)
Cost of restructuring (3)	-	-	(5.6)	1.8%	-
Impairment losses (4)	(21.4)	*6.9%*	-	*0.0%*	-

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

(2) In 2020, the Group changed the presentation of the production cost of books published by Agora Publishing House, comparative data were restated accordingly;

(3) Cost of restructuring (including group lay-offs) in Print segment and Agora's support divisions in the first quarter of 2019.

(4) The amount includes impairment losses on fixed assets of the companies Domiporta Sp. z o.o. and Foodio Concepts Sp. z o.o., the impairment losses were mainly related to tangible fixed assets and intangible assets, including goodwill of Domiporta.

In the first quarter of 2020, the Agora Group's net operating costs increased by 0.4% yoy and amounted to PLN 309.1 million. It is worth noting that the Group's operating costs in the discussed period were affected by the cost of write-offs and the profit on real estate sales, which totalled to PLN 14.7 million. In the first quarter of 2019, the Group incurred the costs of the restructuring reserve, mainly linked to the optimisation of the printing business, which amounted to PLN 5.6 million, PLN 4.9 million of which were charged to the results of the Print segment.

The decrease in the **external services costs** by 0.3% yoy to PLN 116.4 million was mainly due to the closure of cinemas and the lack of screenings since 12 March 2020, which significantly decreased the film copy fees. The payments for film producers were also lower yoy. This cost item also significantly decreased in the Outdoor and the Press segments. The cost of external services significantly increased yoy in the Internet segment, especially in the Yieldbird company, which was associated with higher advertising revenues. This cost category was also higher yoy in the Radio segment.

In the first quarter of 2020, the **staff costs** decreased by 1.6% yoy to PLN 82.0 million. They declined in the Press segment, which was due to lower employment following restructuring of the printing business carried out in 2019.

The increase in staff costs took place in the Internet and the Outdoor segments. In the Internet segment, this was mainly attributable to consolidation of the HRlink company in the results. In the Outdoor segment, this growth was primarily related to salary increases in 2019, an increase in the minimum wage and higher cost of contracts. In the Movies and Books, as well as the Radio, the staff costs remained at a similar level as compared to the corresponding period of 2019.

The Group's **headcount** as at the end of March 2020 amounted to 2,442 full-time employees and was lower by 200 FTEs as compared to the end of March 2019. The most significant impact on employment reduction was the closure of two out of three of the Agora Group printing plants and reduction of 157 FTEs in the printing business. The number of FTEs also decreased in the Company's press activities, in the Internet segment, as well as in supporting divisions. On the other hand, the number of employees increased in the Movies and Books, as well as the Outdoor segments.

The decrease in the **costs of raw materials and energy consumed and the value of goods and materials sold** as compared to the first quarter of 2019 was mainly due to the closure of two out of three printing plants belonging to the Agora Group in the second half of 2019.

The Group's **costs of promotion and marketing** decreased in the first quarter of 2020 by 15.8% yoy to PLN 12.3 million. The most significant decline in these costs was reported in the Movies and Books segment and resulted from lower promotional activity related to the Group's movie business and lower advertising costs in cinemas. This cost item also decreased in the Internet, the Press and the Outdoor segments. The promotion and marketing costs increased in the Radio segment in connection with the promotion of the TOK FM Radio.

In the first quarter of 2020, **the amortization and depreciation costs** increased by 14.2% yoy to PLN 42.7 million. This is mainly the effect of an increase in depreciation in the Movies and Books segment (higher number of cinemas and restaurants), as well as acceleration of depreciation of some of the outdoor advertising panels.

3. PROSPECTS

The COVID-19 pandemic and the government administration actions aimed at limiting further spread of the virus will have a significant negative impact on the financial performance of Agora and its subsidiaries in the following quarters of 2020. In the opinion of the Company's management board, the highest negative impact of the pandemic on the Group's activities will be visible in the second quarter of 2020. The factors that decide on these dynamics remain entirely beyond the control of Agora and depend on the rate of "defrosting" of the Polish economy and the durability of this process with regard to the number of COVID-19 infections in Poland. According to the Agora's projections, the rate of decrease in the Group's revenues in subsequent quarters should be lower than in the second quarter of 2020, provided that the pandemic will not return in the second half of 2020.

One of the factors that will decide on the level of the Group's revenues will be the situation on the advertising market in Poland. According to the Company's estimates in 2020, following the coronavirus pandemic and its consequences for the Polish economy, the advertisers will reduce their expenditure on the promotion of their goods and services by ca 20.0%–25.0% as compared to 2019.

The analyses of the Company and the experience of other countries affected by the pandemic indicate that the market segment the most affected by the reduction of advertising spending will be cinema due to the administrative prohibition of business activity in this segment and expected reduction in the number of spectators after reopening of cinemas and social impact of the pandemic. While observing the behaviour of Poles following the abolition of successive restrictions imposed due to COVID-19, it can be assumed that after a period of cautious behaviour following reopening of cinemas they will be wanting to return to this form of leisure, provided that there is an interesting repertoire.

Another segment that is most affected by the pandemic will be outdoor advertising, sensitive to the number of contacts with promotional campaigns in the streets. Reduction of advertising expenditure in this market segment will have a significant impact on the Agora Group's results. AMS is the leader of the outdoor advertising market, offering modern panels in the most popular locations. Lifting the restrictions regarding the movement of population, increase in the number of contacts with advertising campaigns in the streets and subsequent stages of "defrosting" of the Polish economy should result in a more rapid return of advertising campaigns to AMS' advertising panels than on the general market.

The effects of the pandemic and the limited advertising expenditure will significantly affect the radio activities of the Agora Group. The Agora Radio Group is one of the smallest players on the radio market in Poland, and therefore it can be more difficult for the company to compete with larger broadcasters for significantly limited advertising budgets. However, lifting the restrictions on economic activities and movement of people should have a positive impact on the ability to generate revenues by this business. It is worth noting that the current situation in Poland contributes to an increase in the listeners' interest in the TOK FM Radio, the audience of which has recently noticeably grown.

In the Company's view, the current situation will also significantly accelerate the decreases in the press advertising market. As a result of the outbreak of the pandemic, Agora decided to withdraw from publication of subsequent monthlies, which will further deepen the dynamics of advertising revenue decline in the Press segment.

The Company expects the lowest decrease in advertising expenditure in the Internet segment, although, in the opinion of its management board, it will also reach a two-digit value. The group has significant competences in the programmatic area, including a rapidly developing Yieldbird company whose offer in times of crisis met an increased interest of advertisers. The revenues from programmatic advertising constitute 67.0% of all the Group's Internet advertising revenues (together with online classifieds)

The most important part of the Group's revenues not related to the advertising market is the Movies and Books segment and, in particular, the Helios cinema network. Unfortunately, for the moment there is no information regarding the date on which the cinemas can be reopened. The conditions on which they will operate are also unknown. It is also worth noting that there is no new movie repertoire because of the suspension of most of the film productions. The decision to reopen cinemas will therefore depend not only on "defrosting" of this sector of the economy, but above all on the conditions on which this activity can be carried out and their verification in terms of financial implications. According to the company's estimates the drop in cinema admissions in Poland may reach 50.0% yoy.

In connection with the pandemic and its consequences, one of the subsidiaries of the Agora Group – Foodio Concepts Sp. z o.o. – filed for bankruptcy. As a result, in the food segment the Group is currently developing only the activities of Step Inside Sp. z o.o., operator of eateries under the Pasibus brand.

The sales of publications in traditional form will decrease in 2020 due not only to market trends but also to a limited number of sales points. However, the Agora Group is actively developing the digital subscriptions of *Gazeta Wyborcza* and the sale of books and music in digital form or via Internet platforms.

Taking into account all these issues, the Agora's management board estimates that, as a result of the current pandemic, in the whole 2020 the revenues of the Agora Group may decrease significantly, and the Group will record operating loss at the EBIT level. Businesses that will be the most affected by the consequences of the pandemic are Cinema, Food activities, Outdoor and Radio.

At the same time, the Agora's management board took a series of measures to minimise the negative impact of the pandemic on the results of the Agora Group. Most of the investment expenditure was suspended and almost all operating costs categories were reduced. Agora also decided to optimize its portfolio of investment projects, as a result of which negotiations were undertaken to sell Domiporta Sp. z o.o. and it was decided to reduce the scale of operations of Goldenline Sp. z o.o. and file for bankruptcy of Foodio Sp. z o.o .; it also verified the portfolio of paper magazines and resigned from the publication of two monthlies, as well as reduced the volume and number of copies of the published daily. As part of the savings activities, Agora also resigned from some of local offices, in which the work is currently carried out in the home office formula and will be continued in this form after the end of the pandemic. Additionally, the Company's management board conducts intensified monitoring of the inflow of receivables in order to safeguard the Group's financial liquidity. The company secured financing of the Agora Group until the end of September and is working on its further extension. In cooperation with financial institutions, it obtained a grace period in repayment of the hitherto used credit.

According to the Company's estimates, these activities will result in savings of nearly PLN 185.0 million in the second and third quarter of 2020. The savings related to the reduction in staff costs will amount to ca PLN 30.0 million. In subsequent periods the management board will take further decisions depending on further development of the situation.

Both Agora and its subsidiaries also seek to receive the available forms of public support for business.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for the first quarter of 2020 include: Agora S.A. and 23 subsidiaries, which operate principally in the internet, cinema, radio, gastronomy and outdoor advertising segments. Additionally, as at 31 March 2020 the Group held shares in jointly controlled entity Instytut Badan Outdooru IBO Sp. z o.o., as well as in associated companies 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 2020	1Q 2019	*% change yoy*
Total sales (1)	**289.6**	**308.4**	***(6.1%)***
Advertising revenue	113.7	110.3	*3.1%*
Ticket sales	61.6	76.8	*(19.8%)*
Copy sales	35.1	34.5	*1.7%*
Concession sales in cinemas	25.8	30.9	*(16.5%)*
Printing services	9.4	14.3	*(34.3%)*
Revenues from film activities	25.2	27.7	*(9.0%)*
Other	18.8	13.9	*35.3%*
Operating cost net, including:	**(309.1)**	**(307.9)**	***0.4%***
External services (2)	(116.4)	(116.8)	*(0.3%)*
Staff cost (2)	(82.0)	(83.3)	*(1.6%)*
Raw materials, energy and consumables (2)	(31.0)	(38.4)	*(19.3%)*
D&A	(42.7)	(37.4)	*14.2%*
Promotion and marketing	(12.3)	(14.6)	*(15.8%)*
Cost of restructuring (3)	-	(5.6)	-
Gain on sale of property (4)	6.7	-	-
Impairment losses (5)	(21.4)	-	-
Operating result - EBIT	**(19.5)**	**0.5**	**-**
Operating result - EBIT excl. IFRS 16 (6)	*(18.4)*	*(0.8)*	*(2,200.0%)*
Finance cost, net, incl.:	**(32.8)**	**(4.4)**	***(645.5%)***
Income from short-term investment	0.2	0.5	*(60.0%)*
Costs related to bank loans and leasing	(5.6)	(4.8)	*16.7%*
including interest costs related to IFRS 16	(3.9)	(3.7)	*5.4%*
Foreign exchange (losses) / gains	(27.1)	(0.1)	*27,000.0%*
including interest costs related to IFRS 16	(27.7)	(0.1)	*27,600.0%*
Share of results of equity accounted investees	**(0.2)**	**0.2**	**-**
Loss before income tax	**(52.5)**	**(3.7)**	***(1,318.9%)***
Income tax	5.4	0.3	*1,700.0%*
Net loss for the period	**(47.1)**	**(3.4)**	***(1,285.3%)***
Net loss for the period excl. IFRS 16 (6)	*(20.5)*	*(1.4)*	*(1,364.3%)*

in PLN million	1Q 2020	1Q 2019	*% change yoy*
Attributable to:			
Equity holders of the parent	(42.7)	(5.0)	*(754.0%)*
Non - controlling interest	(4.4)	1.6	-
EBIT margin (EBIT/Sales)	*(6.7%)*	*0.2%*	*(6.9pp)*
EBIT margin excl. IFRS 16 (6)	*(6.4%)*	*(0.3%)*	*(6.1pp)*
EBITDA (7)	**44.6**	**37.9**	***17.7%***
EBITDA margin (EBITDA/Sales)	*15.4%*	*12.3%*	*3.1pp*
EBITDA excl. IFRS 16 (6)	*27.2*	*20.6*	*32.0%*
EBITDA margin excl. IFRS 16 (6)	*9.4%*	*6.7%*	*2.7pp*

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

(2) in 2020, the Group changed the presentation of the production cost of books of Agora Publishing House, comparative data were restated accordingly;

(3) cost of restructuring (including group lay-offs) in Print segment and Agora's supporting divisions in the first quarter of 2019;

(4) profit from the sale of a server building located at Daniszewska Street in Warsaw;

(5) the amount includes impairment losses on fixed assets of the companies Domiporta Sp. z o.o. and Foodio Concepts Sp. z o.o., the impairment losses were mainly related to tangible fixed assets and intangible assets, including goodwill of Domiporta;

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

(7) 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 2020 [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	Reconciling positions (3)	Total (consoli-dated) 1Q 2020
Total sales (1)	**140.1**	**52.5**	**31.9**	**47.4**	**23.5**	**(5.8)**	**289.6**
% share	48.4%	18.1%	11.0%	16.4%	8.1%	(2.0%)	100.0%
Operating cost net (1)	**(137.0)**	**(51.9)**	**(34.4)**	**(57.9)**	**(22.1)**	**5.8)**	**(309.1)**
Operating cost net excl. IFRS 16 (1)	***(135.7)***	***(51.9)***	***(34.6)***	***(57.9)***	***(21.8)***	***(6.1)***	***(308.0)***
EBIT	**3.1**	**0.6**	**(2.5)**	**(10.5)**	**1.4**	**(11.6)**	**(19.5)**
EBIT excl. IFRS 16	***4.4***	***0.6***	***(2.7)***	***(10.5)***	***1.7***	***(11.9)***	***(18.4)***
Finance cost, net							(32.8)
Share of results of equity accounted investees				(0.2)			(0.2)
Income tax							5.4
Net profit for the period							**(47.1)**
Attributable to:							
Equity holders of the parent							(42.7)
Non-controlling interest							(4.4)
EBITDA	**35.0**	**2.1**	**6.8**	**4.2**	**3.2**	**(6.7)**	**44.6**
EBITDA excl. IFRS 16	***22.7***	***2.1***	***2.8***	***4.2***	***2.8***	***(7.4)***	***27.2***
CAPEX (2)	(10.0)	(2.0)	(1.6)	(3.1)	(0.5)	(1.3)	(18.5)

(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 5.0 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 2020 were influenced mainly by foreign exchange losses on the carrying amount of lease liabilities recognized in accordance with IFRS 16 and by commission and interest expenses related to bank loans and lease liabilities.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 9

in PLN million	**31-03-2020**	**31-12-2019**	***% change to 31-12-2019***
Non-current assets	**1,640.2**	**1,664.5**	**(1.5%)**
share in balance sheet total	*83.9%*	*83.5%*	*0.4 pp*
Current assets	**314.2**	**327.9**	**(4.2%)**
share in balance sheet total	*16.1%*	*16.5%*	*(0.4 pp)*
TOTAL ASSETS	**1,954.4**	**1,992.4**	**(1.9%)**
Equity holders of the parent	**888.9**	**931.2**	**(4.5%)**
share in balance sheet total	*45.5%*	*46.7%*	*(1.2 pp)*
Non-controlling interest	**18.1**	**20.9**	**(13.4%)**
share in balance sheet total	*0.9%*	*1.0%*	*(0.1pp)*
Non-current liabilities and provisions	**661.4**	**628.3**	**5.3%**
share in balance sheet total	*33.8%*	*31.5%*	*2.3 pp*
Current liabilities and provisions	**386.0**	**412.0**	**(6.3%)**
share in balance sheet total	*19.8%*	*20.8%*	*(1.0 pp)*
TOTAL LIABILITIES AND EQUITY	**1,954.4**	**1,992.4**	**(1.9%)**

3.1. Non-current assets

The decrease in non-current assets, versus 31 December 2019 resulted mainly from depreciation of assets and impairment of tangible fixed assets and intangible assets of companies Domiporta Sp. z o.o. and Foodio Concepts Sp. z o.o.

3.2. Current assets

The decrease in current assets, versus 31 December 2019, stemmed mainly from the decrease in trade receivables and decrease in short-term financial assets which were, to some extent, offset by an increase in cash and cash equivalents.

3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions compared to 31 December 2019, stemmed mainly from the increase in long-term liabilities due to the valuation of lease liabilities denominated in foreign currencies. The increase in lease liabilities was partially offset by the decrease in loan liabilities.

3.4. Current liabilities and provisions

The decrease in current liabilities and provisions, versus 31 December 2019, stemmed mainly from the decrease in trade liabilities, provisions for liabilities and other financial liabilities which were, to some extent, compensated by the increase in income tax and liabilities agreements with customers.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 10

in PLN million	**1Q 2020**	**1Q 2019**	*% change yoy*
Net cash from operating activities	58.7	54.4	*7.9%*
Net cash from operating activities (excl. IFRS 16)	*42.4*	*36.5*	*16.2%*
Net cash from investment activities	3.9	(111.8)	-
Net cash from financing activities	(24.8)	54.7	-
Net cash from financing activities (excl. IFRS 16)	*(8.5)*	*72.6*	-
Total movement of cash and cash equivalents	**37.8**	**(2.7)**	**-**
Cash and cash equivalents at the end of period	**98.9**	**30.2**	***227.5%***

As at 31 March 2020, the Group had PLN 98.9 million in cash and and cash equivalents and short-term financial assets which include cash and cash equivalents in the amount of PLN 98.9 million (cash on hand and bank deposits).

In the first quarter of 2020, Agora S.A. has not been engaged in any currency options or any other derivatives used for speculative purposes.

On 24 April 2020 Agora S.A. signed Annex no. 6 (“Annex no. 6”) to the Credit Limit Agreement ("Agreement") with DNB Bank Polska S.A. Under signed Annex no. 6, the period of availability of the credit limit of PLN 35.0 million which the Company may use was extended until 29 September 2020 on a similar basis as set out in the Agreement. The Annex suspended some of the Bank’s existing requirements and introduced new ones reflecting the current financial situation of the Company i.a. as regards the Agora Group’s EBITDA in the second quarter of 2020, the cash balance at the end of each month for the period until 30 April 2021 and the need to obtain the Bank's consent for the payment of the dividend in 2020. The company is working with the bank to further extend the availability of the credit limit and increase its amount.

Simultaneously, under Annex no. 6, repayment of installments of Non-renewable Loan 1 and Non-renewable Loan 2 was temporarily suspended for the period up to and including 30 September 2020. The repayment of interest is not covered by the term of the suspension. The Repayment of the capital installments due for the grace period for Non-renewable Loan 1 and Non-renewable Loan 2 shall take place on the date of the final repayment of the Non-renewable Loan 1 and on the date of the final repayment of Non-renewable Loan 2.

As a result, two installments of Non-renewable Loan 1 (each of PLN 2.1 million) were postponed until 1 April 2021 and two installments of Non-renewable Loan 2 (each of PLN 6.3 million) were postponed until 2 January 2023.

Helios S.A. also signed, on 29 March 2020, with Santander Bank Polska SA annexes to two investment loan agreements of 8 May 2015 and of 25 June 2015 extending the repayment dates of capital instalments to be paid from 31 March to 30 June 2020, in the total amount of PLN 0.7 million, until 30 September 2020 and in the case of one of the investment loan agreements (concluded on 18 May 2018) annex extending the repayment period of capital instalments to be paid from 31 March to 31 August 2020 in the total amount of PLN 0.5 million until 31 May 2023.

Helios also received a positive decision from Bank BNP Paribas Polska Spółka Akcyjna (“BNP Paribas”) to extend the repayment of capital instalments of five investment loans granted by this bank, whose payment date falls from 31

March to 31 May 2020. According to information obtained from BNP Paribas, a new payment date of PLN 0.65 million (the sum of three capital instalments resulting from three investment loan agreements) will be on 31 December 2020. Three capital instalments of a loan resulting from another agreement with this bank in the total amount of PLN 0.41 million will be payable by 29 October 2021, and three capital instalments due under the last contract with this bank, in the total amount of PLN 0.5 million, will be payable by 29 March 2024.

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.

4.1. Operating activities

The cash flows from operating activities, in the first quarter of 2020, were higher comparing to the level recorded in the comparative period of the prior year

4.2. Investment activities

Positive net cashflows from investing activities, in the first quarter of 2020, resulted mainly from net proceeds from the sale of short-term securities and proceeds from the sale of tangible fixed assets and intangible assets. These receipts were partly offset by expenditure on the purchase of tangible fixed assets and intangible assets.

4.3. Financing activities

Negative net casflow from financing activities in the first quarter of 2020 stemmed mainly from repayments of loan and lease liabilities.

5. SELECTED FINANCIAL RATIOS [5]

Tab.11

	1Q 2020	1Q 2019	*% change yoy*
Profitability ratios (1)			
Net profit margin	(6.4%)	(1.0%)	*(5.4pp)*
Gross profit margin	29.0%	28.2%	*0.8pp*
Return on equity	(8.0%)	(1.3%)	*(6.7pp)*
Efficiency ratios			
Inventory turnover	10 days	14 days	*(28.6%)*
Debtors days (1)	59 days	57 days	*3.5%*
Creditors days	35 days	27 days	*29.6%*
Liquidity ratio (1)			
Current ratio	1.0	1.2	*(16.7%)*
Financing ratios (1)			
Gearing ratio	5.0%	5.0%	-
Interest cover	(12.3)	(0.8)	*1,437.5%*
Free cash flow interest cover	14.1	11.1	*27.0%*

1) financial ratios excluding impact of IFRS 16;

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 2020**	**1Q 2019**	***% change yoy***
Total sales, including :	**140.1**	**158.0**	***(11.3%)***
Tickets sales	61.6	76.8	*(19.8%)*
Concession sales	25.8	30.9	*(16.5%)*
Advertising revenue (1)	6.4	6.9	*(7.2%)*
Revenues from film activities (1),(2),(6)	26.3	28.3	*(7.1%)*
Revenues from Publishing House	11.9	11.9	-
Total operating cost, including (5),(6):	**(137.0)**	**(133.7)**	***2.5%***
Total operating cost without IFRS 16 (5),(6)	***(135.7)***	***(134.8)***	***0.7%***
External services (3),(6)	(55.8)	(61.8)	*(9.7%)*
External services without IFRS 16 (3),(6)	*(67.9)*	*(75.4)*	*(9.9%)*
Staff cost (3)	(16.8)	(16.7)	*0.6%*
Raw materials, energy and consumables (3)	(12.8)	(11.8)	*8.5%*
D&A (3)	(23.0)	(20.7)	*11.1%*
D&A without IFRS 16 (3)	*(9.4)*	*(8.2)*	*14.6%*
Promotion and marketing (1), (3)	(5.1)	(8.1)	*(37.0%)*
Costs related to Publishing House (4), (5)	(11.5)	(11.7)	*(1.7%)*
Impairment losses (7)	(8.7)	-	-
EBIT	**3.1**	**24.3**	***(87.2%)***
EBIT margin	*2.2%*	*15.4%*	*(13.2pp)*
EBIT without IFRS 16	***4.4***	***23.2***	***(81.0%)***
EBIT margin without IFRS 16	*3.1%*	*14.7%*	*(11.6pp)*
EBITDA (4), (8)	**35.0**	**45.1**	***(22.4%)***
EBITDA margin	*25.0%*	*28.5%*	*(3.5pp)*
EBITDA without IFRS 16 (4), (8)	***22.7***	***31.5***	***(27.9%)***
EBITDA margin without IFRS 16	*16.2%*	*19.9%*	*(3.7pp)*

(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 2020 amounted to PLN 0.2 million (in the comparable period of 2019 it amounted to PLN 0.1 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.

(7) the amount includes impairment loss of non-current assets of Foodio Concepts which amounted to 8.7 million;

(8) the performance measure "EBITDA" is defined as EBIT increased by D&A and impairment losses of non-current assets.

In the first quarter of 2020, the result of the Movies and Books segment at the EBIT level was lower by 87.2% yoy and amounted to PLN 3.1 million. The profit at the EBITDA level was also lower – it went down by 22.4% yoy and amounted to PLN 35.0 million.

Excluding the impact of IFRS 16 in the first quarter of 2020, the Movies and Books segment reported a profit at the EBIT level in the amount of PLN 4.4 million and a profit at the EBITDA level of PLN 22.7 million.

Segment's results were determined by the implementation of regulations related to COVID-19. The closure of cinemas as of 12 March and restaurants as of 14 March 2020 had a negative impact on both the level of revenues and results of this business. The results of the first quarter of 2020 were also adversely affected by filing a bankruptcy petition for Foodio Concepts company, which involved a write-off of PLN 8.7 million. For this reason, in the first quarter of 2020, the food business recorded a loss at the EBIT level of PLN 11.7 million and at the EBITDA level of PLN 1.3 million.

1. REVENUE [3]

In the first quarter of 2020, revenue of the Movies and Books segment decreased by 11.3% yoy and amounted to PLN 140.1 million.

The decrease in revenue as compared to the first quarter of 2019 resulted mainly from lower revenue from the cinema operations due to the administrative closure of cinemas. Revenue from ticket sales decreased by 19.8% yoy and amounted to PLN 61.6 million. This result was affected by decrease of 19.9% yoy in the number of tickets sold which amounted to 3.3 million. Revenue from cinema concession sales decreased by 16.5% yoy and amounted to PLN 25.8 million. The ban on cinema operations also had a negative impact on cinema advertising sales, which dropped by 7.2% yoy and amounted to PLN 6.4 million. At the same time, revenue from the food business was higher yoy; the scale of the business in the same period of 2019 was significantly smaller.

In the first quarter of 2020, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 26.3 million and was lower by 7.1% yoy. This was due to, inter alia, a lower number of new titles in cinema distribution and cinemas' closure. In the first quarter of 2020 NEXT FILM introduced two Polish productions to the big screens: *Jak zostałem gangsterem*, based on the facts, and a film adaptation of the Blanka Lipińska's novel *365 dni*. Simultaneously, the titles whose premiere took place in earlier periods were still displayed. In the first quarter of 2020 NEXT FILM continued its cooperation with Netflix service, thanks to which the platform released to its users subsequent film productions to which the Agora Group company holds distribution rights.

In the first quarter of 2020, Agora Publishing House's revenue was at the level of the previous year and amounted to PLN 11.9 million. In the discussed period, Agora Publishing House sold about 0.3 million books as well as music and film publications. Among the most willingly bought publications there were: the Blanka Lipińska's novel *Kolejne 365 dni*, the Donald Tusk's novel *Szczerze*, and the Élisabeth Revol's biography *Przeżyć. Moja tragedia na Nanga Parbat* and also the Michele Morrone's album *Dark Room.*

2. COST

In the first quarter of 2020, the operating costs of the Movies and Books segment, presented in accordance with IFRS 16, increased by 2.5% yoy and amounted to PLN 137.0 million. The increase in operating costs was mainly due to write-offs on assets related to the operations of Foodio Concepts in the amount of PLN 8.7 million.

The increase in the costs of raw materials, energy, consumables and the value of goods and materials sold by 8.5% yoy to PLN 12.8 million, as well as in staff cost by 0.6% yoy to PLN 16.8 million, was associated with a larger yoy scale of the food business. Both these categories of expenditures were lower yoy in cinemas due to the administrative closure of cinemas from 12 March 2020.

The segment's depreciation costs were also higher yoy and amounted to PLN 23.0 million in the first quarter of 2020. This was due to the development of the operations in the food market and the growth of Helios cinema network.

However, costs of external services, which amounted to PLN 55.8 million, went down by 9.7% yoy. This was mainly due to lower purchase costs for film copies and the remuneration costs paid to film producers as a result of lower revenue from the film distribution. On the other hand, the costs of external services related to the operations in the food market were higher yoy.

In addition, promotion and marketing costs of the Movies and Books segment decreased yoy to PLN 5.1 million. This was mainly due to lower advertising costs in cinemas, mainly settled in barter, and lower expenditures on promotion in the area of film distribution due to a lower number of new titles in cinema distribution in 2020 and incurring part of promotion costs in 2019.

Operating costs of Agora's Publishing House decreased by 1.7% yoy and reached PLN 11.5 million. Their decrease was related to lower costs of operations in the music business.

3. NEW INITIATIVES

In March 2020, with a view to the development of digital access to services of the Helios cinema network, the possibility of purchasing tickets for any selected screening via the Bank Millennium mobile application was launched. This is the first full integration of the cinema system with the bank system, thanks to which bank clients can conveniently and quickly check the cinema repertoire in the application, choose seats and buy tickets and share them with their friends. An innovative solution for ticket sales is another future-oriented option for Helios, next to the development of its own network application and sales through helios.pl website.

In connection with the coronavirus pandemic, which also impeded artistic life, Agora Publishing House in cooperation with Gazeta.pl and Wyborcza.pl initiated the #Kulturalnastrefa action. It is a series of online activities in the form of live broadcasts, mainly through social media, which allow listeners and readers to benefit from the culture without leaving home. Kulturalnysklep.pl and Publio.pl have also joined the initiative, offering attractive discounts on CDs, books and e-books from Agora Publishing House.

IV.B. PRESS [1]

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

Tab. 13

in PLN million	**1Q 2020**	**1Q 2019**	***% change yoy***
Total sales, including :	**52.5**	**62.1**	***(15.5%)***
Copy sales	27.4	27.3	*0.4%*
incl. Gazeta Wyborcza	*25.3*	*24.4*	*3.7%*
Advertising revenue (1), (2)	14.3	18.1	*(21.0%)*
incl. Gazeta Wyborcza (4)	*12.1*	*14.8*	*(18.2%)*
Printing services (6)	*9.4*	*14.3*	*(34.3%)*
Total operating cost, including :	**(51.9)**	**(72.3)**	***(28.2%)***
Total operating cost without IFRS 16 :	***(51.9)***	***(72.3)***	***(28.2%)***
Raw materials, energy, consumables and printing services	(14.6)	(24.0)	*(39.2%)*
Staff cost	(24.4)	(28.0)	*(12.9%)*
D&A	(1.5)	(1.7)	*(11.8%)*
D&A excl. IFRS 16	*(1.5)*	*(1.7)*	*(11.8%)*
Promotion and marketing (1), (3)	(3.9)	(4.3)	*(9.3%)*
Cost of restructuring (5)	-	(4.9)	-
EBIT	**0.6**	**(10.2)**	**-**
EBIT margin	*1.1%*	*(16.4%)*	*17.5pp*
EBIT without IFRS 16	**0.6**	**(10.2)**	**-**
EBIT margin without IFRS 16	*1.1%*	*(16.4%)*	*17.5pp*
EBITDA	**2.1**	**(8.5)**	**-**
EBITDA margin	*4.0%*	*(13.7%)*	*17.7pp*
EBITDA without IFRS 16	**2.1**	**(8.5)**	**-**
EBITDA margin without IFRS 16	*4.0%*	*(13.7%)*	*17.7pp*

(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 websites;*

(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.*

(5) *the amounts provided include the cost of the provision related to the restructuring of operations in the Print division in the first quarter of 2019;*

(6) *from the third quarter of 2019, printing activities are not presented in a separate segment. This is due to the termination of the activities of two out of three printing houses in the Agora Group. The printing house in Warsaw, which continues its activity, mainly provides printing services for Gazeta Wyborcza and has been included in the structure of the Press segment. The amounts provided include revenue from the provision of services to external customers; comparative figures for 2019 have been restated accordingly;*

In the first quarter of 2020, the Press segment recorded a higher yoy operating result. The profit at the EBIT level was PLN 0.6 million and at the EBITDA level PLN 2.1 million. In the corresponding period of 2019, the segment recorded an operating loss both at the EBIT as well as EBITDA level. It is worth noting that the comparability of data between the periods was affected by the establishment of a provision for restructuring in 2019 in the amount of PLN 4.9 million.

The introduction of IFRS 16 did not significantly affect the results of the Press segment - the results presented without the influence of IFRS 16 are identical to the results taking into account the changes introduced by this standard.

1. REVENUE

In the first quarter of 2020, the Press segment's total revenue decreased by 15.5% yoy and amounted to PLN 52.5 million. In the reported period, this decrease was mainly due to a decrease in the scale of Agora's printing operations (in July 2019, two out of the Agora Group's three printing plants ceased their operations) and negative trends on the press advertising market. On the other hand, the segment's revenue was positively affected by an increase in revenue from copy sales, mainly due to a higher number of digital subscriptions and an increase in revenue in this respect. As a result, total digital revenues of *Gazeta Wyborcza* (sales of subscriptions to Wyborcza.pl and sales of digital advertising Wyborcza.pl) amounted to almost 11.2 million and constituted over 30.0% of total revenues of the daily.

1.1. Revenue from copy sales

In the first quarter of 2020, revenue of the Press segment from copy sales increased by 0.4% yoy to PLN 27.4 million. That was primarily a result of higher yoy revenue from subscriptions to Wyborcza.pl. It is worth noting that the number of active paid digital subscriptions of *Gazeta Wyborcza* reached 236.5 thousand at the end of March 2020, which means an increase by over 34.0% yoy.

In the first quarter of 2020, *Gazeta Wyborcza* maintained its leading position among the opinion-forming dailies. The average copy sales of *Gazeta Wyborcza* amounted to 84.6 thousand copies and decreased by 17.6% yoy. In the first quarter of 2020, the revenue from copy sales of *Gazeta Wyborcza* increased by 3.7% yoy, mainly due to growing revenues from the sale of digital subscriptions of Wyborcza.pl.

The aggregate data shows that in the first quarter of 2020 as many as 305 thousand people had on average access to paid content of *Gazeta Wyborcza* – traditional and digital editions in the form of subscriptions to Wyborcza.pl. These figures combine the data on readers of the paper edition, Internet subscription, digital application and electronic edition. They were compiled on the basis of data from the ZKDP Survey and the Gemius PBI survey.

In the period from January to March 2020, revenue from the sale of periodicals and magazines was lower yoy, mainly due to a lower number of titles published. The recorded dynamics of the decrease in revenue was mostly affected by the lack of revenue from the sale of *Kuchnia* magazine, which has changed its publishing formula since 2020. In the first quarter of 2020, the revenue from copy sales of *Gazeta Wyborcza*'s periodicals and magazines decreased by 27,6% and amounted to PLN 2.1 million.

1.2. Advertising revenues [3]

In the first quarter of 2020, advertising revenue in the Press segment declined by 21.0% yoy to PLN 14.3 million. In the discussed period, this was mainly influenced by lower revenues from sales of advertising services in the paper edition of *Gazeta Wyborcza* as well as periodicals and magazines.

In the period from January to March 2020, *Gazeta Wyborcza*'s net revenue from all of its advertising activity amounted to PLN 12.1 million and decreased by 18.2% yoy.The decreases were primarily caused by advertisers' cut-downs on printed press expenditure across the market.

Apart from trends on the printed press market, the factor that negatively affected the dynamics of revenue from advertising sales in periodicals and magazines of *Gazeta Wyborcza* in the first quarter of 2020 was the decision to discontinue the publication or sales of selected titles in 2019. As a result, sales of advertisements in *Gazeta Wyborcza*'s periodicals and magazines decreased in the first quarter of 2020 by 31.3% yoy to PLN 2.2 million.

1.3. Revenue from the sales of printing services

In the first quarter of 2020, the revenue of the Print division from printing services for external customers reached PLN 9.4 million and was lower by 34.3% yoy. The significant drop in revenue from printing services resulted primarily from the shutdown of two out of three printing plants from the Agora Group in July 2019 and resulting from that a lower volume of orders for printing services.

2. COST

In the first quarter of 2020, the operating costs of the Press segment were reduced by 28.2% yoy to PLN 51.9 million. The factor which impaired the comparability of the segment's operating costs in the first quarter of 2020 and in 2019 was the establishment of a provision for restructuring of the printing activities in 2019 in the amount of PLN 4.9 million.

The most significant impact on the reduction of the segment's operating costs in the first quarter of 2020 was caused by lower costs of printing materials, energy, goods and printing services, which resulted from the reduction of the printing activities and lower printing volume of the titles published. In the first quarter of 2020, this category of costs decreased by 39.2% yoy to PLN 14.6 million.

In addition, in the first quarter of 2020, staff costs were reduced by 12.9% yoy. This was mainly attributable to a lower number of full-time employees which resulted from the reduction in the headcount mainly due to the closure two out of three Agora Group’s printing plants in July 2019.

Promotion and marketing costs were also lower by 9.3% yoy and amounted to PLN 3.9 million. This was mainly attributable to a reduction in expenditures on the promotion of periodicals and magazines.

3. NEW INITIATIVES

Gazeta Wyborcza's team intensively develops the digital offer of the title. Due to its efforts and in connection with the situation caused by the coronavirus pandemic, the Wyborcza.pl service systematically increases both a number of users visiting it and a number of page views performed in the service. A number of digital subscribers to *Gazeta Wyborcza* is also growing dynamically - at the end of March 2020, a number of subscriptions to Wyborcza.pl amounted to 236.5 thousand. In the middle of April, the community of subscribers to the digital edition of *Wyborcza* daily exceeded 240 thousand. Together with those who buy the paper edition, the journal has a total of 305 thousand paying readers daily on average.

In March 2020, Wyborcza.pl started cooperation with mobile networks, allowing subscribers of subsequent brands to add a subscription fee to their phone bill. At the beginning of the cooperation, Wyborcza.pl prepared a special promotion for customers of both Play and Orange Polska networks, owing to which the subscribers receive a monthly access to the content of Wyborcza.pl as a gift and along with it, they can read hundreds of *Gazeta Wyborcza's* articles.

Since the outbreak of the coronavirus pandemic, the editorial staff has observed a significant increase in interest in the content of *Gazeta Wyborcza* and Wyborcza.pl, especially newsworthy and foreign contents prepared by scientific journalists. In order to meet this challenge, the journal's team prepared, inter alia, special publications, series and social actions. Every day, *Codzienny Poradnik Antywirusowy and Codzienny Poradnik Antykryzysowy*, a special sections with information on various aspects of everyday life, health as well as work that have changed as a result of the need to stay at home, is published in *Gazeta Wyborcza* and on the website. Together with Booksy, *Gazeta Wyborcza* and *Wysokie Obcasy* started in March an action to support thousands of hairdressers, massage therapists, beauticians - entrepreneurs whose activities consist in direct contacts with clients and who have lost their jobs day by day.

IV.C. OUTDOOR

The Outdoor segment consists of the pro-forma consolidated data of companies: AMS S.A., AMS Serwis Sp. z o.o., Optimizers Sp. z o.o. (since June 30, 2019 r.) and Piano Group Sp. z o.o. (since July 1, 2019 r.), which is 100% shareholder of Benefit Multimedia Sp. z o.o. SKA and sole shareholder of Benefit Multimedia Sp. z o.o. which is the only general partner in Benefit Multimedia Sp. z o.o. SKA.

Tab. 14

in PLN million	**1Q 2020**	**1Q 2019**	***% change yoy***
Total sales, including:	**31.9**	**35.9**	***(11.1%)***
Advertising revenue (1)	31.3	35.1	*(10.8%)*
Total operating cost, including:	**(34.4)**	**(34.8)**	***(1.1%)***
Total operating cost without IFRS 16	*(34.6)*	*(34.8)*	*(0.6%)*
Maintenance cost (1)	(10.5)	(11.5)	*(8.7%)*
Maintenance cost without IFRS 16 (1)	*(14.5)*	*(13.7)*	*5.8%*
Execution of campaigns (1)	(4.6)	(5.2)	*(11.5%)*
Staff cost	(6.2)	(5.8)	*6.9%*
Promotion and marketing	(1.2)	(1.5)	*(20.0%)*
D&A	(9.3)	(7.0)	*32.9%*
D&A without IFRS 16	*(5.5)*	*(4.8)*	*14.6%*
EBIT	**(2.5)**	**1.1**	**-**
EBIT margin	*(7.8%)*	*3.1%*	*(10.9pp)*
EBIT without IFRS 16	***(2.7)***	***1.1***	**-**
EBIT margin without IFRS 16	*(8.5%)*	*3.1%*	*(11.6pp)*
EBITDA	**6.8**	**8.1**	***(16.0%)***
EBITDA margin	*21.3%*	*22.6%*	*(1.3pp)*
EBITDA without IFRS 16	***2.8***	***5.9***	***(52.5%)***
EBITDA margin without IFRS 16	*8.8%*	*16.4%*	*(7.6pp)*
Number of advertising spaces (2)	22 824	23 891	*(4,5%)*

(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) excluding advertising panels on buses, trams and cash machines as well as Cityinfo and MoveTV.

In the first quarter of 2020, the Outdoor Advertising segment recorded an operating loss at the EBIT level of PLN 2.5 million due to a decrease in revenue by 11.1% yoy to PLN 31.9 million. The segment's result at the EBITDA level was PLN 6.8 million, and EBITDA margin was 21.3%.

The segment's result presented excluding the impact of IFRS 16 has also deteriorated. A loss at the EBIT level was PLN 2.7 million and a profit at the EBITDA level was PLN 2.8 million.

1. REVENUE [7]

According to the IGRZ (Outdoor Advertising Chamber) report, in the first quarter of 2020, outdoor advertising spending decreased by 3.5% yoy, whereas a decline in the classic advertising segment was almost 11.0% yoy *[7].*

The AMS group's advertising sales revenue in the discussed period decreased by 10.8% yoy. The COVID-19 pandemic had a negative impact on the revenue dynamics of this business. In a period of uncertainty, advertisers, expecting the economic slowdown, reduced their advertising activity. AMS' results were adversely affected by suspended advertising campaigns in the sectors of the media, travel, food service as well as hygiene and care, whose share in AMS' advertising revenue in 2019 was significantly higher than the average for the entire market. An additional factor adversely affecting the revenue level of the AMS group was the reduction of patronage campaigns and revenues from poster printing services, which are a derivative of sales in the classical advertising segment. In the first quarter of 2020, the estimated share of the AMS group in the outdoor advertising spending amounted to above 31.0% *[8]*.

2. COST

In the first quarter of 2020, the Outdoor Advertising segment's operating costs declined by 1.1% yoy to PLN 34.4 million, mainly due to lower yoy campaign execution costs.

The system maintenance costs decreased by 8.7% yoy and depreciation costs increased by 32.9% yoy due to the application of IFRS 16. According to this standard, the specified long-term lease agreements have ceased to be included in the system maintenance cost. At the same time, the AMS balance sheet recognised assets (rights to use space) equal to the discounted amount of future payments under lease agreements. The redemption of this right is included in the segment's depreciation costs.

The costs of campaign execution was lower by 11.5% yoy as a result of reduced revenues. The costs of the printing, replacement and distribution of posters was also reduced yoy.

A decrease in promotion and marketing costs by 20.0% yoy in the first quarter of 2020 is an effect of a smaller number of executed patronage and commercial campaigns, whose patronage part is settled in the form of barter and is charged to the promotion and marketing costs.

An increase of staff costs by 6.9% yoy is, inter alia, a result of the increase in salaries due to the pay rises made in 2019, the increase in the minimum salary and higher costs of mandate contracts.

In the first quarter of 2020, the segment's operating costs presented excluding IFRS 16 amounted to PLN 34.6 million and were slightly lower yoy.

The system maintenance costs presented excluding the IFRS 16 were higher by 5.8% yoy and amounted to PLN 14.5 million. This increase resulted from higher lease costs of advertising space on bus shelters in Poznan due to the change in the contract and barter lease costs of space for screens in fitness clubs.

The yoy increase in depreciation costs presented without the influence of IFRS 16 is an effect of accelerated depreciation of selected advertising panels.

3. NEW INITIATIVES

AMS in cooperation with the Public Transport Authorities in Krakow has implemented an innovative Passenger Information System at public transport stops. The residents of Krakow, on digital screens in bus shelters, can track in real time the location of buses and trams that stop at a given stop. Additionally, information about current traffic obstructions is available on digital media. The project received a nomination in the INNOVATION 2020 competition, which will be settled on 1 June 2020.

Another project in the area of smart city is the pilot eco-shelter in Poznan, carried out as part of a joint project of AMS and Międzynarodowe Targi Poznańskie Group. Ultimately, a series of such shelters will be built in Poznan. Roofs of bus stop shelters on which sedum has been sown collect rainwater, give shade, improve the microclimate and lower the air temperature on hot days.

In connection with the development of the COVID-19 pandemic, the AMS initiated social campaigns. The first one was organized together with Labo Print printing plants from Poznan and Servcomp from Warsaw "Dziękujemy Wam #sluzbazdrowia", which enjoyed a very positive reception in traditional and social media. The actions were an expression of gratitude to all healthcare professionals who, at this extraordinary time, work day and night to help the sick and those in need.

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

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department (Gazeta.pl), Domiporta Sp. z o.o., Yieldbird Sp. z o.o., Goldenline Sp. z o.o. and Optimizers Sp.z o.o. (till June 30, 2019) and HRlink Sp. z o.o. (Online Technologies HR Sp. z o.o. previously) (since September 1, 2019).

Tab. 15

in PLN million	**1Q 2020**	**1Q 2019**	***% change yoy***
Total sales , including	**47.4**	**37.6**	***26.1%***
Display ad sales (1)	41.2	32.8	*25.6%*
Total operating cost, including (2)	**(57.9)**	**(36.2)**	***59.9%***
Total operating cost without IFRS 16 (2)	***(57.9)***	***(36.2)***	***59.9%***
External services	(26.8)	(18.1)	*48.1%*
External services without IFRS 16	*(26.8)*	*(18.1)*	*48.1%*
Staff cost	(13.5)	(12.9)	*4.7%*
D&A	(2.0)	(1.4)	*42.9%*
D&A without IFRS 16	*(2.0)*	*(1.4)*	*42.9%*
Promotion and marketing (1)	(2.0)	(2.5)	*(20.0%)*
Impairment losses (3)	(12.7)	-	-
EBIT	**(10.5)**	**1.4**	**-**
EBIT margin	*(22.2%)*	*3.7%*	*(25.9pp)*
EBIT without IFRS 16	***(10.5)***	***1.4***	**-**
EBIT margin without IFRS 16	*(22.2%)*	*3.7%*	*(25.9pp)*
EBITDA	**4.2**	**2.8**	***50.0%***
EBITDA margin	*8.9%*	*7.4%*	*1.5pp*
EBITDA without IFRS 16	***4.2***	***2.8***	***50.0%***
EBITDA margin without IFRS 16	*8.9%*	*7.4%*	*1.5pp*

(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. (till June 30, 2019) as well as HRlink Sp. zo.o. since September 1, 2019;

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

(3) the amounts include impairment losses of the segment`s non-current assets in Domiporta Sp z o.o.

The Internet segment ended the first quarter of 2020 with a lower operating result yoy. The segment's operating loss at the EBIT level was PLN 10.5 million and the result at the EBITDA level was PLN 4.2 million *[1].* The results of the first quarter of 2020 were significantly affected by a write-off of Domiporta's assets amounting to PLN 12.7 million.

If the impact of this write-off on the segment's operating result at the EBIT level were eliminated, the result would be significantly better yoy and would amount to PLN 2.2 million.

The introduction of IFRS 16 had no significant impact on the presentation of the segment's operating results - in the first quarter of 2020, data according to and excluding IFRS 16 were identical.

1. REVENUE

The Internet segment's total revenue decreased by 26.1% yoy to PLN 47.4 million in the first quarter of 2020. The revenue from the sales of online advertising increased by 25.6% yoy and amounted to PLN 41.2 million. The most significant increase in this business's advertising revenue was due to higher sales of online advertising by Yieldbird company. In addition, the segment recorded higher yoy revenue from classifieds and other Internet services - this is a result of the consolidation in the data of the Internet segment of HRlink's results since 1 September 2019.

2. COST

In the first quarter of 2020, the Internet segment's operating costs increased by 59.9% yoy to PLN 57.9 million. This was mainly due to an increase by 48.1% yoy in the cost of external services to PLN 26.8 million, mainly related to the cost of advertising space lease, especially at Yieldbird company. Also the staff cost as well as amortization and depreciation costs increased yoy.

In the first quarter of 2020, depreciation costs increased by 42.9% yoy to PLN 2.0 million. The increase in this cost category was mainly affected by the depreciation of intangible assets capitalised by Gazeta.pl.

An increase in staff costs by 4.7% yoy to PLN 13.5 million is mainly due to the consolidation of HRlink company in the segment results.

A significant impact on the increase in the Internet segment's operating costs was also exerted by the write-off of Domiporta's assets in the amount of PLN 12.7 million.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In March 2020, the overall reach of the Gazeta.pl group websites among Polish Internet users amounted to 62.6%, and the number of users reached 17.9 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 771 million, with the average viewing time of 1 hour and 10 minutes per user *[6].*

In March 2020, 14.3 million Internet users viewed the websites of Gazeta.pl group on mobile devices. The number of mobile page views amounted to 562 million, and the share of mobile page views on the websites of Gazeta.pl group stood at 73% and was the highest among Polish horizontal portals *[6]*. Websites created within Gazeta.pl group occupy high positions in thematic rankings. In accordance with the data of Gemius PBI for March 2020, Gazeta.pl group is the vice-leader in the categories: Local and regional information (among others, local websites wyborcza.pl, metrowarszawa.pl), Children and family (edziecko.pl website), Gossip, life of the celebrities (plotek.pl website) and holds the third place in the categories: Information and journalism - general (among others, websites wyborcza.pl, wiadomosci.gazeta.pl, tokfm.pl), Sports (sport.pl website), Construction and real estate (domiporta.pl website), Fashion and beauty (avanti24.pl website). The websites of Gazeta.pl group also occupy high positions in thematic categories: Women's websites (fifth place, websites kobieta.gazeta.pl and wysokieobcasy.pl), Cuisine and cooking (fifth place, websites haps.pl, ugotuj.to, magazyn-kuchnia.pl), Automotive (sixth place, among others, websites moto.pl and autotrader.pl) and Business, finance, law (seventh place, website next.gazeta.pl).

4. NEW INITIATIVES

The editorial offices of Gazeta.pl and Agora's websites prepare information and special publications devoted to the coronavirus situation for their recipients. Among others, in March 2020, journalistic materials from the new special series entitled *#BiznesWalczy* made their first appearance on Next.Gazeta.pl website. The website's team presents current crisis events from the entrepreneurs' point of view, encouraging companies to fight for their business. The editorial staff of Gazeta.pl portal has also started to develop *Inny #Koronanewsletter,* which reaches the registered users every Tuesday. This is a unique mailing designed for people interested in getting to know the wider context of the current situation, as well as those looking for a break from the abundance of information about the pandemic.

In the first quarter of 2020, Gazeta.pl advertising office focused on the development of Content Studio's offer, within the framework of which contents are produced on clients' orders, inter alia, articles, photo shoots or video materials. Content Studio's actions are conducted by a dedicated team, which cooperates on an ongoing basis with both the sales department and teams of editors, journalists, reporters, copywriters and SEO specialists.

Yieldbird's team, a company from the Agora Group specializing in optimizing advertising resources, works on developing a solution that will help website owners improve the efficiency of managing their advertising space. In the third quarter of 2019, the company received a grant of PLN 3.6 million from the National Centre for Research and Development under the *Inteligentny Rozwój* programme for actions related to this innovative project. In addition to the funds from the NCRD, Yieldbird will invest another PLN 3.9 million in the development of the project, which will raise the final value of the investment to PLN 7.5 million. The expected duration of the project is 3 years from its start in the fourth quarter of 2019. In addition, in the first quarter Yieldbird joined the prestigious ranking of the most dynamically developing small and medium enterprises, *Gazele Biznesu 2019.* The company made its first appearance on the 326th place in the national ranking, with a total of 4675 companies. Weszło.com, a sports website, has also joined Yieldbird's portfolio - the company's experts cooperate with the website in the area of management and optimization of software advertising.

IV.E. RADIO

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

Tab. 16

in PLN milion	**1Q 2020**	**1Q 2019**	***% change yoy***
Total sales, including :	**23.5**	**22.1**	***6.3%***
Radio advertising revenue (1), (2)	18.9	17.7	*6.8%*
Total operating cost, including: (2)	**(22.1)**	**(21.0)**	***5.2%***
Total operating cost without IFRS 16 (2)	***(21.8)***	***(21.1)***	***3.3%***
External services	(7.8)	(7.6)	*2.6%*
External services without IFRS 16	*(8.6)*	*(8.3)*	*3.6%*
Staff cost	(8.6)	(8.6)	-
D&A	(1.8)	(1.7)	*5.9%*
D&A without IFRS 16	*(1.1)*	*(1.1)*	-
Promotion and marketing (2)	(1.8)	(1.7)	*5.9%*
EBIT	**1.4**	**1.1**	***27.3%***
EBIT margin	*6.0%*	*5.0%*	*1.0pp*
EBIT without IFRS 16	***1.7***	***1.0***	***70.0%***
EBIT margin without IFRS 16	*7.2%*	*4.5%*	*2.7pp*
EBITDA	**3.2**	**2.8**	***14.3%***
EBITDA margin	*13.6%*	*12.7%*	*0.9pp*
EBITDA without IFRS 16	***2.8***	***2.1***	***33.3%***
EBITDA margin without IFRS 16	*11.9%*	*9.5%*	*2.4pp*

(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 2020, the operating result of the Radio segment, both at the EBIT and EBITDA levels, was higher yoy and stood at PLN 1.4 million and PLN 3.2 million, respectively. The results of the segment were mainly affected by higher sales of advertising services in the segment's own stations and in the third party radio stations.
The results of the Radio segment presented excluding the impact of IFRS 16 were also better than in the corresponding quarter of 2019 and amounted to: at the EBIT level - PLN 1.7 million and at the EBITDA level - PLN 2.8 million.

1. REVENUE [3]

In the first quarter of 2020, the revenue of the Radio segment increased by 6.3% yoy and amounted to PLN 23.5 million. The increase in revenue was attributable mostly to higher revenue from sales of airtime in Agora Radio Group's stations and in the third-party radio stations.

In the analysed period, the total radio advertising expenditure in Poland decreased by 2.0% yoy.

2. COST

In the first quarter of 2020, the operating costs of the Radio segment increased by 5.2% yoy to PLN 22.1 million. This was mainly attributable to higher costs of external services and the result of other operating activities.

The costs of external services increased by 2.6% yoy to PLN 7.8 million. This increase was attributable to higher costs of air time purchase in third-party radio stations in connection with the provided brokerage advertising services for the third party radio stations. Apart from the costs related to the brokerage services for the Helios cinemas and sales of airtime in third-party radio stations, the external services item also includes rental fees, production services, as well as operator fees.

Promotion and marketing costs increased by 5.9% yoy to PLN 1.8 million, mainly as a result of higher expenditures on promotion of Radio TOK FM.

Depreciation costs were also slightly higher yoy, amounting to PLN 1.8 million.

The Radio segment's operating costs presented excluding the impact of IFRS 16 amounted to PLN 21.8 million and were higher by 3.3% yoy. The cost of external services presented in accordance with IFRS 16 methodology increased by 3.6% yoy to PLN 8.6 million, and depreciation costs remained unchanged.

3. AUDIENCE SHARES [8]

Tab. 17

% share in listening	**IQ 2020**	**change in pp yoy**
Group's music radio stations (Rock Radio, Zlote Przeboje and Radio Pogoda)	4.2%	(0.5pp)
News talk radio station TOK FM	2.2%	0.1pp

4. NEW INITIATIVES

In the first quarter of 2020, the Radio TOK FM's team continued to develop its digital offer - both the content and the technological solutions. Further internet broadcasts were added to the TOK FM podcast platform - on tokfm.pl and in TOK FM application. They included, among others, the podcast *Koniec świata* devoted to the climate catastrophe, the satirical-publicist *Piąteczek 2.0* and *Podcast przedsiębiorczy* prepared for business owners. Additionally, the latest version of the TOK FM mobile application has been integrated with Apple CarPlay, making it easier and safer to listen to live stations and podcasts in cars with this system from the end of January.

Since the first reports related to the coronavirus, Agora's radio stations have been working to ensure that their listeners are well informed and take care of safety.

Radio TOK FM presents and comments on all the events on an ongoing basis, and has also prepared antenna guides for its recipients for the time of isolation and adaptation to the new situation related to the pandemic. Agora's music radio stations also have more information services and local news is broadcast several times a day. Moreover, each station of Agora Radio Group has managed to organize special actions for listeners related to the current situation and at the same time tailored to the target group. The editorial staff of Radio TOK FM creates a podcast on the pandemic and its consequences. The *Koronawirus*. *Podsumowanie dnia* podcast is available free of charge on tokfm.pl and in TOK FM application. In Radio Pogoda in March this year, an social action *Pogotowie zakupowe Radia Pogoda* was carried out with the Polish Scouting Association (ZHP) – it aimed at delivering purchases to seniors and other people in need. Radio Złote Przeboje organized a online poll for a song that best reflected the current mood and situation of Poles. The winning song, sung by the listeners on the balconies, went to an exceptional music video as part of the action under the motto #zostanwdomu. Whereas Rock Radio has been very successful in organizing the first home party on the radio antenna and on Facebook as part of *Akcja Integracja*, as well as in supporting the online fundraising for the action #pomagamyszpitalom! by KURONIÓWKA Foundation, which provides hospital employees with reinforcing meals. All music stations of Agora Radio Group also encouraged listeners to stay at home in the action titled #KochamNieOdwiedzam.

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, intangible assets and right-of-use of assets.

The performenace measures „EBIT" and "EBITDA without IFRS 16"are defined as EBIT and EBITDA excluding impact of International Financial Reporting Standard no. 16 Leasing.

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 TV and Internet in the first quarter of 2019.

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 [7].

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.

[5] Definition of ratios:

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

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

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

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

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

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

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

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

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

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

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

[8] 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 2019: 20,986; sample for 2020: 21,031).

[9] 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. In the second half of 2019, one of the distributors resigned from providing data on the sale of tickets for film productions that he introduced to cinemas. For this reason, the number of tickets sold in 2020 does not come from the same number of entities as in 2019.

V. ADDITIONAL INFORMATION

1. IMPORTANT EVENTS

Significant events for the Company's business activities

In the current report of March 23, 2020, the Management Board of Agora S.A. informed that according to the current assessment of the situation as at March 22, 2020, the Company expected that the effects of the COVID-19 coronavirus pandemic announced by the World Health Organization WHO and actions undertaken by the government administration to limit the further spread of the virus will have a significant negative impact on the financial results of Agora and its subsidiaries in the second quarter of 2020.

At the same time, the Company emphasized that, taking into account the factors of high uncertainty, including the unpredictable duration of the continued epidemic threat and the scale of all restrictions related to it, as well as their economic effects, also after the epidemic threat ceases, it is impossible to estimate the full impact of pandemic on the current and future financial results of Company and its group.

The company noted that the negative impact on its activities will have, among others: administrative closure of cinemas and limiting the activities of food eateries of the Group; slowdown in economic growth, which will have an impact on the suspension of investment processes and advertisers' activity; suspension of film productions or postponement of dates of film premieres; recommendations for staying at home and closing book sales outlets and possible difficulties with distributing newspapers.

At the same time, the Company observed an increase in the popularity of its content, also in the form of paid digital subscriptions. At this stage, the Company does not notice any alarming changes in the volume of sales of paper publications of its press titles.

The Company also drew attention to the increased risk of payment gridlocks on the side of its contractors and possible problems with recovering amounts due from them. The Group's business partners include entities that have been particularly affected by the restrictions imposed on business operations. The weakening of the Polish currency against other currencies may also have a negative impact on the level of costs of the Agora Group.

The company informed that is already implementing measures to limit the negative financial consequences for the Agora Group related to the spread of coronavirus. All expenses, including investment expenditure, which do not condition the continuation of the basic activity of particular businesses have been postponed, and scenarios of subsequent austerity measures are being developed, depending on the duration of the pandemic and its impact on running business operations, as well as legislative and administrative solutions to reduce these consequences.

Despite the cost savings measures already undertaken by the Company, the circumstances described above will have a significant negative impact on the financial results of the Group at least in the second quarter of 2020. However, depending on the duration of the epidemic threat, the scale of all restrictions related to COVID-19 as well as their economic effects, also after the cessation of the epidemic threat, the negative impact on the Group's financial results may also persist in the following quarters of 2020.

The Management Board of Agora emphasized that the above assessment was made in accordance with the actual legal status of situation and the best knowledge of the Company as at the date of this regulatory filing, however the extent of the impact is unknown and impossible to estimate, and depends on factors that are beyond the Company's impact or control. Possible new conditions significantly affecting the generated financial results and the situation of the Agora Group or more precise estimates of the impact of a pandemic on Agora's results will be disclosed by the Company in subsequent regulatory filings.

In the current report of May 28, 2020, The Management Board of Agora S.A., with reference to current report 19/2018 of 15 June 2018 and 10/2020 of 23 March 2020, informed that, on the basis of analyzes made by the Company, that the outbreak of the COVID-19 pandemic and its long-term effects on the Polish economy and on the

Agora Group will prevent Agora from meeting the financial goals set out in the Agora Group Strategy for 2018-2022 ("Strategy") by the end of 2022.

At the same time, the Management Board of Agora recognizes the development directions of the Agora Group outlined in the Strategy as attractive and does not resign from their implementation at this stage. However, the pace and scale of the Group's activities will be significantly different from those assumed in the Strategy and depend on the process of lifting sanitary restrictions in Poland, the further course of the pandemic, the social effects of the coronavirus, the development of the economic situation and the impact of these aspects on the activities of the Agora Group. The factor that will affect the ability of the Group to implement its strategic plans will also be the date of return to negotiations with the consortium of banks on financing the development activities of the Agora Group.
The Management Board of Agora has undertaken both savings and liquidity measures to ensure the financial security of the Group by the end of 2020, as well as time for further negotiations with banks on financing the Agora Group.

When the crisis caused by the pandemic ends and after the stabilization of the economic situation, the Company's Management Board will re-examine the development plans of the Agora Group, its business portfolio and new market environment and shall review strategic plans on that basis.

Information on the financing of the Agora Group

In the current report of March 29, 2020, the Management Board of Agora S.A., with reference to the report 6/2019 of 11 March 2019 on the commencement of negotiations with a consortium of banks in order to obtain a loan, among others, for financing or refinancing acquisition expenses and investment projects of the Agora Group, in line with the business strategy for 2018-2022, as well as to finance working capital and general corporate goals, informed that due to the pandemic of the coronavirus, these negotiations are suspended until the end of it. The both parties declared the willingness to resume talks after the pandemic ends and are currently focusing, within bilateral relations, on providing financing to the Company and the Helios group (Helios SA and its subsidiaries) until the end of the fight against the effects of the pandemic.

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

Agora also informed that its subsidiary Helios S.A. with its registered office in Łódź, also signed on March 29, 2020, with Santander Bank Polska SA annexes to two investment loan agreements of 8 May 2015 and of 25 June 2015 extending the repayment dates of capital instalments to be paid from 31 March to 30 June 2020, in the total amount of PLN 0.7 million, until 30 September 2020 and in the case of one of the investment loan agreements (concluded on 18 May 2018) annex extending the repayment period of capital instalments to be paid from 31 March to 31 August 2020 in the total amount of PLN 0.5 million until 31 May 2023.

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

In the current report of April 24, 2020, the Management Board of Agora S.A., with reference to the report No. 6/2017 of May 25, 2017, No.13/2018 of May 18, 2018 , No. 8/2019 of March 29, 2019 , No. 24/2019 of August, 29

2019, No. 28/2019 of December, 23 2019 and No. 12/2020 of March, 29 2020,regarding the Credit Limit Agreement ("Agreement") with the bank DNB Bank Polska S.A. ("Bank"), announced the signing, on April 24, 2020, of Annex No. 6 to the above Agreement ("Annex No. 6").

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

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

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

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

- **Conclusion of a property sale contract.**

In the current report of February 6, 2020, the Management Board of Agora S.A. with its registered seat in Warsaw („Agora", „Company") informed that on February, 5th 2020 the Company concluded an agreement to sell ownership rights to plot of land number 133, precinct: 4-07-05, area 0.4623 ha, constituting part of the real estate for which the District Court for Warsaw - Mokotów in Warsaw, IX Land and Mortgage Register Department keeps land and mortgage/land registration No. WA3M / 00516612/1 (former No. WA3M / 00171401/8), together with the main building and buildings placed on the above plot of land („Property") and a contract for the sale of ownership rights of selected movables, specified in detail in the transaction documentation („Movables").

The decision to sell Property and Movables results from the fact that the Company does not effectively use the entire area of Real Estate for operating activities.

At the same time, the Management Board of the Company informed that the process of Property contract conclusion, which resulted in signing the Agreement, have been recognized as a process extended in time. In the course of this process, the Company has identified intermediate stages, each of which meets the criteria of confidential information. The provision of confidential information on the intermediate stages in the process of contract conclusion was delayed until the conclusion of an agreement for the sale of Property and Movables, pursuant to Article 17 clause 1 and 4 of the Regulation of the European Parliament and of the Council No 596/2014 of 16 April 2014 on market abuse (Market Abuse Regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("MAR") and Article 4 of Commission Implementing Regulation (EU) 2016/1055 of 29 June 2016 laying down implementing technical standards with regard to the technical means for appropriate public disclosure of inside information and for delaying the public disclosure of inside information in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council ("Implementing Regulation"), due to the protection of the Issuer's legitimate interest, i.e. the risk of negative impact of providing the information on the possibility of completing an agreement of sale of Property and Movables by the Company. One of the intermediate stages was conclusion of preliminary agreement of sale of ownership rights to Property, accompanied by conclusion of the contract to sell ownership rights of selected movables.

Total amount of inflow from sale of all assets amounted to PLN 11.0 million net, and its impact on the operating result of the Agora Group in 1Q2020 shall amount to ca PLN 6.7 million.

The value of the Property is not significant from the Company's perspective, however, due to its one-off and non-operational character and its positive impact on the operating results of the Agora Group for 1Q2020, information about the transaction should be made public in a current report.

The following intermediate stages of the negotiation process were delayed:

- of 26 November 2019 commencing negotiations on the sale of Property and Movables
- of 9 December 2019 preliminary agreement of sale of ownership rights to plot of land number 133, precinct: 4-07-05, area 0.4623 ha, constituting part of the real estate for which the District Court for Warsaw - Mokotów in Warsaw, IX Land and Mortgage Register Department keeps land and mortgage/land registration No. WA3M / 00171401/8, together with the main building and buildings placed on the above plot of land („Property") and the ownership rights of selected movables, specified in detail in the transaction documentation („Movables").

The content of the delayed confidential information was published on the Company's website.

The agreed plan of merger of Agora S.A. and Agora-Poligrafia sp. z o.o.

In the current report of February 12, 2020 the Management Board of Agora S.A. informed that on February 12, 2020 Agora agreed with Agora-Poligrafia sp.z o.o. ("Agora-Poligrafia") the merger plan („Merger Plan") between the companies.

According to the Merger Plan, the merging entities are Agora ("the Acquiring Company") and Agora-Poligrafia ("the Acquired Company"). The merger will take place in accordance with art. 492 § 1 item 1 of the Polish Commercial Companies Code (the "CCC"), i.e. by transferring all assets of the Acquired Company to the Acquiring Company. The merger will also take place under a simplified procedure pursuant to art. 516 § 6 of the CCC, without increasing Agora's share capital, as well as without changing the Company's statute, because Agora is the only shareholder of Agora Poligrafia.

In accordance with art. 516 § 5 of the CCC, the merging companies do prepare reports of the Management Boards justifying the merger and the Merger Plan will not be verified by a certified auditor as to its correctness and reliability.

Along with this regulatory filling, Agora will publish the Merger Plan, prepared on the basis of art. 499 and the following CCC. In accordance with art. 500 § 21 CCC, the Merger Plan is available on the websites of Agora (agora.pl) and Agora-Poligrafia (agorapoligrafia.pl).

The decision to merge companies is justified by the need to consolidate assets in the Acquiring Company. Until July 2019, the Acquired Company provided, among others printing services, employing staff specialized in these activities. Currently, the Acquired Company only manages its fixed assets and provides space rental services related solely to these assets, mainly for the Acquiring Company and related companies. At the end of February 2020, the last contract of employment will be terminated at the Acquired Company's workplace and the management of its assets will be taken over by Agora S.A.

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

The content of the first notification of shareholders about the intention to merge, together with attachments constituting the financial statements of the Acquired Company and the Acquiring Company for the years 2016-2018 were published on the Company's website.

In the current report of February 28, 2020 the Management Board of Agora S.A. informed that in accordance with article 504 § 1 of the Polish Commercial Companies Code (the "CCC"), notified shareholders for the second time on the intention to merge Agora (the Acquiring Company) with Agora-Poligrafia (the Acquired Company). First notice of intention to merge was published in a regulatory filing 6/2020 dated 12 February 2020.

As a result of the merger, on the date of entry in the National Court Register, Agora will take over all of Agora-Poligrafia's assets through universal succession.

Pursuant to Art. 505 § 31 of the CCC, the Company, respecting the shareholders' right to information about the merger, makes available on its website (agora.pl/en): (i) financial statements and reports of the Board accompanied by opinions and reports of a certified auditor for the last three financial years, (ii) Merger Plan with attachments. These documents constitute an attachments to the regulatory filing 6/2020, available on the Company's website. Shareholders can also familiarise themself with the documents on the Agora-Poligrafia's website (agorapoligrafia.pl).

Pursuant to art. 499 of the CCC, with regard to the fact that Agora is a public listed company and in line with the regulations on public offering and conditions for introducing financial instruments to organized trading system and on public companies, it publishes and presents to shareholders semi-annual financial reports, it is not required for the Acquiring Company to prepare information on its book value prepared for the purpose of the merger according to art. 499 § 2 point 4 of CCC.

- **The procedure of a temporary reduction in the remuneration of staff cost in the Agora Group and the process of group layoffs in Goldenline Sp. z o.o.**

In the current report of April 6, 2020, the Management Board of Agora S.A. with its registered office in Warsaw ("Company", "Agora"), with reference to the report no. 10/2020 of 23 March 2020 on the negative impact of a pandemic on the results of the Agora Group, announced that on April 6, 2020, Agora initiated consultation with the inter-enterprise commission of NSZZ " Solidarność "Agora SA and Inforadio Sp. z o.o. regarding actions planned by the Company to reduce the staff cost in the Group, including, inter alia, a temporary reduction by 20% cost of basic salary and fixed monthly salary for period of six months. In addition, in connection with the Act on April 7, 2006 about informing and consulting employees, talks will also be held with the Company's employees' council and employee representatives in companies belonging to the capital group in which there is no trade union organization.

As part of the above consultations, the Company, on behalf of the Management Board of Goldenline Sp. z o.o. with its registered office in Warsaw ("Goldenline"), planned to agree on the conditions of group layoffs in Goldenline. Restructuring activities, group layoffs, are associated with a decrease in Goldenline's revenues from the company's basic operating activities. The negative impact of the spreading coronavirus pandemic on Goldenline's activities and the lack of an objective opportunity to improve the company's financial standing in the foreseeable time have caused the Company to undertake decisive restructuring measures, including a significant reduction in employment in Goldenline.

According to the information provided by the Company in the current report no. 10/2020 of 23 March 2020, the COVID-19 coronary pandemic and government administration measures taken to limit the further spread of the virus will have a significant negative impact on the financial results of Agora and its subsidiaries in the second quarter of 2020. The observation of the development of the pandemic in Poland and in the world, as well as its effects on the economy and operations of the Group, substantiates the continuation of its negative impact on the results of Agora and its subsidiaries in the third quarter of 2020. Decision to temporarily lower remuneration costs and reduce employment in Goldenline is another of a series of necessary savings measures carried out within the Agora Group, which are aimed at mitigating the negative consequences of a pandemic, including the inability to conduct business operations in selected sectors.

In the current report of April 15, 2020, the Management Board of Agora S.A., with reference to the reports: No. 10/2020 of 23 March 2020 on the negative impact of a pandemic on the results of the Agora Group and No. 13/2020 on commencing on 6 April 2020 consultation procedure with the inter-enterprise commission of NSZZ "Solidarność"

Agora SA and Inforadio Sp. z o.o. (“Commission”) regarding actions planned by the Company to reduce the staff cost in the Group, including, inter alia, a temporary reduction by 20% remuneration paid on the basis of employment contracts, mandate contracts and service contracts for the period of six months in companies subject to the Commission's action, informed about the conclusion of an appropriate agreement on this matter on 15 April 2020.

The Management Board of Agora estimates that the total savings due to the temporary reduction of remuneration in the Group should amount to approximately PLN 25.0 million. Additionally, selected companies from the Group will apply for co-financing of remuneration from the Guaranteed Employee Benefits Fund.

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

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

- **Information on impairment tests conducted.**

In the current report of January 17, 2020, the Management Board of Agora S.A. informed that the Agora Group ("the Group") was in the process of verifying the valuation of its assets in accordance with the International Financial Reporting Standards, inter alia on the basis of an analysis of long-term financial forecasts for the individual business segments of the Group, the possible recoverable residual value of assets and the review of other assumptions made in the asset valuation models.

The above mentioned analyses show the necessity for revision of the value of assets in GoldenLine company and the value of Agora’s stake in that company due to, inter alia, failure to achieve financial and operating targets by the company in 2019. The Management Board of Agora S.A. decided to write off the value of assets in the company to their estimated recoverable value.

The company estimates that the impact of impairment of assets in GoldenLine company on Agora’s net result shall amount to ca PLN 11.2 million. The impact on the consolidated net financial result of the Agora Group shall amount to ca PLN 6.5 million and on the Group’s operating result on the EBIT level to ca PLN 7.4 million in the fourth quarter of 2019.

- **Convening the Extraordinary General Meeting of Shareholders of Agora S.A.**

In the current report of February 28, 2020, the Management Board of Agora S.A. informed about convening, for March 17, 2020, at 11 a.m., the Extraordinary General Meeting of Shareholders of Agora S.A. (“General Meeting of Shareholders”). The agenda of the General Meeting of Shareholders included, among other points regarding: (i) the adoption of a resolution on the creation and introduction of a Stock Option Plan, issuance of registered Subscription Warrants pursuant to the disapplication of preemption rights of existing shareholders, conditional increase of the Company’s share capital pursuant to the disapplication of preemption rights of existing shareholders and amendment of the Company’s Statute related to the foregoing, (ii) the merger of Agora S.A. ("the Acquiring Company") and Agora-Poligrafia ("the Acquired Company") by transferring all assets of the Acquired Company to the Acquiring Company.

In the current report of February 28, 2020, draft resolutions were published, subject to submission to the General Meeting of Shareholders.

In the current report of March 23, 2020, the Management Board of Agora S.A. informed about a resolution to cancel the Extraordinary General Meeting of Agora S.A. convened for 27 March 2020. The reason for the cancellation of the Assembly is SARS-CoV-2 virus pandemic in Poland. The Company's Management Board took into account recommendations regarding limitations on organisation of meetings and treated them very seriously. The

Company wanted to avoid exposing any of its shareholders, proxies or employees to unnecessary risks, and the current provisions of Agora's Statute did not allow conducting the Assembly in a remote version.

- **Dates of publication of periodic reports in 2020**

In the current report of January 29, 2020, The Management Board of Agora S.A. ("Company") announced the publication dates of Agora Group's periodic reports in 2020.

At the same time, the Company announced that it will not:

(i) publish separate stand-alone quarterly reports. Consolidated quarterly reports of the Agora Group will include condensed consolidated quarterly financial statement.

(ii) publish an individual semi-annual report, therefore, the consolidated semi-annual report will include a condensed semi-annual financial statement along with the report of the entity authorized to audit the statements and abridged additional information.

(iii) publish consolidated quarterly report for the fourth quarter of 2019 and second quarter of 2020.

In the current report of April 24, 2020, the Management Board of Agora S.A. with its registered office in Warsaw informed that the consolidated quarterly report of the Agora Group for the first quarter of 2020 will be made public on May 29, 2020. Originally, the Company planned to publish this report on May 15, 2020, which was reported in the current report No. 02/2020 of January 29, 2020.

- **Resignation from the function of the Management Board Member of Agora S.A.**

In the current report of April 30, 2020, the Management Board of Agora S.A. informed that on April 30, 2020 Mr. Grzegorz Kania filed a notice of termination of the employment contract between him and the Company and therefore informed Agora of his intention to resign from his function of a member of the Company's Management Board, with effect no later than October 31, 2020. To that date, the duties of the financial director of the Agora Group will be taken over by a member of the board - Ms Anna Kryńska-Godlewska. The date of resignation of Mr. Grzegorz Kania from his function as a management board member will be agreed upon taking into account the best possible support for this process.

Mr. Grzegorz Kania informed that the reason for his resignation was taking on new professional commitments.

- **Changes in subsidiaries**

- **Domiporta Sp. z o.o.**

On April 9, 2020, the Extraordinary Shareholders Meeting of Domiporta Sp. z o.o. adopted a resolution on the continued existence of the company.

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

At the same time, the Management Board of Agora informed that due to the negative impact of the COVID-19 pandemic on Domiporta's financial results and the achievable selling price of Domiporta, it has been decided to revaluate its shares in Domiporta. The sale price of shares is immaterial, both from the perspective of Agora S.A. and the Agora Group. As a result, Agora will write down the value of shares in Domiporta in the amount of PLN 59.5 million (fifty nine million five hundred thousand zlotys), and Agora Group will write-off the value of assets related to Domiporta's activity in the amount of PLN 12.7 million (twelve million seven hundred thousand zlotys). The recognized write-offs will be charged to Agora S.A.'s unit result, respectively and consolidated results of the Agora Group in the first quarter of 2020.

In the current report of May 20, 2020, with reference to the current report No. 20/2020 of 30 April 2020, the Management Board of Agora S.A. informed that on 20 May 2020 its subsidiary Domiporta Sp. z o.o. with its registered office in Warsaw ("Domiporta"), in addition to ongoing negotiations on the sale of the company Domiporta to the company Mieszkanie.pl (a company owned by the members of the board of Domiporta), Domiporta has also started negotiations on the sale of the company Domiporta within the meaning of art. 55 (1) of the Civil Code with external investors (not personally or capital related to Domiporta) potentially interested in the purchase of Domiporta. At the same time, negotiations with Mieszkanie.pl, about which the Company informed in the regulatory filing 20/2020, are still ongoing.

- **Foodio Concepts Sp. z o.o.**

On February 24, 2020, the Extraordinary Shareholders Meeting of Foodio Concepts Sp. z o.o. adopted a resolution on the continued existence of the company.

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

At the same time, negotiations regarding the sale of the company's shares have started on April 30, 2020.

As a result of the resolution adopted on April 30, 2020, the company's Management Board filed for bankruptcy of Foodio Concepts involving liquidation of the company's assets to the District Court for Łódź-Śródmieście in Łódź, XIV Commercial Division for Bankruptcy and Restructuring.

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

At the same time, the Management Board of Agora informed about becoming aware that its subsidiary Helios S.A. has started on April 30, 2020 the negotiations with a potential buyer regarding the sale of all shares of Foodio Concepts belonging to Helios S.A. The potential buyer is an investor from outside of the food-service industry. The possible purchase price remains insignificant.

In connection with the filed petition for bankruptcy, the Agora Group made write-offs of assets related to Foodio Concepts in the amount of approximately PLN 9.0 million, which will be charged to the consolidated result of the Agora Group in the first quarter of 2020.

- **Goldenline Sp. z o.o.**

On January 20, 2020, Agora S.A. concluded with G.C. Geek Code Ltd. with its registered office in Cyprus, a sales agreement, the subject of which was the purchase of 22 shares in the share capital of Goldenline Sp.z o.o. with its registered office in Warsaw with a total nominal value of PLN 22,000, for the amount of PLN 10,000. Currently Agora S.A. holds 300 shares in Goldenline Sp. z o.o. representing 100% of the share capital of this company and giving rights to 300 votes representing 100% votes at the Company's Shareholders' meeting.

On April 9, 2020, the Extraordinary Shareholders Meeting of Goldenline Sp. z o.o. adopted a resolution on the continued existence of the company.

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

As at the date of publication of this report, the above change has not been registered by the District Court for Warsaw in Warsaw.

- **Hash.fm Sp. z o.o.**

On February 27, 2020, Agora S.A. concluded a sales agreement of 4,499 shares in Hash.fm Sp.o.o with a nominal value of PLN 50.00 (fifty zlotys) each and with a total nominal value of PLN 224,950.00 (two hundred twenty four thousand nine hundred and fifty zlotys) to the other partner of this company. Currently Agora S.A. holds 1 share of Hash.fm Sp. z o.o. representing 0.01% of the share capital of this company and giving rights to 1 vote representing 0.01% of the vote at the shareholders meeting of Hash.fm Sp. z o.o.

- **Helios S.A.**

Call for the repurchase of shares in a subsidiary.

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

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

(i) Sell-out procedure

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

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

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

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

(ii) Squeeze-out procedure

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

As at the date of this report, the sell out and squeeze out procedures have not been completed.

- **Piano Group Sp. z o.o.**

In the current report of January 30, 2020, the Management Board of Agora S.A., further to current report no. 22/2019 of 15 July 2019 – Completion of the negotiations and conclusion of an agreement on the acquisition of a majority shareholding in Piano Group sp. z o.o. and the Articles of Association – informed that it had decided to revalue the purchase price of Piano Group's shares and the obligation in respect of the option to acquire the other shares in that company, recognized in the financial statements of the Agora Group.

In 2019 the results of operations of Piano Group were better than the forecasted ones, therefore, the Management Board of Agora revalued the price of the purchased shares and the price which AMS will pay for the acquisition of minority interests in Piano Group, adopted for valuing the obligation in respect of the option.

The change in estimates was made with preliminary unaudited data for 2019 and may be subject to further correction. As a result of the update, the purchase price increased to PLN 14.9 million.

The revaluation of the initial value of the Piano Group shares did not affect the financial result of the Agora Group in 2019. It will, however, affect the increase in goodwill and the initial valuation of the option liability.

- **Step Inside Sp. z o.o.**

In the current report of January 31, 2020, further to the regulatory filings: 4/2019 of 28 February 2019 and 10/2019 of 23 April 2019, the Management Board of Agora S.A. informs that on 31 January 2020 Helios S.A. and Step Inside sp. z o.o., Agora's subsidiaries, concluded an investment agreement (the "Investment Agreement") with some of the shareholders (the "Shareholders") of Food for Nation spółka z ograniczoną odpowiedzialnością spółka komandytowa (a limited liability company, limited partnership) and FFN.

The subject of the Investment Agreement is to define the principles of cooperation and run a joint enterprise established on the basis of Step Inside. The objective of Step Inside is to open, run and develop catering outlets with the Pasibus trademark, which will be situated mainly in shopping streets and at shopping centres.

When concluding the Investment Agreement, the Shareholders took up a total of 10% of the shares in the share capital of Step Inside (corresponding to 10% of the total number of votes at the Shareholders' Meeting), whereas Helios subsidized Step Inside with PLN 5 million. The Investment Agreement provides for the possibility of increasing the Individual Investors' interest to 40% in total, on condition that Step Inside fulfils the established financial objectives.

Previously, on the basis of a cooperation agreement with FFN of 28 February 2019 Helios S.A. subsidized Step Inside with PLN 10 million, of which Agora gave information in current report no. 4/2019 of 28 February 2019.

The Investment Agreement specifies, among other things, detailed parameters of the investors' capital investment and the mutual rights and obligations of the parties.

2. CHANGES IN OWNERSHIP OF SHARES OR OTHER RIGHTS TO SHARES (OPTIONS) BY MANAGEMENT BOARD MEMBERS IN THE FIRST QUARTER OF 2020 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 19

a. shares	As of May 29, 2020	*decrease*	*increase*	As of March 13, 2020
Bartosz Hojka	2,900	-	-	2,900
Tomasz Jagiello	0	-	-	0
Grzegorz Kania	0	-	-	0
Anna Krynska - Godlewska	0	-	-	0
Agnieszka Sadowska	0	-	-	0

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

The members of the Management Board 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 2020 AND UNTIL THE DATE OF PUBLICATION OF THE REPORT

Tab. 20

a. shares	As of May 29, 2020	*decrease*	*increase*	As of March 13, 2020
Andrzej Szlezak	0	-	-	0
Dariusz Formela	0	-	-	0
Tomasz Karusewicz	0	-	-	0
Tomasz Sielicki	33	-	-	33
Wanda Rapaczynski	882,990	-	-	882,990
Maciej Wisniewski	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 13, 2020) 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
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

In the current report of April 24, 2020, with reference to the report No. 10/2020 of March 23, 2020 regarding the negative impact of a pandemic on the results of the Agora Group, adopted a resolution on submitting a proposal to the Annual General Meeting regarding the allocation of profit, disclosed in the Company's financial statements for 2019 in the amount of 20 114 682.14 PLN (in words: twenty million one hundred fourteen thousand six hundred eighty two zlotys fourteen groszy), in full to the Company's reserve capital.

The above proposal constitutes a departure from Agora's dividend policy announced on February 14, 2005. The withdrawal from the dividend policy is associated with the economic uncertainty caused by the COVID-19 coronavirus epidemic.

The above decision was approved by the members of the Supervisory Board.

AGORA GROUP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as at 31 March 2020 and for 3 month period ended thereon

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

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020

	Note	As at 31 March 2020 unaudited	As at 31 December 2019 audited
Assets			
Non-current assets:			
Intangible assets		426,048	441,047
Property, plant and equipment		441,523	458,559
Right-of-use assets	16	590,428	590,351
Long-term financial assets		568	783
Investments in equity accounted investees		153,953	154,127
Receivables and prepayments		2,341	2,530
Deferred tax assets		25,312	17,144
		1,640,173	**1,664,541**
Current assets:			
Inventories		22,395	21,308
Accounts receivable and prepayments		191,287	230,095
Income tax receivable		1,527	1,436
Short-term securities and other financial assets		126	9,656
Cash and cash equivalents		98,909	61,065
		314,244	**323,560**
Non-current assets held for sale	14	-	4,344
		314,244	**327,904**
Total assets		**1,954,417**	**1,992,445**

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 2020 (CONTINUED)

	Note	As at 31 March 2020 unaudited	As at 31 December 2019 audited
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital		46,581	46,581
Share premium		147,192	147,192
Retained earnings and other reserves		695,105	737,470
		888,878	**931,243**
Non-controlling interest		**18,137**	**20,932**
Total equity		**907,015**	**952,175**
Non-current liabilities:			
Deferred tax liabilities		6,218	6,514
Long-term borrowings	3	591,248	558,666
Other financial liabilities	15	53,354	53,354
Retirement severance provision		3,316	3,316
Provisions		707	829
Accruals and other liabilities		6,461	5,500
Contract liabilities		81	98
		661,385	**628,277**
Current liabilities:			
Retirement severance provision		277	277
Trade and other payables		238,647	264,126
Income tax liabilities		2,266	889
Short-term borrowings	3	127,522	127,730
Other financial liabilities	15	-	1,760
Provisions		2,972	3,361
Contract liabilities		14,333	13,850
		386,017	**411,993**
Total equity and liabilities		**1,954,417**	**1,992,445**

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 2020

	Three months ended 31 March 2020 unaudited	Three months ended 31 March 2019 unaudited
Revenue	289,589	308,437
Cost of sales	(206,904)	(220,350)
Gross profit	**82,685**	**88,087**
Selling expenses	(48,642)	(48,479)
Administrative expenses	(38,990)	(37,752)
Other operating income	9,498	1,976
Other operating expenses	(23,613)	(1,514)
Impairment losses for receivables - net	(481)	(1,847)
Operating profit/(loss)	**(19,543)**	**471**
Finance income	349	635
Finance costs	(33,159)	(4,997)
Share of results of equity accounted investees	(165)	213
Loss before income taxes	**(52,518)**	**(3,678)**
Income tax	5,429	285
Loss for the period	**(47,089)**	**(3,393)**
Attributable to:		
Equity holders of the parent	(42,728)	(5,049)
Non-controlling interest	(4,361)	1,656
	(47,089)	**(3,393)**
Basic/diluted earnings per share (in PLN)	(0.92)	(0.11)

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 2020

	Three months ended 31 March 2020 unaudited	Three months ended 31 March 2019 unaudited
Loss for the period	**(47,089)**	**(3,393)**
Other comprehensive income for the period	**-**	**-**
Total comprehensive income for the period	**(47,089)**	**(3,393)**
Attributable to:		
Shareholders of the parent	(42,728)	(5,049)
Non-controlling interests	(4,361)	1,656
	(47,089)	**(3,393)**

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 2020

	Attributable to equity holders of the parent					
	Share capital	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Three months ended 31 March 2020						
As at 31 December 2019 audited	**46,581**	**147,192**	**737,470**	**931,243**	**20,932**	**952,175**
Total comprehensive income for the period						
Net loss for the period	-	-	(42,728)	(42,728)	(4,361)	(47,089)
Total comprehensive income for the period	**-**	**-**	**(42,728)**	**(42,728)**	**(4,361)**	**(47,089)**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Equity-settled share-based payments (note 5)	-	-	-	-	163	163
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**163**	**163**
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests	-	-	266	266	(276)	(10)
Expiration of put option liability (note 15)	-	-	1,760	1,760	-	1,760
Additional contribution of non-controlling shareholders	-	-	(1,663)	(1,663)	1,679	16
Total changes in ownership interests in subsidiaries	**-**	**-**	**363**	**363**	**1,403**	**1,766**
Total transactions with owners	**-**	**-**	**363**	**363**	**1,566**	**1,929**
As at 31 March 2020 unaudited	**46,581**	**147,192**	**695,105**	**888,878**	**18,137**	**907,015**

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 2020 (CONTINUED)

	Attributable to equity holders of the parent					
	Share capital	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 loss 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	-	-	-	-	404	404
Total contributions by and distributions 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 CASH FLOW STATEMENT FOR THREE MONTHS ENDED 31 MARCH 2020

	Three months ended 31 March 2020 unaudited	Three months ended 31 March 2019 unaudited
Cash flows from operating activities		
Loss before income taxes	**(52,518)**	**(3,678)**
Adjustments for:		
Share of results of equity accounted investees	165	(213)
Depreciation of property, plant and equipment	13,111	12,247
Amortization of intangible assets	8,027	6,900
Depreciation of right-of-use assets	21,572	18,261
Foreign exchange (gain) /loss	27,795	106
Interest, net	5,591	4,650
(Profit) / loss on investing activities	14,675	(942)
(Decrease) / increase in provisions	(512)	5,292
(Increase) / decrease in inventories	(1,088)	2,964
Decrease in receivables	37,780	20,538
Decrease in payables	(14,829)	(10,494)
(Decrease) / increase in contract liabilities	467	(1,244)
Equity-settled share-based payments	163	404
Other adjustments	-	144
Cash generated from operations	**60,399**	**54,935**
Income taxes paid	(1,742)	(571)
Net cash from operating activities	**58,657**	**54,364**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment and intangibles	15,143	4,429
Disposal of subsidiaries (net of cash disposed), associates and jointly controlled entities	4	-
Loan repayment received	113	-
Interest received	12	35
Disposal of short-term securities	24,282	74,015
Other inflows	2,800	-
Purchase of property, plant and equipment and intangibles	(23,413)	(32,406)
Acquisition of subsidiary (net of cash acquired), associates and jointly controlled entities	-	(132,062)
Acquisition of short-term securities	(15,000)	(25,000)
Loans granted	-	(800)
Net cash used in investing activities	**3,941**	**(111,789)**

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

	Three months ended 31 March 2020 unaudited	Three months ended 31 March 2019 unaudited
Cash flows from financing activities		
Proceeds from borrowings	-	83,543
Other inflows	16	-
Acquisition of non-controlling interest	(10)	-
Repayment of borrowings	(4,252)	(6,808)
Payment of lease liabilities	(15,308)	(17,190)
Interest paid	(5,200)	(4,496)
Other	-	(387)
Net cash used in financing activities	**(24,754)**	**54,662**
Net increase / (decrease) in cash and cash equivalents	**37,844**	**(2,763)**
Cash and cash equivalents		
At start of period	61,065	33,003
At end of period	98,909	30,240

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 2020 AND FOR THREE MONTHS ENDED 31 MARCH 2020

1. GENERAL INFORMATION

Agora S.A. with its registered seat in Warsaw, Czerska 8/10 street ("the Company") principally conducts publishing activity (including *Gazeta Wyborcza*, magazines, periodicals and books) and carries out internet activity. Additionally, the Agora Group ("the Group") is active in the cinema segment through its subsidiary Helios S.A. and in the outdoor segment through its subsidiary AMS S.A. The Group also engages in projects related to production and co-production of movies through the company Next Film Sp.z o.o. and in gastronomy activity through the company Step Inside Sp. z o.o.

As at 31 March 2020 the Agora Group comprised: the parent company Agora S.A. and 23 subsidiaries. Additionally, the Group held shares in jointly controlled entity Instytut Badan Outdooru IBO Sp. z o.o. and in associates: ROI Hunter a.s. and Eurozet Sp. z o.o.

The Group operates in all major cities in Poland.

The condensed interim consolidated financial statements were prepared as at and for three months ended 31 March 2020, with comparative figures presented as at 31 December 2019 and for three months ended 31 March 2019.

The condensed interim consolidated financial statements were authorized for issue by the Management Board of Agora S.A. on May 29, 2020.

2. STATEMENT OF COMPLIANCE

The condensed interim consolidated financial statements as at 31 March 2020 and for three months ended 31 March 2020 have not been audited. The Consolidated Financial Statements as at and for twelve months ended 31 December 2019 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 2020, the Group has followed the same accounting policies as used in the Consolidated Financial Statements as at 31 December 2019. The condensed interim consolidated financial statements as at 31 March 2020 should be read together with the audited consolidated financial statements as at 31 December 2019, except for changes described below.

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

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

The application of the above amendments to the standards did not have any significant impact on the condensed interim consolidated financial statements of the Group.

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

3. LONG-TERM AND SHORT-TERM BORROWINGS

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

	31 March 2020	31 December 2019
Long term bank loans	61,884	71,085
Finance lease liabilities	529,364	487,581
Total long term borrowings	**591,248**	**558,666**
including: Lease liabilities resulting from application of IFRS 16	*478,206*	*436,764*
Short term bank loans	40,633	35,687
Finance lease liabilities	86,889	92,043
Total short term borrowings	**127,522**	**127,730**
including: Lease liabilities resulting from application of IFRS 16	*70,027*	*77,160*

Additional information concerning the financing of the Agora Group, including signed annexes to loan agreements, is presented in note 16.

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.

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

Starting from the third quarter 2019 the Group activities are divided into five major reportable operating segments as follows:

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

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

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

4) the *Internet* segment includes the following Group's activities: the Internet and multi-media products and services within the Agora's Internet department as well as the activities of companies: Domiporta Sp. z o.o., Yieldbird Sp. z o.o., GoldenLine Sp. z o.o. and HRlink Sp. z o.o. (since September 2019),

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

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

Data within each reportable segment are consolidated pro-forma. The Management Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. 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, depreciation of right-of-use assets recognised according to IFRS 16 and fixed assets of each segment. Amortisation recognised on consolidation can be defined as consolidation adjustments, inter alia: the amortisation of intangible assets and adjustments to property, plant and equipment recognised directly on consolidation.

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

Amount of investment in associates and joint ventures accounted for by the equity method include 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 2020 and 31 March 2019 relate to HRlink Sp. z o.o. (in 2019), Instytut Badan Outdooru Sp. z o.o., Hash.fm Sp. z o.o.(till 27 February 2020), ROI Hunter a.s. and Eurozet Sp. z o.o. (from 1 March 2019).

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

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

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

4. SALES AND SEGMENT INFORMATION (CONTINUED)

	Three months ended 31 March 2020						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Revenues from external customers	137,609	50,541	31,572	46,661	22,177	1,029	289,589
Intersegment revenues (2)	2,446	1,996	304	771	1,367	(6,884)	-
Total revenues	**140,055**	**52,537**	**31,876**	**47,432**	**23,544**	**(5,855)**	**289,589**
Total operating cost (1), (2), (3)	**(136,940)**	**(51,937)**	**(34,395)**	**(57,963)**	**(22,084)**	**(5,813)**	**(309,132)**
Operating profit / (loss) (1)	**3,115**	**600**	**(2,519)**	**(10,531)**	**1,460**	**(11,668)**	**(19,543)**
Total operating cost (excl. IFRS 16) (1), (2), (3)	***(135,648)***	***(51,937)***	***(34,562)***	***(57,963)***	***(21,851)***	***(5,991)***	***(307,952)***
Operating profit / (loss) (excl. IFRS 16) (1)	***4,407***	***600***	***(2,686)***	***(10,531)***	***1,693***	***(11,846)***	***(18,363)***
Net finance income and cost						(32,810)	(32,810)
Share of results of equity accounted investees	-	-	(9)	(145)	(11)	-	(165)
Income tax						5,429	5,429
Net loss							**(47,089)**

(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 14,749 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 2020						
	Movies and books (2)	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(23,113)	(1,467)	(9,347)	(2,047)	(1,778)	(4,596)	(42,348)
Operating depreciation and amortisation (excl. IFRS 16)	*(9,508)*	*(1,455)*	*(5,478)*	*(2,047)*	*(1,067)*	*(4,586)*	*(24,141)*
Amortisation recognised on consolidation (1)	(129)	-	-	(416)	-	183	(362)
Impairment losses	(9,249)	(359)	(280)	(12,690)	(403)	349	(22,632)
including non-current assets	*(8,735)*	-	-	*(12,660)*	-	-	*(21,395)*
Reversals of impairment losses	64	121	323	65	136	-	709
Equity-settled share-based payments	-	-	-	(163)	-	-	(163)
Capital expenditure (2)	10,019	2,000	1,630	3,070	455	1,333	18,507

	As at 31 March 2020						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions (3)**	**Total**
Property, plant and equipment and intangible assets	229,202	89,456	280,718	44,680	82,395	141,120	867,571
Right-of-use assets	487,226	22	60,513	-	13,334	29,333	590,428
Investments in associates and joint ventures accounted for by the equity method	-	-	62	16,967	136,924	-	153,953

(1) is not presented in operating result of the Group's segments;
(2) based on invoices booked in the period, Movies and books data include also lease property, plant and equipment in the amount of PLN 5,044 thousand;
(3) reconciling positions include mainly Company's headquarter (PLN 93,387 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 2019						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Revenues from external customers	154,799	59,840	34,496	36,849	21,029	1,424	308,437
Intersegment revenues (2)	3,168	2,294	1,399	768	1,027	(8,656)	-
Total revenues	**157,967**	**62,134**	**35,895**	**37,617**	**22,056**	**(7,232)**	**308,437**
Total operating cost (1), (2), (3)	**(133,681)**	**(72,267)**	**(34,843)**	**(36,249)**	**(20,986)**	**(9,940)**	**(307,966)**
Operating profit / (loss) (1)	**24,286**	**(10,133)**	**1,052**	**1,368**	**1,070**	**(17,172)**	**471**
Total operating cost (excl. IFRS 16) (1), (2), (3)	***(134,725)***	***(72,275)***	***(34,846)***	***(36,249)***	***(21,040)***	***(10,114)***	***(309,249)***
Operating profit / (loss) (excl. IFRS 16) (1)	***23,242***	***(10,141)***	***1,049***	***1,368***	***1,016***	***(17,346)***	***(812)***
Net finance income and cost						(4,362)	(4,362)
Share of results of equity accounted investees	-	-	-	(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 (3)	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(20,813)	(1,736)	(7,037)	(1,450)	(1,748)	(3,976)	(36,760)
Operating depreciation and amortisation (excl. IFRS 16)	*(8,252)*	*(1,729)*	*(4,843)*	*(1,450)*	*(1,069)*	*(4,132)*	*(21,475)*
Amortisation recognised on consolidation (1)	(129)	-	-	(582)	-	63	(648)
Impairment losses	(220)	(768)	(732)	(10,417)	(52)	9,979	(2,210)
Reversals of impairment losses	49	96	73	49	63	-	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	1,196	2,085	3,117	150	924	21,194

	As at 31 March 2019						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	239,635	82,341	258,693	36,620	83,935	180,028	881,252
Right-of-use assets	474,085	52	22,331	-	12,250	31,493	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 (i.a. related to 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)

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

	Three months ended 31 March 2020						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Advertising revenue	6,802	14,286	31,305	44,256	22,328	(5,285)	113,692
Ticket sales	61,643	-	-	-	11	(34)	61,620
Copy sales	8,086	27,432	-	100	-	(480)	35,138
Concession sales in cinemas	25,784	-	-	-	-	-	25,784
Printing services	-	9,439	-	-	-	-	9,439
Film distribution and production sales	25,170	-	-	-	-	-	25,170
Other	12,570	1,380	571	3,076	1,205	(56)	18,746
Total sales by category	**140,055**	**52,537**	**31,876**	**47,432**	**23,544**	**(5,855)**	**289,589**

	Three months ended 31 March 2019						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Advertising revenue	7,785	18,064	35,150	35,209	20,794	(6,671)	110,331
Ticket sales	76,845	-	-	-	127	(137)	76,835
Copy sales	8,049	27,280	-	77	-	(862)	34,544
Concession sales in cinemas	30,904	-	-	-	-	(25)	30,879
Printing services	-	14,268	-	-	-	-	14,268
Film distribution and production sales	27,696	-	-	-	-	-	27,696
Other	6,688	2,522	745	2,331	1,135	463	13,884
Total sales by category	**157,967**	**62,134**	**35,895**	**37,617**	**22,056**	**(7,232)**	**308,437**

5. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

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 2020, the value of the provision for the EBITDA reward includes the provision recognized in the balance sheet at the end of 2019 based on the EBITDA target realization in 2019. As at 31 March 2020, the Group did not recognize a provision for the potential reward for achieving the EBITDA target in 2020 in view of the estimated low probability of its realization.

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 2020, 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 only

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

	Three months ended 31 March 2020	Three months ended 31 March 2019
Income statement – increase of staff costs	-	(367)
Income statement - deferred income tax	-	70
Liabilities: accruals - as at the end of the period	1,494	1,534
Deferred tax asset - as at the end of the period	284	291

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

The eligible employees of subsidiaries Yieldbird 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 grant of shares is dependent on the fulfilment of a non-market condition, which is the continuation of employment within the agreed vesting period. The fair value of the shares determined at the grant date is recognised in staff costs over the vesting period with a corresponding increase in equity. The detailed information about measurement and settlement conditions of the incentive plan were described in the consolidated financial statements of the Agora Group for year 2019.

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

	Three months ended 31 March 2020	Three months ended 31 March 2019
Income statement – staff costs	(163)	(404)
Equity - non-controlling interests	163	404

6. CHANGES IN PROVISIONS AND IMPAIRMENT LOSSES FOR ASSETS

In the period from January 1, 2020 to March 31, 2020 the following changes in impairment losses were accounted:

- impairment loss for receivables: increase by PLN 44 thousand,
- impairment loss for inventory: increase by PLN 839 thousand,
- impairment loss for tangible assets and intangible assets: decrease by PLN 7,059 thousand (including set-up of PLN 19,608 thousand and the use in the amount of PLN 26,667 thousand);
- impairment loss of right-of-use of assets: increase by PLN 1,786 thousand;
- write-off for loans: used in the amount of PLN 600 thousand;
- write-off for interest on loans: reversal in the amount of PLN 8 thousand.

Additionally in the period from January 1, 2020 to to March 31, 2020 the following provisions were changed:

- provision for interest, penalties and similar provisions were reversed by PLN 232 thousand,
- provision for litigation: increase in the amount of PLN 40 thousand,
- provision for costs related to restructuring was used by PLN 262 thousand.

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

7. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As at 31 March 2020, the Group had contingencies, guarantees and other collaterals arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, other than those noted below:

Benefiting party	Debtor	Valid till	Amount		Scope of collateral
			As at 31 March 2020	As at 31 December 2019	
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	01 Aug 2020 - 16 Jun 2021	72	89	loans for the purchase of photographic equipment
Guarantees provided by Adpol Sp. z o.o.					
mBank S.A.	AMS S.A.	02 Mar 2021 - 02 May 2023	27, 000	24,200	bank guarantees related to the contract for the construction of bus shelters in Warsaw
Bills of exchange issued by AMS S.A. and Adpol Sp. z o.o.					
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	rent agreements on advertising panels
Zarzad Drog Miejskich Warszawa	Adpol Sp. z o.o.	1 Jan 2022	200	200	contract for construction and exploitation of MSI panels

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

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

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

8. COURT CASES

As at March 31, 2020, the Group has not entered into significant litigation for claims. Provision for legal claims as at March 31, 2020, amounted to PLN 130 thousand (as at December 31, 2019: PLN 90 thousand).

Additionally, as at March 31, 2020, the companies of the Group are a party of legal disputes in the amount of PLN 1,630 thousand (as at December 31, 2019: PLN 1,844 thousand) in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

9. SEASONALITY

Advertising revenues are subject to seasonality – revenues earned in the first and third 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.

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

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, 2020 amounted to PLN 715 thousand (three months ended March 31, 2019: PLN 714 thousand).

The remuneration paid by Agora S.A. to Supervisory Board members during the three months period ended March 31, 2020 amounted to PLN 156 thousand (three months ended March 31, 2019: 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 2020	Three months ended 31 March 2019
Jointly controlled entities		
Sales	-	10
Purchases of goods and services	(51)	(3)
Associates		
Sales	25	45
Purchases of goods and services	(49)	-
Interest on loans granted	5	2
Major shareholder		
Sales	6	6
Other operating income	192	89

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

	As at 31 March 2020	As at 31 December 2019
Jointly controlled entities		
Shares	62	71
Associates		
Shares	153,891	154,056
Non-current loans granted	-	200
Trade receivables	-	112
Trade liabilities	7	57
Major shareholder		
Trade receivables	2	4
Other liabilities and accruals	1,161	276
Management Board of the Company		
Receivables	6	1
Put option liabilities (1)	31,473	31,473
Management Boards of group companies		
Receivables	14	38
Put option liabilities (1)	13,244	13,244
Other liabilities and accruals	1	26

(1) refers to put options related to shares of Helios S.A. and shares in HRlink Sp. z o.o. and Piano Group Sp. z o.o.

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

11. DESCRIPTION OF THE GROUP

The list of companies within the Group:

		% of shares held (effectively)	
		31 March 2020	31 December 2019
	Subsidiaries consolidated		
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
3	AMS S.A., Warsaw	100.0%	100.0%
4	AMS Serwis Sp. z o.o.(formerly Adpol Sp. z o.o.), Warsaw (1), (6)	100.0%	100.0%
5	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
6	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	100.0%
7	IM 40 Sp. z o.o., Warsaw (2)	72.0%	72.0%
8	Inforadio Sp. z o.o., Warsaw (2)	66.1%	66.1%
9	Helios S.A. , Lodz	91.4%	91.4%
10	Next Film Sp. z o.o., Warsaw (3)	91.4%	91.4%
11	Next Script Sp. z o.o., Warsaw (4)	75.9%	75.9%
12	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	93.7%	93.7%
15	GoldenLine Sp. z o.o., Warsaw (7)	100.0%	92.7%
16	Plan A Sp. z o.o., Warsaw	100.0%	100.0%
17	Agora Finanse Sp. z o.o.	100.0%	100.0%
18	Foodio Concepts Sp. z o.o., Lodz (3)	82.3%	82.3%
19	Step Inside Sp. z o.o., Lodz (3), (8)	82.3%	91.4%
20	HRlink Sp. z o.o., Szczecin	79.8%	79.8%
21	Piano Group Sp. z o.o., Warsaw (1)	60.0%	60.0%
22	Benefit Multimedia Sp. z o.o., Warsaw (5)	60.0%	60.0%
23	Benefit Multimedia SKA, Warsaw (5)	60.0%	60.0%
	Joint ventures and associates accounted for the equity method		
24	Instytut Badań Outdooru IBO Sp. z o.o., Warsaw (1)	50.0%	50.0%
25	ROI Hunter a.s., Brno	23.9%	23.9%
26	Eurozet Sp. z o.o., Warsaw	40.0%	40.0%
	Companies excluded from consolidation and equity accounting		
27	Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%
28	Hash.fm Sp. z o.o., Warsaw (9)	0.01%	49.5%

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

12. CHANGES IN THE COMPOSITION OF THE GROUP

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

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

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

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

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

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

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

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

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

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

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

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

The content of the first notice of shareholders' intention to merge together with the annexes constituting the financial statements of the Acquired Company and the Acquiring Company for the years 2016-2018 was published on the Company's website.

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

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

(ii) Squeeze-out procedure

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

As at the date of 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 associate ROI Hunter a.s. which functional currency is Czech crown.

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

- income statement and cash flow statement figures for first quarter of 2020 (first quarter of 2019) 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 2020 EURO 1 = PLN 4.3963 (EURO 1 = PLN 4.2978).
- 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 2020 – EURO 1 = PLN 4.5523, as at 31 December 2019 – EURO 1 = PLN 4.2585 PLN, 31 March 2019 – EURO 1 = PLN 4.3013.

14. PROPERTY, PLANT AND EQUIPMENT

In the period from January 1, 2020 to March 31, 2020, the Group purchased property, plant and equipment in the amount of PLN 9,024 thousand (in the period of January 1, 2019 to March 31, 2019: PLN 24,132 thousand).

As at March 31, 2020, the commitments for the purchase of property, plant and equipment amounted to PLN 22,055 thousand (as at December 31, 2019: PLN 18,469 thousand).

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

Sale of the property

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

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

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

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

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

15. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The Group applies the following hierarchy for disclosing information about fair value of financial instruments – by valuation technique:

Level 1: quoted prices in active markets (unadjusted) for identical assets or liabilities;
Level 2: valuation techniques in which inputs that are significant to fair value measurement are observable, directly or indirectly, market data;
Level 3: valuation techniques in which inputs that are significant to fair value measurement are not based on observable market data.

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

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

	As at 31 March 2020	Level 1	Level 2	Level 3
Certificates in investment funds	1	-	1	-
Financial assets measured at fair value	**1**	**-**	**1**	**-**
Put option liabilities	53,354	-	-	53,354
Financial liabilities measured at fair value	**53,354**	**-**	**-**	**53,354**

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

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

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

	As at 31 March 2020	As at 31 December 2019
Opening balance	**55,114**	**34,844**
Additions resulting from initial recognition	-	15,983
Expiration of put option recognised in equity (1)	(1,760)	-
Remeasurement recognised in profit or loss , incl.:	-	4,287
- finance cost	-	*(4,287)*
Closing balance	**53,354**	**55,114**

(1) relates to the expiration of the put option for the non-controlling shareholder of Goldenline Sp. z o.o. under the Annex of 20 January 2020.

16. OTHER INFORMATION

Impact of the COVID-19 pandemic on the Agora Group

The COVID-19 pandemic and the government administration actions aimed at limiting further spread of the virus will have a significant negative impact on the financial performance of Agora and its subsidiaries in the following quarters of 2020. In the opinion of the Company's management board, the highest negative impact of the pandemic on the Group's activities will be visible in the second quarter of 2020. The factors that decide on these dynamics remain entirely beyond the control of Agora and depend on the rate of "defrosting" of the Polish economy and the durability of this process with regard to the number of COVID-19 infections in Poland. According to the Agora's projections, the rate of decrease in the Group's revenues in subsequent quarters should be lower than in the second quarter of 2020, provided that the pandemic will not return in the second half of 2020.

One of the factors that will decide on the level of the Group's revenues will be the situation on the advertising market in Poland. According to the Company's estimates in 2020, following the coronavirus pandemic and its consequences for the Polish economy, the advertisers will reduce their expenditure on the promotion of their goods and services by ca 20.0%–25.0% as compared to 2019.

The analyses of the Company and the experience of other countries affected by the pandemic indicate that the market segment the most affected by the reduction of advertising spending will be cinema due to the administrative prohibition of business activity in this segment and expected reduction in the number of spectators after reopening of cinemas and social impact of the pandemic. While observing the behaviour of Poles following the abolition of successive restrictions imposed due to COVID-19, it can be assumed that after a period of cautious behaviour following reopening of cinemas they will be wanting to return to this form of leisure, provided that there is an interesting repertoire.

Another segment that is most affected by the pandemic will be outdoor advertising, sensitive to the number of contacts with promotional campaigns in the streets. Reduction of advertising expenditure in this market segment will have a significant impact on the Agora Group's results. AMS is the leader of the outdoor advertising market, offering modern panels in the most popular locations. Lifting the restrictions regarding the movement of population, increase in the number of contacts with advertising campaigns in the streets and subsequent stages of "defrosting" of the Polish economy should result in a more rapid return of advertising campaigns to AMS' advertising panels than on the general market.

The effects of the pandemic and the limited advertising expenditure will significantly affect the radio activities of the Agora Group. The Agora Radio Group is one of the smallest players on the radio market in Poland, and therefore it can be more difficult for the company to compete with larger broadcasters for significantly limited advertising budgets. However, lifting the restrictions on economic activities and movement of people should have a positive impact on the ability to generate revenues by this business. It is worth noting that the current situation in Poland contributes to an increase in the listeners' interest in the TOK FM Radio, the audience of which has recently noticeably grown.

In the Company's view, the current situation will also significantly accelerate the decreases in the press advertising market. As a result of the outbreak of the pandemic, Agora decided to withdraw from publication of subsequent monthlies, which will further deepen the dynamics of advertising revenue decline in the Press segment.

The Company expects the lowest decrease in advertising expenditure in the Internet segment, although, in the opinion of its management board, it will also reach a two-digit value. The group has significant competences in the programmatic area, including a rapidly developing Yieldbird company whose offer in times of crisis met an increased interest of advertisers. The revenues from programmatic advertising constitute 67.0% of all the Group's Internet advertising revenues (together with online classifieds)

The most important part of the Group's revenues not related to the advertising market is the Movies and Books segment and, in particular, the Helios cinema network. Unfortunately, for the moment there is no information regarding the date on which the cinemas can be reopened. The conditions on which they will operate are also unknown. It is also worth noting that there is no new movie repertoire because of the suspension of most of the film productions. The decision to reopen cinemas will therefore depend not only on "defrosting" of this sector of the economy, but above all on the conditions on which this activity can be carried out and their verification in terms of financial implications. According to the company's estimates the drop in cinema admissions in Poland may reach 50.0% yoy.

In connection with the pandemic and its consequences, one of the subsidiaries of the Agora Group – Foodio Concepts Sp. z o.o. – filed for bankruptcy. As a result, in the food segment the Group is currently developing only the activities of Step Inside Sp. z o.o., operator of eateries under the Pasibus brand.

The sales of publications in traditional form will decrease in 2020 due not only to market trends but also to a limited number of sales points. However, the Agora Group is actively developing the digital subscriptions of *Gazeta Wyborcza* and the sale of books and music in digital form or via Internet platforms.

Taking into account all these issues, the Agora's management board estimates that, as a result of the current pandemic, in the whole 2020 the revenues of the Agora Group may decrease significantly, and the Group will record operating loss at the EBIT level. Businesses that will be the most affected by the consequences of the pandemic are Cinema, Food activities, Outdoor and Radio.

At the same time, the Agora's management board took a series of measures to minimise the negative impact of the pandemic on the results of the Agora Group. Most of the investment expenditure was suspended and almost all operating costs categories were reduced. Agora also decided to optimize its portfolio of investment projects, as a result of which negotiations were undertaken to sell Domiporta Sp. z o.o. and it was decided to reduce the scale of operations of Goldenline Sp. z o.o. and file for bankruptcy of Foodio Sp. z o.o .; it also verified the portfolio of paper magazines and resigned from the publication of two monthlies, as well as reduced the volume and number of copies of the published daily. As part of the savings activities, Agora also resigned from some of local offices, in which the work is currently carried out in the home office formula and will be continued in this form after the end of the pandemic. Additionally, the Company's management board conducts intensified monitoring of the inflow of receivables in order to safeguard the Group's financial liquidity. The company secured financing of the Agora Group until the end of September and is working on its further extension. In cooperation with financial institutions, it obtained a grace period in repayment of the hitherto used credit.

According to the Company's estimates, these activities will result in savings of nearly PLN 185.0 million in the second and third quarter of 2020. The savings related to the reduction in staff costs will amount to ca PLN 30.0 million. In subsequent periods the management board will take further decisions depending on further development of the situation.

Both Agora and its subsidiaries also seek to receive the available forms of public support for business.

- **Write downs of fixed assets**

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

At the same time, the Management Board of Agora informs that due to the negative impact of the COVID-19 pandemic on Domiporta's financial results and the achievable selling price of Domiporta, it has been decided to revaluate its shares in Domiporta. The sale price of shares is immaterial, both from the perspective of Agora S.A. and the Agora Group. As a result, Agora will write down the value of shares in Domiporta in the amount of PLN 59.5 million (fifty nine million five hundred thousand zlotys), and Agora Group will write-off the value of assets related to Domiporta's activity in the amount of PLN 12.7 million (twelve million seven hundred thousand zlotys). The recognized write-offs will be charged to Agora S.A.'s unit result, respectively and consolidated results of the Agora Group in the first quarter of 2020.

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

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

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

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

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

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

Application of IFRS 16 Leases

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

As at 31 March 2020, as a result of implementation of IFRS 16, the Group recognised additional assets as right-of-use assets in the amount of PLN 590,428 thousand (including the net carrying value of property, plant and equipment in the amount of PLN 80,350 thousand relating to assets in the finance lease and rights of perpetual usufruct of land, which were reclassified to right-of-use assets balance sheet line and PLN 2,803 thousand of the value of the prepaid administrative decisions for the seizure of the road). The Group recognised also additional lease liabilities in the amount of PLN 548,233 thousand.

As a result of implementation of the new standard, in the Group there was an increase in depreciation and interest expenses as well as a decrease in the cost of external services due to rental costs. Additionally, the Group recognizes exchange differences on translation of lease liabilities, and its financial result depends on the evolution of the EUR/PLN rate. The above changes had in total a negative impact on the Group's net result in the firsy quarter of 2020. The implementation of IFRS 16 also has an impact on the presented level of operating and financial cashflows of the Group due to the transfer of rental payments under lease agreements recognised in accordance with IFRS 16 from operating activities to financing activities.

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

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

The selected items of the condensed interim financial statements reflecting the impact of applying the new standard as at 31 March 2020:

	As at 31 March 2020 (excl. IFRS 16)	Application of IFRS 16	As at 31 March 2020 (as reported)
Non-current assets:			
Property, plant and equipment	521,873	(80,350)	441,523
Right-of-use assets	-	590,428	590,428
Receivables and prepayments	3,767	(1,426)	2,341
Deferred tax assets	18,238	7,074	25,312
	1,124,447	**515,726**	**1,640,173**
Current assets:			
Accounts receivable and prepayments	192,664	(1,377)	191,287
	315,621	**(1,377)**	**314,244**
Total assets	**1,440,068**	**514,349**	**1,954,417**

	As at 31 March 2020 (excl. IFRS 16)	Application of IFRS 16	As at 31 March 2020 (as reported)
Eqiuty	**937,173**	**(30,158)**	**907,015**
Non-current liabilities:			
Long-term borrowings	113,042	478,206	591,248
including: lease liabilities	*51,158*	*478,206*	*529,364*
Accruals and other liabilities	8,418	(1,957)	6,461
	185,136	**476,249**	**661,385**
Current liabilities:			
Trade and other payables	240,416	(1,769)	238,647
Short-term borrowings	57,495	70,027	127,522
including: lease liabilities	*16,862*	*70,027*	*86,889*
	317,759	**68,258**	**386,017**
			-
Total equity and liabilities	**1,440,068**	**514,349**	**1,954,417**

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

	Three months ended March 31, 2020 (excl. IFRS 16)	Application of IFRS 16	Three months ended March 31, 2020 (as reported)
Revenue	289,589	-	289,589
Operating cost net, incl.:	(307,952)	(1,180)	(309,132)
D&A	*(24,141)*	*(18,569)*	*(42,710)*
External services	*(133,665)*	*17,267*	*(116,398)*
Taxes and fees	*(2,031)*	*243*	*(1,788)*
Other operating income/other operating expenses	56	(121)	(65)
Operating loss	**(18,363)**	**(1,180)**	**(19,543)**
Finance income, incl.:	349	-	349
Finance costs, incl.:	(1,538)	(31,621)	(33,159)
Interest	*(1,565)*	*(3,903)*	*(5,468)*
F/x losses	*583*	*(27,718)*	*(27,135)*
Share of results of equity accounted investees	(165)	-	(165)
Loss before income taxes	**(19,717)**	**(32,801)**	**(52,518)**
Income tax	(803)	6,232	5,429
Net loss for the period	**(20,520)**	**(26,569)**	**(47,089)**

	Three months ended March 31, 2020 (excl. IFRS 16)	Application of IFRS 16	Three months ended March 31, 2020 (as reported)
Net cash from operating activities	42,430	16,227	58,657
Net cash used in investing activities	3,941	-	3,941
Net cash used in financing activities	(8,527)	(16,227)	(24,754)
Net cash	**37,844**	**-**	**37,844**
Cash and cash equivalents	**98,909**	**-**	**98,909**

Information on the financing of the Agora Group

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

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

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

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

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

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

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

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

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

The company secured financing of the Agora Group until the end of September and is working on its further extension.

Both Agora and its subsidiaries also seek to receive the available forms of public support for business.

Tax control

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

17. POST BALANCE-SHEET EVENTS

Information on the financing of the Agora Group

Post-balance sheet events regarding the conclusion of Annex 6 to the Credit Limit Agreement concluded with the bank DNB Bank Polska Spółka Akcyjna are described in note 16.

Procedure of temporary reduction of remuneration in the Agora Group

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

The Management Board of Agora estimates that the total savings due to the temporary reduction of remuneration in the Group should amount to approximately PLN 25.0 million. Additionally, selected companies from the Group will apply for co-financing of remuneration from the Guaranteed Employee Benefits Fund.

Group layoffs and capital increase in the company Goldenline Sp. z o.o.

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

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

On 23 April 2020, Extraordinary Shareholders Meeting of Goldenline Sp. z o.o. adopted a resolution to increase the company's share capital from PLN 300 thousand up to the amount of PLN 400 thousand by creating 100 new shares with a nominal value of PLN 1 thousand each and with a total nominal value of PLN 100 thousand. The newly created shares were offered for subscription by the sole shareholder of this company, i.e. Agora S.A. in exchange for a cash contribution of PLN 1,325 thousand.

As at the date of publication of this report, the above change has not been registered by the District Court for Warsaw in Warsaw.

- **Recommendation of the Management Board of Agora S.A. on the distribution of the Company's net profit**

In the current report of 24 April 2020, The Management Board of Agora S.A. with reference to the report No. 10/2020 of March 23, 2020 regarding the negative impact of a pandemic on the results of the Agora Group, adopted a resolution on submitting a proposal to the Annual General Meeting regarding the allocation of profit, disclosed in the Company's financial statements for 2019 in the amount of 20,114,682.14 PLN (in words: twenty million one hundred fourteen thousand six hundred eighty two zlotys fourteen groszy), in full to the Company's reserve capital.

The above proposal constitutes a departure from Agora's dividend policy announced on February 14, 2005. The withdrawal from the dividend policy is associated with the economic uncertainty caused by the COVID-19 coronavirus epidemic.

The above decision was approved by the members of the Supervisory Board.

- **Resignation from the function of the Management Board Member of Agora S.A.**

On 30 April 2020, Management Board of Agora S.A. informed that on April 30, 2020 Mr. Grzegorz Kania filed a notice of termination of the employment contract between him and the Company and therefore informed Agora of his intention to resign from his function of a member of the Company's Management Board, with effect no later than October 31, 2020. To that date, the duties of the financial director of the Agora Group will be taken over by a member of the board - Ms Anna Kryńska-Godlewska. The date of resignation of Mr. Grzegorz Kania from his function as a management board member will be agreed upon taking into account the best possible support for this process.

Mr. Grzegorz Kania informed that the reason for his resignation was taking on new professional commitments.

- **Negotiations on the sale of the company Domiporta**

On May 20, 2020, with reference to the current report No. 20/2020 of 30 April 2020, the Management Board of Agora S.A. informed that on 20 May 2020 its subsidiary Domiporta Sp. z o.o. with its registered office in Warsaw ("Domiporta"), in addition to ongoing negotiations on the sale of the company Domiporta to the company Mieszkanie.pl (a company owned by the members of the board of Domiporta), Domiporta has also started negotiations on the sale of the company Domiporta within the meaning of art. 55 (1) of the Civil Code with external investors (not personally or capital related to Domiporta) potentially interested in the purchase of Domiporta. At the same time, negotiations with Mieszkanie.pl, about which the Company informed in the regulatory filing 20/2020, are still ongoing.

- **Impact of COVID-19 pandemic on meeting the financial goals set out in the Agora Group**

On May 28, 2020, The Management Board of Agora S.A., with reference to current report 19/2018 of 15 June 2018 and 10/2020 of 23 March 2020, informed that, on the basis of analyzes made by the Company, that the outbreak of the COVID-19 pandemic and its long-term effects on the Polish economy and on the Agora Group will prevent Agora from meeting the financial goals set out in the Agora Group Strategy for 2018-2022 ("Strategy") by the end of 2022.

At the same time, the Management Board of Agora recognizes the development directions of the Agora Group outlined in the Strategy as attractive and does not resign from their implementation at this stage. However, the pace and scale of the Group's activities will be significantly different from those assumed in the Strategy and depend on the process of lifting sanitary restrictions in Poland, the further course of the pandemic, the social effects of the coronavirus, the development of the economic situation and the impact of these aspects on the activities of the Agora Group. The factor that will affect the ability of the Group to implement its strategic plans will also be the date of return to negotiations with the consortium of banks on financing the development activities of the Agora Group.

The Management Board of Agora has undertaken both savings and liquidity measures to ensure the financial security of the Group by the end of 2020, as well as time for further negotiations with banks on financing the Agora Group.

When the crisis caused by the pandemic ends and after the stabilization of the economic situation, the Company's Management Board will re-examine the development plans of the Agora Group, its business portfolio and new market environment and shall review strategic plans on that basis.

18. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	in PLN thousand			in EUR thousand		
	Three months ended 31 March 2020 unaudited	As at 31 December 2019 audited	Three months ended 31 March 2019 unaudited	Three months ended 31 March 2020 unaudited	As at 31 December 2019 audited	Three months ended 31 March 2019 unaudited
Revenue	289,589		308,437	65,871		71,766
Operating profit/(loss)	(19,543)		471	(4,445)		110
Loss before income taxes	(52,518)		(3,678)	(11,946)		(856)
Net loss for the period attributable to equity holders of the parent	(42,728)		(5,049)	(9,719)		(1,175)
Net cash from operating activities	58,657		54,364	13,342		12,649
Net cash used in investing activities	3,941		(111,789)	896		(26,011)
Net cash used in financing activities	(24,754)		54,662	(5,631)		12,719
Net increase / (decrease) in cash and cash equivalents	37,844		(2,763)	8,608		(643)
Total assets	1,954,417	1,992,445		429,325	467,875	
Non-current liabilities	661,385	628,277		145,286	147,535	
Current liabilities	386,017	411,993		84,796	96,746	
Equity attributable to equity holders of the parent	888,878	931,243		195,259	218,679	
Share capital	46,581	46,581		10,232	10,938	
Weighted average number of shares	46,580,831	46,580,831	46,580,831	46,580,831	46,580,831	46,580,831
Basic/diluted earnings per share (in PLN / in EURO)	(0.92)		(0.11)	(0.21)		(0.03)
Book value per share (in PLN / in EURO)	19.08	19.99	-	4.19	4.69	-

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

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

Unconsolidated balance sheet as at 31 March 2020

	As at 31 March 2020 unaudited	As at 31 December 2019 audited
Assets		
Non-current assets:		
Intangible assets	46,373	44,855
Property, plant and equipment	155,973	158,641
Right-of-use assets	29,295	29,601
Long term financial assets	633,561	693,391
Receivables and prepayments	419	409
Deferred tax assets	3,453	3,173
	869,074	**930,070**
Current assets:		
Inventories	15,265	13,712
Accounts receivable and prepayments	87,343	94,341
Income tax receivable	881	768
Short-term securities and other financial assets	11,770	13,270
Cash and cash equivalents	26,807	13,174
	142,066	**135,265**
Non-current assets held for sale	-	4,344
	142,066	**139,609**
Total assets	**1,011,140**	**1,069,679**

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

Unconsolidated balance sheet as at 31 March 2020 (continued)

	As at 31 March 2020 unaudited	As at 31 December 2019 audited
Equity and liabilities		
Equity:		
Share capital	46,581	46,581
Share premium	147,192	147,192
Other reserves	121,302	121,302
Retained earnings	437,000	506,381
	752,075	**821,456**
Non-current liabilities:		
Long-term borrowings	73,296	82,534
Retirement severance provision	2,219	2,219
Provisions	707	829
Accruals and other liabilities	1,519	439
Contract liabilities	81	98
	77,822	**86,119**
Current liabilities:		
Retirement severance provision	195	195
Trade and other payables	99,256	97,719
Short-term borrowings	36,509	29,289
Other financial liabilities	38,952	29,273
Provisions	1,396	1,374
Contract liabilities	4,935	4,254
	181,243	**162,104**
Total equity and liabilities	**1,011,140**	**1,069,679**

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

Unconsolidated income statement for three months ended 31 March 2020

	Three months ended 31 March 2020 unaudited	Three months ended 31 March 2019 unaudited
Revenue	85,873	95,255
Cost of sales	(47,849)	(65,408)
Gross profit	**38,024**	**29,847**
Selling expenses	(31,733)	(30,046)
Administrative expenses	(22,966)	(21,738)
Other operating income	7,198	613
Other operating expenses	(202)	(632)
Impairment losses for receivables - net	(273)	(1,145)
Operating loss	**(9,952)**	**(23,101)**
Finance income	169	454
Finance costs	(60,728)	(808)
Loss before income taxes	**(70,511)**	**(23,455)**
Income tax	1,129	2,985
Net loss for the period	**(69,382)**	**(20,470)**
Basic/diluted earnings per share (in PLN)	(1.49)	(0.44)

Unconsolidated statement of comprehensive income for three months ended 31 March 2020

	Three months ended 31 March 2020 unaudited	Three months ended 31 March 2019 unaudited
Net loss for the period	**(69,382)**	**(20,470)**
Other comprehensive income/loss for the period	-	-
Total comprehensive income for the period	**(69,382)**	**(20,470)**

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

Unconsolidated statement of changes in equity for three months ended 31 March 2020

	Share capital	Share premium	Other reserves	Retained earnings	Total equity
Three months ended 31 March 2020					
As at 31 December 2019 audited	**46,581**	**147,192**	**121,302**	**506,381**	**821,456**
Total comprehensive income for the period					
Net loss	-	-	-	(69,382)	(69,382)
Total comprehensive income for the period	**-**	**-**	**-**	**(69,382)**	**(69,382)**
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners					
Other	-	-	-	1	1
Total transactions with owners	**-**	**-**	**-**	**1**	**1**
As at 31 March 2020 unaudited	**46,581**	**147,192**	**121,302**	**437,000**	**752,075**

	Share capital	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 December 2019 unaudited	**46,581**	**147,192**	**121,382**	**489,087**	**804,242**

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

Unconsolidated cash flow statement for three months ended 31 March 2020

	Three months ended 31 March 2020 unaudited	Three months ended 31 March 2019 unaudited
Cash flows from operating activities		
Loss before income taxes	**(70,511)**	**(23,455)**
Adjustments for:		
Depreciation of property, plant and equipment	3,971	3,835
Amortization of intangible assets	2,823	1,761
Depreciation of right-of-use assets	397	510
Foreign exchange loss	45	-
Interest, net	1,039	280
(Profit) / loss on investing activities	52,825	(224)
(Decrease) / increase in provisions	(101)	3,026
(Increase) / decrease in inventories	(1,553)	1,395
(Increase) / decrease in receivables	7,045	13,941
(Decrease) / increase in payables	4,728	(2,731)
(Decrease) / increase in contract liabilities	664	(1,183)
Other adjustments	-	106
Cash generated from operations	**1,372**	**(2,739)**
Income taxes inflows / (outflows) (1)	636	6,557
Net cash from operating activities	**2,008**	**3,818**
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment, and intangibles	9,872	263
Disposal of subsidiaries, associates and jointly controlled entities	4	-
Repayment of loans granted	100	-
Interest received	74	472
Proceeds from cash pooling	1,554	59,423
Loans granted	-	(800)
Purchase of property, plant and equipment, and intangibles	(6,359)	(7,304)
Acquisition of subsidiaries, associates and jointly controlled entities	(10)	(132,062)
Net cash used in investing activities	**5,235**	**(80,008)**
Cash flows from financing activities		
Proceeds from borrowings	-	75,000
Repayment of borrowings	(2,083)	(2,863)
Proceeds from cash pooling	9,669	12,192
Payment of finance lease liabilities	(299)	(1,148)
Interest paid	(877)	(490)
Other	(20)	(347)
Net cash used in financing activities	**6,390**	**82,344**
Net increase in cash and cash equivalents	**13,633**	**6,154**
Cash and cash equivalents		
At start of period	13,174	7,041
At end of period	26,807	13,195

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, 2020 to March 31, 2020 the following impairment losses and provisions were changed in the unconsolidated financial statements of Agora S.A.:

- impairment loss for receivables: increase by PLN 106 thousand,
- impairment loss for inventory: increase by PLN 498 thousand,
- impairment loss for property, plant and equipment and intangible assets: used in the amount of PLN 15,048 thousand (mainly related to liquidation of the assets of the printing activity which was covered by impairment losses);
- impairment loss for loans: used in the amount of PLN 600 thousand;
- impairment loss for interest on loans: reversal in the amount of PLN 8 thousand;
- impairment loss for shares: increase by PLN 58,692 (including set-up in amount of PLN 59,541 thousand and the use in the amount of PLN 849 thousand);
- provision for restructuring cost: used in the amount of PLN 101 thousand.

The impairment loss for shares was recognized in the Company's financial costs and relates to shares in Domiporta Sp. z o.o., the use of the impairment loss for shares relates to Hash.fm Sp. z o.o. in connection with the sale of share in that company by Agora S.A. (additional information on these events is provided in note 16).

In the period from January 1, 2020 to March 31, 2020, the Company purchased property, plant and equipment in the amount of PLN 2,254 thousand (in the period of January 1, 2019 to March 31, 2019: PLN 1,351 thousand).

As at March 31, 2020 the commitments for the purchase of property, plant and equipment amounted to PLN 1,827 thousand (as at December 31,2019 did not occur).

As at March 31,2020 and as at December 31,2019 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 March 31, 2020 and as at December 31, 2019 the Company had no financial instruments measured at fair value.

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

Related party transactions

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

	Three months ended 31 March 2020	Three months ended 31 March 2019
Subsidiaries		
Sales	13,086	14,276
Purchases of goods and services	(5,213)	(8,876)
Other finance income	70	382
Finance costs	(66)	(112)
Jointly controlled entities		
Sales	-	1
Purchases of goods and services	-	(3)
Associates		
Sales	14	40
Interest on loans granted	5	2
Major shareholder		
Sales	5	6
Other operating income	192	89

	As at 31 March 2020	As at 31 December 2019
Subsidiaries		
Shares	536,512	536,512
Cash pooling receivables	11,720	13,270
Trade receivables	9,250	7,718
Other receivables	1,881	2,069
Cash pooling liabilities	38,952	29,273
Trade liabilities	2,316	1,218
Other liabilities and accruals	2,772	3,199
Contract liabilities	-	7
Associates		
Shares	156,257	156,357
Non-Current loans granted	-	200
Trade receivables	-	100
Major shareholder		
Trade receivables	2	3
Other liabilities and accruals	1,161	276
Management Board of the Company		
Receivables	6	1

Selected unconsolidated financial data together with translation into EURO

	in PLN thousand			in EUR thousand		
	Three months ended 31 March 2020 unaudited	As at 31 December 2019 audited	Three months ended 31 March 2019 unaudited	Three months ended 31 March 2020 unaudited	As at 31 December 2019 audited	Three months ended 31 March 2019 unaudited
Revenue	85,873		95,255	19,533		22,164
Operating loss	(9,952)		(23,101)	(2,264)		(5,375)
Loss before income taxes	(70,511)		(23,455)	(16,039)		(5,457)
Loss for the period	(69,382)		(20,470)	(15,782)		(4,763)
Net cash from operating activities	2,008		3,818	457		888
Net cash used in investing activities	5,235		(80,008)	1,191		(18,616)
Net cash used in financing activities	6,390		82,344	1,453		19,160
Net increase / (decrease) in cash and cash equivalents	13,633		6,154	3,101		1,432
Total assets	1,011,140	1,069,679		222,116	251,187	
Non-current liabilities	77,822	86,119		17,095	20,223	
Current liabilities	181,243	162,104		39,814	38,066	
Equity	752,075	821,456		165,208	192,898	
Share capital	46,581	46,581		10,232	10,938	
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)	(1.49)		(0.44)	(0.34)		(0.10)
Book value per share (in PLN / in EURO)	16.15	17.64		3.55	4.14	

Warsaw, May 29, 2020

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

Signatures submitted electronically.