AGORA SA

AGORA GROUP

Management Discussion and Analysis for **the year 2018** to the consolidated financial statements

March 7, 2019

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AGORA GROUP MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) FOR YEAR OF 2018 TO THE FINANCIAL STATEMENTS

REVENUE PLN 1 141.2 MILLION
EBITDA PLN 98.4 MILLION
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OPERATING CASH FLOW PLN 81.1 MILLION

Unless indicated otherwise, all data presented herein represent the period of 2018, while comparisons refer to 2017. All data sources are presented in part IV of this MD&A.

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

- The fourth quarter of 2018 saw revenue of the Agora Group (the "Group") in the amount of PLN 346.1 million, which is 4.8% higher than in the fourth quarter of 2017. Increased revenues were reported in the following segments: Movies and Books, Outdoor Advertising and Radio. In the Movies and Books segment, the revenues grew by 14.9% and amounted to PLN 141.0 million. The largest growth (by 20.4%) was observed in the sales of cinema tickets, which stood at PLN 80.2 million. Proceeds from concession sales were also higher (PLN 31.3 million), and so were revenues from the operation of Agora's Publishing House (PLN 12.7 million). In the fourth quarter of 2018, the total revenues from the Outdoor Advertising segment increased by 6.4% and amounted to PLN 51.4 million. This was mainly caused by higher proceeds from the sales of advertising on media from the Premium and Digital segment. Revenues from the Radio segment increased by 5.5% to reach PLN 38.1 million, mainly due to higher proceeds from the sale of air time in radio stations owned by the Agora Radio Group and revenues from brokerage services provided for other cinema networks. However, revenues in other operational segments of the Group were slightly decreased. The larges decrease – by 4.4% to PLN 58.2 million – was reported in the Press segment, which was related to the lingering negative market trends and discontinued publishing of selected press titles as well as limiting the circulation of the paper edition of *Gazeta Wyborcza*. At the same time, *Gazeta Wyborcza* continued successful subscription sales of its digital journal. At the end of December 2018, the number of digital subscriptions of *Gazeta Wyborcza* amounted to 170.5 thousand, which was over 20% higher than at the end of December 2017. Decreased revenues of the Internet segment was associated with lower proceeds from advertising of the affiliate network. Revenues in the Print segment were also lower and amounted to PLN 17.0 million. The main factor which affected the revenue level in this business was the gradually decreasing demand for coldset technology print.
- In 2018, the Group's revenues dropped by 2.1% to PLN 1,141.2 million. Revenues of the Outdoor Advertising segment (which amounted to PLN 171.9 million and increased by 5.5%) made a positive impact on the Group's revenue level. This was mainly caused by advertisers' higher spending on campaigns implemented with the use of Premium Citylight, Digital and City Transport media. Proceeds from the Internet segment were also higher (by 3.3%) and amounted to PLN 177.8 million, which was mainly caused by dynamically growing proceeds of Yieldbird. Revenues of the Movies and Books segment increased by 0.7% to PLN 419.1 million. This resulted mainly from the 6.4% growth in the sale of cinema tickets – to the amount of PLN 236.6 million. Proceeds from concession operation were also higher (PLN 90.2 million), and so were the revenues of Agora's Publishing House (PLN 40.7 million). The Radio segment saw increased revenues in the amount of PLN 116.0 million (higher by 1.8%). This was thanks to higher proceeds from the sale of air time in radio stations owned by the Agora Radio Group. The Group's revenue level in 2018 was affected the most by lower proceeds in the

Print and Press segments, which amounted to PLN 71.5 million (lower by 29.7%) and PLN 214.1 million (lower by 7.5%), respectively. At the same time, another success with regard to the digital transformation in the Press segment is worth mentioning. At the end of 2018, the number of digital subscriptions of *Gazeta Wyborcza* was 170.5 thousand.

- While working on the financial statements for 2018, Agora conducted asset impairment tests based on i.a. long-term financial forecasts for each of the Group's segments. Those analyses resulted in fixed asset write-downs. In the fourth quarter of 2018 the major write-downs were carried in the Internet segment and amounted to PLN 7.5 million, and less serious ones – in the Press segment, and amounted to PLN 2.3 million. Additionally, in connection with the ongoing accelerated arrangement proceedings with Ruch S.A., the Company decided to write-down receivables from Ruch S.A. under accelerated arrangement proceeding in the amount of PLN 4.0 million. The total impact of the write-downs on the consolidated operating result of the Group in the fourth quarter of 2018 was PLN 14.1 million.
- In the fourth quarter of 2018 the Group's operating costs were significantly lower than in the analogous period of 2017. This is due to the fact that in the fourth quarter of 2017 the results of the Agora Group were burdened with the amount of PLN 88.9 million of write-down costs. They burdened the results of the Print, Internet and Press segments and affected comparability of the results in these segments and in the entire Agora Group. In the fourth quarter of 2018 operating costs in the Print segment decreased to PLN 21.6 million from PLN 74.5 million reported in the analogous period of 2017. In the fourth quarter of 2017 this segment was burdened with PLN 51.6 million of asset write-down costs. Most of other cost items in this segment were also reduced as a result of lower production volume and lower headcount. In the fourth quarter of 2018 operating costs in the Internet segment amounted to PLN 48.4 million (including costs of write-downs of PLN 7.5 million), and in the analogous period of 2017 – PLN 65.8 million (including costs of write-downs of PLN 21.8 million). This segment saw lower promotion and marketing costs, staff costs and external service costs, as compared to the fourth quarter of 2017. The operating costs in the Press segment decreased to PLN 60.8 million from PLN 71.0 million reported in the analogous period of 2017. In the fourth quarter of 2017 the segment incurred write-down costs in the amount of PLN 13.2 million. In the fourth quarter of 2018 the segment was burdened with the cost of a write-down on the value of *Ładny Dom* in the amount of PLN 2.3 million and write-down of receivables from Ruch S.A. under accelerated arrangement proceeding in the amount of PLN 4.0 million. The increase in operating costs in the Movies and Books segment by 6.1% to PLN 121.6 million was largely driven by the expansion of the Helios cinema network, higher cinema attendance and higher staff costs. Operating costs in the Radio segment increased by 13.7% to PLN 30.8 million, mainly due to higher promotion and marketing costs. Operating costs in the Outdoor Advertising segment increased by 3.8% to PLN 40.6 million, mainly due to higher promotion and marketing costs, as well as system maintenance costs.
- In 2018, the Group's operating costs amounted to PLN 1,140.3 million, and were 7.9% lower than in 2017, mainly due to the cost of write-downs totalling PLN 88.9 million, which burdened the Group's results in the fourth quarter of 2017. The Group's operating result in 2018 was also burdened with costs of extraordinary events. They include the costs of restructuring in the Print and Press segments in the amount of PLN 3.6 million, a write-down of receivables from Ruch S.A. under accelerated arrangement proceeding in the amount of PLN 20.3 million as well as a write-down on the value of magazines in the Press segment amounting to PLN 2.3 million and asset write-down costs in the Internet segment in the amount of PLN 7.5 million. The Group's performance and the level of its operating costs were positively affected by the profit from the sale of real estates in Gdansk and Warsaw, amounting to PLN 13.9 million. In 2018 the sharpest decrease in operating costs was reported in the Print segment - a decrease by PLN 84.6 million to reach PLN 80.5 million. This is mainly attributable to the write-down which in the fourth quarter of 2017 burdened the results of this segment with the amount of PLN 51.6 million, as well as a significant reduction of all cost items, including depreciation in respect of write-downs. This resulted from lower production volume in the Agora Group's printing houses and cuts in employment. Operating costs reported by the Internet segment decreased to PLN 162.2 million. This was affected, apart from the costs of write-downs in the fourth quarter of 2017 (PLN 21.8 million), by lower promotion and marketing costs as well as lower staff costs. A slight decrease in operating costs (to PLN 385.7 million) was reported in the Movies and Books segment. It resulted mainly from lower promotion and marketing costs and lower depreciation related to the one-off accelerated depreciation of analog projectors in the fourth quarter of 2017. Most of the remaining cost items grew higher in connection with development of the Helios cinema network. In 2018, the operating costs in the Outdoor segment

increased by 7.6% to PLN 144.9 million due to the development of the network and better implementation of sales targets. Likewise, the operating costs in the Radio segment grew by 1.5% to reach the amount of PLN 98.8 million. This was mainly caused by higher staff costs. The analysed period also saw an increase in operating costs in the Press segment – they increased to PLN 238.6 million. This is mainly the effect of write-offs of receivables from Ruch S.A under accelerated arrangement proceeding and write-downs. All cost items related to operating activities of this segment were reduced.

- In the fourth quarter of 2018, the Group's EBITDA increased to reach PLN 47.5 million, while throughout 2018, it was lower than in 2017, totalling PLN 98.4 million, mainly due to write-offs of receivables from Ruch S.A. under accelerated arrangement proceeding. From the fourth quarter of 2017, the EBITDA indicator, which was previously defined by the Company as EBIT increased by depreciation, does not include the costs of write-downs on tangible fixed assets and intangible assets.
- In the fourth quarter of 2018 the Group reported EBIT profit totalling PLN 14.7 million, and in the entire 2018 – PLN 0.9 million. The Company was able to achieve this result despite the costs of extraordinary events that burdened the Group's performance in both analysed periods. In the fourth quarter of 2018, the Group's net profit amounted to PLN 2.3 million, and in the entire 2018 – to PLN 9.4 million. The net profit attributable to equity holders of the parent company amounted to PLN 0.3 million in the fourth quarter of 2018, and to PLN 5.1 million in the entire year 2018.
- Operating result of the Agora Group, both in 2017 and 2018, was affected by a series of one-off events. In 2017, the most important factor with a negative impact on the Group's results was the asset write-downs totalling PLN 88.9 million. On the other hand, the Group's net results were positively affected by the profits from disposal of the remaining shares in Green Content Sp. z o.o. In 2018 the Group's EBIT result was positively affected by the profit from the sale of real estates in Gdansk and Warsaw, amounting to PLN 13.9 million. The net result of the Group was postively affected by the profit from the sale of the shares of Stopklatka S.A. in the amount of PLN 26.7 million. On the other hand, the net result was negatively affected by the write-off of receivables from Ruch S.A under accelerated arrangement proceeding in the amount of PLN 20.3 million, write-down on the value of GoldenLine in the amount of PLN 6.9 million and write-downs on the value on magazines in the amount of PLN 2.3 million.
- As at the end of 31 December 2018, the Group had PLN 155.4 million in cash and short-term monetary assets, which comprised cash and cash equivalents in the amount of PLN 33.0 million and PLN 122.4 million invested in short-term securities.
- As at the end of December 2018, the Group's debt amounted to PLN 97.8 million (including external debt of Helios S.A. consisting of bank loans and finance lease liabilities in the amount of PLN 73.2 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 fourth quarter of 2018, total advertising spending in Poland amounted to ca PLN 2.8 billion and increased by 4.5% yoy.

Tab. 1

	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	1Q 2018	2Q 2018	3Q 2018	4Q 2018
% change yoy in ad market value	3.5%	2.0%	0.5%	0.5%	5.5%	8.5%	9.0%	8.0%	4.5%

In the fourth quarter of 2018, advertisers increased advertising spending in all market segments apart from the press. The highest increase in advertising expenses took place in the Internet segment, they were also higher in outdoor advertising, cinema, radio and television. However, smaller advertising expenses were in dailies and magazines. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 2

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
4.5%	2.5%	11.5%	2.5%	7.0%	(8.5%)	(9.0%)	4.5%

The share of particular media segment in total advertising expenditure, in the fourth quarter of 2018, is presented in the table below:

Tab. 3

Advertising spendings, in total	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	47.0%	32.5%	6.5%	5.5%	4.5%	2.0%	2.0%

In 2018, total advertising spending in Poland amounted to ca PLN 9.6 billion and increased by 7.5% yoy. At that time, advertisers limited their expenditure in press. The growth of advertising expenditure was visible in the internet, television, cinema, radio and outdoor. The data relating to the changes in the value of advertising expenditure in particular media segments are presented in the table below:

Tab. 4

Total advertising expenditure	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
7.5%	6.5%	13.5%	5.5%	5.0%	(7.0%)	(7.0%)	6.0%

The share of particular media segment in total advertising expenditure, in 2018, is presented in the table below:

Tab. 5

Share in total advertising spendings	Television	Internet	Radio	Outdoor	Magazines	Dailies	Cinema
100.0%	46.0%	33.5%	7.0%	5.5%	4.5%	2.0%	1.5%

1.2 Copy sales of dailies [4]

In the fourth quarter of 2018, the total paid circulation of dailies in Poland decreased by 10.7%, and in the entire 2018 by 10.9%. The largest decrease in both periods was observed in the segment of regional dailies.

1.3 Cinema admissions [10]

The number of tickets sold in Polish cinemas in the fourth quarter of 2018 increased by 15.5% as compared to the fourth quarter of 2017 and amounted to nearly 18.9 million tickets. In turn, in the entire 2018, attendance in cinemas increased by 5.5% compared to 2017, and the number of tickets sold amounted to over 59.7 million.

In the fourth quarter of 2018 the numer of tickets sold in Helios cinemas amounted to over 4.5 million, which means it grew by 24.6% yoy. In 2018 the number of tickets sold reached 12.7 million, which means it grew by 4.4% in comparison to 2017.

The upward trend on the cinema market has been continuing since 2013, when the number of tickets sold amounted to 36.3 million. In subsequent years, it amounted to 40.5 million (2014), 44.7 million (2015), 52.0 million (2016) and 56.6 million (2017).

2. INTERNAL FACTORS

2.1. Revenue

Tab. 6

in million PLN	**4Q 2018**	**% share**	**4Q 2017**	**% share**	***% change yoy***
Total sales (1)	**346.1**	***100.0%***	**330.4**	***100.0%***	***4.8%***
Advertising revenue	165.2	*47.7%*	168.3	*50.9%*	*(1.8%)*
Ticket sales	80.2	*23.2%*	66.6	*20.2%*	*20.4%*
Copy sales	36.2	*10.5%*	34.5	*10.4%*	*4.9%*
Concession sales in cinemas	31.3	*9.0%*	24.7	*7.5%*	*26.7%*
Printing services	15.2	*4.4%*	16.7	*5.1%*	*(9.0%)*
Other	18.0	*5.2%*	19.6	*5.9%*	*(8.2%)*

in million PLN	**1-4Q 2018**	**% share**	**1-4Q 2017**	**% share**	***% change yoy***
Total sales (1)	**1,141.2**	***100.0%***	**1,165.5**	***100.0%***	***(2.1%)***
Advertising revenue	554.5	*48.6%*	550.1	*47.2%*	*0.8%*
Ticket sales	236.4	*20.7%*	222.2	*19.1%*	*6.4%*
Copy sales	131.1	*11.5%*	134.3	*11.5%*	*(2.4%)*
Concession sales in cinemas	90.2	*7.9%*	83.1	*7.1%*	*8.5%*
Printing services	63.7	*5.6%*	94.0	*8.1%*	*(32.2%)*
Other	65.3	*5.7%*	81.8	*7.0%*	*(20.2%)*

(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 fourth quarter of 2018, **the Group's total revenues** amounted to PLN 346.1 million and were 4.8% higher than the proceeds recorded in the fourth quarter of 2017.

In the fourth quarter of 2018, the Agora Group's **proceeds from the sale of advertising services** decreased by 1.8% yoy and amounted to PLN 165.2 million. They were lower in the Press, Movies and Books and Internet segments. It is worth noting that, in the case of the Press segment, the dynamics of the segment's advertising revenues, apart from market trends, were affected by discontinuation of publishing of subsequent press titles. However, increased revenues from the sales of advertising services were recorded in the Outdoor Advertising and Radio segments.

In the fourth quarter of 2018, **revenues from tickets sold in the Helios cinemas** increased by 20.4% and amounted to PLN 80.2 million. In the analysed period, over 4.5 million tickets were sold in the Helios cinemas, which meant a year-on-year increase of 24.6%. In the same period, the overall number of cinema tickets sold in Poland was nearly 18.9 million and increased by 15.5% *[10]*.

In the fourth quarter of 2018, **the Group's copy sales revenue** amounted to PLN 36.2 million and increased by 4.9% compared to the analogous period in 2017. This was mainly caused by higher revenues from the sales of printed publications in the Press segment, resulting from the increased copy price of *Gazeta Wyborcza*, as well as higher proceeds from the subscription of paid content on the Wyborcza.pl portal. At the end of 2018, the number of digital subscriptions of *Gazeta Wyborcza* was 170.5 thousand.

Cinema concession sales increased by 26.7% to PLN 31.3 million. This was mainly affected by significantly higher cinema attendance.

In the fourth quarter of 2018, **revenues from the sales of printing services** of the Agora Group were lower than in the analogous period of 2017 and stood at PLN 15.2 million. This was predominantly due to a lower volume of orders in the coldset technology.

Revenues from other sales amounted to PLN 18.0 million and were lower than those recorded in the fourth quarter of 2017, mainly due to lower revenues from film distribution.

In 2018, **the Group's total revenues** amounted to PLN 1,141.2 million, and were 2.1% lower than in 2017.

In 2018, **advertising revenues** of the Agora Group were higher and amounted to PLN 554.5 million. They increased significantly in the Internet segment – mainly thanks to the dynamic development of Yieldbird, and in the Outdoor segment – thanks to consistent development of Premium Citylight, Digital and CityTransport media. An increase in the sales of advertisement in radio stations owned by the Agora Radio Group was reported in the Radio segment. Proceeds from the sales of advertising services decreased in the Press and Movies and Books segments. The sharpest decrease in advertising revenue was recorded in the Press segment, i.a. due to lower proceeds from the sale of advertisement in the paper edition of *Gazeta Wyborcza* and discontinuation of selected press titles. Lower proceeds from the sale of advertising services in the Movies and Books segments were a result of a smaller number of campaigns settled in the form of barter transactions.

In 2018, **revenues from tickets sold in Helios cinemas** increased by 6.4% and amounted to PLN 236.4 million. In the reporting period, the number of tickets sold in Helios cinemas amounted to 12.7 million, which meant a year-on-year increase by 4.4%. In the same period, the overall number of cinema tickets sold in Poland was over 59.7 million and increased by 5.5% *[10]*.

In 2018, **the copy sales revenue** amounted to PLN 131.1 million and decreased by 2.4% year-on-year. The factors that influenced the level of the Group's copy sales revenue were, among others, the continued downward trend with regard to copy sales of printed press and discontinuation of selected press titles. They were partially counterbalanced by higher proceeds yoy from the sale of titles published by Agora's Publishing House and the sale of subscriptions of content on the Wyborcza.pl portal. At the end of 2018, the number of digital subscriptions of *Gazeta Wyborcza* was 170.5 thousand.

Revenues from cinema concession sales increased by 8.5%, to PLN 90.2 million in 2018. This was mainly due to higher cinema attendance.

In 2018, **revenues from the sales of printing services** in the Group amounted to PLN 63.7 million and were lower by 32.2% year-on-year, which was mainly related to lower volume of orders in the coldset technology.

Revenues from other sales amounted to PLN 65.3 million and decreased by 20.2% yoy, mainly due to lower proceeds from the Groups' film business in the analysed period.

2.2. Operating cost

Tab. 7

in million PLN	**4Q 2018**	**% share**	**4Q 2017**	**% share**	***% change yoy***
Operating cost net, including:	**(331.4)**	***100.0%***	**(404.6)**	***100.0%***	***(18.1%)***
External services	(127.3)	*38.4%*	(122.4)	*30.3%*	*4.0%*
Staff cost	(87.3)	*26.3%*	(87.2)	*21.6%*	*0.1%*
Raw materials, energy and consumables	(42.3)	*12.8%*	(39.8)	*9.8%*	*6.3%*
D&A	(22.7)	*6.8%*	(28.4)	*7.0%*	*(20.1%)*
Promotion and marketing	(23.2)	*7.0%*	(22.5)	*5.6%*	*3.1%*
Impairment losses (2)	(10.1)	*3.0%*	(88.9)	*22.0%*	*(88.6%)*
Imairment allowance for receivables from RUCH S.A. covered under a.a.p.(3)	(4.0)	*1.2%*	-	-	-

in million PLN	**1-4Q 2018**	**% share**	**1-4Q 2017**	**% share**	***% change yoy***
Operating cost net, including:	**(1,140.3)**	***100.0%***	**(1,238.5)**	***100.0%***	***(7.9%)***
External services	(438.7)	*38.5%*	(430.8)	*34.8%*	*1.8%*
Staff cost	(328.7)	*28.8%*	(327.6)	*26.5%*	*0.3%*
Raw materials, energy and consumables	(153.1)	*13.4%*	(170.9)	*13.8%*	*(10.4%)*
D&A	(87.6)	*7.7%*	(103.0)	*8.3%*	*(15.0%)*
Promotion and marketing	(67.5)	*5.9%*	(74.7)	*6.0%*	*(9.6%)*
Cost of restructuring (1)	(3.6)	*0.3%*	-	-	-
Impairment losses (2)	(9.9)	*0.9%*	(88.9)	*7.2%*	*(88.9%)*
Imairment allowance for receivables from RUCH S.A. covered under a.a.p.(3)	(20.3)	*1.8%*	-	-	-

(1) includes costs related to group lay-offs executed in Print segment in the first quarter of 2018 and costs of restructuring in Magazines division in the second quarter of 2018.

(2) the amounts include impairment losses on property, plant and equipment and intangible assets, in 2018 impairment losses relate mainly to Goldenline domain and the monthly Ladny Dom*, in 2017 the impairment losses relate mainly to the non-current assets in Print segment, the goodwill of Domiporta Sp. z o.o. (previous Trader.com. (Polska) Sp. z o.o) and the monthly* Cztery Katy.

(3) the amount includes an impairment allowance for receivables from Ruch S.A., which are covered under the accelerated arrangement procedure (a.a.p.).

In the fourth quarter of 2018**, net operating costs** of the Agora Group decreased by 18.1%, and amounted to PLN 331.4 million. The above figures and dynamics were significantly affected by write-downs on assets, which in the fourth quarter of 2017 burdened the Group's results with the amount of PLN 88.9 million, whereas in the fourth quarter of 2018 the total value of write-downs (on assets and receivables from RUCH S.A.) was PLN 14.1 million.

Costs of external services, which increased by 4.0% to PLN 127.3 million, were the largest cost item. This was a consequence of, i.a., higher costs of film copy purchase at Helios cinemas, which was associated with an increased revenue from ticket sales, as well as higher rental costs and lease fees. By contrast, costs related to the film business of NEXT FILM were lower.

In the fourth quarter of 2018, **staff costs** were comparable to those reported in the analogical period of 2017 and stood at PLN 87.3 million. The highest increase in staff costs took place in the Movies and Books segment, which was associated with the higher headcount at Helios cinemas as a result of higher number of cinemas and the increase in the minimum hourly rate since the beginning of 2018. This cost position was higher in the Radio segment, mainly due to higher fixed wages, incentive bonuses and costs of training and courses. These costs were reduced in the Press, Outdoor, Print and Internet segments, mainly due to reduction in FTE.

At the end of December 2018, the Group's **FTE headcount** was 2,711 FTEs, i.e. it decreased by 136 FTEs compared to the end of December 2017 (the number includes FTEs cut down in the restructuring process in the Press and Print segments). This reduction results from a lower level of employment in the Print, Press and Internet segments.

The year-on-year increase in the **cost of materials and energy consumed and the value of goods and materials sold** results mainly from higher concession sales at cinemas and higher costs of production services in the Print segment related to higher prices of paper.

The Group's **promotion and marketing costs** increased in the fourth quarter of 2018 by 3.1% to PLN 23.2 million. This resulted mainly from their increase in the Radio segment due to the completed promotion campaigns of Radio Zlote Przeboje and Radio Pogoda, as well as higher spending in the sales department. Expenditure on promotion was also higher in the Outdoor segment due to the completed commercial and sponsorship campaigns. In the Press segment, the costs were similar to those recorded in the fourth quarter of 2017. However, they decreased in the Internet and Movies and Books segments.

In the fourth quarter of 2018, **depreciation costs** decreased by 20.1% and amounted to PLN 22.7 million. This was a result of, i.a., write-downs on assets in the Print, Movies and Books segments and an acceleration of depreciation in supporting departments of Agora S.A. made in the fourth quarter of 2017.

In 2018, **operating costs** of the Agora Group amounted to PLN 1,140.3 million and were 7.9% lower than in 2017. The amount of the Group's operating costs in that period was heavily affected by one-off events, such as: write-offs on receivables from Ruch S.A. under accelerated arrangement proceeding, write-downs on assets, restructuring costs and profit from the sale of real estates. Total negative impact of those events on the Group's operating costs in 2018 was PLN 19.9 million. At the same time, it is worth noting that in 2017 the level of operating costs of the Agora Group was also increased by write-downs totalling PLN 88.9 million.

In 2018, the **costs of external services** increased by 1.8%, to PLN 438.7 million. The increase in this cost position is mainly attributable to the Internet segment, in which the growth was associated with higher costs of lease of advertising space in Yieldbird and was counterbalanced by higher advertising revenues.

In 2018, **staff costs** slightly increased to reach PLN 328.7 million. This was mainly due to higher staff costs in the Movies and Books segment, related to the rise in the minimum hourly rate since the beginning of 2018, larger number of Helios cinemas, and development of the restaurant business. An increase in staff costs was also recorded in the Outdoor and Radio segments. In the Group's other operational segments staff costs decreased yoy. The largest decrease was reported in the Press segment.

A significant decrease in **the cost of materials and energy consumed and cost of goods and materials sold** (by 10.4% to PLN 153.1 million) resulted mainly from the lower production volume in the Print segment and the lower volume of main press titles published in the Agora Group.

Promotion and marketing costs were also lower in the reporting period and amounted to PLN 67.5 million. This resulted mainly from their reduction in the Movies and Books, Internet, Press and Radio segments. Only the Outdoor segment reported an increase in these costs.

In the entire 2018, **depreciation costs** decreased by 15.0% and amounted to PLN 87.6 million. This was a result of, int. al., write-downs on assets in the Print, Movies and Books segments and an acceleration of depreciation in supporting departments of Agora S.A. made in the fourth quarter of 2017.

3. PROSPECTS

On March 5th, 2019, the Company informed about initation of introduction of optimization measures in the Group's printing business. Agora's decision to undertake optimization measures, including group layoffs, is related to the ongoing decrease of revenues from sales of print services in the coldset technology in which Agora Group's printing plants specialize. This trend mainly results from the drop in circulation of printed press, whose publishers are the largest group of clients of the Company's coldset printing plants. Services commissioned by clients from other market segments, including those executed in the heatset technology, present a significantly smaller share in the Group's income from printing activity; due to infrastructural constraints, they never were, nor are able to compensate the decrease of revenues from coldset printing services.

The Management Board of the Company started consultation with the trade unions operating at the Company and the works councils operating in Agora S.A. and in Agora Poligrafia Sp. z o.o. on collective redundancy process and provided the relevant Labor Office with information on the intention to execute group layoffs in the Company and in Agora Poligrafia Sp. z o.o. The process will last up to 30 days after the agreement with the trade unions and works councils is made.

The intention of the Management Board of Agora S.A. is to lay off up to 153 employees mainly of the Print segment of Agora Group (which is 57% of employees of this segment, including 90% of employees in Tychy print plant - Agora Poligrafia Sp. z o.o. and 90% of employees in Pila print plant - Agora S.A., as at March 1st, 2019).

Whole printing business of the Agora Group will be concentrated in Warsaw, whereas operational activity of printing plants in Pila and Tychy will be phased out till June 30th, 2019. The plant located in Warsaw offers the largest range of printing services both in coldest and heatset technology, thereby it most fully meets the needs of Agora and its customers.

The provision regarding employment restructuring shall burden the financial results of the Company and of Agora Group in the 1st quarter of 2019, and the Company will disclose its estimates after the process of consultation is finalized.

In 2018, Agora became a minority shareholder in ROI Hunter - in two financing rounds (each of EUR 2.2 million) it will take up a total of almost 24% of shares in the company's increased share capital. In 2019, if ROI Hunter meets agreed business goals in 2018 and after the company's financial statements for 2018 have been accepted by the shareholders of ROI Hunter, Agora will acquire further shares in ROI Hunter in the second funding round. According to preliminary, unaudited financial data for 2018, these goals have been achieved by ROI Hunter.

In 2019, for the first time both the level of revenues and operating costs of the Group will be clearly influenced by the restaurant business, which the Helios group has already started in 2018, and in 2019 plans for its dynamic development. In 2019, Foodio Sp. z o.o. plans the launch of approximately 20 locations in two developed gastronomic concepts (Papa Diego and Van Dog). In addition, in 2019, as part of catering activities, Helios will start, together with business partners, to develop a restaurant chain with burgers under the Pasibus brand. In 2019, restaurant business carried out within the Helios group may have a negative impact on the operating results of the Agora Group.

In 2019, the Company also expects significantly higher revenues from film operations, as well as the positive impact of this area on the operating result of the Agora Group.

Additionally, thanks to the acquisition of a 40% stake in the capital group of Eurozet Sp. z o.o. a positive effect on the net result of the Agora Group in 2019 will be the consolidation using the equity method of the share in the profit of the Eurozet Group.

3.1 Revenue

3.1.1 Advertising market [3]

The advertising market in Poland in the fourth quarter of 2018 increased by 4.5%. Advertisers spent around PLN 2.8 billion promoting their products and services during this time. Throughout 2018, the value of advertising spending increased by 7.5% to approximately PLN 9.6 billion.

According to the Company's estimates, in 2019 the value of advertising spending in Poland should increase from 2.5 to 4.5% compared to 2018. The data on estimated changes in the dynamics of particular media segments are presented in the table below:

Tab. 8

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

3.1.2 Copy sales

In 2019, negative trends regarding the decline in copy sales of dailies and magazines in printed form will continue. Their dynamics depends in part also on the condition of the Polish press distribution market. In addition, the Company regularly reviews the portfolio of press titles, which may be reflected in both the number of copies sold and revenues from copy sales. In 2018, the Company decided to stop issuing four titles: *Ladny Dom*, *Cztery Katy*, *Dziecko* and *Niezbednik ogrodnika*, and sold the rights to issue *Swiat Motocykli*. Due to a significant reduction in the portfolio of titles, the Company simplified the organizational structure of the Press segment. The consequences of these decisions will be visible in the revenues generated by Agora's magazines. At the same time, the Company is working on the development of digital publishing. At the end of December 2018, the number of paid digital subscriptions of *Gazeta Wyborcza* amounted to 170.5 thousand, and the share of revenues from the sale of digital subscriptions is systematically growing.

3.1.3 Ticket sales

The most significant factors affecting attendance in Polish cinemas are the repertoire, the weather, the wealth of the Polish society and the distance to the cinema. Based on the available information, the number of tickets sold in Polish cinemas in 2018 amounted to over 59.7 million, an increase of 5.5% compared to 2017. *[10].* The available movie repertoire for 2019 suggests that throughout 2019 the attendance should be at a similar level to that recorded in 2018.

3.2 Operating cost

In 2019 the level of operating cost of the Company will be affected by the optimization of the Group’s printing business and the lay-offs of up to 153 employees in this business area. The company shall publish the final amount of provision with the financial results for the first quarter of 2019.

Additionally, the development of food business within the Helios group will have a significant impact on the structure and level of the Group's operating costs in 2019.

It is worth noting that both the structure and the level of the Group's operating costs will be significantly influenced by activity in food sector, which the Agora Group plans to increase dynamically in 2019.

3.2.1 Costs of external services

The costs of external services in 2019 will largely depend on the costs of lease of advertising space - especially in Yieldbird, costs of film copy purchase related directly to the level of revenue from ticket sales, and the EUR/PLN exchange rate. The increase in this cost item will be additionally affected by the opening of new cinema facilities in 2019 (in Warsaw, Legionowo and Pabianice), fees for film producers in connection with the film business conducted by NEXT FILM, development of activities in the food sector and implementation of other development projects.

3.2.2 Staff cost

According to the Company's estimates, in 2019, the staff costs will be at a higher level than in 2018. The largest increase in this cost item will take place in the Movies and Books segment due to the development of restaurant business and the opening of new cinema facilities. A significant impact, in particular in the Helios cinema network, on the staff costs will also have an increase in the minimum rate per hour of work to PLN 14.7. Increasing the staff costs was also planned in the Internet, Outdoor and Radio segments. The cost position will be reduced in the Press segment as a result of lower FTE and the resignation from issuing selected press titles in 2018. In addition, in March 2019 the Company announced the group lay-off process in the Print segment. Therefore, in the first quarter of 2019, the results of the Agora Group will be charged with a provision regarding the process.

3.2.3 Promotion and marketing cost

In 2019, Agora Group is planning to implement more development activities, which include promotional activities. The dynamics of changes in individual media, the number of launched development projects as well as market activities of the Group's competitors may affect the level of these expenses. Considering the above factors, the Company estimates that in 2019 this cost item may increase, in particular in connection with the Group's operations in the field of film production and distribution and in the Radio segment.

3.2.4 Cost of raw materials and energy

In the Company's opinion, in 2019, this cost item will be significantly influenced by the estimated growth of energy prices by approximately 40%. On January 1, 2019, a law came into force, which provides for the determination of electricity prices for end consumers at the level of tariffs and price lists of sellers in force on June 30, 2018. Unfortunately, until the publication date of this report, implementing regulations to the above Act were not adopted. Therefore, there is no certainty that it will be possible to maintain energy prices on the level provided for in the Act, despite a significant market increase in electricity prices.

The largest impact on this cost item has the printing activity conducted within the Group, in particular costs of production materials, production volume and the EUR/PLN exchange rate.

The company estimates that due to optimization measures and limiting the volume of printed titles, the value of this cost item will be significantly lower than in 2018.

The increase in this cost item will be visible in the Movie and Books segment, which is associated with the development of cinema and restaurant businesses.

4. THE GROWTH DIRECTIONS OF THE AGORA GROUP

The primary objective of the Company's Management Board is to accelerate the development of the capital group and to extend its range. The new strategy of the Agora Group for the years 2018-2022 is based on the following pillars:

- systematic development of the existing businesses, also through the acquisions
- expansion of the largest project offer by innovative products or premium services
- development of a new business in promising market segments.

As far as development of the existing businesses is concerned, the Agora Group is focused on:

- developing the sale of quality content in the subscription model and strengthening the leader position in this segment. The Group wishes to triple the average number of subscriptions of *Gazeta Wyborcza* and podcasts of TOK FM Radio, and also to ensure better monetisation of this business model. Ultimately in the year 2022, half of the revenues of *Gazeta Wyborcza* is to be generated from digital sources and its profitability is expected to improve regularly. The Company is working steadily to achieve this objective. At the end of 2018, the number of digital subscriptions of *Gazeta Wyborcza* reached a record level of 170.5 thousand and the share of digital revenues of *Gazeta Wyborcza* increased.

- developing the Helios cinema network, which is the foundation of Agora's presence in the leisure segment in Poland. The number of Helios cinemas will be systematically growing, also in large agglomerations. The cinema offer will be enriched with new screening rooms built on the basis of "Helios Dream" concept.

- AMS's transition into the next phase of development through changes in the media portfolio structure – especially thanks to the increased share of premium media, as well as the wider offer of digital solutions, including solutions integrated with street furniture.

An example of the expansion of significant projects by innovative products or premium services is the continued dynamic development of Yieldbird, a leader in the ad-tech industry, through the introduction of a product operating in SaaS model into the offer. Yieldbird has achieved global success with its business so far and continues to grow in foreign markets.

Agora also intends to rapidly enter the B2B service market and become a partner for e-commerce companies. The Group intends to develop the new business through acquisitions. Additionally, Agora is intensively researching the market in terms of new business areas, focusing particularly on projects involving outdoor leisure activities. An example of such activities is Foodio Concepts, a company which started its operational activity in 2018, launching the first three restaurants under the Papa Diego brand. In 2019 the Company is planning to open about 20 restaurants, also under Van Dog brand, which is not yet present on the market. In March 2019, Agora announced also initation of negotiations to jointly develop the network of restaurants specialized in hamburgers under the brand Pasibus. The main foundation of this development is Helios, a leader in the Polish cinema market.

The Management Board of Agora has informed that in the course of the announced strategic plan, it is willing to invest about PLN 430 million in the existing businesses. When it comes to development of new projects, the Management Board is willing to spend PLN 500 million, investing in projects from the following sectors: leisure and entertainment, B2B services for e-commerce and other concepts. Also, Agora does not exclude investments strengthening its existing business, especially in the areas where the possibilities of dynamic organic growth have been exhausted. In February 2019, the Company acquired 40.0% shares in Eurozet Sp. z o.o. the broadcaster of the second radio station in terms of coverage. This transaction may affect the verification of the Group's investment intentions in non-media business.

5. INFORMATION ON CURRENT AND EXPECTED FINANCIAL SITUATION OF THE GROUP

The Management Board of Agora S.A. is of the opinion that current and expected financial situation of the Group is stable and its financial liquitidy is not threatened. The detailed description of the Group's financial situation and its financial results are presented in the section III of this Management Discussion and Analysis for the year 2018.

III. FINANCIAL RESULTS

1. THE AGORA GROUP

The consolidated financial statements of the Agora Group for 2018 include: Agora S.A. and 18 subsidiaries, which operate principally in the internet, print, cinema, radio and outdoor segments. Additionally, as at 31 December 2018 the Group held shares in jointly controlled entities: Online Technologies HR Sp. z o.o. and Instytut Badan Outdooru IBO Sp. z o.o., as well as in associated companies: Hash.fm Sp. z o.o. and ROI Hunter a.s.

A detailed list of companies of the Agora Group is presented in the point V.B.1 and selected financial data together with translation into EURO are presented in note 41 to the consolidated financial statements for 2018.

2. PROFIT AND LOSS ACCOUNT OF THE AGORA GROUP

Tab. 9

in PLN million	**4Q 2018**	**4Q 2017**	*% change yoy*	**1-4Q 2018**	**1-4Q 2017**	*% change yoy*
Total sales (1)	**346.1**	**330.4**	***4.8%***	**1,141.2**	**1,165.5**	***(2.1%)***
Advertising revenue	165.2	168.3	*(1.8%)*	554.5	550.1	*0.8%*
Ticket sales	80.2	66.6	*20.4%*	236.4	222.2	*6.4%*
Copy sales	36.2	34.5	*4.9%*	131.1	134.3	*(2.4%)*
Concession sales in cinemas	31.3	24.7	*26.7%*	90.2	83.1	*8.5%*
Printing services	15.2	16.7	*(9.0%)*	63.7	94.0	*(32.2%)*
Other	18.0	19.6	*(8.2%)*	65.3	81.8	*(20.2%)*
Operating cost net, including:	**(331.4)**	**(404.6)**	***(18.1%)***	**(1,140.3)**	**(1,238.5)**	***(7.9%)***
External services	(127.3)	(122.4)	*4.0%*	(438.7)	(430.8)	*1.8%*
Staff cost	(87.3)	(87.2)	*0.1%*	(328.7)	(327.6)	*0.3%*
Raw materials, energy and consumables	(42.3)	(39.8)	*6.3%*	(153.1)	(170.9)	*(10.4%)*
D&A	(22.7)	(28.4)	*(20.1%)*	(87.6)	(103.0)	*(15.0%)*
Promotion and marketing	(23.2)	(22.5)	*3.1%*	(67.5)	(74.7)	*(9.6%)*
Cost of restructuring (2)	-	-	-	(3.6)	-	-
Gain on sale of property (3)	-	-	-	13.9	-	-
Impairment allowance for receivables from RUCH S.A. covered under a.a.p. (4)	(4.0)	-	-	(20.3)	-	-
Impairment losses (5)	(10.1)	(88.9)	*(88.6%)*	(9.9)	(88.9)	*(88.9%)*
Operating result - EBIT	**14.7**	**(74.2)**	**-**	**0.9**	**(73.0)**	**-**
Finance cost, net, incl.:	**(5.0)**	**(6.3)**	***(20.6%)***	**20.8**	**2.5**	***732.0%***
Income from short-term investment	0.7	0.8	*(12.5%)*	2.5	2.5	-
Costs related to bank loans and finance lease	(0.9)	(1.0)	*(10.0%)*	(3.4)	(4.0)	*(15.0%)*
Gain on sale of shares (6)	-	-	-	26.7	10.2	*161.8%*
Revaluation of put options (7)	(4.2)	(5.9)	*(28.8%)*	(4.2)	(5.9)	*(28.8%)*
Share of results of equity accounted investees	**(0.2)**	**0.3**	**-**	**(0.8)**	**(4.7)**	***83.0%***
Profit/(loss) before income tax	**9.5**	**(80.2)**	**-**	**20.9**	**(75.2)**	**-**
Income tax	(7.2)	7.9	-	(11.5)	(4.1)	*180.5%*
Net profit/(loss) for the period	**2.3**	**(72.3)**	**-**	**9.4**	**(79.3)**	**-**
Attributable to:						
Equity holders of the parent	0.3	(73.5)	-	5.1	(83.5)	-
Non - controlling interest	2.0	1.2	*66.7%*	4.3	4.2	*2.4%*

EBIT margin (EBIT/Sales)	*4.2%*	*(22.5%)*	*26.7pp*	*0.1%*	*(6.3%)*	*6.4pp*
EBITDA (8)	**47.5**	**43.1**	***10.2%***	**98.4**	**118.9**	***(17.2%)***
EBITDA margin (EBITDA/Sales)	*13.7%*	*13.0%*	*0.7pp*	*8.6%*	*10.2%*	*(1.6pp)*

(1) particular sales positions, apart from ticket and concession sales in cinemas and printing services, include sales of Agora's Publishing House and film activities (functioning within the Movies and Books segment), described in details in point IV.A in this report, incomes from e-commerce transactions were reassignmened from other revenues to advertising revenues, the presentation of data for the corresponding period of 2017 was adjusted accordingly;

(2) includes costs related to group lay-offs executed in Print segment in the first quarter of 2018 and costs of restructuring in Magazines division in the second quarter of 2018;

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

(4) the amount includes an impairment allowance for receivables from Ruch S.A., which are covered under the accelerated arrangement procedure (a.a.p.).

(5) the amounts include impairment losses on property, plant and equipment and intangible assets, in 2018 impairment losses relate mainly to GoldenLine domain and the monthly Ladny Dom, *in 2017 the impairment losses relate mainly to the non-current assets in Print segment, the goodwill of Domiporta Sp. z o.o. (*previous *Trader.com. (Polska) Sp. z o.o) and the monthly* Cztery Katy.

(6) relates to gain on sale of shares in Stopklatka S.A. in the second quarter of 2018 and profit from the sale of shares in Green Content Sp. z o.o. in the third quarter of 2017;

(7) relates to the revaluation of the liabilities resulting from put options granted to the non-controlling shareholders of Helios S.A. and GoldenLine Sp. z o.o., additional information concerning the remeasurement of put option liabilities is provided in note 34 to the consolidated financial statements

(8) 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. The main products, goods and services of the Agora Group

Major products, goods and services, as well as their volumes are presented in detail in part IV of this MD&A ("Operating review – major segments of the Agora Group"). The table below presents a percentage share in total revenues of the Agora Group.

Tab. 10

in million PLN	**1-4Q 2018**	**% share**	**1-4Q 2017**	**% share**	***% change yoy***
Total sales (1)	**1,141.2**	***100.0%***	**1,165.5**	***100.0%***	***(2.1%)***
Advertising revenue	554.5	*48.6%*	550.1	*47.2%*	*0.8%*
Ticket sales	236.4	*20.7%*	222.2	*19.1%*	*6.4%*
Copy sales	131.1	*11.5%*	134.3	*11.5%*	*(2.4%)*
Concession sales in cinemas	90.2	*7.9%*	83.1	*7.1%*	*8.5%*
Printing services	63.7	*5.6%*	94.0	*8.1%*	*(32.2%)*
Other	65.3	*5.7%*	81.8	*7.0%*	*(20.2%)*

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

2.2. Financial results presented according to major segments of the Agora Group for 2018 [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. 11

in PLN million	**Movies and Books**	**Press**	**Outdoor**	**Internet**	**Radio**	**Print**	**Reconciling positions (3)**	**Total (consoli-dated) I-IVQ 2018**
Total sales (1)	**419.1**	**214.1**	**171.9**	**177.8**	**116.0**	**71.5**	**(29.2)**	**1,141.2**
% share	36.7%	18.8%	15.1%	15.6%	10.2%	6.3%	(2.7%)	100.0%
Operating cost net (1)	**(385.7)**	**(238.6)**	**(144.9)**	**(162.2)**	**(98.8)**	**(80.5)**	**(29.6)**	**(1,140.3)**
EBIT	**33.4**	**(24.5)**	**27.0**	**15.6**	**17.2**	**(9.0)**	**(58.8)**	**0.9**
Finance cost, net								20.8
Share of results of equity accounted investees								(0.8)
Income tax								(11.5)
Net profit for the period								**9.4**
Attributable to:								
Equity holders of the parent								5.1
Non-controlling interest								4.3
EBITDA	**63.6**	**(20.9)**	**46.7**	**28.4**	**21.3**	**(0.6)**	**(40.1)**	**98.4**
CAPEX (2)	(54.5)	(1.9)	(9.2)	(8.4)	(2.4)	(0.5)	(8.2)	(85.1)

(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 27.0 million of non-current assets in 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 since the first quarter of 2018), 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.

2.3. Sales and markets

Over 90.0% of the total sales of the Group were related to sales in domestic market. Sales to foreign markets are realized mainly through the sales of printing and advertising services to foreign customers and sales of publications (including foreign subscriptions).

The Group does not depend on one particular customer. The biggest customers of the Group (in respect of the turnover) are press distributors and Google (companies unrelated to Agora S.A.). In 2018, the value of transactions with none of the distributors exceeded 10.0% of the Group's total revenues.

2.4. Suppliers

The Group does not depend on one particular supplier. Newsprint, printing services and film copy purchase are important cost items of the Group. Newsprint used for printing services for external customers and in order to print the Group's own titles is purchased from several suppliers. In 2018, the value of transactions with none of the suppliers exceeded 10.0% of the Group's total revenues.

2.5. Finance cost, net

Net financial activities of the Group for 2018 were influenced mainly by gain on sale of shares in Stopklatka S.A and revaluation of the liabilities resulting from put options granted to the non-controlling shareholders of subsidiaries. Moreover, the financial activities of the Group were affected by interest from bank deposits and costs of commissions and interest on bank loans and finance lease liabilities.

3. BALANCE SHEET OF THE AGORA GROUP

Tab. 12

in PLN million	**31-12-2018**	**30-09-2018**	***% change to 30-09-2018***	**31-12-2017 ***	***% change to 31-12-2017***
Non-current assets	**981.3**	**990.0**	**(0.9%)**	**991.3**	**(1.0%)**
share in balance sheet total	*70.1%*	*72.3%*	*(2.2pp)*	*70.5%*	*(0.4pp)*
Current assets	**418.5**	**379.7**	**10.2%**	**414.4**	**1.0%**
share in balance sheet total	*29.9%*	*27.7%*	*2.2pp*	*29.5%*	*0.4pp*
TOTAL ASSETS	**1,399.8**	**1,369.7**	**2.2%**	**1,405.7**	**(0.4%)**
Equity holders of the parent	**975.0**	**976.3**	**(0.1%)**	**995.6**	**(2.1%)**
share in balance sheet total	*69.7%*	*71.3%*	*(1.6pp)*	*70.8%*	*(1.1pp)*
Non-controlling interest	**21.1**	**19.1**	**10.5%**	**19.1**	**10.5%**
share in balance sheet total	*1.5%*	*1.4%*	*0.1pp*	*1.4%*	*0.1pp*
Non-current liabilities and provisions	**115.0**	**112.2**	**2.5%**	**106.4**	**8.1%**
share in balance sheet total	*8.2%*	*8.2%*	-	*7.6%*	*0.6pp*
Current liabilities and provisions	**288.7**	**262.1**	**10.1%**	**284.6**	**1.4%**
share in balance sheet total	*20.6%*	*19.1%*	*1.5pp*	*20.2%*	*0.4pp*
TOTAL LIABILITIES AND EQUITY	**1,399.8**	**1,369.7**	**2.2%**	**1,405.7**	**(0.4%)**

**data adjusted as described in note 2 to the consolidated financial statements.*

3.1. Non-current assets

The decrease in non-current assets, versus 31 December 2017 resulted mainly from depreciation and amortisation charges and impairment losses of property, plant and equipment and intangible assets, which were, to some extent, compensated by new investments and higher investments in equity accounted investees due to the purchase of shares in ROI Hunter a.s.

The decrease in non-current assets, versus 30 September 2018 results additionaly from the decrease of deffered tax assets.

3.2. Current assets

The increase in current assets, versus 31 December 2017, results mainly from the increase in short-term securities and cash and cash equivalents, which were, to some extent, compensated by the decrease in accounts receivable and the sale of properties by Agora S.A., which were presented as non-current assets held for sale as at 31 December 2017.

The increase in current assets, versus 30 September 2017, results mainly from the increase in accounts receivable, short-term securities and the increase in cash and cash equivalents

3.3. Non-current liabilities and provisions

The increase in non-current liabilities and provisions, versus 30 September 2018 and 31 December 2017, stems mainly from the increase in finance lease liabilities and higher put option liabilities.

3.4. Current liabilities and provisions

The increase in current liabilities and provisions, versus 31 December 2017, stems mainly from an increase in financial liabilities related to bank loans, finance lease and higher balance of put option liabilities, which were, to some extent, compensated by the decrease in income tax liabilities.

The increase in current liabilities and provisions, versus 30 September 2018, stems mainly from an increase in liabilities related to purchase of property, plant and equipment and higher balance of accruals, which were, to some extent, compensated by the decrease in financial liabilities related to bank loans.

4. CASH FLOW STATEMENT OF THE AGORA GROUP

Tab. 13

in PLN million	**4Q 2018**	**4Q 2017**	*% change yoy*	**1-4Q 2018**	**1-4Q 2017**	*% change yoy*
Net cash from operating activities	37.4	33.0	*13.3%*	81.1	77.3	*4.9%*
Net cash from investment activities	(13.2)	(26.5)	*(50.2%)*	(19.8)	(41.2)	*(51.9%)*
Net cash from financing activities	(17.2)	(34.0)	*(49.4%)*	(47.5)	(67.0)	*(29.1%)*
Total movement of cash and cash equivalents	**7.0**	**(27.5)**	**-**	**13.8**	**(30.9)**	**-**
Cash and cash equivalents at the end of period	**33.0**	**19.2**	***71.9%***	**33.0**	**19.2**	***71.9%***

As at 31 December 2018, the Group had PLN 155.4 million in cash and short-term monetary assets, which comprised cash and cash equivalents in the amount of PLN 33.0 million and PLN 122.4 million invested in short-term securities.

In 2018, Agora S.A. has not been engaged in any currency options or any other derivatives used for speculative purposes.

On May 18, 2018, Agora S.A. signed Annex No. 1 to the Credit Line Agreement ("Agreement") with DNB Bank Polska S.A. signed on 25 May 2017 Agora S.A. on the basis of which the Company has a credit limit at its disposal of PLN 110.0 million, which can be used by May 23, 2019 in accordance with rules similar to those set out in the Agreement. According to the Agreement the Company is provided with a credit facility in the current account of up to PLN 75.0 million ("Overdraft 1") that may be used to e.g. finance or refinance acquisitions, investment expenditure and the working capital and after the Agreement period will be automatically converted into a non-renewable loan repayable in quarterly instalments. The Company is also provided with a credit facility in the current account of up to PLN 35.0 million ("Overdraft 2") that can be used within the Agreement period to finance the working capital and other corporate purposes of the Company including cash pooling facility.

On February 20, 2019 r. Agora S.A. used the avaiable credit limit from Overdraft 1 in connection with the aquisition of shares in Eurozet Sp. z o.o.

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

4.1. Operating activities

The increase in net inflows from operating activities in 2018, as compared to previous year, stems mainly from the changes in working capital of the Group and lower income tax payments.

4.2. Investment activities

Net outflows from investing activities, in 2018, result mainly from expenditure on property, plant and equipment and intangibles, net outflows on the purchase of short-term securities and investments in associates. Those outflows were, to some extent, compensated by proceeds related to the sale of property, plant and equipment and proceeds from the sale of shares in Stopklatka S.A.

4.3. Financing activities

Net outflows from financing activities, in 2018, result mainly from dividend paid to equity holders of the parent and repayments of financial liabilities related to bank loans and finance lease.

5. SELECTED FINANCIAL RATIOS [5]

Tab.14

	4Q 2018	4Q 2017	*% change yoy*	1-4Q 2018	1-4Q 2017	*% change yoy*
Profitability ratios						
Net profit margin	0.1%	(22.2%)	*22.3pp*	0.5%	(7.2%)	*7.6pp*
Gross profit margin	38.0%	33.8%	*4.2pp*	31.9%	30.1%	*1.8pp*
Return on equity	0.1%	(28.2%)	*28.3pp*	0.5%	(8.0%)	*8.5pp*
Efficiency ratios						
Inventory turnover	15 days	13 days	*15.4%*	16 days	15 days	*6.7%*
Debtors days (1)	50 days	51 days	*(2.0%)*	65 days	64 days	*1.6%*
Creditors days (1)	27 days	24 days	*12.5%*	31 days	29 days	*6.9%*
Liquidity ratio						
Current ratio	1.4	1.5	*(6.7%)*	1.4	1.5	*(6.7%)*
Financing ratios						
Gearing ratio (2)	-	-	-	-	-	-
Interest cover	19.5	(101.3)	-	0.3	(21.7)	-
Free cash flow interest cover (3)	30.0	32.9	*(8.8%)*	7.7	9.2	*(16.3%)*

(1) the value of ratios in the comparative period was adjusted in connection to the adjustments of comparative amounts in the balance sheet as described in note 2 to the consolidated financial statements;

(2) as at 31 December 2018 and 31 December 2017 the Group had net cash position;

(3) the value of ratios in the comparative period was adjusted in connection to the change in the definition of this ratio described in the Notes to part IV of this MD&A.

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

IV. OPERATING REVIEW - MAJOR SEGMENTS OF THE AGORA GROUP

IV.A. MOVIES AND BOOKS [1]

The Movies and Books segment includes the pro-forma consolidated financials of Helios S.A., NEXT FILM Sp. z o.o., Next Script Sp. z.o.o. and Foodio Concepts Sp. z o.o., which form the Helios group, and Agora Publishing House. Since April 1, 2017, NEXT FILM Sp. z o.o. is responsible for all activities of the Agora Group in film business.

Tab. 15

in PLN million	**4Q 2018**	**4Q 2017**	***% change yoy***	**1-4Q 2018**	**1-4Q 2017**	***% change yoy***
Total sales, including :	**141.0**	**122.7**	***14.9%***	**419.1**	**416.2**	***0.7%***
Tickets sales	80.2	66.6	*20.4%*	236.6	222.4	*6.4%*
Concession sales	31.3	24.7	*26.7%*	90.2	83.1	*8.5%*
Advertising revenue (1)	10.4	11.7	*(11.1%)*	30.2	35.1	*(14.0%)*
Revenues from film activities (1), (2)	3.2	4.6	*(30.4%)*	12.0	28.1	*(57.3%)*
Revenues from Publishing House	12.7	12.2	*4.1%*	40.7	36.5	*11.5%*
Total operating cost, including (5):	**(121.6)**	**(114.6)**	***6.1%***	**(385.7)**	**(386.7)**	***(0.3%)***
External services (3)	(61.7)	(54.6)	*13.0%*	(191.8)	(191.9)	*(0.1%)*
Staff cost (3)	(18.0)	(14.8)	*21.6%*	(56.6)	(51.6)	*9.7%*
Raw materials, energy and consumables (3)	(11.3)	(9.4)	*20.2%*	(36.0)	(34.9)	*3.2%*
D&A (3)	(7.4)	(10.3)	*(28.2%)*	(29.6)	(34.0)	*(12.9%)*
Promotion and marketing (1), (3)	(7.5)	(8.6)	*(12.8%)*	(21.2)	(26.5)	*(20.0%)*
Costs related to Publishing House (4), (5)	(12.3)	(11.4)	*7.9%*	(39.9)	(35.5)	*12.4%*
EBIT	**19.4**	**8.1**	***139.5%***	**33.4**	**29.5**	***13.2%***
EBIT margin	*13.8%*	*6.6%*	*7.2pp*	*8.0%*	*7.1%*	*0.9pp*
EBITDA (4)	**26.8**	**18.5**	***44.9%***	**63.6**	**64.2**	***(0.9%)***
EBITDA margin	*19.0%*	*15.1%*	*3.9pp*	*15.2%*	*15.4%*	*(0.2pp)*

(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 Agora Publishing House;

(4) the amounts include D&A cost in Agora Publishing House, which in 2018 amounted to PLN 0.6 million, and in the fourth quarter of 2018 did not occur (in the comparable period of 2017 it amounted to PLN 0.7 million and to PLN 0.1 million, respectively);

(5) the data include the allocated costs of office space occupied by the Agora Publishing House. The presentation of data for the corresponding periods of 2017 was adjusted accordingly.

In the fourth quarter of 2018, the Movies and Books segment's operating result at the EBIT level amounted to PLN 19.4 million and was significantly higher than in the fourth quarter of 2017. The segment's EBITDA also increased – by 44.9% to PLN 26.8 million.

In 2018, the segment's EBIT increased by 13.2% yoy and reached PLN 33.4 million. At the same time, the segment's EBITDA was slightly lower and stood at PLN 63.6 million. When comparing the segment's performance year-on-year, it should be noted that the one-off shortening of the depreciation period for selected cinema projectors in the fourth quarter of 2017 had an impact on both the segment's cost and operating result at the EBIT level in 2018.

1. REVENUE [3]

In the fourth quarter of 2018, the revenue recorded by the Movies and Books segment increased by 14.9% and amounted to PLN 141.0 million.

The increase in the segment's revenue was mainly attributable to higher ticket sales in Helios cinemas, which amounted to PLN 80.2 million and increased by 20.4% yoy. A contributing factor was the higher number of viewers (by 24.6%) visiting Helios cinemas, translating into 4.5 million of sold tickets. Concession sales amounted to PLN 31.3 million, also showing a significant increase – by 26.7% yoy.

However, revenue from advertising sales in the Helios cinemas decreased to PLN 10.4 million. This is associated with a decreased scale of advertising campaigns settled in the form of barter, as compared to the corresponding period of 2017.

In the fourth quarter of 2018, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 3.2 million, showing a decrease yoy. In the fourth quarter of 2018, NEXT FILM released 3 Polish productions for cinema distribution: *53 wojny* (53 Wars), a film adaptation of *Jeszcze dzień życia* (Another Day of Life) by Ryszard Kapuscinski, an animated and documentary story of Ryszard Kapuscinski's trip to Angola, and the movie *Eter* (Ether) directed by Krzysztof Zanussi. At the same time, cinemas continued screening films introduced to the big screen in earlier periods.

In the fourth quarter of 2018, revenue of Agora Publishing House increased by 4.1% yoy and amounted to PLN 12.7 million. In that period, Agora Publishing House sold approximately 0.4 million books as well as film and music publications. Some of the best-selling books were: biographies of Zbigniew Wodecki *Wodecki. Tak mi wyszło,* and of Jacek Kuron *Jacek,* by Anna Bikont and Helena Luczywo, as well as *Kamerdyner* (The Butler) – a book adaptation of a movie under the same title.

In 2018, the Movies and Books segment's revenue increased by 0.7% to PLN 419.1 million. Record high revenue from the film business segment in 2017 had a significant impact on weaker revenue growth.

Revenue from advertising sales in the Helios cinemas also decreased and stood at PLN 30.2 million. This is associated with a lower number of advertising campaigns settled in the form of barter, as compared to 2017.

In 2018, the segment's revenue from cinema ticket sales picked up by 6.4% to PLN 236.6 million. During this period, the number of viewers visiting Helios cinemas amounted to nearly 12.7 million, increasing by 4.4% yoy. The growing number of visitors to the Helios cinemas also contributed to the 8.5% increase in concession sales to PLN 90.2 million.

In 2018, the Movies and Books segment's total revenue from film co-production and distribution amounted to PLN 12.0 million, showing a considerable decrease yoy. In 2017, level of revenue from the film business was highly influenced by the revenue earned on the films *Sztuka kochania. Historia Michaliny Wisłockiej* (The Art of Loving. Story of Michalina Wislocka), *Po prostu przyjazn* (Re-Friending) and *Twoj Vincent* (Loving Vincent). In 2018, NEXT FILM released the following Polish film productions for cinema distribution: *Plan B, Kobieta sukcesu* (The Woman of Success), *Kamerdyner* (The Butler), *53 wojny* (53 Wars), *Jeszcze dzien zycia* (Another Day of Life) and *Eter* (Ether). However, these films attracted a smaller audience than those released in 2017.

In 2018, Agora Publishing House's revenue increased by 11.5% yoy to PLN 40.7 million. In that period, Agora Publishing House sold about 1.4 million copies of its publications. Some of the best-selling titles were, among others, books about mountaineering: *Spod zmarznietych powiek* by Adam Bielecki and Dominik Szczepanski, *Kurtyka. Sztuka wolnosci* (Art of Freedom – The life and climbs of Voytek Kurtyka) by Bernadette McDonald, and a biography of Jerzy Kukuczka by Dariusz Kortko and Marcin Pietraszewski. The best-seller list also features a biography of Zbigniew Wodecki – *Wodecki. Tak mi wyszło, Czerwony Glod* (Red Famine: Stalin's War on Ukraine) by Anne Applebaum and a story of Anna Przybylska's life – *Ania*. Last year's best-selling records include: *The greatest hits* by Sławomir, *Dobrze, ze jestes* by Zbigniew Wodecki, *LP1* by Lady Pank and *25+* by Andrzej Piaseczny. The best-selling DVD releases of the Agora Publishing House include: the second season of the Belfer series and the award-winning *Twoj Vincent* (Loving Vincent).

2. COST

In the fourth quarter of 2018, operating costs of the Movies and Books segment increased by 6.1% yoy and amounted to PLN 121.6 million.

The increase in the segment's operating costs in that period resulted from higher costs of external services (up by 13.0% to PLN 61.7 million). This increase was associated mainly with increased costs of film copy purchase due to higher yoy cinema attendance in Helios cinemas. Higher yoy were also rental fees. A 20.2% yoy increase in the costs of materials and energy consumed and in the value of goods and materials sold (to PLN 11.3 million) was attributable to higher concession sales. In turn, lower depreciation costs are a consequence of a one-off shortening of the depreciation period for selected cinema projectors in the fourth quarter of 2017.

Staff costs were also higher (up by 21.6% yoy) and amounted to PLN 18.0 million. This increase was attributable mostly to a higher headcount – due to increased number of Helios cinemas, an increase in the minimum hourly rate from PLN 13.0 to PLN 13.7, and to the launch of operations in the food business.

However, promotion and marketing costs decreased to PLN 7.5 million. This is associated with a decreased scale of advertising campaigns settled in the form of barter.

The operating costs of Agora Publishing House were higher (up by 7.9% yoy) and amounted to PLN 12.3 million. Their increase is related to the music business.

In 2018, operating costs of the Movies and Books segment decreased by 0.3% yoy to PLN 385.7 million.

The decrease in the segment's operating expenses in 2018 was attributable to a 20.0% decrease in promotion and marketing costs of PLN 21.2 million. This reduction is the result of a yoy decrease in spending on promotion in cinemas and in the film distribution area.

Lower depreciation costs are a consequence of a one-off shortening of the depreciation period for selected cinema projectors in the fourth quarter of 2017.

The slight decrease in the cost of external services to PLN 191.8 million results from lower yoy fees for film producers with regard to films released for cinema distribution by NEXT FILM due to the fact that they attracted a smaller number of viewers than films screened in the corresponding period of 2017. At the same time, the costs of film copy purchases increased due to higher attendance in Helios cinemas.

As a result of the expansion of the Helios cinema network and higher concession sales, a 3.2% increase (to PLN 36.0 million) was recorded in the costs of materials and energy consumed and in the value of goods and materials sold.

The staff costs increased by 9.7% yoy to PLN 56.6 million. This increase was attributable mostly to a higher headcount – due to increased number of Helios cinemas, an increase in the minimum hourly rate from PLN 13.0 to PLN 13.7, and to the launch of operations in the food business.

The operating costs of Agora Publishing House were also higher (up by 12.4% yoy) and amounted to PLN 39.9 million. The increase was driven, among other things, by the high popularity of books about mountaineering and the fact that additional copies were printed by Agora Publishing House in 2018.

3. NEW INITIATIVES

The Helios cinema network continues to pursue its development plans. In June 2018, it opened its 45. venue in the Forum Gdansk shopping and entertainment centre. A total of 1,100 moviegoers can watch movies in nine modern screening rooms. In addition, the Helios Dream Project was launched in the cinema in Gdansk. This is an innovative concept of screening rooms in the premium standard – equipped with comfortable leather seats, 4K resolution and Dolby Atmos audio. In November, 46. cinema in the Helios network was opened. The venue comprising 8 screening rooms is located in the Libero Katowice shopping mall. The multiplex has a capacity of 1,100 moviegoers who can also relish in the comfort of unique Helios Dream screening rooms. Moreover, in the second quarter of 2018, three new screens were added at the Helios cinema in Konin and the multiplex in the Alfa Centrum shopping mall in Gdansk underwent a transformation, gaining modern decor as well as top-quality cinema technology equipment. Currently, Helios is the largest cinema network in Poland with regard to the number of venues – after the opening of the cinema in Blue City in Warsaw, it has already 47 cinemas with 269 screens and over 52,000 seats. Works are also underway on other locations - in 2019, the network plans to open cinemas in Legionowo and Pabianice, in 2020 in Pila, Ostow Wielkopolski and Zory.

Helios cinemas are also committed to provide an attractive offer to their audiences. Since September 2018, all cinemas in the Helios network take part in the “Super Tuesday” campaign. Tickets to all screenings cost merely PLN 14.5 on this day.

In October 2018, the Helios network invited sports aficionados to watch football matches on the big screen – the game between FC Barcelona and Real Madrid, the so-called "El Clásico", was screened in top audiovisual quality. In November 2018, the Helios cinema network presented the global blockbuster *Fantastic Beasts: The Crimes of Grindelwald* with Ukrainian dubbing as the first one in Poland. In December 2018, the audiences could watch a unique broadcast in Helios cinemas – a one-woman play by Krystyna Janda titled "Ucho, gardlo, noz" which was staged at the Polonia Theatre in Warsaw. It was the first undertaking of this kind in Poland. The production was screened live in cinemas throughout the country thanks to the cooperation between the Helios network and the web-based platform #TheMuBa. Moreover, Helios joined yet again *Swieto Kina* [Cinema Weekend] celebrated across Poland in December 2018. During this weekend, moviegoers could buy tickets for films from the current cinema repertoire for only PLN 12.

In 2018, NEXT FILM, a company from the Helios group, released new productions in Polish cinemas. In February 2018, this was *Plan B* directed by Kinga Debska, the author of the blockbuster *Moje corki krowy*. This is the first independent production of NEXT FILM which added film production to its business activities in April 2017. *Kobieta sukcesu*, a witty romantic comedy directed by Robert Wichrowski and starring actors of the young generation, premiered in March 2018. NEXT FILM co-produced and distributed this film, as well as *Kamerdyner* – the latest feature directed by Filip Bajon which was released in September 2018. The star-studded production received the largest number of awards at this year's Polish Feature Film Festival in Gdynia and still has a chance of winning further distinctions – Eagles, i.e. Polish Film Awards. In October 2018, NEXT FILM released *53 Wars* directed by Ewa Bukowska which was screened at numerous international film festivals, including film festivals in Karlovy Vary, Koszalin, Wroclaw, Gdynia, Opole, Haifa, Luxembourg and Torun. In early November 2018, the animated feature *Another Day of Life* premiered on the big screen. It was directed by Damian Nenow and Raúl de la Fuente. Since November 2018, the audiences could also watch the latest film under the direction of Krzysztof Zanussi, *Ether*, in cinemas throughout Poland. The international Polish-Ukrainian-Hungarian-Lithuanian co-production – as well as *Another Day of Life* – was distributed by NEXT FILM.

Some of the film productions distributed in cinemas by NEXT FILM were released on DVD in the first half of 2018. These included: *Double Trouble*, the most popular Polish family movie; *Plan B*, a comedy of manners featuring an all-star cast; Academy Award-nominated *Loving Vincent*; the second season of a popular crime drama *Belfer* and another crime drama *Kruk* directed by Maciej Pieprzyca, and more.

The Agora Publishing House prepared some new interesting releases for the fans of Polish music. Among the most popular albums were: *Dobrze, ze jestes*, a tribute for the late Zbigniew Wodecki comprising recordings selected by the artist and his unfinished songs, and *LP1*, a remake of the first iconic album by Lady Pank featuring several top Polish artists. Readers enjoyed Agora's new titles, especially the books *Dodaj do znajomych* by Zuzanna Lapicka, *Pokochawszy. O milosci w języku* by Jerzy Bralczyk, Lucyna Kirwil and Karolina Oponowicz, biographies: *Danuta Szaflarska Jej czas*, *Reinhold Messner O życiu* and *Kieslowski Zblizenie* and the second book by Tatiana Mindewicz-Puacz *Miłość. I co dalej?* as well as the next edition of *Skazany na góry* by Denis Urubko, a bestseller in the mountain book category in which the Agora Publishing House is the unquestioned market leader. Moreover, the Agora Publishing House announced in 2018 that it will be the Polish publisher of the much-awaited memoir of Michelle Obama. The book by the former First Lady of the United States of America titled *Becoming* was published in 24 languages in several dozen countries in February 2019.

In March 2018, Helios S.A., together with its business partners, established Foodio Concepts, a company engaged in the food service industry. The objective of the newly founded company is to open in the fast casual segment several dozens of restaurants within four years. The first restaurant owned by Foodio Concepts was opened in November 2018 in the Libero shopping mall in Katowice. Another two started serving food to their customers at the end of the year in Gdansk (Galeria Forum Gdansk) and in Poznan (Galeria Posnania). Papa Diego restaurants offering distinct Mexican cuisine operate in these three locations. Foodio Concepts has also signed agreements regarding the opening of other venues in 2019, int. al. in Warsaw – in the Mlociny shopping mall and in Centrum Praskie Koneser (two concepts to be opened – Papa Diego and Van Dog), as well as in Manufaktura (Papa Diego) in Lodz, Katowicka shopping mall and CH Karolinka in Opole. The Foodio Concepts team supported by the Helios Investment Department negotiates locations for further restaurants.

IV.B. PRESS [1]

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

Tab. 16

in PLN million	**4Q 2018**	**4Q 2017**	***% change yoy***	**1-4Q 2018**	**1-4Q 2017**	***% change yoy***
Total sales, including (3):	**58.2**	**60.9**	***(4.4%)***	**214.1**	**231.5**	***(7.5%)***
Copy sales	28.8	27.1	*6.3%*	106.8	112.3	*(4.9%)*
incl. Gazeta Wyborcza	*25.9*	*22.8*	*13.6%*	*92.3*	*92.9*	*(0.6%)*
incl. Magazines	*1.1*	*2.5*	*(56.0%)*	*7.1*	*11.3*	*(37.2%)*
Advertising revenue (1), (2)	28.1	32.6	*(13.8%)*	101.7	114.5	*(11.2%)*
incl. Gazeta Wyborcza (6)	*22.5*	*25.5*	*(11.8%)*	*81.1*	*88.6*	*(8.5%)*
incl. Magazines	*4.0*	*5.2*	*(23.1%)*	*15.5*	*20.5*	*(24.4%)*
Total operating cost, including (3), (4):	**(60.8)**	**(71.0)**	***(14.4%)***	**(238.6)**	**(238.0)**	***0.3%***
Raw materials, energy, consumables and printing services	(14.2)	(14.4)	*(1.4%)*	(54.6)	(57.8)	*(5.5%)*
Staff cost	(24.1)	(26.2)	*(8.0%)*	(98.4)	(103.2)	*(4.7%)*
D&A	(0.3)	(0.4)	*(25.0%)*	(1.3)	(1.5)	*(13.3%)*
Promotion and marketing (1)	(8.0)	(7.8)	*2.6%*	(28.2)	(29.5)	*(4.4%)*
Cost of restructuring (5)	-	-	-	(2.2)	-	-
Impairment allowance for receivables from RUCH S.A. covered under a.a.p. (7)	(4.0)	-	-	(20.3)	-	-
Impairment losses (8)	(2.3)	(13.2)	*(82.6%)*	(2.3)	*(13.2)*	*(82.6%)*
EBIT	**(2.6)**	**(10.1)**	***74.3%***	**(24.5)**	**(6.5)**	***(276.9%)***
EBIT margin	*(4.5%)*	*(16.6%)*	*12.1pp*	*(11.4%)*	*(2.8%)*	*(8.6pp)*
EBITDA	**(0.0)**	**3.5**	**-**	**(20.9)**	**8.2**	**-**
EBITDA margin	*0,0*	*5.7%*	*(5.7pp)*	*(9.8%)*	*3.5%*	*(13.3pp)*

(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 data include transfer of magazines' websites from the Magazines division in the Press segment to the Internet segment. The presentation of data for the corresponding periods of time was adjusted accordingly;

(4) the data include the allocated costs of office space occupied by the segment. The presentation of data for the corresponding periods of 2017 was adjusted accordingly;

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

(6) the data includes advertising revenues in Gazeta Wyborcza's *paper editions, as well as advertisements published on Wyborcza.pl, Wyborcza.biz, Wysokieobcasy.pl and local websites. The comparative data for 2017 have been restated accordingly;*

(7) the amount includes an impairment allowance for receivables from Ruch S.A., which are covered under the accelerated arrangement procedure (a.a.p).

(8) the amounts include impairment losses of the segment`s non-current assets (in 2018 imparirment losses relate to the monthly "Ladny Dom", in 2017 *including mainly the monthly "Cztery Katy").*

In the fourth quarter of 2018, the Press segment’s loss at the EBIT level was lower than in the fourth quarter of 2017. The segment's performance was significantly affected by one-off events, i.e. write-downs on receivables from Ruch S.A. in the amount of PLN 4.0 million and impairment write-downs on the Company's assets related to magazine titles, amounting to PLN 2.3 million in the fourth quarter of 2018. In the corresponding period of 2017, the write-downs amounted to PLN 13.2 million.

Throughout 2018, the Press segment recorded a loss at both, EBIT and EBITDA levels. The segment's results were significantly affected by write-downs on receivables from Ruch S.A. in the amount of PLN 20.3 million and the decision to suspend the publication of four magazines: *Cztery Katy, Ladny Dom, Dziecko* and *Niezbednik ogrodnika*, starting from their October issues. Consequently, a restructuring provision of PLN 2.2 million was created. The Company recognised impairment write-downs related to selected magazines. In 2018, these write-downs amounted to PLN 2.3 million, and in 2017 they reached PLN 13.2 million.

Both in the fourth quarter of 2018 and throughout the year, the Press segment's revenue continued to be under market pressure, while efforts related to reduction of production costs and expansion of activities in the digital area contributed positively to the segment's performance.

1. REVENUE

In the fourth quarter of 2018, the Press segment's total revenue decreased by 4.4% yoy and amounted to PLN 58.2 million. Throughout 2018, the Press segment's total revenue decreased by 7.5% yoy and amounted to PLN 214.1 million. This was mainly attributable to adverse trends in the press advertising market, the decision to discontinue certain press titles and the reduced number of paper copies of *Gazeta Wyborcza*.

Factors affecting the decrease in segment income in the fourth quarter 2018 and all 2018 were lower advertising revenue, respectively 13.8% and 11.2%. This is, among other things, the effect of reduced revenue from the sale of advertising services in the paper edition of *Gazeta Wyborcza* and the absence of revenue from magazines that have been suspended or sold (*Cztery Katy, Ladny Dom, Dziecko, Niezbednik ogrodnika, Dom&Wnetrze, Magnolia* and *Swiat Motocykli)*.

In the fourth quarter of 2018, revenue from copy sales picked up by 6.3% to PLN 28.8 million. This was largely attributable to higher revenue from digital subscriptions of *Gazeta Wyborcza* and an increase in the prices of its paper edition. Throughout 2018, revenue from copy sales declined by 4.9%. This was mainly due to the discontinuation of certain magazines, reduced levels of copy sales of *Gazeta Wyborcza*, and a lower number of dual-price editions. On the other hand, higher revenue from digital subscriptions of Gazeta Wyborcza and an increase in the prices of the paper edition of *Gazeta Wyborcza* in the fourth quarter of 2018 had a positive impact on copy sales.

1.1. Copy sales

1.1.1. Copy sales and readership of Gazeta Wyborcza [4]

In the fourth quarter of 2018, *Gazeta Wyborcza* maintained its leading position among the opinion-forming newspapers. The average paid circulation of *Gazeta Wyborcza* amounted to 108 thousand copies and decreased by 7.8% compared to the same period of 2017. During this period, revenues from *Gazeta Wyborcza*'s sales increased by 13.6% compared to the fourth quarter of 2017. During the discussed period, *Gazeta Wyborcza*'s reading weekly reach (according to CCS index) amounted to 3.2% (974 thousand readers).

In 2018, *Gazeta Wyborcza* maintained its leading position among the opinion-forming newspapers. The average paid circulation of *Gazeta Wyborcza* amounted to 106 thousand copies and decreased by 14.5% compared to the same period of 2017. During this period, revenues from *Gazeta Wyborcza*'s sales dropped by 0.6% compared to the same period in 2017. During the discussed period, the readership reach of *Gazeta Wyborcza* (according to the CCS index) amounted to 3.7% (1.1 million readers).

The above figures do not include the number of readers or the readership reach of *Gazeta Wyborcza* in digital form. Both the number of readers of Wyborcza.pl and its digital reach are growing steadily. At the end of 2018, the number of digital subscriptions of Wyborcza.pl reached 170.5 thousand, which means an increase by 28.0% yoy (133 thousand). *Gazeta Wyborcza* launched the digital subscription option for Wyborcza.pl in 2014 – at the end of that period, the number of subscriptions stood at 54.3 thousand. In 2015 it increased to 77 thousand and in 2016 it reached 100 thousand.

1.1.2. Copy sales of Agora's magazines

Both in the fourth quarter of 2018 and throughout the year, the level of revenue from copy sales was adversely affected not only by trends in the printed press market, but also the decision to discontinue the publication of the *Magnolia* monthly and the *Dom&Wnętrze* bimonthly as of the end of 2017, and to suspend the publication of the *Dziecko* and *Cztery Kąty* monthlies as well as the *Niezbednik ogrodnika* quarterly as of the end of September 2018. Additionally, in January and December 2018 publication rights to, respectively, the *Swiat Motocykli* monthly and the *Ładny Dom* monthly were sold.

In the fourth quarter of 2018, revenue from copy sales decreased by 56.0% yoy. The average number of copies of monthlies sold by Agora was 102.2 thousand, showing a decrease by 46.7% yoy.

Throughout 2018, revenue from copy sales decreased by 37.2% yoy. In the period under review, the average number of copies of monthlies sold by Agora was 141.6 thousand, showing a decrease by 34.0% yoy.

1.2. Advertising sales [3]

1.2.1. Advertising sales of Gazeta Wyborcza

In the fourth quarter of 2018, revenues of *Gazeta Wyborcza* from all advertising activities (including display advertising, classifieds and inserts as well as proceeds from online advertising) amounted to PLN 22.5 million and were 11.8% lower than in the fourth quarter of 2017.

In the fourth quarter of 2018, ad spend in dailies in Poland decreased by almost 9.0%. In the discussed period, the decrease in ad expenditure in *Gazeta Wyborcza* amounted to approximately 15.5%, and its estimated share in these expenses decreased by almost 2.5 pp in relation to the fourth quarter of 2017 and amounted to approximately 28.0%.

In the fourth quarter of 2018, the share of *Gazeta Wyborcza* in advertising expenditure in nationwide dailies amounted to almost 38.5% and decreased by less than 2.0 pp in relation to the fourth quarter of 2017. During this period, *Gazeta Wyborcza* increased its share in expenditures on advertising in Warsaw dailies by 1.5 pp. The share of *Gazeta Wyborcza* in advertising expenditure in local (non-Warsaw) dailies decreased in the discussed period by approximately 2.0 pp in relation to the same period of 2017.

Throughout 2018, the revenues of *Gazeta Wyborcza* from all advertising activities amounted to PLN 81.1 million and were by 8.5% lower than in the corresponding period of 2017.

During this time, spending on advertising in dailies in Poland decreased by 7.0%. In 2018, the decrease in ad spend in *Gazeta Wyborcza* amounted to approximately 12.5%, and its estimated share in these expenses decreased by nearly 2.0 pp as compared to 2017 and amounted to approximately 29.0%.

In 2018, the share of *Gazeta Wyborcza* in advertising expenses in nationwide dailies was around 38.5%

and decreased by 2.0 pp as compared to 2017. During this period, *Gazeta Wyborcza* increased its share in advertising expenditure in Warsaw dailies by almost 1.5 pp. The share of *Gazeta Wyborcza* in advertising expenditure in local (non-Warsaw) dailies decreased in the discussed period by approximately 1.0 pp compared to the corresponding period of 2017.

One should bear in mind that these advertising market estimations may represent some margin of error due to a significant discounting pressure on the part of advertisers. Once the Company has more reliable market data, it may adjust the ad spending share estimations in the consecutive reporting periods.

1.2.2. Advertising sales of Agora's magazines

In the fourth quarter of 2018, ad sales in Agora's magazines decreased by 23.1% to PLN 4.0 million. At the same time, the market decline in advertising expenditure in magazines was around 8.5%. The share of Agora's magazines in advertising expenditures in nationwide magazines was 3.1% (based on rate card data) *[7]*, while in advertising expenditures in monthlies it reached 5.9% (based on rate card data) *[7]*.

In 2018, advertising revenues in Agora's magazines decreased by 24.4% to PLN 15.5 million. At the same time, the market decline in advertising expenditure in magazines amounted to almost 7.0%. The share of Agora's magazines in advertising expenditure in nationwide magazines was 3.4% (based on rate card data) *[7]*, while in advertising expenditures in monthlies it reached 6.9% (based on rate card data) *[7]*.

Larger than the market decline in advertising sales in Agora's magazines, is, among other things, the effect of ceasing publication of *Magnolia*, *Dziecko*, *Cztery Katy* monthlies, bimonthly *Dom&Wnetrze* and the quarterly *Niezbednik ogrodnik*a, as well as selling the rights to publish the monthlies *Swiat Motocykli* and *Ladny Dom*.

2. COST

In the fourth quarter of 2018, the segment's operating costs decreased by 14.4% yoy to PLN 60.8 million. The reduction of the segment's operating costs would have been even more significant had it not been for the need to recognize a write-down of PLN 4.0 million on other impaired receivables from Ruch S.A. under accelerated arrangement procedure and a write-down on selected magazines. In the fourth quarter of 2018, the write-down on the *Ladny Dom* magazine amounted to PLN 2.3 million. In the fourth quarter of 2017, write-downs on magazines reached PLN 13.2 million and were recognized primarily for the *Cztery Katy* magazine.

In the fourth quarter of 2018, staff costs were reduced by 8.0% as a result of, among other factors, a reduction of headcount in the Magazines division related to the discontinuation of selected magazines.

The increase in promotion and marketing costs in the fourth quarter of 2018 (up by 2.6% yoy) was primarily driven by higher spending on promotion of *Gazeta Wyborcza*, with reduced spending on promotion of magazines.

Throughout 2018, the segment's operating costs inched up by 0.3% to PLN 238.6 million. The segment's results were significantly affected by the recognition of write-downs on receivables from Ruch S.A. in the amount of PLN 20.3 million and the decision to suspend the publication of four magazines: *Cztery Katy, Ladny Dom, Dziecko* and *Niezbednik ogrodnika*, starting from their October issues. Consequently, a restructuring provision of PLN 2.2 million was created. Moreover, a write-down of PLN 2.3 million on the *Ladny Dom* magazine was recognized in 2018. In 2017, impairment write-downs on magazines amounted to PLN 13.2 million.

In 2018, a 5.5% reduction of costs of materials, energy, printing goods and services had a positive impact on the segment's operating costs. This reduction was attributable to lower printing volumes of *Gazeta Wyborcza* and discontinuation of selected magazines. Moreover, the staff costs were lower by 4.7% and amounted to PLN 98.4 million, due to a reduced headcount in this segment. Promotion and marketing costs were reduced by 4.4% to PLN 28.2 million, mainly for magazines.

3. NEW INITIATIVES

In 2018, Agora's press business was centralised under the banner of *Gazeta Wyborcza*. Its team currently publishes also the following magazines of the company: *Avanti*, *Logo, Kuchnia* and *Opiekun*. Changes introduced to the Press segment were the result of streamlining Agora's press portfolio. Moreover, the *Gazeta Wyborcza* was handed down the responsibilities of Agora Custom Publishing, the team engaged in publishing and marketing activities. The remaining magazines, i.e. *Cztery Katy*, *Ladny Dom*, *Dziecko* and *Niezbednik ogrodnika*, were suspended from the October issue. In December 2018, Agora sold publication rights of its current magazines from the construction and interior design category and granted a license to publish one of them.

In 2018, the team of *Gazeta Wyborcza* – the leader of digital transformation of press in Poland, was developing its online offer, matching the strategy of Agora Group which focuses on premium content and services. To this end, it was carrying out various projects for readers and internet users, extending the offer for advertisers and creating modern technological solutions. In July 2018, the Harmony. Smarter reader's journey project prepared by *Gazeta Wyborcza* was included on the list of undertakings supported in the 5th round of Google's Digital News Initiative. Thanks to these funds, the team of *Gazeta Wyborcza* is going to develop an innovative tool allowing to combine the advertising and subscription business models. At the same time, this solution will ensure more effective customization of the reader's path and enhance the experience of Wyborcza.pl users.

Since October 2018, Gazeta Wyborcza encourages the readers of its paper edition to try out the digital version by publishing special issues with the access code to the entire content published on Wyborcza.pl for 14 days. Unique publications of the weekend edition of Gazeta Wyborcza are each time specifically extended and supplemented on the internet. Also in October 2018, the team of the daily together with the editorial team of Radio TOK FM offered a new joint digital package to internet users – a combined premium offer of both media at a promotional price, which provides access for example to the latest news, valued comments and expert opinions. Moreover, Gazeta Wyborcza invited internet users to support lofty initiatives through their participation in special campaigns in which the whole revenue from the sale of digital subscriptions was transfered to non-governmental organisations such as the WWF Poland Foundation.

As part of the strategy to develop the online offer of *Gazeta Wyborcza*, the transformed website of Wysokieobcasy.pl was revealed in September 2018. The layout and functionality of the service were not the only changes; also its content was modified. Now readers can find new editorial cycles and additional content there. Also in September 2018, the video team of Wyborcza.pl prepared new autumn programming for the video service. Its users can watch episode premieres of programmes dedicated for example to astronomy, education, science and issues faced by the disabled, as well as new episodes of known and popular video formats.

At the end of April 2018, *Gazeta Wyborcza* joined the elite Leading European Newspaper Alliance (LENA) whose goal is to raise journalistic standards, share editorial work on important material and promote high-quality journalism in Europe. The editorial team of Gazeta Wyborcza is the first one to join the group of LENA's founders which include 7 top titles from 6 European countries. In addition, *Gazeta Wyborcza* published The Big Ideas magazine in November and Turning Points magazine in December, both containing articles from the American newspaper, The New York Times.

In 2018, the team of *Gazeta Wyborcza* also prepared special extended editions of the daily, e.g. Wyborcza na Wielkanoc, Wyborcza na Połowę Lata and Wyborcza na Koniec Lata, Wyborcza na Boże Narodzenie, as well as the unique issue of Magazyn Świąteczny published for the International Women's Day and Wyborcza na Drugą Setkę published to celebrate the 100th anniversary of Poland regaining independence. Special issues of other magazines were also published. They included the issue of Ale Historia – Na jeden temat. Rok, który zmienił świat, entirely dedicated to the turbulent events of 1968; special issues of Wysokie Obcasy – Światem rządzą kobiety, Kobiety, które igrały z PRL-em, Kobiety Niepodległości, Psychologia miłości and Szkoło, pozwól żyć; and the following occasional editions of the daily: Wyborcza Classic. Kora, Na Pamięć and Na narty – a special issue of Tylko Zdrowie prepared in cooperation with the Logo monthly. The Wysokie Obcasy Praca magazine issues and two supplements titled Czarna księga rządów PiS containing the report of *Gazeta Wyborcza* summarising the last three years, which were eventually published in the form of a magazine, were also very popular.

The team in charge of magazines published by Agora, working since July 2018 within the structures of *Gazeta Wyborcza*, prepared attractive magazine issues, including Avanti with a discount campaign covering discount coupons for stationary and online stores in Poland.

The third edition of the urban cultural festival Co Jest Grane 24 Festival took place on 15–16 June 2018. The ticketed event, which was held at the Ujazdowski Castle Centre for Contemporary Art in Warsaw for the second time, attracted over 15,000 participants. The 5th edition of the Olsztyn Green Festival took place on 17–18 August 2018. Its line-up included 20 concerts, 16 meetings between the artists and the audience, a fashion zone, a music cinema, an extensive programme for children and catering services. The event, which was organised by Agora and the City of Olsztyn, was attended by more than 30,000 participants. In July 2018, the first editions of urban festivals took place in Białystok – Białystok New Pop Festival and Ełk – #będzieczytane Ełk Festival. In autumn 2018 the team of Co Jest Grane 24 organised concerts of Polish female artists in selected cities as a part of the Women's Voices music project. The shows in Warsaw, Toruń, Gdańsk, Szczecin, Poznań, Katowice and Łódź featured performances by Kayah, Paulina Przybysz, Monika Brodka, Daria Zawiałow, among other artists. The team of Gazeta Wyborcza also prepared three editions of a series of discussions held at Centrum Premier Czerska 8/10. Their participants and the audience of Wyborcza.pl were able to listen to interviews with Wojtek Kurtyka and the author of his biography – Bernadette McDonald, Anna Applebaum, Maja Włoszczowska, Lucyna Kirwil and Jerzy Bralczyk, as well as discussions regarding the biographies of Krzysztof Kieślowski and Jacek Kuroń.

IV.C. OUTDOOR

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

Tab. 17

in PLN million	**4Q 2018**	**4Q 2017**	***% change yoy***	***1-4Q 2018***	**1-4Q 2017**	***% change yoy***
Total sales, including:	**51.4**	**48.3**	***6.4%***	***171.9***	**163.0**	***5.5%***
Advertising revenue (1)	50.9	47.8	*6.5%*	*170.2*	160.8	*5.8%*
Total operating cost, including:	**(40.6)**	**(39.1)**	***3.8%***	***(144.9)***	**(134.7)**	***7.6%***
Maintenance cost (1)	(14.2)	(13.6)	*4.4%*	*(55.9)*	(53.8)	*3.9%*
Execution of campaigns (1)	(7.0)	(7.2)	*(2.8%)*	*(25.7)*	(24.9)	*3.2%*
Staff cost	(6.0)	(6.3)	*(4.8%)*	*(23.2)*	(21.5)	*7.9%*
Promotion and marketing	(1.7)	(1.0)	*70.0%*	*(5.4)*	(4.4)	*22.7%*
D&A	(4.9)	(4.6)	*6.5%*	*(19.7)*	(17.8)	*10.7%*
Impairment losses (2)	(0.2)	(1.6)	*(87.5%)*	-	(1.6)	-
EBIT	**10.8**	**9.2**	***17.4%***	***27.0***	**28.3**	***(4.6%)***
EBIT margin	*21.0%*	*19.0%*	*2.0pp*	*15.7%*	*17.4%*	*(1.7pp)*
EBITDA (2)	**15.9**	**15.4**	***3.2%***	***46.7***	**47.7**	***(2.1%)***
EBITDA margin	*30.9%*	*31.9%*	*(1.0pp)*	*27.2%*	*29.3%*	*(2.1pp)*
Number of advertising spaces (3)	24,357	25,041	*(2.7%)*	24,357	25,041	*(2.7%)*

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

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

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

In the fourth quarter of 2018, an increase in the Outdoor segment's revenue by 6.4% yoy to PLN 51.4 million translated into a significant improvement in the segment's performance. The segment's EBIT and EBITDA increased to PLN 10.8 million and PLN 15.9 million, respectively.

In 2018, the segment's operating costs increased by 7.6% yoy to PLN 144.9 million. As a result, the segment's EBIT and EBITDA declined yoy and stood at PLN 27.0 million and PLN 46.7 million, respectively.

1. REVENUE [8]

In the fourth quarter of 2018, outdoor advertising spending, as estimated by IGRZ (the Outdoor Advertising Chamber), increased by nearly 7.0% yoy. Throughout 2018, outdoor advertising spending increased by nearly 5.0% yoy *[8]*.

In the fourth quarter of 2018, the Outdoor segment's advertising sales increased by 6.5% yoy and amounted to PLN 50.9 million. This increase was driven chiefly by the growth of advertisers' spending on campaigns carried out on panels in the Premium and Digital segment.

In 2018, the increase in AMS' advertising sales was higher than in the whole outdoor advertising market reported by IGRZ, amounting to 5.8%. The growth of AMS revenue was boosted by advertisers' spending on campaigns carried out on Premium Citylight, Digital and City Transport panels.

In the fourth quarter of 2018, the estimated share of AMS in outdoor advertising spending, monitored by IGRZ, amounted to nearly 36.0%, and in 2018 – to nearly 34.0% *[8]*.

2. COST

In the fourth quarter of 2018, the segment's operating costs increased by 3.8% yoy to PLN 40.6 million, mainly on the back of higher promotion and marketing costs, system maintenance costs and depreciation.

The 4.4% yoy increase in system maintenance costs was chiefly due to higher yoy rental fees and day-to-day operation costs in connection with the expansion of the AMS digital media portfolio.

In the fourth quarter of 2018, the costs of campaign execution declined by 2.8% yoy to PLN 7.0 million, reflecting a smaller number of non-standard projects and a smaller number of advertising campaigns executed on public transport vehicles.

The 4.8% yoy decline in staff costs in the period in question is primarily attributable to a lower yoy number of training courses than in the corresponding period of 2017.

Higher depreciation costs were primarily due to the execution of contracts for the construction and operation of bus/tram shelters in Warsaw and Krakow.

The yoy increase in the costs of representation and advertising to PLN 1.7 million in the fourth quarter of 2018 reflects primarily higher total costs of non-profit/commercial campaigns, where the non-profit part is settled in the form of barter and charged to promotion and marketing costs.

In 2018 , the segment's operating costs increased by 7.6% yoy to PLN 144.9 million. This growth is mainly related to the expansion of the AMS group's digital panel network.

The most notable increase – by 3.9% yoy to PLN 55.9 million – was recorded for the system maintenance costs. This was chiefly due to higher lease and day-to-day operation costs in connection with the expansion of the AMS digital media portfolio.

The costs of executed campaigns grew by 3.2% yoy to PLN 25.7 million, reflecting an increased number of advertising campaigns executed on public transport vehicles and a higher volume of poster printing services.

In 2018, the 7.9% yoy increase in staff costs to PLN 23.2 million results from better achievement rates in terms of sales targets which, among other things, caused an increase in variable remuneration component. The increase in these costs was also driven by recognition of provisions for the Group’s incentive schemes at an amount higher than in 2017.

The increase in the costs of representation and advertising to PLN 5.4 million in 2018 reflects primarily higher yoy total costs of non-profit/commercial campaigns, where the non-profit part is settled in the form of barter and charged to promotion and marketing costs, and higher costs of sponsorship activities.

In 2018, higher depreciation costs are primarily driven by the execution of contracts for the construction and operation of bus/tram shelters in Warsaw and Krakow.

3. NEW INITIATIVES

In 2018, AMS focused its activities on implement an offer based on the Outdoor Track research results and on the development of digital outdoor solutions and urban furniture, including pro-ecological/ eco-friendly solutions.

After finishing the research phase of the Outdoor Track project, held by Instytut Badań Outdooru IBO Sp. z o.o. and transferring of data to advertising panels operators, in March 2018 AMS started providing information about the advertising panels’ GRP which were used in the advertising campaigns. At the same time the company began consultations with clients to develop optimal model range of services using results of research. Thanks to that, in December 2018, AMS published the company’s new trade policy and a price list which were prepared on the basis of two fundamental principles – the transparency principle and the relation between the panel’s price and the size of audience generated. The changes will become effective from April 2019.

Moreover, In 2018, AMS was undertaking activities towards development of the system, digital communication on the streets of Polish cities. The company has carried out further advertising campaigns on Dynamic Backlight advertising panels that have been in use for a year, which were awarded gold in the competition called Innovation 2018. Outdoor GIF, which uses sequences of local backlight to create an animation effect, is popular among customers from the TV and video industry, shopping centres and automotive brands.

In autumn, the company launched a test version of the system of digital citylights and the Cityscreen 9 panel in Krakow. The investment project is implemented as part of the *Digital Kraków* project carried out in cooperation with the City Hall. Digital, integrated with shelters citylights, which AMS presented for the first time during the Congress of Polish Urbanism, can also be seen in Gdynia and Poznan. Additionally these advertising panels are equipped with content and functionality in the spirit of a smart city – on the screens we can see the ticker with date, time, weather forecast and state of air quality. Also the citylights have a side panel, providing free WiFi, a button to display a map of the area and a charger with a USB port, allowing to charge a phone for free of charge at the bus stop.

Moreover, from May 2018, AMS's customers can place their advertisement on the screens of over 2,300 Planet Cash ATMs. This type of promotion ensures a broad campaign reach and an undisturbed contact with the recipient. Adverts are displayed in a static and video form, advertisers may take advantage of geotargeting and exclusivity guarantee. Additionally, AMS initiated a non-standard campaign for the largest computer game fair in Central and Eastern Europe.

The offer of urban furniture is systematically expanded. In July 2018, Adpol from the AMS Group won the licensing proceedings concerning the construction of bus/tram shelters in Krakow. Under the license, in 2019, it will build the first out of 107 bus/tram stops of different types, containing a total of more than 300 advertisement pages. In November 2018, AMS won the tender to lease 35 double-sided citylight cabinets announced by the Road and City Maintenance Management in Wroclaw (ZDiUM). The contract will be binding for the term of two years from January 2019.

Also in Krakow, the company run a pilot, eco-friendly project called *Zielone przystanki*. It presented a fully solar powered post at the Dobra Energia conference held in Lublin and Poznan.

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

The Internet segment includes the pro-forma consolidated financials of Agora's Internet Department, Domiporta Sp. z o.o., Yieldbird Sp. z o.o., Sir Local Sp. z o.o. (till March 31, 2017), GoldenLine Sp. z o.o. and Optimizers Sp.z o.o.

Tab. 18

in PLN million	**4Q 2018**	**4Q 2017**	*% change yoy*	**1-4Q 2018**	**1-4Q 2017**	*% change yoy*
Total sales , including (2)	**51.3**	**53.7**	***(4.5%)***	**177.8**	**172.1**	***3.3%***
Display ad sales (1), (2)	45.9	46.5	*(1.3%)*	156.1	143.8	*8.6%*
Total operating cost, including (3)	**(48.4)**	**(65.8)**	***(26.4%)***	**(162.2)**	**(175.6)**	***(7.6%)***
External services	(20.0)	(21.1)	*(5.2%)*	(76.3)	(70.4)	*8.4%*
Staff cost	(13.0)	(14.2)	*(8.5%)*	(54.3)	(55.4)	*(2.0%)*
D&A	(1.7)	(1.1)	*54.5%*	(5.3)	(4.8)	*10.4%*
Promotion and marketing (1)	(4.8)	(6.2)	*(22.6%)*	(13.5)	(17.9)	*(24.6%)*
Impairment losses (4)	(7.5)	*(21.8)*	*(65.6%)*	(7.5)	*(21.8)*	*(65.6%)*
EBIT	**2.9**	**(12.1)**	**-**	**15.6**	**(3.5)**	**-**
EBIT margin	*5.7%*	*(22.5%)*	*28.2pp*	*8.8%*	*(2.0%)*	*10.8pp*
EBITDA	**12.1**	**10.8**	***12.0%***	**28.4**	**23.1**	***22.9%***
EBITDA margin	*23.6%*	*20.1%*	*3.5pp*	*16.0%*	*13.4%*	*2.6pp*

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

(2) the data include transfer of magazines' websites from the Magazines division in the Press segment to the Internet segment, as well as reassignment of incomes from e-commerce transactions from other revenues to advertising revenues. The presentation of data for the corresponding period of 2017 was adjusted accordingly;

(3) the data include the allocated costs of office space occupied by the Agora's Internet Department. The presentation of data for the corresponding period of 2017 was adjusted accordingly.

(4) the amounts include impairment losses of the segment`s non-current assets (in 2018 impairment losses relate mainly to GoldenLine domain, in 2017 *including mainly goodwill of Domiporta Sp. z o.o. (previous Trader.com. (Polska) Sp. z o.o).*

In the fourth quarter of 2018, the EBIT of the Internet segment's increased to PLN 2.9 million – this was mainly attributable to lower yoy operating costs of the segment, especially due to a yoy decline in impairment write-downs. In 2018, the segment's EBIT rose to PLN 15.6 million *[1],* and this growth was mainly driven by lower yoy operating costs and higher sales of online advertising. In the fourth quarter of 2018, the segment's EBITDA stood at PLN 12.1 million *[1]* (up by 12.0% yoy) and in 2018, EBITDA increased by 22.9% yoy and reached PLN 28.4 million *[1].*

1. REVENUE

In the fourth quarter of 2018, total revenue of the Internet segment wend down by 4.5% yoy to PLN 51.3 million. The decline in the segment's revenue is mainly attributable to lower yoy revenue from the affiliation marketing network. In 2018, total revenue of the Internet segment increased by 3.3% yoy to PLN 177.8 million. This growth was mainly driven by a 8.6% yoy increase in sales of online advertising, generated primarily by Yieldbird (including advertising space of Gazeta.pl).

2. COST

In the fourth quarter of 2018, the Internet segment's operating costs dropped by 26.4% yoy to PLN 48.4 million.

In the fourth quarter of 2018, costs of external services decreased by 5.2% yoy to PLN 20.0 million. The reduction of these costs was mainly attributable to lower yoy costs of advertising space and to decrease of the costs of the affiliation marketing network in Agora's Internet segment. Lower yoy costs of advertising space of the affiliation marketing network were related to lower revenue from its activity.

In the fourth quarter of 2018, the segment's promotion and marketing costs dropped by 22.6% yoy to PLN 4.8 million. The cost item was mainly driven by a yoy decrease in spending on promotion of Goldenline.pl and Gazeta.pl.

In the period under review, staff costs declined by 8.5% yoy to PLN 13.0 million. This is mainly an effect of a lower number of full-time employees of the segment and a reduced number of contracts provided at Gazeta.pl and Goldenline under civil-law contracts.

Throughout 2018, the Internet segment's operating costs fell by 7.6% yoy and stood at PLN 162.2 million.

In 2018, costs of external services increased by 8.4% yoy to PLN 76.3 million. The increase in external services cost was mostly driven by higher yoy costs of advertising space for Yieldbird, which was offset by higher yoy revenues from the sale of advertising services.

In 2018, the segment's promotion and marketing costs dropped by 24.6% yoy to PLN 13.5 million. The decrease was mainly due to lower expenditure on promotion and marketing of Goldenline.pl and Gazeta.pl websites, despite higher yoy spending on promotion and marketing on the Sport.pl website in the second quarter of 2018.

In 2018, staff costs stood at PLN 54.3 million having decreased by 2.0% yoy. This is mainly an effect of a lower number of full-time employees of the segment and a reduced number of contracts provided at Gazeta.pl and Goldenline under civil-law contracts.

3. IMPORTANT INFORMATION ON INTERNET ACTIVITIES

In December 2018, the overall reach of the Gazeta.pl group websites among Polish Internet users stood at 61.1%, and the number of users reached 17.2 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 603.3 million, with the average viewing time was 46 minutes per user *[6]*.

In December 2018, 13.2 million Internet users (reach of 47.0%) viewed the websites of Gazeta.pl group on mobile devices. The number of mobile page views amounted to 409.2 million, and the share of mobile page views on the websites of Gazeta.pl group stood at 67.8% and was the highest among Polish horizontal portals *[6]*.

The websites of Gazeta.pl group are ranked among the top thematic market players. In accordance with the data from Gemius PBI for December 2018, Gazeta.pl group is ranked third in the following categories: "Local and regional news" (e.g. *Wyborcza.pl* and *Wiadomosci.gazeta.pl*) and "Sport" (e.g. *Sport.pl*). Moreover, the group is the runner-up in two categories – "Fashion and beauty" (*Avanti24.pl*) and "Gossip, celebrity life" (*plotek.pl*). The websites of Gazeta.pl group are also highly ranked in the following categories: "Health" (fourth place of, among others, *Zdrowie.gazeta.pl*), "Work" (*Goldenline.pl* – ranked fourth), "Children and family" (*Edziecko.pl* – ranked fifth), "Business and finance" (*Next.gazeta.pl* – ranked sixth).

4. NEW INITIATIVES

In 2018, the team from the internet segment was developing its offer for both internet users and advertisers.

In January 2018, the newest video format of Avanti24 – Klips, premiered in the service. It presents the most interesting stories from the world of fashion. The format joined the portfolio of popular short videos of Gazeta.pl: Myk!, Haps, Ach!, NaZdrowie and Gazeta.pl NOW. Since April 2018, all entertainment content prepared by the editorial team of Gazeta.pl have been published on Buzz.Gazeta.pl. This is a website dedicated to those interested in what is new and popular on the internet. An image campaign of the Sport.pl brand carried out under the slogan *Sport.pl to jest Twój live* was launched throughout Poland in June 2018 to promote the service and the most popular Polish sports application Sport.pl LIVE. Kamil Grosicki, brand ambassador, starred in the adverts broadcast on the radio and shown on TV, the internet, in the press, cinemas and on the outdoor advertising panels launched before the World Cup. Since mid-September 2018, a new version of the home page of Gazeta.pl has been available. Apart from orderly advertising content and formats, it offers quicker access to materials which are of interest to the users of the portal thanks to faster loading of the website, and an opportunity for the advertisers to use new, efficient solutions tailored to their expectations. New layout of the home page of Gazeta.pl and the solutions applied are the result of tests performed in 2018. The changes covered not only the full version of the website but also its mobile variant. Since October 2018, internet users can watch short videos on Gazeta.pl, which form a series titled #zwykliniezwykli. The stories focus on ordinary yet extraordinary people because they overcome their own limitations, break stereotypes, inspire, surprise and impress others. Each episode comprises a video and an article with photographs. The first two episodes of the #zwykliniezwykli series recorded a total of 2 million views, whereas the first episode, which told the story of a 79-year-old woman who established an ice-cream shop, received the Grand Video Award in the Lifestyle category. Live interviews with the most important figures in the political arena carried out by Łukasz Kijek, Chief Editor of Next.Gazeta.pl and Piotr Maślak, journalist from Radio TOK FM, are also available on Gazeta.pl since October 2018. This is a supplement and the focal point of *Dzień na żywo* – the morning programme of Gazeta.pl during which the portal's journalists report on the most important events from 7:00 a.m.

At the beginning of 2018, the advertising office of Gazeta.pl prepared new, non-intrusive advertisement formats that help attract users' attention effectively. Modern and user-friendly solutions for PCs and mobile devices were developed in line with the standards of the Coalition for Better Ads and Google in response to the problem of irritating formats that lead internet users to install ad blockers, among other things. The sales team of Gazeta.pl inaugurated the portal's educational project addressed to the advertising industry in October 2018. Gazeta.pl LAB is a series of meetings during which the portal's advertising clients will have the opportunity to familiarise themselves with the latest trends regarding content and ads published on the internet as well as with the projects implemented by the portal's team. A new version of the Reklama.Gazeta.pl website was made available to the users of Gazeta.pl in autumn. It presents the most important information on the portal's services and advertising products, as well as examples of the most interesting projects which were recently completed by the advertising office of Gazeta.pl.

In September 2018, Agora announced that it would invest a total of EUR 4.4 million in a Czech company, ROI Hunter, provider of a marketing platform which allows companies from the e-commerce industry to promote and sell products via Google and Facebook thanks to advanced campaign creation and data analysis tools. The company became a minority shareholder of ROI Hunter. During two rounds of funding, it will take up nearly 24% of shares in the company's increased share capital. Agora will support the current management team of ROI Hunter in the implementation of the company's strategic vision and development of its activity. The investment in ROI Hunter is yet another step on the company's path to develop a position in the market for B2B services.

Two companies from the Agora Group – Yieldbird and Online Technologies HR, are among the 50 fastest growing technology companies in Central Europe according to a prestigious Deloitte ranking, *Technology Fast 50 Central Europe*, announced in October 2018.

Domiporta.pl, one of the most popular platforms with real estate offers in Poland, gained a modern and functional layout as well as new visual identification in November 2018. Thanks to the new website, users of Domiporta.pl will be able to easily browse real estate offers, read advice and expert opinions, and an intelligent chatbot will offer its assistance to those searching for a house or a flat. The changes constitute the first stage of the new strategy implemented by Domiporta.pl which intends to become a hub integrating all segments of the housing market.

IV.E. RADIO

The Radio segment includes the pro-forma consolidated financials of Agora's Radio Department, all local radio stations and a super-regional radio TOK FM, which are parts of the Agora Group. These include: 24 Golden Hits (Zlote Przeboje) local radio stations (in August 2018, Radio Zlote Przeboje started broadcasting in Wetlina, Bieszczady), 4 local radio stations under the brand Rock Radio, 8 local stations broadcasting under the brand Radio Pogoda (since March 2018 Radio Pogoda broadcasts in Gdansk) and a super-regional news radio TOK FM broadcasting in 23 metropolitan areas (in July 2017 Radio TOK FM started broadcasting in Tarnowskie Gory).

Tab. 19

in PLN million	4Q 2018	4Q 2017	*% change yoy*	1-4Q 2018	1-4Q 2017	*% change yoy*
Total sales, including :	**38.1**	**36.1**	***5.5%***	**116.0**	**114.0**	***1.8%***
Radio advertising revenue (1), (2)	29.7	28.3	*4.9%*	95.6	94.1	*1.6%*
Total operating cost, including: (2)	**(30.8)**	**(27.1)**	***13.7%***	**(98.8)**	**(97.3)**	***1.5%***
External services	(12.2)	(12.0)	*1.7%*	(42.7)	(42.4)	*0.7%*
Staff cost	(9.3)	(8.7)	*6.9%*	(33.0)	(31.5)	*4.8%*
D&A	(1.1)	(0.8)	*37.5%*	(4.1)	(3.4)	*20.6%*
Promotion and marketing (2)	(6.1)	(3.8)	*60.5%*	(12.1)	(13.3)	*(9.0%)*
EBIT	**7.3**	**9.0**	***(18.9%)***	**17.2**	**16.7**	***3.0%***
EBIT margin	*19.2%*	*24.9%*	*(5.7pp)*	*14.8%*	*14.6%*	*0.2pp*
EBITDA	**8.4**	**9.8**	***(14.3%)***	**21.3**	**20.1**	***6.0%***
EBITDA margin	*22.0%*	*27.1%*	*(5.1pp)*	*18.4%*	*17.6%*	*0.8pp*

(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 fourth quarter of 2018, the Radio segment recorded a yoy decrease in both EBIT and EBITDA. This was attributable primarily to a yoy increase in promotion and marketing costs as well as in staff costs.

On the other hand, the operating profit of the Radio segment in 2018, both at the EBIT and EBITDA levels, improved yoy and stood at PLN 17.2 million and PLN 21.3 million, respectively.

1. REVENUE [3]

In the fourth quarter of 2018, the Radio segment's revenue increased by 5.5% yoy and stood at PLN 38.1 million. This was mainly attributable to higher yoy revenue from sales of airtime in the Agora Radio Group stations and to higher revenue from brokerage services provided for other cinema operators. On the other hand, revenues from brokerage of third-party airtime and from brokerage services provided for Helios cinemas was lower yoy.

In the fourth quarter of 2018, radio advertising spending in the market increased by 2.5% yoy. Over the same period, sales of radio advertising in the Radio segment grew by 4.9% yoy.

In 2018, the Radio segment's revenue increased by 1.8% yoy to PLN 116.0 million. The segment's revenue increased chiefly on the back of higher yoy revenue from sales of airtime in the Agora Radio Group stations. However, there was a yoy decline in revenue from brokerage of third-party airtime and from brokerage services provided for Helios cinemas in the period under review. In 2018, radio advertising spending in the market increased by 5.5% yoy, whereas in the Radio segment by 1.6% yoy.

2. COST

In the fourth quarter of 2018, the segment's operating costs increased by 13.7% yoy to PLN 30.8 million. This increase is mainly driven by a yoy increase in promotion and marketing costs resulting from higher spending on promotion of Radio Zlote Przeboje and Radio Pogoda and higher sales expenses.

Costs of external services went up by 1.7% yoy to PLN 12.2 million. Their increase was mainly attributable to costs related with sales brokerage services for Helios cinemas. However, a decrease was recorded in the discussed period in the cost of air time purchase in third-party radio stations in connection with the advertising sales brokerage service provided. Apart from the costs related to sales brokerage third-party radio stations and for Helios cinemas, the external services item also includes rental fees, production services as well as operator fees.

Higher yoy D&A costs result from larger number of concessions, inluding the one in Gdańsk.

In the fourth quarter of 2018, staff costs increased by 6.9% yoy, to PLN 9.3 million, mainly as a result of higher costs of fixed remuneration, incentive bonuses and costs of training courses and conferences. On the other hand, variable remuneration costs declined yoy in the period under review.

In 2018, the segment’s operating costs increased by 1.5% yoy to PLN 98.8 million. This increase was driven by higher staff costs, depreciation costs and costs of external services.

Costs of external services went up by 0.7% yoy to PLN 42.7 million. This increase was mainly caused by higher costs of marketing research, consulting and auditing services. However, a yoy decrease was recorded in the cost of air time purchase in third-party radio stations in connection with the sales brokerage service provided and in the costs of sales brokerage for the Helios cinema network. Apart from the costs related to sales of brokerage third-party radio stations and for Helios cinemas, the external services item also includes rental fees, production services as well as operator fees.

The 9.0% yoy reduction (to PLN 12.1 million) of promotion and marketing costs in 2018 resulted mainly from the lower spending on promotion of Radio Złote Przeboje and Radio TOK FM.

In 2018, staff costs went up by 4.8% yoy to PLN 33.0 million. This increase was mainly due to higher costs of fixed remuneration. On the other hand, variable remuneration costs were lower yoy.

Higher yoy D&A costs result from larger number of concessions, inluding the one in Gdańsk.

3. AUDIENCE SHARES [9]

Tab. 20

% share in listening	4Q 2018	change in pp yoy	1-4Q 2018	change in pp yoy
Group's music radio stations (Rock Radio, Zlote Przeboje and Radio Pogoda)	4.4%	0.0pp	4.4%	0.2pp
News talk radio station TOK FM	2.1%	0.1pp	2.0%	(0.2pp)

4. NEW INITIATIVES

Radio Pogoda started broadcasting in Gdansk at the frequency of 87.8 MHz on 20 March 2018. It is already the 8th radio station operating under the umbrella of Radio Pogoda. It is intended for the community in and around Gdansk, offering them timeless music classics. In August 2018, Radio Zlote Przeboje started broadcasting in Wetlina using the frequency of 103.6 FM. This is the 24th local station of Radio Zlote Przeboje. It covers the Bieszczady Mountains area, including cities like Sanok and Ustrzyki Dolne. The Agora Radio Group was granted a license for broadcasting the programme of Radio Złote Przeboje on the Wetlina radio station in May 2018.

In September 2018, Radio TOK FM launched a new, nationwide series of debates between candidates running for the office of city presidents. Its slogan was *Uslysz swoje miasto* and it was organised prior to the local government elections. The #Uslysz campaign covered 12 cities. All meetings were broadcast live by the station on every Tuesday and Thursday. They were summed up during a special discussion with listeners organised in the *Hyde Park* programme. So far, Radio TOK FM has conducted three #Uslysz campaigns – in 2014, 2015 and 2017.

In addition, Radio TOK FM extended its online offer by new podcasts available exclusively on Tokfm.pl and in the application. Since September 2018, the service has been publishing on a daily basis new materials dedicated to new technologies, psychology, cities, business, history or current events. This constitutes an expansion of the offer of Radio TOK FM online, since premium access to the station's content allows for listening to the radio materials – current or archival programmes. At the same time, Tandem Media – radio broker of Agora Radio Group, implemented a podcast offer of Radio TOK FM in 2018, thus expanding the range of its operations and following global trends on the audio market.

In October 2018, Radio TOK FM was encouraging everyone to listen to its programmes as part of the image campaign under the slogan *Kimkolwiek jestes*. The station's adverts, which additionally emphasised its availability on the internet and on mobile devices, were shown on TV, in cinemas, on the internet and in the press. They were accompanied by a campaign in the social media. The station's campaign, which was very popular on the internet, was awarded a distinction in the independent creation competition, Kreatura 2018.

Also in October, the team of Radio TOK FM, together with the editorial team of *Gazeta Wyborcza*, was promoting the sale of a new joint digital package. Thanks to the package, both readers of the daily and listeners of the station can conveniently use the combined premium offer of both media at a promotional price, providing themselves with access for example to the latest news, valued comments and expert opinions. In December 2018, Radio TOK FM released an entirely new application for listening to music, compatible with IOS and Android-based systems.

Radio Pogoda was promoted in 2018 as part of the campaign under the slogan *Najpiekniejsze melodie. Wlacz Radio Pogoda*. The promotional activities performed in May covered 5 locations in which the station can be heard – Gdansk, Krakow, Opole, Poznan and the Katowice urban area. Moreover, in October 2018, advertisements of Radio Pogoda were shown on TV, in cinemas, on the internet and AMS panels in 8 cities in Poland. They were recommending Robert Janowski's programme as well as his latest album titled *Najpiekniejsze melodie* which was released by Agora Publishing House in cooperation with the radio station.

IV.F. PRINT [1]

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

Tab. 21

in PLN million	4Q 2018	4Q 2017	*% change yoy*	1-4Q 2018	1-4Q 2017	*% change yoy*
Total sales, including:	**17.0**	**18.7**	***(9.1%)***	**71.5**	**101.7**	***(29.7%)***
Printing services (1)	*15.2*	16.7	*(9.0%)*	63.7	94.0	*(32.2%)*
Total operating cost, including:	**(21.6)**	**(74.5)**	***(71.0%)***	**(80.5)**	**(165.1)**	***(51.2%)***
Raw materials, energy and production services	(11.7)	(10.7)	*9.3%*	(44.0)	(64.0)	*(31.3%)*
Staff cost	(4.7)	(5.4)	*(13.0%)*	(18.4)	(20.8)	*(11.5%)*
D&A	(3.2)	(4.7)	*(31.9%)*	(8.4)	(20.7)	*(59.4%)*
Cost of group lay-offs (2)	-	-	-	(1.4)	-	-
Impairment losses (3)	-	(51.6)	-	-	(51.6)	-
EBIT	**(4.6)**	**(55.8)**	***91.8%***	**(9.0)**	**(63.4)**	***85.8%***
EBIT margin	*(27.1%)*	*(298.4%)*	*271.3pp*	*(12.6%)*	*(62.3%)*	*49.7pp*
EBITDA	**(1.4)**	**0.5**	**-**	**(0.6)**	**8.9**	**-**
EBITDA margin	*(8.2%)*	*2.7%*	*(10.9pp)*	*(0.8%)*	*8.8%*	*(9.6pp)*

(1) revenues from services rendered for external customers;
(2) cost related to group lay-offs executed in the first quarter of 2018;
(3) the amounts include impairment losses of the segment`s non-current assets.

The Print segment incurred loss at the EBITDA level both in the fourth quarter of 2018 and in the whole 2018. The loss at the EBITDA level amounted to, respectively, PLN 1.4 million and PLN 0.6 million. The loss at the EBIT level amounted to PLN 4.6 million and PLN 9.0 million, respectively.

1. REVENUE

Both in the fourth quarter of 2018 and throughout the year, the Print segment's revenue from the sale of printing services to external customers decreased yoy to PLN 15.2 million and to PLN 63.7 million, respectively. In both periods, the decline resulted primarily from a lower yoy volume of orders for printing services, mainly in the coldset technology.

2. COST

The Print segment's operating costs decreased yoy both in the fourth quarter and in the whole 2018. These costs were significantly affected by the impairment loss of the segment's assets recognized in the fourth quarter of 2017 in the amount of PLN 51.6 million. As a result of this write-down, depreciation costs were significantly lower yoy both in the fourth quarter of 2018 and in the whole 2018, despite the one-off depreciation charge on spare parts recognized in the fourth quarter of 2018.

The staff costs were lower yoy both in the fourth quarter of 2018 and in the whole 2018. The decrease was mainly attributable to the reduction in headcount as part of the collective redundancies process carried out in the first quarter of 2018.

A slight yoy increase in costs of raw materials, energy and production services was recorded in the fourth quarter of 2018 despite lower yoy volume of orders. This is an effect of higher prices of newsprint. Throughout 2018, costs of raw materials, energy and production services decreased yoy due to a reduced production volume.

3. RESTRUCTURING PROCESS

On March 5th, 2019, the Company informed about initation of introduction of optimization measures in the Group's printing business. Agora's decision to undertake optimization measures, including group layoffs, is related to the ongoing decrease of revenues from sales of print services in the coldset technology in which Agora Group's printing plants specialize. This trend mainly results from the drop in circulation of printed press, whose publishers are the largest group of clients of the Company's coldset printing plants. Services commissioned by clients from other market segments, including those executed in the heatset technology, present a significantly smaller share in the Group's income from printing activity; due to infrastructural constraints, they never were, nor are able to compensate the decrease of revenues from coldset printing services.

The Management Board of the Company started consultation with the trade unions operating at the Company and the works councils operating in Agora S.A. and in Agora Poligrafia Sp. z o.o. on collective redundancy process and provided the relevant Labor Office with information on the intention to execute group layoffs in the Company and in Agora Poligrafia Sp. z o.o. The process will last up to 30 days after the agreement with the trade unions and works councils is made.

The intention of the Management Board of Agora S.A. is to lay off up to 153 employees mainly of the Print segment of Agora Group (which is 57% of employees of this segment, including 90% of employees in Tychy print plant - Agora Poligrafia Sp. z o.o. and 90% of employees in Pila print plant - Agora S.A., as at March 1st, 2019).

Whole printing business of the Agora Group will be concentrated in Warsaw, whereas operational activity of printing plants in Pila and Tychy will be phased out till June 30th, 2019. The plant located in Warsaw offers the largest range of printing services both in coldest and heatset technology, thereby it most fully meets the needs of Agora and its customers.

The provision regarding employment restructuring shall burden the financial results of the Company and of Agora Group in the 1st quarter of 2019, and the Company will disclose its estimates after the process of consultation is finalized.

NOTES

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

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

**impairment losses and their reversals are included in the calculation of EBITDA since the fourth quarter of 2017.*

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 21 to the 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 dailies (in the fourth quarter of 2017) in TV (and in the second, third and fourth quarter of 2017 as well as in the second and third quarter of 2018), in internet (in each of the quarters of 2017 and in the first, second and third quarter of 2018) and in the cinema in the third quarter of 2018.

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

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

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

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

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

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

The data on dailies readership are based on PBC General, research carried out by Kantar MillwardBrown on a random, nationwide sample of Poles over 15 years of age. The CCS index was used (weekly readership index) - percentage of respondents reading at least one edition of the title within 7 days of the week preceding research. Size of the sample: nationwide PBC General for October - December 2018: N=5,000, for January - December 2017: N= 20,116.

[5] Definition of ratios:

Net profit margin =	*Net profit /(loss) attributable to equity holders of the parent* / *Revenue*
Gross profit margin =	*Gross profit / (loss) on sales* / *Revenue*
Return on equity =	*Net profit / (loss) attributable to equity holders of the parent* / *(Equity attributable to equity holders of the parent at the beginning of the period + Equity attributable to equity holders of the parent at the end of the period) /2/(4 for quarterly results)*
Debtors days =	*(Trade receivables gross at the beginning of the period + Trade receivables gross at the end of the period) / 2* / *Revenue / no. of days*
Creditors days =	*(Trade creditors at the beginning and the end of the period + accruals for uninvoiced costs at the beginning and the end of the period) / 2* / *(Cost of sales + selling expenses + administrative expenses) / no. of days*
Inventory turnover =	*(Inventories at the beginning of the period + Inventories at the end of the period) / 2* / *Cost of sales / no. of days*
Current ratio I =	*Current Assets* / *Current liabilities*
Gearing ratio =	*Current and non-current liabilities from loans – cash and cash equivalents – highly liquid short-term monetary assets* / *Total equity and liabilities*
Interest cover =	*Operating profit / (loss)* / *Interest charge*
Free cash flow interest cover =	*Free cash flow ** / *Interest charge*

** Free cash flow = Net cash from operating activities + Purchase of property plant and equipment and intangibles, from the fourth quarter of 2018 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 comparative amounts were adjusted accordingly.*

[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.

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

[7] Average paid circulation of monthlies is based on the Agora's own data. Rate card data on magazines obtained from Kantar Media monitoring; commercial brand advertising and sponsored articles, excluding specialized monthlies; accounted for 102 monthlies and 76 other magazines; in total 178 press titles for the period of October – December 2018; accounted for 106 monthlies and 80 other magazines; in total 186 press titles for the period January – December 2018.

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

[9] Audience market data referred herein are based on Radio Track surveys, carried out by Kantar MillwardBrown (all places, all days and all quarters) in whole population and in the age group of 15+, from October to December (sample for 2017: 20,840; sample for 2018: 20,903), from January to December (sample for 2017: 83,366; for 2018: 83,404).

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

V. ADDITIONAL INFORMATION

V.A. INFORMATION CONCERNING SIGNIFICANT CONTRACTS FOR THE ISSUER AND ITS GROUP INCLUDING AGREEMENTS BETWEEN THE SHAREHOLDERS WHICH ARE KNOWN TO THE COMPANY, INSURANCE CONTRACTS AND COOPERATION AGREEMENTS

1. INFORMATION CONCERNING SIGNIFICANT CONTRACTS FOR THE ISSUER

- **Establishment of the Company Tax Capital Group**

In the current report of February 16, 2018, the Management Board of Agora S.A. informed that on February 15, 2018 it received a decision dated February 15, 2018 issued by the Head of the Second Masovian Tax Office in Warsaw on the registration of the contract on establishing the Agora Tax Capital Group ("PGK"), which is to include: Agora S.A. and the following subsidiaries: Grupa Radiowa Agory Sp. z o.o., Agora TC Sp. z o.o., Trader.com (Polska) Sp. z o.o. (currently *Domiporta sp. z o.o.*), Helios S.A., AMS S.A., Yieldbird Sp. z o.o. and Plan A Sp. z o.o. PGK was established on March 1, 2018, and each subsequent tax year will overlap with the calendar year. The PGK agreement is in force until December 31, 2020.

In the agreement establishing PGK, Agora S.A. has been appointed the representative company for PGK within the scope of obligations resulting from the Personal Income Tax Act and from the provisions of the Tax Ordinance. The Company estimates that the establishment of the tax capital group may result in lower tax charges of PGK, as provided for by law, of approx. PLN 5.0 million annually, in the period of PGK's operation.

In 2018, because of the impairment allowance for receivables from RUCH S.A. under accelerated settlement proceedings, the Group, thanks to PGK lowered its tax liability by ca. PLN 8 million.

- **Conclusion by the Company of an annex to the Credit Limit Agreement with the bank DNB Polska S.A.**

In the current report of May 18, 2018, the Management Board of Agora S.A., in reference to report No. 6/2017 of May 25, 2017 regarding the execution of the Credit Line Agreement ("the Agreement") with DNB Bank Polska Spółka Akcyjna ("the Bank") informed about signing Annex No. 1 to the above Agreement ("Annex No. 1").

Pursuant to the previous terms of the Agreement, the Company was entitled to use the renewable part of the credit limit in amounting to PLN 110,000,000.00 until May 25, 2018.

Pursuant to the signed Annex No. 1, , starting from the day of updating the established collateral, the Company is to be provided with a credit limit of PLN 110,000,000.00 (one hundred and ten million), which may be used until May 23, 2019 on the same principles as set out in the Agreement.

The Credit Limit bears the WIBOR rate for one-month or three-month deposits in PLN plus the Bank's margin. In the event of failing to pay some or all of the Bank's receivables within the deadline specified in the Agreement, the Company will be charged interest at the base rate plus penalty interest. Otherwise, there are no provisions regarding contractual penalties in Annex No. 1.

The repayment security of the Credit Limit has been maintained, as indicated in current report No. 6/2017 of May 25, 2017. Due to the fact that in March, 2018 Agora Finanse Sp. z o.o. has joined the group of companies from the capital group of the Company covered by the so-called cash pooling agreement concluded with the Bank, the repayment security has been extended to guarantee the liabilities of Agora S.A. under the Agreement granted by Agora Finanse Sp. z o.o. in the amount of PLN 202,500,000.00.

In connection with the above, Agora Finanse Sp. z o.o. filed a declaration on voluntary submission to enforcement of up to PLN 205,500,000.00 with respect to the surety on Agora S.A.'s liabilities arising from the Agreement, undertook to establish a registered pledge on claims from Agora Finanse Sp. z o.o.'s bank account at the Bank and on variable rights. In other respects, the scope of the security of the Agreement, described in current report No. 6/2017 of May 25, 2017 remains unchanged.

V.B. CHANGES IN CAPITAL AFFILIATIONS OF THE ISSUER WITH OTHER ENTITIES AND CAPITAL INVESTMENTS OF THE ISSUER AND ITS GROUP AND THE SHAREHOLDERS STRUCTURE

1. THE CAPITAL STRUCTURE OF THE ISSUER AND SUBORDINATED ENTITIES

The list of companies within the Group:

Tab. 22

		% of shares held (effectively)	
		31 December 2018	31 December 2017
	Subsidiaries consolidated		
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	100.0%
2	Agora TC Sp. z o.o., Warsaw	100.0%	100.0%
3	AMS S.A., Warsaw	100.0%	100.0%
4	Adpol Sp. z o.o., Warsaw (1)	100.0%	100.0%
5	Grupa Radiowa Agory Sp. z o.o. (GRA), Warsaw	100.0%	100.0%
6	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	100.0%
7	IM 40 Sp. z o.o., Warsaw (2)	72.0%	72.0%
8	Inforadio Sp. z o.o., Warsaw (2)	66.1%	66.1%
9	Helios S.A. , Lodz	91.4%	91.4%
10	Next Film Sp. z o.o., Warsaw (3)	91.4%	91.4%
11	Next Script Sp. z o.o., Warsaw (4)	75.9%	68.6%
12	Domiporta Sp. z o.o.,., Warsaw (5)	100.0%	100.0%
13	Optimizers Sp. z o.o., Warsaw	100.0%	100.0%
14	Yieldbird Sp. z o.o., Warsaw (6)	81.5%	77.6%
15	GoldenLine Sp. z o.o., Warsaw	92.7%	92.7%
16	Plan A Sp. z o.o., Warsaw	100.0%	100.0%
17	Agora Finanse Sp. z o.o., Warsaw (7)	100.0%	-
18	Foodio Concepts Sp. z o.o., Warsaw (8), (3)	82.3%	-
	Joint ventures and associates accounted for the equity method		
19	Stopklatka S.A., Warsaw (9)	-	41.1%
20	Online Technologies HR Sp. z o.o., Szczecin	46.2%	46.2%
21	Hash.fm Sp. z o.o., Warsaw	49.5%	49.5%
22	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (1), (10)	50.0%	40.0%
23	ROI Hunter a.s., Brno (11)	13.4%	-
	Companies excluded from consolidation and equity accounting		
24	Polskie Badania Internetu Sp. z o.o., Warsaw (12)	16,7%	15.8%

(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.; on May 28, 2018 the share capital was increased and new shares were taken up by the majority shareholder;
(5) on October 30, 2018 the National Court Register registered the change of the company`s business name from Trader.com (Polska) Sp. z o.o. to Domiporta Sp. z o.o.;
(6) acquisition of shares from non-controlling shareholders on December 4, 2018;
(7) company set up on February 28, 2018;
(8) company set up on March 6, 2018;
(9) disposal of shares in the company on June 14, 2018;
(10) acquisition of additional shares on September 7, 2018;
(11) acquisition of shares on September 25, 2018;

(12) change of the Agora's share in the company results from the decrease of the numer of shares in the company following the automatic redemption of shares without decreasing of the share capital.

2. CHANGES IN CAPITAL AFFILIATIONS AND ORGANISATION OF THE CAPITAL GROUP

On January 25, 2018, the extraordinary general meeting of shareholders of Optimizers Sp. z o.o. ("Optimizers") adopted a resolution on discontinuing the operating activities of Optimizers to date, in particular on refraining from undertaking any new business activities as part of the operating activities of Optimizers to date. The above resolution does not constitute the resolution on the dissolution of Optimizers as stipulated in Article 270, item 2) of the Code of Commercial Companies. On May 8, 2018, the extraordinary general meeting of shareholders of Optimizers adopted a resolution on increasing the share capital of Optimizers from PLN 100 thousand to PLN 500 thousand by creating 8,000 new shares to be taken up by Agora S.A. in exchange for a cash contribution of PLN 400 thousand. On July 2, 2018, the District Court for the capital city of Warsaw in Warsaw registered the above change. Currently, Agora S.A. holds 10,000 shares in Optmizers, representing 100% of the company's share capital and carrying 10,000 voting rights representing 100% of the votes at the general meeting of shareholders.

On February 28, 2018, Agora S.A., as the sole shareholder, established Agora Finanse Sp. z o.o. ("Agora Finanse") with its registered office in Warsaw and took up 100 shares in the company's share capital with a nominal value of PLN 50 each, in exchange for a cash contribution of PLN 5,000. Agora Finanse was entered in the Register of Entrepreneurs on March 7, 2018 by the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register. The shares held by Agora S.A. give it a 100% interest in the share capital and 100% of the votes at the general meeting of shareholders of Agora Finanse. On April 5, 2018, the extraordinary general meeting of shareholders of Agora Finanse adopted a resolution on amending the company's Articles of Association, which consisted of, among other things, changing the scope of the required consents of the general meeting of shareholders. The above amendment to the company's Articles of Association was registered with the registration court on April 27, 2018.

On March 29, 2018, the extraordinary general meeting of shareholders of Agora – Poligrafia sp. z o.o. with its registered office in Tychy ("Agora – Poligrafia") adopted a resolution on increasing the company's share capital from PLN 1.5 million to PLN 2 million by establishing 1,000 new shares with a nominal value of PLN 500 each and a total nominal value of PLN 500 thousand and earmarked them for taking up by the sole shareholder, i.e. the Company, in exchange for a cash contribution of PLN 10 million. On July 10, 2018, the District Court Katowice – Wschód in Katowice, 8th Commercial Division of the National Court Register, registered the above change. Currently, Agora S.A. holds 4,000 shares in Agora – Poligrafia, representing 100% of the company's share capital and carrying 4,000 voting rights representing 100% of the votes at the general meeting of shareholders.

On March 29, 2018 the District Court for the Łódź – Śródmieście in Łódź, 20th Commercial Division of the National Court Register entered Foodio Concepts Sp. z o.o. in the Register of Entrepreneurs of the National Court Register. Helios S.A., in exchange for a cash contribution of PLN 5 million, took up 90 shares in the company's share capital with a nominal value of PLN 50 each, representing 90% of the company's share capital and representing 90% of the votes at the general meeting of shareholders. Individual investors have acquired a total of 10% of shares in the company (5% each).

On May 28, 2018, the extraordinary general meeting of shareholders of Next Script Sp. z o.o. ("Next Script") adopted a resolution on increasing the share capital of Next Script from PLN 320 thousand to PLN 470 thousand by creating 3,000 new shares to be taken up by Next Film sp. z o.o. in exchange for a cash contribution of PLN 150 thousand. On July 31, 2018, the District Court for the capital city of Warsaw in Warsaw registered the above change. Currently, Next Film sp. z o.o. holds 7,800 shares in Next Script, representing 82.98% of the company's share capital and carrying 7,800 voting rights representing 82.98% of the votes at the general meeting of shareholders.

The share of Agora in Polskie Badania Internetu sp. z o. o. with registered office in Warsaw („**PBI**") was increased in 2018 from 15.8% up to 16.7% of the total numer of shares in PBI. The increase of Agora's shares in PBI results from the decrease of the numer of shares in PBI following the automatic redemption of shares without decreasing of the share capital of PBI. Agora has not acquired any additional shares in PBI.

In the current report of June 14, 2018, the Management Board of Agora S.A., in relation to current report no. 11/2018 of March 7, 2018, informed that on June 14, 2018 Agora concluded the agreement to sell all of its shares in Stopklatka S.A. with its registered office in Warsaw with Bank Zachodni WBK S.A. – Dom Maklerski BZ WBK, acting on behalf of and on the account of Kino Polska TV S.A.

As a result of the Transaction, Agora disposed of all of its shares in Stopklatka S.A. (i.e. 4,596,203 ordinary shares constituting 41.14% of the share capital of Stopklatka). The price per share amounted to PLN 7.0, and the total value of the Transaction amounted to approx. PLN 32 million.

On June 29, 2018, the extraordinary general meeting of shareholders of Plan A Sp. z o.o. ("Plan A") adopted a resolution on increasing the share capital of Plan A from PLN 5 thousand to PLN 10 thousand by creating 100 new shares to be taken up by Agora S.A. in exchange for a cash contribution of PLN 50 thousand. On August 10, 2018, the District Court for the capital city of Warsaw in Warsaw registered the above change. Currently, Agora S.A. holds 200 shares in Plan A, representing 100% of the company's share capital and carrying 200 voting rights representing 100% of the votes at the general meeting of shareholders.

On September 7, 2018, AMS S.A. with its registered office in Warsaw concluded a Share Sale Agreement with Clear Channel Poland sp. z o.o., the subject of which was the purchase of 100 shares in the share capital of Instytut Badan Outdooru IBO sp. z o.o. with its registered office in Warsaw ("IBO"), with a total nominal value of PLN 120 thousand, for PLN 60 thousand. Currently, AMS S.A. holds 500 shares in IBO, representing 50% of the company's share capital and carrying 500 voting rights representing 50% of the votes at the general meeting of shareholders of IBO.

On September 25, 2018, Agora S.A. concluded: (i) with natural persons and two funds and with ROI Hunter a.s., with its registered office in Brno, the Czech Republic ("ROI Hunter"), an investment agreement concerning, among other things, taking up 323,102 shares in the increased share capital of ROI Hunter ("Agreement 1"), (ii) an agreement on the sale of 32,310 shares in ROI Hunter with a natural person ("Agreement 2"). The total capital investment of Agora S.A. amounted to EUR 2.2 million.

The investment in the purchase of shares in ROI Hunter consists of two tranches and will cover a total of 710,823 shares in ROI Hunter representing approx. 24% of the shares in the share capital of ROI Hunter and carrying approx. 24% of the votes at the General Meeting of Shareholders of ROI Hunter. The total capital investment of Agora S.A. in ROI Hunter will amount to EUR 4.4 million.

Currently, as a result of the purchase of the shares in ROI Hunter as part of the first tranche, Agora S.A. holds 355,412 shares in ROI Hunter, representing 13.4% of the company's share capital and carrying 355,412 voting rights representing 13.4% of the votes at the general meeting of shareholders of ROI Hunter.

The second tranche will cover a total of 355,411 shares in ROI Hunter: (i) Agora S.A. will take up 323,101 shares in the increased share capital of ROI Hunter on the basis of Agreement 1, (ii) and Agora S.A. will purchase 32,310 shares in ROI Hunter on the basis of a share sale agreement, concluded with a natural person.

The second tranche of the shares should be taken up after the publication of the financial statements for 2018 by ROI Hunter, confirming the achievement of the financial ratios agreed by the parties to the agreement and after their approval by the general meeting of shareholders of ROI Hunter.

Moreover, Agreement 1 governs the principles of Agora S.A.'s investments in ROI Hunter and includes a number of mechanisms to secure the Company's interests.

ROI Hunter is an associate of Agora S.A., as defined in the accounting regulations, due to Agora S.A.'s special rights with regard to impact on ROI Hunter's strategic decisions and corporate governance, including the composition of the Board of Directors of ROI Hunter (the company's management body).

On December 4, 2018, Agora S.A. concluded three agreements on the sale of shares in a limited liability company, concerning the purchase of shares in Yieldbird Sp. z o.o. with its registered office in Warsaw, with three shareholders of that company in exercising the above-mentioned calls to purchase and sell the shares. The agreements covered the purchase by Agora S.A., from the three shareholders of Yieldbird Sp. z o.o., of a total of 37 shares in Yieldbird sp. z o.o. with its registered office in Warsaw for a total price of PLN 2,052 thousand. As a result of the above transaction, Agora S.A. currently holds 775 shares in the company's share capital, which gives it 81.49% of the shares in the share capital and 81.49% of the votes at the general meeting of shareholders.

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

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

1. a preliminary agreement on the sale of shares in the share capital of Eurozet ('Preliminary Agreement') between Czech Radio Centers., with its registered office in Prague (the Czech Republic), as a seller ('Seller'), Czech Media Invest a.s., with its registered office in Prague (the Czech Republic), as a guarantor of the Seller's obligations and:
   - SFS VenturesSFS Ventures, as a buyer of 60% of the shares of Eurozet, and
   - the Company, as a buyer of 40% of the shares of Eurozet,

2. a final agreement for the sale of the above-mentioned shares of Eurozet, by and between the Company, SFS Ventures and the Seller ('Final Agreement'), concluded as part of performance of the Preliminary Agreement, and

3. a shareholders' agreement between the Company and SFS Ventures regulating the detailed rules for investment in Eurozet by SFS Ventures, as a majority shareholder, and the Company as a minority shareholder and the cooperation of both entities as shareholders of Eurozet ('Shareholders' Agreement').

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

In accordance with the provisions of the Shareholders' Agreement, with a view to protecting Agora's investment in Eurozet and protecting the position of Agora as a minority shareholder of Eurozet, Agora is granted typical rights of a minority shareholder, including the right to appoint and dismiss one member of the supervisory board of Eurozet and the right to influence decisions on selected key issues concerning, in particular, the capital structure, amendment of the company deed, changes in the share capital or liquidation of the company. Those entitlements will be due to Agora as long as Agora and its related entities have at least 34% plus one shares / votes in the share capital of Eurozet / at the Eurozet shareholders' meeting. However, Agora, as a minority shareholder, will not influence, inter alia, the operational activities of Eurozet or the programme strategy of the radio station.

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

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

Agora is entitled (but not obliged) to exercise the Call Option during the period commencing after the lapse of 12 months and ending after the lapse of 36 months from the date of conclusion of the Final Agreement ('Call Option

Period') or until June 20th, 2022 in case Agora submits to SFS Ventures a declaration of will to exercise the Call Option. In specific cases described in the Shareholders' Agreement concerning substantial reduction in the scope of the Group's core activities, the Call Option Period may be shortened. Should Agora exercise the Call Option, the purchase price of the Callable Shares for Agora will be determined on the basis of the formula set out in the Shareholders' Agreement, which takes into account SFS Ventures's achievement of certain financial indicates. In accordance with the Shareholders' Agreement, Agora will be able to exercise the Call Option, and thereby take control over Eurozet, after obtaining the legally required antitrust permission.

Eurozet is an associate of Agora SA, as defined in accounting regulations.

The acquisition of 40% of shares in Eurozet was financed partially from Agora's own resources and in the amount of PLN 75.0 million from the overdraft in the current account which will be converted into loan by DNB Bank Polska on the basis of Credit Line Agreement executed on May 27th, 2017 amended by Annex no. 1 executed on May 18, 2018.

On March 6, 2019, the Company received a letter from the President of the Office of Competition and Consumer Protection requesting the Company to present information and documents as part of the explanatory proceedings to pre-determine the obligation to notify the intention of concentration with the participation of the Company, SFS Ventures s.r.o. and Eurozet sp. z o. o.The proceedings are explanatory in its character and are not conducted against the Company.

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

In connection with the above, on February 28, 2019, Helios and Partners signed a letter of intent ("Term Sheet") on the basic terms of the cooperation under consideration within the SPV, which is a subsidiary of Helios S.A. (Step Inside Sp. z o. o. with its registered seat in Lodz ("Step Inside")). Establishing the cooperation is dependent upon agreement on detailed principles of cooperation and obtaining the consent of the President of the Office of Competition and Consumer Protection ("the President of UOKiK").

At the same time, on February 28, 2019, Step Inside and FFN signed a cooperation agreement, based on which Step Inside is entitled to i.a. operate up to 10 eateries under the Pasibus brand. For this purpose, Helios funded Step Inside company with PLN 10 million. With the approval of the President of UOKiK and concluded investment agreement the Partners will acquire shares in Step Inside company, which will open total of 40 premises under the Pasibus brand. Simultaneously, the Company informs that the Term Sheet does not constitute binding obligations of the parties. Agora will inform about the next steps related to the course of the process in separate filings.

On March 5, 2019, an extraordinary general meeting of shareholders of Agora - Poligrafia Sp. z o.o. adopted a resolution on extinction of business in the area of printing services of Agora - Poligrafia Sp. z o.o. At the same time, the extraordinary shareholders' meeting of Agora - Poligrafia Sp. z o.o. indicated that the above the resolution does not constitute a resolution to dissolve the Company referred to in art. 270 point 2) of the Code of Commercial Companies.

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 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 procedure

As part of the sell-out, till 30 June 2016 Agora S.A. transferred to Helios S.A. the amount of PLN 2,938 thousand as payment of the sell-out price calculated in accordance with Art. 418(1) § 6 of the CCC. In its balance sheet as at 31 December 2016, the Agora Group recognized a liability in respect of the purchase of the Shares from the minority shareholders of Helios S.A. totalling PLN 3,185 thousand. This amount comprised PLN 2,938 thousand transferred by Agora S.A. to Helios S.A. (which was also recognized in the Group's equity under retained earnings/accumulated losses and current year profit/(loss)) and the total amount transferred by the other shareholder of Helios S.A. as part of the execution of the sell-out procedures. As part of the sell-out procedure, the amount of PLN 3,171 thousand was transferred by Helios S.A. to the Minority Shareholder on 2 June 2017 for the purchase of 318,930 shares. Moreover, on 2 June 2017, a total of PLN 14 thousand was transferred to the other minority shareholders for the purchase of 1,460 shares. As a result of these transactions, the Group met the commitment to purchase shares, which was recognized in the Group's balance sheet.

As a result of the procedures described above, Agora S.A. increased its block of shares in Helios S.A. from 10,277,800 to 10,573,352 shares, i.e. by 295,552 shares. Agora S.A. currently holds 91.44% of the shares of Helios S.A. The shareholders whose shares are being purchased under the sell-out procedure did not accept the price calculated in accordance with Art. 418(1) § 6 of the CCC and, based on Art. 418(1) § 7 of the CCC, applied to the registration court to appoint a registered auditor who would determine the price for the shares on behalf of the Court. The final valuation of the Shares that are subject to the sell-out procedures will be determined by the registration court having jurisdiction over the registered office of Helios S.A. based on the opinion of an expert appointed by the registration court having jurisdiction over the registered office of Helios S.A. A change in such valuation, if any, will result in an adjustment to the price of the shares purchased.

As at the date of the publication of this report, the District Court for Lodz-Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed an expert for the purpose of the valuation of the shares to be purchased from the Minority Shareholder (318,930 shares) and from other minority shareholders (1,460 shares in total). The minority shareholders referred to in the previous sentence appealed against the decision on appointing an expert. Until now, the appeal has not been considered.

(ii) Squeeze-out procedure

The squeeze-out procedure, which entered into force on 14 July 2016, is pending with respect to 10 shares. The holder of these shares did not respond to the Company's call published in accordance with the requirements in Monitor Sądowy i Gospodarczy, which requested the minority shareholders holding the above-mentioned shares of the Company to submit the share certificate to the Company within two weeks of the publication of the call under the sanction of cancelling the shares after this deadline. Consequently, on 7 April 2017 the Management Board of Helios S.A. passed a resolution on the cancellation of the above-mentioned shares and published it in Monitor Sadowy i Gospodarczy of 8 May 2017. The share valuation procedure by the registered auditor appointed by the Court is currently under way.

The sell-out and squeeze-out procedures have not been completed as at the date of the publication hereof. As at the date of the publication hereof, the District Court for Lodz - Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed an expert to perform a valuation of the shares.

3. PARTICIPATION IN BUSINESS ORGANIZATION, HOME AND FOREIGN

The Agora Group wants to actively influence the environment it operates in. Therefore, its related companies are active members and participants of organizations involving business specialists in fields important for Company's activities. Group's representatives participate in the activities, inter alia, of the following major organizations:
- Polish:
    - Confederation of Private Employers „Lewiatan",
    - Polish Association of Stock Exchange Issuers,
    - Press Publishers Chamber,
    - National Circulation Audit Office (ZKDP),

- Polish Internet Survey,
- Internet Advertising Bureau Polska,
- IGRZ – Outdoor Advertising Economic Chamber,
- ReproPol (Association),
- Polish Cinemas Association,
- Polish New Cinemas Association,
- IAA Polska – International Advertising Asscociation, Poland,
- ZPAV – Association of Audo Video Producers,
- KIPA – The Polish Audiovisual Producers Chamber of Commerce
- Polish Chamber of Books.

- Foreign:
  - INMA – International Newsmedia Marketing Association,
  - EPC – European Publishers Council.
  - EGTA - *European Group of Television Advertising,*
  - UNIC - *International Union of Cinemas.*

Moreover, the Company is active in social and charitable activities, inter alia, through Agora Foundation.

4. MAJOR DOMESTIC AND FOREIGN INVESTMENTS

In 2018 carrying amounts of intangible assets of the Group (magazine titles, goodwill, licenses and patents, other) decreased by PLN 17.3 million (cost increased by PLN 9.3 million, amortisation and impairment losses for the period increased by PLN 26.6 million). Detailed information on intangible assets is included in note 3 to the consolidated financial statements.

In 2018 carrying amounts of property, plant and equipment of the Group increased by PLN 5.5 million (cost increased by PLN 9.4 million, depreciation and impairment losses for the period increased by PLN 26.6 million). Detailed information on property, plant and equipment is included in note 4 to the consolidated financial statements.

In 2018 the Group purchased shares in ROI Hunter a.s., additional shares in Yieldbird Sp. z o.o. and Instytut Badan Outdooru IBO Sp. z o.o. (indirectly through AMS S.A.) as described in point V.B.2 of this MD&A.

The capital investments (shares, contribution to capital, loans) made outside the Agora Group (companies excluded from consolidation and equity accounting) in 2018 increased by PLN 0.3 million. Detailed information is included in note 5 to the consolidated financial statements.

In 2018, the investments of the Group were financed from own funds, except for capital expenditure on property, plant and equipment related to new cinema equipment and fit-out works, which were partially financed by means of bank loans and finance lease arrangements.

In 2018, the Group invested its free cash outside its capital group mainly in short-term securities and bank deposits. As at the end of 2018, the amount of such investments was equal to PLN 130.7 million.

5. CHANGES IN THE SHAREHOLDERS' STRUCTURE OF THE COMPANY.

In accordance to the formal notifications received from the shareholders, particularly on the basis of Article 69 of Act of July 29, 2005, on public offering, conditions governing the introduction of financial instruments to organised trading, and public companies, as at the day of publication of the annual report for 2017 the following shareholders were entitled to exercise over 5% of voting rights at the general meeting of shareholders of the Company:

Tab. 23

	no. of shares	% of share capital	no. of votes	% of voting rights
Agora-Holding Sp. z o.o. *(in accordance with the last notification of September 24, 2015)*	5,401,852	11.33	22,528,252	34.77

	no. of shares	% of share capital	no. of votes	% of voting rights
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Zlota Jesien and Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification of December 27, 2012) (1)*	7,594,611	15.93	7,594,611	11.72
including: Otwarty Fundusz Emerytalny PZU Zlota Jesien *(in accordance with the last notification of December 27, 2012) (1)*	7,585,661	15.91	7,585,661	11.71
Media Development Investment Fund, Inc. (MDIF Media Holdings I, LLC) *(in accordance with the last notification of June 6, 2016)*	5 350 000	11,22	5 350 000	8,26
Nationale-Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale-Nederlanden Otwarty Fundusz Emerytalny and Nationale Nederlanden Dobrowolny Fundusz Emerytalny) *(in accordance with the last notification of June 9, 2016)*	4 493 055	9,43	4 493 055	6,93

(1) Number of shares according to the shareholder's notification – as at December 27, 2012; proportion of voting rights and percentage of the share capital of Agora S.A. were recalculated by the Company after reduction of the Company's share capital.

Significant changes to the shareholders' structure

In accordance to the formal notifications received from the shareholders, particularly on the basis of Article 69 of Act of July 29, 2005, on public offering, conditions governing the introduction of financial instruments to organised trading, and public companies, as at the day of publication of this annual report, the following shareholders were entitled to exercise over 5% of voting rights at the general meeting of shareholders of the Company:

Tab. 24

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

	No. of shares	% of share capital	no. of votes	% of voting rights
Nederlanden Otwarty Fundusz Emerytalny and Nationale Nederlanden Dobrowolny Fundusz Emerytalny) *(in accordance with the last notification of June 9, 2016)(1)*				

(1) proportion of voting rights and percentage of share capital of Agora S.A. were recalculated by the Company after reduction of the Company's share capital on August 23, 2018.

The Management Board of Agora SA does not have any information about contracts, which may result in future changes in the proportions of shares held by existing shareholders.

V.C. OTHER SUPPLEMENTARY INFORMATION

1. TRANSACTIONS WITH RELATED PARTIES

Following types of transactions are witnessed within the Agora Group:

- advertising and printing services,
- rent of machinery, office and other fixed assets,
- sale of rights and granting licenses to works,
- production and service of advertising panels,
- providing various services: legal, financial, administration, trade, sharing market research results, data transmission, outsourcing,
- grant and repayment of loans and interest revenues and costs,
- dividend distribution,
- cash pooling settlements,
- settlements within the Tax Capital Group.

The above transactions within the Agora Group are carried out on arm's length basis and are within the normal business activities of companies. Detailed information on transactions with related parties is disclosed in note 39 to the consolidated financial statements.

2. AGREEMENTS BETWEEN THE COMPANY AND MANAGEMENT BOARD'S MEMBERS ON COMPENSATION IN CASE OF RESIGNATION OR DISMISSAL

In accordance with binding employment contracts concluded with members of the Management Board of Agora S.A., during the period of 18 months starting the day:

- on which the right of the shareholders holding series A shares to nominate candidates to the Management Board is removed from the Company's Statute;
- on which one entity or a group of entities acting in concert exceeds the 50% threshold of the total number of votes at the General Meeting of Shareholders of Agora S.A.;
- on which the Supervisory Board of the Company is appointed by voting by separate groups, should any of these contracts be terminated by the Company (Article 385 § 3-9 of the Code of Commercial Companies), the Management Board member will receive a compensation payment in the total amount being a sum of the following components:

(i) the amount equivalent to 12 times the monthly basic remuneration due to the member of the Management Board of Agora S.A. for the month preceding the month in which the member of the Management Board of Agora S.A. receives the termination notice;

(ii) the amount equivalent to the annual bonus for the financial year preceding the year of termination of the employment contract.

The redundancy payment mentioned above shall not be due when the employment contract is terminated for reasons indicated in Article 52 § 1 of the Labour Code.

3. REMUNERATION, BONUSES AND BENEFITS OF THE ISSUER'S MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS AND MANAGEMENT BOARD AND SUPERVISORY BOARD MEMBERS OF ITS SUBSIDIARIES

The remuneration paid by Agora S.A. to Management Board members in 2018 amounted to PLN 5,372 thousand (2017: PLN 4,642 thousand). This amount includes salary and bonus payments for the period of holding the post of a Management Board member.

The remuneration paid by Agora S.A. to Supervisory Board members in 2018 amounted to PLN 468 thousand (2017: PLN 468 thousand).

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 357 thousand (in 2017: in the amount of PLN 356 thousand) and Agnieszka Sadowska received remuneration as the Member of the Management Board of Stopklatka S.A. in the amount of PLN 175 thousand (in 2017: in the amount of PLN 253 thousand). The other members of Agora's Management and Supervisory Board did not receive any remuneration for serving as board members in subsidiaries, joint-controlled entities and associates.

Detailed information concerning remuneration of the Management Board and Supervisory Board Members is presented in note 26 to the consolidated financial statements.

The information related to liabilities to former Management Board members is described in note 18.

In 2018 the remuneration of Management and Supervisory Board Members in subsidiaries amounted to PLN 6,551 thousand (in 2017: PLN 5,648 thousand).

The Agora Group also executed incentive programs based on financial instruments, in which Management Board members of Agora S.A. and Management Board members of subsidiary Yieldbird Sp. z .o.o. and Foodio Concepts Sp. z o.o participated. Detailed information concerning these plans is presented in note 27 to the consolidated financial statements.

To the best of the Company's knowledge, the Management and Supervisory Board Members of the companies comprising the Agora Group have not been entitled to remuneration, monetary awards and benefits, other than described above, paid out, due or potentially due for holding their posts.

4. THE SHARES IN AGORA S.A. AND ITS RELATED PARTIES OWNED BY MEMBERS OF THE MANAGEMENT BOARD

In the described periods, the members of the management boards of subsidiaries of Agora S.A. or members of the Management Board of Agora S.A. did not hold shares in the Company or in its related companies, except for described below.

4.1. SHARES IN AGORA S.A.

Tab. 25

	as of December 31, 2018 (no. of shares)	*Nominal value (PLN)*
Bartosz Hojka	2,900	2,900
Tomasz Jagiello	0	0
Grzegorz Kania	0	0
Anna Krynska – Godlewska	0	0
Agnieszka Sadowska	0	0

4.2 SHARES IN RELATED PARTIES

The status of ownership of shares in subsidiaries and associates by the members of the boards of subsidiaries and associates to Agora S.A. as of December 31, 2018 presents the table below.

Tab. 26

	as at December 31, 2018 (number of shares)	*Nominal value (PLN)*
Members of the Management Board of Agora S.A. holding shares in Agora – Holding Sp. z o.o.		
Bartosz Hojka	1	10,427.84
Members of the Management Board of Helios S.A. holding shares in Helios S.A.		
Tomasz Jagiello	833,838	83,383
Katarzyna Borkowska	68,264	6,826
Grzegorz Komorowski	44,000	4,400
Magdalena Gorzelniak	22 000	2 200
Members of the Management Board of Yieldbird Sp. z o.o. holding shares in Yieldbird Sp. z o.o.		
Marcin Ekiert	80	4,000
Bartłomiej Chmiel	48	2,400
Members of the Management Board of Hash.fm Sp. z o.o. holding shares in Hash.fm Sp. z o.o.		
Konrad Traczyk	4,600	230,000
Members of the Management Board of IM 40 Sp. z o.o. holding shares in IM 40 Sp. z o.o.		
Jan Chojnacki	933	93,300
Members of the Management Board of Online Technologies HR Sp. z o.o. holding shares in Online Technologies HR Sp. z o.o.		
Arkadiusz Kuchto	54	4,320

5. THE SHARES IN AGORA S.A. AND ITS RELATED PARTIES OWNED BY MEMBERS OF THE SUPERVISORY BOARDS

In the described periods, the members of the supervisory board of Agora S.A. or members of the supervisory boards of its subsidiaries did not hold shares in the Company or in its related companies, except for described below.

5.1. SHARES IN AGORA S.A.

The status of ownership of shares in Agora S.A. by the members of the Supervisory Board is presented below:

Tab. 27

	as at December 31, 2018 (number of shares)	*Nominal value (PLN)*
Andrzej Szlezak	0	0
Wanda Rapaczynski	882,990	882,990
Dariusz Formela	0	0
Tomasz Sielicki	33	33
Andrzej Dobosz	0	0
Maciej Wisniewski	0	0

The members of the Supervisory Board did not have any rights to shares (options).

5.2. SHARES IN RELATED COMPANIES

Tab. 28

	as of December 31, 2018 (no. of shares)	*Nominal value (PLN)*
Members of the Supervisory Board of Agora S.A. holding shares in Agora – Holding Sp. z o.o.		
Wanda Rapaczynski	1	10,427.84
Members of the Supervisory Board of Goldenline Sp. z o.o. holding shares in Yieldbird Sp. z o.o.		
Marcin Ekiert	80	4,000
Members of the Supervisory Foodio Concepts Sp. z o.o. holding shares in Helios S.A.		
Katarzyna Borkowska	68,264	6,826
Members of the Supervisory Board of Online Technologies Sp. z o.o. holding shares in Yieldbird Sp. z o.o.		
Bartłomiej Chmiel	48	2,400

6. CHANGES IN BASIC MANAGEMENT RULES IN THE ENTERPRISE OF THE ISSUER AND ITS CAPITAL GROUP

In 2018 there were no significant changes in the basic management rules in the enterprise of the issuer and its capital group.

7. INFORMATION ON CREDIT AND LOAN AGREEMENTS TAKEN/TERMINATED IN 2018 AND GUARANTEES RECEIVED BY AGORA S.A. OR ITS SUBSIDIARIES.

In 2018 no credit or loan agreements were terminated for the Company or its subsidiaries and also nor the Company or its subsidiaries terminated any credit or loan agreements.

a) Agora S.A.

As at December 31, 2018 the Company had an open credit line in DNB Bank Polska S. A. on the basis of the Agreement signed on May, 25 2017.

Tab. 29

Creditor	Amount of the credit line	Currency	Interest rate (%)	Agreement date	Maturity date
DNB Bank Polska S. A.	PLN 135 million	PLN	WIBOR 1M or 3M + bank margin	25 May 2017, 18 May 2018 (annex)	the non-renewable credit - quarterly 12 instalments from July 1, 2018 to April 1, 2021; credit facility in the current account - may be used by May 23, 2019.

More information concerning the Agreement with DNB Bank Polska S. A. is described in point V.A.1 of this MD&A.

b) subsidiaries

In 2018, the company Helios S.A. received bank warranties securing due performance of contracts in the total amount of PLN 345 thousand with expiry dates from October 27, 2019 to August 11, 2021.

New credit agreements in subsidiaries did not occur. More detailed information concerning loans, including amounts outstanding as at 31 December 2018, is presented in note 14 to the consolidated financial statements.

8. INFORMATION ON LOANS GRANTED IN 2018 AND GUARANTEES OR OTHER OFF-BALANCE SHEET ITEMS

Information on loans granted by Agora S.A. or by its subsidiaries in 2018 is described in the table below:

Tab. 30

No.	Borrower	Lender	Amount of loan (in PLN thousand)	Currency	Interest rate (%)	Agreement date	Maturity date
1	Eko Partner Sp. z o.o.	AMS S.A.	331.0	PLN	Wibor 1M+4%	26.07.2018 21.12.2018 (annex)	until 31 March 2025

Detailed information on off-balance sheet items (including granted guarantees and issued bills of exchange) is presented in note 36 to the consolidated financial statements.

9. THE SYSTEM OF CONTROL OF EMPLOYEE SHARE SCHEMES

In 2018 there was not any employee share scheme.

10. INFORMATION ABOUT THE SELECTION AND AGREEMENTS SIGNED WITH AN AUDITOR ENTITLED TO AUDIT FINANCIAL REPORTS

On March 30, 2017 the Supervisory Board selected the certified auditor of the Company's financial statements. On the basis of both, the Supervisory Board resolution and the Company's Statute, KPMG Audyt Spolka z ograniczona odpowiedzialnoscia spolka komandytowa with its registered seat in Warsaw at 4A Inflacka Street, registered under the number 3546 as an entity entitled to audit financial statements, was elected the certified auditor of the Company that is to audit financial statements of the Company for the years 2017, 2018 and 2019.

Information about the agreements and the values from those agreements concluded with the certified auditor is disclosed below (net amounts in PLN thousand):

Tab. 31

in PLN thousand	Financial year ended 31 December 2018	Financial year ended 31 December 2017
Remuneration for audit (1)	121.2	121.2
Other attestation services, including remuneration for review (1)	80.8	80.8

(1) Remuneration includes the amounts paid and due for professional services related to audit and review of unconsolidated and consolidated financial statements of the Company for a particular year (data based on three-year agreement signed July 24, 2017).

11. INFORMATION ABOUT FINANCIAL INSTRUMENTS

Information about financial statements in respect of:

- risk: price risk, credit risk, material disruptions to cash flow and risk of liquidity problems, on which the Group is exposed and
- objectives and methods of financial risk management

is disclosed in notes 33 and 34 to the consolidated financial statements.

12. INFORMATION ON CAPABILITY OF EXECUTION OF INVESTMENT PLANS

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 Agora Group does not anticipate any liquidity problems with regards to its further investment plans (including capital investments) in 2019.

13. THE DESCRIPTION OF BASIC HAZARDS AND RISK

- **Macroeconomic risk**

Advertising revenues strictly depend on the general economic situation in Poland and in Europe. They grow in the periods of economic upswing and are marked by considerable decrease in time of the economic slowdown. According to the Company's estimations in 2018, advertisers spent 7.5% yoy more on advertising. Advertisers increased their expenditure in almost all advertising market segments. The erosion of advertising expenditure was observed only in press.

It should be noted that the level of advertising revenues is dependent on both the ad volume as well as prices of media purchase which hinders estimations regarding the development of the situation at the particular segments of ad market.

Polish economy is sensitive to coutries political situation and looping risk of abrupt legislative changes, whose full impact on the conditions of running business activity in Poland is hard to foresee.

- **Seasonality of advertising spending**

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

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

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

The Group's advertising revenues are generated by the following media: dailies, outdoor advertising, radio stations, magazines, internet and cinemas. As a result of structural changes and media convergence particular media in the Agora Group's portfolio compete both with their business competitors and with television broadcasters - constituting almost half of the advertising market expenditure (46.0%) in 2018. The next largest segment of advertising market – Internet held 33.5% share in total ad spend. Ad expenditure in magazines and dailies constituted 4.5% and 2.0% share of total ad spend, respectively. Outdoor advertising held, in 2017, 5.5% of the advertising market share and radio ad spend constituted 7.0% of total ad expenditure. Cinema advertising in Poland constituted 1.5% of all advertising expenditure. Bearing in mind the dynamics of particular and the current Company's estimates of advertising market growth in 2019 there is a risk that the share of particular media in the advertising market will change. This may influence the Group's position and its revenues.

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

Advertising revenues depend also on the readership figures and shares in radio and television audience. Media market changes dynamically – some sectors can take advantage of the current changes while other can lose its position on the market. There is no certainty that the Group's position in the particular media sectors will remain unchanged.

Abrupt changes to law regulations in particular business areas may affect not only macroeconomic situation in Poland but also the propensity and the way advertisers (including state owned companies) spend advertising budgets, including state owned companies.

Press

Presently paid press experiences a worldwide trend of copy sales decrease and shrinking of advertising expenditure. Press titles, published by the Group and its competitors, are not resistant to the changes taking place on the press market. The process of classifieds migration from press to Internet is taking its place. The dynamics of the above mentioned processes may have a negative impact on dailies copy sales and the revenues of the Group. At the same time, the Group digitalizes its content by means of metered paywall on websites related to *Gazeta Wyborcza*. At the end of 2018, the number of *Gazeta Wyborcza* active paid subscriptions totalled 170.5 thousand (increased by 28% comparing to 2017). Nowadays the Company focuses on the growth of average revenue from each subscription and growth of online advertising revenues. It is hard to predict if the Company will be able to deliver above expectations, because of the competitive internet market.

Press distribution

The main channel of press distribution, used by every press publisher in Poland, is the networks of kiosks situated in places of intense traffic and supplied by three largest press distributors. Financial problems of RUCH S.A., which supplied 30% of all press points of sales in Poland affected the way the titles published by Company are distributed. Preventive measures undertaken by Company in the area of distribution minimized negative results related with the problems of RUCH S.A. In the longer perspective it is difficult to clearly assess further development of the situation in the Polish distribution market as multiple factors affect financial condition of distributors – i.a. sales of press in retails networks and acitive attitude of publishers.

The problems of the press distribution market in 2018 suggest that the risk of running publishing business grew and may have negative influence on revenues and financial results of the Group in future.

Internet

Polish Internet advertising market is highly competitive and number of internet users in Poland is not growing so fast as in the past. Internet business is highly dependent on technology progress and number of Internet users and maintaining a strong position on that market is possible by means of investment in modern and innovative technology. The development of this medium is also determinated by the available infrastructure. The number of mobile internet users is increasing. Both, changes in the internet usage and increase of internet speed may also affect growth dynamics of individual segments of the internet advertising market. In this segment of advertising market the Group competes with local and international players. There is no guarantee, that on such a competitive market, the Group's position and ad revenues will be unchanged. Additionally, online advertising market is undergoing transformation. Search advertising and social media are becoming more popular among advertisers. Therefore the position of global platforms as Facebook and Google is increasing and they are the main beneficiaries of online advertising market growth in Poland. The Group's main source of Internet advertising revenue is display advertising. Programmatic, video and mobile advertising are also growing their share. Maintenance of the strong position in rapidly changing market requires investment in advanced technological solutions. Due to that fact there is no guarantee that the Group will be able to compete with national and foreign players with larger financial resources.

Responsibility for published content

The Group's activity is based in its many aspects on publishing the content created by journalists, writers, publicists or users of Internet forums. This can result in publisher's responsibility or co-responsibility for distribution of information contradictory to law regulations, including infringement of personal interests. It cannot be ruled out, that the Group could unintentionally violate such lawsand as a result it could be a subject of claims relating to that and as a result it may have to pay relevant compensations.

Outdoor

Outdoor advertising market in Poland is highly competitive. AMS S.A. competes with Polish companies as well as big international concerns. Outdoor advertising market is of high legal risk due to the possible changes in the rules regarding the use of public space and introduction of new limitations in the centers of large urban areas, as well as rules on tax rates related to this business activity and rules regarding the use of public space. Introduction of limitations in running outdoor advertising business in cities, as well as changes in law interpretations may affect the rates of fees, taxes and penalties related to that business, which may have an impact on the Group's result.

On September 11, 2015 selected regulations on strengthening landscape protection changed. On its basis the local governments acquired rights to regulate the distribution of visual advertisement and small architecture in public space and charging adequate fees and potential fee penalties. It is really hard to estimate the impact of this regulation on the Agora Group's results. Till the day of this publication 3 local government introduced new rules of charging fees which did not affect the results of AMS.

Cinema

Helios opens new cinemas in shopping and entertainment centres. Therefore, further development of the cinema network is dependent upon the construction of new shopping and entertainment galleries in Poland and ability to compete with other cinema operators for new space lease contracts. The pace of polish infrastructure development and the situation on the Polish real estate market (i.e. cost of space rent) may influence the results of cinema operators.
Additionally, the available repertoire affects results of cinema business. Lack of interesting movies, abilities to promote movies or the quality of movies may negatively affect cinema admissions. Moreover, economic downturn may translate into lower expenditure on entertainment which may result in lower revenues from ticket sales and willingness to buy food and beverages in cinema bars. Moreover, the cinema operators compete with other technologies of film screening, inter alia, in Internet.

Abrupt growth of energy prices may have a negative impact on the results of cinema business. On January 1, 2019 an act relating to prices of energy came into force. It set the prices of energy for end user at the rates valid on June 30, 2018. Unfortunately, till the day of publication of this MD&A for the year 2018 no implementing acts were adopted. Therefore, it is uncertain that keeping the prices at the level set in the act will be possible, despite significant market rise in energy prices. On June 15, 2018 an act on collective management of copyright and related rights was adopted. It changed the rules of settlement with organizations representing artists. Currently, the impact of this act is not known. Helios decided to increase the provision on fees regulated by this act.

Risks of running licensed business

The Group has been running its activities in radio market for years and since 2014 it started to operate in TV market. Radio and TV operations are licensed activity in Poland. The license entries determine the scope and form of business during the time for which the license is granted.

There is a risk that demand, from radio and TV audience, for a certain radio or TV format may decrease, while the Group will not be able to adjust to the market requirements due to the obligation to respect program entries stated in the license.

Additionally, KRRiT initialized the consultation among business activities in the licensed area. It is difficult to predict what will be the outcome, and how it will affect the results and operations of the Company and the Group.

Additionally, there is a risk that, the Group may not fulfill the disposition of concession or regulations, especially in relation to programme content or cease the broadcasting of the programme which may result in sanctions from KRRiT.

It cannot be ruled out that KRRiT will refuse to grant the concession the Group again, after the time for which they had been granted previously, or the conditions of newly granted concessions (or contracts related to those concessions) will be less beneficial from the Group's perspective.

Radio stations

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

Additionally, radio stations compete for audience with other media, especially with Internet.

- **Movie business**

Movie distribution and co-production is of project nature, which may result in volatitility of its results – it may also impact the Group's results. The majority of costs incurred, especially those related to movie co-production, burdens the Group results long before the profits related to that fields of operations. The impact of this activity on the Group's results depends also on the popularity of given film production.

- **Risk of claims as a rusult of intellectual property rights infringement**

The Group's activity is based in its many aspects on using the intellectual property rights and on license agreements. In the Group's opinion it does not infringe the intellectual property rights of the third parties. However, it cannot be ruled out that the Group may unintentionally violate such laws. As a result the Group could be a subject of claims and could be forced to pay relevant compensations.

- **Risk of rapid changes in law regulations, especially those relating the Group's operations**

Due to the fact that legal regulations in Poland change quite often, they may negatively impact the Group's operations and carry risk in business operations. This risk is especially associated with regulations that directly influence the day-to-day business, including those related the processing of personal data, changes to the Broadcasting Act and the regulations implementing those changes, Copyright and related rights Act, as well as acts regulating capital market in Poland and rules of commercial activities in Poland.

New regulations may pose a risk due to the problems with their interpretation, lack of judicial practice, unfavourable interpretations adopted by courts or public institutions.
Additionally tax regulations in Poland are subjetc of often changes. Changes in VAT and other kinds of tax burden may negatively impact the operations and financial results of the Group.
The Group is also a subject of risk in changes of tax rules interpretation by tax organs which may affect operations and financial results of the Group.

- **Impairment tests**

Inline with the *International Financial Reporting Standards*, the Group runs impairment tests. In the past and in the current period, some of the tests resulted in impairment loss which was reflected in the income statement (unconsolidated and/or consolidated). There is no certainty that the tests run in the future will give positive effects.

- **Currency risk**

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

- **Interest rate risk**

The changes in interest rates may influence the level of the Group's financial cost related to the Group's debt.

- **Risk of losing key employees**

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

- **The risk of collective dispute**

On December 12, 2011 an Inter-union trade organization *NSZZ Solidarnosc* AGORA S.A. i INFORADIO SP. Z O.O. ("OM") was created. The trade unions operate in Agora S.A., Inforadio Sp. z o.o., Agora Poligrafia Sp. z o.o., AMS

S.A., Domiporta Sp. z o.o. and Grupa Radiowa Agory Sp. z o.o. In December 2018 OM included GoldenLine Sp. z o.o. and in January 2019 Tandem Media Sp. z o.o. According to the law requirements the managment boards of the companies in which trade unions operate consult or negotiate with them decisions in legally determined cases. The Group tries to maintain good relations with its employees and solve any problems as they appear, however it can not be excluded that in the future the Group may experience a collective dispute in law determined cases.

- **Risk related to functioning within tax capital group (TCG)**

Functioning within TCG requires from Agora S.A. the obligation to maintain at least 75% of shares in subsidiary companies which are part of the TCG, for the period of validity of the TCG. Given the changes in the market environment and the execution of Agora's Group strategy, a necessity may arise of change in the ownership structure. In the case of decrease of share in any of the subsidiary companies below the threshold of 75%, the TCG status shall be lost retroactively. This may result in loss of savings, growth of costs of tax year closing and the necessity to prepare additional documents for transfer prices.

What is more, functioning within the TCG imposes on the organization a whole range of statutory requirements, such as, for example, obtaining at least a 2% level of TCG's tax profitability. Based on the financial forecasts prepared as at the date of establishing the TCG, the Company expects that all statutory requirements will be met throughout the duration of the TCG. Considering that the future financial results of companies included in the TCG depend on a number of factors, parts of which the Company is not able to predict or reliably estimate at the moment, it is uncertain whether, during the entire TCG operation, a group of eight companies forming it, it will be able to meet the requirements related to maintaining the profitability threshold described above, except that failure to meet the profitability condition will not result in a retroactive loss of benefits resulting from TCG.

- **Risk related to print activity**

Changes in the way media are consumed, and in particular the popularity of digital media, mean that the demand for printing services is decreasing. It is reflected in the decreasing volume of orders and dropping revenues. Oversupply of production capacities and strong price pressure on the print market may result in a further outflow of customers and a decrease of revenues of print businesses of the Agora Group. The printing plants of the Group specialize in printing services in the coldset technology. The main customers include publishers of dailies, weeklies and retail chains. They also print Agora's Gazeta Wyborcza. The Agora Group's printing houses also offer heatset printing services. However, they constitute a smaller share in the entire printing production of the Agora Group and may not be able to compensate for the decreases related to production in the coldset technology.

14. FACTORS AND UNUSUAL EVENTS WHICH HAD INFLUENCE ON THE RESULTS OF BUSINNESS ACTIVITIES FOR 2017 WITH THE ESTIMATION OF THEIR INFLUENCE

A most significant negative impact on the Agora Group results had write off of receivables from RUCH S.A. in the amount of PLN 20.3 million. Additionally, in 2018 the Group recognized some impairment losses in the amount of PLN 9.9 million and incurred the restructuring cost in the amount of PLN 3.6 million in Press and Print segments.

A positive impact on the Agora Group results in 2018 had the profit from sales of Stopklatka shares in the amount of PLN 26.7 million and the profit from the disposal of properties in Gdańsk and Warszawa in the total amount of PLN 13.9 million .

15. LEGAL ACTIONS CONCERNING LIABILITIES OR DEBTS OF THE ISSUER OR ITS SUBSIDIARIES

In 2018, there were no significant legal actions in court, competent authority for arbitration procedures or public institutions related to liabilities or debts Agora S.A. or its subsidiaries.

16. INFORMATION ON PURCHASE OF OWN SHARES

In the current report of August 28, 2018, subsequently amended on August 30, 2018, the Management Board of Agora S.A. informed that the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered, on August 23, 2018, the changes in the Statute of the Company related to the decrease in the Company's share capital as a result of the redemption of the Company's shares, as stipulated in Resolution No. 28 of the Ordinary General Meeting of Shareholders of Agora held on June 20th, 2018, purchased by the Company by October 10, 2017, based on the authorization to purchase the Company's shares, granted by the Ordinary General Meeting of Shareholders of the Company in Resolution No. 19 of June 21, 2017. The Company informed that it completed the own share buyback program in current report no. 17/2017 of October 10, 2017. The Company informed that it passed the resolution on the adoption of the Own Share Buyback Program in current report no. 10/2017 of June 21, 2017.

As a result of the adopted resolutions, 1,084,595 ordinary bearer BiD series shares with a nominal value of PLN 1 each, representing 1,084,595 votes at the General Meeting of Shareholders of the Company, were redeemed.

As at the date of publication of this report, the share capital of the Company amounts to PLN 46,580,831.00 and is divided into 46,580,831 shares with a nominal value of PLN 1 each, which comprise 4,281,600 registered preferred A series shares and 42,299,231 ordinary registered and bearer BiD series shares. The total number of votes from all shares issued by the Company amounts to 63,707,231.

In the current report of October 3, 2018, the Management Board of Agora S.A. informed, in relation to current report no. 25/2018/K dedicated to the registration of changes in the Statute of Agora S.A., about a change, as from October 2, 2018, in the number of the Company's shares registered in the Central Securities Depository of Poland (KDPW) on the basis of the resolution adopted by the Management Board of KDPW on September 28, 2018, due to the redemption of 1,084,595 ordinary bearer BiD series shares of Agora S.A. in accordance with Article 360 § 1 in conjunction with Article 359 § 1 and 2 of the Commercial Companies Code.

Since October 2, 2018 41,444,358 shares of the Company have been registered with the KDPW under the code PLAGORA00067

17. DIVISIONS OF THE COMPANY AND OF ITS SUBSIDIARIES

Agora S.A. has 19 divisions and the major headquarters in Warsaw. Other companies from the Group do not have local divisions.

18. THE MANAGEMENT BOARD'S STATEMENT OF THE REALIZATION OF FORECASTS

The Management Board did not publish any forecasts of the Group's financial results and because of that this report does not present any Management Board's statement of the realization of them, as well as any differences between actual and forecasted financial results.

19. ISSUING OF SECURITIES

In 2018 the Company did not issue any securities.

20. OTHER INFORMATION

In the current report of February 15, 2018, the Management Board of Agora S.A. informed that on February 15, 2018 the President of the Office of Competition and Consumer Protection ("UOKiK") granted consent to concentration by creating a joint venture by Helios S.A. with its registered office in Łódź and two natural persons, in accordance with the rules for the concentration included in the application form and described in the current report of December 20, 2017 and described in current report no. 34/2017.

Obtaining the UOKiK President's consent to the concentration and agreeing the detailed rules for cooperation and managing the newly established company were the requirements for the conclusion of the investment agreement and creation of a company involved in developing and operating a network of eateries, among other things, in the "fast casual" segment.

In the current report of March 6, 2018, the Management Board of Agora S.A. informed about the conclusion on March 6, 2018 of an investment agreement by Helios S.A., a subsidiary of Agora, with two individual investors – Piotr Grajewski and Piotr Komór. The subject of the agreement was to establish a company called Foodio Concepts sp. z o.o. with its registered office in Łódź and cooperation between the parties under the investment agreement. The aim of the company is to develop a concept, create, manage and develop (mainly via establishing own brands) a network of approx. 45 eateries which will be located in Poland, in shopping centres or as independent premises.

On 29, 2018, the District Court for Łódź-Śródmieście in Łódź, 20th Commercial Division of the National Court Register entered the above-mentioned company into the Register of Entrepreneurs of the National Court Register. Helios S.A., in exchange for a cash contribution of PLN 5 million, took up 90 shares in that company, with a nominal value of PLN 50 each, representing 90% of the shares in the company (corresponding to 90% of the total number of votes at the general meeting of shareholders). The individual investors took up a total of 10% of the shares in the company (5% each). The agreement provides for the possibility of increasing the Individual Investors' share to 30% in total, on condition that the company meets the established financial objectives.

In the current report of March 7, 2018, the Management Board of Agora S.A. informed that on March 7, 2018 the Company and Kino Polska TV S.A. ("Kino Polska") signed a letter of intent regarding the potential purchase of all of Agora's shares in Stopklatka S.A. by Kino Polska ("the Transaction").

In the current report of June 14, 2018, the Management Board of Agora S.A., in relation to current report no. 11/2018 of March 7, 2018, informed that on June 14, 2018 Agora concluded the agreement to sell all of its shares in Stopklatka S.A. with its registered office in Warsaw with Bank Zachodni WBK S.A. – Dom Maklerski BZ WBK, acting on behalf of and on the account of Kino Polska TV S.A.

As a result of the Transaction, Agora disposed of all of its shares in Stopklatka S.A. (i.e. 4,596,203 ordinary shares constituting 41.14% of the share capital of Stopklatka). The price per share amounted to PLN 7.0 and the total value of the Transaction amounted to approx. PLN 32 million.

As a result of the Transaction, the investment agreement concerning Stopklatka S.A., concluded by and between Agora S.A. and Kino Polska, about which Agora S.A. informed in current report no. 06/2013 of February 22, 2013 expired. The execution of the Transaction means discontinuation of the investment in Stopklatka S.A. by Agora S.A. and the discontinuation of Agora S.A.'s activities in the field of digital terrestrial television.

Agora Group's Strategy for 2018 – 2022.

In the current report of June 15, 2018, the Management Board of Agora S.A. informed that on June 15, 2018 it passed a resolution on the adoption of the Agora Group's Strategy for 2018–2022. The document was consulted with the Company's Supervisory Board. The development strategy of Agora and its capital group assumes that by 2022 it will achieve: approx. PLN 1.6 billion in revenues and approx. PLN 200 million of EBITDA.

The key strategic assumptions include: intensive digitization of all the operations of the capital group, with focus on the development of sales of content in a digital subscription model, the development of the current largest projects of the Agora Group, expanding the activities of selected current businesses to include new services or premium offers, initiation of activities in new areas, such as, among other things: B2B services for e-commerce, innovative MarTech tools, as well as in entertainment and gastronomy.

The adopted Agora Group Strategy assumes growth both by organic development and by acquisitions. The total maximum capital expenditure will amount to approx. PLN 930 million by 2022. The Company intends to continue its dividend policy of PLN 0.5 per share. A detailed document describing the Agora Group Strategy for 2018–2022 has been published on the Company's website.

Sale of real estate

In the current report of January 22, 2018, the Management Board of Agora S.A. informed that on January 22, 2018 the Company signed a preliminary conditional agreement on the sale of the right of perpetual usufruct of two land properties with a total surface area of approx. 347 sq. m. located at 19/20 Wełniarska Street and 7/8 Tkacka Street in Gdańsk, including the ownership of the administrative and residential building put up on the land properties, with a net surface area of approx. 1,508 sq. m. (hereinafter called jointly "the Property").

In the current report of February 20, 2018, the Management Board of Agora S.A. informed that on February 20, 2018 the Company signed an annex to the preliminary agreement on the sale of the right of perpetual usufruct of the Property.

By virtue of the signed annex, the deadline for conclusion of the final sale agreement was changed. Originally, the above agreement was to have been signed by February 20, 2018. The new deadline for concluding the final agreement was set on February 27, 2018.

In the current report of February 27, 2018, the Management Board of Agora S.A. informed that on February 27, 2018 the Company signed the agreement on the sale of the right of perpetual usufruct of the Property. The total selling price of the Property amounted to PLN 8.65 million (net). The decision to sell the Property was due to the fact that the Company did not use all of the Property's space to conduct its operating activities in an effective manner. In the Company's opinion, the optimal solution is to lease office space which is tailored to the current scale of the Company's activities in Gdańsk.

In the current report of February 26, 2018, the Management Board of Agora S.A. informed that since the condition for the sale of the right of perpetual usufruct was fulfilled, on February 26, 2018 the Company signed an agreement on transferring the right of perpetual usufruct of an undeveloped land property with a total surface area of 6,270 sq. m. in Warsaw, located at 85/87 Czerniakowska Street.

The total amount of the transaction was PLN 19.0 million (net).

Recommendation of the Management Board of Agora S.A. about dividend payment and distribution of loss from previous year.

In the current report of May 15, 2018, the Management Board of Agora S.A. informed that at the meeting held on May 15, 2018 a resolution was adopted on recommending that the Ordinary General Meeting of Shareholders earmark PLN 23,290,415.50 for the payment of a dividend (PLN 0.50 per share).

In addition, the Company's Management Board proposed that the net loss for the financial year 2017 of PLN 68,122,166.14 be covered with the Company's supplementary capital. The above motion was positively evaluated by the Supervisory Board. The recommendation of the Company's Management Board was presented to the Ordinary General Meeting of Shareholders of the Company, which made the final decision on these matters.

In the current report of June 20, 2018, the Management Board of Agora S.A. informed that the Ordinary General Meeting of Shareholders of the Company held on June 20, 2018 adopted a resolution on the payment of a dividend.

Pursuant to the resolution of the General Meeting of Shareholders, the dividend paid amounted to PLN 23,290,415.50, i.e. PLN 0.50 per share of the Company. The dividend covered all of the Company's shares, i.e. 46,580,831 shares in Agora S.A. (1,084,595 own shares acquired as part of the own share buyback program adopted by Resolution No. 19 of the Ordinary General Meeting of Shareholders of the Company held on June 21, 2017 for their subsequent redemption did not participate in the dividend payment).

The date as at which a list of the shareholders eligible to receive a dividend was drawn up was July 13, 2018, and the dividend payment date was August 2, 2018.

General Meeting of Shareholders of Agora S.A.

In the current report of May 25, 2018, the Management Board of Agora S.A. informed about convening the Ordinary General Meeting of Agora S.A. to be held on June 20, 2018 at 11 a.m. ("the General Meeting").

In the current report of May 25, 2018, draft resolutions to be presented to the General Meeting were published.

In the current report of June 12, 2018, the Management Board of Agora S.A. informed that on June 12, 2018 it received information that, according to the provisions of §30, section 1 of the Company's Statute, the Company's shareholder – Agora-Holding sp. z o.o., the shareholder holding 100% of the registered preferred A series shares – put forward the following persons as candidates for the Company's Management Board: Mr. Bartosz Hojka, Mr. Tomasz Jagiełło, Mr. Grzegorz Kania, Ms. Anna Kryńska – Godlewska and Ms. Agnieszka Sadowska. Detailed curriculum vitae of the candidates have been published on the Company's website.

Agora-Holding sp. z o.o. informed in its announcement that, in its opinion, the candidates for the Management Board of Agora S.A. provide Agora S.A. with the right set of competencies and experience in running complex projects on various markets, different in terms of maturity and development rate. Additionally, according to Agora-Holding sp. z o.o., the proposed composition of the board guarantees not only the highest standards of management, but also meets the demand for greater diversity in the key bodies of Agora S.A.

In the current report of June 20, 2018, the Management Board of Agora S.A. informed the public about the contents of the resolutions adopted by the General Meeting of Shareholders, including resolutions pertaining to: (i) the appointment of Mr. Bartosz Hojka, Mr. Tomasz Jagiełło, Mr. Grzegorz Kania, Ms. Anna Kryńska – Godlewska and Ms. Agnieszka Sadowska for a new, joint term of office which will begin at the time the General Meeting of Shareholders is closed, which will expire on the date on which the General Meeting of Shareholders that will approve the financial statements for 2022 is held; (ii) covering the net loss for the financial year 2017; (iii) the redemption of own shares acquired by the Company as part of the own share buyback program adopted by Resolution No. 19 of the Ordinary General Meeting of Shareholders of the Company held on June 21, 2017; (iv) reducing the Company's share capital by 1,084,595 (in words: one million eighty-four thousand five hundred and ninety-five) zlotys from 47,665,426 (in words: forty-seven million six hundred and sixty-five thousand four hundred and twenty-six) zlotys to 46,580,831 (in words: forty-six million five hundred and eighty thousand eight hundred and thirty-one) zlotys by way of redeeming own shares acquired by the Company as part of the own share buyback program adopted by Resolution No. 19 of the Ordinary General Meeting of Shareholders of the Company held on June 21, 2017; (v) amending the Company's Statute.

In the current report of June 20, 2018, the Management Board of Agora S.A. informed that at the General Meeting of Shareholders held on June 20, 2018, the following shareholders held more than 5% of the votes at that general meeting:

- Agora – Holding Sp. z o.o.: 22,528,252 votes, i.e. 54.5% of the votes at that Ordinary General Meeting of Shareholders and 34.77% of the total number of votes;

- Otwarty Fundusz Emerytalny PZU "Złota Jesień": 7,500,000 votes, i.e. 18.14% of the votes at that Ordinary General Meeting of Shareholders and 11.58% of the total number of votes;

- MDIF Media Holdings I, LL: 5,355,645 votes, i.e. 12.96% of the votes at that Ordinary General Meeting of Shareholders and 8.27% of the total number of votes;

- Nationale-Nederlanden Otwarty Fundusz Emerytalny: 4,400,000 votes, i.e. 8.76% of the votes at that Ordinary General Meeting of Shareholders and 6.79% of the total number of votes.

In the calculation of the share in the total number of votes, the Company included its own shares. The Company does not execute its voting rights from these shares in accordance with the legal regulations.

In the current report of June 22, 2018, the Management Board of Agora S.A. submitted a corrected version of current report no. 20/2018 of June 20, 2018, comprising additional information about the objections raised to the minutes at the Ordinary General Meeting of Shareholders of the Company which was held on June 20, 2018 at 11 a.m. at the Company's registered office at 8/10 Czerska Street in Warsaw.

During the meeting, a shareholder eligible to participate in the General Meeting of Shareholders of the Company based on 30 shares of the Company raised objections to Resolutions Nos. 5, 9, 10, 11, 12, 13, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, and 27. The other shareholders did not raise any objections to be minuted. The corrected report has been published on the Company's website.

Information about changes in the statute and reduction of the share capital.

In the current report of August 28, 2018, subsequently amended on August 30, 2018, the Management Board of Agora S.A. informed that the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, registered, on August 23, 2018, the changes in the Statute of the Company related to the decrease in the Company's share capital as a result of the redemption of the Company's shares, as stipulated in Resolution No. 28 of the Ordinary General Meeting of Shareholders of Agora held on June 20th, 2018.

In connection with the above, Resolution No. 29 of the Ordinary Meeting of Agora introducing changes to the Articles of Association in par. 7 section 1 (current report No. 20/2018 of 20 June 2018 with its correction of 22 June 2018) entered into force on the day of registration in the National Court Register (ie on August 23, 2018).

As a result of the adopted resolutions, 1,084,595 ordinary bearer BiD series shares with a nominal value of PLN 1 each, representing 1,084,595 votes at the General Meeting of Shareholders of the Company, were redeemed.

As at the date of publication of this report, the share capital of the Company amounts to PLN 46,580,831.00 and is divided into 46,580,831 shares with a nominal value of PLN 1 each, which comprise 4,281,600 registered preferred A series shares and 42,299,231 ordinary registered and bearer BiD series shares. The total number of votes from all shares issued by the Company amounts to 63,707,231.

The consolidated text of the Articles of Association was published by the Company on the Company's website.

In the current report of October 3, 2018, the Management Board of Agora S.A. informed, in relation to current report no. 25/2018/K dedicated to the registration of changes in the Statute of Agora S.A., about a change, as from October 2, 2018, in the number of the Company's shares registered in the Central Securities Depository of Poland (KDPW) on the basis of the resolution adopted by the Management Board of KDPW on September 28, 2018, due to the redemption of 1,084,595 ordinary bearer B and D series shares of Agora S.A. in accordance with Article 360 § 1 in conjunction with Article 359 § 1 and 2 of the Commercial Companies Code.

Since October 2, 2018 41,444,358 shares of the Company have been registered with the KDPW under the code PLAGORA00067.

Information about tests for asset impairment

In the current report of January 4, 2018, the Management Board of Agora S.A. informed that the Agora Group ("the Group") was in the process of conducting asset impairment tests in accordance with the requirements of the International Financial Reporting Standards, among other things, on the basis of an analysis of long-term financial forecasts for all of the business segments of the Group.

The analyses being conducted showed the possibility of the need to recognize impairment losses of fixed assets in the Print segment, an impairment loss of the monthly "Cztery Kąty" and an impairment loss of the goodwill of Trader.com. (Polska) Sp. z o.o. (*currently Domiporta Sp. z o.o.*), whose impact on the Group's consolidated operating result for the fourth quarter of 2017 may have totalled approx. PLN 70–90 million, according to estimates possible to make as at January 4, 2018.

The definite amount of the impairment losses was PLN 88.9 million and was announced by the Company at the time of publication of the financial statements for 2017 on March 8, 2018.

In the current report of February 6, The Management Board of Agora S.A. informed that the Agora Group ("the Group") is 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 all of the business segments of the Group.

The above mentioned analyses show the necessity to incur impairments losses of assets in the Print and in the Internet segments. The total amount of the above mentioned impairments has an impact on both, the net results of Agora SA and the Agora Group, in the fourth quarter of 2018.

In the fourth quarter of 2018 the largest impairment loss related to GoldenLine Sp. z o.o. – its impact on the net result of Agora SA amounted to ca. PLN 9.0 million and for net result of the Agora Group to PLN 5.6 million.

The individual value of the remaining impairment losses is not significant from the Company's and the Group's perspective.

The Company also decided to write-off remaining part of the overdue receivables of RUCH SA, burdened with the risk of being uncollectible. The impact of this write-off on the net results of both, Agora SA and the Agora Group, amounted to PLN 3.3 million in the fourth quarter of 2018.

The total negative impact of all one-off events described above is ca. PLN 14.3 million on the Agora's net result and ca. PLN 11.4 million on the net result of the Agora Group.

Information about a write-down updating the overdue receivables.

In the current report of July 13, 2018, the Management Board of Agora S.A. informed that on July 13, 2018 the Company decided to write down overdue receivables of approx. PLN 13.6 million from one of the Company's contractors, which are burdened with a large probability of being unrecoverable.

According to the above-mentioned current report, the above amount was not definite and was modified during the review of the separate stand-alone and consolidated financial statements of the Company and the Agora Group for the period from 1 January 2018 to 30 June 2018 conducted by a registered auditor.

The definite amount of that write-down was PLN 16.3 million in the first half of 2018.

In the current report of September 6, 2018, the Management Board of Agora S.A. informed that on September 6, 2018 the Company decided to withdraw, with immediate effect, from the long-term, permanent press distribution agreements concluded by and between the Company and RUCH S.A.: (i) agreement no. 636/853-E of December 31, 2007 (regarding the distribution of "Gazeta Wyborcza" in the form of copy sales); (ii) agreement no. 636/853-PT of December 31, 2007 (regarding the distribution of "Gazeta Wyborcza" in the form of a file subscription); (iii) agreement no. 636/853-P of December 31, 2007 (regarding the distribution of "Gazeta Wyborcza" in the form of subscriptions), and (iv) agreement no. 636/8403/E of August 1, 2003 (regarding the distribution of magazines in the form of copy sales). At the same time, the Company expressed to RUCH S.A. its readiness for further cooperation based on the current bilateral arrangements.

The Management Board of the Company decided to take this step in connection with the debt problem of RUCH S.A. towards the Company. The information on the application for the declaration of the bankruptcy of RUCH S.A. submitted by creditors of RUCH S.A., the application for the initiation of rehabilitation proceedings in relation to RUCH S.A., as well as the application submitted by RUCH S.A. for the opening of accelerated arrangement proceedings indicate that this situation cannot be expected to improve in a rational time perspective.

Consultation procedure on employment reduction in the Print segment of Agora S.A

In the current report of February 1, 2018 the Management Board of Agora S.A. informed that on February 1st, 2018, in accordance with the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees, resolved to initiate the consultation on group layoffs with the trade unions operating in the Company. Additionally, in accordance with the Act of April 7th, 2006 on informing and consulting employees, the Company's works council consulted on the group layoff process.

The reason for the planned restructuring measures, including restrictions on employment, is the ongoing decrease of revenues from sales of print services in the coldset technology in which Agora Group's printing plants specialize. This trend mainly results from the condition of the press market in Poland - the main client of the Company's coldset printing plants. Services commissioned by clients from other market segments, including those realized in the heatset technology, present a significantly smaller share in the Group's print activity; due to infrastructural constraints, they never were, nor are able to compensate the decrease of revenues from coldset printing services.

Considering the current condition of the press market as well as negative forecasts regarding the prospects for its further development and progressive digitization of the media, it is not possible to stop the downward trend in the coldset printing business. Therefore, the Management Board of the Company decided that it is necessary to take decisive restructuring measures aimed at reducing operating costs of the printing plants and optimizing the operational processes so as to limit the negative impact of decrease of the number of volumes of print on the financial condition of the Print segment, i.a. by adjusting the employment structure to the current volume of services provided by Agora's printing plants.

The intention of the Management Board of Agora S.A. was to lay off up to 53 employees of the Print segment of Agora Group (which is 16.3% of employees of this segment - including 1.9% of employees in the Company and 17.1% of employees of Agora Poligrafia Sp. z o.o., as at February 1st, 2018) between February 21st and March 23rd, 2018.

The trade unions operating at the Company and the employees councils operating in Agora S.A. joined the consultation on collective redundancy process. The Company provided the relevant Labor Office with information on the intention to execute group lay-offs in the Company.

In the current report of February 7, 2018 The Management Board of Agora S.A., in relation to regulatory filing no. 3/2018 dated February 1st, 2018, informed about:

(i) concluding on February 7th, 2018 a trilateral agreement ("Agreement") with trade unions operating at the Company (which fulfills the provisions of article 3, Section 1 of the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not Attributable to Employees) and with work council in the Company (which constitutes an agreement in accordance with the Act of April 7th, 2006 on informing and consulting employees),

(ii) adopting by the Management Board of the Company on February 7th, 2018 resolution to execute collective redundancies in the Print segment of the Agora Group, in accordance with the provisions of the Agreement.

The collective redundancies shall be executed from February 15th, 2018 until March 16th, 2018, and shall affect up to 47 employees of the Print segment of the Agora Group, i.e. ca 15% of all employees of the segment and 15% of all employees of Agora Poligrafia Sp. z o.o., as at March 16th, 2018

The company has carried out these changes with care for employees, offering them a range of shielding and support activities.

In accordance with the agreement, the laid-off employees will be provided by the Company with a wider range of supportive measures than required by law. The redundancy payment estimated according to law regulations shall be increased by indemnity in the amount equal to one additional monthly salary. The laid-off employees shall be supported by additional protective measures provided by the Company, inter alia, help in searching for new job or reskilling. Employees who will remain employed in the Print segment will have their basic remuneration increased, inter alia, due to the changed scope of duties. The Company, in accordance with requirements of law, shall submit an appropriate set of information, together with the signed Agreement, to a relevant Labor Office.

Provision for collective redundancies amount approximately PLN 1.4 million.

In the current report on March 5, 2019 The Management Board of Agora S.A. informed that on March 5th, 2019, in accordance with the Act of March 13th, 2003 on Special Rules for Termination of Employment for Reasons Not

Attributable to Employees, Company resolved to initiate the consultation on group layoffs with the trade unions operating in the Company. Additionally, in accordance with the Act of April 7th, 2006 on informing and consulting employees, Agora S.A. and Agora Poligrafia Sp.z o.o. works councils shall also be consulted on the group layoff process.

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

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

The intention of the Management Board of Agora S.A. is to lay off up to 153 employees mainly of the Print segment of Agora Group (which is 57% of employees of this segment, including 90% of employees in Tychy print plant - Agora Poligrafia Sp. z o.o. and 90% of employees in Pila print plant - Agora S.A., as at March 1st, 2019). The process will last up to 30 days after the agreement with the trade unions and works councils is made.

The Company shall go through these changes in a thought out manner and with care for its employees, offering the dismissed employees a range of protective and supportive initiatives.

On March 5th, 2019 the Management Board of the Company requested the trade unions operating at the Company and the works councils operating in Agora S.A. and in Agora Poligrafia Sp. z o.o. to join in the consultation on collective redundancy process and shall provide the relevant Labor Office with information on the intention to execute group layoffs in the Company and in Agora Poligrafia Sp. z o.o.

The Company shall publish a consecutive regulatory filing on collective redundancies after the required by law process of consultation with trade unions and works councils operating at both companies is finalized. This regulatory filing shall also include information on the estimated amount of provision related to the restructuring of employment in Agora S.A. and in Agora Poligrafia Sp. z o. o. which will be fully charged to the result of the Company and of Agora Group in the 1st quarter of 2019.

The final data regarding the amount of the provision and the effect of employment restructuring on the financial results of the Company and of Agora Group shall be published in the financial statements of the Company and of Agora Group for the 1st quarter of 2019 .

Dates of publication of periodic reports in 2019

In the current report of November 22, 2018, the Management Board of Agora S.A. informed about the publication dates of consolidated periodic reports in the financial year 2019.

At the same time, the Company informed that it will not: (i) publish any separate stand-alone quarterly reports, due to which consolidated quarterly reports will include quarterly financial information; (ii) publish a separate stand-alone semi-annual report, due to which a consolidated semi-annual report will include condensed semi-annual financial statements with a registered auditor's report and condensed additional information; (iii) publish a consolidated quarterly report for the fourth quarter of 2018 and for the second quarter of 2019.

- **Fundations of Agora S.A.**

On September 4, 2018, the Company and some other founders made a declaration on the establishment of Fundacja Powszechnego Czytania (Common Reading Foundation) with its registered office in Warsaw ("the PCz Foundation"). One of the main objectives of the PCz Foundation is to popularize book culture in Poland, with regard to knowledge, skills and social competencies. The start-up fund of the PCz Foundation is PLN 210 thousand, with Agora S.A., as a Founder, having paid up PLN 10 thousand. On November 9, 2018, the District Court for the capital city of Warsaw entered the PCz Foundation in the Register of Entrepreneurs maintained by the National Court Register. The PCz Foundation has legal personality.

On October 5, 2018, the Company made a declaration on the establishment of the Gazeta Wyborcza Foundation with its registered office in Warsaw ("the GW Foundation"). One of the main objectives of the GW Foundation is to conduct cultural and educational activities with regard to the development of education, culture, art, journalism and the media. The start-up fund of the GW Foundation is PLN 10 thousand, with Agora S.A., as the Founder, having paid up the entire amount. On December 4, 2018, the District Court for the capital city of Warsaw entered the GW Foundation in the register of associations, other social and professional organizations, foundations and independent public health care centres, maintained by the National Court Register. The GW Foundation has legal personality. The GW Foundation may not conduct business activities.

On October 5, 2018, the Company made a declaration on the establishment of the Wysokie Obcasy Foundation with its registered office in Warsaw ("the WO Foundation"). One of the main objectives of the WO Foundation will be to support the equality of women and men. The start-up fund of the WO Foundation is PLN 10 thousand, with Agora S.A., as the Founder, having paid up the entire amount. On December 11, 2018, the District Court for the capital city of Warsaw entered the WO Foundation in the register of associations, other social and professional organizations, foundations and independent public health care centres, maintained by the National Court Register. The WO Foundation has legal personality. The WO Foundation may not conduct business activities.

- **Loan for an associated company**

On February 28, 2019, Agora S.A. signed a loan agreement as a lender with the company Hash.fm sp. o.o. with its registered office in Warsaw, as a Borrower. Under this agreement, Agora S.A. granted a cash loan in the amount of PLN 800,000.00 PLN, which will be repaid in quarterly installments by the Borrower until December 31, 2022. The interest rate on the loan corresponds to market conditions. The loan was secured, among others by establishing a pledge on a part of shares owned by the shareholder of the company Hash.fm sp z o.o.

VI. REPORT AND DECLARATION RELATING TO AGORA S.A. COMPLIANCE WITH THE CORPORATE GOVERANCE RULES IN 2018

This Statement and Report on compliance with corporate governance rules at Agora S.A. in 2018 has been prepared on the basis of § 70(1)(14) of the Regulation of the Minister of Finance of 29 March 2018 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

1. CORPORATE GOVERNANCE CODE APPLICABLE TO THE COMPANY IN 2018

In 2018, Agora S.A. was required to comply with the corporate governance code set out in the document "Best Practice for WSE Listed Companies 2016" ("Code of Best Practice"). The Code of Best Practice was adopted by resolution No 26/413/2015 of the WSE Board dated 13 October 2015. The Management Board of the Company exercises due care in order to observe the principles of the Code of Best Practice. The Code of Best Practice has been published on the WSE's website (https://www.gpw.pl/dobre-praktyki).

2. CORPORATE GOVERNANCE RULES THAT WERE NOT APPLIED BY THE ISSUER, TOGETHER WITH THE CIRCUMSTANCES AND REASONS FOR NON-APPLICATION OF THE ABOVE RULES, AND INFORMATION HOW THE COMPANY INTENDS TO ELIMINATE ANY POSSIBLE CONSEQUENCES OF NON-APPLICATION OF A GIVEN RULE OR WHAT STEPS IT INTENDS TO TAKE TO REDUCE THE RISK OF NON-APPLICATION OF THAT RULE IN THE FUTURE

In 2018, the Company complied with all rules set out in the Code of Best Practice. The recommendation on providing shareholders with the possibility to participate in general meetings using electronic communication means (IV.R.2), as regards enabling shareholders to participate through real-time bilateral communication where shareholders may take the floor during a general meeting from a location other than the general meeting, was complied with by means of a dedicated e-mail address.

3. RECOMMENDATIONS FOR BEST PRACTICE FOR LISTED COMPANIES

3.1. Disclosure policy and investor communications

In terms of the information policy pursued, the Company complies with the recommendations by providing anyone interested with an easy and non-discriminatory access to information through a variety of communication tools.

The Company operates a corporate website and publishes on it, in a legible form and in a separate section, information required under the legislation and detailed rules of the Code of Good Practice, as well as other corporate documents aimed at presenting the Company's business profile as broadly as possible to all interested parties. Although Agora S.A.'s shares are not qualified for the WIG20 and mWIG40 indices, the Company provides all the above information and documents also in English.

In addition, the Company operates a mobile version of the investor relations service and Agora's press office, as well as the Company's Twitter account, thus ensuring access to information on an ongoing basis. The Company ensures direct and personal contact with employees of the Investor Relations Department and representatives of the Company's Management Board. The Company also offers a subscription to the corporate newsletter containing selected corporate information or press releases. Additionally, the Company is engaged in industry-focused mailing activities, providing reports on individual media segments. On its website, the Company also publishes reports on compliance with corporate governance rules and information on the policy for changing the entity authorized to audit financial statements. In early 2018, the Company launched a new version of the corporate website.

Where the Company becomes aware that untrue information is disseminated in the media, which may significantly affect its evaluation or image, the Management Board of the Company, as soon as such information is known, decides how to respond to such information in the most effective way – whether by publishing a statement on the

Company's corporate website or by using other, selected solutions, where such solutions are considered more appropriate due to the nature of the information and the circumstances in which such information is published.

The Company makes every effort to prepare and publish periodic reports as soon as possible after the end of a reporting period, taking into account the complexity of the Company's capital structure. The Management Board of Agora S.A. regularly meets with representatives of the capital market and the media at meetings held after the publication of quarterly results. These meetings are also broadcast online so as to enable all those who could not appear personally to follow the course of such a meeting, as well as to ask questions by e-mail.

3.2. Best practices for management boards of listed companies and members of supervisory boards

The Company's Management Board and Supervisory Board act in the interest of the Company. The Management Board and the Supervisory Board have members who represent high qualifications and experience.

Serving on the Management Board of the Company is the main area of the professional activity of Management Board members. The division of responsibilities for individual areas of the company's activity among Management Board members is published by the Company on its corporate website. As part of the division of responsibilities among the Management Board members in 2018, one of them also served as the President of the Management Board of a subsidiary – Helios S.A. – included in the business segment directly supervised by that member. Another member of the Management Board was also a member of the Management Board of Stopklatka S.A., i.e. a subsidiary supervised by that member on behalf of Agora S.A. In the opinion of the Management Board, this supports the effective implementation of the development plan of both these companies and the entire enterprise of the issuer.

The Company's Supervisory Board has no control over the selection of candidates to the Management Board of the Company. Candidates for members of the Management Board are nominated by shareholders holding series A shares, while the Management Board members are appointed by the General Meeting (with the reservation that Management Board members may be co-opted in accordance with the Statutes). Nevertheless, when assessing the performance of individual members of the Management Board after the end of each financial year, the Supervisory Board discusses the professional plans with each of the Management Board members in order to ensure efficient operations of the Management Board.

Members of Agora's Supervisory Board represent diversified fields of expertise and many years of professional experience allowing them to look at issues related to the Company's and the Group's operations from a broader perspective. Supervisory Board representatives are able to devote the time necessary to perform their duties. If a Supervisory Board member resigns or is unable to perform his or her duties, the Company immediately takes steps necessary to ensure substitution or replacement on the Supervisory Board, provided that members of the Supervisory Board are appointed by the General Meeting. In accordance with requirements of the Code of Best Practice, at least two members of the Supervisory Board meet the criteria of being independent.

Members of the Company's Supervisory Board receive all necessary information on the Company's and Group's operations on an ongoing basis. In addition, the Company allows its Supervisory Board to use professional and independent advisory services (taking into account the Company's financial position) necessary for the Supervisory Board to exercise effective supervision in the Company.

The Supervisory Board of Agora did not depart from any of the Good Practices applied by members of the supervisory boards. As part of its responsibilities, the Board prepares a brief assessment of the Company's standing, including an evaluation of the internal control, risk management and compliance systems and the internal audit function. The aforesaid assessment covers all significant controls, in particular financial reporting and operational controls. This assessment is published by the Company together with all materials related to the general meeting on the Company's corporate website.

At the same time, the Supervisory Board reviews and issues opinions on matters to be discussed at the general meeting. Representatives of the Supervisory Board always participate in the General Meeting in a composition enabling them to answer any questions from shareholders, to the extent permitted by the applicable law. In 2018, the Supervisory Board was represented at the General Meeting by its Chairman, Mr Andrzej Szlęzak.

Each year, the Supervisory Board also prepares a report on its activities in the financial year. The Board will also prepare the report on its activities in 2018. This report will comprise information on: composition of the Board and its Committees, the Board members' fulfilment of the independence criteria, number of meetings of the Board and its Committees in the reporting period and self-assessment of the Supervisory Board's performance. The Supervisory Board will also present its assessment of the company's compliance with the disclosure obligations concerning compliance with the corporate governance principles defined in the Exchange Rules and the regulations on current and periodic reports published by issuers of securities, as well as an assessment of the rationality of the company's policy for sponsorship, charity or other similar activities or information about the absence of such policy.

Where there is any relationship between a member of the Supervisory Board and any shareholder who holds at least 5% of the total vote in the company, such member notifies the Company's Management Board and other members of the Supervisory Board of this fact. The same applies if there is a conflict of interest or a potential conflict of interest.

3.3. General meeting and shareholder relations

At present, securities issued by the Company are traded only on the Warsaw Stock Exchange, hence all the Company's shareholders acquire their rights on the same dates in accordance with the Polish legal system. All shareholders have the same rights as far as the transactions and contracts executed between the Company and its shareholders or related entities are concerned. In the event of amendments to the rules of the general meeting, the Company endeavours to do so in good time in order to enable all shareholders to exercise their rights, and the Company strives to ensure that the amendments to the rules of the general meeting take effect at the earliest as of the next general meeting.

The Company also makes every effort (including determination of the venue and date of the general meeting) to ensure the participation of the highest possible number of shareholders in the general meeting. The Company informs without delay about any changes concerning the organization of the general meeting, including any changes to the agenda of the general meeting. Agora also enables media representatives to participate in the general meeting of the Company.

The Company strives to hold an ordinary general meeting as soon as possible (taking also into account the organization of the Agora Group's operations) after the publication of an annual report and set the date in keeping with the applicable legislation. On 20 July 2018, the Company's General Meeting, convened at the request of the Management Board, was held at its registered office in Warsaw, and all documents related to its organization and course, including the recording of video broadcasts, were published on the Company's corporate website. The meeting was held in accordance with the provisions of the Commercial Companies Code and the Rules of the General Meeting. Members of the Management Board and Supervisory Board as well as the statutory auditor were present during the general meeting and were ready to provide explanations within the scope of their competences and legal regulations. In the case of questions from shareholders and answers given to them during the course of the general meeting, they are available to the public via real-time broadcasting of the general meeting. In addition, if necessary, the Company prepares a list of questions asked before and during the general meeting and answers to such questions. The questions are answered by representatives of the Company's Management Board and Supervisory Board present at the general meeting.

During the Ordinary General Meeting of the Company held in 2018, no amendments were made to the rules of the General Meeting and the Company's Statutes.The content of the Statutes of the Company has changed in the passage regarding the amount of the share capital of Agora SA. It was reduced by PLN 1,084.595 from the amount of PLN 47,465,426 to PLN 46,580,831 as a result of program to acquire Company's shares for redemption them.

The General Meeting approved the Company's annual separate and consolidated financial statements for the financial year 2017 and the Management's Report on the Company's activities in the financial year 2017 and adopted the payment of dividend for the shareholders in the amount of PLN 23 290 415,50.The General Meeting determined the number of members of the Management Board of the term of office commencing with its conclusion at 5 persons, appointing Bartosz Hojka, Tomasz Jagiełło, Grzegorz Kania, Anna Maria Kryńska-Godlewska and Agnieszka Sadowska. to the Management Board.

In 2018, the General Meeting hereby approves the appointment of Maciej Wiśniewski to the Supervisory Board which took place by co-optation on 8 November 2017.For several years, the Company has provided real-time broadcast of the general meeting in Polish and in English. During both general meetings held in 2018, the Company provided shareholders with the possibility of bilateral real-time communication using electronic means of communication via a dedicated e-mail address. Due to significant financial and technological expenditure and potential legal doubts, the Company does not enable shareholders to exercise, in person or by proxy, their voting rights during the general meeting using electronic means of communication.

The Company strives to comply with all detailed rules concerning the general meeting and shareholder relations indicated in the Code of Best Practice.

4. OPERATION AND KEY POWERS OF THE GENERAL MEETING, SHAREHOLDERS' RIGHTS AND THE MANNER OF THEIR EXERCISE

The General Meeting of Agora ("GM") acts on the basis of the Commercial Companies Code and Agora's Statutes. Pursuant to Section 16(2) of the Statutes, the GM may adopt the Rules of the General Meeting, setting out the rules of its operation. The adoption, amendment or revocation of the Rules require three-quarters of the votes cast to be valid. The Rules of the GM is available at URL: https://www.agora.pl/media/Dokumenty/By-laws%20of%20the%20General%20Meeting%20of%20the%20Shareholders%20of%20Agora%20SA.pdf. The GM is convened in accordance with the provisions of the Code of Commercial Companies.

Resolutions of the General Meeting are passed by an absolute majority of the votes cast unless the Code of Commercial Companies or the Statutes provide otherwise. Pursuant to § 15(2) of the Statutes, resolutions concerning a merger of the Company with another entity, other forms of consolidation that are or will be allowed under law, division of the Company, remuneration of members of the Supervisory Board, including individual remuneration of those members who were elected to a continuous supervisory, are adopted by a majority of three-quarters of votes cast. The majority of three-quarters of votes cast when the shareholders representing at least 50% of the Company's share capital are present, is required for resolutions on the removal of matters from the agenda of the general meeting that were previously contained in the agenda. In the event a motion for such removal is submitted by the Company’s Management Board, an absolute majority of votes cast is required in order to adopt such a resolution. Acquisition or disposal of real property, a perpetual usufruct right or interest in real property does not require the GM’s resolution.

Pursuant to § 15(4) of the Statutes, the removal of any matters from the agenda of the general meeting at the request made, on the basis of Article 400 or Article 401 of the Code of Commercial Companies, by a shareholder representing at least such part of the Company's share capital as is indicated in the said provisions, requires consent of the shareholder who made such request. Adoption of a resolution relating to shareholder's liability with respect to the Company due to any reason shall require an majority of three-quarters of votes cast in the presence of shareholders representing at least 50% of all the Company shares conferring the right to vote in the adoption of such resolution.

According to § 17(1) of the Statutes, none of the shareholders may exercise more than 20% of the overall number of votes at the general meeting, provided that for the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Act on Public Offering such restriction of the voting rights does not exist. This restriction of the voting rights does not apply also to:

- shareholders holding the preferred series A shares;
- a shareholder who, while having no more than 20% of the overall number of votes at the general meeting, announced, in accordance with the Act on Public Offering, a tender for subscription for the sale or exchange of all the shares of the Company and in result of such tender purchased shares which, including the previously held Company shares, authorize the said shareholder to exercise at least 75% of the overall number of votes at the general meeting. For the purposes of calculating a shareholder's share in the overall number of votes at the general meeting referred to above, it is assumed that the restriction of the voting rights (up to 20%) does not exist.

Pursuant to § 17(5) of the Statutes, at any General Meeting the percentage of votes of foreign entities and entities controlled by foreign entities may not be greater than 49%. The limitation does not apply to entities with their seats or residence in a Member State of the European Economic Area.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

Pursuant to § 7(1) of the Statutes, in addition to registered series A shares, the Company's share capital comprises also ordinary, both registered and bearer, BiD series shares. Series A registered shares are preferred in such a way that each of them carries five votes at the general meeting, subject to the above reservations.

Pursuant to § 11(1) of the Statutes, the sale or conversion of preferred series A shares into bearer shares requires the written consent of shareholders holding at least 50% of the preferred series A shares registered in the share register on the date of filing the request for a permit for sale or conversion of preferred series A shares into bearer shares. Within 14 days from the date of receipt of the request, the Management Board is obliged to deliver a copy of the request to each holder of preferred series A shares who are authorized to express their consent, to the address of each shareholder registered in the share register.

Candidates for members of the Supervisory Board may be nominated by shareholders holding preferred series A shares or shareholders who documented their entitlement to not less than 5% of the votes at the last general meeting before the candidates were nominated and who, at the time of making the nomination, hold not less than 5% of the Company's share capital (§ 21(1)(a) of the Statutes). Where a member of the Supervisory Board tenders his/her resignation, other Supervisory Board members may appoint by means of co-optation a new member who will perform his/her duties until the general meeting appoints a Supervisory Board member, however no longer than until the end of the common term of office of the Supervisory Board. Dismissal (removal) of a member of the Supervisory Board prior to the end of the common term of office of the Supervisory Board may be effected by a resolution of the general meeting adopted by a simple majority of votes, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution.

Information on powers of the general meeting and rights of shareholders to appoint and dismiss the Management Board members is provided further in this document.

Bearer shares may not be converted into registered share.

The rights of the Company's shareholders, including minority shareholders, are exercised to the extent and in a manner consistent with the provisions of the Code of Commercial Companies.

In accordance with the principles of transparency, effective information policy and in an effort to ensure that all shareholders have equal access to information about the Company, Agora S.A. broadcasts the general meeting online, in Polish and English.

General meetings of the Company are always attended by representatives of the Company's Management Board, Supervisory Board and the statutory auditor.

5. COMPOSITION AND CHANGES THEREOF, AS WELL AS THE RULES OF OPERATION OF MANAGEMENT AND SUPERVISORY BODIES OF THE COMPANY AND THEIR COMMITTEES

5.1. Management Board

The Management Board operates on the basis of the Commercial Companies Code and the Statutes. Pursuant to the Statutes, the Management Board is composed of 3–6 members with the exact number determined by the shareholders holding the majority of preferred series A shares, and following the expiration of such preferred status of all series A shares, by the Supervisory Board (§ 28 of the Statutes).

The term of office of the Management Board is 5 years (§ 29(1) of the Statutes). Remuneration and other benefits for Members of the Management Board are determined by the Supervisory Board in consultation with the President of the Management Board. In accordance with § 27 of the Company's Statutes, the Management Board manages the Company's affairs and represents the Company in dealings with third parties. Responsibilities of the Management Board include all matters related to conducting the Company's affairs not reserved for other governing bodies of the Company. Resolutions of the Management Board are adopted by a simple majority of votes cast (§ 34(1) of the Statutes). Each member of the Management Board is authorized to make binding statements with respect to property rights and obligations of the Company and to sign on behalf of the Company. The Management Board's organization and manner of operation is defined in detail in the rules of organization and operation of the Management Board.

Pursuant to § 35 of the Statutes, members of the Management Board are bound by a non-competition clause. In particular, they may not engage in any competitive business or participate in such business as its participant, shareholder or member of its governing bodies. This prohibition does not pertain to the participation by members of the Management Board in supervisory and management bodies of competing entities in which the Company directly or indirectly holds any shares and the acquisition by members of the Management Board of no more than 1% of the shares in competing public companies.

As at the date of presenting this Directors' Report, the Company's Management Board is composed of the following members:

- Bartosz Hojka - President of the Management Board,

- Tomasz Jagiełło - Member of the Management Board,

- Agnieszka Sadowska - Member of the Management Board,

- Anna Kryńska-Godlewska - Member of the Management Board,

- Grzegorz Kania - Member of the Management Board.

Bartosz Hojka

Member of the Company's Management Board since 28 June 2013. President of Agora's Management Board since 12 March 2014.

He supervises Radio and Press Segments, Corporate Sales division, as well as Human Resources and Corporate Communications departments. He is a member of supervisory boards of Helios S.A., AMS S.A., Yieldbird Sp. z o.o., and Goldenline Sp. z o.o. From the very beginning of his professional career, he has been involved with the electronic media, including working as an editor in Radio Katowice TOP and TVP regional center in Katowice. He started his work in Agora in 1998 as a program director in Silesian Karolina radio. Later, as a program and marketing director of all stations of Agora Radio Group (GRA) he was responsible for, among others, the launch of the Złote Przeboje brand. In 2005–2013, a member of the management board and managing director of GRA, a radio group comprising Radio Złote Przeboje, Rock Radio, Radio Pogoda and Radio TOK FM where GRA is the majority shareholder. He restructured Agora's radio operations which resulted in improvement of the segment's profitability. Under his leadership, Radio TOK FM has become one of the most influential media in Poland. At that time, GRA has increased the scale of its operations and developed, under the brand name Tuba.FM, innovative products dedicated to online, mobile device and SMART TV users. Furthermore, GRA founded Doradztwo Mediowe – the market leader in radio brokerage services. At present, it includes the Tandem Media team.

Bartosz Hojka is a member of the Digital News Initiative (DNI) Fund – a fund set up by Google, where publishers from all over Europe can apply for funding for projects to develop quality journalism through technology and innovation.

Born in 1974, graduate of journalism faculty at the University of Silesia. Since 2010, lecturer at the Department of Radio and Television at the University of Silesia.

Tomasz Jagiełło

Since 28 June 2013, a member of Agora's Management Board. He supervises Helios, NEXT FILM and Agora's Publishing House, as well as the General Counsel department of Agora. He is a member of the Supervisory board of AMS S.A. Tomasz Jagiello is the founder and president of the management board of Helios S.A., the largest cinema operator in Poland in terms of the number of cinemas. Co-founder of the company's success, from the beginning responsible for its development and strategy. He represented the company during the acquisition of 5 cinemas from the Kinoplex network in 2007 and during the acquisition of a majority stake in Helios by Agora SA in 2010. He was one of the initiators of establishing the company NEXT FILM Sp. z o.o., so that Helios has expanded its activities into film distribution market.

Long-time board member of the Association of Polish Cinemas. Over several years, he was also a member of the Polish Film Institute.

Born in 1967, graduated from the Faculty of Law at the University of Łódź and the Faculty of Law at the University of Edinburgh.

Agnieszka Sadowska

Member of Agora's Management Board since 1 March 2017. She supervises the Internet, Print and Outdoor segments, Magazines division, Big Data department and development of Wyborcza.pl.

Agnieszka Sadowska has been working at Agora since 1999. She began her career as a financial analyst. She also worked in the New Projects division, responsible for acquisitions and investments in the Agora Group, and was also head of Controlling & Business Development division.

In 2010–2013, she was the managing director of Publio.pl, an online platform with e-books and audiobooks. She was responsible for the concept of the platform and oversaw the creation and operation of the service which in just a year after the start was at the forefront of online bookstores with electronic publications.

In 2013-2018, Agnieszka Sadowska was developing television business in the Agora Group, including development of Stopklatka TV, a TV channel run in cooperation with Kino Polska TV S.A. She was the President of the Management Board of Green Content Sp. z o.o. which received a license to broadcast the METRO channel. Agnieszka Sadowska also participated in the process of acquisition by Agora of strategic investor for the development of METRO, as well as in the subsequent sale of the channel to Discovery Poland.

Born in 1974, graduate of the Faculty of Finance and Banking at the University of Economics in Wrocław. In 1999, she earned an MBA at the Warsaw University of Technology Business School. She completed numerous training courses in management and finance, including ACCA, obtaining the status of ACCA member.

Anna Kryńska-Godlewska

Member of Agora’s Management Board since 8 November 2017. She supervises the New Business Development division.

Anna Kryńska-Godlewska is a manager with more than twenty years of experience in the field of capital investment management. For the past 20 years, she has been associated with the Media Development Investment Fund, where she has been the Chief Investment Officer and Management Board Member, specialising in direct investments in media companies in Europe, Asia, Africa and South America for the past nine years. Previously, she worked at, among others, Fidea Management, the management company of X NFI, CIECH S.A. and Bank Handlowy in Warsaw. She was a member of Agora S.A.’s Supervisory Board from 23 June 2016 until 8 November 2017.

Born in 1972, she is a graduate of the Warsaw School of Economics, Faculty of Finance and Banking System and the Institute Francais de Gestion. She has complete further professional training courses, e.g. at Harvard Business School.

Grzegorz Kania

Member of Agora’s Management Board since 8 November 2017. He supervises Finance and Administration as well as Technology divisions, and Internal Audit department.

Grzegorz Kania specialises in financial management and has nearly twenty years of experience in international companies. He started his career at PricewaterhouseCoopers, specialising in consulting and auditing services for companies in the new technology, media and entertainment industries. In 2003-2008, he was Deputy Chief Financial Officer of UPC Polska. In 2008-2011, he was responsible for finances of the Scandinavian BLStream Capital Group (now Intive), a provider of mobile applications and other IT solutions. Since 2012 he has been CFO at Ringier Axel Springer Poland and since 2014 he worked as CFO in Onet-RAS Poland Group.

Born in 1973, graduate of the Faculty of Computer Science and Management at the Wrocław University of Science and Technology. An ACCA member since 2001.

5.2. Supervisory Board

The Supervisory Board operates on the basis of the Commercial Companies Code and the Statutes. In accordance with §18(1) of the Company’s Statutes, the Supervisory Board is composed of no less than six and no more than ten members appointed by the General Meeting subject to other provisions of the Statutes. The number of Supervisory Board members is determined by the General Meeting. The General Meeting appoints the Chairman of the Supervisory Board. Members of the Supervisory Board may elect from among themselves a deputy of the chairman or persons performing other functions (§18(2) of the Statutes).

Members of the Supervisory Board are appointed for a joint term of office of three years. Consequently, the term of office of the previous Supervisory Board expired on the date of the Company's General Meeting approving the financial statements for 2015, i.e. on 23 June 2016. On the same day, the General Meeting of the Company's

Shareholders appointed the current Supervisory Board whose term of office will expire on the date of the Company's General Meeting approving the financial statements for 2018.

Pursuant to § 20(4) of the Statutes, at least two members of the Supervisory Board are independent members. At present, the majority of the Supervisory Board members are independent. The majority of members of the Supervisory Board also meet the independence requirements specified in the Code of Best Practice. Specific competencies of Agora's Supervisory Board include, among others, assessment of the Directors' Report on the Company's operations and the Company's financial statements, assessment of the Management Board's proposals concerning profit distribution or loss coverage, determination of remuneration of the Management Board's members in consultation with the President of the Management Board, appointment of a statutory auditor and approval of significant transactions between the Company and its related parties, as well as other matters provided for by the provisions of law and the Statutes. Pursuant to § 23(8) of the Statutes, the Supervisory Board meetings are convened at least once a quarter. The Chairman also convenes Supervisory Board meetings at the request of the Company's Management Board, expressed in a resolution or at the request of each member of the Supervisory Board. Supervisory Board meetings may be held with the use of means of remote communication in a manner allowing communication among all members taking part in such a meeting. The venue of a meeting held with the use of means of remote communication is the location of the person who chairs the meeting.

Pursuant to § 23(5) of the Statutes, resolutions of the Supervisory Board are adopted by an absolute majority of votes cast in the presence of at least half of the members of the Supervisory Board, except where other provision of the Statutes provide for a different majority and quorum.

As at the date of presenting this Directors' Report, the Company's Supervisory Board (current term of office) is composed of the following members:

- Andrzej Szlezak – Chairman of the Supervisory Board,

- Andrzej Dobosz – Member of the Supervisory Board,

- Dariusz Formela – Member of the Supervisory Board,

- Wanda Rapaczynski – Member of the Supervisory Board,

- Tomasz Sielicki – Member of the Supervisory Board,

- Maciej Wisniewski – Member of the Supervisory

Andrzej Szlezak, Ph.D.

Of Counsel in the Soltysinski, Kawecki & Szlezak (SK&S) law firm (before he was its Partner). He joined SK&S shortly after its founding in 1991, in 1993 he became a partner and in 1996 a senior partner. At SK&S, he was engaged in legal services in a number of privatizations and restructuring processes of various sectors of Polish industry and banking. He supervised numerous merger and acquisition projects, participated in greenfield projects, prepared a large number of transaction documents, and was the author of numerous legal opinions from the field of civil and commercial law. He is an arbitrator of the Court of Arbitration at the Polish Chamber of Commerce in Warsaw and Vice-President of the Council of Arbitration, and was frequently appointed as an arbitrator in disputes brought before the ICC International Court of Arbitration in Paris.

Andrzej Szlezak received his master's degrees in Law and English Philology at the Adam Mickiewicz University in Poznan. In 1979–1981, he was a trainee judge at the Regional Court in Poznan. Since 1979, he was a research worker in the Institute of Civil Law at the Adam Mickiewicz University, where he received his doctorate and habilitation degree in the field of civil law. In 1994, he was appointed professor of the Adam Mickiewicz University until his departure from the Faculty of Law in 1996. A. Szlezak, Ph.D., was a scholarship holder of a number of foreign universities, including the universities of Oxford and Michigan. Currently, A. Szlezak is a professor of the University of Social Sciences and Humanities (SWPS) in Warsaw. He is the author of numerous publications, including foreign-language ones, in the area of civil and commercial law.

The General Meeting of Shareholders appointed Andrzej Szlezak to the position of the Chairman of Agora S.A.'s Supervisory Board. Andrzej Szlezak is a member of the Human Resources and Remuneration Commission in Agora's Supervisory Board.

The independence of Supervisory Board Members and the Committees operating in the Supervisory Board are discussed in separate section of the report.

Andrzej Dobosz

Polish literary critic, journalist and non-professional actor. He used to be a member of Krzywe Koło Club, the Polish Writers' Union and Polish Philosophical Society. He is a member of Polish PEN Club, Association of Art Historians and Polish Filmmakers Association. Author of such publications as "Z roznych polek", "Pustelnik z Krakowskiego Przedmiescia", "Ogrody i smietniki", "Generał w bibliotece".

He is a graduate of the Polish Language faculty and Philosophy faculty at the Warsaw University.

Andrzej Dobosz is a member of the Human Resources and Remuneration Commission in Agora's Supervisory Board.

Dariusz Formela

Since 1 September 2018 he is a member of Management Board of the Black Red White S.A. with its registered office in Biłgoraj and since 1 December 2018 he is a president of that company.

Before that, since 2012, the president of the management board of Gobarto S.A. (previously PKM DUDA S.A.) responsible for development and implementation of the company's strategy. In 2009–2012, he was a member of the management board of PKM DUDA S.A. and president of the management board of CM Makton S.A. In 1998–2008, he worked for the ORLEN Capital Group, where he was also a member of the management board of PKN ORLEN and Możejki Nafta responsible for, among others, the oversight of the group companies and the integration of capital assets. He was also responsible for development and implementation of the restructuring plan in the ORLEN Capital Group. Dariusz Formela is a member of the Audit Committee of Avia Solutions Group S.A.

He is a graduate of the Law and Administration Faculty at the University of Gdansk. He also obtained an MBA diploma from the University of Bradford and Kozminski University.

Dariusz Formela is a chairman of the Audit Committee in Agora's Supervisory Board and since August 9th, 2018 a member of the Human Resources and Remuneration Commission.

Wanda Rapaczynski

Associated with the company almost since its inception. In 1998–2007 and between 28 June 2013 and 12 March 2014, she served as the President of the Management Board. Under her leadership, Agora grew into one of the largest and most well-known media companies in Central and Eastern Europe. After resignation from the function of the President of the Management Board in 2007, she remained associated with Agora as an advisor to the Supervisory Board until her appointment to the supervisory body. Member of the Supervisory Board of the Company in 2009–2013. She represented Agora in the European Publishers Council and the Polish Confederation of Private Employers LEWIATAN, where she was a member of the main board and a member of the supervisory board of the Polish Private Media and Advertising Employers Confederation.

In 1984–1992, she was the Head of New Product Development in Citibank NA in New York. Previously, for two years she was the director of a research project at the Faculty of Psychology at Yale University, and in 1977–1979 a research worker at Educational Testing Service in Princeton, New Jersey. Her professional career began as a psychology lecturer at universities in New York and Connecticut.

She was a member of the Supervisory Board of Adecco S.A. since 2008 to 2018, a Swiss company operating internationally, specialized in recruiting activities, where she chaired the Corporate Governance Committee. For years she was a member of the Council of the Central European University in Budapest, where she chaired its Audit Committee. She was also a member of the International Advisory Council at the Brookings Institution in Washington for many years. Since 2002 she has been a member of Polish Group in the Trilateral Commission.

In 1977 she received a Ph.D. in Psychology from City University of New York. A graduate of Yale University, School of Organization and Management, where in 1984 she received a Master of Private & Public Management.

Tomasz Sielicki

Tomasz Sielicki worked in Sygnity S.A. (formerly ComputerLand S.A.) since the company's inception in 1991. From 1992 to 2005, he served as the President of the Management Board, later for two years he served as the President of the Sygnity Group (formerly ComputerLand Group). He is widely considered to be the founder of the company's success. In 2007–2017, he was a member of the Supervisory Board of Sygnity S.A.

He is a member of, among others, the Information Society Development Foundation Council, Council of the Gessel Foundation for the National Museum in Warsaw, Trilateral Commission and Public Affairs Institute.

Tomasz Sielicki is a member of the Audit Committee in Agora's Supervisory Board.

Maciej Wisniewski

Maciej Wisniewski has twenty years of experience in investment management and investment funds. He successfully founded, developed and sold Investors Towarzystwo Funduszy Inwestycyjnych S.A. which was one of the first private investment fund companies on the Polish market. Previously, he was associated with BZ WBK AIB Asset Management and LG Bank. He started his professional career at Raiffeisen Capital and Bank Millennium.

Since December 2018 he is a chairman of The Board Of Directors in MacroEquity Global Investments UCITS SICAVMaciej Wisniewski graduated from the Faculty of Finance and Banking at the Warsaw School of Economics and the Faculty of Finance at London Business School.

Maciej Wisniewski is a chairman of the Human Resources and Remuneration Commission and a member of the Audit Committee in Agora's Supervisory Board.

5.3 Committee and Commission established within the Supervisory Board

There is one Committee and one Commission operating within the Supervisory Board: the Audit Committee, and Human Resources and Remuneration Commission established in compliance with the Company's Statutes, performing advisory role to the Supervisory Board. Competences and procedures of the Audit Committee, and Human Resources and Remuneration Commission were set forth in the by-laws of these bodies adopted by virtue of resolutions of the Supervisory Board. As at the date of submission of this Report, the Committee and Commission are composed of the following members:

(i) Audit Committee:

- **Dariusz Formela** – Chairperson of the Audit Committee, an independent member of the Supervisory Board with knowledge and skills in the field of accounting ecquired in the course of current professional activity,

- **Tomasz Sielicki** – a member of he Supervisory Board with knowledge about the business which the Company operates,

- **Maciej Wisniewski** – an independent member of the Supervisory Board with knowledge and skills in the field of accounting ecquired in the professional education in the Faculty of Finance and Banking at the Warsaw School of Economics and the Faculty of Finance at London Business School as well as in the course of current professional activity.

The Audit Committee is responsible for monitoring financial reporting of the Company and the Agora Group, as well as financial audit activities, performing supervisory functions with respect to monitoring of internal control systems, internal audit and risk management, and performing supervisory activities with respect to monitoring the independence of external auditors.

In order to exercise its powers, the Audit Committee may require the Company to provide certain information on accounting, finance, internal audit and risk management that is necessary for the performance of the Audit Committee's activities, and may examine the Company's documents.

The meetings of the Audit Committee are convened when necessary, but at least four times per year. In 2018 the Audit Committee was convened six time.

Meetings of the Audit Committee are convened by its chairman on his own initiative or at the request of a member of the Audit Committee, as well as at the request of the Management Board, internal or external auditor. Meetings of the Audit Committee may also be convened by the Chairman of the Supervisory Board.

The Audit Committee submits to the Supervisory Board its motions, positions and recommendations in time for the Supervisory Board to take appropriate actions, as well as annual and half-yearly reports on its activities in a given financial year and an assessment of the Company's situation in the areas within its competence.

Pursuant to a resolution of the Supervisory Board of 30 March 2017 and in accordance with the provisions of the Company's Statutes, KPMG Audyt Spolka z ograniczona odpowiedzialnoscia spolka komandytowa with its registered office in Warsaw at ul. Inflancka 4A, a registered audit entity No 3546, was selected as the Company's statutory auditor who will audit the financial statements for 2017, 2018 and 2019. The auditor was selected prior to entry into force of provisions on the statutory obligation to conduct the audit firm selection process pursuant to the Act on Statutory Auditors, Audit Firms and Public Supervision of 11 May 2017.In December 2017, the Supervisory Board of the Company adopted, in the form of a resolution, the “Policy on selection of the audit firm for auditing the financial statements of Agora S.A. and Agora S.A. Capital Group”, which also included provisions concerning the policy for the provision by the audit firm conducting the audit, by entities associated with this audit firm and by a member of the audit firm network of permitted non-audit services, and “Procedure of selection of the audit company in Agora S.A. and the Agora S.A. Capital Group”. The obligation to adopt the above documents resulted from the Act of 11 May 2017 on statutory auditors, audit firms and public supervision.

The policy on selection of the audit firm for auditing the financial statements of Agora S.A. and Agora S.A. Capital Group sets out the rules and guidelines for the procedure aimed at selecting an audit firm authorised to conduct statutory audits and reviews of financial statements of Agora S.A. and Agora S.A. Capital Group by the Supervisory Board of the Company following a tender procedure provided for in the Selection Procedure, containing transparent and non-discriminatory selection criteria for the audit firm.

Pursuant to the policy for the provision by the audit firm conducting the audit, by entities associated with this audit firm and by a member of the audit firm network of permitted non-audit services together with the catalogue of prohibited services, neither the statutory auditor nor the audit firm conducting statutory audits of the Company nor any member of the network of which the statutory auditor or the audit firm are members shall provide, directly or indirectly to the Company, its parent company or any entities controlled by the Company within the European Union, any prohibited non-audit services or services other than financial auditing activities. Provision of services that are not prohibited by these entities shall be acceptable only to the extent not related to the Company’s tax policy, after the Audit Committee has conducted an assessment of risks and independence safeguards, and provided its consent.

The audit firm KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw provided permitted non-audit services to Agora S.A. in the financial year 2018, i.e. services within the scope of review of condensed interim individual financial statements of Agora S.A., covering the period from 1 January 2018 to 30 June 2018, and within the scope of review of condensed interim consolidated financial statements of Agora S.A. Capital Group, covering the period from 1 January 2018 to 30 June 2018.

(ii) Human Resources and Remuneration Commission:

- Maciej Wisniewski - chairperson of the Human Resources and Remuneration Commission,

- Andrzej Dobosz,

- Dariusz Formela,

- Andrzej Szlezak.

In accordance with the Bylaws of the Human Resources and Remuneration Commission, responsibilities of the Commission include periodic assessment of the principles of remuneration of the Management Board members and providing the Supervisory Board with appropriate recommendations in this respect, making recommendations regarding the amount of remuneration and granting additional benefits to individual members of the Management Board for consideration by the Supervisory Board.

When submitting the above recommendations to the Supervisory Board, the Commission should specify all forms of remuneration, in particular the fixed remuneration, the performance-based remuneration system and severance pay. Additionally, the Committee's competencies include advising the Supervisory Board on the selection criteria and the procedures for appointing Management Board members in cases provided for in the Company's Statutes, advising the Supervisory Board on the procedures to ensure proper succession of Management Board members in cases provided for in the Company's Statutes

Meetings of the Human Resources and Remuneration Commission are held as frequently as needed to ensure its proper operation, at least once a year.

Meetings of the Commission are convened by its Chairperson on his/her own initiative or at the request of a member of the Commission, Supervisory Board or of the President of the Company’s Management Board. Meetings of the Commission may also be convened by the Chairman of the Supervisory Board.

The Commission submits to the Supervisory Board its motions, positions and recommendations in time for the Supervisory Board to take appropriate actions, as well as annual reports on its activities in a given financial year and an assessment of the Company's situation in the areas within its competence.

On November 23, 2018 Ms Wanda Rapaczynski, hitherto chairperson of the Human Resources and Remuneration Commission, resigned from the membership in the Commision.

On December 21, 2018 the Supervisory Board appointed Mr. Maciej Wiśniewski to be the member and Chairman of the of the Human Resources and Remuneration Commission.

6. RULES GOVERNING APPOINTMENT AND DISMISSAL OF THE COMPANY'S MANAGEMENT PERSONNEL; POWERS OF THE MANAGEMENT PERSONNEL, INCLUDING IN PARTICULAR THE AUTHORITY TO RESOLVE TO BUY BACK OR ISSUE SHARES

6.1. Appointment

In accordance with § 28 of the Statutes, the Management Board is appointed by the General Meeting, except for the appointment of additional members of the Management Board by way of co-optation.

Subject to situations where additional members of the Management Board are co-opted, the Management Board is composed of 3–6 members with the exact number of members determined by the shareholders holding the majority of preferred series A shares, and following the expiration of such preferred status of all series A shares, by the Supervisory Board.

During the term of its office, the Management Board may appoint by co-optation not more than two additional members; the co-optation of additional members is effected by a resolution of the Management Board. In case a member of the Board is appointed by way of co-optation, the Management Board is obliged to include in the agenda of the nearest General Meeting an item concerning confirmation of appointment of a new member of the Board by way of co-optation and propose an appropriate draft resolution. Should the General Meeting not approve the appointment of the new member of the Management Board by way of co-optation, such Management Board member's mandate expires on conclusion of that General Meeting.

In accordance with the Statutes, the majority of members of the Management Board must be Polish citizens residing in Poland.

In accordance with § 30 of Agora S.A.'s Statutes, candidates for the Management Board members may be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board.

In the event that the persons authorized to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board may be determined by the General Meeting, while each shareholder during such General Meeting may nominate candidates for such members.

6.2. Dismissal

In accordance with § 31 of the Statutes, individual or all members of the Management Board may be dismissed (removed), due to important reasons, prior to the end of their term of office on the basis of a resolution of the General Meeting adopted by a simple majority of votes, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution. A resolution on dismissal (removal) of Management Board members should state the reasons for which such dismissal is made.

Members of the Management Board appointed by way of co-optation may be dismissed in the manner provided for above, or by a resolution of the Management Board; however, the persons concerned may not vote on this matter.

In the event that some members of the Management Board are dismissed or their mandate expires during the term of office for other reasons, supplementary elections shall be held only at such time as when the number of members of the Management Board performing their functions is less than three or when the requirement that the majority of members of the Management Board must be Polish citizens residing in Poland is no longer met.

If the number of members of the Management Board is lower than that required in the preceding paragraph, the Management Board will be required to immediately convene an extraordinary General Meeting in order to hold supplementary elections. Supplementary elections may take place also during the ordinary General Meeting if, in accordance with the provisions of law, such meeting must be convened within a short period of time, while convening an extraordinary General Meeting would not be appropriate in such case.

In the event of supplementary elections, provisions regarding the election of members of the Management Board for their full term of office apply.

In accordance with § 33(1) of the Statutes, members of the Management Board may elect the chairman or persons performing other functions among themselves.

6.3. Powers of the management personnel

In accordance with § 27 of the Company's Statutes, the Management Board of the Company manages its affairs and represents the Company in dealings with third parties.
Responsibilities of the Management Board include all matters related to conducting the Company's affairs not reserved for other governing bodies of the Company.

The authority to resolve to buy back or issue shares remains with the General Meeting of the Company.

7. SHAREHOLDERS WITH MAJOR HOLDINGS OF SHARES

To the best of the Company's knowledge, as at the day of publication of this Directors' Report, the following shareholders were entitled to exercise over 5% of voting rights at the General Meeting of the Company:

	number of shares	*% of share capital*	number of votes at GM	*% of votes at GM*
Agora-Holding Sp. z o.o. *(in accordance with the last notification dated 24 September 2015) (1)*	5,401,852	11.60	22,528,252	35.36
Powszechne Towarzystwo Emerytalne PZU S.A. (Otwarty Fundusz Emerytalny PZU Zlota Jesien and Dobrowolny Fundusz Emerytalny PZU) *(in accordance with the last notification dated 27 December 2012) (1)*	7,594,611	16.30	7,594,611	11.92
of which: **Otwarty Fundusz Emerytalny PZU Zlota Jesien** *(in accordance with the last notification dated 27 December 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 the official notification received on 6 June 2016) (1)*	5,350,000	11.49	5,350,000	8.40
Nationale – Nederlanden Powszechne Towarzystwo Emerytalne S.A. (Nationale – Nederlanden Otwarty Fundusz Emerytalny and Nationale Nederlanden Dobrowolny Fundusz Emerytalny) *(in accordance with the last notification dated 9 June 2016) (1)*	4,493,055	9.65	4,493,055	7.05

(1) proportion of voting rights and percentage of share capital of Agora S.A. were recalculated by the Company after registration of the reduction of Company's share capital on August 23, 2018.

The Management Board of Agora S.A. is not aware of any agreements which may result in future changes in holdings of shares by its current shareholders.

8. HOLDERS OF ANY SECURITIES CONFERRING SPECIAL CONTROL RIGHTS IN RELATION TO THE ISSUER

Series A Shares

Agora Holding Sp. z o.o. is the only holder of registered preferred series A shares. The series A shares carry preferences regarding the number of votes per one share and right to determine the number of Management Board members and to propose candidates for the Management and Supervisory Board members, to dismiss those members, and to grant the consent to sell series A shares or convert them into bearer shares. Each of the series A shares carries 5 votes at the General Meeting and the restriction of the voting rights (according to which none of the shareholders may exercise more than 20% of the overall number of votes at the general meeting – pursuant to § 17 (1)) does not apply to shareholders holding the preferred series A shares.

Shareholders holding the preferred series A shares have the exclusive right to nominate candidates for the Management Board members. They also belong to the limited number of entities with the exclusive right to nominate candidates for the Supervisory Board of Agora S.A. Holders of the majority the preferred series A shares may also determine the exact number of the Management Board members.

Another preference carried by series A shares includes the right to dismiss members of the Management or Supervisory Board prior to the end of their term of office. The dismissal can be made on the basis of the resolution adopted by the General Meeting. For the dismissal, a simple majority of votes is required, provided that until the expiry of the preferred status of series A shares 80% of voting rights attached to all outstanding series A shares are cast in favour of such resolution.

The Statutes of Agora S.A. provide that none of the shareholders may exercise more than 20% of the overall number of votes at the General Meeting, provided that for the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Act on Public Trading in Securities such restriction of the voting rights does not exist. This restriction of the voting rights does not apply to shareholders holding the preferred series A shares.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

9. RESTRICTIONS ON TRANSFER OF OWNERSHIP RIGHTS TO THE ISSUER'S SECURITIES

Pursuant to the Statutes of Agora S.A., the sale or conversion of preferred series A shares into bearer shares requires the written consent of shareholders holding at least 50% of the preferred series A shares registered in the share register on the date of filing the request for such consent. The procedure for requesting and granting such consent is laid down in the Statutes. In addition, the sale of series A preferred shares may be made only at a price not higher than their nominal value.

10. LIMITATIONS ON THE EXERCISE OF VOTING RIGHTS

According to the Company’s Statutes, none of the shareholders may exercise more than 20% of the overall number of votes at the General Meeting. For the purposes of establishing obligations of purchasers of material blocks of shares as provided in the Act on Public Offering such restriction of the voting rights does not exist. The restriction of the voting rights referred to in the preceding sentence does not apply to:

a) shareholders holding the preferred series A shares;

b) a shareholder who, while having no more than 20% of the overall number of votes at the General Meeting, announced, in accordance with the Act on Public Offering, a tender for subscription for the sale or exchange of all the shares of the Company and in result of such tender purchased shares which, including the previously held Company shares, authorize the said shareholder to exercise at least 75% of the overall number of votes at the General Meeting. For the purposes of calculating a shareholder's share in the overall number of votes at the general meeting referred to above, it is assumed that the restriction on the voting rights provided for in § 17(1) of the Company’s Statues does not exist.

For the purposes of the aforementioned limitation on the voting rights and exception from the limitation provided for in item b), exercise of votes by a subsidiary is treated as the exercise of votes by a parent company as defined in the Act on Public Offering.

At any General Meeting, the percentage of votes of foreign entities and entities controlled by foreign entities may not be greater than 49%. The limitation does not apply to entities with their seats or residence in a Member State of the European Economic Area.

Each share, whether preferred or not, entitles its holder to one vote in connection with passing a resolution regarding the withdrawal of the Company's shares from public trading.

11. KEY FEATURES OF THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS USED IN THE PROCESS OF PREPARATION OF FINANCIAL STATEMENTS AND CONSOLIDATED FINANCIAL STATEMENTS

Management Boards of the Group companies are responsible for the internal control systems in individual companies and their efficiency in the process of preparing financial statements and periodic reports developed and published in accordance with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state.

The Chief Financial Officer of the parent company or chief financial officer/management board of respective company, as appropriate, supervises the process of preparing the financial statements and periodic reports in individual Group companies from the subject-matter point of view. The process of drawing up annual and interim financial statements is coordinated by the Reporting Department of the Finance and Administration Division, as well as financial and accounting departments of individual Group companies. The Company constantly monitors changes to the applicable stock market reporting laws and regulations, and makes preparations sufficiently in advance to incorporate them into its rules and policies.

Each month, following the closing of the books, the members of the Management Board of the Parent Company and the management staff of the Group receive management information reports, including analyses of key financial data and operating ratios of the business segments. On a monthly basis, meetings of the Management Board with management staff are also organized to discuss the Company's and the Group's performance by segment and division.

All financial data contained in the separate and consolidated financial statements and periodic reports are sourced from the financial and accounting systems, where all business events are recorded in accordance with the Company's and the Group's accounting policies (approved by the Management Board), based on the International Accounting Standards and the International Financial Reporting Standards. The Company has been preparing financial statements in accordance with International Financial Reporting Standards (formerly: International Accounting Standards) since 1992.

The consolidated and separate financial statements of the Company and the Group are submitted to the member of the Management Board supervising the Finance and Administration department and the Chief Financial Officer for preliminary verification and then to the Management Board for final verification. Prior to their publication, consolidated and separate financial statements are also submitted to members of the Audit Committee.

Meetings of the Supervisory Board are held at least once a quarter, during which, depending on the questions submitted by members of the Supervisory Board, the Management Board provides information on key financial data and operating ratios of business segments.

Consolidated and separate annual and semi-annual financial statements are subject to, respectively, independent audit and review by the Company's statutory auditor. The results of the audit and review are presented by the statutory auditor to the member of the Management Board supervising the Finance and Administration department, the management of the financial division (including the Chief Financial Officer) and published in the auditor's report.

Conclusions from the audit and review of the consolidated and separate financial statements are presented to the Audit Committee. Representatives of the Audit Committee analyze the results of the audit and review at closed meetings with the Company's auditor, also without the participation of the Company's Management Board.

In addition, the statutory auditor also provides the Audit Committee with recommendations concerning improvements of the internal control system in the Company and the Group, which were identified during the audit of the financial statements.

Additionally, the Company has an Internal Audit Department, whose main task is to identify risks and weaknesses of internal control. At its meetings, the Audit Committee discusses the results of the Internal Audit work with its director, also without the participation of the Company's Management Board.

The recommendations received from the statutory auditor and Internal Audit are discussed by the Audit Committee with the Company's Management Board.

12. RULES OF AMENDING THE STATUTES OF AGORA S.A.

The Statutes of Agora S.A. do not contain any provisions different from the provisions of the Commercial Companies Code with respect to amendments to the Company's Statutes.

13. REMUNERATION POLICY

As regards the recommendation concerning the policy for remuneration in the Company, the principles of determining remuneration of the Company's employees, except for members of the Management Board and Supervisory Board, are established in accordance with internal remuneration regulations. On the other hand, pursuant to the remuneration policy for key managers of the Agora Group adopted in 2015, the remuneration of the Company's Management Board members is determined by the Supervisory Board on the basis of a recommendation from the Human Resources and Remuneration Commission of the Supervisory Board. The Supervisory Board sets objectives and criteria for awarding bonuses to individual members of the Management Board for a given financial year and in a longer perspective. A report on its application is presented later in this document.

The Company's remuneration policy directly supports the implementation of the Agora Group's medium-term growth plans.

The Company's remuneration system is based on fixed remuneration and variable remuneration resulting from incentive plans and discretionary bonuses.

The Agora Group's remuneration policy differentiates the level of remuneration according to the position held, performance and competences. This variable part ensures flexibility and adaptability to the employer's needs.

Through the incentive scheme, the objectives closely linked to the Agora Group's medium-term growth plan are forwarded to the managers and to employees, which ensures effective support for Agora's business ventures.

The incentive-based remuneration system for employees and managers consists of a fixed part (base salary), a variable part (including annual bonuses and discretionary awards) and non-wage benefits. Base salary in the Company and Agora Group companies is related to the employee's potential, competence and performance in achieving his or her goals.

The aim of the system is to motivate employees to achieve high performance in their work through the implementation of individual goals and evaluation of attitudes, while the management staff can use it as a tool to motivate employees. The bonus system provides for an annual assessment of the employee's performance, summarising the employee's overall contribution for a given bonus year, indicating areas of strengths and areas that require further development. The annual assessment includes an assessment of the level of accomplishment of individual objectives and attitudes throughout the year, as well as an assessment of the total employee's work in a given bonus year and is the basis for calculating the bonus amount.

Agora also provides employees with non-wage benefits such as co-financing of medical care, cafeteria system or a company car. Employees can also take advantage of employee loans for, inter alia, housing purposes and are also beneficiaries of benefits from the Company's Social Benefits System.

Remuneration policy for members of the Management Board of Agora S.A.

Pursuant to the Statutes, the terms and conditions of contracts and remuneration of the President of the Management Board and other members of the Management Board fall within the competence of the Supervisory Board of Agora; however, the terms and conditions of contracts and remuneration of other members of the Management Board are determined in consultation with the President of the Management Board.

- The remuneration system for members of the Management Board of Agora operates on the basis of three elements:a fixed part (base salary),
- a variable part (incentive system and discretionary bonus) and
- non-wage benefits, the range of which is determined by the Supervisory Board.

Remuneration paid to the Management Board members in 2018 (PLN '000)

Member of the Management Board	Total	Base salary	Variable remuneration	Other benefits
Bartosz Hojka	1,708	804	900	4
Tomasz Jagiello	790	240	550	-
Agnieszka Sadowska	1,045	491	550	4
Grzegorz Kania	685	600	81	4
Anna Krynska-Godlewska	681	600	81	-
Grzegorz Kossakowski (1)	374	-	374	-
Robert Musial (2)	89	-	89	-

(1) Grzegorz Kossakowski was a member of the Company's Management Board until 5 September 2017, the variable remuneration which was paid in 2018, consists the Incentive Plan for a period as a member of the Management Board in 2017.

(2) Robert Musial was a member of the Company's Management Board until 28 February 2017, the variable remuneration which was paid in 2018, consists the Incentive Plan for a period as a member of the Management Board in 2017.

Remuneration paid by Agora S.A. to members of the Management Board in 2018 amounted to PLN 5,372 thousand (in 2017: PLN 4,642 thousand) and this amount also includes payments of bonuses.

Tomasz Jagiello received additional remuneration for the function of President of the Management Board of Helios S.A. in the amount of PLN 357 thousand (in 2017: PLN 356 thousand) and Agnieszka Sadowska for the function of a Management Board Member of Stopklatka S.A. in the amount of PLN 175 thousand (in 2017: PLN 253 thousand). Other members of the Management Board and Supervisory Board did not receive any remuneration for serving on the governing bodies of subsidiaries, jointly controlled entities and associates.

In 2018, four out of five members of the Management Board used company cars acquired by the Company. Tomasz Jagiello used a company car purchased by Helios S.A.

The Agora Group also operated two incentive schemes based on financial instruments, in which members of the Management Board of Agora S.A. and members of the Management Boards of the subsidiaries Yieldbird Sp. z o.o. and Foodio Concepts Sp. z o.o. participated. For details on these schemes, see note 27 to the consolidated financial statements.

In 2018, there were no significant changes in the manner of remuneration of members of the Company's Management Board.

In 2018, remuneration for serving as members of management and supervisory bodies of subsidiaries in the Agora Group amounted to PLN 6,782 thousand (in 2017: PLN 5,648 thousand).

Members of the Management Board of Agora S.A. are also provided with medical care on the same terms as other employees of the Company.

Remuneration paid to the Supervisory Board members in 2018 (PLN '000)

Member of the Supervisory Board	Base salary
Andrzej Szlezak (Chairman of the Supervisory Board)	108
Wanda Rapaczynski	72
Tomasz Sielicki	72
Dariusz Formela	72
Andrzej Dobosz	72
Maciej Wisniewski	72

The total remuneration amounted to PLN 468 thousand (2017: PLN 468 thousand).

Employment contract terms of the Management Board members of Agora S.A.

Existing employment contracts concluded with members of the Management Board of Agora S.A. provide that in the period of 18 months from the date:

- on which the right of the shareholders holding series A shares to nominate candidates to the Management Board is removed from the Company's Statutes,
- on which one entity or a group of entities acting in concert exceeds the 50.0% threshold of the total number of votes at the General Meeting of Agora S.A.;
- on which the Supervisory Board of the Company is appointed by voting by separate groups, pursuant to Article 385 § 3-9 of the Code of Commercial Companies, should any of these contracts be terminated by the Company, the member of the Management Board of Agora S.A. will receive severance pay in the amount equal to the sum of the following components:

(i) the amount equivalent to 12 times the monthly base salary payable to the member of the Management Board of Agora S.A. for the month preceding the month in which the member of the Management Board of Agora S.A. receives the termination notice;

(ii) the amount equivalent to the annual bonus for the financial year preceding the year of termination of the employment contract.

The severance pay referred to in the preceding sentence is not due when the employment contract is terminated for reasons indicated in Article 52 § 1 of the Labour Code.

Rules for determining the value of the Incentive Plan in 2018

Starting from the second quarter of 2018, Management Board members of the Company participate in an incentive scheme ("Incentive Plan"), which one of the components (related to the appreciation of the Company's share price) is a payment in the form of shares settled in cash. According to the Incentive Plan they are eligibled 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 during the year, for which the bonus is due.

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

As at 31 December 2018, the value of the EBITDA target bonus provision was estimated based on the best estimate of the expected value of implementation of the EBITDA target in 2017 and was recognized in the income statement.

The value of the potential reward concerning the realization of the Target of Share Price Increase, was estimated on the basis of the Binomial Option Price Model (Cox, Ross, Rubinstein model), which takes into account – inter alia – actual share price of the Company (as at the balance sheet date of the current financial statements) and volatility of the share price of Company during the last 12 months preceding the balance sheet date. That value is charged to the Income Statement in proportion to the vesting period of this component of the Incentive Plan. As at 31 December 2018, 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.

The basic parameters of the binomial model used for calculation of the fair value of the potential bonus from the implementation of the Target of Share Price Increase are described below:

Agora S.A.'s share price as at the balance sheet date of the financial statements	PLN	10.00
volatility of Agora S.A.'s share price during the last twelve months	%	36.61
Average Share Price IVQ	PLN	14.17
risk free rate	%	1.30-1.59 (at maturities)

The impact of the Incentive Plan on the separate financial statements of Agora S.A. is presented in the following table:

	2018	2017
Income statement – increase in staff costs*	1,871	3,052
Income statement – deferred tax	(355)	(580)
Accruals – closing balance	1,167	2,013
Deferred tax asset – closing balance	222	382

** the total cost in financial period includes the plan costs for 2018 and a portion of the cost of the exchange rate element of the plan for 2017, settled in May 2018.*

Total cost of the Incentive Plan related to the participation of members of Agora S.A.'s Management Board in this scheme:

	2018	2017
Bartosz Hojka	578	1,103
Tomasz Jagiello	355	631
Agnieszka Sadowska	355	423
Anna Krynska - Godlewska	230	62
Grzegorz Kania	230	62
Grzegorz Kossakowski (1)	99	495
Robert Musial (2)	24	276
	1,871	**3,052**

(1) Grzegorz Kossakowski was a member of the Company's Management Board until 5 September 2017 the impact of the plan in 2018 concerns the course element of the Incentive Plan for a period as a member of the Management Board in 2017.

(2) Robert Musial was a member of the Company's Management Board until 28 February 2017 the impact of the plan in 2018 concerns the course element of the Incentive Plan for a period as a member of the Management Board in 2017.

14. DIVERSITY POLICY

With respect to the recommendation concerning the comprehensiveness and diversity of balanced participation of women and men in the company's governing bodies, the Management Board of the Company points out that it has no influence on the composition of the Company's main governing bodies. Candidates for members of the Supervisory Board may be nominated by shareholders holding preferred series A shares or shareholders who documented their entitlement to not less than 5% of the votes at the last general meeting before the candidates were nominated and who, at the time of making the nomination, hold not less than 5% of the Company's share capital (§ 21(1)(a) of the Statutes). In accordance with § 30 of Agora S.A.'s Statutes, candidates for the Management Board members may be nominated exclusively by shareholders holding preferred series A shares, and following the expiry of the preferred status of all such shares, by the Supervisory Board. In the event that the persons authorized to determine the number of members of the Management Board and to nominate candidates for such members do not exercise one or both of the above rights, the number of members of the Management Board may be determined by the General Meeting, while each shareholder during such General Meeting may nominate candidates for such members.

Moreover, the Management Board of the Company wishes to stress that according to the Agora Group's diversity policy adopted in December 2015, the main criteria for selection of candidates for all managerial positions, remaining in the competencies of the Management Board, include expertise, experience and skills necessary to perform the function in question. Applying these principles to all employees of the Company and the Group ensures healthy functioning of the organization and accepting new business challenges.

Diversity and openness are values which form an integral part of both the Company's business activities and employment policy. The diversity policy implemented at Agora S.A. is based on Agora's Charter, which was developed jointly between the Company and "Gazeta Wyborcza" daily.

As an employer, Agora S.A. is guided by the principles of equal treatment and counteracting all forms of discrimination, believing that this brings real benefits and supports Agora S.A.'s growth and innovation. One of the objectives of the diversity policy pursued by Agora S.A. is to emphasize the openness of the organization to diversity, which increases the effectiveness of work, builds trust and counteracts discrimination. The diversity practice also aims to fully tap into the potential of employees, their diverse skills, experiences and talents in an atmosphere of respect, support and teamwork.

As an employer, Agora creates an atmosphere at work, which makes employees feel respected, and gives them the sense that they are able to fully realize their professional potential. Agora creates a culture of dialogue, openness, tolerance and teamwork.

In 2016, Agora S.A. introduced a diversity policy which applies to all employees. Its aim is to consistently create a workplace that is free from discrimination, regardless of reasons, and at the same time engages the best specialists who contribute to the company's success. Agora S.A. is an employer who cares for the development of the team through internal and external training. Agora S.A.'s diversity policy is based on overcoming barriers such as age, gender or health status and is guided by the principle that the professional potential of employees is determined by their competence. In this manner, the Company wants to support implementation of its strategy to the best of its abilities and to offer the highest-quality products and services to its consumers.

Supervisory Board

The procedure for the appointment of Supervisory Board members is set forth in the Company's Statutes, other laws and regulations applicable to the Company. The Company has limited impact on the composition of the body supervising its operations.
Despite this, the current 6-person composition of the Supervisory Board in 2017 reflected all the ideas underlying the diversity policy.

Management Board

The procedure of appointing the Management Board is also specified in the Company's Statutes. Only holders of series A shares have the right to appoint candidates for a Management Board member. In the Company's opinion, when presenting candidates, these shareholders took into account, as a decisive criterion, first of all high qualifications, professional experience in the main areas of Agora Group's operations and professional preparation for the position of a member of the Management Board.

Members of the Company's Management Board have complementary experience and competences – they are graduates of: Warsaw School of Economics, Warsaw University of Technology, University of Silesia, University of Łódź, University of Edinburgh, Wrocław University of Technology, Institute Francais de Gestion, Harvards Business School (professional training courses), University of Economics in Wrocław, MBA at the Warsaw University of Technology Business School.
It is worth emphasizing that the decisive aspect in selecting the governing bodies of the company and its key managers is ensuring versatility and diversity, especially in the area of professional experience, age, education and gender. High qualifications, as well as professional and substantive experience and preparation for the performance of a specific function are of decisive importance in this respect.

Gender structure in supervisory and management bodies of Agora S.A.

	Men		Women	
As at the end of	2018	2017	2018	2017
Management Board	3	3	2	2
Supervisory Board	5	5	1	1

Administrative bodies

The administrative bodies of the Agora Group comprise employees holding managerial positions. The diversity policy for administrative bodies involves the creation of a workplace free from discrimination based on gender, age, origin, health, education, political or religious beliefs, where competence and experience are the basis of the organizational culture. This approach is reflected in the diversity of teams across the Group. Gender equality is one of the key aspects of diversity due to the similar number of male and female employees (women accounted for

52.9% of employees in the entire Group as at 31 December 2018 and men accounted for 47.1%). The gender structure in the administrative bodies confirms that this objective has been achieved.

Gender structure in administrative bodies (management positions) of Agora Group (as at 31 December 2018).

	% in the Agora Group	
	Women	**Men**
Agora Group	54.3%	45.7%

On 8 March 2017, the Company, as the first media group in Poland, also signed the Diversity Charter, joining the European initiative to promote diversity in the workplace.

15. ANY OBLIGATIONS ARISING FROM PENSIONS AND SIMILAR BENEFITS FOR FORMER MEMBERS OF MANAGEMENT, SUPERVISORY BODIES AND LIABILITIES INCURRED IN CONNECTION WITH SUCH PENSIONS, WITH AN INDICATION OF THE TOTAL AMOUNT FOR EACH CATEGORY OF BODY

The Issuer has no retirement or similar benefit obligations with respect to former members of management, supervisory or administrative bodies.

16. SOCIAL AND SPONSORING ACTIVITIES POLICY

The **social and sponsoring activities policy at the Agora Group** was adopted by the company's management board in 2016 to reflect the firm's strategic approach to social business responsibility. The objectives set out in the document are:

- education;
- personal and social development;
- shaping civic attitudes and concern for human rights;
- promotion of culture and its general accessibility;
- promotion of health and of living a healthy lifestyle;
- environmental concerns;
- social concern for others as expressed in charity and aid actions.

These objectivese are largely based on the goals set out by the UN, namely the UN Sustainable Development Goals (SDGs). In 2018, Agora Group continued its long-standing activities within the social, educational, cultural and charity pillars, while at the same time initiating new actions. These activities are not only nation-wide; they include regional projects as well.

As part of the **social activities**, the companies and media team for the Agora Group, took, above all, initiatives promoting diversity within society. These were, among others, actions related to the 100th anniversary of Polish women gaining the right to vote (the Plebiscite for "Polish Woman of the Century" by *Wysokie Obcasy* editorial team, the "#Jestem" series by Wyborcza.pl video team, "Women on Walls" – action organised by *Wysokie Obcasy* and campaign of the editorial team with the slogan "Women know what they are doing", and additionally, on the occasion of international women's day, namely March 8, *Gazeta Wyborcza* which prepared a special edition of the journal - *Wyborcza for Women*.

Activitiess for **elderly people** were carried out within the Silesian initiative "The Long-Living".

A major topic was also the function-ability of sustainable cities and in this regard, *Gazeta Wyborcza* organised a comprehensive questionnaire testing the knowledge of towns and metropolitan areas, namely Warsaw, Tri-city and Wrocław, with a series of meetings (e.g. Let us meet in Powiatowa 17 in Poznan District), as well as campaigns such as the cyclical action of Gazeta.pl together with Greenpeace Poland for the "Adopt a bee" program. In the context of activating the local community, a series of meetings "Wyborcza Live" was continued as well as the organization of "Hear Your City" debates as coordinated by TOK FM radio station. Moreover, the Rock Radio station engaged people living in Warsaw, Poznan and Opole to planting trees on the occasion of the 100th anniversary of regaining its national independence.

The **educational activities** undertaken by the Agora Group were specifically aimed at both children and the youth (e.g. the "Mathematics Counts Festival", Family Fest and the Helios cinema network actions "Thematical Cinema" and "Thematical Cinema Junior"), as well as for the adults (the "Jutronauci" project). The Group's media and brands also initiated public debate on issues such as health and the quality of life (19th edition of the AMS Poster Gallery entitled "Eat with caution", an action organised by Katowice's *Gazeta Wyborcza* "Dare to do it", learning about first aid thanks to the „Uwaga, wakacje!", in addition to *Gazeta Wyborcza*), and last but not least, the topic of responsible consumption, and in particular the avoidance of food waste (debate of the Warsaw's *Gazeta Wyborcza* editorial entitled "Do eat, buy, think and not waste").

As a part of their 2018 **cultural activities**, the companies and brands of Agora Group promoted cultural initiatives such as: The International Poster Biennale as part of the #PrzygarnijPlakat AMS action, supported readership in a special edition of *Gazeta Wyborcza* on the UNESCO World Poetry Day, and organised a series of meetings and events regarding books, films and authors as part of Centrum Premier Czerska 8/10. Eight talks were given in this series during 2018, including lectures by Wojtek Kurtyka and Bernadette McDonald; Anne Applebaum; Lucyna Kirwil and Jerzy Bralczyk; Katarzyna Surmiak-Domanska and Jerzy Stuhr, as well as a meeting entitled "Zawod: reporter" related to the premieres of *Jeszcze dzien zycia* and *53 wojny* and the film regarding the biography of Jacek Kuron. As part of the series, the play by Mikolaj Lizut entitled *Czekam na telefon* was also performed.

Charitable activities conducted by the Agora Group not only include the involvement of readers and recipients, employees and local community in actions directly supporting social organisations, but also focus on the promotion of philanthropy and charity. For example, Agora's media raised a total of PLN 141.9 thousand in the 26th Finale of the Great Orchestra of Christmas Charity. Gazeta.pl organised a Week of the Good Heart in which it promoted charity, and Rock Radio held an auction in favour of the Rak'n'Roll Foundation. The Agora Publishing House prepared a record of the Karimski Club band, and Publio.pl released an audiobook whose profit was specifically donated to social purposes. It was the 13th time that *Gazeta Wyborcza*, together with its partner conducted a charity advertising campaign on the occasion of Day of the Child, and Wroclaw's editorial of the journal raised funds for the 15th time raised via the Santa Claus Factory.

Additionally, Agora brands implemented activities from the area of **socially involved marketing**, namely through involving readers in support of specific projects. Thanks to the subscribers of the digital version of the journal, in 2018 alone, *Gazeta Wyborcza* raised in total around PLN 255 thousand with the following calls to action: "Czytasz i pomagasz!", "Prenumerata Solidarnościowa" and "PrenumeRATUJ". The profit gained on the sales of the subscriptions was transferred to specific non-governmental organisations: Campaign Against Homophobia, Centre for Women's Rights or Association for Legal Intervention, as well as the Agora Foundation, the Bread of Life Community of Małgorzata Chmielewska and Despite Everything Foundation of Anna Dymna, and the WWF Foundation. In the most recent action, digital subscribers could support protection of a selected animal species.

Companies of the Agora Group also seek solutions aimed at providing **access to their products and services** by the largest possible number of customers, in particular, by sensitive and excluded groups. The recipients of these activities are persons with various disabilities, foreigners and veterans. An example of such activities is, for instance, issuing *Pryvit* - the first newspaper for Ukrainians living in Poland, a joint initiative of Wrocław's editorial team of *Gazeta Wyborcza* and the Ukraina Foundation, as well as participation of a Helios cinema network in the "Veterans are among us – A Veteran-Friendly Place" programme. In addition, Helios as the number one cinema operator in Poland introduced in 2018 film sessions for Ukrainian viewers in its repertoire, and continued the action called Accessible Culture, during which 50 Polish films were presented in 4.4 shows.

The editorial teams belonging to Agora Group are attempting to develop the ability of how to use media and critical thinking among their recipients. At the same time, journalists and employees of the Group are actively involved in social campaigns and initiate a variety of actions, campaigns and initiatives that involve local communities and raise relevant social issues to the forefront. These activities included: the series #ZWYKLINIEZWYKLI prepared by the Gazeta.pl team, the video programme Wyborcza.pl "In Borrowed Suits", and Newsmavens.com — the first European website created exclusively by women. In addition, *Gazeta Wyborcza* and

Wyborcza.pl conducted "My first time" campaign aimed at people who in 2018 were first enabled to take part in the local elections.

In addition to the above, the media of Agora Group, by organising competitions and awarding prizes, speak on important social issues and promote culture. Since 2011, TOK FM radio station, through the Anna Laszuk prize, has been rewarding individuals, institutions or organisations for courageous, unconventional, unusual activities, works or speeches which had a significant impact on social awareness over the past year or have successfully changed the Polish paradigm. Since 2010, "Gazeta Wyborcza" has been one of the organizers of the Ryszard Kapuscinski Award for Excellence in Reportage, and it has also been supporting the NIKE Literary Award. In addition, in 2018, Agencja Gazeta and *Gazeta Wyborcza* initiated the Krzysztof Miller Photographic Award for the courage of observation.

In 2018, **three new social organisations** were created with participation of Agora - two of them within the company's structures. In October 2018, Gazeta Wyborcza Foundation and Wysokie Obcasy Foundation were founded, which will be involved, respectively, in: Cultural and educational activity in the scope of education, culture, art, journalism and media development, and the promotion of equality between men and women. The foundations were registered in December 2018.

On the other hand, in September 2018, the company, through Agora Publishing House in collaboration with other sponsors in the publishing industry, established the Foundation for General Reading, dedicated to spreading the book culture in Poland, and the promotion of reading as a valuable leisure activity.

Since 2004, Agora Foundation has been operating under Agora Holding, and the "Academy of Integration. Work. Education. Sport" Foundation has been operating under AMS.

The implemented Policy of social and sponsoring activities has brought tangible benefits to the company: it has strengthened its position as a leader among media providers in the implementation of social projects, as well as the involvement and satisfaction of employees due to their participation in these activities.

In Agora's opinion, implementation of the Policy of social and sponsoring activities is consistent with the interest of the company and its stakeholders, including its corporate shareholders, as it creates goodwill, contributes to social development and reflects the company's responsibility for its impact on the environment.

VII. MANAGEMENT BOARD'S REPRESENTATIONS

1. REPRESENTATION CONCERNING ACCOUNTING POLICIES

Management Board of Agora confirms that, to the best knowledge, the annual consolidated financial statements together with comparative figures, have been prepared according to all applicable accounting standards and give a true and fair view of the state of affairs and the financial results of the Issuer's Capital Group for the period.

The Management Discussion and Analysis of Group's business activities shows true view of the state of affairs of the Issuer's Capital Group, including evaluation of risks and dangers.

2. NON-FINANCIAL REPORTING

Fulfilling the requirements of Accounting Act the Company presents separate consolidated and non-consolidated report of Agora S.A. and the Agora Group regarding non-financial reporting for 2018, prepared according to standards set out by Global Reporting Initiative (GRI Standard). According to art 49b point 9 of Accounting Act both reports are available on the corporate website www.agora.pl (https://www.agora.pl/en/CSRreport-2018) in Polish and English.

3. INFORMATION ON SECLECTION OF OF THE AUDIT FIRM FOR REVISION OF ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

The Management Board of Agora S.A. confirms, based on the statement of the Supervisory Board, that the auditing company conducting the audit of the annual consolidated financial statements has been selected in accordance with the right regulations. Pursuant to the resolution of the Supervisory Board of 30 March 2017 and in accordance with the provisions of the Company's Articles of Association, KPMG Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw at ul. Inflancka 4A, entered in the list of entities authorized to audit financial statements with number 3546, was selected for the Company's certified auditor who will examine the financial statements for 2017, 2018 and 2019. Agora did not use audit services other than auditing and reviewing financial statements based on the aforementioned agreement.

The Management Board of Agora S.A. indicates that:

a) the auditing company and the members of the audit team met the conditions for drawing up an unbiased and independent audit report on the annual consolidated financial statements in accordance with applicable regulations, professional standards and professional ethics,

b) the applicable regulations related to the rotation of the auditing company and the key statutory auditor and mandatory grace periods are observed,

c) Agora has a policy regarding the selection of an audit firm and a policy regarding the provision to the Agora by an auditing company, an entity related to the auditing company or a member of its network of additional non-audit services, including services conditionally exempt from the prohibition by the audit company.

Warsaw, 7 March 2019

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