AGORA S.A.

Unconsolidated financial statements

as at 31 December 2019 and for the year ended thereon

March 12, 2020

CONTENTS

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

UNCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	As at 31 December 2019	As at 31 December 2018
ASSETS			
Non-current assets:			
Intangible assets	3	44,855	37,695
Property, plant and equipment	4	158,641	173,076
Right-of-use assets	5	29,601	-
Long-term financial assets	6	693,391	542,031
Receivables and prepayments	7	409	608
Deferred tax assets	16	3,173	2,415
		930,070	**755,825**
Current assets:			
Inventories	8	13,712	22,408
Accounts receivable and prepayments	9	94,341	107,758
Income tax receivable		768	-
Short-term securities and other financial assets	10	13,270	91,503
Cash and cash equivalents	11	13,174	7,041
		135,265	**228,710**
Non-current assets held for sale	4	4,344	-
		139,609	**228,710**
Total assets		**1,069,679**	**984,535**

Accompanying notes are an integral part of these unconsolidated financial statements.

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

UNCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019 (CONTINUED)

	Note	As at 31 December 2019	As at 31 December 2018
Equity and liabilities			
Equity			
Share capital	12	46,581	46,581
Share premium		147,192	147,192
Other reserves		121,302	121,382
Retained earnings and other reserves	13	506,381	509,557
		821,456	**824,712**
Non-current liabilities:			
Long-term borrowings	14	82,534	12,555
Retirement severance provision	17	2,219	1,996
Provisions	18	829	1,084
Accruals and other liabilities	19	439	90
Contract liabilities	20	98	17
		86,119	**15,742**
Current liabilities:			
Retirement severance provision	17	195	151
Trade and other payables	19	97,719	103,324
Income tax liabilities		-	3,910
Short-term borrowings	14	29,289	9,226
Other financial liabilities	15	29,273	21,525
Provisions	18	1,374	603
Contract liabilities	20	4,254	5,342
		162,104	**144,081**
Total equity and liabilities		**1,069,679**	**984,535**

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

UNCONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
Revenue	21	401,637	423,003
Cost of sales	22	(238,393)	(261,998)
Gross profit		**163,244**	**161,005**
Selling expenses	22	(131,724)	(140,892)
Administrative expenses	22	(88,874)	(87,309)
Other operating income	23	5,905	16,138
Other operating expenses	24	(2,910)	(4,136)
Impairment losses for receivables - net	24	(1,308)	(20,675)
Operating loss		**(55,667)**	**(75,869)**
Finance income	28	87,988	98,017
Finance cost	29	(17,308)	(11,169)
Profit before income taxes		**15,013**	**10,979**
Income tax expense	30	5,102	4,190
Profit for the period		**20,115**	**15,169**
Basic/diluted earnings per share (in PLN)	31	0.43	0.33

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UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
Net profit for the period	**20,115**	**15,169**
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit plans	(99)	274
Income tax effect	19	(52)
	(80)	222
Items that will be reclassified to profit or loss	-	-
Other comprehensive income/(loss) for the period	(80)	222
Total comprehensive income for the period	**20,035**	**15,391**

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UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Year ended 31 December 2019						
As at 31 December 2018	**46,581**	**-**	**147,192**	**121,382**	**509,557**	**824,712**
Total comprehensive income for the period						
Net profit for the period	-	-	-	-	20,115	20,115
Other comprehensive income	-	-	-	(80)	-	(80)
Total comprehensive income for the period	**-**	**-**	**-**	**(80)**	**20,115**	**20,035**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Dividends declared	-	-	-	-	(23,290)	(23,290)
Other	-	-	-	-	(1)	(1)
Total transactions with owners	**-**	**-**	**-**	**-**	**(23,291)**	**(23,291)**
As at 31 December 2019	**46,581**	**-**	**147,192**	**121,302**	**506,381**	**821,456**

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UNCONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Share capital	Treasury shares	Share premium	Other reserves	Retained earnings	Total equity
Year ended 31 December 2018						
As at 31 December 2017	**47,665**	**(21,744)**	**147,192**	**122,164**	**537,335**	**832,612**
Total comprehensive income for the period						
Net loss for the period	-	-	-	-	15,169	15,169
Other comprehensive income	-	-	-	222	-	222
Total comprehensive income for the period	**-**	**-**	**-**	**222**	**15,169**	**15,391**
Transactions with owners, recorded directly in equity						
Contributions by and distributions to owners						
Redemption of own shares (note 12)	(1,084)	21,744	-	1,084	(21,744)	-
Reserve capital for share buy-back	-	-	-	(2,088)	2,088	-
Dividends declared	-	-	-	-	(23,290)	(23,290)
Other	-	-	-	-	(1)	(1)
Total transactions with owners	**(1,084)**	**21,744**	**-**	**(1,004)**	**(42,947)**	**(23,291)**
As at 31 December 2018	**46,581**	**-**	**147,192**	**121,382**	**509,557**	**824,712**

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UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
Cash flows from operating activities			
Profit (loss) before income taxes		**15,013**	**10,979**
Adjustments for:			
Depreciation of property, plant and equipment		16,721	19,439
Amortization of intangible assets		8,150	7,311
Amortization of right-of-use assets		2,042	-
Foreign exchange (gain) /loss		(8)	-
Interest, net		3,649	(718)
(Profit) /loss on investing activities		12,143	(23,631)
Dividend income		(86,972)	(74,302)
Increase in provisions		783	777
(Increase)/ decrease in inventories		8,696	(4,922)
(Increase)/ decrease in receivables		8,525	25,059
Decrease in payables		(7,755)	(8,671)
Increase/(decrease) in contract liabilities		(1,007)	1,257
Other adjustments		(11)	761
Cash generated from operations		**(20,031)**	**(46,661)**
Income taxes - inflows/(outflows) (1)		7,039	(524)
Net cash from operating activities		**(12,992)**	**(47,185)**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment, and intangibles		2,163	30,938
Disposal of subsidiaries, associates and jointly controlled entities		45	32,111
Dividends received		86,972	74,302
Repayment of loans granted		600	3,530
Interest received		897	1,598
Disposal of short-term securities		-	59,939
Proceeds / (outflows) from cash pooling		78,092	(71,715)
Loans granted		(1,400)	-
Purchase of property, plant and equipment, and intangibles		(29,230)	(14,082)
Acquisition of subsidiaries, associates and jointly controlled entities	6	(163,216)	(22,073)
Acquisition of short-term securities		-	(12,000)
Net cash used in investing activities		**(25,077)**	**82,548**

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

UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

	Note	2019	2018
Cash flows from financing activities			
Proceeds from borrowings		83,844	1,172
Repayment of borrowings		(17,957)	(8,998)
Proceeds / (outflows) from cash pooling		7,753	(5,122)
Dividends paid		(23,290)	(23,290)
Payment of lease liabilities		(1,678)	(44)
Interest paid		(4,380)	(989)
Other		(90)	(449)
Net cash used in financing activities		**44,202**	**(37,720)**
Net increase / (decrease) in cash and cash equivalents		**6,133**	**(2,357)**
Cash and cash equivalents			
At start of period		7,041	9,398
At end of period		13,174	7,041

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

Accompanying notes are an integral part of these unconsolidated financial statements.

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NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019 AND FOR THE YEAR ENDED THEREON

1. GENERAL INFORMATION

(a) Core business activity

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

As at 31 December 2019 Agora S.A. controlled 23 subsidiaries, held shares in jointly controlled entity: Instytut Badan Outdooru IBO Sp. z o.o. (indirectly through AMS S.A.) and held shares in three associates: Hash.fm Sp. z o.o. and ROI Hunter a.s. and Eurozet Sp. z o.o.

The Company operates in all major cities in Poland.

(b) Registered Office

Czerska 8/10 street,
00-732 Warsaw

(c) Registration of the Company in the National Court Register

Seat of the court:	Regional Court in Warsaw, XIII Commercial Department
Registration number:	KRS 0000059944

(d) Tax Office and Provincial Statistical Office registration of the Company

NIP:	526-030-56-44
REGON:	011559486

(e) Management Board

During the period reported in the unconsolidated financial statements, the Management Board of Agora S.A. comprised the following members:

Bartosz Hojka	President	for the whole year
Tomasz Jagiello	Member	for the whole year
Agnieszka Sadowska	Member	for the whole year
Anna Krynska-Godlewska	Member	for the whole year
Grzegorz Kania	Member	for the whole year

(f) Supervisory Board

The Supervisory Board of the Company comprised the following members:

Andrzej Szlezak	Chairman	for the whole year
Tomasz Sielicki	Member	for the whole year
Wanda Rapaczynski	Member	for the whole year
Dariusz Formela	Member	for the whole year
Andrzej Dobosz	Member	till 12 June 2019
Maciej Wisniewski	Member	for the whole year
Tomasz Karusewicz	Member	from 13 June 2019

(g) Information about the financial statements

Agora S.A. is a parent company and prepares consolidated financial statements of the Agora Group ("Group") which is published on www.agora.pl.

The unconsolidated financial statements were authorised for issue by the Management Board on 12 March 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These unconsolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) applicable to financial reporting, adopted by the European Union.

Information about standards and interpretations, which were published and become effective after the balance sheet date, including those awaiting endorsement by the European Union, is presented in point (ac).

(b) Basis of preparation

The financial statements are presented in Polish zloty, which is functional currency of the Company, rounded to the nearest thousand (unless otherwise indicated). They are prepared on the historical cost basis except that financial instruments are stated at their fair value.

The financial statements of the Company were prepared with the assumption that the Company would continue their business activities in the foreseeable future. There are no threats that would prevent the Company from continuing their business operations.

In the preparation of these unconsolidated financial statements, the Company has followed the same accounting policies as used in the Unconsolidated Financial Statements as at 31 December 2018, except for the changes described below.

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

1) IFRS 16 *Leases;*
2) Interpretation IFRIC 23 *Uncertainty over Income Tax Treatments;*
3) Amendments to IFRS 9 *Financial Instruments*;
4) Amendments to IAS 28 *Investments in Associates and Joint Ventures*;
5) Amendments to IAS 19 *Employee Benefits;*
6) Annual Improvements to IFRS *Standards 2015–2017 Cycle.*

The application of the amendments had no significant impact on the unconsolidated financial statements except for changes as a result of the initial application of IFRS 16.

Application of IFRS 16

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

The Company assessed the impact that the application of the new standard had on the unconsolidated financial statements. On the basis of the current analysis, the Company assessed that a part of the long-term operating lease contracts, in particular the rights of perpetual usufruct of land and office rental are classified as lease contracts under IFRS 16.

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

The Company applied IFRS 16 retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application i.e. January 1, 2019, without adjustments to comparative amounts. The Company applies the exemptions for short term leases and leases of low value assets. The Company decided to apply the practical expedient as described in IFRS 16, paragraph C.10. (c) i.e. to apply the exemption for leases for which the lease term ends within 12 months of the date of initial application.

At the date of initial application of IFRS 16 the Company recognised right-of-use assets together with the corresponding lease liabilities measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. As at the date of initial application, the initial value of recognised additional right-of-use assets and lease liabilities amounted to PLN 26,071 thousand. The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the Company balance sheet on the date of initial application was 4.1%.

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

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

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

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

When estimating the lease term for contracts concluded for an indefinite period, the Company takes into account the contract enforcement period, which is usually the period of notice and uses the exemption for short-term contracts, if the contract enforcement period is no longer than 12 months.

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

On the date of application of the standard as at 31 December 2019 the Company recognised additional assets as right-of-use assets in the amount of PLN 23,825 thousand and the total value of the right-of-use assets amounted to PLN 29,601 thousand (including the net carrying value of property, plant and equipment in the amount of PLN 5,776 thousand relating to assets in the so-far finance lease and rights of perpetual usufruct of land, which were reclassified to right-of-use assets balance sheet line). The Company recognised also additional lease liabilities in the amount of

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PLN 24,104 thousand. In the Company, there was an increase in depreciation and interest expenses as well as a decrease in the cost of external services due to rental costs. The above changes had a positive impact on the Company's operating result. In addition, the Company recognised foreign exchange losses arising from the conversion of lease liabilities. The total effect of the above adjustments decreased the net result. The implementation of IFRS 16 also has an impact on the presented level of operating and financial cash flows of the Company due to the transfer of rental payments under lease agreements recognised in accordance with IFRS 16 from operating activities to financing activities.

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

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

Explanation for the differences between Operating lease liabilities as at December 31, 2018 according to IAS 17 and Lease liabilities as at January 1, 2019 is presented in the table below:

	As at 1 January 2019
Operating lease liabilities as at December 31, 2018 according to IAS 17	5,911
Leases previously not included*	69,267
Excluded short-term leases	(800)
Excluded low-value assets	(545)
Change of lease period	(70)
Effect of discounting using the incremental borrowing rate as at January 1, 2019	(47,692)
Lease liabilities as at January 1, 2019	**26,071**
Long-term portion	23,458
Short- term portion	2,613

** the amount relates to future charges for right of perpetual usufruct of land*

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Impact of application of IFRS 16 as at January 1, 2019

	As at 31 December 2018 (as reported)	Application of IFRS 16	As at 1 January 2019 (data incl. IFRS 16)
Non-current assets:			
Property, plant and equipment	173,076	(5,828)	167,248
Right-of-use assets	-	31,899	31,899
	755,825	**26,071**	**781,896**
Total assets	**984,535**	**26,071**	**1,010,606**

	As at 31 December 2018 (as reported)	Application of IFRS 16	As at 1 January 2019 (data incl. IFRS 16)
Total equity	**824,712**	**-**	**824,712**
Non-current liabilities:			
Long-term borrowings	12,555	23,458	36,013
including: lease liabilities	*93*	*23,458*	*23,551*
	15,742	**23,458**	**39,200**
Current liabilities:			
Short-term borrowings	9,226	2,613	11,839
including: lease liabilities	*47*	*2,613*	*2,660*
	144,081	**2,613**	**146,694**
			-
Total equity and liabilities	**984,535**	**26,071**	**1,010,606**

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Impact of application of IFRS 16 as at December 31, 2019

	As at 31 December 2019 (excl. IFRS 16)	Application of IFRS 16	As at 31 December 2019 (as reported)
Non-current assets:			
Property, plant and equipment	164,417	(5,776)	158,641
Right-of-use assets	-	29,601	29,601
Deferred tax assets	3,120	53	3,173
	906,192	**23,878**	**930,070**
Current assets:			
	139,609	**-**	**139,609**
Total assets	**1,045,801**	**23,878**	**1,069,679**

	As at 31 December 2019 (excl. IFRS 16)	Application of IFRS 16	As at 31 December 2019 (as reported)
Total equity	**821,682**	**(226)**	**821,456**
Non-current liabilities:			
Long-term borrowings	60,375	22,159	82,534
including: lease liabilities	*102*	*22,159*	*22,261*
	63,960	**22,159**	**86,119**
Current liabilities:			
Short-term borrowings	27,344	1,945	29,289
including: lease liabilities	*64*	*1,945*	*2,009*
	160,159	**1,945**	**162,104**
			-
Total equity and liabilities	**1,045,801**	**23,878**	**1,069,679**

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

	Twelve months ended 31 December 2019 (excl. IFRS 16)	Application of IFRS 16	Twelve months ended 31 December 2019 (as reported)
Revenue	401,637	-	401,637
Operating cost net, incl.:	(458,041)	737	(457,304)
D&A	*(24,995)*	*(1,917)*	*(26,912)*
External services	*(94,015)*	*1,683*	*(92,332)*
Taxes and fees	*(4,405)*	*971*	*(3,434)*
Operating loss	**(56,404)**	**737**	**(55,667)**
Finance income	87,988	-	87,988
Finance costs, incl.:	(16,292)	(1,016)	(17,308)
Interest costs	*(2,924)*	*(1,012)*	*(3,936)*
F/x losses	*(30)*	*(4)*	*(34)*
Loss before income taxes	**15,292**	**(279)**	**15,013**
Income tax	5,049	53	5,102
Loss for the period	**20,341**	**(226)**	**20,115**

	Twelve months ended As at 31 December 2019 (excl. IFRS 16)	Application of IFRS 16	Twelve months ended As at 31 December 2019 (as reported)
Net cash from operating activities	(15,635)	2,643	(12,992)
Net cash used in investing activities	(25,077)	-	(25,077)
Net cash used in financing activities	46,845	(2,643)	44,202
Net cash	**6,133**	**-**	**6,133**
Cash and cash equivalents	**13,174**	**-**	**13,174**

(c) Property, plant and equipment

Items of property, plant and equipment are stated at historical cost or cost incurred for their manufacture, development or modernization, less accumulated depreciation and impairment losses, if any (see accounting policy from point v).

The cost of property, plant and equipment comprises costs incurred in their purchase or development and modernisation and includes capitalised borrowing costs.

Depreciation is calculated on the straight line basis over the estimated useful life of each asset. Estimated useful life of property, plant and equipment, by significant class of asset, is usually as follows:

Buildings	3 - 40 years
Plant and machinery	3 - 20 years
Motor vehicles	3 - 7 years
Other equipment	3 - 20 years

Repairs and renewals are charged to the income statement when the expenditure is incurred; major improvements are capitalised when incurred, providing that they increase the future economic benefits embodied in the item of property, plant and equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(d) Intangible assets

Intangible assets, except for the acquired magazine titles, that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses, if any (see accounting policy from point v).

Other intangibles are depreciated using the straight line method over the estimated useful life of each asset, except for some special projects related to distribution and co-operation rights for movies and computer games, in case of which the consumption of economic benefits may significantly differ from the straight line approach and the pattern of consumption of economic benefits in particular periods can be reliably determined based on generated revenue and it can be demonstrated that revenue and the consumption of economic benefits of the intangible asset are highly correlated.

Estimated useful lives of intangible assets (apart from acquired magazine titles) are usually between 2 and 15 years.

Acquired magazine titles have indefinite useful lives and are not amortised. Their market position and lack of legal and market barriers for their publishing determined such qualification. Instead they are tested annually for impairment or more often if there are indications of impairment (see accounting policy from point v).

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Internally generated intangible assets comprise expenditure related to developing computer software and internet applications, including costs of employee benefits, which can be directly allocated to the development phase of an internal project. During the development phase and after its completion the internally generated intangible assets are assessed whether there are indications of impairment according to the accounting policy described in point v.

(e) Right-of-use assets and lease liabilities

Lease contract is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a lessee shall recognise a right-of-use asset and a lease liability. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee.

At the commencement date, a lessee shall measure the right-of-use asset at cost, comprising:

a) the amount of the initial measurement of the lease liability;

b) any lease payments made at or before the commencement date, less any lease incentives received;

c) any initial direct costs incurred by the lessee;

d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

After the commencement date, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

The Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) fixed payments, less any lease incentives receivable;

b) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

c) amounts expected to be payable by the lessee under residual value guarantees;

d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;

e) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability by:

a) increasing the carrying amount to reflect interest on the lease liability;

b) reducing the carrying amount to reflect the lease payments made; and

c) remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

Variable lease payments not included in the measurement of the lease liability shall be recognised in profit or loss in the period in which the event or condition that triggers those payments occurs

To either short-term leases or leases for which the underlying asset is of low value, the Company recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

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

When estimating the lease term for contracts concluded for an indefinite period, the Company takes into account the contract enforcement period, which is usually the period of notice and uses the exemption for short-term contracts, if the contract enforcement period is no longer than 12 months.

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

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

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash in transit and demand deposits.

(g) Derivative financial instruments

Derivative financial instruments are recognized initially and subsequently measured at fair value. The Company does not apply hedge accounting and any gain or loss relating to the change in the fair value of the derivative financial instrument is recognized in the income statement.

Upon signing an agreement that includes derivative financial instruments embedded, the Company assesses whether the economic characteristics of the embedded derivative instrument are closely related to the economic characteristics of the financial instrument ("host contract") and whether the agreement that embodies both the embedded derivative instrument and the host contract is currently measured at fair value with changes in fair value reported in income statement, and whether a separate instrument with the same terms as the embedded instrument would meet the definition of a derivative instrument. Derivatives embedded in foreign currency non-financial instrument contracts are not separated from the host contracts if these contracts are in currencies which are commonly used in the economic environment in which transactions take place.

If the embedded derivative instrument is determined not to be closely related to the host contract and the embedded derivative instrument would qualify as a derivative instrument, the embedded derivative instrument is separated from the host contract and valued at fair value with changes recorded in the income statement.

(h) Financial assets measured at amortized cost

A financial asset is classified to those measured at amortized cost if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

The Company`s category financial assets measured at amortized cost includes cash and cash equivalents, loans granted, trade receivables, cash pooling receivables and other receivables.

The Company recognises a loss allowance for expected credit losses on financial assets that are classified to financial assets measured at amortized cost or financial assets measured at fair value through other comprehensive income. If the credit risk on a financial instrument has increased significantly since initial recognition, the Company measures the loss allowance for expected credit losses for that financial instrument at an amount equal to the lifetime expected credit losses. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for expected credit losses for that financial instrument at an amount equal to 12-month expected credit losses. Trade receivables of the Company do not contain a significant financing component and the loss allowance for them is measured at an amount equal to lifetime expected credit losses.

The Company measures expected credit losses of a financial instrument in a way that reflects:

(a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(b) the value of money over time; and
(c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company estimates the expected credit losses related to trade receivables by applying an individual loss assessment and a collective loss assessment determined on the basis of historical payment statistics. The Company regularly reviews its methodology and assumptions used for estimating expected credit losses to reduce any differences between estimates and actual credit loss experience.

Changes in impairment losses are recognized in the profit and loss respectively in other operating expenses or financial costs, depending on the type of receivables to which the impairment loss relates. The Group creates loss allowance for doubtful interest in the same period in which the interest is accrued.

Interest income is recognised in the period to which it relates using the effective interest rate method.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are those that the Company principally holds for the purpose of short-term profit taking. Subsequent to initial recognition (at which date available-for-sale financial assets are stated at cost), all available-for-sale financial assets are measured at fair value. Financial gains or losses on financial assets are recognised in net profit or loss for the period (finance income or cost).

The Company`s category financial assets measured at fair value through profit or loss includes short- term investments in securities, including certificates in investment funds.

(j) The investments in subsidiaries, associates and joint -ventures

The investments in subsidiaries, associates and joint-ventures are stated at cost less impaired losses recognised.

Dividend income is recognized in the period in which the Company has established rights to receive them.

(k) Derecognition of financial instruments

Financial assets are derecognised, when the contractual rights to the cash flows from the financial asset have expired or the Company has transferred the contractual rights to the cash flows to a third party and simultaneously transferred substantially all the risks and rewards of ownership of the asset.

The financial liabilities are removed from the balance sheet, when the obligation specified in the contract is discharged, cancelled or has expired.

(l) Foreign currency transactions

Functional and presentation currency for Agora S.A. is Polish zloty. Foreign currency transactions are translated at the foreign exchange rates prevailing at the date of the transactions using:

- the purchase or selling rate of the bank whose services are used by the Company – in case of foreign currency sales or purchase transactions, as well as of the debt or liability payment transactions,
- the average rate specified for a given currency published by the National Bank of Poland as on the date before the transaction date - in case of other transactions.

Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized as financial income or expense in the income statement. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to PLN at the foreign exchange rate set by the National Bank of Poland ruling for that date.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimate of the selling price in the ordinary course of business, less VAT, discounts and the costs of completion and selling expenses. Inventories comprise goods for resale, materials, finished goods and work in progress, including cost of own publishing and film production.

Cost is determined by specific identification of their individual costs for paints and paper and by the first-in, first-out (FIFO) method for other materials, goods for resale and finished goods.

(n) Equity

(i) Share capital

The share capital of the company is presented at the nominal value of registered stock, in accordance with the parent company's statute and commercial registration.

(ii) Treasury shares (purchased for their redemption)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

(iii) Share premium

The share premium is a capital reserve arising on the Company's initial public offering ("IPO") during 1999 and is presented net of the IPO costs, decreased by the tax shield on the costs.

(iv) Other reserves

Other reserves includes mainly the equivalent of costs of share-based payments recognised in accordance with the provisions of IFRS 2 in relation to the share incentive plans based on Agora S.A.'s shares, which ended in the first half of 2013 and actuarial gains and losses on defined benefit plans recognised in accordance with the policy described in point (q). Other reserves include also the amount of redemption of share capital from the Share Buyback Program completed in 2018 and 2015.

(v) Retained earnings

Retained earnings represent accumulated net profits / losses, including reserve capital accumulated from prior year's profits.

(o) Income taxes and deferred income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity or other comprehensive income, in which case it is recognised in equity or in other comprehensive income.

Current tax expense is calculated according to tax regulations, including mutual settlements of benefits between companies included in the Tax Capital Group described in note 16.

Deferred income tax is provided for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, and for tax losses carried forward, except for:

(i) the initial recognition of assets or liabilities that in a transaction which is not a business combination and at the time of the transaction affect neither accounting nor taxable profit and

(ii) differences relating to investments in subsidiaries and associates to the extent the parent are able to control the timing of the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The principal temporary differences arise on depreciation of property, plant and equipment and various transactions not considered to be taxable or tax-deductible until settlement. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. At each balance sheet date deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company set off for the presentation proposes deferred income tax assets against deferred income tax liabilities.

(p) Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation can be measured with sufficient reliability. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the value of money over time and, where appropriate, the risks specific to the liability.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

(q) Retirement severance provision

The Company makes contributions to the Government's retirement benefit scheme. The state plan is funded on a pay-as-you-go basis, i.e. the Company is obliged to pay the contributions as they fall due and if the Company ceases to employ members of the state plan, it will have no obligation to pay any additional benefits. The state plan is defined contribution plan. The expense for the contributions is charged to the income statement in the period to which they relate.

Employees of the Company are entitled to retirement severance payment which is paid out on the non-recurrent basis at the moment of retiring. The amount of payment is defined in the labour law. The Company does not exclude assets that might serve in the future as a source of settling liabilities resulting from retirement payments. The Company creates provision for future liabilities in order to allocate costs to the periods they relate to. The Company's obligation in respect of retirement severance provision is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The amount of the liability is calculated by actuary and is based on forecasted individual's entitlements method. Changes in the value of the liability are recognized in profit or loss, except for actuarial gains and losses, which are recognized in other comprehensive income.

(r) Interest-bearing borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method.

(s) Trade and other payables

Trade and other payables are stated at amortised cost.

(t) Revenue recognition

The Company recognises revenue when (or as) it transfers control of promised goods or services to a customer at the amount of the transaction price to which it expects to be entitled with respect to any variable amounts such as rebates granted and sales with a right of return. Depending on whether certain criteria are met, revenue is recognised over time, in a manner that depicts the entity's performance or at a point in time, when control of the goods or services is transferred to the customer.

Revenue is disaggregated into the following main categories based on the nature of transferred goods and services:

- Advertising revenue - revenue is recognised in the period in which the service is provided to the customer i.e. during the advertising campaign period. The level of fulfilment of the obligation to provide the service is measured in proportion to the duration of the service provided.
- Copy sales - in case of paper editions revenue is recognised when the good is transferred to the customer and in case of paid access to digital subscription during the period of the content available.
- Printing services - revenue is recognised in the period in which the service is provided to the customer.
- Film distribution and production sales - revenue is recognised during the period of film distribution, in case of the sale of film licences revenue is recognised when the customer acquires the right to use the licences.
- Other sales - revenue is recognised when the good is transferred to the customer.

Revenue from advertising services, film distribution and from selling a digital access to internet services of *Gazeta Wyborcza* represent revenue recognised over time, because advertising campaigns, film distribution and access to digital subscription represent services performed throughout the specified time agreed in contracts with customers. Revenue from other goods and services of the Company usually represent revenue recognised at a point in time, when control of the goods or services is transferred to the customer, which is at the moment, when the service is completed or goods are delivered to a customer.
Advance consideration received for goods and services, which were not transferred to customers at the balance sheet date and will be realized in future accounting periods are presented in the balance sheet in the line item "*Contract liabilities*".

Sale with a right of return

In the area of press sales (*Gazeta Wyborcza* and magazines) and copy sales, the Company sells its goods with the right to return goods during the period agreed with the customers. The Company recognises the refund liability (returns liability) in the amount of consideration which, in line with expectations, will be refundable by adjusting the amount of revenue recognised. The returns liability is estimated using the expected value method based on past experience and on-going monitoring of sales of individual press and book titles. Due to the nature of goods which can be returned and taking into account the decrease in their value, the Company does not recognise a returns asset.

Customer rebates

In accordance with its trade policy, the Company provides its clients with commercial rebates, including annual rebates dependent on turnover, which can be determined by amount or as a percentage of turnover. The Company estimates the value of the refund liability (rebates liability) based on the terms of signed agreements and the forecasted turnover of individual clients. The final value of customer rebates is known after the end of a financial year and may differ from the estimates recognised during the year.

(u) Operating segment reporting

The segment presentation is prepared at the Agora Group level in accordance with the management approach and is presented in 'Consolidated financial statements as at December 31, 2019 and for the year ended thereon'.

(v) Impairment losses

The carrying amount of the Company's assets, other than inventories (see accounting policy from point m), and deferred tax assets (see accounting policy from point o) for which other procedures should be applied, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated (the higher of net selling price and value in use). The value in use is assumed to be a present value of discounted future economic benefits which will be generated by the assets.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement.

At each balance sheet date the Company reviews recognised impairment losses whether there is any indication showing that some of the recognised impairment losses should be reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversal on an impairment loss is recognised in the income statement.

An impairment loss for goodwill is not reversed.

(w) Leases – accounting policy applicable until December 31, 2018

Operating lease

Leases which do not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance lease

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Assets acquired under finance lease agreements are initially recognised at fair value or, if lower, the present value of the minimum lease payments. The initial value is then depreciated and diminished by any impairment charges. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over its useful life, but no longer than the lease term. In other cases the depreciation policy is consistent with that for depreciable assets.

Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is calculated using constant internal rate of return. Finance charge is recognised as an expense during the lease period.

(x) Borrowing costs

Interest and other costs of borrowing are recorded in the income statement using effective interest rate in the period to which they relate, unless directly related to investments in qualifying assets, which require a substantial period of time to get ready for its intended use or sale, in which case they are capitalized.

(y) Share-based payments

There are incentive plans carried out in the Company, described in note 27, in which one of the components is accounted for in accordance with IFRS 2. These are cash-settled plans with rules based on - inter alia - share price quotations and appreciation. In this plans, members of the Management Board of the Company are entitled to a reward based on the realization of the Target of Share Price Rise. The value of the provision for the cost of the reward concerning the realization of the Target of Share Price Rise, is 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. The value is charged to the staff costs in Income Statement in proportion to the full period of the Plan with a corresponding figure recognised within accruals. The changes in the value of this accrual are included in staff costs.

(z) Grants related to property, plant and equipment or intangible assets

Grants received for the financing of acquisition or construction of property, plant and equipment or intangible assets are recognized, when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching thereto. The grants are recognised in the balance sheet and credited to the income statement as other operating income proportionately over the useful life of the respective assets.

(aa) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the resolution of the Company's shareholders.

(ab) Related parties

For the purposes of these unconsolidated financial statements, related parties comprise significant shareholders, subsidiaries, joint ventures, associates, and members of the Management and Supervisory Boards of Agora S.A., their immediate family and entities under their control.

(ac) New accounting standards and interpretations of International Financial Reporting Interpretations Committee (IFRIC)

The Company did not early applied new standards and interpretations, which were published and endorsed by the European Union or which will be endorsed in the nearest future and which become effective after the balance sheet date.

Standards and interpretations endorsed by the European Union:

1) Amendments to IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (effective for annual periods beginning on or after 1 January 2020)

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The Company does not expect that the amendments will have impact on the unconsolidated financial statements.

2) Amendments to IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures* (effective for annual periods beginning on or after 1 January 2020).

Changes are mandatory and apply to all hedging relationships that are affected by uncertainty arising from the reform of interest rate indicators. The changes introduce a temporary exemption from the application of specific hedge accounting requirements in such a way that the reform of interest rate ratios does not result in the termination of hedge accounting.

The Company does not expect that the amendments will have impact on the unconsolidated financial statements.

Standards and interpretations awaiting on endorsement by the European Union:

1) IFRS 17 *Insurance Contracts* (effective for annual periods beginning on or after January 1, 2021 or later)

IFRS 17, which supersedes the interim standard, IFRS 4 Insurance Contracts, establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within its scope.

The amendments will have no impact on the unconsolidated financial statements.

2) Amendments to IFRS 3 *Business Combinations* (effective for annual periods beginning on or after 1 January 2020)

The amendments narrowed and clarified the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business.

The Company does not expect that the amendments will have impact on the unconsolidated financial statements.

3) Amendments to IAS 1 *Presentation of Financial Statements* (effective for annual periods beginning on or after 1 January 2022)

The amendments clarify the criteria for classifying a liability as non-current depending on rights that are in existence at the end of the reporting period.

The Company does not expect that the amendments will have impact on the unconsolidated financial statements.

4) Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* **-** *Sales or contributions of assets between an investor and its associate/joint venture* (effective for annual periods beginning on or after 1 January 2016, although The European Commission deferred the endorsement of changes indefinitely)

The amendments remove the inconsistency between requirements of IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture concerning the recognition of profit or loss on the loss of control of subsidiary and require a full gain or loss to be recognised when the assets transferred meet the definition of a business under IFRS 3 *Business Combinations*.

The amendments will have no impact on the unconsolidated financial statements.

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

3. INTANGIBLE ASSETS

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Cost as at 1 January 2019	**45,714**	**3,262**	**113,433**	**14,936**	**11,949**	**189,294**
Additions	-	-	3,264	-	12,046	15,310
Acquisitions	-	-	1,231	-	-	1,231
Transfer from assets under construction	-	-	2,033	-	-	2,033
Internal development	-	-	-	-	12,046	12,046
Disposals	-	-	(16,558)	(81)	-	(16,639)
Liquidation	-	-	(16,558)	(81)	-	(16,639)
Cost as at 31 December 2019	**45,714**	**3,262**	**100,139**	**14,855**	**23,995**	**187,965**
Amortisation and impairment losses as at 1 January 2019	**36,439**	**3,144**	**93,041**	**14,647**	**4,328**	**151,599**
Amortisation charge for the period	-	-	4,870	163	3,117	8,150
Liquidation	-	-	(16,558)	(81)	-	(16,639)
Amortisation and impairment losses as at 31 December 2019	**36,439**	**3,144**	**81,353**	**14,729**	**7,445**	**143,110**
Carrying amounts						
As at 1 January 2019	9,275	118	20,392	289	7,621	37,695
As at 31 December 2019	9,275	118	18,786	126	16,550	44,855

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

3. INTANGIBLE ASSETS – CONT.

	Magazine titles	Goodwill	Licences and patents	Other	Internally generated intangible assets	Total
Cost as at 1 January 2018	**55,380**	**3,262**	**111,902**	**14,492**	**6,187**	**191,223**
Additions	-	-	1,603	444	5,998	8,045
Acquisitions	-	-	338	144	-	482
Transfer from assets under construction	-	-	1,265	300	-	1,565
Internal development	-	-	-	-	5,832	5,832
Reclassifications	-	-	-	-	166	166
Disposals	(9,666)	-	(72)	-	(236)	(9,974)
Sale	(9,666)	-	-	-	-	(9,666)
Liquidation	-	-	(72)	-	(236)	(308)
Cost as at 31 December 2018	**45,714**	**3,262**	**113,433**	**14,936**	**11,949**	**189,294**
Amortisation and impairment losses as at 1 January 2018	**43,015**	**3,041**	**87,997**	**14,279**	**2,501**	**150,833**
Amortisation charge for the period	-	-	5,116	368	1,827	7,311
Impairment losses	2,182	103	-	-	-	2,285
Sale	(8,758)	-	-	-	-	(8,758)
Liquidation	-	-	(72)	-	-	(72)
Amortisation and impairment losses as at 31 December 2018	**36,439**	**3,144**	**93,041**	**14,647**	**4,328**	**151,599**
Carrying amounts						
As at 1 January 2018	12,365	221	23,905	213	3,686	40,390
As at 31 December 2018	9,275	118	20,392	289	7,621	37,695

Amortisation of intangibles is recognised in “cost of sales”, “selling expenses” and “administrative expenses”, impairment losses are recognised in “other operating expenses” in the income statement. Reversals of impairment losses are recognised in “other operating income” in the income statement.

Contractual commitments connected to intangible assets are disclosed in note 34.

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

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Perpetual usefruct of land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 31 December 2018	**7,704**	**13,634**	**244,224**	**519,933**	**4,207**	**19,682**	**2,068**	**811,452**
Application of IFRS 16	-	(13,634)	-	-	(232)	-	-	(13,866)
Cost as at 1 January 2019	**7,704**	**-**	**244,224**	**519,933**	**3,975**	**19,682**	**2,068**	**797,586**
Additions	-	-	565	11,878	170	264	3,755	16,632
Acquisitions	-	-	-	10,550	170	173	3,755	14,648
Transfer from assets under construction	-	-	565	1,328	-	91	-	1,984
Disposals	(466)	-	(8,782)	(36,839)	(1,191)	(3,902)	(4,017)	(55,197)
Sale	-	-	(1,302)	(4,402)	(1,064)	(473)	-	(7,241)
Liquidation	-	-	(246)	(26,233)	(127)	(3,048)	-	(29,654)
Transfer from assets under construction	-	-	-	-	-	-	(4,017)	(4,017)
Reclassification to non-current assets held for sale	(466)	-	(7,234)	(6,204)	-	(381)	-	(14,285)
Cost as at 31 December 2019	**7,238**	**-**	**236,007**	**494,972**	**2,954**	**16,044**	**1,806**	**759,021**

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Perpetual usefruct of land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Depreciation and impairment losses as at 31 December 2018	**-**	**7,941**	**114,186**	**495,042**	**3,593**	**17,614**	**-**	**638,376**
Application of IFRS 16	-	(7,941)	-	-	(97)	-	-	(8,038)
Depreciation and impairment losses as at 1 January 2019	**-**	**-**	**114,186**	**495,042**	**3,496**	**17,614**	**-**	**630,338**
Depreciation charge for the period	-	-	6,338	9,825	134	424	-	16,721
Sale	-	-	(1,276)	(4,391)	(1,034)	(469)	-	(7,170)
Liquidation	-	-	(210)	(26,189)	(126)	(3,043)	-	(29,568)
Reclassification to non-current assets held for sale	-	-	(4,542)	(5,251)	-	(148)	-	(9,941)
Depreciation and impairment losses as at 31 December 2019	**-**	**-**	**114,496**	**469,036**	**2,470**	**14,378**	**-**	**600,380**
Carrying amounts								
As at 1 January 2019	7,704	-	130,038	24,891	479	2,068	2,068	167,248
As at 31 December 2019	7,238	-	121,511	25,936	484	1,666	1,806	158,641

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Perpetual usufruct of land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 1 January 2018	**7,704**	**13,634**	**243,659**	**519,908**	**4,472**	**20,368**	**1,108**	**810,853**
Additions	-	-	681	8,513	-	540	3,684	13,418
Acquisitions	-	-	69	5,933	-	193	3,684	9,879
Transfer from assets under construction	-	-	612	25	-	347	-	984
Other	-	-	-	2,555	-	-	-	2,555
Disposals	-	-	(116)	(8,488)	(265)	(1,226)	(2,724)	(12,819)
Sale	-	-	(101)	(3,479)	(265)	(165)	-	(4,010)
Liquidation	-	-	(15)	(5,009)	-	(1,061)	(9)	(6,094)
Reclassifications	-	-	-	-	-	-	(166)	(166)
Transfer from assets under construction	-	-	-	-	-	-	(2,549)	(2,549)
Cost as at 31 December 2018	**7,704**	**13,634**	**244,224**	**519,933**	**4,207**	**19,682**	**2,068**	**811,452**

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

	Land	Perpetual usufruct of land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Depreciation and impairment losses as at 1 January 2018	**-**	**7,862**	**107,009**	**492,138**	**3,423**	**18,474**	**-**	**628,906**
Depreciation charge for the period	-	79	7,292	11,382	323	363	-	19,439
Sale	-	-	(100)	(3,472)	(153)	(164)	-	(3,889)
Liquidation	-	-	(15)	(5,006)	-	(1,059)	-	(6,080)
Depreciation and impairment losses as at 31 December 2018	**-**	**7,941**	**114,186**	**495,042**	**3,593**	**17,614**	**-**	**638,376**
Carrying amounts								
As at 1 January 2018	7,704	5,772	136,650	27,770	1,049	1,894	1,108	181,947
As at 31 December 2018	7,704	5,693	130,038	24,891	614	2,068	2,068	173,076

Depreciation of property, plant and equipment is recognised “cost of sales”, “selling expenses” and “administrative expenses”. Impairment losses are recognised in “other operating expenses” in the income statement. Reversals of impairment losses are recognised in “other operating income” in the income statement.

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

4. PROPERTY, PLANT AND EQUIPMENT – CONT.

a) Collateral for assets

The following property, plant and equipment and perpetual usufruct of land constitute collateral for the credit line described in note 14:

Assets	Net book value as at 31 December 2019
Perpetual usufruct*	4,162
Buildings	85,726
Plant, machinery and equipment	4,712
Total	**94,600**

** Net book value excluding impact of IFRS 16*

b) Property, plant and equipment held for sale as at the balance sheet date

As at 31 December 2019, non-current assets with the carrying amount of PLN 4,344 thousand were presented as held for sale and include the server farm located at Daniszewska Street, Warsaw.

As at 31 December 2019, the Group has already taken active steps to sell the above assets. Company's Management Board expected to complete the sale within 12 months from the balance sheet date and assesses their fair value less costs to sell to be higher than the balance sheet value.

On February 5, 2020 the Company concluded a contract for the sale of property right of above mentioned server farm. Detailed information about the contract for sale is presented in note 40.

c) Contractual commitments

Contractual commitments are disclosed in note 34.

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

5. RIGHT-OF-USE ASSETS

	Land	Buildings	Vehicles	Total
Cost as at 31 December 2018	**-**	**-**	**-**	**-**
Initial recognition due to the application of IFRS 16	21,758	4,279	34	26,071
Reclassification from property, plant and equipment	13,634	-	232	13,866
Cost as at 1 January 2019	**35,392**	**4,279**	**266**	**39,937**
Additions	-	29	95	124
Increases due to leases	-	29	95	124
Disposals	-	(551)	-	(551)
Decreases due to leases	-	(551)	-	(551)
Cost as at 31 December 2019	**35,392**	**3,757**	**361**	**39,510**

	Land	Buildings	Vehicles	Total
Depreciation and impairment losses as at 31 December 2018	**-**	**-**	**-**	**-**
Reclassification from property, plant and equipment	7,941	-	97	8,038
Depreciation and impairment losses as at 1 January 2019	**7,941**	**-**	**97**	**8,038**
Depreciation charge for the period	383	1,587	72	2,042
Decreases due to leases	-	(171)	-	(171)
Depreciation and impairment losses as at 31 December 2019	**8,324**	**1,416**	**169**	**9,909**
Carrying amounts				
As at 1 January 2019	27,451	4,279	169	31,899
As at 31 December 2019	27,068	2,341	192	29,601

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

The rights-of-use assets relate to assets used by the Company under long-term lease agreements for office space, finance lease agreements for cars and the rights of perpetual usufruct of land.
In the case of office space, the contractual period is between 1 and 5 years, car leasing contracts cover a period between 2 and 5 years, and the right of perpetual usufruct of land having the greatest impact on the carrying amount of recognized rights of use of assets shall be valid for a further period of 70 years from the balance sheet date.

6. LONG-TERM FINANCIAL ASSETS

Long-term financial assets include primarily shares in and loans granted to related companies.

	2019	2018
Balance as at the beginning of the period	**542,031**	**540,089**
Shares	542,031	540,089
Additions	**164,858**	**22,073**
Shares	163,820	22,073
- acquisitions (note 36)	154,123	11,623
- increase of share capital (note 36)	8,854	10,450
- use of impairment losses	843	-
Loans granted	800	-
- grant of loans	800	-
Additional paid-in capital	238	-
- payments of paid-in capital (note 36)	238	-
Disposals	**(13,498)**	**(20,131)**
Shares	(12,898)	(20,131)
- sale of shares	(843)	(10,593)
- impairment losses (note 38)	(12,055)	(9,538)
Loans granted	(600)	-
- impairment losses	(600)	-
Balance as at the end of the period	**693,391**	**542,031**
Shares	692,953	542,031
Loans granted	200	-
Additional paid-in capital	238	-

Basic information on subsidiaries, joint ventures and associates of the Company is set out in note 36.

7. NON-CURRENT RECEIVABLES AND PREPAYMENTS

	31 December 2019	31 December 2018
Other long term receivables	386	553
Long term prepayments	23	55
	409	**608**

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

8. INVENTORIES

	31 December 2019	31 December 2018
Raw materials and consumables	6,637	17,817
Work in progress	3,825	2,815
Finished goods	3,071	1,655
Goods for resale	179	121
	13,712	**22,408**
Impairment losses recognised	10,762	9,785
Total inventories, gross	**24,474**	**32,193**

The cost of inventories recognised as an expense amounted to PLN 72,195 thousand (2018: PLN 74,116 thousand) and is presented in "cost of sales" in the income statement.

Impairment losses and reversals of impairment losses were recognised in "cost of sales" in the income statement (in 2019 impairment losses in the net amount of PLN 977 thousand, in 2018: PLN 1,694 thousand).

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2019	31 December 2018
Trade receivables	77,848	83,761
Taxes, social security and similar	1,171	1,413
Prepayments	1,122	1,253
Other	14,200	21,331
	94,341	**107,758**
Impairment losses recognised (1)	28,697	28,679
Total accounts receivable and prepayments, gross	**123,038**	**136,437**

(1) The amount includes allowance for receivables from Ruch S.A. created in 2018 in the amount of PLN 20,292 thousand, which are burdened with a probability of being uncollectible and fully covered under the accelerated arrangement procedure.

Other receivables include i.a. loans granted to employees from the social fund in the amount of PLN 10,937 thousand (31 December 2018: PLN 12,686 thousand). Loans are granted for periods up to 10 years and are repayable in monthly instalments. Loans granted bear a fixed interest rate of 2%.

As at 31 December 2019 other receivables include also intercompany receivables related to settlement with subsidiaries within Tax Capital Group in the amount of PLN 2,000 thousand (31 December 2018: PLN 7,046 thousand).

Accounts receivable include receivables from related parties – details are presented in note 37.

Trade receivables are non-interest bearing and payment terms vary usually from 7 to 30 days.

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

Analysis of credit risk exposure on the basis of ageing of trade receivables

	31 December 2019		
	Gross value	Impairment losses	Net value
Current receivables	63,410	171	63,239
Overdue receivables within 1 month	11,450	50	11,400
Overdue receivables between 1 and 3 months	2,434	87	2,347
Overdue receivables between 3 and 6 months	663	116	547
Overdue receivables between 6 months and 1 year	732	606	126
Overdue receivables more than 1 year	27,856	27,667	189
	106,545	**28,697**	**77,848**

Changes in impairment losses on accounts receivable

	2019	2018
Balance as at beginning of the period	**28,679**	**9,417**
Additions	1,782	21,702
Reversals	(924)	(1,027)
Used impairment losses	(840)	(1,413)
Balance as at end of the period	**28,697**	**28,679**

10. SHORT-TERM SECURITIES AND OTHER FINANCIAL ASSETS

	31 December 2019	31 December 2018
Cash pooling receivables (note 32)	13,270	91,503
	13,270	**91,503**

11. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash at bank and in hand	12,846	6,696
Short-term bank deposits	285	203
Other	43	142
	13,174	**7,041**

Cash and cash equivalents is cash include cash held on behalf of the social fund in the amount of PLN 4,386 thousand representing (31 December 2018: PLN 5,795 thousand) and cash collected in the VAT account in amount of PLN 890 thousand (31 December 2018: PLN 354 thousand).

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

12. SHARE CAPITAL

Registered share capital

Capital registered at 31 December 2019.

Series	Type of shares	Type of preference	Amount of shares	Par value	Origin of capital
A	preference	voting	4,281,600	4,282	conversion
BiD	ordinary	none	42,299,231	42,299	conversion, issued
			46,580,831	**46,581**	

The nominal value of each share amounts to PLN 1.

Each Registered A share carries five votes at general meetings.

All issued shares are fully paid.

Redemption of the Company's own shares

On June 20, 2018, the Ordinary General Meeting of Shareholders adopted resolutions on the redemption of the Company's own shares repurchased under the own share buyback program adopted by Resolution No. 19 of the Ordinary General Meeting of the Company dated June 21, 2017 and reduction of the Company's share capital by the amount of PLN 1,084 thousand. The redemption of shares took place following the reduction of the Company's share capital. On August 23, 2018 the District Court for the Capital City of Warsaw in Warsaw, XIII Commercial Division of the National Court Register, registered the amendments to the Statute of the Company related to a decrease in the Company's share capital.

13. RETAINED EARNINGS AND OTHER RESERVES

Dividends

Retained earnings may be distributed subject to regulations stipulated in the commercial companies' code and according to dividend policy announced by the Company.

Frame dividend policy announced by the Company on 14 February of 2005 provides for return of excess cash to shareholders, depending on the Company's perspectives and market conditions, through annual dividend and through share repurchases for the purpose of their redemption.

In accordance with the resolution adopted by the General Meeting of Shareholders on June 12, 2019, the net profit of Agora S.A. for the financial year 2018 in the amount of PLN 15,169 thousand was distributed in the form of dividend to Company's shareholders.

Besides, in accordance with the resolution No.7 on June 12, 2019, the General Meeting of Shareholders hereby decided to earmark PLN 8,121 thousand from the Company's supplementary capital for paying a dividend to the Company's shareholders.

The dividend amounted to PLN 23,290 thousand which means that dividend per share amounted to PLN 0.50. The shareholders who were vested with the Company's shares on July 12, 2019 were eligible to receive a dividend. The dividend payment date was August 1, 2019.

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

14. LONG TERM AND SHORT-TERM BORROWINGS

Interest bearing loans and borrowings and short-term borrowings

	31 December 2019	31 December 2018
Long term bank loans	60,272	12,462
Lease liabilities	22,262	93
Total long term borrowings	**82,534**	**12,555**
of which: Lease liabilities resulting from the application of IFRS 16	*22,159*	-
Short term bank loans	27,280	9,179
Lease liabilities	2,009	47
Total short term borrowings	**29,289**	**9,226**
of which: Lease liabilities resulting from the application of IFRS 16	*1,945*	-

On February 20, 2019 r. Agora S.A. used the available credit limit from Overdraft 1 in connection with the acquisition of shares in Eurozet Sp. z o.o. which is a non-renewable loan repayable in 12 quarterly instalments starting from April 2020.

On December 23, 2019 the Company signed Annex no. 5 to the Credit Line Agreement concluded with DNB Bank Polska S.A. on May 25, 2017, according to which the Company has a credit limit of PLN 35.0 million that may be used before March 31, 2020 on the same principles as set out in the Agreement. The signing of Annex No. 5 is related to negotiations on obtaining financing for the Agora Group initiated by the Company with a bank consortium. The leading bank in the bank consortium with which the Company is negotiating became DNB Bank Polska S.A.

As at 31 December 2019, the Company has an outstanding debt related to the non-renewable loan of PLN 87,515 thousand and debt within its current account facility in the amount of PLN 37 thousand.

Future cash flows related to loans and lease liabilities are disclosed in note 33.

Finance lease liabilities relate to rights-of-use assets described in note 5.

Additional information on the loan agreement is presented in the table below:

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

Creditor	Amount to agreement		Outstanding				Interest	Repayment schedule	Collaterals	Other
			31 December 2019		31 December 2018					
	31 December 2019	31 December 2018	long-term	short-term	long-term	short-term				
Credits and loans										
DNB Bank Polska S. A.	135,000	135,000	60,272	27,280	12,462	9,179	WIBOR 1 M or 3 M + bank margin	The non-renewable credit - 1st tranche quarterly 12 instalments from July 1, 2018 to April 1, 2021; 2nd tranche quarterly 12 instalments from April 1, 2020 to January 2, 2023; credit facility in the current account - may be used by March 31, 2020.	Mortgages on properties in Warsaw (including perpetual usufruct and buildings located on them), pledge on insurance policies, powers of attorney on Company's bank accounts.	Credit line granted to Agora S.A. (divided into parts: non-renewable credit and ready to use credit facility in the current account)

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

15. OTHER FINANCIAL LIABILITIES

	31 December 2019	31 December 2018
Short-term		
Cash pooling liabilities	29,273	21,525
	29,273	**21,525**

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

16. DEFERRED INCOME TAXES

Deferred income taxes are calculated using a rate of 19% (2018: 19%).

Deferred tax assets

	2019	2018
Balance as at the beginning of the period	**13,455**	**13,420**
Accruals	6,307	5,895
F/x differences (unrealised)	-	4
Interests liabilities	11	19
Deferred revenues	4,291	4,899
Provisions	720	554
Impairment losses for inventories	1,860	1,661
Impairment losses for accounts receivable	266	388
Recognised in the income statement	**(640)**	**87**
Accruals	(931)	412
F/x differences (unrealised)	-	(4)
Interests liabilities	41	(8)
Deferred revenues	(177)	(608)
Provisions	138	218
Impairment losses for inventories	185	199
Impairment losses for accounts receivable	51	(122)
Lease	53	-
Recognised in other comprehensive income	**19**	**(52)**
Provisions	19	(52)

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

Balance as at the end of the period	**12,834**	**13,455**
Accruals	5,376	6,307
Interests liabilities	52	11
Deferred revenues	4,114	4,291
Provisions	877	720
Impairment losses for inventories	2,045	1,860
Impairment losses for accounts receivable	317	266
Lease	53	-

Deferred tax liabilities

	2019	2018
Balance as at the beginning of the period	**11,040**	**12,589**
Accelerated depreciation and amortisation	11,000	12,430
Financial assets and liabilities	-	98
F/x differences	2	-
Interests receivable	31	6
Other	7	55
Recognised in the income statement	**(1,379)**	**(1,549)**
Accelerated depreciation and amortisation	(1,386)	(1,430)
Financial assets and liabilities	-	(98)
F/x differences	(1)	2
Interests receivable	(25)	25
Other	33	(48)
Balance as at the end of the period	**9,661**	**11,040**
Accelerated depreciation and amortisation	9,614	11,000
F/x differences	1	2
Interests receivable	6	31
Other	40	7

	31 December 2019	31 December 2018
Deferred tax assets	12,834	13,455
Deferred tax liabilities	(9,661)	(11,040)
Tax assets / (liabilities) net	**3,173**	**2,415**

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

Unrecognised tax assets

The Company did not recognise deferred tax assets related to temporary differences arising from the impairment of investments in subsidiaries due to the long term nature of these investments and tax losses due to uncertainty about the availability of future tax profits within the next five years, against which they can be used.

The amounts of deductible temporary differences and unused tax losses available together with expiry dates for which the deferred tax assets have not been recognised are shown in the table below:

	31 December 2019	31 December 2018	Expiry date
Unused tax losses	126,563	117,089	Up to 2025 *
Temporary differences associated with investments in subsidiaries	80,341	69,129	unlimited
Other deductible temporary differences	3,316	1,868	Up to 2024

** taking into account the 3-year period of the existence of the Tax Capital Group ("TCG"), during which the utilisation of the tax losses arising before the establishment of the TCG is suspended.*

Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised

Due to the long term nature of investments in subsidiaries and the Company's ability to control reversals of temporary differences for tax purposes, the Company has not recognised certain deferred tax liabilities. The amount of deferred tax liability would amount to PLN 3,322 thousand (31 December 2018: PLN 3,322 thousand).

Tax Capital Group

On December 21, 2017, the Management Board of Agora S.A. adopted a resolution expressing the intention to establish a Tax Capital Group ("TCG") which shall include Agora S.A. and its subsidiaries: Grupa Radiowa Agory Sp. z o.o., Agora TC Sp. z o.o., Domiporta Sp. z o.o., Helios S.A., AMS S.A., Yieldbird Sp. z o.o., and Plan A Sp. z o.o.

On February 15, 2018, the Management Board of Agora S.A. received a decision issued by the Head of the Second Mazovian Tax Office in Warsaw on the registration of the contract on the establishment of Agora Tax Capital Group.

Agora Tax Capital Group has been established on March 1, 2018, and each subsequent tax year will overlap with the calendar year. The agreement shall be in force till December 31, 2020.

In the agreement on the establishment of the Tax Capital Group, Agora S.A. was designated as the company representing the TCG with respect to the obligations arising from the Corporate Income Tax Act and from the provisions of the Tax Ordinance.

17. RETIREMENT SEVERANCE PROVISION

According to the Polish employment regulations, employees have the right to retirement severances payments. The amount of estimated provision as at 31 December 2019 amounted to PLN 2,414 thousand (31 December 2018: PLN 2,147 thousand), including long – term part of the amount of PLN 2,219 thousand (31 December 2018: PLN 1,996 thousand).

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

18. PROVISIONS

	Provision for restructuring	Provision for the cost of compensation and severances for the former Management Board Members	Provision for legal claims	Other	**Total**
As at 31 January 2019	**1,466**	**74**	**47**	**100**	**1,687**
Additional provisions	3,310	-	60	1,000	4,370
Provisions used during the period	(3,545)	(74)	-	-	(3,619)
Unused provisions reversed	(28)	-	(107)	(100)	(235)
As at 31 December 2019	**1,203**	**-**	**-**	**1,000**	**2,203**
Non-current part	**829**	**-**	**-**	**-**	**829**
Current part	**374**	**-**	**-**	**1,000**	**1,374**

Provision for restructuring

In 2018 in connection with the announcement of a collective dismissal in Print segment and restructuring in Magazine Department, provisions were established for costs related to this processes in the amount of PLN 3,245 thousand. As at 31 December 2018, the total provision outstanding for usage amounted to PLN 1,446 thousand. The Company created additional provisions related to restructuring in Print and supporting departments in amount of PLN 3,310 thousand. As at 31 December 2019, the total provision outstanding for usage amounted to PLN 1,203 thousand.

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

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

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

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

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

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

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

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

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

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

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

In accordance with the requirements of the law, the Company submitted appropriate information, including the contents of the Agreements signed, to the District Employment Agency.

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

The provision for group restructuring in Print and supporting departments, which was charged to the Company's result in 1Q 2019, amounted to PLN 3.3 million.

Provision for legal claims

The Company is a defendant in court cases. As at 31 December 2019 the Company evaluated the risk of loss and payment of indemnities in those cases. The amount of indemnities was determined based on consultation with Company's lawyers taking into account the present status of those cases and information available.

Additionally, the Company is a party of legal disputes in the amount of PLN 560 thousand (as at December 31, 2018: PLN 809 thousand). The Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

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

19. TRADE PAYABLES AND OTHER LIABILITIES

Non - current	31 December 2019	31 December 2018
Other	439	90
Accruals and other liabilities	**439**	**90**

Current	31 December 2019	31 December 2018
Trade payables	20,572	15,827
Other taxes and social security	5,576	7,896
Current accruals, including:	28,318	33,301
- employee benefits (remuneration, vacation pay, bonuses)	*12,316*	*14,223*
- accrual for costs	*16,002*	*19,078*
Rebates liability	12,407	15,518
Returns liability	6,521	6,815
Other	8,760	5,374
Social Fund	15,565	18,593
Trade and other payables	**97,719**	**103,324**

Trade payables are non-interest bearing and are usually settled within 14-30 days. Taxes and social security payables are non-interest bearing and are settled monthly.

Accounts payables include payables to related parties – details are disclosed in note 37.

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

20. CONTRACT LIABILITIES

The following table presents contract liabilities as at the balance sheet date:

	31 December 2019	31 December 2018
Non-current		
Prepayments for advertising services	-	1
Prepayments for film's licences	-	16
Prepayments for subscriptions	98	-
Non-current contract liabilities	**98**	**17**

Current	31 December 2019	31 December 2018
Prepayments for advertising services	50	1,184
Prepayments for subscriptions	4,178	3,283
Prepayments for film's licences	16	579
Other contract liabilities	10	296
Current contract liabilities	**4,254**	**5,342**

The following table presents changes in the contract liabilities during the financial year:

	Non-current	**Current**	**Total**
As at 1 January 2019	**17**	**5,342**	**5,359**
Increase from prepayments received	98	4,237	4,335
Decrease from recognised revenue	-	(5,342)	(5,342)
Reclassification	(17)	17	-
As at 31 December 2019	**98**	**4,254**	**4,352**

	Non-current	**Current**	**Total**
As at 1 January 2018	**538**	**3,564**	**4,102**
Increase from prepayments received	17	4,804	4,821
Decrease from recognised revenue	-	(3,564)	(3,564)
Reclassification	(538)	538	-
As at 31 December 2018	**17**	**5,342**	**5,359**

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

21. REVENUE

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

	2019	2018
Advertising revenue	169,407	193,127
Copy sales	143,241	135,606
Sales of printing services	44,363	53,290
Sales of goods for resale	18,778	17,242
Film distribution and production sales	1,851	1,049
Other sales	23,997	22,689
	401,637	**423,003**

Sales include barter sales in the amount of PLN 16,747 thousand (2018: PLN 19,125 thousand).

Revenue from advertising services, film distribution and from selling a digital access to internet services of *Gazeta Wyborcza* represent revenue recognised over time, because advertising campaigns, film distribution and access to digital subscription represent services performed throughout the specified time agreed in contracts with customers. Revenue from other goods and services of the Company usually represent revenue recognised at a point in time, when control of the goods or services is transferred to the customer, which is at the moment, when the service is completed or goods are delivered to a customer.

22. EXPENSES BY NATURE

	2019	2018
Depreciation of property, plant and equipment (note 4)	16,721	19,439
Amortisation of intangibles (note 3)	8,150	7,311
Amortisation of right-of-use assets (note 5)	2,042	-
Raw materials, energy and consumables	83,656	88,172
Advertising and promotion costs	49,914	51,139
Operating lease rentals (2018)	-	4,953
Expenses relating to short-term leases	2,285	-
Expenses relating to leases of low-value assets (other than short-term leases)	185	-
Taxes and similar charges	3,434	4,620
Other external services rendered	107,835	118,316
Staff costs (note 25)	185,106	196,579
Total expenses by nature	**459,328**	**490,529**
Change in the balance of products	(191)	(151)
Cost of production for in-house use	(146)	(179)
Total operating costs	**458,991**	**490,199**
Selling expenses	(131,724)	(140,892)
Administrative expenses	(88,874)	(87,309)
Cost of sales	**238,393**	**261,998**

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

23. OTHER OPERATING INCOME

	2019	2018
Gain on disposal of non-financial non-current assets (1)	563	13,945
Grants received	2,303	1,437
Reversal of provisions	207	151
Donations received	2,393	-
Other	439	605
	5,905	**16,138**

(1) in 2018 includes mainly gain on sale of perpetual usufruct of undeveloped property in Warsaw and property in Gdansk.

24. OTHER OPERATING EXPENSES

	2019	2018
Impairment losses recognised for non-financial non-current assets (note 3 and 4)	-	2,285
Donations	657	522
Provisions recognised	1,251	77
Liquidation of fixed assets	87	250
Other	915	1,002
	2,910	**4,136**
Impairment losses recognised for receivables - net		
Impairment losses recognised for receivables (note 9)	2,129	21,702
Reversal of impairment losses for receivables	(821)	1,027)
	1,308	**20,675**

25. STAFF COSTS

	2019	2018
Wages and salaries	155,352	166,847
Social security and other costs	29,754	29,732
	185,106	**196,579**
Average number of employees	1,516	1,667

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

26. MANAGEMENT BOARD AND SUPERVISORY BOARD REMUNERATION

The remuneration of the Management Board members is based on three elements – fixed remuneration (base salary), variable component (motivation plans and discretionary bonuses) and non-wage benefits in scope determined by the Supervisory Board.

Remuneration paid to Management Board members for the period of holding the post of a Management Board member is presented in the table below:

	2019	base salary	variable component	other benefits
Management Board				
Bartosz Hojka	1,386	803	579	4
Tomasz Jagiello	574	240	334	-
Agnieszka Sadowska	938	600	334	4
Grzegorz Kania	938	600	334	4
Anna Krynska - Godlewska	935	600	334	1
	4,771	**2,843**	**1,915**	**13**

	2018	base salary	variable component	other benefits
Management Board				
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	-
	5,372	**2,735**	**2,625**	**12**

(1) Grzegorz Kossakowski held the position of Management Board Member until 5 September 2017, variable remuneration paid in 2018 relates to the Incentive Plan for the period of holding the post of a Management Board member in 2017.

(2) Robert Musial performed the function of a Member of the Management Board until February 28, 2017, variable remuneration paid in 2018 relates to the Incentive Plan for the period of holding the post of a Management Board member in 2017.

Tomasz Jagiello received also remuneration as the President of the Management Board of Helios S.A. in the amount of PLN 356 thousand (in 2018: in the amount of PLN 357 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 2018. The other members of Agora's Management and Supervisory Board did not receive any remuneration for serving as board members in subsidiaries, joint ventures and associates.

The impact on staff costs of the incentive plan for the Management Board of Agora S.A. based on financial instruments is described in note 27.

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

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

Remuneration paid to Supervisory Board members comprised of fixed salary and is presented in the table below:

Supervisory Board	2019	2018
Andrzej Szlezak	126	108
Wanda Rapaczynski	84	72
Tomasz Sielicki	84	72
Dariusz Formela	84	72
Andrzej Dobosz (1)	32	72
Maciej Wiśniewski	84	72
Tomasz Karusewicz (2)	52	-
	546	**468**

(1) Andrzej Dobosz performed the function of a Member of the Supervisory Board until June 12, 2019

(2) Tomasz Karusewicz has been performing the function of a Member of the Supervisory Board from June 13, 2019

27. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

Incentive Plan for the Management Board members

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

(i) the stage of realisation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The amount of a potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target fulfilment, 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 fulfilment 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 percentage 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 percentage 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 fulfilment of a non-market condition, which is the continuation of holding the post of the Management Board member within the period, for which the bonus is calculated.

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

As at 31 December 2019, the value of potential reward from the fulfilment of the EBITDA target has been calculated on the basis of the best estimate of the expected fulfilment value of the EBITDA target for 2019 and was charged to the Income Statement.

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

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 2019 the estimated Average Share Price in IQ of Next Year was below the Target of Share Price Increase and the accrual for this component of the Incentive Plan was not recognised in the balance sheet.

Total impact of the Incentive Plan on the unconsolidated financial statements of Agora S.A.:

	2019	2018
Income statement – increase of staff cost*	(1,494)	(1,871)
Income statement - deferred income tax	284	355
Liabilities - accruals - as at the end of the period	1,494	1,167
Deferred tax asset - as at the end of the period	284	222

** the total cost of the plan in 2018 includes costs of the plan for year 2018 and partial cost of the share price component of the plan for year 2017, which was settled in May 2018;*

Total impact of the Incentive Plan concerning the Management Board of Agora S.A.:

	2019	2018
Bartosz Hojka	430	578
Tomasz Jagiello	266	355
Agnieszka Sadowska	266	355
Anna Krynska - Godlewska	266	230
Grzegorz Kania	266	230
Grzegorz Kossakowski (1)	-	99
Robert Musial (2)	-	24
	1,494	**1,871**

(1) Grzegorz Kossakowski performed the function of Management Board Member until 5 September 2017, the impact of the plan in 2018 concerns the share price component of the Incentive Plan for the period of holding the post of a Management Board member in 2017

(2) Robert Musial performed the function of a Member of the Management Board until February 28, 2017, ,the impact of the plan in 2018 concerns the share price component of the Incentive Plan for the period of holding the post of a Management Board member in 2017

28. FINANCE INCOME

	2019	2018
Dividends	86,972	74,302
Interests on loans and similar items	26	94
Other interest and income from short-term financial assets	842	2,034
Gain on sale of financial assets (1)	45	21,489
Reversal of impairment losses for financial assets	103	98
	87,988	**98,017**

1) In 2018 gain on sale of financial assets relates to disposal of shares in Stopklatka S.A.

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

29. FINANCE COST

	2019	2018
Interest and commissions on loans	3,152	1,046
Interest on lease liabilities	1,018	9
Other interest	353	403
Impairment losses recognised for financial assets (note 38)	12,663	9,538
F/x losses	34	117
Provisions for guarantees	88	56
	17,308	**11,169**

30. INCOME TAXES

Income tax expense recognised in the income statement

	2019	2018
Current tax expense		
Current tax income/(expense)	4,297	2,554
Adjustments for prior periods	65	-
	4,362	2,554
Deferred tax expense		
Origination and reversal of temporary differences	740	1,636
	740	1,636
Total tax expense recognised in the income statement	**5,102**	**4,190**

Income tax expense recognised in other comprehensive income

	2019	2018
Actuarial gains/(losses) on defined benefit plans	19	(52)
Total tax expense recognised in other comprehensive income	**19**	**(52)**

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

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the tax rate ruling in the particular year (19%) as follows:

	2019	2018
Profit before tax	**15,013**	**10,979**
Tax calculated at a rate of 19% (2018: 19%)	(2,852)	(2,086)
Tax effect of:		
Dividends	16,525	14,117
Other non-taxable revenues	459	29
Other non-deductible expenses	(429)	(1,461)
Other temporary differences with no deferred tax recognised	(2,567)	(2,167)
Utilisation of tax losses and tax credits with no deferred tax recognised	-	1,903
Tax losses with no deferred tax recognised	(10,396)	(11,610)
Tax Capital Group settlement	4,297	5,465
Other	65	-
Tax calculated at an effective rate of -34% (2018: -38.2%)	**5,102**	**4,190**

31. EARNINGS PER SHARE

In calculating earnings per share the following variables were used:

a) as numerators – net profits attributable to equity holders of the Company for the respective years,
b) as denominators - the average number of shares in the current year which is 46,580,831 (2018: 46,580,831).

Weighted average number of ordinary shares:

	2019	2018
At the beginning of the period	46,580,831	47,421,764
Effect of shares buy-back	-	(840,933)
At the end of the period	**46,580,831**	**46,580,831**

There are no dilutive factors.

32. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- credit risk,
- liquidity risk,
- market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these unconsolidated financial statements.

Risk management framework

The Management Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Policy of Risk Management functions within the Company that determines the rules and the framework of risk management process as well as establishes the responsibilities of its participants.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans granted and investment securities.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Company's credit risk is limited due to a great number and diversification of customers. The biggest customers (in respect of the turnover) are press distributors and advertisers (companies unrelated to Agora S.A.). The value of transactions with one of distributors of the Company has reached 12% of the total revenue of Agora S.A.

The Company establishes an allowance for impairment that represents its estimate of expected credit losses .The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective expected loss component established based on historical data of payment statistics for group of similar financial assets and future expectations.

Based on historic and expected default rates, the Company do not create impairment allowances for receivables from related companies or for barter receivables.

The analysis of credit risk exposure on the basis of ageing of trade receivables as at balance sheet date and changes in impairment losses for receivables are presented in note 9.

Investments

The Company limits its exposure to credit risk by diversification of its investments in investment funds, which invest in different classes of debt instruments. The Company does not acquire securities directly, but only through investment funds. At the same time, the Company invest in liquid securities. The Company invested also its free cash in cash pooling system functioning in the Group.

Collaterals

The maximum exposure to credit risk corresponds to the carrying amount of financial instruments.

The information related to collaterals held is described in note 33.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

In addition, on 31 December 2019, the Company maintains a credit facility in DNB Bank Polska S.A. (described in note 14) and was a participant of the agreement regarding the implementation of liquidity management system within the Group ("the Cash Pooling Agreement"). The agreement was signed on May 25, 2017 between DNB Bank Polska S.A. on the one side and Agora S.A. and selected subsidiaries companies from the group from the other side. The Cash Pooling Agreement aims to optimize cash liquidity and the most efficient management of cash for entities participating in the cash pooling system. Agora S.A. acts as a cash pool leader within the system. In accordance with this agreement, the Company may use the funds collected by other participants of the cash pooling system up to PLN 80,000 thousand.

Payment deadlines concerning trade payables are described in note 19 and bank loan in note 14. Future estimated cash flows related to financial liabilities are described in note 33.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return rate.

Foreign currency risk

Foreign exchange risk is related to sales of printing services, advertising services, copy sales to foreign customers, purchases of newsprint which is contracted in EURO, fixed asset purchases and rent of premises, which are also partly contracted in foreign currencies, mainly EURO and USD.

Accounts receivable in foreign currency amounted to PLN 1,136 thousand (31 December 2018: PLN 2,137 thousand), principally in USD and EURO.

Accounts payable requiring settlement in foreign currency amounted to PLN 2,198 thousand (31 December 2018: PLN 1,888 thousand), payable principally in EURO and USD.

The Company does not hedge against exchange rate risk on a long-term basis, however, from time to time, the Company may enter into short-term forward currency contracts with maturity up to six months.

In 2019 the Company was not engaged in any currency option instruments or other derivatives (used for hedging or speculative ones).

Interest rate risk

The Company invests in short-term deposits and short-term securities with variable interest rates. All the deposits and securities mature within one year. In addition the Company granted loans to related companies with interest at a floating rate based on WIBOR 3M + margin.

Additionally, the Company is a party of an interest bearing bank loan with interest at a floating rate based on WIBOR 1M or 3M + bank margin and has cash pooling liabilities with interest at a floating rate based on WIBOR 1M.

Sensitivity analysis

a) Interest rate risk

The Company has many financial instruments (including bank deposits and credits, loans granted, cash pool receivables and liabilities), which fair values and future cash flows connected with them may fluctuate due to changes in interest rates. As at 31 December 2019, assuming a +/- 1pp change in interest rates, the impact of changes in fair value of financial instruments is estimated at the level of net profit/loss of PLN 732 thousand (as at December 31, 2018: at the level of net profit/loss PLN 617 thousand).

b) Foreign currency risk

The Company has financial instruments (including bank deposits, receivables and payables). Their fair values and the fair value of future cash flows connected with them may fluctuate due to changes in interest rates. As at 31 December 2019, assuming the appreciation/depreciation of Polish zloty by 10%, the fair value of financial instruments that will fluctuate, is estimated to impact the net profit/loss in the amount of PLN 73 thousand (as at December 31, 2018: at the level of net profit/loss PLN 63 thousand).

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Further growth is the Management Board's overarching priority and the Company plans to use its capital in order to achieve that objective, building its long term value through acquisitions and greenfield projects. The Management Board monitors the ratio levels: ROCE and the paid dividend per share. Each decision concerning dividend payments or share repurchases is made after conducting proper analyses of the Company's financial position, investment capacity at the time, the balance sheet structure and the Company's share price quoted on the stock exchange and is approved by the General Meeting of Shareholders.

In the reported period there were no changes in the capital management policy.

The Management Board focuses on keeping the balance between possible to reach higher rate on return ratio (if the debt level is higher) and advantages and security reached at the stable capital level.

Neither the Company nor its subsidiaries are obligated to obey externally defined capital rules.

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

33. INFORMATION ABOUT FINANCIAL INSTRUMENTS

1) General information

	Bank deposits	Short-term financial assets	Loans granted	Bank loan
a) Classification	Financial assets measured at amortized cost	Certificates in investment funds – financial assets at fair value through profit or loss	Financial assets measured at amortized cost	Financial liability
b) Nature of the instrument	Short-term low investments	Short-term low risk investments	long- and short-term loans	Bank loan
c) Carrying value of the instrument	As at December 31,2019: PLN 285 thousand As at December 31,2018: PLN 203 thousand	As at December 31, 2019: did not occur. As at December 31, 2018: did not occur.	As at December 31, 2019: PLN 200 thousand As at December 31, 2018: did not occur.	As at December 31,2019: PLN 87,552 thousand As at December 31,2018: PLN 21,641 thousand
d) Value of the instrument in foreign currency, if applicable	n/a	n/a	n/a	n/a
e) Purpose of the instrument	Investing of cash surpluses	Investing of cash surpluses	Financing of related companies	Investment credit and current account facility
f) Amount on which future payments are based	Total value of deposits	Total value of investments	Face value	Face value
g) Date of repricing, maturity, expiry or execution	Liquid – overnight or within 3 months	Liquid	According to agreements	Credit line described in note 14.
h) Early settlement option	Any time	Any time	Possible	Possible
i) Execution price or range of prices	Face value plus interests	Market value	Face value plus interests	Face value plus interests
j) Option to convert or exchange instrument to other asset or liability	None	None	None	None
k) Stated rate or amount of interest, dividend or other periodic return and the timing of payments	WIBID minus margin. Timing of payments– at maturity	According to valuation of certificates, based on currency market instruments. Timing of payments – at maturity; decision of the Company	Most often – WIBOR + margin. Timing of payments– instalments or at maturity date	Bank loan – WIBOR + margin. Timing of payments– monthly
l) Collateral held or pledged	None	None	Collateral held on shares belonging to the shareholder of Hash.fm Sp. z o.o.	Bank loans – collateral described in note 14.

	Bank deposits	Short-term financial assets	Loans granted	Bank loan
m) Other conditions	None	None	None	Financial ratios; Debt Service Coverage Ratio and Net Debt Ratio. Breaking each of them causes a breach of the Loan Agreement
n) Type of risk associated with the instrument	Interest rate, credit risk of financial institution	Interest rate, credit risk of financial institution	Interest rate, credit risk of subsidiaries and associates	Interest rate
o) Fair value of the instrument	Equal to carrying value	Equal to carrying value	Close to carrying value	Close to carrying value
p) Method of fair value determination	Discounted cash flow	Market quotations	Discounted cash flow	Discounted cash flow

Interest rate risk

	Bank deposits	Short-term financial assets	Loans granted	Bank loan
r) Description of the risk	Due to floating rate	Due to floating rate	Due to floating rate	Due to floating rate
s) Contractual repricing or maturity date	See point h)	See point h)	See point h)	See point h)
t) Effective interest rate	Close to nominal	Close to nominal	Close to nominal	Close to nominal

Credit risk

	Bank deposits	Short-term financial assets	Loans granted	Bank loan
u) Description of the risk	Depending on the creditworthiness of the bank	Depending on the creditworthiness of the financial institution	Depending on the creditworthiness of the borrowers	None
w) Maximum credit risk exposure	Amount deposited less amount from BFG	Amount deposited	Amount deposited	n/a

The information about trade receivables is included in note 9, about trade payables in note 19 and about cash pooling receivables and payables in notes 10, 15 and 32.

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

2) Detailed information about financial instruments

	2019	2018
Interest income on financial assets		
Bank deposits	85	180
Short-term securities (certificates in investment funds)	-	273
Loans granted	26	94
Cash pooling	745	1,438
Other	12	143
Impairment losses recognised for financial assets		
Loans granted	(608)	-
Interest and commissions expense on financial liabilities		
Bank loans	(3,152)	(1,046)
Lease liabilities	(1,018)	(9)
Cash pooling	(250)	(328)

3) Fair value hierarchy for financial instruments

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

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

As at December 31, 2019 and as at December 31, 2018 the Company had no financial instruments measured at fair value.

4) Cash flows related to financial liabilities

The future estimated undiscounted cash flows related to financial liabilities based on contractual maturities at the balance sheet date are presented below:

	As at 31 December 2019					
	Contractual cash flows	6 months or less	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bank loans	91,966	11,772	17,750	30,595	31,849	-
Lease liabilities	70,961	1,530	500	1,889	3,602	63,440
including: Lease liabilities resulting from the application of IFRS 16	*70,783*	*1,494*	*465*	*1,839*	*3,545*	*63,440*
Cash pooling liabilities	29,273	29,273	-	-	-	-
Trade payables	20,572	20,572	-	-	-	-
Payables related to purchase of property plant and equipment	2,674	2,674	-	-	-	-
Total	**215,446**	**65,821**	**18,250**	**32,484**	**35,451**	**63,440**

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

	As at 31 December 2018					
	Contractual cash flows	6 months or less	between 6 and 12 months	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bank loans	22,301	5,174	4,350	8,590	4,187	-
Lease liabilities	152	27	27	53	45	-
Cash pooling liabilities	21,525	21,525	-	-	-	-
Trade payables	15,827	15,827	-	-	-	-
Payables related to purchase of property plant and equipment	4,001	4,001	-	-	-	-
Total	**63,806**	**46,554**	**4,377**	**8,643**	**4,232**	**-**

5) Changes in liabilities arising from financing activities

The changes in liabilities arising from financing activities (including changes arising from cash flows and non-cash changes) are presented in table below:

		Cash flows		Non-cash changes				
	As at 31 December 2018	Capital	Interests and commissions	Recognition of assets under lease	Interests and commissions accrued	F/X differences	Decrease in the scope of the lease	As at 31 December 2019
Bank loans	21,641	65,887	(3,205)	-	3,229	-	-	87,552
Finance lease liabilities	140	(1,678)	(1,018)	26,194	1,018	(7)	(379)	24,270
Cash pooling, incl.:	(69,978)	85,845	632	-	(496)	-	-	16,003
Receivables	*(91,503)*	*78,092*	*879*	-	*(738)*	-	-	*(13,270)*
Liabilities	*21,525*	*7,753*	*(247)*	-	*242*	-	-	*29,273*

		Cash flows		Non-cash changes		
	As at 31 December 2017	Capital	Interests and commissions	Recognition of assets under lease	Interests and commissions accrued	As at 31 December 2018
Bank loans	29,473	(7,826)	(1,083)	-	1,077	21,641
Finance lease liabilities	183	(44)	(8)	-	9	140
Cash pooling, incl.:	7,018	(76,837)	951	-	(1,110)	(69,978)
Receivables	*(19,650)*	*(71,715)*	*1,300*	-	*(1,438)*	*(91,503)*
Liabilities	*26,668*	*(5,122)*	*(349)*	-	*328*	*21,525*

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

34. FUTURE CONTRACTUAL COMMITMENTS

Contractual investment commitments

As at December 31, 2019 there were no commitments for the purchase of property, plant and equipment (as at December 31, 2018: PLN 1,099 thousand). As at December 31, 2019, the commitments for the purchase of intangible assets amounted to PLN 428 thousand (as at December 31, 2018: did not occur).

35. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As at 31 December 2019 and 31 December 2018, the Company had contingencies, guarantees and other collaterals arising in the ordinary course of business from which it is anticipated that no material liabilities will arise, other than those noted below:

Benefiting party	Debtor	Valid till	31 December 2019	31 December 2018	Scope of collateral
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora's employees	29.02.2020 - 16.06.2021	89	126	loans for the purchase of photographic equipment

Information on contingent liabilities related to legal disputes is described in note 18.

Other information

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

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

36. GROUP COMPANIES

Basic information about the companies in which Agora S.A. holds shares (directly or indirectly) are presented in the table below:

		% of shares held (effectively)	
		31 December 2019	31 December 2018
	Subsidiaries consolidated		
1	Agora Poligrafia Sp. z o.o., Tychy	100,0%	100,0%
2	Agora TC Sp. z o.o., Warsaw	100,0%	100,0%
3	AMS S.A., Warsaw	100,0%	100,0%
4	Adpol Sp. z o.o., Warsaw (1)	100,0%	100,0%
5	Grupa Radiowa Agory Sp. z o.o., (GRA), Warsaw	100,0%	100,0%
6	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100,0%	100,0%
7	IM 40 Sp. z o.o., Warsaw (2)	72,0%	72,0%
8	Inforadio Sp. z o.o., Warsaw (2)	66,1%	66,1%
9	Helios S.A. , Łódź	91,4%	91,4%
10	Next Film Sp. z o.o., Warsaw (3)	91,4%	91,4%
11	Next Script Sp. z o.o. , Warsaw (4)	75,9%	75,9%
12	Domiporta Sp. z o.o., Warsaw	100,0%	100,0%
13	Optimizers Sp. z o.o., Warsaw (1)	100,0%	100,0%
14	Yieldbird Sp. z o.o., Warsaw (9)	93,7%	81,5%
15	GoldenLine Sp. z o.o., Warsaw	92,7%	92,7%
16	Plan A Sp. z o.o., Warsaw	100,0%	100,0%
17	Agora Finanse Sp. z o.o., Warsaw	100,0%	100,0%
18	Foodio Concepts Sp. z o.o., Łódź (3)	82,3%	82,3%
19	Step Inside Sp. z o.o., Łódź (3), (6)	91,4%	-
20	Piano Group Sp. z o.o., Warsaw (1), (10)	60,0%	-
21	Benefit Multimedia Sp. z o.o., Warsaw (5), (10)	60,0%	-
22	Benefit Multimedia Sp. z o.o. S.K.A., Warsaw (5), (10)	60,0%	-
23	HRlink Sp. z o.o. (formerly Online Technologies HR Sp. z o.o.), Szczecin (11)	79,8%	46,2%
	Joint ventures and associates accounted for the equity method		
24	Hash.fm Sp. z o.o., Warsaw	49,5%	49,5%
25	Instytut Badań Outdooru IBO Sp. z o.o., Warsaw (1)	50,0%	50,0%
26	ROI Hunter a.s., Brno (8)	23,9%	13,4%
27	Eurozet Sp. z o.o., Warsaw (7)	40,0%	-
	Companies excluded from consolidation and equity accounting		
28	Polskie Badania Internetu Sp. z o.o., Warsaw	16.7%	16.7%

(1) indirectly through AMS S.A.;
(2) indirectly through GRA Sp. z o.o.;
(3) indirectly through Helios S.A.;
(4) indirectly through Next Film Sp. z o.o.;
(5) indirectly through Piano Group Sp. z o.o.;
(6) on January 11, 2019 District Court for Łódź – Śródmieście registered establishment of the company, in which Helios S.A. owns 100% of the share capital;
(7) acquisition of shares on February 20, 2019;
(8) acquisition of additional shares on June 17, 2019;
(9) acquisition of additional shares on August 8, 2019;
(10) acquisition of shares on July 15, 2019;
(11) acquisition of additional shares on September 12, 2019 and change of the company`s business name from Online Technologies HR Sp. z o.o. to HRlink Sp. z o.o. on November 28, 2019.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On September 17, 2019, the Management Board of Agora S.A., in addition to the Company's current report No. 3/2019 of 20 February 2019, announced that on 17 September, 2019 Agora and SFS Ventures s.r.o. with its registered office in Prague, the Czech Republic, as the buyers, and Czech Radio Center a.s. with its registered office in Prague, the Czech Republic (the "Seller"), as the seller, determined the final purchase price for the shares of Eurozet sp. z o.o. with its registered office in Warsaw ("Eurozet") in accordance with the provisions of the preliminary agreement on the sale of shares in the share capital of Eurozet, concluded on 20 February 2019 ("Preliminary Agreement").

As a result of applying the price adjustment mechanism set forth in the Preliminary Agreement, the final consideration for 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 to exercise 40% of the total number of votes at the shareholders' meeting of Eurozet, acquired by Agora on 20 February 2019, amounted to PLN 130,673,268 (whereas the amount originally paid by the Company as initial consideration was PLN 130,754,689).

In connection with the foregoing, pursuant to the provisions of the Preliminary Agreement and given the result of applying the price adjustment mechanism, the Company is entitled to receive from the Seller a price adjustment (surplus) amounting to PLN 81,421 within five business days from the date of determining the amount of the final consideration. As at 31 December 2019 the total acquisition price including transaction costs amounted to PLN 137,200 thousand.

On September 18, 2019, the Management Board of Agora S.A., referring to the Company's current report No. 3/2019 of 20 February 2019, announced that on 18 September 2019 it adopted a resolution on the intention to exercise the call option for all the shares in the share capital of Eurozet sp. z o.o. with its registered office in Warsaw („Eurozet") held by SFS Ventures s.r.o. with its registered office in Prague, the Czech Republic („SFS Ventures"), pursuant to the provisions of the shareholders' agreement of 20 February 2019 concluded by the Company with SFS Ventures (the "Call Option"), regulating the detailed rules for investment in Eurozet by SFS Ventures, as the majority shareholder, and the Company, as a minority shareholder, as well as the cooperation of both entities as shareholders of Eurozet (the "Shareholders' Agreement").

Accordingly, on 18 September 2019, the Company decided to prepare and submit to the President of the Office of Competition and Consumer Protection a notification regarding the intended concentration of business enterprises ("Antitrust Filing") which would consist in the acquisition by the Company of all the shares held by SFS Ventures in the share capital of Eurozet, as a result of which Agora would take control over Eurozet, by exercising the Call Option. The Company submitted the Antitrust Filing on October 28, 2019.

Company's decision to exercise the Call Option is not tantamount to exercising it, nor does it create an obligation for the Company to exercise the Call Option in accordance with the provisions of the Shareholders' Agreement. The final decision of the Company on the possible submission to SFS Ventures of a declaration of the will to exercise the Call Option (the „Call Option Request") is contingent, in particular, on obtaining the consent of the President of the Office of Competition and Consumer Protection for the acquisition by the Company of all the shares in the share capital of Eurozet held by SFS Ventures.

Pursuant to the provisions of the Shareholders' Agreement, the Call Option Request may be submitted by the Company not earlier than after the lapse of 12 months after the conclusion and performance of the promised sale agreement regarding the shares in Eurozet concluded on 20 February 2019 between the Company, SFS Ventures and Czech Radio Center a.s. with its registered office in Prague, the Czech Republic.

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

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

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

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

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

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

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

- **Changes in subsidiaries**

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

On May 28, 2019, the Extraordinary Shareholders Meeting of Foodio Concepts Sp. z o.o. (Foodio) adopted a resolution on increasing the share capital of Step Inside from PLN 5 thousand to PLN 10 thousand by creating 100 new shares to be taken up by Foodio's shareholders. Helios S.A. took up 90 new shares in exchange for a cash contribution of PLN 5 million, with an amount of PLN 4,995 thousand was allocated for supplementary capital. On June 28, 2019, the District Court for Lodz-Srodmiescie in Lodz registered the above change. Currently, Helios S.A. holds 180 shares in Foodio representing 90% of its share capital and giving rights to 180 votes representing 90% of the voting rights at the Company's Shareholders' meeting.

On June 6, 2019, the Extraordinary Shareholders Meeting of Agora Finanse Sp. z o.o. (Agora Finanse) adopted a resolution on increasing the share capital of Agora Finanse from PLN 5 thousand to PLN 205 thousand by creating 4,000 new shares to be taken up by Agora S.A. On July 4, 2019, the District Court for Warsaw in Warsaw registered the above change. Currently, Agora S.A. holds 4,100 shares in Agora Finanse representing 100% of its share capital and giving rights to 4,100 votes representing 100% of the voting rights at the company's shareholders' meeting.

On July 22, 2019, Agora S.A., as the seller, concluded a share sale agreement in a limited liability company, concerning the sale of all shares in Optimizers Sp. z o.o., with AMS S.A., as a buyer, for a total price of PLN 45 thousand. As a result of the above transaction, Agora S.A. does not currently hold any shares in Optimizers Sp. z o.o, but indirectly (through AMS S.A.) Optimizers Sp. z o.o. still remains a subsidiary of the Agora Group.

On 8 August 2019, Agora S.A. concluded three share purchase agreements regarding the purchase of shares in the company Yieldbird Sp. z o.o., with three shareholders of this company. The agreements included acquisition by Agora S.A., from three partners of Yieldbird Sp. z o.o., in total 116 shares of the company Yieldbird sp. o.o., for the total price PLN 8 024 thousand. As a result of the above transaction, Agora S.A. currently holds 891 shares in the share capital of this company, constituting 93.69% of shares in the share capital of this company and entitling to 891 votes, constituting 93.69% of votes at the Shareholders' Meeting.

- **Additional acquisition of shares in associate ROI Hunter a.s.**

On June 17, 2019, the shareholders' meeting of ROI Hunter a.s. with its registered office in the Czech Republic ("ROI") adopted a resolution to increase the share capital of ROI from 2,647,860 CZK to 2,970,961 CZK by creating 323,100 shares to be taken up by Agora SA, in exchange for a cash contribution of 51,252,000 CZK with the amount 50,928,899 CZK allocated to the supplementary capital ROI. On the same day, Agora SA concluded the agreement for the sale of shares with a shareholder of ROI Hunter a.s. As a result of this agreement, Agora S.A. acquired 32,310 shares in ROI for 5,125,200 CZK.

As a result of the abovementioned transactions Agora S.A. currently holds 710,823 shares in ROI Hunter a.s., representing 23.9% of the share capital of ROI Hunter and 710,823 votes constituting 23.9% of votes at the Shareholders' Meeting. Total acquisition price of additional shares amounted to PLN 9,516 thousand (including increase of the share capital in amount of PLN 8,651 thousand).

- **Acquisition of shares in Piano Group Sp. z o.o.**

On July 15, 2019, The Management Board of Agora S.A. ('Agora'), with reference to the Current Report No 21/2019, hereby announces that AMS S.A. ("AMS"), i.e. a company from the Agora capital group, concluded an agreement for the sale of 30 shares representing 60% of the shares of Piano Group sp. z o.o., with its registered office in Warsaw ('Piano Group') and carrying 60% of the votes at the General Shareholders' Meeting ('Shares') with three natural persons (two sellers and a guarantor) ('Seller') following the negotiations conducted on 15 July 2019. Pursuant to the Agreement, AMS paid the amount of PLN 6.5 million for the Shares, which constituted an advance payment towards the final Share purchase price.

The final Share purchase price depends on the EBITDA for 2019 and the agreed multiplier, and will be decreased by the net debt. The final Share purchase price will be determined on the basis of the financial statements of Piano Group for the financial year 2019.

In addition, AMS, the Seller and Piano Group Sp. z o.o. concluded a Shareholders' Agreement governing the mutual rights and obligations of the shareholders, in particular the principles regarding further operation and management of the company, as well as transactions and restrictions related to the sale of shares in the Company's share capital. AMS is entitled to appoint the majority of the members of the Management Board and the Supervisory Board of Piano Group, and the Sellers are obliged not to conduct any competitive activities.

AMS was also granted a call option for all the remaining shares in Piano Group, which can be exercised after the approval of the financial statements of Piano Group for the financial year 2021 (call option 1), or after the approval of the financial statements of Piano Group for the financial year 2022 (call option 2), but no later than by the end of 2022, or by the end of 2023, respectively.

AMS was also obliged under the put option granted to the Sellers to purchase from the Sellers, respectively: (i) 50% of the remaining shares in Piano Group after the approval of the financial statements of Piano Group for 2021 (put option 1); (ii) all the remaining shares in Piano Group after the approval of the financial statements of Piano Group for 2022 (put option 2).

The Share purchase price covered by the options will be determined based on the formula specified in the Shareholders' Agreement including the achievement of specific financial ratios by the Piano Group in the periods covered by the options.

The acquisition of the Shares was financed from AMS's own resources.

Piano Group is the holder of 100% of shares in Benefit Multimedia Sp. z o.o. SKA and the sole shareholder of Benefit Multimedia Sp. z o.o., which acts as the sole general partner of Benefit Multimedia Sp. z o.o. SKA.

Benefit Multimedia Sp. z o.o. SKA is a provider of services in the DOOH (digital out-of-home) market, in the area of internal advertising of content broadcasting, the sale of advertising content, screen installation and the use of video/TV infrastructure to broadcast video content. Benefit Multimedia Sp. z o.o. SKA cooperates with more than 190 fitness clubs in Poland where the company's infrastructure is installed.

The acquisition of the Shares constitutes a long-term investment by the Agora capital group and is in line with the strategy announced by Agora in June 2018. The transaction will strengthen the position of the Company's capital group in the DOOH market.

On January 30, 2020, the Management Board of Agora S.A. announced that it has made decision on revaluation of Piano Group share purchase price and option liabilities to acquire other shares in that company included in consolidated financial statements of Agora Group.

Financial result of Piano Group in 2019 was better than forecast, therefore the Management Board revaluated price of acquired shares and price to be paid by AMS for acquiring minority shares in Piano Group that will be used in option liability valuation.

As a result of revaluation the price of acquired shares increased to approximately PLN 14.9 million. Additional information on Piano Group's acquisition settlement are presented in consolidated financial statements of the Agora Group.

- **Acquisition of additional shares in HRlink Sp. z o.o. (formerly: Online Technologies HR Sp. z o.o)**

On September 12, 2019, the Management Board of Agora S.A., with reference to the current report 23/2019 of August 29, 2019 hereby informs that on September 12, 2019 Agora concluded with two natural persons, shareholders of HRlink Sp. z o.o. (formerly: Online Technologies HR Sp. z o.o) with its registered office in Szczecin ("the Seller") and with the company HRlink Sp. z o.o. investment agreement and shareholders agreement providing, inter alia, Agora's acquisition of 32 shares in this company and acquisition of 15 newly created shares in the share capital of HRlink Sp. z o.o. The above agreement also regulates the mutual rights and obligations of partners, in particular the rules regarding the further operation and management of the company as well as transactions and restrictions related to the sale of shares in the share capital. Agora is, among others authorized to appoint the management board and the majority of members of the HRlink Sp. z o.o. supervisory board, and the sellers were banned from conducting competitive activities.

Agora also has the call option (call option) of all remaining shares in HRlink Sp. z o.o. that can be exercised, (i) for some Seller's shares after approval of HRlink Sp. z o.o. financial statements for the financial year 2022 (call option 1) and (ii) for all the remaining shares of the Sellers after approval of HRlink Sp. z o.o. financial statements for 2023 (call option 2).

Agora was also obliged under the put option (put option) granted (i) part of Seller's shares in HRlink Sp. z o.o. after approving the financial statements of HRlink Sp. z o.o. for 2022 (put option 1); (ii) all other Seller's shares in HRlink Sp. z o.o. after approval of the company's financial statements for 2023 (put option 2). The purchase price will depend on the value achieved by EBITDA and revenues.

The purchase of shares was financed from Agora's own funds. The total amount of Agora's investments in HRlink Sp. z o.o. amounted to PLN 7.95 million.

Before concluding the contract, Agora held 48 shares constituting 46.15% of the share capital. After concluding the acquisition of 32 shares and taking up 15 newly created shares in HRlink Sp. z o.o., Agora shall hold 95 shares representing 79.83% of the share capital of HRlink Sp. z o.o.

Agora became a shareholder of HRlink Sp. z o.o. in 2012. HRlink Sp. z o.o. is one of the fastest growing technology companies in Central Europe. In 2018, the company made its debut in 26th place in the prestigious Deloitte ranking 'Technology Fast 50 Central Europe'. The company offers its clients first of all a modern HRLink.pl tool available in the subscription model, other IT services related to the recruitment process (e.g. services in the field of creating bookmarks or career-related websites) and brokering the sale of recruitment websites and media.

The purchase of Shares is a long-term investment of the Agora capital group and is in line with the strategy announced by Agora in June 2018. The transaction will strengthen the position of the Company's capital group on the market of B2B services offered in the SaaS model.

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

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

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

(i) Sell-out

As part of the sell-out, until 30 June 2016 Agora S.A. transferred to Helios S.A. the amount of PLN 2,938 thousand as payment of the sell-out price calculated in accordance with Art. 418(1) § 6 of the CCC. In its balance sheet as at 31 December 2016, the Agora Group recognized a liability in respect of the purchase of the Shares from the minority shareholders of Helios S.A. totalling PLN 3,185 thousand. This amount comprised PLN 2,938 thousand transferred by Agora S.A. to Helios S.A. (which was also recognized in the Group's equity under retained earnings/accumulated losses and current year profit/ (loss)) and the total amount transferred by the other shareholder of Helios S.A. as part of the execution of the sell-out procedures. As part of the sell-out procedure, the amount of PLN 3,171 thousand was transferred by Helios S.A. to the Minority Shareholder on 2 June 2017 for the purchase of 318,930 shares. Moreover, on 2 June 2017, a total of PLN 14 thousand was transferred to the other minority shareholders for the purchase of 1,460 shares. As a result of these transactions, the Group met the commitment to purchase shares, which was recognized in the Group's balance sheet. As a result of the procedures described above, Agora S.A. increased its block of shares in Helios S.A. from 10,277,800 to 10,573,352 shares, i.e. by 295,552 shares. Agora S.A. currently holds 91.44% of the shares of Helios S.A.

The shareholders whose shares are being purchased under the sell-out procedure did not accept the price calculated in accordance with Art. 418(1) § 6 of the CCC and, based on Art. 418(1) § 7 of the CCC, applied to the registration court to appoint a registered auditor who would determine the price for the shares on behalf of the Court. The final valuation of the Shares that are subject to the sell-out procedures will be determined by the registration court having jurisdiction over the registered office of Helios S.A. based on the opinion of an expert appointed by the registration court having jurisdiction over the registered office of Helios S.A. A change in such valuation, if any, will result in an adjustment to the price of the shares purchased. As at the date of the publication of this report, the District Court for Lodz-Srodmiescie in Lodz, the 20th Department of the National Court Register, appointed an expert for the purpose of the valuation of the shares to be purchased from the Minority Shareholder (318,930 shares) and from other minority shareholders (1,460 shares in total).

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

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

(ii) Squeeze-out procedure

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

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

- **Other information**

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

37. RELATED PARTY TRANSACTIONS

Table below presents total investments and balances with related parties as at balance 31 December 2019 (with comparative figures):

	31 December 2019	31 December 2018
Subsidiaries		
Shares	536,512	530,458
Cash pooling receivables	13,270	91,503
Trade receivables	7,718	6,986
Other receivables and accruals	2,069	7,114
Cash pooling liabilities	29,273	21,525
Trade liabilities	1,218	4,593
Other liabilities and accruals	3,199	1,494
	7	-
Joint ventures		
Shares	-	1,000
Trade receivables	-	6
Trade liabilities	-	8
Other liabilities and accruals	-	2
Associates		
Shares	156,357	10,490
Non-current loans granted	200	-
Trade receivables	100	122
Major shareholder		
Trade receivables	3	1
Other liabilities	276	10
Management Board of the Company		
Receivables	1	4

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

Table below presents total transactions with related parties in 2019 (with comparative figures):

	2019	2018
Subsidiaries		
Sales	59,932	52,998
Purchases	(29,833)	(40,696)
Other operating income	1	6
Dividend income	79,750	74,302
Finance interests	747	1,653
Gain on disposal of financial assets	45	-
Finance cost - credit guarantee	(88)	(56)
Finance cost - interests on cash pooling	(250)	(328)
Income tax - TCG settlements	4,297	5,465
Joint ventures		
Sales	-	108
Purchases	-	(68)
Finance interests income	-	16
Associates		
Sales	124	92
Purchases	(33)	(34)
Other operating income	2	(34)
Dividend income	7,222	-
Interests income on loans granted	25	-
Major shareholder		
Sales	25	23
Other operating income	2,250	30
Other operating cost	-	30
Management Board of the Company		
Sales	3	5

Following types of transactions mainly occur 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, administrative, 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.

Transactions within the Agora Group are carried out on arm's length basis and are within the normal business activities of companies.

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

38. ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and assumptions are continually evaluated and based on historical experience and best knowledge of the Company as at the date of the estimation. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities concern impairment tests for selected investments in subsidiaries, intangibles with indefinite useful life (magazine titles. In order to determine their recoverable amounts the value in use for the relevant cash generating units was determined on the basis of long-term cash flow projections.

The Company points out that the value of revenue included in the cash flow projections depends 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. Changes in factors such as GDP dynamics, unemployment rate, amounts of remuneration or level of consumption may influence the purchasing power of the Company`s customers and consumers of its services and goods. Polish economy is sensitive to the country political situation and a looping risk of abrupt legislative changes, whose full impact on the conditions of running business activity in Poland is hard to foresee. Moreover, 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 Company's position in the particular media sectors will remain unchanged. The estimated recoverable amount of the assets is also affected by the discount rate and the applied growth rate after the period of detailed forecast in the so-called residual period.

The Company identified two key assumptions, which have the most significant impact on the estimated recoverable amount of the assets:

1) estimated rate of real free cash flow to firm after the period of detailed forecast in the residual period and

2) pre-tax discount rate.

Basic information about the method applied is summarized below:

	Investment relating to activities in Domiporta Sp. z o.o. - Internet	**Rights and goodwill related to activities in particular magazine titles**
Assumptions	Financial forecasts for the next year and projections of the market for the next years based on the best knowledge of the market, available market data and experience.	
Detailed forecast period	5 years	5 years
Years:	Estimated rate of free cash flow to firm in the period of detailed forecast (pre-tax)	
2020	37%	(16%)
2021	(122%)	1%
2022	109%	2%
2023	250%	2%
2024	229%	2%
	Discount rate for the years (pre-tax)	
2020-2024	7.0%	5.8%
	The long-term growth rate after the period covered by the forecast	
	0.5%	0.0%

With regard to the investment related to the activities in Domiporta Sp. z o.o. - Internet, in the event of a possible change in the above two key assumptions, the estimated recoverable amount of the shares could be compared to their carrying amount.

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

	Investment relating to activities in Domiporta Sp. Z o.o. - Internet
The growth rate after the period covered by the forecast	0.5%
- change required for carrying amount to equal recoverable amount	*(0.3pp)*
Estimated pre-tax discount rate	7.0%
- change required for carrying amount to equal recoverable amount	*0.3pp*

In 2019, according to the impairment tests carried out, the impairment losses were recognised on shares of Goldenline Sp. z o.o. in the amount of PLN 11,206 thousand in relation to decrease of company's revenue. As at 31 December 2019, the shares of Goldenline sp. z o.o. are fully covered by write-down.

In 2019, the Company recognised also the impairment loss on shares in associated company Hash.fm Sp. z o.o. in the amount of PLN 849 thousand in relation to the decrease of the company's revenue and impairment loss on loan granted to Hash.fm Sp. z o.o. in amount of PLN 608 thousand based on expected credit losses related to this financial asset.

In 2018, according to the impairment tests carried out, the impairment losses were recognised on shares of GoldenLine Sp. z o.o. in the amount of PLN 9,138 thousand in relation to decrease of company's revenue. Additional impairment loses were recognised in relation to press title "Ladny Dom" in the amount of PLN 2,285 thousand (including the amount of PLN 103 thousand related to goodwill of purchased magazines titles) as a result of the decision about sale based on the sale price possible to obtain.

In 2018, the Company recognised also the impairment loss on shares in company Optimizers Sp. z o.o. in the amount of PLN 400 thousand in relation to the forecasted termination of the company operating activity.

To key estimates and assumptions, that may cause a significant adjustment to the amounts recognised in financial statements of the Company, belongs also the recognition of deferred tax assets on unused tax losses. Information on those estimates and judgments was described in note 16.

Moreover, the application of IFRS 16 requires the Company to perform analyses and estimates regarding, inter alia, determining the scope of contracts under IFRS 16, and determining the lease term and the interest rate used to discount future cash flows. The adopted estimates and assumptions may be verified based on changes in market and operational factors taken into account, new information and market practice regarding the application of the standard. Additional information about estimates and assumptions made are described in note 2(b).

39. SELECTED UNCONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

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

- income statement and cash flow statement figures using arithmetic average of exchange rates published by NBP and ruling on the last day of each month of four quarters. For the year of 2019 EURO 1 = 4.3018; for the year of 2018 EURO 1 = PLN 4.2669.
- balance sheet figures using the average exchange rates published by NBP and ruling on the last day of the year. Exchange rate as at 31 December 2019 – EURO 1 = PLN 4.2585; as at 31 December 2018 – EURO 1 = PLN 4.300.

	PLN thousand		EURO thousand	
	Year 2019	Year 2018	Year 2019	Year 2018
Revenue	401,637	423,003	93,365	99,136
Operating loss	(55,667)	(75,869)	(12,940)	(17,781)
Profit before income taxes	15,013	10,979	3,490	2,573
Net profit	20,115	15,169	4,676	3,555
Net cash from operating activities	(12,992)	(47,185)	(3,020)	(11,058)
Net cash used in investing activities	(25,077)	82,548	(5,829)	19,346
Net cash used in financing activities	44,202	(37,720)	10,275	(8,840)
Net increase / (decrease) in cash and cash equivalents	6,133	(2,357)	1,426	(552)
Total assets	1,069,679	984,535	251,187	228,962
Non-current liabilities	86,119	15,742	20,223	3,661
Current liabilities	162,104	144,081	38,066	33,507
Equity	821,456	824,712	192,898	191,793
Share capital	46,581	46,581	10,938	10,833
Weighted average number of shares	46,580,831	46,580,831	46,580,831	46,580,831
Basic/diluted earnings per share (in PLN / in EURO)	0.43	0.33	0.10	0.08
Book value per share (in PLN / in EURO)	17.64	17.70	4.14	4.12

40. EVENTS AFTER THE BALANCE SHEET DATE

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

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

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

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

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

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

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

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

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

  The total amount of income generated from the disposal of all assets in the process amounted to PLN 11.0 million, and positive impact of the transaction on operating result of Agora Group in IQ2020 will amount to PLN 6.6 million.

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

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

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

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

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

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

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

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

- **At the turn of February and March 2020** Poland was reached by the epidemic of coronavirus, which is currently affecting the functioning of the economy throughout the world. On 11 March 2020, the World Health Organization assessed that the Covid-19 epidemic could be characterized as a pandemic. It is currently difficult to anticipate further developments in this context and to estimate the extent of its negative impact on economic growth in Poland and Europe and the consequent propensity for advertisers to promote their products and services. As part of the fight against the epidemic, the Polish authorities issued a regulation under which all educational and cultural institutions, including cinemas, are closed from 12 to 25 March 2020. The Company assesses that the closure of Helios cinemas for a period of 2 weeks will not have a significant impact on the Agora Group's results in 2020. It is also difficult to anticipate how the situation will develop after these two weeks, and therefore its impact on the state of the cinema industry in Poland and the Agora Group's results can not be assessed.

Warsaw, March 12, 2020

Bartosz Hojka - President of the Management Board ....

Tomasz Jagiello - Member of the Management Board ....

Agnieszka Sadowska - Member of the Management Board ....

Anna Krynska-Godlewska - Member of the Management Board ....

Grzegorz Kania - Member of the Management Board ....

Signature of the person responsible for keeping the accounting records

Ewa Kuzio – Chief Accountant ....

Signatures submitted electronically.