AGORA GROUP

Consolidated 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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019

	Note	31 December 2019	31 December 2018
Assets			
Non-current assests:			
Intangible assets	3	441,047	420,680
Property, plant and equipment	4	458,559	519,472
Right-of-use assets	5	590,351	-
Long-term financial assets	6	783	379
Investments in equity accounted investees	7	154,127	11,295
Receivables and prepayments	8	2,530	14,573
Deferred tax assets	16	17,144	14,899
		1,664,541	**981,298**
Current assets:			
Inventories	9	21,308	35,777
Accounts receivable and prepayments	10	230,095	226,764
Income tax receivable		1,436	534
Short-term securities and other financial assets	11	9,656	122,450
Cash and cash equivalents	12	61,065	33,003
		323,560	**418,528**
Non-current assets held for sale	4	4,344	-
		327,904	**418,528**
Total assets		**1,992,445**	**1,399,826**

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

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

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2019 (CONTINUED)

	Note	31 December 2019	31 December 2018
Equity and liabilities			
Equity attributable to equity holders of the parent:			
Share capital	13	46,581	46,581
Share premium		147,192	147,192
Retained earnings and other reserves	14	737,470	781,237
		931,243	**975,010**
Non-controlling interest		**20,932**	**21,149**
Total equity		**952,175**	**996,159**
Non-current liabilities:			
Deferred tax liabilities	16	6,514	9,544
Long-term borrowings	15	558,666	64,586
Other financial liabilities	17	53,354	33,237
Retirement severance provision	18	3,316	2,916
Provisions	19	829	1,316
Accruals and other liabilities	20	5,500	2,950
Contract liabilities	21	98	450
		628,277	**114,999**
Current liabilities:			
Retirement severance provision	18	277	241
Trade and other payables	20	264,126	232,914
Income tax liabilities		889	4,298
Short-term borrowings	15	127,730	33,209
Other financial liabilities	17	1,760	1,607
Provisions	19	3,361	2,453
Contract liabilities	21	13,850	13,946
		411,993	**288,668**
Total equity and liabilities		**1,992,445**	**1,399,826**

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

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
Revenue	22	1,249,663	1,141,158
Cost of sales	23	(842,438)	(777,437)
Gross profit		**407,225**	**363,721**
Selling expenses	23	(222,474)	(206,595)
Administrative expenses	23	(153,911)	(141,079)
Other operating income	24	12,768	22,515
Other operating expenses	25	(15,634)	(16,282)
Impairment losses for receivables - net	25	(3,296)	(21,405)
Operating profit		**24,678**	**875**
Finance income	29	12,867	29,709
Finance cost	30	(28,187)	(8,924)
Share of results of equity accounted investees		4,716	(772)
Profit before income taxes		**14,074**	**20,888**
Income tax expense	31	(8,068)	(11,509)
Net profit for the period		**6,006**	**9,379**
Attributable to:			
Equity holders of the parent		3,538	5,088
Non-controlling interest		2,468	4,291
		6,006	**9,379**
Basic/diluted earnings per share (in PLN)	32	**0.08**	**0.11**

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

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

	2019	2018
Net profit for the period	**6,006**	**9,379**
Other comprehensive income/(loss):		
Items that will not be reclassified to profit or loss		
Actuarial gains/(losses) on defined benefit plans	(164)	239
Income tax effect	31	(45)
	(133)	194
Other comprehensive income/(loss) for the period	**(133)**	**194**
Total comprehensive income for the period	**5,873**	**9,573**
Attributable to:		
Shareholders of the parent	3,398	5,281
Non-controlling interests	2,475	4,292
	5,873	**9,573**

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

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

	Equity attributable to equity holders of the parent						
	Share capital	Treasury shares	Share premium	Retained earnings and other reserves	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2019							
As at 31 December 2018	**46,581**	**-**	**147,192**	**781,237**	**975,010**	**21,149**	**996,159**
Total comprehensive income for the period							
Net profit for the period	-	-	-	3,538	3,538	2,468	6,006
Other comprehensive income	-	-	-	(140)	(140)	7	(133)
Total comprehensive income for the period	**-**	**-**	**-**	**3,398**	**3,398**	**2,475**	**5,873**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments (note 27)	-	-	-	-	-	625	625
Dividends declared	-	-	-	(23,290)	(23,290)	-	(23,290)
Dividends of subsidiaries	-	-	-	-	-	(4,793)	(4,793)
Total contributions by and distributions to owners	**-**	**-**	**-**	**(23,290)**	**(23,290)**	**(4,168)**	**(27,458)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	-	(7,007)	(7,007)	(1,101)	(8,108)
Acquisition of a subsidiary (note 33)	-	-	-	-	-	1,692	1,692
Recognition of put option granted to non-controlling interests (note 33)	-	-	-	(15,983)	(15,983)	-	(15,983)
Additional contribution of non-controlling shareholders	-	-	-	(885)	(885)	886	1
Other	-	-	-	-	-	(1)	(1)
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(23,875)**	**(23,875)**	**1,476**	**(22,399)**
Total transactions with owners	-	-	-	(47,165)	(47,165)	(2,692)	(49,857)
As at 31 December 2019	**46,581**	**-**	**147,192**	**737,470**	**931,243**	**20,932**	**952,175**

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

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

	Equity attributable to equity holders of the parent						
	Share capital	Treasury shares	Share premium	Retained earnings	**Total**	**Non-controlling interest**	**Total equity**
Twelve months ended 31 December 2018							
As at 31 December 2017	**47,665**	**(21,744)**	**147,192**	**822,505**	**995,618**	**19,065**	**1,014,683**
Total comprehensive income for the period							
Net profit for the period	-	-	-	5,088	5,088	4,291	9,379
Other comprehensive income	-	-	-	193	193	1	194
Total comprehensive income for the period	**-**	**-**	**-**	**5,281**	**5,281**	**4,292**	**9,573**
Transactions with owners, recorded directly in equity							
Contributions by and distributions to owners							
Equity-settled share-based payments	-	-	-	-	-	1,514	1,514
Dividends declared	-	-	-	(23,290)	(23,290)	-	(23,290)
Dividends of subsidiaries	-	-	-	-	-	(4,244)	(4,244)
Redemption of own shares	(1,084)	21,744	-	(20,660)	-	-	-
Other	-	-	-	-	-	(1)	(1)
Total contributions by and distributions to owners	**(1,084)**	**21,744**	**-**	**(43,950)**	**(23,290)**	**(2,731)**	**(26,021)**
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests	-	-	-	(1,714)	(1,714)	(363)	(2,077)
Additional contribution of non-controlling shareholders	-	-	-	(885)	(885)	886	1
Total changes in ownership interests in subsidiaries	**-**	**-**	**-**	**(2,599)**	**(2,599)**	**523**	**(2,076)**
Total transactions with owners	(1,084)	21,744	-	(46,549)	(25,889)	(2,208)	(28,097)
As at 31 December 2018	**46,581**	**-**	**147,192**	**781,237**	**975,010**	**21,149**	**996,159**

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019	2018
Cash flows from operating activities			
Profit before income taxes		**14,074**	**20,888**
Adjustments for:			
Share of results of equity accounted investees		(4,716)	772
Depreciation of property, plant and equipment		51,147	61,955
Amortization of intangible assets		28,609	25,679
Depreciation of right-of-use assets		78,281	-
Foreign exchange (gain) /loss		(3,952)	-
Interest, net		22,083	2,608
(Profit) / loss on investing activities		6,252	(32,029)
(Increase) / decrease in inventories		14,484	(4,109)
(Increase) / decrease in receivables		(4,376)	7,958
(Decrease) / increase in payables		23,664	1,440
(Decrease) / increase in provisions		858	(11)
(Decrease) / increase in contract liabilities		(448)	80
Remeasurement of put options	35	4,287	4,239
(Gain) on remeasurement of shares in subsidiary	33	(7,019)	-
Equity-settled share-based payments	28	625	1,514
Other adjustments		(165)	937
Cash generated from operations		**223,688**	**91,921**
Income taxes paid		(18,205)	(10,791)
Net cash from operating activities		**205,483**	**81,130**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment and intangibles		40,912	58,152
Disposal of subsidiaries (net of cash disposed), associates and jointly controlled entities		-	32,111
Dividends received		7,222	-
Loan repayment received		187	1,030
Interest received		174	255
Disposal of short-term securities		139,404	195,487
Other inflows (1)		8,000	10,800
Purchase of property, plant and equipment and intangibles		(111,424)	(83,722)
Acquisition of subsidiary (net of cash acquired), associates and jointly controlled entities	33	(159,141)	(9,601)
Acquisition of short-term securities		(25,000)	(224,000)
Loans granted		(835)	(331)
Net cash used in investing activities		**(100,501)**	**(19,819)**

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

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

	Note	2019	2018
Cash flows from financing activities			
Proceeds from borrowings		99,759	34,673
Other inflows		-	1
Acquisition of non-controlling interest		(8,108)	(2,077)
Dividends paid to equity holders of the parent		(23,290)	(23,290)
Dividends paid to non-controlling shareholders		(4,828)	(4,210)
Repayment of borrowings		(45,960)	(37,323)
Payment of lease liabilities		(72,364)	(11,781)
Interest paid		(22,129)	(2,817)
Other		-	(682)
Net cash used in financing activities		**(76,920)**	**(47,506)**
Net increase (decrease) in cash and cash equivalents		**28,062**	**13,805**
Cash and cash equivalents			
At start of period		33,003	19,198
At end of period		61,065	33,003

(1) Other inflows relate to the partial refund of cash deposits to company AMS S.A. connected with collateral securing the concession contract for construction and utilization of bus shelters in Warsaw.

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

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

NOTES TO THE CONSOLIDATED 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 activity. Additionally, the Agora Group ("the Group") is active in the cinema segment through its subsidiary Helios S.A. and in the outdoor segment through its subsidiary AMS S.A. The Group also engages in projects related to production and co-production of movies through the company Next Film Sp. z o.o. and in food service activity through the company Foodio Concepts Sp.z o.o. and Step Inside sp. z o.o.

As at 31 December 2019 the Agora Group ("the Group") comprised: the parent company Agora S.A. and 23 subsidiaries. Additionally, the Group held shares in jointly controlled entity: Instytut Badan Outdooru IBO Sp. z o.o. and in associates: Hash.fm Sp. z o.o., ROI Hunter a.s. and Eurozet Sp. z o.o.

The Group carries out activity in all major cities of 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 consolidated financial statements, the Management Board of the Company 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 June 12, 2019
Maciej Wisniewski	Member	for the whole year
Tomasz Karusewicz	Member	from June 13, 2019

(g) Information about the financial statements

The consolidated 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 consolidated 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 (ab).

(b) Basis of preparation

The consolidated financial statements are presented in PLN thousands. Polish zloty is functional currency of parent company and its subsidiaries, associates and joint-ventures, except of associate ROI Hunter a.s. which functional currency is Czech crown. All amounts (unless otherwise indicated) are recalculated and rounded to nearest thousand. The consolidated financial statements are prepared on the historical cost basis except that financial instruments are stated at their fair value.

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

The accounting policies were applied consistently by Group entities.

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

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

1) IFRS 16 *Leases;*
2) 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 Group assessed the impact that the application of the new standard had on the unconsolidated financial statements. On the basis of the current analysis, the Group assessed that a significant part of the long-term operating lease contracts, in particular the rights of perpetual usufruct of land, location for: outdoor advertising in *the Outdoor* segment, transmission stations in *the Radio* segment and premises, in which Helios' cinemas and food premises in *the Movies and Books* segment are classified as lease contracts under IFRS 16.

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

The Group 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 Group applies the exemptions for short term leases and leases of low value assets. The Group decided to apply the practical expedient as described in IFRS 16, paragraph C.10. (c) i.e. to apply the exemption for leases for which the lease term ends within 12 months of the date of initial application.

At the date of initial application of IFRS 16 the Group recognised right-of-use assets together with the corresponding lease liabilities measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. As at the date of initial application, the initial value of recognised additional right-of-use assets and lease liabilities amounted to PLN 458,220 thousand. In addition, the initial value of the right-of-use assets includes prepaid rents mainly related to pre-paid administrative decisions for lane seizure (reclassification from receivables and accrued expenses and deferred income) in amount of PLN 2,972 thousand. The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the Group balance sheet on the date of initial application was 3.2%.

The application of IFRS 16 requires the Group 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 Group 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 Group takes into account the contract enforcement period, which is usually the period of notice and uses the exemption for short-term contracts, if the contract enforcement period is no longer than 12 months. In case of rental agreements regarding locations for radio stations in the Radio segment, the Group assumed that the lease term corresponds to the period of the radio license related to the particular radio station location.

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

On the date of application of the standard as at 31 December 2019 the Group recognised additional assets as right-of-use assets in the amount of PLN 507,256 thousand and the total value of the right-of-use assets amounted to PLN 590,351 thousand (including the net carrying value of property, plant and equipment in the amount of PLN 80,183 thousand relating to assets in the current finance lease and rights of perpetual usufruct of land, which were reclassified to right-of-use assets balance sheet line and reclassification from receivables and accrued expenses and deferred income in amount of PLN 2,912 thousand). The Group recognised also additional lease liabilities in the amount of PLN 513,924 thousand. In the Group, there was an increase in depreciation and interest expenses as well as a decrease in the cost of external services due to rental costs. The above changes had a positive impact on the Group's operating result. In addition, the Group recognised foreign exchange gains 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 Group due to the transfer of rental payments under lease agreements recognised in accordance with IFRS 16 from operating activities to financing activities.

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

The Group 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.

An explanation of the difference between the operating lease liabilities disclosed as at 31 December 2018 in accordance with IAS 17 and the lease liabilities recognized as at 1 January 2019.

	As at 1 January 2019
Operating lease liabilities as at December 31, 2018 according to IAS 17	512,522
Leases previously not included*	70,609
Excluded short-term leases	(15,840)
Excluded low-value assets	(549)
Change of lease period	13,421
Agreements excluded from lease	(2,217)
Effect of discounting using the incremental borrowing rate as at January 1, 2019	(119,726)
Lease liabilities as at January 1, 2019	**458,220**
Long-term portion	391,063
Short- term portion	67,157

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

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

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	519,472	(59,769)	459,703
Right-of-use assets	-	520,962	520,962
Receivables and prepayments	14,573	(1,015)	13,558
	981,298	**460,178**	**1,441,476**
Current assets:			
Accounts receivable and prepayments	226,764	(1,958)	224,806
	418,528	**(1,958)**	**416,570**
Total assets	**1,399,826**	**458,220**	**1,858,046**

	As at 31 December 2018 (as reported)	Application of IFRS 16	As at 1 January 2019 (data incl. IFRS 16)
Total equity	**996,159**	**-**	**996,159**
Non-current liabilities:			
Long-term borrowings	64,586	391,063	455,649
including: lease liabilities	*33,963*	*391,063*	*425,026*
	114,999	**391,063**	**506,062**
Current liabilities:			
Short-term borrowings	33,209	67,157	100,366
including: lease liabilities	*11,484*	*67,157*	*78,641*
	288,668	**67,157**	**355,825**
			-
Total equity and liabilities	**1,399,826**	**458,220**	**1,858,046**

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

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	538,742	(80,183)	458,559
Right-of-use assets	-	590,351	590,351
Receivables and prepayments	4,108	(1,578)	2,530
Deferred tax assets	16,302	842	17,144
	1,155,109	**509,432**	**1,664,541**
Current assets:			
Accounts receivable and prepayments	231,429	(1,334)	230,095
	329,238	**(1,334)**	**327,904**
Total assets	**1,484,347**	**508,098**	**1,992,445**

	As at 31 December 2019 (excl. IFRS 16)	Application of IFRS 16	As at 31 December 2019 (as reported)
Total equity	**955,764**	**(3,589)**	**952,175**
Non-current liabilities:			
Long-term borrowings	121,902	436,764	558,666
including: lease liabilities	*50,817*	*436,764*	*487,581*
Accruals and other liabilities	7,511	(2,011)	5,500
	193,524	**434,753**	**628,277**
Current liabilities:			
Trade and other payables	264,352	(226)	264,126
Short-term borrowings	50,570	77,160	127,730
including: lease liabilities	*14,883*	*77,160*	*92,043*
	335,059	**76,934**	**411,993**
			-
Total equity and liabilities	**1,484,347**	**508,098**	**1,992,445**

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

	Twelve months ended December 31, 2019 (excl. IFRS 16)	Application of IFRS 16	Twelve months ended December 31, 2019 (as reported)
Revenue	1,249,663	-	1,249,663
Operating cost net, incl.:	(1,232,288)	7,303	(1,224,985)
D&A	*(89,875)*	*(68,161)*	*(158,036)*
External services	*(521,964)*	*74,300*	*(447,664)*
Taxes and fees	*(8,070)*	*971*	*(7,099)*
profit from limitation of lease scope	-	*193*	*193*
Operating profit	**17,375**	**7,303**	**24,678**
Finance income, incl.:	8,927	3,940	12,867
F/x losses	*(276)*	*3,940*	*3,664*
Finance costs, incl.:	(12,513)	(15,674)	(28,187)
Interest	*(6,181)*	*(15,674)*	*(21,855)*
Share of results of equity accounted investees	4,716	-	4,716
Income before income taxes	**18,505**	**(4,431)**	**14,074**
Income tax	(8,910)	842	(8,068)
Net income for the period	**9,595**	**(3,589)**	**6,006**

	Twelve months ended December 31, 2019 (excl. IFRS 16)	Application of IFRS 16	Twelve months ended December 31, 2019 (as reported)
Net cash from operating activities	131,492	73,991	205,483
Net cash used in investing activities	(100,501)	-	(100,501)
Net cash used in financing activities	(2,929)	(73,991)	(76,920)
Net cash	**28,062**	**-**	**28,062**
Cash and cash equivalents	**61,065**	**-**	**61,065**

(c) Basis of consolidation

(i) Subsidiaries

Subsidiaries are those entities, which are controlled by the Group. Control exists when the Group due to its involvement in an investee is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over the investee. The Group has power over an investee when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect the investee's returns.

The acquisition method of accounting is applied to account for the acquisition of subsidiaries by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control commences until the date that control ceases to exist. Contingent consideration is initially recognised at the acquisition date fair value. Subsequent changes in the value of the contingent payment liability are recognised through the income statement. Changes in a parent`s ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Joint ventures and associates

An associate is that entity in which the Group has significant influence, but not control. Joint venture is an entity which is jointly controlled by the Group and other shareholders on the basis of a statute, company's act or other agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates and joint ventures from the date that significant influence or joint control commences until the date that significant influence or joint control ceases to exist. The investments in associates and joint ventures are accounted for using the equity method. An interest in a joint venture or associate is initially recorded at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the joint venture or associate. When the Group's share of losses exceeds the carrying amount of the investment, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate or joint venture.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains or losses arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity against the investment in the associate and the joint venture.

(iv) Put options granted to non-controlling interests

When an agreement signed by the Group with non-controlling shareholders grants a conditional put option for the shares, which they possess and the put option granted meets the definition of a financial liability under *IAS 32 Financial Instruments: Presentation* and at the same time, the non-controlling shareholders holding put options have retained their rights to the economic benefits associated with the underlying shares, the Group recognises the financial liability in the consolidated balance sheet (line item: other financial liabilities) equal to the estimated, discounted redemption amount of the put option and decreases other reserves (line item in the consolidated balance sheet: Retained earnings and other reserves). Subsequent changes in the value of the liability are recognised through the income statement.

(d) 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	2 - 40 years
Plant and machinery	2 - 20 years
Motor vehicles	3 - 8 years
Other equipment	2 - 20 years

Repairs and renewals are charged to the income statement when the expenditure is incurred; in other cases are capitalised.

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.

(e) Intangible assets

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost less impairment losses, if any (see accounting policy point v). Goodwill is tested annually for impairment or more often if there are indications of impairment.

In respect of associates and joint-ventures accounted for the equity method, the carrying amount of goodwill is included in the carrying amount of the investment in the associate and the joint-venture.

Other intangible assets, except for the acquired magazine titles, that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any (see accounting policy 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 20 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 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.

(f) 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 of the lease agreement, the lessee recognizes existing operating leases in balance sheet as a new asset – the right-of-use the underlying asset – and a new liability – the obligation to make lease payments. 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group takes into account the contract enforcement period, which is usually the period of notice and uses the exemption for short-term contracts, if the contract enforcement period is no longer than 12 months.

Lessee's incremental borrowing rate is the rate of interest that the Group 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 Group takes into account the estimated interest margin that the Group would have to incur in order to finance the subject of the agreement on the financial market, considering the duration of the contract and the contract currency.

(g) Cash and cash equivalents

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

(h) Derivative financial instruments

Derivative financial instruments are recognized initially and subsequently measured at fair value. The Group 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 Group 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 earnings, 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.

(i) 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 Group`s category financial assets measured at amortized cost includes cash and cash equivalents, loans granted, trade receivables and other receivables.

The Group 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 Group 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 Group 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 Group 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 Group 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 time value of money; 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 Group 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 Group 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.

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

Financial assets at fair value through profit or loss are those that the Group 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 Group`s category financial assets measured at fair value through profit or loss includes short- term investments in securities, including certificates in investment funds.

(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 Group 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

Presentation currency for consolidated financial statements is Polish zloty. Functional currency for Agora S.A., its subsidiaries and associates is Polish zloty Polish zloty, except of associate ROI Hunter a.s. which functional currency is Czech crown.

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 Group entity – 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 by the National Bank of Poland as on the preceding date before that 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 recognised as financial income or expense in the consolidated 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 production cost of own movies.

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 parent company is also the share capital of the Group and 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 Group's initial public offering ("IPO") during 1999 and is presented net of the IPO costs, decreased by the tax shield on the costs.

(iv) Retained earnings and other reserves

Retained earnings represent accumulated net profits / losses, including reserve capital accumulated from prior year's profits. Other reserves include also the equivalent of costs of share-based payments recognised in accordance with IFRS 2 in relation to the share incentive plans based on Agora S.A.'s shares, which ended in the first half of 2013, the initial recognition of put options granted to the non-controlling shareholders and actuarial gains and losses on defined benefit plans recognised in accordance with the policy described in point (q).

(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 Group set off for the presentation proposes deferred income tax assets against deferred income tax liabilities at the companies' level.

(p) Provisions

A provision is recognised in the balance sheet when the Group has a legal or constructive obligation as a result of a past event, 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 Group 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 Group makes contributions to the Government's retirement benefit scheme. The state plan is funded on a pay-as-you-go basis, i.e. the Group is obliged to pay the contributions as they fall due and if the Group 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 Group 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 Group does not exclude assets that might serve in the future as a source of settling liabilities resulting from retirement payments. The Group creates provision for future liabilities in order to allocate costs to the periods they relate to. The Group'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) 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 recognised, when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching thereto. The grants are initially recognised at fair value as deferred income and credited to the income statement as other operating income on a systematic basis over the useful life of the respective assets.

(t) Trade and other payables

Trade and other payables are stated at amortised cost.

(u) Revenue recognition

The Group 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.
- Sales of cinema tickets - revenue is recognised in the period in which the film screening service is provided, in case of tickets pre-sale and cinema vouchers revenue is recognised when the ticket is used by the customer or when the right to use the ticket expires.
- 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.
- Bar sales in cinemas – revenue is recognised when the good is transferred to the customer.
- 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.

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 Group 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 Group sells its goods with the right to return goods during the period agreed with the customers. The Group 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 Group does not recognise a returns asset.

Customer rebates

In accordance with its trade policy, the Group 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 Group 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.

(v) Impairment losses

The carrying amount of the Group's assets, other than inventories (see accounting policy m), and deferred tax assets (see accounting policy 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 Group 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 as described in point d.

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 capitalised.

(y) Share-based payments

Within the Agora Group there are incentive plans carried out, which are accounted for in accordance with IFRS 2 *Share-based payments.* In the Incentive Plan for Management Board members of the Company described in note 28 one of the components (based on share price appreciation) is accounted for as a cash-settled share-based payment. In this plan, 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.

Moreover, the eligible employees of subsidiaries participate in an equity-settled incentive programs. On the basis of the plan, the eligible employees are entitled to receive shares in the company. The fair value of shares was determined at the grant date and is recognised in staff costs over the vesting period with a corresponding increase in Group equity allocated to non-controlling interests.

(z) Dividend distribution

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

(aa) Related parties

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

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

The Group 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 Group does not expect that the amendments will have impact on the consolidated 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 Group does not expect that the amendments will have impact on the consolidated 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 consolidated 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 Group does not expect that the amendments will have impact on the consolidated 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 at end of the reporting period.

The Group does not expect that the amendments will have impact on the consolidated 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 acknowledged inconsistency between the 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 consolidated 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	**45,715**	**382,582**	**258,667**	**45,996**	**17,826**	**750,786**
Additions	-	25,148	9,333	2,891	20,763	58,135
Acquisitions	-	-	6,639	1,335	-	7,974
Transfer from assets under construction	-	-	2,688	14	-	2,702
Internal development	-	-	-	-	16,056	16,056
Acquisitions through business combinations (note 33)	-	25,148	-	1,542	2,942	29,632
Reclassifications	-	-	6	-	1,765	1,771
Disposals	-	-	(18,864)	(81)	-	(18,945)
Sale	-	-	(52)	-	-	(52)
Liquidation	-	-	(17,047)	(81)	-	(17,128)
Reclassifications	-	-	(1,765)	-	-	(1,765)
Cost as at 31 December 2019	**45,715**	**407,730**	**249,136**	**48,806**	**38,589**	**789,976**

(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
Amortisation and impairment losses as at 1 January 2019	**36,440**	**87,465**	**164,611**	**35,008**	**6,582**	**330,106**
Amortisation charge for the period	-	-	20,216	3,033	5,360	28,609
Impairment losses (note 40)	-	-	896	3,951	2,541	7,388
Sale	-	-	(47)	-	-	(47)
Liquidation	-	-	(17,047)	(80)	-	(17,127)
Amortisation and impairment losses as at 31 December 2019	**36,440**	**87,465**	**168,629**	**41,912**	**14,483**	**348,929**
Carrying amounts						
As at 1 January 2019	9,275	295,117	94,056	10,988	11,244	420,680
As at 31 December 2019	9,275	320,265	80,507	6,894	24,106	441,047

(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**	**382,582**	**248,549**	**46,452**	**8,451**	**741,414**
Additions	-	-	10,190	2,284	9,611	22,085
Acquisitions	-	-	5,501	2,235	-	7,736
Transfer from assets under construction	-	-	4,392	49	-	4,441
Internal development	-	-	-	-	7,293	7,293
Reclassifications	-	-	297	-	2,318	2,615
Disposals	(9,665)	-	(72)	(2,740)	(236)	(12,713)
Sale	(9,665)	-	-	-	-	(9,665)
Liquidation	-	-	(72)	(291)	(236)	(599)
Sale of subsidiary	-	-	-	-	-	-
Cost as at 31 December 2018	**45,715**	**382,582**	**258,667**	**45,996**	**17,826**	**750,786**

(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
Amortisation and impairment losses as at 1 January 2018	**43,016**	**86,748**	**144,475**	**26,604**	**2,629**	**303,472**
Amortisation charge for the period	-	-	19,914	3,426	2,339	25,679
Impairment losses	2,182	717	-	6,927	-	9,826
Sale	(8,758)	-	-	-	-	(8,758)
Liquidation	-	-	(72)	(41)	-	(113)
Reclassifications	-	-	294	(1,908)	1,614	-
Sale of subsidiary	-	-	-	-	-	-
Amortisation and impairment losses as at 31 December 2018	**36,440**	**87,465**	**164,611**	**35,008**	**6,582**	**330,106**
Carrying amounts						
As at 1 January 2018	12,364	295,834	104,074	19,848	5,822	437,942
As at 31 December 2018	9,275	295,117	94,056	10,988	11,244	420,680

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 36.

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

4. PROPERTY, PLANT AND EQUIPMENT

	Land	Perpetual usufruct of land	Buildings	Plant, machinery and equipment	Vehicles	Other	Assets under construction	Total
Cost as at 31 December 2018	**25,480**	**13,442**	**550,514**	**876,097**	**7,810**	**216,466**	**45,159**	**1,734,968**
Application of IFRS 16	-	(13,442)	-	(56,711)	(492)	(16,390)	(127)	(87,162)
Cost as at 1 January 2019	**25,480**	**-**	**550,514**	**819,386**	**7,318**	**200,076**	**45,032**	**1,647,806**
Additions	-	-	20,459	24,022	584	10,351	80,987	136,403
Acquisitions	-	-	190	12,522	323	3,718	79,601	96,354
Transfer from assets under construction	-	-	20,203	3,562	100	3,829	-	27,694
Acquisitions through business combinations (note 33)	-	-	-	189	23	1	-	213
Reclassifications	-	-	49	-	-	-	-	49
Purchase of leased assets	-	-	-	7,749	-	2,785	-	10,534
Other	-	-	17	-	138	18	1,386	1,559
Disposals	(466)	-	(18,807)	(55,748)	(1,856)	(7,310)	(71,123)	(155,310)
Sale	-	-	(8,971)	(22,135)	(1,729)	(794)	(39,690)	(73,319)
Liquidation	-	-	(2,602)	(27,365)	(127)	(6,131)	(196)	(36,421)
Reclassifications	-	-	-	(44)	-	(4)	-	(48)
Transfer from assets under construction	-	-	-	-	-	-	(30,328)	(30,328)
Reclassification to non-current assets held for sale (note 4b)	(466)	-	(7,234)	(6,204)	-	(381)	-	(14,285)
Other	-	-	-	-	-	-	(909)	(909)
Cost as at 31 December 2019	**25,014**	**-**	**552,166**	**787,660**	**6,046**	**203,117**	**54,896**	**1,628,899**

(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 31 December 2018	**-**	**7,749**	**267,879**	**759,444**	**5,884**	**170,424**	**4,116**	**1,215,496**
Application of IFRS 16	-	(7,749)	-	(12,735)	(243)	(6,666)	-	(27,393)
Depreciation and impairment losses as at 1 January 2019	**-**	**-**	**267,879**	**746,709**	**5,641**	**163,758**	**4,116**	**1,188,103**
Depreciation charge for the period	-	-	19,593	22,467	575	8,512	-	51,147
Impairment losses	-	-	-	-	-	93	133	226
Reversal of impairment losses	-	-	-	-	-	(35)	(59)	(94)
Sale	-	-	(8,178)	(24,620)	(1,547)	(674)	-	(35,019)
Liquidation	-	-	(1,983)	(23,785)	(127)	(5,110)	(38)	(31,043)
Reclassification to non-current assets held for sale (note 4b)	-	-	(4,542)	(5,251)	-	(148)	-	(9,941)
Purchase of leased assets	-	-	-	4,479	-	2,370	-	6,849
Other	-	-	-	-	112	-	-	112
Depreciation and impairment losses as at 31 December 2019	**-**	**-**	**272,769**	**719,999**	**4,654**	**168,766**	**4,152**	**1,170,340**
Carrying amounts								
As at 1 January 2019	25,480	-	282,635	72,677	1,677	36,318	40,916	459,703
As at 31 December 2019	25,014	-	279,397	67,661	1,392	34,351	50,744	458,559

(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	**25,480**	**13,442**	**538,031**	**866,350**	**8,201**	**211,907**	**38,346**	**1,701,757**
Additions	-	-	16,303	35,608	414	10,545	90,541	153,411
Acquisitions	-	-	980	8,464	393	377	89,215	99,429
Transfer from assets under construction	-	-	14,873	24,009	21	10,167	300	49,370
Reclassifications	-	-	448	11	-	-	-	459
Other	-	-	2	3,124	-	1	1,026	4,153
Disposals	-	-	(3,820)	(25,861)	(805)	(5,986)	(83,728)	(120,200)
Sale	-	-	(1,903)	(3,808)	(805)	(2,018)	(27,988)	(36,522)
Liquidation	-	-	(1,898)	(22,053)	-	(3,528)	(770)	(28,249)
Reclassifications	-	-	(19)	-	-	(440)	(166)	(625)
Removal of fully depreciated assets	-	-	-	-	-	-	(53,811)	(53,811)
Other	-	-	-	-	-	-	(993)	(993)
Cost as at 31 December 2018	**25,480**	**13,442**	**550,514**	**876,097**	**7,810**	**216,466**	**45,159**	**1,734,968**

(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	**-**	**7,670**	**250,969**	**756,072**	**5,751**	**163,090**	**4,240**	**1,187,792**
Depreciation charge for the period	-	79	20,155	29,178	818	11,725	-	61,955
Impairment losses	-	-	-	-	-	144	151	295
Reversal of impairment losses	-	-	-	-	-	-	(202)	(202)
Sale	-	-	(1,896)	(3,795)	(685)	(1,441)	-	(7,817)
Liquidation	-	-	(1,655)	(22,027)	-	(2,772)	(73)	(26,527)
Reclassifications	-	-	306	16	-	(322)	-	-
Depreciation and impairment losses as at 31 December 2018	**-**	**7,749**	**267,879**	**759,444**	**5,884**	**170,424**	**4,116**	**1,215,496**
Carrying amounts								
As at 1 January 2018	25,480	5,772	287,061	110,278	2,450	48,817	34,107	513,965
As at 31 December 2018	25,480	5,693	282,635	116,653	1,926	46,042	41,043	519,472

Depreciation of property, plant and equipment 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.

(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 right-of-use assets are pledged as security for loan facility concerning Agora S.A. as well as bank loans and finance lease agreements concerning Helios S.A., Foodio Concepts Sp. z o.o. and Step Inside Sp. z o.o.

No.	Assets	Net book value at 31 December 2019
1	Perpetual usufruct*	4,162
2	Land	10,496
3	Buildings	124,029
4	Plant, machinery and equipment	61,775
5	Vehicles	577
6	Other fixed assets	17,014
		218,053

** 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 server building located at Daniszewska Street, Warsaw. The information about operating segments presented in note 22 includes above mentioned assets in the reconciliation items.

The Group has already taken active steps to sell the above assets. Company's Management Board expected to complete the sale in less than 12 months from the balance sheet date and assessed 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 42.

c) Contractual investment commitments

Contractual investment commitments are disclosed in note 36.

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

5. RIGHT-OF-USE ASSETS

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other right-of-use assets	Total
Cost as at 31 December 2018	**-**	**-**	**-**	**-**	**-**	**-**
Application of IFRS 16	42,649	417,882	-	662	-	461,193
Reclassifications from property, plant and equipment	13,442	-	56,838	492	16,390	87,162
Cost as at 1 January 2019	**56,091**	**417,882**	**56,838**	**1,154**	**16,390**	**548,355**
Additions	54,569	71,541	22,966	789	10,659	160,524
Increases due to leases	54,569	71,541	22,966	789	10,626	160,491
Reclassifications	-	-	-	-	33	33
Disposals	(3,112)	(6,922)	(7,792)	(257)	(2,785)	(20,868)
Reclassifications	-	-	(40)	-	-	(40)
Decreases due to leases	(3,112)	(6,922)	(3)	(257)	-	(10,294)
Purchase of leased assets	-	-	(7,749)	-	(2,785)	(10,534)
Cost as at 31 December 2019	**107,548**	**482,501**	**72,012**	**1,686**	**24,264**	**688,011**

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

5. RIGHT-OF-USE ASSETS – CONT.

	Land	Buildings	Plant, machinery and equipment	Vehicles	Other right-of-use assets	Total
Depreciation and impairment losses as at 31 December 2018	-	-	-	-	-	-
Reclassifications from property, plant and equipment	7,749	-	12,735	243	6,666	27,393
Depreciation and impairment losses as at 1 January 2019	**7,749**	**-**	**12,735**	**243**	**6,666**	**27,393**
Depreciation charge for the period	12,032	55,814	6,943	540	2,952	78,281
Decreases due to leases	(230)	(824)	(1)	(110)	-	(1,165)
Purchase of leased assets	-	-	(4,479)	-	(2,370)	(6,849)
Depreciation and impairment losses as at 31 December 2019	**19,551**	**54,990**	**15,198**	**673**	**7,248**	**97,660**
Carrying amounts						
As at 1 January 2019	48,342	417,882	44,103	911	9,724	520,962
As at 31 December 2019	87,997	427,511	56,814	1,013	17,016	590,351

The rights-of-use assets relate to assets used by The Group under long-term lease agreements, which include: Lease agreements for office space, finance lease agreements for cars, cinema equipment and catering facilities, and lease agreements for external advertising media in the *Outdoor* segment (In the table above presented in the category Land), the radio station location in the *Radio* segment and Helios cinema locations and the location of the restaurants in the *Film and Book* segment. The Group also holds perpetual usufruct of land, which are eligible under IFRS 16 for lease agreements.

In the case of office space and locations for cinemas and restaurants, the contractual period is between 1 and 10 years, car leasing and equipment leasing contracts cover a period between 2 and 5 years, outdoor media locations have 1 to 16 year contractual periods, and radio station locations for which concession periods are adopted are typically 10 years. The right of perpetual usufruct of land shall be valid for a further period of 70 years from the balance sheet date.

In the case of equipment under financial lease, which the Group intends to purchase after the lease term, the depreciation periods taken exceed the contractual period and are up to 10 years depending on the type of equipment.

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

6. LONG-TERM FINANCIAL ASSETS

Long-term financial assets include shares and loans granted to the unconsolidated companies.

	2019	2018
Balance as at beginning of the period	**379**	**83**
Shares	83	83
Loans granted	296	-
Additions	**1,214**	**296**
Loans granted	976	296
- grant of loans	976	296
Additional paid-in capital	238	-
- payments of paid-in capital	238	-
Disposals	**(810)**	**-**
Loans granted	(810)	-
- repayment of loans	(146)	-
- fair value adjustments	(600)	-
- reclassifications	(64)	-
Balance as at end of the period	**783**	**379**
Shares	83	83
Loans granted	462	296
Additional paid-in capital	238	-

The value of shares relates to held shares constituting 16.7% of the share capital of an unquoted company Polskie Badania Internetu Sp. z o.o., which deals with the research of internet market for participants of this market. In the Group's opinion, the value of shares included in the purchase price does not significantly differ from its fair value.

The loans granted relate to a loan granted by the Group company to her permanent business partner. In the Group's opinion as at 31 December 2019, the loan amount is not significant and is not subject to significant credit risk. Therefore, the Group assessed that the measurement of the loss allowance for expected credit losses for that financial instrument does not have a material impact on the consolidated financial statements.

In addition, the loan balance includes a loan granted to an associateHash.fm Sp. z o.o.in amount of PLN 800 thousand, as at 31 December 2019 covered with an impairment write-off in amount of PLN 600 thousand.

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

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2019	2018
Investments in associates	153,120	10,288
Investments in joint ventures	1,007	1,007
Total investments in equity accounted investees	**154,127**	**11,295**

Balance as at beginning of the period	**11,295**	**7,847**
Additions	151,432	9,601
Acquisition of shares in a company (note 33)	138,065	9,601
Share in net profits	4,716	-
Share capital increase (note 33)	8,651	-
Disposals	(8,600)	(6,153)
Share in net losses	-	(772)
Impairment loss	(507)	-
Reclassification to subsidiaries at the acquisition date	(871)	-
Sale of shares	-	(5,381)
Dividends received	(7,222)	-
Balance as at end of the period	**154,127**	**11,295**

Summarised financial information about associates is presented in note 38.

8. RECEIVABLES AND PREPAYMENTS

	31 December 2019	31 December 2018
Prepayments	978	2,285
Other	1,552	12,288
Total accounts receivable and prepayments	**2,530**	**14,573**

9. INVENTORIES

	31 December 2019	31 December 2018
Raw materials and consumables	10,242	27,284
Work in progress	4,513	3,241
Finished goods	3,407	2,538
Goods for resale	3,146	2,714
	21,308	**35,777**
Impairment losses recognised	10,928	10,052
Total inventories, gross	**32,236**	**45,829**

Finished goods and work in progress comprises mainly costs related to the production of own movies and publications.

The cost of inventories recognised as an expense amounted to PLN 113,792 thousand (2018: PLN 114,298 thousand) and is presented in “cost of sales” in the income statement.

Impairment losses and reversals of impairment losses are recognised in “cost of sales” in the income statement (in 2019 impairment losses in the net amount of PLN 877 thousand, in 2018 impairment losses in the net amount of PLN 1,529 thousand).

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

10. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	31 December 2019	31 December 2018
Trade receivables	179,305	177,777
Taxes, social security and similar	18,115	14,331
Prepayments	8,783	8,589
Other	23,892	26,067
	230,095	**226,764**
Impairment losses recognised (1)	34,037	33,381
Total accounts receivable and prepayments, gross	**264,132**	**260,145**

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

Other receivables include mainly loans granted to employees from the Group's social fund in the amount of PLN 12,238 thousand (31 December 2018: PLN 13,946 thousand). Loans are granted for periods up to 10 years and are repayable in monthly instalments. Loans granted bear a fixed interest rate no greater than 2%.

Accounts receivable include receivables from related parties – details are presented in note 39.

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

As at 31 December 2019 AMS S.A. provided to the bank cash deposits as cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw. As at 31 December 2019 the deposit receivable amounts to PLN 2.8 million and is presented within short-term receivables (as at 31 December 2018 the deposit receivable amounted to PLN 10.8 million and was presented within long-term receivables).

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

	31 December 2019		
	Gross value	Impairment losses	Net value
Current receivables	132,667	281	132,386
Overdue receivables within 1 month	33,868	138	33,730
Overdue receivables between 1 and 3 months	10,124	254	9,870
Overdue receivables between 3 and 6 months	2,867	405	2,462
Overdue receivables between 6 months and 1 year	1,821	1,283	538
Overdue receivables more than 1 year	31,995	31,676	319
	213,342	**34,037**	**179,305**

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

Changes in impairment losses on accounts receivable

	2019	2018
Balance as at beginning of the period	**33,381**	**14,766**
Additions	4,641	23,248
Reversals	(1,345)	(1,843)
Used impairment losses	(2,640)	(2,790)
Balance as at end of the period	**34,037**	**33,381**

11. SHORT-TERM SECURITIES AND OTHER FINANCIAL ASSETS

	31 December 2019	31 December 2018
Certificates in investment funds	9,582	122,407
Loans granted	74	43
	9,656	**122,450**

12. CASH AND CASH EQUIVALENTS

	31 December 2019	31 December 2018
Cash at bank and in hand	35,286	19,345
Short-term bank deposits	24,645	8,323
Cash in transit	1,101	4,267
Other	33	1,068
	61,065	**33,003**

Cash and cash equivalents includes the amount of PLN 4,649 thousand representing cash held on behalf of the Group's social fund (31 December 2018: PLN 6,126 thousand) and cash held in the VAT account in amount of PLN 1,898 thousand (31 December 2018: PLN 386 thousand).

13. SHARE CAPITAL

Registered share capital as 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, share issue
			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.

14. 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

15. LONG-TERM AND SHORT-TERM BORROWINGS

	31 December 2019	31 December 2018
Long term bank loans	71,085	30,623
Lease liabilities	487,581	33,963
Total long term borrowings	**558,666**	**64,586**
of which: *Lease liabilities resulting from the application of IFRS 16*	*436,764*	-
Short term bank loans	35,687	21,725
Lease liabilities	92,043	11,484
Total short term borrowings	**127,730**	**33,209**
of which: *Lease liabilities resulting from the application of IFRS 16*	*77,160*	-

On February 20, 2019 r. Agora S.A. used the available credit limit from Overdraft 1 in the amount of PLN 75,000 thousand 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 Agora S.A. signed Annex no. 5 to the Credit Line Agreement concluded with DNB Bank Polska S.A. on May 25, 2017, according to which Agora S.A. 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 Agora S.A. with a bank consortium. The leading bank in the bank consortium with which Agora S.A. is negotiating became DNB Bank Polska S.A.

As at 31 December 2019, Agora S.A. has an outstanding debt related to the non-renewable loan of PLN 87,515 thousand and overdraft in the amount of PLN 37 thousand.

Future cash flow from bank loans and lease liabilities are disclosed in note 35.

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

Additional information connected to loan and leasing agreement is included in the table below.

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

Creditor	Amount of agreement		Outstanding				Interest	Repayment schedule according to agreement	Collaterals	Other
	31 December 2019	31 December 2018	31 December 2019		31 December 2018					
			Long term	Short term	Long term	Short term				
Credits										
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)
Santander Bank Polska S.A. (formerly Bank Zachodni WBK S.A)	22,720	22,720	2,416	2,140	4,557	4,234	1M WIBOR + bank margin	monthly instalments until May 30, 2023	mortgage on properties in Białystok, Radom, Sosnowiec and Opole, registered pledge on cinema equipment, pledge on insurance policy, blank promissory note, patronage declaration from Agora S.A., subordinated loan from Agora S.A.	investment credit granted to Helios S.A.
BNP Paribas Bank Polska S.A. (formerly Raiffeisen Bank Polska S.A.)	69,200	69,200	8,388	6,163	13,501	6,124	1M WIBOR + bank margin	monthly instalments until March 29, 2024	registered pledge on cinema equipment, pledge on insurance policy, Bank`s right to settle liabilities arising from loan agreement against current account, blank promissory note with promissory note declaration, pledge on current account and other bank accounts managed by the Bank, mortgage on property in Opole, Bialystok, Sosnowiec and Radom, pledge on insurance policy, pledge on receivables from a contract on the basis of the agreement between the Bank and the Borrower	investment credit granted to Helios S.A.
BNP Paribas Bank Polska S.A. (formerly Raiffeisen Bank Polska S.A.)	1,500	1,500	9	104	103	103	1M WIBOR + bank margin	monthly instalments until December 31, 2020	mortgage on property in Opole, registered pledge on cinema equipment, pledge on insurance policy, Bank`s right to settle liabilities arising from loan agreement against current account, blank promissory note with promissory note declaration	revolving credit granted to Helios S.A.
mBank SA	8,000	8,000	-	-	-	2,085	WIBOR ON+ bank margin	credit facility in the current account until November 26, 2020	a statement on voluntary submission to enforcement	credit facility in the current account AMS S.A.

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

16. DEFERRED INCOME TAXES

Deferred income taxes are calculated using a rate of 19% and 9% (2018: 19% and 15%). The tax rate of 9% (for a small CIT taxpayer) applies to subsidiaries IM 40 Sp. z o.o., Optimizers Sp. z o.o. and Plan A Sp. z o.o., Piano Group Sp. z o.o. and Benefit Multimedia Sp. z o.o. (In 2018 IM 40 Sp. z o.o., Optimizers Sp. z o.o. and Plan A Sp. z o.o)

Deferred tax assets

	As at 1 January 2019	Recognised in the income statement	Recognised in other comprehensive income	Related to acquisition of a subsidiary	As at 31 December 2019
Accruals	**17,218**	618	-	-	**17,836**
Financial assets and liabilities	**-**	2	-	-	**2**
F/X differences	**1**	15	-	-	**16**
Interests liabilities	**115**	15	-	-	**130**
Deferred revenues	**9,041**	330	-	-	**9,371**
Provisions	**1,022**	148	31	-	**1,201**
Accelerated depreciation and amortisation	**1,736**	499	-	-	**2,235**
Impairment losses for inventories	**2,045**	186	-	-	**2,231**
Impairment losses for accounts receivable	**624**	214	-	-	**838**
Tax losses	**899**	(65)	-	-	**834**
Lease	**1**	231	-	-	**232**
	32,702	**2,193**	**31**	**-**	**34,926**

Deferred tax liabilities

	As at 1 January 2019	Recognised in the income statement	Recognised in other comprehensive income	Related to acquisition of a subsidiary	As at 31 December 2019
Accelerated depreciation and amortisation	**25,174**	(2,735)	-	602	**23,041**
Financial assets and liabilities	**66**	(18)	-	-	**48**
F/x differences	**2**	(1)	-	-	**1**
Interest receivables	**56**	(27)	-	-	**29**
Lease	**1,641**	(981)	-	-	**660**
Other	**408**	109	-	-	**517**
	27,347	**(3,653)**	**-**	**602**	**24,296**

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

Deferred tax asset

	As at 1 January 2018	Recognised in the income statement	Recognised in other comprehensive income	**As at 31 December 2018**
Accruals	**16,204**	1,014	-	**17,218**
Financial assets and liabilities	**15**	(15)	-	**-**
F/X differences	**25**	(24)	-	**1**
Interests liabilities	**88**	27	-	**115**
Deferred revenues	**9,745**	(704)	-	**9,041**
Provisions	**913**	154	(45)	**1,022**
Accelerated depreciation and amortisation	**5,245**	(3,509)	-	**1,736**
Impairment losses for inventories	**1,863**	182	-	**2,045**
Impairment losses for accounts receivable	**821**	(197)	-	**624**
Tax losses	**175**	724	-	**899**
Lease	**-**	1	-	**1**
	35,094	**(2,347)**	**(45)**	**32,702**

Deferred tax liabilities

Accelerated depreciation and amortisation	**28,074**	(2,900)	-	**25,174**
Financial assets and liabilities	**268**	(202)	-	**66**
F/x differences	**-**	2	-	**2**
Interests liabilities	**28**	28	-	**56**
Lease	**2,254**	(613)	-	**1,641**
Other	**261**	147	-	**408**
	30,885	**(3,538)**	**-**	**27,347**

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

Deferred tax assets and liabilities			31 December 2019
	Before offsetting	Offsetting	Carrying amount
Assets	34,925	(17,781)	17,144
Liabilities	24,295	(17,781)	6,514

			31 December 2018
Deferred tax assets and liabilities	Before offsetting	Offsetting	Carrying amount
Assets	32,702	(17,803)	14,899
Liabilities	27,347	(17,803)	9,544

Unrecognised tax assets

Due to uncertainty about the availability of future tax profits within the next five years the Group did not recognise certain deferred tax assets concerning some unused tax losses.

The amounts of unused tax losses and other deductible temporary differences 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	174,151	131,654	up to 2025*
Other deductible temporary differences	16,670	18,804	unlimited

** 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.*

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 and the 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 will be established on March 1st, 2018, and each subsequent tax year will overlap with the calendar year. The agreement shall be in force till December 31st, 2020.

In the agreement on the establishment of the Tax Capital Group, Agora 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.

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

17. OTHER FINANCIAL LIABILITIES

	2019	2018
Long term		
Put option liabilities	53,354	33,237
	53,354	**33,237**
Short term		
Put option liability	1,760	1,607
	1,760	**1,607**

Put option liabilities concern the estimated redemption amount of the put options granted to non-controlling shareholders.

As at December 31, 2019, its value amounted to:
- for non-controlling shareholders of Helios S.A. PLN 37,371 thousand (31 December 2018: PLN 33,237 thousand),
- for non-controlling shareholder of Goldenline Sp. z o.o PLN 1,760 thousand (31 December 2018: PLN 1,607 thousand),
- for non-controlling shareholder of Piano Group Sp. z o.o. PLN 9,360 thousand;
- for non-controlling shareholder of HRlink Sp. z o.o. PLN 6,623 thousand;

18. RETIREMENT SEVERANCE PROVISION

According to the Polish employment regulations, employees have the right to the retirement severances payments. The amount provided as at 31 December 2019 amounted to PLN 3,593 thousand (31 December 2018: PLN 3,157 thousand), including long-term retirement severance provision of PLN 3,316 thousand (31 December 2018: PLN 2,916 thousand).

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19. PROVISIONS

	Provision for restructuring	Provision for penalties, interests and similar	Provision for onerous contracts	Provision for the cost of compensation and severances for the former Management Board Members	Provision for legal claims	Other	**Total**
As at 1 January 2019	**1,466**	**1,519**	**463**	**74**	**137**	**110**	**3,769**
Additions	5,633	19	-	-	60	1,000	6,712
Set up of provisions	5,633	19	-	-	60	1,000	6,712
Disposals	(5,714)	(54)	(232)	(74)	(107)	(110)	(6,291)
Provisions used during the period	(5,687)	-	-	(74)	-	-	(5,761)
Unused provisions reversed	(27)	(54)	(232)	-	(107)	(110)	(530)
As at 31 December 2019	**1,385**	**1,484**	**231**	**-**	**90**	**1,000**	**4,190**
Long term portion	**829**	**-**	**-**	**-**	**-**	**-**	**829**
Short term portion	**556**	**1,484**	**231**	**-**	**90**	**1,000**	**3,361**

(i) Provision for restructuring

In 2018 in connection with the announcement of lay-offs in Print segment and restructuring in Magazine's Department, the Company established a provision for costs related to this process in the amount of PLN 3,618 thousand. As at 31 December 2018, the total provision outstanding for usage amounted PLN 1,466 thousand. In 2019 the Group created additional provision for costs related to restructuring in Print segment and supporting departments in amount of PLN 5,633 thousand. As at 31 December 2019 the total provision outstanding for usage amounted to PLN 1,385 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 will also be conducted with the works councils of the Company and Agora Poligrafia Sp. z o.o.

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

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

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

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

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);

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- 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 Group result in 1Q2019, amounted to PLN 5.6 million.

(ii) Provision for penalties, interests and similar

Provision for penalties, interests and similar includes mainly penalties for putting advertising panels on the waysides by the companies of the AMS Group.

(iii) Provision for onerous contracts

Provision for onerous contracts was recognised by the subsidiary Helios S.A. based on the analysis of the settlement of a long-term operating lease contract concerning one of the cinema locations within the Helios network.

(iv) Provision for legal claims

The Group is a defendant in court cases. As at 31 December 2019 the Group evaluated the risk of loss and payment of indemnities in those cases. The amount of indemnities was determined based on consultation with Group's lawyers taking into account the present status of those cases and information available. Additionally, the companies of the Group are the party of legal disputes in the amount of PLN 1,844 thousand (as at December 31, 2018: PLN 2,033 thousand), in cases when the Management Board estimates the probability of loss for less than 50%. Such disputes are contingent liabilities.

20. TRADE AND OTHER PAYABLES

Non-current	31 December 2019	31 December 2018
Non-current accruals	**1,928**	**-**
- related to incentive plans	1,928	-
Other non-current liabilities	**3,572**	**2,950**
- related to purchase of non-current assets	724	1,051
- other	2,848	1,899
Accruals and other liabilities	**5,500**	**2,950**

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

Current	31 December 2019	31 December 2018
Trade payables	63,081	46,270
Other taxes and social security	17,948	18,445
Current accruals, including:	87,444	81,332
- employee benefits (remuneration, vacation pay, bonuses)	*30,831*	*27,672*
- accrual for costs	*56,613*	*53,660*
Rebates liability	39,413	39,528
Returns liability	6,522	6,815
Liability due to acquisition of shares (note 33)	8,360	-
Other	24,031	20,152
Social Fund	17,327	20,372
Trade and other payables	**264,126**	**232,914**

Trade payables are non-interest bearing and are normally settled usually within 14 - 30 days.

Taxes and social security payables are non-interest bearing and are usually settled monthly.

Accounts payable include payables to related parties – details are presented in note 39.

21. 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	-	414
Prepayments for subscriptions	98	-
Prepayments for film's licences	-	36
Non-current contract liabilities	**98**	**450**
Current		
Prepayments for advertising services	2,306	4,316
Prepayments for subscriptions	4,177	3,283
Prepayments for film's licences	273	579
Sale of coupons to cinemas	7,074	5,469
Other contract liabilities	20	299
Current contract liabilities	**13,850**	**13,946**

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

	Non-current	Current	Total
As at 1 January 2019	**450**	**13,946**	**14,396**
Increase from prepayments received	98	13,361	13,459
Decrease from recognised revenue	-	(13,946)	(13,946)
Acquisitions through business combinations (note 33)	-	39	39
Reclassification	(450)	450	-
As at 31 December 2019	**98**	**13,850**	**13,948**

	Non-current	Current	Total
As at 1 January 2018	**1,358**	**12,958**	**14,316**
Increase from prepayments received	-	13,408	13,408
Decrease from recognised revenue	(370)	(12,958)	(13,328)
Reclassification	(538)	538	-
As at 31 December 2018	**450**	**13,946**	**14,396**

22. REVENUE AND OPERATING SEGMENT INFORMATION

(a) Operating segment information

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

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

Since the third quarter of 2019 printing activity is not presented in a separate *Print* segment. It is connected with suppression of two of the three printing plants operating within Agora Group and significant reduction in the scale of printing activities resulting from the market decline in demand for coldset printing. The printing plant located in Warsaw continues the activity, providing services mainly for *Gazeta Wyborcza* and has been included in the *Press* segment. Comparatives for 2018 have been converted accordingly.

Since the third quarter of 2019 the Group's activities are divided into five reportable operating segments as follows:

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

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

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

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

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

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

Data within each reportable segment are consolidated pro-forma. The Management Board monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Operating results of reportable segments do not include:

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

b) amortisation recognised on consolidation (described below).

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

Reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding office space costs of the Company's headquarter, which are allocated to segments), the Management Boards of Agora S.A., Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o., intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.

Operating depreciation and amortisation includes amortisation of intangible assets, depreciation of right-of-use assets in relation to IFRS 16 impact and fixed assets of each segment. Amortisation recognised on consolidation can be defined as consolidation adjustments, inter alia: the amortisation of intangible assets and adjustments to property, plant and equipment recognised directly on consolidation.

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

Amount of investment in associates and joint ventures accounted for by the equity method include the amount of acquired shares adjusted by the Group`s share of net results of those entities accounted for by the equity method. The financials presented for twelve months ended 31 December 2019 and 31 December 2018 relate to HRlink Sp. z o.o. (formerly Online Technologies HR Sp. z o.o – until August 31, 2019), Instytut Badan Outdooru Sp. z o.o., Stopklatka S.A. (until May 31, 2018), Hash.fm Sp. z o.o., ROI Hunter a.s. (from September 30, 2018) and Eurozet Sp. z o.o. (from March 1, 2019).

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

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

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2019						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Revenues from external customers	504,453	244,845	181,116	206,047	107,803	5,399	1,249,663
Intersegment revenues (2)	17,024	9,882	3,138	2,952	5,252	(38,248)	-
Total revenues	**521,477**	**254,727**	**184,254**	**208,999**	**113,055**	**(32,849)**	**1,249,663**
Total operating cost (1), (2), (3)	**(478,505)**	**(260,124)**	**(153,446)**	**(194,706)**	**(98,674)**	**(39,530)**	**(1,224,985)**
Operating profit / (loss) (1)	**42,972**	**(5,397)**	**30,808**	**14,293**	**14,381**	**(72,379)**	**24,678**
Total operating cost (excl. IFRS 16) (1), (2), (3)	***(483,974)***	***(260,154)***	***(154,276)***	***(194,706)***	***(98,879)***	***(40,299)***	***(1,232,288)***
Operating profit / (loss) (excl. IFRS 16) (1)	***37,503***	***(5,427)***	***29,978***	***14,293***	***14,176***	***(73,148)***	***17,375***
Net finance income and cost						(15,320)	(15,320)
Share of results of equity accounted investees (3)	-	-	71	(2,313)	6,958	-	4,716
Income tax						(8,068)	(8,068)
Net profit							**6,006**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;
*(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (*centralized IT, administrative, HR functions, etc., excluding office space costs of the Company's headquarter, which are allocated to segments*), the Management Boards of Agora S.A., Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 60,148 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group.*

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2019						
	Movies and books (3)	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Operating depreciation and amortisation	(85,229)	(7,562)	(31,323)	(7,253)	(7,032)	(17,046)	(155,445)
Operating depreciation and amortisation (excl. IFRS 16)	*(33,670)*	*(7,537)*	*(19,456)*	*(7,253)*	*(4,288)*	*(17,671)*	*(89,875)*
Amortisation recognised on consolidation (1)	(517)	-	-	(2,448)	-	254	(2,711)
Impairment losses	(475)	(1,100)	(1,654)	(8,498)	(653)	(841)	(13,221)
including non-current assets	-	-	*(226)*	*(7,388)*	-	-	*(7,614)*
Reversals of impairment losses	122	646	239	261	172	-	1,440
including non-current assets	-	-	*94*	-	-	-	*94*
Equity-settled share-based payments	305	-	-	(930)	-	-	(625)
Cost of restructuring (2)	-	(4,923)	-	-	-	(710)	(5,633)
Capital expenditure (3)	73,255	10,794	15,705	12,534	2,443	7,716	122,447

	As at 31 December 2019						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions (4)	Total
Property, plant and equipment and intangible assets	241,981	86,621	276,431	46,538	94,474	157,905	903,950
Right-of-use assets	484,921	89	61,148	-	14,612	29,581	590,351
Investments in associates and joint ventures accounted for by the equity method	-	-	71	17,120	136,936	-	154,127

(1) is not presented in operating result of the Group's segments;
(2) cost related to group lay-offs executed in Print segment in the first quarter of 2019;
(3) based on invoices booked in the period, Movies and books data include also lease of property, plant and equipment in the amount of PLN 23,049 thousand;
(4) reconciling positions include mainly Company's headquarter (PLN 95,665 thousand), buildings of printing plants in which printing activities have been discontinued and other property, plant and equipment and intangible assets of Agora S.A. and Agora TC Sp. z o.o. support divisions not included in particular segments and intercompany eliminations. Reconciling positions include also non-current assets as at December 31, 2019 presented in the assets held for sale balance sheet line as disclosed in note 4b.

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2018						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Revenues from external customers	403,007	275,439	170,353	174,387	112,244	5,728	1,141,158
Intersegment revenues (2)	16,093	10,077	1,502	3,423	3,752	(34,847)	-
Total revenues	**419,100**	**285,516**	**171,855**	**177,810**	**115,996**	**(29,119)**	**1,141,158**
Total operating cost (1), (2), (3)	**(385,750)**	**(319,002)**	**(144,903)**	**(162,213)**	**(98,763)**	**(29,652)**	**(1,140,283)**
Operating profit/(loss) (1)	**33,350**	**(33,486)**	**26,952**	**15,597**	**17,233**	**(58,771)**	**875**
Net finance income and cost						20,785	20,785
Share of results of equity accounted investees (3)	-	-	(61)	(144)	-	(567)	(772)
Income tax						(11,509)	(11,509)
Net profit							**9,379**

(1) segments do not include amortisation recognised on consolidation, which is presented in reconciling positions;
(2) the amounts do not include revenues and total cost of cross-promotion of Agora's different media if such promotion is executed without prior reservation between segments of the Agora Group; the direct variable cost of campaigns carried out on advertising panels is the only cost that is included above; it is allocated from the Outdoor segment to other segments;
(3) reconciling positions show data not included in particular segments, inter alia: operating costs and the result on other operating activities of Agora's support divisions (centralized IT, administrative, HR functions, etc., excluding costs of office space in the Company`s headquarters, which are allocated to segments since the first quarter of 2018), the Management Board, Agora TC Sp. z o.o. and Agora Finanse Sp. z o.o. (PLN 70,289 thousand), intercompany eliminations and other matching adjustments, which reconcile the data presented in the management reports to the consolidated financials of the Agora Group. In case of equity accounted investees, the reconciling positions include the investment in Stopklatka S.A.

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

(a) Operating segment information, continued

	Twelve months ended 31 December 2018						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions**	**Total**
Operating depreciation and amortisation	(30,272)	(9,819)	(19,714)	(5,261)	(4,053)	(15,516)	(84,635)
Amortisation recognised on consolidation (1)	(517)	-	-	(2,736)	-	254	(2,999)
Impairment losses	(506)	(23,733)	(1,630)	(8,180)	(293)	(354)	(34,696)
including non-current assets	-	*(2,285)*	*(295)*	*(7,541)*	-	-	*(10,121)*
Reversals of impairment losses	176	858	601	348	101	6	2,090
including non-current assets	-	-	*247*	-	-	-	*247*
Equity-settled share-based payments	(305)	-	-	(1,209)	-	-	(1,514)
Cost of group lay-offs (2)	-	(3,618)	-	-	-	-	(3,618)
Capital expenditure (3)	54,498	2,413	9,242	8,374	2,385	8,209	85,121

	As at 31 December 2018						
	Movies and books	**Press**	**Outdoor**	**Internet**	**Radio**	**Reconciling positions (4)**	**Total**
Property, plant and equipment and intangible assets	286,745	134,849	261,828	35,575	84,854	136,301	940,152
Investments in associates and joint ventures accounted for by the equity method	-	-	-	11,295	-	-	11,295

(1) is not presented in operating result of the Group's segments;
(2) cost related to group lay-offs executed in Print segment in the first quarter of 2018 and costs relating to restructuring in Magazine's Department in second quarter of 2018;
(3) based on invoices booked in the period, Movies and books data include also leased property, plant and equipment in the amount of PLN 26,978 thousand;
(4) reconciling positions include mainly Company's headquarter (PLN 99,044 thousand) and other property, plant and equipment and intangible assets of Agora's support divisions and Agora TC Sp. z o.o. not included in particular segments and intercompany eliminations;

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(a) Operating segment information, continued

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

	Twelve months ended 31 December 2019						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Advertising revenue	39,150	84,787	180,548	198,412	107,108	(30,313)	**579,692**
Ticket sales	258,081	-	-	-	321	(411)	**257,991**
Copy sales	33,184	109,708	-	55	-	(3,721)	**139,226**
Concession sales in cinemas	111,021	-	-	-	-	(29)	**110,992**
Printing services	-	47,188	-	-	-	-	**47,188**
Film distribution and production sales	39,131	-	-	-	-	(1)	**39,130**
Other	40,910	13,044	3,706	10,532	5,626	1,626	**75,444**
Total sales by category	**521,477**	**254,727**	**184,254**	**208,999**	**113,055**	**(32,849)**	**1,249,663**

	Twelve months ended 31 December 2018						
	Movies and books	Press	Outdoor	Internet	Radio	Reconciling positions	Total
Advertising revenue	31,868	101,650	170,224	167,036	110,078	(26,342)	554,514
Ticket sales	236,630	-	-	-	571	(772)	236,429
Copy sales	28,477	106,830	-	-	-	(4,197)	131,110
Concession sales in cinemas	90,403	-	-	-	-	(241)	90,162
Printing services	-	63,744	-	-	-	(14)	63,730
Film distribution and production sales	10,580	-	-	-	-	(130)	10,450
Other	21,142	13,292	1,631	10,774	5,347	2,577	54,763
Total sales by category	**419,100**	**285,516**	**171,855**	**177,810**	**115,996**	**(29,119)**	**1,141,158**

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Revenue includes barter sales of PLN 41,311 thousand (2018: PLN 39,304 thousand).

Revenues from advertising services, film distribution and from selling the 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.

23. EXPENSES BY NATURE

	2019	2018
Depreciation of property, plant and equipment (note 4)	51,147	61,955
Amortisation of intangibles (note 3)	28,609	25,679
Amortisation of right-of-use assets (note 5)	78,281	-
Raw materials, energy and consumables	153,338	153,407
Advertising and promotion costs	77,453	67,463
Operating lease rentals (2018)	-	108,225
Expense relating to short-term leases	34,772	-
Expense relating to leases of low-value assets (that are not short-term leases)	239	-
Expense relating to variable lease payments	5,547	-
Taxes and similar charges	7,099	10,536
Other external services rendered	441,061	365,863
Staff costs (note 26)	341,614	332,293
Total expenses by nature	**1,219,160**	**1,125,421**
Change in the balance of products	(191)	(131)
Cost of production for in-house use	(146)	(179)
Total operating expenses	**1,218,823**	**1,125,111**
Selling expenses	(222,474)	(206,595)
Administrative expenses	(153,911)	(141,079)
Cost of sales	**842,438**	**777,437**

In the *Movies and Books* segment the part of rental agreements related to locations of Helios cinemas also contains variable lease payments in addition to the fixed fee, depending on the level of revenue from the sale of tickets or on the level of participation in cinemas. According to the Group's estimates for the locations covered by these conditions, an increase in income or attendance in cinemas by 1% would result in an increase in lease payments of approximately PLN 190 thousand.

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24. OTHER OPERATING INCOME

	2019	2018
Gain on disposal of non-financial non-current assets (1)	1,575	14,418
Grants received	3,801	2,781
Reversal of impairment losses for non-financial non-current assets	94	247
Reversal of provisions	502	1,522
Donations received	2,399	-
Liabilities written off	750	661
Profit from decrease of lease scope	193	-
Other	3,454	2,886
	12,768	**22,515**

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

25. OTHER OPERATING EXPENSE

	2019	2018
Impairment losses recognised for non-financial non-current assets (note 3, 4)	7,614	10,121
Donations	828	737
Provisions recognised	1,290	516
Liquidation of fixed assets including dismantling panels	2,343	2,048
Other	3,559	2,860
	15,634	**16,282**
Impairment losses recognised for receivables - net		
Impairment losses recognised for receivables (note 10)	4,641	23,248
Reversal of impairment losses for receivables	(1,345)	(1,843)
	3,296	**21,405**

26. STAFF COSTS

	2019	2018
Wages and salaries	287,424	281,325
Social security costs	54,190	50,968
	341,614	**332,293**
Average number of employees	**2,579**	**2,783**

The headcount figure include employees of Agora S.A. and of the companies consolidated using the full consolidation method (see note 38).

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27. 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, whose scope is 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 September 5, 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 28.

The information related to liabilities to formerly Management Board members is described in note 20.

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Remuneration paid to Supervisory Board members comprised 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 of Agora S.A. until June 12, 2019

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

28. INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS

a) Incentive Plan for the Management Board members

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

(i) the stage of realisation of the target based on the EBITDA of the Agora Group ("the EBITDA target"). The amount of a potential bonus in this component of the Incentive Plan depends on the stage of the EBITDA target 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.

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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. is presented below:

	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 the reporting period 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.*

The cost 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 held the position 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

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

Starting from the third quarter 2017, the eligible employees of a subsidiary Yieldbird Sp. z o.o. participate in an equity-settled incentive program. On the basis of the plan, the eligible employees are entitled to receive shares in the company. The grant of shares is dependent on the fulfilment of a non-market condition, which is the continuation of employment within the agreed vesting period.

The rules, goals and conditions of the incentive plan were approved by the Agora S.A. Management Board resolution on 12 July 2017.

The fair value of the shares granted is recognised in staff costs over the vesting period with a corresponding increase in equity.

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The fair value of shares was determined at the grant date by applying a valuation model based on discounted cash flows of the company and by using a discount rate at the level of 9.8%. The model assumes that the eligible employees are entitled to receive dividends during the vesting period.

Additional information concerning the incentive plan is presented in the table below:

	Incentive plan based on shares of a subsidiary
Total number of shares granted	75
Fair value of one share measured at the grant date	PLN 44.63 thousand
Vesting period	
Tranche 1 (25 shares)	July 2017 – June 2019
Tranche 2 (25 shares)	July 2017 – June 2020
Tranche 3 (25 shares)	July 2017 – June 2021

Moreover, starting from the second quarter 2018, the eligible employees of a subsidiary Foodio Concepts Sp. z o.o. participate in an equity-settled incentive program. On the basis of the plan, the management board members of the Company are entitled to receive shares in the company. The grant of shares is dependent on the fulfilment of a non-market condition, which is the achievement of specified levels of revenue and operating result of the company in the future reporting periods. The company estimated the length of the expected vesting period on the basis of the long-term forecasts of financial results of the company. The fair value of the shares determined at the grant date is recognised in staff costs over the vesting period with a corresponding increase in equity. As at 31 December 2019, the provision for this plan has been terminated.

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

	2019	2018
Income statement – staff costs	(625)	(1,514)
Equity - non-controlling interest	625	1,514

29. FINANCE INCOME

	2019	2018
Interests on loans and similar items	44	24
Other interest and income from short-term financial assets	1,818	2,753
Gain on sale of financial assets (1)	-	26,700
Reversal of impairment losses for financial assets	133	152
F/x gains	3,664	51
Profit from valuation of shares of acquired subsidiary (note 33)	7,019	-
Other	189	29
	12,867	**29,709**

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

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30. FINANCE COST

	2019	2018
Interest on loans payable and similar items	4,515	2,235
Lease interest	17,751	1,332
Other interest	520	1,114
Impairment loss on financial assets (1)	1,114	-
Valuation of put options	4,287	4,239
Other	-	4
	28,187	**8,924**

(1) Impairment loss on financial assets relates to shares in and loans granted to the associated company Hash.fm Sp. z o.o.

31. INCOME TAXES

Income tax recognised in the consolidated income statement

	2019	2018
Current tax expense		
Current year	(14,911)	(13,340)
Adjustments for prior periods	997	640
	(13,914)	**(12,700)**
Deferred tax expense		
Origination and reversal of temporary differences	5,999	467
Utilization of tax loss	(268)	(50)
Origination of tax loss	281	774
The amount of benefit from a previously unrecognised tax loss	345	-
The adjustment of deferred tax related to tax losses	(511)	-
	5,846	**1,191**
Total tax expense recognised in the income statement	**(8,068)**	**(11,509)**

Income tax expense recognised in other comprehensive income

Tax expense recognised in other comprehensive income

	2019	2018
Actuarial gains/(losses) on defined benefit plans	31	(45)
Total tax expense recognised in other comprehensive income	**31**	**(45)**

Current tax receivables and liabilities are expected to be recovered or settled within one year.

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The tax on the Group'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/loss before tax	**14,074**	**20,888**
Tax calculated at a rate of 19% (2018: 19%)	**(2,674)**	**(3,969)**
Tax effect of:		
Share of results of equity accounted investees	896	(147)
Profit from valuation of shares of acquired subsidiary	1,334	-
Other non-taxable revenues	697	449
Other non-deductible expenses	(3,527)	(4,896)
Impairment loss recognised for goodwill	-	(117)
Temporary differences for which deferred tax was not recognised	(276)	(3,573)
Utilisation of tax losses for which deferred tax was not recognised	153	1,903
Tax losses for which deferred tax was not recognised	(6,368)	(2,374)
Recognition of deferred tax on tax losses from previous periods	345	-
Adjustment of deferred tax at disposal of joint venture	-	990
Other	1,466	225
Tax calculated at an effective rate of 57,3% (2018: 55,1%)	**(8,068)**	**(11,509)**

32. EARNINGS PER SHARE

In calculating earnings per share the following variables were used:
as numerators – net profits attributable to equity holders of the Company for the respective years,
as denominators - the average number of shares in the current year which is 46,580,831 for 2019 (2018: 46,580,831).

Weighted average number of shares

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

There are no dilutive factors.

33. BUSINESS COMBINATIONS

- **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 30 September 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 area of printing services. At the same time, the Extraordinary Shareholders' Meeting of Agora Poligrafia Sp. z o.o. stated that the said resolution did not represent a resolution on the dissolution of a company referred to in Article 270 point 2) of the Commercial Companies Code.

On 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 of PLN 8,024 thousand (acquisition price after considering transaction costs amounted to PLN 8,108 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 323,101 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 share capital increase in amount of PN 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, in the Management Board of Agora S.A., following the current report no. 22/2019 dated July 15, 2019 - *Conclusion of the negotiations and conclusion of the agreement concerning the acquisition of the majority holding in Piano Group Sp. z o.o. and the agreement of the partners*, 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.

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

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.

The following is the settlement of the acquisition after the acquisition price update has been taken into account.

Business combination accounting

As a result of the above mentioned transaction, the Group has obtained control over the company Piano Group and its subsidiaries. Since the date of its acquisition Piano Group is fully consolidated. The Group measured the non-controlling interests in the acquired company at the non-controlling interests proportionate share of the acquired's identifiable consolidated net assets.

The fair value of acquired assets and assumed liabilities and fair value of consideration transferred as at the acquisition date is as follows:

	Fair value as at the acquisition date PLN ths
Assets	
Property, plant and equipment	190
Long-term receivable and prepayments	99
Accounts receivable and prepayments	1,346
Other current financial assets	146
Cash and cash equivalents	149
	1,930
Liabilities	
Long-term borrowings	(26)
Trade and other payables	(260)
Short-term borrowings	(255)
	(541)
Identifiable net assets at fair value	**1,388**
Non-controlling interests	(555)
Purchase price, including	(14,860)
- cash consideration transferred	*(6,500)*
- liability arising from purchase of shares	*(8,360)*
Goodwill as at the acquisition date	**14,027**

The Piano Group's goodwill reflects among others skills, experience and knowledge of the team, development potential of cooperation with fitness clubs, contractors and customers of the Company, as well as the synergies resulting from the Company's inclusion in the Outdoor segment and the expected increase of share in the DOOH market. No part of the recognised goodwill is expected to be deductible for tax purposes.

The fair value of the acquired trade receivables amounted to PLN 1,236 thousand and loans granted amounted to PLN 146 thousand and are the gross value of amounts due to contracts. As at the acquisition date, it was estimated that the total amount would be recoverable.

The acquisition-related costs amounted to PLN 226 thousand and were included in administrative expenses in the income statement of the Agora Group for the third quarter of 2019.

From the date of acquisition till December 31, 2019, Piano Group has contributed revenues of PLN 3.5 million and a net profit of PLN 1.4 million to the consolidated revenues and net result of the Agora Group. If the business combination had occurred at the beginning of the financial year the revenues of Agora Group would have amounted to PLN 1,252.7 million and net profit to PLN 6.3 million for the period ended December 31, 2019.

The right granted to the non-controlling shareholder to sell his remaining equity interest in the company to AMS ("put option") meets the definition of a financial liability under IAS 32 and was recognised in the consolidated balance sheet of Agora Group at its estimated and discounted redemption value amounting to PLN 9,360 thousand as at the acquisition date. According to the Group accounting policy, at the initial recognition, the value of this liability decreased the line retained earnings within the Group`s equity.

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., informed 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. the 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.

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.

Business combination accounting

As a result of the above mentioned transaction, the Group has obtained control over the company HRlink Sp. z o.o. Since the date of its acquisition the company is fully consolidated. The Group measured the non-controlling interest in the acquired company at the non-controlling interest`s proportionate share of the acquired's identifiable consolidated net assets.

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

The fair value of acquired assets and assumed liabilities and fair value of consideration transferred as at the acquisition date is as follows:

	Fair value as at the acquisition date
	PLN ths
Assets	
Intangible assets (1)	4,484
Property, plant and equipment	22
Inventories	15
Accounts receivable and prepayments	1,143
Income tax receivable	10
Cash and cash equivalents	1,892
	7,566
Liabilities	
Deferred tax liabilities	(602)
Trade and other payables	(1,012)
Short-term borrowings	(280)
Contract liabilities	(39)
	(1,933)
Identifiable net assets at fair value	**5,633**
Non-controlling interests	(1,136)
Fair value of pre-existing equity interest in the company	(7,891)
Cash consideration transferred	(7,727)
Goodwill as at the acquisition date	**11,121**

(1) According to IFRS 3, the Group measured the acquired intangible assets of HRlink Sp. z o.o. at their acquisition-date fair value and recognised two intangible assets, which met the condition of identifiability under IFRS 3, that is: HR Link technology and the value of customer relations of HRlink Sp. z o.o ., which have not been presented up till now in the balance sheet of the company. Total fair value of acquired intangible assets amounted to PLN 4,484 thousand (including the remeasurement to fair value in the amount of PLN 3,171 thousand).

According to IFRS 3, the Group remeasured its pre-existing 46.15% equity interest in the company to its fair value as at the acquisition date, which resulted in a gain of PLN 7,019 thousand (being PLN 7,891 thousand less PLN 872 thousand carrying amount of the equity-accounted investee at the date of acquisition). The gain on the remeasurement of previously held equity interest was recognised as finance income in the consolidated income statement of Agora Group for the third quarter of 2019.

The HRlink's goodwill reflects among others skills, experience and knowledge of the team, development potential of cooperation with customers, development potential of currently held HR Link system and ability to obtain additional contracts and customers. No part of the recognised goodwill is expected to be deductible for tax purposes.

The fair value of the acquired trade receivables amounted to PLN 1,131 thousand. The gross value of amounts due to contracts was equal to PLN 1,328 thousand. As at the acquisition date, it was estimated that out of the total amount only PLN 97 thousand would not be recoverable.

The acquisition-related costs amounted to PLN 223 thousand and will be included in administrative expenses in the income statement of the Agora Group for the third quarter of 2019.

From the date of acquisition till December 31, 2019, HRlink Sp. z o.o has contributed revenues of PLN 2.8 million and a net loss of PLN 0.3 million to the consolidated revenues and net result of the Agora Group. If the business combination had occurred at the beginning of the financial year the revenues of Agora Group would have amounted to PLN 1,254.6 million and net loss PLN 5.7 million for the period ended December 31, 2019.

The right granted to the non-controlling shareholder to sell his remaining equity interest in the company to Agora ("put option") meets the definition of a financial liability under IAS 32 and was recognised in the consolidated balance sheet of Agora Group at its estimated and discounted redemption value amounting to PLN 6,623 thousand. According to the Group accounting policy, at the initial recognition, the value of this liability decreased the line retained earnings within the Group`s equity.

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.

(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.

34. FINANCIAL RISK MANAGEMENT

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

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

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

Risk management framework

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

The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 Group's activities.

The Company Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. 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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, granted loans and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group'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 the Group). The value of transactions with none of distributors of the Group has exceeded 10% of the total revenue of the Group.

The Group 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 Group 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 10.

Investments

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

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 35.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The Group ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. In addition, as at December 31, 2019, the Group maintains a credit facility in DNB Bank Polska S. A. described in note 15.

In addition, the Company has implemented a liquidity management system, which functions 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. Intra-group balances and transactions related to cash pooling agreement are eliminated in the consolidated financial statements.

Payment deadlines concerning trade payables are described in note 20 and bank loans in note 15. Future estimated cash flows related to financial liabilities are described in note 35.

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 Group'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 rate of return.

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. The Group's foreign currency risk is significantly impacted by the carrying valuation of lease liabilities.

Cash and cash equivalents denominated in foreign currency amounted to PLN 5,643 thousand as at balance sheet date (31 December 2018: PLN 2,301 thousand), mainly in EURO and USD.

Accounts receivable in foreign currency amounted to PLN 7,798 thousand as at balance sheet date (31 December 2018: PLN 7,132 thousand), principally in EURO and USD.

Accounts payable requiring settlement in foreign currency amounted to PLN 403,995 thousand as at balance sheet date (31 December 2018: PLN 2,804 thousand), payable principally in EURO and USD.

The Group does not hedge against exchange rate risk by entering into long-term hedging contracts. However, the Group may still enter into short term forward currency contracts with maturity up to 6 months.

In 2019, Agora S.A. was not engaged in any currency option instruments or other derivatives (used for hedging or speculative ones).

Interest rate risk

The Group invests in short-term deposits and short-term securities with variable interest rates. All the deposits and securities mature within one year.

Additionally, the Group has interest bearing bank loans and finance lease agreements with interest at a floating rate based on WIBOR 1M or 3M.

Sensitivity analysis

a) Interest rate risk

The Group has many financial instruments (including bank deposits, credits and loans). 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 a +/- 1pp change in interest rates, the impact of changes in fair value of financial instruments is estimated at the level of net loss/profit of PLN 898 thousand (as at December 31, 2018: PLN 522 thousand).

b) Foreign currency risk

The Group has many financial instruments (including bank deposit, 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 1%, the fair value of financial instruments that will fluctuate, is estimated to impact the net profit/loss in the amount of PLN 3,163 thousand (as at December 31, 2018: PLN 54 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 of the Group is the Management Board's overarching priority and the Group 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 possibility to reach higher rate of 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

35. FINANCIAL INSTRUMENTS

1) General information

	Short-term financial assets	Bank deposits	Loans granted	Bank loans received
a) Classification	Certificates in investment funds – financial asset at fair value through profit or loss	Financial assets measured at amortized cost	Financial assets measured at amortized cost	Financial liability
b) Nature of the instrument	Short-term low risk investments	Short-term low risk investments	Long- and short-term loans	Bank loans
c) Carrying value of the instrument	2019: PLN 9,582 thousand 2018: PLN 122,407 thousand	2019: PLN 24,645 thousand 2018: PLN 8,323 thousand	2019: PLN 536 thousand 2018: PLN 339 thousand	2019: PLN 106,772 thousand 2018: PLN 52,348 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 and entities co-operating with the Group	Bank loan – investment needs Bank overdraft – operating needs
f) Amount on which future payments are based	Total value of investments	Total value of deposits	Face value	Face value
g) Amount and timing of future cash receipts or payments	Interest depending on maturity	Interest depending on maturity	Interest depending on maturity	Bank loans - Interests paid monthly
h) Date of repricing, maturity, expiry or execution	Liquid	Liquid – overnight or within 3 months	According to agreements	Payment terms for all loans are described in note 15
i) Early settlement option	Any time	Any time	Possible	Possible
j) Execution price or range of prices	Market value	Face value plus interests	Face value plus interests	Face value plus interests
k) Option to convert or exchange instrument to other asset or liability	None	None	None	None
l) Stated rate or amount of interest, dividend or other periodic return and the timing of payments	According to valuation of certificates, based on currency market instruments Timing of payments– at maturity, on the basis of the Group's decision	WIBID minus margin Timing of payments – at maturity	WIBOR + margin Timing of payments– instalments or at maturity date	Bank loans – WIBOR + bank margin Timing of payments - monthly
m) Collateral held or pledged	None	None	Pledge on shares belonging to the shareholder of Hash.fm Sp. z o.o.	Collaterals are described in note 15

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	Short-term financial assets	Bank deposits	Loans granted	Bank loans received
n) 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
o) 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
p) Fair value of the instrument	Equal to carrying value	Close to carrying value	Close to carrying value	Close to carrying value
q) Method of fair value determination	Market quotations	Discounted cash flow	Discounted cash flow	Discounted cash flow
Interest rate risk				
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				
u) Description of the risk	Depending on the creditworthiness of the financial institution	Depending on the creditworthiness of the bank	Depending on the creditworthiness of the borrowers	None
w) Maximum credit risk exposure	Amount deposited	Amount deposited less amount from BFG	Amount deposited	n/a

The information about trade receivables is included in note 10 and about trade payables in note 20.

2) Detailed information on financial instruments

	2019	2018
Interest income on financial assets		
Bank deposits	233	383
Short-term financial assets (investment certificates)	1,407	2,112
Loans granted	44	24
Other	164	230
Impairment losses recognised for financial assets		
Loans granted	(608)	-
Interest and commissions expense on financial liabilities		
Bank loans	(4,515)	(2,235)
Lease liabilities	(17,751)	(1,332)
Other	(123)	(119)

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

3) Fair value hierarchy for financial instruments

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

-level 1: quoted prices in active markets (unadjusted) for identical assets or liabilities;

-level 2: valuation techniques in which inputs that are significant to fair value measurement are observable, directly or indirectly, market data;

-level 3: valuation techniques in which inputs that are significant to fair value measurement are not based on observable market data.

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

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

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

The table below shows reconciliation from the beginning balance to the ending balance for financial instruments in Level 3 of the fair value hierarchy:

	As at 31 December 2019	As at 31 December 2018
Opening balance	**34,844**	**30,605**
Additions resulting from initial recognition (note 33)	15,983	-
Remeasurement recognised in profit or loss , incl.:	4,287	4,239
- finance cost	*(4,287)*	*(4,239)*
Closing balance	**55,114**	**34,844**

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

In case of the put option granted to the non-controlling shareholders of Helios S.A., an increase of the estimated EBIT level over the period specified in put option conditions by 10%, would cause an increase of put option liability by c.a. PLN 4,553 thousand, while an increase of the discount rate by 1pp, would cause a decrease of the liability by c.a. PLN 1,886 thousand.

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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:

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	111,957	16,768	21,542	35,545	38,102	-
Lease liabilities	713,417	48,818	46,713	90,067	214,461	313,358
including: Lease liabilities resulting from the application of IFRS 16	*641,135*	*40,094*	*38,135*	*72,766*	*181,144*	*308,996*
Trade payables	63,081	63,081	-	-	-	-
Liability due to acquisition of shares	8,360	-	8,360	-	-	-
Put option liabilities	73,154	1,760	-	-	20,616	50,778*
Liabilities related to purchase of non-current assets	17,076	16,058	195	404	419	-
Total	**987,045**	**146,485**	**76,810**	**126,016**	**273,598**	**364,136**

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	54,906	12,950	9,859	17,529	14,568	-
Finance lease liabilities	49,905	7,430	5,685	10,820	22,210	3,760
Trade payables	46,270	46,270	-	-	-	-
Put option liabilities	49,226	-	1,760	-	-	47,466*
Liabilities related to purchase of non-current assets	18,007	16,606	188	390	823	-
Total	**218,314**	**83,256**	**17,492**	**28,739**	**37,601**	**51,226**

** liquidity period according to the estimated optimal economic period of put option realisation by non-controlling shareholders of Helios S.A. based on long-term financial forecasts included in the valuation of the put option. According to option agreements, there is also a possibility of settling options in former liquidity periods.*

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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	Purchased property, plant and equipment under lease	Interests and commissions accrued	Acquired with the purchase of the company	F/X differences	Reducing the scope of the agreements	As at 31 December 2019
Bank loans	52,348	53,799	(4,378)	-	4,442	561	-	-	106,772
Lease liabilities	45,447	(72,364)	(17,751)	617,179	17,751	-	(3,952)	(6,686)	579,624

		Cash flows		Non-cash changes		
	As at 31 December 2017	Capital	Interests and commissions	Purchased property, plant and equipment under lease	Interests and commissions accrued	As at 31 December 2018
Bank loans	55 027	(2 650)	(2 167)	-	2 138	52 348
Finance lease liabilities	30 250	(11 781)	(1 332)	26 978	1 332	45 447

36. CONTRACTUAL INVESTMENT COMMITMENTS

Contractual investment commitments related to fixed assets existing at the balance sheet date amounted to PLN 18,469 thousand (31 December 2018: PLN 23,715 thousand) and to intangible assets amounted to PLN 733 thousand (31 December 2018: 140 PLN thousand).

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

37. CONTINGENCIES, GUARANTEES AND OTHER COLLATERALS

As of 31 December 2019, 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	Value As at 31 December 2019	Value As at 31 December 2018	Scope of collateral
Guarantees provided by Agora S.A.					
Bank Pekao S.A.	Agora’s employees	29 Feb 2020 - 16 Jun 2021	89	126	loans for the purchase of photographic equipment
Guarantees provided by Agora Finanse Sp. z o.o.					
DNB Bank Polska S.A.	Agora S.A.	1 Apr 2024	-	202,500	Agora SA's liabilities from credit agreement
Guarantees provided by Adpol Sp. z o.o.					
mBank S.A.	AMS S.A.	2 Mar 2020 - 24 Apr 2020	24,200	16,200	bank guarantees related to the contract for the construction of bus shelters in Warsaw
Bills of exchange issued by AMS S.A. and Adpol Sp. z o.o.					
Gmina Miasto Szczecin	AMS S.A.	indefinite period	90	90	rent agreements on advertising panels
Zarzad Drog Miejskich Warszawa	Adpol Sp. z o.o.	1 Jan 2022	200	200	contract for construction and exploitation of MSI panels

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

Moreover, AMS S.A. provided to the bank cash deposits as cash collateral securing the bank guarantees issued in relation to the concession contract for construction and utilization of bus shelters in Warsaw. As at 31 December 2019 the deposit receivable amounts to PLN 2.8 million and is presented within short-term receivables.

Information on contingent liabilities related to legal disputes is described in note 19.

Advertising panels dismantling costs

Majority of lease agreements for rent of space for advertising panels includes an obligation to remove panels and restore the space to its previous condition. Agreements are usually concluded for finite or indefinite period with a specified period of notice, shorter than the useful life of the panels. Despite provisions of the agreements, the necessity to uninstall the panel will depend on future decisions taken at the end of the lease period. In case that the lease agreements will be extend for the next period, AMS S.A. will not bear the costs of uninstall the panels in this period. In relation to the period of the contracts the costs of uninstalling panels are not for AMS S.A. significant.
Taking into account these uncertainties, AMS S.A. decided to recognize expenditures on restoration when incurred or when the decision to restructure the panels is taken (including restoration). The restoration costs amounted to PLN 654 thousand in 2019 and PLN 521 thousand in 2018.

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

38. GROUP COMPANIES

Basic information about the companies composing the Agora Group is presented in the tables below:

		31 December 2019							
		% of shares held (effectively)	Assets		Liabilities		Revenue	Net result	Other comprehensive income
	Companies consolidated (1)		Non-current	Current	Non-current	Current			
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	28,980	914	6	9,077	12,899	(5,917)	50
2	AMS S.A., Warsaw	100.0%	241,562	83,014	45,148	84,154	181,775	27,218	8
3	IM 40 Sp. z o.o., Warsaw (2)	72.0%	781	2,411	334	577	3,543	1,303	-
4	Grupa Radiowa Agory Sp. z o.o. (GRA) Sp. z o.o., Warsaw	100.0%	70,839	7,105	10,945	8,322	51,296	16,107	(23)
5	Adpol Sp. z o.o., Warsaw (3)	100.0%	10,120	49,596	693	5,940	13,591	402	(3)
6	Inforadio Sp. z o.o., Warsaw (2)	66.1%	3,397	4,324	1,741	1,522	14,065	1,898	(7)
7	Agora TC Sp. z o.o., Warsaw	100.0%	287	1,561	37	529	4,796	537	(4)
8	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	2,470	26,910	160	23,191	105,463	3,721	(10)
9	Domiporta Sp. z o.o., Warsaw	100.0%	1,526	1,242	23	777	9,269	(807)	-
10	Helios S.A., Lodz	91.4%	678,765	42,503	406,943	152,775	417,565	29,655	(51)
11	Next Film Sp. z o.o., Warsaw (4)	91.4%	4,929	9,600	11	5,462	53,341	693	(3)
12	Yieldbird Sp. z o.o., Warsaw (6)	93.7%	4,716	28,776	441	21,711	141,916	6,298	(8)
13	Next Script Sp. z o.o., Warsaw (5)	75.9%	-	430	-	12	-	(12)	-
14	Optimizers Sp. z o.o., Warsaw (3)	100.0%	77	145	-	123	-	48	-
15	Goldenline Sp. z o.o., Warsaw	92.7%	244	1,016	22	4,481	6,949	(5,817)	(2)
16	Plan A Sp. z o.o., Warsaw	100.0%	-	32	-	-	-	(11)	-
17	Agora Finanse Sp. z o.o., Warsaw	100.0%	16	9,829	-	9,591	-	244	-
18	Foodio Concepts Sp. z o.o., Lodz (4)	82.3%	17,673	1,929	8,312	11,912	9,314	(9,034)	-
19	Step Inside Sp. z o.o. (4), (8)	91.4%	16,170	5,164	7,673	5,013	6,975	(1,352)	-
20	Piano Group Sp. z o.o., Warsaw (3), (7)	60.0%	149	4	128	2	-	(7)	-
21	Benefit Multimedia Sp. z o.o., Warsaw (3), (7)	60.0%	-	67	-	64	25	(17)	-
22	Benefit Multimedia SKA, Warsaw (3), (7)	60.0%	478	3,200	-	800	3,495	1,391	-
23	HRlink Sp. z o.o. (formerly: Online Technologies HR Sp. z o.o.), Szczecin (9)	79.8%	1,710	1,831	-	781	2,788	(304)	-

(1) the presented data are before elimination of intergroup transactions;
(2) indirectly through GRA Sp. z o.o.;
(3) indirectly through AMS S.A.;
(4) indirectly through Helios S.A.;
(5) indirectly through Next Film Sp. z o.o.;
(6) acquisition of additional shares on August 8, 2019;
(7) acquisition of shares on July 15, 2019, the data from the profit and loss account include data from the date of acquisition;
(8) 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;
(9) 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, the data from the profit and loss account shall include data from the date of taking control over the Company.

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

		31 December 2018							
		% of shares held (effectively)	Assets		Liabilities		Revenue	Net result	Other comprehensive income
Companies consolidated (1)			Non-current	Current	Non-current	Current			
1	Agora Poligrafia Sp. z o.o., Tychy	100.0%	31,416	8,717	62	13,393	28,182	(7,312)	20
2	AMS S.A., Warsaw	100.0%	187,749	105,840	1,627	96,335	173,741	27,581	(58)
3	IM 40 Sp. z o.o., Warsaw (2)	72.0%	421	3,128	-	350	3,806	1,621	-
4	Grupa Radiowa Agory Sp. z o.o. (GRA) Sp. z o.o., Warsaw	100.0%	59,603	16,108	147	6,371	51,936	12,737	2
5	Adpol Sp. z o.o., Warsaw (3)	100.0%	6,157	50,872	53	3,234	12,743	1,058	(17)
6	Inforadio Sp. z o.o., Warsaw (2)	66.1%	2,642	6,404	1,084	1,716	13,926	1,703	1
7	Agora TC Sp. z o.o., Warsaw	100.0%	214	3,354	28	1,916	5,867	873	-
8	Doradztwo Mediowe Sp. z o.o., Warsaw (2)	100.0%	2,715	27,665	101	22,427	108,706	3,914	6
9	Domiporta Sp. z o.o., Warsaw (6)	100.0%	1,180	2,641	55	992	9,655	348	7
10	Helios S.A., Lodz	91.4%	252,858	46,266	56,442	88,736	367,915	32,345	6
11	Next Film Sp. z o.o., Warsaw (4)	91.4%	3,639	7,005	28	2,251	14,490	(3,823)	(2)
12	Yieldbird Sp. z o.o., Warsaw (7)	81.5%	4,352	16,830	4	11,437	93,310	5,731	1
13	Next Script Sp. z o.o., Warsaw (5)	75.9%	-	432	-	2	-	(12)	-
14	Optimizers Sp. z o.o., Warsaw	100.0%	5	170	-	123	173	(308)	-
15	Goldenline Sp. z o.o., Warsaw	92.7%	3,461	3,429	16	4,298	14,251	(700)	8
16	Plan A Sp. z o.o., Warsaw	100.0%	-	43	-	-	-	(12)	-
17	Agora Finanse Sp. z o.o., Warsaw (8)	100.0%	56	122,430	-	122,677	-	(196)	-
18	Foodio Concepts Sp. z o.o., Lodz (4), (9)	82.3%	2,838	2,620	573	1,168	295	(1,589)	-

(1) the presented data are before elimination of intergroup transactions;
(2) indirectly through GRA Sp. z o.o;
(3) indirectly through AMS S.A.;
(4) indirectly through Helios S.A,
(5) indirectly through Next Film Sp. z o.o., on May 28, 2018 the share capital was increased and new shares were taken up by the majority shareholder;
(6) on October 30, 2018 the National Court Register registered the change of the company`s business name from Trader.com (Polska) Sp. z o.o. to Domiporta Sp. z o.o.;
(7) acquisition of shares from non-controlling shareholders on December 4, 2018;
(8) company set up on February 28, 2018;
(9) company set up on March 6, 2018.

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

38. GROUP COMPANIES, CONTINUED

		31 December 2019							
		% of shares held (effectively)	Assets		Liabilities		Revenue	Net result	Other comprehensive income
Joint ventures and associates accounted for using the equity method (1)			Non-current	Current	Non-current	Current			
1	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (2)	50.0%	17	443	-	51	574	326	-
2	Hash.fm Sp. z o.o., Warsaw	49.5%	21	1,508	800	705	5,106	(475)	-
3	ROI Hunter a.s., Brno (3)	23.9%	16,408	10,450	4,512	2,757	20,913	(10,928)	-
4	Eurozet sp. z o.o., Warsaw (4)	40.0%	325,788	80,933	72,813	50,152	187,658	17,394	-
5	HRlink Sp. z o.o. (formerly Online Technologies HR Sp. z o.o.), Szczecin (5)	46.2%	-	-	-	-	4,919	(293)	-

(1) the presented data are after consolidation adjustments;
(2) indirectly through AMS S.A.;
(3) acquisition of shares on June 17, 2019;
(4) acquisition of shares on February 20, 2019; the data presented in the table include the consolidated financial data of the Eurozet Group from the date of acquisition; the presented balance sheet and profit and loss account includes consolidation adjustments resulting from the measurement of assets to fair value at the date of acquisition of the shares in the company in accordance with the requirements of IAS 28, adjustment of net result due to amortisation of revaluation to fair value after deferred tax in amount of PLN 9,732 thousand was taken into account.
(5) shares in the company and the data from the profit and loss account shall include data from the date of acquisition of control of the company.

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

38. GROUP COMPANIES, CONTINUED

		31 December 2018							
			Assets		Liabilities				
	Joint ventures and associates accounted for using the equity method (1)	% of shares held (effectively)	Non-current	Current	Non-current	Current	Revenue	Net result	Other comprehensive income
1	HRlink Sp. z o.o. (formerly Online Technologies HR Sp. z o.o.), Szczecin (6)	46.2%	1,017	653	-	777	5,547	104	-
2	Instytut Badan Outdooru IBO Sp. z o.o., Warsaw (2), (7)	50.0%	34	48	-	-	-	(253)	-
3	Hash.fm Sp. z o.o., Warsaw	49.5%	66	2,520	-	2,085	7,336	(224)	-
4	ROI Hunter a.s., Brno (8)	13.4%	20,842	9,081	4,013	1,926	4,467	(715)	-
5	Stopklatka S.A., Warsaw (9)	0.0%	-	-	-	-	11,139	(1,379)	-

(6) HRlink Sp. z o.o. (formerly: Online Technologies HR Sp. z o.o). was classified as joint venture, due to the fact that, on the basis of the investment agreement and company agreement, decisions about the relevant activities require the unanimous consent of the both main investors sharing control;

(7) acquisition of additional shares on September 7, 2018; in 2018 the Group did not recognise a part of share of loss in the company (in the amount of PLN 92 thousand), because the Group had no obligation to cover this loss;

(8) acquisition of shares on September 25, 2018;

(9) disposal of shares in the company on June 14, 2018, the presented income statement data include period from 1 January till 31 May 2018.

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

38. GROUP COMPANIES, CONTINUED

Information concerning the non-controlling interests in subsidiaries is presented in the table below:

	31 December 2019				
Company	% of shares held by non-controlling interests as at 31 December 2019	Accumulated amount of non-controlling interests as at 31 December 2019	Net profit/(loss) allocated to non-controlling interests in 2019	Other comprehensive income allocated to non-controlling interests in 2019	Dividends paid to non-controlling shareholders in 2019
IM 40 Sp. z o.o.	28.0%	638	365	-	621
Inforadio Sp. z o.o.	33.9%	1,517	644	2	1,248
Helios S.A.	8.6%	13,298	2,503	4	1,884
Next Film Sp. z o.o.	8.6%	5	59	-	-
Yieldbird Sp. z o.o.	6.3%	2,268	903	1	1,040
Next Script Sp. z o.o.	24.1%	99	(3)	-	-
Goldenline Sp. z o.o.	7.3%	276	(789)	-	-
Foodio Concepts Sp. z o.o.	17.7%	(104)	(1,600)	-	-
Step Inside Sp. z o.o.	8.6%	740	(116)	-	-
Piano Group (1)	40.0%	1,103	547	-	-
HRlink Sp. z o.o. (formerly: Online Technologies HR Sp. z o.o.)	20.2%	1,092	(45)	-	-
Total		**20,932**	**2,468**	**7**	**4,793**

(1) Piano Group comprise companies: Piano Group Sp. z o.o., Benefit Multimedia Sp. z o.o. and Benefit Multimedia Sp. z o.o. S.K.A.

	31 December 2018				
Company	% of shares held by non-controlling interests as at 31 December 2018	Accumulated amount of non-controlling interests as at 31 December 2018	Net profit/(loss) allocated to non-controlling interests in 2018	Other comprehensive income allocated to non-controlling interests in 2018	Dividends paid to non-controlling shareholders in 2018
IM 40 Sp. z o.o.	28.0%	895	453	-	398
Inforadio Sp. z o.o.	33.9%	2,120	577	-	1,034
Helios S.A.	8.6%	13,530	2,733	-	1,873
Next Film Sp. z o.o.	8.6%	(55)	(327)	-	-
Yieldbird Sp. z o.o.	18.5%	2,577	1,284	-	905
Next Script Sp. z o.o.	24.1%	102	(4)	-	-
Goldenline Sp. z o.o.	7.3%	1,065	(150)	1	34
Foodio Concepts Sp. z o.o.	17.7%	915	(275)	-	-
Total		**21,149**	**4,291**	**1**	**4,244**

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

The effect of transactions with non-controlling interests on the equity attributable to owners of the parent is presented in the table below:

	31 December 2019	31 December 2018
The change in the equity attributable to owners of the parent resulting from:		
- acquisition of additional shares from non-controlling shareholders (1)	(7,007)	(1,699)
- increase of share capital in a subsidiary	-	(15)
- subscription for shares by non-controlling shareholders	(885)	(885)
- put options granted to non-controlling shareholders (2)	(15,983)	-
Net impact on the equity attributable to owners of the parent	**(23,875)**	**(2,599)**

(1) The change in 2019 and in 2018 relates to the effect of accounting for the acquisition of shares from non-controlling shareholders of Yieldbird Sp. z o.o.
(2) Put options granted to non-controlling shareholders of companies: Piano Group Sp. z o.o. and HRlink Sp. z o.o. (formerly: Online Technologies HR Sp. z o.o.)

39. RELATED-PARTY TRANSACTIONS

Table below presents total investments and the balances with related parties:

	31 December 2019	31 December 2018
Joint ventures		
Shares	71	1,007
Trade receivables	-	6
Trade liabilities	-	8
Other liabilities	-	2
Associates		
Shares	154,056	10,288
Non-current loans granted	200	-
Trade receivables	112	128
Trade liabilities	57	19
Major shareholder		
Trade receivables	4	1
Other liabilities	276	10
Management Board of the Company		
Receivables	1	4
Put option liabilities (1)	31,473	27,991
Management Boards of group companies		
Receivables	38	24
Put option liabilities (1)	13,244	3,769
Other liabilities	26	2

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

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

Table below presents total transactions with related parties during the year:

	2019	2018
Joint ventures		
Sales	9	287
Purchases	(200)	(108)
Interests on loans granted	-	16
Associates		
Sales	142	97
Purchases	(499)	(80)
Interests on loans granted	25	-
Other operating income	2	-
Dividend income (1)	7,222	-
Major shareholder		
Sales	26	23
Other operating revenues	2,250	30
Management Board of the Company		
Sales	3	5
Finance costs - remeasurment of put options (2)	(3,481)	(3,551)
Management Boards of group companies		
Sales	5	4
Other operating revenues	-	1
Finance costs - remeasurment of put options (2)	(561)	(477)

(1) concerns the associate Eurozet Sp. z o.o.
(2) concerns put options linked to shares in Helios S.A.

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, administration, trade, sharing market research results, data transmission, outsourcing,
- grant and repayment of loans and interest revenues and costs,
- dividend distribution,
- cash pooling settlements,
- settlements within the Tax Capital Group.

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

40. ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and assumptions are continually evaluated and based on historical experience and best knowledge of the Group as at the date of the estimation. The Group 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 goodwill, intangibles with indefinite useful life (magazine titles), intangibles related to activity of GoldenLine Sp. z o.o. as a result of the decrease in revenues. 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 Group points out that the value of revenue included in the cash flow projections depends on the general economic situation in Poland and in Europe. Revenues 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 Group`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 Group'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 Group 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:

	Goodwill related to activities in Domiporta Sp. z o.o. - Internet	Goodwill and rights related to activities in particular magazine titles	Goodwill related to radio activities	Goodwill related to activities in outdoor segment	Goodwill related to activities in cinema market	Goodwill allocated to activities in press segment
Carrying amount as at 31 December 2019	PLN 2,461 thousand	PLN 9,350 thousand	PLN 63,667 thousand	PLN 140,944 thousand	PLN 39,096 thousand	PLN 43,375 thousand
Assumptions	Financial forecasts and projections of the market for next years based on the best knowledge of the market, available market data and experience.					
Detailed forecast period	5 years	5 years	5 years	5 years	5 years	5 years
Years:	Estimated rate of free cash flow to firm in the period of detailed forecast (pre-tax)					
2020	37%	(16%)	7%	(18%)	(24%)	168%
2021	(122%)	1%	46%	(14%)	206%	(22%)
2022	109%	2%	9%	9%	13%	(16%)
2023	250%	2%	10%	29%	2%	3%
2024	229%	2%	15%	(7%)	9%	(27%)
	Discount rate for the years (pre-tax)					
2020-2024	7.0%	5.8%	5.1%	5.6%	6.5%	6.0%
	The long-term growth rate after the period covered by the forecast					
	0.5%	0.0%	0.5%	0.5%	0.5%	(2.1%)

In 2019, impairment losses were carried out in respect of the Goldenline Sp. z o.o.'s intangible assets amounting to PLN 7,388 thousand due to the observed decrease in the company's income. As at 31 December 2019, as part of the assets of the cash-generating unit Goldenline Sp. z o.o. the Group did not recognize on impairmentloss on the value of the user database recognized in the balance sheet, as the estimated recoverable amount exceeds its carrying amount.

In 2019, the Group also recognized impairment loss on the shares in the associated company Hash.fm Sp. Z o.o. in the amount of PLN 507 thousand in relation to the recorded decrease in the company's income and a write-down of the loan granted to Hash.fm Sp. z o.o. in the amount of PLN 608 thousand, based on the estimate of expected credit losses related to this financial asset.

In 2018, according to the impairment tests carried out, the impairment losses relating to the GoldenLine domain in the amount of PLN 6,927 thousand and in relation to goodwill assigned to activity of Futbolowo.pl in the amount of PLN 614 thousand were recognised. In 2018, the Company recognised the impairment losses 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.

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

In addition, the application of IFRS 16 requires the Group to make analyses and estimates relating, inter alia, to the determination of the scope of contracts subject to IFRS 16, the determination of the lease term and the determination of the interest rate used to discount future cash flows. The estimates and assumptions adopted may be reviewed on the basis of changes in market and operational factors taken into account in their performance, new information and market practice regarding the application of the Standard. Additional information on estimates and assumptions is described in note 2(b).

41. SELECTED CONSOLIDATED FINANCIAL DATA TOGETHER WITH TRANSLATION INTO EURO

	PLN thousand		EURO thousand	
	2019	2018	2019	2018
Revenue	1,249,663	1,141,158	290,498	267,444
Operating profit	24,678	875	5,737	205
Profit before income taxes	14,074	20,888	3,272	4,895
Net profit for the period attributable to equity holders of the parent	3,538	5,088	822	1,192
Net cash from operating activities	205,483	81,130	47,767	19,014
Net cash used in investing activities	(100,501)	(19,819)	(23,363)	(4,645)
Net cash used in financing activities	(76,920)	(47,506)	(17,881)	(11,134)
Net increase in cash and cash equivalents	28,062	13,805	6,523	3,235
Total assets	1,992,445	1,399,826	467,875	325,541
Non-current liabilities	628,277	114,999	147,535	26,744
Current liabilities	411,993	288,668	96,746	67,132
Equity attributable to equity holders of the parent	931,243	975,010	218,679	226,747
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
Earnings per share (in PLN / in EURO)	0.08	0.11	0.02	0.03
Book value per share (in PLN / in EURO)	19.99	20.93	4.69	4.87

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

- income statement and cash flow statement figures for 2019 (for 2018) using the arithmetic average of exchange rates published by NBP and ruling on the last day of each month for four quarters. For the 2019 EURO 1 = PLN 4.3018 (EURO 1 = 4.2669 PLN).
- balance sheet figures using the average exchange rates published by NBP and ruling as at the balance sheet date. The exchange rate as at 31 December 2019 – EURO 1 = 4.2585 PLN; as at 31 December 2018 – EURO 1 = 4.3000 PLN.

42. 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-Printing, the merger will be carried out in a simplified procedure under Article 516(6) of the CCC, without any increase in the share capital of Agora, or without any change in the articles of association of the Company.

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

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

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

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

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

- **On February 27, 2020**, Agora S.A. concluded a sales agreement of 4,499 shares in 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.